



LA FORZA DELLE CONNESSIONI

Shareholders' meeting of April 20, **2023**

Report of the Board of Statutory
Auditors pursuant to article 153
of the Italian Legislative Decree
No. 58/1998



**Report of the Board of Statutory Auditors to the Shareholders' Meeting
pursuant to Article 153 of Italian Legislative Decree No. 58/1998**

To the Company's Shareholders' meeting

Telecom Italia – TIM S.p.A.

Dear Shareholders,

This report (hereinafter the “Report”) provides information to the shareholders of TIM S.p.A. (hereinafter also referred to as the “Company” or “TIM”) on the supervisory activities carried out by the Board of Statutory Auditors in the financial year 2022 pursuant to art. 153 of Legislative Decree 58/1998 (CLF), art. 2429 of the Italian civil code, the standards of conduct for the Board of Statutory Auditors recommended by CNDCEC (the Italian Board of chartered accountants and accounting consultants), Consob notices on company controls and the indications given in the Corporate Governance Code.

This Report is prepared as required by Consob Notice no. DEM/1025564 of 6 April 2001 and subsequent amendments and supplements.

The Board of Statutory Auditors has acquired the information necessary for the performance of the tasks of general supervision assigned to it by attending meetings of the Board of Directors and the board committees, meetings with the Company management, meetings with the External Auditor, with the Supervisory Body, with the Control Departments of the Company and with the corresponding control bodies of the TIM Group companies, through the analysis of information flows from the competent company departments, as well as further control activities.

The Board of Statutory Auditors in office as at the date of the Report was appointed by the Shareholders' Meeting on 31 March 2021 for the financial years 2021-2023 and will therefore expire with the Shareholders' Meeting called to approve the financial statements as at 31 December 2023.

The Board of Statutory Auditors is made up of the Standing Auditors Francesco Fallacara (Chairman), Angelo Rocco Bonisconi, Francesca di Donato, Anna Doro and Massimo Gambini.

The Board of Statutory Auditors notes that, as of the date of this Report, while the health emergency caused by COVID-19 can be said to be over, the Russia/Ukraine crisis, which has led to the well-known economic consequences on world markets, is still ongoing.

In this regard, the Board of Statutory Auditors monitored the development of the economic framework during financial year 2022 and in this Report has taken into account the measures and recommendations issued by the competent authorities for the purpose of preparing the financial statements, representing the effects of the crisis and the specific control activities required. The Board of Statutory Auditors received constant information from the Company on the actions put in place to deal with the effects of the crisis, such as, *inter alia*, those aimed at addressing the increase in energy prices, the general inflationary effect and the possible application of measures related to the sanctions package put in place by European authorities. It also supervised the cyber safeguards implemented by the Company. With regard to the above, there are no items of attention to be submitted to the Shareholders' Meeting of the Company.

1. CONSIDERATIONS ON THE 2022 FINANCIAL STATEMENTS AND ON TRANSACTIONS UNDERTAKEN BY THE COMPANY OF MAJOR IMPACT ON ITS REVENUES, FINANCES AND ASSETS, AND THEIR COMPLIANCE WITH THE LAWS AND THE COMPANY ARTICLES OF ASSOCIATION

It should be noted that TIM's financial statements have been drawn up in line and in accordance with the IAS/IFRS international accounting standards issued by the International Accounting Standards Board (IASB), endorsed by the European Union, and in force as at 31 December 2022, as well as with the provisions issued

in implementation of article 9 of Legislative Decree no. 38/2005. The financial statements also include the disclosures required by Law 124/2017 (Article 1, subsections 125-129).

It should also be noted that the same financial statements have been prepared in compliance with the specifications required by Regulation (EU) no. 2019/815 (“ESEF Regulation”) and, therefore, in the XHTML electronic format and present, with specific reference to TIM’s consolidated financial statements as at 31 December 2022, the Inline XBRL tags of the information, according to the taxonomy indicated by the aforementioned ESEF Regulation.

The Directors' Report on Operations summarises the main risks and uncertainties and also gives an account of the business outlook.

The Company's financial statements comprise the Statement of Equity and Financial Position, the Income Statement, the Comprehensive Income Statement, the Statement of Changes in Equity, the Cash Flow statement and the Notes to the Financial Statements.

The financial statements are accompanied by the Directors' Report on Operations, the Report on Corporate Governance and Share Ownership drawn up in accordance with Article 123-*bis* of the CLF, as well as the Consolidated Non-financial Statement pursuant to Legislative Decree no. 254 of 30 December 2016 (hereinafter also NFS), drawn up by the Company in accordance with the Global Reporting Initiative (GRI) 2021 Universal Standards. The financial statements are also accompanied by the Report on the Remuneration Policy and Compensation Paid, consisting of the 2023 Remuneration Policy and report on compensation paid in 2022.

TIM's separate financial statements and consolidated financial statements for 2022 contain the required statements of compliance by the Chief Executive Officer and the Executive responsible for preparing the corporate accounting documents.

The TIM Group consolidated financial statements for the financial year 2022 are summarised below:

<i>in millions of euros</i>	<i>Financial year 2022</i>
Revenues	15,788
EBITDA	5,347
Operating profit - EBIT	606
Profit/(Loss) for the year	(2,654)

Adjusted consolidated net financial debt as at 31 December 2022 totalled 25,364 million euros compared to 22,187 million euros on 31 December 2021.

The parent company TIM closed the 2022 financial year with a loss of 3,077 million euros compared to the loss of 8,314 million euros in 2021.

As indicated in the consolidated report on operations, and on the basis of the information received and as a result of the analyses conducted, it emerged that the transactions carried out by the Company in 2022 which have major impact on revenues, finances and assets, including transactions performed through companies in which the Company has a direct or indirect stake, are essentially made up as follows:

Daphne 3 S.p.A.

On 4 August 2022, TIM sold 41% of the share capital of the holding company Daphne 3, which holds a 30.2% stake in Infrastrutture Wireless Italiane (“INWIT”), to a consortium of investors led by Ardian, realising a gross consideration of 1,278 million euros and a capital gain recognised in the consolidated income statement of 171 million euros (the capital gain recognised in the income statement of the separate financial statements of TIM amounted to 313 million euros).

Movenda S.p.A.

On 25 July 2022, TIM acquired 100% of the share capital of Movenda S.p.A., which offers digital identity solutions, for a consideration of 1.5 million euros.

As of 31 December 2022, the merger by incorporation of said company into TIM S.p.A. became effective, with the accounting and tax effects taking effect as of 1 July 2022.

Polo Strategico Nazionale S.p.A.

On 4 August 2022, Polo Strategico Nazionale S.p.A. was established to design, set up and manage the infrastructure for the provision of cloud solutions and services for the Public Administration. TIM holds 45% of the share capital of said company. At the end of the year, this equity investment was posted at a value of 5.4 million euros (2.7 million euros by way of capital and 2.7 million euros as payment on capital account).

Realignment of tax values

As at 31 December 2020, TIM had benefited from the possibility of realigning the tax values to the greater value of the assets booked, specifically the value of goodwill, as envisaged by Decree Law 104/2020, Art. 110, subsections 8 and 8 bis.

In its original formulation, from 2021 this rule would have allowed the deduction of the new value recognised for tax purposes over 18 years, subject to payment of a 3% substitute tax on the realigned value.

As a result of the above, the Company legitimately recognised deferred tax assets ("DTA") of 6.6 billion euros in the financial statements for the year ended 31 December 2020, so as to reap the benefits in terms of lower IRES (corporate income tax) and IRAP (regional business tax).

As is known, article 1 of Law no. 234 of 30 December 2021 retroactively amended the aforementioned art. 110 of Legislative Decree no. 104/2020, stipulating that *“the deduction for the purposes of income tax and regional tax on productive activities of the higher value charged (...) is made, in any event, to an extent not exceeding, for each tax period, one fiftieth of said amount”*, and no longer one eighteenth.

It should be borne in mind that the new provision, in derogation of the above, allowed parties who had benefited from the realignment alternatively to waive said realignment (with the right to reimbursement of the first instalment of the substitute tax paid) or maintain the deduction over 18 years, paying a further substitute tax to the extent of that established by article 176, subsection 2-ter, of Presidential Decree no. 917/1986 (up to a maximum of 16%), referring to a specific Provision for how to exercise the revocation.

Due to the extension of the tax deduction period to 50 years, an assessment had to be made in the 2021 financial statements as to the economic and financial advantage of the original option under the new regulatory provisions and the consequent recoverability of the entire amount recognised as DTAs as at 31 December 2020. The Company, therefore, decided to limit the recognition to only deferred tax assets related to the next 25 years, making a consequent write-down of 2,766 million euros for IRES, equal to 50% of the deferred tax assets recognised in 2020, and 1,059 million euros for the residual amount of the IRAP deferred tax assets recognised.

Following the publication on 29 September 2022 of the Provision of the Director of the Italian Revenues Agency regulating the timing, conditions and operating procedures for carrying out the revocation, the Board of Directors of TIM on 9 November 2022 resolved to exercise the option to revoke the goodwill realignment.

In particular, the Company carried out an economic/financial advantage assessment and considered it a priority to strengthen the process of industrial investments to support the various business areas, which are an alternative to the financial use related to the payment of the substitute tax on the realignment.

Therefore, as the conditions underlying the recognition of deferred tax assets no longer existed, they were entirely written off, for a net amount of 1,964 million euros, broken down as follows:

- cost of -2,656 million euros for the write-off of the deferred tax assets of TIM;
- income of 692 million euros for the reversal of the substitute tax that had been set aside for the realignment; in detail: recognition of a receivable of 231 million euros relating to the first instalment paid on 30/6/2021 and reversal of a payable of 461 million euros for the second and third instalments that will not be paid following the exercise of the realignment revocation. The first instalment, as provided for by the Provision, was financially recovered by offsetting it against tax payments made using the “F24 tax payment form”, which the Company carried out in December 2022, following the submission of the supplementary statement in which the revocation of the realignment was formalised.

Rights of use of 5G frequencies in Italy

On 30 September 2022, TIM paid the fifth and final instalment, amounting to 1.7 billion euros, of the total 2.4 billion euros due in accordance with the commitments undertaken by the Company following the award of the rights to use the mobile frequency bands as per the “5G Tender”, implemented in 2018 by the Ministry for Economic Development (MiSE).

In particular, in October 2018, following a public tender in which the 5 Italian mobile operators (Iliad, Fastweb, TIM, Vodafone and Wind3) participated, TIM was awarded the rights of use on all the bands involved in the tender. TIM was awarded 2x10 MHz in the 700 MHz band (blocks available from 1 July 2022), 80 MHz in the 3.6-3.8 GHz band and 200 MHz in the 26 GHz band (both bands available from 1 January 2019).

The total award amount was 2.4 billion euros, to be paid in five annual instalments, in accordance with the collection forecasts of the 2017 Budget Law, divided as follows:

2018	2019	2020	2021	2022	Total
€ 477,473,285.00	€ 18,342,110.83	€ 110,052,665.01	€ 55,026,332.50	€ 1,738,485,952.97	€ 2,399,380,346.32

Following the payment of the last instalment, the MiSE (now MiMit), on 4 October 2022, communicated to the guarantor banks the definitive release of the sureties that had been set up to guarantee the payment obligations.

Russia – Ukraine conflict

In February 2022, Russia launched a military operation on Ukrainian territory, the consequences of which on the global political economic balance are currently unmeasurable.

The European Union and many other countries have put in place economic sanctions against Russia and Belarus, and others may be decided later.

The TIM Group does not have a presence in Ukraine and has a very small presence in Russia through its subsidiary Telecom Italia Sparkle S.p.A., for which, to date, there have been no repercussions on commercial relations, though they do not exist, on the collection of trade receivables and assets in the country, as well as on the turnaround times of international investment projects, the changes to which, although dependent on developments in the conflict, are deemed by the Company to be insignificant at present. Future consequences cannot be ruled out if the Russia/Ukraine crisis continues.

The invasion of Ukraine by Russia opened up economic implications which could be extreme in relation to energy supply. The electricity consumed by TIM depends almost entirely on suppliers and the TIM Group was therefore naturally exposed to fluctuations in energy costs that had an impact on the achievement of business targets in terms of reducing margins and cash flows. To mitigate this exposure, among its ongoing actions for the year 2022, TIM hedged the bulk of its fixed-price requirements.

In relation to the Russia-Ukraine war, TIM, which is acting in coordination with the Agency for National Cyber Security (ACN), has raised the alert level in relation to Cyber risk.

EVENTS AFTER 31 DECEMBER 2022

Note the following.

Placement of an 850-million-euro bond with 5 year maturity

Following its approval by the Board of Directors on 18 January 2023, and upon completion of the bookbuilding activities, TIM successfully placed an 850-million-euro unsecured bond with a fixed annual rate of 6.875%, offered to institutional investors.

The bond has been listed on the Euro MTF market of the Luxembourg Stock Exchange. The rating agencies Moody's, S&P and Fitch gave the bond a rating of B1, B+ and BB- respectively.

Non-binding offers for the purchase of an equity investment in a company to be set up, coinciding with the management and infrastructure perimeter of the fixed network ("Netco")

On 2 February 2023, TIM disclosed that it had received a non-binding offer from Kohlberg Kravis Roberts & Co. L.P. ("KKR") ("KKR NBO") for the purchase of an equity investment in a company to be set up, coinciding with the management and infrastructure perimeter of the fixed network, including the assets and activities of FiberCop, as well as the equity investment in Telecom Italia Sparkle (known as "Netco"). The non-binding offer refers to an equity investment to be defined, on the understanding that the purchase would result in the loss of vertical integration with TIM. The Board of Directors of TIM met on 2 February 2023 to initiate the process related to the examination of the non-binding offer and decided to reconvene on 24 February 2023 to decide on the non-binding offer received from KKR for NetCo, also communicating its willingness to evaluate any

alternative that might come to light in the meantime and to continue dialogue with its stakeholders.

On 24 February 2023, the Board of Directors of TIM examined the content of the KKR NBO, as well as the letter of extension received on 21 February 2023. In light of the information received, the Board appreciated the interest expressed in the aforementioned NBO, while considering that it did not reflect the value of the asset or TIM's expectations, including in terms of the sustainability of the company resulting from the operation contemplated therein. Therefore, in order to facilitate the alignment of the terms of the proposed operation with the strategic framework relevant to TIM, the Board resolved to make available to KKR – on a non-exclusive basis – certain specific information and to request further indications required to fully understand the *economic and financial* assumptions of the proposal. With the aim of receiving a better offer, the foregoing follows the aforementioned information exchanges and by the deadline of 31 March 2023.

On 5 March 2023, TIM announced that it had received a non-binding offer from a consortium formed by CDP Equity S.p.A. (CDPE) and Macquarie Infrastructure and Real Assets (Europe) Limited, acting on behalf of a group of investment funds managed or advised by the Macquarie group (the "Consortium") ("Consortium NBO") for the purchase of 100% of a company to be incorporated, which would essentially be responsible for the management and infrastructure perimeter of the fixed network, including FiberCop's assets and activities, as well as the equity investment in Telecom Italia Sparkle ("Netco").

The Board of Directors examined the content of the Consortium NBO. In the light of the information provided, the Board of Directors appreciated the interest expressed in the aforesaid Consortium NBO, despite considering that – in the same way as the KKR NBO – it did not reflect the value of the asset or TIM's expectations. Therefore, as per the context of the KKR NBO, in order to facilitate the alignment of the terms of the proposed operation with the strategic framework relevant to TIM, the Board resolved to make available to the Consortium – on a non-exclusive basis – certain specific information and to request further indications required to fully understand the economic and financial assumptions of the Consortium NBO.

Furthermore, in order to allow both the Consortium and KKR to submit their improved offers in a defined competitive process, the Board appointed the Chief Executive Officer, Pietro Labriola, to launch a process governed by a formalised procedure whereby both bidders, through their advisors, would be notified:

- of the terms on which they would be given access to further specific information, the same for both bidders;
- of the forms through which each of them could submit an improved non-binding offer by the deadline of 18 April 2023.

Furthermore, the Related Parties Committee is tasked with carrying out the preliminary investigation in relation to the offers received given the related-party nature of some of the bidders.

2. REPORT OF ANY ATYPICAL AND/OR UNUSUAL TRANSACTIONS, INCLUDING INTRA-GROUP

The Board of Statutory Auditors found no atypical and/or unusual third party transactions over the financial year 2022.

However, the Board of Statutory Auditors continued its investigations and analyses with regard to the characteristics, execution and accounting of certain contracts stipulated mainly in the years 2020 and 2021, while monitoring the new provisions made during 2022 and the utilisation of the funds previously allocated. In its analysis of the above transactions, the Board of Statutory Auditors found contractual characteristics (e.g. minimum guaranteed amounts in favour of counterparties; contractual form too concise; lack of formalised analysis of the risks underlying the execution of contracts; etc.) and methods of execution that highlighted procedural shortcomings and weaknesses in the Internal Controls and Risk Management System, which it promptly brought to the attention of the Board of Directors. The aforementioned shortcomings and weaknesses were also the subject of a note to the Board of Directors and a communication by the Board of Statutory Auditors to Consob pursuant to art. 149 of the Consolidated Law on Finance, sent after the Board of Directors' approval of the half-year consolidated

financial statements for 2022. As a result of the aforementioned reports by the Board of Statutory Auditors, Management initiated a programme of actions to strengthen the Internal Control and Risk Management System (ICRMS), which will be discussed in detail later in this Report.

3. ASSESSMENT OF THE ADEQUACY OF THE INFORMATION PROVIDED IN THE DIRECTORS' REPORT ON OPERATIONS CONCERNING ATYPICAL AND/OR UNUSUAL TRANSACTIONS, INCLUDING INTRA-GROUP AND RELATED PARTY TRANSACTIONS.

The updated version of the internal regulations on the Management of Related Party Transactions was last approved by the Board of Directors in 2021, incorporating the changes made following Consob Resolution no. 21624/2020, and came into force on 1 July 2021.

The Company's financial statements contain information on Related Party Transactions and the Board of Statutory Auditors, in the performance of its activities, has carried out careful analyses and assessments on the process adopted by the Company in certain transactions, also with the involvement of consultants appointed by the Board of Statutory Auditors for the findings of economic advantage of those transactions. The Board of Statutory Auditors, at the end of its verifications and investigations, has not found, at least up to the date of this report, any atypical and/or unusual transactions carried out in FY 2022 with Related Parties (including Group companies). In this context, the Board of Statutory Auditors believes that the report on the Company's transactions with related and intra-group parties, provided in the notes to the separate financial statements of TIM and the consolidated financial statements of the TIM Group, should be considered adequate.

The transactions with Directors' interests or with other Related Parties, were subjected to the transparency procedure set out in the applicable regulations.

The Board of Statutory Auditors acknowledges that the information relating to the principal intra-group transactions and transactions with other related parties

executed in 2022, and the description of their characteristics and related economic effects, is contained in the notes to the separate financial statements of TIM S.p.A. and to the consolidated financial statements of the TIM Group.

It should be noted that, based on the relevant assessments already carried out by the Related Parties Committee during the second half of 2021, Cassa Depositi e Prestiti and its subsidiaries were included in the scope of related companies.

Over the 2022 financial year, there were both intra-group and non-intra-group Related Party transactions.

Intra-group transactions analysed by the corporate bodies in 2022, the effects of which are reported in the financial statements, are all ordinary in nature, as they essentially consist of transactions with no significant interests of other non-intra-group Related Parties. These were regulated applying essentially normal conditions determined according to standard parameters, reflecting the actual use of the services and were carried out in the interest of Group Companies, as they were aimed at optimising use of the Group's resources.

The documentation submitted to the company bodies shows that the transactions with Related Parties other than intra-group transactions, examined by the Board of Statutory Auditors, are also of an ordinary nature (since they fall within the ordinary exercise of operating activities or related financial activities) and/or concluded at conditions equivalent to market or standard conditions and are in the interest of the Company. These transactions have been periodically reported to us by the Company.

During financial year 2022, we attended meetings of the Related Parties Committee, during which the Committee expressed:

- a binding favourable opinion on the execution of a “Transaction of Greater Importance”, as defined in art. 4, subsection 1, letter a) of the aforementioned regulation and art. 7 of the Company’s Related Party Transactions Procedure, following the awarding of the European tender, by means of an open procedure, through a public-private partnership contract,

for the construction and management of the National Strategic Hub. For a full description of the Transaction, please refer to the Disclosure Document made available to the public concerning Transactions of Greater Importance with Related Parties and drafted pursuant to article 5 of Consob Regulation no. 17221 of 12 March 2010 concerning “Transactions with Related Parties” and subsequent amendments;

- favourable opinion on some related party transactions of “lesser importance”, having assessed the Company's interest in carrying out the transaction as well as the appropriateness and advantage of the related conditions.

The Board of Statutory Auditors had no reason to raise objections as to whether all the transactions examined by it during the reporting period were in the Company's interest. The Board of Statutory Auditors carefully and constantly monitored the transactions brought to the attention of the committee, requesting further analysis and insights where deemed necessary.

The effects of all of the above related party transactions for the financial year 2022 are fully reflected in the financial statements.

The Board of Statutory Auditors monitored compliance with the Related Parties Procedure and the correctness of the process followed by the Board and the relevant Committee, on the subject of qualification of Related Parties, agreeing, inter alia, with the assessments expressed by the RPT Committee regarding the qualification of TIM's Related Parties and on which they have nothing to report.

4. REMARKS AND PROPOSALS ON THE REPORTING REFERENCES AND NOTES CONTAINED IN THE REPORT OF THE INDEPENDENT AUDITOR.

On 30 March 2023, the independent auditor EY S.p.A. (hereinafter also referred to as “EY” or “Auditor”) issued the reports pursuant to art. 14 of Legislative Decree no. 39/2010 and art. 10 of Regulation EU no. 537/2014, attesting that the

separate financial statements of TIM S.p.A. and the consolidated financial statements of the TIM Group as at 31 December 2022 provide a truthful and correct representation of the equity and financial position, the economic results and cash flows for the year ended as at that date, in compliance with the International Financial Reporting Standards adopted by the European Union, as well as with the provisions issued in implementation of Article 9 of Legislative Decree no. 38 of 28 February 2005.

In these documents, the auditing firm EY - pursuant to art. 154-ter CLF, as amended by art. 25 of Law no. 238 of 23/12/2021 - also issued its opinion on the compliance of the draft financial statements and the consolidated financial statements, included in the annual financial report, with the provisions of the Delegated Regulation (EU) 2019/815 of the Commission of 17 December 2018, based on the auditing standard (SA Italia 700B).

As part of its general duty to monitor compliance with the law and the Bylaws, the Board notes that the Company has complied with the provisions of the said EU Regulation No. 2019/815.

In the report on the consolidated financial statements as at 31 December 2022, the Auditor concludes as follows: *“in our opinion, the consolidated financial statements provide a truthful and correct representation of the equity and financial position of the Group as at 31 December 2022, the economic results and cash flows for the year ended as at that date, in compliance with the International Financial Reporting Standards adopted by the European Union, as well as with the provisions issued in implementation of Article 9 of Legislative Decree no. 38 of 28 February 2005”*.

In the report on the separate financial statements as at 31 December 2022, the Auditor concludes as follows: *“in our opinion, the annual financial statements provide a truthful and correct representation of the equity and financial position of the Company as at 31 December 2022, the economic results and cash flows for the year ended as at that date, in compliance with the International Financial Reporting Standards adopted by the European Union, as well as with the*

provisions issued in implementation of Article 9 of Legislative Decree no. 38 of 28 February 2005”.

On the same date, EY also issued the additional Report for the Committee for Internal Control and Audit on the results of the external audit of the accounts, which also includes the declaration on the independence of the external auditor.

The findings of the above report were as follows: *“In our professional opinion, having performed the related tasks, we consider the directors' approach of considering that there are no uncertain factors affecting the going concern assumption, such as should be disclosed in the financial statements, consistent with the context of the company and the evidence gathered. During the course of the audit of the Company's financial statements and the Group's consolidated financial statements for the year ended 31 December 2022, no significant shortcomings in the internal control system for financial reporting and/or the accounting system were identified. During the audit of the Company's financial statements and of the Group's consolidated financial statements closed on 31 December 2022, no significant issues were identified in respect of cases of effective or alleged non-conformity with laws and regulations or statutory provisions.”*

The Board of Statutory Auditors will inform the Company's Board of Directors of the results of the external audit, to this end sending across the additional report complete with any observations.

EY also considers that the report on operations and the information in the Report on corporate governance and share ownership indicated in art. 123-bis, subsection 4 of the CLF are consistent with the TIM S.p.A.'s financial statements for the period and the consolidated financial statements for the TIM Group at 31 December 2022.

5. REPORTS ON THE PRESENCE OF ANY COMPLAINTS PURSUANT TO ARTICLE 2408 OF THE ITALIAN CIVIL CODE REGARDING INITIATIVES UNDERTAKEN AND THEIR OUTCOMES

From the date of the previous report (16 March 2022) until the date of this Report (30 March 2023), five complaints were received from Company shareholders, made in accordance with art. 2408 of the Italian Civil Code, in relation to which the Board of Statutory Auditors carried out the appropriate investigations, from time to time, deeming them unfounded. There are, therefore, no items to report to the Shareholders' Meeting.

6. REPORT ON THE PRESENCE OF ANY COMPLAINTS REGARDING INITIATIVES UNDERTAKEN AND THEIR OUTCOMES

The procedure governing how reports are sent to the Company's Board of Statutory Auditors is currently under review.

The Company has a Whistleblowing Procedure, updated also following the assignment of the role of Supervisory Body to a separate body from the Board of Statutory Auditors, which envisages the institution of information channels able to guarantee the receipt, analysis and processing of reports made relating to internal control problems, corporate information, administrative liability of the Company, fraud or in any case behavioural anomalies in reference to TIM staff or third parties, in violation of laws and regulations and/or non-conformity with the Code of Ethics and the Organisational Model 231, as well as with the system of rules and procedures in force in the TIM Group, submitted by employees, members of company bodies or third parties, even anonymously.

Since the date of the previous report (16 March 2022) and up to the date of this report (30 March 2023), 12 reports (13 in the previous year) have been received, mostly regarding technical problems and shortcomings of a commercial and administrative nature.

The Board of Statutory Auditors investigated all these reports appropriately, with the assistance of the competent Company departments, instructing such departments where necessary to adopt appropriate solutions, but no irregularities to be communicated to the Shareholders' Meeting emerged. The Board of Statutory Auditors has welcomed the Company's efforts to promote initiatives aimed at developing a company culture characterised by correct behaviour and has repeatedly indicated to the Board of Directors the importance of focusing on correct behaviour at every stage of Company management, to such purpose promoting specific programmes aimed at its internal structure.

Some reports received and concerning members of the Board of Directors, the Board of Statutory Auditors and/or Senior Executives proved to be absolutely unfounded upon analysis.

7. REPORT ON ANY ASSIGNMENTS CONFERRED ON THE INDEPENDENT AUDITOR AND THE CORRESPONDING COSTS

In 2022, the Board of Statutory Auditors, together with the Company departments, verified and monitored the independence of the Auditor as required by the relevant laws and regulations, specifically with regard to services other than auditing (so-called "non-audit services") rendered by the Auditor to the Company. The Company procedures, which also extend to its subsidiaries, require that each non-audit assignment be submitted for prior assessment and binding approval by the Company's Board of Statutory Auditors.

During the 2022 financial year TIM appointed EY to undertake various tasks other than the external audit of financial statements, the fees for which, before VAT and out-of pocket expenses, are summarised below.

EY S.p.A.	in Euro
<ul style="list-style-type: none"> Review of the working papers of other independent auditors relating to INWIT S.p.A. on the limited audit of the condensed half-yearly consolidated financial statements as at 30.06.2022 	25,000.00
<ul style="list-style-type: none"> Verification services related to obtaining specific tax or contribution regimes: <ul style="list-style-type: none"> relating to the statement of expenses incurred for R&D and technological innovation in 2021 aimed at obtaining tax credits for TIM S.p.A.; for compliance approval pursuant to art. 35 of Legislative Decree no. 241 of 9 July 1997 on the 2021 and 2022 supplementary tax returns of TIM S.p.A. and on the 2021 domestic tax consolidation statement of the TIM Group to use the IRES tax credit offset against other taxes due; 	<p>90,000.00</p> <p>4,000.00</p>
<ul style="list-style-type: none"> Other audit services (voluntary assignments): integration of the Audit report following the appointment of the Auditor to express an opinion, in the audit report, on the compliance of the 2021 draft financial statements with the provisions of the Regulation (EU) 2019/815 of 17 December 2018 (ESEF – European Single Electronic Format), which requires issuers to prepare their annual financial reports in XHTML format. The Group Auditor's assurance activities are based on Auditing Standard (ISA Italia) 700; audits relating to the migration process of certain corporate IT infrastructure and application systems that impact on financial reporting; 	<p>20,000.00</p> <p>296,605.00</p>
<ul style="list-style-type: none"> Miscellaneous certification services: <ul style="list-style-type: none"> Comfort Letter issued by EY in favour of TIM and the Joint Lead Managers for the issue of a bond on the European market based on the Base Prospectus and related activities of TIM S.p.A. for participation in TIM tenders organised by national and supranational Public Administrations; 	<p>43,347.00</p> <p>71,000.00</p>
Overall total	549,952.00

In addition, during the period between 1 January 2023 and the date of this Report, TIM appointed EY to undertake the following additional tasks, different from the external audit of financial statements, the fees for which, before VAT and out-of pocket expenses, are summarised below.

EY S.p.A.	in Euro
<ul style="list-style-type: none"> • Miscellaneous certification services: <ul style="list-style-type: none"> • for participation in TIM tenders organised by national and supranational Public Administrations 	8,500.00
<ul style="list-style-type: none"> • Other Services – miscellaneous services: <ul style="list-style-type: none"> • assignment granted in accordance with International Standard on Assurance Engagement 3402 (“ISAE 3402”) for the issue of the SOC 1 report to the client Acciaierie d’Italia S.p.A. for the provision of the SAP Basis outsourcing service for 2022 by TIM. 	37,000.00
Total	45,500.00

It should also be noted that, from 2022 onwards, the integration of the Audit report following the appointment of the Auditor to express an opinion, in the audit report, on the compliance of the draft financial statements with the provisions of the Regulation (EU) 2019/815 of 17 December 2018 (ESEF – European Single Electronic Format), which requires issuers to prepare their annual financial reports in XHTML format, is no longer an additional assignment (i.e. different from the audit of the financial statements), but supplements the fees for the external audit of the consolidated financial statements for an amount of 28,000 euros and, as such, has been removed from the above table.

In accordance with the current “Guidelines for the Conferral of Assignments on Independent Auditors”, the conferral of the above assignments had been approved in advance by the Board of Statutory Auditors.

It should also be noted that, as EY, the company appointed to perform the external audit of TIM’s accounts, has provided the Company and some of the Group Companies with services other than the external audit over the three financial years prior to 2022, with effect from 1 January 2022 the Company’s Board of Statutory Auditors, in its capacity as the internal control and audit committee, is required – pursuant to Regulation (EU) no. 537/2014 of 16 April 2014 – to monitor the non-audit engagements assigned to the Auditor not only for the purpose of issuing the prior authorisations within its remit, but also for the purpose of verifying that, in the fourth year, the fees paid for this purpose do not exceed, with reference to the financial year 2022, the so-called “70% limit”, to be calculated on the average of the fees paid in financial years 2019, 2020 and 2021 for the external audit activities performed. The Company, in order to allow the Board of Statutory Auditors to

carry out the checks within its remit, has activated specific internal procedures for monitoring the aforementioned fees, in line with the reference regulations. In this regard, the Board of Statutory Auditors verified that this limit was not exceeded during the financial year 2022.

The Board of Statutory Auditors expressed an adverse opinion when it considered that the appointment of the auditing firm was not in the company's interest, or if it prudentially considered the appointment to be potentially detrimental to the auditor's independence or contrary to the EU Regulation.

8. REPORT ON ANY APPOINTMENTS CONFERRED ON PARTIES CONNECTED BY CONTINUING RELATIONSHIPS WITH THE INDEPENDENT AUDITOR AND THE CORRESPONDING COSTS

During the financial year 2022 TIM did not confer any appointment on subjects bound by continuous relationships with EY and/or companies belonging to the latter's network.

9. REPORT ON THE EXISTENCE OF OPINIONS ISSUED PURSUANT TO LAW DURING THE FINANCIAL YEAR

On 21 January 2022, pursuant to art. 2386, subsection 1 of the Italian Civil Code, the Board of Statutory Auditors expressed its favourable opinion on the appointment by co-optation of Director Pietro Labriola to replace Luigi Gubitosi, who resigned. In addition, on the same date (and on 7 April 2022, after Mr Labriola's confirmation by the Shareholders' Meeting), the Board of Statutory Auditors expressed a favourable opinion, pursuant to art. 2389, subsection 3 of the Italian Civil Code, on the proposed remuneration of Mr Labriola, as Chief Executive Officer and General Manager of the Company.

Pursuant to art. 13 of the Company Bylaws and art. 154-*bis*, subsection 1 of Legislative Decree no. 58/1998 (CLF), on 14 February 2022, the Board of Statutory Auditors expressed its favourable opinion on the appointment of the Company's executive responsible for preparing the corporate accounting documents, in the person of Adrián Calaza Noia.

In addition, the Board of Statutory Auditors issued the following favourable opinions during the financial year:

1. on 4/5/2022, pursuant to art. 2389, subsection 3 of the Italian Civil Code, for the implementation of the 2022-2024 stock option plan, which also includes the Chief Executive Officer among its beneficiaries;
2. on 30/11/2022, pursuant to art. 2386, subsection 1 of the Italian Civil Code, for the co-optation of Mr Giulio Gallazzi as Director to replace the resigning director Luca De Meo;
3. on 15/12/2022, pursuant to art. 2386, subsection 1 of the Italian Civil Code, for the co-optation of Mr Massimo Sarmi as Director to replace the resigning director Franck Cadoret.

On 15/3/2023, the Board of Statutory Auditors expressed a favourable opinion on the following proposals:

1. Proposal to the Shareholders' Meeting of the short-term incentive plan (MBO) 2023, as well as the outline for the Chief Executive Officer;
2. Proposal to the Shareholders' Meeting of the Long-Term Incentive Plan 2023-2025, including participation in the initiative by the Chief Executive Officer;
3. Appointment of the Supervisory Body pursuant to Legislative Decree 231/2001.

In addition, on 4/2/2022 and 15/2/2023 the Board of Statutory Auditors ascertained that its members complied with the legal requirements; on 22/2/2022 and 15/2/2023 it verified the correct application of the criteria and procedures adopted by the Board of Directors to ascertain the Directors' requirements.

The Chief Audit Executive attended all meetings of the Board of Statutory

Auditors on a permanent basis, ensuring a continuous exchange of information on the activities in progress, the related results and the presence of any significant facts for the Company and its organisational structure.

The Board of Statutory Auditors has also reviewed and expressed, pursuant to the Corporate Governance Code, a favourable opinion on the 2023 Audit Plan, examined by the Board of Directors at its meeting on 15 March 2023, and has acknowledged the structure currently in place at the Company as to its adequacy to carry out the aforementioned 2023 Audit Plan in an orderly and appropriate manner.

The Board of Statutory Auditors also examined the 2023 Compliance Plan, approved by the Board of Directors on 15/3/2023, which is consistent with that of previous years, and the adequacy of the Compliance department.

In the light of the new plans announced by the Company, the Board of Statutory Auditors intends to constantly monitor the adequacy of the Audit and Compliance Departments.

10. REMUNERATION POLICIES

The Board of Statutory Auditors examined the document containing the architecture of the 2023 incentive system (MBO), approved by the Board of Directors on 15 March 2023, issuing, to the extent necessary and with regard to the remuneration of the Chief Executive Officer, a favourable opinion.

In addition, the Board of Statutory Auditors took note of the “*Report on the remuneration policy and the compensation paid*” prepared pursuant to art. 123-ter of the CLF, containing the terms of the remuneration policy to be submitted to the Shareholders' Meeting called for 20 April 2023 and approved by the Board of Directors during the meeting on 15 March 2023. After verifying that the procedure adopted was consistent with Company procedures and the relevant regulations, the Board of Statutory Auditors issued, insofar as necessary, its favourable opinions to the Board of Directors.

11. REPORT ON THE FREQUENCY AND NUMBER OF MEETINGS OF THE BOD, EXECUTIVE COMMITTEE AND BOARD OF STATUTORY AUDITORS

In 2022, the Company's Board of Directors held 22 meetings, at which the Board of Statutory Auditors was always present, also in videoconference.

In 2022, the Control and Risk Committee met 26 times, the Nomination and Remuneration Committee met 25 times, the Related Parties Committee met 22 times and the Sustainability Committee met 5.

The Board of Statutory Auditors attended the meetings of all board committees, also by videoconference, supervising the relevant activities.

During 2022, there were 41 meetings of the Board of Statutory Auditors, 9 of which were held jointly with the Control and Risk Committee. In 2023 and up to the date of approval of the Report 7 meetings have been held.

The majority of the members of the Board of Statutory Auditors attended (by conference call) the Shareholders' Meeting held on 7 April 2022 in the manner permitted by the exceptional regulations set out in Decree Law no. 18 of 17 March 2020.

12. REMARKS ON COMPLIANCE WITH THE PRINCIPLES OF CORRECT ADMINISTRATION

The Board of Statutory Auditors supervised compliance with the principles of correct administration, by attendance at the meetings of the Board of Directors and board committees, meetings with the executive responsible for preparing the corporate accounting documents, the Chief Audit Executive, the Group Compliance Officer, the Head of the IT & Security Compliance Department and by means of interviews with the Company management and the acquisition of information. In particular, the Board acquired information about the TIM anti-bribery management system for the purposes of standard UNI ISO 37001, which reveals substantive compliance with the requirements indicated by the standard.

The Board of Statutory Auditors has supervised on proceedings followed in the deliberations of the Board of Directors and has ascertained that the management choices complied to the applicable rules (substantial lawfulness), adopted in the interests of the Company, compatible with the resources and the company's assets and adequately supported by information, analysis and audit processes, including with recourse, when deemed necessary, to advice from committees and external professionals.

In the course of the year the Board of Statutory Auditors held a meeting with the Chairman of the Board of Directors and the Chief Executive Officer and presented its own assessments of the Company's governance system. In particular, it pointed out that, in relation to the activities carried out and the various feedback received, it believes that the structure-model of Governance adopted by the Company, together with some applications of the same, require further implementation-revision with regard to the Company's operational evolution so as to make it more suitable for controlling compliance with the principles of correct and efficient administration in operational practice.

13. REMARKS ON THE ADEQUACY OF THE ORGANISATIONAL STRUCTURE

Since its inauguration the Board of Statutory Auditors has monitored the evolution of the TIM Group's organisational structure (also in accordance with golden power regulations, as per the provisions of the Decrees of the President of the Council of Ministers of 16 October 2017 and 2 November 2017), defined in accordance with, on the one hand, the organisational and managerial autonomy of the Parent Company and its subsidiaries and, on the other, the exercise of direction and coordination by the Company with regard to the direct or indirect subsidiaries.

More specifically, the Board of Statutory Auditors has monitored the main changes in the organisational structure of TIM and of the TIM Group that became necessary following changes to the CEO and the executive responsible for corporate accounting documents and CFO, through meetings held with the Head of the

Human Resources, Organisation and Real Estate Department, the Control Departments, the Heads of the main corporate structures and by acquiring the organisational communications which had produced an impact on the first and second tiers that report directly to TIM's executive directors or on the macro-organisation of the Group companies.

14. REMARKS ON THE ADEQUACY OF THE INTERNAL CONTROL SYSTEM, IN PARTICULAR ON THE ACTIVITY OF THE INTERNAL CONTROL MANAGERS, AND HIGHLIGHTING OF ANY CORRECTIVE ACTIONS UNDERTAKEN AND/OR TO BE UNDERTAKEN

Since the beginning of its term, the Board of Statutory Auditors has constantly verified and monitored the internal control system.

In its report on the financial statements for the year ended 31 December 2021, it acknowledged the existence of areas that needed to be addressed in order to improve their effectiveness and, in the course of 2022, it analysed the development of the internal control system, noting the final overall assessment of said system by the Chief Audit Executive, the conclusions of which are set out below:

"TIM's Control and Risk Management System (ICRMS) is, overall, designed and articulated consistently with the recommendations of the Corporate Governance Code, as well as aligned with the main reference frameworks (i.e. "Three lines model" and "COSO framework") and, is currently capable of identifying the main areas of corporate risk

The significant areas for improvement identified in 2022 were handled by management by means of:

- *an organic programme of initiatives, led by the Chief Executive Officer, which at present appears to be suitably addressing the main issues identified, proceeding in line with the timeframe agreed with the Board of Directors and the Control Bodies;*
- *prompt remediation plans aimed at reducing the risks highlighted during audit activities, providing for more structured prioritisation processes of the most relevant and cross-cutting issues.*

In the light of the above, the initiatives undertaken by management reduce the areas of improvement previously noted to levels that do not compromise the overall adequacy of the ICRMS, even though it will take time to complete them and to fully appreciate their effectiveness and related resilience.

The programme to strengthen and monitor TIM's ICRMS initiated by management must ensure:

- the maintenance of an adequate Tone of the Top by top and senior management on ethical values and integrity;*
- management's commitment to the continuation of the improvement of the control and management oversight processes, guaranteeing the effective, timely and consistent implementation over time of the improvement actions identified with reference to the specific components of the ICRMS and of the action plans emerging from the audit activities;*
- the continuation of initiatives to raise the awareness of the entire corporate population, also through concrete internal communication initiatives, on the 'control culture' and empowerment, at all organisational levels, on the correct application of internal and external regulations and of the principles of sound management."*

As mentioned, during 2022, the Board of Statutory Auditors continued its investigative, verification and monitoring activities, carried out in the wake of the continuity of the works already begun in 2021 and, as anticipated, in correspondence with the interim financial statements as at 30 June 2022, the Board of Statutory Auditors had prepared a Report addressed to the Board of Directors, in order to represent the results of the analyses conducted in the first half of the year, also in light of the Audit Department's opinion on the adequacy of the Internal Control and Risk Management System (ICRMS).

These analyses had revealed the need to implement a substantial remediation plan, structured into immediate impact actions (6/9 months) and longer-term actions. This opinion was, therefore, worse than the "partial adequacy" opinion of TIM's ICRMS expressed by the same Board of Statutory Auditors in its report on the 2021 financial statements.

In this regard, it should be noted that the adequacy of the Internal Control System is an integral part of the adequacy of the organisational, administrative and accounting structures, as envisaged by articles 2086, 2380-*bis* and 2381 of the Italian Civil Code; structures that must comply with the provisions of art. 3, subsection 3 of the new Corporate Crisis and Insolvency Code, which came into force on 15 July this year.

In particular, according to the aforementioned provision, organisational arrangements must, *inter alia*, make it possible to:

- detect any imbalances of a financial or economic nature, related to the specific characteristics of the company and the business activity carried out by the debtor;
- verify the sustainability of the debts and the prospects of business continuity for at least the next 12 months.

Based on the recommendations of the Board of Statutory Auditors, the Control and Risk Committee, the Board of Directors and the results of the audit activities, management defined a remediation plan.

In particular, management welcomed the invitation of the Board of Statutory Auditors and Audit Department to change and strengthen the focus and communication of the importance of the Controls System, thus demonstrating a change in so-called “tone at the top” and a more proactive approach to identifying actions to strengthen the ICRMS, and specifically:

- has prepared an Action Plan consisting of 71 actions, some of which will be completed in 2022 (substantially on schedule) and further actions to be completed in 2023; the actions envisaged by the Action Plan mainly concern the resolution of a series of organisational weaknesses and vulnerabilities that were highlighted on the basis of the assessments emerging from the Audit Department’s ICRMS Report referring to the first half of 2022 on the basis of the control activities carried out by the Audit Department (with particular reference to the period 2020-2022) and the audits of the Board of Statutory Auditors;

- has set up a cross-functional Steering Committee, chaired by the CEO, to define and monitor the implementation of the Action Plan;
- has established cross-functional cost control committees to monitor and streamline specific areas of expenditure (IT, devices, communications), with possible benefits also with regard to the risk of management override of controls;
- has set up, as part of a process aimed at ensuring the identification and definition of initiatives for the evolution of the internal control system for corporate risk management, a Technical Committee for the supervision of “complex contracts”, i.e. contracts that due to their characteristics (e.g. presence of guaranteed minimums to the detriment of TIM) present a higher level of risk than the norm. The Technical Committee has defined:
 - the objective criteria according to which a contract can be classified as “complex”;
 - a strengthened evaluation and authorisation process involving multiple players and expertise capable of assessing the various risk profiles (collective decision-making process);
 - an update to the policy governing the formalisation process of contracts within the Group by providing for a clear identification and formalisation of the rationale underlying the decision-making process for awarding complex contracts, as well as the related escalation mechanisms, thus strengthening the process of identifying and reconstructing the sources, information elements and controls performed.

In relation to the implementation of the Action Plan, it should be noted that the Audit Department has informed the Board of Statutory Auditors that it has subjected the activities completed during 2022 to specific tests and verified their correct implementation and preliminary effectiveness.

During the second half of 2022, the investigative, verification and monitoring activities of the Board of Statutory Auditors continued in order to verify the effective implementation of the aforementioned remediation plan and to test its effectiveness with the help of the competent departments.

The remediation plans, especially with regard to audit activities concluded in the second half of 2022, generally envisage shorter implementation times than in the past. These actions were in some cases complementary to the actions that management had already proactively initiated in advance of the audit recommendations or within the framework of the action plan defined by the ICRMS Steering Committee.

The implementation of the action plans defined or being defined by management has been constantly monitored by the Audit Department and reported to TIM's Control Bodies as part of the periodic reports. The percentage of corrective actions implemented by management as a result of audit activities conducted in the 2020-2022 period amounted to approximately 90% of the total number of actions envisaged in the remediation plans to be completed in the reporting period, with a limited incidence of the number of corrective actions with deadlines rescheduled in 2022.

It should be noted, however, that to date, the results of the audits carried out by the Audit Department in 2022 have not shown any substantial improvement, at least in terms of audit ratings, as the Board of Statutory Auditors' own analyses have shown. However, the Board of Statutory Auditors, also on the basis of the assessments performed by the Audit Department, believes that these outcomes are mostly attributable to the operational consequences implemented as a result of the Company's management approaches referring to periods prior to the start of the corporate turnaround programme, which involved, *inter alia*, the review of the organisational structure and top management and the implementation of the Action Plan from the second half of 2022.

As a result of the above, the Board of Statutory Auditors concludes that the architecture of TIM's Internal Control and Risk Management System (ICRMS) is, on the whole, consistent with the recommendations of the Corporate Governance Code, aligned with the main reference frameworks and, at present, capable of identifying the main areas of business risk. In light of all of the above, it is the opinion of the Board of Statutory Auditors that the initiatives undertaken by management, while requiring time for their completion and to be able to fully appreciate their effectiveness and the related resilience of their implementation,

reduce the areas of weakness, noted by the Board of Statutory Auditors both in its report on the financial statements as at 31 December 2021 and in its considerations expressed as at 30 June 2022, at levels that do not compromise the overall adequacy of the ICRMS. In any event, for the purposes of a future expression of an opinion on the complete adequacy of the Internal Control and Risk Management System, it is absolutely essential that the programme to strengthen and monitor TIM's ICRMS initiated by management be completed in its entirety and within the timeframe envisaged in the Action Plan, as communicated to the Board of Directors, and be able to guarantee *(i)* the maintenance of an adequate Tone at the Top by top and senior management on the importance of compliance with the Control and Risk Management System, and with ethical values and integrity *(ii)* the commitment by management in the continuation of the path of improvement of the control and management oversight processes, *(iii)* the effective, timely and consistent implementation over time of the improvement actions identified with reference to the specific components of the ICRMS and the action plans that emerged from the activities of the Board of Statutory Auditors and the Audit Department and, lastly, *(iv)* the continuation of initiatives to raise the awareness of the entire corporate population, also through concrete internal communication initiatives, on the "control culture" and empowerment, at all organisational levels, on the correct application of internal and external regulations and the principles of sound management.

For the purposes of the opinion on the internal control system expressed above, the Board of Statutory Auditors has also monitored the work carried out by the main players, also with reference to specific aspects, such as special powers ("golden power"). In particular, insofar as coming under its purview, the Board of Statutory Auditors also monitored the improvements made and action taken to mitigate risks, in some cases requesting specific, additional strengthening of the control measures.

It is also noted that the Company has voluntarily adhered to the Cooperative Compliance regime and that the Board spoke with the Head of the Reporting and Fiscal Monitoring Department, in accordance with art. 4, subsection 2 of Italian Legislative Decree no. 128/2015, while the draft report will be finalised and subsequently presented to the Board of Directors only after the meeting between

the Company and the Office of Cooperative Compliance to formalise the Notice of Closure of the Proceedings pursuant to point 6.1 of the Provision of the Director of the Italian Revenues Agency Ref. no. 101573 of 26/5/2017. Said meeting will take place after this report has been released.

The Board of Statutory Auditors has exchanged information with the corresponding control bodies of the major Italian subsidiary companies.

The internal control and risk management system also includes the Organisational Model 231, designed to prevent the commission of offences that could result in liability for the Company, pursuant to Legislative Decree No. 231/2001. The Organisational Model 231 has been adopted by domestic subsidiaries of the Group as well as by TIM.

The Board of Statutory Auditors acquired information from the Supervisory Body, which comprises a member of the Board, at specific meetings as well as from an examination of the six-monthly reports prepared by the latter, which indicate an organisational structure that could be improved in certain areas such as procurement.

The latest version of the Organisational Model 231 and the Company's Code of Ethics and Conduct was approved by the Board of Directors on 15 March 2023, also incorporating new predicate offences.

With reference to the GDPR system, the Board of Statutory Auditors notes that the DPO's annual report – incorporated into the ICRMS Report and discussed at the meeting of the Control and Risk Committee on 14 March 2023 – indicates that the specific organisational model was substantially maintained and effective.

With reference to the news that appeared during 2022 and early 2023 concerning hacker attacks on TIM systems, the Board of Statutory Auditors notes and acknowledges that from the feedback received from the competent departments, said news is unfounded and that, on the contrary, the network malfunctioning events reported by the media were due to technical factors. In particular, the most serious of these was caused by the actions of third parties beyond TIM's control.

In 2022, the Company continued the training programme for its departments on the protection of personal data and the general principles of the GDPR such as data subject rights, data transfer, data breach, governance and individual employee accountability.

The TIM Group has adopted an Enterprise Risk Management Model (ERM) which enables risks to be identified and managed in a homogenous way within the Group companies, highlighting potential synergies between the players involved in the assessment of the internal control and risk management system. The process is managed by the Risk Management Steering Committee, which provides governance of the Group's risk management, aimed at containing the level of exposure within acceptable limits and guaranteeing the operational continuity of the business by monitoring the effectiveness of the countermeasures adopted. The Board of Statutory Auditors has acknowledged that, at its meeting on 2 March 2022, the Board of Directors defined the risk that was acceptable for the Group (Risk Appetite) and the acceptable levels of deviation (Risk Tolerance) under the scope of the new Industrial Plan. The Control and Risk Committee subsequently acquired the reports of the ERM Department, periodically monitoring the development of the main risks and the Group's risk profile (meetings of 2/8/2022 and 13/2/2023) and reporting to the Board of Directors.

At its meeting on 14 February 2023, the Board of Directors examined the risk analysis of the New Plan 2023-2025, formulated by the ERM Department from a continuity perspective (i.e. without assessing the effects of a possible delayering). This analysis shows a significant reduction in the risk profile compared to the plan approved in 2022, with upward scenarios more likely than downward ones.

In 2022 the Compliance organisational model was subject to changes aimed at simplifying the information flows towards the Control Bodies; in this perspective the IT & Security Compliance Policy & Design and IT & Security Compliance Assurance departments were merged within the Compliance Department.

Also in 2022, the Board of Statutory Auditors took note of the activities carried out by Compliance, which focused on the following areas: Definition of rules, processes and controls, Communication and training, Monitoring.

These compliance audits, as indicated in the ICRMS report, led to the conclusion that with reference to the specific operating contexts analysed and the initiatives undertaken by the Compliance Department, no elements emerged in 2022 that would lead to non-compliance risk profiles exceeding levels that would affect the adequacy of the internal control system.

Nonetheless, areas for improvement were identified in relation to the Anti-Corruption Management System, Financial Reporting and Gap Analysis 231 both in TIM and its subsidiaries.

In compliance with Italian Legislative Decree no. 254/2016 (hereinafter the “Decree”), the Company has been required to disclose non-financial information since the 2018 financial year.

The TIM Group NFS contains a description of topics regarding: the corporate management model, corporate governance, stakeholder engagement, the materiality matrix and risk management, the results achieved by the Company on topics relevant to the environment, the value chain and human rights.

On 30 March 2023, the Auditor issued a report certifying that the information provided in the NFS complies with the requirements of the Decree and the reporting standards used, which reads as follows: *“based on the work carried out, no elements have come to our attention that would lead us to believe that the TIM Group's NFS for the financial year ending 31 December 2022 has not been prepared, in all significant aspects, in accordance with the requirements of Articles 3 and 4 of the Decree and the GRI Standards.*

Our conclusions on TIM Group's NFS do not extend to the information contained in the "European Taxonomy" paragraph thereof, which is required by Article 8 of European Regulation 2020/852.”

The Board of Statutory Auditors has obtained regular updates on the conduct of activities prior to preparing the NFS and has monitored observance of the

provisions pursuant to the above Decree under the scope of the duties assigned it by the system and, in particular, on the adequacy of the procedures, processes and departments overseeing the production, reporting, measuring and representation of the results and of information of this nature.

As part of its duty to supervise compliance with the law and the Bylaws, the Board of Statutory Auditors notes that the Company, in its NFS, has complied with and applied the provisions of Regulation (EU) 2020/852 of 18 June 2020 (“Taxonomy”) on the establishment of a framework to encourage sustainable investments.

Said Regulation requires that, as of 1 January 2022 (NFS referring to the financial year 2021), information be provided only on climate change mitigation and adaptation.

15. REMARKS ON THE ADEQUACY OF THE ADMINISTRATIVE AND ACCOUNTING SYSTEM AND ITS ABILITY TO FAIRLY REPRESENT OPERATIONS

For the purpose of supervising financial reporting processes, the Board of Statutory Auditors (in addition to the above-mentioned in-depth analyses and discussions with the Auditor both with regard to the adequacy of the internal control system and the procedures underlying the preparation of accounting data, for which it did not receive any reports of critical aspects) has periodically met the Executive responsible for measuring accounting and corporate data and drafting the related accounting documents, together with the accounting and risk department. To this end, the Board of Statutory Auditors collected documents and information, including through interviews with the various company control, compliance, legal and commercial departments, as well as with the Supervisory Board.

In order to guarantee compliance with Italian laws, TIM operates a structured and documented model of detection and monitoring of risks connected to financial reporting, which refers to the 2013 CoSo framework. This model, managed with the help of a specific piece of software, regards the internal controls associated with the risks identified on the financial reporting and the consequent assessment activities, with precise attributions of responsibility, in compliance with the

principle of accountability. The accounting structure and the related procedures have been defined and organised under the responsibility of the Executive responsible together with the pro tempore Chief Executive Officer, who have certified their adequacy and effectiveness.

The Board also acknowledged the activities carried out pursuant to Law no. 262/05 concerning the Company's 2022 individual and consolidated financial statements, which were submitted to the Board of Directors on 15 March 2023. Consequently, with regard to the administrative-accounting system of the subsidiaries, pursuant to art. 15, subsection 1, letter c, ii) of the Market Regulations (Conditions for the listing of shares of controlling companies and of companies registered in and regulated by the laws of States that are not members of the European Union), the Board of Statutory Auditors has not ascertained facts and circumstances indicating that it is not adequate to ensure that the data on equity and economic data required for the preparation of the consolidated financial statements regularly reaches the management and auditor of the controlling company.

In the course of periodic meetings, the Executive responsible did not point out any shortcomings in the operational and control processes that could affect the judgement of the correctness of company information.

The Board of Statutory Auditors also monitored the financial reporting process.

With reference to the Company's annual financial statements and consolidated accounts for 2022, the Board of Statutory Auditors acknowledged the statements issued by the Chief Executive Officer and the Executive responsible for preparing the corporate accounting documents of TIM S.p.A. concerning the adequacy in relation to the characteristics of the company and the actual application during 2022 of the administrative and accounting procedures for the preparation of the financial statements and the consolidated financial statements.

The Board of Statutory Auditors notes that, with reference to the goodwill impairment test, this is applied in a consolidated and structured manner, coordinated by the Chief Financial Officer, with the intervention of independent external experts of acknowledged professional expertise and with various

departments intended to provide confirmation that the findings were based on reasonable assumptions. The impairment procedure is revised once a year and the process for impairment testing is analysed and discussed in special meetings involving the Control and Risk Committee and Board of Statutory Auditors, that precede the Board of Directors meetings to approve the financial reports to which the impairment test must be applied.

The Board of Statutory Auditors has checked that the impairment test procedure applied to the 2022 financial statements was conducted consistently with the procedure approved by the Board of Directors on 21 January 2022 and with the applicable IFRS standards, and structured with various reference documents aimed at verifying the final results.

As a result of the impairment testing, there was no need to write down the goodwill of the Domestic CGU (an impairment of 4,120 million euros had been recognised as at 31/12/2021) nor of the Brazil CGU.

For further details, reference is made to the explanations given in the "*Goodwill*" Note to the consolidated financial statements as of 31 December 2022 of the TIM Group.

Following the continuation of the war between Ukraine and Russia, the Board of Statutory Auditors carried out some in-depth discussions with both the Company's departments and the Auditor during financial year 2022 and early 2023, with reference to the draft financial statements for 2022, on the possible effects on interest rates, exchange rates, energy costs, and the economy in general.

16. REMARKS ON THE ADEQUACY OF THE INSTRUCTIONS IMPARTED BY THE COMPANY TO ITS SUBSIDIARIES PURSUANT TO ARTICLE 114, SUBSECTION 2 OF LEGISLATIVE DECREE NO. 58/1998

The Board of Statutory Auditors, pursuant to art. 2403 of the Italian Civil Code and art. 149 of the CLF:

- believes that the instructions imparted by TIM to its subsidiaries, pursuant to art. 114, subsection 2 of the CLF, are adequate to comply with the disclosure obligations established by the law. In this respect it should be noted that the Company regulates the flow of information it receives from its subsidiary companies on transactions of particular impact, with specific procedures;
- exchanged periodic information with the Boards of Statutory Auditors of the direct subsidiaries and verified - pursuant to art. 15 of the Consob Market Regulations adopted by resolution no. 20249 of 28 December 2018 (the "Consob Market Regulations") - that the corporate organisation and procedures adopted allow TIM S.p.A. to ascertain that its subsidiaries of significant importance incorporated and governed by the law of non-EU countries have an administrative and accounting system suitable for regularly providing the Company's management and auditor with data on equity and the financial data necessary for the preparation of the consolidated financial statements. As at 31 December 2022, the subsidiaries of significant importance incorporated and governed by the law of non-EU countries pursuant to article 15 of Consob's Market Regulations are: TIM S.A. (telecommunications services - Brazil).

17. RELATIONS WITH SUPERVISORY AUTHORITIES

During 2022, the Board of Statutory Auditors sent a communication to Consob pursuant to art. 149, subsection 3 of the CLF concerning certain aspects of the Internal Control and Risk Management System.

In addition, the Board of Statutory Auditors, in 2022 and early 2023, held several meetings with Consob, at the Authority's request.

The Board of Statutory Auditors reports that it received a communication from Consob pursuant to art. 115 of the CLF, inviting the Board of Statutory Auditors to provide additional information on the checks performed on the NFS.

It should be noted, moreover, that the Board of Statutory Auditors was promptly informed by the Company with regard to the requests for information, data and documents sent by Consob to the latter, pursuant to art. 115 of the CLF, during the year 2022 and that the requests received were promptly answered within the terms set out and/or agreed.

18. REMARKS ABOUT ANY RELEVANT ASPECTS THAT EMERGED DURING THE MEETINGS HELD WITH THE AUDITORS PURSUANT TO ARTICLE 150, SUBSECTION 2 OF LEGISLATIVE DECREE NO. 58/1998

In 2022, the Board of Statutory Auditors held regular meetings with the external auditor (EY) during which data and significant information was exchanged for the performance of their respective duties.

The Board of Statutory Auditors has analysed the work carried out by the independent auditor, with specific reference to the approach and auditing strategy for the financial 2022 and the definition of the audit plan, the scope of work, the materiality and the significant risks for 2022. The key audit matters and the related corporate risks were discussed, and the activities planned by the independent auditor were deemed adequate.

The Board of Statutory Auditors has ascertained, from information obtained from Independent Auditor EY and from the management of the Company, that the IAS/IFRS principles, and the other legal and regulatory provisions that apply to the preparation and presentation of the separate financial statements, the consolidated financial statements and the accompanying report on operations, are complied with.

The exchange of information with the independent auditors covered all the main business processes and their recognition and representation in the accounts. From this perspective, particular attention was paid to the critical issues that emerged from the examination of certain complex contracts during the Board of Statutory Auditors' analyses carried out in the year.

In this context, the Independent Auditor - with whom periodic meetings were held also regarding the provisions of art. 150 of the CLF in order to exchange mutual information - did not report to the Board of Statutory Auditors any reprehensible act or event or any irregularity requiring the formulation of specific notifications pursuant to art. 155 of the CLF.

In compliance with that prescribed by art. 19 of Italian Legislative Decree no. 39/2010, the Board of Statutory Auditors has verified and monitored the independence of the external auditor, particularly as regards the provision of services supplied to the Company, other than auditing.

Taking into account the EY declaration of independence (contained in the Additional Report for the Committee for Internal Control and Audit) and the additional appointments conferred by TIM and the Group companies on EY and the companies belonging to its network, the Board of Statutory Auditors believes that conditions are met for attesting to the independence of the independent audit firm EY.

19. INDICATION OF THE ADHERENCE OR OTHERWISE OF THE COMPANY TO THE CORPORATE GOVERNANCE CODE OF THE COMMITTEE FOR THE CORPORATE GOVERNANCE OF LISTED COMPANIES

The Company's Board of Statutory Auditors performs its functions within a governance framework that envisages information flows within the company, the architecture of which is constantly evolving in relation to TIM's organisational changes and which are therefore currently subject to observation, assessment and monitoring by the Audit Department. The Board of Statutory Auditors has taken

note of the information provided in the Report on Corporate Governance and Share Ownership approved by the Board of Directors at its meeting on 15 March 2023. The Company adheres to the new Corporate Governance Code and adhered to the previous Corporate Governance Code.

The Board of Statutory Auditors took part in the meetings of the Board of Directors and the Board committees and monitored the procedures for the practical implementation of TIM's corporate governance rules, contained in the Corporate Governance Code. In this perspective, the Board of Statutory Auditors has also taken into account the recommendations of the Corporate Governance Code, intervening where appropriate. In particular, the Board of Statutory Auditors, during the meeting held in 2022 with the Chairman of the Board of Directors and the Chief Executive Officer, pointed out to them the need to ensure the following for members of the company bodies: a) pre-meeting information sufficiently in advance; b) self-explanatory material on the topics to be examined and discussed, organised so as to be functional to the objectives; c) board meetings organised in a manner functional to the relevance of the single items to be examined; d) direct individual contributions in an orderly manner; e) development of a model that facilitates Directors' contributions and discussions aimed at challenging the proposals of the executive directors. All these aspects show margins for improvement.

At the same time, the Board of Statutory Auditors acknowledges that TIM has adopted the criteria of the Corporate Governance Code for the classification of Directors as independent. Based on the elements made available by the interested parties pursuant to the Code and as per Consob Issuers' Regulations, or in any case available to the Company, the annual assessment of the requirements was carried out, most recently on 14 February 2023.

It should be noted that Directors De Meo and Cadoret resigned during financial year 2022. Director De Puyfontaine also resigned on 16 January 2023.

Following an appropriate process by the Nomination and Remuneration Committee, the Board of Directors, having consulted with the Board of Statutory Auditors, co-opted Directors Giulio Gallazzi and Massimo Sarmi, who will remain

in office until the Shareholders' Meeting of 20 April 2023. Director Gallazzi's independence requirements were verified, while Director Sarmi was found to be non-independent. It should be noted that the Board of Directors, in light of the short time span between the date of the resignations and the Shareholders' Meeting, deemed it unnecessary to co-opt a new director to replace the resigning De Puyfontaine. Furthermore, on 15/3/2023, the Board of Directors also resolved not to submit a nomination for the related replacement to the Shareholders' Meeting, inviting shareholders to submit proposals within 15 days before said Shareholders' Meeting.

Of the current 14 Directors in office, 10 meet the independence requirements: Directors Gallazzi, Bonomo, Moretti, Romagnoli, Falcone, Sapienza, Ferro Luzzi, Camagni, Carli and Boccardelli.

On 15 February 2023, the Board of Statutory Auditors checked that the criteria and ascertainment procedures adopted by the Board of Directors to assess the independence of its members were correctly applied, deeming that the procedure had been implemented correctly.

The point of reference and coordination for the issues and contributions of the independent Directors and the non-executive Directors in general is the Lead Independent Director, a role held by Paola Sapienza.

The Lead Independent Director is granted the right to use corporate structures to perform the tasks entrusted to him and to convene special meetings of the Independent Directors to discuss issues regarding the functioning of the Board of Directors or the management of the business.

On 13 March 2023, the Board of Statutory Auditors also checked that the requirements of integrity, professionalism and independence were met by each Auditor, in accordance with art. 148, subsection 3 of the CLF and the Corporate Governance Code.

The main offices held by the members of the Board of Statutory Auditors are also indicated in the "Report on Corporate Governance and Share Ownership" for 2022,

drafted by the Company pursuant to art. 123-bis of the CLF, made available to the public within the terms of the law on the Group's website and using the other methods provided for by the regulations in force.

The Board of Statutory Auditors acknowledges that all its members comply with the regulatory provisions issued by Consob concerning the limit on the accumulation of offices.

In compliance with the provisions set forth in the "Rules of Conduct of the Board of Statutory Auditors of Listed Companies" of the Italian Board of Chartered Accountants and Accounting Consultants, which state that the Board of Statutory Auditors is required to carry out, after appointment and subsequently on an annual basis, an assessment of its work in relation to the concerted planning of its activities, the suitability of its members, the adequate composition of the body with reference to the requirements of professionalism, expertise, integrity and independence, as well as the adequacy of the availability of time and resources in relation to the complexity of the task (the "Self-Assessment"), it should be noted that the Company's Board of Statutory Auditors carried out the Self-Assessment for 2022, the results of which are the subject of a specific presentation in the Company's "Report on Corporate Governance and Share Ownership 2022" pursuant to art. 123-*bis* of the CLF, made available to the public within the terms of law on TIM's website and using the other methods envisaged by current regulations.

See TIM's 2022 Report on the corporate governance and share ownership for further information on the Corporate Governance of the Company, which the Board of Statutory Auditors evaluates positively.

20. CONCLUSIVE ASSESSMENTS OF THE SUPERVISORY ACTIVITY CARRIED OUT AND OF ANY OMISSIONS, MISCONDUCT OR IRREGULARITIES NOTED DURING THE COURSE OF THIS ACTIVITY

The supervisory and control activities carried out by the Board of Statutory Auditors, with the exception of the matters described in the preceding sections of this report, did not bring to light any reprehensible facts, omissions or

irregularities, nor did the Auditor or the Supervisory Body receive any indications of reprehensible facts or irregularities to be mentioned in the Report to the Shareholders' Meeting.

21. FURTHER ACTIVITIES OF THE BOARD OF STATUTORY AUDITORS

In carrying out its duties, the Board of Statutory Auditors has monitored, as required by Article 149 of the CLF:

- compliance with the law and the Articles of association. In this regard, we specify that, to the extent of our remit, we have also monitored: i) for the purposes of the preparation of the financial statements for the year ended as at 31 December 2022, compliance with the provisions of the ESEF Regulation, and ii) for the purposes of the preparation of the NFS, contained in the Group's Sustainability Report for 2022, compliance with Regulation (EU) no. 2020/852 of 18 June 2020 and its Delegated Regulations ("Taxonomy Regulation"), also taking into account the related FAQs published by the European Commission in December 2022;
- compliance with the principles of correct administration;
- the procedures for the practical implementation of the corporate governance rules laid down in the codes of conduct with which the Company, by means of public disclosures, has declared that it complies;
- the adequacy of the organisational, administrative and accounting structures and the internal control and risk management system also with respect to the purposes of the Code on Corporate Crisis and Insolvency set forth in Legislative Decree no. 14/2019, which came into force on 15 July 2022 following the issue of Legislative Decree no. 83/2022, implementing Directive (EU) 2019/1023 ("CCII") and, in particular, the adequacy of the organisational structures also with respect to the timely detection of crisis as per art. 3 of the CCII.

It should also be noted that the Directors' Report on operations includes a paragraph describing the main features of the existing internal control and risk management system in relation to the financial reporting process, including consolidated reporting.

The Board of Statutory Auditors takes note that:

- the Directors' Report on operations complies with current legislation, is consistent with the resolutions passed by the Board of Directors and the results of the financial statements, and provides adequate information on the Company's operations during the year and on intra-group transactions. The section containing information on Related Party transactions has been included, in compliance with IFRS standards, in the notes to the financial statements;
- the Notes comply with current legislation, indicating the criteria applied in valuing items in the financial statements and making adjustments, and the Company's separate and consolidated financial statements have been prepared in accordance with the structure and format required by current legislation. In application of Consob regulations, the financial statements expressly indicate the effects of related party transactions on equity and the financial position, the income statement and cash flows;
- the Boards of Directors of the main subsidiaries include directors and/or managers of the Parent Company who guarantee coordinated management and an adequate flow of information, also supported by suitable accounting information.

Furthermore, it should be noted that the Board of Statutory Auditors:

- obtained from the Directors, at least on a quarterly basis, information on the activities carried out and on the most significant strategic, economic, financial and equity operations undertaken by the Company. The Board of Statutory Auditors - without prejudice to the content of paragraph 2

concerning some company transactions approved and/or carried out in 2022 - based on the available information, can reasonably assure that the additional transactions approved and carried out in the period under review comply with the law and the Bylaws and are not clearly imprudent, or risky, or in conflict of interest, or in contrast with the resolutions passed by the Shareholders' Meeting, or such as to compromise the integrity of the corporate assets;

- received from the Supervisory Body, which the Standing Auditor Anna Doro is a member of, information on the results of its control activities, from which it emerges that no anomalies or reprehensible events violating the Organisational Model 231/2001 were found;
- held periodic meetings with representatives of the Independent Auditors in order to exchange data and information relevant to the performance of their duties, as required by Article 150, subsection 3 of the CLF. In this regard, it should be noted that no significant data or information emerged that should be reported herein;
- obtained information from the corresponding bodies of the main subsidiaries with regard to management and control systems and the general performance of company activities (pursuant to subsections 1 and 2 of art. 151 of the CLF).

22. REPORT OF ANY PROPOSALS TO BE BROUGHT TO THE ATTENTION OF THE SHAREHOLDERS' MEETING PURSUANT TO ARTICLE 153, SUBSECTION 2 OF LEGISLATIVE DECREE NO. 58/98

Having acknowledged the Company's 2022 financial statements, having taken into account all of the above, having considered the content of the reports drawn up by the Auditor, having acknowledged the certifications issued jointly by the Chief Executive Officer and Executive responsible for preparing the corporate accounting documents, the Board of Statutory Auditors, within its remit, finds no reasons to object to the proposal to approve the Company's separate financial statements as at 31 December 2022 and the proposals formulated by the Board of

Directors, as set out in the Directors' Report on operations and available at the Internet address: www.gruppotim.it.

The Board of Statutory Auditors has noted that the Shareholders' Meeting was convened, in a manner consistent with the exceptional rules contained in Decree Law no. 18 of 17 March 2020, pursuant to the extension set forth in art. 3, subsection 10-*undecies* of Law no. 14 of 24 February 2023, converting Decree Law no. 198 of 29 December 2022 (so-called "Milleproroghe" Decree).

Milan, 30 March 2023

For the Board of Statutory Auditors
The Chairman
Francesco Fallacara