PROCEDURE FOR THE EXECUTION OF RELATED PARTY TRANSACTIONS

APPROVED BY THE BOARD OF DIRECTORS ON JUNE 25, 2018 AND SUBSEQUENTLY AMENDED (LAST UPDATE ON JULY 24, 2018)
Introduction

1. This document (the “Procedure”) presents the procedural rules that apply to transactions with parties related to TIM S.p.A. (hereinafter "TIM" or the "Company") undertaken by TIM or its direct or indirect subsidiaries.

2. Where not otherwise indicated, the Regulations adopted by Consob with resolution 17221/2010 and subsequent amendments (hereinafter, the "Consob Regulation") remain applicable, in their entirety, interpreted in accordance with the application Guidelines set out in a Consob notice on the subject dated 24/09/2010 (the "Consob RPT Notice").

3. The Procedure is equivalent to an instruction imparted by TIM to all the companies it controls pursuant to article 114, subsection 2 of the Consolidated Finance Law. It is an essential component of the internal control System of the TIM Group and of the Company’s Organisational Model pursuant to legislative decree 231/2001, without prejudice to the application of any specific schemes of internal control - and related information flows - that might be relevant.

Definitions and references

4. The following definitions apply for the purposes of this Procedure:

   - **Related Parties Application**: the software application to be consulted in advance, to check whether the counterparty in every Transaction is or is not a Related Party. If the counterparty in the Transaction is a Related Party, the Manager responsible for the transaction must, in the application, indicate that this is the case, and register that this indication has been made. When such an indication has been made, the Related Parties Application sends an alert to the offices of the Group Compliance Officer to trigger the appropriate monitoring/authorisation process;

   - The **Related Parties Committee** is the board Committee tasked to issue the opinion on Transactions of Lesser Importance and Transactions of Greater Importance, as set out in the TIM Governance Principles, available on the Company’s website;

   - **Market or Standard Equivalent Terms**: terms similar to those usually charged to unrelated parties for transactions of a corresponding nature, extent and risk, or based on regulated rates or at fixed prices or those charged to persons with which the issuer is obliged by law to contract at a certain price. Without prejudice to the ad hoc assessment to be made by the Group Compliance Officer, on a case by case basis, of the specific case, and taking account of all relevant circumstances, market or standard equivalent terms may be considered to be terms defined after an adequately documented and verifiable competitive procedure

     a. that also involves a number of entities that do not qualify as Related Parties adequate for the characteristics of the reference market;

     b. that permits reasonable comparability of the object of the offers;

     c. that prescribes selection and adjudication methods that are objective, traceable, rigorous and reasoned.

   - **Related Directors** (with regard to a specific Transaction): those Directors who are counterparties in the Transaction or related parties to the counterparty in the Transaction;

   - **Independent Directors**: those TIM Directors who fulfil the requirements for independence pursuant to the Consolidated Law on Finance and the Corporate Governance Code of Borsa Italiana S.p.A., to which the Company adheres;

   - **Transaction(s)**: any transfer of resources, services or obligations, irrespective of whether or not a fee has been agreed. The following transactions are in any case included, provided that the Transaction cannot be qualified as an Excluded Transaction: (i) merger, demerger by incorporation or non-proportional demerger in the narrow sense, where undertaken with Related Parties; (ii) transaction to increase capital excluding option rights for a Related Party; (iii) syndicated loans provided by pools of banks composed of a Related Party and several other unrelated subjects,
unless the Related Party plays a minority role within the consortium, in line with the provisions of the Consob RPT Notice; (iv) every decision regarding the assignment of remuneration and economic benefits, in any form, to the members of the administration and control bodies and key management personnel;

- **Transaction(s) of Greater Importance**: Transactions with Related Parties other than Excluded Transactions and qualified as of greater importance in that at least one of the relevance indexes as defined in the Consob Regulations (equivalent-value relevance ratio, asset relevance ratio, liabilities relevance ratio) exceeds the 5% threshold.

- **Transaction(s) of Lesser Importance**: Transactions with Related Parties other than Transactions of Greater Importance and Excluded Transactions;

- **Small Amount Transaction(s)**: Transactions concluded with the same Related Party with an aggregate amount, during the year, of (i) 1,000,000 euros or less, if the counterparty is a legal person, or (ii) 100,000 euros or less, if the counterparty is a natural person (or a legal person controlled by a natural person Related Party). Until the specified threshold value is reached, Small Amount Transaction(s) concluded with the same Related Party qualify as Excluded Transactions;

- **Excluded Transaction(s)**: Transactions excluded from the application of this Procedure, i.e.
  a) Small Amount Transactions;
  b) Intra-group Transactions;
  c) Regular Transactions concluded at Market or Standard Equivalent Terms;
  d) the resolutions of the Shareholders’ Meeting on the subject of remuneration, pursuant to article 2389, subsections one and three, and article 2402 of the Italian Civil Code;
  e) the resolutions on the remuneration of Directors, Statutory Auditors and key management personnel that meet the requirements contained in the Consob Regulations;
  f) remuneration plans based on financial instruments approved by the Shareholders’ Meeting pursuant to art. 114-bis of Consolidated Law on Finance and the relative executive transactions;
  g) any further Transactions that the Consob Regulation excludes from its sphere of application;

- **Intra-group Transaction(s)**: TIM Transactions with subsidiary companies, including jointly, or with affiliated companies, or Transactions between subsidiary or affiliated companies, provided that other Related Parties have no significant interests in the subsidiary or affiliated companies that are counterparties in the Transaction. To this end, "significant" interests are those interests generated by holding shares or having economic-financial relations with the Company’s subsidiary or affiliated companies that are counterparties in a specific Transaction such as to influence, exclusively or as a priority, the management choices made by the Company, the subsidiary company or the affiliate company to satisfy the interest of another of the Company’s Related Parties;

- **Regular Transaction(s)**: Transactions carried out in the course of regular business, generating costs and revenues, and related financial activities. In determining whether a Transaction falls within the ordinary course of business or associated financial activities, the following elements may be taken into account:
  - the purpose of the Transaction;
  - the recurrence of the type of Transaction in the context of the business of the company performing it;
  - the size of the Transaction;
  - the contractual terms and conditions applied, given that contract clauses that differ from standard business usage and practice can be a significant indicator of non-ordinariness;
  - the nature of the counterparty and the consistency of its characteristics with the type of transaction performed;
  - the time of approval and completion of the transaction.
- **Related Parties**: natural or legal persons related to TIM pursuant to the Consob Regulation and/or the accounting standards applied by TIM in drawing up its accounts. The Procedure also applies to the participants of shareholders’ agreements pursuant to art. 122 of Consolidated Law on Finance regulating the candidacy for the position of Board Member of the Company, in those cases where the majority of the Board members appointed comes from the slate thus presented.

- **Manager Responsible (for the Transaction)**: the first organisational tier manager or body competent for the execution and/or investigation of the Transaction, as set out in the company organisation/departmental chart.

- **Related Shareholders** (with regard to a specific Transaction): those Shareholders who are counterparties in the Transaction or parties related to both the counterparty in the Transaction and to the Company.

5. Where not otherwise specified, the definitions as per the Consob Regulation and the Corporate Governance Principles of the Company shall apply.

6. For the purposes of this Procedure, the Transactions are considered as a whole from the perspective of the commitment assumed by the Company. So the references to the Transaction shall be understood to apply:

   - to the Transaction considered as a whole, for its entire duration, as defined in the contract, and, in any event,
   - in the case of several linked Transactions, given that they are necessary to the achievement of a single aim or result, to all of the linked Transactions, taken together.

   If the economic conditions of the Transaction depend, in whole or in part, on magnitudes not yet known, the transaction amount is the maximum value that can be received or paid under the Agreement. To identify the amount for Transactions of indeterminate duration, reference shall be made to any minimum period, at the end of which the parties may withdraw, and, in any event, a period of at least one whole year; similarly, reference is made to an annual amount, in terms of fees (where a fixed term agreement has not been signed, in which case the whole amount that can be received must be taken into account). Regarding Transactions to which values cannot be assigned, the Manager Responsible for said Transaction shall contact the Group Compliance Officer for the appropriate determinations to be made.

Roles and responsibilities - management

7. The list of Related Parties shall be maintained by the Group Compliance Officer, with the contribution and operational support and advice of Legal Tax and Regulatory Affairs, Human Resources and Organizational Development and Administration Finance and Control. The Compliance Department is responsible for the Related Parties Application. Application of the Procedure is assured, inter alia, by specific operating instructions, approval of which is assigned to the Group Compliance Officer.

8. Before starting any investigation, negotiation or otherwise preliminary activity in relation to a Transaction, the Manager Responsible for it must consult the Related Parties Application to check if the counterparty is on the list of Related Parties, and if it is, must subject the Transaction to this Procedure. Consulting this resource as early as possible, as soon as a Transaction may be considered to exist, even in a preliminary way, is made obligatory.

9. Aside from the applicable validation and verification procedure, the Manager Responsible for the Transaction must keep sufficient evidence of a documentary nature on the method of its execution and on the terms for its execution, including the economic terms, so as to assure total transparency and verifiability, also in terms of the comparability of these terms and the market or standard equivalent terms.
Roles and responsibilities - board committees

10. The opinions on Transactions of Lesser Importance and Transactions of Greater Relevance referred to in the Consob Regulations (with the sole exception of those regarding the remuneration of Directors, Statutory Auditors and key management personnel, to the extent to which they are not Excluded Transactions) are expressed by the Related Parties Committee, composed of at least 3 Independent Directors and in any event always without the participation of Directors who are Related to the specific transaction.

11. If fewer than three Directors who are members of the Related Parties Committee are unrelated to the specific Transaction the Related Parties Committee is called on to express an opinion, then a sufficient number of Independent Directors (who do not qualify as Related Directors), selected in order of seniority, is added to the Committee, to ensure that it has a minimum membership of 3 directors.

12. The Board of Directors considers the adequacy of the Procedure once a year, when drawing up the report on corporate governance and share ownership, based on a specific explanatory report by the Related Parties Committee, which will also be called on to express a favourable opinion of any proposal to change the Procedure that might be made. To this end, the Board of Directors also considers any comments that might be made in the report of the Board of Statutory Auditors to the Shareholders’ Meeting.

13. The opinions on the attribution of remuneration to the Directors, Statutory Auditors and key management personnel, where these do not constitute Excluded Transactions, are expressed by the Nomination and Remuneration Committee (the composition of which will in any case comply with the provisions of the Consob Regulations), which operates in the terms specified in this Procedure for the Related Parties Committee.

14. The Board of Statutory Auditors oversees the conformity of the Procedure with the principles set out in the Consob Regulation, and on the their observance, and reports on this issue to the Shareholders’ Meeting.

Transactions of Greater Importance

15. In case of Transactions of Greater Importance, it is the responsibility of the Group Compliance Officer to inform the General Counsel and the Chair of the Related Parties Committee without delay, in order that the activities within their competence may be promptly started. Timely reporting is needed to ensure that the respective tasks and analyses are effectively carried out, i.e. to ensure that the Related Party Committee is truly involved in the Transaction negotiation and investigation phases, within the limits set out in the next point, and with the arrangements specified.

16. For Transactions of Greater Importance, the Related Parties Committee, directly, or through its Chair or another of its members, specifically delegated,
   a) is involved in the negotiations and investigation through a complete and timely flow of information, documentary and oral, for which the Executive Director competent for the issue for the single Transaction is responsible;
   b) is entitled to request information or to formulate comments to the Company’s delegated bodies and to the subjects appointed to conduct the negotiations or undertake the investigation.

17. In carrying out its activities the Related Parties Committee may opt to engage independent experts of its choice, at the Company’s expense.

18. The documentation inherent to the Transaction, on the basis of which the Related Parties Committee will be called on to express its opinion, pursuant to the Consob Regulations, will be transmitted on each occasion, as soon as it is available, once the Committee is involved in the investigation phase and in the negotiations.

19. It is the responsibility of the Chair of the Related Parties Committee to decide when the investigation of the Transaction is sufficient for it to express an opinion, after a dialogue with the Executive Director competent for the subject of the single Transaction, also in order to receive confirmation of the status
of any negotiations and investigation checks, with a view to inter-departmental collaboration and information-sharing.

20. The Chairman of the Board of Directors agrees the timing for inclusion of the review/approval of the Transaction of Greater Importance on the board’s agenda, and the transmission of the documentation to be made available to prepare for the meeting (including, for the board meetings called on to approve the Transaction, the opinion of the Related Parties Committee) with the Chair of the Related Parties Committee. As a rule this happens at the time the Board of Directors’ meeting is called, and in any event with the advance notice permitted by the circumstances.

21. If the Committee's opinion is that a Transaction of Greater Importance should not be carried out, the Board of Directors – where it does not wish to adapt to said opinion – may make the performance of the Transaction subject to the approval of the ordinary Shareholders’ Meeting. The Transaction may not be carried out if a majority of voting shareholders, other than the Related Shareholders, if any, vote against the Transaction, always provided that the shareholders who are not Related Shareholders present in the shareholders’ meeting represent at least 10% of the share capital with voting rights.

22. The Related Parties Committee validates the content of the information document published pursuant to the Consob Regulation.

Transactions of Lesser Importance

23. In case of a Transaction of Lesser Importance, it is the responsibility of the Group Compliance Officer to assess the completeness and adequacy of the elements collected before confirming this to the General Counsel and Chair of the Related Parties Committee, who may then carry out their activities, with notice coherent with the need for prior information in the terms set out in the next point.

24. The documentation on which the Related Parties Committee is called on to express its opinion must be made available in sufficient time for it to be transmitted to the Committee, after having been shared with its Chair, as a rule no less than 5 days before the due date for the issue of the opinion. Periods of notice/reporting of less than 5 days may be considered by the Chair of the Related Parties Committee, after having discussed the issue with the Executive Director competent for the subject of the single Transaction.

25. The provisions set out in points 17 and 19 above apply, and - where the Transaction of Lesser Importance is within the competence of the Board of Directors as a whole - those in point 20.

26. Without prejudice to the need to comply with the obligations on disclosing inside information to the public, in partial derogation of the Consob Regulation, the report on any Transactions of Lesser Importance approved and/or concluded despite the negative opinion of the Related Parties Committee shall be made as a rule within 15 days of its approval and/or conclusion, and in any event no more than 15 days after the end of the quarter of reference.

Framework resolution

27. The Board of Directors may adopt framework-resolutions relating to a series of sufficiently defined and homogeneous Transactions and with predetermined categories of Related Parties, based on the favourable opinion of the Related Parties Committee and for a duration of no more than one year.

28. Based on the foreseeable total value of the Transactions to be completed, the procedural and transparency rules for Transactions of Lesser Importance or Transactions of Greater Importance described above apply to the making of framework resolutions. Once the framework-resolution has been approved, the Transactions concluded in implementation of this resolution are not subject to the procedural rules contemplated in the Procedure.

Reporting

29. The Board of Directors, through the Related Parties Committee, and the Board of Statutory Auditors,
receive from the Group Compliance Officer, at intervals of no more than three months, a report
- on the execution of Transactions of Lesser Importance and Transactions of Greater Importance;
- on the single Transactions concluded in implementation of the framework- resolutions of the
  Board of Directors;
- on the Excluded Transactions recorded on the system.

30. The Related Parties Committee reports on its activity at first useful meeting of the full Board of
  Directors and in any event with the necessary promptness so as to permit compliance with the
  transparency rules set out in the Consob Regulations.

31. To guarantee coordination with the administrative and accounting procedures, periodic information on
  the Transactions is also provided to the executive responsible for preparing the corporate accounting
  documents.