



TIM TAX STRATEGY

JANUARY 2023

INTRODUCTION

The Tax Strategy defines the general purposes and the guidelines adopted by TIM - Telecom Italia in managing the tax affairs of the company.

Such strategy is approved by the Board of Directors and is made available to all stakeholders in accordance with the corporate regulations and it is promptly updated in the event of changes at strategic and/or operational level related to the fundamental elements regulated below. Subsequent changes and additions of a substantial nature to the document are under the responsibility of the Board of Directors.

OBJECTIVES

TIM, in the respect of and under autonomous management choices, aims at pursuing a tax strategy based on the principles of honesty, accuracy and compliance with tax laws, characterized by a cooperative and transparent behavior towards the Tax Authorities and third parties, in order to reduce any significant impact in terms of tax or reputational risk.

For this purpose, TIM - Telecom Italia undertakes to pursue the following objectives:

- spread, from the Top Management to all the involved employees, the aforementioned values and codes of conduct relating to tax matters, stimulating and adequately acknowledging the virtuous behavior and sanctioning the recognized violations, continually reporting the results to the Top Management, according to the “*Tone at the Top*” principle;
- develop and promote constant relationships with the Tax Authorities in a professional, transparent and timely way;
- in compliance with the “Corporate Responsibility” principle, act according to the values of honesty and integrity in the tax variable’s management, protecting the interests of all stakeholders, in the awareness that tax revenues constitute one of the main sources of contribution to the economic and social development of the countries where it operates;
- define its own tolerance to tax risk (tax risk appetite) in order to achieve the early solution of the potential controversies, still reserving the possibility of not adhering to the Tax Authorities’ positions when the Company’s reasons appear adequately supported (*agree to disagree*);
- define appropriate control and monitoring instruments to achieve the selected risk levels;
- always operate in compliance with the tax laws and regulations in all the countries where it works, adhering to its spirit and purpose, ensuring effective tax supervision through (i) monitoring of legislative developments, (ii) the management of its application and (iii) regular information and the necessary corporate training in order to spread the knowledge to all levels through periodic and systematic deployment actions;
- ensure constant monitoring of the company’s activities and processes to guarantee their compliance with the standards of compliance required by current tax regulations, involving all the Bodies and Functions in charge of internal and external controls;
- adjust, based on the needs and according to criteria of rationality and adequacy, the organizational structures, the corporate systems and processes interested by regulatory changes and related controls.

TAX RISK APPETITE

TIM - Telecom Italia considering the objective of minimizing the tax risk:

- does not perform operations with the main purpose of obtaining a tax advantage, without sound business reasons, or “artificial” operations put in place for the sole purpose of decreasing the tax burden;
- does not achieve acquisitions or investments in States or countries having a privileged tax regime, except when they are functional to the corporate commercial purposes and be aimed to the development of the business activities included in the corporate business purpose;

- sets up cross-borders intra-group transactions according to the arm's length principle, as ruled by OCSE (Transfer Pricing Guidelines);
- in cases where the tax law gives rise to interpretative doubts or enforcement difficulties, it pursues a reasonable line of interpretation inspired by the principles of legality;
- adopts continuous dialogue with the Revenue Agency with respect to potentially controversial and/or of doubtful interpretation matters, in case of complex corporate, financial or commercial operations with material tax effects, regardless of potential tax avoidance cases and/or with respect to the hypothesis of possible disapplication of anti-avoidance laws
- ensures transparency and fairness in relations with the Tax Authorities with a specific commitment to base relations with the Tax Authorities on the principle of cooperation and good faith.

TAX GOVERNANCE

TIM - Telecom Italia Board of Directors - whose valuations and choices are supported by an appropriate preliminary activity by the Control and Risks Committee - is responsible for the periodic test of the adequacy of the system for internal control and risk management, whose the tax control framework is a basic component, as well as of its effective functioning.

With regard to the tax risk control and management system, the Board of Directors examines a special report at least once a year, containing the results of the periodic review of the aforementioned system.

In particular, on the assumption that tax risks are inherent in the corporate ordinary and extraordinary operating activities and in the related internal processes, TIM - Telecom Italia has adopted a tax risk management and control system that provides for a governance model to ensure that:

- i. top management is informed of the tax impacts of all strategic and operational business operations, planned and to be implemented, in order to ensure the consistency of the business decisions with the defined tax strategy;
- ii. the Tax Function is involved in the performance of ordinary and extraordinary business activities, in order to ensure a prior assessment of the tax implications of the aforementioned activities, so as to guarantee the proper management of the tax variable.

The incentive system of the Tax Function does not include specific targets related to the reduction of the tax rate.

The governance and operation of the tax risk management and control system, including the delegations of authority, roles and responsibilities with respect to the processes of tax risk detection, management and monitoring, are defined within a specific Tax Policy.

TAX BEHAVIOR

TIM - Telecom Italia employees and Management at all the levels, are bound to inspire their behavior to the "general principles" established by the Code of Ethics, such as honesty, accuracy, transparency, confidentiality, impartiality, diligence, integrity and mutual respect.

The non-compliance to such principles may lead to bring legal proceedings and other measures towards the recipients, according to what is established by the Code of Ethics.

The Top Management informs the managers and all the involved employees about said values and codes of conduct embedded in the tax context, encouraging and conveniently recognizing the virtuous behavior and sanctioning the recognized violations, according to the mentioned "*Tone at the Top*" principle.

TRAINING

TIM - Telecom Italia trains and supports all employees involved in tax activities, not only restricted to the staff specifically assigned to Tax department, in order to guarantee that all employees achieve the right competence and experience to facing up to their responsibilities. In order to achieve the aforementioned purpose, TIM - Telecom Italia invests in the employees' professional growth even through specific training plans.

RELATIONSHIPS WITH TAX AUTHORITIES

TIM - Telecom Italia undertakes to establish with the Tax Authorities relationships inspired to the full transparency and collaboration. In particular, TIM - Telecom Italia undertakes to:

- communicate in a clear and transparent way to the Revenue Agency the potential changes in the tax strategy, in medium and long-term tax planning and possible risks related to the most relevant operations;
- provide correct, accurate and precise information and promptly reply to requests and information requests by the Revenue Agency;
- promptly solve eventual uncertain tax positions before filing tax returns, and, should any disagreement arise later, reach with the Revenue Agency a reasonable agreement for its resolution.