

EMTN PROGRAMME PROSPECTUS

*This document constitutes two base prospectuses: (i) the base prospectus of TIM S.p.A. and (ii) the base prospectus of Telecom Italia Finance S.A. (together, the EMTN Programme Prospectus).*



**TIM S.p.A.**  
*(incorporated with limited liability under the laws of the Republic of Italy)*  
**TELECOM ITALIA FINANCE S.A.**  
*(incorporated with limited liability under the laws of the Grand-Duchy of Luxembourg)*  
**€20,000,000,000**  
**Euro Medium Term Note Programme**  
**unconditionally and irrevocably guaranteed in respect of Notes issued by**  
**Telecom Italia Finance S.A. by**  
**TIM S.p.A.**  
*(incorporated with limited liability under the laws of the Republic of Italy)*

Under this €20,000,000,000 Euro Medium Term Note Programme (the **Programme**), TIM S.p.A. (**TIM**) and Telecom Italia Finance S.A. (**TI Finance**) and, together with TIM in its capacity as an issuer, the **Issuers** and each an **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed with the relevant Dealer (as defined below).

Payment of all amounts owing in respect of the Notes issued by TI Finance will be unconditionally and irrevocably guaranteed by TIM (in such capacity, the **Guarantor**).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €20,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “*Overview of the Programme*” and any additional Dealer appointed under the Programme from time to time by the Issuers (each a **Dealer** and, together, the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this EMTN Programme Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to the Lead Manager(s) acting on behalf of all Dealers agreeing to subscribe such Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “Risk Factors”.**

This EMTN Programme Prospectus has been approved as two base prospectuses, the base prospectus of TIM and the base prospectus of TI Finance by the *Commission de Surveillance du Secteur Financier* (the **CSSF**), as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**) and the Luxembourg act relating to prospectuses for securities dated 16 July 2019 (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en oeuvre du règlement (UE) 2017/1129*). The CSSF only approves this EMTN Programme Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Issuers or the Guarantor or of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

By approving this EMTN Programme Prospectus, the CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this EMTN Programme Prospectus or the quality or solvency of either Issuer. Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange’s regulated market and to be listed on the official list of the Luxembourg Stock Exchange.

References in the two base prospectuses to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange’s regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange’s regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).

**This EMTN Programme Prospectus (as supplemented as at the relevant time, if applicable) is valid until 7 July 2022, which corresponds to a period of 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the EEA) and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation. The obligation to supplement this EMTN Programme Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this EMTN Programme Prospectus is no longer valid.**

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will be set out in a Final Terms document (the **Final Terms**) which will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the relevant Issuer, the Guarantor (in the case of Notes issued by TI Finance) and the relevant Dealer. The Issuers may also issue unlisted Notes.

Subject to and as set out in “*Terms and Conditions of the Notes — Taxation*”, TIM shall not be liable to pay any additional amounts to holders of the Notes in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (as the same may be amended or supplemented from time to time), where the Notes are held by a Noteholder resident for tax purposes in a country which does not allow for a satisfactory exchange of information with Italy and otherwise in the circumstances described in “*Terms and Conditions of the Notes — Taxation*”.

TI Finance has a right of substitution as set out in “*Terms and Conditions of the Notes — Meeting of Noteholders, Modification, Waiver, Authorisation, Determination and Substitution*”. The Trustee may at any time agree, without the consent of the Noteholders or Couponholders (all as

defined in “*Terms and Conditions of the Notes*”), to the substitution, in place of TI Finance, of TIM or any Subsidiary (as defined in “*Terms and Conditions of the Notes*”) of TIM as principal debtor under the Notes and the Coupons (all as defined in “*Terms and Conditions of the Notes*”). TIM shall indemnify each Noteholder and Couponholder against (A) any tax, assessment or governmental charge which is imposed on such Noteholder or Couponholder by (or by any authority in or of) the Republic of Italy (**Italy**) with respect to any Note or Coupon and which would not have been so imposed had the substitution not been made and (B) any tax, assessment or governmental charge, and any cost or expense relating to the substitution, except that TIM shall not be liable under such indemnity to pay any additional amounts either on account of “*imposta sostitutiva*” or on account of any other withholding or deduction in the event of payment of interest or other amounts paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with Italy. As long as the Notes are admitted to trading on the Luxembourg Stock Exchange’s regulated market and/or listed on the official list of the Luxembourg Stock Exchange, in the case of such substitution, TIM will advise the Luxembourg Stock Exchange, a new EMTN Programme base prospectus will be prepared and the Noteholders will be notified in accordance with the provisions of “*Terms and Conditions of the Notes - Notices*”.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws, but the Notes are subject to U.S. tax law requirements. The Notes may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

Each of Moody’s Italia S.r.l. (**Moody’s**), S&P Global Ratings Europe Limited (**S&P**) and/or Fitch Ratings Ireland Limited (**Fitch**) is established in the EEA and is registered under the Regulation (EC) 1060/2009 on credit rating agencies (as amended) (the **CRA Regulation**). As such, each of Moody’s, S&P and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Please also refer to “*Credit ratings may not reflect all risks*” in the “*Risk Factors*” section of this EMTN Programme Prospectus.

**Interest amounts payable under the Floating Rate Notes will be calculated by reference to LIBOR or EURIBOR, as specified in the relevant Final Terms, which is provided respectively by the ICE Benchmark Administration (as administrator of LIBOR) and the European Money Markets Institute (as administrator of EURIBOR). As at the date of this EMTN Programme Prospectus, the ICE Benchmark Administration (as administrator of LIBOR) is not included in the register of administrators maintained by ESMA under Article 36 of the EU Benchmarks Regulation. As far the Issuers are aware, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that ICE Benchmark Administration (as administrator of LIBOR) is not currently required to obtain authorization/registration (or, if located outside the European Union, recognition, endorsement or equivalence). As at the date of this EMTN Programme Prospectus, the European Money Markets Institute (as administrator of EURIBOR) appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (ESMA) pursuant to Article 36 of the Regulation (EU) No. 2016/1011 (the EU Benchmarks Regulation).**

**Arranger**

**J.P. MORGAN**

**Dealers**

**BARCLAYS  
CITIGROUP  
DEUTSCHE BANK  
J.P. MORGAN  
NATWEST MARKETS  
UNICREDIT**

**BNP PARIBAS  
CRÉDIT AGRICOLE CIB  
IMI - INTESA SANPAOLO  
MEDIOBANCA  
SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING**

The date of this EMTN Programme Prospectus is 7 July 2021.

## IMPORTANT INFORMATION

**This EMTN Programme Prospectus comprises two base prospectuses for the purposes of Article 8 of the Prospectus Regulation: (i) the base prospectus of TIM; and (ii) the base prospectus of TI Finance. *Prospectus Regulation* means Regulation (EU) 2017/1129.**

**The Issuers and the Guarantor accept responsibility for the information contained in this EMTN Programme Prospectus, any supplement thereto, and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge and belief of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this EMTN Programme Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.**

**This EMTN Programme Prospectus is to be read in conjunction with all documents which are to be incorporated in it by reference (see “*Documents Incorporated by Reference*” below). This EMTN Programme Prospectus shall be read and construed on the basis that those documents are so incorporated and form part of this EMTN Programme Prospectus.**

**Other than in relation to the documents which are to be incorporated by reference (see “*Documents Incorporated by Reference*”), the information on the websites to which this EMTN Programme Prospectus refers does not form part of this EMTN Programme Prospectus and has not been scrutinised or approved by the CSSF.**

**Save for each Issuer, no other party has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this EMTN Programme Prospectus or any other information provided by the Issuers or the Guarantor in connection with the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this EMTN Programme Prospectus or any other information provided by the Issuers or the Guarantor in connection with the Programme.**

**Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this EMTN Programme Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this EMTN Programme Prospectus or any responsibility for any acts or omissions of the Issuer or the Guarantor or any other person in connection with any issue and offering of the Notes under the Programme.**

**No person is or has been authorised by any of the Issuers, the Guarantor or the Trustee to give any information or to make any representation not contained in or consistent with this EMTN Programme Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuers, the Guarantor, any of the Dealers or the Trustee.**

**Neither this EMTN Programme Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by any of the Issuers, the Guarantor, any of the Dealers or the Trustee that any recipient of this EMTN Programme Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and/or the Guarantor (if applicable). Neither this EMTN Programme Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of any of the Issuers, the Guarantor, any of the Dealers or the Trustee to any person to subscribe or purchase any Notes.**

Neither the delivery of this EMTN Programme Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning any of the Issuers and/or the Guarantor is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of any of the Issuers or the Guarantor during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this EMTN Programme Prospectus when deciding whether or not to purchase any Notes.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, MiFID II); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the PRIIPs Regulation) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**IMPORTANT – UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (UK). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (EUWA); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the UK PRIIPs Regulation) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**MiFID II product governance / target market** – The Final Terms in respect of any Notes will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the MiFID Product Governance Rules), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

**UK MiFIR product governance / target market** – The Final Terms in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in

respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the UK MiFIR Product Governance Rules) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

**NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE SFA)**

Unless otherwise stated in the Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

#### **IMPORTANT INFORMATION RELATING TO THE USE OF THIS EMTN PROGRAMME PROSPECTUS AND OFFERS OF NOTES GENERALLY**

This EMTN Programme Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this EMTN Programme Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuers, the Guarantor, the Dealers and the Trustee represent that this EMTN Programme Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuers, the Guarantor, the Dealers or the Trustee which would permit a public offering of any Notes or distribution of this EMTN Programme Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this EMTN Programme Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this EMTN Programme Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this EMTN Programme Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this EMTN Programme Prospectus and the offer or sale of Notes in the United States, the United Kingdom, Italy, France, Belgium, Japan, Singapore and the EEA. See “*Subscription and Sale*”.

In this EMTN Programme Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Presentation of Financial Information

Unless otherwise indicated, the financial information in this EMTN Programme Prospectus relating to the Issuers has been derived from:

- the Audited Consolidated Financial Statements for the financial years ended 31 December 2020 and 31 December 2019 of TIM and its consolidated subsidiaries (the “TIM Group”); and
- the Audited Consolidated Financial Statements for the financial years ended 31 December 2020 and 31 December 2019 of TI Finance and its consolidated subsidiaries (the “TI Finance Group”);

together, the “*Financial Statements*”.

The Issuers’ financial year ends on 31 December, and references in this EMTN Programme Prospectus to any specific year are to the twelve-month period ended on 31 December of such year.

The TIM Group Audited Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the EU (IFRS).

The TI Finance Group Audited Consolidated Financial Statements have been prepared in accordance with IFRS.

Capitalised terms which are used but not defined in any particular section of this EMTN Programme Prospectus will have the meaning attributed to them in “*Terms and Conditions of the Notes*” or any other section of this EMTN Programme Prospectus. In addition, the following terms as used in this EMTN Programme Prospectus have the meanings defined below:

All references in this EMTN Programme Prospectus document to *euro*, *Euro* and *€* refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, *Sterling* and *£* refer to pounds sterling and all references to *U.S. dollars*, *U.S.\$* and *\$* refer to United States dollars.

References to the “TIM Group” refer to TIM and its consolidated subsidiaries as they exist at the date of this EMTN Programme Prospectus.

References to a *billion* are to a thousand million.

Certain figures and percentages included in this EMTN Programme Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

## SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisors, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this EMTN Programme Prospectus;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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## STABILISATION

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

## OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this EMTN Programme Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer, the Guarantor and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, a new Base Prospectus or a supplement to the Base Prospectus, if appropriate, will be published.

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980 (the **Delegated Regulation**).

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this overview.

<b>Issuers:</b>	TELECOM ITALIA S.p.A. named also “TIM S.p.A.”  TIM was incorporated as a joint stock company under the laws of Italy on 20 October 1908, and its duration is until 31 December 2100. TIM’s registered office is Via Gaetano Negri 1, 20123 Milan, Italy.  Telecom Italia Finance S.A.  TI Finance was incorporated on 2 June 2000 for an unlimited duration in the Grand-Duchy of Luxembourg as a <i>société anonyme</i> . TI Finance’s registered office is 12 rue Eugène Ruppert, L-2453 Luxembourg.
<b>Issuers Legal Entity Identifier (LEI):</b>	TIM: 549300W384M3RI3VXU42  TI Finance: 549300O482B6CBF38D50
<b>Guarantor:</b>	TIM S.p.A. (in respect of Notes issued by TI Finance)
<b>Risk Factors:</b>	There are certain risk factors that may affect the Issuer’s and/or the Guarantor’s ability to fulfil its obligations under Notes issued under the Programme and/or the Guarantee.  In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular issue of Notes issued under the Programme. All of these are set out under “ <i>Risk Factors</i> ”.
<b>Description:</b>	Euro Medium Term Note Programme
<b>Arranger:</b>	J.P. Morgan AG
<b>Dealers:</b>	Barclays Bank Ireland PLC BNP Paribas Citigroup Global Markets Europe AG Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Deutsche Bank Aktiengesellschaft Intesa Sanpaolo S.p.A.

J.P. Morgan AG  
Mediobanca – Banca di Credito Finanziario S.p.A.  
NatWest Markets N.V.  
NatWest Markets Plc  
Société Générale  
UniCredit Bank AG

and any other Dealers appointed in accordance with the Programme Agreement.

**Certain Restrictions:**

Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “*Subscription and Sale*”) including the following restrictions applicable at the date of this EMTN Programme Prospectus.

**Notes having a maturity of less than one year**

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the FSMA) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent. See “*Subscription and Sale*”.

**Issuing and Principal Paying Agent:**

Deutsche Bank AG, London Branch

**Trustee:**

Deutsche Trustee Company Limited

**Programme Size:**

Up to €20,000,000,000 (or its equivalent in other currencies) calculated as described in the Programme Agreement) outstanding at any time. The Issuers and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

**Distribution:**

Notes may be distributed on a syndicated or non-syndicated basis.

**Currencies:**

Subject to any applicable legal or regulatory restrictions, any currency agreed between the relevant Issuer and the relevant Dealer, as specified in the applicable Final Terms.

**Maturities:**

Such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.

**Issue Price:**

Notes may be issued as specified in the applicable Final Terms and at an issue price which is at par or at a discount to, or

premium over, par.

**Form of Notes:**

The Notes will be issued in bearer form as described in “*Form of the Notes*”.

**Fixed Rate Notes:**

Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.

**Floating Rate Notes:**

Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (b) on the basis of the reference rate set out in the applicable Final Terms.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.

Floating Rate Notes may also have a Maximum Rate of Interest, a Minimum Rate of Interest or both.

**Zero Coupon Notes:**

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

**Benchmark discontinuation:**

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5.3(b) (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5.3(c) (*Adjustment Spread*)) and any Benchmark Amendments (in accordance with Condition 5.3(d) (*Benchmark Amendments*)).

**Redemption:**

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or

that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving notice to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the relevant Issuer and the relevant Dealer.

Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution. See “*Certain Restrictions — Notes having a maturity of less than one year*” above.

**Denomination of Notes:**

Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer save that the minimum denomination of each will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amounts in such currency). See “*Certain Restrictions — Notes having a maturity of less than one year*” above.

**Taxation:**

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Relevant Jurisdiction, subject as provided in Condition 8. In the event that any such deduction is made, the relevant Issuer or, as the case may be, the Guarantor (in the case of Notes issued by TI Finance) will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

**Restrictions on Security Interests:**

The terms of the Notes will contain a provision restricting the ability of the relevant Issuer and (in the case of Notes issued by TI Finance) the Guarantor to create security interests in respect of certain of their capital markets indebtedness, as further described in Condition 3.

**Cross Default:**

The terms of the Notes will contain a cross default provision as further described in Condition 10.

**Status of the Notes:**

The Notes will constitute unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the relevant Issuer and will rank *pari passu* among themselves and (save as aforesaid and for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer, from time to time outstanding.

**Guarantee:**

Notes issued by TI Finance will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee will be unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Guarantor and will rank *pari passu* and (save as aforesaid and for certain obligations required to be preferred by law) equally with all other unsecured obligations

(other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

**Rating:**

Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms. Where a Series of Notes is rated, it will be rated by Moody's Italia S.r.l. (**Moody's**), S&P Global Ratings Europe Limited (**S&P**) and/or Fitch Ratings Ireland Limited (**Fitch**). Moody's, S&P and Fitch are established in the EU and registered under the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Approval, Listing and admission to trading:**

Application has been made to the CSSF to approve this document as two base prospectuses, the base prospectus of TIM and the base prospectus of TI Finance. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange.

Notes may also be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the relevant Issuer and the relevant Dealer in relation to each Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchange(s).

**Governing Law:**

The Notes, the Coupons and the Trust Deed and any non-contractual obligation arising out of or in connection with them, will be governed by, and construed in accordance with, English law, save, in respect of Notes issued by TIM, for the provisions contained in Condition 15 of "*Terms and Conditions of the Notes*" and the provisions of the Trust Deed concerning the meeting of Noteholders and the appointment of the *rappresentante comune* are subject to compliance with Italian law. The provisions of Articles 470-1 to 470-19 of the Luxembourg law on commercial companies of 10 August 1915, as amended, are excluded.

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, the United Kingdom, Italy, France, Belgium, Singapore and Japan, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale*".

**United States Selling Restrictions:**

Regulation S, Category 2. TEFRA C Rules/TEFRA D Rules/TEFRA not applicable, as specified in the applicable Final Terms.

## RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuers and the Guarantor may become insolvent or otherwise unable to make all payments due in respect of the Notes or under the Guarantee. There is a wide range of factors which individually or together could result in the Issuers or the Guarantor becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuers and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside of the Issuers' and the Guarantor's control. The Issuers and the Guarantor have identified in this EMTN Programme Prospectus, including in the information incorporated by reference herein (see "*Documents Incorporated by Reference*" below), a number of factors which could materially adversely affect their businesses and ability to make payments due.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

*Prospective investors should also read the detailed information set out elsewhere in this EMTN Programme Prospectus and reach their own views prior to making any investment decision.*

### 1. RISKS RELATED TO THE BUSINESS ACTIVITY AND INDUSTRIES OF THE ISSUERS.

***TIM's business will be adversely affected if TIM is unable to successfully implement its strategic objectives. Factors beyond its control may prevent it from successfully implementing its strategy.***

On 23 February 2021, TIM's Board of Directors approved the 2021 – 2023 Strategic Plan (**Plan**).

The strategy outlined is based on the industrial objectives achieved and the solid financial foundation established by exceeding the cash generation and debt reduction targets achieved in the last two years. The technological evolution and expansion of the fixed, mobile and cloud infrastructures and data centres have been speeded-up and strengthened by partnerships with leading global companies such as Google for the Cloud, Disney for TV content, Vodafone for mobile towers, and KKR and Fastweb for the development of super high-speed fibre.

The key objective of the new three-year plan is the expansion of the Group's business beyond connectivity by leveraging the convergence of different business areas while continuing to increase the efficiency of the traditional core business at the same time. The plan also takes into account the deteriorating economic outlook following the COVID-19 pandemic.

On the consumer market side, the Plan includes the developed convergence model, increasing the drive for "adjacent" services (TV, smart home, security, etc.), the digitisation of processes and an improved customer experience, and, as result, a stabilisation or moderate increase of the fixed and mobile average revenue per user (**ARPU**), in addition to significant growth in the volumes of digital services. The actions planned will maintain stabilisation of the fixed lines and constructive dynamics for Mobile Number Portability in the mobile sector. The platform named TIM Vision (**TIM Vision**) will continue to enrich the offering that has transformed this service into the most complete TV platform on the Italian market, aggregating the best entertainment and sports content of the main sector players (e.g. Disney+, Netflix, Mediaset Infinity, SKY, Dazn, Amazon, Discovery).

On business side, previous plans' goal to consolidate TIM as a reference provider and quality top partner of integrated solutions for small and medium enterprises (**SMEs**) and large companies is confirmed. In this context, the adjacent market with the best development prospects is that of Information and Communications Technology (**ICT**) services and in particular the cloud and data centres, which will be able to benefit from the support of both Google Cloud, the strategic partner, and Noovle, the new dedicated hub created for this purpose. The same model, with specialised "factories", will be adopted to develop new business

opportunities with Olivetti for the IoT, Telsy for cybersecurity and Sparkle for geographically extended international connectivity services and “beyond connectivity” services.

On the wholesale market, the goal of protecting market share will continue to be pursued while maintaining leadership in ultrabroadband coverage. The aim will be to seize the opportunities resulting from non-regulated services, in line with the previous plan, while also offering other operators services beyond connectivity such as data centres.

The path of increasing efficiency and strengthening technological leadership in terms of quality and innovation continues.

The mobile sector is continuing the modernisation of the 4G network and deployment of 5G, with the aim of national 5G coverage by 2025.

TIM Brazil continues to grow and is beginning to integrate the mobile assets of Oi, awarded to TIM, Vivo and Claro last December.

The undertaking to make TIM a “sustainable” group has been further strengthened through a series of additional actions to implement improvements concerning the environmental impact, circular economy, “digital inclusion” and ESG governance, thanks to new and more advanced reporting tools.

TIM’s ability to implement and achieve its strategic objectives and priorities may be influenced by certain factors, including factors outside of its control. Such factors include:

- a deterioration of the economic environment (also taking into consideration the current COVID-19 impact) in the principal markets in which TIM operates, including, in particular, its core Italian market;
- the impact of regulatory decisions and changes in the regulatory environment in Italy, Brazil and other countries in which TIM operates, including the ability of the Italian government to exercise its power with respect to entering into strategic transactions;
- TIM’s ability to successfully compete on both price and innovation capabilities with respect to new products and services;
- TIM’s ability to develop and introduce new technologies that are attractive in its principal markets, to manage innovation, to supply value added services and to increase the use of its fixed and mobile networks;
- TIM’s ability to successfully implement its internet and broadband/ultrabroadband (**UBB**) strategy;
- TIM’s ability to successfully achieve its financial targets (including debt reduction);
- TIM’s ability to successfully achieve benefits from inorganic initiatives;
- the impact of fluctuations in currency exchange and interest rates and the performance of the equity markets in general;
- the outcome of litigation, disputes and investigations in which TIM is involved or may become involved;
- TIM’s ability to build up its business in adjacent markets and in international markets (particularly in Brazil), due to its specialist and technical resources;
- TIM’s ability to achieve the expected return on the investments and capital expenditures it has made and continues to make in Italy, Brazil and other countries in which it operates;



- the amount and timing of any future impairment charges for TIM's authorisations, goodwill or other assets;
- TIM's ability to manage any business or operating model transformation plans;
- any difficulties which TIM may encounter in its supply and procurement processes, including as a result of the insolvency or financial weaknesses of its suppliers; and
- the costs TIM incurs due to unexpected events, in particular where its insurance is not sufficient to cover such costs.

As a result of these uncertainties there can be no assurance that the business and strategic objectives identified by TIM's management can effectively be attained in the manner and within the time-frames described. Furthermore, if TIM is unable to attain its strategic priorities, its goodwill may be further impaired, which could result in further significant write-offs.

***System and network failures could result in reduced user traffic and reduced revenue and could harm TIM's reputation. In addition, its operations and reputation could be materially negatively affected by cyber-security threats.***

TIM's success largely depends on the continued and uninterrupted performance of its IT, network systems and of certain hardware and datacentres that it manages for its clients. Its technical infrastructure (including its network infrastructure for fixed-line and mobile telecommunications services) is vulnerable to damage or interruption from technology failures, power loss, floods, windstorms, fires, terrorism, intentional wrongdoing, human error and similar events. Unanticipated problems at TIM's facilities, system failures, hardware and software failures, computer viruses and hacker attacks, as well as terrorist attacks against its infrastructure could affect the quality of its services and cause service interruptions. Any of these occurrences could result in reduced user traffic and reduced revenue and could negatively affect TIM's levels of customer satisfaction, reduce its customer base and harm its reputation.

In addition, TIM's operations involve daily processing and storage of large amounts of customer data and require uninterrupted, accurate, permanently available, real-time and safe transmission and storage of customer and other data in compliance with applicable laws and regulations. The proper functioning of, including prevention of unauthorised access to its networks, systems, computers, applications and data, such as customer accounting, network control, data hosting, cloud computing and other information technology systems is critical to TIM's operations. TIM may be held liable for the loss, release, disclosure or inappropriate modification of the customer data stored on its equipment or carried by its networks. IT system failure, interruption of service availability, industrial espionage, cyber-attack or data leakage, in particular relating to customer data, could seriously limit TIM's ability to service its clients, result in significant compensation costs for which indemnification or insurance coverage may be only partially available, result in a breach of laws and regulations under which it operates or leads to fines and could cause long-term damage to its business and reputation.

***Strong competition in Italy or other countries where TIM operates may further reduce its core market share for telecommunications services and may cause reductions in prices and margins thereby having a material adverse effect on its results of operations and financial condition.***

Telecommunications operators have generally faced challenging market conditions in recent years, principally as a result of the decline in voice traffic and significant pricing pressures resulting from increased competition among operators.

Strong competition exists in all principal areas of the Italian telecommunications business in which TIM operates.

Competition may become even more acute in the coming years, with additional international operators accessing the Italian market.

The Italian telecommunications market is experiencing a phase of an increased competitive environment, mainly due to the entry of Iliad in the mobile market as the 4<sup>th</sup> network infrastructured operator. Iliad launched its mobile service in the Italian market at the end of May 2018 and has rapidly gained customers and consequently market share to the detriment of the other infrastructured operators, thanks to a simplified offer particularly aggressive in terms of price and volume of data. The other operators followed Iliad reducing prices and largely increasing GB allowance with an impact not only on the mobile sector with the explosion of overall MNP exchange and ARPU dilution, but also on the fixed, generating a price war to recover customer base lost on Mobile.

Moreover, convergence has enabled lateral competition from Information Technology (or IT), over-the-top (OTT), Media and Devices/Consumer Electronic players. This competition may further increase due to globalisation and the consolidation of the telecommunications industry in Europe, including Italy, and elsewhere.

The emergence of alternative infrastructure operators could also pose a threat to TIM, particularly in the medium to long term. In this context, Sky's intention to enter the telco fixed market in the first half of 2020 must be taken into consideration.

Competition in TIM's principal lines of business has led, and could lead, to:

- price and margin erosion for its traditional products and services;
- loss of market share in its core markets;
- loss of existing or prospective customers; and
- greater difficulty in retaining existing customers.

In addition, competition with respect to innovative products and services in TIM's Italian domestic fixed-line, mobile telephony and broadband/ultrabroadband businesses, has led, and could lead to:

- obsolescence of existing technologies and more rapid deployment of new technologies;
- an increase in costs and payback period related to investments in new technologies that are necessary to retain customers and market share; and
- difficulties in reducing debt and funding strategic and technological investments if TIM cannot generate sufficient profits and cash flows.

Although TIM continues to take steps to realise additional efficiencies and to rebalance its revenue mix through the continuous introduction of innovative and value-added services, if any or all of the events described above occur, the impact of such factors could have a material adverse effect on the results of operations and financial condition of TIM Group.

*Alternative infrastructure operators in Italy could pose a threat to TIM, particularly in the medium to long term.*

In the fixed market, alternative network operators (AltNet), such as Open Fiber S.p.A. (**Open Fiber**) and Infratel Italia S.p.A. (**Infratel**), have disclosed and started to implement plans to develop alternative ultrabroadband telecommunications networks in Italy in the main Italian cities and in so-called "market failure" areas. Similar alternative developments, either on a standalone basis or through partnerships with other licensed operators (OLOs), could adversely impact TIM's businesses, assets and goodwill and, as a consequence, its economic and financial performance. In particular, TIM faces risks with respect to increasing competition in the National Wholesale Market, which could result in losses with respect to its customer base and revenues and a potential loss of retail market share and revenues.

***Continuing rapid changes in technologies could increase competition, reduce usage of traditional services and require TIM to make substantial additional investments.***

TIM, like other operators, faces increasing competition from non-traditional data services on new voice and messaging over-the-internet technologies, in particular OTT applications such as Skype, FaceTime, Messenger and WhatsApp. These applications are often free of charge, other than charges for data usage and are accessible via smartphones, tablets and computers. These applications provide users with potentially unlimited access to messaging and voice services over the internet, bypassing more expensive traditional voice and messaging services, such as SMS, which have historically been a source of significant revenues for fixed and mobile network operators like TIM. In Italy and Brazil, an increasing number of customers are using OTT applications services instead of traditional voice and SMS communications.

Historically, TIM has generated a substantial portion of its revenues from voice and SMS services, particularly in its mobile business in Italy, and the substitution of data services for these traditional voice and SMS volumes has had and could continue to have a negative impact on TIM's revenues and profitability.

If non-traditional voice and messaging data services continue to increase in popularity, as they are expected to, and TIM is unable to address such competition, its ARPU could decline and TIM would face lower margins across many of its products and services, resulting in a material adverse effect on the business, results of operations, financial condition and prospects of TIM Group.

***TIM may be adversely affected if it fails to successfully implement its Internet and broadband/4.5G/5G NGMN strategy.***

The continuing development of Internet and broadband services constitutes a strategic objective for TIM that aims to increase the use of its networks in Italy and abroad to offset the continuing decline of traditional voice services. Its ability to successfully implement this strategy may be negatively affected if:

- broadband mobile coverage does not grow as TIM expects;
- competition grows to include players from adjacent markets or technological developments introducing new platforms for Internet access and/or Internet distribution;
- it is unable to provide superior broadband connections and broadband/mobile services relative to its competitors;
- it experiences network interruptions or related capacity problems with network infrastructure; and
- it is unable to obtain adequate returns from the investments related to its network development.

However, implementation of 4.5G/5G ultrabroadband mobile technologies is dependent on a number of factors including availability and selection of cutting-edge technology from TIM's network/platforms and device vendors.

If TIM fails to achieve its objectives for the implementation of ultrabroadband mobile coverage in a timely manner, or at all, it may lose market share to its competitors in this strategically important segment.

Any of the above factors may adversely affect the successful implementation of the strategy, business and results of operations of TIM Group.

***TIM's business may be adversely affected if it fails to successfully implement its Information and Communications Technology (ICT) strategy.***

TIM intends to continue focusing on Information Technology-Telecommunication convergence by addressing the ICT market, offering network and infrastructure management, as well as application

management. In particular, as the market for cloud services continues to grow, the ICT market is expected to become a key element of its strategy.

TIM expects increasing competition in this market as additional competitors (mainly from telecommunications operators, through the acquisition of partnerships with IT operators) also enter this market. If TIM fails to grow its market share or compete effectively, its revenues could be negatively affected.

***TIM's business may be adversely affected if it fails to successfully implement its "ultrabroadband fixed access network" strategy.***

One of its goals is to accelerate the roll-out of a new telecommunications network capable of providing customers with ultrabroadband connections.

However, implementation of ultrabroadband technologies is dependent on a number of factors including:

- delays in receiving the necessary permissions and authorisations for installation of lines;
- resistance by road administrators to the use of innovative techniques for excavation and the laying fiber optic cables;
- delay in the operation of SINFI (*Sistema Informativo Nazionale Federato delle Infrastrutture*).

In areas not planned for under TIM's UBB development or where implementation of the ultrabroadband plan is conditioned upon the grant of public funds, in addition to those listed above, the following factors should be considered:

- allocation of public funds at the local level; and
- the awarding of tenders for the grant of public funds, which unduly penalise TIM by setting wholesale prices considerably lower than the regulated prices applicable to TIM's similar services which are set in its Reference Offer as approved by AGCom.

If TIM fails to achieve its objectives for the implementation of ultrabroadband coverage in a timely manner, or at all, TIM may lose market share to its competitors in this strategically important segment, which may adversely impact TIM Group's business, financial condition and results of operations.

***TIM's business depends on the upgrading of its existing networks.***

TIM must continue to maintain, improve and upgrade its existing networks in a timely and satisfactory manner in order to retain and expand its customer base in each of its markets. A reliable and high quality network is necessary to manage turnover by sustaining its customer base, to maintain strong customer brands and reputation and to satisfy regulatory requirements, including minimum service requirements. The maintenance and improvement of its existing networks depends on its ability to:

- upgrade the functionality of its networks to offer increasingly customised services to its customers;
- increase coverage in some of its markets;
- expand and optimise customer service, network management and administrative systems;
- expand the capacity of its existing fixed and mobile networks to cope with increased bandwidth usage; and
- upgrade older systems and networks to adapt them to new technologies and to enhance architecture.

In addition, due to rapid changes in the telecommunications industry, TIM's network investments may prove to be inadequate or may be superseded by new technological changes. Its network investments may also be limited by market uptake and customer acceptance. If TIM fails to make adequate capital expenditures or investments, or to properly and efficiently allocate such expenditures or investments, the performance of its networks, both in real terms and relative to its competitors, could suffer, resulting in lower customer satisfaction, diminution of brand strength and increased turnover.

Many of these tasks are not entirely under TIM's control and may be affected by applicable regulation. If TIM fails to maintain, improve or upgrade its networks, its services and products may be less attractive to new customers and it may lose existing customers to competitors, which could have a material adverse effect on the business, financial condition and results of operations of TIM Group.

***Vivendi is TIM's largest shareholder and exercises significant influence over TIM.***

As of the date hereof, the largest single shareholder in TIM is Vivendi S.A. (**Vivendi**), which holds directly, a stake of approximately 23.75% of ordinary share capital. With a holding of this size, Vivendi can exercise significant influence over matters subject to a vote of the ordinary shareholders of TIM, such as nominations to the Board of Directors (the **Board**), matters involving mergers or other business combinations, the acquisition or disposition of assets, issuances of equity and the incurrence of indebtedness. In addition, Vivendi's significant holding may also have the effect of discouraging others from making tender offers for its shares.

***Risks related to the main sustainability issues***

For many years, the TIM Group has actively involved and systematically consults its stakeholders with the aim of improving the company's environmental, social and governance (**ESG**) performance. The results of the engagement activity, as they emerge from the materiality matrix, are reflected in the sustainability plan at the heart of the Strategic Plan.

The action plan in support of the ESG strategy is aimed at achieving a concrete and significant impact in the development of the business that has made environmental protection and social inclusion objectives its own.

***a) Reduction of energy consumption and fight against climate change***

The Group has set itself the goal of becoming carbon-neutral by 2030, reducing indirect emissions by 70% and increasing its domestic eco-efficiency by 50% by 2025. On this front, a failure to contain energy consumption, in addition to a negative impact on the climate, could lead to a reduction in savings.

The measures adopted by TIM include:

- initiatives and projects aimed at minimising the environmental impact of company activities, customers who use products from the ICT sector and the supply chain;
- energy efficiency measures on over 300 sites within the perimeter of power plants and data centres;
- an increase in the use of energy from renewable sources in business processes.

The continuing increase in global average temperatures is significantly impacting natural/catastrophic events.

The negative consequences related to climate change (e.g. floods, droughts, windstorms) can also impact on company assets (material damage) and on business continuity (business interruption). In this regard, TIM has implemented specific assessment, mitigation and monitoring of the risks deriving from these events, as well as adequate insurance coverage.

***b) Social inclusion***

The digital divide represents a major obstacle to the spread of digitisation and the related connectivity services with the risk of repercussions in the commercial sphere. The “*Digital Risorgimento Operation*”, started in 2019, is the first major free school for the dissemination of digital skills in Italy and is the main inclusion project, aiming to bridge the digital divide affecting the less urbanised areas of the country.

### ***c) Employee engagement***

The ability to attract and retain qualified, specialised and motivated personnel is a key success factor for the pursuit of strategic objectives and the achievement of an adequate level of quality customer experiences.

TIM has launched a recruitment programme, looking for professional profiles that are compatible with the corporate reindustrialisation/reorganisation plan, and has created a skills adjustment programme to support the requalification, reskilling and upskilling processes for all staff, and internalising important core, advanced and traditional technical-specialist activities.

Following the 2019 engagement survey, the plan for TIM personnel was prepared with the aim of increasing engagement over the course of three years.

## **2. FINANCIAL RISKS.**

***TIM’s leverage is such that deterioration in cash flow can change the expectations of its ability to repay its debt and the inability to reduce its debt could have a material adverse effect on its business. Continuing volatility in international credit markets may limit TIM’s ability to refinance its financial debt.***

As of 31 March 2021, TIM’s consolidated Gross Financial Debt was 31,160 million euro, compared to 32,162 million euro on 31 December 2020. Its Consolidated Net Financial Debt Carrying Amount was 21,672 million euro as of 31 March 2021, compared to 23,714 million euro as of 31 December 2020. TIM’s high leverage continues to be a factor in its strategic decisions as it has been for a number of years and the reduction of its leverage remains a key strategic objective. As a result, however, TIM is reliant on cost-cutting and free cash flow to finance critical technology improvements and upgrades to its network, although it is taking steps to raise additional capital to support critical investment.

Due to the competitive environment and the continuing weak economic conditions, there could be deterioration in TIM’s income statement and financial measures used by rating agencies, such as Moody’s, S&P and Fitch, to assess its ability to repay its debt and determine its credit quality. Although rating downgrades do not generally have an immediate impact on outstanding debt, other than outstanding debt instruments for which the interest expense is specifically impacted by such ratings, downgrades could adversely impact its ability to refinance existing debt and could increase costs related to refinancing existing debt and managing its derivatives portfolio.

Factors that are beyond TIM’s control such as deterioration in the telecommunications sector, unfavourable fluctuations in interest rates and/or exchange rates, further disruptions in the capital markets, particularly debt capital markets and continuing weakness in general economic conditions at the national level could have a significant effect on its ability to reduce its debt and refinance existing debt through further access to the financial markets. Because debt reduction is one of TIM’s strategic objectives, failure to reduce debt could be viewed negatively and could adversely affect its credit ratings.

The management and development of TIM’s business will require it to make significant further capital and other investments. If it is unable to finance its capital investments as described above, TIM may need to incur additional debt in order to finance such investment. Its future results of operations may be influenced by its ability to enter into such transactions, which, in turn, will be determined by market conditions and factors that are outside its control. In addition, if such transactions increase its leverage, it could adversely affect its credit ratings.

***Fluctuations in currency exchange and interest rates and the performance of the equity markets in general may adversely affect TIM's results.***

In the past, TIM has made substantial international investments, significantly expanding its operations outside of the Euro zone, particularly in Latin America.

TIM's non-current operating assets are located as follows:

- Italy: as of 31 December 2020 and 31 December 2019, respectively, 44,477 million euro (89.3% of total non-current operating assets) and 45,066 million euro (85.3% of total non-current operating assets); and
- Outside of Italy: as of 31 December 2020 and 31 December 2019, respectively, 5,357 million euro (10.7% of total non-current operating assets) and 7,774 million euro (14.7% of total non-current operating assets). Non-current operating assets outside of Italy are primarily denominated in Brazilian Reals.

TIM generally hedges its foreign exchange exposure but does not cover conversion risk relating to its foreign subsidiaries. According to its policies, the hedging of the foreign exchange exposure related to the financial liabilities is mandatory. Movements in the euro exchange rates relative to other currencies (particularly the Brazilian Real) may adversely affect its consolidated results. A rise in the value of the euro relative to other currencies in certain countries in which TIM operates or have made investments will reduce the relative value of the revenues or assets of its operations from those countries and, therefore, may adversely affect its operating results or financial position.

In addition, TIM has raised, and may raise an increasing proportion, financing in currencies other than the euro, principally U.S. dollars and British pound sterling. In accordance with its risk management policies, TIM generally hedges the foreign currency risk exposure related to non-euro denominated liabilities, through cross-currency and interest rate swaps.

Furthermore, TIM is exposed to interest rates risk on that portion of its consolidated gross debt which is subject to the accrual of interest at floating rates; this portion represents 28% of the total consolidated debt as of 31 March 2021.

The decision to keep such a fixed-floating rate debt structure goes towards the goal to minimise negative interests' impact and is partially implemented through derivatives instruments whereby fixed rate liabilities are synthetically converted in floating rate ones. As of 31 March 2021 and 31 December 2020, TIM had derivative contracts in place for the sole management of TIM's interest rate risk arising from euro-denominated debt, including interest rate swaps, for notional amounts of 4,334 million euro. Any changes in interest rates that have not been adequately hedged by derivative contracts may result in increased financial liabilities in connection with TIM's floating rate debt, which may have adverse effects on the results of its operations and cash flows.

An increase of sovereign spreads, and of the default risk they reflect, in the countries where TIM operates, may affect the value of its assets in such countries.

TIM may also be exposed to financial risks such as those related to the performance of the equity markets in general, and, more specifically, risks related to the performance of the share price of TIM Group companies.

The TIM Group may be exposed to financial risks such as those deriving from fluctuations of interest and exchange rates, credit risk, liquidity risk and general trend risks of the relevant stock markets and - more specifically - risks linked to the stock price developments of shares of TIM Group's subsidiaries. Such risks can have a negative impact on the financial results and structure of the TIM Group.

Therefore, in order to manage such risks, the TIM Group has established the following guidelines to be followed in: (i) operational management; (ii) identification of the financial instruments most suitable to meet

the objectives set; and (iii) monitoring the results achieved. In particular, and in order to mitigate the liquidity risk, the TIM Group aims to maintain an “adequate level of financial flexibility”, in terms of cash and committed syndicated credit lines, covering the refinancing needs for the next 12-18 months at least.

The United Kingdom and the European Union reached an agreement on Brexit at the end of December 2020. Possible future equilibrium scenarios linked to the outcome of the mentioned agreement have still to be evaluated and could cause further instability in global financial markets, where the international framework is already in a delicate stage due to the COVID-19 pandemic.

The potential effects of Brexit on financial risks (interest rate, exchange rate and counterparty) are not considered significant for the TIM Group itself. In addition, the TIM Group’s financial risk management policies encompass the full coverage of the exchange rate risk and minimisation.

### **3. RISKS RELATING TO MACRO-ECONOMIC CONDITIONS.**

#### ***COVID-19***

The persistence of the state of health emergency due to COVID-19 and the further restrictive measures issued by national and foreign authorities, in addition to the worsening of the global macroeconomic situation and the deterioration of the credit profile of some customer segments, could cause slowdowns in business activity, deriving from limitations of certain types of technical and commercial interventions, and from difficulties encountered by customers and discontinuity in the supply chain. The global situation continues to be dominated by the difficulties and uncertainties deriving from the evolution of the pandemic and the timing of the vaccination campaigns.

The emergency response includes the implementation of measures relating to the operational continuity of business processes that also consider the public service provided, in order to guarantee the functionality of the services provided by the Issuers and to protect the health of their employees.

***Due to the effect of COVID-19, strong uncertainty persists with respect to the global economic outlook, which could have a negative impact on TIM Group’s operating results and financial condition.***

The TIM Group’s economic and financial situation depends on the influence of numerous macroeconomic factors such as economic growth, consumer confidence, interest rates and exchange rates in the markets where it operates.

The first quarter 2021 recorded a slight increase in GDP of 0.1% compared to the fourth quarter of 2020 (-0.8% compared to the first quarter of 2020). The positive contribution to growth comes mainly from fixed investments (+ 3.7% compared to the previous quarter). The recovery in consumption by families and the public administration is slow (-1% compared to the previous quarter). In particular, purchases of durable goods (-0.9%), services (-4.2%) and semi-durable goods (-3.6%) decreased, while purchases of non-durable goods increased (+1, 9%). Exports in volume grow by 0.5% compared to the previous quarter and by 1.2% compared to the first quarter of 2020.

In general, in 2020 the Italian economy was affected by the Covid-19 emergency more than the other countries in Euro Area (estimated GDP Italy -8.9% vs 2019; GDP euro area -6.2% vs 2019). The worldwide situation is characterised by a decisive recovery in world trade and a progressive improvement in production, although with heterogeneous timing and rhythms between countries. For Italy, a sustained GDP growth is expected both in 2021 (+ 4.7%) and in 2022 (+ 4.4%). These scenarios incorporate the effects of the progressive introduction of the interventions defined by the National Recovery and Resilience Plan (PNRR). The actual ability to implement the planned measures, the evolution of the health emergency and the completion of the vaccination campaign are the main elements for economic and social recovery. The risks associated with the scenarios are related to the actual ability to implement the planned measures as well as the evolution of the health emergency and the vaccination campaign.



The propensity to consume, especially in the service sector, has recorded a significant reduction both as a result of the measures to contain infections and due to greater consumer prudence, even in coexistence with the virus. The Italian government's measures to contain infections and to support the income of families had positive repercussions on the demand side but also triggered a significant increase in public debt at 157% of GDP in 2020 with an increase of 21% compared to 2019. The forecasts estimate a slight reduction in debt/GDP by around 6% by 2023.

Also in 2021, public finances will be conditioned by important budget allocations (around 100 billion euro) intended to counteract the recessionary effects of the crisis. Several measures have already been launched, including the "Decreto Sostegni" for an amount equal to 32 billion euro dedicated mainly to businesses.

The rise in unemployment rates has also been stopped by public support measures, however the labor market will need time to recover. It is expected a considerable variation of inflation on this year as assumptions about energy prices and changes in VAT rates lead to significant fluctuations in the price level compared to the same period last year. For the European Union, current forecasts indicate inflation of 1.9% in 2021 and 1.5% in 2022. For the euro area, the corresponding values are 1.7% in 2021 and 1.3% in 2022.

The resumption of economic growth will depend of the increase in vaccinations and the easing of restrictions. Growth from the second quarter will be driven by private consumption, investment and the growing demand for EU exports from a strengthening world economy.

In Brazil, following three years of modest growth, the 4.1% decline in GDP in 2020 was significantly influenced by the COVID-19 pandemic and the restrictions imposed to control its spread (including government lock-down and social distancing measures during the year), which resulted in general declines in business levels and trade, when compared to a growth of 1.1% in 2019.

After a devastating first half of 2020, when the pandemic led to the closure of commercial activities, severe restrictions on circulation and a considerable outflow of capital – which had already begun in 2019 – the situation in the second half of the year changed and the third quarter recorded strong GDP growth. Activities in 2020 did not recover to the levels of the end of 2019, but the extent of the impact was less than initially expected.

Recently, after the adoption of stringent measures to restrict circulation and increase social distancing in order to reduce the transmission of COVID-19, along with the gradual easing of the restrictive measures, the return of economic activities and the federal government financial support contributed to the slight recovery seen in the second half of 2020, however it is not yet possible to predict whether the Brazilian economy and TIM Brasil results will return to pre-crisis levels.

***TIM is subject to risks associated with political developments in countries where it operates.***

Changes in political conditions in Italy and in other countries where TIM has made significant investments (particularly in countries where the political situation is less predictable than in Western Europe) may have an adverse effect upon its business, financial condition, results of operations and cash flows.

#### **4. RISKS RELATED TO THE LEGISLATIVE AND LEGAL FRAMEWORK.**

***Because TIM operates in a heavily regulated industry, regulatory decisions and changes in the regulatory environment could adversely affect its business.***

TIM's fixed and mobile telecommunications operations, in Italy and abroad, are subject to regulatory requirements. As a member of the EU, Italy has adapted its regulatory legislation and rules for electronic communications services to the framework established by the EU Parliament and Council.

Pursuant to the EU regulatory framework, the Italian regulator, *Autorità per le Garanzie nelle Comunicazioni (AGCom)*, is required to identify operators with "Significant Market Power" (SMP) in the relevant markets subject to regulation. On the basis of market analyses proceedings (**Market Analyses**),

AGCom imposes requirements necessary to address identified competition problems. Current requirements are mainly focused on the regulation of TIM's wholesale business, while the regulation of retail markets has been largely withdrawn, with the exception of price tests on retail access offers (for telephone, broadband and ultrabroadband services).

Within this regulatory framework, the main risks TIM faces include the lack of predictability concerning both the timing of the regulatory proceedings and their final outcome and possible AGCom decisions that apply retroactively and their potential impact on expected TIM Group results and on the guidance presented to the market (e.g., review of prices from prior years following the decisions of Administrative Courts, repricing decisions, proceedings that impact technological decisions and return on investment).

In principle, a new "round" of Market Analyses should be conducted by AGCom every three years, in order to deal with the evolution of market conditions and technology developments and set the rules for the subsequent three-year period. However, the regulatory review process does not always follow the expected schedule.

Regulation is a key factor in evaluating the likelihood of return on investments and therefore in deciding where to invest. Regulatory uncertainty and regulatory changes imposed on TIM can impact its revenues and can make it more difficult to make important investment decisions.

Moreover, a high level of disputes arising from operators challenging AGCom decisions before Administrative Courts results in an even greater degree of uncertainty with respect to rules and economic requirements.

The Italian Antitrust Authority, *Autorità Garante per la Concorrenza ed il Mercato (AGCM)* and AGCom, may also intervene in TIM's business, setting fines and/or imposing changes in its service provision operating processes and in its offers. In addition, AGCom or AGCM decisions may impose constraints on the pricing of fixed and mobile offers based on consumer protection legislation.

TIM Brasil Business Unit is also subject to extensive regulation. Its international operations, therefore, face similar regulatory issues as TIM faces in Italy, including the possibility for regulators to impose obligations and conditions on how TIM operates its businesses in Brazil as well as taking decisions that can have an adverse effect on its results.

As a result, the decisions of regulators or the implementation of new regulations in Brazil and the costs of its compliance with any such decisions or new regulations, may limit its flexibility in responding to market conditions, competition and changes in its cost base which could individually or in the aggregate, have a material adverse effect on its business and results of operations.

Due to the continuous evolution of the regulatory regime affecting various parts of its business in Italy and in its international operations, TIM is unable to clearly predict the impact of any proposed or potential changes in the regulatory environment in which it operates in Italy, Brazil and its other international markets. Regulations in the telecommunications industry are constantly changing to adapt to new competition and technology. Changes in laws, regulation or government policy could adversely affect TIM's business and competitiveness. In particular, TIM's ability to compete effectively in its existing or new markets could be adversely affected if regulators decide to expand the restrictions and obligations to which it is subject or extend them to new services and markets. Finally, decisions by regulators regarding the granting, amendment or renewal of its authorisations, or those of third parties, could adversely affect its future operations in Italy and in other countries where TIM operates.

***The Italian government has exercised, and may in the future exercise, its significant powers with respect to TIM, including with respect to TIM's ability to enter into strategic transactions.***

In 2012, regulations relating to the special powers regarding strategic assets in the energy, transport and communications sectors were published and became effective (Law Decree no. 21 of 15 March 2012, adopted with modifications by Law no. 56 of 11 May 2012: the **Golden Power Decree**).

Article 1 of the Golden Power Decree (which refers to strategic assets for the defence and national security sector) grants the Italian government:

- the power to impose conditions and possibly to oppose the purchase of shareholdings by parties other than the Italian state, Italian public entities and other parties controlled by the same, so long as the stake is sufficient to compromise the interests of national defence and security. Until expiry of the period of time within which conditions may be imposed, or the power to oppose the acquisition exercised, any rights other than ownership rights connected to the relevant shares are suspended. Such rights are suspended in case of non-compliance with or breach of any condition imposed on the purchaser, for as long as the non-compliance or breach persists. Any shareholders' resolution adopted with the relevant shares providing the decisive votes, as well as any resolution or act adopted that breaches or does not comply with any condition imposed, is null and void; and
- veto power (including through the imposition of obligations or conditions) regarding any resolution (by either shareholders' meeting or the administrative bodies of the company) on any merger, demerger, transfer of business unit, relocation of registered office to outside Italy, change of corporate purpose or winding up of the company. Any resolution or act adopted in breach of these obligations is null and void. The government may also order TIM and any other party to restore the original condition.

Article 2 of the Golden Power Decree (which refers to strategic assets in the communications sector) grants the Italian government:

- the power to impose conditions and possibly oppose the purchase, under certain conditions, by non-EU entities, of controlling stakes in companies that hold the aforementioned types of assets. Until the end of a 15-day period from the notice of such purchase, during which the government may impose conditions or oppose the proposed purchase, voting rights (and any rights other than the property rights) connected to shares resulting in the change of control, are suspended. Such rights are suspended in the case of any non-compliance with or breach of the conditions imposed on the purchaser for as long as the non-compliance or breach persists. Any shareholders' resolution adopted with the relevant shares providing the decisive votes, as well as any resolution or act adopted that breaches or does not comply with any condition imposed, is null and void;
- veto power (including through the imposition of obligations or conditions) regarding any resolution, act or transaction that has the effect of modifying the ownership, control or availability of such strategic assets or changing their location, including resolutions on any merger, demerger, transfer of registered office to outside Italy, transfer of the company or a business unit which contains the strategic assets, or their assignment by way of guarantee. Any resolution or act in breach of such obligations is null and void. The government may also order the company and any other party to restore the original condition at its own expense.

In October and November 2017, the government designated certain of TIM's assets as strategic within the meaning of the above-described provisions of the Golden Power Decree and imposed various governance and organisational obligations and restrictions on TIM.

With subsequent implementing decrees of 5 September 2019, 6 July and 7 August 2020, the council of ministers exercised powers with special regard to the non-European production supply of 5G technology, stating that these communications services are activities of strategic importance for the system of defence and national security.

Law No. 133 of 18 November 2019 established the Cybernetic National Security Perimeter (**PSNC**) in which public and private institutions and operators that perform essential functions for the state or provide essential services in the civil, social and economic spheres have been included, considering that the malfunctioning of these essential functions or services could create a prejudice against national security.

This and any future exercise of the government's powers under the Golden Power Decree, or the mere existence of such powers, could:

- adversely affect TIM's ability to conduct its business (including, for example, by limiting TIM's ability to dispose of assets designated as strategic); and
- make a change of control transaction with respect to TIM (whether by merger or otherwise) more difficult to achieve, if at all, or discourage bidders from making an offer relating to a change of control that could otherwise be beneficial to shareholders.

***TIM operates under authorisations granted by government authorities.***

Many of TIM's activities require authorisations from governmental authorities both in Italy and abroad. These authorisations specify the types of services the operating company holding such authorisation may provide. The continued existence and terms of TIM's authorisations are subject to review by regulatory authorities and to interpretation, modification or termination by these authorities. In addition, its current authorisations to provide networks and services require that TIM satisfies certain obligations, including minimum specified quality levels, service and coverage conditions. Failure to comply with these obligations could result in the imposition of fines or even in the revocation or forfeiture of the authorisation. In addition, the need to meet scheduled deadlines may require it to expend more resources than otherwise budgeted for a particular network build-out.

Additional authorisations may also be required if TIM expands its services into new product areas, and such authorisations may be related to auctions (e.g. in the assignment of spectrum right of use) or otherwise prove expensive or require significant cash outlays, or have certain terms and conditions, such as requirements related to coverage and pricing, with which TIM may not have previously had to comply. In Brazil TIM also operates under an authorisation's regime and, as a result, it is obliged to maintain minimum quality and service standards. In December 2019, the Regulatory Agency for Telecommunications – *Agência Nacional de Telecomunicações (ANATEL)* approved the new Telecommunications Services Quality Regulation (**RQUAL**), based on responsive regulation. By this new model, quality is measured based on three indicators - Quality of Service Index, Perceived Quality Index and User Complaint Index and classifies operators into five clusters (A to E). On the basis of responsive regulation, ANATEL will be able to adopt measures according to the specific case, such as consumer compensation, adoption of an action plan or adoption of precautionary measures in order to ensure the improvement of quality standards.

The new regulation is expected to enter into force by 2021 and, until the working group formed by ANATEL, operators and the quality assurance support entity (**ESAO**) define the goals, criteria and reference values of indicator, ANATEL will still follow the old indicators that maintain similarity with the new ones established in the new RQUAL. The criteria and reference value shall be determined in the 12 months from the launch of the working group.

***TIM's activities could be materially negatively affected by failure to comply General Data Protection Regulation UE 2016/679 (GDPR), and Italian Privacy Code.***

TIM has executed a deep gap analysis, identified the main issues, and consequently planned and deployed a master plan to reach full compliance with the GDPR requirements as well as with Legislative Decree 196/2003 (the "**Italian Privacy Code**"), as amended by Legislative Decree no. 101/2018, facilitated by the strength of a present data protection operative model adopted by TIM. However, deficiencies in full adoption of data security measures, implementing requirements on data retention and notifying data breaches within the narrow mandatory timeframe could lead to disputes with data protection authorities, fines, legal disputes with the interested data subjects or harm to its reputation.

***Actual or perceived health risks or other problems relating to mobile handsets or transmission masts could lead to litigation or decreased mobile communications usage.***

The effects of, and any damage caused by, exposure to an electromagnetic field were and are the subject of careful evaluations by the international scientific community, but until now there is no scientific evidence of harmful effects on health. TIM cannot rule out that exposure to electromagnetic fields or other emissions originating from wireless handsets will not be identified as a health risk in the future.

TIM's mobile communications business may be harmed as a result of these alleged health risks. For example, the perception of these health risks could result in a lower number of customers, reduced usage per customer or potential consumer liability. In addition, although Italian law already imposes strict limits in relation to transmission equipment, these concerns may cause regulators to impose greater restrictions on the construction of radio base station towers or other infrastructure, which may hinder the completion of network build-outs and the commercial availability of new services and may require additional investments.

***TIM faces the risk that its organisational policies and procedures embodied in the organisational model prepared pursuant to Legislative Decree 231/2001 may fail to prevent certain officers and employees from engaging in unlawful conduct, for which it would be jointly liable.***

TIM has put in place an organisational model pursuant to Legislative Decree 231/2001, in order to create a system of rules capable of preventing certain forms of unlawful conduct by senior management, executives and employees generally that might result in liabilities for it. The organisational model is adopted by TIM and by its Italian subsidiaries. A specific version of the organisational model has been adopted by TIM S.A. pursuant to the anti-corruption Brazilian law (Lei 12.846/13).

The organisational model is continuously reviewed and must be kept up to date to reflect changes in operations and in the regulatory environment. TIM has established a 231 steering committee to prepare and consider proposals for changes to the model, for submission to the Board for approval.

Notwithstanding the existence of this model or any updates that TIM may make to it, there can be no assurances that the model will function as designed, or that it will be considered adequate by any relevant legal authority. If the model is inadequate or deemed to be so, and TIM was held liable for acts committed by its senior management, executives and employees or are found otherwise non-compliant with the requirements of the legislation, TIM may be ordered to pay a fine, its authorisations, licenses or concessions may be suspended or revoked, and TIM may be prohibited from conducting business, contracting with the Italian public administration, or advertising goods and services. Such developments would have adverse effects on its business, results of operations, financial condition and cash flows.

## **5. RISKS RELATING TO LEGAL PROCEEDINGS**

***TIM is continuously involved in disputes and litigation with regulators, competition authorities, competitors and other parties and is the subject of a number of investigations by judicial authorities. The ultimate outcome of such proceedings is generally uncertain. If any of these matters are resolved against it, they could, individually or in the aggregate, have a material adverse effect on its results of operations, financial condition and cash flows in any particular period.***

TIM is subject to numerous risks relating to legal, tax, competition and regulatory proceedings in which it is currently a party or which could develop in the future. It is also the subject of a number of investigations by judicial authorities. Such proceedings and investigations are inherently unpredictable. Legal, tax, competition and regulatory proceedings and investigations in which TIM is, or may become, involved (or settlements thereof) may, individually or in the aggregate, have a material adverse effect on TIM's results of operations and/or financial condition and cash flows in any particular period. Furthermore, its involvement in such proceedings and investigations may adversely affect its reputation.

If TIM, or another TIM Group company, faces an adverse decision in any of the legal proceedings to which it is a party, and is ordered to pay amounts greater than what it has recognised to cover potential liabilities, it

may face adverse effects with respect to it and/or its TIM Group's operations, financial position, income statement and cash flows.

The final outcomes of those proceedings are generally uncertain. As of 31 March 2021, TIM had, on a consolidated basis, recognised potential liabilities of 579 million euro. In recognising these liabilities, it took into consideration the risks connected with each dispute and the relevant accounting standards, which require reserves to be recognised where liabilities are probable and can be estimated reliably. The provisions represent an estimate of the financial risk connected with the particular proceedings, in line with the relevant accounting standards. Nonetheless, TIM may be obligated to meet liabilities linked to unsuccessful outcomes for proceedings that were not taken into consideration when calculating those reserves and the provisions made may not be sufficient to fully meet such obligations through use of its reserves. Such a development could have adverse effects on its business, financial position, results of operations and cash flows.

***Risks associated with the use of internet by TIM's customers could cause it to suffer losses and adversely affect its reputation.***

Pursuant to applicable Italian regulation, TIM, as a host and provider of data transmission services, is required to inform competent authorities without delay of any alleged illegal or illicit activity by its customers of which it is aware. TIM must also provide the authorities with any information it has identifying such customers. Any failure to comply with this obligation could cause it to become involved in civil proceedings or could harm public perception of its brand and services. Any such event could result in legal and/or regulatory proceedings, make it subject to direct or indirect monetary losses and could materially harm its reputation.

***TIM is exposed to the risk of labour disputes, in particular as a result of its plan to restructure its labour costs.***

The acceleration in technological transformation in the telecommunications sector, in which TIM operates, has created the need to address, at company level, integrated organisational review activities, digitisation of processes and adaptation of the skills and capabilities of all staff.

In support of the corporate transformation process and the necessary updating of the technical-professional skills of TIM's people, as well as the need to acquire professional profiles compatible with the reorganisation plan, on 17 May 2021 the Expansion Agreement, introduced to support the technological development processes of companies with more than 1,000 employees, (the **Agreement**) was signed by the government.

The Agreement defines the measures to support the objectives of the 2021 – 2023 Strategic Plan, such as (a) a recruitment programme (650 units with professional profiles compatible with the reorganisation plan) and (b) a training and retraining project centred on both reskilling and paths aimed at acquiring new skills.

The Agreement (signed in May 2021 by the government) is an innovative tool that combines the need of efficiency with those of development, allowing companies to adapt the skills of their staff and acquire new ones from the external market.

The Agreement provides for the entry into TIM, during 16 months from the start from May 2021, of 650 new permanent employees with ICT-related profiles and different levels of professional seniority.

Another important theme contained in the Agreement is related to professional retraining and consequent training for TIM people in line with the company's objectives, enhancing existing skills, replacing obsolete ones and developing new ones.

Relations between TIM and its workers/trade unions are not generally adversarial and strikes or protests involving a majority of workers are not common, however, such occurrences carry a moderate risk of disruptions in work and/or reduced service. Generally, such occurrences would be expected to negatively impact its customers, its business and its reputation.

## **6. FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES ISSUED UNDER THE PROGRAMME**

### **Risks related to the structure of a particular issue of Notes.**

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common features:

#### ***Risks applicable to all Notes.***

*If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.*

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

*If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.*

Fixed/Floating Rate Notes to which Condition 5.4 (*Change of Interest Basis*) applies are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

*Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.*

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

*The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”*

Interest rates and indices which are deemed to be “benchmarks”, (including LIBOR and EURIBOR) are the subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a “benchmark”, such as Floating Rate Notes.

The EU Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of “benchmarks” of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a “benchmark”, in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. On 5 March 2021, ICE Benchmark Administration Limited (**IBA**), the administrator of LIBOR, published a statement confirming its intention to cease publication of all LIBOR settings, together with the dates on which this will occur, subject to the FCA exercising its powers to require IBA to continue publishing such LIBOR settings using a changed methodology (the **IBA announcement**). Concurrently, the FCA published a statement on the future cessation and loss of representativeness of all LIBOR currencies and tenors, following the dates on which IBA has indicated it will cease publication (the **FCA announcement**). Permanent cessation will occur immediately after 31 December 2021 for all Euro and Swiss Franc LIBOR tenors and certain Sterling, Japanese Yen and US Dollar LIBOR settings and immediately after 30 June 2023 for certain other USD LIBOR settings. In relation to the remaining LIBOR settings (1-month, 3-month and 6-month Sterling, US Dollar and Japanese Yen LIBOR settings), the FCA will consult on, or continue to consider the case for, using its powers to require IBA to continue their publication under a changed methodology for a further period after end-2021 (end-June 2023 in the case of US Dollar LIBOR). The FCA announcement states that consequently, these LIBOR settings will no longer be representative of the underlying market that such settings are intended to measure immediately after 31 December 2021, in the case of the Sterling and Japanese Yen LIBOR settings and immediately after 30 June 2023, in the case of the USD LIBOR settings. Any continued publication of the Japanese Yen LIBOR settings will also cease permanently at the end of 2022.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Such factors may have (without limitation) the following effects on certain “benchmarks”: (i) discouraging market participants from continuing to administer or contribute to the “benchmark”; (ii) triggering changes in the rules or methodologies used in the “benchmark” and/or (iii) leading to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of



and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a “benchmark”.

Investors should be aware that, if an Original Reference Rate (as defined in the Conditions) were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference such Original Reference Rate will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which the relevant Original Reference Rate is to be determined under the “*Terms and Conditions of the Notes*”, this may in certain circumstances result in (i) if ISDA Determination applies, the application of a backward-looking, risk-free overnight rate, whereas the Original Reference Rate is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending, or (ii) if Screen Rate Determination applies, the effective application of a fixed rate based on the rate which applied in the previous period when the relevant Original Reference Rate was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference the relevant Original Reference Rate.

The “*Terms and Conditions of the Notes*” provide for certain fallback arrangements in the event that a published benchmark (including any page on which such benchmark may be published (or any successor service)) becomes unavailable or a Benchmark Event (as defined in the Conditions) otherwise occurs, including the possibility that the rate of interest could be set by reference to a Successor Rate or an Alternative Rate determined by an Independent Adviser in consultation with the Issuer, without any requirement for the consent or approval of the Noteholders and Coupondholders, and that such Successor Rate or Alternative Rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. The IBA announcement and FCA announcement referred to above each constitutes such a Benchmark Event. This will have triggered certain of the fallback arrangements although, the consequences of such fallbacks being triggered are not immediately effective under the Terms and Conditions. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have an adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of Notes in making any investment decision with respect to any Notes referencing a benchmark.

*In respect of any Notes issued as "Green Bonds", "Social Bonds" or "Sustainability Bonds" there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor.*

The Final Terms relating to any specific issue of Notes may provide that it will be the Issuer’s intention to apply the proceeds from an offer of those Notes specifically to finance and/or refinance, in whole or in part, existing and/or new projects and activities that promote climate-friendly and other environmental purposes, social or sustainable purposes (**Eligible Projects**, as better defined in the TIM Group Sustainability Financing Framework), in accordance with the principles set out by the International Capital Market Association (**ICMA**), (respectively, the Green Bond Principles (**GBP**), the Social Bond Principles (**SBP**) and the Sustainability Bond Guidelines (**SBG**)).

Prospective investors should have regard to the information in the section headed "*Use of Proceeds*" regarding the TIM Group Sustainability Financing Framework and the use of the net proceeds of those Notes and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary.

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes a "green", "social", "sustainable" or an equivalently labelled project or as to what precise attributes are required for a particular project to be defined as "green", "social", "sustainable" or such other equivalent label, nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change. Accordingly, there is a risk that any projects or uses the subject of, or related to, any Notes will meet any or all investor expectations regarding such "green", "social", "sustainable" or other equivalently-labelled performance objectives.

A basis for the determination of such definitions has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the **Sustainable Finance Taxonomy Regulation**) on the establishment of a framework to facilitate sustainable investment (the **EU Sustainable Finance Taxonomy**) and the Sustainable Finance Taxonomy Regulation Delegated Acts for climate change mitigation and adaptation (the **Sustainable Finance Taxonomy Regulation Delegated Acts**) adopted by the EU Commission on 21 April 2021 and formally adopted on 4 June 2021 for scrutiny by the co-legislators (the Sustainable Finance Taxonomy Regulation and the Sustainable Finance Taxonomy Regulation Delegated Acts, jointly, the **EU Taxonomy Regulation**). The EU Taxonomy Regulation has been recently enacted and is subject to further developments. While the Eligible Projects are in alignment with the relevant objectives for the EU Sustainable Finance Taxonomy, until the technical screening criteria for such objectives have been formally adopted it is not known whether the Eligible Projects will satisfy those criteria. Accordingly, alignment with the EU Sustainable Finance Taxonomy, once the technical screening criteria are formally adopted, is not certain.

While it is the intention of the Issuer to apply the proceeds of any Notes so specified for Eligible Projects and to obtain the relevant opinion or certification of any third party which may be made available in connection with the issue of any such Notes in, or substantially in, the manner described in the relevant Final Terms, there can be no assurance that the Issuer will be able to do this. Any failure to apply the proceeds of any issue of Notes for any Eligible Projects as aforesaid and/or withdrawal of any such opinion or certification or any negative change in such opinion or certification or any such Notes no longer being listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market may have a material adverse effect on the value of such Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. Moreover, in light of the continuing development of legal, regulatory and market conventions in the green, sustainable and positive social impact markets, there is a risk that the legal frameworks and/or definitions may (or may not) be modified to adapt any update that may be made to the GBP and/or the SBP and/or the SBG and/or the EU framework standard. Such changes may have a negative impact on the market value and the liquidity of any "Green Bonds", "Social Bonds" and/or "Sustainability Bonds" issued prior to their implementation.

Investors should also consider that the Dealers have not undertaken, nor are responsible for, any assessment of the GBP, SBP or SBG, any verification of whether the Eligible Projects comply with the GBP, SBP or SBG or the monitoring of the use of proceeds.

## **Risks related to Notes generally.**

Set out below is a description of material risks relating to the Notes generally.

*The Conditions contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders.*

The Conditions contain provisions for convening meetings of Noteholders to consider and vote upon matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 15.

*The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes.*

*The value of the Notes could be adversely affected by a change in English law or administrative practice.*

The Conditions are based on English law in effect as at the date of this EMTN Programme Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this EMTN Programme Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

*Investors who hold less than the Minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

*Investing in the Notes may negatively impact on the "Aiuto alla Crescita Economica" (ACE) benefit available to certain Italian resident noteholders (or Italian permanent establishments of non-resident noteholders).*

Effective as of the fiscal year following the fiscal year that was current on 31 December 2015, Article 1(550) of Law No. 232 of 11 December 2016 (**Finance Act 2017**) added paragraph 6-bis to Article 1 of Law Decree

No. 201 of 6 December 2011, converted into Law No. 214 of 22 December 2011. Under this new rule, the base upon which the so-called "ACE benefit" set forth in Article 1 of Law Decree No. 201 of 6 December 2011 is computed is reduced by an amount equal to the positive difference (if any) between (i) the aggregate book value of securities (titoli e valori mobiliari) other than shares reported in the taxpayer's financial statements for the relevant fiscal year and (ii) the aggregate book value of securities (titoli e valori mobiliari) other than shares reported in the taxpayer's financial statements for the fiscal year that was current on 31 December 2010. The relevant securities (titoli e valori mobiliari) are defined in Article 1(1-bis) of Legislative Decree No. 58 of 24 February 1998 (**Financial Services Act**). Only Italian resident persons carrying on an entrepreneurial activity (and in particular Italian resident corporations) and Italian permanent establishments of non-resident persons can enjoy the "ACE Benefit". The new restrictive rule enacted by Finance Act 2017 applies only to taxpayers that do not carry out insurance or financial activities listed in Section K of the 2007 ATECOFIN Index (except for nonfinancial holding companies).

The "ACE Benefit" was previously abolished by Law No 145 of 30 December 2018 (**Finance Act 2019**) but Law No 160 of 27 December 2019 (**Finance Act 2020**) provided for the seamless reintroduction of the "ACE Benefit". As reported above, the investment in the Notes by Italian resident Noteholders or Italian permanent establishments of non-Italian resident Noteholders (other than financial and insurance companies) might reduce the amount of the "ACE Benefit" that such Noteholders may be able to enjoy. Noteholders are thus urged to consult their own tax advisers concerning the implications that holding the Notes may have on the "ACE Benefit" available to them.

#### **Risks related to the market generally.**

Set out below is a description of the material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

*An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.*

The Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

*If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.*

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuers, the Guarantor to make

payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.*

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

*Credit ratings assigned to the Issuers, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes.*

One or more independent credit rating agencies may assign credit ratings to the Issuers, the Guarantor or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be reduced or withdrawn entirely by the credit rating agency if, in its judgment, circumstances so warrant. Rating agencies may also change their methodologies for rating securities in the future. Any suspension, reduction or withdrawal of the credit rating assigned to the relevant Notes by one or more of the credit rating could adversely affect the value and trading of such Notes.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under Regulation (EC) No. 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation**). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this EMTN Programme Prospectus

*Legal investment considerations may restrict certain investments.*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been or are published simultaneously with this EMTN Programme Prospectus shall be incorporated by reference in, and to form part of, this EMTN Programme Prospectus:

- the EMTN Programme Prospectus dated 18 June 2020 (available at <https://www.gruppotim.it/content/dam/gt/investitori/doc---debito-obbligazioni/TIM-EMTN-Update-2020-Base-Prospectus-approved.pdf>), prepared by the Issuer in connection with the Programme;
- the press releases dated 23 February 2021, 23 February 2021, 2 March 2021, 26 March 2021, 31 March 2021, 1 April 2021, 14 May 2021, 19 May 2021, 31 May 2021 and 1 July 2021 (respectively available at <https://www.gruppotim.it/content/dam/gt/press-archive/corporate/2021/PR-Strategic-Plan-2021-23-23-02-2021.pdf>;  
<https://www.gruppotim.it/content/dam/gt/press-archive/corporate/2021/PR-FY-2020-23-02-2021.pdf>;  
<https://www.gruppotim.it/content/dam/gt/press-archive/corporate/2021/PR-TIM-JOINS-THE-NASDAQ-SUSTAINABLE-BOND-NETWORK-02032021.pdf>;  
[https://www.gruppotim.it/content/dam/gt/press-archive/corporate/2021/PR\\_TIM\\_DAZN\\_26\\_03\\_21\\_EN.pdf](https://www.gruppotim.it/content/dam/gt/press-archive/corporate/2021/PR_TIM_DAZN_26_03_21_EN.pdf);  
<https://www.gruppotim.it/content/dam/gt/press-archive/corporate/2021/PR-AGM-31-03-2021-EN.pdf>;  
<https://www.gruppotim.it/content/dam/gt/press-archive/corporate/2021/PR-closing-FIBERCOP-def.pdf>;  
<https://www.gruppotim.it/content/dam/gt/press-archive/corporate/2021/CS-TIM-ERG-en.pdf> ;  
<https://www.gruppotim.it/content/dam/gt/press-archive/corporate/2021/CS-CdA-Q1-2021-ENG.pdf>;  
<https://www.gruppotim.it/content/dam/gt/press-archive/corporate/2021/Allegato-al-CS-CdA-19052021-ENG.pdf> ;  
<https://www.gruppotim.it/content/dam/gt/press-archive/corporate/2021/PR-TIM-BEI-May312021.pdf>  
<https://www.gruppotim.it/content/dam/gt/press-archive/corporate/2021/PR-TIMVISION-football-offer-01072021.pdf> )  
(the **Press Releases**);
- the English translation of the Audited Consolidated Financial Statements as of and for each of the financial years ended 31 December 2020 and 31 December 2019 of the TIM Group (respectively available at <https://www.gruppotim.it/content/dam/gt/investitori/doc---report-finanziari/2020/TIM-Annual-Financial-Report-2020.pdf> and [https://www.gruppotim.it/content/dam/telecomitalia/en/archive/documents/investors/Annual\\_Report\\_s/2019/TIM-2019-Annual-Report.pdf](https://www.gruppotim.it/content/dam/telecomitalia/en/archive/documents/investors/Annual_Report_s/2019/TIM-2019-Annual-Report.pdf)) (included in the **2020 TIM Annual Report** and the **2019 TIM Annual Report**, respectively) in each case together with the English translation of independent auditors' reports as included on those pages specified below;
- the Audited Consolidated Financial Statements as of and for each of the financial years ended 31 December 2020 and 31 December 2019 of TI Finance Group (respectively available at [http://tifinance.lu/bilancio/2020/TIF\\_Consolidated\\_FS\\_2020\\_signed.pdf](http://tifinance.lu/bilancio/2020/TIF_Consolidated_FS_2020_signed.pdf) and [http://www.tifinance.lu/bilancio/2019/TIF\\_Consolidated\\_FS\\_2019\\_signed.pdf](http://www.tifinance.lu/bilancio/2019/TIF_Consolidated_FS_2019_signed.pdf)) (the **2020 TI Finance Annual Report** and the **2019 TI Finance Annual Report**, respectively); and
- the unaudited financial information as of and for the three months ended 31 March 2021 of the TIM Group (available at <https://www.gruppotim.it/content/dam/gt/investitori/doc---report-finanziari/2021/TIM-financial-information-at-March-31-2021.pdf>) (the **TIM Group's Financial Information at 31 March 2021**),

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this EMTN

Programme Prospectus to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this EMTN Programme Prospectus. Any other information incorporated by reference that is not included in the cross-reference list below, is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Delegated Regulation.

The Issuers and (in the case of Notes issued by TI Finance) the Guarantor will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this EMTN Programme Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this EMTN Programme Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Notes.

The following EMTN programme prospectus is incorporated by reference herein in its entirety:

<b>Information incorporated by reference</b>	<b>Location</b>
EMTN Programme Prospectus dated 18 June 2020	pp. 57-90

The following Press Releases are incorporated by reference herein in their entirety:

<b>Information incorporated by reference</b>	<b>Location</b>
Press Release dated 23 February 2021 entitled " <i>TIM: The Board of Directors has approved TIM's 2021-2023 Strategic Plan</i> "	All
Press Release dated 23 February 2021 entitled " <i>TIM: Board of Directors approves financial report at 31 December 2020</i> "	All
Press Release dated 2 March 2021 entitled " <i>TIM joins the Nasdaq Sustainable Bond Network</i> "	All
Press Release dated 26 March 2021 entitled " <i>Dazn and Tim Announce Distribution Agreement to bring Serie A Matches on Timvision</i> "	All
Press Release dated 31 March 2021 entitled " <i>TIM Shareholders' meeting renews the board of directors for the three-year period 2021-2023, 95% of participants vote for the board slate</i> "	All
Press Release dated 1 April 2021 entitled " <i>TIM, KKR Infrastructure and Fastweb: agreement to enter the capital of FiberCop finalised</i> "	All
Press Release dated 14 May 2021 entitled " <i>ERG and TIM sign the most extensive long-term agreement in Italy for the supply of electricity produced from renewable sources</i> "	All
Press Release dated 19 May 2021 entitled " <i>TIM: Board of Directors approves financial report at March 31, 2021</i> "	All
Attachments to the Press Release dated 19 May 2021 entitled " <i>TIM: Board of Directors approves financial report at March 31, 2021</i> "	All
Press Release dated 31 May 2021 entitled " <i>TIM: Italy: EIB confirms support for TIM's plan to develop 5G, fibre optic network and data centres</i> "	All
Press Release dated 1 July 2021 entitled " <i>Timvision unveils offers for the streaming of the best football and entertainment content</i> "	All

The following information from TIM's and TI Finance's annual and interim reports is incorporated by reference, and the following cross-reference lists are provided to enable investors to identify specific items of information so incorporated:



<b>Document</b>	<b>Information incorporated</b>	<b>Location</b>
TIM's Audited Consolidated Financial Statements for the Financial Year Ended 31 December 2020	Alternative Performance Measures	pp. 103-104
	Macro-Organisation Chart	p. 132
	Financial information concerning TIM Group's assets and liabilities, financial position and profits and losses:	
	Consolidated Statements of Financial Position	pp. 135-136
	Separate Consolidated Income Statements	p. 137
	Consolidated Statements of Comprehensive Income	p. 138
	Consolidated Statements of Changes in Equity	p. 139
	Consolidated Statements of Cash Flows	pp. 140-141
	Notes to the Consolidated Financial Statements	pp. 142-287
	Certification of the Consolidated Financial Statements Pursuant to art. 81-ter of the Consob Regulation 11971 dated 14 May 1999, with Amendments and Additions	p. 288
TIM's Audited Consolidated Financial Statements for the Financial Year Ended 31 December 2019	Independent Auditors' Report	pp. 289 and following (pp. 1-8)
	Alternative Performance Measures	pp. 87-88
	Macro-Organisation Chart	p. 117
	Financial information concerning TIM Group's assets and liabilities, financial position and profits and losses:	
	Consolidated Statements of Financial Position	pp. 122-123
Separate Consolidated Income Statements	p. 124	

<b>Document</b>	<b>Information incorporated</b>	<b>Location</b>
	Consolidated Statements of Comprehensive Income	p. 125
	Consolidated Statements of Changes in Equity	p. 126
	Consolidated Statements of Cash Flows	pp. 127-128
	Notes to the Consolidated Financial Statements	pp. 129-276
	Certification of the Consolidated Financial Statements Pursuant to art. 81-ter of Consob Regulation 11971 of 14 May 1999, with Amendments and Additions	p. 277
	Independent Auditors' Report	pp. 278 and following (pp. 1-8)
TIM Group's Unaudited Financial Information as of and for the three months ended 31 March 2021	Separate Consolidated Income Statements of the TIM Group	p. 21
	Consolidated Statements of Comprehensive Income of the TIM Group	p. 22
	Consolidated Statements of Financial Position of the TIM Group	pp. 23-24
	Consolidated Statements of Cash Flows of the TIM Group	pp. 25-26
	Consolidated Statements of Changes in Equity of the TIM Group	p. 27
	Alternative Performance Measures	pp. 42-43
TI Finance's Audited Consolidated Financial Statements as of and for the Financial Year Ended 31 December 2020	Consolidated Statements of Financial Position	pp. 23-24
	Separate Consolidated Income Statements	p. 25
	Consolidated Statements of Comprehensive Income	p. 26

<b>Document</b>	<b>Information incorporated</b>	<b>Location</b>
	Consolidated Statements of Changes in Equity	p. 27
	Consolidated Statements of Cash Flows	p. 28
	Notes to the Consolidated Financial Statements	pp. 29-86
	Certification of the Consolidated Financial Statements pursuant to Luxembourg Transparency Law	p. 87
	Independent Auditors' Report	pp. 88-92
TI Finance's Audited Consolidated Financial Statements as of and for the Financial Year Ended 31 December 2019		
	Consolidated Statements of Financial Position	pp. 21-22
	Separate Consolidated Income Statements	p. 23
	Consolidated Statements of Comprehensive Income	p. 24
	Consolidated Statements of Changes in Equity	p. 25
	Consolidated Statements of Cash Flows	p. 26
	Notes to the Consolidated Financial Statements	pp. 27-85
	Certification of the Consolidated Financial Statements pursuant to Luxembourg Transparency Law	p. 86
	Independent Auditors' Report	pp. 87-92

## FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note** and, together with a Temporary Global Note, each a **Global Note**) which, in either case, will:

- (a) if the Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**); and
- (b) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for, Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either (i) for interests in a Permanent Global Note of the same Series or (ii) for definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently

to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by a duly authorised representative of the relevant Issuer is given to the Trustee. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Notes (other than Temporary Global Notes) and on all interest coupons relating to such Notes where TEFRA D Rules are specified in the applicable Final Terms:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes on a date subsequent to the Issue Date of such further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such further Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

No Noteholder or Couponholder shall be entitled to proceed directly against the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

The Issuers and the Guarantor may agree with any Dealer and the Trustee that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event a supplement to this EMTN Programme Prospectus or a new EMTN Programme Prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes.

## APPLICABLE FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least €100,000 (or its equivalent in another currency) or more.*

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the **Prospectus Regulation**). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)]**[MiFID II]**; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

**[UK MIFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its

own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]<sup>1</sup>

**[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time - The Notes shall be (i) capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (ii) Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]**<sup>2</sup>

[Date]

**[TIM S.p.A.]**

**[TELECOM ITALIA FINANCE, *société anonyme*]**

**Legal entity identifier (LEI):**

**[In respect of Notes issued by TIM: [549300W384M3RI3VXU42]]**

**[In respect of Notes issued by TI Finance: [549300O482B6CBF38D50]]**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

**[Guaranteed by TIM S.p.A.]**

**under the €20,000,000,000**

**Euro Medium Term Note Programme**

## **PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the **Conditions**) set forth in the EMTN programme prospectus dated 7 July 2021 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the **EMTN Programme Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the EMTN Programme Prospectus in order to obtain all the relevant information. The EMTN Programme Prospectus has been published at <https://www.gruppotim.it/en/investors/debt-rating/financial-profile/debt-programmes-facilities.html> and [www.bourse.lu](http://www.bourse.lu) and copies may be obtained free of charge from the Issuer [or the Guarantor] at [its/their respective] registered office[s]. In addition, the EMTN Programme Prospectus will be available from the specified office of each of the Paying Agents.]

*(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.)*

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the **Conditions**) set forth in the EMTN programme prospectus dated 18 June 2020 which is incorporated by reference in the EMTN Programme Prospectus dated 7 July 2021. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the EMTN Programme Prospectus dated 7 July 2021 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus

<sup>1</sup> The reference to the UK MiFIR product governance legend may not be necessary for a programme with a non-UK MiFIR issuer and non-UK MiFIR guarantor(s) if the managers in relation to the Notes are also not subject to UK MiFIR and therefore there are no UK MiFIR manufacturers. Depending on the location of the manufacturers, there may be situations where either the MiFID II product governance legend or the UK MiFIR product governance legend or both are included.

<sup>2</sup> Legend to be included if the Notes are to be sold to Singapore investors and are (i) capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and (ii) Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products). Relevant Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

Regulation (the **EMTN Programme Prospectus**), including the Conditions incorporated by reference in the EMTN Programme Prospectus, in order to obtain all the relevant information. The EMTN Programme Prospectus has been published at <https://www.gruppotim.it/en.html> and [www.bourse.lu](http://www.bourse.lu) and copies may be obtained from the Issuer [or the Guarantor] at [its/their respective] office[s] as well as from the specified office of each of the Paying Agents.]

*(Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” or “N/A” is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.)*

*(When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the EMTN Programme Prospectus under Article 23 of the Prospectus Regulation.)*

*(If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.)*

1. (a) Series Number: [ ]  
(b) Tranche Number: [ ]  
(c) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with *[provide issue amount/ISIN/maturity date/issue date of earlier Tranches]* on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22 below, which is expected to occur on or about *[date]*][Not Applicable]
2. Specified Currency or Currencies: [ ]
3. Aggregate Nominal Amount of Notes admitted to trading:
  - (a) Series: [ ]
  - (b) Tranche: [ ]
4. Issue Price: [ ]% of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
5. (a) Specified Denominations: [ ]

*(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))*

*(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*

*“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”*)

- (b) Calculation Amount: [ ]



*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*

6. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
7. Maturity Date: [Specify date or for Floating Rate Notes - Interest Payment Date falling in or nearest to [specify month and year]]
8. Interest Basis: [[ ]% Fixed Rate]  
 [[●] per cent. to be reset on [●] [and [●]] and every [●] anniversary thereafter]  
 [[[ ] month [LIBOR/EURIBOR] +/- [ ]% Floating Rate]  
 [Zero Coupon]  
 (see paragraph 13/14/15 below)
9. Redemption/Payment Basis: [100 per cent.][Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] of their nominal amount ]
10. Change of Interest Basis: [Applicable/Not Applicable]
- [If applicable, specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 13 and 14 below and identify there][Not Applicable]
- (a) Switch Option: [Applicable – [specify details of the change(s) in Interest Basis and the relevant Interest Periods to which the change(s) in Interest Basis applies]/[Not Applicable]
- (The Issuer must give notice of the exercise of the Switch Option to Noteholders in accordance with Condition 14 on or prior to the relevant Switch Option Expiry Date)*
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (b) Switch Option Expiry Date: [●]
- (c) Switch Option Effective Date: [●]
11. Put/Call Options: [Investor Put]  
 [Issuer Call]  
 [Issuer Maturity Par Call]  
 [Clean-Up Call]

[(see paragraphs 16/17/18/19 below)]

[Not Applicable]

12. [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [ ] [and [ ], respectively]]

*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*

### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions: [Applicable]/[Not Applicable]/(if a Change of Interest Basis applies): [Applicable for the period starting from [and including] [●] ending on [but excluding] [●]]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Rate(s) of Interest: [ ]% per annum payable in arrear on each Interest Payment Date

- (b) Interest Payment Date(s): [ ] in each year [from and including [●]] up to and including the Maturity Date

*(Amend appropriately in the case of irregular coupons)*

- (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [ ] per [ ] Calculation Amount

- (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]

- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]

- (f) Determination Date(s): [[ ] in each year][Not Applicable]  
*[Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*

14. Floating Rate Note Provisions [Applicable/Not Applicable]/(if a Change of Interest Basis applies): [Applicable for the period starting from [and including] [●] ending on [but excluding] [●]]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Specified Period(s)/Specified Interest Payment Dates:  [ ], subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention:  [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s):  [ ]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined:  [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):  [ ] [(the **Calculation Agent**)]
- (f) Screen Rate Determination: Reference Rate:  [ ] month [LIBOR/EURIBOR]  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR) (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (g) ISDA Determination:  [ ]  
*(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*
- (h) Linear Interpolation  [Not Applicable/Applicable – the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (i) Margin(s):  [+/-] [ ]% per annum
- (j) Minimum Rate of Interest:  [ ]% per annum
- (k) Maximum Rate of Interest:  [ ]% per annum
- (l) Day Count Fraction:  [Actual/Actual (ISDA)][Actual/Actual]  
 [Actual/365 (Fixed)]  
 [Actual/365 (Sterling)]  
 [Actual/360]  
 [30/360][360/360][Bond Basis]

[30E/360][Eurobond Basis]  
[30E/360 (ISDA)]

15. Zero Coupon Note Provisions: [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Accrual Yield: [ ]% per annum

(b) Reference Price: [ ]

(c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual/365]

#### PROVISIONS RELATING TO REDEMPTION

16. Issuer Call: [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Optional Redemption Date(s): [ ]

(b) Optional Redemption Amount: [[ ] per Calculation Amount] [Make-whole Amount]

(c) Redemption Margin: [[●] per cent.] [Not Applicable]

*(Only applicable to Make-Whole Amount redemption)*

(d) Reference Bond: [insert applicable reference bond] [Not Applicable]

*(Only applicable to Make-Whole Amount redemption)*

(e) Reference Dealers: [[●]] [Not Applicable]

*(Only applicable to Make-Whole Amount redemption)*

(f) If redeemable in part: [Applicable/Not Applicable]

(i) Minimum Redemption Amount: [ ]

(ii) Maximum Redemption Amount: [ ]

(g) Notice periods: [ ]

*(N.B. When setting notice periods, the Issuer is advised to*

*consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*

17. Issuer Maturity Par Call [Applicable][Not Applicable]

Notice periods (if other than as set out in the Conditions) [Minimum period: [ ] days] [Not Applicable]  
[Maximum period: [ ] days] [Not Applicable]

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*

18. Clean-Up Call (Condition 7.5): [Applicable/Not Applicable]

Clean-Up Call Redemption Amount: [ ] per Note [of [ ] Specified Denomination

19. Investor Put: [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Optional Redemption [ ]  
Date(s):

(b) Optional Redemption [ ] per Calculation Amount  
Amount:

(c) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*

20. Final Redemption Amount: [ ] per Calculation Amount

21. Early Redemption Amount payable [ ] per Calculation Amount  
on redemption for taxation reasons or  
on event of default:

*[(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is higher than 100 per cent. of the*

*nominal value, consideration should be given as to what the Early Redemption Amount should be.)]*

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

22. Form of Notes:

(a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes only upon an Exchange Event]

*(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*

(b) New Global Note: [Yes][No]

23. Additional Financial Centre(s): [Not Applicable/insert relevant financial centre(s)]

*(Note that this item relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraph 14(c) relates)*

24. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No.]

**THIRD PARTY INFORMATION**

[[*Relevant third party information*] has been extracted from [*specify source*]. [Each of the][The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

[Signed on behalf of the Guarantor:

By: \_\_\_\_\_  
*Duly authorised*

By: \_\_\_\_\_  
*Duly authorised]*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Luxembourg Stock Exchange's][ ] [regulated ]market and listed on [the Official List of the Luxembourg Stock Exchange][ ] with effect from [ ].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Luxembourg Stock Exchange's][ ] [regulated ]market and listed on [the Official List of the Luxembourg Stock Exchange][ ] with effect from [ ].]  
[Not Applicable.]

*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading)*

- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

[The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[ ] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*].

[Each of [*defined terms*] is established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- (i) Reasons for the offer: [for its general corporate purposes] / [The net proceeds from the issue of the Notes will be used to finance and/or refinance, in whole or in part, existing and/or new Eligible Projects].

[Further details on Eligible Projects are included in the TIM Group Sustainability Financing Framework.]

(See "Use of Proceeds" wording in EMTN Programme Prospectus)

(ii) Estimated net proceeds: [ ]

#### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees [of [insert relevant fee disclosure]] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates (including parent companies) have engaged, and may in the future engage, in lending, corporate finance, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates (including parent companies) in the ordinary course of business - *Amend as appropriate if there are other interests*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the EMTN Programme Prospectus under Article 23 of the Prospectus Regulation.)]*

5. YIELD (*Fixed Rate Notes only*) [ ]/[Not Applicable]

#### 6. OPERATIONAL INFORMATION

(i) ISIN: [ ]

(ii) Common Code: [ ]

(iii) CFI *[[include code]*, as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(iv) FISN: *[[include code]*, as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(v) Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s), address(es) and number(s)*]

(vi) Delivery: Delivery [against/free of] payment

(vii) Names and addresses of additional Paying Agent(s) (if any): [ ]/[Not Applicable]

(viii) Deemed delivery of clearing system notices for the purposes of Condition 14: Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.



(ix) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 7. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/give names]
- (iii) Stabilisation Manager(s) (if any): [Not Applicable/give name]
- (iv) If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
- (v) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D Rules/TEFRA C Rules/TEFRA Not Applicable]
- (vi) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]
- (vii) EU Benchmarks Regulation: [Applicable: Amounts payable under the Notes are calculated by reference to [LIBOR/EURIBOR], which [is/are] provided by [insert name[s]] of the administrator[s] – if more than one specify in relation to each relevant benchmark].
- (viii) EU Benchmarks Regulation: Article 29(2) statement on benchmarks: [As at the date of these Final Terms, [insert name[s]] of the administrator[s]] [is/are] [not] included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority [(ESMA)] pursuant to Article 36 of the EU Benchmarks Regulation (Regulation (EU) 2016/1011) [(the EU

**BMR**)]. [As far as the Issuer is aware, the transitional provisions in Article 51 of the EU BMR apply, such that the administrator is not currently required to obtain authorisation/registration]].  
*(repeat as necessary)*

*(if Not Applicable, delete this sub-paragraph)*

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the relevant Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Form of the Notes” for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by TIM S.p.A. (**TIM**) or Telecom Italia Finance S.A. (**TI Finance** and, together with TIM (in its capacity as an issuer), the **Issuers** and each an **Issuer**) constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 7 July 2021 made between TIM (in its capacity both as an Issuer and as guarantor (in such capacity, the **Guarantor**) of Notes issued by TI Finance), TI Finance and Deutsche Trustee Company Limited (the **Trustee**, which expression shall include any successor as Trustee).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of the lowest Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 7 July 2021 and made between TIM (in its capacity both as an Issuer and as the Guarantor), TI Finance, the Trustee, Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents). The Principal Paying Agent and the Paying Agents together referred to as the **Agents**.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. The expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

Interest bearing definitive Notes have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The Trustee acts for the benefit of the Noteholders (which expression shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of

Notes which are (a) expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the principal office for the time being of the Trustee being at 7 July 2021 at Winchester House, 1 Great Winchester Street, London EC2N 2DB, England and at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), are available for viewing at <https://www.gruppotim.it/en.html> and copies may be obtained from the Issuer or (in the case of Notes issued by TI Finance) the Guarantor at their respective registered offices, as well as from the specified office of each of the Paying Agents, save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation, the applicable Final Terms will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the relevant Issuer and the Trustee or, as the case may be, the relevant Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union (the **TFEU**), as amended.

## **1. FORM, DENOMINATION AND TITLE**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable. Definitive Notes will be executed by a duly authorised representative of TIM in the case of Notes issued by TIM or by any two directors of TI Finance in the case of Notes issued by TI Finance.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The relevant Issuer, the Guarantor (in the case of Notes issued by TI Finance), the Trustee and any Agent will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, S.A. (**Clearstream, Luxembourg**), each person

(other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error or proven error) shall be treated by the relevant Issuer, the Guarantor (in the case of Notes issued by TI Finance), the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the relevant Issuer, the Guarantor (in the case of Notes issued by TI Finance), the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of an error which is manifest or, in the opinion of the Trustee, proven, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms or as may otherwise be approved by the relevant Issuer, the Agent and the Trustee.

## **2. STATUS OF THE NOTES AND THE GUARANTEE**

### **2.1 Status of the Notes**

The Notes and any related Coupons are unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the relevant Issuer and rank *pari passu* among themselves and (save as aforesaid and for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer, from time to time outstanding.

### **2.2 Status of the Guarantee**

In the case of Notes issued by TI Finance, the payment of principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed (the **Guarantee**). The Guarantor guarantees the payment of such amount when such amount becomes due and payable, whether at the stated maturity of the Notes, by declaration or acceleration, call for redemption or otherwise. The obligations of the Guarantor under the Guarantee are unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Guarantor and (save as aforesaid and for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

## **3. RESTRICTIONS ON SECURITY INTERESTS**

So long as any Note remains outstanding, the relevant Issuer and (in the case of Notes issued by TI Finance) the Guarantor shall not create or permit to subsist any Security Interest other than Permitted Encumbrances upon the whole or any part of their present or future revenues or assets to secure any Capital Markets Indebtedness without at the same time or prior thereto taking any and all action necessary to ensure that:

- (i) all amounts payable by it under the Notes, any relative Coupons and the Trust Deed are secured by the Security Interest equally and rateably with the Capital Markets Indebtedness to the satisfaction of the Trustee; or
- (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (which is defined in the Trust Deed as a resolution duly passed by a majority of not less than three-quarters of the votes cast thereon) of the Noteholders.

For the avoidance of doubt in respect of asset-backed financings originated by TIM or TI Finance, the expressions “assets” and “obligations for the payment of borrowed money” as used in this Condition do not include assets and obligations of TIM or TI Finance which, pursuant to the requirements of law and accounting principles generally accepted in Italy or Luxembourg, as the case may be, currently need not be, and are not, reflected in the balance sheet of TIM or TI Finance, as the case may be.

As used herein:

**Capital Markets Indebtedness** means any obligation for the payment of borrowed money which is in the form of, or represented or evidenced by, a certificate of indebtedness or in the form of, or represented or evidenced by, bonds, notes or other securities, in each case which is/are listed or traded on a stock exchange or other recognised securities market;

**Change of Interest Basis** means, if applicable, the change of Interest Basis of the Notes as specified in the relevant Final Terms and in accordance with the provisions set out in Condition 5.4 (*Change of Interest Basis*);

**Interest Basis** has the meaning given in the applicable Final Terms;

**Permitted Encumbrance** means:

- (a) any encumbrance existing on the date on which agreement is reached to issue the first Tranche of the Notes;
- (b) any encumbrance over or affecting any asset acquired by the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor after the date on which agreement is reached to issue the first Tranche of the Notes and subject to which such asset is acquired, if:
  - (A) such encumbrance was not created in contemplation of the acquisition of such asset by the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor; and
  - (B) the amount thereby secured has not been increased in contemplation of, or since the date of, the acquisition of such asset by the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor;
- (c) any encumbrance over or affecting any asset of any company which becomes an obligor after the date on which agreement is reached to issue the first Tranche of the Notes, where such encumbrance is created prior to the date on which such company becomes an obligor, if:
  - (A) such encumbrance was not created in contemplation of that company becoming an obligor; and

- (B) the amount thereby secured has not been increased in contemplation of, or since the date of, that company becoming an obligor;
- (d) any netting or set-off arrangement entered into by any member of the TIM Group in the normal course of its banking arrangements for the purpose of netting debit and credit balances;
- (e) any title transfer or retention of title arrangement entered into by any member of the TIM Group in the normal course of its trading activities on the counterparty's standard or usual terms;
- (f) encumbrances created in substitution of any encumbrance permitted under subparagraphs (b)(A) and (b)(B) of this definition over the same or substituted assets provided that (1) the principal amount secured by the substitute encumbrance does not exceed the principal amount outstanding and secured by the initial encumbrance and (2) in the case of substituted assets, if the market value of the substituted assets at the time of the substitution does not exceed the market value of the assets replaced;
- (g) encumbrances created to secure:
  - (A) loans provided, supported or subsidised by a governmental agency, national or multinational investment guarantee agency, export credit agency or a lending organisation established by the United Nations, the European Union or other international treaty organisation, including, without limitation, the European Investment Bank, the European Bank for Reconstruction and Development and the International Finance Corporation; or
  - (B) Project Finance Indebtedness,
 

provided that the encumbrance is created on an asset of the project being financed by such loans (and/or on the shares in, and/or shareholder loans made to, the company conducting such project) or, as the case may be, such Project Finance Indebtedness, and remains confined to that asset (and/or shares and/or shareholder loans);
- (h) encumbrances arising out of the refinancing of any Capital Markets Indebtedness secured by any encumbrance permitted by the preceding sub-paragraphs, provided that the amount of such Capital Markets Indebtedness is not increased and is not secured by an encumbrance over any additional assets;
- (i) any encumbrance arising by operation of law;
- (j) any encumbrance created in connection with convertible bonds or notes where the encumbrance is created over the assets into which the convertible bonds or notes may be converted and secures only the obligation of the issuer to effect the conversion of the bonds or notes into such assets;
- (k) any encumbrance created in the ordinary course of business to secure Capital Markets Indebtedness under hedging transactions entered into for the purpose of managing risks arising under funded debt obligations such as credit support annexes and agreements;
- (l) any encumbrance over or affecting any asset of TIM to secure Capital Markets Indebtedness under a Permitted Leasing Transaction, provided that the aggregate Capital Markets Indebtedness secured by all such encumbrances does not exceed €1,000,000,000;
- (m) any encumbrance created on short-term receivables used in any asset-backed financing;

- (n) any encumbrance on real estate assets of TIM, any of its Subsidiaries or any person to which such real estate assets may be contributed by TIM or any of its Subsidiaries in connection with the issuance of any indebtedness, whether such indebtedness is secured or unsecured by such real estate assets or any other assets of such person to which real estate assets have been contributed by TIM or any of its Subsidiaries; and
- (o) any other encumbrance securing Capital Markets Indebtedness of an aggregate amount not exceeding 10 per cent. of the total net worth of TIM (as disclosed in the most recent audited consolidated balance sheet of TIM);

**Permitted Leasing Transaction** means one or more transactions or a series of transactions as a result of which TIM disposes of or otherwise transfers (including, without limitation, by way of sale of title or grant of a leasehold or other access, utilisation and/or possessory interest(s)) its rights to possess, use and/or exploit all or a portion of a particular asset or particular assets owned, used and/or operated by TIM (or its rights and/or interests in respect thereof) to one or more other persons in circumstances where TIM or an affiliate shall have the right to obtain or retain possession, use and/or otherwise exploit the asset or assets (or rights and/or interests therein) so disposed of or otherwise transferred;

**Person** means any individual, corporation, partnership, joint venture, limited liability company, trust, unincorporated organisation or government or agency or political subdivision thereof;

**Project Finance Indebtedness** means any indebtedness incurred by a debtor to finance the ownership, acquisition, construction, development and/or operation of an asset in respect of which the person or persons to whom such indebtedness is, or may be, owed have no recourse whatsoever for the repayment of or payment of any sum relating to such indebtedness other than:

- (a) recourse to such debtor for amounts limited to the cash flow from such asset; and/or
- (b) recourse to such debtor generally, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation, representation or warranty (not being a payment obligation, representation or warranty or an obligation, representation or warranty to procure payment by another or an obligation, representation or warranty to comply or to procure compliance by another with any financial ratios or other test of financial condition) by the person against whom such recourse is available; and/or
- (c) if such debtor has been established specifically for the purpose of constructing, developing, owning and/or operating the relevant asset and such debtor owns no other significant assets and carries on no other business, recourse to all of the assets and undertaking of such debtor and the shares in the capital of such debtor and shareholder loans made to such debtor;

**Security Interest** means (i) any mortgage, charge, pledge, lien or other encumbrance securing any obligation of any Person; and (ii) any arrangement providing a creditor with prior right to an asset, or its proceeds of sale, over other creditors in a liquidation;

**Subsidiary** means a corporation in respect of which more than 50% of the outstanding voting shares or equity interest having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by the Guarantor or by one or more of its Subsidiaries, or by the Guarantor and one or more Subsidiaries; and

**TIM Group** means TIM and its Subsidiaries.



## 4. MERGERS AND SIMILAR EVENTS

So long as any Note remains outstanding, the relevant Issuer and (in the case of Notes issued by TI Finance) the Guarantor may each consolidate or merge with another company or firm, sell or lease all or substantially all of their respective assets to another company or buy or lease all or substantially all of the assets of another company, provided that the relevant Issuer and (as the case may be) the Guarantor shall not take any of these actions unless:

- (i) where the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor merges out of existence or sells or leases all or substantially all of its assets, the other company assumes all the then existing obligations of the relevant Issuer or (as the case may be) the Guarantor (including, without limitation, all obligations under the Notes and the Trust Deed), either by law or contractual arrangements;
- (ii) if the other company is organised under the laws of a country other than Luxembourg (in the case of TI Finance) or Italy (in the case of TIM), it must indemnify the Noteholders and Couponholders against (A) any tax, assessment or governmental charge imposed on any such Noteholder or Couponholder or required to be withheld or deducted from any payment to such Noteholder or Couponholder as a consequence of such merger, conveyance, transfer or lease and (B) any costs or expenses of the act of such merger, conveyance, transfer or lease; provided that, if such company is incorporated in Italy, such other company shall not be liable under such indemnity to pay any additional amounts either on account of “*imposta sostitutiva*” or on account of any other withholding or deduction in the event of payment of interest or other amounts paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with Italy; and
- (iii) the merger, sale or lease of all or substantially all of the assets of the relevant Issuer or (as the case may be) the Guarantor will not be an Event of Default (as defined in Condition 10) and no Event of Default or other event which, with the giving of notice or lapse of time or other condition (including, without limitation, certification from the Trustee), would be an Event of Default has occurred and is outstanding.

As long as the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or listed on the official list of the Luxembourg Stock Exchange, in the case of such merger or consolidation, TIM will advise the Luxembourg Stock Exchange, a supplement to the EMTN Programme base prospectus or, where so required by the relevant authority, a new EMTN Programme base prospectus will be prepared and the Noteholders will be notified in accordance with Condition 14.

## 5. INTEREST

### 5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) *per annum* equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction. The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount to the Calculation Amount in the case of Fixed Rate Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1:

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and means, with respect to euro, one cent.

## 5.2 Interest on Floating Rate Notes

### (a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls on the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In the Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent was acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity (**Designated Maturity**) is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is at the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

The definition of **Fallback Observation Day** in the ISDA Definitions shall be deemed deleted in its entirety and replaced with the following: **Fallback Observation Day** means, in respect of a Reset Date and the Calculation Period (or any Compounding Period included in that Calculation Period) to which that Reset Date relates, unless otherwise agreed, the day that is five Business Days preceding the related Payment Date.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject to Condition 5.3 (*Benchmark Discontinuation*) and as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate *per annum*) for the Reference Rate (being either the London interbank offered rate (**LIBOR**) or the Euro-zone interbank offered rate (**EURIBOR**), as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. In particular, if the Relevant Screen Page is not available or if, in the case of sub-clause 5.2(b)(B) no offered quotation appears or, in the case of sub-clause 5.2(b)(B), fewer than three offered quotations appear, in each case as at the Specified Time, the Issuer shall request each of the Reference Banks to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate *per annum*) for the Reference Rate at approximately 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

(c) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) **Determination of Rate of Interest and calculation of Interest Amounts**

The Principal Paying Agent will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

$Y_1$  is the year, expressed as a number, in which the first day of the Interest Period falls;

$Y_2$  is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$M_1$  is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

$M_2$  is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$D_1$  is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case  $D_1$  will be 30; and

$D_2$  is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and  $D_1$  is greater than 29, in which case  $D_2$  will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

$Y_1$  is the year, expressed as a number, in which the first day of the Interest Period falls;

$Y_2$  is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$M_1$  is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

$M_2$  is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$D_1$  is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case  $D_1$  will be 30; and

$D_2$  is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case  $D_2$  will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

$Y_1$  is the year, expressed as a number, in which the first day of the Interest Period falls;

$Y_2$  is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$M_1$  is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

$M_2$  is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$D_1$  is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case  $D_1$  will be 30; and

$D_2$  is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case  $D_2$  will be 30.

(e) **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) **Notification of Rate of Interest and Interest Amounts**

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the relevant Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed in accordance with the rules of such stock exchange (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth TARGET Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression **TARGET Business Day** means a day on which the TARGET2 System is open.

(g) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Principal Paying Agent shall (in the absence of an error which is manifest) be binding on the relevant Issuer, the Guarantor (in the case of Notes issued by TI Finance), the Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the relevant Issuer, the Guarantor (in the case of Notes issued by TI Finance), the Noteholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Trustee or any agent appointed by the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**5.3 Benchmark Discontinuation**

This Condition 5.3 is applicable to Notes only if the Floating Rate Note Provisions are specified in the applicable Final Terms as being applicable.

(a) **Independent Adviser**

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5.3(b) (*Successor Rate or Alternative Rate*)) and, in



either case, an Adjustment Spread if any (in accordance with Condition 5.3(c) (*Adjustment Spread*)) and any Benchmark Amendments (in accordance with Condition 5.3(d) (*Benchmark Amendments*)).

An Independent Adviser appointed pursuant to this Condition 5.3(a) shall act in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer. In the absence of bad faith, fraud and gross negligence, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents, the Trustee, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 5.3.

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5.3(a) prior to the date which is ten Business Days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this Condition 5.3(a) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.3(a).

**(b) Successor Rate or Alternative Rate**

If the Independent Adviser determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5.3(c) (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5.3); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5.3(c) (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5.3).

**(c) Adjustment Spread**

If the Independent Adviser determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

Notwithstanding any other provision of Condition 5, if in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under Condition 5, the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination.

**(d) Benchmark Amendments**

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5.3 and the Independent Adviser determines (i) that amendments to these Conditions, the Trust Deed and the Agency Agreement, including but not limited to Relevant Screen Page, are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5.3(e) (*Notices*), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Trust Deed and the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 5.3(d), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

At the request of the Issuer, but subject to receipt by the Trustee, the Agents and the Calculation Agent of a certificate signed by two duly authorised representatives of the Issuer pursuant to Condition 5.3(e), the Trustee, the Agents and the Calculation Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders or Couponholders, be obliged to concur with the Issuer in using its reasonable endeavours to effect any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the none of the Trustee, the Agents and the Calculation Agent shall be obliged to agree to any Benchmark Amendments which, in its sole opinion, would have the effect of (i) exposing it to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or (ii) increasing its obligations, responsibilities or duties, or decreasing its protections, under the Trust Deed and/or the Conditions and/or the the Agency Agreement (as applicable) in any way.

(e) **Notices**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5.3 will be notified promptly by the Issuer to the Trustee, the Principal Paying Agent and each Paying Agent and, in accordance with Condition 14 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two duly authorised representatives:

- (i) confirming (x) that a Benchmark Event has occurred, (y) the Successor Rate or, as the case may be, the Alternative Rate and (z) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5.3;
- (ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread; and
- (iii) certifying that the Issuer has duly consulted with an Independent Adviser with respect to each of the matters above.

The Trustee shall be entitled to rely on such certificate (without inquiry and without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the

party responsible for determining the Rate of Interest (being the Principal Paying Agent or such other party specified in the applicable Final Terms, as applicable), the Paying Agents and the Noteholders and Couponholders.

(f) **Survival of Original Reference Rate**

Without prejudice to the obligations of the Issuer under Condition 5.3(a) (*Independent Adviser*) to Condition 5.3(d) (*Benchmark Amendments*), the Original Reference Rate and the fallback provisions provided for in Condition 5.2(b)(ii) (*Screen Rate Determination for Floating Rate Notes*) will continue to apply unless and until a Benchmark Event has occurred.

(g) **Definitions**

For the purposes of this Condition 5.3:

**Adjustment Spread** means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (b) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged); or
- (c) the Independent Adviser determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

**Alternative Rate** means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5.3(b) (*Successor Rate or Alternative Rate*) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes and with an interest period of a comparable duration to the relevant Interest Period;

**Benchmark Amendments** has the meaning given to it in Condition 5.3(d) (*Benchmark Amendments*);

**Benchmark Event** means:

- (a) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

- (c) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes, in each case within the following six months; or
- (e) it has become unlawful for the Paying Agents, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that in the case of sub-paragraphs (b), (c) and (d) above, the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement.

For the avoidance of doubt, neither the Paying Agents nor the Trustee shall be obliged to monitor or inquire whether a Benchmark Event has occurred or have any liability in respect thereof.

**Independent Adviser** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5.3(a) (*Independent Adviser*);

**Original Reference Rate** means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable):

- (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (iii) a group of the aforementioned central banks or other supervisory authorities, or (iv) the Financial Stability Board or any part thereof;

**Successor Rate** means the rate that the Independent Adviser determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

#### 5.4 Change of Interest Basis

If Change of Interest Basis is specified as applicable in the applicable Final Terms, the interest payable in respect of the Notes will be calculated in accordance with Condition 5.1 or Condition 5.2, each applicable only for the relevant periods specified in the applicable Final Terms.

If Change of Interest Basis is specified as applicable in the applicable Final Terms, and Issuer's Switch Option is also specified as applicable in the applicable Final Terms, the Issuer may, on one or more occasions, as specified in the applicable Final Terms, at its option (any such option, a **Switch Option**), having given notice to the Noteholders in accordance with Condition 14 (Notices) and delivering such notice to the Paying Agent and the Calculation Agent on or prior to the relevant Switch Option Expiry Date, change the Interest Basis of the Notes from Fixed Rate to Floating Rate or Floating Rate to Fixed Rate or as otherwise specified in the applicable Final Terms with effect

from (and including) the Switch Option Effective Date specified in the applicable Final Terms to (but excluding) the Maturity Date (or, where more than one Switch Option Effective Date is specified in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date), provided that (A) the Switch Option may be exercised only in respect of all the outstanding Notes, (B) upon exercise of a Switch Option, the Interest Basis change will be effective from (and including) the relevant Switch Option Effective Date until the Maturity Date (or, where more than one Switch Option Effective Date is specified as applicable in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date to the extent the related Switch Option is exercised), and (C) where a Switch Option has not been exercised prior to the relevant Switch Option Expiry Date, the Issuer shall no longer be entitled to exercise such Switch Option and the Interest Basis shall not change.

**Switch Option Expiry Date** and **Switch Option Effective Date** shall mean any date specified as such in the applicable Final Terms provided that any date specified in the applicable Final Terms as a Switch Option Effective Date shall be deemed as such subject to the exercise of the relevant Switch Option having been notified by the Issuer pursuant to this Condition and in accordance with Condition 14 (*Notices*) prior to the relevant Switch Option Expiry Date.

## **5.5 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

## **6. PAYMENTS**

### **6.1 Method of payment**

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

### **6.2 Presentation of definitive Notes and Coupons**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein,

means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

### **6.3 Payments in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

### **6.4 General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the relevant Issuer or, as the case may be, the Guarantor (in the case of Notes issued by TI Finance) will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the relevant Issuer or, as the case may be, the Guarantor (in the case of Notes issued by TI Finance) to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the relevant Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the relevant Issuer and the Guarantor (in the case of Notes issued by TI Finance), adverse tax consequences to the relevant Issuer or, as the case may be, the Guarantor (in the case of Notes issued by TI Finance).

## **6.5 Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) in the case of definitive Notes only, the relevant place of presentation;
  - (ii) any Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

## **6.6 Interpretation of principal and interest**

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes; and

- (e) any premium and any other amounts (other than interest) which may be payable by the relevant Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

## **7. REDEMPTION AND PURCHASE**

### **7.1 Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed at least at par by the relevant Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

### **7.2 Redemption for tax reasons**

Subject to Condition 7.7, the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if the relevant Issuer satisfies the Trustee immediately before the giving of such notice that on the occasion of the next payment due under the Notes, the relevant Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 or (in the case of Notes issued by TI Finance) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case either:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes and such obligation cannot be avoided by the relevant Issuer or, as the case may be, the Guarantor (in the case of Notes issued by TI Finance) taking reasonable measures available to it; or
- (b) where a Person into which the relevant Issuer or, as the case may be, the Guarantor is merged or to whom it has conveyed, transferred or leased all or substantially all of its assets is required to pay additional amounts, unless the sole purpose of such a merger would be to permit the relevant Issuer to redeem the Notes,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer or, as the case may be, the Guarantor (in the case of Notes issued by TI Finance) would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the relevant Issuer shall deliver to the Trustee to make available at its specified office to the Noteholders (i) a certificate signed by a duly authorised representative of the relevant Issuer or, as the case may be, a duly authorised representative of the Guarantor (in the case of Notes issued by TI Finance) stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the relevant Issuer or, as the case may be, the Guarantor (in the case of Notes issued by TI Finance) has or will become



obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.7 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **7.3 Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified as being applicable in the applicable Final Terms, the relevant Issuer may, having given (unless otherwise specified in the Final Terms) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms or, if Make-Whole Amount is specified in the applicable Final Terms, will be an amount calculated by the Issuer or an appointed Agent on its behalf equal to the higher of:

- (a) 100 per cent. of the principal amount of the Note to be redeemed; or
- (b) as determined by the Reference Dealers (as defined below), the sum of the then current values of the remaining scheduled payments of principal and interest (not including any interest accrued on the Notes to, but excluding, the Optional Redemption Date) discounted to the Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Reference Dealer Rate (as defined below) plus the Redemption Margin, plus, in each case, any interest accrued on the Notes to, but excluding, the Optional Redemption Date.

As used in this Condition 7.3:

**Redemption Margin** shall be as set out in the applicable Final Terms;

**Reference Bond** shall be as set out in the applicable Final Terms;

**Reference Dealers** shall be as set out in the applicable Final Terms; and

**Reference Dealer Rate** means with respect to the Reference Dealers and the Optional Redemption Date, the average of the five quotations of the mid-market annual yield to maturity of the Reference Bond or, if the Reference Bond is no longer outstanding, a similar security in the reasonable judgement of the Reference Dealers at 11.00 a.m. London time on the third business day in London preceding the Optional Redemption Date quoted in writing to the Issuer by the Reference Dealers.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed

Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. So long as the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or listed on the official list of the Luxembourg Stock Exchange, such exchange will be informed once in each year of all Redeemed Notes and the aggregate principal amount of Notes outstanding.

#### **7.4 Redemption at the option of the Issuer (Issuer Maturity Par Call):**

If Issuer Maturity Par Call is specified as being applicable in the applicable Final Terms, the relevant Issuer may, having given not less than 30 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Final Terms) in accordance with Condition 14, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes then outstanding in whole, but not in part, at any time during the period commencing on (and including) the day that is 90 days prior to the Maturity Date to (but excluding) the Maturity Date, at the Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued but unpaid to (but excluding) the date fixed for redemption.

#### **7.5 Redemption at the option of the Issuer (Clean-Up Call)**

If Clean-Up Call is specified as being applicable in the applicable Final Terms, in the event that 20 per cent. or less of the initial aggregate principal amount of a particular Series of Notes (including any assimilated Notes issued pursuant to Condition 17) remains outstanding (other than as a result of the Issuer exercising an Issuer Call pursuant to Condition 7.3 at an Optional Redemption Amount that is higher than the Clean-Up Call Redemption Amount), the Issuer may, at its option but subject to having given not more than sixty (60) nor less than fifteen (15) days' notice to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 14, redeem all, but not some only, of the outstanding Notes in that Series at their Clean-Up Call Redemption Amount specified in the applicable Final Terms together with any interest accrued to the date set for redemption.

#### **7.6 Redemption at the option of the Noteholders (Investor Put)**

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the relevant Issuer not less than 15 nor more than 30 days' notice in accordance with Condition 14, the relevant Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise (which notice shall be irrevocable) in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note the

terms of which require presentation for recording changes to its nominal amount, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly. The Luxembourg Stock Exchange will be advised by the Agent of any such Note which has been redeemed.

## 7.7 Early Redemption Amounts

For the purpose of Condition 7.2 above and Condition 10:

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (b) each Zero Coupon Note will be redeemed at its Early Redemption Amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield (as indicated in the relevant Final Terms) expressed as a decimal; and

<sup>y</sup> is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 30-day months) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or, as the case may be, the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

## 7.8 Purchases

The relevant Issuer, the Guarantor (in the case of Notes issued by TI Finance), any Subsidiary of the relevant Issuer or (in the case of Notes issued by TI Finance) any Subsidiary of the Guarantor may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor, surrendered to any Paying Agent for cancellation.

## 7.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.8 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

## 7.10 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3, 7.4 or 7.5 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.7(b) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Principal Paying Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14.

## 8. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of any Relevant Jurisdiction unless such withholding or deduction is required by law. In such event, the relevant Issuer or, as the case may be, the Guarantor (in the case of Notes issued by TI Finance) will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable:

- (a) in respect of any Note or Coupon presented for payment by or on behalf of a holder who is liable for such Taxes in respect of such Note or Coupon by reason of his having some connection with a Relevant Jurisdiction other than the mere holding of such Note or Coupon; or
- (b) in respect of any Note or Coupon presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.5); or
- (c) in respect of payments made by TIM with respect to any Note or Coupon for or on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (**Decree No. 239**), as amended and/or supplemented or superseded as at the date on which agreement is reached to issue the first Tranche of the Notes.

For the avoidance of doubt, any withholding or deduction for or on account of *imposta sostitutiva* imposed following any amendment or supplement to or replacement of Decree No. 239 after the date on which agreement is reached to issue the first Tranche of the Notes shall not be an exception to the payment by TIM of the relevant additional amounts payable with respect to such Note or Coupon, to the extent that the amount of such withholding or deduction exceeds the amount of *imposta sostitutiva* payable by TIM with respect to such Note or Coupon pursuant to Decree No. 239 as amended and/or supplemented or superseded at the date on which agreement is reached to issue the first Tranche of the Notes.

Furthermore, no additional amount shall be payable by TIM with respect to any Note or Coupon for or on account of *imposta sostitutiva* if the holder becomes subject to *imposta sostitutiva* after the date on which agreement is reached to issue the first Tranche of the

Notes by reason of an amendment or supplement to or replacement of the list of countries which provide for a satisfactory exchange of information with Italy, according to Article 6 of Decree No. 239, as amended and/or supplemented or superseded as at the date on which agreement is reached to issue the first Tranche of the Notes; or

- (d) where such withholding or deduction is imposed on a payment by a Luxembourg paying agent to an individual resident in Luxembourg pursuant to the Law of 23 December 2005, as amended; or
- (e) in respect of any Note or Coupon presented for payment by or on behalf of a holder if such withholding or deduction may be avoided by such holder producing a declaration or other evidence of non-residence in the Relevant Jurisdiction to the relevant taxing authority or making any other claim or filing, unless such holder is not entitled to produce such declaration or other evidence or to make such other claim or filing.

Notwithstanding any other provision of the Terms and Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or any official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a **FATCA Withholding**). Neither the Issuer nor any other person will be required to pay additional amounts on account of any FATCA Withholding.

As used herein:

- (i) **Relevant Jurisdiction** means (A) irrespective of the identity of the Issuer, Italy and/or such other taxing jurisdiction to which TIM becomes subject, or any political subdivision or any authority thereof or therein having power to tax or (B) if the Issuer is TI Finance, the Grand-Duchy of Luxembourg and/or such other taxing jurisdiction to which TI Finance becomes subject, or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

## 9. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

## 10. EVENTS OF DEFAULT AND ENFORCEMENT

### 10.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified to its satisfaction) (but only if, except in relation to paragraph 10.1(a) below, the Trustee shall have certified in writing to the relevant Issuer and (in the case of Notes issued by TI Finance) the Guarantor that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the relevant Issuer that the Notes are, and the Notes shall thereupon immediately become, due and repayable at their Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an **Event of Default**) shall have occurred and be continuing:

- (a) *Non-payment*: default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 10 days in the case of principal and 30 days in the case of interest; or
- (b) *Breach of other obligations*: the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and the failure continues for the period of 60 days next following the service by the Trustee on the relevant Issuer or (as the case may be) the Guarantor of notice requiring the same to be remedied; or
- (c) *Cross-default of Issuer or Guarantor*:
  - (i) any Capital Markets Indebtedness of the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor in excess of €100,000,000 (or the equivalent thereof in other currencies) has to be repaid prematurely due to a default under its terms; or
  - (ii) the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor fails to fulfil any payment obligation exceeding €100,000,000 (or the equivalent thereof in other currencies) under any Capital Markets Indebtedness of the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor, or under any guarantee provided for any such Capital Markets Indebtedness in excess of €100,000,000 (or the equivalent thereof in other currencies) of others, and such failure continues for a period of 30 days; or
  - (iii) any security or guarantee relating to Capital Markets Indebtedness in excess of €100,000,000 (or the equivalent thereof in other currencies) provided by the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor is enforced by the lenders and such enforcement is not contested in good faith by the relevant Issuer or (as the case may be) the Guarantor or the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor publicly announces their inability to meet their financial obligations; or
- (d) *Insolvency*:
  - (i) a court opens insolvency or equivalent proceedings against the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor which are not resolved within six months, unless such proceedings are frivolous or vexatious and contested in good faith and appropriately and do not result in court orders or the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor applies for such insolvency or equivalent proceedings; or

- (ii) the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor approves a resolution pursuant to which it goes into liquidation or (in the case of Notes issued by TI Finance) it goes into liquidation or initiates or consents to proceedings under any applicable bankruptcy or insolvency law (including, without limitation, controlled management (*gestion contrôlée*), suspension of payments (*sursis de paiement*), a moratorium or a composition) unless this is done in connection with a merger, or other form of combination with another company and such company assumes all obligations contracted by TI Finance or TIM, in connection with the Notes and the Trust Deed; or
- (e) *Guarantee not in force*: in the case of Notes issued by TI Finance, the Guarantee ceases to be valid or legally binding for any reason.

## 10.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the relevant Issuer and/or (in the case of Notes issued by TI Finance) the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding and (b) it shall have been indemnified and/or pre-funded and/or secured to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor unless the Trustee, having become bound so to proceed fails so to do within 90 days, and the failure shall be continuing.

## 11. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the relevant Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## 12. AGENTS

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The relevant Issuer and the Guarantor (in the case of Notes issued by TI Finance) are entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent; and
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such places as the rules of the relevant stock exchange require (which, if the relevant stock exchange is the Luxembourg Stock Exchange, shall be Luxembourg); and

In addition, the relevant Issuer and the Guarantor (in the case of Notes issued by TI Finance) shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances

described in Condition 6.4. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the relevant Issuer and (in the case of Notes issued by TI Finance) the Guarantor and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

### **13. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

### **14. NOTICES**

All notices regarding the Notes will be deemed to be validly given (a) if published in a leading English language daily newspaper of general circulation in London (it is expected that such publication will be made in the *Financial Times* in London) and (b) if and for so long as the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or listed on the official list of the Luxembourg Stock Exchange if published on the website of the Luxembourg Stock Exchange: [www.bourse.lu](http://www.bourse.lu) or in another manner of publication in accordance with the Luxembourg laws and regulations implementing Directive 2004/109/EC and, if so required, in accordance with the rules of such exchange. The relevant Issuer shall also ensure that notices are duly published in a manner which complies with any applicable laws and regulations and with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to listing including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on such day as is specified in the applicable Final Terms after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.



## **15. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION, DETERMINATION AND SUBSTITUTION**

### **15.1 Meetings in respect of Notes issued by TI Finance**

In respect of Notes issued by TI Finance, the Trust Deed contains provisions for convening meetings of the Noteholders (which may be at a physical location or by way of conference call or videoconference) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by TI Finance, the Guarantor or the Trustee and shall be convened by TI Finance if required in writing by Noteholders holding not less than 5 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than one-half in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that, at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds or at any adjourned such meeting the quorum shall be one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Trustee may, without the consent of the Noteholders, agree with TI Finance to the substitution in place of TI Finance (or of any previous substitute under this Condition 15.1) as the principal debtor under the Notes, Coupons and the Trust Deed of another company, being either (i) the Guarantor or (ii) a Subsidiary of the Guarantor, subject to (a) (in the case of (ii)) the Notes being unconditionally and irrevocably guaranteed by the Guarantor, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution, (c) the Guarantor or the Subsidiary of the Guarantor substituted in place of TI Finance indemnifying the Noteholders and Couponholders against (A) any tax, assessment or governmental charge imposed on any such Noteholder or Couponholder or required to be withheld or deducted from any payment to such Noteholder or Couponholder as a consequence of such substitution and (B) any costs or expenses of the act of such substitution, except that the Guarantor or, as the case may be, the Subsidiary of the Guarantor (provided that such Subsidiary is incorporated in Italy) shall not be liable under such indemnity to pay any additional amounts either on account of *imposta sostitutiva* or on account of any other withholding or deduction in the event of payment of interest or other amounts paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with Italy and (d) certain other conditions set out in the Trust Deed being complied with. As long as the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or listed on the official list of the Luxembourg Stock Exchange, in the case of such a substitution, TI Finance will advise the Luxembourg Stock Exchange, a supplement to this EMTN Programme Prospectus will be prepared and the Noteholders will be notified in accordance with Condition 14.

The Trustee may also, without the consent of the Noteholders, agree with TI Finance and the Guarantor to the substitution in place of the Guarantor (or of any previous substitute under this Condition 15.1) as guarantor of the Notes of another company, being any entity that may succeed to, or to which the Guarantor (or any previous substitute under this Condition 15.1) may transfer, all or substantially all of the assets and business of the Guarantor (or any previous substitute under this Condition 15.1) by operation of law, contract or otherwise, subject to (a) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution, (b) the company substituted in place of the Guarantor indemnifying the Noteholders and Couponholders

against (A) any tax, assessment or governmental charge imposed on any such Noteholder or Couponholder or required to be withheld or deducted from any payment to such Noteholder or Couponholder as a consequence of such substitution and (B) any costs or expenses of the act of such substitution, except that (provided that such company is incorporated in Italy) such company shall not be liable under such indemnity to pay any additional amounts either on account of *imposta sostitutiva* or on account of any other withholding or deduction in the event of payment of interest or other amounts paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with Italy and (c) certain other conditions set out in the Trust Deed being complied with.

## **15.2 Meetings in respect of Notes issued by TIM**

In respect of Notes issued by TIM, the Trust Deed contains provisions consistent with the laws, legislation, rules and regulations of the Republic of Italy (including without limitation Legislative Decree No. 58 of 24 February 1998, as amended) for convening meetings of the Noteholders (which may be at a physical location or by way of conference call or videoconference) to consider any matter affecting their interests, including any modifications of the Conditions or of any provisions of the Trust Deed. The above provisions are subject to compliance with mandatory laws, rules and regulations of the Republic of Italy in force from time to time.

The quorum and the majorities for passing resolutions at any such meetings are established by Article 2415 of the Italian Civil Code, Legislative Decree No. 58 of 24 February 1998 and TIM's by-laws.

Resolutions passed at any meeting of the Noteholders shall be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders. In accordance with the Italian Civil Code, a *rappresentante comune*, being a joint representative of Noteholders, may be appointed in accordance with Article 2417 of the Italian Civil Code in order to represent the Noteholders' interest hereunder and to give execution to the resolutions of the meeting of the Noteholders.

The Trustee may, without the consent of the Noteholders, agree with TIM to the substitution in place of TIM (or of any previous substitute under this Condition 15.2) as the principal debtor under the Notes, Coupons and the Trust Deed of another company, being any entity that may succeed to, or to which TIM (or any previous substitute under this Condition 15.2) may transfer, all or substantially all of the assets and business of TIM (or any previous substitute under this Condition 15.2) by operation of law, contract or otherwise, subject to (a) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (b) certain other conditions set out in the Trust Deed being complied with. As long as the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or listed on the official list of the Luxembourg Stock Exchange, in the case of such a substitution, TIM will advise the Luxembourg Stock Exchange, a supplement to this EMTN Programme Prospectus will be prepared and the Noteholders will be notified in accordance with Condition 14.

## **15.3 Waiver, authorisation, determination and exercise by the Trustee of discretions etc.**

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct an error which is manifest or, in the opinion of the Trustee, proven. In addition, the Trustee shall be obliged to concur with the Issuer in using its reasonable endeavours to effect any Benchmark Amendments in the circumstances and as otherwise set out in Condition 5.3(d) without the consent of the Noteholders or Couponholders. Any such modification, waiver, authorisation or determination shall be binding on

the Noteholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the relevant Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

## **16. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER AND/OR THE GUARANTOR**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the relevant Issuer, the Guarantor (in the case of Notes issued by TI Finance) and/or any of their respective Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the relevant Issuer, the Guarantor (in the case of Notes issued by TI Finance) and/or any of their respective Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

## **17. FURTHER ISSUES**

The relevant Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **19. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **19.1 Governing law**

The Trust Deed, the Securities and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes and the Coupons are governed

by, and shall be construed in accordance with, English law, save, in respect of Notes issued by TIM, for Condition 15 and the provisions of the Trust Deed concerning the meeting of Noteholders and the appointment of the *rappresentante comune* in respect of the Notes which are subject to compliance with Italian law. The provisions of Articles 470-1 to 470-19 of the Luxembourg law on commercial companies of 10 August 1915, as amended, are excluded.

## **19.2 Submission to jurisdiction**

- (a) Subject to Condition 19.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes and/or the Coupons including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations which may arise out of or in connection with the Trust Deed, the Notes and/or the Coupons (a **Dispute**) and accordingly each of the relevant Issuer and the Guarantor (in the case of Notes issued by TI Finance), to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 19.2, each of the relevant Issuer and the Guarantor (in the case of Notes issued by TI Finance) waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

## **19.3 Appointment of Process Agent**

Each of the Issuer and the Guarantor (in the case of Notes issued by TI Finance) irrevocably appoints TI Sparkle UK Limited at 6 New Street Square, London, EC4A 3DJ as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of TI Sparkle UK Limited being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

## USE OF PROCEEDS

An amount equivalent to the net proceeds from each issue of Notes will be applied by the relevant Issuer for its general corporate purposes, as well as for any other purpose as specified in the applicable Final Terms, including to finance and/or refinance, in whole or in part, existing and/or new Eligible Projects in accordance with the TIM Group Sustainability Financing Framework. Specifically, Green Eligible Projects (i.e. Energy Efficiency, Renewable Energy, Circular Economy) and Social Eligible Projects (i.e. Digital Inclusion, Response to health crisis such as Covid-19), are “Eligible Projects” and constitute the Eligible Project Portfolio (as defined in the Tim Group Sustainability Financing Framework). Going forward, TIM may extend the categories of Eligible Projects and any changes will be documented in an updated TIM Group Sustainability Financing Framework

**TIM Group Sustainability Financing Framework** means the Sustainability Financing Framework published by TIM on 9 December 2020, aimed at providing transparency for TIM's green, social and sustainability financing instruments, and available on the Issuer’s website in the investor relations section at <https://www.gruppotim.it/en/investors/sustainable-finance/sustainability-financing-framework.html><sup>3</sup>. For the avoidance of doubt, the TIM Group Sustainability Financing Framework is neither incorporated into, nor form part of, the EMTN Programme Prospectus.

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<sup>3</sup> Please note that the information on the website do not form part of the EMTN Programme Prospectus and has not been scrutinized or approved by the competent authority.

## DESCRIPTION OF TIM

The legal name of the company is Telecom Italia S.p.A. also named “TIM S.p.A.”.

The Annual Shareholders Meeting held on 25 May 2016 approved an amendment to the company’s by-laws, permitting the company to be named “Telecom Italia S.p.A.” or “TIM S.p.A.”.

TIM is a joint-stock company established under Italian law on 29 October 1908, with registered offices in Milan at Via Gaetano Negri 1. The telephone number is +39 (02) 85951. TIM is recorded in the Milan Companies Register at number 00488410010, R.E.A. (*Repertorio Economico Amministrativo*) at number 1580695 and R.A.E.E. (*Rifiuti di Apparecchiature Elettriche ed Elettroniche*) register at number IT08020000000799.

The duration of TIM, as stated in the company’s by-laws, extends until 31 December 2100.

TIM’s website is <https://www.gruppotim.it/en.html>. The information on <https://www.gruppotim.it/en.html> does not form part of this EMTN Programme Prospectus, except where that information has been incorporated by reference into this EMTN Programme Prospectus.

After the effectiveness of the demerger of Telco S.p.A. (previously the largest shareholder of TIM and whose investors were Assicurazioni Generali S.p.A., Intesa Sanpaolo S.p.A., Mediobanca S.p.A. and Telefónica S.A.), on 24 June 2015, Vivendi, an integrated media and content group based in France, became TIM’s largest shareholder with an ownership stake in TIM equal to 14.9% of Ordinary Shares. In the following months, Vivendi further increased its shareholding in TIM and, as of July 2021, Vivendi holds 23.75% of the ordinary share capital of TIM. Vivendi does not hold Savings Shares and does not have different voting rights in meetings of ordinary shareholders of TIM.

As at July 2021, on the basis of the results of the Shareholders’ Register, the communications made to Consob and to TIM pursuant to art. 120 of the Italian Legislative Decree no. 58 of 24 February 1998 and other available information(\*), the significant shareholdings in the ordinary share capital of TIM S.p.A. are:

	Type of ownership	As of July 2021	
		No. Ordinary Shares	% of ordinary share capital
Vivendi S.A.	(direct)	3,640,109,990	23.75
Cassa Depositi e Prestiti S.p.A	(direct)	1,503,750,000	9.81
Canada Pension Plan Investment Board	(direct/indirect)	488,689,693	3.19

(\*) On 14 April 2021, the temporary rules on enhanced transparency regarding changes in major holdings and statements concerning investment objectives ended. As such, as of that date, the ordinary rules will once again be applicable, as per article 120 paragraph 2 of the Consolidated Law on Finance (TUF), which provides for the obligation to notify the investee company and Consob when the stake held exceeds 3% of the capital with voting rights in a listed company.

As of the date of this EMTN Programme Prospectus no further information about the shareholders’ ownership is available.

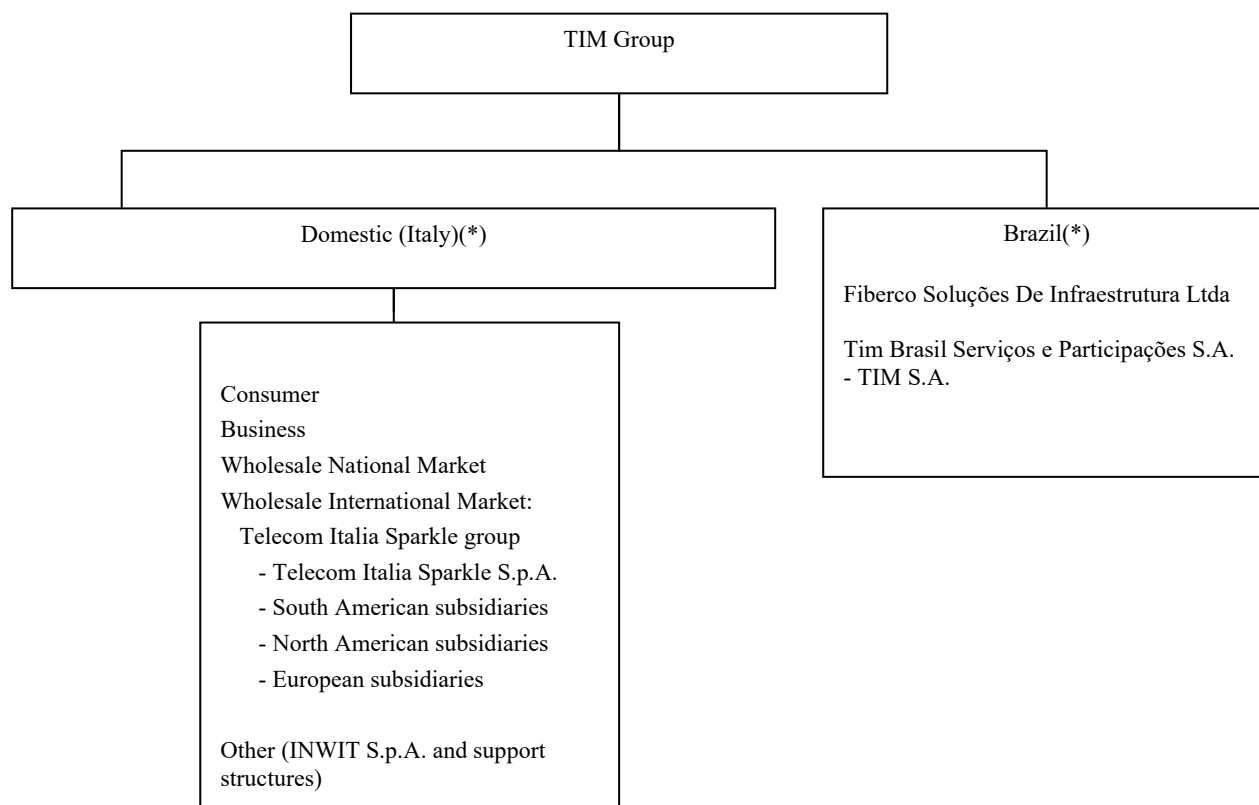
TIM complies with applicable Italian corporate governance rules. For additional details on corporate governance of the TIM Group, reference should be made to the corporate website: <https://www.gruppotim.it/en.html>, (section “Group” / “Governance” / “Governance tools” / “Corporate Governance Report”), where the Annual report on corporate governance is available.

TIM’s business objectives can be found in Article 3 of its by-laws.

### Overview of the TIM Group’s Major Business Areas

TIM is the parent company of the TIM Group.

The following is a chart of the TIM Group's Business Units as of 31 December 2020:



(\*) Business Unit.

## Share Capital

The table below contains a breakdown of the share capital of TIM as at 31 March 2021:

	Number of Shares	Value (€)
<b>Issued, paid and relevant filing made with the Company Register</b>		
Ordinary Shares <sup>(1)</sup> .....	15,329,466,496	8,381,329,775.88
Savings Shares <sup>(1)</sup> .....	6,027,791,699	3,295,673,079.22
<b>Total</b> .....	<b>21,357,258,195</b>	<b>11,677,002,855.10</b>

Note:

(1) All shares are without par value.

## Business Unit

### *Key financial data prepared in accordance with IFRS as of 31 December 2020*

As at 31 December 2020, the TIM Group was organised by business segment as follows:

- (i) **Domestic Business Unit:** includes operations in Italy for voice and data services on fixed and mobile networks for end customers (retail) and other operators (wholesale); the operations of the Telecom Italia Sparkle group, which, at international level (Europe, the Mediterranean and South America), develops fibre optic networks for wholesale customers; the operations of Olivetti (products and services for Information Technology); and, up to 31 2020, INWIT S.p.A. (a company operating in the electronic communications infrastructure sector, and in particular the infrastructure for hosting radio transmission equipment for mobile telephone networks, both for TIM and other operators); and the units supporting the domestic sector.

The principal operating and financial data of the Domestic Business Unit are reported according to the following cash-generating unit (“CGU”):

- **Consumer:** the segment consists of all fixed and mobile voice and internet services and products managed and developed for individuals and families and of public telephony; customer care, operating credit support, loyalty and retention activities, sales within its remit, and administrative management of customers; includes the company TIM Retail, which coordinates the activities of flagship stores;
- **Business:** the segment consists of voice, data, and Internet services and products, and ICT solutions managed and developed for small and medium-size enterprises, Small Offices/Home Offices (“SOHOs”), top customers, the public sector, large accounts and enterprises in the fixed and mobile telecommunications markets. The following companies are included: Olivetti, TI Trust Technologies and Telsy and, starting from June 2020, the Noovle Group;
- **National Wholesale Market:** the segment consists of the management and development of the portfolio of regulated and unregulated wholesale services for Fixed-line and Mobile telecommunications operators in the domestic market. The following companies are included: TI San Marino and Telefonía Mobile Sammarinese;
- **International Wholesale Market:** includes the activities of the Telecom Italia Sparkle group, which operates in the market for international voice, data and internet services for fixed and mobile telecommunications operators, ISPs/ASPs (wholesale market) and multinational companies through its own networks in the European, Mediterranean and South American markets;
- **Other** includes:
  - **INWIT S.p.A.:** operates in the electronic communications infrastructure sector, specifically relating to infrastructure for housing radio transmission equipment for mobile telephone networks, both for TIM and other operators. In 2020, the TIM Group’s equity investment in INWIT S.p.A. recorded various changes due to the multiple transactions involving the corporate structure, starting with the merger by incorporation of Vodafone Towers S.r.l. into INWIT S.p.A.
  - **Other Operations Units:** covering technological innovation and development, engineering, construction and operating processes for network infrastructures, IT, real estate properties and plant engineering; the Flash Fiber company and open access operations connected with delivery and assurance of customer services are also included, until September 2019 included in the wholesale segment and then reclassified following the change in organisational structure;
  - **Staff & Other:** services performed by the staff departments and other support activities carried out by minor companies, including the company Persidera, sold on 2 December 2019 and included in the financial data and cash flows for the first few months of 2019.



- (ii) The **Brasil Business Unit** (TIM Brasil Group). TIM Brasil is a telecommunications company that offers mobile voice and data services, broadband internet access, value-added services, and other telecommunications services and products in the Brazilian market. These services are provided through 5G DSS, 4G, 3G and GSM technologies. TIM Brasil is the leader in 4G coverage, spanning to almost 4,000 cities and utilising multiple frequencies (700 MHz, 1.8 GHz, 2.1 GHz and 2.5 GHz) following the combination of refarming and carrier aggregation strategies. With the acquisitions of Intelig Telecomunicações (now TIM S.A.), Tim Fiber RJ and Tim Fiber SP (now merged into TIM S.A.), TIM Brasil's portfolio of services has been expanded by offering fiber optic data transmission using full IP technology, such as DWDM and MPLS and offering business and residential broadband services. TIM Live (the residential product) closed 2020 with 645,000 connections (+14% YoY), with almost half of them in FTTH technology, and provides mobile telephony services using UMTS, GSM and LTE technologies. Moreover, the TIM Brasil Group offers fibre optic data transmission using full IP technology, such as DWDM and MPLS and residential broadband services.
- (iii) **Other Operations:** includes the financial companies Telecom Italia Capital S.A. and Telecom Italia Finance S.A. and other minor companies not strictly related to the TIM Group's core business.

The table below sets forth revenues, operating profit (loss) and capital expenditures by Business Units, for each of the years ended 31 December 2020 and 2019 and number of employees as of 31 December 2020 and 31 December 2019:

		Domestic	Brazil	Other Operations	Adjustments and eliminations	Consolidated Total
(millions of euro, except number of employees)						
Revenues (1)	<b>2020</b>	12,905	2,933	-	(33)	15,805
	<b>2019</b>	14,078	3,937	-	(41)	17,974
Operating profit (loss)	<b>2020</b>	1,635	476	(9)	2	2,104
	<b>2019</b>	1,887	1,297	(10)	1	3,175
Capital expenditures on an accrual basis	<b>2020</b>	2,748	661	-	-	3,409
	<b>2019</b>	2,912	872	-	-	3,784
Number of employees at year-end (2)	<b>2020</b>	42,925	9,409	13	-	52,347
	<b>2019</b>	45,496	9,689	13	-	55,198

(1) Revenues are total revenues of the various business units of the TIM Group before elimination of intercompany sales (but after elimination of sales between companies within the same major business area).

(2) The number of employees at year-end excludes employees related to the consolidated companies considered as Discontinued operations/Non-current assets held for sale, and includes personnel with temporary work contracts.

For a description of the business units of the TIM Group as at 31 March 2021, please refer to the TIM Group's Financial Information at 31 March 2021 incorporated by reference in this EMTN Programme Prospectus.

## Strategy

### *Two years of preparation*

On 23 February 2021, TIM's Board of Directors approved the Plan. The new plan 2021 – 2023 has been built on the previous ones.

The 2019 plan “Deliver and Delever” set the foundation of transformation, with important goals already achieved, such as:

- cash flow generation and debt reduction (with results above the target);
- a stabilised governance, dramatically improved with positive dynamics in board;
- the development of Brazil, with the acquisition of Oi mobile assets with Vivo and Claro, strengthening the core, and the network sharing partnership with Vivo; and
- the creation of optionality for value creation, through Inwit-Vodafone towers merger, the co-investment in FiberCop with KKR and Fastweb, the partnership with Google and cloud/data centre carve out.

Furthermore, the 2020 plan “Operation Time” succeeded in:

- stabilising the customer base, with fixed CB growing in last quarter 2020 for the first time since 2001, and mobile MNP stabilised, with an improved pricing environment;
- cost cutting, by working on processes and organisation, and, in 2020, already reaching the target set for 2022;
- transforming TIM Vision in the richest content platform in Italy; and
- executing the ESG plan, meeting both ESG and financial guidance.

In these two years the key infrastructure (fixed, mobile and data centres) has been transformed, with increasing coverage, particularly in the so-called white areas of the country, progressively upgrading to newer technologies.

The sharing business models have also been introduced to optimise the return on capital and reassess for hidden value, which made TIM stronger in its core business with a clear business model that makes it possible to deploy the best technology at higher returns. TIM followed this template in the INWIT Vodafone towers merger, in the FiberCop co-investment scheme with KKR and Fastweb, in the Google alliance in cloud and data centres, and in the acquisition of Oi, together with Vivo and Claro

### *Strategic Priorities and Objectives for the 2021 – 2023 Strategic Plan*

After these achievements, the new plan can raise the bar: “beyond connectivity” towards growth.

The plan is built on the previous models, enabled by the innovative infrastructure – lean and well organised, in order to win market share in adjacent markets.

The objective is to use convergence beyond mere connectivity to strongly expand our business into a number of growth markets, while continuing to improve our traditional core on a daily basis.

Pillars of this plan are:

1. unique commercial proposition: being the connectivity quality leader provider in Italy, and leveraging on an integrated platform to develop new digital services through an ecosystem of tech partners;
2. best technological infrastructure: further UBB deployment and technological upgrading;
3. improved operational excellence: improved KPIs and reduced cost structure;
4. leaner organisational model: superior capabilities and efficiency; and
5. central role of ESG objective: confirming the long-term targets presented last year and improving the term objectives; TIM is adopting industry-specific sustainability accounting standards, anticipating

taxonomy, and so beating environmental targets for science-based validation. This plan supports Italy's acceleration towards sustainable development, which the new government has cited as a priority.

Moving into adjacent markets requires specialisation, accountability and focus. TIM is supporting this new specialised offering in most relevant digital services through a vertical specialised factories approach in:

- its **cloud data centre** business, with a new company called Noovle, targeting 1 billion euro in revenue in 2024;
- **cybersecurity**, with Telsy aiming to be the reference partner for enterprises and government;
- **integrated IoT**, with Olivetti being a leading Italian E2E business services solution provider;
- **international wholesale** with Sparkle, targeting double-digit CAGR for EBITDA, as it will expand market share serving a wider set of customers, as leading E2E connectivity partner for operators, MNOs, including OTTs and enterprises in more geographies, and building and selling infrastructure; and
- **Contents**: TIM Vision becoming a true national champion, with a dedicated organisation and a team of experts in media and content. PayTV is indeed an increasingly important pillar of TIM convergence strategy and in consumer segment.

All of TIM's business units will play a key role in achieving the main financial and sustainability objectives of the 2021 – 2023 Plan.

- **Consumer**: focus on providing the best convergent solutions for UBB and content for the household. Key strategic priorities are:
  - **Quadruple Play TIM Vision enhanced offer**: by enlarging the 4P proposition (fixed + mobile + contents + smart home) and by improving the TIM Vision offering, with new services and partnerships with the best-in-class player;
  - **Digital sales channels and stores redesign**, with data driven Customer Value Management (“CVM”) (using big data and artificial intelligence for micro customer segmentation, followed by specific marketing and gearing actions), moving channel remix toward pull and digital, increasing stores' productivity with convergent products and new compensation, promoting sales excellence through industrialisation across all channels, and a dedicated go-to-market to accelerate FTTH take up;
  - **Touchpoints digitisation**, with AI to enhance customer experience and reduce human intervention, and redesigned “customer journey” (e.g. order tracking for fixed and mobile prospects, new booking process); and
  - **the largest network coverage at the highest speed**: video is one of the killer applications for ultrabroadband, and TIM is capable of providing multiple video streams with customers across the entire country.
- **Business**: convergence is now at the heart of the TIM business offering. We offer end-to-end IoT cloud solutions for enterprise and public administration, including a dedicated one-to-one approach for high-value accounts and a turnkey ICT offering for SMEs and SOHOs with a new dedicated sales channel. In short, connectivity and beyond for the entire Italian corporate world. Key strategic priorities are:
  - **Unique one-stop-shop solution**, with comprehensive cloud solution package and end-to-end IoT solutions for TOP customers, and a turnkey ICT offering for SMEs, jointly developed with “factories” and partners (Payments, VoIP, Cybersecurity, Cloud);

- **Evolved distribution model**, with capability building programme, new sales and marketing tools (account planning, CRM, marketing campaigns) and re-engineered salesforce channel to win in ICT for TOP customers; push convergence and ICT products, an improved segmentation with dedicated loyalty offerings for SME customers, and a new dedicated SoHo channel with a specific incentives scheme; and
  - **Improved caring and assistance**, with dedicated support for high-value accounts with a one-to-one approach for TOP customers; redesigned processes and systems to sustain premium positioning for SME customers, and a new dedicated SoHo channel with specific incentives scheme.
- **Wholesale**: enhancing the ultrabroadband offering, non-regulated services and going beyond connectivity, even for competitors (by offering, for example, the data centre services). TIM is offering its competitors cloud services, security and IoT internationally. Key strategic priorities:
- **On National wholesale**, co-investment: commercial agreements to develop FTTH with both existing and new customers, turnkey offers (One-Step) to increase customer satisfaction, and increase competitiveness of Bitstream/NGA; growth of non-regulated services by strengthening TIM's offering and role as backhaul provider by reviewing commercial offers of High Quality Connectivity (Gigaand Giganet); and expand offering to Data Center Services.
  - **On international wholesale**, growth targeting new segments and geographies for Sparkle, by offering core connectivity and E2E enterprise partner a new integrated portfolio of Security, IoT and Cloud services; cross-segment enablers (e.g. building partnerships with Hyperscalers/OTTs and collaborations with TIM factories).
- **Further OpEx optimisation**: although two years ahead with its OpEx plan, TIM will continue to optimise cost, with some initiatives yet to fulfil their potential. As main examples, TIM will continue to use pre-retirement schemes and optimise channel mix with improved bad debt. Further initiatives will be the increase of self-care and faults prediction through AI, the optimisation of the real estate footprint, the adoption of new operating models (automation, remotisation, consolidation), and streamlined procurement through massive insourcing, demand-shaping, should-costing and designing to value.

In addition, by thinking out of the box, TIM will monetise efficiency improvements in infrastructure by selling so-called white certificates to less virtuous companies that are obliged to compensate for buying these certificates.

- **On CapEx**, TIM plan will take over 76% of the black and grey areas with FTTH by 2025 and reach 5G national coverage by 2025/2026, with ROI-driven mobile/fixed access development (4G and 5G, FWA, FTTx) to close the digital divide, the FTTH roll-out with new model delivery, assurance, deployment, and the decommissioning of legacy systems.

Moreover, FiberCop's co-investment approach, designed in accordance with to the new European telecommunication code, envisages sharing risk with co-investing operators and easing regulation.

As for contribution to the Plan expected from TIM Brasil, the strategic pillars for the 2021 – 2023 plan represent a continuation of the path started in 2015. The solid result confirms the consistency of the strategy. The plan includes:

- the continuation of strengthening the core, accelerating the transition from volume to value in mobile, capturing a larger piece of the broadband opportunity, closing the spectrum gap and capturing additional value after the acquisition of Oi assets;

- building the future with new growth opportunities to develop other sources of revenue (e.g. IoT, C6, mobile advertising, customer data monetisation, health, education) leveraging the customer base platform through ecosystem and partnerships, creating a real consumer platform approach;
- implementing transformational projects in the infrastructure (e.g. 5G, ORAN, M-MIMO, cloudification);
- boosting efficiency through digitalisation, automation and new operating models, leveraging skills and capabilities enhancement;
- strengthening and consolidating the ESG proposition, making a positive transformation.

## Competition in the domestic market

### *The market*

During 2020 the Italian TLC market continued to show a decline in value due to strong competition and the effects of the health emergency.

The Sars-Covid 2 pandemic, which hit Italy before the other European countries, had consequences for the economy, social behaviour and digital habits, also triggering impacts on the market and telecommunications industry.

From the beginning of March to the middle of May, during the so-called 'lock-down period', restrictive measures were imposed on economic activities and social behaviour, which triggered significant phenomena with effects on the use of ICT services, such as: widespread introduction of smart working in Italian companies and the public administration; strong growth in the use of most digital services including those of the public administration; a sudden increase in video communication services for private and business needs; and a massive spread of distance learning services made necessary by the momentary interruption of face-to-face lessons in universities and in schools of all levels.

The main effect for telecommunications networks was a sudden increase in traffic which, in the period 15-30 March 2020, exceeded 70% with peaks of 90% (in particular during the workday); on average in 2020, data traffic increase vs 2019 has been 65% in the fixed line network and 56% in the mobile network. This result highlighted a strong unexpressed potential in use of digital tools that came to light as a result of restrictions.

With regard to long-term trends, the development of broadband and ultrabroadband continues to be the main element of market evolution. The greater availability of ultrabroadband will increasingly allow operators to develop convergent offers that combine TLC services with media and entertainment services, IT services, and digital services. The offer of these services will further boost customer adoption of broadband.

The Italian telecommunications market remains highly competitive, with the greatest impact of market dynamics on voice and data connectivity services. Furthermore, in the new digital world, telecommunications operators have to deal with Over The Top (OTT) and device manufacturers with completely different assets and competitive logics.

The traditional business models of the various players have therefore changed over time to take advantage of new opportunities and contain the threats of new entrants:

- in the media and entertainment sector, due to the growing importance of the web as a complementary distribution platform, which is experiencing profound transformations. The television market in Italy in 2020 saw the further development of video OTT on demand (VOD and SVOD) services, combined with the growing diffusion of OTT services that include linear video content. The centrality of the broadband network in these new modes of use sees subjects such as the aforementioned OTTs, telecommunications operators and consumer electronics manufacturers acquiring an increasingly important role;
- in the information and communication technology market, where, although growing overall in 2020, the traditional fixed and mobile TLC component tends to contract in favour of IT components related to digital transformation, especially of large companies, for example with adoption of cloud solutions for their technological infrastructures. In this sector, therefore, we are witnessing a strengthening of telecommunications operators, also through partnerships, to intercept the growth that in the coming years should be driven by the digitization of SMEs and by regulatory adjustments, such as those increasingly stringent relating to IT security;

- consumer electronics manufacturers can develop service platforms that can be used via the Internet by leveraging the possession of the terminal and managing the user experience, disintermediating the customer relationship with the TLC operator.

As regards the current positioning of telecommunications operators in converging markets, the following are highlighted, as partly anticipated above, with differentiated levels of evolution:

- the development of new services in the media and entertainment sector (TV, Music, Gaming) and new digital services (smart home, digital advertising, mobile payment-digital identity);
- the development of Innovative Services in the IT market, in particular in the Cloud, IoT and Cybersecurity fields.

After the awarding of frequencies in 2018 and the launch of the service by TIM and Vodafone in 2019, 2020 was characterised by the progressive deployment of the 5G network and the launch of 5G by WindTre, Fastweb and Iliad.

All operators are moving to seize the various opportunities in the area.

### ***Competition in Fixed-Line Telecommunications***

The fixed telecommunications market continues to be characterised on the one hand by the decline in revenues from access and voice and on the other by the growth in revenues from broadband and ultrabroadband. In recent years, operators have focused mainly on the development of penetration of broadband and ultrabroadband and on the defence of voice through the introduction of “bundled” voice, broadband and services packages, in a context of high competition with consequent pressure on prices.

After four quarters of constant decrease, beginning in June 2020, the total number of fixed lines recorded a significant increase compared to the previous quarter; eventually in December, a new increase vs previous period closed 2020 as stable vs 2019, interrupting the year-on-year decrease.

The market scenario highlights significant infrastructural interventions, as well as by TIM, also by other parties, first of all Open Fiber (a company controlled by ENEL and CDP), Infratel (a company of the ministry of economic development) and Fastweb which have presented and are conducting extensive development plans for their fiber optic telecommunications networks in many areas of the country.

On 31 August 2020 TIM communicated the agreement with KKR Infrastructure and Fastweb relating to the establishment of FiberCop, the NewCo which unifies TIM’s secondary network (from the street cabinet equipment to customers’ homes) and the fibre network developed by FlashFiber, the joint venture owned by TIM (80%) and Fastweb (20%).

On the same day, TIM signed a letter of intent with CDP Equity (**CDPE**) aimed at creating the largest single national network project (**AccessCo**) through the merger between FiberCop and Open Fiber. According to the agreement, TIM will hold at least 50.1% of AccessCo and the independence and impartiality of the company will be guaranteed through a governance mechanism shared with CDPE.

Both initiatives are open to co-investment with other operators.

The competitive scenario of the Italian fixed telecommunications market is also characterised by the presence, in addition to TIM, of operators such as WindTre, Fastweb, Vodafone, Tiscali, which show business models focused on different market segments. 2020 saw Sky’s entry into the ultrabroadband connectivity sector with the Sky WiFi offer.



In 2020, Sky's offer was based on a wholesale agreement signed with Open Fiber, and new agreements to other wholesale operators (including Fastweb) have been announced. The agreement with Fastweb was signed in January 2021.

At the end of 2020, total fixed accesses in Italy (including OLO Infrastructured and FWA-Fixed Wireless Access accesses) are stable vs the previous year. Competition in the access market has produced a gradual reduction in TIM's market share.

As regards the broadband market, there is a progressive increase in the penetration of ultrabroadband lines with speeds exceeding 30 mbps compared to the total of broadband and ultrabroadband lines. The spread of broadband continues to be driven not only by enabling devices (e.g. smart TV, smart speaker, connected devices) but also by the growing demand for speed and enabling new IP services that are being very widely diffused (media and entertainment, IT, digital services).

### ***Competition in Mobile Telecommunications***

In Mobile market rationalisation of second and third Human SIM cards continues, as does the growth of SIM Machine to Machine (M2M).

Alongside innovative services that have already taken off and are in full development, as in the case of mobile apps, there are several other market areas, associated with the development of mobile broadband, with significant growth potential in the medium term, such as the Internet of Things and Mobile Payment.

The competitive scenario of the Italian mobile telecommunications market in 2020 continues to be characterised by an aggressive offer from the operator Iliad in terms of price and volume of data offered, slightly moderated compared to the previous two years. The operator continues to gain customers and consequently market share to the detriment of other infrastructure operators, mainly those with the highest market share.

The above scenario continued to lead to a decline in spending on services, even if there is an easing of the competitive pressure on tariffs with the main mobile operators increasing bundle prices as a more-for-more positioning, increasing quality of services offered and network performance.

The 5G competition has started with the simultaneous presence of TIM, Vodafone, WindTre, Iliad and Fastweb for mobile offers and progressive coverage of the main cities. The spread of 5G has also started in the business segment, enabling specialised solutions for vertical markets; already one in five companies has undertaken the steps for using this new technology as an enabler of the digitisation of production processes.

### **Competition in the Brazilian market**

At the end of 2020, the Brazilian mobile market reached 234.1 million lines, which is 7.4 million lines (or +3.3%) higher than at the end of 2019. In the past 12 months, postpaid net additions reached 9.6 million users and surpassed the 2.3 million drop in prepaid users for the first time in five years. At the end of 2020, postpaid lines (including M2M) represented 51% of the total market. Mobile market shares in Brazil are changing following the market consolidation process initiated in 2019: Vivo (a subsidiary of Telefonica Spain) remains the leader with 33.6%, Claro (America Movil's subsidiary) after the acquisition of Netxel (NII subsidiary) reached 27%, TIM Brasil remains third with 22%, and Oi (Brazilian company in judicial recovery) is fourth, with 15.7%.

## REGULATION

As a telecommunications operator, the TIM Group is subject to sector-specific telecommunications regulations, general competition law and a variety of other regulations, including privacy and security, which can have a direct and material effect on the Group's business areas.

This section describes the legislative framework and the recent legislative key developments.

### THE EU REGULATORY FRAMEWORK

TIM's operations within the European Union (EU) are subject to the EU regulatory framework for electronic communications networks and services, which includes directives, regulations, recommendations and communications. As a Member State of the EU, Italy is required to transpose directives issued by the EU into national legislation. The regulations are applicable and binding for any Member State without the need of transposition into national law. Recommendations and communications are, as well, directly applicable, but they are not legally binding: National Regulatory Authorities (NRAs) and Member States have to take them into account in their activities.

NRAs are independent bodies tasked with regulating and supervising the telecommunications sector and compliance with the EU framework in each Member State. In Italy, this body is "Autorità Garante per le Comunicazioni" (AGCom) while the Ministry of Economic Development (MISE) is responsible for national broadband plan, spectrum and numbering management, integrity and security of the network.

Until 19 December 2018, the EU Regulatory Framework was based on five directives ("Framework", "Access and Interconnection", "Authorisation", "Universal Service and Users' Rights" and "Privacy and Data Protection" together, the **Directives**) that regulate all forms of fixed and wireless telecommunications and data transmission. In Italy, the Directives have been transposed into the "Codice delle comunicazioni elettroniche" (Electronic Communications Code – ECC) which is currently in force.

On 20 December 2018, Directive (EU) 2018/1972 establishing the European Electronic Communication Code (the EECC) entered into force. The Directive reviews and combines in one document the "Framework", "Access and Interconnection", "Authorisation" and "Universal Service and Users' Rights" Directives (the revision of the Privacy and Data Protection Directive, the so-called e-privacy Directive, is ongoing under separate proceedings), On the same date, Regulation 2018/1971 also entered into force replacing the former Body of European Regulators for Electronic Communications (BEREC) Regulation (EC) 1211/2009. The transposition of the EECC into the law of each Member State was due by 21 December 2020. The Italian Law no. 53 of 22 April 2021 (2019-2020 European delegation law) identified at article 4 the principles and criteria for transposing the Directive (EU) 2018/1972, and the adoption of the Decree is forthcoming.

The EECC includes measures to promote wholesale-only models of investments and stimulate investments in very high capacity network (VHCN), new rules on spectrum (e.g. minimum licence duration) to improve certainty on investment return, changes to regulation of services, introducing an improved level playing field between telecom operators and new over-the-top-players (OTT players), and the introduction, in the scope of Universal Service Obligation (USO), of the affordability for consumers (with low income or special social needs) of adequate broadband internet access service and voice communications services at least at a fixed location.

In addition, Regulation (EU) 2018/1971, by amending Regulation (EU) 2015/2120, introduces price caps for 5 years to be applied from 15 May 2019 on Intra-EU international fixed and mobile calls (Euro cents ("c€") 19/min+VAT) and SMS (c€ 6/SMS+VAT) for consumers.

The Commission Delegated Regulation (EU) 2021/654 of 18 December 2020 concerning EU maximum termination published in the OJEU of 22 April 2021 sets the single maximum EU-wide wholesale rates for fixed and mobile voice termination at 0.07 ¢cent/min and 0.2 ¢cent/min respectively. The EU-wide caps

shall apply from 1 July 2021, replacing the regulated fixed and mobile termination rates set by individual NRAs. For the mobile rate a three-year glide path applies to allow a smooth transition to the target price: 0.7 €cent/min (0.67 €cent/min for Italy) up to end-2021, 0.55 €cent/min in 2022 and 0.4 €cent/min in 2023).

The Commission Recommendation EU 2020/2245 of 18 December 2020 on “relevant product and service markets susceptible to ex ante regulation” (Commission’s Recommendation on relevant markets) completes this set of legal instruments with the definition of a list of relevant markets “whose characteristics may be such as to justify the imposition of regulatory obligations”. Since the first Recommendation in 2003, following the growth of the competition in the whole sector, the number of relevant markets subject to *ex ante* regulation has been reduced over time from 18 to 2:

- 1) wholesale local access provided at a fixed location; and
- 2) wholesale dedicated capacity.

In September 2016, through the Gigabit Society Communication, the EC set the following (not binding) additional targets for the year 2025:

- gigabit connectivity for all main socio-economic drivers such as schools, transport hubs and main providers of public services as well as digitally intensive enterprises;
- connectivity of at least 100 mbps download (upgradable to gigabit speed) for all European households;
- uninterrupted 5G coverage for all urban areas and major terrestrial transport routes (as an interim target, 5G should be commercially available in at least one major city in each EU Member State by 2020).

On 9 March 2021, the Commission adopted the Communication COM (2021) 118 final concerning 2030 digital compass: the European way for the digital decade. The communication sets targets and avenues for a successful digital transformation of Europe by 2030 focusing on four cardinal points:

- 1) digitally skilled citizens and highly skilled digital professionals: at least 80% of all adults with basic digital skills and 20 million employed ICT specialists in the EU (with more women taking up such jobs);
- 2) secure, performant and sustainable digital infrastructures: gigabit connectivity for all EU households and 5G coverage for all populated areas; the production of cutting-edge and sustainable semiconductors in Europe should be 20% of world production; 10,000 climate-neutral highly secure edge nodes in the EU; and first quantum computer in Europe;
- 3) digital transformation of businesses: three out of four companies use cloud computing services, big data and artificial intelligence; more than 90% SMEs with at least a basic level of digital intensity; double of EU unicorns;
  - 4) digitalisation of public services: all key public services available online; all citizens have access to their e-medical records and 80% citizens use an eID solution.

## ***1. International Roaming***

Intra-EU roaming services are regulated by the roaming Regulation 531/2012 (the **Roaming III Regulation**), as amended by the Telecom Single Market Regulation 2015/2120 (the **TSM Regulation**) which provides for the abolishing of any roaming service surcharge on top of domestic service prices subject to “fair use” limits to avoid abuses, starting from 15 June 2017 (Roam Like at Home – RLAH regime).

For intra-EU traffic exceeding the fair use limits, operators are allowed to levy a surcharge on top of domestic tariffs. Such a surcharge is capped at the following wholesale caps, established by the Regulation 2017/920, which reviews the Roaming III Regulation wholesale caps.

Voice	3,2 eurocents/min.
SMS	1 eurocent/min.
Data	7,7 euro/GB from 15/06/17 6,0 euro/GB from 01/01/18 4,5 euro/GB from 01/01/19 3,5 euro/GB from 01/01/20 3,0 euro/GB from 01/01/21 2,5 euro/GB from 01/01/22

The Regulation 231/2012 is currently under review.

## 2. *Net Neutrality*

The TSM Regulation introduces new rules on Net Neutrality, which have applied since April 2016. In particular, the TSM Regulation:

- establishes the right of end-user access to distribute information and content, use and provide applications and services and use terminal equipment of their choice and forbids internet service providers from blocking or slowing down specific content, applications or services, except in a very limited set of circumstances;
- allows reasonable traffic management aimed at improving the quality of the network based on objectively different technical quality of service requirements for specific categories of traffic. However, such traffic management must be transparent, non-discriminatory and proportionate and it must not be based on commercial considerations;
- allows operators to offer services, other than internet access services, that are optimised for specific content, applications or services only if the network capacity is sufficient to provide them in addition to any internet access services provided and the offering of such services is not to the detriment of the availability or general quality of internet access services for end-users; and
- allows commercial practices such as “zero rating”,<sup>4</sup> subject to monitoring by the National Regulatory Authority.

The TSM Regulation also places additional transparency obligations on providers of internet access services in addition to those already included in the Electronic Communications Regulatory Framework.

## 3. *Privacy and Data Protection*

TIM must comply with the General Data Protection Regulation UE 2016/679 (**GDPR**) since May 2018 (and with the provisions of the Italian privacy code still in force). The new regulation has adopted a risk based approach, allowing a higher flexibility for service providers to process personal data, while ensuring a high level of protection of personal data of individuals. The GDPR introduces administrative fines of up to 4% of an undertaking’s annual global turnover or up to Euro 20,000,000, whichever is higher, for breaching the new data protection rules.

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<sup>4</sup> Zero-rating (also called toll-free data or sponsored data) is the practice of mobile network operators (MNO), mobile virtual network operators (MVNO), and Internet Service Providers (ISP) not to charge end customers for data used by specific applications or internet services through their network, in limited or metered data plans. It allows customers to use provider-selected content sources or data services like an app store, without worrying about bill shocks, which could otherwise occur if the same data was normally charged according to their data plans and volume caps. This has especially become an option to market 4G networks, but has also been used in the past for SMS or other content services.

TIM has put in place a specific project to carry out all the activities needed to ensure its compliance with the new rules introduced by the GDPR.

While the GDPR is a horizontal regulation, applying to all categories of providers, TIM must comply also with the complementing sectorial rules (Directive 2002/58/EC, the so called “e-Privacy Directive”), currently under revision, which imposes additional limitation to the data processing by operators of electronic communications services. The EC proposal aligns the fines for non-compliance to the GDPR’s.

## **THE ITALIAN REGULATORY FRAMEWORK**

The main legal references for the electronic communications sector in Italy is the “Electronic Communications Code” (ECC), which transposed into national law the EU Access, Authorisation, Framework and Universal Service directives. With the law no. 119/2018 dated 18 December 2018, the Government amended the ECC introducing the power for AGCom to define adequate measures of investment remuneration to incentivise the merger of different access networks put under the control of a non-vertically integrated subject offering only wholesale network services.

The new ECC, approved by the European Commission with Directive 2018/1972, had to be transposed into Italian law by 21 December 2020. At present the Italian Parliament has approved the European delegation law 2019-2020, which also incorporates the Directive 2018/1972, and the Government is working on the drafting of the final text of the new Electronic Communications Code.

Moreover, there are other laws affecting TIM’s business which govern non-sectorial areas such as consumer, data and security protection and laws which govern specific aspects of the communication sector such as Legislative Decree no. 76/2020 and Legislative Decree no. 77/2021 (also known as “*Decreti Semplificazioni*”) which contain important simplification measures to speed up the completion of both 5G and the ultrabroadband fibre optic networks.

## **MARKET ANALYSES**

The EU regulatory framework requires that National Regulatory Authorities to carry out market analyses before imposing obligations on individual operators having a significant market power (**SMP**) according to the specific EU guidelines.

A description of the Italian wholesale market analyses is summarised below together with the main recent developments regarding the electronic communications markets.

- ***Wholesale fixed access markets***

AGCom published the final decision which regulates the period 2018-2021 on 8 August 2019 (Decision 348/19/CONS).

With reference to the most important issues of market analysis, AGCom took the following main decisions:

- TIM confirmed as having SMP in the access markets in the whole national territory with the exclusion of the city of Milan, where the ex-ante regulation has been withdrawn;
- in the municipalities considered “contestable” (26 for the first year of validity of the decision, and upgradable every 12 months), withdrawal of the cost orientation obligation for the copper and fibre bitstream services and the possibility to apply VULA prices lower than the average national amount starting from 2021, provided that NRA acknowledges an adequate competition level of alternative networks and a significant FTTH take-up in 2020 (whose target threshold was set by decision 12/21/CONS);
- 2018 wholesale monthly rentals for copper and fibre equal to the ones set for 2017 except for VULA FTTC slightly reduced;

- gradual increase of full unbundling (LLU) and bitstream over copper rates for the period 2019-2021;
- stability of the sub loop unbundling (SLU) rates for the period 2019-2021;
- gradual decrease of the fibre access rates (VULA FTTC and FTTH) and differentiation of the price of the band from 2021 depending on whether the access line is over copper network or NGA;
- reduction of decommissioning notice times and introduction of new measures to guarantee the transparency of the decommissioning process and the certainty of the timing;
- vectoring usage allowed in the FTTC cabinets where the SLU is not deployed by alternative operators;
- removal of ex ante replicability test for the majority of TIM’s retail offers. In particular, all retail offers (including bundles) considered “flagship” (with speed equal to or higher than 100 Mbit/s) will be notified to AGCom at the same time as their launch and will be subject to the supervision of AGCom ex post through the replicability test.

### Wholesale regulated prices (€ / line / month)

	2018	2019	2020	2021
LLU (copper local loop unbundling)	8.61	8.61	8.76	8.90
SLU (sub loop unbundling)	5.30	5.30	5.30	5.30
WLR POTS (Wholesale Line Rental POTS)	11.06	10.73	10.88	11.02
WLR ISDN BRA (Wholesale Line Rental – ISDN BRA)	13.67	13.34	13.49	13.63
Bitstream shared (copper)	4.29	4.35	4.43	4.52
Bitstream naked (copper)	12.46	12.45	12.58	12.69
VULA FTTC naked (30 Mbps)	13.07	13.59	12.98	12.50
VULA FTTC naked (>30 Mbps)	14.69			
VULA FTTH naked (consumer) *	17.25	15.66	15.46	15.20
VULA FTTH naked (business) *		48.01	47.40	46.61

(\*) price of “100/10 Mbps” offer until 2018; from 2019 onwards AGCom proposes differentiated prices for residential and business.

In November 2020, AGCom ended a preliminary assessment of TIM’s voluntary separation project for the creation of FiberCop (the NewCo owning TIM’s secondary network controlled by TIM and participated by KKR Infrastructure fund and Fastweb), considering it “not manifestly unreasonable” and called for a public consultation on the project open to all the other telecoms players. According to the BEREC guidelines on separation and the Italian electronic communications code, AGCOM has to conduct a new fixed market analysis to assess the impact of TIM’s legal separation on the existing regulatory obligations.

With decision 637/20/CONS, published in December 2020, AGCom started the proceeding concerning the coordinated analysis of the markets for fixed network access services pursuant to Article 50-ter of the Italian electronic communications code and, at the same time, launched the public consultation on the voluntary legal separation of TIM’s fixed access network.

Once the first phase of consultation on the only FiberCop project (deadline 28 January 2021) is completed, AGCom is continuing the coordinated analysis having more elements available, both with reference to the framework of the rules (the transposition of new European Electronic Communications Code at national level and the adoption of the new Recommendation on relevant markets) and the first feedback from stakeholders on the overall impact of the FiberCop project on the markets for fixed position network access services.

On January 2021, TIM invited all interested operators to join its co-investment offer, which aims to cover the provision of FTTH connections to households and businesses in 1,610 municipalities by 2025, and at the same time notified the offer to AGCom which is assessing its eligibility for exempting TIM from SMP ex

ante regulation in relation to these connections under article 76 of EECC. This project qualifies as a co-investment project in accordance with EECC because it is open to any provider of electronic communications networks or services and is the first co-investment scheme that qualifies for regulatory relief under the European Electronic Communications Code. On April 2021 AGCom started market test with decision 110/21/CONS. Consultation ended last 7 June 2021. On 25 June 2021, TIM has extended its coverage plan to additional 968 municipalities in grey areas corresponding to additional 0.7 million Technical HHS covered in fibre.

In this way, the TIM Group will reach by April 2026 a total of 2,578 municipalities and covering a total of 13.6 million Technical HHS, corresponding to about 80% of Technical Households in grey and black areas.

- ***Terminating segment of leased lines***

The decision 333/20/CONS published on 31 August 2020:

- withdraws ex ante regulation in the competitive area of Milan;
- removes the cost-orientation obligation for leased lines services in the contestable areas (24 municipalities);
- withdraws the access obligation to provide, for new activations, the following services:
  - analogue terminating circuits;
  - digital PDH terminating circuits with speed less or equal than 2 mbps;
  - Ethernet over SDH terminating;
  - Ethernet over SDH interconnection links.

Consistently with previous round of market analysis prices of PDH, SDH circuits are set according to a network cap model valid for the years 2019-2021, while corresponding one-off fees are reduced by 2% per year. On the other hand, monthly fees and one-off fees of terminating Ethernet on optical fiber services will be evaluated yearly on the Reference Offer approval procedure.

- ***Wholesale fixed interconnection markets***

In May 2021, AGCom launched a public consultation (decision no. 151/21/CONS) on the analysis of the markets for voice call origination and termination on a fixed network, currently subject to regulations pursuant to Decision no. 425/16/CONS, which set the prices until 31 December 2019: 0.097 €cent/min for origination and 0.041 €cent/min for termination.

AGCom draft decision withdraws the regulation of origination with removal of obligations after 12 months from the publication of the final measure (including obligations for “ancillary and additional” services such as CS, CPS, access to other operators’ non-geographic numbers and other operators’ Private Virtual Networks)

In addition, AGCom simplifies fixed termination regulations, as specified below.

- confirmation of the status of SPM operator for TIM and 25 other operators;
- until 30 June 2021, confirmation of the 2019 termination price (0,041 €/cent min);
- from 1 July 2021, entry into force of the single maximum EU-wide wholesale rate (0,07 €cent/min);
- withdrawal of cost accounting and accounting separation obligations, as well as of half-yearly reporting obligations, for termination services without providing for any transitional period;
- reduction (from 12 to 6 months) of the notice required from notified operators for the decommissioning of one or more DTM interconnection nodes, as well as removal from the publication of the final decision on the obligation to activate new interconnections with a TDM interface.

- **Wholesale mobile markets**

On 22 January 2019, AGCom published the final decision on the fifth round of mobile termination market analysis (Decision 599/18/CONS). AGCom determined to:

- identify the twelve operators who provide or are about to provide mobile voice call termination services (MNOs, Iliad included, and Full MVNOs) as having SMP;
- confirm the implementation of the cost model specified in Decision 60/11/CONS for the setting of termination rates for the period 2018-2021, also by setting symmetric tariffs per minute for all SMP operators (c€ 0.98 in 2018, c€ 0.90 in 2019, c€ 0.76 in 2020, and c€ 0.67 in 2021 ("c€" means Euro cents)) on the basis of a WACC equal to 8.55%;
- enforce the price control obligation for the provision of interconnection kits to all SMP operators with retroactive effect from 2018;
- withdraw the cost accounting obligation enforced on TIM, Vodafone and Wind-Tre;
- confirm the absence of a termination price control obligation for calls originating outside the EEA; however, operators cannot apply higher termination rates than those applied to Italian operators by extra-AEE operators whose tariffs are regulated by the relevant authorities.

Pursuant to the Commission Delegated Regulation (EU) 2021/654 a three-year glide path applies to allow a smooth transition to the target price of 0.2 €cent/min:0.67 €cent/min up to end-2021, 0.55 €cent/min in 2022 and 0.4 €cent/min in 2023.

## RETAIL MARKETS

- **Retail Offers**

With Decision 348/19/CONS, AGCom has removed the ex ante replicability test for some of TIM's ultra-broadband retail offers.

In particular, all retail offers (including bundles) considered "flagship" with speeds equal to or higher than 100 mbps (which are very relevant in the migration phase from copper to NGA) will be notified to AGCom at the same time as their launch and will be subject to the supervision of AGCom on an ex post basis through the replicability test.

The "renewal of offers", the "modifications of already existing offers which do not imply a change of margins" and the "optional conditional sales associated to an already approved offer" will be notified to AGCom at the same time as their launch; AGCOM will eventually assess their replicability, if considered necessary, *ex officio* or at the request of an operator.

All the rest of the retail offers will continue to be notified in advance, 20 days before their launch (previously 30 days), in order to allow an *ex ante* application of the replicability test by AGCom.

- **28-day billing**

Regarding the 28-day billing proceedings, see the section "*Description of TIM — Litigation*" of this EMTN Programme Prospectus.

In June 2019, TIM had in any case decided to offer its fixed network customers, active prior to the March 31, 2018 and subject to billing every 28 days, the possibility of accepting a compensatory solution, an alternative to refunding the eroded days pursuant to AGCom resolution no. 269/18/CONS.

Subsequently, from September 2019, TIM decided to also accept requests for the refund of the eroded days. In both cases, TIM informed customers with several messages in the bill, on the web in the main newspapers.

- **Guidelines online termination and switching costs**



On 2 November 2018, AGCom published the Decision 487/18/CONS setting the new guidelines on the charges applicable by operators in the event of customers' withdrawal.

Law no. 40/2007 (**Bersani Law**) allowed customers the withdrawal from the permanent contract at any time and provided that the costs they have to pay for the line termination or switching shall be real and economically justified (e.g. deactivation costs for the fixed line).

The Bersani Law was subsequently amended by the Italian competition law no. 124/2017 and decision 487/18/CONS aims at implementing the new provisions. However, AGCom introduces additional charges for operators. In particular:

- withdrawal in case of line termination or switching: the cost to be paid by the customer is the minimum between the average rental fee (contract value) and the actual deactivation cost;
- promotions: in case of early termination (in respect to the duration of the promotion), operators may only charge a share of the discounts proportional to the residual duration of the promotion at the moment of the withdrawal.
- products with installments offered in conjunction with the electronic communication service: users can decide to pay the remaining installments instead of reimbursing them with a single payment.

TIM has challenged AGCom decision before the administrative court regarding the provisions that limit the right to fully recover the costs in case of withdrawal (discounts based on promotions, product installments). The administrative judge rejected TIM's appeal because it considered the act not directly harmful.

In 2021 TIM has again challenged the decision because it is the prerequisite for an AGCom sanctioning provision on the subject of withdrawal.

- ***Terminal equipment for internet access***

On 2 August 2018 AGCom approved the final decision (**Decision 348/18/CONS**) on terminal equipment (modem) for internet access.

With this resolution AGCom clarifies that the modem is not part of the network and, therefore, the user's freedom of choice must be guaranteed as established by TSM Regulation

From 1 December 2018 the new offers must ensure that the customer can freely choose their terminal.

Decision 348/18/CONS also requires to operators to:

- remove any technical limitations of the modem, to allow the customer to use it for similar services provided by other operators;
- not request additional charges if the modem, which was provided free of charge and not used permanently by the user, is not returned to the operator;
- change the offer of current subscribers who in the past have been obliged to accept the paid provision of a modem, with a free of charge modem supply or, alternatively, give customers the right of withdrawal without any penalty.

TIM is compliant from 1 December 2018 with the free choice of the modem provision, however TIM deems that the aforementioned additional obligations are illegitimate and unjustified; therefore, TIM has appealed the Decision 348/18/CONS before the Lazio administrative court (**TAR**) (*Tribunale Amministrativo Regionale*). The obligation concerning the change of offer of current subscribers, who in the past have been obliged to accept the paid provision of a modem, has been suspended by the Council of State pending the hearing at the TAR of Lazio set for 23 October 2019.

In January 2020, the administrative judge accepted only partially TIM's appeal. TAR has only considered illegitimate a request for additional charges if the modem, which was provided free of charge and not permanently owned by the user, is not returned to the operator.

TIM will appeal against TAR judgment.

In May 2020, TIM has communicated to its customers that have signed up an offer for internet access and modem instalment sale before 1 December 2019, the possibility of joining an equivalent offer of Internet without modem and allowance for residual installments.

## **THE UNIVERSAL SERVICE**

The Universal Service (US) is a minimum set of services of a certain quality, which must be made available to all customers, regardless of their geographical location in Italy and must be offered at a reasonable price, taking into account specific national conditions. To date, TIM is the only operator obliged by the code of electronic communications (art. 58) to provide the Universal Service under the universal service obligation (USO) throughout Italy. Currently the services included in the USO are the provision of access at a fixed location and of telephone service, the directory inquiry service and the directories, the availability of public payphones, and the provision of specific measures for disabled users.

A fund (the Universal Service Fund), established by the ministry of communications, is used to finance the net cost for the provision of universal service sustained by the designated operator (TIM) by means of contributions paid by the other operators. All the main companies active in the sector, including TIM, must contribute to this fund.

AGCom is responsible for verifying the net cost of the USO provision and to assess whether this amount represents an unfair burden for the operator. The designated operator can receive compensation only if the burden is determined to be unfair.

AGCom assessed the net cost and authorised the funding mechanism until the year 2005 and did not recognise any contribution for the years 2006 and 2007.

The net cost for the provision of USO for the years 2004-2007 have been calculated on the basis of a methodology established by AGCom in 2008 (decision 01/08/CIR) with retroactive effect, which led to a significant decrease in the amount to be financed.

Following Judgment no. 4616/2015, released on 2 October 2015, with which the Council of State overruled AGCom's decision 1/08/CIR on the application of the new methodological criteria for the calculation of the USO net cost related to the years 2004-2007, AGCom initiated proceedings for the review of the calculation with decision 145/17/CONS for the years 2006-2007 and decision 207/17/CONS for the years 2004-2005. With decision 103/19/CIR notified on 11 September 2019, the authority has recognised the existence of a supplementary net cost USO for all years from 2004 to 2007 inclusive, charged to the other operators, equal to 26.7 million euro. Furthermore, with decision 88/18/CIR, published on 21 June 2018, AGCom has set the net cost for the year 2008 equal to zero and the net cost for the year 2009 equal to 11.61 million euro which is to be shared by the fixed and mobile operators.

With respect to past litigation, the council of state, with a decision published on 7 July 2015, rejected the appeal filed by TIM against the decision of the TAR on AGCom's decisions of 2010 by which AGCom had reviewed the proceedings for the years 1999-2000 and 2001-2003. As a result, the Council of State annulled AGCom's decision of 2010 establishing a possible second renewal of the proceedings for the calculation of the contributions of the years 1999-2000 and 2001-2003. The authority began the renewal proceedings for the years 1999-2000 and 2001-2003 with decision 102/19/CIR on 11 September 2019.

Following the Council of State decision, Vodafone requested TIM to refund the amounts paid for 1999-2000, 2002-2003 and subsequent periods. With a new decision published in October 2019, the Council of State accepted the appeal of Vodafone, stating the obligation for TIM to return the disputed sums.

In September 2020, AGCom ended the public consultation related to the review of the unfairness of the net cost burden of the universal service 1999-2009. In resolution 263/20/CIR, the authority defined a new approach to demonstrate the unfairness of the net USO cost for the years under examination. On the basis of

the new approach, AGCom recognised the unfairness of the charge for the years 2002 – 2009. For the previous years 1999 – 2000, however, the authority did not find the existence of an unfair charge for TIM.

On 29 March 2021, AGCom, with the publication of decision 18/21/CIR, confirmed the obligation of mobile operators to participate in the USO contribution mechanism for the years 2001 – 2009, confirming the opinion expressed by the same authority during the public consultation.

The authority's decision was challenged by the other operators. Vodafone and Wind requested the suspension of the payment of the shares to the fund set up at MISE until the conclusion of the procedure. The MISE informed the fixed and mobile OLOs to not proceed to the payment of contribution shares of the annuity in question. The merits of the case should be discussed with the Regional Administrative Court within 2021.

As regards the Universal Service Quality targets, AGCom, with the decision no. 651/20/CONS (published on 4 December 2020), fined TIM for an amount equal to 58,000 euro due to the failure to comply in 2019 with the target relating to the “average answer time of the operator to incoming calls”.

Moreover, the TAR, with final judgment no. 3948/2018 – in acceptance of TIM's appeal n° 2661/08 – has cancelled the decision no. 633/07/CONS with which AGCom had fined TIM for an amount equal to 116,000.00 euro due to the failure to comply in 2006 with the target “fault rate per access line”. The reimbursement took place on 14 December 2020.

## **CONTRIBUTION FEES FOR THE FUNCTIONING OF AGCOM**

TIM and the other operators are required to pay contribution fees to fund the running costs of AGCom. These fees are calculated on the basis of each operator's revenues.

On 1 March 2021, AGCom issued decision 616/20/CONS on the payment of AGCom contribution for the year 2021 (calculated on the 2019 financial statement data). The guidelines for the calculation of the contribution fee are unchanged from the guidelines for the calculation of the 2020 fee. For the year 2021, AGCom confirmed the rate of 1.30 per thousand. On the basis of this rate, TIM paid, under reserve, about 17,1 million euro.

## **GOVERNMENT'S UBB NETWORK STATE AID PLANS**

In June 2016, the EU Commission authorised the Italian government UBB State Aid Plan for a total amount of 4 billion euro aimed at covering almost 25% of the population living in about 7,200 municipalities belonging to the so called UBB “white areas” (areas in which there is no NGA network available and there is no interest of private operators to deploy it in the near future) of Italy. The 7,200 municipalities are grouped into two clusters, C and D. In cluster C, 70% of connections have to reach at least 100 mbit/s download and 50 mbit/s upload, while the remaining 30% have to reach at least 30 mbit/s download and 15 mbit/s upload. In cluster D, 100% of connections have to reach at least 30 mbit/s download and 15 mbit/s upload.

On 3 June 2016 Infratel published a first call for tender of 1,4 billion euro for deploying and managing under 20-year concession an UBB “passive” infrastructure (ducts and dark fiber) in the white areas of 6 regions (Abruzzo, Molise, Emilia Romagna, Lombardia, Toscana and Veneto). On 7 March 2017, the first tender was awarded to Open Fiber.

On 8 August 2016, Infratel Italia called for a second tender for the ultrabroadband “white areas” of 10 additional Italian regions (Piemonte, Valle d'Aosta, Friuli Venezia Giulia, Liguria, Marche, Umbria, Lazio, Campania, Basilicata and Sicilia) and in the Trento Autonomous Province, for a total public financing of approximately 1.25 billion euro. TIM decided to not submit any bid. On 28 July 2017, the second tender was awarded to Open Fiber.

In August 2017, the “*Comitato interministeriale per la programmazione economica*” approved the so-called “Phase II of the UBB Plan” with an approximately 3.4 billion euro budget, of which:

- approximately 2.1 billion euro are designated for infrastructural investments in “grey areas” (areas in which there is one NGA network available); and

- approximately 1.3 billion euro are aimed to incentivise UBB demand, through the concession of vouchers to families and businesses.

On 4 April 2018, Infratel launched a consultation on the public investment plan in “grey areas”. According to the document under consultation, the aim of the public intervention in grey areas is to support investment projects in networks able to provide 1 gbps symmetrical (download and upload) speed, thus achieving a “step change” with respect to the existing networks. The State aid plan must be yet notified to the European Commission for approval.

On 19 April 2018, Infratel called for a third tender for a total amount of 103 million euro to cover the residual ultrabroadband “white areas” not covered by private operators’ plans, in Calabria, Puglia and Sardegna. TIM did not submit any economic offer. On 19 December 2018 the tender was awarded to Open Fiber and the concession was signed on 2 April 2019.

In order to have an updated picture of the coverage of the grey and black areas on 18 January 2019 Infratel launched a new consultation aimed at updating the ultrabroadband coverage of the areas declared as black and grey with respect to previous consultations. This monitoring action will allow the Italian government to notify the measure to UE and then to launch interventions aimed at achieving a step change in the ultrabroadband coverage of grey areas.

The consultation was closed on 15 May 2019 after a period of interaction with answering operators.

At the meeting of the Ultra-Broadband Committee (**COBUL**) of 17 July 2019, the Government approved the launch of the second phase of the Ultra-Broadband Plan (**BUL**) to support demand for ultrafast services through connectivity vouchers and to take action in the country’s grey areas with possible public funding for ultra-broadband network deployment, subject to European Commission approval.

At the meeting of the COBUL of 5 May 2020 the government approved an executive plan for the public funding for a total amount of €2.7 billion of the following interventions supporting UBB demand and infrastructures:

- plan to connect schools during 2020-23 (€400 million) with 100 mbit/s up to 1 gigabit;
- UBB voucher (€1,146 million) for families and businesses with at least 30 mbit/s;
- grey areas plan (€ 1,126 million) aimed to provide with UBB solutions the main industrial districts sited in grey areas.

The execution of the whole plan is led by Infratel.

### **Plan to connect Schools**

Following the consultation on a school plan (aimed at providing over 30,000 public middle and high schools throughout the country, as well as all public primary and infant schools located in the white areas with connectivity services with bandwidth up to 1 gbit/s in download speed and guaranteed minimum bandwidth of 100 mbit/s symmetric), on 19 October 2020, Infratel published a call for tenders with a deadline for the submission of offers set for 4 December 2020, which provided for a public funding of 274 million euro divided into seven lots on a geographical basis including 15 Regions, with a limit of two lots that can be awarded to any competitor (who can submit offers for all lots).

In order to discourage unsuccessful conduct of the successful bidders, particularly severe penalties have been introduced for each day of delay, for the failure to activate the connection of a school as well as for the non-compliance with other contractual requirements relating to implementation times and the quality of the service.

On 24 February 2021, the tenders on the individual lots were awarded as follows:

- Lot 1 - Liguria, Piedmont • Lot 3 - Lazio, Sardinia - • Lot 4 - Campania, Basilicata • Lot 5 - Calabria, Sicily awarded to Fastweb
- Lot 2 – Lombardy awarded to Intred S.p.A.
- Lot 6 - Tuscany, Veneto - Lot 7 - Marche, Abruzzo, Molise, Puglia awarded to TIM S.p.A

### **UBB Vouchers**

As regards the UBB vouchers, a first phase of intervention, to be implemented urgently by 2020, concerns the less well-off families (ISEE range up to 20,000 euro) completely deprived of connectivity services, or with connectivity services below 30mbit/s.

A second phase of intervention, to be implemented after a public consultation, concerns business and families with an ISEE income of up to 50,000 euro.

For the first phase of the UBB voucher scheme, the minister of economic development allocated 200 million euro with the aim of reaching 400,000 families with an incentive per family of 500 euro (partly for connectivity and partly for the purchase of a tablet or a PC). The first phase of the voucher issue process was launched on 9 November 2020.

To implement the second phase of the UBB voucher, Infratel carried out a public consultation, which ended on September 2020. The results of the consultation are not yet published. Upon completion of the public consultation, the intervention plan in question will be notified to the European Commission pursuant to Article 108, paragraph 3 of the TFEU and then governed by a specific decree of the minister of economic development.

### **Grey Areas Plan**

Concerning the grey areas plan, on 23 June 2020, Infratel launched a public consultation to update the mapping of the UBB coverage of grey and black areas by private operators in the three-year period 2020 – 2022.

The results of the monitoring were published on 9 September 2020.

The mapping was functional in identifying the remaining grey areas – areas without over 100 mbps coverage – by 2022 for which COBUL had allocated 1.126 billion euro (mainly to cover industrial districts and municipalities with the highest concentration of companies).

On April 27, 2021, the Italian parliament approved the National Recovery and Resilience Plan (PNRR) which provides for a series of initiatives, with the aim of bringing ultrabroadband connections throughout the country by 2026.

The PNRR is a total of 6.7 billion euro to be distributed on the following government plans:

- “Italia 1 Giga” Plan (3.86 billion euro, significantly higher than previous allocation);
- “Italia 5G” Plan (2.02 billion euro);
- “Connected Health” Plan (0.50 billion euro);
- “Connected School” Plan, already launched (0.26 billion euro); and
- “Connection of minor islands” plan (0.06 billion euro).

In order to implement the “Italy 1 Giga” Plan, Infratel has launched a new public consultation – expiring 15 June 2021 – for the Mapping of ultrabroadband networks: NGA and VHCN fixed connections in black and grey areas over the period April 2021 – April 2026 with the aim of identifying the areas that will be the subject of public interventions planned for the next five years.

### **“Italia 5G” Plan**

“Italia 5G” Plan provides for a total funding of 2.02 billion euros and is developed on three areas of intervention:

1. 5G corridors (420 million euros)
2. 5G ready suburban roads (600 million euros)
3. No 4G / 5G areas (1 billion euro).

In order to better address the three areas of public intervention envisaged by the 5G Plan, on 10 June 2021 Infratel launched a mapping of ultra-broadband mobile networks, based on a geographical grid of 100 meters x 100 meters, representative of the entire Italian territory (for about 30 million "pixels").

By July 26, 2021, operators must declare the mobile coverage plans, indicating the network coverage available as of May 31, 2021 and those expected in the next 5 years, until May 31, 2026.

The mapping has the purpose of verifying which areas are already covered by 4G and 5G mobile networks or which will be on the basis of the coverage plans of the operators in the five-year reference period (2021-2026), with the aim of precisely identifying areas susceptible to public intervention.

## REGULATORY MEASURES FOR COVID-19

Based on the “*Cura Italia*” government decree (the **Decree**), on 18 March 2020 AGCom adopted a first package of measures aimed at guaranteeing the functioning of the telecom services; this package takes into account the current health emergency situation and the growth in the consumption of services and of traffic on networks.

Two out of the four permanent technical tables established by AGCom concern:

- the enhancement and security of telecommunications networks and services; and
- the protection and facilitation of the use of digital services by consumers.

In implementation of the Decree, which allows AGCom to derogate from some regulatory conditions in order to better tackle public interest problems in the current health emergency period, AGCom has set out measures to improve the conditions of the offer of TIM regulated network services, providing:

- a temporary reduction of regulated wholesale costs of Ethernet band for copper and fibre-accesses;
- the maximum commitment to the accelerated supply of transport equipment and VLANs necessary for the increase in bandwidth and to follow up with the early opening of the new NGA cabinets.

In addition, TIM will have to make its infrastructures available throughout the country, responding to consumer requests without discriminating with respect to the country’s technologies and geographical areas.

AGCom will also require all operators to make all possible efforts to contribute to the management of the state of emergency, indicating actions deemed relevant such as:

- try to ensure an increase in the average bandwidth per customer on the fixed network of at least 30% in the shortest possible time, where technically feasible;
- make every effort, in the case of absence of coverage with an NGA fixed network and at the request of the condominium or the legal entity responsible for the office, to activate, without any cost increase until 30 June 2020, any possible access solution;
- recommend to final consumers to use mainly fixed accesses at home (including wi-fi) so as not to overload the mobile network.

As regards the adjustments of the network, TIM has significantly increased bandwidth capacity both towards the big internet and on national nodes, has enhanced mobile coverage, and is increasing UBB fixed network coverage.

As regards the commercial offer to alternative operators, TIM has made available price reductions for the Ethernet band on the copper and fibre network, is managing requests for bandwidth received by the other authorised operators (**OAO**) with a high priority and has enabled direct and free access to the TIM data network through public peering.

Finally, to counter the spread of the Covid-19 virus, TIM has defined an operating procedure to carry out the technical network interventions safely.

On the other hand, Telcos will also voluntarily propose different measures to their customers. In particular, TIM proposes free voice calls, free gigabits and many other voluntary initiatives in support of smart working and distance learning. Finally, Telcos will propose to AGCom potential temporary and reasonable traffic management measures to avoid traffic congestion in peak times in line with the applicable laws and BEREC initiatives.

## SPECTRUM

In October 2018, MISE's auction for 5G frequencies was concluded. TIM was awarded the following blocks:

- 2 x 10 MHz FDD in the 700 MHz band;
- 80 MHz TDD in the 3.6- 3.8 GHz band;
- 200 MHz in the 26.5-27.5 GHz band.

The slots in 3.6-3.8 GHz and 26.5-27.5 GHz bands are available from 1 January 2019 whilst the slots in 700 MHz band from 1 July 2022 after the freeing of TV broadcasting service. All the frequency rights of use will expire on 31 December 2037 and they can be extended up to additional eight years.

The total amount of TIM's licence fee is 2,399.38 million euro which must be paid in several installments over the years 2018-2022 as reported below.

2018	2019	2020	2021	2022
€ 477,473,285	€ 18,342,111	€ 110,052,665	€ 55,026,332	€ 1,738,485,953

In April 2021 TIM paid about 240 million euro for the renewal for eight years, until end of 2029, of 2x15MHz FDD spectrum rights of use in the 2100 MHz band, following a favourable opinion issued by AGCom (Decision 338/20/CONS).

## EXTENSION OF GOLDEN POWER TO 5G TECHNOLOGY SERVICES (DECREE-LAW 25 MARCH 2019, NO. 22 (THE DECREE 22))

The Decree 22 classifies the development of 5G as a strategic activity concerning national defence and security, requiring more stringent controls. They are subject to special powers in particular:

- a. the stipulation of contracts or agreements concerning the purchase of goods or services related to the design, construction, maintenance and management of networks relating to 5G services;
- b. the acquisition of highly technological components functional to the realisation or management;
- c. the elements indicating the presence of vulnerability factors that could compromise the integrity and security of the networks and data that pass through them.

In particular, the stipulation of contracts and the acquisition of high-intensity components from parties outside the European Union, entail the obligation to notify the presidency of the council of ministers in order to allow the timely exercise of the power of veto.

Failure to comply with the notification requirement entails a pecuniary administrative sanction equal to twice the value of the transaction and in any case not less than 1 per cent of the turnover achieved in the last financial year. In subsequent decree of the presidency of the council of ministers the task of identifying simplified notification and certification procedures is finally assigned.

In this regard, on 27 June 2019 the Italian government started a public consultation functional for the adoption of the decree of the presidency of the council of ministers (**DPCM**) in order to gather contributions from interested parties regarding the following issues:

- a) identification of the simplified notification methods that may be differentiated (e.g. based on the activity carried out, on the services offered or on the type of infrastructure involved); and
- b) definition of simplified procedures and terms for the investigation in connection with specific circumstances.

TIM submitted its contribution by the deadline (19 July 2019).

In the meanwhile, Italian law decree no. 64 was published on 11 July 2019 introducing further amendments to the provisions of Italian law decree no. 21 of 15 March 2012 converted by Italian law no. 56 of 11 May 2012 with amendments.

Specifically on the subject of 5G, the new decree introduces the obligation to notify the prime minister's office using full disclosure within ten days from the conclusion of a contract or agreement covering the purchase of goods or services relating to the design, building, maintenance and management of the 5G networks or the acquisition of high technological intensity components functional for the aforesaid building or management when executed with subjects outside of the European Union, in order to allow any veto power to be exercised or the imposition of specific instructions or conditions.

The prime minister announces any veto or imposition of specific instructions or conditions within 45 days from the notification. Based on the legislation above, the council of ministers of 5 September 2019 opted for the exercise of special powers in relation to the TIM disclosure concerning commercial agreements, reached before 26 March 2019, regarding equipment and communication systems functional for the development of 5G technology. As expected, decree law no. 64/2019 was not converted into law and so its effects lapsed. Furthermore, the Italian government adopted decree law no. 105 of 21 September 2019, concerning the national cybersecurity perimeter; it introduces amendments to the provisions of decree law no. 21 of 15 March 2012 converted by Italian law no. 56 of 11 May 2012 with amendments.

The new decree no. 105 has been converted into law no. 133 of 18 November 2019.

The decree law no. 23 of 8 April 2020 (adopted with modifications by law no.40 of 5 June 2020) made a main change to the general golden power regulation: also with regard to the communications sector, the obligation to notify the participation in the companies has been extended to any foreign entities, including those belonging to the European Union, in cases where the purchase is of such significance to determine the permanent establishment of the purchaser by reason of the assumption of control of the company whose shareholding is being purchased.

## ANTITRUST ISSUES

### ➤ *Antitrust in Italy*

- *Legislation on competition*

TIM is subject to Italian competition law, and namely the law of 10 October 1990 no. 287 ("Provisions aiming at protecting competition and the market") which set up the AGCM (**Antitrust Authority**).

The Antitrust Authority is responsible for:

- applying law 287/1990 and supervising: (a) restrictive agreements; (b) abuses of a dominant position; and (c) concentrations of enterprises;
- applying, whenever the necessary conditions are met, the relevant EU provisions (i.e., articles 101 and 102 of the TFEU);
- applying legislative decree 6 September 2005 no. 206 concerning unfair commercial practices; and,
- monitoring conflicts of interest in the case of individuals holding government positions.

In addition, the Antitrust Authority may:

- adopt interim measures; and
  - enforce commitments binding upon the proposing parties in order to dispel identified anticompetitive concerns closing the investigation without any finding of a violation.
- *Pending proceedings before the Competition Authority on restrictive agreements, abuses of a dominant position and unfair commercial practices*



Regarding the pending proceedings, see the section “*Description of TIM — Litigation*” of this EMTN Programme Prospectus.

➤ ***Antitrust issues at the European level***

• ***Legislation on competition***

TIM is subject to the European competition law. European competition policy covers anticompetitive agreements (art. 101 TFEU), abuse of dominance (Art. 102 of TFEU), mergers (provided that the annual turnover of the combined businesses exceeds specified thresholds, according to council regulation (EC) no 139/2004) and state aid (art. 107 of TFEU).

The EC is empowered by the TFEU to apply these rules and holds a number of investigative powers to that end (e.g. inspection at business and non-business premises, written requests for information, etc.). It may also impose fines on undertakings which infringe the EU antitrust rules. The main rules on procedures on the implementation of the competition rules set forth in Art. 101 and 102 of the TFEU are set out in Council Regulation (EC) 1/2003.

Since 1 May 2004 all National Competition Authorities have also been empowered to fully apply EU antitrust rules (i.e. Art. 101 and 102 of the TFEU) in order to ensure that competition is not distorted or restricted. National courts may also apply these provisions in order to protect the individual rights conferred on citizens by the Treaty. State aids rules, on the contrary, can only be applied by the EC.

As part of the overall enforcement of EU competition law, the EC has also developed and implemented a policy on the application of EU competition law to actions for damages before national courts. It also cooperates with national courts in order to ensure the coherent application of the EU competition rules within the Member States.

## **TELECOMMUNICATION REGULATORY FRAMEWORK IN BRAZIL**

TIM Group’s operations in Brazil are subject to the 1997 General Law on Telecommunications (Lei Geral de Telecomunicações — **LGT**), to a comprehensive regulatory framework for the provision of telecommunications services adopted by ANATEL, and also to a public policy established by *Ministério das Comunicações (MINICOM)*.

In June 2020, through provisional measure no 980/2020, the Brazilian’s president Jair Bolsonaro decided to reorder the ministries and recreate the MINICOM that shall be responsible for the national telecommunications policy. From 2016 to the first half of June 2020, the Brazilian telecommunications were subordinated to a specific structure part of the ministry of science, technology, innovations and communications (*Ministério da Ciência, Tecnologia, Inovações e das Comunicações*), that still exist without this administrative competence.

ANATEL is responsible for the regulation and implementation of national policies in matter of telecommunications. It is a quasi-independent body (due to the relationship with MINICOM) enjoying financial and operational autonomy and a wide range of functions and powers to ensure retail customer’s rights, quality of service, wholesale’s rules and competition to avoid concentration of services. The board of directors has five members with a fixed term, who are selected and appointed by the president, and submitted for approval by the senate.

ANATEL has the power to impose restrictions, limitations or conditions on concessions, permits or authorisations. ANATEL has the authority to propose and issue legally binding regulations on telecommunications service providers. The rules issued by ANATEL are subject to periodic updates. Any proposed regulation by ANATEL is subject to a period of public consultation, which may include public hearings, and can be challenged in Brazilian courts.

ANATEL privatised the former public monopolistic operators and progressively opened the market to competition, in addition to promoting universal access to basic telecommunications fixed services (only voice).

Regarding the operational activity of TIM Brasil, ANATEL developed regulations for mobile communication services (*Serviço Móvel Pessoal* or **SMP**), fixed communications services (*Serviço Telefônico Fixo Comutado* or **STFC**) and data transmission and multimedia services (*Serviço de Comunicação Multimídia* or **SCM**).

In 2010 virtual mobile operators were allowed to enter the market upon commercial agreements with the established operators.

In 2016 and 2017 ANATEL issued certain regulations that are particularly relevant to TIM Brasil's operations, including: Resolution No. 663/2016, which modified rules of the MVNO Regulation; Resolution No. 667/2016, which approved the "General Regulation of Accessibility in Telecommunications Services of Collective Interest"; Resolution No. 668/2016, which modified the STFC Regulation; and Resolution No. 671/2016, which approved the "Regulation on the Use of the Radiofrequency Spectrum" and modified the "Regulation on the Collection of Public Price for the Right of Use of Radiofrequencies" and the "Regulation on the Imposition of Administrative Sanctions"; Resolution No 683/2017, which approved the "Regulation of Infrastructure Sharing to Support the Provision of Telecommunications Services" (disciplines the obligation to share passive infrastructure such as towers poles, towers, masts, cabinets, ducts, conduits, surface structures and suspended structures).

In 2018, ANATEL enacted several important regulations, such as: (i) Resolution No 693/2018 which approved the new General Interconnection Regulation (**RGI**) which revoked the "General Interconnection Regulatory Framework" enforced by ANATEL in 2005; (ii) Resolution No 694/2018 which approved the new "General Plan of Competition Targets" (**PGMC**), updating the tools for market analysis and the identification of operators with market power object to imposition of ex-ante obligations; (iii) Resolution No 695/2018 which approved the new "Public Price for the Right to Use of Radio Frequencies" (**PPDUR**) establishes two calculation basis, one for renovation of RF and other for licence acquisition; (iv) Resolution No 702/2018 which approved the new "Public Price for the Right to Explore Satellites and Telecommunication Services" reducing the authorisation or transfer fee to R\$ 400,00 for telecommunications services of collective interest; and (v) Resolution No 703/2018 which approved the "Spectrum Use Management", which set up a new cap for Spectrum usage limits (**Spectrum Cap**).

In 2019, ANATEL published relevant regulations pertaining to spectrum, such as: (i) Resolution No 710/2019 which attributes the use of 2.3 GHz frequencies to Private Limited Service and approves the usage conditions of this frequency; (ii) Resolution No 711/2019 which regulates the use of 3.5 GHz frequencies; (iii) Resolution No 716/2019 which approves the Allocation, Destination and Distribution Plan of frequency bands in Brazil (PDFF); and (iv) Resolution No 717/2019 which approves the new Regulation on the Quality of Telecommunication Services – RQUAL, aiming to reflect more accurately the quality of experience perceived by the customers.

The new RQUAL is based on responsive regulation and three global indices – Quality of Service Index, Perceived Quality Index and User Complaint Index – and it will rank the operators into five clusters (from A to E). On the basis of responsive regulation, ANATEL will be able to adopt the most suitable enforcement remedy for the specific case, such as consumer compensation, establishment of action plans or adoption of precautionary measures in order to ensure the improvement of quality standards.

The new regulation is expected to have entered into force by 2022, after the definition of the goals and criteria to new indicators by the implementation group involving ANATEL, Operators and Quality Entity – ESAQ (rescheduled chronogram). Until that new framework is issued, ANATEL still continues to monitor the old indicators that are similar to the new ones.

In 2020, ANATEL published some important regulations such as: (i) Resolution No. 718/2020 which amends the "Regulation on Restricted Radiation Radiocommunication Equipment" to include femtocells as restricted radiation radio-communication equipment; (ii) Resolution No. 719/2020 which approves the new General Licensing Regulation; (iii) Resolution No. 720/2020 which approves the General Authorisations Regulation; (iv) Resolution No. 725/2020 which approves the universalisation obligations according to the PGMU approved by Decree No. 9,619/2018; (v) Resolution No. 735/2020 which reduces regulatory barriers to IoT and M2M services; (vi) Resolution No. 736/2020 which approves the Regulation on Conditions of

Use of the 1,5 GHz band; and (vii) Resolution No. 740/2020 which approves the Cybersecurity Regulation applied to the telecommunications sector.

In 2021, ANATEL published important regulations such as: (i) Resolution No. 741/2021 which approves the Regulation of Adaptation from STFC Concessions to Authorizations of the same service; (ii) Resolution No. 742/2021 which amends Resolution No. 711/2019 and the Regulation on Conditions of Use of the 3.5 GHz Band attached to it, as well as approving the Regulation on the Conditions of Use of the 24.25 GHz to 27.90 GHz band; (iii) Resolution No. 743/2021 which changes the General Plan of Authorizations for the SMP; and (iv) Resolution No. 744/2021 which approves the “Regulation for the Continuity of the Provision of Switched Fixed Telephone Service Intended for Use by the General Public in the Public Regime” (STFC).

On 19 June 2020, the Board of Directors of TIM Brasil approved the execution of a Conduct Adjustment Term (TAC) between ANATEL and TSA, after final deliberation by ANATEL in the eighth directing council’s extraordinary meeting. The agreement covers sanctions in respect of a value of approximately R\$ 639 million, which will be closed due to commitments related to the quality and customer experience improvements, evolution of the digital attendance channels, reduction of complaint rates, and increased network infrastructure in more than 2,000 locations. This TAC was signed by TSA and ANATEL on 25 June 2020 and will be in force between July 2020 and June 2024.

#### ◆ **5G Auction**

In February 2020, the ministry of science, technology, innovations and communications published ordinance No 418 with guidelines for the 5G auction, concerning radiofrequency bands of 700 MHz, 2.3 GHz, 3.5 GHz and 26 GHz, requiring ANATEL to define technical criteria for mobile operation on 3.5 GHz in order to avoid harm from a TVRO signal offered by satellite dishes in Band C. It also established that the auction should considered coverage commitments to (i) mobile service on 4G technology or higher to cities, small villages and isolated urban and rural areas with more than 600 habitants; (ii) mobile broadband on federal highways; and (iii) fiber to the city (FTTC) on municipalities without this backhaul.

Also in February 2020, ANATEL issued the public consultation No 9 in order to discuss the draft of the Public Notice for the 5G Auction. ANATEL proposes bidding for the 700 MHz, 2.3 GHz, 3.5 GHz and 26 GHz bands and includes another 100 MHz in the 3.5 GHz band. It also foresees investment commitments that will enable more infrastructure and a higher level of services to users, such as is outlined in the structural plan for telecommunications networks (PERT).

Regarding the possible interference caused by 5G in the reception of open satellite TV, the approved proposal addresses the solution through a model similar to that adopted for the 700 MHz band, with the creation of a group coordinated by ANATEL and an independent third party to operationalise the solution.

In February 2021, ANATEL’s board of directors approved the public notice for the 5G Auction that is currently being evaluated by Brazilian federal court of auditors (TCU). The auction is expected to be held in the second half of 2021.

#### ◆ **Authorisations**

ANATEL carried out the privatisation of the former public monopoly operator and gradually opened the sector to competition, in addition to fostering universal access to basic telecom fixed services (STFC). According to the general telecommunications law and to the regulations issued by ANATEL, licenses to provide telecommunications services are granted either under the public regime, by means of a concession or a permission, or under the private regime, by means of an authorisation. Only certain fixed-line service providers are currently operating under the public regime (Telefónica, Embratel, CTBC, Sercomtel and Oi, commonly referred to as **Concessionaires**). All the other telecommunications services providers in Brazil are currently operating under the private regime, including all the mobile and data service providers.

Since the launch of GSM mobile services in 2002, four main players operate in the mobile market (Claro, Vivo, Oi and TIM) and compete nationwide. Third generation mobile services were introduced in 2008 while fourth generation mobile services started in 2012.

The authorisations for fixed and mobile services give the TIM Group (which operates under the brand name TIM Brasil) coverage of the entire country of Brazil allowing it to provide fixed, mobile and long distance voice, and also data services.

The rules require that all telecommunications services' operators allow network access to any interested party to provide value-added services, without discrimination, unless technically impossible. The voice service providers can also provide value-added service through their own networks.

#### ❖ *Interconnection rules*

Telecommunication operators must publish a public interconnection offer highlighting both economic and technical conditions and are subject to the "General Interconnection Regulatory Framework" enforced by ANATEL in 2005. In May 2012, ANATEL approved a new regulation which, from January 2014, requires the application of the "Bill and Keep" system for local fixed termination rates, *i.e.*, operators will take rights of tariffs generated on their networks, and no interconnection remuneration will be owed for local calls between two different networks.

Until 2016, the interconnection charges for fixed network (*Tarifa de Uso da Rede Local*) (**TU-RL**) amount to a percentage of retail prices for the incumbent operators. Alternative operators with no significant market power (including TIM) can apply asymmetrical interconnection rates exceeding up to 20% the one applied by the incumbents. As from 2016, the fixed interconnection rates have been following a cost oriented approach.

In July 2018, ANATEL approved the new General Interconnection Regulation which revoked the "General Interconnection Regulatory Framework" enforced by ANATEL in 2005.

The values of mobile termination rate (called "Value to Use the Mobile network" or **VU-M**) are freely negotiated by operators. ANATEL has, however, arbitration power in case of disagreement and it can determine a reference value according to criterion set up by regulation. From January 2013, the reference values set by ANATEL comply with a "glide path", which led to cost orientated values starting from 2016 to SMP operators. On 24 February 2017, considering the glide path provided in Act No. 6,211/2014, VU-M were again reduced, depending on the *Plano Geral de Autorizações do Serviço Móvel Pessoal* (**PGA-SMP**) Region, to approximately 0.03 (three cents) Reais and, on 24 February 2018, it was reduced to 0.01 (one cent) Reais.

In December 2018, ANATEL published corresponding Acts No. 9,918/2018 and No. 9,919/2018, which determined the specific reference rates effective as of February 2020. Before coming into force, ANATEL started revision of these acts and, on 24 February 2020, published new Acts No. 986/2020 and No. 987/2020 with new rates.

#### ❖ *General Competition Plan*

In November 2012, ANATEL published the general plan for competition targets (the **PGMC**), introducing tools for market analysis and identification of operators with market power and imposition of ex-ante obligations.

The decision opens the networks of the operators with significant market power to unbundling and wholesale broadband access. It also improves transparency measures through the creation of a supervisory board to ensure the respect of the wholesale service quality levels.

In each market, ANATEL imposed a set of asymmetrical obligations to operators having significant market power.

In the fixed access market an access obligation on copper networks (e.g., leased lines, bitstream and full unbundling) for the vertically integrated, fixed operators having significant market power (Oi, Telefónica and Telmex) was introduced.

In July 2018, ANATEL published the new PGMC reviewing some of its points and set up two new markets: (i) interconnection for telephone traffic in fixed networks; and (ii) high capacity data transport. TIM Brasil has been identified as having significant market power in the wholesale markets of mobile termination, national roaming, and high capacity data transport (in five municipalities).

Due to such classification, TIM Brasil is subject to increased regulation under the PGMC, which could have an adverse effect on its business financial condition, results of operations and compliance with regulations. The measures applied to a significant market power operator in those markets include:

- a glide path on mobile termination rates based on a price cap system and maintenance of partial Bill & Keep until the next revision of PGMC;
- an obligation to offer the service of national roaming to operators not having significant market power based on a price cap system;
- an obligation to offer high capacity data transport based on a price cap system.

#### ➤ **Cost models' implementation**

In 2005, ANATEL issued a ruling for “Accounting Separation and Cost Accounting”. This ruling introduced the obligation to present the accounting separation and allocation document (“*Documento de Separação e Alocação de Contas*”) (**DSAC**) for license holders and groups holding SMP in the fixed and/or mobile network interconnection and wholesale leased lines markets (“*Exploração Industrial De Linha Dedicada*”) (**EILD**). Operators, including TIM, are providing ANATEL with the requested information since 2006 for fixed services and since 2008 for mobile services. In July 2014, ANATEL published the final decision regarding the costing models to set the wholesale reference values for the fixed and mobile access and interconnection services, as well as the reference values for the leased lines (Industrial Exploitation of the Dedicated Line) (**EILD**).

As from 2016, fixed termination rates (**FTRs** or **TU-RL**) and mobile termination rates (**MTRs** or **VU-M**) are cost oriented to achieve the efficient cost level based on BU-LRIC model in 2019. For EILD, the efficient cost level will be reached in 2020.

As from new PGMC, all products (not only call termination rates and Leased Lines) are oriented by costs.

#### ➤ **Mobile interconnection rate glide path**

In November 2012, TIM Brasil, along with other national mobile operators Vivo, Claro and Oi, were identified by ANATEL as having Significant Market Power in the wholesale mobile termination market.

The remedies applied to significant market power mobile operators included a glide path on MTRs, based on a price cap system.

In July 2014, ANATEL published a final decision regarding the cost model and the reference values of the mobile termination rates that will apply from 2016 for SMP operators. For 2016, MTRs were set with a Top Down methodology, until convergence to the BU-LRIC model is reached in 2019.

In addition to the MTR reduction, ANATEL established a bill and keep (**B&K**) ratio between significant market power and non-significant market power PCSs. From January 2013 until February 2015, the B&K was 80%/20%. On February 12 2015, ANATEL approved, by means of Resolution No. 649/2015, the following new B&K percentages, amending the percentages established by Resolution 600: 75%/25% from 2015 until 2016; 65%/35% from 2016 until 2017; 55%/45% from 2017 until 2018; and 50%/50% from 2018 until 2019. As from the new PGMC, the partial B&K threshold to 50% (i.e., a non-SMP operator pays only if the terminated traffic on the SMP operator network is more than 50% of the total traffic exchanged), will be applied until the next revision of PGMC scheduled for 2021. In addition, ANATEL determined the end of the existing additional 20% on the value of MTR, paid by SMP operators to non-SMP operators.

#### ➤ **Lower fixed to mobile call prices for incumbent operators**

Under the Brazilian regulation, MTRs reductions must translate into reductions in retail fixed to mobile call prices. Accordingly, ANATEL established new fixed to mobile retail call rates for fixed telephony concessionaries reflecting the lower mobile termination rates applicable starting on 25 February 2016.

#### ➤ **Allocation of the 700 MHz band**

The auction for the allocation of the 700MHz band (698-806 MHz), the provision of the fourth generation mobile services and high speed internet was held in September 2014.

TIM Brasil, Claro and Vivo were granted three of the four auctioned national blocks of 10 + 10 MHz. TIM Brasil offered 1,947 million Reais. The auction also ordered the winning bidders to constitute an entity responsible for the spectrum clean-up process. A total amount of 3.6 billion Reais is designated for the completion of the process and TIM shall pay 1,199 million Reais.

The frequencies will be available in all Brazilian cities that could face interference in simultaneous TV and long-term evolution (LTE) operations within 9 months of the complete “switch-off” of analogue television channels.

The initial forecast contemplated 5,570 cities with a switch-off in 2018, however, ministry ordinance No. 3,493/2016, established that:

- approximately 1,500 cities can have an immediate LTE activation since the frequencies are already free;
- approximately 2,700 cities only need analogue channel relocation (switch-off not necessary now); and
- approximately 1,400 cities would have a switch-off by 2018.

Bid winners were required to cover the costs for the implementation of the measures to overcome any spectrum interference and the expenses resulting from the reallocation of digital TV channels.

In December 2014, TIM acquired the 718-728 MHz and 773-783 MHz sub-bands with national coverage; these authorisations are valid until 2029. These sub-bands are only partially available for mobile operation because they remain in use by broadcasters and ANATEL’s approval required for their usage is still pending. The mobile operations on those sub-bands may only begin after the reallocation of broadcasting channels and the following approval by ANATEL and interference mitigation.

From 2016 to 2019 the analog TV switch-off occurred in regions where it was necessary to clean up the 700 MHz spectrum for LTE use. By September 2019, all municipalities were able to receive 4G coverage on 700 MHz band from TIM. Throughout 2020 and 2021, the entity created to ensure the spectrum cleanup, called the “Entity for Administration of TV and RTV Channel Relocation and Digitalization Process” (“EAD”), is expected to fulfil the remaining auction obligations, concluding the relocations of broadcasters and the provision of interference solutions in order to complete the switch-off process and to make the spectrum fully available to mobile operators.

### **Spectrum auction in the 1,800 MHz, 1,900 MHz, and 2,500 MHz bands**

On 19 April 2016, ANATEL’s auction Committee assigned the multi-band local spectrum (135 MHz in the 1,800 MHz, 1,900 MHz, and 2,500 MHz bands, including 60 MHz of unpaired Time Division Duplex spectrum) auctioned in December 2015 for mobile and fixed-wireless broadband services.

TIM was awarded Frequency Division Duplex (FDD) spectrum in the 2,500 MHz band enabling the provision of 4G/LTE services in the metropolitan areas of Recife and Curitiba. Authorisation terms were signed in July 2016 for 15 years, and can be renewed for an additional 15-year term.

TIM and other mobile operators (Vivo, Claro and Oi) have been eligible to bid for spectrum in 1,800 MHz band since the publication of resolution No 703/2018, which set up a new Spectrum Cap.

### **➤ “Marco Civil de Internet” and Brazilian Data Protection Law**

The “Marco Civil Internet”, which went into effect in June 2014, constitutes a kind of “Constitution” on the use of the Internet in Brazil.

Key topics covered in the new regulations include net neutrality, collection, use and storage of personal data, confidentiality of communications, freedom of expression and the treatment of illegal, immoral or offensive contents.

The Marco Civil has been elaborated upon by the issuance of a government decree of implementation and enforcement. The ministry’s decree (issued on 11 May 2016) addresses three main aspects:

- clarification of the scope and implementation of the net neutrality rules;
- implementation of the rights and obligations for the protection of personal data; and

- governance of the Marco Civil, including authorities in charge of its enforcement.

The decree went into effect on 10 June 2016.

On 14 August 2018, the Brazilian President promulgated the General Data Protection Law (Law No. 13709/2018). The new law, as promulgated by the President, is closer to the GDPR, including significant extra-territorial application and considerable fines of up to 2% of the Company's global turnover for the previous financial year.

In December 2018, provisional measure No. 869/2018 passed by the former Brazilian president amended Law No. 13,709 to create the National Data Protection Authority (ANPD), within the structure of the presidency of the republic, which implies a larger control by the State and to, among other topics, extend to 24 months the entry into force of the law (August 2020), by which date, August 2020, all legal entities will be required to adapt their data processing activities to these new rules.

In July 2019, provisional measure No. 869/2018 was converted into law No. 13,853, keeping the ANPD, as a federal public administration body, as part of the executive branch.

In June 2020, the bill of law no. 1,179/2020 was converted into law no. 14,010/2020 that postponed the effective date of the provisions of the General Data Protection Law relating to fines and penalties, to August 2021. The other provisions of the law took effect as from August 2020, as originally proposed. Additionally, the decree No. 10,474/2020 (Data Protection National Authority) entered into force in August 2020, creating *Autoridade Nacional de Dados Pessoais* (ANPD) which is responsible, among other things, for developing guidelines for the National Policy for Data Protection; supervising companies and applying sanctions; and issuing regulations and procedures on personal data protection.

#### ➤ Review of the current regulatory model for the provision of telecom services

The Brazilian government reviewed the 1997 general telecommunication law to convert the old fixed telephony concessions into authorisations, modifying the relevant and related obligations.

On 11 April 2016, following a public consultation that closed on 15 January 2016, the ministry of science, technology, innovation and communications (now ministry of communications) issued guidelines for ANATEL on how to carry out this transformation and move to a more market-oriented licensing approach.

The ministry recommended that public authorities should promote access to broadband service at affordable costs and levels, putting broadband at the centre of public policies.

ANATEL is directed to:

- propose concrete rules and criteria to enable the phasing-out of concessions;
- highlight the consistency of the new licensing rules with the existing infrastructure coverage obligations;
- ensure service provision (including broadband) in less attractive economic areas;
- give incentives to concessionaires to migrate to the new licensing framework;
- lessen the universal service obligations for fixed telephony;
- schedule the phasing-out of the retail price control over retail fixed telephony services;
- withdraw recurring licensing fees;
- schedule the phasing-out of the asset reversion scheme (foreseeing that the network assets used to provide services under a concession must be returned to the state upon the expiry of the concession); and
- establish suitable mechanisms to ensure regulation compliance control.

As a result of the on-going debate regarding the licensing regime, ANATEL was tasked with reviewing concession contracts by December 2016. However, after the publication of resolution No. 673/2016, the deadline for reviewing these contracts was postponed to 30 June 2017, notwithstanding revised concession contracts have been not signed yet.

In October 2019, Law No. 13,879/2019 entered into force to establish a new regulatory framework for the telecommunications sector in Brazil. It is the biggest change in Brazilian law in 20 years.

The new telecommunications framework allows the STFC Incumbents to adapt their agreements from a public regime (concession) to a private regime (authorisation). This change from concession to authorisation must be requested by the concessionaire and it should be approved by ANATEL. In return, concessionaires must, among other conditions, make investment commitments to expand their fixed broadband services, especially in areas without adequate competition, in order to minimise gaps and inequalities between Brazilian regions.

Additionally, it also changes the radiofrequency rules, establishing subsequent and unlimited renewals over 20 years, previously not allowed in the old framework, and the creation of a secondary spectrum market, allowing radiofrequency trading among players.

In June 2020, the federal government published decree No. 10,402/2020 which regulates Law No. 13,879/2019 and provides for the adaptation of the concession agreement into authorisation, the extension and transfer of radiofrequency authorisation, and grants of telecommunications service and satellite exploration rights. It also confirmed that the current authorisations are covered by the new rule for successive renewals.

Additionally, decree No 9,612/2018 (the **Connectivity Plan Decree**) entered into force in 2018 which updates and consolidates, in a single instrument, the public policies for the telecommunications in Brazil. The Connectivity Plan Decree establishes a series of guidelines for execution of terms of conduct adjustment, onerous granting of spectrum authorisation and regulatory acts in general which includes: (i) expansion of high capacity telecommunications transport networks; (ii) increased coverage of mobile broadband access networks; and (iii) broadening the coverage of fixed broadband access network in areas with no internet access offer through this type of infrastructure. It also establishes that the network implemented from the commitments will be subject to sharing from its entry into operation, except when there is appropriate competition in the respective relevant market.

The Connectivity Plan Decree repealed Decree No. 4,733/2003, which provided for public telecommunications policies, Decree No. 7,175/2010, which established the National Broadband Plan (**PNBL**), and decree No. 8.776/2016, which created the Brazil intelligent program, a new stage of expansion of the PNBL with actions to universalise access to the Internet and increase the average speed of fixed broadband in the country.

In 2019, the decree No. 9,854/2019, the National Plan for Internet of Things (**IoT**) was published in order to regulate and encourage this environment in Brazil. It refers to IoT as “the infrastructure that integrates the provision of value-added services with physical or virtual connection capabilities of things with devices based on existing information and communication technologies and their evolution, with interoperability”. The Decree states that the following subjects are required to further support the National Plan for Internet of Things: “(i) science, technology and innovation; (ii) international insertion; (iii) vocational education and training; (iv) connectivity and interoperability infrastructure; (v) regulation, security and privacy; and (vi) economic viability”.

In order to develop an IoT environment in the country, law 14,108/2020 was sanctioned exempting FISTEL for five years (an administrative tax collected by ANATEL) from the base stations and equipment that integrate the machine to machine (**M2M**) ecosystems and, also, extinguishes the prior licensing. The definition and regulation of M2M communication systems shall be established by ANATEL.

In order to use the Universal Telecom Services Fund (**FUST**), (i.e. the contribution that the telecom sector makes annually), law 14,109/2020 was introduced authorising the use of FUST, including by the private sector, to expand connectivity in rural or urban areas with a low human development Index (**HDI**) as well as policies for education and tech innovation of services in rural areas.

In 2020, the decree No. 10,480/2020 was published by the federal government, which regulates the antennas law (law 13,116/2015) with the purpose of stimulating the development of the telecommunications network infrastructure. This decree fosters development of telecom network infrastructure and is a major step towards unlocking historical problems in the sector preventing its development (free right of way on highways and



railways, positive silence, small cells, dig once are some of the examples of such regulatory removal of historical problems).

On 15 June 2021, Provisional Measure 1018/2020 was transformed into Law No. 14.173/2021, reducing the charges for satellite internet terrestrial stations and changing some of FUST application rules.

The law reduces FUST collection between 2022 and 2026 to telecommunications operators that run universalisation programs approved by the management council (to still be approved) with their own resources. The benefit will be valid for five years from 1 January 2022 and will be progressive: 10% in the first year; 25% in the second year; 40% in the third year; and 50% from the fourth year onwards.

In addition, the new legislation removes the obligation to share towers within a distance of less than 500 metres from each other. The elimination of this obligation is essential for the deployment of 5G in Brazil, including to ensure the densification scenario expected for the new technology.

## LITIGATION

The most significant arbitration cases and legal or fiscal disputes in which the TIM Group is involved as of the date of this EMTN Programme Prospectus are presented below.

As at 31 March 2021, the TIM Group has accrued provisions totalling 579 million euro for those disputes described below where the risk of losing the case has been considered probable.

It should be noted that for some disputes described below, on the basis of the information available at the closing date of the TIM Group's Unaudited Financial Information as of and for the three months ended 31 March 2020, and with particular reference to the complexity of the proceedings, to their progress, and to elements of uncertainty of a technical-trial nature, it was not possible to make a reliable estimate of the size and/or times of possible payments, if any. Moreover, in those cases in which disclosure of information on a dispute could seriously jeopardise the position of TIM or its subsidiaries, only the general nature of the dispute is described.

Lastly, as regards the proceedings with the Antitrust Authority, please note that based on Article 15, paragraph 1 of Italian Law 287/1990 (**Antitrust Regulations**), the Authority has the right to impose an administrative sanction calculated on the turnover of the Group in cases of breaches considered serious.

### A) SIGNIFICANT DISPUTES AND PENDING LEGAL ACTIONS

#### International tax and regulatory disputes

As at 31 March 2021, the Brasil Business Unit is involved in tax and regulatory disputes, the outcome of which is estimated as a possible loss amounting to 16.6 billion Reais (16.6 billion Reais as of December 31, 2020). The main types of disputes involved are listed below, classified according to the jurisdictional taxing authority levels they refer to.

#### Federal Taxes

On 22 March 2011, TIM Celular S.A. a company incorporated into TIM S.A. starting from 31 October 2018 (**TIM Celular**) was served notice of a tax assessment issued by the Federal Tax Authorities of Brazil for a total sum of 1,265 million Reais as of the date of the notification, including fines and interest, as a result of the completion of a tax investigation of financial years 2006, 2007, 2008 and 2009 for the companies TIM Nordeste Telecomunicações S.A. and TIM Nordeste S.A. (formerly Maxitel), companies which have been progressively incorporated into TIM Celular with the aim of rationalising the corporate structure in Brazil.

The assessment notice includes various adjustments; the main claims may be summarised as follows:

- non-recognition of the fiscal effects of the merger of TIM Nordeste Telecomunicações S.A. and Maxitel S.A.;
- non-recognition of the tax-deductibility of the write-down of goodwill relating to the purchase of Tele Nordeste Celular Participações S.A. (**TNC**).
- denial of certain tax offsets; and
- denial of the SUDENE territorial tax benefit due to alleged irregularities in the management and reporting of the benefit.

The adjustments included in the assessment notice were challenged by TIM Celular, in administrative proceedings, through the presentation of its first objections on 20 April 2011. On 20 April 2012, TIM Celular received notification of the decision of the administrative court of first instance which confirmed the findings set out in the assessment notice. TIM Celular promptly filed an appeal against this decision on 21 May 2012.

TIM Celular, as confirmed by fitting legal opinions, believes it is unlikely that the company could suffer any negative consequences in relation to these matters.

With respect to the above disputes, on 28 April 2021 the Company was officially notified of a favourable decision of the administrative council of tax appeals (**CARF**) related to the administrative trial that took place in 2017. This administrative judgment results in a partial, but definitive, success of R\$ 736 million (historical values) and R\$ 1.4 billion (updated values) that corresponds to 58% of the original amount assessed.

Of such total amount, R\$ 43 million (historical values) and R\$ 79 million (updated values) were already classified as remote risk and the remainder as possible risk. The full amount corresponding to the partial success will be definitively excluded from the tax contingency and the remaining amount will continue to be discussed in the course of the administrative proceeding, which will still be brought to the attention of the upper chamber of the CARF.

At the federal level, disputes involving the following are also noted:

- use of tax losses;
- tax deductibility of the amortisation of goodwill;
- taxation on income from certain types of exchange movements;
- withholding of taxes on certain types of payments made abroad (for example, payments for international roaming); and
- offsetting between debt taxes and credit positions of group companies.

The overall risk involved in connection with these cases, that is considered possible, amounts to 4.3 billion Reais (4.3 billion Reais as of 31 December 2020).

### **State Taxes**

In connection with state taxes, there are numerous disputes regarding the Tax on Commerce and Services (*Imposto sobre Circulação de Mercadorias e Serviços*) (**ICMS**), and in particular:

- disputes concerning the reduction of the tax base through discounts granted to customers: in addition to disputes regarding the use of tax credits declared by group companies against the repayment of telephone terminals on loan, and following the detection of subscription fraud perpetrated against the companies;
- subjecting certain types of fees to ICMS, accrued in favour of group companies and classified by them as fees for services other than telecommunications;
- disputes concerning the use of the “PRO-DF” tax benefit originally granted by some States and subsequently declared unconstitutional (the dispute refers to the actual credit for ICMS, declared by TIM Celular on the basis of the aforementioned facilitation provisions);
- disputes relating to the use of credits for ICMS, recognised by TIM Group companies as a result of the acquisition of tangible assets, and in relation to the supply of electricity to the companies, as well as in the application of the provisions on acting as a withholding agent; and
- penalties imposed on group companies for irregularities in tax return compliance.

In February 2018, the State of São Paulo notified two tax assessments regarding ICMS to TIM Celular, for a total amount of 679 million Reais (at the date of the assessment, including fines and interest). The first assessment (344 million Reais) regarded a challenge of ICMS credits in relation to acting as a withholding agent, applicable when equipment is bought and distributed in different States. The second assessment (335 million Reais) challenged ICMS credits deriving from the “special credit” recognised by the company to its prepaid customers in anticipation of the subsequent top-up.

In June 2018 the State of São Paulo notified TIM Celular of two further tax assessments, again relating to ICMS, for a total amount of 369 million Reais (as of the date of the assessment, including fines and interest). This assessment relates to ICMS credits deriving from the “special credit” recognised by TIM Celular

(incorporated by TIM S/A to its prepaid customers against subsequent top-up), as well as to the fines imposed for ICMS breaches.

With respect to the abovementioned assessments related to ICMS issued by the State of São Paulo, the Company's evaluation does not consider the chance of losing as likely. The company considered the convenience of paying only a minor share of the overall amount (32 million Reais), as it would benefit from a reduction in the sanctions and as an alternative to initiating a dispute.

In late March 2020, the State of São Paulo issued a further tax assessment to the company (TIM S.A., as the incorporating company of TIM Celular), for a total amount of 362 million Reais (at the date of the assessment, including fines and interest). The notice is based on two alleged infringements: (i) the contestation of the ICMS credits deriving from the "special credit" recognized by the company to its prepaid customers in anticipation of the subsequent top-up, for the period April-October 2015; and (ii) the discrepancy between the information submitted with periodic reports and figures on taxes paid (a discrepancy due to differences in reporting arrangements).

Overall, the risk for these cases, considered to be possible, amounts to 8.6 billion Reais (8.6 billion Reais at December 31, 2020).

### **Municipal Taxes**

Among disputes classified with a "possible" degree of risk, there are some relating to municipal taxes for a total amounting to around 0.7 billion Reais (around 0.7 billion Reais at 31 December 2020).

### **FUST and FUNTTEL**

The main challenges about contributions to the regulatory body (ANATEL), and in particular in terms of FUST and FUNTTEL, concern whether or not interconnection revenues should be subject to these contributions.

Overall, the risk for these cases, considered to be possible, amounts to 3 billion Reais (3 billion Reais at 31 December 2020).

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With respect to the tax receivables recognised after the positive outcome of tax disputes concerning the inclusion of the ICMS in the taxable base of the PIS and COFINS contributions (i.e. contribution for the employees' profit participation programme and contribution for the financing of social security), which were levied on the gross revenues of the company, referred to in the 2019 Annual Financial Report, TIM S.A. is going on in 2021, as occurred during 2020, with the use of registered tax receivables, in accordance with the formal certification procedures provided by the Brazilian tax authorities.

### **Administrative offense charge pursuant to Legislative Decree 231/2001 for the so-called TIM Security Affair**

In December 2008, TIM received notification of the application for its committal for trial for the administrative offense specified in articles 21 and 25, subsections 2 and 4, of legislative decree no. 231/2001 in relation to the affairs that involved several former employees of the Security function and former collaborators of TIM charged among other things with offences involving corruption of public officials, with the object of acquiring information from confidential files. In May 2010 TIM ceased being a defendant in the criminal trial, after the Judge for the Preliminary Hearing approved the motion for settlement of the proceedings (plea bargaining) presented by TIM. In the hearing before Section One of the Milan Court of Assises, TIM acted in the dual role of civil party and civilly liable party. In fact, on the one hand it was admitted as civil party against all the defendants for all charges, and on the other it was also cited as the party with civil liability pursuant to article 2049 of the Italian Civil Code for the actions of the defendants in relation to 32 civil parties. Telecom Italia Latam and Telecom Italia Audit and Compliance Services (now

incorporated into TIM) also participated in the hearing as civil parties, having filed appearances since the Preliminary Hearing and brought charges against the defendants for hacking.

After the lengthy evidentiary hearings, 22 civil parties filed claims for compensation, including against TIM as civilly liable party, for over 60 million euro (of which over 42 million euro was requested by a single civil party). TIM itself, as civil party, also summarised its conclusions against the defendants, requesting that they be found liable for all the damages suffered as a result of the facts of the case. In February 2013, Section 1 of the Milan Court of Assises issued the first instance judgment, sentencing the defendants to terms of imprisonment of between 7 years and 6 months and one year. The Court also recognised that there had been non-pecuniary damage to some of the civil parties as a consequence of the alleged facts, and sentenced the defendants, jointly and severally with civilly liable party TIM, to compensate said damages, totalling 270,000 euro (in part jointly and severally with Pirelli) plus legal fees; at the same time the Court also sentenced the defendants to pay compensation for pecuniary and non-pecuniary damages incurred by TIM, granting it a provisional sum of 10 million euro. The judgment also recognised the existence of non-pecuniary damage to the companies Telecom Italia Latam and Telecom Italia Audit & Compliance Services, sentencing the defendants to pay compensation for damages on an equitable basis of 20,000 euro for each company. In November 2013, the grounds for the judgment in the first instance were published (which, for its part, TIM decided not to contest). At the end of the appeal, which was brought by the convicted defendants, the judgment in the first instance was partly reversed. The appeal judge took note of the fact that the time-limit had expired on the majority of the charges, and made an order not to proceed against the defendants who had been convicted in the lower court, with the exception of two, who were found guilty of the offence of revealing information which was subject to a prohibition on disclosure. As for the civil judgments, the Court revoked those made by the judge of first instance and ruled in favour of three ministries, AGCM and the Revenues Agency. The Court also decided to revoke the provisional sum of 10 million euro awarded to TIM as civil party at the end of the proceedings in the court of first instance, making a generic ruling that the defendants should pay compensatory civil damages. Finally, the appeal judge also rejected all the demands for compensation advanced on appeal by certain civil parties for a total of about 60 million euro, in respect of which TIM has the role of party liable for damages. At the end of the appeal, therefore, the appeals court upheld the prior ruling, confirming that TIM, as the party liable for damages, had already paid the parties. The three defendants brought an appeal to the Supreme Court against the judgment of appeals court issued by the Milan Appeal Court of Assises.

In April 2018 the Supreme Court confirmed the convictions of the defendants and cancelled the civil rulings, referring the issue generically to the civil court, for a more careful assessment of the claims made, above all concerning the quantum of evidence. It also cancelled and referred the confiscation in favour of the State, which will have to be reassessed by a different section of the Milan Court of Appeal under the scope of proceedings not involving the company.

### **Golden Power Case**

In August 2017, the office of the Prime Minister initiated proceedings against TIM and Vivendi in order to verify the fact that TIM has an obligation to notify, pursuant to the Golden Power provisions, Vivendi's acquisition of corporate control of TIM and the strategic assets it holds. In September 2017, the proceedings in question concluded by ascertaining that this obligation did exist for TIM effective as of 4 May 2017, the date of the shareholders' meeting that renewed TIM's corporate bodies.

As a result of this decision of the office of the Prime Minister a new administrative procedure was started for the possible imposition on TIM of a pecuniary sanction according to the Golden Power provisions for non-compliance with the notification obligation. The procedure was closed on 8 May 2018, with the imposition of a fine of 74.3 million euro.

TIM believes it will be able to demonstrate that there were no obligations to notify with respect to Vivendi's control and it has already submitted an extraordinary appeal to the President of the Republic to request the cancellation of the order of September 2017 and appealed the aforementioned fine and decision of 8 May 2018, requesting its precautionary suspension. With an order in July 2018, the TAR granted this application

and suspended payment of the fine, setting a date for the appeal. In May 2018, a guarantee bond for 74.3 million euro was also issued in favour of the office of the Prime Minister. TIM was requested to submit such bond for its application to the TAR for precautionary suspension of the collection of the fine imposed for alleged breach of Article 2 of Decree Law 21 of 15 March 2012, the “Golden Power” law.

Moreover, the office of the Prime Minister exercised the special powers laid down by the Golden Power provision through two specific rulings in October and November 2017, with which it set specific prescriptions and conditions on TIM and the companies of TIM Group, Telecom Italia Sparkle and Telsy Elettronica e Telecomunicazioni.

The prescriptions, according to the Administrative Authority, are premised on understanding that these companies, in part, perform activities relevant for national security and as far as TIM is concerned to the fact that it owns the infrastructure and the systems used to provide access to end-users of services covered by the universal service obligation.

Any failure on the part of the recipients of the orders to execute the conditions and prescriptions is sanctioned in the same way as failure to notify significant acts for the purpose of the application of Golden Power provisions.

The companies subject to the prescriptions are required to send periodic reports to a special Monitoring Committee established at the office of the Prime Minister in order to verify compliance with the aforementioned prescriptions.

In December 2017, TIM Group sent the office of the Prime Minister the first compliance report outlining all the proposals and activities put in place to follow through with the prescriptions.

TIM has also submitted an extraordinary appeal to the President of the Republic in this instance to request cancellation of the orders in question.

The premise for exercising special powers was referred to the de facto control resulting from the outcome of the shareholders’ meeting of 4 May 2017 and to the direction and coordination of TIM by Vivendi. Both of these circumstances no longer apply, given:

- at the shareholders’ meeting of 4 May 2018, the slate presented by the shareholders Elliott International LP, Elliott Associates LP and The Liverpool Limited Partnership received the majority vote;
- the Board of Directors was re-appointed with 13 independent directors out of a total of 15, with only 5 from the slate presented by Vivendi; and
- Vivendi no longer has direction and coordination, nor is there *de facto* control as a result.

Consequently, TIM requested the office of the Prime Minister to revoke the two decrees and communicated that, in the alternative, it was willing to cooperate with the office to define new measures applicable to TIM in view of the changed situation.

In a decree of 6 July 2018, the Prime Minister’s Office did not consider an additional exercise of special powers, upholding the validity of the two Decrees already issued and rejecting the request to revoke them. The office of the Prime Minister reasoned that the new governance structures of the TIM would be highly variable and thus would not allow for the rulings according to which the special powers were exercised to be overruled, save for the need to protect the public interest as regards network security and operation.

TIM filed additional arguments against the Prime Minister’s resolution of 6 July 2018, rejecting the appeal for revocation presented by TIM on the outcome of their changed corporate governance situation in the previous appeals filed against the Prime Minister’s decrees of 16 October and 2 November 2017.

In a *non-final-ruling* published on May 2019, the TAR: (i) upheld TIM request of interim measures for the suspension of the fine conditioned to the offer of the guarantee; (ii) granted suspension of the proceeding in order to wait the final judgment in the (prejudicial) case pending before the President of the Republic

regarding the obligation to notify, pursuant to the Golden Power provisions; (iii) rejected the request of dismissing the case.

In December 2020, the Council of State, with an unchallengeable final decision, declared void and null the statement of Consob, issued on 13 September 2017, qualifying as corporate control the position of Vivendi as TIM's shareholder. An extraordinary appeal before the Supreme Court (*Corte di Cassazione*) was filed by Consob on 14 June 2021 on jurisdictional grounds; TIM will enter in the judgment, objecting that the appeal is unlawful and inadmissible in accordance with the relevant rules of procedure.

## **Vodafone (A428)**

In August 2013, Vodafone, as incorporating company of operator Teletu, submitted to the Milan Court a huge claim for damages for presumed abusive and anticompetitive behaviour (founded principally on ICA case A428) which TIM allegedly implemented in the period 2008-2013. The pecuniary claim was quantified by Vodafone as an estimated sum of between 876 million euro and 1,029 million euro.

In particular, Vodafone alleged technical boycotting activities, with refusal to activate lines requested for Teletu customers (in the period from 2008 to the month of June 2013), together with the adoption of allegedly abusive price policies for wholesale network access services (period from 2008 to the month of June 2013). Furthermore, the other party complained of the presumed application of discounts to business customers capable of squeezing competitors' margins ("margin squeeze") and the carrying out of presumed illegal and anticompetitive winback practices (in the period from the second half of 2012 to the month of June 2013).

TIM filed an appearance, challenging the claims made by the other party regarding the merits and the amount and making a counterclaim. Following the August 2016 decision by the Court of Cassation, which confirmed that the Milan Court had jurisdiction to decide the dispute, the merits of the case will be decided at the hearing in December 2016.

With a writ of summons dated 28 May 2015 before the Milan Court, Vodafone has advanced further claims for compensation, based on alleged practices similar to those ascertained by the ICA in case A428 and referring to alleged damages it suffered in the period July 2013-December 2014 (and therefore over a period of time subsequent to the period of the similar compensatory judgment mentioned above), for approximately 568.5 million euro.

The case also contains a reservation of further damages to be quantified, during the proceedings, for the following periods, the claimant alleging that the presumed abusive conduct of TIM continued. TIM filed an appearance, challenging the claims made by the other party regarding the merits and the amount and making a counterclaim.

In an order made on 6 October 2016, the judge accepted Vodafone's petition to join the two A428 proceedings it had initiated. At the end of the reinstatement proceedings of 21 December, the terms were established for the preliminary briefs and a hearing was fixed for 11 July 2017 for the admission of evidence.

When the first preliminary brief was filed, following the favourable outcome for TIM of proceedings A428-C (which confirmed the absence of improper conduct by TIM under A428 after 2013), Vodafone decided nonetheless to file further claims for 2015-2016, thus restating its total claim to be 1,812 million euro, which was also disputed and rebutted by TIM. Finally, the case was settled as part of a global settlement with Vodafone.

## **COLT TECHNOLOGY SERVICES**

With a writ of summons served in August 2015 before the Milan Court, operator Colt Technology Services (**Colt**) claimed damages based on the decisive order in case A428, referring to alleged damages suffered over the period 2009/2011, due to the presumed inefficient and discriminatory conduct of TIM in the process of supplying wholesale services. The damage claim was quantified as 27 million euro in loss of profits for the alleged non-acquisition of new customers, or for the alleged impossibility of supplying new services to the customers it had already acquired; the other party also formulated a request for compensation for the damages to its image and commercial reputation. This case follows the extrajudicial claim for approximately 23 million euro, previously advanced by Colt in June 2015, which TIM rejected in its entirety. TIM filed an appearance, contesting all of the plaintiff's allegations.

## **COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.)**

With a writ of summons before the Rome Court, KPNQ West Italia sued TIM, claiming damages totalling 37 million euro for alleged abusive and anti-competitive conduct in the period 2009-2011, through technical boycotting (refusals to activate wholesale services—KOs); these claims were based on the content of the Italian Competition Authority decision in the A428 case. TIM filed an appearance, contesting all of the plaintiff's allegations. The first hearing took place in May 2016. Following the judgment, with a sentence of April 2019, the Rome Court partially upheld the requests of KPNQ West Italia, ordering TIM to pay an amount significantly lower than the counterparty's compensation claims. TIM challenged the judgment before the Court of Appeal of Rome, and also filed a separate request for suspension of the judgment. In July 2019 TIM obtained the suspension of the payment of a significant amount of what was stated by the first instance judgment. With sentence issued in April 2021, the Rome Court of Appeal partially accepted TIM's appeal, reducing the amount of compensation due to COMM 3000, which was, in any event, fully covered by the related fund.

## **TELEUNIT**

With a writ of summons issued in October 2009 before the Milan Appeal Court, Teleunit asked that TIM alleged acts of abuse of its dominant position in the premium services market be ascertained. The plaintiff quantified its damages at a total of approximately 362 million euro. TIM filed an appearance, contesting the claims of the other party.

After the ruling of January 2014, with which the Court of Appeal declared that it was not competent in this matter and referred the case to the Court, Teleunit reinstated the case before the Milan Court the following April. TIM filed an appearance in the reinstated proceedings challenging the plaintiff's claims.

In its May 2017 judgment, the Milan Court rejected Teleunit's claim in its entirety, and ordered the company to pay the legal costs of the case. This judgment was appealed by Teleunit, in June 2017, before the Milan Court of Appeal. TIM filed an appeal challenging the arguments presented by the other party and asking that the judgment in the first instance be fully confirmed.

In its March 2018 order, the Milan Court of Appeal declared Teleunit's appeal (pursuant to Article 348-*bis* of the Italian Code of Civil Procedure) to be manifestly without foundation, and thus inadmissible. In May 2018 Teleunit appealed the judgment of the Court of Appeal to the Supreme Court. TIM served a defence on the appellant, requesting that the appealed ruling (including the judgment in the first instance) be confirmed in full.

## **MC-Link**

MC-Link filed a damages claim for 51 million euro by writ of summons before the Rome Court, as compensation for TIM's alleged anticompetitive and abusive conduct over the period 2009-2012 in the form



of technical boycotting (refusals to activate wholesale access lines – KOs). The claim was based on the decision of the Italian Competition Authority in the A428 case.

TIM filed an appearance, contesting all of the plaintiff's allegations.

### **Eutelia and Clouditalia Telecomunicazioni**

By writ of summons in May 2020, Eutelia in Extraordinary Administration (*Amministrazione Straordinaria*) and Clouditalia Telecomunicazioni S.p.A., purchaser of Eutelia's TLC going concern, sued TIM before the Court of Rome, filing claims for damages for approx. 40 million euro for damages allegedly suffered between 2009 and 2012 following the conduct of technical boycott and margin squeeze, under the AGCM (Italian Anti-trust Agency) A428 procedure. TIM filed its statement of defence and appeared in court, challenging the counterparty claims and lodging a counterclaim.

### **Italian Competition Authority Case I-761**

With a ruling issued on 10 July 2013, AGCM included TIM in the investigation started in March 2013 into firms active in the fixed network maintenance sector. The investigation aims to establish if an agreement prohibited under article 101 of the TFEU existed among firms.

The proceedings were initiated after Wind filed two complaints in which the ICA was informed that, based on an invitation to bid for the assignment of network corrective maintenance services, it had encountered substantial uniformity of prices offered by the aforementioned enterprises and a significant difference from the offers submitted subsequently by other and different companies.

The AGCM alleged that TIM carried out a role of coordinating the other parts of the procedure, both during the formulation of the offers requested by Wind and in relation to the positions represented to communications regulator AGCom.

TIM challenged these proceedings before the Lazio Administrative Court (TAR), claiming that the ICA does not have competence in this matter.

On 7 July 2014, the AGCM announced the extension of the proceedings to confirm whether TIM, abusing its dominant position, put in place initiatives that might influence the conditions of the offer of accessory technical services when the offers of the maintenance businesses to Wind and Fastweb were being formulated. With the extension provision, the AGCM has also extended the deadline for closing the proceedings from the original date of 31 July 2014 to 31 July 2015. This extension was also challenged before the Lazio Administrative Court (TAR) claiming that the Italian Competition Authority does not have competence in this matter.

In November 2014, for reasons of procedural economy and also convinced that it was acting legitimately, TIM presented to the Authority a proposal of undertakings in order to resolve the competition concerns which were the subject of the investigation. In its resolution of 19 December 2014, the ICA considered that these undertakings were not manifestly groundless and later ordered their publication for the purposes of market testing.

On 25 March 2015, the AGCM definitively rejected the aforesaid undertakings, considering them not suitable for removing the anticompetitive aspects investigated.

On 21 July 2015, the Communication of the Results of the Investigation was served on the parties to the proceedings, in which the Offices of AGCM expressed their position in the sense of (i) archiving the complaints regarding the abuse of dominant position and (ii) confirming, instead, that there existed between TIM and the maintenance firms an agreement to coordinate the economic offers drawn up for Wind and Fastweb, and to prevent the unbundled supply of the ancillary technical services.

On 16 December 2015, the final AGCM decision was issued, confirming the conclusions of the Communication of the Results of the Investigation, claiming that, between 2012 and 2013, there existed an agreement that restricted competition, and as a result imposed on TIM a fine of 21.5 million euro. In March 2016, TIM paid it. The relevant market is the corrective maintenance (assurance) market and, more precisely, the market for troubleshooting the TIM LLU lines. The purpose of the conduct maintained by TIM and the network firms would have been to limit competition and prevent the evolution of forms of unbundled supply of ancillary technical services.

TIM appealed the AGCM decision before the Lazio Regional Administrative Court. In judgment no. 09554/2016 issued in September 2016, the appeal was dismissed, and TIM appealed this decision to the Council of State. In a judgment in December 2019, the Council of State decided in favour of TIM, annulled the AGCM decision and fine and postponed for AGCM the task of carrying out the investigation ex novo within the limits decided by the Council of State itself.

In 2020, TIM obtained repayment of the amount paid as a fine. As a result of the in-depth investigations carried out, in a letter dated April 2, 2021, the AGCM announced that it had closed the I761 investigation.

### **VODAFONE (I-761)**

With a writ of summons before the Milan Court, Vodafone sued TIM and other network companies, seeking compensation from TIM (and from the other network companies) of approximately 193 million euro for damages arising from alleged anti-competitive conduct censured in the Italian Competition Authority Case I-761 (on corrective maintenance). The period of the alleged infringements is 2011 to 2017.

More precisely, Vodafone alleges TIM breached competition rules in the wholesale markets for the access to its fixed network (LLU lines, Bitstream, WLR), through the abuse of a dominant position and an unlawful agreement with the maintenance companies to keep the monopoly on the offer of corrective maintenance services on its network. In particular, this restrictive agreement would have concerned the coordination, by TIM, of the financial conditions contained in the offers submitted by the aforementioned maintenance companies to the OLOs at artificially high prices, in order to give the impression that the unbundling of the service itself were not convenient. TIM filed an appearance, contesting all of the other party's requests. Finally, the case was settled as part of a global settlement with Vodafone.

### **Italian Competition Authority Case A514**

In June 2017 the Italian Antitrust Authority (AGCM) started proceedings A514 against TIM, to ascertain a possible abuse of its dominant market position in breach of article 102 of the TFEU. The proceedings were started based on complaints filed in May and June 2017, by Infratel, Enel, Open Fiber, Vodafone and Wind Tre, and concerns a presumed abuse of TIM's dominant position in the market for wholesale access services and for retail services using the broadband and ultrabroadband fixed network.

In particular, the AGCM hypothesised that TIM had adopted conduct aimed at: i) slowing and hindering the course of the Infratel tender processes so as to delay, or render less remunerative the entry of another operator in the wholesale market; ii) pre-emptively securing customers on the retail market for ultrabroadband services by means of commercial policies designed to restrict the space of customer contendibility remaining for the competitor operators.

After the start of the proceedings, the Authority's officials carried out an inspection at some of TIM's offices in the month of July 2017. On 2 November 2017, TIM filed a defence in which, in support of the correctness of its actions, it challenged all the arguments that the behaviour it had allegedly indulged in, and which are the object of the case, were actually unlawful.

On 14 February 2018, AGCM resolved to extend the scope of the case to investigate further behaviour concerning TIM's wholesale pricing strategy on the market for wholesale access to broadband and ultra-broadband and the use of the confidential information of customers of the alternative operators. On 5 July 2018, TIM filed proposed undertakings which, if accepted by the AGCM, would close the investigation

without any offense being established or sanction being administered. The undertakings were considered as admissible by the AGCM, that market tested them in August and September 2018.

On 30 October 2018, TIM replied to observations made by third parties during the market test. Third parties expressed concerns about the effectiveness of the undertakings offered by TIM. As a result, in order to meet these concerns, TIM modified its proposed undertakings. In its 4 December 2018 decision, the Italian Antitrust Authority (AGCM) ultimately rejected the proposed series of undertakings as it considered them unsuitable in light of the objections raised. On 4 March 2019, TIM asked AGCM to extend the deadline for closing the proceeding. On 10 April 2019, AGCM decided the extension of the deadline for the end of the procedure to 30 September 2019.

On 17 May 2019, AGCM issued its preliminary findings (the so-called Statement of Objections) affirming that TIM behaved unfairly, either at wholesale or retail level, having adopted a single exclusion strategy against Open Fiber since 2016.

TIM continued to work in order to demonstrate that its behaviour didn't breach antitrust rules.

On 18 September 2019, AGCM decided to further postpone the end of the proceedings to February 28, 2020.

On 25 September 2019, the final hearing took place at the AGCM offices.

On 25 February 2020, AGCM issued its final decision (served on 6 March) imposing on TIM a fine of around 116 million euro as it found that TIM adopted an anti-competitive strategy aimed at hindering the development of ultrabroadband infrastructures in the so called "white areas". TIM appealed the decision before the Lazio Administrative on both on the merits and on the value of the fine.

On 25 June 2020, TIM sent to AGCM the compliance report requested in the decision mentioned above. The Lazio Regional Administrative Court set the hearing for 3 November 2021. The company paid the penalty in May 2021.

### **Antitrust Case I799**

On 1 February 2017, AGCM initiated investigation proceedings for possible breaches of Article 101 TFEU (ban on competition-restricting agreements) against TIM S.p.A. and Fastweb S.p.A., following the signing of an agreement aimed at establishing a joint cooperative enterprise Flash Fiber S.r.l.. In agreement with Fastweb, TIM has submitted several amendments to the agreements signed to the AGCM, in the form of proposed commitments, aimed at settling the proceedings without accepting the violation and, therefore, without any financial penalty. On 28 March 2018, AGCM resolved to approve the undertakings, make them binding on each party, and closed the proceeding without the imposition of any fine.

On 9 May 2018, the first report regarding compliance with the undertakings was sent to AGCM.

On 7 November 2018, AGCM acknowledged the report without raising any objection.

On 30 January 2019, TIM filed a second report related to the fulfilment of annual coverage obligations set out in the undertakings, which was further detailed on 29 March 2019.

Further information was finally sent to AGCM on 22 July 2019.

On 15 October 2019, AGCM acknowledged all the information related to the second report mentioned above.

On 31 January 2020, TIM filed the third report related to the fulfilment of annual coverage obligations set out in the undertakings.

On 11 June 2018, Open Fiber S.p.A. and Wind Tre S.p.A. filed separate appeals to the TAR against the order closing case I-799 with the acceptance of the undertakings. They allege that this order had a series of procedural and substantial defects. In March 2020, TAR entirely dismissed the Open Fiber appeal. Currently, no hearing has been set for the Wind Tre appeal.

## **Vodafone**

In June 2015 Vodafone issued proceedings for damages in the Milan Court for alleged abuse of a dominant position by TIM in the bitstream “NGA” and “VULA” fiber access services market, initially claiming around 4.4 million euro, increased to a figure ranging from 30 to 48.9 million euro.

The complaint alleged that TIM implemented aggressive offers to obtain customers hindering of Vodafone’s access to the fiber network to make it more difficult for it to provide ultrabroadband service to its customers.

TIM filed an appearance contesting all of the allegations of the other party, and subsequently also its revision of the size of the damages claimed during the proceedings in 2016. Finally, the case was settled as part of a global settlement with Vodafone.

## **EUTELIA and VOICEPLUS**

In June 2009, Eutelia S.p.A. (**Eutelia**) and Voiceplus S.r.l. (**Voiceplus**) asked that alleged acts of abuse by TIM of its dominant position in the premium services market (based on the public offer of services provided through so-called Non Geographic Numbers) be investigated. The complainants quantified their damages at a total of approximately 730 million euro.

The case follows a precautionary procedure in which the Milan Appeal Court prohibited certain behaviours of TIM relating to the management of some financial relations with Eutelia and Voiceplus concerning the Non Geographic Numbers, for which TIM managed the payments from the end customers, on behalf of such OLOs and in the light of regulatory requirements. After the ruling with which the Milan Court of Appeal accepted TIM’s objections, declaring that it was not competent in this matter and referring the case to the Civil Court, Eutelia in extraordinary administration and Voiceplus in liquidation resubmitted the matter to the Milan Court. The first hearing took place in the month of March 2014. TIM filed an appearance challenging the claims of the other parties. After the collapse of Voiceplus, the Milan Court declared the case suspended, in an order in September 2015. The case was later resumed by Voiceplus.

With a judgment issued in February 2018, the Milan Court upheld TIM’s defence and rejected the plaintiffs’ claim for compensation, ordering them, jointly and severally, to pay legal costs. In March 2018, Eutelia and Voiceplus appealed the first instance judgment. TIM asked for the appeal to be dismissed. By judgment delivered on 5 August 2019, the Court of Appeal rejected the plaintiffs’ claims. In December 2019 Eutelia and Voiceplus appealed the judgment of the Court of Appeal before the Italian Supreme Court. TIM filed its statement of defence requesting the Supreme Court to uphold such judgment.

## **Iliad**

By summons served during the first quarter of 2020, Iliad Italia S.p.A. sued TIM before the Court of Milan for alleged anti-competitive conduct, including through the Kena Mobile brand, which was allegedly aimed at hindering its entry to and consolidation in the mobile phone market in Italy, seeking damages of at least 71.4 million euro.

TIM has filed an appearance fully contesting the requests of Iliad Italia S.p.A.; both by lodging, in turn, a counterclaim pursuant to art. 2598 of the Italian Civil Code, with reference to the disparaging behaviours of Iliad Italia S.p.A. towards TIM, and also formulating a claim for damages.

In the first preliminary brief, Iliad updated its claim for damages, taking it to 242.8 million euro. At the hearing of 13 April 2021, the judge reserved the right to deliberate on the parties’ preliminary motions.

## **28-day billing**

Resolution 121/17/CONS introduced instructions on billing intervals for telephony, prescribing, for fixed telephony, that the interval should be monthly, or multiples thereof, and, for mobile telephony, that it should be at least four-weekly. TIM appealed resolution 121/17/CONS to the Regional Administrative Court. The

judgment rejecting the appeal was published in February 2018. TIM appealed this judgment to the Council of State on 18 June 2018. On September 23, 2020 the non-definitive ruling was published whereby the Council of State joined the appeals submitted by TIM, Vodafone, Fastweb and Wind Tre and ordered the prejudicial deferral to the European Union Court of Justice (EUCJ) on whether or not the Authority had the power to regulate the frequency of renewal of the commercial offers and invoicing periods, at the same time rejecting the other grounds of appeal submitted by the operators and suspending proceedings. In February 2021, TIM filed its written observations on the requests for prejudicial judgment with the EUCJ. With its resolution 499/17/CONS, having confirmed the breach of resolution 121/17/CONS, AGCom fined TIM 1,160,000 euro, ordering it to make provision – when the billing cycle was restored to monthly intervals or multiples thereof – to return the amounts corresponding to the fee for the number of days that, from 23 June 2017, had not been used by the users in terms of the supply of service due to the misalignment of the four-weekly and monthly billing cycles. TIM also appealed this second resolution to the Regional Administrative Court of Lazio, asking for its precautionary suspension which, on 22 February 2018, was accepted by the Regional Administrative Court of Lazio limited to the part relating to the reimbursement orders.

Subsequently, law no 172 of 4 December 2017 decreed that contracts for the supply of electronic communications services should obligatorily prescribe that the renewal of offers and the billing of services be based on a month, or multiples thereof. TIM adapted to this order within the period of time prescribed by law, namely within 120 days of the date it came into force (5 April 2018).

In March 2018, with decision 112/2018/CONS AGCom (i) cautioned TIM, with regard to fixed-line voice services only, against postponing the starting date of invoices issued after the return to monthly invoicing by the same number of days as those presumably deducted starting from 23 June 2017 with the four-weekly invoicing cycle; and (ii) revoked the preceding resolution 499/17/CONS in the part in which TIM was ordered to repay the amounts presumably lost from 23 June 2017 onwards, with the four-weekly billing cycle. This resolution was also challenged by with an additional submission triggered as part of the appeal against resolution 499/17/CONS, with a request for single precautionary measures, which was provisionally granted until the hearing before the Council on 11 April 2018 with a Presidential Decree published on 26 March 2017.

Under presidential decree 9/18/PRES, AGCom amended the provisions of decision 112/18/CONS requiring the deferment of billing once the billing cycle was restored to monthly intervals, or multiples thereof, while also ordering that the timescales for complying with the order would be identified after hearings with the operators and the main consumer protection associations. TIM and the other operators affected by the presidential decree waived the precautionary petition against resolution 112/18/CONS. In May 2018, TIM therefore appealed AGCom presidential decree 9/18/PRES and resolution 187/18/CONS which ratified this decree.

In July 2018, AGCom issued resolution 269/18/CONS, with which it set 31 December 2018 as the date by which the operators must return to their fixed network customers a number of days of service equal to those eroded as an effect of 28-day billing, or propose to the affected customers any alternative compensatory measures, after having notified them to AGCom. TIM, in keeping with actions taken and arguments made, appealed this resolution.

In September 2018, TIM appealed resolution 297/18/CONS in which AGCom imposed a fine of 696,000 euro for having continued to adopt – in violation of AGCom resolution 121/17/CONS – four-weekly billing and renewal of consumer offers as from 16 February 2018 (and until 31 March 2018). With the judgment published in November 2018, the TAR canceled the pecuniary administrative sanction of 1.16 million euro imposed with resolution 499/17/CONS, and confirmed the obligation of *restitutio in integrum*. TIM submitted its preventive appeal before the Council of State to interrupt execution of said decision and, with its ruling of 20 December 2018, the Council of State, in upholding TIM's appeal, interrupted the effectiveness of the aforesaid decision for the reversal order only, until 31 March 2019.

In November 2018, AGCom published resolution 521/18/CONS with which it imposed a sanction of 1,044,000 euro on TIM. The sanction was imposed for breach of the transparency rules and rights to

withdraw in amending the contractual terms and conditions of the mobile offers applied to customers starting from 8 April 2018 following restoration of monthly billing. TIM appealed this resolution as well to the Regional Administrative Court in January 2019. Following a new application submitted by TIM, the Council of State, with its ruling published on 20 March 2019, extended the precautionary measure to suspend the effectiveness of the decision until 21 May 2019 while awaiting publication of the grounds for the judgment.

Having acknowledged the publication of the grounds of the ruling handed down on 10 May 2019, the Council on 21 May 2019 ordered postponement of discussion of the application for precautionary measures to the Council meeting of 4 July 2019 in order to allow TIM to finalise its additional grounds with a new application for precautionary measures. Following this hearing, the Council of State rejected TIM's application to suspend execution of the ruling of the Regional Administrative Court with its ruling published on 5 July 2019, so it is operational starting from 21 May 2019. The hearing to discuss the introductory appeal and additional grounds submitted by TIM in the meantime is still, as of writing, to be set. On 12 July 2019 the ruling mechanisms with which the Council of State rejected the similar appeals made by Vodafone, Wind Tre and Fastweb were published and in February 2020 the grounds of these rulings were also published.

In September 2019, TIM also challenged resolution 221/19/CONS, before the Lazio Administrative Court (TAR), with which the sanction pursuant to resolution 499/17/CONS, cancelled by the Regional Administrative Court of Lazio, was recalculated to the amount of 580,000.00 euro, with the maximum fine, provided for by Art. 98, paragraph 16 of the CCE in force at the time of the events, applied.

In August 2019, AGCom initiated new proceedings (CONT 12/19/DTC) for failure to comply with the order to refund the days eroded by billing every 28 days for fixed network and convergent customers, according to the procedures established with resolutions nos. 112/18/CONS and 269/18/CONS. On conclusion of these proceedings, by means of resolution 75/20/CONS, the authority found that TIM did not comply with the above resolutions, imposing a fine of 3 million euro. The measure was challenged by TIM before the TAR in July 2020.

In the meantime, in June 2019, TIM had in any case decided to offer its fixed network customers, active prior to 31 March 2018 and subjected to billing every 28 days, the possibility of accepting a compensatory solution, an alternative to refunding the eroded days pursuant to AGCom resolution no. 269/18/CONS. Subsequently, from September 2019, TIM decided to also accept requests for the refund of the eroded days. In both cases, TIM informed customers with several messages in the bill, on the website and in the main newspapers. The initiatives just described were communicated to AGCom as part of the aforementioned penalty proceedings.

## **Antitrust Case I820**

Lastly, on 19 February 2018, the AGCM initiated a I820 preliminary, statutory investigation against the companies TIM, Vodafone, Fastweb, Wind-Tre and the associations of category (**ASSTEL**) to determine whether an understanding existed aiming to limit competition between the main fixed and mobile telephony operators through the coordination of their respective commercial strategies in violation of art. 101 TFEU.

The alleged coordination, according to AGCM, would have been carried out through the execution of the obligations introduced by article 19 *quinquiesdecies* of legislative decree no. 148/2017 (converted by law no. 172/2017) which requires operators of electronic communication services to provide monthly (or more than once a month) invoicing and renewal of the offers for fixed and mobile services. On 21 March 2018, AGCM issued a provisional precautionary measure against all the operators involved in the proceedings with which it ordered the suspension, pending the proceedings, of the implementation of the agreement concerning the determination of repricing communicated to users at the time of reformulating the billing cycle in compliance with law 172/2017 and to independently redetermine its commercial strategy. The order with which AGCM confirmed the precautionary measure was published on 13 April 2018.

On 12 June 2018, TIM filed an appeal with the TAR requesting that the AGCM precautionary measure 27112 dated 11 April 2018 be set aside. In its session on 27 June 2018, AGCM took note of the brief submitted by TIM regarding compliance with the precautionary measure.

On 17 July 2019, AGCM resolved to extend the deadline for conclusion of the proceedings until 31 January 2020. In the findings of the preliminary inquiry (CRI) communicated by AGCM to TIM, the Offices confirm the existence of a unique, complex and continuous agreement restricting competition between Telecom, Vodafone, Fastweb and Wind Tre, with the facilitation of Asstel category association. On 10 October 2019, TIM filed its final brief and the final hearing was held on 15 October 2019 at AGCM. On 31 January 2020 the final decision of the proceedings was notified to TIM, where AGCM resolved the existence of the agreement between TIM, Vodafone, Wind Tre and Fastweb. The sanction imposed on TIM for participating in the anti-competitive agreement is equal to 114,398,325 euro. TIM challenged the decision and the public hearing was held on May 26, 2021; the proceedings are now in decision.

### **Vodafone Dispute – Universal Service**

With a decision published in July 2015, the Council of State dismissed the appeal lodged by AGCom and TIM against the judgment of the Lazio Administrative Court (TAR) on the financing of the universal service obligations for the period 1999-2003. With this judgment the judge had granted the appeals by Vodafone, annulling AGCom decisions 106, 107, 109/11/CONS on the renewal of the related proceedings, which included Vodafone among the subjects required to contribute, for a sum of approximately 38 million euro. Essentially, the judgment confirms that the Authority has not demonstrated the particular degree of “replaceability” between fixed and mobile telephony for mobile operators to be included among the subjects required to repay the cost of the universal service, which means that AGCom needs to issue a new ruling.

TIM has filed an application with AGCom to renew the proceedings, and an appeal against the judgment of the Court of Appeal to the Italian Supreme Court (which subsequently ruled that the appeal was inadmissible).

In April 2016, Vodafone appealed against the Ministry of Economic Development (MISE) and TIM to the Council of State, for non-compliance with the judgment of the Council of State. This appeal related to AGCom decision 109/11/CONS (2003 yearly payment, on the basis of which Vodafone had paid the sum of approximately 9 million euro as contribution, restitution of which was requested).

In its judgment of November 2016, the Council of State dismissed the appeal, referring to the Lazio Administrative Court (TAR) the decision on the methods of compliance. In February 2017, Vodafone presented the Lazio Administrative Court with four new appeals against the Ministry of Economic Development and TIM regarding observance of the ruling, upheld on appeal, countermanding the resolutions for the years 1999-2003 and repayment of the amounts of around 38 million euro already paid to the Ministry of Economic Development as a contribution.

In its June 2018 judgment, the Lazio Administrative Court (TAR) dismissed all of Vodafone’s appeals, and, as requested by TIM, expressly stated that AGCom must renew the proceedings, particularly with regard to the determination of the degree of replaceability between fixed and mobile telephony. Vodafone appealed the four judgments to the Council of State. With a judgment published in October 2019, the Council of State granted the appeal of Vodafone mandating that TIM is under the obligation to return the disputed amount.

With resolution no. 263/20/CIR, AGCom initiated proceedings to revise the investigation regarding the unfairness of the net cost of the universal service for the years 1999 – 2009. Vodafone appealed this resolution before the Regional Administrative Court. The renewal procedure was concluded with resolution 18/21/CIR, which substantially confirmed the outline of the measure. This latter resolution was challenged by TIM exclusively in relation to the years 1999 and 2000, whilst Vodafone, Wind and Fastweb challenged the resolution in relation to all the years concerned.

## Dispute on “Adjustments to concession fees” for the years 1994–1998

With respect to the judgments sought in previous years concerning the Ministry of Communications’ request for payment of the balance of the amounts paid in concession charges for the years 1994-1998 (for a total of 113 million euro), the Lazio Administrative Court (TAR) dismissed TIM’s appeal against the request for adjustment of the concession fee for 1994 in the amount of approximately 11 million euro, 9 million euro of which against turnover not received due to bad debts. TIM lodged an appeal which the Council of State partially granted by a judgment published in December 2019, especially in reference to bad debts. Currently the Ministry of Communication is implementing an administrative procedure in order to execute the Council of State’s judgment.

With two further judgments, the Lazio Administrative Court (TAR) reiterating the reasons previously expressed also dismissed the appeals with which TIM challenged the requests for payment of outstanding balances of concession fees for the years 1995 and 1996-1997-1998, for the amount of approximately 46 million euro. TIM has also appealed these judgments before the Council of State.

With regard to a portion of the 1998 fee adjustment (approximately 41 million), the Lazio Administrative Court (**TAR**), by order of December 2018, suspended the judgment, raising preliminary questions with the EU Court of Justice on the correct scope of EC Directive no. 97/13 (in the matter of general authorisations and individual licences in the field of telecommunications services on the basis of the currently pending litigation on the 1998 concession fee and illustrated in a subsequent paragraph). The referred questions are based, *inter alia*, on the question brought to the EU Court of Justice on the possible conflict between the aforementioned EC Directive 97/13 and national law, which extended the obligation for telecommunications license-holders to pay the concession fee for 1998 (commensurate with a portion of turnover), despite the liberalisation process underway. Recently the EU Court of Justice issued its judgment confirming the existence of a conflict between EC Directive 97/13 and the national law providing the obligation for licence holders to pay a concession fee also for 1998.

Following the sentence of the European Court of Justice, the judgment regarding the 1998 fee adjustment was resumed before the TAR, which, in a sentence handed down in February 2009, declared TIM’s appeal inadmissible on procedural grounds, namely due to the prevalence of the formal ruling contained in sentence 7506/2009. In substance, however, the sentence of the European Court of Justice once again established the illegitimacy of the public administration claim to obtain payment of the 1998 fee and, consequently, of the related offset. The company has appealed the TAR’s sentence.

## POSTE

Litigation is still pending for lawsuits brought at the end of the 1990s by Ing. C. Olivetti & C. S.p.A. (now TIM) against Poste Italiane S.p.A. (**Poste**) for the non-payment of services provided under a series of supply agreements for IT goods and services. The judgments handed down on first instance ruled partially in favour of the former Olivetti, but were challenged by Poste in individual appeals.

In 2009, the Court of Appeal of Rome confirmed one of the credit claims of TIM, however in another judgment the same Court declared one of the disputed agreements null and void. Following that judgment, Poste served a writ of execution for the reimbursement of approximately 58 million euro, which TIM rejected given that its appeal against the judgment was still pending before the Supreme Court.

In 2012, the Supreme Court overturned the Appeal Court ruling on which the writ of execution was based, after which the Rome Court ruled that the enforcement procedure was devoid of purpose as there was no longer any basis for the writ of execution obtained by Poste. The case has been reinstated before another section of the Court of Appeal of Rome. In a recent ruling, published on 25 January 2019, the Rome Court of Appeal at the time of proceedings, reversed the TIM’s previously unfavourable appeal, confirming the contract’s validity and, with it, the legitimacy of TIM’s view of the amount already collected, of which Poste had requested reimbursement. This ruling was challenged by Poste with an appeal before the Supreme Court (*Corte di Cassazione*), notified on 31 July 2019, opposed by TIM with a counter-appeal.



## **Elinet S.p.A. Bankruptcy**

The receivers of collapsed Elinet S.p.A., and subsequently the receivers of Elitel S.r.l. and Elitel Telecom S.p.A (the controller of the Elitel group at the time), have appealed in 2014 the judgment with which the Rome Court rejected the claims for compensation made by the receivers of Elinet-Elitel, repropounding a claim for damages totalling 282 million euro. The claims made involve the alleged performance of management and coordination activities of the plaintiff, and with it the Elitel group (alternative operator in which TIM has never had any type of interest), allegedly enacted by playing the card of trade receivables management. TIM filed an appearance, challenging the claims made by the other party. The Appeal Court rejected the counterparties' requests and, in January 2020, only the receivers of the collapsed Elinet S.p.A. and the receivers of the collapsed Elitel Telecom S.p.A. appealed before the Italian Supreme Court. TIM filed a defensive brief in March 2020. Currently the value of the litigation stands at about 242 million euro.

## **Brazil – Opportunity Arbitration**

In May 2012, TIM and Telecom Italia International N.V. (now merged in Telecom Italia Finance) were served with a notice of arbitration proceedings brought by the opportunity group, claiming compensation for damages allegedly suffered for presumed breach of a settlement agreement signed in 2005. Based on the claimant's allegations, the damages relate to circumstances that emerged in the criminal proceedings pending before the Milan Court regarding, *inter alia*, unlawful activities engaged in by former employees of TIM.

The investigatory phase having been completed, the hearing for oral discussion took place in November 2014, after which the parties filed their concluding arguments in preparation for the decision on the case.

In September 2015, the board of arbitration declared the proceedings closed, as the award was going to be filed.

Subsequently, the board of arbitration allowed the parties to exchange short arguments and the International Chamber of Commerce (ICC) Court extended the term for the filing of the award.

In September 2016, the ICC Court notified the parties the judgment, based on which the board of arbitration rejected all the claims made by the opportunity group and decided that the legal costs, administrative costs and costs for expert witnesses should be split between the parties (the **2016 Award**).

In April 2017, the opportunity group filed an appeal against the 2016 Award before the Paris Court of Appeal.

In November 2017, TIM and Telecom Italia Finance received from the Secretariat of the ICC's International Court of Arbitration notice of a request for revision of the 2016 Award, filed by the opportunity group, asking for a new ruling. A board of arbitration was subsequently established.

In October 2018, TIM and Telecom Italia Finance requested the proceedings pending before the Court of Appeal of Paris to be suspended, in the light of proceedings pending before the ICC Board of Arbitration to review the same 2016 Award. In November 2018, the Court of Appeal of Paris suspended the proceedings until a decision is made by the Board of Arbitration in the review proceedings.

As regards the proceedings to review the 2016 Award, in October 2019, discussion hearings were held in Paris. In August 2020, the Board of Arbitration issued its judgment dismissing the Request for Revision made by the opportunity group (the **2020 Award**).

In December 2020, the opportunity group filed an appeal against the 2020 Award before the Paris Court of Appeal. In May 2021, the opportunity group asked the Paris Court of Appeals to reinstate the proceedings started against the 2016 Award.

## **Open Fiber S.p.A.**

With a writ of summons served on TIM in March 2020, Open Fiber requested the Court of Rome to award Open Fiber compensation for damages amounting to a total of 1,500 million euro resulting from an alleged abuse of dominant position against Open Fiber. The contested practices consists of: (i) pre-emptive investments in FTTC networks in white areas; (ii) bringing sham litigation to hinder public tender proceedings administered by Infratel; (iii) anticompetitive repricing of some wholesale services; (iv) commercial lock-in offers on the retail market; (v) communication of false information to AGCom, when approving a wholesale offer, and spread of rumors about TIM's interest in acquiring Open Fiber; and (vi) discrimination in terms of access to TIM's passive infrastructures. TIM appealed the AGCM fining decision in the A514 case upon which Open Fiber legal action mainly relies.

TIM appeared in court to fully contest the claims of the counterparty. Enel S.p.A. joined the proceedings and requested the court find TIM liable for the aforementioned alleged conducts and, as a result, order TIM to pay compensation for the damages suffered by Open Fiber and Enel S.p.A. itself.

## **Fastweb**

In February 2021, Fastweb S.p.A. summoned TIM to appear before the Court of Milan, claiming damages of approximately 996 million euro for damage allegedly incurred as a result of TIM's unlawful conduct, sanctioned by the Italian competition authority in the final ruling of proceeding A514, and of alleged opportunistic suspensions of activation orders sent by Fastweb S.p.A.

Fastweb S.p.A. complains that TIM delayed the wholesale offer of ultra-wideband services by Open Fiber in the so-called white areas, consequently slowing down the offer of such services by Fastweb to end customers in these areas, and implemented tying practices in relations with end customers, hindering access to the market by alternative operators (including Fastweb).

Moreover, TIM is alleged to have instrumentally managed the process of supplying wholesale access services to its fixed broadband and ultra-wideband network, opportunistically suspending activation orders forwarded by Fastweb and, in this way, hindering the activation of new customers on its part. TIM has appeared in court with solid arguments aimed at refuting Fastweb's claims.

## **B) OTHER INFORMATION**

### **Mobile telephony – criminal proceedings**

In March 2012, TIM was served notice of the conclusion of the preliminary enquiries, which showed that TIM was being investigated by the Public Prosecutor of Milan pursuant to the Legislative Decree no. 231/2001, for the offences of handling stolen goods and counterfeiting committed, according to the alleged allegations, by fourteen employees of the so-called "ethnic channel", with the participation of a number of dealers, for the purpose of obtaining undeserved commissions from TIM.

TIM, as the injured party damaged by such conduct, had brought two legal actions in 2008 and 2009 and had proceeded to suspend the employees involved in the criminal proceedings (suspension later followed by dismissal). It has also filed an initial statement of defence, together with a technical report by its own expert, requesting that the proceedings against it be suspended, and that charges of aggravated fraud against TIM be brought against the other defendants. In December 2012, the Public Prosecutor's Office filed a request for 89 defendants and TIM itself to be committed for trial.

During the preliminary hearing, TIM was admitted as civil party to the trial and, in November 2013, the conclusions in the interest of the civil party were filed, reaffirming TIM's total lack of involvement in the offences claimed.

At the end of the preliminary hearing, which took place in March 2014, the Judge for the Preliminary Hearing committed for trial all the defendants (including TIM) who had not asked for their situation to be settled with alternative procedures, on the grounds that "examination in a trial" was needed. In April 2016, at

the end of the first part of the trial, the Public Prosecutor asked for TIM to be sentenced to pay an administrative fine of 900 thousand euro, but decided not to ask for confiscation of any of the presumed profits of the offences (quantified in the committal proceedings as totalling several million euro), based on the assumption that TIM had in any event remedied the presumed organisational inadequacies. While acknowledging the considerable redimensioning of the accusations, TIM has reiterated its total non-involvement in the facts at issue. In November 2016, the Court gave a verdict acquitting TIM on the grounds that there was no case to answer. All the individuals charged were also acquitted on various grounds. The acquittal judgment is not final, as it was challenged in April 2017 by the Public Prosecutor who sought appeal before the Supreme Court.

The Public Prosecutor appealed the acquittal and appealed to the Supreme Court *per saltum*. In January 2019, the Supreme Court of Cassation agreed to the appeal and therefore ordered that the documents of the proceedings be sent to the Milan Court of Appeal. The proceedings were assigned to chamber IV of the Milan Court of Appeal and are awaiting scheduling of the hearing.

### **Dispute concerning the license fees for 1998**

TIM has issued civil proceedings against the *Presidenza del Consiglio dei Ministri* (the office of the Prime Minister) for compensation of the damage caused by the Italian State through appeal judgment no. 7506/09 by the Council of State that, in the view of TIM, violates the principles of current European community law.

The main claim which the proceedings are founded on is based on community jurisprudence that recognises the right to assert the responsibility of the State in relation to violation of rights recognised in community law and injured by a judgment that has become definitive, in respect of which no other remedy may be applied. The judgment of the Council of State definitively denied the right of TIM to restitution of the concession charge for 1998 (totalling 386 million euro for Telecom Italia and 143 million euro for the former TIM Company, plus interest), already denied by the Lazio regional administrative court despite the favourable and binding opinion of the European Court of Justice in February 2008 concerning the conflict between EC Directive 97/13 on general authorisations and individual licences in the telecommunications services industry, and the national regulations that had deferred, for 1998, the obligation to pay the fee payable by telecommunications concession holders, despite the intervening deregulation process. TIM also then proposed an alternative compensation claim, within the sphere of the same proceedings, for tort pursuant to art. 2043 of the Italian Civil Code. The compensation claimed has been quantified as approximately 529 million euro, plus legal interest and revaluation. The *Avvocatura di Stato* filed an appearance and submitted a counterclaim for the same sum. The case was subject to eligibility analysis by the Court, which declared the inadmissibility of TIM's main claim (case for damages for manifest breach of community law pursuant to law 117/88). However, this decision was amended in favour of TIM on appeal. In March 2015, the Rome Court issued its judgment in the first instance, declaring TIM's application inadmissible. TIM has appealed the decision, and the case is now pending before the Court of Appeal.

### **Vodafone (previously TELETU)**

With a summons issued in February 2012, TIM sued the operator TELETU (now incorporated into Vodafone), before the Court of Rome for unlawful refusals regarding reactivation with TIM of the competitor's customers. The claim was quantified as approximately 93 million euro. With its sentence of December 2020, the Court ascertained that in the period from July 2008 to October 2011, TELETU carried out an unlawful competitive action pursuant to art. 2598 of the Italian Civil Code in relation to requests for migration to TIM, sentencing the same to pay TIM compensation of 1,378,000 euro plus interest and revaluation. The amount has been paid by Vodafone. Finally, as part of a global settlement with Vodafone, the parties agreed to not appeal such sentence.

### **Other liabilities connected with the disposal of assets and investments**

Within the scope of agreements for the sale of assets and companies, the TIM Group committed to indemnifying the purchasers in the event of liabilities mainly arising in connection with issues of a legal, tax, social security or labour law nature, at an amount normally set as a percentage of the purchase price.

The contingent liabilities in question amount to approximately 500 million euro. Accordingly, a total of approximately 20 million euro in provisions for risks were allocated to cover only those cases considered likely to result in the payment of an indemnity.

In relation to other sales of assets and investments, the TIM Group committed to the payment of other indemnities relating to specific contractual provisions. The contingent liability connected with such indemnities cannot be presently determined.

## **TIM GROUP – SELECTED FINANCIAL INFORMATION AND STATISTICAL OPERATING DATA**

### **Financial information prepared in accordance with IFRS as of and for the years ended 31 December 2020 and 2019**

The selected financial data set forth below is the consolidated financial data of the TIM Group as of and for each of the years ended 31 December 2020 and 2019, which has been extracted or derived from the Audited Consolidated Financial Statements of the TIM Group included in the 2020 TIM Annual Report and in the 2019 TIM Annual Report (which are incorporated by reference herein) and which have been audited by EY S.p.A..

In 2020, the TIM Group applied the accounting policies on a basis consistent with those of the previous years, except for the new interpretations adopted starting from 1 January 2020 and described in the sections “*New standards and interpretations endorsed by EU and in force from January 1, 2020*” of the 2020 TIM Annual Report, incorporated by reference herein.

The financial information described below should be read in conjunction with the 2020 TIM Annual Report and 2019 TIM Annual Report.

Amounts presented in this section are prepared in accordance with IFRS.

The selected financial data set forth below includes, in addition to the conventional financial performance measures established by IFRS, certain alternative performance measures (such as Operating profit (loss)/Revenues (ROS), Net Financial Debt Carrying Amount and Adjusted Net Financial Debt) that are presented for purposes of a better understanding of the trend of operations and the financial condition. Such measures should, however, not be considered as a substitute for those required by IFRS.

In particular, as regards to Operating profit (loss)/Revenues (ROS), TIM believes that such measure represents an accurate indicator of how efficiently the TIM Group is generating profits from its top-line revenues. In fact, ROS measures the performance of an entity by analysing the percentage of total revenues that is converted into operating profit. This financial measure is used by TIM in internal and external presentations to analysts and investors. ROS is also used to compare current period calculations with calculations from previous periods. This allows TIM to conduct trend analysis and compare internal efficiency performance over time.

For further details about Net Financial Debt Carrying Amount and Adjusted Net Financial Debt please also see note 5 below.

	<b>Year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<i>(millions of euro, except percentages, ratios)</i>	
<b>Separate Consolidated Income Statement Data:</b>		
<b>Revenues</b> .....	<b>15,805</b>	<b>17,974</b>
<b>Operating profit (loss)</b> .....	<b>2,104</b>	<b>3,175</b>
<b>Profit (loss) before tax from continuing operations</b> .....	<b>1,397</b>	<b>1,739</b>
<b>Profit (loss) from continuing operations</b> .....	<b>7,352</b>	<b>1,226</b>
Profit (loss) from Discontinued operations/Non-current assets held for sale ..	-	16
<b>Profit (loss) for the year</b> .....	<b>7,352</b>	<b>1,242</b>
Profit (loss) for the year attributable to owners of the Parent <sup>(1)</sup> .....	7,224	916
 <b>Capital expenditures &amp; spectrum</b> .....	 <b>3,409</b>	 <b>3,784</b>
<b>Financial Ratios:</b>		
Operating profit (loss)/Revenues (ROS).....	13.3%	17.7%
<b>Employees, average salaried workforce in the TIM Group, including personnel with temporary work contracts:</b>		
Employees (excluding employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale) (average number) .....	49,099	51,917
Employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale (average number).....	-	-
<b>Basic Earnings per Share (EPS)<sup>(2)</sup>:</b>		
Ordinary Share.....	0.34	0.04
Savings Share .....	0.35	0.05
<b>Diluted Earnings per Share (EPS)<sup>(2)</sup>:</b>		
Ordinary Share.....	0.33	0.04
Savings Share .....	0.34	0.05
<b>Dividends:</b>		
per Ordinary Share.....	0.0100 <sup>(3)</sup>	0.0100 <sup>(3)</sup>
per Savings Share .....	0.0275 <sup>(3)</sup>	0.0275 <sup>(3)</sup>

	<b>As of 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<i>(millions of euro, except employees)</i>	
<b>Consolidated Statement of Financial Position Data:</b>		
<b>Total Assets</b> .....	<b>73,234</b>	<b>70,104</b>
<b>Equity:</b>		
Equity attributable to owners of the Parent .....	26,215	20,280
Non-controlling interests .....	2,625	2,346
<b>Total Equity</b> .....	<b>28,840</b>	<b>22,626</b>
<b>Total Liabilities</b> .....	<b>44,394</b>	<b>47,478</b>
<b>Total Equity and Liabilities</b> .....	<b>73,234</b>	<b>70,104</b>
<b>Share Capital<sup>(4)</sup></b> .....	<b>11,588</b>	<b>11,587</b>
<b>Net Financial Debt Carrying Amount<sup>(5)</sup></b> .....	<b>23,714</b>	<b>28,246</b>
<b>Adjusted Net Financial Debt<sup>(5)</sup></b> .....	<b>23,326</b>	<b>27,668</b>
<b>Employees, number in the TIM Group at year-end, including personnel with temporary work contracts:</b>		
Employees (excluding employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale) (number at year-end) .....	52,347	55,198
Employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale (number at year-end) .....	-	-

<b>As of 31 December,</b>	
<b>2020</b>	<b>2019</b>
<i>(thousands)</i>	

**Statistical Data:**

**Domestic (Italy) Business Unit**

Total accesses of TIM Retail (thousands) .....	8,767	9,166
<i>of which NGN</i> <sup>(6)</sup> .....	4,407	3,670
Physical accesses of TIM Wholesale (thousands) .....	7,974	8,051
<i>of which NGN</i> .....	4,220	3,309
Active Broadband accesses of TIM Retail (thousands)	7,635	7,592
Mobile Lines at period end (thousands)	30,170	30,895

**Brasil Business Unit**

Mobile lines .....	<u>51,433</u>	<u>54,447</u>
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Notes:

- (1) For the purposes of IFRS, “Parent”, as used in this EMTN Programme Prospectus and in the 2020 TIM Annual Report, means TIM S.p.A.
- (2) In accordance with IAS 33 (Earnings per share), basic earnings per Ordinary Share is calculated by dividing the TIM Group’s profit (loss) available to shareholders by the weighted average number of shares outstanding during the year, excluding treasury shares. Since TIM has both Ordinary and Savings Shares outstanding, the calculations also take into account the requirement that holders of Savings Shares are entitled to an additional dividend equal to 2% of 0.55 euro per share above dividends paid on the Ordinary Shares.  
For the purpose of these calculations, the weighted average number of:
  - Ordinary Shares was 15,051,766,083 for the year ended 31 December 2020 and 15,039,368,195 for the year ended 31 December 2019;
  - Savings Shares was 6,027,791,699 for the years ended 31 December 2020 and 2019.
 For diluted earnings per share the weighted average number of shares outstanding is adjusted assuming conversion of all dilutive potential shares. Potential shares are those securities that, if converted into shares, would increase the total number of shares outstanding and reduce the earnings attributable to each share. Potential shares include options, warrants and convertible securities. The TIM Group’s profit (loss) is also adjusted to reflect the impact of the conversion of potential shares net of the related tax effects.
- (3) TIM’s dividend coupons for the year ended 31 December 2020, will be clipped on 21 June 2021 and will be payable from 22 June 2020.
- (4) Share capital represents share capital issued net of the accounting par value of treasury shares; accounting par value is the ratio of total share capital and the number of issued shares.
- (5) In order to present a more realistic analysis of net financial debt, in addition to the usual indicator (renamed “Net Financial Debt Carrying Amount”), the TIM Group reports a measure called “Adjusted Net Financial Debt”, which neutralises the effects caused by the volatility of financial markets. Given that some components of the fair value measurement of derivatives (contracts for setting the exchange and interest rate for contractual flows) and of derivatives embedded in other financial instruments do not result in actual monetary settlement, the Adjusted Net Financial Debt excludes these purely accounting and non-monetary effects (including the effects of IFRS 13 – Fair Value Measurement) from the measurement of derivatives and related financial assets/liabilities. Net financial debt is one of the alternative performance measures presented in addition to the conventional financial performance measures established by IFRS for purposes of a better understanding of the trend of operations and the financial condition of the TIM Group. Specifically, TIM believes that net financial debt provides an accurate indicator of its ability to meet its financial obligations. It is represented by Gross Financial Debt less Cash and Cash Equivalents and other Financial Assets. Net financial debt is also used in presentations to investors and analysts. Net Financial Debt Carrying Amount and Adjusted Net Financial Debt as of 31 December 2020 and 31 December 2019 are calculated as follows:



	<b>As of 31 December,</b>	
	<b>2020</b>	<b>2019</b>
	<i>(millions of euro)</i>	
Non-current financial liabilities.....	27,854	30,181
Current financial liabilities.....	4,308	3,821
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale.....	-	655
<b>Gross Financial Debt (A)</b> .....	<b>32,162</b>	<b>34,657</b>
<b>Non-Current Financial Assets (B)</b> .....	<b>(2,310)</b>	<b>(2,151)</b>
<b>Current financial assets:</b>		
– Securities other than investments.....	(1,092)	(877)
– Financial receivables and other current financial assets.....	(162)	(122)
– Current financial receivables arising from lease contracts.....	(55)	(58)
– Cash and cash equivalents.....	(4,829)	(3,138)
– Financial assets relating to Discontinued operations/ Non-current assets held for sale.....	-	(65)
<b>Total Current Financial Assets (C)</b> .....	<b>(6,138)</b>	<b>(4,260)</b>
<b>Financial Assets (D = B + C)</b> .....	<b>(8,448)</b>	<b>(6,411)</b>
<b>Net Financial Debt Carrying Amount (A + D)</b> .....	<b>23,714</b>	<b>28,246</b>
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i> .....	<i>(388)</i>	<i>(578)</i>
<b>Adjusted Net Financial Debt</b> .....	<b>23,326</b>	<b>27,668</b>

(6) UltraBroadband access in FTTx and FWA mode

## **Financial information prepared in accordance with IFRS as of 31 December 2020 and for the three months ended 31 March 2021**

The summary selected financial data set forth below, which has been extracted or derived from the unaudited TIM Group's Financial Information at 31 March 2021, is consolidated financial data of the TIM Group as follows:

- (i) with respect to the separate consolidated income statement information, the unaudited financial data for the three-month periods ended 31 March 2021 and 2020; and
- (ii) with respect to the statement of financial position information, the unaudited financial data as of 31 March 2021 and the audited financial data as of 31 December 2020.

The accounting policies and consolidation principles adopted in the preparation of the TIM Group's Financial Information at 31 March 2021 are the same as those adopted in the TIM Group annual Audited Consolidated Financial Statements as of 31 December 2020, to which reference can be made, except for the amendments to the accounting standards issued by the IASB (International Accounting Standards Board) and in force as of 1 January 2021.

In the opinion of the management of TIM, the unaudited interim consolidated financial data included in the TIM Group's Financial Information at 31 March 2021 reflects all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the TIM Group's consolidated results of operations for the unaudited interim periods. Results for the three -month period ended 31 March 2021 are not necessarily indicative of results that may be expected for the entire year.

There were no material events or transactions (e.g. business combinations, disposals, significant transactions with related parties, including intragroup transactions) which would have required specific disclosure in this EMTN Programme Prospectus.

The selected financial data set forth below includes, in addition to the conventional financial performance measures established by IFRS, certain alternative performance measures (such as Operating profit (loss)/Revenues (ROS), Net Financial Debt and Carrying Amount and Adjusted Net Financial Debt) that are presented for purposes of a better understanding of the trend of operations and the financial condition. Such measures should, however, not be considered as a substitute for those required by IFRS.

In particular, as regards to Operating profit (loss)/Revenues (ROS), TIM believes that such measure represents an accurate indicator of how efficiently the Group is generating profits from its top-line revenues. In fact, ROS measures the performance of an entity by analysing the percentage of total revenues that is converted into operating profit. This financial measure is used by TIM in internal and external presentations to analysts and investors. ROS is also used to compare current period calculations with calculations from previous periods. This allows TIM to conduct trend analysis and compare internal efficiency performance over time.

For further details about Net Financial Debt Carrying Amount and Adjusted Net Financial Debt please also see note 3 below.

<b>Three months ended 31</b>	
<b>March,</b>	
<b>2021</b>	<b>2020</b>
<b>(Unaudited)</b>	<b>(Unaudited)</b>

*(millions of euro, except percentages, ratios)*

**Separate Consolidated Income Statement Data:**

<b>Revenues</b> .....	<b>3,752</b>	<b>3,964</b>
<b>Operating profit (loss)</b> .....	<b>45</b>	<b>533</b>
<b>Profit (loss) before tax from continuing operations</b> .....	<b>(232)</b>	<b>673</b>
<b>Profit (loss) from continuing operations</b> .....	<b>(194)</b>	<b>591</b>
Profit (loss) from Discontinued operations/Non-current assets held for sale	-	-
<b>Profit (loss) for the period</b> .....	<b>(194)</b>	<b>591</b>
<b>Profit (loss) for the period attributable to owners of the Parent<sup>(1)</sup></b> .....	<b>(216)</b>	<b>560</b>
 <b>Capital expenditures &amp; Spectrum</b> .....	 <b>691</b>	 <b>599</b>

**Financial Ratios:**

– Operating profit (loss)/Revenues (ROS)(%) .....	<u>1.2%</u>	<u>13.4%</u>
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	<b>As of 31 March 2021 (Unaudited)</b>	<b>As of 31 December 2020</b>
	<i>(millions of euro, except employees)</i>	
<b>Consolidated Statement of Financial Position Data:</b>		
<b>Total Assets</b> .....	<b>73,726</b>	<b>73,213</b>
<b>Equity:</b>		
— Equity attributable to owners of the Parent .....	25,383	26,215
— Non-controlling interests .....	4,439	2,625
<b>Total Equity</b> .....	<b>29,822</b>	<b>28,840</b>
<b>Total Liabilities</b> .....	<b>43,904</b>	<b>44,373</b>
<b>Total Equity and Liabilities</b> .....	<b>73,726</b>	<b>73,213</b>
<b>Share Capital</b> <sup>(2)</sup> .....	<b>11,592</b>	<b>11,588</b>
<b>Net Financial Debt Carrying Amount</b> <sup>(3)</sup> .....	<b>21,672</b>	<b>23,714</b>
<b>Adjusted Net Financial Debt</b> <sup>(3)</sup> .....	<b>21,155</b>	<b>23,326</b>
<b>Employees, number in the Group at period-end, including personnel with temporary work contracts:</b>		
Employees (excluding employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale) (number at period-end) .....	52,194	52,347
Employees relating to the consolidated companies considered as Discontinued operations/Non-current assets held for sale (number at period-end) .....	-	-

	<b>As of 31 March 2021</b>	<b>As of 31 December 2020</b>
	<i>(thousands)</i>	
<b>Statistical Data:</b>		
<b>Domestic (Italy) Business Unit</b>		
Total accesses of TIM Retail (thousands) .....	8,774	8,791
<i>Of which NGN<sup>(4)</sup></i> .....	4,695	4,432
Total accesses of TIM Wholesale (thousands) .....	7,908	7,974
<i>Of which NGN</i> .....	4,381	4,220
Active broadband accesses of TIM Retail (thousands) .....	7,746	7,635
Mobile lines .....	30,222	30,170
<b>Brasil Business Unit</b>		
Mobile lines .....	51,728	51,433

Notes:

- (1) “Parent”, as used in this EMTN Programme Prospectus, means TIM S.p.A.
- (2) Share capital represents share capital issued net of the accounting par value of treasury shares; accounting par value is the ratio of total share capital and the number of issued shares.
- (3) In order to present a more realistic analysis of net financial debt, in addition to the usual indicator (renamed “Net Financial Debt Carrying Amount”), the TIM Group reports a measure called “Adjusted Net Financial Debt”, which neutralises the effects caused by the volatility of financial markets. Given that some components of the fair value measurement of derivatives (contracts for setting the exchange and interest rate for contractual flows) and of derivatives embedded in other financial instruments do not result in actual monetary settlement, the Adjusted Net Financial Debt excludes these purely accounting and non-monetary effects (including the effects of IFRS 13 – Fair Value Measurement) from the measurement of derivatives and related financial assets/liabilities. Net Financial Debt is one of the alternative performance measures presented in addition to the conventional financial performance measures established by IFRS for purposes of a better understanding of the trend of operations and the financial condition of the TIM Group. Specifically, TIM believes that net financial debt provides an accurate indicator of its ability to meet its financial obligations. It is represented by Gross Financial Debt less Cash and Cash Equivalents and other Financial Assets. Net Financial Debt is also used in presentations to investors and analysts. Net Financial Debt Carrying Amount and Adjusted Net Financial Debt as of 31 March 2021 and 31 December 2020 are calculated as follows:

	As of 31 March 2021 (Unaudited)	As of 31 December 2020
	<i>(millions of euro)</i>	
Non-current financial liabilities.....	25,418	27,854
Current financial liabilities.....	5,742	4,308
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale.....	-	-
<b>Gross Financial Debt (A)</b> .....	<b>31,160</b>	<b>32,162</b>
<b>Non-Current Financial Assets (B)</b> .....	<b>(2,088)</b>	<b>(2,310)</b>
<b>Current financial assets:</b>		
– Securities other than investments.....	(986)	(1,092)
– Financial receivables and other current financial assets.....	(1,977)	(162)
– Current financial receivables arising from lease contracts.....	(67)	(55)
– Cash and cash equivalents.....	(4,370)	(4,829)
– Financial assets relating to Discontinued operations/ Non-current assets held for sale.....	-	-
<b>Total Current Financial Assets (C)</b> .....	<b>(7,400)</b>	<b>(6,138)</b>
<b>Financial Assets (D = B + C)</b> .....	<b>(9,488)</b>	<b>(8,448)</b>
<b>Net Financial Debt Carrying Amount (A + D)</b> .....	<b>21,672</b>	<b>23,714</b>
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	<i>(517)</i>	<i>(388)</i>
<b>Adjusted Net Financial Debt</b> .....	<b>21,155</b>	<b>23,326</b>

(4) UltraBroadband access in FTTx and FWA mode, also including “data only” lines and GBE (Gigabit Ethernet).

## DIRECTORS, EXECUTIVE OFFICERS AND STATUTORY AUDITORS

### Directors

A full renewal of the Board of Directors took place on 31 March 2021, following the natural expiry of the mandate of the Directors.

The Board of Directors of TIM on 1 April 2021 confirmed Salvatore Rossi as Chairman and Luigi Gubitosi as Chief Executive Officer of the Company.

As of the date of this EMTN Programme Prospectus, the Board of Directors of TIM was composed of the following directors:

Name	Age	Position	Appointed	Other principal activities performed by the Director Officers outside of TIM Group
Salvatore Rossi (1) (2)	72	Chairman/ Director	2019	/
Luigi Gubitosi (3)	60	Chief Executive Officer/ Director/ General Manager	2018	/
Paolo Boccardelli (1)	49	Director	2021	/
Paola Bonomo (1)	52	Director	2021	Director of AXA Assicurazioni S.p.A., Piquadro S.p.A., Sisal Group S.p.A., FAAC S.p.A. and Non Executive Director of Crystal Peak Acquisition. Member of the Investment Committee of the Fondo Neva First.
Franck Cadoret	64	Director	2021	CEO Canal + Group France
Paola Camagni (1)	50	Director	2021	Chairman of the Board of Statutory Auditors of Mozambique Rovuma Venture S.p.A. (Gruppo Eni) and AGI – Agenzia Giornalistica Italia S.p.A. and Acting Auditor of CNP UniCredit Vita S.p.A., Oracle Italia, Eni Rewind S.p.A. ed Eni Angola S.p.A.
Maurizio Carli (1)	62	Director	2021	Chairman of the Board of Directors of Board International (a private Swiss IT company), a Board member of Temenos (a top Swiss IT company in the field of banking applications), and a Board member of Blueprism (a leading British IT company in the field of Robotic Process Automation)
Luca De Meo(1)	54	Director	2021	CEO of the Group Renault

Cristiana Falcone (1)	48	Director	2021	Board member of SVF3, Revlon and Viacom.
Marella Moretti (1)	55	Director	2021	Managing Director and Board member of CNH Industrial Financial Services, Chief Executive Officer and Board member of CNH Industrial Finance France, Chief Financial Officer of Fiat Chrysler Finance et Services in Paris
Federico Ferro Luzzi (1)	52	Director	2021	Independent member of the management Board at Garofalo HC S.p.A., at Banca Sistema S.p.A. and at Saipem S.p.A.
Giovanni Gorno Tempini	59	Director	2021	Chairman of the Board of Directors of Cassa Depositi e Prestiti, of CDP Reti S.p.A and of CDP Equity S.p.A. Chairman of the Board of Directors of F.I.L.A. - Fabbrica Italiana Lapis e Affini and a member of the Board of Directors of Avio S.p.A.
Arnaud Roy de Puyfontaine	57	Director	2021	CEO and Chairman of the Management Board of Vivendi, Chairman of the Supervisory Board of Universal Music France, Member of the Supervisory Board of Canal+Group, Director of Havas, Chairman of the Management Board of Antinea 6 and of Editis Holding, Member of the Advisory Committee of Innit, Honorary Chairman of the French-American Foundation
Ilaria Romagnoli (1)	53	Director	2021	Advisor with Rothschild & Co Merchant Banking
Paola Sapienza (1)	56	Director	2021	Donald C. Clark/HSBC Professor of Finance at the Kellogg School of Management, Northwestern University, Fellow of the European Corporate Governance Institute (ECGI) a member of the Board of Trustees of the European Corporate Governance Research Foundation, a Research Associate at the National Bureau of Economic Research (NBER) and a Research Fellow at the Centre for Economic Policy Research (CEPR).

(1) Independent Director according to legal requirements. For details on the criteria applied to determine independence, see “Item 10. Additional Information—10.1 Corporate Governance”.

(2) He was appointed by the Board of Directors on 21 October 2019 to replace Mr Fulvio Conti who resigned as of 26 September 2019; the Board of Directors on 1 April 2021 confirmed as Chairman.

(3) He was appointed as Chief Executive Officer/General Manager as of 18 November 2018; the Board of Directors on April 1 2021 confirmed him as CEO/General Manager.



The business address of each of the members of the Board of Directors is Via Gaetano Negri 1, 20123 Milan, Italy.

## Executive Officers

As of the date of this EMTN Programme Prospectus, the executive officers of TIM and their respective positions were as follows:

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Appointed</b>
<b>Directors:</b>			
Luigi Gubitosi (1)	60	Chief Executive Officer/General Manager	2018
<b>Managers:</b>			
Stefano Siragusa (2)	45	Chief Revenue Officer	2021
Pietro Labriola (3)	53	CEO Tim S.A.	2019
Michele Gamberini (4)	58	Chief Technology & Information Office	2019
Stefano Grassi (5)	62	Head of Security	2019
Giovanni Gionata Massimiliano Moglia (6)	61	Chief Regulatory Affairs & Wholesale Market Office	2019
Carlo Nardello (7)	57	Chief Strategic Customer Experience & Transformation Office	2019
Agostino Nuzzolo	53	Head of Legal and Tax	2018
Giovanni Ronca (8)	48	Chief Financial Officer	2019
Nicola Grassi (9)	57	Chief Technology & Operations Officer	2021
Luciano Sale (10)	60	Head of Human Resources Organisation & Real Estate	2019
Paolo Chiriotti (11)	50	Head of Procurement	2021

(1) Since 18 November 2018 confirmed 1<sup>st</sup> April 2021.

(2) Since 5 July 2021, he has been Chief Revenue Officer of TIM. Until 5 July 2021 Federico Rigoni was Chief Revenue Officer.

(3) Since 3 April 2019.

(4) Since 12 November 2019.

(5) Since 27 June 2019.

(6) Since 27 June 2019; until 11 November 2019 he was named Chief Regulatory Affairs Office.

(7) Since 20 February 2019.

(8) Since 3 June 2019. Before such date, the Chief Financial Officer was Piergiorgio Peluso.

(9) Since 5 July 2021, he has been Chief Technology & Operations Officer. Until 5 July 2021 Stefano Siragusa was Chief Technology & Operations Officer.

(10) Since 5 February 2019.

(11) Since 5 July 2021, he has been Head of Procurement. Until 5 July 2021 Nicola Grassi was Head of Procurement.

The business address of each of the executive officers is Via Gaetano Negri 1, 20123 Milan, Italy.

\* \* \*

## Board of Statutory Auditors

On 31 March 2021, the Shareholders Meeting appointed the present Statutory Board of Auditors, who will remain in office until approval of the 2023 financial statements. Based on the slates submitted by the shareholders, five Acting Auditors and four Alternate Auditors have been appointed.

The Shareholders' Meeting also appointed Auditor Francesco Fallacara as Chairman of the Board of Statutory Auditors.

The Board of Directors of the 1 April 2021 meeting confirmed the Statutory Auditor Ms Doro as member of the Supervisory Body pursuant to legislative decree 231/2001.

As of the date of this EMTN Programme Prospectus, the Board of Statutory Auditors of TIM was composed of the following Auditors:

<b>Name</b>	<b>Position</b>	<b>Appointed</b>
Francesco FALLACARA (1)	Chairman	2021
Angelo Rocco BONISSONI	Acting Auditor	2021
Francesca di DONATO	Acting Auditor	2021
Anna DORO (1)	Acting Auditor	2021
Massimo GAMBINI	Acting Auditor	2021
Ilaria Antonella BELLUCO	Alternate Auditor	2021
Laura FIORDELISI (1)	Alternate Auditor	2021
Franco Maurizio LAGRO	Alternate Auditor	2021
Paolo PRANDI (1)	Alternate Auditor	2021

(1) Elected by minority shareholders.

The business address of each of the members of the Board of Statutory Auditors is Via Gaetano Negri 1, 20123 Milan, Italy.

The positions held by the members of the Board of Statutory Auditors in other listed companies are shown below:

Francesco Fallacara	Chairman of Boards of Statutory Auditors of Maire Tecnimont S.p.A and Pirelli & C. S.p.A. Acting Auditor of ENI Progetti S.p.A.
Angelo Rocco Bonissoni	Acting Auditor of UniCredit S.p.A. and of Atlantia S.p.A.
Francesca di Donato	Chairman of Board of Statutory Auditors of Technogym S.p.A.; Acting Auditors of Gamenet Group S.p.A, of Garofalo Health Care S.p.A. and of MPS Leasing & Factoring; Deputy Chairman of the Advisory Committee of the "i3-Core" Fund by Invimit SGR S.P.A.

Anna Doro	Director of Credito Valtellinese S.p.A. and Net Insurance S.p.A.
Massimo Gambini	Acting Auditors of Poligrafici Printing SpA Bologna

The Board of Auditors verifies compliance with the law and the Bylaws and verifies adherence to the best administration principles, the adequacy and reliability of corporate structures, internal audit procedures and accounting system, and the adequacy of instructions given by TIM to its subsidiaries. The Board of Auditors must receive timely disclosures, at least quarterly, from the Board of Directors about the company's business and significant transactions performed by the company and its subsidiaries, including related parties' transactions. Statutory Auditors must inform CONSOB of any irregularity they detect in the course of their duties and are required to attend Shareholders' Meetings, Board of Directors' meetings.

### **Potential Conflicts of Interest**

Some of the Directors and Statutory Auditors of TIM, in addition to their functions in TIM, hold management and/or supervisory functions in other companies and/or institutions (see "*Directors*", "*Description of Directors' Outside Interests*" and "*Board of Statutory Auditors*"); namely, this is true for Mr. De Puyfontaine, who is Chairman of the Management Board of Vivendi. Consequently, it cannot be excluded that potential conflicts of interests may arise in the future, should any of these companies and/or institutions enter into commercial or other types of transactions with TIM which are not at arms' length and within the ordinary course of business and/or are capable of influencing significantly the profits and losses, assets and liabilities and financial situation of TIM or the TIM Group.

As at the date of this EMTN Programme Prospectus, there are no potential conflicts of interest between the duties to TIM or its directors and executive officers, and their private interests and/or duties.

## DESCRIPTION OF TI FINANCE

The legal and commercial name of the company is Telecom Italia Finance.

TI Finance was incorporated on 2 June 2000 for an unlimited duration in the Grand-Duchy of Luxembourg as a *société anonyme*, governed by the Luxembourg law on commercial companies of 10 August 1915, as amended, and is a 100 per cent. owned subsidiary of TIM. As of 31 December 2020, TI Finance has the following subsidiary:

- TIM Brasil Servicos & Participações S.A., 99.99% owned by TI Finance.

For the description of TIM Brasil Servicos & Participações S.A. and its subsidiaries see *Description of TIM*.

One of TI Finance's principal purposes as a subsidiary of TIM is to raise funds for the TIM Group. TI Finance is registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés de Luxembourg*) under number B-76448. TI Finance's Articles of Incorporation were published in the *Mémorial C, Journal Officiel du Grand-Duché de Luxembourg, Recueil des Sociétés et Associations no. 773* on 21 October 2000. The Articles of Incorporation have been modified several times. The latest modifications to the Articles of Incorporation of TI Finance were made on 15 December 2017 and were published in the *Recueil Electronique des Sociétés et Associations* under reference No. *RESA 2018\_013.334* on 16 January 2018.

TI Finance's registered office is 12 rue Eugène Ruppert, L-2453 Luxembourg, and its telephone number is +352 45 60601.

TI Finance's website is <http://www.tifinance.lu/>. The information on <http://www.tifinance.lu/> does not form part of this EMTN Programme Prospectus, except where that information has been incorporated by reference into this EMTN Programme Prospectus.

### Capitalisation

As of 31 December 2020, the subscribed share capital of TI Finance is €1,818,691,978.50, consisting of 185,960,325 ordinary shares, nominal value € 9.78 per share; all of the shares have been issued and are fully paid-up.

### Business

The corporate object of TI Finance, as set forth in Article 3 of its Articles of Incorporation, is to provide financial assistance to TIM, as well as to companies in which TIM has a direct or indirect interest. Such assistance includes the providing of loans and the granting of guarantees or securities of any kind or in any form. The object of TI Finance is further to provide domiciliation and administration services to companies forming part of the TIM Group and to exercise any activity in relation thereto as provided in the Law No. 154 of 31 May 1999 on the domiciliation of companies, as amended. TI Finance may acquire and hold interests in Luxembourg and/or in foreign undertakings, as well as the administration, development and management of such holdings. TI Finance may also use its funds to invest in real estate and in intellectual property rights of any kind or in any form. TI Finance may participate in the creation and development of any other companies and entities and provide them with financial assistance of any kind or in any form. TI Finance may borrow in any form whatsoever and may issue bonds or notes. TI Finance may carry out any commercial, industrial or financial transaction which it may deem useful in the development and accomplishment of its purposes.

TI Finance's activities are not dependent on patents, licences, commercial contracts or new manufacturing processes. TI Finance concludes financial contracts on its own behalf. No legal or arbitration proceedings have had a significant effect on TI Finance's financial position in the recent past.

## **Board of Directors**

The mandate of all board members shall expire at the shareholders' general meeting to be called to approve the TI Finance financial statements for the year ended 31 December 2023. TI Finance complies with applicable Luxembourg corporate governance rules.

The following are the directors of TI Finance:

- Mr Paolo Barroero, Chairman, resident in Italy – Manager.
- Mr Biagio Murciano, Managing Director, resident in Luxembourg – Manager.
- Ms Karen Wauters, Director, resident in Luxembourg – Advisor.
- Mr Tom Loesch, Director, resident in Luxembourg – “*Avocat à la cour*” (Solicitor).
- Mr Costanzo Perona, Director, resident in Italy – Manager.
- Mr Antonio Sica, Director, resident in Luxembourg – Manager.

Ms Wauters and Mr Loesch qualify as independent directors.

Ms Wauters, Mr Loesch and Mr Perona are members of the Audit Committee.

The remuneration of the Directors is from time to time determined by the general meeting of shareholders of TI Finance. Only the independent Directors are remunerated in their capacity as Directors. The total gross remuneration of independent members' amounts to € 36,000.00 *per annum*. No Director has an interest in the share capital of TI Finance.

For the purposes of their mandate, the business address of each of the Directors is c/o Telecom Italia Finance S.A., 12 rue Eugène Ruppert, L-2453, Luxembourg.

## **Description of Directors' Outside Interests**

Mr Tom Loesch is an “*avocat à la cour*” (solicitor) at the law firm Etude Loesch, 30 rue de Clausen, L-1342 Luxembourg.

Ms Karen Wauters is an Independent Director and Advisor.

## **Independent Auditor**

On 24 May 2019 Telecom Italia Finance's approved the appointment of Ernst & Young S.A. as Independent Auditor. Ernst & Young S.A. is a “*Cabinet de révision agréé*” and is Member of the “*Institut des Réviseurs d'Entreprises*”.

## **Potential Conflicts of Interest**

No potential conflicts of interest exist between (i) any duties to Telecom Italia Finance of the Telecom Italia Finance Directors and (ii) the private interests, and/or other duties, of such persons.

## **Financial Year**

The financial year of TI Finance is the calendar year.

## **Financial Information**

The first statutory financial statements of TI Finance to be externally audited were those for the year ended 31 December 2000. As from 31 December 2016, TI Finance is required to prepare and publish consolidated financial statements and six-month period interim consolidated financial statements under the Luxembourg Law No. 9 of 11 January 2008, as amended from time to time, implementing Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC. Until the aforementioned date TI Finance was obliged to prepare, file and publish financial information (annual and six-month interim) on an unconsolidated basis only.

The consolidated financial statements are available at the offices of the Principal Paying Agent (Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, England).

On 16 April 2021, TI Finance paid a dividend of 51.6 million euros (74.9 million euro in 2020).

**SELECTED CONSOLIDATED FINANCIAL INFORMATION OF TI FINANCE GROUP AS OF  
AND FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019**

	Year Ended 31 December 2020 <sup>(1)</sup>	Year Ended 31 December 2019
	<i>(millions of euro, except employees)</i>	
<b>Separate Consolidated Income Statement Data:</b>		
<b>Revenues</b>	2,933	3,937
<b>Operating profit (loss)</b>	469	1,290
<b>Profit (loss) before tax from continuing operations</b>	332	999
<b>Profit (loss) for the year</b>	288	791
Profit (loss) for the year attributable to owners of the Parent (TI Finance)	184	519
<b>Capital expenditures</b>	661	873
<b>Employees, average number in the Group</b>	8,718	9,059

	Year Ended 31 December 2020 <sup>(1)</sup>	Year Ended 31 December 2019
	<i>(millions of euro, except employees)</i>	
<b>Consolidated Statement of Financial Position Data:</b>		
<b>Total Assets</b>	12,263	14,812
<b>Equity:</b>		
— Equity attributable to owners of the Parent (TI Finance)	6,070	7,100
— Non-controlling interests	1,233	1,680
<b>Total Equity</b>	7,303	8,780
<b>Total Liabilities</b>	4,960	6,032
<b>Total Equity and Liabilities</b>	12,263	14,812
<b>Share Capital Issued</b>	1,819	1,819
<b>Net Financial Debt Carrying Amount <sup>(2)</sup></b>	<b>(2,353)</b>	<b>(1,692)</b>
<b>Employees, number in the Group at year-end</b>	9,420	9,699

Note:

(1) TI Finance's Group selected financial data as of and for the year ended 31 December 2020 have been extracted from Telecom Italia Finance's audited consolidated financial statements for the year ended 31 December 2020 prepared in accordance with IFRS, which have been approved by the shareholder of Telecom Italia Finance at its Annual Meeting held on 30 March 2021.

(2) Net Financial Debt Carrying Amount as of 31 December 2020 and 31 December 2019 is calculated as follows:

	<b>As of 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<i>(millions of euro)</i>	
Non-current financial liabilities	3,038	3,416
Current financial liabilities	756	896
<b>Gross Financial Debt (A)</b>	<b>3,793</b>	<b>4,312</b>
<b>Non-Current Financial Assets (B)</b>	<b>(1,907)</b>	<b>(1,927)</b>
<b>Current financial assets:</b>		
– Securities other than investments	(1,092)	(877)
– Financial receivables and other current financial assets	(145)	(542)
– Cash and cash equivalents	(3,001)	(2,658)
<b>Total Current Financial Assets (C)</b>	<b>(4,239)</b>	<b>(4,077)</b>
<b>Financial Assets (D = B + C)</b>	<b>(6,146)</b>	<b>(6,004)</b>
<b>Net Financial Debt Carrying Amount (A + D)</b>	<b>(2,353)</b>	<b>(1,692)</b>



## TAXATION

*The following overview contains a description of certain Italian, EU and Luxembourg tax consequences in respect of the purchase, ownership and disposal of the Notes. This overview is based on the laws in force in Italy, the EU and Luxembourg as at the date of this EMTN Programme Prospectus (as they are currently applied by the relevant tax authorities) and is subject to any changes in such laws occurring after such date, which changes could be made also on a retroactive basis.*

*The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.*

*Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.*

### **Italian taxation**

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Italy, though it is not intended to be, nor should it be constructed to be, legal or tax advice. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes, including the application to their particular situation of the tax considerations discussed below.

The statements herein regarding Italian taxation are based on the laws in force in Italy as of the date of this EMTN Programme Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.

### ***Tax treatment of Notes issued by TIM***

Decree No. 239 provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian listed companies.

#### *Italian resident Noteholders*

Where an Italian resident Noteholder is (i) an individual not engaged in entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the “*risparmio gestito*” regime – see under “*Capital gains tax*” below), (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to a tax withheld at source, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent..

Subject to certain conditions (including a minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be exempt from any income taxation (including from the 26 per cent. *imposta sostitutiva*) if the Noteholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 and in Article 1(211-215) of Law No. 145 of 30 December 2018, as

implemented and supplemented. Furthermore, Article 136 of Law Decree No. 34 of 19 May 2020, as amended and supplemented, introduced another type of long-term savings account (the so-called “*PIR alternativi*”), that grants the exemption on interest, premium and other income relating to the Notes. The difference between the two long-term savings accounts is mainly related to the different conditions and limitations required by law. As a consequence, an investor may set up both a PIR and a “*PIR alternativi*”.

If the Noteholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva* but must be included in the relevant Noteholder’s income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the status of Noteholder, also to regional tax on productive activities – **IRAP**).

Under the current regime provided by Law Decree No. 351 of 25 September 2001, converted into law with amendments by Law No. 410 of 23 November 2001 (**Decree No. 351**), Article 32 of Law Decree No. 78 of 31 May 2010, converted into law with amendments by Law No. 122 of 30 July 2010, and Article 2(1)(c) of Decree No. 239, all as amended, payments of interest, premiums or other proceeds in respect of the Notes made to Italian resident real estate investment funds qualifying as such from a legal and regulatory perspective are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund, but a withholding or substitute tax of 26 per cent. will apply, in certain circumstances, to income realised by unitholders in case of distributions, redemption or sale of the units.

Pursuant to Article 9 of Legislative Decree No. 44 of 4 March 2014 (**Decree No. 44**), the same regime is applicable to Italian real estate SICAFs qualified as such from a civil law perspective.

Where an Italian resident Noteholder is an open-ended or a closed-ended investment fund, a *Società di Investimento a Capitale Fisso (SICAF)* or a *Società di Investimento a Capitale Variabile (SICAV)* established in Italy (together, the **Fund**) and either (i) the Fund or (ii) its manager is subject to the supervision of a regulatory authority and the Notes are deposited with an authorised intermediary, interest, premium and other income accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such result, but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, which will be subject to a 20 per cent. substitute tax. Subject to certain conditions (including a minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017 and in Article 1(211-215) of Law No. 145 of 30 December 2018, as implemented and supplemented. Furthermore, Article 136 of Law Decree No. 34 of 19 May 2020, as amended and supplemented, introduced another type of long-term savings account (the so-called “*PIR alternativi*”), that grants the exemption on interest, premium and other income relating to the Notes. The difference between the two long-term savings accounts is mainly related to the different conditions and limitations required by law. As a consequence, an investor may set up both a PIR and a “*PIR alternativi*”.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (SIMs), fiduciary companies, *società di gestione del risparmio* (SGRs), stockbrokers and other entities identified by a decree of the Ministry of Economy and Finance (each an **Intermediary**).

An Intermediary must (i) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary or a non-Italian resident financial intermediary – acting through a central securities depository – which is directly connected with Italian Revenue Agency, having appointed an Italian tax representative for the purposes of Legislative Decree 239 and (ii) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited. Where the Notes are not deposited with an Intermediary, *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

#### *Non-Italian resident Noteholders*

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either: (i) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with the Republic of Italy as listed in the Italian Ministerial Decree of 4 September 1996, as amended from time to time, or in any other decree to be issued in the future under the authority of Article 11(4)(c) of Decree No. 239, as amended by Legislative Decree No. 147 of 14 September 2015 (the **White List**); or (ii) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (iii) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) an institutional investor which is incorporated in a country included in the White List, even if it does not possess the status of a taxpayer in its own country of residence.

In order to ensure gross payment, non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected must (i) be the beneficial owners of the payments of interest, premium or other income, (ii) deposit the Notes with a resident bank or SIM, or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a central securities depository which is in contact, via computer, with the Italian Revenue Agency and (iii) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from the *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by the Ministerial Decree of 12 December 2001, as subsequently amended.

*Imposta sostitutiva* will be applicable at the rate of 26 per cent. (or, in any case, at the reduced rate provided for by the applicable double tax treaty, if any) to interest paid to Noteholders who do not fall in any of the above mentioned categories or do not timely and properly comply with the set procedural requirements.

#### ***Tax treatment of Notes issued by TI Finance***

Decree No. 239 also provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by non-Italian resident issuers.

#### *Italian resident Noteholders*

Pursuant to Decree No. 239, an *imposta sostitutiva* equal to 26 per cent. is applied on any payment of interest, premium and other income accrued during the relevant holding period in respect of the Notes issued

by TI Finance if payments are made to (i) an Italian individual, (ii) an Italian non-commercial partnership, (iii) an Italian non-commercial private or public institution, or (iv) an Italian investor exempt from Italian corporate income taxation. If the Noteholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional tax.

Subject to certain conditions (including a minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be exempt from any income taxation (including from the 26 per cent. *imposta sostitutiva*) if the Noteholders are Italian resident individuals or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 not engaged in entrepreneurial activity and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth in Article 1(100-114) of Finance Act 2017 and in Article 1(211-215) of Law No. 145 of 30 December 2018, as implemented and supplemented. Furthermore, Article 136 of Law Decree No. 34 of 19 May 2020, as amended and supplemented, introduced another type of long-term savings account (the so-called “PIR alternativi”), that grants the exemption on interest, premium and other income relating to the Notes. The difference between the two long-term savings accounts is mainly related to the different conditions and limitations required by law. As a consequence, an investor may set up both a PIR and a “*PIR alternativi*”.

Where an Italian resident Noteholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva* but must be included in the relevant Noteholder’s income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the status of Noteholder, also to IRAP).

Where an Italian resident Noteholder is an Italian real estate investment fund or a real estate SICAF, a Fund or a pension fund, the applicable tax treatment is the one described above under paragraph “*Tax treatment of Notes issued by TIM – Italian resident Noteholders*” with regard to the same categories of Noteholders.

#### *Non-Italian resident Noteholders*

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Noteholder of interest, premium and other income relating to the Notes issued by TI Finance provided that, if such Notes are held in Italy, the non-Italian resident Noteholder declares itself to be non-Italian resident according to Italian tax regulations.

#### *Payments made by an Italian resident guarantor*

With respect to payments on the Notes made to Italian resident Noteholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the Notes may be subject to a provisional withholding tax at a rate of 26 per cent. pursuant to Presidential Decree No. 600 of 29 September 1973, as subsequently amended depending on the status of the relevant Noteholder. In case of payments to non-Italian resident Noteholders, a final withholding tax may be applied at 26 per cent.. Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax.

In accordance with another interpretation, any such payment made by the Italian resident guarantor in lieu of interest will be treated, in certain circumstances, as a payment by the relevant Issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

#### *Atypical securities*

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 26 per cent. pursuant to Law Decree No. 512 of 30 September 1983. For this purpose, debentures

similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value.

In the case of Notes issued by TIM, where the Noteholder is (i) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian company or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected, (iv) an Italian commercial partnership or (v) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, the withholding tax is a final withholding tax. For non-Italian resident Noteholders, the withholding tax rate may be reduced under the applicable tax treaty.

Subject to certain conditions (including a minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be exempt from any income taxation (including from the 26 per cent. withholding tax) if the Noteholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth in Article 1(100-114) of Finance Act 2017 and in Article 1(211-215) of Law No. 145 of 30 December 2018, as implemented and supplemented. Furthermore, Article 136 of Law Decree No. 34 of 19 May 2020, as amended and supplemented, introduced another type of long-term savings account (the so-called “PIR alternativi”), that grants the exemption on interest, premium and other income relating to the Notes. The difference between the two long-term savings accounts is mainly related to the different conditions and limitations required by law. As a consequence, an investor may set up both a PIR and a “PIR alternativi”.

If the Notes are issued by a non-Italian resident Issuer, the withholding tax mentioned above does not apply to interest payments made to a non-Italian resident Noteholder and to an Italian resident Noteholder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership or (iii) a commercial private or public institution. If Notes issued by a non-Italian resident Issuer and beneficially owned by non-Italian residents are deposited with an Italian intermediary (or permanent establishment in Italy of foreign intermediary) or are sold through an Italian intermediary (or permanent establishment in Italy of foreign Italy of foreign intermediary) or in any case an Italian resident intermediary (or permanent establishment in Italy of foreign intermediary) intervenes in the payment of interest and other income on such Notes, to ensure payment of interest and other income without application of Italian taxation a non-Italian resident Noteholder may be required to produce to the Italian bank or the relevant intermediary a self-declaration stating that he, she or it is not resident in Italy for tax purposes

### ***Capital gains tax***

#### *Italian resident Noteholders*

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the status of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity, including the permanent establishment in Italy of foreign entities to which the Notes are effectively connected, or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is (i) an individual holding the Notes not in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to *imposta sostitutiva*, levied at the rate of 26 per cent.. Noteholders may set off losses with gains.

Subject to certain conditions (including a minimum holding period requirement) and limitations, capital gains realised upon sale or redemption of the Notes may be exempt from any income taxation (including from the 26 per cent. *imposta sostitutiva*) if the Noteholders are Italian resident individuals not engaged in

entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth in Article 1(100-114) of Finance Act 2017 and in Article 1(211-215) of Law No. 145 of 30 December 2018, as implemented and supplemented. Furthermore, Article 136 of Law Decree No. 34 of 19 May 2020, as amended and supplemented, introduced another type of long-term savings account (the so-called “PIR alternativi”), that grants the exemption on interest, premium and other income relating to the Notes. The difference between the two long-term savings accounts is mainly related to the different conditions and limitations required by law. As a consequence, an investor may set up both a PIR and a “PIR alternativi”.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

- a) “*Regime della dichiarazione*”. Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian Noteholders under (i) to (iii) above, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. The relevant Noteholder must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- b) “*Regime del risparmio amministrato*”. As an alternative to the tax declaration regime, Italian resident individual Noteholders under (i) to (iii) above may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries) and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.
- c) “*Regime del risparmio gestito*”. Any capital gains realised by Italian Noteholder under (i) to (iii) above who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called *risparmio gestito* regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any decrease in value of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Noteholder that is an Italian real estate investment fund or any Italian real estate SICAF to which the provisions of Decree No. 351 or Decree No. 44 as subsequently amended apply will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund or the real estate SICAF. However, a withholding tax or a substitute tax at the rate of 26 per

cent. will apply, in certain circumstances, to income realised by unitholders or shareholders in case of distributions, redemption or sale of the units or shares.

Any capital gains realised by an Italian Noteholder that is a Fund, a SICAF or a SICAV will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio accrued at the end of the relevant tax period. Such result will not be taxed at the level of the Fund, the SICAF or the SICAV, but income realised by unitholders or shareholders in case of distributions, redemption or sale of the units or shares, may be subject to a withholding tax of 26 per cent..

Any capital gains realised by a Noteholder that is an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax. Subject to certain conditions (including a minimum holding period requirement) and limitations, capital gains on the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017 and in Article 1(211-215) of Law No. 145 of 30 December 2018, as implemented and supplemented. Furthermore, Article 136 of Law Decree No. 34 of 19 May 2020, as amended and supplemented, introduced another type of long-term savings account (the so-called “PIR alternativi”), that grants the exemption on interest, premium and other income relating to the Notes. The difference between the two long-term savings accounts is mainly related to the different conditions and limitations required by law. As a consequence, an investor may set up both a PIR and a “PIR alternativi”.

#### *Non-Italian resident Noteholders*

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are effectively connected, from the sale or redemption of Notes traded on regulated markets are not subject to *imposta sostitutiva*.

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are effectively connected, from the sale or redemption of the Notes not traded on regulated markets are not subject to *imposta sostitutiva* provided that the beneficial owner (i) is resident for income tax purposes in a country included in the White List; or (ii) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (iii) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) is an institutional investor which is incorporated in a country included in the White List, even if it does not possess the status of a taxpayer in its own country of residence. If none of the conditions described above is met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of the Notes not traded on regulated markets are subject to *imposta sostitutiva* at the current rate of 26 per cent. under the *risparmio amministrato* regime rules, which is the default regime for non-Italian resident investor, unless the latter has opted for the tax declaration regime or, alternatively, for the *risparmio gestito* regime).

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of the Notes.

Gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by TI Finance (whether or not traded on regulated markets) are not subject to Italian taxation, provided that the Notes are held outside Italy.

### ***Inheritance and gift taxes***

The transfers of any valuable asset (including the Notes) as a result of death or donation (or other transfers for no consideration) and the creation of liens on such assets for a specific purpose are taxed as follows:

- (i) transfers in favour of the spouse and of direct descendants or ascendants are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding € 1,000,000 (per beneficiary);
- (ii) transfers in favour of the brothers or sisters are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the value of the inheritance or the gift exceeding € 100,000 (per beneficiary);
- (iii) transfers in favour of all other relatives up to the fourth degree or relatives-in-law up to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift; and
- (iv) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the beneficiary of any such transfer is a disabled individual, whose handicap is recognised pursuant to Law No. 104 of 5 February 1992, the tax is applied only on the value of the assets (including the Notes) received in excess of € 1,500,000 at the rates illustrated above, depending on the type of relationship existing between the deceased or donor and the beneficiary.

With respect to listed Notes, the value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (increased by the interest accrued meanwhile). With respect to unlisted Notes, the value for inheritance and gift tax purposes is determined by reference to the value of listed debt securities having similar features or based on other certain elements.

Under certain conditions, the *mortis causa* transfer of financial instruments included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth by law are exempt from inheritance taxes.

### ***Wealth Tax on Financial Products Held Abroad***

In accordance with Article 19 of Decree No. 201 of 6 December 2011, converted with Law No. 214 of 22 December 2011, Italian resident individuals holding financial products – including the Notes – outside of the Italian territory are required to pay a wealth tax ("***Imposta sul valore delle attività finanziarie detenute all'estero - IVAFE***"). The applicable tax rate is 0.2 per cent of the value of such assets (the tax is determined in proportion to the period of ownership). Starting from 2020, Law No 160 of 27 December 2019 (**Finance Act 2020**) has provided for the extension of the application scope of IVAFE to subject to which the tax monitoring discipline applies (see "*Tax Monitoring*") (e.g., Italian resident non-commercial entities, simple partnerships and equivalent entities, in addition to Italian resident individuals). Based on Art. 134 of Law Decree 34 of 19 May 2020 (converted into law No. 77 of 17 July 2020), the wealth tax cannot exceed €14,000, for taxpayers different from individuals.

*The tax applies on the market value at the end of the relevant year or – in the lack of the market value – on the nominal value or redemption value of such financial products held outside of the Italian territory. Taxpayers can generally deduct from the tax a tax credit equal to any wealth taxes paid in the State where the financial products are held (up to the amount of the Italian wealth tax due).*

### ***Stamp duty***

Pursuant to Article 13(2-ter) of the Tariff, Annex A, Part I, attached to Presidential Decree No. 642 of 26 October 1972, a proportional stamp duty applies on a yearly basis at the rate of 0.2 per cent. on the market



value or – in the lack of a market value – on the nominal value or the redemption amount of any financial product (including the Notes). The stamp duty cannot exceed € 14,000, for taxpayers different from individuals. Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy and Finance on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy of 29 July 2009, as subsequently amended and restated) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

### ***Transfer tax***

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of € 200; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### ***Tax monitoring***

Pursuant to Law Decree No. 167 of 28 June 1990, ratified and converted by Law No. 227 of 4 August 1990, as amended, individuals, non-commercial partnerships and non-commercial entities which are resident of Italy for tax purposes and which over the fiscal year hold or are beneficial owners of investments abroad or have financial activities abroad must, in certain circumstances, disclose such investments or financial activities to tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return), regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding a € 15,000 threshold throughout the year, which *per se* do not require such disclosure). This requirement applies even if the taxpayer during the tax period has totally divested such assets. No disclosure requirements exist for investments and financial activities (including the Notes) under management or administration entrusted to Italian resident intermediaries and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subject to Italian withholding or substitute tax by intermediaries themselves.

### **Luxembourg taxation**

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be constructed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisors as to the effect of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

### ***Withholding tax***

Under Luxembourg tax law currently in effect and subject to the exception below, there is no Luxembourg withholding tax on payments of principal, premium or interest (including accrued but unpaid interest) in

respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes.

In accordance with the law of 23 December 2005, as amended (the **Law**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a 20 per cent. withholding tax. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for withholding such tax will be assumed by the Luxembourg paying agent. Payment of interest under the Notes coming within the scope of the Law will be subject to a withholding tax at a rate of 20 per cent.

### ***Income Taxation***

#### ***(i) Luxembourg tax residency of the Noteholders***

Noteholders will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of the holding, execution, performance, delivery, exchange and/or enforcement of the Notes.

#### ***(ii) Taxation of Luxembourg non-residents***

Noteholders who are non-residents of Luxembourg and who do not have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg to which the Notes are attributable are not liable to pay any Luxembourg income tax, whether they receive payments of principal, payments of interest (including accrued but unpaid interest), payments received upon the redemption, repurchase of the Notes, or realise capital gains on the sale of any Notes.

Non-resident corporate Noteholders or individual Noteholders acting in the course of the management of a professional or business undertaking, who have a permanent establishment or permanent representative in Luxembourg to which or to whom such Notes are attributable, are subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realised upon the sale or disposal, in any form whatsoever, of the Notes.

#### ***(iii) Taxation of Luxembourg residents***

Noteholders who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

##### **(a) Luxembourg resident individuals**

Luxembourg resident individuals, acting in the course of the management of their private wealth, are subject to Luxembourg income tax at progressive rates in respect of interest received unless the interest has been subject (i) to withholding tax (see “*Withholding tax*” above) or (ii) to the self applied tax, if applicable. Luxembourg resident individual Noteholders acting in the framework of the management of their private wealth, can opt to self-declare and pay a 20 per cent. tax on interest payments made or ascribed by paying agents located in an EU Member State other than Luxembourg, or in a Member State of the EEA other than an EU Member State.

The withholding tax or self-applied tax are the final tax liability for the Luxembourg individual resident taxpayers receiving the interest payment in the framework of their private wealth management. Luxembourg resident individual Noteholders receiving interest as business income must include interest income in their taxable basis. If applicable, the 20 per cent. Luxembourg withholding tax levied will be credited against their final income tax liability.

Luxembourg resident individual Noteholders are not subject to taxation on capital gains upon the disposal of the Notes, unless the disposal of the Notes precedes the acquisition of the Notes or the Notes are disposed of

within six months of the date of their acquisition. Upon the sale, redemption or exchange of the Notes, accrued but unpaid interest will be subject to the 20 per cent. withholding tax or the self-applied tax, if applicable. Individual Luxembourg resident Noteholders receiving the interest as business income must include the portion of the price corresponding to this interest in their taxable income. The 20 per cent. Luxembourg withholding tax levied will be credited against their final income tax liability.

(b) Luxembourg resident companies

Luxembourg resident corporate Noteholders must include in their taxable income any interest income (including accrued but unpaid interest) and the difference between the sales price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

A corporate Noteholder that is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, or by the law of 23 July 2016 on reserved alternative investment funds, as amended (provided it is not foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) Article 48 of the aforementioned law of 23 July 2016, as amended, applies) is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the Notes.

***Net wealth taxation***

A corporate Noteholder, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which/whom such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if the Noteholder is governed by (i) the law of 11 May 2007 on family estate management companies, as amended, or (ii) the law of 17 December 2010 on undertakings for collective investment, as amended or (iii) the law of 13 February 2007 on specialised investment funds, as amended, or (iv) the law of 22 March 2004 on securitisation, as amended, or (v) the law of 15 June 2004 on venture capital vehicles, as amended, or (vi) the law of 23 July 2016 on reserved alternative investment funds, as amended.<sup>5</sup>

An individual Noteholder, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

***Other taxes***

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by Noteholders as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, repurchase or redemption of the Notes, unless the documents relating to the Notes are voluntarily registered in Luxembourg or appended to a document that requires obligatory registration in Luxembourg.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or of the transfer of the Notes. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

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<sup>5</sup> Please however note that securitisation companies governed by the law of 22 March 2004 on securitisation, as amended, or capital companies governed by the law of 15 June 2004 on venture capital vehicles, as amended, or reserved alternative investment funds governed by the law of 23 July 2016 and which fall under the special tax regime set out under Article 48 thereof may be subject to minimum net wealth tax.

No gift, estate or inheritance taxes are levied on the transfer of the Notes upon death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes, or in the case of a gift, the gift is neither recorded in a Luxembourg notarial deed nor registered in Luxembourg.

**Where a Noteholder is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate of inheritance for tax assessment purposes.**

### **The proposed European financial transactions tax (FTT)**

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. In December 2015, Estonia withdrew from the group of states willing to introduce the FTT (the **Participating Member States**).

The proposed FTT has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of the Notes should, however, be exempt.

Under the current proposals, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between the Participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### ***Foreign Account Tax Compliance Act***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. Telecom Italia Finance S.A. or TIM S.p.A. each may be a foreign financial institution for these purposes. A number of jurisdictions (including Italy and Luxembourg) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. On 13 December 2018, the Treasury and the Internal Revenue Service (**IRS**) issued Proposed Regulations (REG-132881-17) under FATCA, eliminating withholding on the payments of gross proceeds and deferring withholding on foreign passthru payments. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would potentially apply to payments in respect of any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the **grandfathering date**, which is the date that is six months after the date on which final U.S. Treasury regulations defining foreign passthru payments are filed with the U.S. Federal Register, or which are materially modified after the grandfathering date (including by reason of a substitution of the relevant Issuer). However, if additional Notes that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then

withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

### ***Tax information***

Each Noteholder shall provide in a timely manner any information, form, disclosure, certification or documentation (**Tax Information**) that the Issuer may reasonably request in writing in order to maintain appropriate records, report such information as may be required to be reported to the Luxembourg tax authorities or any other tax or competent authority (the **Tax Reporting Regimes**) and provide for withholding amounts, if any, in each case relating to each Noteholder's Notes in or payments from the Issuer including, without limitation, any information requested in order to comply with:

- a) the FATCA provisions;
- b) the European Union Council Directive 2011/16/EU (the **DAC**), as amended;
- c) the Multilateral Competent Authority Agreement on the Automatic Exchange of Financial Account Information signed by the Government of the Grand Duchy of Luxembourg on 29 October 2014 in relation to agreements with the participating jurisdictions listed in the table in Schedule A to said agreement to improve international tax compliance based on the standard for automatic exchange of financial account information developed by the OECD; or
- d) any law, rule or regulation pursuant to or implementing any of the FATCA, the DAC, or any other regime requiring the exchange of Tax Information or otherwise the Issuer deems reasonably necessary for the conduct of the Issuer's affairs.

## SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 7 July 2021 agreed with the Issuers a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuers have agreed to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The Dealers are entitled in certain circumstances to be released and discharged from their obligations under the Programme Agreement prior to the closing of the issue of the Notes.

### United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the **Code**) and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether United States Treasury Regulation § 1.163-5(c)(2)(i)(C) (or any successor provision in substantially similar form that are applicable for purposes of Section 4701 of the Code) (the **TEFRA C Rules**) or United States Treasury Regulation § 1.163-5(c)(2)(i)(D) (or any successor provision in substantially similar form that are applicable for purposes of Section 4701 of the Code) (the **TEFRA D Rules**) apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### Prohibition of sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this EMTN Programme Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

- (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the **Prospectus Regulation**); and
- (b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

## **United Kingdom**

### ***Prohibition of sales to UK Retail Investors***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this EMTN Programme Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression retail investor means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (EUWA); or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

### ***Other regulatory restrictions***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in

circumstances in which Section 21(1) of the FSMA does not, or, in the case of the Issuer, would not, if it was not an authorised person apply to the relevant Issuer or (in the case of Notes issued by TI Finance) the Guarantor; and

- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each of the Dealers has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell, promote, advertise or deliver any Notes or distribute copies of this EMTN Programme Prospectus or of any other document relating to the Notes in Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Italian laws and regulations; or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Moreover, each of the Dealers has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that any offer, sale, promotion, advertising or delivery of the Notes or distribution of copies of this EMTN Programme Prospectus or any other document relating to the Notes in Italy under (i) or (ii) above must:

- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**), CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**);
- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including, where applicable, the reporting requirements pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

*Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable Italian laws and regulations.*

## France

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it undertakes to comply with applicable French laws and regulations in force regarding the offer, the placement or the sale of the Notes and the distribution in France of the EMTN Programme Prospectus or any other offering material relating to the Notes.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) and each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others



for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this EMTN Programme Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this EMTN Programme Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the SFA)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

## **Belgium**

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the

Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

## **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this EMTN Programme Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuers, the Guarantor (in the case of Notes issued by TI Finance), the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers, the Guarantor (in the case of Notes issued by TI Finance), the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## **Dealers Transacting with the Issuers**

Certain Dealers and/or their affiliates (including parent companies) may engage and have engaged in various general financing and banking transactions with, and provide and have provided financial advisory and investment banking services to, and may hold equity interests and be entitled to appoint board members and/or other corporate bodies members in the TIM Group and/or its affiliates in the present, past and may do so again in the future.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans and issuance of financial instruments linked to the financial instruments of the Issuers or the Guarantor or the Issuers' or the Guarantor's affiliates) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers or the Guarantor, or the Issuers' or the Guarantor's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers or the Guarantor routinely hedge their credit exposure to the Issuers or the Guarantor consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purposes of this paragraph the term "affiliates" includes also the relevant parent companies of the Dealers.

## GENERAL INFORMATION

### Authorisation

The establishment and update of the Programme and the giving of the Guarantee in respect of the Notes issued by TI Finance have been duly authorised by resolutions of the Board of Directors of TIM dated 10 October 2003, 21 December 2005, 25 February 2010, 17 January 2013, 6 February 2014, 12 May 2014, 19 February 2015, 16 December 2016, 5 December 2017, 6 December 2018, 29 January 2020 and 3 February 2021.

The issue of each Tranche of Notes by TIM under the Programme will be required to be authorised by a resolution of the Board of Directors of TIM. The issue of the Notes by TIM under the Programme, up to a maximum aggregate amount equal to € 7 billion and until 28 February 2024, has been duly authorised by the resolution of the Board of Directors of TIM dated 3 February 2021.

The establishment and update of the Programme and the issue of Notes under the Programme by TI Finance have been duly authorised by resolutions of the Board of Directors of TI Finance dated 16 December 2003, 24 January 2006, 4 May 2010, 1 August 2014, 23 July 2018, 12 June 2019, 12 May 2020 and 14 May 2021.

### Manager responsible for financial reporting

The manager responsible for preparing the corporate financial reports of TIM (Giovanni Ronca – Chief Financial Officer) declares, pursuant to paragraph 2 of art. 154-*bis* of the Financial Services Act, that the accounting information contained in this EMTN Programme Prospectus corresponds to the documents results, book and accounting records.

### Listing and admission to trading

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this EMTN Programme Prospectus to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange. The Luxembourg's Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).

### Documents Available

For the period of 12 months following the date of this EMTN Programme Prospectus, copies of the following documents will, when published, be available for inspection on the website of TIM at <https://www.gruppotim.it/en/investors/debt-rating/financial-profile/debt-programmes-facilities.html>:

- (a) the constitutional documents (with an English translation thereof) of each of TIM and TI Finance;
- (b) the Trust Deed, the Agency Agreement, the Guarantee and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (c) a copy of this EMTN Programme Prospectus, free of charge;
- (d) any future base prospectuses, prospectuses, information memoranda, supplements and Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Regulation, will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer or the Paying Agent, as the case may be, as to its holding of Notes and identity) to this EMTN Programme Prospectus and any other documents incorporated herein or therein by reference; and

- (e) a copy of the Tim Group Sustainability Financing Framework (available at <https://www.gruppotim.it/en/investors/sustainable-finance/sustainability-financing-framework.html>).

### **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Significant or Material Adverse Change**

There has been no significant change in the financial performance or position of TIM since 31 March 2021, and there has been no significant change in the financial performance or position of TI Finance since 31 December 2020. There has been no material adverse change in the financial position or prospects of TIM since 31 December 2020, and there has been no material adverse change in the financial position or prospects of TI Finance since 31 December 2020.

### **Legal and Arbitration Proceedings**

Save as disclosed in the section “*Description of TIM — LITIGATION*” on pages 130-148 of this EMTN Programme Prospectus, neither TIM nor any of its subsidiaries (including TI Finance) is or has been involved in any governmental, legal or arbitration proceedings during the 12 months preceding the date of this EMTN Programme Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of TIM, TI Finance or the TIM Group.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Independent Auditors**

The consolidated financial statements of TIM Group for the years ended 31 December 2020 and 31 December 2019, prepared under International Financial Reporting Standards as endorsed by the European Union (**IFRS**), were audited, without qualification and in accordance with the International Standards on Auditing (ISA Italia), by EY S.p.A. independent auditors, as stated in the English translation of their report incorporated by reference elsewhere herein.

EY S.p.A. is registered under No. 70945 in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of the Legislative Decree 27 January 2010, No. 39. EY S.p.A., which is located at Via Lombardia 31, 00187 Rome, is also a member of ASSIREVI (the Italian association of auditing firms).

The TI Finance consolidated financial statements as at and for the years ended 31 December 2020 and 31 December 2019, prepared in accordance with the IFRS, were audited, without qualification, by Ernst & Young S.A., independent auditors (*réviseur d'entreprises agréé*), as set forth in their reports incorporated by reference.

Ernst & Young S.A., located at 35E Avenue John F. Kennedy, L-1855 Luxembourg, VAT no. LU16063074, registered in the Company's Register (*Registre de Commerce et des Sociétés*) under No. B47771,

governmental authorisation no. 00117514, is member of the Luxembourg body of registered auditors (*Institut des Réviseurs d'Entreprises*).

### **Trustee's Reliance on Certificates and Reports**

The Trust Deed provides that the Trustee may rely on certificates or reports from the auditors of either Issuer or, as the case may be, the Guarantor, or any other expert provided to the Trustee (whether or not addressed to the Trustee) in accordance with the provisions of the Trust Deed as sufficient evidence of the facts stated therein notwithstanding that any such certificate or report or any engagement letter or other document entered into by the Trustee and such auditors or such other expert in connection therewith contains any limit on the liability of such auditors or such other expert.

**REGISTERED AND HEAD OFFICE OF TIM  
S.p.A.**

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**REGISTERED AND HEAD OFFICE OF  
TELECOM ITALIA FINANCE S.A.**

12 rue Eugène Ruppert  
L-2453 Luxembourg

**TRUSTEE**

**Deutsche Trustee Company Limited**

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England

**ISSUING AND PRINCIPAL PAYING AGENT**

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*To the Issuers as to English and Italian law*

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*To the Issuers as to Italian tax law*

**Gatti Pavesi Bianchi Ludovici Studio Legale**

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Germany

**DEALERS**

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**Citigroup Global Markets Limited**  
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**UniCredit Bank AG**  
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**LUXEMBOURG LISTING AGENT**

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**INDEPENDENT AUDITORS**

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