



MATERIALITY ANALYSIS INSIGHTS

July 2024

Insights into materiality analysis

The TIM Group conducts an annual materiality analysis to identify the sustainability issues relevant to the Organization, also through the involvement of stakeholders (both internal and external) in their identification. These issues are prioritized to determine the sustainability initiatives to be urgently implemented and are integrated into the Company's Enterprise Risk Management processes. The materiality process is approved by the Board of Directors and is subject to annual third-party verification as part of the activities conducted by the Group's auditor (EY) for assurance purposes.

Materiality Metrics for Enterprise Value Creation – 2023

Below are indicate the three material issues that illustrate the identify key issues for long-term value creation.

	Material Issue 1	Material Issue 2	Material Issue 3
Material Risk or Opportunity	Customer interaction and transparency of services - The relationship that TIM establishes with its customers through various strategies can significantly impact their expectations and satisfaction.	Equal pay and opportunities at TIM -TIM's processes (e.g., hiring, compensation, career development, financial and non-financial benefits) can impact the Group's diversity, equal pay and opportunity.	Use of renewable energy sources - As an ICT company, TIM can contribute to reducing greenhouse gas emissions by efficiently managing its business activities and utilizing renewable energy sources.
Category	Customer Relations	Labour Practices Human Capital Management	Energy
Description	The relationship that companies establish with their customers such as listening to needs, providing quality services, resolving disputes and transparency in business transactions, marketing activities and commercial transactions can impact level of customer expectations and satisfaction.	Remuneration and development, recruitment, retention and engagement policies can have an impact on equal pay and professional growth opportunities for employees, as well as on equal treatment regardless of gender, ethnic origin, age or other personal characteristics.	With regard to the production and purchase of energy, to power production processes and to run buildings, the use of alternative renewable energy sources reduces the environmental impact in terms of greenhouse gas emissions. Every ICT company can make a concrete contribution to reducing greenhouse gas emissions by efficiently managing its core business activities (network and data centre management).
Business Case	The level of customer expectations and satisfaction comes from the relationship that companies establish with their customers such as listening to needs, providing quality services, resolving disputes and transparency in business transactions, marketing activities and commercial transactions. TIM corporate strategy is focused on improving the customer experience, as a central lever to compete and gain market leadership.	TIM – through remuneration and development, recruitment, retention and engagement policies – can have an impact on equal pay and professional growth opportunities for employees, as well as on equal treatment regardless of gender, ethnic origin, age or other personal characteristics. Ensuring an inclusive work environment as well as professional growth, is based on the belief that there is a deep and positive relationship	The use of alternative renewable energy sources instead of fossil fuels, to power production processes and to run buildings, reduces the environmental impact in terms of greenhouse gas emissions and contributes to efficient management of its core business activities (network and data centre management, with the possibility of affecting the Group's costs.

	Listening to needs, providing quality services, resolving disputes and transparency in business transactions, marketing activities and commercial transactions are foundational elements in delivering an excellent customer experience.	between inclusion and business performance and long value creation.	
Business Impact	Revenue	Revenue	Cost
Business Strategies	TIM is constantly committed to improving quality standards of service, commercial materials regulatory compliance – with regard to all contractual materials and advertising communication of the services offered to consumers - and the customer experience. To better focus on customer needs, TIM enhances customer listening activities at the various touch points and constant monitoring of services offered and quality perceived also recurring to third parties. Moreover, TIM is committed to continuous expansion and improvement of the network, to ensure the best quality of service, and improvement of communication practices. In order to ensure effective management of related impacts, some functions and/or companies in the Group with a significant impact on stakeholders have achieved and/or confirmed certifications in line with the relevant ISO standards. For details of the strategy and the initiatives launched to support the theme, please see pages 126-127 of the 2023 Report.	TIM's commitment to the topic is defined first and foremost within the Code of Ethics, where it is stated that for the Group one of the critical success factors is the contribution that each person can make to the Organization, where diversity is considered a strategic asset for long-term sustainable growth. TIM's committed also through its Charter of Values and Human Resources and Equal Opportunities Policy, Recruitment and selection policy, Remuneration policies, TIM Manifesto for reducing the gender gap and the presence of Equal Opportunities Steering Committee. For addressing the topic TIM has different Engagement, incentive and development plans for identified targets (young people and women) and empowerment and inclusiveness programs. For more details, please see pages 148-149 of the 2023 Report. Group's Commitment is also confirmed by certifications achieved in line with the relevant ISO Standards.	TIM's commitment to the topic is defined in Group environmental Policy optimising the use of energy sources and deployed in progressive supply of energy from renewable sources and development of self-generation from photovoltaic plants. Please see 2023 Report, pages 143-144.
Target/Metric	The Domestic BU has developed a customer listening activities at the various touch points, a constant monitoring of the services offered to ensure quality and rapid actions for the resolution of problems. Particular importance has Customer Satisfaction Index (CSI). Additional metrics has been adopted such as No. of	TIM Group, as part of the new 2024-2026 Business Plan, sets itself increasingly challenging goals, monitored through specific performance indicators. Specifically, the Group has a goal of achieving $\geq 29\%$ women in leadership positions by 2025. Moreover, for Domestic BU the Group monitors Gender Pay Gap in the Domestic Core	TIM Group has defined strategic goals and targets impacting both Domestic BU and Brazil, in particular: reach 100% of renewable energy by 2025 (Italy and Brazil) and in Brazil increase in the ecoefficiency indicator in data traffic by 110% by 2025.

	complaints and positive joint settlements. Plan targets expect constantly improvement in all KPIs vs. the previous year. For details on this, please see the 2023 Sustainability Report, page 126.	Middle Managers segment and Youth engagement. In Brazil, TIM has a goal to achieve 40% black people in the workforce by 2023	
Target Year	2023	2023-2025	2025
Progress	In 2023, Consumer CSI was substantially in line with 2022 and in line with targets for the Small & Medium Business segment. Moreover, in 2023 the Domestic BU highlighted an improvement in cases at Co.Re.Com with a reduction of down 39% vs. 2022 with positive agreements reached in 81.7% of cases. With reference to TIM Brasil, was recorded a reduction of complaints received by PROCON thanks also to the migration to the ProConsumidor platform.	The following are the main achievements: a) 30% women in leadership positions; b) Gender pay gap in line with targets in the Domestic BU; c) Inclusion in Top 20 Diversity Brand Index; d) TIM appointed best digital company with “TIMVISION parla LIS”.	The following are the main achievements: a) 72% of purchased electricity from renewable sources out of total purchased electricity; b) 24% ca (vs. 2022) of purchased energy from renewable sources. In Brazil 100% renewable energy with the purchase of energy from the free market and guarantee of origin certificates.
Executive Compensation	BU Domestic adopted the Customer Satisfaction Index, as indicator used in the managerial (Management By Objectives) and collective incentive system, it has a weight of 10% and is re-proposed annually as part of the MBO. For more details, please see the Group's Annual Reports on Remuneration.	With reference to executive compensation, targets have been set related to the short- and long-term variable incentive system, intended for a part of the company management BU domestic: <ul style="list-style-type: none"> Short term incentive 2023: decrease in Gender Pay Gap in the middle managers segment (weight 6%); Long term incentive (2022-2024): % presence of women in leadership positions (weight 15%). For more details, please see the Group's Annual Reports on Remuneration.	BU Domestic adopted the % of renewable energy out of the total energy consumed, as indicator of long-term incentive system. It has a weight of 15% For more details, please see the Group's Annual Reports on Remuneration.

Materiality Metrics for External Stakeholders - 2023

Below are indicated the two material issues that illustrate the most significant social or environmental impact on external stakeholder groups.

	Impact 1	Impact 2
Material Issue for External Stakeholders	Privacy and cybersecurity	Climate change
External impact category	Cyber Security	Air Emissions
Cause of impact and coverage with respect to business activities	<ul style="list-style-type: none"> • Operations • Products/services (coverage: >50%) 	<ul style="list-style-type: none"> • Operations • Products/services • Supply chain (coverage: >50%)
Stakeholders externally impacted	<ul style="list-style-type: none"> • Society • Consumers/ end-users • External employees 	<ul style="list-style-type: none"> • Environment • Society • Consumers/ end-users • External employees
Type of impact	Negative	Negative
Topic relevance on external stakeholders	TLC companies handle a vast volume of sensitive data and information. Any attacks and security breaches can have serious consequences, including unauthorized access, destruction or unauthorized disclosure of data, and thus generate a negative impact on the privacy of those involved and the cybersecurity of data and information	Climate change generated by increased CO2 emissions, results in rising temperatures and the occurrence of extreme weather events, and in the deterioration of air quality. In this context, the activities of telecommunications companies and their value chain may impact the climate system global due to the release of greenhouse gases or gases with high warming potential into the atmosphere. The TIM Group can contribute to the negative impacts either directly, through its own activities, or also indirectly through the impacts recorded along the entire value chain, with particular reference to the supply chain.
Output Metric	% reduction in cybersecurity incidents	% of CO2 tons emissions reduced
Impact Valuation	Increase in people self-confidence and trust about their security and privacy	Increase in social cost of water and carbon
Impact Metric	<ul style="list-style-type: none"> • Quality of life improvement: % increase in self-confidence and trust 	<ul style="list-style-type: none"> • Social cost of carbon • Social cost of water
Impact metric description	Through FAIR methodology, TIM conducts impact assessments in order to quantify the impact in terms of reliability, resilience, and reputation of the technology infrastructure in the national fabric, subsequently going on to measure the impact on the	Through the use of CLIMADA - an open-source model developed by the Swiss Competence Center for Climate Change Research and Disaster Prevention (C2SM) and the Center for Climate Risk and Resilience (OCCR) -, the TIM Group conducts impact

	<p>improvement of the quality of life in terms of % increase in people's self-confidence and trust in their own security and privacy (which is a human right). This impact metric is also determined by assessing the % of tenders won with security-related components in which customers choose the TIM Group over others.</p>	<p>assessments aimed at quantifying the monetary impact for customers and society (social cost of carbon) in the event that they choose operators who are not attentive to the issue of climate change protection, thus to the European Community's decarbonization path, due to the increased costs of economic operators for offering products and services resulting from not aligning with European guidelines in the area of environmental sustainability. In addition, also through the use of CLIMADA, TIM conducts an impact assessment aimed at quantifying the increase in the social cost of water resulting from increased temperature (and increased drought) entailed by any increased amount of CO2 emissions released.</p>
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