



Infrastrutture Wireless Italiane S.p.A.

INWIT

**REPORT ON THE 2020 REMUNERATION POLICY AND THE
REMUNERATION PAID**
**Amendments to the first section of the Report approved by the
Shareholders' Meeting on 6 April 2020**

Pursuant to article 123-ter of Consob Regulation no. 58/1998

Report approved by the Board of Directors at the meeting on 24 June 2020

Infrastrutture Wireless Italiane S.p.A.
Registered office in Milan, via Gaetano Negri 1
Share capital of €600,000,000.00 fully paid
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INTRODUCTION

Legislative Decree no. 49 of 10 May 2019 (the "Decree"), in transposing Directive (EU) 2017/828 - Shareholder Rights Directive 2, amended art. 123-ter of the Consolidated Finance Act ("TUF).

In October 2019, Consob started the consultation process in view of the necessary amendments to the Regulation adopted by Consob resolution no. 11971/1999 as amended (the "Issuers' Regulation").

Pursuant to the aforementioned art. 123-ter, the Company submits to shareholders the new Report on the remuneration policy drawn up following the changes resulting from the merger by absorption of Vodafone Towers S.r.l. in INWIT, effective as of 31 March 2020. This report - approved on a proposal of the Nomination and Remuneration Committee and approved by the Board of Directors on 24 June 2020, has been prepared, taking also into account Assonime recommendations, in accordance with Schedule 7-bis of Annex 3A to the Issuers' Regulation in force as at the date of this Report.

The Policy described in the first section of the Report has been drawn up in accordance with the recommendations on remuneration contained in the Corporate Governance Code of Borsa Italiana S.p.A. (the "Corporate Governance Code"), in its July 2018 version.

The Report is sent to Borsa Italiana and is available to the public at the company's offices and on its website, by the 21st day prior to the date of the meeting called for 28 July 2020.

INWIT

Infrastrutture Wireless Italiane S.p.A. (“INWIT” for short, or the “Company”) operates in Italy in the field of electronic communications infrastructure, and specifically infrastructure devoted to hosting equipment for radio broadcasting, telecommunications, and television and radio signals broadcasting.

INWIT operates in the sector as a result of the transfer from TIM in March 2015 (effective 1 April 2015) of a business unit focused mainly on activities related to the construction and management of the sites' passive infrastructures, generally consisting of civil structures (such as towers, pylons and poles) and technological systems, necessary to host the transceiver equipment owned by mobile operators and other radio service operators. The Company also offers innovative new services such as backhauling and cellular micro coverage.

On 31 March 2020, the merger of Vodafone Towers S.r.l in INWIT was finalized through the attribution to Vodafone Europe B.V. of no. 360,200,000 newly issued ordinary shares of Inwit, without a share capital increase and with cancellation of the 43.4% stake in Vodafone Towers acquired by INWIT just before the effective date of the merger. On finalization of the merger, INWIT is therefore jointly controlled by TIM S.p.A. and Vodafone Europe B.V..

As a result, on 31 March 2020 the largest operator in Italy was established in the sector, with the mission of supporting TIM and Vodafone Italia S.p.A. in building the new network for the development of 5G, also guaranteeing access to its infrastructures to the entire market, also thanks to the space freed up from the joint TIM and Vodafone Italia S.p.A. project. The INWIT fleet, resulting from the merger, includes approximately 22,123 sites distributed throughout the national territory and a number of tenants equal to 40,541. The technical and operational know-how of the Company is assured by the use of staff with strong specific experience, gained over many years working within TIM and Vodafone Towers.

ORGANIZATIONAL STRUCTURE AND KEY MANAGERS

Following the merger, INWIT has adopted a new organizational structure with the following functions reporting to the CEO:

- **Merger Integration & Cross Initiatives**, which is responsible for ensuring the definition and implementation of the post merger integration plan, overseeing the program management of integration activities, monitoring the technical-economic KPIs and identifying corrective actions as well as monitoring cross-functional initiatives.
- **Administration, Finance, Control & Business Support** which is responsible for planning and control processes, investment valuation, administration, accounting and finance, preparing the financial statements, fiscal obligations, relations with investors and the financial community, and enterprise risk management. This department is also responsible for procurement, and manages business development initiatives.
- **Legal & Corporate Affairs**, which is responsible for ensuring the legal protection of the Company by overseeing contractual activities and the management of disputes and litigation. The department also carries out corporate activities and supports the Corporate Bodies, is responsible for representing the company position in regulatory matters, manages relationships with the Authorities and with financial markets Control Bodies and supervises compliance and data protection policies and models.
- **Human Resources**, which is responsible for assisting the corporate structures in achieving their objectives, ensuring the management and development of people, by defining and implementing policies for people management, people development and education, rewarding and people caring. The department also ensures the definition of organizational and workforce planning models as well as the supervision of industrial relations and internal communications.
- **External Relations & Communication**, which is responsible for defining and representing the company's position vis à vis National and Local Bodies and Institutions; it is also responsible for defining the Social and Environmental Sustainability Plan and the management of related projects. The department is also in charge of official communications with the media and on the web, brand development policies as well as the implementation of sponsorships and corporate events.
- **Marketing & Sales**, which is responsible - in coordination with the relevant departments of the company - for defining offers and pricing for traditional hosting and backhauling services and for innovative services, such as microcellular coverage and the Internet of Things. The department is also in charge of the definition of the go to market model, the implementation of backhauling sections for existing sites, the marketing of services and solutions and post sales activities.

- **Technology Governance & MSA**, which is responsible for innovation, scouting and engineering of technological solutions, the governance of infrastructure physical security policies and of Cyber Security and for health and safety at work. The Department also ensures the evolution and supervision of IT solutions, the definition and management of energy management models as well as the overall governance of Master Service Agreements and Commitment agreements, in order to ensure the monitoring of technical-financial KPIs and compliance with defined SLAs.
- **Operations & Maintenance**, which is responsible for ensuring - in conjunction with the relevant corporate departments - the design and construction of macro-sites, including the related backhauling sections, and of micro-cellular coverage. The Department also ensures the governance of the maintenance process and infrastructure supervision, as well as the operational management of the company's production sites and assets
- **Real Estate**, which is responsible for ensuring - in coordination with the relevant corporate functions - the analysis of the real estate market for wireless infrastructures and the monitoring of property management, new site research and acquisition processes as well as negotiation /renegotiation of rents with Landlords, also through the coordination of real estate agencies and other specialized operators, in order to take advantage of the rationalization opportunities offered by the real estate market and optimize overall costs.

The **Audit** function reports to the Board of Directors; it is responsible for monitoring the adequacy of the internal control and risk management system through the definition of audit plans, the development and quality of planned and ad hoc audits, the preparation of the reporting and the monitoring of follow-up activities to ensure the implementation of improvement plans.

The macro organizational structure of INWIT is shown below (available at www.inwit.it)



The following Key Managers of INWIT were appointed by the Board of Directors on 31 March 2020:

KEY MANAGER	ORGANIZATIONAL FUNCTION
DIEGO GALLI	Head of Administration, Finance and Control & Business Support
GABRIELE ABBAGNARA	Head of Marketing & Sales
ELISA PATRIZI	Head of Operations & Maintenance
MASSIMO SCAPINI	Head of Technology Governance & MSA

On 31 March 2020, INWIT had a workforce of 188 employees.

SECTION ONE: 2020 REMUNERATION POLICY

1. EXECUTIVE SUMMARY

The new 2020 Remuneration Policy Report was outlined taking into account the new organizational and corporate structure of INWIT following the integration with Vodafone Towers.

The 2020 policy confirms the following objectives:

- to promote the Company's development;
- to encourage **management engagement**, by aligning interests and actions with strategies, by recognizing the importance of the role held and the results achieved;
- to protect the principles of internal fairness, which includes gender equity, by pursuing competitiveness on the labor market and internal remuneration fairness, also with regard to the gender gap;
- to ensure an appropriate **balance between the fixed and variable remuneration components**, so that the fixed component reflects the responsibilities given to management while the variable quota is linked to the fulfillment of business targets and is capped on that basis.

The logic and characteristics of the various components of the remuneration policy are summarized below:

Remuneration elements	Criteria	Recipients
Fixed remuneration	<ul style="list-style-type: none"> • This is based on the complexity of the role • It is compared with the external market benchmarks to ensure competitiveness of labor costs and to ensure, where appropriate, progressive alignment of the individual positioning with the target remuneration • It takes into account the performance, seniority, market exposure, importance of the position held and strategic know-how 	<ul style="list-style-type: none"> • CEO: the BoD meeting of 11 May 2020 resolved an annual gross salary of €400,000 gross per annum as remuneration for the employment relationship as General Manager • Key Managers: remuneration is commensurate with the role • Remaining population: the remuneration takes into account the performance, seniority, market exposure, importance of the position held and strategic know-how
Short-term variable remuneration	<ul style="list-style-type: none"> • Is commensurate with the role • It is defined as a percentage of the fixed salary (gross annual salary) • Is subject to comparison through market benchmarks • Is linked to the achievement of pre-determined annual economic-financial and quantitative-management objectives • Is subjected to a gate subject to BoD assessments • Envisages a maximum level of disbursement, with a cap equal to 150% of the target bonus • Envisages a clawback clause 	<ul style="list-style-type: none"> • CEO: the BoD meeting of 11 May 2020 resolved short-term variable remuneration (MBO) equal to 75% of the fixed remuneration in the amount of €300,000 gross per annum on target; the short-term variable is in part (80%) by way of remuneration for the employment relationship and, for the remainder, by way of remuneration for the office of Chief Executive Officer, pursuant to article 2389, paragraph 3, of the Italian Civil Code • Key Managers: the gross on-target value of short-term variable remuneration is equal on average to 35% of the fixed salary • Head of departments: the gross on-target value of short-term variable remuneration depends on role and may reach a cap of 30% of the fixed salary
Medium-long-term variable remuneration	<ul style="list-style-type: none"> • Is commensurate with the role • It is defined as a percentage of the fixed salary (gross annual salary) • Is subject to comparison through market benchmarks • It includes three three-year cycles («rolling» plan) • It provides for the allocation of free shares, conditional upon the achievement of performance parameters (Performance Share instrument) • It has a three-year horizon, consistent with the Business Plan • Envisages a maximum level of disbursement, with a cap equal to 150% of the target bonus • Envisages a lock-up period • Envisages a clawback clause 	<ul style="list-style-type: none"> • CEO: the BoD meeting of 11 May 2020 resolved medium-long term variable remuneration (LTI) equal to 75% of the fixed remuneration in the amount of €300,000 gross for each on target plan cycle; The medium-long term variable remuneration is for the position as Chief Executive Officer, pursuant to article 2389, paragraph 3, of the Italian Civil Code • Roles directly reporting to the Chief Executive Officer and other Executives with key roles: with gross target value defined up to a maximum of 50% of the fixed remuneration
Broad-Based Share Ownership Plan	<ul style="list-style-type: none"> • Free allocation of INWIT ordinary shares • Possibility, on a voluntary basis, to buy shares with a 10% discount • Opportunity to receive free shares (1 bonus share for every 3 shares held) if the allocated and purchased shares are kept for a minimum period of 1 year. 	<ul style="list-style-type: none"> • The Plan is intended for employees of INWIT S.p.A., with the exception of the CEO and those directly reporting to the CEO. • The purpose of the Plan is to promote engagement and a sense of belonging, by encouraging employee participation in achieving corporate results
Benefits/welfare	<ul style="list-style-type: none"> • Insurance policies (accident, death, permanent disability) • Coverage of health care costs • Supplementary pension • Company car • Health check-ups 	<ul style="list-style-type: none"> • Services offered to everyone (welfare) or in relation to the role occupied (benefits) aimed at increasing individual and family well-being.

2. GOVERNANCE IN THE REMUNERATION PROCESS

Bodies involved in the preparation, approval and implementation of the Remuneration Policy

INWIT's remuneration policy is set in line with the governance model adopted by the Company, and with the recommendations of the Corporate Governance Code issued by Borsa Italiana.

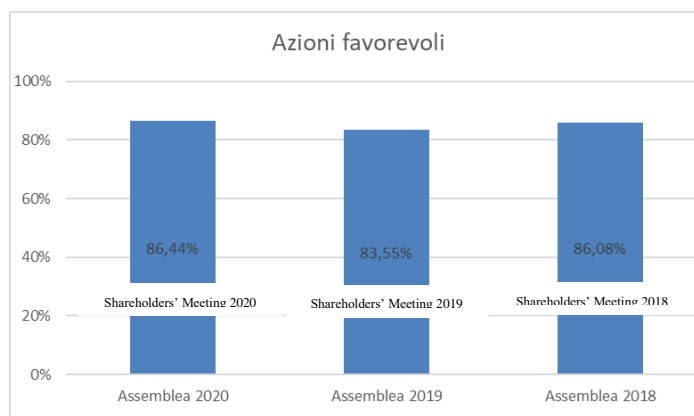
By Board of Directors' resolution on 27 February 2015 INWIT adopted the corporate governance principles which were then amended and lastly updated on 23 April 2020. In accordance with the procedure for the carrying out of related party transactions (available at www.INWIT.it in the Governance section), resolutions on the remuneration of the directors and key managers, taken in accordance with the remuneration policy examined by the Meeting of Shareholders, are considered non-significant operations and as such are excluded from the application of Consob Regulation number 1722 1/2010.

The remuneration policy is defined in a transparent process that involves the following bodies.

Meeting of Shareholders

Shareholders' Meeting	
▪	It is expressed annually, with a binding vote, on the first section of the Remuneration Report, containing the remuneration policy at least for the year following the final year. A non-binding vote is also taken on the second section
▪	Defines the total gross annual remuneration for the Board of Directors, on the basis of the proposals made by the shareholders at the time of the presentation of the lists of candidates, in view of the renewal of the Board itself
▪	Resolves, upon proposal of the Board of Directors, on any remuneration plans based on the allocation of financial instruments to Directors and employees, including Key Managers with Strategic Responsibilities.

The shareholders' meeting vote on Section 1 of the Remuneration Report recorded at the 2018, 2019 and 2020 Shareholders' Meetings is shown below.



Board of Directors

The Shareholders' Meeting of 20 March 2020 appointed the Board of Directors, which took office on the date of completion of the merger of Vodafone Towers into INWIT (31 March 2020); this resulted in the BoD being made up of 13 members, with 4 of them (Filomena Passeggio, Secondina Giulia Ravera, Laura Cavatorta and Francesco Valsecchi) meeting the independence criteria stipulated in legislative decree no. 58/1998 and the Corporate Governance Code.

On 31 March 2020, the Board of Directors appointed Emanuele Tournon as Chairman of the Board of Directors without executive powers, and Giovanni Ferigo as CEO of INWIT, also acting as General Manager of the Company.

On 23 April 2020, the Board of Directors appointed - by co-optation, pursuant to art. 2386, paragraph 1, of the Italian Civil Code - Angela Maria Cossellu as non-executive and independent director of the company, replacing the Director Barbara Cavaleri.

Following the aforementioned appointment, 5 directors now meet the independence criteria.

Board of Directors
▪ Approves the Report on Remuneration pursuant to Article 123-ter of the Consolidated Law on Finance, on proposal of the Nomination and Remuneration Committee
▪ Resolves on the subdivision of the remuneration determined by the Shareholders' Meeting for the Board of Directors as a whole, if it has not taken any decisions on the matter, on the basis of the proposals made by the Nomination and Remuneration Committee
▪ Determines the remuneration of Directors holding special offices, based on the proposals of the Nomination and Remuneration Committee, after hearing the opinion of the Board of Statutory Auditors
▪ On the proposal of the Nomination and Remuneration Committee, it defines the remuneration policy for Executive Directors and Key Managers with Strategic Responsibilities
▪ Formulates proposals to the Shareholders' Meeting on any remuneration plans based on the allocation of financial instruments to Directors and employees, including Key Managers with Strategic Responsibilities.

Nomination and Remuneration Committee

The Appointments and Remuneration Committee, appointed on 23 April 2020, is composed of the independent directors Filomena Passeggio and Laura Cavatorta and the director Antonio Corda. The Chairman of the Committee is the Director Filomena Passeggio.

Nomination and Remuneration Committee	
▪	Proposes the criteria for allocating the established by the Shareholders' Meeting for the entire Board
▪	Proposes to the Board of Directors the definition of Directors and Remuneration Policy of key managers with strategic responsibilities
▪	It periodically assesses the adequacy, overall consistency and concrete application of the policy for the remuneration of Directors and Key Managers with Strategic Responsibilities, making use in this regard of the information provided by the Chief Executive Officers and formulates proposals to the Board of Directors on the matter
▪	Examines, with the support of the Human Resources Function, the policy for the remuneration of the managerial population, with particular regard to Key Managers with Strategic Responsibilities
▪	Submits proposals or expresses opinions to the Board of Directors on the remuneration of Executive Directors and other Directors holding particular offices, as well as on the setting of performance objectives related to the variable component of such remuneration; Monitors the application of decisions adopted by the Board of Directors been specifically, effective to achieve the performance targets

The Committee's meetings are attended by the Chair of the Board of Statutory Auditors or, if he is unavailable, by another Statutory Auditor designated by him.

The Committee's work, with the support of Human Resources with regard to compensation aspects, covered the following issues:

- preparation of the proposed allocation of the annual remuneration of Directors who took office on 31 March 2020 and of the Chief Executive Officer and General Manager remuneration;
- definition of the new 2020-2024 long-term equity incentive plan following completion of the merger of Vodafone Towers into INWIT, which led to the early closure of the 2018-2020 LTI Plan as a result of the change in the ownership structure;
- redefinition - following the merger by absorption of Vodafone Towers S.r.l. in INWIT and therefore following the adoption and implementation of the "combined plan" - of the short-term incentive objectives proposed for FY2020 by the Human Resources department, with specific reference to the score card attributed to the CEO and, in agreement with the Control and Risk Committee, to the Head of the Audit function;
- examination and redefinition of the remuneration policy, with regard to its first section, as a result of the completion of the aforementioned merger;
- definition of a Share Ownership Plan for employees.

[Board of Statutory Auditors](#)

The Board of Statutory Auditors, appointed by the Shareholders' Meeting on 13 April 2018 for the three-year period 2018-2020, is composed of: Stefano Sarubbi (Chair) and the standing auditors Umberto La Commara and Michela Zeme. The substitute auditors are Roberto Cassader and Elisa Menicucci.

As of 5 May 2020, the Board of Statutory Auditors no longer performs the functions of Supervisory Board.

The Board of Statutory Auditors expresses the opinions required by current legislation on the proposed remuneration of Executive Directors holding specific offices. As required by the Company's Corporate Governance Principles, the Board of Statutory Auditors also expresses itself on the remuneration of the heads of the control departments and supervises the correct implementation of the self-regulation rules regarding resolutions on remuneration and other benefits.

Human Resources department

In defining the remuneration policies, **Human Resources**:

- proposes the overall structure of the managerial bonus system to the Nomination and Remuneration Committee identifying the manner of functioning and targets to be set;
- keeps the Nomination and Remuneration Committee up to date on work carried out in connection with the remuneration policy for Key Managers, determined by the Board of Directors;
- analyzes and monitors the application and cohesion of the overall remuneration policy, compared to what was agreed and proposes any corrective measures;
- manages and implements the succession plans as part of the succession planning process for the CEO and the Key Managers; provides the Nomination and Remuneration Committee with technical support and all the information necessary for performing its tasks.

3. 2020 REMUNERATION POLICY TOOLS AND GUIDELINES

The 2020 Remuneration Policy was outlined taking into account the new organizational and corporate structure of INWIT following the integration with Vodafone Towers.

2020 Policy aims to:

- Support the fulfillment of business objectives by promoting the creation of sustainable value for the stakeholders in the long term and aligning the interests and actions of Management with the strategies set by the Company;
- Assure cohesion between the remuneration of management and the company's performance, in line with shareholders' expectations;
- Strengthen management's engagement by recognizing the relevance of its role, the results achieved, and always using as benchmarks the external market, necessary competitiveness on the job market, and internal equality of pay with regard to the gender gap.
- promote employee engagement and strengthen their sense of belonging, through tools that encourage direct participation in achieving corporate objectives and performance.

3.1 FIXED REMUNERATION

This component is based on the complexity of the role entrusted to the Manager. For that purpose, INWIT introduced a role evaluation system based on the Korn Ferry HAY method. This compares the remuneration of management against data observable in the external market.

The objective of greater alignment between relevance of the position, remuneration of the owner and market remuneration, will be implemented through:

- definition of rules and mechanisms for changes within **pay bands** - defined last year with the support of specialized external advisors;
- definition of a **matrix of merit** for the application of the policy with a view to ensuring selective actions. ¹The matrix must consider elements such as CR, the trend in performance, seniority in the role and how crucial the person's know-how is for the company.

To reward significant performances in relation to specific projects, a one-off bonus tool is used, for managers other than Key Managers.

¹«Compa Ratio» (CR), the relationship between the owner's salary and the market value of a specific salary grade. It is expressed as a percentage.

3.2 SHORT-TERM VARIABLE REMUNERATION (MBO)

Management by Objectives (MBO) is a short-term annual variable incentive intended to support the fulfillment of the Company's annual objectives by setting challenging targets.

The recipients of the variable component are the CEO, the Key Managers and all the heads of the company departments.

The target reward is determined as a percentage of the fixed remuneration: this percentage is set on the basis of the complexity of the role, and the alignment with the salary data observable in the external market.

The objectives are measured according to predefined and objective criteria; in line with previous years, the objectives have a scale of values depending on the degree of target achievement, which usually is equal to the value of the budget, and with minimum and maximum value, which vary depending on the specific objective.

The 2020 MBO was defined taking into account the new organizational and corporate structure of INWIT following the integration with Vodafone Towers.

The *score card* has the following objectives:

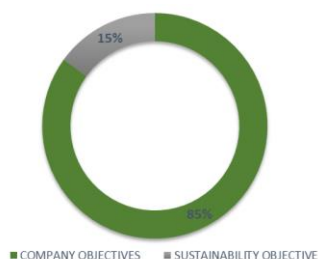
- Business objectives: these relate to the business as a whole and their fulfillment depends on the entire organization;
- Functional objectives: these reflect the specific activity of a subgroup of the organization, in other words a specific department.

The score card of the CEO and of managers reporting directly to the CEO also include an objective linked to Environment, Social and Governance / People parameters, identified in INWIT Sustainability Policy, approved by the CEO at the end of 2019 and presented to the Board of Directors of 5 March 2020.

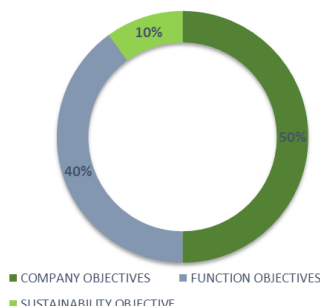
In addition, a "demultiplier" factor has been experimentally introduced in the 2020 MBO, which is linked to failure to carry out corrective actions / remediation plans following audits, significant or material deficiencies of the SOX / 262 control system or high-risk non-compliances detected by Audit, Compliance and by the Data Protection Officer. The corrective factor provides for a reduction in the pay-out, with a 0.5% interval for each adjustment, up to an overall cap of 5% of the pay-out. The "demultiplier" factor does not apply to the CEO.

In line with last year the clawback mechanism is applied to the MBO.

The weightings between the various objectives set for management are shown in the following graphs:



Objectives of CEO



Objectives of Key Managers

Each target on the MBO score card is measured individually, so different combinations of the target fulfillment are possible. To assess these, the linear interpolation mechanism will be used.

The payout scale is set in a range of between 50% of the bonus if the minimum target level is reached, 100% of the bonus if the target is reached, up to a cap of 150% of the bonus for results that exceed the maximum level. Below is the MBO payout scale, assuming that all the targets reach, respectively, the below-minimum, minimum, target and maximum levels.

Performance Levels	Parameterized scale
All objectives below minimum level	0%
All objectives at minimum level	50%
All objectives at target level	100%
All objectives at maximum level	150%

All the KPIs on the score card are finalized after the closure of the 2020 financial year, therefore the bonus resulting from the finalized MBO is paid in the following year.

3.3. LONG-TERM VARIABLE REMUNERATION (LTI)

Following the successful outcome of the merger by absorption of Vodafone Towers S.r.l. in INWIT, and the consequent joint participation in the share capital of the Company by TIM and Vodafone Europe B.V., the Board of Directors, after consulting with the Nomination and Remuneration Committee, at the meeting held on 5 March 2020 decided to early close the 2018-2020 long-term share incentive plan, addressed to the CEO, the Key Managers of the Company and other Managers with critical roles, in line with the provisions of the Information Document and the Plan Regulation, approved by the Board of Directors on 2 March 2018 and 23 July 2018,

respectively, and to allocate the Shares to the Beneficiaries upon completion of the aforementioned merger, in advance of the original maturity.

The performance parameters of the Plan were therefore measured as at 31.12.2019 and the lock-up was not applied to the shares thus allocated to the Plan beneficiaries, as stipulated by the aforementioned Information Document in the event of "Change of Control".

In line with best market practices and in consideration of the new organizational structure and the new growth objectives of the Company, a new LTI plan has been defined for the 2020-2024 period.

Specifically, the Plan pursues the following objectives:

- to align the interests of the Beneficiaries with those of the Shareholders through the use of equity incentive tools;
- to develop a strong engagement of the Beneficiaries in achieving the growth objectives set out in the Business Plan over the next three years, including sustainability objectives (ESG);
- to increase, in the Beneficiaries' overall remuneration, the weight of the variable component linked to the achievement of performance parameters, in line with the recommendations of the Corporate Governance Code;
- to ensure the retention of managers in general and of key managers specifically, by improving INWIT's competitive positioning in the labour market.

The LTI Plan applies to the CEO, to all those in the Chief Executive Officer's first reporting line, which includes the Key Managers of the Company and other key roles which may be added subsequently by Board of Directors' resolution, on a proposal of the Chief Executive Officer, having consulted with the Nomination and Remuneration Committee for the matters under the latter's responsibility.

The 2020-2024 LTI Plan is a "rolling" performance share plan based on three three-year cycles of allocation to the Beneficiaries of Rights to Receive free Shares at the end of a three-year period (Vesting Period).

The amount of the target share incentive allocated to each Beneficiary is based the relative cluster as a percentage value of the gross annual remuneration which is equivalent to the target incentive opportunity at the time of allocation. The extent of this incentive is strictly connected to the level of responsibility and the role of each Beneficiary.

The number of target Performance Shares granted to each Beneficiary at the time each Plan cycle is allocated (and resulting from the individual Allocation Form) corresponds to a percentage of the fixed remuneration, expressed in Shares at their market value on that date.

More specifically, the number of Performance Shares for each Plan cycle allocated to the Chief Executive Officer corresponds to 75% of the Gross Annual Remuneration in case of achievement of the target. For the other Beneficiaries, the incentive target opportunity can reach a maximum of 50% of the Gross Annual Remuneration for each Plan cycle.

Vesting of the right to receive the equity incentive is subject to three independent performance conditions being met, each with its own relative weight and related to the Business Plan objectives:

1. Relative Total Shareholder Return (TSR) (relative weight 50%);
2. Recurring Free Cash Flow (RFCF) (relative weight 40%);
3. Sustainability Indicator (ESG) consistent with INWIT Sustainability Plan: Green House Gas emissions reduced to zero through the use of electricity from certified renewable sources (relative weight 10%).

If the Performance Parameters are not met, the Shares will not be allocated.

The Plan provides for three annual allocations (three cycles which are expected to be launched annually) in the 2020-2024 period.

Allocation	Vesting period
2020 (cycle 1)	2020 - 2022
2021 (cycle 2)	2021 - 2023
2022 (cycle 3)	2022 - 2024

For the CEO and the other Plan Beneficiaries, 30% of the Allocated Shares are subject to a lock-up period of 2 years. During that period, the locked-up shares cannot be transferred and/or disposed of, except as a result of death, nor can they be subjected to any other form of restriction. The lock-up does not apply to the additional Shares allocated to the beneficiaries as dividend equivalent.

The operating mechanisms of performance parameters are defined in the Regulation approved by the Board of Directors on 24 June 2020.

For more details, see the Information Document drawn up pursuant to article 114-bis of Legislative Decree no. 58 of 24 February 1998 ("TUF") and art. 84-bis of the Regulation adopted by Consob by resolution no. 11971 of 14 May 1999 as amended ("Issuers' Regulation"), published on Company's website www.inwit.it Governance sections, and made available to the public within the statutory time limits.

3.4 BENEFIT / WELFARE

The benefits provided for company Management are the same as those set for the executives and managers in addition to the provisions of the collective labor agreement (the labor agreement for manufacturing executives and telecommunications companies): insurance policies (accidents, death, permanent disability); covering healthcare costs; supplementary pension; company car for business/personal use; medical checkups.

3.5 BROAD-BASED SHARE OWNERSHIP PLAN

In line with the sustainability policies adopted by Inwit, in order to promote employees' engagement, strengthen their sense of belonging and encourage their active participation in achieving corporate results, a Broad- Based Share Ownership Plan will be launched addressed to all employees of the Company, with the exception of the CEO, and those in the CEO's first reporting line.

Under the Plan employees are allocated a number of INWIT ordinary shares free of charge; in addition, they are given the opportunity, on a voluntary basis, to purchase additional shares at a discount of 10% compared to average market prices in the 30 days preceding the start of the subscription period.

After 12 months from the allocation of the free shares and / or from the purchase of the discounted shares, employees will be able to benefit from a bonus share (free allocation of 1 share for every 3 owned) if they retain their employment with INWIT and ownership of the shares.

For more details, see the Information Document drawn up pursuant to article 114-bis of Legislative Decree no. 58 of 24 February 1998 ("TUF") and art. 84-bis of the Regulation adopted by Consob by resolution no. 11971 of 14 May 1999 as amended ("Issuers' Regulation"), published on Company's website www.inwit.it Governance sections, and made available to the public within the statutory time limits.

4. REMUNERATION OF THE CHAIR, THE CEO AND DIRECTOR GENERAL AND THE KEY MANAGERS

The remuneration of the Chair, the CEO and the Key managers is defined in accordance with the principles of the remuneration policy taking into account the complexity of the role, the salary data from the relevant market.

The CEO, Giovanni Ferigo, also holds the position of General Manager of the Company.

4.1 REMUNERATION OF THE CHAIRMAN

The remuneration of the Chairman, Emanuele Tournon, appointed by the Board of Directors at the meeting of 31 March 2020, was determined by the Board of Directors on 11 May 2020 in a gross amount of Euro 60,000 per year, which also includes his remuneration as Director.

4.2 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER

The remuneration of the Chief Executive Officer and General Manager, appointed by the Board of Directors at the meeting of 31 March 2020, was established by the Board of Directors - appointed by the Shareholders' Meeting of 20 March 2020 - in a resolution of 11 May 2020.

Based on the market benchmark and the procedure for distributing the overall remuneration between the work as director-general and the administration relationship which is regulated by article 2389 of the Civil Code, the Board of Directors decided to award Mr Ferigo, at the proposal of the Nomination and Remuneration Committee and having consulted the Board of Statutory Auditors, the following remuneration:

- A gross annual salary of Euro 400,000 per annum, as remuneration for work as an employee;
- short-term variable MBO remuneration of Euro 300,000 gross per annum on a target awarded as to 80% (equal to Euro 240,000 gross, per annum) as remuneration for work as an employee, with the remaining 20% (equal to Euro 60,000 gross per annum) as remuneration for the role of CEO (article 2389, para. 3 of the Civil Code);
- variable medium-/long-term remuneration (Long Term Incentive Plan) awarded entirely by way of remuneration for the role of CEO (article 2389, para. 3 of the Civil Code), made up of the free allocation of INWIT shares equating - upon reaching the target - to 75% of gross annual salary for each plan cycle.

Due to the coexistence of the employee relationship mentioned above, Mr Ferigo waived the fixed annual compensation for the position of Director (article 2389, para. 1 of the Civil Code);

Like all the company's executives, the CEO is also covered by a Directors & Officers policy.

SHORT-TERM VARIABLE REMUNERATION (MBO)

Below is the description of the MBO 2020 score card assigned to the CEO.

TARGETS	WEIGHT
EBITDA _{ad} INWIT	30%

Revenues from new sites and new services (Total Revenues excluding MSA fees)	20%
Equity free cash flow	15%
Service Performance MSA - KPI Website creation	10%
Antitrust Remediation procedure target on/off	10%
Sustainability: Environment, Social and Governance actions and initiatives implemented as part of INWIT Sustainability Plan	15%

The presence of INWIT net profit resulting from the financial statements is a necessary condition for the payment of the accrued bonus

LONG-TERM VARIABLE REMUNERATION (LTI)

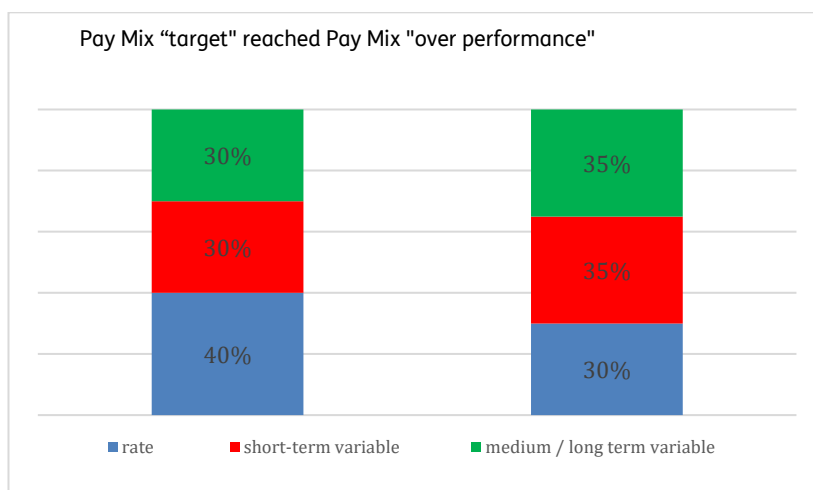
The CEO has been included as one of the beneficiaries of the new 2020-2024 long-term equity incentive plan of the Company, which is described in paragraph 3.3.

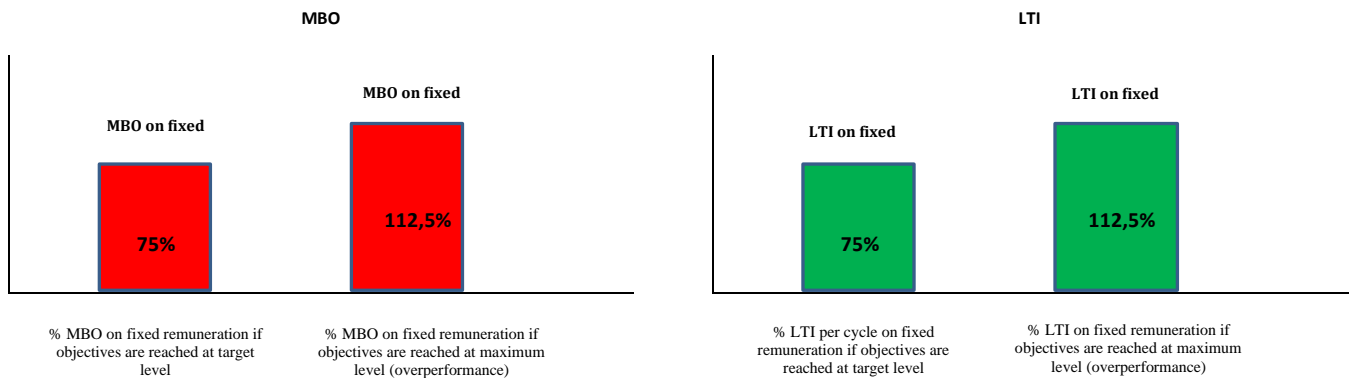
The Plan provides for the allocation of performance shares amounting to, for each three-year cycle of the Plan, 75% of the fixed remuneration if the target is reached and up to 112.5% of this remuneration if the maximum level is reached (cap) .

PAY MIX

The planned fixed-variable *pay mix* for 2020 and the percentage of MBO and LTI on fixed remuneration is indicated below, with the target and maximum levels.

In the representation of the pay mix, the long-term variable component (LTI) is shown at target.





BENEFITS

The CEO receives the benefits provided for in INWIT policies for executive personnel, in addition to the provisions of the national labor agreement for manufacturing executives. In particular the following benefits are provided:

- the allocation of a company car for personal and business use, the value of which is subject to tax allowances as per current regulations. The class of vehicle differs depending on the role and organizational responsibilities of the manager;
- voluntary access to the welfare and insurance available from Fontedir (Supplementary Pension Fund for Executives) and Assida (Voluntary Mutual Association for Supplementary Medical Insurance for Executives);
- *Directors & Officers* civil liability policy subscribed by the Company, and renewed each year for the whole managerial population and members of the company bodies.

4.3 REMUNERATION OF KEY MANAGERS

In addition to the CEO, the following persons are Key Managers of the Company:

- Head of Administration, Finance, Control & Business Support
- Head of Marketing & Sales
- Head of Technology Governance & MSA
- Head of Operations & Maintenance

Remuneration of Key Managers is determined by taking into account the role and individual salary position in terms of gross annual salary and bonus, compared to the median pay data for the reference market.

SHORT-TERM VARIABLE REMUNERATION (MBO)

The total short-term variable bonus for Key Managers for 2020 is set on average at 35% of fixed remuneration, if 100% of the target is reached, rising to a maximum of 150% of salary if the maxim target levels are reached. For a description of the plan see paragraph 3.2.

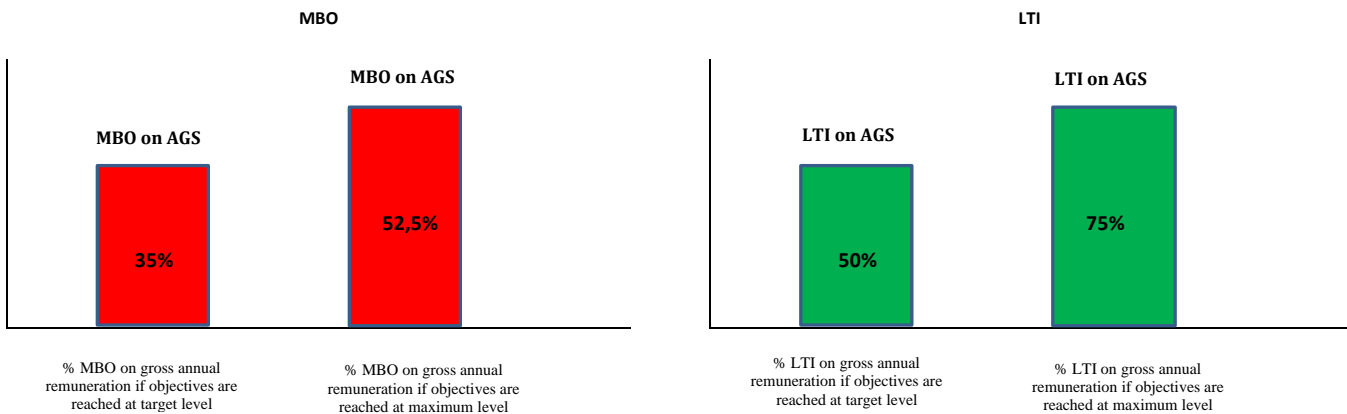
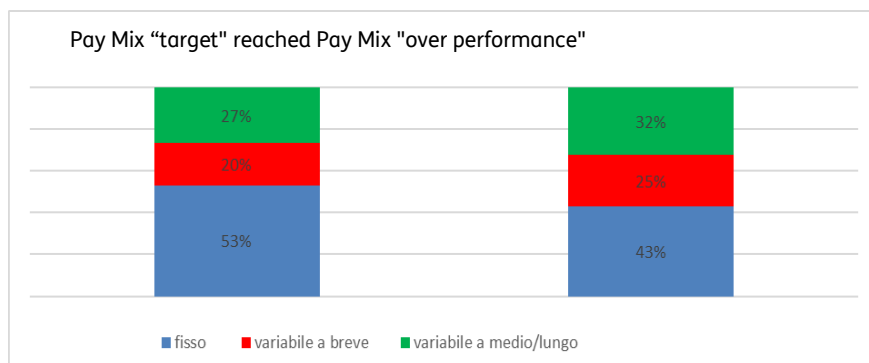
LONG-TERM VARIABLE REMUNERATION (LTI)

The Key Managers, as described in paragraph 3.3, have been included as beneficiaries of the new 2020-2024 long-term incentive plan. For each three-year cycle, performance shares are allocated at 50% of fixed remuneration, if the target level is reached, and up to 75% of that remuneration if the maximum cap is reached.

PAY MIX

The planned fixed-variable *pay mix* for 2020 and the percentage of MBO and LTI on fixed remuneration is indicated below, with the target and maximum levels.

In the representation of the pay mix, the long-term variable component (LTI) is shown at target.



BENEFITS

The Key Managers receive benefits provided for in INWIT policies for executive personnel, in addition to the provisions of the national labor agreement for manufacturing executives. In particular the following benefits are provided:

- the allocation of a company car for personal and business use, the value of which is subject to tax allowances as per current regulations. The class of vehicle differs depending on the role and organizational responsibilities of the manager;
- voluntary access to the welfare and insurance available from Fontedir (Supplementary Pension Fund for Executives) and Assida (Voluntary Mutual Association for Supplementary Medical Insurance for Executives);
- *Directors & Officers* civil liability policy subscribed by the Company, and renewed each year for the whole managerial population and members of the company bodies.

5. REMUNERATION OF NON-EXECUTIVE DIRECTORS

The remuneration for members of INWIT's Board of Directors is set in accordance with the regulatory and statutory provisions and the self-governance code.

The Meeting of Shareholders of 20 March 2020 appointed the Board of Directors for the three year period 2020–2022, and set their total emoluments at Euro 900,000 gross per annum; Subsequently, at the meeting on 11 May 2020 the Board of Directors, at the proposal of the Nomination and Remuneration Committee, authorized the distribution of total emoluments as follows:

- Euro 50,000 gross per annum to each non-executive member of the Board of Directors (for the Chairman see point 4.1);
- €25,000 gross per annum to the Chair of the Risk and Control Committee, and €20,000 gross per annum to each other member of the same Committee;
- €20,000 gross per annum to the Chair of the Nomination and Remuneration Committee and €15,000 gross per annum to each other member of the same Committee;
- Euro 20,000 gross per annum to the Chair of the Related Party Committee and Euro 15,000 gross per annum to each other member of the same Committee
- Euro 20,000 gross per annum to the Chair of the Sustainability Committee and Euro 15,000 gross per annum to each other member of the same Committee;
- Euro 5,000 gross per annum to the *Lead Independent Director*

In line with best practices, the remuneration of non-executive directors does not contain a variable component and therefore is not correlated to the company's financial results.

The directors are also reimbursed with the expenses incurred in connection with their duties (e.g. food and accommodation).

Directors have the benefit of a civil liability *Directors & Officers insurance policy*.

Non-executive directors do not have any agreements providing for indemnities if their contracts with INWIT are terminated early.

6. REMUNERATION OF MEMBERS OF THE SUPERVISORY BODIES

The Meeting of Shareholders on 13 April 2018 appointed the Board of Statutory Auditors for the period 2018-2020, determining the gross annual remuneration in Euro 70,000 for the Chair and Euro 50,000 for each standing auditor plus the reimbursement of documented expenses.

The Board of Directors has appointed the Supervisory Board pursuant to Legislative Decree 231/2001, with effect from 5 May 2020 and until the approval of the financial statements as of 31 December 2022. The gross annual remuneration has been determined as follows: Euro 40,000 for the Chair; Euro 20,000 for each member with the exception of the Statutory Auditor member, whose emolument is included in the emolument approved for the Board of Statutory Auditors; finally, for the internal member, the assignment is carried out free of charge.

7. SUCCESSION PLAN FOR EXECUTIVE DIRECTORS AND KEY MANAGERS

The succession plan for executive directors and for the CEO and Key Managers of INWIT were approved by the Board of Directors on 16 March 2017 based on the preliminary investigation carried out by the Nomination and Remuneration Committee.

The succession plan and the related process for managing the replacement plans responds to the need to manage the business continuity risk, maintain the key organizational roles, and last but not least, the need to ensure the managerial development of the best talents within the Company.

Following a benchmark analysis that took into consideration the best practices of leading Italian public companies, the process was defined, together with the policy which provides as follows:

- the scope of application of the process;
- the objectives;
- the recipients;
- the events triggering application;
- a specific description of the phases, activities, timings and responsibilities of the various people involved in the succession planning process, and in the management of the replacement plans.

In 2020, Human Resources started a periodic update of the succession plans.

Human Resources relies on leading managerial consulting firms, for this activity.

8. SEVERANCE

On 29 July 2019, the Board of Directors approved the severance indemnity policy¹ for Executive Directors and Key Managers.

INWIT's Severance Policy applies to Executive Directors and Key Managers in the event of early termination of directorship agreements or termination of employment, without just cause. The indemnity calculation criteria are shown below.

- Executive Director: the indemnity consists in a maximum of 24 months of fixed remuneration.
- Chief Executive Officer with General Manager role: the indemnity is the sum of the indemnities envisaged for the positions as Executive Director and as manager:
 - ✓ maximum 24 months pay, calculated on the basis of the gross annual remuneration plus the average MBOs disbursed in the last three years;
 - ✓ indemnity for failure to give notice, which is envisaged in the National Collective Labour Agreement for "Industry Executives" and which varies according to the years of service (12 months for managers with more than 15 years of service; 10 months up to 15 years of service; 8 months up to 10 years of services and 6 months up to 6 years of service).
- Key Managers sum of:
 - ✓ maximum 24 months pay, calculated on the basis of the gross annual remuneration plus the average MBOs disbursed in the last three years;
 - ✓ indemnity for failure to give notice, which is envisaged in the National Collective Labour Agreement for "Industry Executives" and which varies according to the years of service (12 months for managers with more than 15 years of service; 10 months up to 15 years of service; 8 months up to 10 years of services and 6 months up to 6 years of service).

¹Salary agreements in the event of early termination of employment contracts or directorship agreements.

GLOSSARY

EXECUTIVE DIRECTORS: Directors who are granted operational or managerial authorities, and who have specific mandates awarded by the Board of Directors.

INDEPENDENT DIRECTORS: Directors who meet the independence requirements as laid down in the INWIT self-governance code.

NON-EXECUTIVE DIRECTORS: Directors who are not granted operational or managerial authorities, and who have not had specific mandates awarded by the Board of Directors.

ALLOCATED SHARES Details of shares awarded free to each beneficiary, upon vesting.

SHARES: Ordinary shares in the Company with no nominal value listed on the Electronic Stock Market organized and run by the Italian stock exchange

CHANGE OF CONTROL: This indicates changes in the Company's ownership structure, resulting from any operation [or contractual agreement] which enables a person or group of persons acting jointly, to acquire control of the Company ex article 93 of the TUF, or of the subsidiaries, ex article 2359(1) of the Civil Code. *Change of control* also refers to a case in which control passes from exclusive control to joint control with other parties.

CLAWBACK: A clause that allows the bonus paid to Plan beneficiaries to be recovered. The clawback can be triggered during the three years following vesting or payout of the bonus, in the case of an Error; during the five years after the vesting or payout of the bonus, in the case of fraud or deliberate or willful acts that cause harm to the Company, or behaviors that infringe the reference laws and regulations.

DELISTING: A decision by the Meeting of Shareholders to apply for the delisting of the Shares from the Electronic Stock Market or, if no such application is made, the occurrence of conditions that would lead to the Italian Stock Exchange deciding to delist the shares.

KEY MANAGERS: The individuals, including the Directors, who have the power and responsibility to plan and control the Company's activities, directly or indirectly.

DIVIDEND EQUIVALENT: The allocation to the Beneficiaries of additional shares at the end of the vesting period, in an equivalent number to the ordinary and extraordinary dividends paid out by INWIT during the vesting period which would have been due based on the number of shares actually held by the Beneficiaries according to the performance levels achieved under the conditions in the Plan.

EBITDAAL: EBITDA (Earnings before interest, taxes, depreciation and amortization of intangible and intangible assets) - after lease costs This is the measurement that verifies whether a company or group of companies can make a profit from ordinary operations.

GATE: The "gate" condition in the MBO, which, if not realized, means that the bonus will not be paid.

TARGET INCENTIVE (OR BONUS): The bonus which can be received by an individual beneficiary on reaching the target performance level set in the objectives.

JOB EVALUATION : a methodology that measures the value or weighting of positions within an organization expressed in terms of points or grades.

KEY PERFORMANCE INDICATOR (KPI): the indicator that identifies the measurement of performance and the reaching of set objectives.

LTI: Long Term Incentive plan.

LOCK-UP: The period of time after the allocation of Shares, during which the Shares are unavailable.

MANAGEMENT BY OBJECTIVE (MBO): The short-term incentive plan that allows the recipient to receive an annual cash bonus based on the reaching of objectives set ex ante, agreed with each individual participating in the Plan.

MANAGEMENT: All the managers of company departments appointed by order of the Company.

VESTING (OF PERFORMANCE SHARES): The time of Board approval of the Company's financial statements (or, if the conditions are met, of the Consolidated financial statements of the Group to which the Company belongs), on 31 December 2020 with simultaneous verification of the degree to which the performance levels have been met.

PERFORMANCE LEVELS: The performance objectives in the Plan, which must be reached if the Shares are to be allocated

PAY MIX: The composition of an individual's pay package, which are the fixed remuneration, variable short-term, and long-term remuneration.

PEER GROUP: The group of companies operating in the tower company sector within which the positioning of INWIT's share performance is measured

PERFORMANCE MANAGEMENT: A system used to evaluate an individual's contribution, based on international best practices. It is based on the fundamental principle that the enterprise contribution is supported by performance, by individual merit, and by the adoption of a model of competencies adopted in the TIM Group.

PERFORMANCE SHARES: This indicates the promise of free allocation to the beneficiaries of a minimum and maximum number of Rights to receive Shares on Vesting, in a number commensurate with the respective fixed and variable remuneration, ranging from a minimum to a maximum based on the degree to which the performance levels are reached.

VESTING PERIOD: The period that separates the time of allocation of the Plan from the time of Vesting of the Performance Shares.

DIRECTORS AND OFFICERS POLICY (D&O) : Insurance cover for civil liability (professional risks) for the entire managerial population of INWIT and the members of the corporate bodies..

TENANCY RATIO: One of the main indicators of the performance of a tower company representing the number of tenants on its sites.

RECURRING FREE CASH FLOW: EBITDA – Recurring Capex – Delta Working Capital – Cash Taxes – Cash Interests

REGULATION: This is the document that sets out the terms and conditions applicable to the LTI Plan, and which implements them. The Regulation will be defined by the Board of Directors of the Company at the proposal of the Nomination and Remuneration Committee.

GROSS ANNUAL SALARY (RAL): This is the gross annual salary paid, including only the fixed components of remuneration for work as employee, excluding benefits paid as a result of the employment contract and anything paid on an occasional basis by way of expense reimbursement and any bonus or variable component, even if defined as guaranteed and/or paid as a one-off or on an ongoing, repeated or deferred basis, the share of severance pay and any other indemnity provided for by law and by the applicable collective labor agreement.

SCORE CARD: the score card of objectives used in the MBO.

TOTAL SHAREHOLDERS RETURN (TSR): The indicator that measures the total return on a share as the sum of the following components: (i) capital gain: The relationship between the change in the share price (the difference between the price recorded at the end and start of the reference period) and the share price recorded at the start of that period; (ii) dividends reinvested: the impact of all the dividends paid and reinvested in the share on the coupon detachment date. The Total Shareholder Return measures the TSR positioning of INWIT, in the ranking of TSRs of a peer group of Italian and international listed tower companies, identified in the Plan Regulation.

TOWER COMPANY: Infrastructure companies operating in the sector of electronic communications infrastructure, and specifically, offering integrated hosting services at their sites, for re-transmission systems and devices owned by their clients.

TARGET VALUE/LEVEL: The target performance level set by an objective, in the incentive system.

SHARE VALUE: This indicates the value determined according to the arithmetical average of the official prices of the ordinary shares of INWIT S.p.A. on the Electronic Stock Market run by Borsa Italiana S.p.A. during the 30 calendar days prior to the reference date.