



TIM GROUP

**Infrastrutture Wireless Italiane S.p.A.**

**INWIT**

## **REPORT ON REMUNERATION POLICY 2020 AND REMUNERATION PAID**

Pursuant to Article 123-ter of Legislative Decree No. 58/1998

Report approved by the Board of Directors at its meeting of March 5, 2020

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## INTRODUCTION

Legislative Decree no. 49 of May 10, 2019 (the “Decree”), in implementing (EU) Directive 2017/828 - Shareholder Rights Directive 2, amended Article 123-ter of the Consolidated Law on Finance (“TUF”) Consob initiated in October 2019 consultation for the consequent necessary amendments to the Regulation adopted by Consob with resolution no. 11971/1999 and subsequent amendments (the “Issuer Regulations”).

As the new regulations implementing the amendments made to Article 123-ter of the Consolidated Law on Finance (“TUF”) by the Decree did not come into force on the date of preparation of the Report, the Report - approved, on the proposal of the Nominations and Remuneration Committee, by the Board of Directors on March 5, 2020 - was prepared, also taking into account the indications provided by Assonime, in accordance with Schedule 7-bis of Annex 3A to the Issuers’ Regulations in force on the date of preparation of the Report.

The Report is divided into two sections:

- the first section illustrates the remuneration policy (the “Policy”) envisaged for 2020 by Infrastrutture Wireless Italiane S.p.A. (hereinafter “INWIT” or the “Company”) for the remuneration of Directors, members of the control bodies and Key Managers with Strategic Responsibilities (hereinafter also “Key Managers”), highlighting the principles and objectives pursued, the roles involved, and the planning and implementation criteria that were followed. This section is subject to the binding vote of the Shareholders’ Meeting;
- in the second section, the remuneration paid in 2019 to Directors, members of the control bodies and Key Managers with Strategic Responsibilities is illustrated, highlighting its consistency with the remuneration policy of the previous year. This section is subject to the non-binding vote of the Shareholders’ Meeting.

The Report also lists the equity investments held by Directors, Statutory Auditors and Key Managers with Strategic Responsibilities in the Company.

The Policy described in the first section of the Report has been drawn up in accordance with the recommendations on remuneration contained in the current Corporate Governance Code promoted by Borsa Italiana S.p.A. (hereinafter the “Corporate Governance Code”), of July 2018.

The Report is transmitted to Borsa Italiana and is made available to the public at the Company’s registered office and on the Company’s website no later than the twenty-first day prior to the date of the Shareholders’ Meeting called to approve the financial statements for the 2019 financial year.

# INWIT

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

INWIT operates in this sector following the transfer, received by TIM in March 2015, and with effect from April 1, 2015, of a business unit whose main purpose is the construction and management of passive site infrastructure, generally consisting of civil structures (such as towers, pylons and poles), as well as technological systems, necessary to house 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 July 26, 2019, a Framework Agreement was signed between INWIT, its parent company TIM, Vodafone Italia S.p.A. and the sole shareholder of the latter, Vodafone Europe BV, to regulate the terms and conditions of a unitary and inseparable transaction aimed at consolidating the ownership of Vodafone’s passive network infrastructure in INWIT, whose tower portfolio will include approximately 22,000 sites.

The Framework Agreement provides for: (i) purchase of the 43.4% of the share capital of Vodafone Towers (a company which will be established by Vodafone Europe BV by demerger of the Towers) at a price of €2.14 billion; and (ii) the merger by incorporation of Vodafone Towers into INWIT with simultaneous cancellation of the investment held by Vodafone Europe BV in VOD Towers, issue in favor of Vodafone Europe BV of 360 million INWIT ordinary shares (representing 37.5% of the share capital) and admission of these new shares to the electronic share market organized and managed by Borsa Italiana S.p.A.

On December 19, 2019, the Shareholders’ Meeting of INWIT approved the merger by incorporation of Vodafone Towers S.r.l. (“VOD Towers”) into INWIT. It should therefore be noted that the Policy described in the first section of this Report may be amended as a result of the completion of the aforesaid merger and therefore the adoption and implementation of the “combined plan” of INWIT and Vodafone Towers; any such amendments to provisions of Article 123-ter of the Consolidated Law on Finance, will be submitted to the vote of the shareholders.

The 2019 results confirmed the solidity of the Company’s business, which, although involved in a major transaction with its main customers, was able to bring its shareholders growth in the main balance sheet indicators.

The growth in EBITDA was reached through the expansion of revenues and improving cost efficiency. The number of customers choosing INWIT infrastructure has risen, with the co-tenancy ratio at approximately 1.95x (in 2015 the ratio was 1.5x); business development continued through the implementation of new infrastructure services such as micro cellular coverage and backhauling; in terms of efficiency, actions continued to reduce leasing costs which represented around 80% of the company’s total costs.

The improvement program relates to the whole organization: the business processes have again been certified according to ISO 9001:2015; a staff growth plan was implemented that brought the workforce to 122 employees (in 2018 it was 117), maintaining the focus on rebalancing the *gender gap* and reducing the average age; training of skills in line with the Company's business and governance needs also continued.

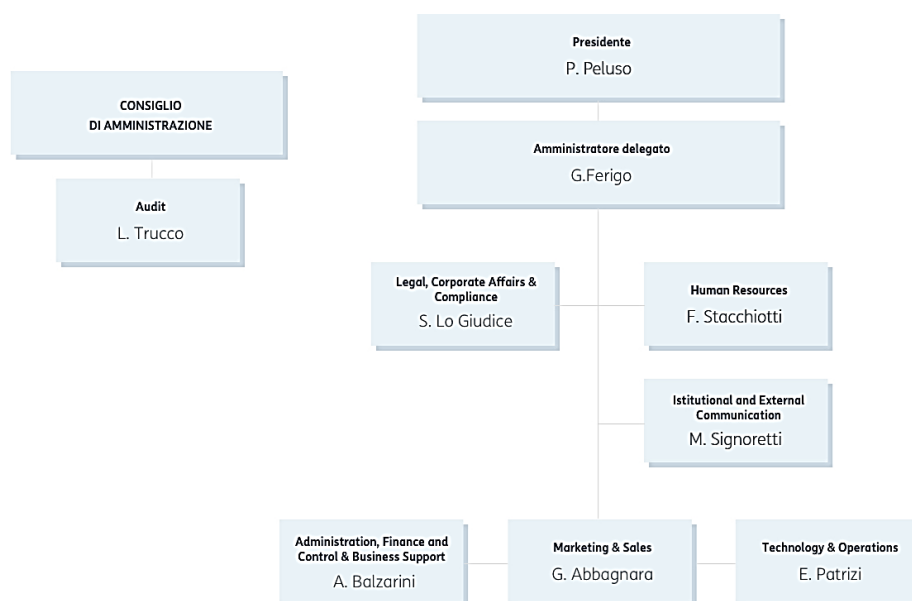
## ORGANIZATIONAL STRUCTURE AND KEY MANAGERS

The following functions report to the Chief Executive Officer:

- **Administration, Finance, Control & Business Support** which is responsible for planning and control processes, administration, accounting and finance, preparing the financial statements, fiscal obligations, relations with investors and the financial community, and risk management. The Function also ensures procurement activities and the management of business development initiatives.
- **Legal, Corporate Affairs & Compliance**, which ensures the legal protection of the Company by providing advice, assistance in the preparation, negotiation and execution of contracts, the management of disputes and litigation. The Function also ensures the company's activities, the support to the Corporate Bodies, the management of the Shareholders' Meetings, the legal obligations towards the Regulatory and Control Bodies of the financial markets as well as the compliance activities.
- **Human Resources**, which assures the support to the company structures in the achievement of objectives, guaranteeing the management and development of people, through the policies of people management and development, education, rewarding and people caring and ensuring the implementation of organizational structures. The Function also ensures the monitoring of prevention, safety and health of workers, industrial relations and organizational processes.
- **Institutional and External Communication**, which ensures the management of relations and external communication with the media and central and local Institutional Bodies.
- **Marketing & Sales**, which is responsible for ensuring - in conjunction with the Technology & Operations Function - the definition of the offer and pricing of traditional tower hospitality services and innovative services such as microcellular coverage, backhauling and the Internet of Things. The Function is also responsible for managing pre- and post-customer sales, also relying on business partners for the acquisition of locations and checking of coverage.
- **Technology & Operations**, which is responsible - in conjunction with the Marketing & Sales Department - for scouting technological innovation that enables the development of new services to be marketed, the design and implementation processes for macro sites, the creation of micro-cellular covers and the maintenance and asset management of the company's production sites and assets. The Function also ensures the optimization of rental costs and Information Technology activities.

The Audit function, which reports to the Board of Directors, defines the audit plans, carries out the planned and requested audits, prepares the audit reports and monitors the implementation of plans to improve the internal control system.

The organizational structure of INWIT is shown below (available at [www.inwit.it](http://www.inwit.it)).



INWIT's Key Managers with Strategic Responsibilities are:

KEY MANAGERS	ORGANIZATIONAL FUNCTION
ANDREA BALZARINI	Head of Administration, Finance and Control & Business Support
ELISA PATRIZI	Head of Technology & Operations
GABRIELE ABBAGNARA*	Head of Marketing & Sales

\* Key Managers of the Company from February 18, 2019.

On December 31, 2019, INWIT had a workforce of 122 employees.

# SECTION ONE: 2020 REMUNERATION POLICY

## 1. EXECUTIVE SUMMARY

The *Remuneration Policy 2020* has been outlined with reference to the current organizational and corporate structure of INWIT and in line with the guidelines of the Parent Company TIM S.p.A..

The 2020 policy, in line with what was defined in 2019, intends:

- to promote the **development of the Company**;
- to foster **management engagement**, through the alignment of interests and actions to strategies, through the recognition of the importance of the role held and the results achieved;
- to protect the principles of **internal equity**, including gender equity, by pursuing the search for the necessary competitiveness in the labor market and internal pay equity, including with regard to the gender gap;
- to maintain an adequate **balance between the fixed and variable components** of remuneration, so that the fixed portion is consistent with the responsibilities assigned to management, while the variable portion is anchored to the achievement of corporate objectives and paid, within maximum limits (presence of a cap), based on the degree of achievement of objectives.

The logic and characteristics of the various components relating to the figures of the Chief Executive Officer and Key Managers with Strategic Responsibilities are summarized in the diagram below.

Elements of the remuneration	Criteria	Recipients
<b>Fixed remuneration</b>	<ul style="list-style-type: none"> <li>• This is based on the complexity of the role</li> <li>• It is compared with external market benchmarks to ensure the competitiveness of labor costs and ensure, where appropriate, the progressive alignment of individual positioning towards the target salary</li> <li>• It takes into account performance, seniority, market exposure, the importance of the position held and strategic know-how</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Executive Officer: the Board meeting of May 10, 2018 resolved an annual gross salary of €340,000 gross per annum as remuneration for the employment relationship as General Manager</li> <li>• Key Managers with Strategic Responsibilities: the remuneration is commensurate with the role</li> </ul>
<b>Short-term variable remuneration</b>	<ul style="list-style-type: none"> <li>• Is commensurate with the role</li> <li>• Is defined as a percentage of the fixed salary (gross annual salary)</li> <li>• Is compared to the market benchmark</li> <li>• Is linked to the achievement of predetermined annual economic-financial and quantitative-managerial objectives</li> <li>• Is subject to a gate unless evaluated by the Board of Directors</li> <li>• Involves a maximum level for payment, with a cap of 150% of the bonus targets</li> <li>• Includes clawback clause.</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Executive Officer: the Board of Directors' meeting of May 10, 2018 resolved short-term variable remuneration (MBO) equal to 50% of the fixed remuneration in the amount of €170,000 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</li> <li>• Key Managers with Strategic Responsibilities: The gross carrying amount to targets to banks of the remuneration variable amounted to 30% of the remuneration fixed</li> </ul>
<b>Benefit/welfare</b>	<ul style="list-style-type: none"> <li>• Insurance policies (accident, death, permanent disability)</li> <li>• Coverage of health care costs</li> <li>• Supplementary pension</li> <li>• company car for business/personal use;</li> <li>• Healthcare Check up</li> </ul>	<ul style="list-style-type: none"> <li>• Services offered to all employees (welfare) or in relation to the role held (benefits) functional to increasing individual and family well-being</li> </ul>



## 2. GOVERNANCE IN THE REMUNERATION PROCESS

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 published by Borsa Italiana, in accordance with the applicable provisions and code of ethics of the TIM Group, which has been adopted and approved by the Company.

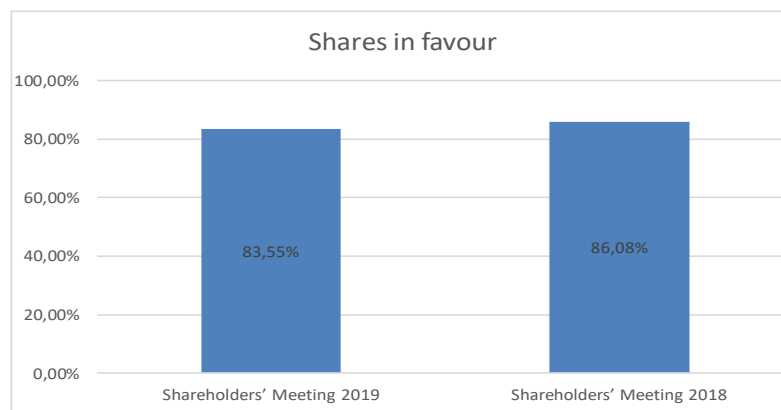
Following a decision by the Board of Directors on February 27, 2015, INWIT adopted the Corporate Governance Principles which were then amended following the Resolutions of December 21, 2015, November 2, 2016 and July 23, 2018. In accordance with the procedure for the carrying out of related party transactions (available at [www.inwit.it](http://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 Shareholders' Meeting, are considered non-significant transactions and as such are excluded from the application of Consob Regulation number 17221/2010.

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

### Shareholders' Meeting

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.

Below is the Shareholders' Meeting vote on Section I of the Remuneration Report recorded at the 2019 and 2018 Shareholders' Meetings:



## Board of Directors

The Shareholders' Meeting of April 13, 2018 appointed the current Board of Directors, setting the number of members at 11, of which 6 (Francesca Balzani, Enrico Maria Bignami, Laura Cavatorta, Luca Aurelio Guarna, Filomena Passeggio and Secondina Giulia Ravera) meet the independence requirements of Legislative Decree no. 58/1998 and the Corporate Governance Code.

On May 15, 2019, the Board of Directors appointed Piergiorgio Peluso and Carlo Nardello as non-executive Directors until the first Shareholders' Meeting, in accordance with the law, to replace Stefano Siragusa and Mario Di Mauro, who had resigned. Piergiorgio Peluso was appointed to the office of Chair of the Board of Directors, without executive powers. The above mentioned Directors were confirmed by the Shareholders' Meeting held on December 19, 2019; on the same date, the Board of Directors granted Peluso the office of Chairman without executive powers.

On July 26, 2019, following the signing of the framework agreement between INWIT, its parent company TIM, Vodafone Italia S.p.A. and the sole shareholder of the latter, Vodafone Europe BV, the entire Board of Directors of INWIT resigned from office with effect from the date of completion of the merger, so as to allow the appointment of a new management body that reflects, in its composition, the new governance of INWIT.

In this regard, on February 6, 2020 the Board of Directors convened the Shareholders' Meeting on March 20, 2020 to appoint the new Board of Directors that will take office on the effective date of the merger of Vodafone Towers into INWIT.

Board of Directors
<ul style="list-style-type: none"><li>▪ Approves the Report on Remuneration pursuant to Article 123-ter of the Consolidated Law on Finance, on proposal of the Nomination and Remuneration Committee</li></ul>
<ul style="list-style-type: none"><li>▪ 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</li></ul>
<ul style="list-style-type: none"><li>▪ 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</li></ul>
<ul style="list-style-type: none"><li>▪ On the proposal of the Nomination and Remuneration Committee, it defines the remuneration policy for Executive Directors and Key Managers with Strategic Responsibilities</li></ul>
<ul style="list-style-type: none"><li>▪ 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.</li></ul>

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee is made up of the non-executive independent directors Enrico Maria Bignami, Laura Cavatorta and Filomena Passeggio, appointed by the Board of Directors on April 13, 2018,

following the renewal of the Board of Directors for the three-year period 2018-2020. On May 8, 2018 Filomena Passeggio was appointed Chair of the Committee.

<b>Nomination and Remuneration Committee</b>	
<ul style="list-style-type: none"> <li>▪ Proposes the criteria for allocating the established by the Shareholders' Meeting for the entire Board</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Proposes to the Board of Directors the definition of Directors and Remuneration Policy of key managers with strategic responsibilities</li> </ul>	
<ul style="list-style-type: none"> <li>▪ 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</li> </ul>	
<ul style="list-style-type: none"> <li>▪ 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</li> </ul>	
<ul style="list-style-type: none"> <li>▪ 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</li> </ul>	

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

During 2019, the Nomination and Remuneration Committee met 9 times (and the members attended the meetings, with an attendance percentage of 100%).

The activities carried out by the Committee (up until the preparation of this Report), with the support of the Human Resources Function for remuneration aspects, concerned the following issues:

- the preparation of the proposal to allocate the annual remuneration of the Directors appointed during the year;
- the investigation of the severance policy for Executive Directors and Key Managers with Strategic Responsibilities;
- the monitoring of the progress of the 2018-2020 Long Term Equity Incentive Plan, with the formulation, among other things, of the proposal for its early closure upon completion of the merger of Vodafone Towers into INWIT and the consequent change in ownership structure;
- the final statement of the short-term variable remuneration of 2019 for the Chief Executive Officer, the Audit Manager and the final information on the Key Managers;
- the review and definition of the 2020 remuneration policy;
- analysis of the short-term incentive objectives proposed by the Human Resources Function for 2020, with particular reference to the score card assigned to the Chief Executive Officer, the Key Managers and, in agreement with the Control and Risk Committee, the Head of the Audit Function;

- the preparation of the 2020 Remuneration Report;
- the implementation of the 2019 board evaluation, after defining the modalities for its implementation and selecting a consulting firm.

### **Board of Statutory Auditors**

The Board of Statutory Auditors was appointed by the Shareholders' Meeting on April 13, 2018 for the three-year period 2018-2020, and pursuant to Legislative Decree no. 231/2001 it also performs the functions of Supervisory Body.

The Board of Statutory Auditors is composed as follows: Stefano Sarubbi (Chair) and the standing auditors Umberto La Commara and Michela Zeme. The alternate auditors are Roberto Cassader and Elisa Menicucci.

The Board of Statutory Auditors formulates the opinions required by current legislation on proposals for the remuneration of Directors holding special offices. In accordance with the Company's Corporate Governance Principles, it also expresses its opinion on the remuneration of the heads of the control functions and supervises the correct implementation of the rules of corporate governance regarding resolutions on remuneration and other benefits.

In the process of defining Remuneration Policies, the Human Resources Function:

- proposes to the Nomination and Remuneration Committee the overall architecture of the managerial incentive system, identifying the operating mechanisms and objectives to be assigned;
- updates the Appointments and Remuneration Committee on the actions taken as part of the remuneration policy for Key Managers with Strategic Responsibilities established by the Board of Directors;
- analyzes and monitors over time, with respect to what has been established, the application and consistency of the general remuneration policy, proposing possible corrections;
- manages and implements the replacement tables as part of the succession plan process for the Chief Executive Officer and Key Managers with Strategic Responsibilities;
- provides the Nomination and Remuneration Committee with technical support and all the information necessary for performing its tasks.

## **3. 2020 REMUNERATION POLICY GUIDELINES AND INSTRUMENTS**

The Remuneration Policy 2020 has been outlined with reference to the current organizational and corporate structure of INWIT and in line with the Guidelines of the Parent Company TIM S.p.A..

The 2020 Policy aims to:

- support the achievement of corporate objectives by promoting the creation of sustainable value for stakeholders and the alignment of management interests and actions to the strategies defined by the Company;
- ensure consistency between management remuneration and the Company's performance, in line with shareholders' expectations;
- to strengthen management's engagement through recognition of the value of the role held and the results achieved, always with reference to comparison with the external market, the necessary competitiveness on the labor market and internal remuneration equity, also with regard to the gender gap;

### 3.1 FIXED SALARY

It is defined in line with the complexity of the role entrusted to the Manager. To this end, INWIT has introduced, since its inception, a system for evaluating positions using the Hay method, which makes it possible to compare management remuneration with the data observed in the external market.

The objective of greater alignment between weight of the position, remuneration of the holder's practices and market remuneration will be implemented through:

- the definition of rules and movement mechanisms within **remuneration bands** - defined last year with the support of specialized external advisors, in line with the Group's remuneration policy;
- the definition of a **merit matrix** for the application of the policy with a view to selectivity of interventions. The matrix will have to consider elements such as CR<sup>1</sup>, the trend of performance expressed, seniority in the role and the criticality of the know-how possessed.

In order to reward significant performance also related to specific projects, the use of the one-off tool, reserved for managers other than executives with strategic responsibility, is envisaged.

### 3.2 SHORT-TERM VARIABLE REMUNERATION (MBO)

*Management by Objectives* (MBO) is the short-term (annual) variable incentive tool designed to support the achievement of the Company's annual objectives through the allocation of challenging targets.

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

The target premium is determined as a percentage of the fixed salary: the percentage is defined in relation to the complexity of the role held and the alignment with the remuneration data observed in the external market.

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<sup>1</sup>"Compa Ratio" (CR) is the ratio of the holder's salary to the market value of a specific salary grade. It is expressed as a percentage.

The objectives are measured according to pre-defined and objective criteria; in continuity with previous years, the objectives have a scale of achievement with the target level, usually equal to the budget value, and minimum and maximum levels defined with a variable breadth depending on the specific objective.

The 2020 MBO plan was defined with reference to INWIT's current organizational and corporate structure and the related approved Budget and Business Plan.

The score card has the following objectives:

- TIM Group EBITDA, which acts as a gate to the incentive system. In the event of failure to achieve this Group objective, the Board of Directors of INWIT will proceed, following verification that the failure to achieve the same is not attributable to INWIT (the verification will consider the level of achievement by the Company of its budget objectives) and taking into account the overall performance achieved by management, also measurable with reference to the other objectives assigned, to pay the variable component of remuneration according to the schemes provided for the calculation of the MBO;
  - company objectives: these refer to the company as a whole and their achievement depends on the entire organizational system;
  - functional objectives: reflect the specific activity of a subset of the organization or a specific business function.

The scorecard of the Chief Executive Officer and the first line also includes an objective linked to the Environment, Social and Governance parameters identified in the INWIT Sustainability Policy, approved by the Chief Executive Officer at the end of 2019 and presented to the Board of Directors on March 5, 2020.

The 2020 MBO also introduces, on an experimental basis, a “demultiplying factor” factor related to the failure to implement corrective actions/remediation plans resulting from audit interventions, significant or material deficiencies in the SOX/262 control system or high risk non-compliance detected by the Audit, Compliance and Data Protection Officer. The corrective factor is a pay-out reduction, with a range of 0.5% for each rescheduling, up to an overall maximum of 5% of the pay-out.

The contractual clawback mechanism is applied to the MBO - in continuity with last year.

The “demultiplying factor” does not apply to the Chief Executive Officer.

The 2020 *score cards* will, where necessary, be redefined following the effectiveness of the merger with Vodafone Towers, in order to ensure consistency with the evolution of the Company's structure and the related Business Plan, as explained in the introduction.

The distribution of weights between the different types of objectives assigned to management is represented in the graphs:



Objectives of CEO

Objectives of Key Managers with Strategic Responsibilities

Each target on the MBO scorecard 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)

The ordinary Shareholders' Meeting held on April 13, 2018 approved the long-term incentive plan for 2018-2020 (the "Plan" or "LTI") for the CEO, Key Managers with Strategic Responsibilities and other managers in critical roles, for a total of six managers. The Regulation of the Plan was approved by the Board of Directors on July 23, 2018. On November 6, 2018, the Board of Directors resolved to award the performance shares to the beneficiaries. Subsequently, on January 28, 2019, the CEO identified - in compliance with the provisions of the Plan Regulations and after informing the Nomination and Remuneration Committee - two new recipients to whom performance shares were assigned according to the criteria already established.

Following the successful outcome of the merger project with Vodafone Towers, TIM and Vodafone Europe will hold an equal stake in INWIT and the Company will therefore be jointly controlled by the two companies.

This change in INWIT's control takes the form of a "Change of Control" and is one of the cases provided for in the Information Document "Long-term Shareholder Incentive Plan 2018-2020" and in the Regulations of the LTI 2018-2020 Plan, approved by the Board of Directors on March 2, 2018 and July 23, 2018, respectively.

In accordance with the provisions of the Information Document and the Regulations, the Board of Directors, after receiving the opinion of the Nomination and Remuneration Committee, resolved at the meeting held on March 5, 2020 to proceed with the allocation of the Shares to the Beneficiaries upon completion of the aforesaid merger, in advance of the natural expiration date. The performance parameters of the Plan may therefore be finalized as at 12/31/2019 (or 06/30/2020) if the merger is completed by the first half of 2020 (or after the first half of 2020). As provided for in the above-mentioned Information Document for the "Change of Control" case, no lock-up will be applied to the shares assigned.

In line with best practices and market indications, and in view of the accelerated closure of the 2018-2020 Plan, the investigation for the definition of a new LTI plan for the three-year period 2021-2023 may begin in 2020.

### **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); coverage of health care costs supplementary pension; company car for business/personal use; medical checkups.



## 4. REMUNERATION OF THE CHAIR, THE CEO AND GENERAL MANAGER AND THE KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES

The remuneration of the Chairman, the Chief Executive Officer and Key Managers with Strategic Responsibilities is defined in accordance with the principles of the remuneration policy, taking into account the complexity of the role, the remuneration data of the reference market, without prejudice to the overall consistency with the TIM Group's remuneration policies.

The Chief Executive Officer, Giovanni Ferigo, also holds the position of General Manager of the Company.

### 4.1 REMUNERATION OF THE CHAIR

The Chair, Stefano Siragusa, appointed by the Board of Directors at the meeting held on April 13, 2018, resigned from office on May 15, 2019.

On the same date, Piergiorgio Peluso was appointed to the office of the Chair of the Board of Directors without executive powers. The Chair's remuneration was set at €60,000 gross per year, including the emolument as Director.

### 4.2 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER

The remuneration of the Chief Executive Officer and General Manager was established by the Board of Directors - appointed by the Shareholders' Meeting held on April 13, 2018 - with the resolution of May 10, 2018.

On the basis of market benchmarks and the way in which the overall remuneration is divided between the employment relationship as General Manager and the administration relationship, the latter regulated by Article 2389 of the Italian Civil Code, the Board of Directors resolved to award Mr. Ferigo, on the proposal of the Nomination and Remuneration Committee, after hearing the opinion of the Board of Statutory Auditors, the following remuneration:

- annual gross remuneration (RAL) of €340,000 per year as remuneration for work as an employee;
- short-term variable MBO remuneration of €170,000 gross per annum on a target awarded as to 80% (equal to €136,000 gross per annum) as remuneration for work as an employee, with the remaining 20% (equal to €34,000 gross per annum) as remuneration for the role of CEO (Article 2389, para. 3 of the Italian Civil Code);
- medium/long-term variable remuneration (Long Term Incentive Plan) awarded entirely by way of remuneration for the office of Chief Executive Officer, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, consisting of the free allocation for each year of the plan of a number of INWIT shares equal to 50% of the RAL.

In relation to the coexistence of the above mentioned employment relationship, Engineer Ferigo waived the fixed annual remuneration for the position of Director pursuant to Article 2389, paragraph 1, of the Italian Civil Code; nor does he receive any remuneration as a member of the Strategic Committee.

Like the management of the Company in general, the Chief Executive Officer is covered by an "occupational risk policy" known as the Directors & Officers policy.

## SHORT-TERM VARIABLE REMUNERATION (MBO)

Below is the 2020 MBO scorecard assigned to the Chief Executive Officer.

OBJECTIVES	WEIGHTING	TARGET pay out 100%
TIM Group EBITDA (€ million) - gate	20%	budget
EBITDA Inwit (€ million)	30%	budget
Revenues from OLO & Others, new sites and new services (€ million)	15%	budget
Equity free cash flow (€ million)	10%	budget
Lease payments net of New Sites, Small Cell and Das (€ million)	15%	budget
Sustainability: Environment, Social and Governance shares and initiatives executed in the INWIT Sustainability Plan scope	10%	number of initiatives carried
TOTAL	100%	

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

## LONG-TERM VARIABLE REMUNERATION (LTI)

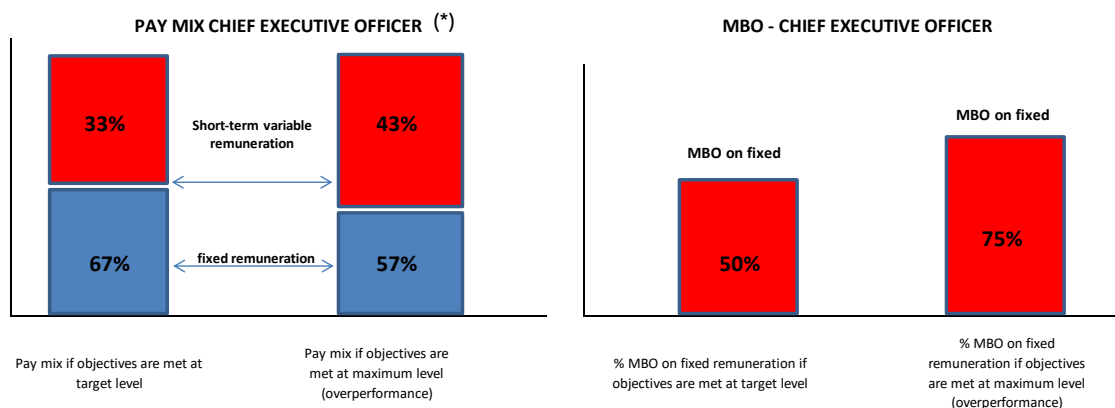
The Chief Executive Officer was included among the beneficiaries of the Company's Long Term Equity Incentive Plan (LTI Plan) 2018-2020, with the allocation of free shares equal, for each year of the plan, to 50% of the fixed remuneration if the target level is reached; and up to 75% of that remuneration if the maximum level (cap) is reached. As explained in paragraph 3.3. the Board of Directors' meeting of March 5, 2020 resolved on the early closure of the 2018-2020 LTI Plan upon completion of the merger of INWIT with Vodafone Towers.

In line with best practices and market indications, the investigation for the definition of a new LTI plan for the three-year period 2021-2023 may begin in 2020.

## PAY MIX

Below is the fixed-variable pay mix planned for 2020 and the percentage of MBOs on fixed remuneration, in the target and maximum target achievement levels.

Only the short-term variable component (MBO) is shown in the pay mix, since the long-term variable component is not present in 2020 following the aforementioned early closure of the 2018-2020 LTI plan.



(\*) The pay mix represented does not include the long-term variable component, since it is not present in 2020 due to the early closure of the 2018-2020 LTI Plan

## BENEFITS

The CEO is the recipient of the benefits provided by the TIM Group's policies for employees with executive status, in addition to the provisions of the National Collective Bargaining Agreement for Managers of Industrial Companies. In particular, the following benefits are provided:

- the assignment of a company car for business/personal use, the conventional value of which is subject to tax and social security contributions in accordance with the regulations in force. The class of car is differentiated according to the role and organizational responsibilities exercised by the Manager;
- access, on a voluntary basis, to social security and insurance benefits provided by Fontedir (TIM Group Managers' Supplementary Pension Fund) and Assida (the Voluntary Mutuality Association for Supplementary Health Care for Managers);
- the insurance coverage for third party liability (professional risks) known as Directors & Officers policy underwritten by TIM and subject to annual renewal, covering the entire managerial population and members of the corporate bodies of subsidiaries, including cases of external directorships appointed by TIM.

### 4.3 REMUNERATION OF KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES

In addition to the Chief Executive Officer, they are Key Managers with Strategic Responsibilities of the Company:

- the Head of Administration, Finance, Control & Business Support;
- the Head of Marketing & Sales;
- the Head of Technology & Operations.

The remuneration of key managers with strategic responsibilities is determined taking into account the role and individual remuneration positioning, in terms of gross annual remuneration and variable remuneration compared to the median remuneration figures of the external reference market.

## SHORT-TERM VARIABLE REMUNERATION (MBO)

The total amount of the short-term variable bonus defined for Key Managers for 2020 is 30% of the fixed remuneration if 100% of the target is reached, with growth up to a maximum of 45% of the remuneration if 150% of the target is reached. For a description of the Plan see paragraph 3.2.

## LONG-TERM VARIABLE REMUNERATION (LTI)

The Key Managers were included, according to the procedures described in paragraph 3.3, among the beneficiaries of the Company's 2018-2020 Long Term Equity Incentive Plan, with the allocation of a number of shares, for each year of the plan, equal to 25% of the fixed remuneration if the target level is reached and up to 37.5% of such remuneration if the maximum level (cap) is reached.

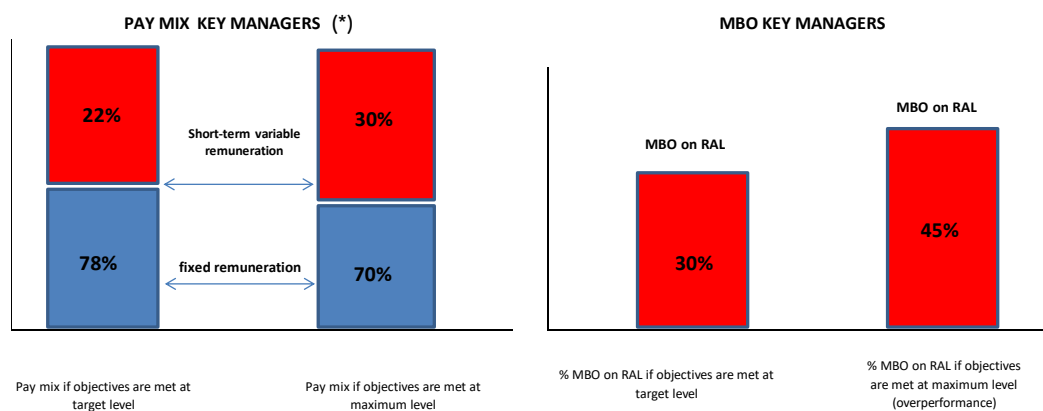
As explained in paragraph 3.3. the Board of Directors' meeting of March 5, 2020 resolved on the early closure of the 2018-2020 LTI Plan upon completion of the merger of INWIT with Vodafone Towers.

In line with best practices and market indications, the investigation for the definition of a new LTI plan for the three-year period 2021-2023 may begin in 2020.

## PAY MIX

Below is the fixed-variable pay mix planned for 2020 and the percentage of MBOs on fixed remuneration, in the target and maximum target achievement levels.

Only the short-term variable component (MBO) is shown in the pay mix, since the long-term variable component is not present in 2020 following the aforementioned early closure of the 2018-2020 LTI plan.



(\*) The pay mix represented does not include the long-term variable component, since it is not present in 2020 due to the early closure of the 2018-2020 LTI Plan

## BENEFITS

Key Managers with Strategic Responsibilities are recipients of benefits provided for by the TIM Group's policies for employees with executive status, in addition to the provisions of the National Collective Bargaining Agreement for Managers of Industrial Companies. In particular, the following benefits are provided:

- the assignment of a company car for business/personal use, the conventional value of which is subject to tax and social security contributions in accordance with the regulations in force. The class of car is differentiated according to the role and organizational responsibilities exercised by the Manager;
- access, on a voluntary basis, to social security and insurance benefits provided by Fontedir (TIM Group Managers' Supplementary Pension Fund) and Assida (the Voluntary Mutuality Association for Supplementary Health Care for Managers);
- the insurance coverage for third party liability (professional risks) known as Directors & Officers policy underwritten by TIM and subject to annual renewal, covering the entire managerial population and members of the corporate bodies of subsidiaries, including cases of external directorships appointed by TIM.

## 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 Corporate Governance Code.

The Shareholders' Meeting of April 13, 2018 appointed the Board of Directors for the three year period 2018–2020, and set their total emoluments at €570,000 gross per annum. Subsequently, at the meeting on May 10, 2018 the Board of Directors, at the proposal of the Nomination and Remuneration Committee, authorized the distribution of total emoluments as follows:

- €45,000 gross per annum to each non-executive member of the Board of Directors;
- €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;
- €5,000 gross per annum to the Lead Independent Director

On November 6, 2018, the Board of Directors also approved a resolution awarding annual gross remuneration of €15,000 to the independent Directors who are members of the Strategy Committee established by the Board of Directors on July 23, 2018.

In line with best practice, the remuneration of non-executive Directors does not include a variable component and is therefore not related to the Company's economic results.

Directors are also entitled to reimbursement of expenses incurred in connection with the performance of their duties (e.g. travel tickets and accommodation).

Directors are covered by a third-party liability (occupational risk) insurance policy known as Directors & Officers 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 Shareholders' Meeting held on April 13, 2018 appointed the Board of Statutory Auditors for the three-year period 2018-2020, setting the gross annual remuneration, including the emolument for the performance of the functions of the Supervisory Body, pursuant to Legislative Decree no. 231/2001, at €70,000 for the Chairman and €50,000 for each Standing Auditor, plus reimbursement for documented expenses incurred.

## 7. SUCCESSION PLAN FOR EXECUTIVE DIRECTORS AND KEY MANAGERS

The succession plan for executive Directors and the replacement tables for Chief Executive Officer and Key Managers of INWIT were approved by the Board of Directors on March 16, 2017, on the basis of the investigation carried out by the Nomination and Remuneration Committee.

The definition of the succession plan and the related process for managing the replacement tables meets the objective of ensuring the management of business continuity risk, the monitoring of critical organizational positions and, last but not least, the managerial development of the best internal talent.

Following a benchmark analysis that took into account not only the best practices of the main Italian listed companies but also the process adopted by the Parent Company TIM, the process was outlined and the policy it envisages was defined:

- the scope of application of the process;
- the objectives;
- the recipients;
- the events triggering application;
- the precise description of the phases, activities, timing and responsibilities of the various parties involved in the process of succession planning and management of the replacement tables.

During 2019, the Human Resources function started the periodic updating of the replacement tables.

For its activities, the Human Resources Function relies on the support of leading management consulting companies.

## 8. SEVERANCE

The Board of Directors approved on July 29, 2019 the policy on the treatment of severance<sup>1</sup> payment aimed at Executive Directors and Key Managers with Strategic Responsibilities.

INWIT's Severance policy applies in the event of early termination of employment or termination of employment without just cause. It does not apply in the case of early termination of the administrative office due to the assignment of a new office within the TIM Group. The criteria for calculating the indemnities are set out below.

- Executive Director: the indemnity is represented by a maximum of 24 months' fixed remuneration.
- CEO with the role of General Manager: the indemnity is represented by the sum of the indemnities provided for as Executive Director and as manager:
  - ✓ maximum 24 monthly payments, calculated on the basis of the RAL plus the average of MBOs paid over the last three years;
  - ✓ indemnity for lack of notice, provided for by the "Industry Executives" National Collective Labor Agreement and differentiated according to years of seniority (12 months for executives with more than 15 years of seniority; 10 months up to 15 years of seniority; 8 months to up to 10 years of seniority and six months up to 6 years of seniority).
- Key Managers with Strategic Responsibilities summed up by:
  - ✓ maximum 24 monthly payments, calculated on the basis of the RAL plus the average of MBOs paid over the last three years;
  - ✓ indemnity for lack of notice, provided for by the "Industry Executives" National Collective Labor Agreement and differentiated according to years of seniority (12 months for executives with more than 15 years of seniority; 10 months up to 15 years of seniority; 8 months to up to 10 years of seniority and six months up to 6 years of seniority).

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<sup>1</sup> Agreements which regulate the remuneration in the event of early termination of the employment or administration relationship.

# SECTION TWO: REPORT ON REMUNERATION PAID DURING THE 2019 FINANCIAL YEAR

## INTRODUCTION

This report on remuneration paid illustrates the policy implemented by INWIT during the 2019 financial year, with reference to the remuneration received by the Board of Directors and Supervisory Bodies and by Key Managers with Strategic Responsibilities, providing a final balance.

The person appointed to audit the financial statements verifies that the directors have prepared the second section of the report.

## PART ONE

The INWIT Shareholders' Meeting of April 13, 2018 appointed the new Board of Directors, setting the number of Directors at 11 and the total annual gross remuneration of the Board at €570,000 (pursuant to Article 2389, paragraph 1, of the Italian Civil Code), distributed among its members by resolution of the Board of Directors of May 10, 2018, as summarized in the relevant chapter of the First Section of this Report.

On May 15, 2019, the Board of Directors appointed Piergiorgio Peluso and Carlo Nardello as non-executive Directors until the first Shareholders' Meeting, in accordance with the law, to replace Stefano Siragusa and Mario Di Mauro, who had resigned. Piergiorgio Peluso was appointed to the office of Chair of the Board of Directors, without executive powers. The above-mentioned Directors were confirmed by the Shareholders' Meeting held on December 19, 2019; On the same date, the Board of Directors appointed Peluso to the office of Chair without executive powers.

### 1. CHAIR

On May 15, 2019, the Board of Directors appointed Piergiorgio Peluso and Carlo Nardello as non-executive Directors until the first Shareholders' Meeting, in accordance with the law, to replace Stefano Siragusa and Mario Di Mauro, who had resigned. Piergiorgio Peluso was appointed to the office of Chair of the Board of Directors, without executive powers. The above-mentioned Directors were confirmed by the Shareholders' Meeting held on December 19, 2019; On the same date, the Board of Directors appointed Peluso to the office of Chair without executive powers with a gross annual remuneration of €60,000, valid up to term of office.

For the period from January 1, 2019 to May 15, 2019, the office of Chair was held by Mr. Stefano Siragusa. During the period, his remuneration was represented exclusively by the fixed emolument approved by the Board of



Directors on May 10, 2018, equal to €75,000 gross per year pursuant to Article 2389, paragraph 3, of the Italian Civil Code, including also the emolument as Director.

Mr Siragusa did not receive any remuneration as a member of the Strategic Committee.

No provision has been made for the recognition of a variable component of remuneration.

The remuneration paid to Mr. Siragusa, TIM's manager, was paid to TIM in accordance with Group policies.

## 2. REMUNERATION OF THE CEO AND GENERAL MANAGER

Giovanni Ferigo was appointed as CEO and General Manager of INWIT by the Board of Directors at the meeting on April 13, 2018.

Subsequently, on May 10, 2018, the Board of Directors, with the approval of the Nomination and Remuneration Committee and of the Board of Statutory Auditors - authorized a salary package for the Chair, the CEO and the General Manager in accordance with Article 2389, para. 3, of the Italian Civil Code, for the three-year term, according to the conditions in the relevant paragraph of Section 1 of this Report.

The remuneration package has been determined in accordance with the powers and powers granted and taking into account the nature of the employment relationship held by Mr Ferigo with the Company in which he holds the position of General Manager and the administration relationship, regulated by Article 2389, paragraphs 1 and 3, of the Italian Civil Code.

The salaries paid to top management roles in companies of a comparable size and sector, in the Italian market, were considered when setting the level of remuneration.

The remuneration package, determined in accordance with the powers granted, is composed of the following:

- annual gross remuneration (RAL) of €340,000 per year as remuneration for work as an employee;
- short-term variable remuneration (MBO) of €170,000 gross per annum at the target level;
- medium/long-term variable remuneration (INWIT's Long Term Incentive Plan 2018-2020) awarded entirely by way of remuneration for the office of Chief Executive Officer, pursuant to Article 2389, Section 3, of the Italian Civil Code, consisting of the free allocation for each year of the plan of a number of INWIT shares equal to 50% of the RAL.

The Chief Executive Officer receives the benefits provided by the TIM Group's policies for employees with executive status, in addition to the provisions of the National Collective Bargaining Agreement for Managers of Industrial Companies, as described in the First Section of the Report.

### SHORT-TERM VARIABLE REMUNERATION

The MBO 2019 score card approved by the Board of Directors included the following objectives:

OBJECTIVE	Weighting	Minimum	Target	Maximum
1 EBITDA of the TIM Group (€ million) - gate*	20%	95%	budget	105%
2. INWIT EBITDA (€M)	30%	-1%	budget	+5%
3. Signing of binding agreements related to the integration operation with Vodafone towers	15%	<i>The objective is evaluated according to the timing of the operation</i>		
4. Revenues from new sites and new services (€ million)	15%	-2%	budget	+5%
5. DAS, small cell and backhauling (number)	15%	-5.6%	budget	+11%
6. Define the company's Sustainability Plan	5%	Assessment by 30/09	Sustainability Plan by 30/11	Sustainability Plan with KPI identification by 31/12

The presence of INWIT profit shown in the financial statements is a necessary condition for the payment of the bonus

The score card specified that the presence of net profit in the financial statements was a condition for the payment of the MBO.

On the basis of the 2019 results approved by the Board of Directors at the meeting held on March 5, 2020, and the Group's estimated closing EBITDA target, available at the time of preparation of this Report, the percentage of achievement of the targets is 81.93% on a percentage scale of 50%-100%-50%.

The application of this score determines for the Chief Executive Officer the vesting of a bonus estimated €139,604.00 gross, equal to approximately 41% of their annual gross remuneration. The bonus will be paid during the first half of 2020.

### LONG-TERM VARIABLE REMUNERATION

As reported in the First Part of this Report, the Board of Directors' meeting held on March 5, 2020 resolved to close the 2018-2020 LTI Plan ahead of the expiration of the Vesting Period, subject to the completion of the merger with Vodafone Towers. In line with the terms set out in the Information Document "Long-Term Share Incentive Plan 2018-2020", approved by the Board of Directors on March 2, 2018, in the case of "Change of Control", the shares assigned will not be subject to lock-up.

Details of the salaries received in 2019 are given in Tables 1, 3A and 3B of Part Two of this section.

## 3. REMUNERATION OF KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES

Following the entry into the Company of the new Head of Marketing & Sales, on February 18, 2019 the Board of Directors resolved to identify the Key Managers with Strategic Responsibilities:

- Elisa Patrizi, Head of the Technology & Operations Function
- Andrea Balzarini, head of the Administration, Finance, Control & Business Support Function;
- Gabriele Abbagnara, Head of the Marketing & Sales Function

The total remuneration received during 2019 by the Company's Key Managers with Strategic Responsibilities was made up as follows:

- gross annual fixed salary as employee;
- short-term variable annual remuneration linked to participation in the company's MBO;
- long-term variable annual remuneration linked to participation in the company's LTI plan;
- non-monetary benefits for executives of the TIM Group.

#### **SHORT-TERM VARIABLE REMUNERATION (MBO)**

On the basis of the 2019 results approved by the Board of Directors at the meeting held on March 5, 2020, and the Group's estimated closing EBITDA target, available at the time of preparation of this Report, the overall average percentage achieved by Key Managers is 103.68% on a percentage scale of 50%-100%-50%.

The application of this score resulted in the vesting of a cumulative bonus for Key Managers of €142,287 gross, equal to approximately 31% of gross annual remuneration. The bonus will be paid during the first half of 2020.

#### **LONG-TERM VARIABLE REMUNERATION (LTI)**

As reported in the First Part of this Report, the Board of Directors' meeting held on March 5, 2020 resolved to close the 2018-2020 LTI Plan ahead of the expiration of the Vesting Period, subject to the completion of the merger with Vodafone Towers. In line with the terms set out in the Information Document "Long-Term Share Incentive Plan 2018-2020", approved by the Board of Directors on March 2, 2018, no lock-up will be applied to the shares allocated.

Details of the salaries received in 2019 by the Key Managers are given in Tables 1, 3A and 3B of Part Two of this section.

## **4. REMUNERATION OF NON-EXECUTIVE DIRECTORS**

On May 10, 2018, the Board of Directors allocated the total gross annual remuneration of €570,000 (approved by the Shareholders' Meeting of April 13, 2018) in the terms summarized in the appropriate chapter of the First Section of this Report.

An analytical breakdown of the remuneration, which was received by name by the pro tempore Directors during the period, including as members of the Endeadors' Committees, and by the Lead Independent Director, is provided in Table 1 of the second part of this section.

Members of the Board of Directors are also entitled to third party liability (professional risk) insurance cover known as Directors & Officers policy, already illustrated in paragraph 5 of Section One.

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

The analytical detail of the remuneration, received pro-rata during the period in which the Directors held office, is shown in Table 1 of Part Two of this section.

## **5. REMUNERATION OF MEMBERS OF THE SUPERVISORY BODIES**

The Shareholders' Meeting held on April 13, 2018 appointed the Board of Statutory Auditors for the three-year period 2018-2020, setting the gross annual remuneration, including the emolument for the performance of the functions of the Supervisory Body, pursuant to Legislative Decree no. 231/2001, at €70,000 for the Chairman and €50,000 for each Standing Auditor, plus reimbursement for documented expenses incurred. The Board of Statutory Auditors is composed as follows: Stefano Sarubbi (Chair) and the standing auditors Umberto La Commara and Michela Zeme. The alternate auditors are Roberto Cassader and Elisa Menicucci.

An analytical detail of the remuneration received in 2019 is provided later in Table 1 in Part Two of this section.

## PART TWO

### TABLE OF REMUNERATION PAID IN 2019

#### ***Analytical summary of remuneration paid in the year of reference for any reason and in any form by the company and its subsidiaries and associates***

The table below indicates, by name, the remuneration paid to Directors, Statutory Auditors and Key Managers with Strategic Responsibilities. A separate indication is provided of fees received by subsidiaries and/or associates, with the exception of those waived or paid back to the company. The information includes all the individuals who held those positions during the year, even for part of it.

In particular:

- the “Fixed payment” column includes, based on the accruals principle, fixed emoluments and salaries from their work as employee, inclusive of Social Security and fiscal contributions payable by the employee. The notes contain a breakdown of the remuneration and a separate indication of any indemnities and other payments related to the contract of employment;
- the column “Payments for membership of Board committees” shows (based on the accruals principle) the amount due to directors for participating in Board committees. The notes give separate indications of the committees of which the director is a member;
- the column “Non-equity bonuses” indicates, in the item “Bonuses and other incentives”, incentives paid during the year following the vesting of the related rights following the checking and approval of the performance results by the competent bodies of the company - this is specified in more detail in the table “Monetary incentive plans for directors and Key Managers with Strategic Responsibilities”; no data is reported in the column “Profit sharing” as there are no forms of profit sharing;
- the column "Non-monetary benefits" shows the value of the fringe benefits assigned on an accrual basis and for tax purposes;
- the column "Other remuneration" shows, on an accruals basis, any further remuneration deriving from other services provided;
- the column “Total” indicates the sum of the amounts of the previous items;
- the “Fair value of equity remuneration” column shows the value of the “LTI 2018-2020” Performance Share Plan;
- the column “Termination of office or employment termination indemnity” shows the data relating to termination of office and termination of employment during the year.

**TABLE 1: Payments to members of the Board of Directors, the supervisory body and Key Managers with Strategic Responsibilities.**

**Board of Directors**

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	(9)
Name and surname	Office	Period for which the office was held	Term of the office	Fixed remuneration	Remuneration for participation in committees	Variable non-equity payments		Non-monetary benefits	Other remuneration	Fair Value of equity remuneration	Total	Proportion between fixed and variable remuneration	End of office or termination of employment compensation
						Bonuses and other incentives	Profit shares						
Stefano Siragusa	Chair	01/01/2019-05/15/2019	approval of 2020 financial statements	27.740							27.740	Fixed: 100%	
Piergiorgio Peluso	Chair	05/15/2019-12/31/2019	approval of 2020 financial statements	37.808							37.808	Fixed: 100%	
Giovanni Ferigo	Chief Executive Officer and General Manager	01/01/2019-12/31/2019	approval of 2020 financial statements	340.000		139.604		65		141.212	620.881	Fixed: 54.8% Variable: 45.2%	
Enrico Maria Bignami	Director	01/01/2019-12/31/2019	approval of 2020 financial statements	45.000	35.000						80.000	Fixed: 100%	
Secondina Giulia Ravera	Director	01/01/2019-12/31/2019	approval of 2020 financial statements	45.000	35.000						80.000	Fixed: 100%	
Francesca Balzani	Director	01/01/2019-12/31/2019	approval of 2020 financial statements	45.000	20.000						65.000	Fixed: 100%	
Laura Cavatorta	Director	01/01/2019-12/31/2019	approval of 2020 financial statements	45.000	15.000						60.000	Fixed: 100%	
Filomena Passeggio	Director	01/01/2019-12/31/2019	approval of 2020 financial statements	45.000	20.000						65.000	Fixed: 100%	
Luca Aurelio Guarna	Director	01/01/2019-12/31/2019	approval of 2020 financial statements	45.000	25.000						70.000	Fixed: 100%	
Gigliola Bonino	Director	01/01/2019-12/31/2019	approval of 2020 financial statements	45.000							45.000	Fixed: 100%	
Agostino Nuzzolo	Director	01/01/2019-12/31/2019	approval of 2020 financial statements	45.000							45.000	Fixed: 100%	
Carlo Nardello	Director	05/15/2019-12/31/2019	approval of 2020 financial statements	-							-	-	
Mario Di Mauro	Director	01/01/2019-05/15/2019	approval of 2020 financial statements	16.644							16.644	Fixed: 100%	
(I) Payments in the company that prepares the financial statements				782.192	150.000	139.604	0	65	0	141.212	1.213.073		
(II) Payments from subsidiaries and associates													
(III) Total				782.192	150.000	139.604	0	65	0	141.212	1.213.073		

**NOTES:**

Stefano Siragusa: the amount in col. 1) refers to the remuneration received as Chair of the Board of Directors. The remuneration is not received by the interested party but transferred to Telecom Italia.

Piergiorgio Peluso: the amount in col. 1) refers to the remuneration received as Chair of the Board of Directors. The remuneration was paid to Telecom Italia for the period 15/05-30/11 and subsequently from 30/11 to 31/12 received by the interested party.

Giovanni Ferigo: the amount in col. 1) refers to the remuneration for the work as employee, for the position of General Manager; col. 3) refers to the bonus earned during the year for objectives achieved during the year, 80% of which was awarded as remuneration for employees and the remaining 20% as variable remuneration for the office of Chief Executive Officer, pursuant to Article 2389, Section 3, of the Italian Civil Code; column 4) indicates the value of fringe benefits, which are based on accrual and tax liability; col. 7) refers to the medium/long-term remuneration awarded entirely by way of remuneration for the office of Chief Executive Officer.

Enrico Maria Bignami: the amount in col. 1) refers to the remuneration received as Director; in col. 2) the amount refers to the remuneration received as Lead Independent Director (€5,000) and member of the Nomination and Remuneration Committee and the Strategy Committee (€15,000 each).

Secondina Giulia Ravera: the amount in col. 1) refers to the remuneration received as Director; in col. 2) the amount refers to remuneration received as a member of the Control and Risk Committee (€20,000) and the Strategic Committee (€15,000).

Francesca Balzani: the amount in col. 1) refers to the remuneration received as Director; in col. 2) the amount refers to the remuneration received as a member of the Control and Risk Committee.

Laura Cavatorta: the amount in col. 1) refers to the remuneration received as Director; in col. 2) the amount refers to the remuneration received as a member of the Nomination and Remuneration Committee.

Filomena Passeggio: the amount in col. 1) refers to the remuneration received as Director; in col. 2) the amount refers to the remuneration received as Chair of the Nomination and Remuneration Committee.

Luca Aurelio Guarna: the amount in col. 1) refers to the remuneration received as Director; in col. 2 the amount refers to the remuneration received as Chairman of the Control and Risk Committee.

Gigliola Bonino: the amount in col. 1) refers to the remuneration received as a member of the Board of Directors. The remuneration was not received by the interested party but paid to Telecom Italia.

Agostino Nuzzolo: the amount in col. 1) refers to the remuneration received as a member of the Board of Directors. The remuneration was not received by the interested party but paid to Telecom Italia.

Carlo Nardello: the Director has waived his remuneration.

Mario Di Mauro: the amount in col. 1) refers to the remuneration received as a member of the Board of Directors. The remuneration was not received by the interested party but paid to Telecom Italia.

## Board of Statutory Auditors

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	(9)
Name and surname	Office	Period for which the office was held	Term of the office	Fixed remuneration	Remuneration for participation in committees	Variable non-equity payments		Non-monetary benefits	Other remuneration	Fair Value of equity remuneration	Total	Proportion between fixed and variable remuneration	End of office or termination of employment compensation
						Bonuses and other incentives	Profit shares						
Stefano Sarubbi	Chairman of Board of Statutory Auditors and Supervisory Body	01/01/2019-12/31/2019	approval of 2020 financial statements	70.000							70.000	Fixed: 100%	
Umberto La Commara	Standing auditor and member of the Supervisory Body	01/01/2019-12/31/2019	approval of 2020 financial statements	50.000							50.000	Fixed: 100%	
Michela Zeme	Standing auditor and member of the Supervisory Body	01/01/2019-12/31/2019	approval of 2020 financial statements	50.000							50.000	Fixed: 100%	
(I) Payments in the company that prepares the financial statements				170.000							170.000		
(II) Payments from subsidiaries and associates													
(III) Total				170.000							170.000		

## Key Managers with Strategic Responsibilities

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	(9)	
Name and surname	Office	Period for which the office was held	Term of the office	Fixed remuneration	Remuneration for participation in committees	Variable non-equity payments		Non-monetary benefits	Other remuneration	Fair Value of equity remuneration	Total	Proportion between fixed and variable remuneration	End of office or termination of employment compensation	
						Bonuses and other incentives	Profit shares							
Key Managers with Strategic Responsibilities														
(I) Payments in the company that prepares the financial statements				437.794		142.287		6.855		85.357	672.293	Fixed: 66.1% Variable: 33.9%		
(II) Payments from subsidiaries and associates														
(III) Total				437.794		142.287		6.855		85.357	672.293			

## NOTES:

Remuneration refers to those who, during 2019, held the position of Key Manager with Strategic Responsibilities (3 executives), even for a fraction of the period.

Remuneration corresponds to the employee's wages and salaries from the employment relationship gross of social security and tax charges payable by the employee.

**TABLE 2: Stock Options granted to members of the Board of Directors and key managers with strategic responsibilities**

At present, the Company has no stock option plans in place.

**TABLE 3: Incentive plans for members of the Board of Directors and Key Managers with Strategic Responsibilities.**

**TABLE 3A: Incentive plans based on financial instruments, other than stock options, for members of the Board of Directors, General Managers and other Key Managers with Strategic Responsibilities**

A	B	1	Financial instruments assigned in prior years not vested during the year		Financial instruments assigned during the year					financial instruments vested during the financial year and not allocated	financial instruments vested during the financial year and allocable		financial instruments accruing in the financial year
			2	3	4	5	6	7	8	9	10	11	12
Name and surname	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at grant date	Vesting period	Grant date	Market price on allocation	Number and type of financial instruments	Number and type of financial instruments	Value at vesting date	Fair value

Giovanni Ferigo													
(I) Payments in the company that prepares the financial statements	Chief Executive Officer and General Manager	LTI Plan 2018-2020 BoD on 11/06/2019	82.152	2018-2020 three-year plan									€ 141.212
(II) Payments from subsidiaries and associates													
(III) Total			82.152									-	€ 141.212

Key Managers with Strategic Responsibilities													
(I) Payments in the company that prepares the financial statements	No. 1 DRS	LTI Plan 2018-2020 BoD on 01/28/2019			6.955	€ 37.499	2019-2020 two-year plan	28/01/2019	€ 6.326				€ 18.749
(I) Payments in the company that prepares the financial statements	No. 2 DRS	LTI Plan 2018-2020 BoD on 11/06/2018	38.750	2018-2020 three-year plan									€ 66.608
(II) Payments from subsidiaries and associates													
(III) Total			38.750		6.955	€ 37.499						-	€ 85.357



**TABLE 3B: Monetary incentive plans for members of the Board of Directors and Key Managers with Strategic Responsibilities**

A Name and surname	B Office	(1) Plan	(2) Bonus for the year			(3) Bonuses in previous years			(4) Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
Giovanni Ferigo	Chief Executive Officer and General Manager	2019 MBO resolution of the Board of Directors and INWIT of 02/28/2019 and							
(I) Payments in the company that prepares the financial statements			139.604						
(II) Payments from subsidiaries and associates									
(III) Total			139.604						

A Name and surname	B Office	(1) Plan	(2) Bonus for the year			(3) Bonuses in previous years			(4) Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
Key Managers with Strategic Responsibilities		2019 MBO Letter of 06/06/2019							
(I) Payments in the company that prepares the financial statements			142.287						
(II) Payments from subsidiaries and associates									
(III) Total			142.287						

The Bonuses refer to those who during the 2019 financial year held, even for a fraction of the period, the position of Key Manager with Strategic Responsibilities.

## SHARES HELD BY MEMBERS OF THE MANAGEMENT AND CONTROL BODIES AND KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES

In compliance with Article 84-*quater* of the Regulation implementing Legislative Decree no. 58 of February 24, 1998, adopted by Consob Resolution no. 11971 of May 14, 1999 and subsequent amendments, the following table shows the shareholdings held by Directors, Statutory Auditors and executives with strategic responsibilities in INWIT S.p.A.

### Board of Directors

Name and surname	Investee company	Category of Shares	Number of shares held at end of the 2018 financial year (or at the date of appointment)	Number of shares acquired during the 2019 financial year	Number of shares sold during the 2019 financial year	Number of shares held at the end of the 2019 financial year (or on the date of termination of office if earlier)
Stefano Siragusa			none	none	none	none
Piergiorgio Peluso			none	none	none	none
Giovanni Ferigo			none	none	none	none
Enrico Maria Bignami			none	none	none	none
Secondina Giulia Ravera			none	none	none	none
Francesca Balzani			none	none	none	none
Laura Cavatorta			none	none	none	none
Filomena Passeggio			none	none	none	none
Luca Aurelio Guarna			none	none	none	none
Gigliola Bonino			none	none	none	none
Agostino Nuzzolo			none	none	none	none
Carlo Nardello			none	none	none	none
Mario Di Mauro			none	none	none	none

### Board of Statutory Auditors

Name and surname	Investee company	Category of Shares	Number of shares held at end of the 2018 financial year (or at the date of appointment)	Number of shares acquired during the 2019 financial year	Number of shares sold during the 2019 financial year	Number of shares held at the end of the 2019 financial year (or on the date of termination of office if earlier)
Stefano Sarubbi			none	none	none	none
Umberto La Commara			none	none	none	none
Michela Zeme			none	none	none	none

### Key Managers with Strategic Responsibilities

Name and surname	Investee company	Category of Shares	Number of shares held at end of the 2018 financial year (or at the date of appointment)	Number of shares acquired during the 2019 financial year	Number of shares sold during the 2019 financial year	Number of shares held at the end of the 2019 financial year (or on the date of termination of office if earlier)
Elisa Patrizi	INWIT	ordinary shares	1.250	none	none	1.250
Gabriele Abbagnara			none	none	none	none
Andrea Balzarini			none	none	none	none

## 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 Corporate Governance Code.

**Non-Executive Directors:** Directors who have not been granted operational or management powers and who have not been assigned specific offices by the Board of Directors.

**SHARES ASSIGNED:** 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:** Indicates the change in the ownership structure of the Company that is determined as a result of any transaction [or contractual agreement] that allows a person or group of persons acting in concert with each other, to acquire control of the Company pursuant to Article 93 of the Consolidated Law on Finance or Subsidiaries pursuant to Article 2359 paragraph 1 of the Italian Civil Code. *Change of Control* also refers to a case in which control passes from exclusive control to joint control with other parties.

**CLAWBACK:** Clause allowing the recovery of the variable remuneration attributed to the Beneficiaries of the Plan. The clawback can be activated in the three years following the vesting or payment of such variable remuneration in cases of Error; in the five years following the accrual or payment of such variable remuneration, in cases of fraud or in relation to malicious or culpable conduct that has caused damage to the Company, or conduct carried out in breach of the rules of reference.

**DELISTING:** A decision by the Shareholders' Meeting 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 WITH STRATEGIC RESPONSIBILITIES:** 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.

**EBITDA:** Profits inclusive of interest payable, taxes, depreciation and amortization of intangible and intangible assets. 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.

**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 December 31, 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:** It indicates the promise to grant free of charge to the Beneficiaries a minimum and maximum number of Rights to receive Shares at Vesting, in a number commensurate with the respective fixed remuneration and variable from a minimum to a maximum depending on the degree of achievement of the Performance Levels.

**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 third party liability (occupational risks) covering the entire management 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 Plan, and which implements them. The Regulation will be passed by the Board of Directors of the Company at the proposal of the Nomination and Remuneration Committee, following approval of the Plan by the Shareholders' Meeting.

**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 tower companies, identified in the Plan Regulations.

**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.