



**REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP FOR THE YEAR 2018, OF  
INFRASTRUTTURE WIRELESS ITALIANE S.P.A.**

(article 123-*bis* Legislative Decree 58/1998 (“TUF”))

(Report approved by the Board of Directors  
at the meeting on February 18 2019)

**Infrastrutture Wireless Italiane S.p.A.**  
**Headquartered in Milan at Via Giorgio Vasari no. 19**  
**Share capital of €600,000,000.00 fully paid**  
**Tax code and registration number on the Register of Companies of Milan-Monza-Brianza-Lodi**  
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## GLOSSARY

**Consob Issuers' Regulation:** The regulation issued by Consob with decision number 11971 of 14 May 1999 (as amended) regarding Issuers.

**Consob Markets' Regulation:** The Markets Regulation issued by Consob with decision number 20249 of 28 December 2017.

**Consob Related Party Regulations:** The regulation issued by Consob with decision number 17221 of 12 March 2010 (as amended) on related party transactions.

**Consolidated Law on Finance (TUF):** Legislative decree 58 of 24 February 1998 (as amended).

**Corporate Governance Principles:** This document contains the rules on self-governance set by the Issuer's Board of Directors, and supplements the requirements of the Stock Exchange Code, which has been adopted by the Company.

**Issuer or Company:** Infrastrutture Wireless Italiane S.p.A., otherwise known as INWIT S.p.A.

**Stock Exchange Code/Corporate Governance Code:** the Corporate Governance Code of listed companies approved in July 2018 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, available to the public at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015clean.pdf>.

**Report:** The corporate governance and ownership report prepared by the Issuer in accordance with article 123-*bis* of the Consolidated Law on Finance.

## 1. INTRODUCTION

INWIT's corporate governance system is structured according to the traditional model as described in article 2380 *et seq* of the Italian Civil Code.

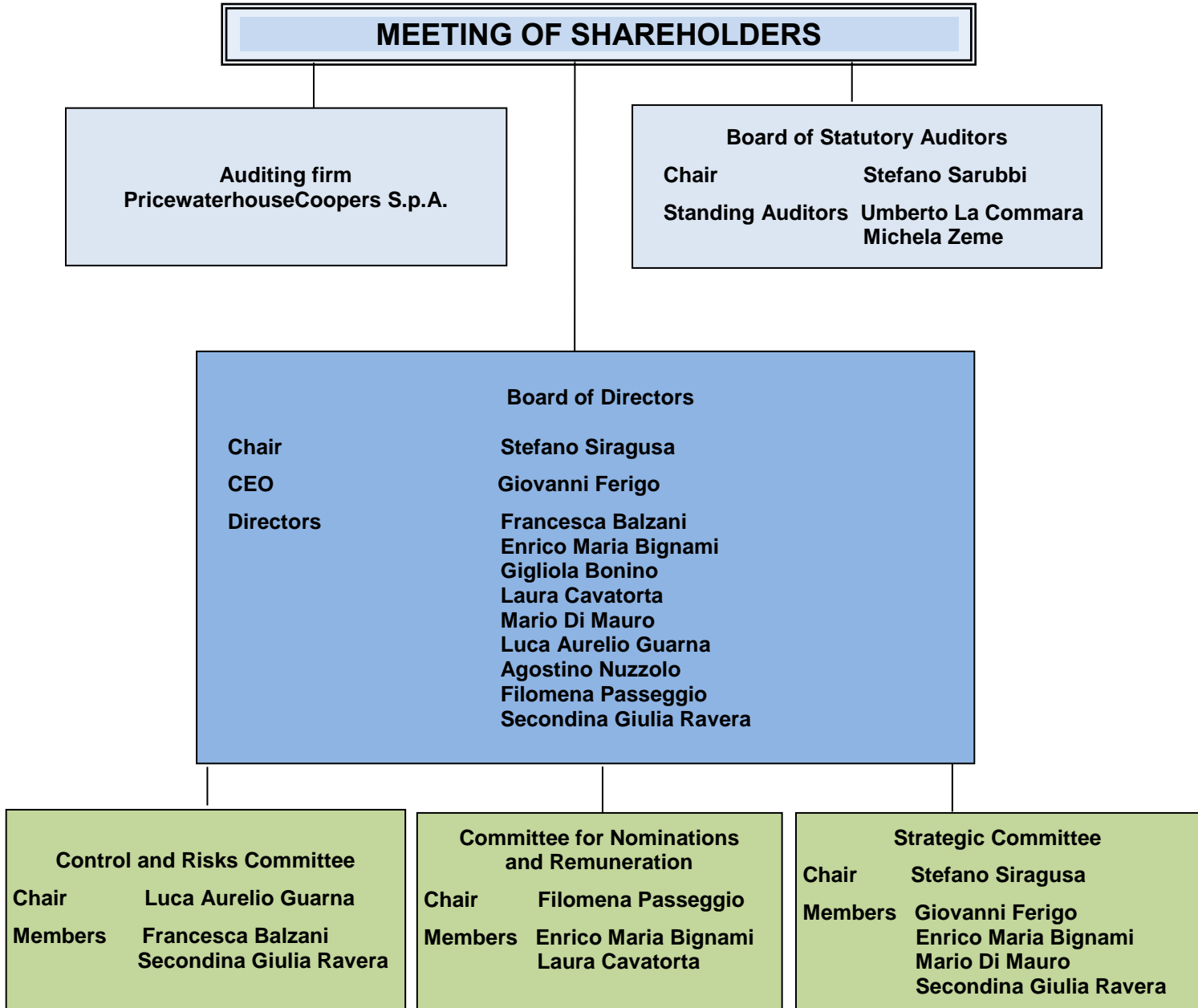
The Company's organization includes:

- a Board of Directors responsible for the Company's management;
- a Board of Statutory Auditors, which is tasked with (i) overseeing compliance with the law and statute and compliance with the principles of sound administration in the conduct of the Company's activities, (ii) overseeing the adequacy of the organizational structure and administration and accounting system of the Company, and the reliability of that system in providing a correct representation of management events, (iii) overseeing the financial reporting process, the legal audit of the annual and consolidated accounts, and the independence of the legal auditing firm, (iv) overseeing the overall adequacy of the risk management and control system, (v) checking the concrete implementation of the rules of corporate governance as provided for in the code of self-governance, and finally (vi) overseeing the adequacy of the instructions given by the Company to its subsidiaries, extraordinary corporate transactions and other significant events, related and connected party transactions;
- the Meeting of Shareholders, the ordinary or extraordinary sessions of which are responsible for deciding (i) the election and revocation of members of the Board of Directors and the Board of Statutory Auditors, and their remuneration and responsibilities, (ii) approval of the financial statements and the appropriation of profits, (iii) the purchase and disposal of own shares, (iv) share ownership plans, (v) changes to the Company statute (other than those that are merely amendments to comply with the provisions of law), (vi) the issue of convertible bonds.

Any non-alignment or partial alignment with specific provisions of the code of self-governance updated in July 2018, which has been adopted by INWIT, has been justified in the section of the report on governance practices otherwise applied by the Company, as per the comparison table given below.

The information in this report refers to the year 2018 and with regard to specific issues, is updated to the date of the Board of Directors' meeting that approved it (18 February 2019); for details about remuneration see the Report on Remuneration.

# GOVERNANCE SYSTEM



## 2. COMPARATIVE TABLE

<b>articles of Code of Self-Governance</b>	<b><i>Comply or explain</i></b>
<b>article 1 Role of the Board of Directors</b>	
<b>Principles</b>	
<b>1.P.1.</b> The Issuer is guided by a Board of Directors that meets regularly and operates in such a way as to guarantee the effective execution of its functions.	See Chapter 5 of the Report on Corporate Governance and Ownership (RCG)
<b>1.P.2.</b> The directors act and make decisions autonomously and in full knowledge of the facts, pursuing the priority objective of creating value for shareholders with a medium-long-term perspective.	See Chapters 5.3 and 5.4. of the RCG
<b>Application criteria</b>	
<b>1.C.1.</b> The Board of Directors:	
a) examines and approves the strategic, operational and financial plans of both the Issuer and the group it heads, monitoring their implementation periodically; it defines the Issuer's corporate governance system and the group structure;	See Chapter 5.3 of the RCG
b) defines the nature and level of risk compatible with the Issuer's strategic objectives;	See Chapter 5.3 of the RCG
c) evaluates the adequacy of the Issuer's organizational, administrative and accounting structure and that of its strategically significant subsidiaries with particular regard to the internal control and risk management system;	See Chapters 5.3 and 11 - RCG
d) specifies the frequency, in any case no less than once every three months, with which the delegated bodies must report to the Board on the activities performed in the exercise of the powers delegated to them;	See Chapter 5.4 of the RCG
e) evaluates the general performance of the Company, paying particular attention to the information received from the delegated bodies and periodically comparing the results achieved with those planned;	See Chapters 5.3 and 5.4. of the RCG
f) resolves upon transactions to be carried out by the Issuer or its subsidiaries when such transactions have a significant impact on the Issuer's strategies, profitability, assets and liabilities or financial position; to this end, the Board shall establish general criteria for identifying the material transactions;	See Chapter 5.3 of the RCG
g) evaluates, at least annually, the performance of the Board of Directors and its Committees, their size and composition, taking into account the professional competence, experience (including managerial experience) and gender of its members, as well as the number of years they have served as director. Where the Board of Directors uses external consultants for self-assessment, the report on corporate governance provides information on their identity and on other services, supplied by the consultants to the Issuer or to companies having a control relationship with the Issuer;	See Chapter 5.3 and Table 2 of the RCG
h) taking into account the results of the assessment referred to in paragraph g), it gives the shareholders guidelines on the professional roles whose membership of the Board is considered appropriate, before the new Board is elected;	–not applicable
i) provides information in the Report on Corporate Governance on: (1) its composition, indicating for each member their title (executive, non-executive, independent), the role they perform within the Board of Directors (for example, Chair or Chief Executive Officer, as defined in article 2), their main professional characteristics and the length of time since their first appointment; (2) the procedures for applying article 1 and, in particular, the number and average duration of meetings of the Board and of the executive committee, if there is one, held during the fiscal year, as well as the corresponding attendance of each director; (3) the methods used to carry out the self-assessment procedure referred to in item g) above;	See Chapters 5.2, 5.3 and 5.4 and Table 2 of the RCG
j) in order to ensure the correct handling of corporate information, adopts, upon proposal of the chief executive officer or the Chair of the Board of Directors, procedures for the internal handling and disclosure to third parties of documents and information concerning the Issuer, having special regard to price-sensitive information.	See Chapter 6 of the RCG

<b>articles of Code of Self-Governance</b>	<b>Comply or explain</b>
<p><b>1.C.2.</b> The directors accept office when they consider that they are able to dedicate the necessary time to the diligent execution of their duties, also taking into account the commitment connected to their own work and professional activities, the number of directorships or appointments as statutory auditor they hold in other companies listed in regulated markets (including foreign markets), in finance companies, banks, insurance companies or companies of significant size. Based on the information received from the directors, the Board collects annually, and makes known in the report on corporate governance, the directorships or appointments as statutory auditor held by the directors in aforementioned companies.</p>	<p>See Chapter 5.2 and Note to Table 2 of the RCG</p>
<p><b>1.C.3.</b> The Board expresses its view of the maximum number of directorships or appointments as statutory auditor in the companies stated in the previous paragraph that can be considered compatible with the effective execution of the role of director of the Issuer, taking account of the participation of directors in the internal Board committees constituted. For this purpose, it identifies general criteria differentiated according to the commitment required for each role (executive director, non-executive director or independent director), also in relation to the nature and dimensions of the companies in which they hold office as well as their membership of the Issuer's group, if applicable.</p>	<p>See Chapter 5.2 of the RCG</p>
<p><b>1.C.4.</b> If the Meeting of Shareholders, in order to meet organizational requirements, should authorize derogations from the non-competition clause set out in article 2390 of the Italian Civil Code, the Board of Directors considers the merits of each issue of this kind and reports any critical aspects to the first useful meeting of the shareholders. For this purpose, each director informs the Board, upon acceptance of their appointment, of any activities undertaken in competition with the Issuer and, subsequently, of all relevant changes.</p>	<p>See Chapter 5.3 of the RCG</p>
<p><b>1.C.5.</b> The Chair of the Board of Directors uses his/her best endeavors to bring the documentation relating to the topics on the agenda to the attention of the directors and statutory auditors sufficiently in advance of the date of the Board meeting. In its report on corporate governance, the Board provides information on the timeliness and completeness of the pre-meeting reporting, also providing indications on the notice generally considered sufficient for the despatch of the documentation and indicating if this period of time has been properly respected.</p>	<p>See Chapter 5.3 of the RCG</p>
<p><b>1.C.6.</b> The Chair of the Board of Directors, at the request of one or more directors, may ask the managing directors and senior managers of the Issuers, and those of the companies in its Group, with responsibility for the relevant departments, to attend the Board meetings to provide in-depth information on the items on the agenda. The report on corporate governance provides information on their actual attendance.</p>	<p>See Chapter 5.3 of the RCG</p>
<p><b>article 2 - Composition of the Board of Directors</b></p>	
<p><b>Principles</b></p>	
<p><b>2.P.1.</b> The Board of Directors is composed of executive and non-executive directors with adequate skills and professional capabilities.</p>	<p>See Chapter 5.2 of the RCG</p>
<p><b>2.P.2.</b> The non-executive directors bring their specific skills to Board discussions, contributing to informed decision-making and paying particular attention to those areas in which there may be conflicts of interest.</p>	<p>See Chapter 5.3 of the RCG</p>
<p><b>2.P.3.</b> The number, skills, authority and available time of the non-executive directors shall be such as to guarantee that their opinion can have a significant weight in Board decision-making.</p>	<p>See Chapters 5.2 and 5.3 of the RCG</p>
<p><b>2.P.4.</b> It is advisable to avoid concentrating multiple corporate offices in a single person.</p>	<p>See Chapters 5.4 and 5.5 of the RCG</p>
<p><b>2.P.5.</b> Where the Board of Directors has conferred management powers on the Chair, the Board of Directors will provide an adequate explanation of the reasons for this organizational choice in the report on corporate governance.</p>	<p>See Chapter 5.4 of the RCG</p>
<p><b>Application criteria</b></p>	
<p><b>2.C.1.</b> The following are qualified as executive directors of the Issuer:</p> <ul style="list-style-type: none"> <li>– the chief executive officers of the Issuer or of a company controlled by the Issuer with strategic importance, including their chairs, when individual management powers are granted to them, or when they play a specific role in the development of business strategies;</li> <li>– the directors who hold executive positions in the Issuer or in a company controlled by the Issuer with strategic importance, or in the parent company when the office also regards the Issuer;</li> <li>– the directors who hold executive positions in the Issuer or in a company controlled by the Issuer with strategic importance, or in the parent company when the office also regards the Issuer;</li> </ul>	<p>See Chapters 5.4 and 5.5 of the RCG</p>



<b>articles of Code of Self-Governance</b>	<b>Comply or explain</b>
<p>– the directors who are members of the executive committee of the Issuer, when a chief executive officer has not been identified, or when membership of the executive committee, taking the frequency of meetings and the object of its resolutions into account, means the de facto systematic involvement of its members in the current management of the Issuer.</p> <p>The attribution of vicarious powers, or only for cases of urgency, to directors without management powers does not in itself mean that they are executive directors, unless such powers are used with notable frequency.</p>	
<p><b>2.C.2.</b> The directors are obliged to know the tasks and responsibilities of their office.</p> <p>The Chair of the Board of Directors is responsible for ensuring that the directors and statutory auditors can participate, after their election and during their term of office, in projects intended to provide them with adequate information about the sector of activity in which the Issuer operates, the business dynamics and their evolution, and about the regulatory and self-regulatory framework.</p>	<p>See Chapter 5.2 of the RCG</p>
<p><b>2.C.3.</b> The Board of Directors designates an independent director as lead independent director in the following cases: (i) if the Chair of the Board of Directors is the principal person responsible for running the business (chief executive officer); (ii) if the office of Chair is filled by the person who controls the Issuer.</p> <p>The Board of Directors of Issuers who are part of the FTSE-MIB designates a lead independent director if this is requested by a majority of the independent directors, unless the Board makes a different and reasoned assessment, to be published in the report on corporate governance.</p>	<p>See Chapter 5.7 RCG</p>
<p><b>2.C.4.</b> The Lead Independent Director:</p> <p>a) represents a point of reference and coordination for the issues and contributions of the non-executive directors and, in particular, of those that are independent pursuant to article 3 below;</p> <p>b) collaborates with the Chair of the Board of Directors to guarantee that the directors receive complete and timely flows of information.</p>	<p>See Chapter 5.7 of the RCG</p>
<p><b>2.C.5.</b> The chief executive officer of an Issuer (A) may not assume the office of director of another Issuer (B) that is not a member of the same group, of which an Issuer (A) director is chief executive officer.</p>	<p>Currently, INWIT's CEO does not have directorships in other companies in which a director of INWIT is a director; See Table 2 of the RCG</p>
<p><b>article 3 – Independent Directors</b></p>	
<p><b>Principles</b></p>	
<p><b>3.P.1.</b> An satisfactory number of non-executive directors are independent, in the sense that they do not have relations such as to currently affect their independence of judgement, nor have they recently had such relations, even indirectly, with the Issuer or subjects linked to the Issuer.</p>	<p>See Chapter 5.6 of the RCG</p>
<p><b>3.P.2.</b> The independence of the directors is assessed by the Board of Directors after their appointment and subsequently at yearly intervals. The outcome of the Board's assessments is communicated to the market.</p>	<p>See Chapter 5.6 of the RCG</p>
<p><b>Application criteria</b></p>	
<p><b>3.C.1.</b> The Board of Directors assesses the independence of its non-executive members having regard more to the substance than to the form, and bearing in mind the fact that a director does not normally appear independent in the following eventualities, which are not to be considered mandatory:</p> <ul style="list-style-type: none"> <li>▪ if they control the Issuer directly, indirectly or even through subsidiaries, trustee companies or nominees, or are able to exercise a significant influence over said Issuer, or are party to shareholders' agreements through which one or more subjects can exercise significant influence or control over the Issuer;</li> <li>▪ if they occupy, or have occupied in the three preceding financial years, a prominent position in the Issuer, in a company controlled by the Issuer with strategic importance or in a company subject to joint control with the Issuer, or in a company or body which, also together with others through a shareholders' agreement, controls the Issuer or is able to exert significant influence over it;</li> <li>▪ if, directly or indirectly (for example, through subsidiaries or companies in which they occupy a prominent position, or as a partner in a professional firm or consultancy company) they have, or have had in the preceding year, a significant commercial, financial or professional relationship: <ul style="list-style-type: none"> <li>– with the Issuer, a company controlled by the Issuer, or any</li> </ul> </li> </ul>	<p>See Chapter 5.6 of the RCG</p>

articles of Code of Self-Governance	Comply or explain
<p>person holding a prominent position in such a company;</p> <ul style="list-style-type: none"> <li>– with a party that controls the Issuer, also with others through a shareholders' agreement, or - in the case of a company or body - with the persons in a prominent position in such a company or body;</li> </ul> <p>or is, or has been in the preceding three years, an employee of one of the above parties;</p> <ul style="list-style-type: none"> <li>▪ if they receive, or have received in the preceding three years, from the Issuer or from a company controlled by or that controls the Issuer, a significant additional remuneration (by comparison with the "fixed" fee of a non-executive director of the Issuer and the fee paid for participation in the committees recommended in this Code) also in the form of participation in incentive plans linked to company performance, including share-based plans;</li> <li>▪ if they have not been a director of the Issuer for more than nine of the last 12 years;</li> <li>▪ if they have held office as an executive director of another company in which an executive director of the Issuer serves as a director;</li> <li>▪ if they are a shareholder or director of a company or entity belonging to the network of firms charged with the external audit of the Issuer;</li> <li>▪ if they have close family ties with a person who is in one of the situations set out in the previous points.</li> </ul>	
<p><b>3.C.2.</b> For the above purposes, the following are to be considered "persons in a prominent position" in a company or body: the Chair of the body, the Chair of the Board of Directors, the executive directors or Key Managers with Strategic Responsibilities in the company or body considered.</p>	<p>See Chapters 5.4, 5.5. And 5.6 of the RCG</p>
<p><b>3.C.3.</b> The number and skills of the independent directors are consistent with the size of the Board and the activity undertaken by the Issuer; they are also such as to permit the constitution of internal committees of the Board, according to the indications contained in the Code. In Issuers that are members of the FTSE-MIB index, at least one third of the Board of Directors is composed of independent directors. If this quota should not correspond to a whole number, this should be rounded down. In any event there shall be no fewer than two independent directors.</p>	<p>See Chapters 5.2 and 5.6 of the RCG</p>
<p><b>3.C.4.</b> After the appointment of a director who qualifies as independent, and subsequently, when circumstances relevant to their independence arise and in any event at least once a year, the Board of Directors assesses the relations that might be or appear to be such as to compromise the independence of judgement of said director, based on the information provided by the person concerned or available to the Issuer. The Board of Directors makes the outcome of its assessments known, after the appointment, by means of a press release to the market and, subsequently, in its report on corporate governance. In these documents, the Board of Directors:</p> <ul style="list-style-type: none"> <li>– will report if assessment parameters different to those indicated in the Code, also with reference to individual directors, have been adopted, and if so, for what reason;</li> <li>– will illustrate the quantitative and/or qualitative criteria that might be used to evaluate the significance of the relationships assessed.</li> </ul>	<p>See Chapter 5.6 of the RCG</p>
<p><b>3.C.5.</b> The Board of Statutory Auditors, as part of the duties assigned to it by law, checks that the criteria and procedures of ascertainment adopted by the Board to assess the independence of its members have been correctly applied. The outcome of these controls is made known to the market in the report on corporate governance or the statutory auditors' report to the Meeting of Shareholders.</p>	<p>See Chapter 5.6 of the RCG</p>
<p><b>3.C.6.</b> The independent directors meet at least once a year in the absence of the other directors.</p>	<p>See Chapter 5.7 of the RCG</p>
<p><b>article 4 – Institution and functioning of the internal committees of the Board of Directors</b></p>	
<p style="text-align: center;"><b>Principles</b></p>	
<p><b>4.P.1.</b> The Board of Directors forms from among its members one or more committees with consulting and proposing functions as indicated in the following articles.</p>	<p>See Chapter 7 of the RCG</p>
<p style="text-align: center;"><b>Application criteria</b></p>	
<p><b>4.C.1.</b> The institution and functioning of the committees specified in the Code meet the following criteria:</p> <ol style="list-style-type: none"> <li>a) the committees are composed of no fewer than three members. However, in Issuers whose Board of Directors is composed of no</li> </ol>	<p>See Chapters 8, 9 and 10 of the RCG</p>

articles of Code of Self-Governance	Comply or explain
<p>more than eight members, the committees may be composed of just two directors, provided they are independent. The work of the committees is coordinated by a Chair;</p> <p>b) the tasks of the single committees are established with the resolution constituting them, and they may be supplemented or modified by subsequent resolutions of the Board of Directors;</p> <p>c) the functions that the Code attributes to different committees may be distributed differently or assigned to a lower number of committees than specified, provided that the rules for the composition indicated case by case by the Code are respected, and that achievement of the objectives below is guaranteed;</p> <p>d) minutes are taken of each committee meeting;</p> <p>e) in carrying out their functions, the committees have the right to access the company departments and information necessary for the execution of their tasks, and to avail themselves of external consultants, within the terms established by the Board of Directors. The Issuer provides the committees with adequate financial resources to fulfill their tasks, within the limit of the budget approved by the Board;</p> <p>f) subjects who are not members may participate in the meetings of each committee, including other members of the Board or the structure of the Issuer, at the invitation of said committee, with reference to single items on the agenda;</p> <p>g) the Issuer provides adequate information, in its report on corporate governance, about the institution and composition of the committees, the content of the office conferred on it and, based on the indications provided by each committee, on the activity actually carried out over the financial year, on the number and mean duration of the meetings held and on the percentage attendance of each member.</p>	
<p><b>4.C.2.</b> The institution of one or more committees may be avoided, reserving their functions to the full Board, under the coordination of the Chair, and under the following conditions: (i) the independent directors represent at least half the Board of Directors, rounding down to the nearest whole number if the Board consists of an odd number of people; (ii) adequate space is dedicated within Board meetings to the execution of the functions that the Code attributes to said committees, of which an account is to be provided in the report on corporate governance; (iii) regarding the Control and Risks Committee only, the Issuer is not controlled by another listed company, or subject to direction and coordination.</p> <p>The Board of Directors illustrates analytically, in the report on corporate governance, the reasons underlying the choice to not institute one or more committees; in particular, it adequately motivates the choice to not institute the Control and Risk Committee in relation to the degree of complexity of the Issuer and the sector in which it operates. The Board also proceeds to periodically reconsider the choice made.</p>	<p>INWIT's Board of Directors has decided to set out a Nomination and Remuneration Committee, which has the duties and responsibilities as set out in the Code, for that committee.</p>
<b>article 5 – Nomination of Directors</b>	
<b>Principles</b>	
<p><b>5.P.1.</b> The Board of Directors constitutes an internal nomination committee composed, in majority, of independent directors.</p>	<p>See Chapter 8 of the RCG</p>
<b>Application criteria</b>	
<p><b>5.C.1.</b> The nomination committee is vested with the following functions:</p>	
<p>a) to express opinions to the Board of Directors regarding its size and composition and express recommendations with regard to the professional skills necessary within the Board as well as with regard to the topics indicated by articles 1.C.3 and 1.C.4;</p> <p>b) to submit to the Board of Directors candidates for the office of director, in case of co-optation, should the replacement of independent directors be necessary.</p>	<p>See Chapter 8 of the RCG</p>
<p><b>5.C.2.</b> The Board of Directors assesses whether or not to adopt a plan for the succession of executive directors. If it should have adopted such a plan, the Issuer will report this in its report on corporate governance. The investigation for the preparation of the plan is carried out by the nomination committee or such other internal Board committee with responsibility to do so.</p>	<p>See Chapter 5.1 of the RCG Section One, paragraph 6 of the report on remuneration</p>
<b>article 6 – Remuneration of Directors</b>	
<b>Principles</b>	
<p><b>6.P.1.</b> The remuneration of directors and Key Managers with Strategic Responsibilities is established in an amount sufficient to attract, retain and motivate people with the required professional qualities to manage the Issuer</p>	<p>See Chapter 9 of the RCG and Section One, para. 4 of the report on remuneration</p>

<b>articles of Code of Self-Governance</b>	<b>Comply or explain</b>
with success.	
<p><b>6.P.2.</b> The remuneration of the executive directors and Key Managers with Strategic Responsibilities is defined in such a way as to align their interests with the pursuit of the priority objective of creating value for the shareholders with a medium-long-term perspective. For the directors who are recipients of management powers or who perform, even on a de facto basis only, functions related to the management of the business as well as for Key Managers with Strategic Responsibilities, a significant part of the remuneration is linked to the achievement of specific performance objectives, including those of a non-economic nature, indicated beforehand and determined in accordance with the guidelines contained in the policy specified in principle 6.P.4 below.</p> <p>The remuneration of the non-executive directors is commensurate with the commitment required of each, also taking into account any membership of one or more committees.</p>	<p>See Chapter 9 of the RCG and Section One, paras. 3, 4 and 5 of the report on remuneration</p>
<p><b>6.P.3.</b> The Board of Directors constitutes an internal remuneration committee composed of independent directors. Alternatively, the committee may be composed of non-executive directors, with a majority of independent directors; in this case, the Chair of the committee is selected from among the independent directors. At least one member of the committee shall possess an adequate knowledge and experience of financial matters or pay policies, to be assessed by the Board of Directors at the time of appointment.</p>	<p>See Chapter 8 of the RCG and Section One, para. 2 of the report on remuneration</p>
<p><b>6.P.4.</b> The Board of Directors, at the proposal of the remuneration committee, defines a policy for the remuneration of directors and Key Managers with Strategic Responsibilities.</p>	<p>See Chapter 9 of the RCG and Section One, para. 2 of the report on remuneration</p>
<p><b>6.P.5.</b> The Issuer, upon the cessation of office and/or termination of relations with an executive director or general manager, makes known, at the outcome of the internal processes that lead to the attribution or acknowledgment of indemnities and/or other benefits, detailed information in this regard, by means of a press release disseminated to the market.</p>	<p>See Chapter 9 of the RCG and Section One, para. 4 of the report on remuneration</p>
<b>Application criteria</b>	
<p><b>6.C.1.</b> The remuneration policy for executive directors or directors vested with special offices defines the guidelines with reference to the issues and in accordance with the criteria indicated below:</p> <ul style="list-style-type: none"> <li>a) the fixed and variable components are adequately balanced according to the strategic objectives and risk management policy of the Issuer, also taking account of the sector of activity in which it operates and the characteristics of the business activity actually carried out;</li> <li>b) maximum limits are set for the variable components;</li> <li>c) the fixed component is sufficient to remunerate the service of the director in the eventuality that the variable component is not paid due to non-achievement of the performance objectives indicated by the Board of Directors;</li> <li>d) the performance objectives - namely the economic results and any other specific objectives to which payment of the variable components is linked (including the objectives defined for the share-based remuneration plans) - are predetermined, measurable, and linked to the creation of value for the shareholders in a medium-long-term perspective;</li> <li>e) payment of a major portion of the variable component of the remuneration is deferred for an adequate period of time after the moment of its accrual; the amount and duration of the deferment is coherent with the characteristics of the business activity undertaken and with the related risk profiles;</li> </ul>	<p>See Chapter 9 of the RCG and Section One, para. 4 of the report on remuneration</p>
<ul style="list-style-type: none"> <li>f) there are contractual clauses that allow the Company to require the repayment, in whole or in part, of variable components of the remuneration paid (or to retain sums that are deferred), determined based on data that are subsequently found to be manifestly incorrect;</li> </ul>	<p>See Section One, para. 3 of the report on remuneration</p>
<ul style="list-style-type: none"> <li>g) any compensation that might be envisaged for termination of the directorship is defined in such a way that its total amount does not exceed a certain sum or certain number of years of remuneration. This compensation is not paid if the termination of the directorship is due to the achievement of results that are objectively inadequate.</li> </ul>	<p>See Chapter 9 of the RCG and Section One, paras. 4 and 5 of the report on remuneration</p>
<p><b>6.C.2.</b> In preparing share-based remuneration plans, the Board of Directors ensures that:</p> <ul style="list-style-type: none"> <li>a) the shares, options and every other right assigned to the directors to acquire shares or be remunerated based on the trend in the share price have an average vesting period of at least three years;</li> <li>b) the vesting referred to in point a) is subject to predetermined and</li> </ul>	<p>See Section One, para. 3 of the report on remuneration</p>

<b>articles of Code of Self-Governance</b>	<b>Comply or explain</b>
<p>measurable performance objectives;</p> <p>c) the directors maintain a quota of the shares allocated or acquired through the exercise of the rights referred in point a) until the end of their mandate.</p>	
<p><b>6.C.3.</b> Criteria 6.C.1 and 6.C.2 also apply, insofar as they are compatible, to the determination - by the bodies delegated to do this - of the remuneration of Key Managers with Strategic Responsibilities. The incentive mechanisms for the head of the internal audit department and the executive responsible for preparing the corporate accounting documents reflect the tasks assigned to them.</p>	<p>See Chapter 9 of the RCG and Section One, para. 3 of the report on remuneration</p>
<p><b>6.C.4.</b> The remuneration of the non-executive directors is not - except for a non-significant part - linked to the economic results achieved by the Issuer. The non-executive directors are not the beneficiaries of share-based remuneration plans, unless decided, with reasoning, by the Meeting of Shareholders.</p>	<p>See Chapter 9 of the RCG and Section One, para. 5 of the report on remuneration</p>
<p><b>6.C.5.</b> The Remuneration Committee:</p> <ul style="list-style-type: none"> <li>- periodically evaluates the adequacy, overall consistency and actual application of the policy for the remuneration of directors and key management personnel, also on the basis of the information provided by the managing directors; makes proposals to the Board of Directors in this regard;</li> <li>- submits proposals or issues opinions to the Board of Directors for the remuneration of executive directors and other directors who cover particular offices as well as for the identification of performance objectives related to the variable component of that remuneration; monitor the implementation of decisions adopted by the Board of Directors and verify, in particular, the actual achievement of performance objectives.</li> </ul>	<p>See Chapters 8 and 9 of the RCG and Section One, para. 2 of the report on remuneration</p>
<p><b>6.C.6.</b> No director takes part in the meetings of the remuneration committee where proposals for the Board of Directors are formulated relating to his/her own remuneration.</p>	<p>See Chapters 8 and 9 of the RCG</p>
<p><b>6.C.7.</b> If it intends to rely on the services of a consultant in order to obtain information on market practices on pay policies, the remuneration committee checks in advance that it is not in situations that might compromise the independence of its judgement.</p>	<p>See Chapters 8 and 9 of the RCG</p>
<p><b>6.C.8.</b></p> <p>The communication to the market specified in principle 6.P.5. comprises:</p> <ol style="list-style-type: none"> <li>a) adequate information on the compensation and/or other benefits, including their amount, and the timing of their payment - distinguishing the part paid immediately from any part subject to deferment mechanisms, and also distinguishing the components attributed by virtue of the office of director from those relating to any employment relationship, and any repayment clauses, with particular reference to: <ul style="list-style-type: none"> <li>- end of office or termination of employment compensation, specifying the circumstances in which a director is entitled to it (for example, due to expiry of the term of office, revocation of office or settlement agreement);</li> <li>- maintenance of the rights related to any incentive plan based on money or financial instruments.</li> <li>- benefits (monetary and non-monetary) after the director ceases to hold office;</li> <li>- non-competition obligations, describing their principal content;</li> <li>- any other compensation attributed for any reason and in any form;</li> </ul> </li> <li>b) information on the conformity or otherwise of the compensation and/or other benefits to the indications in the remuneration policy, in case of even partial non-respect of the indications in said policy, information on the resolution procedures followed in application of the Consob regulations on transactions with related parties;</li> <li>c) indications on the application or non-application of any mechanisms that place limitations or impose corrective measures on the payment of compensation in the case in which the termination of the relationship is due to objectively inadequate achievement of results, as well as on any formulation of request for the repayment of compensation already paid;</li> <li>d) information on the fact that the replacement of the executive director or general manager who has ceased to hold office is regulated by a succession plan adopted by the Company, if this is the case, and, in any event, indications regarding the procedures that have been or will</li> </ol>	<p>This provision was not applied in the year 2018</p>

<b>articles of Code of Self-Governance</b>	<b>Comply or explain</b>
be followed in replacing the director or senior manager.	
<b>article 7 – Internal Control and Risk Management System</b>	
<b>Principles</b>	
<b>7.P.1.</b> Every Issuer equips itself with an internal control and risk management system composed of a set of rules, procedures and organizational structures to identify, measure, manage and monitor the principal risks. This system is integrated into the more general organizational and corporate governance structures adopted by the Issuer and gives due consideration to the existing national and international reference models and best practices.	See Chapter 12 of the RCG
<b>7.P.2.</b> An effective internal control and risk management system contributes to conduct of the business that is consistent with the company objectives as defined by the Board of Directors, promoting knowledgeable decision-making. It helps to ensure the protection of company assets, the efficiency and effectiveness of business processes, the reliability of financial reporting, compliance with laws and regulations and with the Company's statute and internal procedures.	See Chapter 12 of the RCG
<b>7.P.3.</b> The internal control and risk management system also involves, each for those matters that concern it:	
a) the Board of Directors, which plays a directing role and assesses the adequacy of the system, and identifies among its members:	See Chapter 12 of the RCG
1) one or more directors, appointed to create and maintain an effective internal control and risk management system (in article 7 below, the "director in charge of the internal control and risk management system"), and	See Chapter 12.1 of the RCG
2) a Control and Risks Committee, with the characteristics indicated in principle 7.P.4., with the task of supporting, with adequate investigatory activity, the assessments and decisions of the Board of Directors regarding the internal control and risk management system, and the activities relating to the approval of the periodic financial reports;	See Chapter 10 of the RCG
b) the head of the internal audit department, appointed to check that the internal control and risk management system is functioning and adequate;	See Chapter 12.2 of the RCG
c) the other company roles and functions with specific tasks regarding internal control and risk management, articulated according to the size, complexity and risk profile of the business;	See Chapter 12.6 of the RCG
d) the Board of Statutory Auditors, also as internal control and audit committee, which monitors the effectiveness of the internal control and risk management system. The Issuer ensures arrangements for coordination between the subjects listed above in order to maximize the efficiency of the internal control and risk management system and to reduce duplication of activity.	See Chapter 12.6 of the RCG
<b>7.P.4.</b> The Control and Risks Committee is composed of independent directors. Alternatively, the committee may be composed of non-executive directors, with a majority of independent directors; in this case, the Chair of the committee is selected from among the independent directors. If the Issuer is controlled by another listed company or is subject to the direction and coordination of another company, the committee is in any event composed exclusively of independent directors. At least one member of the committee shall possess adequate experience of accounts and financial matters or risk management, to be assessed by the Board of Directors at the time of appointment.	See Chapter 10 of the RCG
<b>Application criteria</b>	
<b>7.C.1.</b> The Board of Directors, after having received the opinion of the Control and Risks Committee:	
a) defines the broad policies of the internal control and risk management system in such a way that the principal risks pertinent to the Issuer and the companies it controls are correctly identified, and adequately measured, managed and monitored, also determining the degree of compatibility of such risks with a business management that is coherent with the strategic objectives identified;	
b) assesses, at yearly intervals at least, the adequacy of the internal control and risk management system in relation to the characteristics of the business and the assumed risk profile, as well as its effectiveness;	
c) approves, at yearly intervals at least, the plan of work drawn up by the head of the internal audit department, having obtained the opinion of the Board of Statutory Auditors and the director in charge of the	See Chapter 12 of the RCG

<b>articles of Code of Self-Governance</b>	<b>Comply or explain</b>
<p>internal control and risk management system;</p> <p>d) in the corporate governance report, it describes the main characteristics of the internal control and risk management system, giving its opinion on the adequacy of that system;</p> <p>e) assesses, after having obtained the opinion of the Board of Statutory Auditors, the results set out by the external auditor in its letter of suggestions, if any, and in its report on the fundamental issues that emerged during the external audit.</p>	
<p>The Board of Directors, at the proposal of the director in charge of the internal control and risk management system, and having obtained the favorable opinion of the Control and Risks Committee, and obtained the opinion of the Board of Statutory Auditors:</p> <ul style="list-style-type: none"> <li>– appoints and terminates the appointment of the head of the internal audit department;</li> <li>– ensures that said person is equipped with adequate resources to fulfill their responsibilities;</li> <li>– defines their remuneration, in line with company policy.</li> </ul>	<p><a href="#">See Chapter 12.2 of the RCG</a></p>
<p><b>7.C.2.</b> The Control and Risks Committee, in assisting the Board of Directors:</p> <ol style="list-style-type: none"> <li>a. together with the executive responsible for preparing the Company's accounting documents, after having obtained the opinion of the external auditor and the Board of Statutory Auditors, assesses whether or not the accounting principles have been correctly applied, and, in the case of groups, their consistency for the purposes of preparing the consolidated financial statements;</li> <li>b. expresses opinions on specific aspects relating to the identification of the principal business risks;</li> <li>c. reviews the periodic reports that assess the internal control and risk management system, as well as those reports of the internal audit department that are particularly significant;</li> <li>d. monitors the independence, adequacy, efficiency and effectiveness of the internal audit department;</li> <li>e. may ask that the internal audit department review specific operational areas, giving immediate notice to the Chair of the Board of Statutory Auditors;</li> <li>f. reports to the Board at least once every six months, at the time of approval of the annual and half-yearly financial reports, on the Company's activities and the adequacy of the internal control and risk management system.</li> </ol>	<p><a href="#">See Chapter 10 of the RCG</a></p>
<p><b>7.C.3.</b> The Control and Risks Committee meetings are attended by the Chair of the Board of Statutory Auditors, or another auditor appointed by him/her; other statutory auditors may also attend.</p>	<p><a href="#">See Chapter 10 of the RCG</a></p>
<p><b>7.C.4.</b> The director in charge of the internal control and risk management system:</p> <ol style="list-style-type: none"> <li>a) ensures that the principal business risks are identified, taking account of the characteristics of the activities carried out by the Issuer and the companies it controls, and periodically submits them for review by the Board of Directors;</li> <li>b) implements the guidelines defined by the Board of Directors, overseeing the design, creation and operation of the internal control and risk management system and constantly checks its adequacy and efficacy;</li> <li>c) focuses on the adaptation of said system to the dynamics of the operating conditions and legislative and regulatory panorama;</li> <li>d) may request that the internal audit department review specific operational areas, and check that the internal procedures and rules are being respected in the execution of business transactions giving immediate notice to the Chair of the Board of Directors, the Chair of the Control and Risks Committee and the Chair of the Board of Statutory Auditors;</li> <li>e) promptly refers to the Control and Risks Committee (or to the Board of Directors) any issues or critical points that have emerged from the execution of its activity or which have in some way come to its attention, in order that the Committee (or the Board) may take the appropriate initiatives.</li> </ol>	<p><a href="#">See Chapter 12.1 of the RCG</a></p>
<p><b>7.C.5.</b> The head of the internal audit department:</p> <ol style="list-style-type: none"> <li>a) verifies, both on a continuous basis and in relation to specific needs and in accordance with international standards, the adequacy and effective functioning of the internal control and risk management system, through an audit plan approved by the Board of Directors, based on a process of structured analysis and prioritization of the</li> </ol>	<p><a href="#">See Chapter 12.2 of the RCG</a></p>

<b>articles of Code of Self-Governance</b>	<b>Comply or explain</b>
<p>principal risks;</p> <p>b) is not responsible for any operational area and reports directly to the Board of Directors;</p> <p>c) has direct access to all information useful for the performance of his or her duties;</p> <p>d) drafts periodic reports containing adequate information on their own activity, and on the methods used to manage risks, as well as on compliance with the plans defined to mitigate them. The periodic reports contain an assessment of the adequacy of the internal control and risk management system;</p> <p>e) prepares timely reports on particularly significant events;</p> <p>f) submits the reports indicated under items d) and e) above to the Chairs of the Board of Statutory Auditors and Control and Risks Committee and to the Chair of the Board of Directors, as well as to the director in charge of the internal control and risk management system;</p> <p>g) tests the reliability of the information systems, including the accounting system, as part of the audit plan.</p>	
<p><b>7.C.6.</b> The internal audit function, as a whole or by operational segment, may be assigned to a subject external to the Issuer, provided it adequately meets the requirements of professionalism, independence and organization. The adoption of such organizational choices, adequately reasoned, is communicated to the shareholders and to the market in the report on corporate governance.</p>	<p>See Chapter 12</p>
<b>article 8 – Statutory Auditors</b>	
<b>Principles</b>	
<p><b>8.P.1.</b> The statutory auditors act with autonomy and independence, also from the shareholders that elected them.</p>	<p>See Chapters 14 and 15 and Table 3 of the RCG</p>
<p><b>8.P.2.</b> The Issuer puts in place suitable measures to guarantee the effective execution of the tasks assigned to the Board of Statutory Auditors.</p>	<p>See Chapters 14 and 15 and Table 3 of the RCG</p>
<b>Application criteria</b>	
<p><b>8.C.1.</b> The statutory auditors are chosen from among people who can be qualified as independent also based on the criteria set out in this Code for directors. The Board will check that these criteria are respected after election, and at yearly intervals thereafter. The results of these checks will be included in the corporate governance report in the same way as applies to the directors.</p>	<p>See Chapters 14 and 15 and Table 3 of the RCG</p>
<p><b>8.C.2.</b> The statutory auditors should accept office when they believe they can dedicate the necessary time to the diligent execution of their tasks.</p>	<p>See Chapters 14 and 15 and Table 3 of the RCG</p>
<p><b>8.C.3.</b> A statutory auditor who, on their own account or on behalf of third parties, has an interest in a particular transaction of the Issuer, promptly and thoroughly informs the other statutory auditors and the Chair of the Board of Directors of the nature, terms, origin and extent of their interest.</p>	<p>See Chapters 14 and 15 and Table 3 of the RCG</p>
<p><b>8.C.4.</b> As part of their activities, the statutory auditors may ask the internal audit function to carry out audits of specific operational areas or company transactions.</p>	<p>See Chapters 12 -15 of the RCG</p>
<p><b>8.C.5.</b> The Board of Statutory Auditors and the Control and Risks Committee promptly exchange information relevant to the execution of their respective tasks.</p>	<p>See Chapter 10 of the RCG</p>
<b>article 9 – Relations with stakeholders</b>	
<b>Principles</b>	
<p><b>9.P.1.</b> The Board of Directors promotes initiatives to favor the broadest possible shareholder participation in meetings, and to facilitate the exercise of shareholders' rights.</p>	<p>See Chapters 16 and 17 of the RCG</p>
<p><b>9.P.2.</b> The Board of Directors uses its best endeavors to establish a continuous dialog with the shareholders based on understanding of one another's roles.</p>	<p>See Chapters 16 and 17 of the RCG</p>
<b>Application criteria</b>	
<p><b>9.C.1.</b> The Board of Directors ensures that an executive in charge of managing relations with the shareholders is identified, and periodically assesses the advisability of proceeding to constitute a business structure charged with this function.</p>	<p>See Chapter 16 of the RCG</p>
<p><b>9.C.2.</b> All the directors attend meetings of the shareholders, as a rule. Meetings of Shareholders are also an occasion to communicate information on the Issuer to the shareholders, in compliance with the regulations on inside information. In particular, the Board of Directors reports to the shareholders on the activities undertaken and planned, and uses its best endeavors to ensure that the shareholders have adequate information on the elements they need to take the decisions that are the responsibility of the</p>	<p>See Chapter 17 of the RCG</p>



<b>articles of Code of Self-Governance</b>	<b>Comply or explain</b>
Meeting of Shareholders with full knowledge of the facts.	
<b>9.C.3.</b> The Board of Directors proposes to the Meeting of Shareholders, for its approval, regulations that indicate the procedures to be followed to enable the orderly and functional running of the Meetings of Shareholders, while also guaranteeing the right of each shareholder to speak on the topics for debate.	See Chapter 17 of the RCG
<b>9.C.4.</b> In the case of significant changes to the market capitalization of the Issuer's shares, or to the composition of its share ownership, the Board of Directors assesses the advisability of proposing to the Meeting of Shareholders amendments to the statute regarding the percentages set out for exercising shares and the prerogatives intended to protect minority holdings.	See Chapter 17 of the RCG
<b>article 10 – Two-tier and single-tier systems of administration and control</b>	Not applicable

### 3. INFORMATION ON OWNERSHIP

(article 123-bis, subsection 1, CLF)

as at 31 December 2018

#### a) Share capital structure

The subscribed and paid-in share capital amounts to €600,000,000.00 divided into 600,000,000 shares with no nominal value (see Table 1).

No other financial instruments with the right to subscribe to new shares have been issued.

#### b) Restrictions on transfer of shares

There are no restrictions on the transfer of shares issued by the Company.

#### c) Major holdings in share capital

The significant direct and indirect shareholdings in INWIT's ordinary capital on the date of publication of this report can be seen in Table 1 – Information on ownership.

#### d) Shares with special rights

No shares granting special rights of control on INWIT have been issued.

#### e) Employee shareholdings: mechanism for exercising voting rights

There is currently no employee share ownership plan.

#### f) Restrictions on voting rights

There are no restrictions on the voting rights of shares constituting INWIT's ordinary share capital.

#### g) Shareholders' agreements

The Company has no knowledge of any shareholder agreements, as defined in the TUF, relating to shares in the Company.

#### h) Change of control clauses and statutory provisions on Tender Offers

A series of agreements to which INWIT is party provides for an obligation to disclose any change of control.

In particular, the following contracts exist with regard to relations with the parent company Telecom Italia S.p.A. ("Telecom Italia" or "TIM"):

1. Master Service Agreement ("MSA") dated 13 March 2015 between INWIT and Telecom Italia regarding the provision by the Issuer to Telecom Italia of integrated services consisting of: (i) the provision of suitable premises to accommodate and install Telecom Italia systems, (ii) power and air conditioning systems, (iii) monitoring and security services, and (iv) maintenance and management on the transferred sites (the Existing Sites).

The MSA will run for eight years from the effective date (1 April 2015) and will automatically be renewed for a further eight years up to a maximum of 24 years, unless terminated with at least 12 months' notice prior to each expiry date.

The contract also contains a clause according to which, if there is a change of control before the end of the seventh year from the effective date, each party will have the right (article 1331 of the

Civil Code) to exercise in writing, by that date, an option to automatically renew the MSA for a further eight-year period (and so on, until the expiry of the 16th year after the effective date). In such a case, the right of termination, which can be exercised by either party ahead of the first eight-year period after the effective date as provided for above, will not be applied and if already exercised, will be invalid.

The MSA contains a non-disclosure and confidentiality clause.

2. Framework Agreement for Infragroup Services of 7 May 2015 between INWIT and Telecom Italia, governing the terms and conditions of the supply by Telecom Italia of the services listed in Annex 1 (surveillance services; employee health and safety and environmental protection services; administration/accounting services; facility management services).

In relation to cases of change of control, the framework agreement allows Telecom Italia to withdraw from the agreement and from all or part of the above-mentioned services, in the event that INWIT is no longer part of the Telecom Italia Group.

In any case of termination of the agreement and/or of one or more of the above services for any reason, Telecom Italia will continue to provide the Services at INWIT's request for a period to be agreed, but for no more than six months after termination of the Agreement, on the understanding that the service tariffs in force at the time of termination will continue to apply and that the Agreement will remain effective during that period, insofar as necessary.

The framework agreement contains a non-disclosure and confidentiality clause.

3. Agreement of 11 December 2015 between INWIT and Telecom Italia defining the financial conditions for the Logical Carve-out Project, completed by 30 June 2015. It provides for the continuation of the service on the INWIT Specific System, based on terms and conditions to be defined in separate agreements.

The Agreement provides that if INWIT is no longer a subsidiary (within the meaning of article 2359 of the Civil Code), Telecom Italia will not guarantee the continued validity of the SAP license being used by INWIT.

The Agreement contains a confidentiality obligation.

4. Mandate with representation agreement of 20 March 2015 between INWIT and Telecom Italia, relating to the non-exclusive execution of instrumental and non-instrumental legal acts regarding the acquisition of products, services, tangible and intangible assets, including the leasing of movable assets and the general management of relations with suppliers and related activities.

The mandate agreement provides that for the purposes of article 1727 of the Civil Code, good cause for discontinuation of the mandate by the representative, Telecom Italia will be the case in which Telecom Italia no longer has a relationship of control over the principal, whereby relationship of control expressly refers to the provisions of article 2359 (1) of the Civil Code.

5. Contracts for the subletting of parts of buildings used as office space and annexed facilities for INWIT personnel, held by Telecom Italia and made on 19 March 2015. The contracts provide that if INWIT is no longer classified as a Group company, INWIT must take out specific insurance cover and maintain that insurance throughout the term of the lease: civil liability (third parties

and employees); to cover damage to its property, and tenancy risk, up to an amount equal to the value of the least parts. When the above event occurs, it must also take out guarantees of an amount equal to three months' installments of the annual subletting rents. The guarantees will remain in force throughout the term of the contract including any renewals or extensions, and for six months after the final expiry date.

The contracts include a confidentiality obligation.

6. Lease agreement relating to Infrastructure Sites, made with Telecom Italia on 19 March 2015, which provides that if INWIT no longer has an intercompany current account, when that event occurs, INWIT must provide an appropriate guarantee (the "Guarantee") equal to three months' rent, issued by a national bank or insurance company with a national presence. The Guarantee will remain valid throughout the term of the contract, including any renewals or extensions and for six months after the final expiry date.

The contract contains a confidentiality obligation.

Also, the finance agreement granted by Telecom Italia Finance S.A. (a company controlled entirely by Telecom Italia) on 20 December 2017 up to a maximum of 70 million euros provides for early reimbursement of the loan if there is a change of control of INWIT.

Also refer to: (i) the finance agreement made on 8 May 2015 with a pool of banks, for (a) a Term Line *Term* of 120 million euros, fully utilized, and (b) a Revolving Line of 40 million euros, completely unused: the finance agreement contains a change of control clause; a change of control gives the lending banks the right to ask the Company to repay, in advance, the sums paid and to cancel the Revolving Line.

Finally, with reference to the procedure referred to in article 47 of Law no. 428/1990, concerning personnel from Telecom Italia's Tower business units, which has been transferred to INWIT, (i) Telecom Italia agreed, for the operations of that unit relating to the legal and administrative management of the Towers, in the event of loss of control over the Issuer, to acquire the employment contracts of personnel classified as employees with an ongoing individual assignment, if those employees made a formal request for transfer during the 30 days after the announcement of the event; and (ii) INWIT made an undertaking, in the event that Telecom Italia retains control of it, to keep the existing work site (in the sense of the municipal work area) and not to start collective redundancy procedures apart from those not opposed, for a period of 24 months starting from the date on which the transfer of business unit took effect.

In relation to public offerings, the company statute does not contain any variations to the provisions on the passivity rule provided for in article 104 of the TUF, nor do they provide for any neutralization rules as envisaged in article 104-*bis* of the TUF.

#### **i) Powers to increase share capital and authorizations of share buy-backs**

Currently there are no resolutions by the Meeting of Shareholders that would authorize the Board of Directors to increase the share capital.

The Meeting of Shareholders of 13 April 2018 authorized the Board of Directors (article 2357 of the

Italian Civil Code) to proceed with the purchase (and subsequent disposal) also in several installments, of up to 400,000 ordinary shares in the Company (representing approximately 0.07% of the share capital) for a total expenditure of up to €2,300,000, to service the implementation of the 2018-2020 share incentive plan.

On 31 December 2018, INWIT held 222,118 own shares.

#### **j) Direction and coordination**

The Company is subject to direction and coordination by Telecom Italia, for the purposes of article 2497 *et seq* of the Italian Civil Code.

At the meeting on 7 November 2017, after a lengthy preliminary process, the Board of Directors approved the adoption of Group Regulations aimed at defining the framework for the exercise of direction and coordination by TIM S.p.A. of all the Group subsidiaries, and set out the principles, limits, scope and procedural methods. The document is available on the Company's website at [www.inwit.it](http://www.inwit.it), in the Governance/Governance system section.

### **4. COMPLIANCE**

INWIT is a public company limited by shares (*società per azioni*) headquartered in Italy and subject to Italian and EU law.

As indicated above, INWIT has adopted the Italian Stock Exchange Code of Self-Governance updated in July 2018, and adapts its own corporate governance system to reflect the national and international best practices in this area.

### **5. BOARD OF DIRECTORS**

#### **5.1. Election and substitution**

According to article 13 of the company statute, the Board of Directors (comprising a minimum of seven and a maximum of 15 directors, as determined by the Meeting of Shareholders) is elected on the basis of lists presented by those entitled to vote and who, overall, own the number of shares required by Consob. In this regard, in its decision number 13 of 24 January 2019, Consob set that quota at 1%, for INWIT.

Lists containing three or more candidates must include both genders, and candidates of the less represented gender must be at least one-third of the total, with rounding to the higher integer if the number is not a whole number.

The list obtaining the highest number of votes (the Majority List) will produce four fifths of the directors to be elected, in the order in which they were listed. If the number is not a whole number, it will be rounded down. The other directors will be taken from the other lists. For this purpose, the votes obtained will be divided by progressive whole numbers, from one up to the number of directors to be elected and the quotients will be allocated to the respective candidates according to the order of

listing. The quotients thus allocated will be ordered in a single descending ranking, and the candidates matching the highest quotients will be elected.

If multiple candidates obtain the same quotient, the candidate from the list that has not yet elected any director or which has elected the smaller number of directors, will be elected.

If none of those lists has yet elected a director or if they have all elected the same number of directors, the candidate from the list that obtained the highest number of votes from those lists will be elected. If there is a tie, and if the quotient is the same, a new vote will be held by the entire meeting and the candidate that obtained the simple majority will be elected.

For the appointment of Directors who, for any reason were not appointed according to the above procedure, the Meeting of Shareholders will vote on the basis of the majorities required by law.

If the composition of the resulting body does not allow a gender balance, taking into account the order of listing on the list, the most recently elected people from the majority list of the most representative gender will lose their positions, up to the number needed to ensure that the gender balance requirement is met and they will be replaced by the first non-elected candidates from the same list, of the less represented gender. In the absence of candidates of the less represented gender on the Majority List in sufficient number to proceed with the replacement, the Meeting of Shareholders will supplement the Board with the majorities required by law, thus ensuring that the requirement is met.

Starting from the re-election of the Board of Directors on 13 April 2018, any lists with a number of candidates of three or above must be composed of candidates from both genders, so that at least one-third (rounded up) of the candidates belong to the less represented gender.

### ***Succession plan***

On 16 March 2017 the INWIT Board of Directors, following a preliminary procedure conducted by the Nomination and Remuneration Committee, approved a succession plan for the executive directors, and the replacement plans for the CEO and key managers.

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 process used by the parent company Telecom Italia, and the best practices of leading Italian public companies, the ideal 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.

The succession plan is activated if there is a need to replace the CEO or Chair due to unforeseeable

events. In this eventuality, if the CEO resigns his/her powers will provisionally be allocated to the Chair until the new CEO takes office. If the Chair resigns, he/she will be replaced by the CEO or director who is oldest in terms of age, until the new Chair takes office.

In the event of resignation of the CEO due to expiry of mandate, the Nomination and Remuneration Committee – on the instructions of the Board of Directors and with the support of the human resources department – will begin the search for candidates to take over as CEO. The names will then be submitted for approval by the Board of Directors.

At the end of 2018, the human resources department, which manages and implements the succession plans, began a periodic update by checking the selection of successors, in terms of suitability for the role. It will report to the Nomination and Remuneration Committee on the findings and on the process KPIs.

## **5.2. Composition**

The current Board of Directors was appointed by the Meeting of Shareholders of 13 April 2018; the number of Board members was decided to be 11, and the term of office to be three financial years (until the date of the Meeting called to approve the financial statements on 31 December 2020). The directors were also authorized to continue the activities indicated in their respective CVs, and were released from the competition prohibition (article 2390 of the Civil Code).

In accordance with the statutory provisions, two lists were submitted, respectively by the controlling shareholder Telecom Italia S.p.A. and by a group of asset management firms and international investors; the highest number of votes (with 71.76% of the capital represented at the meeting) was obtained by the Telecom Italia S.p.A. list, and therefore all the eight candidates on that list were elected as directors: Stefano Siragusa, Giovanni Ferigo, Francesca Balzani (independent), Gigliola Bonino, Mario Di Mauro, Luca Aurelio Guarna (independent), Agostino Nuzzolo and Filomena Passeggio (independent).

Two of the three candidates on the asset management firm and international investors list were also elected as directors, namely Laura Cavatorta and Secondina Giulia Ravera who also declared themselves to be independents. The third candidate on the asset management firm and international and investors list subsequently announced (on 11 April 2018) that they were unwilling to accept the position. To replace that person, the Meeting appointed, with the legal majorities, the candidate proposed by Telecom Italia, Enrico Maria Bignami (formerly Chair of the Board of Statutory Auditors between 2015 and 2017). He declared that he met the independence criteria.

The Board of Directors verified collective and individual compliance with the directors' criteria at the first meeting following its election (13 April 2018).

The gender representation (five women and six men) was met by the inclusion on the Board of the directors Balzani, Bonino, Cavatorta, Passeggio and Ravera, considering that the less represented gender was higher than the quota (one third of the total) required by law, the stock exchange regulations and the statute. The CVs of the members of the Board of Directors are available at [www.inwit.it](http://www.inwit.it), in the Governance/Corporate bodies/Board of Directors section.

Table 2 contains information about the composition of the Board of Directors in office, and the

changes during 2018.

### ***Diversity criteria and policies***

The section of the statute on the election of the Board of Directors takes into account the legal provisions that require a predetermined quota of members to be reserved for the less represented gender. For a description of the procedure for submitting slates that ensure the presence of the less represented gender in line with the set proportion, refer to article 13 of the statute. There are five members of the less represented gender on the Board of Directors. The percentage is therefore higher than the legal requirement.

In the awareness that the inclusion of members from different professional backgrounds with different managerial experience and different genders is an opportunity and a value, the Company's statute, which was adopted ahead of its listing, provided that reserving a predetermined quota of members of the Board of Directors and of the Board of Statutory Auditors to the less represented gender should be permanent, instead of just for three terms of office as required by law.

Although the Company has not yet adopted further diversity policies in relation to the age, qualifications and educational/professional backgrounds of its directors, the Company does pay attention to diversity issues regardless of legal requirements.

Since it was incorporated, INWIT's human capital management policy has promoted equal treatment and equal opportunities between the genders and within the whole organization and the Company has monitored the progress of this policy.

The adoption of these principles is mainly guaranteed through the hiring policy, human resource management and development policy, and reward policy.

The hiring policy has increased the number of women in the organization: in 2015 women made up 25% of the total workforce while at the end of 2018 this percentage had risen to 40%. The increased presence of women has been seen in all company departments that have taken on new hirings: in the staff and also the line departments, where typically men were prevalent.

The managerial development policy has also been inspired by the principles of equal opportunities and the rebalancing of the gender gap: 50% of top management positions represented by the front line reporting to the CEO have been allocated to women. The position of Chief Technology Officer, which is typically characterized by technical know-how and traditionally allocated to men, is currently held by a woman.

Also in terms of the gender pay gap, the Company is committed to adopting – with the monitoring of the Nomination and Remuneration Committee – reward policies aimed at ensuring the alignment of salaries to bridge the gap between men and women with the same operational roles or managerial positions.

### ***Maximum number of directorships in other companies***

According to the principles of self-governance, the position of director of the Company is not



compatible with the holding of a directorship or auditorship in more than five companies other than those directed and coordinated by Telecom Italia S.p.A. or controlled by or related to Telecom Italia,

- or listed on the FTSE/MIB index and/or
- mainly operating in the financial sector for the public and/or providing banking or insurance services.

In the case of executive directors in companies with the characteristics listed above, the limit is reduced to three. The Board of Directors may make a different assessment (which must be disclosed in the annual corporate governance report), and may depart from these principles. If a director holds positions in multiple companies in the same Group, this is considered a single position in the scope of that Group, for the purposes of calculating the number of directorships.

The Directors who served during the 2018 financial year respected the accumulation limits indicated above.

### ***Induction***

In 2018, the directors and statutory auditors attended two management induction days as required by article 2.C.2. of the Italian Stock Exchange Code. The aim is to provide them with adequate knowledge of the sector in which the Company operates, the evolution of its business, its markets and business trends; topics relating to corporate governance, internal control and risk management were also addressed.

Information about the same topics was also provided during the Board meetings.

Updates regarding the regulatory framework and self-governance rules have been included in specific memoranda.

### **5.3 Role of the Board of Directors**

The Board of Directors met seven times during 2018; the directors were given documents in good time to allow them to participate with the necessary information; Where confidentiality or urgency meant that the notice period could not be respected, adequate discussions took place during the Board meeting. Where required by the topic under discussion, representatives of company management or external consultants able to provide the necessary professional support, were invited to attend the meeting.

The average duration of the meetings was 2 hours and 17 minutes. The percentage of attendance was 92% (98% for independent Directors). During 2019 the committee has met three times. Another three meetings are currently planned.

### ***Tasks reserved for the Board***

Without affecting the application of the code of self-governance on issues reserved for the Board sitting in plenary session, according to the principles of self-governance, the following matters are considered to have a significant impact on the activities of the Company and of the Group, and as such are subject to a prior decision by the Board:

- agreements with competitors, which in terms of the commitments, influences and limits that may result will have a long-term impact on the freedom of strategic business decisions (such as

partnerships or joint ventures);

- investments and divestments exceeding 50 million euros, and in any event purchases or sales of shareholdings, or businesses or business units that are of strategic significance in the overall framework of the business; operations that, during or afterwards, may result in commitments and/or acquisitions or disposals of that type and scope;
- the acceptance of loans for amounts exceeding 50 million euros and the granting of loans and guarantees in favor of non-subsidiary companies for amounts exceeding 50 million euros; transactions that, during their execution or on completion, can create commitments and/or acts of this nature and scale;
- the listing and delisting on regulated European or non-European markets, of financial instruments issued by the Company or by Group companies:
- acts or transactions that result in: (i) the entry to or exit from commodity markets; (ii) the overrunning by more than 25% of the total value of the budgeted industrial investments;
- any of the above transactions to be carried out by subsidiary companies.

The progress of business management will be evaluated from time to time during the various meetings. Specifically, it will be assessed by comparing the results against the budget objectives when the financial reports and management data are examined.

During the year, the Board of Directors evaluated the structure of the organization, the administration and general accounting of the business, based on the information supplied by management, also relying on the work done by the Control and Risks Committee with regard to the internal control and risk management system.

### ***Self-assessment***

In accordance with Application Criterion 1.C.1. para. g) of the code of self-governance, the Board of Directors has conducted a self-assessment process.

Taking into account the fact that 2018 was the first year of the term of the current Board, the decision was taken to rely on a consultant, partly in order to structure the process. The Nomination and Remunerations Committee as selected the consulting firm Key2People, which has no incompatibilities and has not provided services of the same type to the Company or to other TIM Group companies.

The process, coordinated by the Nomination and Remuneration Committee, was conducted by means of a questionnaire completed by members of the Board of Directors and by the Chair of the Board of Statutory Auditors. This was followed by individual interviews (including the secretary to the Board).

The areas investigated were: the composition, role and functioning of the Board of Directors, the areas of expertise and experience of its members, relations between the directors and those between the Board and management; governance of the risks, role, composition and functioning of the committees.

The process was completed in the first half of February.

A substantially positive assessment emerged from the review: in particular, with regard to the composition of the Board of Directors - which has been reinforced with managerial profiles, customary to company dynamics - the mix of skills that is useful in discussion and in the contribution of opinions is appreciated. Appreciation was also confirmed, as last year, for the work done by the Board Committees.

The process highlighted the potential for further improvement in the increase in the frequency of Board meetings and the increase in induction sessions, in particular on issues of business, technological developments in the sector and sustainability.

### ***Competing activities***

The Meeting of Shareholders of 13 April 2018 authorized the continuation of the activities of the directors elected at that time, releasing them from the competition prohibition (article 2390 of the Civil Code).

During 2018 there were no problems in terms of the specific law on competition and directors' interests.

During the review of a contract to be entered into with the parent company, the Board of Directors was reminded (articles 2391 of the Civil Code) of the executive contracts held by four of the directors (Stefano Siragusa, Gigliola Bonino, Mario Di Mauro and Agostino Nuzzolo) with TIM.

### **5.4. Delegation of powers**

The award and revocation of powers delegated to the directors is the remit of the Board, which determines the object, limitations and mode of exercise of these powers.

At the meeting on 13 April 2018 the Board of Directors appointed Stefano Siragusa as the Chair of the Board of Directors, and Giovanni Ferigo as the CEO and director-general.

The Chair was given not only the power of legal representation and the powers to which that role is legally entitled, but also the power to represent the Company in external dealings with authorities, Italian and international institutions, investors and the media.

Giovanni Ferigo was granted the same powers of management as those granted to the previous CEO, specifically the power of legal representation of the Company, responsibility for market disclosures and strategic management, for overall governance of the Company and of the group, and for the management of extraordinary transactions. He was given the responsibility of defining the internal control system in execution of the Board of Directors' directions, ensuring that the system is adapted to reflect changes in operating conditions and in the legal and regulatory context.

At 31 December 2018, the following functions reported to the CEO:

- *Marketing & Sales*, headed by Emilio Maratea;
- *Administration, Finance and Control & Business Support*, headed by Andrea Balzarini, to whom the following departments report: *Administration, Control and Risk Management*, headed by Rafael Perrino, and *Investor relations*, headed by Marco Vitale;
- *Technology & Operations*, headed by Elisa Patrizi;

- *Legal, Corporate Affairs & Compliance*, headed by Rocco Ramondino;
- *Human Resources*, headed by Gabriella Raffaele;
- *Institutional and External Communication*, headed by Marco Signoretti.

With effect from 28 January 2019, responsibility for *Marketing & Sales* was given to Gabriele Abbagnara and responsibility for *Legal, Corporate Affairs & Compliance* to Salvatore Lo Giudice.

### **5.5 Other Executive Directors**

At 31 December 2018, the executive directors were the Chair Stefano Siragusa and the CEO and director-general Giovanni Ferigo.

### **5.6 Independent directors**

INWIT has adopted the principles of the Italian Stock Exchange Code of self-governance, regarding the independence of directors.

At the meeting on 13 April 2018 the Board of Directors checked the independence requirements of its members who were elected by the Meeting of Shareholders on the same date. It found that six of the 11 directors met the independence requirements as defined in the Finance Consolidation Act and Code of Self-Governance: Francesca Balzani, Enrico Maria Bignami, Laura Cavatorta, Luca Aurelio Guarna, Filomena Passeggio and Secondina Giulia Ravera.

During the meeting held on 18 April 2018 the Board of Statutory Auditors verified the requirements and the proper application of the independence criteria.

Continued compliance with the independence requirements by the six directors named above was verified by the Board of Directors on 18 February 2019. For its part, on 27 February 2019, the Board of Statutory Auditors renewed its checks on the independence criteria and on their proper application.

### **5.7 Lead Independent Director**

At the meeting on 10 May 2018, at the suggestion of the independent directors, the Board of Directors nominated as *Lead Independent Director* the director Enrico Maria Bignami, to act as point of reference and coordinator for issues and contributions raised by the independent directors. The *Lead Independent Director* can delegate business units to exercise his duties and can hold Independent Directors' Executive Sessions to discuss issues that relate to the operation of the Board or the management of the Company.

During 2018 the independent directors met twice.

## **6. MANAGEMENT OF COMPANY INFORMATION**

INWIT has adopted a complex system of rules and procedures for the proper management of the information handled within the Company, in accordance with the regulations applicable to various

types of data; these rules act on the organizational and technical plan and on the operating procedures. Data processing supported by the information systems and processes relating to the development, maintenance and exercise of these systems, which are based on specific company requirements and rules.

Following the entry into force in July 2016 of EU Regulation No. 596/2014 (Market Abuse Regulation, MAR), at its meeting on 25 July 2017 the Board of Directors approved the new "Privileged information and insider dealing procedure" – replacing the previous "Procedure for the internal management and public disclosure of privileged information" – which is available at [www.inwit.it](http://www.inwit.it) in the *Governance section*.

The document:

- provides rules for the identification of inside information (defining criteria and responsibilities/processes). The decision was taken with the necessary intervention of the Heads of Legal and Investor Relations, within their respective remits, for the purposes of standardizing the opinions;
- extends the safeguards to protect the confidentiality of inside information to information that still does not possess the requirements of precision, but which, if it should become precise, would be liable to be qualifiable as inside information;
- sets out the obligations and prohibitions deriving from access to inside information, or from the possibility of generating such information (which is a typical characteristic of insiders), emphasizing the principle that knowledge and application of the regulation that applies to informed people and/or insiders are the personal responsibility of the respective recipients;
- provides rules for the phase of public disclosure (and delay in disclosure) of inside information, setting out the roles and responsibilities of the various subjects involved;
- describes the ways in which the obligation to draw up lists of people who have access to inside information may be complied with, envisaging the activation of a specific supplementary section applicable only to those who have permanent access to all the Company information that qualifies as inside information (essentially: the CEO and the Departments structurally involved in verifying whether or not information is privileged);
- contains a series of operational references, application and interpretational criteria regarding insider dealing;
- sets out the legal penalty regime that applies in case of non-compliance with the relevant law, also setting out the contractual responsibility aspects of breaching this regime (and its possible consequences).

The privileged information and insider dealing procedure is currently being updated to take into account the indications contained in the Guidelines published by Consob on 13 October 2017, on the management of privileged information. These guidelines contain "a possible model of reference for the Issuer partly based on applicable provisions and partly based on the indications of Consob", without any prescriptive content or changes to the organizational structure that took place during 2018.

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At the meeting on 27 February 2015 the Board of Directors decided to vary its obligations to make disclosures in the case of significant mergers, demergers or capital increases by contributions in kind, acquisitions or disposals.

## **7. INTERNAL BOARD COMMITTEES**

The Board has a Nomination and Remuneration Committee, a Control and Risks Committee and a strategic committee, whose functions are described in the Company's principles of self-governance and in the respective regulations (available at [www.inwit.it](http://www.inwit.it) in the Governance section). The Chairs of each Committee (who all have consultative and investigative functions) report to the full Board on the issues discussed at the first useful meeting.

In relation to the completion of significant related party transactions, the procedure adopted by INWIT in accordance with the Consob related party regulations (which remained in force until 31 December 2018, see paragraph 13) requires the approval of the Board of Directors, after consultation of a committee formed of all the independent directors in office.

## **8. NOMINATION AND REMUNERATION COMMITTEE**

### ***Composition and functioning***

The regulations of the Nomination and Remuneration Committee (in this paragraph the "Committee") are contained in the Company's principles of self-governance and also in the specific regulations approved by the Board of Directors at the meeting on 27 July 2015 (documents available at [www.inwit.it](http://www.inwit.it) in the *Governance section*); The document was approved by the new committee appointed on 13 April 2018 and did not require amendments. At the meeting on 13 April 2018, following the Meeting of Shareholders that elected the new Board of Directors for 2018-2020, the Board of Directors decided that the number of members would be three (previously five), and appointed the non-executive independent directors Enrico Maria Bignami, Laura Cavatorta and Filomena Passeggio. At the first committee meeting held on 8 May 2018, director Passeggio was appointed Chair. All members of the committee have satisfactory expertise in financial matters and pay policies.

### ***Functions and activities***

The committee – based on operational efficiency reasons – performs the duties and responsibilities set by the Stock Exchange Code for the Nomination and Remuneration Committee, in accordance with the principles of self-governance.

With regard to the specific remit of the remuneration committee, in accordance with article 5, application principle 5.C.1 of the code of self-governance, the committee:

- a) provides opinions to the Board of Directors in relation to the size and composition of the Board, and expresses recommendations about the roles whose presence on the Board would be appropriate, as well as the topics referred to in articles 1.C.3 and 1.C.4;
- b) proposes candidates to the Board of Directors, for the position of director in the cases of co-opting, or where there is a need to replace independent directors.

In addition, with regard to the specific remit of the remuneration committee, in accordance with article 6, application principle 6.P.4 and application principle 6.C.5 of the code of self-governance, the Committee:

- a) proposes to the Board the adoption of the directors' remuneration policy and the policy for directors with strategic responsibilities;
- b) periodically checks the adequacy, overall cohesion and concrete application of the remuneration policy for directors and directors with strategic responsibilities, relying in this regard on the information supplied by the directors with delegated powers; makes proposals to the Board of Directors in this regard;
- c) makes proposals or gives opinions to the Board of Directors regarding the remuneration of the executive directors and directors holding specific offices, and on the setting of performance targets correlated to the variable pay component; monitors the application of the decisions taken by the Board, checking that the performance targets have effectively been reached.

In addition, in accordance with the INWIT principles of self-governance, the Committee:

- a. establishes the procedure and period for the annual evaluation of the Board of Directors;
- b. proposes criteria for distributing the overall annual remuneration decided by the Meeting of Shareholders for the whole Board of Directors;
- c. performs the other tasks assigned to it by the Board of Directors.

During 2018 the committee met nine times. The average duration of the meetings was 2 hours and 25 minutes, and the attendance rate at the meetings in 2018 was 100%. Three meetings have already been held in 2019.

For a description of the work done by the Committee, please see the report on remuneration for 2018, which can be found on the Company's website at [www.inwit.it](http://www.inwit.it) in the *Governance section*.

The Board of Directors was informed of the work done by the Committee, on various occasions, at the next available meeting.

The Committee (these meetings were attended by the Chair of the Board of Statutory Auditors or by another auditor appointed by him, without affecting the right of all the statutory auditors to attend), was also given access to the information and company departments as necessary, to perform its duties. The Committee was not allocated a fixed budget, but it can engage external consultants independently.

## **9. REMUNERATION OF DIRECTORS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES**

Information about the remuneration of directors and executives with strategic responsibilities can be

found in the remuneration report, which is available on the Company's website at [www.inwit.it](http://www.inwit.it) in the *Governance section*.

For specific details on the individual sections of the report on remuneration, refer to the comparison table above.

## 10. CONTROL AND RISKS COMMITTEE

### ***Composition and functioning***

The regulations of this committee (in this paragraph the "Committee") are contained in the Company's principles of self-governance and also in the specific regulations approved by the Board of Directors at the meeting on 27 July 2015 (documents available at [www.inwit.it](http://www.inwit.it) in the Governance section); The document was approved by the new committee, appointed on 13 April 2018 and did not require amendments.

At the meeting on 13 April 2018, following the Meeting of Shareholders that elected the new Board of Directors for 2018-2020, the Board of Directors decided that the number of members would be three (previously five), and appointed the non-executive independent directors Francesca Balzani, Luca Aurelio Guarna and Secondina Giulia Ravera, who all have the necessary expertise with regard to accounting, finance or risk management. At the first committee meeting, held on 9 May 2018, director Luca Aurelio Guarna was appointed as Chair.

### ***Functions and activities***

The Committee is an advisory and propositive body, which according to article 7, principle 7.P.3, para. (A)(ii) of the code of self-governance has the task of supporting the assessment and decisions made by the Board of Directors by carrying out appropriate investigations into the internal control and risk management system, and also approves the periodic financial reports.

In accordance with article 7, application principle 7.C.2 of the code of self-governance, in assisting the Board of Directors, the Committee:

1. together with the executive responsible for preparing the Company's accounting documents, after having obtained the opinion of the external auditor and the Board of Statutory Auditors, assesses whether or not the accounting principles have been correctly applied, and, in the case of groups, their consistency for the purposes of preparing the consolidated financial statements;
2. expresses opinions on specific aspects relating to the identification of the principal business risks;
3. examines the periodic reports on the overall evaluation of the internal control and risk management system and significant reports prepared by internal audit;
4. monitors the autonomy, adequacy, efficiency and effectiveness of *internal audit*;
5. may ask *internal audit* to carry out checks in specific business areas, and simultaneously reports to the Chair of the Board of Statutory Auditors;



6. reports to the Board of Directors at least once every six months at the time of approving the annual and half-yearly financial reports, on the work done and on the adequacy of the internal control and risk management system.

In accordance with article 7, application principle 7.C.1 of the code of self-governance, the Committee gives the Board of Directors its opinion on:

1. the definition by the Board of Directors of the guidelines for the internal control and risk management system, so that the main risks affecting the Company and its subsidiaries are properly identified, adequately measured, managed and monitored, and it also determines the level of compatibility of those risks with a management style that reflects the strategic objectives;
2. a periodic assessment (by the Board of Directors) at least once a year, of the adequacy of the internal control and risk management system compared to the characteristics of the business and the risk profile, as well as its efficiency;
3. approval at least once a year by the Board of Directors of the plan of action prepared by the head of internal audit, after consulting the Board of Statutory Auditors and the director responsible for internal control and risk management;
4. the description by the Board of Directors in the corporate governance report, of the main characteristics of the internal control and risk management system, and an expression of the adequacy assessment of that system;
5. an assessment by the Board of Directors, after consulting the Board of Statutory Auditors, of any results declared by the legal auditor in the letter of recommendations and in the report on fundamental issues emerging during the legal audit;
6. the appointment and revocation by the Board of Directors, of the head of internal audit; The adequacy of the resources available to the head of internal audit for the fulfillment of the Department's responsibilities; The definition by the Board of Directors of the remuneration for the head of internal audit, in line with company policy.

In addition, in accordance with the INWIT principles of self-governance, the Committee:

- exercises a function of high-level supervision on corporate social responsibility, checking that the actions carried out are consistent with the principles of the code of ethics and the values of the group;
- performs the other tasks assigned to it by the Board of Directors.

The Control and Risks Committee takes over the functions and duties of the committee referred to in the procedure for related party transactions.

Meetings of the Committee that are not conducted jointly with the Board of Statutory Auditors are attended by the Chair of the control body (or if he is unable to attend, by another statutory auditor delegated by him, without affecting the right to attend of all the statutory auditors).

In 2018 the Committee, among other things, analyzed the reports of the Audit department, and obtained its assessment of the internal control and risk management system, which it approved and adopted; gave its opinion on the planning of activities, monitoring their progress and, where necessary, requesting specific intervention, and on the provision of audit services to the Company

by a consulting firm appointed after a tender procedure; gave the required opinions on the carrying out of related party transactions adopted by the Company; periodically met with the representatives of the auditing firm to receive information on their activities.

The Committee made a proposal to the Board of Directors, to amend the procedure on related party transactions after carrying out in-depth investigations which also took into account the analysis done by all the independent directors.

The Committee also checked the appropriateness of the procedure for the goodwill impairment testing and testing of the useful life of assets, approved by the Board of Directors, and conducted a procedure to evaluate risk appetite and risk tolerance.

The Committee informed the Board of Directors of the work done on various occasions, at the next available meeting.

The Committee had access to the necessary information and corporate departments for performing its tasks. The Committee was not allocated a fixed budget, but it can engage external consultants independently.

In 2018 the Committee held 10 meetings (of which seven were entirely or partially held jointly with the Board of Statutory Auditors). All the meetings were recorded in minutes with the help of company management, representatives of the auditing firm and external consultants. The average duration of the meetings was 3 hours and 25 minutes, and the attendance rate at the meetings was 100%. The Board of Statutory Auditors was represented by at least its Chair, at all of the meetings.

During 2019 the committee has met three times; currently the Committee does not have an annual plan of activities. As standard practice, it meets prior to all the Board of Directors' meetings, called to approve the periodic financial situations.

## **11. STRATEGIC COMMITTEE**

### **Composition and functioning**

On July 23, 2018 the Board of Directors resolved to set up a Strategic Committee, calling on the Chair of the Board of Directors Stefano Siragusa, the Chief Executive Officer Giovanni Ferigo and the Directors Enrico Maria Bignami (Independent), Mario Di Mauro and Secondina Giulia Ravera (Independent) to be its members.

The regulations of the strategic committee are contained in the principles of self-governance and also in the Regulations available at [www.inwit.it](http://www.inwit.it) in the Governance section).

The Committee reports on the activities performed to the Board of Directors in the most appropriate manner, and in any case on each occasion at the first possible meeting, through its Chair.

### **Functions and activities**

The Committee carries out the duties of a fact-finding and consulting nature attributed to it by the Corporate Governance Principles. In particular, it:

- provides support on strategic matters;

- carries out preliminary assessments on strategic decisions at the request of the Chair of the Board of Directors and of the CEO, and in accordance with their functions and powers;
- provides opinions and formulates recommendations on strategic plan proposals to bring to the Board of Directors.

Meetings are called by the Chair of the Board of Directors or at the request of the CEO.

In 2018 two meetings were held, lasting for an average of 1 hour 30 minutes, and they were attended by all the members. The meetings focused on the technological scenario in which the Company operates, its development program, and the Towers market in Italy.

During 2019 the Committee has met once.

## 12. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

### ***Structure and organization***

The Internal Control and Risk Management System (hereafter, for the sake of brevity, the internal control system) is organized and operates in accordance with the principles and criteria set out in Borsa Italiana's Code of Corporate Governance. It is an integral part of the general organizational framework of the Company and of the Telecom Italia Group, and involves a number of actors who operate in a coordinated manner according to their respective responsibilities, as follows: the Board of Directors is responsible for strategic guidance and supervision; the CEO and management are responsible for monitoring and managing the Company's operations; the Control and Risks Committee, and the Head of the Audit Function, have a monitoring role and lend support to the Board of Directors; and the Board of Statutory Auditors has a supervisory role.

An effective internal control and risk management system helps to ensure, among other things, that all the information (not only financial) provided to the corporate bodies and the market, is reliable.

The internal control and risk management system is made up of a system of rules, procedures and organizational structures designed to enable – through an adequate process of identification, measurement, management and monitoring of the main risks – that the management of the business is sound, correct and reflects the set objectives. As such it is a process aimed at pursuing the values of material and procedural fairness, transparency and accountability, which are fundamental to INWIT's business actions, in accordance with the provisions of the code of ethics and conduct of the Telecom Italia Group and the principles of self-governance of the Company (both available at [www.inwit.it](http://www.inwit.it) in the *Governance section*). This process, constantly monitored with a view to progressive improvement, is intended to ensure, in particular, the efficiency of company operations and entrepreneurial conduct, its transparency and verifiability, the reliability of information and management and accounting data, and compliance with applicable laws and regulations as well as the safeguarding of company integrity and its assets, in order to prevent fraud against the Company and the financial markets.

The Board of Directors, being responsible for the internal control and risk management system, sets the guidelines for the system and checks that they are adequate, efficient and function properly, also

checking that the main risks (including the operational, compliance, and financial risks) are properly identified and managed over time.

In making its assessment with respect to 2018, the Board adopted the opinion expressed by the Control and Risk Committee, which considered the current structure of internal controls and the system operating procedures to be substantially adequate with respect to the characteristics of the Company, the related development strategies and the progressive evolution of the organizational structure, expressing the recommendation to the management to ensure utmost commitment to the continuous improvement of the internal control system, including through actions aimed at strengthening the company workforce, should the pursuit of the strategic objectives lead to a gradual increase in the size of the company and the business.

### ***Enterprise Risk Management***

INWIT, in line with the parent company TIM, adopts an enterprise risk management (ERM) system defined on the basis of best practices in order to identify potential events that may influence the fulfillment of the main business targets set in the strategic plan. The ERM system identifies, evaluates and manages risks in a standardized way within the Company, highlighting potential synergies between players involved in the evaluation of the internal control system. Particular focus is placed on the relationship between the ERM and industrial planning processes, particularly in proposing the acceptable level of risk for INWIT (*Risk Appetite*) and in setting the acceptable risk tolerance levels.

The ERM process is designed to identify potential events that may impact on business activity, to bring the risk back within acceptable limits and to provide reasonable assurance of the achievement of the corporate objectives.

The process adopted is cyclical and consists of the following output:

#### ***1. Definition of Risk Appetite and Risk Tolerance***

- Risk Appetite is the amount and type of risk that a company is willing to take, overall, to create value, that is in order to meet their strategic objectives (the Committee of Sponsoring Organizations of the Treadway Commission definition, CoSO 2013). It is defined each year by the Board of Directors during the meetings to approve the industrial plan, and after an investigation by the Control and Risks Committee. If the Risk Appetite level is exceeded, the Board assesses the reasons for this, and the adequacy of the recovery plans.

- Risk Tolerances represents the level of risk that the Company is willing to take, with reference to the single categories of objectives (strategic, operational, compliance and financial: according to the CoSO classification). Within each category of objectives (Strategic, Operational, Financial), the relevant KPIs in the Strategic Plan are identified, on which the Risk Tolerance thresholds that are coherent with the aforementioned definition of Risk Appetite are expressed.

Monitoring of risk appetite and risk tolerances is the subject of periodic reporting to the Control and Risks Committee.

#### ***2. Identification of the Risk Profile***

The *Risk Universe* is a document that contains a description of the main characteristics of all the identified risks, through a process that involves the whole company. These risks are placed on a grid, whose axes are the inherent risk level, tied to the potential differential compared to the industrial plan, resulting from the occurrence of a risk event, and the level of control. The matrix enables intervention priorities for the mapped risks to be directed.

### 3. *Mitigation Actions*

The risks that present incomplete levels of oversight are dealt with through specific mitigation actions with associated projects overseen by the process owner, with the support of the Enterprise Risk Management function.

### 4. *Reporting*

Periodic reports to the relevant company bodies and top management, and also to the parent company, on the above output.

## ***Financial Reporting***

INWIT is aware that financial reporting is of central importance in the establishment and maintenance of positive relations between the Company and its stakeholders, and contributes, along with the company performance, to the creation of value for shareholders.

The system of internal controls over financial reporting is intended to provide reasonable assurance about the reliability<sup>1</sup>, accuracy<sup>2</sup>, trustworthiness<sup>3</sup> and timeliness<sup>4</sup> of financial reports.

In this context, INWIT relies on a regulatory/documentary system composed of the Group accounting principles, accounting and administration procedures, guidelines, operational instructions, accounting manuals and the accounts plan designed to ensure the efficient coordination and exchange of information between INWIT and the parent company, as well the proper formation of the financial statements.

In order to guarantee *compliance* with Italian laws (law 262/2005) and US laws (Section 404 of the Sarbanes Oxley Act, as the Company provides data and financial information to the parent company listed on the NYSE), INWIT operates a risk detection and monitoring model connected to structured, documented financial information based on the *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (CoSO Report).

INWIT's risk management and internal control system on financial reporting is a structured, ongoing process, involving periodic assessment phases designed to document and assess the system's planning and operational efficiency.

The process starts with the identification and assessment of the risks regarding financial reporting.<sup>5</sup>

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<sup>1</sup> Reliability (of information): information that is correct and conforms to the generally accepted accounting standards and meets the legal and regulatory requirements.

<sup>2</sup> Accuracy (of information): information that is neutral and precise. Information is considered neutral if it has no preconceived distortion intended to impair the decision-making process of the recipients in order to obtain a predetermined result.

<sup>3</sup> Trustworthiness (of information): information that is clear and complete such that it would allow investors to make informed investment decisions. The information is considered clear if it facilitates understanding of complex aspects of the company, but without being excessive or superfluous.

<sup>4</sup> Timeliness (of information): information that meets the deadlines required for its issue.

<sup>5</sup> Risk: A potential event that, if it occurs, could compromise the reaching of objectives related to the financial reporting control system (the System), in other words the objectives of accuracy, reliability, trustworthiness and timeliness of financial reporting.

In this context, INWIT identifies, both for Group purposes and for its own independent certifications, the criteria for identifying both the scope of the entities and the “relevant” processes in terms of potential impact on financial reports (meant as all the information contained in the financial statements and notes), and the risks resulting from any failure to reach the general control objectives<sup>6</sup> due to potential unintentional errors<sup>7</sup> or fraud<sup>8</sup>, if they could have a significant impact on the financial information.

The annual process starts with an identification of the accounts and balance sheet disclosures considered to be significant based on qualitative assessments<sup>9</sup> and also in relation to updated materiality criteria.

The reporting units that make a significant contribution to the composition of the pre-selected items are then identified using quantitative criteria and based on specific qualitative assessments.

<sup>10</sup>In tandem with this, the processes associated with the balance sheet items and selected disclosures are then identified and for each process the specific risks are assessed, which contextualize, phase by phase, the risk of not reaching the general control objectives. As this assessment is carried out at least once a year, it takes into account new risks pertaining to financial reporting deriving from changes in exogenous or endogenous factors such as market and competition, internal organization and Information Systems.

The inherent risks relating to components of the<sup>11</sup> *CoSO Report* are assessed in accordance with their distribution in the reference framework.

INWIT represents the system of internal controls on *financial reporting* in line with the *CoSO Report*, by documenting in an organized way<sup>12</sup>, in a specific application, the processes, controls and assessment activities with specific allocations of responsibilities in accordance with the principle of accountability.

The process continues with an operational phase in which the controls are compared against the identified risks. During this phase INWIT updates and documents the in-house controls carried out, which can mitigate the previously identified risks.

In its model, INWIT uses different types of controls aimed at evaluating all five of the control system components relating to the financial reporting reliability objective. The *Entity Level Controls* are defined at Group/Company/Unit level and have a far-reaching impact on the efficiency of the controls defined at process, transaction or application level. Together, all these controls give a representation

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<sup>6</sup> Control objectives: All the objectives the system intends to pursue in order to ensure an accurate, truthful representation in its *financial reporting*. These objectives consist of “balance sheet assertions” (the existence or occurrence, completeness, rights and obligations, assessment and recognition, presentation and information) and other “control objectives” such as compliance with authorization limits, the segregation of incompatible duties, checks on physical security and the existence of assets etc..

<sup>7</sup>Error: within the System, any unintentional act or omission that results in a misleading declaration in the report.

<sup>8</sup> Fraud: within the System, any intentional act or omission that results in a misleading declaration in the report.

<sup>9</sup> According to the provisions of Standard 5 PCAOB (Public Company Accounting Oversight Board).

<sup>10</sup>The standard identified processes are: Procurement, Budgeting.

<sup>11</sup> The components (control environment, risk assessment, control activities, information and communication and monitoring) identify what the internal control system needs in order to realize the company’s objectives (specifically, the reliability of financial reporting).

<sup>12</sup> For example, the business processes of each reporting unit are organized according to a standard hierarchy consisting of standardized documents that are the same for the whole Group (Real Process; Sub-process; Activities; Control Objective) and open documents whose content reflects the specific nature of the management controls and resulting evaluations (Control, Test Design, Efficiency Test). The pillar of INWIT’s control model is the control objective which defines and describes the requirements that management controls need to meet, in order to mitigate specific inherent risks.

of the sensitivity of the organization to issues such as corporate governance, risk management, responsibility for the internal control system, the allocation of powers and responsibilities. *IT General Controls* apply to all systems, processes and data in the IT units, and respond to specific objectives<sup>13</sup>. *Process Controls* are used to control business processes and involve human intervention and/or carried out directly by the underlying or supporting IT applications. The controls are classified according to the various levels of assurance, as primary or secondary controls. The primary controls identify, using risk-based top-down criteria, the set of key controls, in other words those needed to provide a reasonable guarantee that any material errors in the financial reporting are prevented or promptly identified.

This is followed by checks on the identified risks, carried out through specific tests managed by a methodological guide and strategy, which is updated annually. According to risk-based top-down criteria, the tests are differentiated in terms of timing, frequency and depth, depending on the type, classification and other characteristics of the controls. The tests are designed to check the efficiency of the design and the operational efficiency of the control. If the test result is negative due to a control being inefficient in its design or operation, the risk of error will be assessed in terms of probability and impact; The risk is then formally recognized as a control deficiency, and a plan of remedial action is drawn up including timing and responsibilities.

The director responsible for financial reporting <sup>14</sup>(the “Financial Reporting Officer”) of INWIT will periodically report to the Control and Risk Committee and the Board of Statutory Auditors on the findings of the evaluation process described above (in particular, on any control deficiencies considered significant or material in terms of the potential impact in terms of error or fraud, in the financial reports). At each meeting of these Boards, the financial reporting officer will provide a summary of the work carried out to that date.

The certification process is guided by a specific organizational procedure of the Telecom Italia Group, which identifies the roles and responsibilities in the various process phases. Independent certification is required by national law, the financial reporting officer will have final responsibility for the whole process and is directly responsible for periodically setting the scope of application of the reference laws, for the final overall evaluation of the internal controls on financial reporting, and for the management of relations with the auditing firm. Management is responsible for identifying and evaluating the controls compared to the identified risks, and then for evaluating and managing the control deficiencies, as well as for implementing the remedial plans needed to eliminate the deficiencies.

## **12.1 Director in charge of the Internal control and risk management system**

The establishment and maintenance of the internal control system is entrusted to the CEO and to the Financial Reporting Officer, insofar as each is concerned, so as to ensure the overall adequacy

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<sup>13</sup> The integrity of the programs, files and data, the correct development and production of applications, and the correct management of application modifications.

<sup>14</sup> Position attributed by the Board of Directors of the company to the head of *Administration, Control & Risk Management* (See paragraph 12.5).

of the system and its actual operation, from a risk-based perspective, which is also taken into consideration when the Board of Directors' agendas are drawn up.

Within the ERM process, the delegated officer deals with identifying the main business risks (strategic, operational, financial and compliance), with regard to the operational areas covered by his remit, taking into account the characteristics of the Company's business. He implements the guidelines set by the Board, dealing with the planning, implementation and management of the system of internal controls and risk management, and constantly checking its adequacy and efficiency. He reports to the Board of Directors about the issues and criticalities emerging during these activities. He can also ask the Audit department to carry out audits on specific operational areas, and on compliance with internal rules and procedures in executing business operations. A simultaneous report is given to the Chairs of the Board of Directors, the Control and Risks Committee and of the Board of Statutory Auditors.

## **12.2 Head of Audit**

In accordance with the Company's Code of Self Governance, in exercising the Board of Directors' responsibility for the internal control and risk management system, the Board also avails itself of the services not only of the Internal Control and Risk Management Committee, but also of the head of the Audit Function, which enjoys its own organizational independence and has sufficient adequate resources to carry out its own activities. They are responsible for supporting the administrative and control bodies in verifying the adequacy, full operation and effective functioning of the risk management and control system, and consequently for proposing corrective measures in the event of anomalies or shortcomings.

In accordance with the Italian Stock Exchange Code, the Head of Audit:

- 1) Oversees the operation of the system of internal controls and risk management, on an ongoing basis and also in relation to specific requirements in accordance with international standards, through an audit plan approved by the Board of Directors and based on a structured process of analysis and prioritize of the main risks;
- 2) is not responsible for any operational area and reports directly to the Board of Directors;
- 3) has direct access to all information useful for the performance of his or her duties;
- 4) drafts periodic reports containing information on his or her own activity, and on the risk management process, as well as about compliance with the plans defined to mitigate these risks. The periodic reports contain an assessment of the Company's internal control and risk management system in relation to the processes examined;
- 5) prepares timely reports on particularly significant events;
- 6) Sends the reports mentioned in paragraphs 4 and 5 to the Chairs of the Board of Statutory Auditors, the Control and Risks Committee and to the Chair of the Board of Directors and the CEO, as they are responsible for the internal control and risk management system;
- 7) within the audit plan, checks reliability of the information systems including the accounts recognition system;



The Audit function carries out its mandate by providing the following services:

- assurance, through interventions to assess the governance, risk management and control processes of the organization (audits and complementary activities, “third level” controls, including the monitoring and follow-up on the implementation of the improvement plans defined by the structures in question);
- consultancy to support company departments on the subject of governance, risk management and control (including, for example, participation in company work groups, training initiatives and risk response tables initiated as part of the risk management process, as well as specific analyses for professional contributions).

The head of Audit also plays a role in guaranteeing compliance with the principles and values expressed in the code of ethics and conduct. For this purpose he receives, examines and deals with whistleblowing reports relating to suspected breaches of laws, regulations and external provisions that may apply to the Company, or breaches of the code of ethics of the TIM Group, the Group’s human rights policy, the 231 organizational model of the Group, and of internal procedures. He will also consider any complaints and reports received from the Board of Statutory Auditors (which may relate to its role as the 231 supervisory body).

Reports can be made anonymously by employees, contractors, consultants, service providers or third parties who have dealings with the Group.

The Audit function utilizes professional and financial resources that reflect its own organizational mandate, in accordance with the requirements of autonomy, adequacy, efficiency and effectiveness of the audit function, as required by the Stock Exchange Code.

The head of Audit will promote, develop and maintain a program of assurance and improvement, covering every aspect of the internal audit activity. The program includes an assessment of compliance with the International Professional Practices Framework (IPPF) and the Company internal audit procedures, and a continual assessment of the effectiveness and efficiency of its work, also with reference to best practice for the sector.

The head of Audit will periodically report to the Board of Directors through the Control and Risks Committee, about the results of these assessments.

As permitted by the Company's Code of Self Governance, and as decided by the Board of Directors, subject to the opinion of the Control and Risks Committee, the Audit Function avails itself, through a specific Framework Agreement, of the services of an audit firm, selected following a specific call for tenders, in order to carry out its own activities.

### **12.3 231 Organizational model pursuant to Legislative Decree 231/2001**

The internal control system is completed by the “231 Organizational Model”, that is, an organizational and management model adopted pursuant to Italian Legislative Decree no. 231/2001, designed to prevent criminal offenses that may entail the Company's liability. The organizational model comprises:

- the code of ethics and conduct of the Telecom Italia Group, which indicates the general

principles (transparency, fairness and loyalty) that inspire the Company's actions and the conduct of its business;

- the "general principles of internal control", which are tools designed to provide a guarantee of the fulfillment of objectives linked to efficiency and effectiveness, the reliability of financial and management information, compliance with laws and regulations, safeguarding of company assets, and protection against fraud;
- the "rules of conduct", consisting of specific rules governing relations with third parties, formalities and corporate activities;
- the "internal control models" that describe business processes at risk of crime, any predicate offenses relating to them, the preventive control activities and the behavioral indications aimed at avoiding the related risks.

The internal control models have been prepared in accordance with the following basic principles: (i) the separation of roles in undertaking the principal activities involved in business processes; (ii) the traceability of decisions, to allow for identification of specific points of responsibility and the motivations for the decisions themselves; and (iii) the objectification of the decision-making processes, so that decisions are not made on the basis of purely subjective considerations, but based on pre-established criteria.

The organizational model is a dynamic tool that has an impact on the Company's operations. The model also has to be regularly checked and updated in the light of the findings obtained from practice, and against changes in the regulatory framework.

The Organizational Model takes into consideration those criminal offenses covered by Italian Legislative Decree 231/2001, with the exception of those considered not to be directly relevant to the Telecom Italia Group. On 7 November 2017 the Company adopted a new version of the 231 organizational model, which implements the regulatory updates on the theme of corruption and market abuse; the new predicate offenses: "Incitement to corruption among private individuals", illegal intermediation and exploitation of labor; adaptation of the internal control models, based on the above-mentioned changes to the law.

As with the previous versions, the new version is an integral part of the compliance program for the application of anticorruption laws, specifically the *US Foreign Corrupt Practices Act* and the *UK Bribery Act*.

At the request of the supervisory body, during 2018 the Group's 231 organizational model was "customized" specifically for INWIT, with the methodological support of the Compliance Department of Telecom Italia. For that purpose, a process analysis was carried out by all INWIT departments. Based on the previous self-risk assessment carried out in 2016, this considered the current organizational structure and will either confirm or if necessary modify or exclude, within INWIT, the processes and internal control models included in the last version of the Group 231 organizational model adopted by TIM on 24 July 2018.

With reference to the supervisory body, these functions are attributed to the Board of Statutory Auditors, as for the Telecom Italia Group. The supervisory body monitors the operation and

compliance with the Organizational Model, and reports to the Board of Directors in regard to monitoring and audit operations carried out, and the corresponding results. In this regard supervisory bodies assisted by the Legal, Corporate Affairs & Compliance department, which is tasked with carrying out specific compliance intervention, partly based on the findings received through the information gathering channels.

In turn, *Legal Corporate Affairs & Compliance* relies on the Complaints Department of Telecom Italia, through a specific service provision mandate based on the framework agreement between the Company and the parent company, which identifies the general rules on the provision to INWIT of audit, compliance, IT & security compliance services by Telecom Italia on a non-exclusive basis.

The Governance section of the website [www.inwit.it](http://www.inwit.it) contains a section on the 231 organizational model adopted by INWIT's Board of Directors. It has also adopted the anticorruption policy of the Telecom Italia Group as a systematic reference for anticorruption practices.

#### **12.4 Independent Auditor**

The Meeting of Shareholders on 27 February 2015, based on a motion by the Board of Statutory Auditors, granted the mandate for legal auditing (financial statements of INWIT S.p.A., annual consolidated financial statements, short-form interim consolidated statements) to PricewaterhouseCoopers S.p.A. for the period 2015 – 2023.

The process leading up to the awarding of this mandate (and any changes to it) is coordinated by the Company's financial reporting officer, under the supervision of the Board of Statutory Auditors.

To protect the independence of the independent auditors, the guidelines on the awarding of contracts to auditing firms, adopted by the parent company TIM and by the Company, establishes the principle that the conferment of further contracts (where permitted by the reference laws) is limited to services and activities pertaining strictly to accounts auditing, and they must always be authorized in advance by the Board of Statutory Auditors.

As mentioned in the corporate governance report for 2017 (to which please refer), in view of the expiry of the mandate given by TIM S.p.A. to PricewaterhouseCoopers S.p.A. for the nine-year period 2010-2018, the Selection Process for the new Single Group Auditor for the nine-year period 2019-2027 was started in 2017. The process is the responsibility of, and is supervised by, the Boards of Statutory Auditors of TIM and INWIT and the audit committees of the other Group companies listed on the NYSE or having the status of Public Interest Entities according to the relevant legislation. This anticipation was necessary in order to comply with the prohibition on receiving services relating to the "Design and implementation of internal control and risk management procedures related to the preparation and/or control of financial reporting, or to the design and implementation of technological systems for financial reporting" from the New Single Group Auditor or its network during the 12 months prior to the start of the period subject to auditing (cooling-in period).

As the Board of Statutory Auditors of INWIT positively assessed the undoubted advantages of having a single Group auditor (mainly consisting of better coordination of the auditing activity and improved operativity, as well as reduced costs), and having mutually agreed a termination of the mandate with

the current legal auditor, a meeting of INWIT shareholders was called on 23 May 2018, to approve the awarding of the auditing mandate for the nine-year period 2019-2027, following the TIM Meeting of Shareholders called to decide on the same matter.

The Meeting of the parent company TIM S.p.A. on 24 April 2018 did not reach a decision about the granting of the Group's legal auditing contract for the period 2019-2027, and therefore the Company's Meeting of Shareholders was canceled and a public announcement was made.

The legal auditing contract awarded by TIM S.p.A., will expire, having reached its legal term, with the approval of the financial statements at 31 December 2018. As this contract cannot be legally renewed any further, TIM has called a Meeting of Shareholders for 29 March 2019 to authorize, among other things, the award of the auditing contract. In July 2018 it started the online procedure, in which auditing firms that had entered the previous tender were invited to participate.

The Board of Statutory Auditors of INWIT positively assessed the undoubted advantages of having a single Group auditor and participated in the process of selecting a new auditor. It carried out independent assessments and activities in the interests of the Company and made a specific recommendation. The Board of Statutory Auditors also approved the proposal for consensual termination of the existing legal auditing contract with PricewaterhouseCoopers S.p.A.

The Company's Shareholders' Meeting called to resolve on the consensual termination of the existing auditing contract and the appointment of the new auditing firm has been convened for 12 April 2019. For more details, see the documents available at [www.inwit.it](http://www.inwit.it), Governance/ 2019 Shareholders' Meeting section.

## **12.5 Financial Reporting Officer**

As per the statute (article 18) it is the Board of Directors that appoints the financial reporting officer, after consulting the Board of Statutory Auditors and, based on a self-governance decision, the Control and Risks committee. At the time of appointment, the officer's powers and duties are also defined.

At the meeting on 13 April 2018 the Board of Directors appointed Rafael Perrino (who has held this role since 8 May 2015) as the financial reporting officer of the Company. He is the head of the *Finance & Administration department*.

Mr Perrino was reappointed as the company's financial reporting officer partly following the changes to the company's organizational structure on 31 July 2018, because as the Head of *Administration, Control & Risk Management* he will still be directly responsible for activities relating to preparation of the financial reports, the keeping of accounts and management control.

The *Administration, Control & Risk Management* function reports to *Administration, Finance and Control & Business Support* (formerly *Business Support*), as do the *Finance* and *Investor Relations* departments. As the financial reporting officer is legally responsible for putting in place adequate administration and accounting procedures for the formation of the annual and consolidated financial statements, and for all other financial communications, he has functional (organizational and subject

specific) responsibility for the internal controls on financial reporting. In this area, the financial reporting officer supported by the CEO and company management.

The financial reporting officer reports to the Board of Directors, to the Control and Risks Committee, and, where relevant, to the Board of Statutory Auditors.

## **12.6 Coordination between parties involved in the internal control and risk management system, and other company roles and departments**

The principal people and bodies involved in the operation of the internal control system are:

1. the Board of Directors, whose role it is to guide and periodically (annually) assess the system;
2. the Chief Executive Officer, as the director responsible for establishing and maintaining the system, in keeping with the guidelines established by the plenum of the Board of Directors (see paragraph 12.1 above);
3. the Control and Risks Committee, whose role it is to provide preliminary support to the Board of Directors in relation to the Board's duties concerning internal control and risk management (see chapter 10 above);
4. the Head of the Audit Function who is accountable to the Board of Directors, and whose task is essentially to monitor the operation and adequacy of the internal control and risk management system (see paragraph 12.2 above);
5. the financial reporting officer of the Company, elected by the Board, who has the legal duties and rights defined in the relevant internal regulations (see paragraph 12.5 above);
6. the Board of Statutory Auditors which, borrowing an expression from the Stock Exchange Code, represents the head of the supervisory system. Together with the legal functions assigned to the Board of Statutory Auditors, the same Board also has the functions of 231 supervisory body, for the purposes of self-governance.

The powers of the above roles correspond to those laid down in the Stock Exchange Code, which INWIT has adopted unconditionally.

## **13. INTERESTS OF THE DIRECTORS AND RELATED PARTY TRANSACTIONS**

The Company's procedure on related party transactions (the "Procedure") prepared in accordance with CONSOB regulation no. 17221 of March 12, 2010, was adopted by the Board of Directors at the meeting on May 18, 2015, with the approval of the independent directors and effective from the date of commencement of trading in INWIT's shares on the electronic stock exchange organized and managed by Borsa Italiana S.p.A. (June 22, 2015). Limited changes were made to the Procedure on 25 July 2017 and significant amendments were then made to it by a Board resolution on 11 December 2018 following an extensive investigation carried out by the Control and Risk Committee. The most recent amendments will apply from 1 January 2019.

Below are the provisions of the Procedure that were applied during 2018 and those in force from 1

January 2019.

According to the procedure in force until 31 December 2018, opinions on significant transactions will be given by the Control and Risks Committee if the operation is less significant, and by a committee formed of all the independent directors if the operation is of greater significance (for the purposes of the related parties procedure, this is indicated as the “Board Committee”), alternatively the Control and Risks Committee and the committee of all independent directors).

For a transaction to be classified as “more significant” in the related parties procedure, reference is made to the criteria of the Consob Regulation and to the value indicators (the ratio between the countervalue of the operation and the net consolidated assets or, if higher, the Company’s stock market capitalization), the assets and liabilities if they exceed the thresholds set in the Consob Regulation (5% or 2.5% for operations with listed parent companies or parties related to the parent companies which are in turn related to the companies); also, regardless of whether the thresholds are exceeded, operations of greater significance are considered to be those that are subject to approval by the Board of Directors, in accordance with the INWIT principles of self-governance, or according to law or the statute.

The related parties procedure classifies operations into various categories. Based on this classification, different validation and approval routes applied if the operations were to be realized with related parties.

There were essentially two distinctions: (i) a qualitative distinction, relating to object, between ordinary and non-ordinary operations; and (ii) a quali-quantitative distinction, by materiality, between significant operations that were subject to the related party regulation and non-significant operations to which the related party regulation did not apply.

According to the related party procedure, “ordinary operations” are those that come within the scope of ordinary business operativity, generating costs and revenues, and related financial activities. In evaluating whether or not an operation was classified as ordinary operativity or related financial activity, the following factors were considered: (i) the object of the operation; (ii) whether the type of operation fell within the scope of activity of the company that was carrying it out; (iii) the size of the operation; (iv) the terms and conditions of contract, as contractual clauses that differ from standard practice or custom, may be a significant indicator that the transaction is “non-ordinary”; (v) the type of counter-party and the cohesion between its profile and the type of operation being carried out; (vi) the time of approval and completion of the operation.

“Non-Significant Operations” for the purposes of the related parties procedure are: (i) all operations with a value of €500,000 or less; (ii) ordinary operations with no limits on value completed at market conditions or standard conditions set by independent authorities, which cannot be modified, or which are set after a competitive procedure; (ii) ordinary operations completed at market conditions or standard conditions, at arm’s length, of a value of €2,000,000 or less; (iv) infra-group operations with no limits on value; (v) the

Decisions of the Meeting of Shareholders regarding remuneration (article 2389 (1) and (3) and 2402 of the Civil Code); (vi) decisions regarding the remuneration of directors and key managers, which

meet the requirements of the related parties regulations; (vii) remuneration share-based remuneration plans approved by the Meeting of Shareholders in accordance with article 114-*bis* of the TUF and related operations; (viii) any other operations excluded from the scope of the related party regulation. Infra-group operations referred to in paragraph (iv), within the meaning of the procedure, referred to operations with companies controlled, also jointly, and operations with affiliated companies on condition that there were no interests by other related parties of INWIT. Significant interests would not be considered those deriving merely from the sharing of one or more directors with strategic responsibilities between the Company and the subsidiary/affiliated companies.

The procedure did consider as significant, and therefore as requiring the prior opinion of the Board committee (after a preliminary investigation and approval for continuation, by the managerial committee, as defined below), those operations (i) that were classified as non-significant for the purposes of the related parties procedure, and (ii) that were subject by law, the statute or according to the INWIT principles of self-governance, to the approval of the INWIT Board of Directors other than infra-group operations as defined in the related parties procedure. As an example, the Board committee was responsible for operations to which INWIT was a related party: (i) ordinary operations not completed at market conditions or standard conditions, of a value of more than €500,000; (ii) non-ordinary operations of a value of more than €500,000; (iii) ordinary operations completed at market conditions or standard conditions of a value of more than €2,000,000.

It also required the prior input of the committee formed of the Company's Legal Affairs Manager, Chief Financial Officer, and of the INWIT manager heading the hierarchical line with responsibility in this area, as the owner of the operation carried out directly by INWIT, or the person responsible for examining or approving the operation carried out by the subsidiary (the "**Managerial Committee**"): (i) operations requiring the opinion of the Board Committee; (ii) significant transactions carried out by the Subsidiaries; (iii) non-significant transactions excluding infra-group operations; (a) non-ordinary operations that cannot be valued, or which have a value of more than €50,000, up to €500,000; (b) ordinary operations not completed at market or standard conditions, which cannot be valued, or which have a value of more than €50,000, up to €500,000; (c) ordinary operations completed at market or standard conditions which cannot be valued (this may include agreements for which no consideration can be determined – such as letters of intent or regulatory framework agreements – or agreements varying contractual conditions that do not pertain to financial aspects of the operation) or with a value of more than €1,000,001, up to €2,000,000. By market or standard conditions, the procedure means the conditions similar to those usually applied to unrelated parties for operations of a similar type, size and risk level, or based on regulated tariffs or set prices, or those charged to parties with whom the Issuer has a legal obligation to set a certain price.

For the more significant operations, the related parties procedure always required the approval of the Board of Directors, with the approval of the Board committee, which if not granted was considered to be a non-binding decision that cannot be changed.

In 2018 the Board committee, consisting of all the independent directors, met four times, in relation

to a significant related party transaction that was not subsequently realized.

Below are the main elements of the operational procedure since 1 January 2019. For details see the document published on the website [www.inwit.it](http://www.inwit.it) in the Governance section.

Opinions on operations with related parties, of greater or less significance, are given by the Related Party Committee coinciding with the Control and Risks Committee.

The new procedure no longer provides for the managerial committee, and therefore the *ratione valoris* of the operations within the remit of the Related Party Committee has been extended. At the same time greater controls are now required from the Compliance and Regulation team within *Legal, Corporate Affairs & Compliance*, in terms of preliminary checking of related party transactions.

All operations with related parties are subject to the approval of the Related Party Committee with the exception of excluded operations, which mean: “Low Value Operations” (with a value of €50,000 or less); “Infra-group Operations” (those with subsidiaries or joint subsidiaries, or with affiliated companies, or between subsidiaries or affiliates of INWIT on condition that the subsidiaries or affiliates who are counter-parties to the operation do not have any significant interests in other related parties of INWIT); decisions of the Meeting of Shareholders regarding remuneration (articles 2389 (1) and (3) and 2402 of the Civil Code); decisions regarding the remuneration of directors, statutory auditors and strategic directors, which meet the requirements of the Consob regulations; share-based remuneration plans approved by the Meeting of Shareholders in accordance with article 114-*bis* of the TUF and related operations; any other operations excluded from the scope of the Consob regulation.

Operations with related parties are classified as “more significant” when at least one of the indicators as defined in the Consob Regulation (an indicator of counter value, significance of assets or liabilities) is more than the 5% threshold”. For operations with the parent company TIM or parties related to TIM, which are in turn related to INWIT, the applicable threshold for more significant operations is 2.5%.

Finally, the new INWIT procedure provides for the use of software to support each process of the operation. Each departmental manager is responsible for highlighting in the system any operation with a related party they intend to carry out, regardless of its value.

#### **14. APPOINTMENT OF STATUTORY AUDITORS**

In accordance with article 22 of the statute, the Board of Statutory Auditors is formed of three standing auditors of whom at least one is a member of the less represented gender. The Meeting of Shareholders will appoint another two substitute auditors, one from each gender.

The Board of Statutory Auditors is elected in accordance with the applicable provisions of law and regulations based on the lists presented by shareholders.

The lists are divided into two sections: one for candidates for the office of standing auditor and the other for candidates for the office of alternate auditor.

Lists containing three or more candidates in either or both sections must ensure the inclusion of both genders, and candidates of the less represented gender must be at least one-third of the total, with



rounding to the higher unit if the number is not a whole number.

The first candidate in each section shall be selected from among the independent auditors entered in the appropriate register who have worked on external audits for a period of not less than three years.

The Board of Statutory Auditors is elected as follows:

- 1) The list obtaining the highest number of votes at the Meeting of Shareholders (the Majority List) will produce 2 (two) standing members and 1 (one) substitute member, in the order in which they were listed;
- 2) The second list obtaining the majority shareholder votes at the Meeting of Shareholders and which is not connected, within the meaning of laws and regulations, with the Majority List (the Minority List) will produce the other standing member and the other substitute member, in the order in which they were listed.

If the composition of the resulting body or the category of substitute auditors does not allow a gender balance, taking into account the order of listing in the respective section, the most recently elected person from the majority list of the most representative gender will lose their position, up to the number needed to ensure that the gender balance requirement is met and they will be replaced by the first non-elected candidates from the same list, of the less represented gender. If there are no candidates of the less represented gender in the relevant section of the majority list, in sufficient numbers to proceed with the substitution, the Meeting of Shareholders will appoint the missing standing or substitute auditor, with the legal majorities, to ensure that the requirement is met.

The standing member taken from the minority list will be elected as Chair of the Board of Statutory Auditors.

For the appointment of statutory auditors who for any reason are not appointed in accordance with the procedure, the Meeting of Shareholders will pass a resolution with the legal majorities, to ensure compliance with the legal and statutory requirements regarding the composition of the Board, and the category of substitute auditors.

In the event of resignation of a statutory auditor taken respectively from the majority list or from the minority list, the substitute taken from the majority list or minority list will take over, in accordance with the statutory requirements regarding the composition of the Board. The appointment of statutory auditors to make up the numbers of the Board of Statutory Auditors (article 2401 of the Civil Code) will be authorized by the Meeting of Shareholders with the absolute majority of the votes, and in accordance with the principle of necessary representation of minorities and the statutory requirements on gender balance. The intention is to respect the principle of representation of minorities in the case of election of a substitute auditor taken from the minority list who has taken over from a standing auditor taken from the same list.

After informing the Chair of the Board of Directors, the Board of Statutory Auditors may call a Meeting of Shareholders and convene the Board of Directors or the executive committee in accordance with the law. The power to call a meeting may be exercised individually by each statutory auditor, apart

from the power to convene a Meeting of Shareholders which can be exercised by a minimum of two auditors.

## **15. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS**

The current Board of Statutory Auditors was appointed by the Meeting of Shareholders of 13 April 2018, for the three-year period 2018-2020; Based on the lists presented by shareholders, the following persons were elected in accordance with the statute:

- From the list presented by Telecom Italia S.p.A., which was first in terms of number of votes, with 71.75%, the standing auditors Umberto La Commara and Michela Zeme and the substitute auditor Elisa Menicucci;
- the standing auditor Stefano Sarubbi and the substitute auditor Roberto Cassader from the other list presented by a group of asset management firms and international investors (the minority list).

As per the statute, Mr Stefano Sarubbi, taken from the minority list, was also elected as Chair of the Board of Statutory Auditors.

The Meeting of Shareholders on 13 April 2018 also authorized the annual remuneration at €50,000 for each standing auditor and €70,000 for the Chair of the Board of Statutory Auditors, including the emolument for the functions of supervisory body, referred to in legislative decree number 231/2001. The Board of Statutory Auditors was again given the functions of supervisory body, by the Board of Directors, in accordance with legislative decree 231/2001 until expiry of the term of office of the Board of Directors (i.e. until the Meeting of Shareholders called to approve the financial statements to 31 December 2020).

The CVs of the members of the supervisory body are available at [www.inwit.it](http://www.inwit.it).

In 2018 the Board of Statutory Auditors performed the supervisory activities provided for in national law, checking that the Company's most significant financial and capital operations complied with the law, the statute and the principles of sound administration, checking compliance with the self-governance principles and procedures adopted for related party transactions and checking their compliance with the Company's interests, overseeing compliance with the principles of sound administration and adequacy of the Company's organizational structure. The supervisory body also oversaw the adequacy of the internal control system and the adequacy of the administration and accounting system, checking that it could provide a reliable picture of the business events.

The Board of Statutory Auditors monitored the independence of the auditing firm, checking that it complied with the applicable regulations, and also checking the nature and scope of the non-auditing services provided to INWIT by PricewaterhouseCoopers S.p.A. and the other entities in its network. The Board of Statutory Auditors, with its counterpart from TIM and the audit committees from the other Group Companies listed on the NYSE or legally classified as entities of public interest, followed the selection process for the new Single Group Auditor for 2019-2027, together with the other supervisory bodies involved (see paragraph 12.4 above).

At the meeting on 16 February 2019, the Board of Statutory Auditors checked that its members

continued to meet the independence criteria (article 148 (3) of the TUF) and the requirements of the Italian Stock Exchange Code, also checking (legislative decree 39/2010) that the members, overall, had the expertise of the sector in which the Company operates. At the same meeting, the Board of Statutory Auditors completed the self-assessment process which also concerned the correctness and effectiveness of its functioning.

In 2018 the Board of Statutory Auditors met 18 times (seven of these meetings were held wholly or partially in conjunction with the Control and Risks Committee). The average duration of the meetings was 2 hours and 45 minutes. The attendance rate was 100%.

The Board of Statutory Auditors in office since 13 April 2018 held four meetings specifically as the supervisory body. For 2019, as of the date of publication of this document, four meetings have been held, in addition to two further joint meetings with the Control and Risks Committee.

Table 3 contains information about the composition of the Board of Statutory Auditors in office, and the members who left in 2018 due to end of their term of office.

For detailed information about the work done by the Board of Statutory Auditors, see the report of the Board of Statutory Auditors given to the Meeting of Shareholders in accordance with article 153 of the TUF.

### **Diversity policies**

The section of the statute that relates to the election of the Board of Statutory Auditors takes into account the provisions of law that require a predetermined quota of members to be reserved for the less represented gender. In the awareness that the inclusion of members from different professional backgrounds with different managerial experiences and different genders is an opportunity and a value, the Company's statute, which was adopted ahead of its listing, provided that reserving a predetermined quota of members of the Board of Directors and of the Board of Statutory Auditors to the less represented gender should be permanent instead of just for three terms of office as required by law.

For a description of the procedure for submitting slates that ensure the presence of the less represented gender in line with the set proportion, refer to article 22 of the statute.

The Company has not adopted further diversity policies relating to the age and career/educational path of the Statutory Auditors.

## **16. SHAREHOLDER RELATIONS**

INWIT has set up a specific section on its website, which is easily accessible, and provides information about the Company that may be of significance to shareholders so that they can exercise their rights in an informed manner.

Within the organization there is a designated person responsible for managing relations with the national and international financial community and with all shareholders (*Head of Investor Relations*), currently Mr Michele Vitale.

Contact details for INWIT investors are:

INWIT S.p.A. – *Investor Relations*  
Via G. Vasari 19  
20135 – MILAN  
Telephone: +39 06.36883341  
E-mail: [ir@inwit.it](mailto:ir@inwit.it)

## **17. MEETING OF SHAREHOLDERS**

By law, the shareholders entitled to attend the Meeting and to vote are those for whom the reference intermediary has sent the Company specific communication certifying that right at the record date (seventh working day prior to the meeting first call). Anyone who only acquires shares after that date will not have the right to attend or vote at the Meeting of Shareholders.

Ordinary shareholders can be represented by issuing a proxy to an individual or legal entity who may also be the representative designated by the Company, if appointed (this decision is the responsibility of the Board of Directors' meeting). The Board of Directors may also allow electronic voting, and details of this will be given in the notice of meeting.

The Board of Directors will ensure that shareholders are given adequate information to ensure that meeting resolutions are passed with due knowledge.

The ordinary Meeting of Shareholders resolves on the matters reserved by law, and will authorize operations with related parties in those cases and in the ways provided for in the specific procedure adopted by the Board of Directors in accordance with the current regulations.

In accordance with article 2365 (2) of the Civil Code, the statute also provides that the powers contained therein are removed from the remit of the meeting and are attributed to the Board of Directors.

The Meeting of Shareholders on 27 February 2015 authorized the adoption of regulations for the orderly functioning of meetings of shareholders. This can be found at [www.inwit.it](http://www.inwit.it) in the *Governance* section.

## **18. FURTHER CORPORATE GOVERNANCE PRACTICES**

As already mentioned (see paragraph 11), at the meeting on 23 July 2018 the Board of Directors set up a strategic committee; therefore the principles of self-governance were amended. The document is available on the Company's website at [www.inwit.it](http://www.inwit.it), in the Governance/Governance system section.

INWIT has voluntarily produced its first non-financial report ("NFR") for the year 2018, in accordance with legislative decree number 254 of 30 December 2016, even though this is not covered by the scope of application of this decree. The document is available on the Company's website at [www.inwit.it](http://www.inwit.it) in the Governance section.

The Company's current auditors, PricewaterhouseCoopers S.p.A., provide limited assurance on the NSR, in line with the provisions of the legislative decree, and prevailing practice.

## **19. CHANGES SINCE THE END OF THE REFERENCE YEAR**

Nothing to report.

## **20. CONSIDERATIONS ON THE LETTER OF 21 DECEMBER 2018 FROM THE CHAIR OF THE CORPORATE GOVERNANCE COMMITTEE**

The letter from the Chair of the Corporate Governance Committee was provided to the Control and Risks Committee (which, in INWIT, is also responsible for monitoring governance best practices) and the Board of Statutory Auditors at the joint meeting on 15 February 2019, which examined the structure of this report in view of the format published by the Italian stock exchange in January 2019. With particular reference to the areas in which Issuers are requested to adhere more closely to the recommendations in the Stock Exchange Code, we note that:

- As already declared in the report published last year, the Company considers the level of transparency of its governance procedures to be adequate, including with reference to the issue of pre-meeting information, which as stated was also a focus point during the Board's self-assessment (See para. 5.3 of the Report);
- In evaluating the independence criteria of its members, the Company did not depart from the application of the criteria identified in the code of self-governance; during the Board meeting held after the Meeting of Shareholders called to appoint the new Board of Directors, it checked the continued existence of the independence criteria declared when the candidacies were presented, through specific declarations. This check was repeated at the meeting on [18] February 2019. The Board of Statutory Auditors also specifically oversaw the proper application of the independent criteria by the Board of Directors (see paragraph 5.6 of the report);
- regarding the *Board review* the Company considers that it has conformed to the code of self-governance recommendations, by providing information about the consulting firm that assisted the Board of Directors in its self-assessment process, by defining the way in which the Nomination and Remuneration Committee would carry out the review. That committee also checked that the content of the questionnaires took into account the specific characteristics of INWIT (See para. 5.3 - Self-assessment); regarding the remuneration policy adopted by the Company and in particular, the long-term variable pay elements, the Meeting of Shareholders on 13 April 2018 approved the 2018-2020 long-term bonus plan, aimed at : (i) strengthening the alignment between the interests of the recipient managers with those of shareholders, by linking remuneration to specific performance targets, the fulfillment of which is closely linked to the improvement of the Company's performance and the growth in its value over the long-term; (ii) helping to raise the loyalty levels of recipient managers, by developing their engagement, in

reaching the growth targets set out in the industrial plan for the next three years; by aligning the Company's remuneration policy to the market best practices, which typically provide for long-term bonus plans (see the 2019 report on remuneration).

Finally, the considerations of the Corporate Governance Committee as regards the succession plan that the Company approved in March 2017 as reported in point 5.1 of the Report are deemed not applicable to INWIT.

TABLE 1: INFORMATION ON OWNERSHIP

<b>SHARE CAPITAL STRUCTURE</b>				
	No. shares	% of share capital	Listed (indicate markets) / unlisted	Rights and obligations
<b>Ordinary shares</b>	600,000,000	100.00	Listed on Borsa Italiana S.p.A.	Right to vote at ordinary and extraordinary meetings of shareholders
<b>Shares with limited voting rights</b>	Not applicable	=	=	=
<b>Savings shares</b>	Not applicable	=	=	=

<b>OTHER FINANCIAL INSTRUMENTS</b>				
<b>(ATTRIBUTING THE RIGHT TO SUBSCRIBE NEWLY ISSUED SHARES)</b>				
	Listed (indicate markets) / unlisted	Total shares in circulation	Category of shares available for conversion/subscription	Number of shares servicing the conversion/year
<b>Convertible bonds</b>	Not applicable	=	=	=
<b>Warrants</b>	Not applicable	=	=	=

<b>MAJOR HOLDINGS IN SHARE CAPITAL</b>				
Declarant or party at the head of the shareholding chain	Indirect shareholder	Direct shareholder	Percentage of ownership	% of voting capital
<b>Telecom Italia S.p.A.</b>		<b>Telecom Italia S.p.A. (*)</b>	60.03%	60.03%
<b>Threadneedle Asset Management Limited</b>		<b>Threadneedle Asset Management Limited (**)</b>	5.00%	5.00%

(\*) Type of possession: ownership

(\*\*) Type of possession: discretionary asset management

**Vivendi S.A. informed Consob - following the meeting of ordinary shareholders of TIM S.p.A. on 4 May 2018, during which the list presented by Vivendi S.A. for the election of the Board of Directors of TIM S.p.A. (which legally controls Infrastrutture Wireless Italiane S.p.A.) was the minority list – of the zeroing of the controlling interest on INWIT through Telecom Italia.**

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES**

Board of Directors												Control and Risks Committee		Nomination and Remuneration Committee		Strategy Committee									
Position	Members	Year of birth	Date of first election *	In office since	Serving until	Slate **	Exec.	Non exec.	Independ. Code	Independ. TUF	Number of other positions ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)							
Chair	SIRAGUSA Stefano	1976	13/04/2018	13/04/2018	31/12/2020	M	X				-	5/5					2/2	C							
CEO ◊ •	FERIGO Giovanni	1959	13/04/2018	13/04/2018	31/12/2020	M	X				-	5/5					2/2	M							
Director	BALZANI Francesca	1966	13/04/2018	13/04/2018	31/12/2020	M			X	X	2	5/5	8/8	M											
Director ◦	BIGNAMI Enrico Maria	1957	13/04/2018	13/04/2018	31/12/2020	See para. 5.2			X	X	1	5/5			6/6	M	2/2	M							
Director	BONINO Gigliola	1966	13/04/2018	13/04/2018	31/12/2020	M		X			-	5/5													
Director	CAVATORTA Laura	1964	13/04/2018	13/04/2018	31/12/2020	m			X	X	-	5/5			6/6	M									
Director	DI MAURO Mario	1971	13/04/2018	13/04/2018	31/12/2020	M		X			-	4/5					2/2	M							
Director	GUARNA Luca Aurelio <sup>(1)</sup>	1972	20/04/2017	20/04/2017	31/12/2020	M			X	X	1	5/7	10/10	C	2/2	M									
Director	NUZZOLO Agostino	1968	20/04/2017	20/04/2017	31/12/2020	M		X			-	6/7													
Director	PASSEGGIO Filomena <sup>(2)</sup>	1952	20/04/2017	20/04/2017	31/12/2020	M			X	X	2	7/7	2/2	M	9/9	C									
Director	RAVERA Secondina Giulia	1966	13/04/2018	13/04/2018	31/12/2020	m			X	X	2	5/5	8/8	M			2/2	M							
Number of meetings held during the reference year:												CDA 7		CCR 10		CNR 9		CS 2		Quorum required to submit slates by the minorities for the election of one or more members (for the purposes of article 147-ter of the CLF): 1.0%					

- (1) Member of Nomination and Remuneration Committee until 13 April 2018  
 (2) Member of Control and Risks Committee until 13 April 2018

**NOTES**

The following symbols must be included in the "Position" column:

- This symbol indicates the director responsible for the internal control and risk management system.
- ◊ This symbol indicates the person with principal responsibility for management of the Issuer (*Chief Executive Officer* or CEO).
- This symbol indicates the *Lead Independent Director* (LID).
- \* The date of first election of the director, is the date on which the director was elected for the first time (in absolute terms) to the Issuer's Board of Directors.
- \*\* This column indicates the list from which each director was taken ("M": majority list; "m": minority list; "BoD": list presented by the BoD). For the election of the Board of Directors currently in office, which took place before the Company's shares were admitted to trading, the vote list system did not apply.
- \*\*\* This column indicates the number of offices as director or statutory auditor held by the person concerned in other companies listed in regulated markets, including foreign markets, in finance, banking, insurance companies or in companies of substantial dimensions. The positions are detailed in full, in the corporate governance report.
- (\*) This column indicates the attendance of directors at meetings of the Board of Directors and of the committees (indicate the number of meetings attended compared to the total number of meetings they could have attended; e.g. 6/8; 8/8 etc).
- (\*\*) This column indicates the position of director on the Committee: "P": Chair; "M": member



**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES**

**NUMBER OF OUTGOING DIRECTORS DURING THE REFERENCE YEAR**

Board of Directors													Control and Risks Committee		Nomination and Remuneration Committee	
Position	Members	Year of birth	Date of first election *	In office since	Serving until	Slate **	Exec.	Non-exec.	Independ. Code	Independ. TUF	No. of other positions ***	(*)	(*)	(**)	(*)	(**)
Chair	PROFUMO Francesco	1953	15/05/2015	15/05/2015	13/04/2018	M				X	2	2/2				
CEO ◊ •	CICCHETTI Oscar	1951	14/01/2015	14/01/2015	13/04/2018	M	X				-	2/2				
Director	BRUNO Paola	1975	21/12/2015	21/12/2015	13/04/2018	M			X	X	2	2/2			3/3	M
Director	CEPELLINI Primo	1963	15/05/2015	15/05/2015	13/04/2018	M			X	X	-	2/2	2/2	M		
Director	FINOCCHI MAHNE Cristina	1965	15/05/2015	15/05/2015	13/04/2018	M			X	X	4	2/2			3/3	C
Director	FOTI Alessandro	1963	15/05/2015	15/05/2015	13/04/2018	M			X	X	2	2/2	2/2	M		
Director	GENTILI Giuseppe	1949	10/06/2016	10/06/2016	13/04/2018	M			X	X	-	2/2			3/3	M
Director	IACCOZZILLI Venanzio	1957	14/01/2015	07/11/2017	13/04/2018	M		X			-	2/2				
Director	ORLANDO Saverio	1957	16/03/2017	16/03/2017	13/04/2018	M		X			-	2/2				
Director	PELUSO Piergiorgio	1968	15/05/2015	15/05/2015	13/04/2018	M		X			-	1/2				
Director	GENTILI Giuseppe	1964	20/04/2017	20/04/2017	13/04/2018	M		X			2	0/2				
Director ◦	SCHWIZER Paola	1965	15/05/2015	15/05/2015	13/04/2018	M			X	X	2	2/2	2/2	C		

**NOTES**  
 The following symbols must be included in the "Position" column:  
 • This symbol indicates the director responsible for the internal control and risk management system.  
 ◊ This symbol indicates the person with principal responsibility for management of the Issuer (Chief Executive Officer or CEO).  
 ◦ This symbol indicates the Lead Independent Director (LID).  
 \* The date of first election of the director, is the date on which the director was elected for the first time (in absolute terms) to the Issuer's Board of Directors.  
 \*\*This column indicates the list from which each director was taken ("M": majority list; "m": minority list; "BoD": list presented by the BoD). For the election of the Board of Directors currently in office, which took place before the Company's shares were admitted to trading, the vote list system did not apply.  
 \*\*\* This column indicates the number of offices as director or statutory auditor held by the person concerned in other companies listed in regulated markets, including foreign markets, in finance, banking, insurance companies or in companies of substantial dimensions. The positions are detailed in full, in the corporate governance report.  
 (\*) This column indicates the attendance of directors at meetings of the Board of Directors and of the committees (indicate the number of meetings attended compared to the total number of meetings they could have attended; e.g. 6/8; 8/8 etc).  
 (\*\*) This column indicates the position of director on the Committee: "P": Chair; "M": member

Below are the **positions held by directors currently in office**, in companies listed on the FTSE/MIB, or in companies mainly operating in the financial sector towards the public (listed on the register is referred to in articles 106 and 107 of legislative decree 385 of 1 September 1993) or in companies performing banking and insurance activities, relevant for the purposes of chapter 3 ("Composition of Board of Directors", paragraph 3.2 of the principles of self-governance of INWIT).

<b>Stefano Siragusa</b>	//
<b>Giovanni Ferigo</b>	//
<b>Francesca Balzani</b>	Director of Banca Cesare Ponti S.p.A. Independent director of Banca Carige (until 31 December 2018)
<b>Enrico Maria Bignami</b>	Standing auditor of ENI S.p.A.
<b>Gigliola Bonino</b>	//
<b>Laura Cavatorta</b>	//
<b>Mario Di Mauro</b>	//
<b>Luca Aurelio Guarna</b>	Chair of the Board of Statutory Auditors of Prelios Credit Servicing S.p.A.
<b>Agostino Nuzzolo</b>	//
<b>Filomena Passeggio</b>	Chair of the Board of Directors of Terna Rete Italia S.p.A. Independent director of Caltagirone S.p.A.
<b>Secondina Giulia Ravera</b>	Independent director of A2A S.p.A. Independent director of Reply S.p.A.

**TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**

**Board of Statutory Auditors**

Position	Members	Year of birth	Date of first election *	Serving since	Serving until	List **	Independence as per Code	Attendances at Board meetings ***	No. of other positions****
Chair	SARUBBI Stefano	1965	13/04/2018	13/04/2018	31/12/2020	m	X	12/12	18
Standing auditor	LA COMMARA Umberto	1967	14/01/2015	14/01/2015	31/12/2020	M	X	18/18	11
Standing auditor	Vitale Michele	1969	14/01/2015	14/01/2015	31/12/2020	M	X	18/18	4
Alternate Auditor	MENICUCCI Elisa	1980	14/01/2015	14/01/2015	31/12/2020	M	X	=	=
Alternate Auditor	CASSADER Roberto	1965	13/04/2018	13/04/2018	31/12/2020	m	X	=	=

**NUMBER OF OUTGOING STATUTORY AUDITORS DURING 2018**

Chair	BIGNAMI Enrico Maria	1957	14/01/2015	14/01/2015	13/04/2018	M	X	6/6	18
Alternate Auditor	PAOLUCCI Guido	1969	14/01/2015	14/01/2015	13/04/2018	M	X	=	=

Number of meetings held during the reference year: **18**

**Quorum required for submission of lists at time of last election: 1%**

**NOTES**

\* The date of first election of the statutory auditor, is the date on which the auditor was elected for the first time (in absolute terms) to the Issuer's Board of Statutory Auditors.

\*\* This column indicates the list from which each statutory auditor was chosen ("M": majority list; "m": minority list). The vote list system did not apply to the election of the current Board of Statutory Auditors as this took place at the time of formation.

\*\*\* This column indicates the attendance of statutory auditors at meetings of the Board of Statutory Auditors (indicate the number of meetings attended compared to the total number of meetings they could have attended).

\*\*\*\* This column indicates the number of directorships or statutory auditorships held by the person concerned relevant for the purposes of article 148-*bis* of the TUF and the relevant enacting provisions of the Consob Issuers' regulations. A full list of directorships is published by Consob on its website in accordance with article 144(o) of the Consob Issuers' regulations.