

## SHAREHOLDERS' MEETING ON 24 APRIL 2018

### *Report of the Board of Directors*

- *Appointment of the Board of Statutory Auditors - appointment of the standing and alternate auditors*
- *Appointment of the Board of Statutory Auditors - appointment of the Chair of the Board of Statutory Auditors*
- *Appointment of the Board of Statutory Auditors - determination of fees*

TIM S.p.A.

A company directed and coordinated by Vivendi S.A.

Registered Office in Milan at Via Gaetano Negri 1

General Administration and Secondary Office in Rome at Corso d'Italia 41

PEC (Certified electronic mail) box: [telecomitalia@pec.telecomitalia.it](mailto:telecomitalia@pec.telecomitalia.it)

Share capital 11,677,002,855.10 euros fully paid up

Tax Code/VAT Registration Number and

Milan Business Register Number 00488410010

## Appointment of the Board of Statutory Auditors - appointment of the standing and alternate auditors

## Appointment of the Board of Statutory Auditors - appointment of the Chair of the Board of Statutory Auditors

## Appointment of the Board of Statutory Auditors - determination of fees

---

Dear Shareholders,

the term of office of the Board of Statutory Auditors appointed by the Shareholders' Meeting of 20 May 2015 expires with approval of the financial statements for the year ending 31 December 2017.

In order to renew the control body, the Shareholders' Meeting is called on:

- to appoint five Standing Auditors and four Alternate Auditors,
- to appoint one of the Auditors elected from minority slates as Chair of the Board of Statutory Auditors and
- to determine the Auditors' annual remuneration.

The above proposals are devolved to the Shareholders, since the role of the Board of Directors shall only call the meeting and provide the following elements of information. You are reminded that duration of the Auditors' mandate is established by law as three financial years, and thus until the Shareholders' Meeting called to approve the financial statements at 31 December 2020.

### Appointment of the Standing and Alternate Auditors

The Company Bylaws prescribe that five Standing Auditors (at least two of whom of the less represented gender) and four Alternative Auditors (two of each gender) be appointed. At least two Standing Auditors and one Alternate Auditor must be chosen from among those registered in the register of chartered accountants who have acted as external auditors for a period of no less than three years. The remaining (Standing and Alternate) Auditors must have accrued at least three years' experience of:

- administration and control activity, or have held executive roles in limited companies with share capital of no less than two million euros, or
- professional activity or permanent university teaching of legal, economic, financial or technical-scientific subjects closely connected to the activity of the enterprise, or, further,
- senior management roles in public or government bodies operating in the banking, finance or insurance sectors or sectors otherwise closely connected to the sector in which the enterprise conducts its activity.

According to the Company Bylaws, the following sectors of activity and subjects are considered to be closely linked to that of the Company: activities and subjects related to telecommunications, information technology, telematics, electronics and multimedia technology, as well as matters related to private and administrative law, economics and business administration.

Renewal takes place on the basis of slates divided into two sections respectively for Standing Auditors and for Alternate Auditors. The first candidate in each section is selected from among chartered accountants entered in the appropriate register who have worked on external audits for at least three years. In each section, if there are three or more candidates, the presence of both genders must be ensured, in such a way that candidates of the less represented gender are at least one third of the total, rounding any fractions up to the next whole number.

Slates may be submitted by 30 March 2017 by shareholders who, alone or jointly with others, hold a total number of shares that represents at least 0.5% of the capital with voting rights in the Ordinary Shareholders' Meeting. If on 30 March only one (or no)

slate has been validly submitted, or if only slates linked to the relative majority shareholder (at the date of this report: Vivendi S.A.) have been submitted, the deadline for submission shall be postponed to 3 April 2018 (since the previous day is a holiday) and the threshold of entitlement to vote halved to 0.25%. In any event, the Company must obtain the communications of entitlement to vote from the intermediaries by 3 April 2018.

Each shareholder may only submit a single slate, alone or jointly with others, providing information on its identity and the percentage of the total shareholding it holds, and shall also declare any connecting relationships, including indirect relationships, with the relative majority shareholder. Together with the slate, the declarations of acceptance to stand provided by each candidate, documentation attesting that they possess relevant requirements, and their curricula vitae must be filed.

In the shareholders' meeting,

- three Standing Auditors and two Alternate Auditors will be appointed from the slate that obtains the most votes (the “majority slate”), in the order in which they are listed on the slate;
- two Standing Auditors and Two Alternate Auditors will be appointed from the remaining slates (the “minority slates”), after the assignment of a quotient obtained by dividing the number of votes for the slate by one and by two to the candidates, in the order they are listed in their slate, and selecting the candidates with the highest quotients, for the Standing Auditor and the Alternative Auditor roles, separately.

If this method does not produce gender balance, the last candidates elected from the majority slate of the more represented gender shall be replaced by the top unelected candidates of the less represented gender on the same slate. In the absence of candidates of the less represented gender on the majority slate, the Shareholders' Meeting shall supplement the Board of Statutory Auditors by a vote decided by absolute majority of the share capital represented at the meeting, thus ensuring that the requirement is met.

Similarly, the Shareholders' Meeting shall resolve by the majorities required by law to appoint Statutory Auditors who for whatever reason have not been appointed pursuant to the slate voting procedure described above.

#### Appointment of the Chairman of the Board of Statutory Auditors

The slate voting mechanism is intended, by law, to ensure that some Auditors are elected by the “*minority shareholders not directly or indirectly associated with shareholders who submitted or voted for the slate that came first in terms of number of votes*” (in accordance with article 148 of Legislative Decree No. 58/1998). The law also prescribes that the Chair of the Board of Statutory Auditors is to be appointed by the Shareholders' Meeting from amongst the Standing Auditors “elected by the minority”, and the Company Bylaws interprets this to refer to the Standing Auditors appointed from the minority slates.

The Shareholders' Meeting shall resolve on this matter by an absolute majority of share capital represented at the meeting.

#### Determination of the remuneration

The annual remuneration of the Statutory Auditors is determined by the Shareholders' Meeting for the whole duration of their mandate.

For the formulation of the remuneration proposal, the shareholders are invited to consider that in TIM S.p.A. the Board of Statutory Auditors (i) is charged with the activities assigned to it by Italian law, (ii) functions as an audit committee in the sense of US law, to the extent this is applicable to the Company as it is a foreign private issuer listed on the New York Stock Exchange, and (iii) performs the role of a supervisory body, pursuant to Legislative Decree no. 231/2001.

We should point out that the remuneration of the outgoing Board of Statutory Auditors was established by the Shareholders' Meeting of 20 May 2015 at 95,000 euros gross per year for each Standing Auditor and 135,000 euros gross per year for the Chair of the Board of Statutory Auditors.

In view of all this, the Board of Directors of TIM S.p.A., in preparation for the Shareholders' Meeting for renewing the Board of Statutory Auditors, recommends that shareholders should:

- timely exercise their rights to submit slates of candidates for the office of Statutory Auditors of the Company, as per the law and the Company Bylaws;
- submit, with the slates, ancillary proposals regarding the person to act as Chair, and regarding the remuneration of the Board of Statutory Auditors members.

Candidates should also provide a photograph, and authorise publication of their *curriculum vitae* on the Company website, ensuring that details they do not wish to be disseminated are not included.