

**Report of the Board of Statutory Auditors to the TIM S.p.A. Shareholders' Meeting,  
pursuant to article 153 of Italian Legislative Decree No. 58/1998 - Supplement at the  
request of Consob**

On the request of Consob made on 13 April 2018, the Board of Statutory Auditors provides the following clarifications relative to point 18 of its report prepared in accordance with Art. 153 of Italian Legislative Decree No. 58/1998.

As regards the supervisory activity carried out on the correct application of the verification procedures and criteria adopted by the Company's Board of Directors to assess the independence of its members, the Board of Statutory Auditors has considered that - under the scope of this assessment, subsequent to the acknowledgement by the Board of Directors itself of the start of Vivendi's direction and coordination and, in any case, following Consob's classification of the relationship between Vivendi and TIM in terms of control - the Board of Directors failed to assess, in accordance with Application Criterion 3.C.4 of the Corporate Governance Code of Borsa Italiana, the relations that could have compromised the independent judgement of the directors who had previously been classified as independent. Said further assessment should have been carried out, assessing, in particular, Ms Herzog's prior relations with the Vivendi Group, taking account of the information already available to the Company.

The Board of Statutory Auditors also considered that Ms Herzog herself should have proceeded to re-assess her position with respect to the occurrence of the aforementioned relevant circumstances, and request the Company to undertake such an assessment.

This assessment was, instead, carried out during the meeting of the Board of Directors on 6 March 2018, on the basis of the declarations made by the party concerned as to the irrelevance of the previous relations entertained by her with the Vivendi Group with respect to her own economic-financial position. The Board of Statutory Auditors instead believed that this should have been carried out on the basis of the assessment of the relative documentation, which had instead not been made available to the Directors or Statutory Auditors.

With reference to the existence of a shortcoming in the organisational structure of the Procurement Unit & Real Estate Department, the Board of Statutory Auditors reported that it had, assisted by the Audit Department, carried out a complex investigation, also discussing the matter with the Company's Chief Executive Officer. Upon completion of the verifications performed, the Board of Statutory Auditors concluded that there was indeed a shortcoming in the Procurement Unit & Real Estate Department organisational structure, due above all to the delays with which the purchase orders for goods and services were

formalised with ordinary and strategic suppliers for the Company's business. These delays were mainly due to the choice made by the Procurement Department to renegotiate purchase contracts stipulated with a view to obtaining further savings.

The Board of Statutory Auditors acknowledged that measures were now being implemented to overcome these critical issues. Moreover, to date the verifications carried out thereafter by the Audit Department had not shown that they had been completely overcome.

The Board of Statutory Auditors also noted further general shortcomings connected with the reorganisation of the Procurement Department, which involved the assignment of responsibilities to staff from other company departments, in some cases lacking any specific experience. After having been entrusted *ad interim* to the Chief Executive Officer, the Department is today led by Michel Sibony, who entertains partially separate relations with the Vivendi Group.

As regards the collaboration established during the latter months of 2017 between TIM and Michel Sibony (as mentioned, now Head of the Procurement Unit & Real Estate Department), the Board of Statutory Auditors believed that he should have been considered as a related party of TIM, in view of his role in the Vivendi Group. Furthermore, the Board of Statutory Auditors considered that the decision to employ Michel Sibony in TIM could be presumptively considered an act in which Vivendi exercised its direction and coordination over TIM and therefore considers that this operation should have been subject to the application of the provisions of art. 2497-ter of the Italian Civil Code and of the policy entitled "Vivendi's direction and coordination activity" adopted by the Board of Directors on 10 November 2017; the Board of Statutory Auditors has had no evidence that this has been applied.

As regards the activities carried out by Michel Sibony, the Board of Statutory Auditors noted that these were not consistent with the contractual provisions regulating the consultancy appointment with TIM and did not have the characteristics and operative and decision-making limits typical of a consultant; indeed, the Heads of the Procurement Department were found to essentially be merely implementing the instructions given by Mr Sibony or even, in some cases, by his collaborators.

The Board of Statutory Auditors also noted situations in which, despite the presence of the Heads of the Procurement Department, Mr Sibony took a very active role in negotiations, even during meetings with important suppliers.