

**RECOMMENDATION OF THE BOARD OF STATUTORY AUDITORS OF TIM S.p.A.
FOR THE APPOINTMENT OF EXTERNAL AUDITOR FOR THE NINE-YEAR PERIOD
2019 - 2027**

The appointment conferred to PricewaterhouseCoopers S.p.A. (hereafter PWC) on 29 April 2010 for the 2010 - 2018 period will expire at the Shareholders' Meeting to approve the financial statements as at 31 December 2018.

In light of the rules applicable in terms of incompatibility and independence (which in particular forbid the newly appointed auditor to have provided some services in the 12 months preceding the start of the period to be audited) and to facilitate the switch from PWC to the new auditor, TIM started the selection process in 2017, in accordance with the specially adopted guidelines. These guidelines can be viewed at www.telecomitalia.com. The procedure was implemented with the involvement of the subsidiaries qualified as Public Interest Entities in accordance with national and EU regulations (Inwit S.p.A., TI Finance S.A. and TI Capital S.A.), in addition to the Brazilian company Tim Participações S.A., as it is – like TIM - a Foreign Private Issuer in accordance with US Securities Laws (these subsidiaries, jointly: the Relevant Subsidiaries).

The objective was the identification of the principal auditor for the entire Group, as reference for:

- the assignment by TIM of the following tasks:
 - external auditing of the consolidated and separate financial statements;
 - limited auditing of the abbreviated half-yearly consolidated financial statements;
 - auditing of the Group Consolidated Financial Statements included in Form 20-F prepared in accordance with the provisions of US Securities Laws;
 - auditing of the internal controls that oversee the preparation of the Group Consolidated Financial Statements in accordance with Section 404 of the Sarbanes-Oxley Act;
 - certification (limited assurance) of compliance of the Consolidated Non-Financial Statement;

- (legal/voluntary) auditing of the annual and (as required) interim financial statements for TIM’s subsidiaries both within and outside the EU;
- auditing of the annual and interim reporting packages for TIM’s subsidiaries both within and outside the EU;
- commissioning by TIM and its subsidiaries of any further non-prohibited assignments for EU and non-EU matters.

As reported in greater detail in the documentation published in view of the Shareholders' Meeting of 24 April 2018, seven independent auditors (Baker Tilly Revisa S.p.A., BDO Italia S.p.A., Deloitte & Touche S.p.A., EY S.p.A., KPMG S.p.A., Mazars Italia S.p.A., RIA Grant Thornton S.p.A.) were invited to register their interest. Of these, three (Baker Tilly Revisa S.p.A., BDO Italia S.p.A. and Mazars Italia S.p.A.) decided to decline the invitation. The selection process was then carried out through an online competitive procedure, via a dedicated IT platform; the requests to submit offers contained all the elements needed to formulate a proposal, as well as the criteria for the assessment of the offers and the conduct of the procedure, including the model framework proposal relating to the main services to be entrusted to the external auditor, valid for the nine-year period 2019-2027 and applicable for all the TIM Group companies.

The assessment of the offers was carried out according to qualitative and quantitative criteria, assigning the technical-qualitative and economic aspects an overall weight of 60 and 40 respectively, through the assignment of scores to a series of predefined items, including:

- independence, operational structure/organisation and technical references (network included);
- technical competencies of the proposed Audit Teams (with particular attention to the inclusion of Italian professionals in TIM’s principal foreign subsidiaries);
- audit strategy and knowledge of the Group;
- mix of hours for the ordinary auditing of financial statements/reporting packages;
- existence of any administrative and criminal sanctions;
- the economic offer (with different "weighting" of the price applicable to the various services for which a quotation was requested), which - in accordance with the guidelines - was subject to a relaunch phase.

Based on this investigative activity (coordinated by TIM's Chief Financial Officer in agreement with their opposite numbers in the Relevant Subsidiaries, under the overall supervision of the Parent Company's Board of Statutory Auditors and - for those matters within their remit - the internal control committees / audit committees of the Relevant Subsidiaries), the following ranking was drawn up by the end of 2017:

1. EY
2. KPMG
3. Deloitte & Touche
4. RIA Grant Thornton

The Board of Statutory Auditors of TIM in office at that time obtained and shared the results of the selection process and recommended the appointment of EY or KPMG, expressing their preference for the former.

The Shareholders' Meeting called for 24 April 2018 to approve - among other things - TIM's financial statements as at 31 December 2017, was therefore also called to deliberate on the conferment of the appointment of external editor for the 2019-2027 period. However, the necessary majority could not be achieved at the time for the appointment of either EY or KPMG.

The Board of Statutory Auditors currently in office, elected by the same Shareholder's Meeting, having acknowledged the absence of a shareholders' resolution for the appointment of the external auditor, examined the situation with the company's management and concluded that it would be inopportune to repeat the entire selection process already undertaken due to the brief period of time that had passed and the fact that there had been substantially no change in the perimeter of the Group. Having obtained and analysed the related results and having examined in detail and shared the assessment criteria for the offers received, the Board of Statutory Auditors specifically approved the reopening of the online competition in July 2018, inviting the independent auditors that had entered the previous tender process, subject to confirmation of the economic conditions indicated in the past and the updating of the technical-qualitative aspects of their offers, with particular reference to:

- aspects of independence (in particular with regard to the continued absence of prohibited assignments in the 12 months preceding the period to be audited);

- any sanctions or provisions adopted by the competent authorities such as to impact on the ability to carry out the services in their respective framework offers (with regard to this note that in 2017 the Brazilian independent auditor of the Deloitte & Touche network was subject to limitations with regard to undertaking new tasks in the USA, an issue that has been resolved in the meantime);
- composition of audit teams;
- use of big data analytics tools in the performance of their activities;
- existing assignments (and relative disengagement plan with respect to those that cannot be supplied starting from 1 January 2019 or from the date of the audit appointment for the 2019-2027 period, if earlier);
- assignments carried out for the Group in the last four-year period.

On the basis of the information acquired and the applicable scoring model, the tender rankings were updated and communicated to the Board of Statutory Auditors which determined Deloitte & Touche, EY and KPMG alternatively suitable for the performance of the assignment in terms of organisation, experience, all round ability to manage the auditing process and the proposed operational approach. Conversely, it was determined that RIA Grant Thornton, in spite of the quality of the offer put forward, did not have an organisation in Italy that compared with that of the other candidates in the selection process as regards ability to cope effectively with the complexity and variety of the TIM Group's issues.

The essential terms of the offers put forward by Deloitte & Touche, EY and KPMG, with reference to the profiles submitted for deliberation by the Shareholders' Meeting of TIM (outlined in detail in the attached analytical reports), are reported in the following table:

TIM S.p.A. Details of assignments for each year of the nine-year period 2019-2027	Deloitte & Touche		EY		KPMG	
	Hours per year	Annual fees (in €)	Hours per year	Annual fees (in €)	Hours per year	Annual fees (in €)
External audit of the separate financial statements of TIM S.p.A.	12,920	727,000	13,170	933,000	10,540	800,000
External auditing of TIM Group consolidated financial statements	2,860	189,000	2,360	167,000	2,088	120,000
Limited audit of the condensed half-yearly consolidated financial statements to 30 June of the TIM Group	2,755	155,000	2,755	195,000	2,204	140,000
Audit of the Consolidated Financial Statements of TIM Group included in Form 20-F	2,456	161,720	4,777	447,158	2,822	200,000
Auditing of the internal controls that oversee the preparation of the TIM Group Consolidated Financial Statements in accordance with Section 404 of the Sarbanes-Oxley Act	12,895	853,280	10,073	635,842	11,286	900,000
Audit of financial statements A)	33,886	2,086,000	33,135	2,378,000	28,940	2,160,000
Certification (limited assurance) of compliance of the Consolidated Non-Financial Statement of TIM S.p.A. B)	1,014	56,000	1,013	72,000	1,200	80,000
TIM S.p.A. TOTAL (A + B)	34,900	2,142,000	34,148	2,450,000	30,140	2,240,000

For completeness, the table summarising and comparing the economic aspects of the offers from Deloitte & Touche, EY and KPMG for all the companies of the TIM Group is also reported below.

TIM GROUP Details of assignments for each year of the nine-year period 2019-2027	Deloitte & Touche		EY		KPMG	
	Hours per year	Annual fees (in €)	Hours per year	Annual fees (in €)	Hours per year	Annual fees (in €)
TIM S.p.A.	34,900	2,142,000	34,148	2,450,000	30,140	2,240,000
Relevant Subsidiaries	34,940	2,181,400	35,045	1,607,500	28,886	1,702,861
Other companies of the TIM Group	21,089	1,285,900	21,690	1,563,400	19,868	1,362,910
TIM GROUP TOTAL	90,929	5,609,300	90,883	5,620,900	79,894	5,305,771

For the purposes of the definition of an order of preference for the different candidates, the assessment of the differential factors in terms of quality and efficiency in the performance of audit services offered has been added to the consideration of the above mentioned economic-quantitative aspects (including: extended to TIM's subsidiaries, in the context of the framework proposal put forward by each independent auditor, in view of the intention to identify the principal auditor for the whole Group), as per the selection criteria predefined in the tender documentation. In this regard, taking into account

- the different mix proposed for ordinary auditing of the financial statements/reporting packages and the specific use of qualified resources (partners and specialists) for the main companies of the TIM Group, also in view of the differences in terms of hypothesised effort, compared to the overall hours worked for the performance of the appointment by the outgoing auditor;
- the degree of experience in the context of auditing large companies, especially Italian issuers that are also qualified as foreign private issuers pursuant to the United States' regulations, as well as telecommunications operators;
- the knowledge claimed in relation to the TIM Group's operations and information systems; also in relation to activities already carried out for the company by units within the respective networks, but particularly by members of the dedicated audit teams;
- the different audit strategies, also with a view to the introduction of Data Analytics techniques over the nine-year period;
- the greater or lesser difficulty in the disengagement from current services for the TIM Group;

in accordance with the management's qualified assessment (and corresponding rankings), the Board of Statutory Auditors of TIM expresses its preference, in that order, for EY, Deloitte & Touche and KPMG. Insofar as it is necessary, the Board declares that this recommendation has not been influenced by third parties and that no clauses such as those referred to in paragraph 6 of art. 16 of the EU Regulation no. 537/2014 have been applied.

All that having been said, the Board of Statutory Auditors of TIM,

- considering the results of the process to select the sole external auditor of the Group, which derive from a comparative and complex analysis of the proposals received, which paid particular attention to the independence requirement, as well as technical-qualitative and economic aspects,
- having taken account of the fact that the applicable law requires that the Board of Statutory Auditors' recommendation contain at least two possible alternative appointments, with a duly justified expression of preference for one of the two,

considers

that, given the logical assessment process described, the possible alternatives on which the appointment could be conferred must be identified in the independent audit firms Deloitte & Touche S.p.A., EY S.p.A. and KPMG S.p.A., the summary proposals of which are set out in Annexes 1, 2 and 3;

grants

its preference, in that order, to EY S.p.A., Deloitte & Touche S.p.A. and KPMG S.p.A., corresponding with the different scores obtained in the assessment procedure of the respective offers;

proposes that the Shareholders' Meeting

appoint, for each year of the nine-year period 2019-2027, according to the terms and arrangements set out in summary form in the above-mentioned Annexes 1,2 and 3,

- primarily EY S.p.A.,
- in alternative (in case of non-approval of the proposal to engage EY S.p.A.) Deloitte & Touche S.p.A.,
- as a further alternative (in case of non-approval also of the proposal to engage Deloitte & Touche S.p.A.) KPMG S.p.A.

to carry out:

- the external audit of the separate financial statements of the Company,
- the external audit of the consolidated financial statements of the Group,
- the limited audit of the Group's condensed half-yearly consolidated financial statements,
- auditing of the Group Consolidated Financial Statements included in Form 20-F prepared in accordance with the provisions of the US Securities Laws,
- the audit of the internal controls that oversee the preparation of the Group Consolidated Financial Statements in accordance with Section 404 of the Sarbanes-Oxley Act,
- certification (limited assurance) of compliance of the Company's Consolidated Non-Financial Statement pursuant to Legislative Decree 254/2016.

Milan, 31 October 2018

FOR THE BOARD OF
STATUTORY AUDITORS

THE CHAIRMAN
Roberto Capone

Identification details for the Audit FirmAudit Firm: **EY S.p.A.**

Registered Office: Rome, via Po, 32 – 00198

Registration Number on the Register of External Auditors: 70945

Tax Code: 00434000584

Audit Hours and Fees (nine-year period 2019 – 2027)

EY S.p.A.	Audit Hours and Fees	
	Hours (**)	Annual fees of €
Engagement for the nine-year period 2019-2027		
External audit of the separate financial statements of TIM S.p.A. (*)	13,170	933,000
External auditing of TIM Group consolidated financial statements	2,360	167,000
Limited audit of the condensed half-yearly consolidated financial statements to 30 June of the TIM Group	2,755	195,000
Audit of the TIM Group Consolidated Financial Statements included in Form 20-F prepared in compliance with the provisions of US Securities Laws	4,777	447,158
Auditing of the internal controls that oversee the preparation of the TIM Group Consolidated Financial Statements in accordance with Section 404 of the Sarbanes-Oxley Act	10,073	635,842
Certification (limited assurance) of compliance of TIM S.p.A.'s "Consolidated Non-Financial Statement pursuant to Legislative Decree 254/2016".	1,013	72,000
Total annual hours and fees	34,148	2,450,000

(*) These fees include the activities prescribed by the tax regulations of reference that are the responsibility of the Audit Firm.

(**) Professional mix differentiated by audit task:

- Separate financial statements Consolidated financial statements, Condensed half-yearly consolidated financial statements and Certification of the Consolidated non-financial statement: Partners 12%, Managers 21%, Seniors 32% and Staff 35%;
- Consolidated financial statements included in Form 20-F: Partners 25%, Managers 34%, Seniors 25% and Staff 16%;
- Rule 404: Partners 6%, Managers 15%, Seniors 35% and Staff 44%.

Contractual conditions applicable to audit and non-audit services:

<u>Mechanisms for adjusting fees for TIM S.p.A.</u>	
<ul style="list-style-type: none"> - ISTAT index - Percentage change in ISTAT index - Period of application - Applicable from 	FOI index excluding tobacco products 90% 30 June / 1 July previous year 1 July 2020
<u>Arrangements for the reimbursement of ancillary costs</u>	
<ul style="list-style-type: none"> - Reimbursement of contribution for security service (where applicable) - Reimbursement of out-of-pocket expenses (when relating to time spent outside normal office premises and on out-of-town assignments) - Reimbursement of expenses for technology, communication and secretarial services 	Payable by the audit firm To the amount incurred and in any event within a maximum of 5% of the fees Not charged
<u>Invoicing terms</u>	Based on monthly work in progress (WIP) with invoicing in the first week of the following month
<u>Terms of payment</u>	90 days end of month of date of invoice

Exceptional or unforeseeable circumstances

If circumstances should arise such as to entail a significant increase in audit time compared to what is estimated in our proposal - such as, by way of example, a change in the structure and size of the Company or the Group it controls, changes in the safeguards instituted as part of the internal control system, regulatory changes, changes in auditing standards, the performance of complex transactions carried out by Your Company or the Group it controls, additional audit procedures required by Consob through its notices or reference auditing standards, these will be discussed beforehand with the Company Management so that a written proposal can be submitted to increase the fees originally prescribed, also taking into account of the content of the legal and regulatory provisions of reference. It will be your responsibility to transmit any such supplementation to the competent Governance Body. Likewise, if less time should be spent than foreseen, the fees will be reduced proportionately. In addition, as you requested, we confirm our commitment, for the nine year period 2019-2027, to not ask for supplementary fees in case of (1) the introduction of new accounting standards, where we have agreed in advance with the Management that such novelties do not represent significant changes in the audit procedures to be carried out; (2) changes in the mix of professional roles used in the audit procedure, excepting those cases agreed and defined in advance with the Management of the Company..

Identification details for the Audit FirmAudit Firm: **Deloitte & Touche S.p.A.**

Registered Office: Milan, via Tortona, 25 – 20144

Registration Number on the Register of External Auditors: 132587

Tax Code: 003049560166

Audit Hours and Fees (nine-year period 2019 – 2027)

Deloitte & Touche S.p.A.	Audit Hours and Fees	
	Hours (**)	Annual fees of €
Engagement for the nine year period 2019-2027		
External audit of the separate financial statements of TIM S.p.A. (*)	12,920	727,000
External auditing of TIM Group consolidated financial statements	2,860	189,000
Limited audit of the condensed half-yearly consolidated financial statements to 30 June of the TIM Group	2,755	155,000
Audit of the TIM Group Consolidated Financial Statements included in Form 20-F prepared in compliance with the provisions of US Securities Laws	2,456	161,720
Auditing of the internal controls that oversee the preparation of the TIM Group Consolidated Financial Statements in accordance with Section 404 of the Sarbanes-Oxley Act	12,895	853,280
Certification (limited assurance) of compliance of TIM S.p.A.'s "Consolidated Non-Financial Statement pursuant to Legislative Decree 254/2016".	1,014	56,000
Total annual hours and fees	34,900	2,142,000

(*) These fees include the activities prescribed by the tax regulations of reference that are the responsibility of the Audit Firm.

(**) Professional mix differentiated by audit task:

- Separate financial statements, Condensed half-yearly consolidated financial statements and Certification of the Consolidated non-financial statement: Partners 8%, Managers 25%, Seniors 27% Staff 20% and Assistants 20%;
- Consolidated financial statements, Consolidated financial statements included in Form 20-F and Rule 404: Partners 10%, Managers 23%, Seniors 27% Staff 20% and Assistants 20%.

Contractual conditions applicable to audit and non-audit services:

<u>Mechanisms for adjusting fees for TIM S.p.A.</u>	
<ul style="list-style-type: none"> - ISTAT index - Percentage change in ISTAT index - Period of application - Applicable from 	FOI index excluding tobacco products 90% 30 June / 1 July previous year 1 July 2020
<u>Arrangements for the reimbursement of ancillary costs</u>	
<ul style="list-style-type: none"> - Reimbursement of contribution for security service (where applicable) - Reimbursement of out-of-pocket expenses (when relating to time spent outside normal office premises and on out-of-town assignments) - Reimbursement of expenses for technology, communication and secretarial services 	Payable by the audit firm To the amount incurred and in any event within a maximum of 5% of the fees Not charged
<u>Invoicing terms</u>	Based on monthly work in progress (WIP) with invoicing in the first week of the following month
<u>Terms of payment</u>	90 days end of month of date of invoice

Exceptional or unforeseeable circumstances

If circumstances should arise such as to entail a significant increase in audit time compared to what is estimated in our proposal - such as, by way of example, a change in the structure and size of the Company or the Group it controls, changes in the safeguards instituted as part of the internal control system, regulatory changes, changes in auditing standards, the performance of complex transactions carried out by Your Company or the Group it controls, additional audit procedures required by Consob through its notices or reference auditing standards, these will be discussed beforehand with the Company Management so that a written proposal can be submitted to increase the fees originally prescribed, also taking into account of the content of the legal and regulatory provisions of reference. It will be your responsibility to transmit any such supplementation to the competent Governance Body. Likewise, if less time should be spent than foreseen, the fees will be reduced proportionately. In addition, as you requested, we confirm our commitment, for the nine year period 2019-2027, to not ask for supplementary fees in case of (1) the introduction of new accounting standards, where we have agreed in advance with the Management that such novelties do not represent significant changes in the audit procedures to be carried out; (2) changes in the mix of professional roles used in the audit procedure, excepting those cases agreed and defined in advance with the Management of the Company.

Identification details for the Audit FirmAudit Firm: **KPMG S.p.A.**

Registered Office: Milan, via Vittor Pisani, 25 – 20124

Registration Number on the Register of External Auditors: 70623

Tax Code: 00709600159

Audit Fees (nine-year period 2019 – 2027)

KPMG S.p.A.	Audit Hours and Fees	
	Hours (**)	Annual fees of €
Engagement for the nine-year period 2019-2027		
External audit of the separate financial statements of TIM S.p.A. (*)	10,540	800,000
External auditing of TIM Group consolidated financial statements	2,088	120,000
Limited audit of the condensed half-yearly consolidated financial statements to 30 June of the TIM Group	2,204	140,000
Audit of the TIM Group Consolidated Financial Statements included in Form 20-F prepared in compliance with the provisions of US Securities Laws	2,822	200,000
Auditing of the internal controls that oversee the preparation of the TIM Group Consolidated Financial Statements in accordance with Section 404 of the Sarbanes-Oxley Act	11,286	900,000
Certification (limited assurance) of compliance of TIM S.p.A.'s "Consolidated Non-Financial Statement pursuant to Legislative Decree 254/2016".	1,200	80,000
Total annual hours and fees	30,140	2,240,000

(*) These fees include the activities prescribed by the tax regulations of reference that are the responsibility of the Audit Firm.

(**) Professional mix differentiated by audit task: Partners 12%, Managers 30%, Seniors 35% Staff 18% and Assistants 5%.

Contractual conditions applicable to audit and non-audit services:

Mechanisms for adjusting fees	
<ul style="list-style-type: none"> - ISTAT index - Percentage change in ISTAT index - Period of application - Applicable from 	FOI index excluding tobacco products 90% 30 June / 1 July previous year 1 July 2020
Arrangements for the reimbursement of ancillary costs	
<ul style="list-style-type: none"> - Reimbursement of contribution for security service (where applicable) - Reimbursement of out-of-pocket expenses (when relating to time spent outside normal office premises and on out-of-town assignments) - Reimbursement of expenses for technology, communication and secretarial services 	Payable by the audit firm To the amount incurred and in any event within a maximum of 5% of the fees Not charged
Invoicing terms	Based on monthly work in progress (WIP) with invoicing in the first week of the following month
Terms of payment	90 days end of month of date of invoice

Exceptional or unforeseeable circumstances

If circumstances should arise such as to entail a significant increase in audit time compared to what is estimated in our proposal - such as, by way of example, a change in the structure and size of the Company or the Group it controls, changes in the safeguards instituted as part of the internal control system, regulatory changes, changes in auditing standards, the performance of complex transactions carried out by Your Company or the Group it controls, additional audit procedures required by Consob through its notices or reference auditing standards, these will be discussed beforehand with the Company Management so that a written proposal can be submitted to increase the fees originally prescribed, also taking into account of the content of the legal and regulatory provisions of reference. It will be your responsibility to transmit any such supplementation to the competent Governance Body. Likewise, if less time should be spent than foreseen, the fees will be reduced proportionately. In addition, as you requested, we confirm our commitment, for the nine year period 2019-2027, to not ask for supplementary fees in case of (1) the introduction of new accounting standards, where we have agreed in advance with the Management that such novelties do not represent significant changes in the audit procedures to be carried out; (2) changes in the mix of professional roles used in the audit procedure, excepting those cases agreed and defined in advance with the Management of the Company.