

Report by the Board of Statutory Auditors to the Shareholders' Meeting pursuant to Article 153 of Italian Legislative Decree no. 58/1998

To the Shareholders,

this report (hereinafter "Report") is an account of the supervisory activity carried out by the Company's Board of Statutory Auditors during 2019 and up to today, as prescribed by law, the recommended Board of Statutory Auditors conduct standards of the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili [association of chartered accountants], the Consob provisions on corporate controls and the provisions in the Code of Corporate Governance.

The Board of Statutory Auditors obtained the information necessary for carrying out the supervisory tasks assigned to it by attending meetings of the Board of Directors and the board's internal committees, hearings of the Company's management, meetings with the statutory auditor and the corresponding bodies of control of the TIM Group companies and through the analysis of information flows provided by the relevant company departments, as well as other control activities.

This Report has been prepared in accordance with the requirements of Consob Communication no. DEM/1025564 of April 6, 2001 as amended.

1. CONSIDERATIONS ON THE MOST SIGNIFICANT ECONOMIC, FINANCIAL AND EQUITY TRANSACTIONS CARRIED OUT BY THE COMPANY AND ON THEIR COMPLIANCE WITH THE LAW AND THE ARTICLES OF ASSOCIATION

On the basis of the information received and as a result of the analyses conducted, it has become clear that the transactions carried out by the Company in 2019, which have major impact on revenues, finances and assets, including transactions performed through companies in which the Company has a direct or indirect stake, were essentially made up as follows:

- the sale on December 2, 2019, of Persidera S.p.A. (Domestic Business Unit) after being split into two separate entities: the first (Persidera), which retained ownership of the 5 digital terrestrial frequencies, related assets and personnel contracts, was sold entirely to F2i TLC 2 S.p.A., and the second (NetCo SpA), which merged the entire network infrastructure and related staff was sold entirely to EI Towers;
- the merger of Noverca S.r.l. (Domestic Business Unit) into TIM S.p.A. (hereafter also "TIM") on November 1, 2019 with retroactive accounting and tax effects from January 1, 2019;
- the approval by the Shareholders' meeting of the merger by incorporation of Vodafone Towers S.r.l. into Inwit Infrastrutture Wireless Italiane S.p.A. (hereafter also "INWIT") (Domestic Business Unit) which took place on December 19, 2019. This operation, preparatory to the establishment of the leading Italian Tower Operator, entailed the sale by the TIM Group of the exclusive controlling stake in INWIT. Therefore, as of December 31, 2019, considering that completion of transaction by 2020 was highly probable, INWIT was presented as an *"Asset held for sale"*;
- the issue by TIM S.p.A. of two bonds for an amount respectively (i) of 1,250 million euros, with a 4.00% coupon and maturity on April 11, 2024 and (ii) of 1,000 million euros with a 2.750% coupon and maturity on April 15, 2025.

The above transactions are listed in the notes to the TIM Group consolidated financial statements and TIM's separate financial statements, as well as in the 2019 management report.

The Board of Statutory Auditors has verified that the above transactions comply with the law, the Company Bylaws and the principles of correct administration, and has made sure that they were not manifestly imprudent or hazardous, contrary to the resolutions adopted by the Shareholders' Meeting or likely to compromise the integrity of the corporate assets.

It should also be noted that the following significant events occurred subsequent to the closing of the year:

- i) agreements between Santander Consumer Bank S.p.A. and TIM S.p.A. were signed on February 17, 2020, to begin the partnership to offer a consumer credit

delivery platform for TIM customers. The launch of consumer credit services offer is the first step following the development of the new corporate Joint Venture, which will operate after the necessary authorizations have been obtained and which will allow TIM to gain further debt reduction and optimize the cost of credit, and Santander Consumer Bank to access a wider customers audience, consolidating its role as leader in the consumer credit market. 51% of the corporate joint venture will be controlled by Santander Consumer Bank with TIM taking the remaining 49% and will be based in Turin;

ii) on March 4, 2020, TIM S.p.A. and Google Cloud announced the signing of the official agreement to begin a joint technology collaboration, following the memorandum of understanding (MoU) signed in November 2019, between the two companies;

iii) on March 6, 2020, the European Commission authorized the integration of the passive network infrastructures of INWIT and Vodafone Italia, establishing the second largest listed towerco in Europe, with a portfolio of over 22,000 towers. Following a constructive discussion with the European Commission, TIM and Vodafone made commitments to promote access to INWIT's passive infrastructure for all market players, with INWIT making space available to third parties on 4,000 of its towers in the largest urban centers, keeping existing lease contracts unchanged. These commitments will allow INWIT to maximize use of the towers, while allowing TIM and Vodafone to efficiently implement their respective 5G networks. The European Commission positively assessed TIM and Vodafone plans for sharing active equipment outside the main cities, allowing for faster implementation of 5G over a wider geographical area, at a lower cost and with a lower environmental impact. Vodafone and TIM S.p.A. will each hold 37.5% of INWIT as a result of the integration, having joint control.

2. NOTES ON THE POSSIBLE EXISTENCE OF ATYPICAL AND/OR UNUSUAL TRANSACTIONS, INCLUDING INTRAGROUP OR WITH RELATED PARTIES

During the course of 2019, the Board of Statutory Auditors did not encounter atypical and/or unusual corporate transactions with third parties or related parties (including the companies within the Group).

Transactions with Directors' interests or with other related parties, were subjected to the transparency procedure set out in the applicable regulations.

Information relating to the principal intragroup transactions and with other related parties executed in the financial year 2019, and the description of their characteristics and related economic effects is contained in the notes to the separate financial statements of TIM and to the consolidated financial statements of the TIM Group.

3. ASSESSMENT OF THE ADEQUACY OF THE INFORMATION PROVIDED, IN THE DIRECTORS' REPORT ON OPERATIONS, REGARDING ATYPICAL AND/OR UNUSUAL TRANSACTIONS INCLUDING INTRAGROUP AND RELATED PARTY TRANSACTIONS.

The Board of Statutory Auditors believes that the information relating to intragroup and related party transactions, reported in the notes to the TIM separate financial statements and the TIM Group consolidated financial statements, is to be considered adequate.

4. COMMENTS AND PROPOSALS ON DISCLOSURE FINDINGS AND REFERENCES CONTAINED IN THE INDEPENDENT AUDITORS' REPORT.

On March 25, 2020, the independent auditor Ernst & Young S.p.A. (hereinafter also "EY") released the reports pursuant to Article 14 of Legislative Decree no. 39/2010 and Article 10 of EU Regulation no. 537/2014, which certify that the separate financial statements of TIM and the TIM Group consolidated financial statements at December 31, 2019 comply with the International Financial Reporting Standards adopted by the European Union, as well as with the provisions issued in implementation of Article 9 of Legislative Decree of February 28, 2005, no. 38, are clearly drawn up and truthfully and correctly represent the

financial position, the economic result and the cash flow for the year ended at that date.

On March 25, 2020, EY released the additional Report for the Internal Control and Audit Committee on the results of the statutory audit of the accounts, which includes the declaration relating to the independence of the same statutory auditor.

In essence, the aforementioned report revealed that *“During the review of the Company's financial statements and the Group's consolidated financial statements closed on December 31, 2019, no significant issues were identified relating to cases of actual or presumed non-compliance with laws and regulations or statutory provisions”*.

The Board of Statutory Auditors will inform the Company's Board of Directors on the results of the statutory audit, sending the additional report for this purpose, accompanied by any comments.

The independent auditor also believes that the report on operations and the information in the Report on Corporate Governance and Ownership Structures indicated in Article 123-*bis*, paragraph 4, of the CLFI (Consolidated Finance Act) are consistent with the financial statements of TIM and the TIM Group consolidated financial statements as at December 31, 2019 and drawn up in compliance with the law.

The Board of Statutory Auditors and the Independent auditor continuously exchanged information despite operational difficulties during the final stages of auditing activities as a consequence of the worsening of Covid-19 health emergency. In particular, the Board of Statutory Auditors supervised the impact connected with "remote" working methods implemented by the Auditor, supported by the corporate structures, to monitor the progress of auditing activities.

5. NOTES OF ANY COMPLAINTS PURSUANT TO ARTICLE 2408 OF THE ITALIAN CIVIL CODE, ANY INITIATIVES TAKEN AND RELATED OUTCOMES

From the date of the previous report (March 8, 2019) and up to the date of this Report (March 31, 2020), no reports have been received from the Company's shareholders pursuant to Article 2408, paragraph 3, of the Italian Civil Code.

6. NOTES OF ANY COMPLAINTS, ANY INITIATIVES TAKEN AND RELATED OUTCOMES

Following the completion of the delisting and deregistration procedure of the Company's ordinary and savings shares (listed on the New York Stock Exchange through ADR programs) from the US market, the Board of Statutory Auditors no longer carries out the duties of Audit Committee pursuant to the Sarbanes Oxley Act US (hereinafter "SOX").

However, the new situation did not entail significant changes to the TIM Group's internal control system, the Company having - on the recommendation of the Board of Statutory Auditors - approved the voluntary activation of specific agreed upon procedures with the appointed auditor to *"replace" the certification on internal control over financial reporting* pursuant to SOX, so as to guarantee the Company and its bodies a corresponding level of external monitoring, and therefore an assurance on the robustness and functioning of internal controls for correct financial disclosure.

It should be noted that TIM Brasil was not involved in the delisting/deregistration process and therefore continues to remain subject to the SOX discipline.

The Board of Statutory Auditors has adopted a procedure to regulate the management of reports to the control body. Instructions are available for forwarding reports to the Company's Board of Statutory Auditors on the Company's website, in the Group section (Corporate Bodies - Board of Statutory Auditors - Role and activities).

The Company has adopted the "Whistleblowing" Procedure, updated in light of the new regulatory provisions introduced by Law no. 179/2017, which provides for the establishment of suitable information channels to guarantee the reception, analysis and processing of reports relating to internal control issues, corporate disclosure, the Company's administrative liability, fraud or other matters, forwarded by employees, members of the corporate bodies or third parties including in confidential or anonymous form.

The Board of Statutory Auditors carried out constant monitoring activities in relation to the management of reports received by TIM. In particular, from the date of the previous report (March 8, 2019) and up to March 31, 2020, there were no. 14 reports, mostly complaints relating to technical and commercial, accounting and administrative failures.

The Board of Statutory Auditors investigated these complaints appropriately, with the support of the Audit Department and the competent Company departments, but no irregularities to be reported to the Shareholders' Meeting emerged.

The related investigations for no. 4 reports are in progress.

7. NOTES OF ANY FURTHER ASSIGNMENTS TO THE INDEPENDENT AUDITOR AND RELATED COSTS

During 2019, in the period between January 1 and March 28, 2019, TIM S.p.A. conferred on PricewaterhouseCoopers S.p.A. - Outgoing auditor, whose mandate expired with the revision of the Financial Statements as of December 31, 2018 - assignments other than the revision of the financial statements, the fees for which, excluding out-of-pocket expenses and VAT, are summarized below:

<i>PricewaterhouseCoopers S.p.A.</i>	<i>in euros</i>
• Assessment assignment relating to leases agreed by TIM S.p.A. (agreed procedures on the application of IFRS 16 at March 31, 2019)	50,000.00
• Assignment for carrying out verification procedures agreed on the Statement of sales made in the year ended December	

31, 2018 by the TIM S.p.A. company store located inside the "Leonardo da Vinci" Airport of Rome - Terminal 1 domestic departures, prepared in the context of the contractual relationships between TIM S.p.A. and Aeroporti di Roma S.p.A. regulated by the agreement for the sub-lease for the use of the premises and state-owned areas located in Fiumicino airport signed on December 12, 2012	8,500.00
<ul style="list-style-type: none"> Agreed procedures related to the Euro Medium Term Note Program (EMTN): <ul style="list-style-type: none"> ➤ Comfort Letter in relation to the Issuance of 1.25 billion euros 4.000 per cent. notes. due 04/11/2024 - € 24,000 ➤ Comfort Letter in relation to the Issuance of 1 billion euros 2.750 per cent. notes. due 04/15/2025 - € 24,000 ➤ 2019 EMTN Program renewal - € 33,000 	81,000.00
Total (A)	139,500.00

Furthermore, during the same year, and specifically in the period between March 29, 2019 and December 31, 2019, TIM S.p.A. conferred on EY S.p.A. - company appointed as new Statutory Auditor for the nine-year period 2019-2027 by the Shareholders' Meeting of March 29, 2019, on proposal of the Board of Statutory Auditors - assignments other than the revision of the financial statements, the fees for which, excluding out-of-pocket expenses and VAT, are summarized below:

<i>EY S.p.A.</i>	<i>in euros</i>
<ul style="list-style-type: none"> Limited audit of the consolidated non-financial statement for the nine year period 2019-2027 	72,000.00
<ul style="list-style-type: none"> Verification of compliance with IFRS standards of accounting criteria and policies, in relation to the transaction relating to a possible agreement with Vodafone Italia and Inwit, for the aggregation of related Telecommunications towers and the related review of the service contract with Inwit 	25,000.00
<ul style="list-style-type: none"> Additional audit service carried out by EY in relation to INWIT S.p.A. whose financial statements are audited by a third party auditor (PwC). In short, this is an assignment to be conferred to comply with the relevant regulatory provisions (Article 10-quinquies of Legislative Decree no. 39/2010 and International Auditing Standard no. 600). The assignment was assigned as follows: 	

<ul style="list-style-type: none"> ➤ for the purposes of the Tim Consolidated Report at 06/30/2019 for a value of € 25,000 and; ➤ for the purposes of the Tim Consolidated financial statements at 12/31/2019 for a value of € 45,000 	70,000.00
<ul style="list-style-type: none"> • assignment to be entrusted to an independent third party to request an examination of the Revenue Assurance Model in TIM Italia according to ISAE 3000 revised ("reasonable assurance engagement"). 	110,000.00
Total (B)	277,000.00
Total sum (A+B)	416,500.00

Furthermore, in the period between January 1, 2020 and the date of this Report, TIM S.p.A. conferred the following additional assignments on EY S.p.A., other than the audit of the financial statements, the fees for which, excluding out-of-pocket expenses and VAT, are summarized below:

<i>EY S.p.A.</i>	<i>in euros</i>
<ul style="list-style-type: none"> • Assignment for carrying out agreed verification procedures for the confirmation of sales made in 2019 by the TIM S.p.A. company store located inside Leonardo da Vinci Airport in Rome. This assignment was conferred under the contractual relationship between TIM S.p.A. and Aeroporti di Roma S.p.A. regulated by the agreement for the sub-lease for the use of the premises and state-owned areas located at Fiumicino airport signed on December 12, 2012. 	8,500.00
<ul style="list-style-type: none"> • Limited audit assignment on a voluntary basis in relation to the examination of the "Social Responsibility Governance pursuant to UNI ISO 26000:2010" document for 2019, to obtain, from an independent third party, a certificate of conformity to benefit from the reduction of the average INAIL welfare rate. 	15,000.00
Total	23,500.00

Pursuant to the current "Guidelines for the assignment of Independent Auditors", conferment of the aforementioned assignments was previously approved by the Board of Statutory Auditors.

The Board of Statutory Auditors also monitored on a voluntary basis compliance with the 70% limit for fees relating to services other than auditing provided to public-interest entities in the previous three-year period.

8. NOTES OF ANY FURTHER ASSIGNMENTS TO SUBJECTS LINKED TO THE COMPANY ENTRUSTED WITH THE AUDIT THROUGH ONGOING RELATIONSHIPS AND RELATED COSTS

During 2019, TIM S.p.A. conferred assignments to subjects linked with EY S.p.A. and/or to companies belonging to the network of the same through ongoing relationships, the fees for which, excluding VAT, are summarized below:

<i>EY Advisory S.p.A.</i>	<i>in euros</i>
• Analysis of the Italian Wholesale Market and the performance of main competitors	43,000.00
Total	43,000.00

Pursuant to the current "Guidelines for the assignment of Independent Auditors", conferment of the aforementioned assignments was previously approved by the Board of Statutory Auditors.

For completeness, it should be noted that, during 2019 (for the period 1 January - 28 March 2019), TIM S.p.A. did not assign assignments to subjects linked through ongoing relationships to the previous auditor PricewaterhouseCoopers S.p.A. and/or companies belonging to the PricewaterhouseCoopers S.p.A. network.

Furthermore, in the period between January 1, 2020 and the date of this Report, TIM S.p.A. has not conferred further assignments to subjects linked by ongoing relationships with EY S.p.A. and/or to companies belonging to its network.

9. NOTES OF THE EXISTENCE OF OPINIONS ISSUED PURSUANT TO THE LAW DURING THE YEAR

The Board of Statutory Auditors expressed a favorable opinion, pursuant to Article 2389, paragraph 3, of the Italian Civil Code:

- on the ex novo conferment on the previous Chairman Fulvio Conti, with the revocation of the resolution passed on July 24, 2018, of an end-of-mandate

on/off conditioned bonus on the assessment of not less than 4/5 for his effectiveness for each of the remaining financial years of his mandate (2019 and 2020), as ascertained during the annual Board review, and with the express exclusion of the possibility of further review of the measure during the same mandate;

- on the CEO's variable remuneration functional objectives scorecard (MBO 2019) and, subsequently, on its partial revision (rendered necessary by the impact on the plan targets of the application of the new IFRS 9 and IFRS 15 accounting standards), as well as to exclude from service revenues;
- on the financial bonus for the Chairman of the Board of Directors Salvatore Rossi with effect from the time of appointment; and
- during 2020, on the CEO's variable remuneration functional objectives scorecard (MBO 2020).

The Board of Statutory Auditors also expressed a favorable opinion, pursuant to Article 2386, paragraph 1, of the Italian Civil Code on the appointment by co-option of Directors Franck Cadoret and Salvatore Rossi, to replace the outgoing Amos Genish and Fulvio Conti respectively.

The Board of Statutory Auditors also expressed, pursuant to Article 13 of the Bylaws and Article 154-bis, paragraph 1, of Legislative Decree no. 58/1998 of the CLFI, a favorable opinion on the appointment of Giovanni Ronca, formerly Chief Financial Officer of TIM, as Executive Manager responsible for drafting the Company's accounting documents.

In addition, the Board of Statutory Auditors, in accordance with the Company's Corporate Governance Principles, expressed:

- a favorable opinion of the functional objectives scorecards for the short term incentive scheme (2019 MBO) for the Heads of the Audit Department, Compliance Department and IT & Security Compliance Function control departments; and
- a favorable opinion on the appointment of Gianfranco Cariola as Head of the Audit Department.

Finally, in accordance with the Borsa Italiana Code, the Board of Statutory Auditors expressed a favorable opinion on the 2020 Internal Audit plan.

10. INDICATION OF THE FREQUENCY AND NUMBER OF MEETINGS OF THE BOD, THE EXECUTIVE COMMITTEE AND THE BOARD OF STATUTORY AUDITORS

In 2019, the Company's Board of Directors held no. 13 meetings, at which the Board of Statutory Auditors was always present.

The Control and Risk Committee met no. 12 times (of which two meetings were held jointly with the Board of Statutory Auditors), the Appointments and Remuneration Committee met nine times, the Related parties Committee met no. 11 times and the Strategic Committee met five times. The Board of Statutory Auditors attended the meetings of all the board committees through the participation of the Chairman and/or another Auditor, supervising the related activities.

During 2019, there were no. 46 meetings of the Board of Statutory Auditors, of which no. 10 were in the exercise of the functions of the Supervisory Body pursuant to Legislative Decree no. 231/2001, a role attributed by board resolution of May 7, 2018, as permitted by Legislative Decree no. 231/2001 and pursuant to the Company's governance principles. During 2020, (and up to the date of this Report) there were 10 meetings, of which 3 were in the exercise of the functions of the Supervisory Body pursuant to Legislative Decree no. 231/2001.

The Statutory Auditors participated in the Company's Shareholders' Meeting of March 29, 2019.

11. COMMENTS ON COMPLIANCE WITH THE PRINCIPLES OF CORRECT ADMINISTRATION

The Board of Statutory Auditors supervised compliance with the principles of correct administration by attending meetings of the Board of Directors and the board committees, holding meetings with the Executive Manager responsible for drafting the Company's accounting documents, the Head of the Audit Department, Group Compliance Officer, the Head of IT & Security Compliance, the company management hearings and by acquiring information.

The Board of Statutory Auditors believes that the governance arrangements and tools adopted by the Company on the whole constitute a valid supervisory framework to ensure that the principles of correct administration are respected in operational practice. The Board of Statutory Auditors supervised the decision-making processes of the Board of Directors and verified that the management choices were in compliance with the applicable substantive legitimacy discipline, adopted in the interest of the Company, compatible with the company's resources and assets and adequately supported by information, analysis and audit – also involving consultation with the board committees and external professionals, when necessary.

The Board of Statutory Auditors monitored the change of the Head of the Audit Department, verifying compliance with the Company's Governance Principles.

In this regard, the Board of Statutory Auditors verified the organizational and corporate reasons underlying this change and the consequent proposal for the appointment of the new head of the Internal Audit function, whose credentials and professional profile were analytically illustrated and commented upon. The Board of Statutory Auditors would like to point out that the Internal Audit function has always been adequately organized and effectively performed its duties and that the change for organizational-corporate reasons in the function in question was justified by the desire to continue with the previously started improvement path.

12. COMMENTS ON THE ADEQUACY OF THE ORGANIZATIONAL STRUCTURE

The Board of Statutory Auditors monitored the changes in the TIM Group's organizational structure (also pursuant to the Golden Power regulations, as per the provisions of the Prime Ministerial Decrees of October 16, 2017 and November 2, 2017), defined in compliance with, on one hand, the organizational and managerial autonomy of the Parent Company and its subsidiaries and, on the other, the exercise of management and coordination by TIM for directly or indirectly controlled companies.

In particular, the Board of Statutory Auditors monitored the main changes in the organizational structure of TIM and the TIM Group through meetings with the Head of the Human Resources, Organization & Real Estate Functions, the Managers of the main corporate structures and by acquiring organizational communications that had an impact on the first and second level reporting to TIM's top management or on the macro structure of the Group companies.

In relation to this, the following is noted:

- a. the new approach adopted for the management of the country, unifying activities for fixed line and mobile, for efficiency and synergy reasons and to better control network deployment costs, entrusting the responsibility to the Chief Operating Officer;
- b. the reallocation of the wholesale structure (in charge of relationships with olos) to the Regulatory Department, confirming its separation from the technical-commercial functions;
- c. the split of the Chief Technology and Innovation Office into two separate entities, focused respectively on innovation and partnership and on technology and IT;
- d. the relocation of the Enterprise Risk Management structure to the Chief Financial Office;
- e. the recent appointment of a new Head of the Chief Revenue Office and the Procurement Department.

13. COMMENTS ON THE ADEQUACY OF THE INTERNAL CONTROL SYSTEM, IN PARTICULAR ACTIVITIES CARRIED OUT BY INDIVIDUALS IN CHARGE OF INTERNAL CONTROL, AND HIGHLIGHTING OF ANY CORRECTIVE ACTIONS TAKEN AND/OR THOSE STILL TO BE UNDERTAKEN

The Board of Statutory Auditors has acknowledged the overall assessment of the internal control and risk management system by the Audit Department, the conclusions of which are set out below: *“On the basis of the audits carried out and taking into account the circumstances identified in terms of areas for improvement and the consequent initiatives taken, no significant situations or critical issues emerged such as to render TIM's Internal Control and Risk Management System inadequate as a whole”*.

The Board of Statutory Auditors shared the assessment of overall adequacy of the internal control and risk management system as formulated by the Audit Department.

To counteract the phenomenon of rescheduling corrective activities identified following audit activities, on the recommendation of the Board of Statutory Auditors, the Company adopted a specific procedure for *"Management of corrective activities following Audit activities and related rescheduling"* which, since its first application, has resulted in a considerable decrease in rescheduled activities.

The Board of Statutory Auditors supervised the maintenance of the internal control system and monitored the activities carried out by the main actors of the internal control and risk management system, also in relation to specific disciplines, such as that relating to the so-called Golden Power. In particular, within its remit, the Board of Statutory Auditors supervised the implementation of the obligations deriving from the decree on cyber security (no. 105 of 2019), legislation which provides for the establishment of the so-called *"national cyber security perimeter"* and that extends the powers of the Government's Golden Power to the 5G sector. It monitored the implementation of risk improvement and mitigation actions identified and, in some cases, prompting further specific interventions to strengthen the controls. The Board of Statutory Auditors also acknowledged that from the results of the first and second level controls, by virtue of the powers and verification functions attributed by Prime Ministerial Decree 11/06/2015 no. 5 coordinated with the Prime Ministerial Decree 02/10/2017 no. 3 (in particular, see

Article 14), TIM's Security Officer stated that in 2019, with reference to the function's 3 sectors of activity (Industrial Security, Communication and Information System Security and Classified Communications Security and Procedures for the Cifra Service) full compliance emerged: (i) in the keeping and management of classified documentation, (ii) in the protection and safeguarding of classified materials and (iii) in carrying out confidential activities.

The Board of Statutory Auditors exchanged information with the corresponding control bodies of the main national subsidiaries, taking note of the assessments of the overall adequacy of the related internal control system. It also met with the TIM Participações *Comitê de Auditoria Estatutário* and the TI Capital and TI Finance Audit Committee, taking note of the overall adequacy assessment of the internal control systems of the Brazilian and Luxembourg companies.

The internal control and risk management system also incorporates the so-called "Organizational Model 231", i.e. a model of organization and management adopted pursuant to Legislative Decree No. 231/2001, aimed at preventing offenses that can result in liability for the Company. In addition to TIM, the Organizational Model 231 is also adopted by the Group's national subsidiaries.

The functions of Supervisory Body were assigned (from 2012) to the Board of Statutory Auditors, which as such monitors the operation and compliance with the 231 Organizational Model, and reports to the Board of Directors in regard to monitoring and audit operations carried out, and the related results of such. The Board of Statutory Auditors is supported by the Compliance Department.

The Supervisory Body has periodically received regulatory and legal updates and in-depth notes on 231 issues, useful for the purpose of carrying out the consultative and proposing activities within its remit.

During 2019, with the coordination of the Compliance Department and the support of external consultants, the Supervisory Body launched an overall revision process of the Company's Organizational Model 231, to update it in relation to new crime-

risks included in the regulation of corporate responsibility and in relation to organizational changes that had occurred, to extend and make the Special Part of the Model more uniform, making it even more effective and usable by its recipients.

During 2019 the Supervisory Body met ten times, while during 2020 and up to the date of this Report three times.

In relation to this, it should be noted that, following a process also shared with the undersigned Board of Statutory Auditors and such as to entail updating the corporate regulatory body concerned, on the occasion of the approval of the new 231 Organizational Model prepared by the Board of Statutory Auditors in its role as the Supervisory Body ("SB") and in accordance with the contents of the same Model in relation to the composition of the SB, the Board of Directors, with the availability offered by the members of the Board of Statutory Auditors in this sense and subject to revocation of the resolution taken on May 7, 2018, pursuant to Article 6, paragraph 1 of Legislative Decree no. 231/2001, it will be motioned that the supervisory functions be attributed to a specifically set up body other than the Board of Statutory Auditors, of which a member of the Board of Statutory Auditors will also be part.

The TIM Group has adopted an Enterprise Risk Management (ERM) model that allows the identification, assessment and management of risks in a uniform way within Group companies, highlighting potential synergies between the actors involved in the assessment of the internal control and risk management system. The process is governed by the ERM Steering Committee which ensures the governance of the Group's risk management, aimed at containing the level of risk exposure within acceptable limits and ensuring the operational continuity of the company business by monitoring the effectiveness of adopted countermeasures. The Board of Statutory Auditors acknowledged that the Board of Directors on March 10, 2020 defined the acceptable Risk Appetite for the Group and the acceptable Risk Tolerance levels for the main corporate objectives. As previously explained, please note that the Enterprise Risk Management function has recently been relocated to the Chief Revenue Office Department.

The Board of Statutory Auditors monitored compliance of the Related party transactions procedure adopted by the Company with provisions of law and regulations and its effective implementation and actual functioning.

The Board of Statutory Auditors was kept constantly informed on the execution of related party transactions and verified the Company's compliance with the applicable discipline. In relation to this, it is important to note that the supervisory body held that a situation should be recognized in which, without prejudice to the independence of the Directors, the representation of the shareholder Elliott on Board makes it a related party because in any case, at least potentially, it is able to exert significant influence. This correlation with Elliott had been excluded by the Board of Directors with its resolution of May 6, 2019, on the basis of the investigation carried out by the Related Parties Committee. The Board of Statutory Auditors, having acknowledged the direction taken by the Company, decided to make a specific communication to Consob. Pending the publication of the new Consob rules, for the transposition of the so-called Shareholder's Right II Directive in Italy, and pending a reassessment of the Board of Directors downstream of the new regulation, the Company has begun a monitoring activity on the relationships with Elliott vehicles who hold a shareholding in TIM (currently: none).

TIM, as a public interest entity (PIE) and large Group, is required to report non-financial information starting from 2018, in accordance with the provisions of Legislative Decree 254/2016 issued in implementation of the Directive 2014/95/EU (hereafter "Decree"), which entered into force on January 25, 2017.

In compliance with the aforementioned regulations, the TIM Group NFS contains a description of issues relating to: the corporate management model, corporate governance, stakeholder engagement, the materiality matrix and risk management, the results achieved by the company in relation to relevant environmental issues, the value chain and human rights.

The NFS is published together with the documents relating to the 2019 Annual Financial Report and filed with the competent Company Register.

The independent auditor verified the preparation of the NFS and also issued the report on the compliance of the information provided within it with the reference standards and reporting standards used. The declaration is contained in a special report separate from the audit report, attached to the NFS and published jointly with it, which was issued by EY on March 25, 2020 which, based on the work carried out, concludes that *"no factors emerged to suggest that the TIM Group NFS relating to the year ended December 31, 2019 was not drawn up, in all significant respects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards"*.

The Board of Statutory Auditors obtained periodic updates on the preparatory activities for the preparation of the NFS and supervised compliance with the provisions of the aforementioned Decree in the context of the functions attributed to it by the law and, in particular, on the adequacy of the procedures, processes and structures that govern the production, reporting, measurement and representation of results and information of this nature.

It should be noted that in 2019, the Compliance Department was assigned the role of Anti-corruption compliance function and the new version of the Group Anti-corruption Policy was also approved.

See the TIM S.p.A. 2019 Report on Corporate Governance and Ownership Structures for information on the Company's internal control and risk management system.

14. COMMENTS ON THE ADEQUACY OF THE ADMINISTRATIVE-ACCOUNTING SYSTEM AND ITS RELIABILITY TO CORRECTLY REPRESENT MANAGEMENT EVENTS

TIM, including to guarantee compliance with Italian regulations, manages a structured and documented model for detecting and monitoring risks connected to financial reporting, which is based on the 2013 CoSO framework. This model, managed with the support of a specific application, relates to the internal controls associated with risks identified for financial reporting and the consequent

assessment activities, with precise attribution of responsibility, in compliance with the accountability principle.

The Board of Statutory Auditors evaluated and supervised the adequacy of the administrative and accounting system of the Company and its reliability to fairly represent operations, also by collecting information from Company management, examining company documents and analyzing the results of the activities undertaken by the External Auditor.

It also supervised the financial reporting process.

The Board of Statutory Auditors has acknowledged the statements issued by the CEO and by the Executive Manager responsible for drafting the Company's accounting documents, in regard to the adequacy in relation to the Company's nature and the actual application of the administrative and accounting procedures required for the drafting of the financial statements and consolidated financial statements during 2019.

In TIM, the goodwill impairment test is carried out according to a consolidated and structured process, coordinated by the Chief Financial Office Function, with the involvement of independent external experts of recognized professionalism. The implementation of the process is also analyzed and discussed in special joint meetings involving the Control and Risk Committee and Board of Statutory Auditors, that precede the Board of Directors meetings to approve the financial reports to which the impairment test must be applied. It should be noted in this regard that, during 2019, the Telecom Italia Sparkle group underwent a market repositioning which at the end of the year allowed the progressive and significant integration of the Sparkle group's business with that of Core Domestic. This integration is connected to the Sparkle group's transformation path to renew traditional business by focusing more on innovation, capable of meeting the challenges of the new Gigabit Society. Therefore, as of the end of 2019, within the Domestic Business Unit, the distinction between the Core Domestic Cash Generating Unit and the International Wholesale Cash Generating Unit was overcome.

The Board of Statutory Auditors verified that the impairment test process for the 2019 financial statements was carried out in terms consistent with the procedure most recently approved by the Board of Directors on December 18, 2019 and with the applicable IFRS standards.

See the contents of the "*Goodwill*" Note of the TIM Group Consolidated financial statements at December 31, 2019.

Regarding the provisions of Article 15, subsection 1, letter c, ii) of the Market Regulations (conditions for the listing of shares of controlling companies and of companies registered in and regulated by the laws of States that are not members of the European Union), the Board of Statutory Auditors has not ascertained facts and circumstances that would indicate that the administrative-accounting system of the controlled companies is not adequate to ensure that the data on the revenues, finances and assets of the companies needed for the preparation of the consolidated financial statements regularly reaches the management and auditor of the controlling company.

15. COMMENTS ON THE ADEQUACY OF THE PROVISIONS IMPARTED BY THE COMPANY TO SUBSIDIARIES, PURSUANT TO ARTICLE 114, PARAGRAPH 2, LEGISLATIVE DECREE 58/1998

The Board of Statutory Auditors believes the instructions imparted by the Company to its subsidiaries, pursuant to Article 114, section 2 of the CLFI, to be adequate to comply with the obligations regarding communication established by the law. In this respect it should be noted that the Company regulates the flow of information it receives from its subsidiary companies on transactions of particular impact, with specific procedures.

16. COMMENTS ON ANY RELEVANT ASPECTS THAT EMERGED DURING THE MEETINGS HELD WITH THE AUDITORS PURSUANT TO ARTICLE 150, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998

During 2019, the Board of Statutory Auditors held periodic meetings with the outgoing auditor (PricewaterhouseCoopers) and then with the incoming auditor (EY), during which the figures and information relevant for the performance of their respective duties were exchanged.

The Board of Statutory Auditors: (i) analyzed the activity carried out by the auditing company, with particular reference to the approach and strategy of auditing for the 2019 financial year, as well as the definition of the audit plan. The key audit matters and related business risks were shared, thereby allowing the adequacy of the response planned by the auditor to be assessed.

The Board of Statutory Auditors has ascertained, from information obtained from Independent Auditor EY and from the management of the Company, that the IAS/IFRS principles, and the other legal and regulatory provisions that apply to the preparation and presentation of the separate financial statements, the consolidated financial statements and the accompanying report on operations were complied with.

The Board of Statutory Auditors took note through the statutory auditor that significant deficiencies identified in 2018 concerning (i) some privileged administrative-accounting system users of TIM Brasil, (ii) some misalignments between management data and accounting liabilities relating to the management of prepaid traffic were substantially resolved, and (iii) of the functioning of the application used to calculate the impact deriving from the application of IFRS 15.

Significant shortcomings did not emerge during 2019.

In accordance with the provisions of Article 19 of Legislative Decree no. 39/2010, the Board of Statutory Auditors verified and monitored the independence of the independent auditor, in particular in relation to the adequacy of the provision of services other than the audit provided for TIM.

Taking into account EY's declaration of independence (contained in the additional Report for the Internal Control and Audit Committee), and the further assignments conferred by TIM and the Group companies on EY and the companies belonging to its network, the Board of Statutory Auditors believes that the conditions exist to certify the independence of the independent auditor EY.

17. NOTES OF THE COMPANY'S COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE OF THE CORPORATE GOVERNANCE COMMITTEE FOR LISTED COMPANIES

The Company complies with the Borsa Italiana Code of Corporate Governance, approved by the Corporate Governance Committee in July 2018.

The Board of Statutory Auditors oversaw the methods of actual implementation of the corporate governance rules contained therein.

In particular, TIM adopted the criteria of the Code of Corporate Governance for the qualification of Directors as independent. In the same way and on the basis of the information made available by the interested parties pursuant to the Code of Corporate Governance and the Consob Issuers' Regulation, or in any event on that available to the Company, the assessment of the requirements was made in the first Board meeting following the appointment, later renewed on February 20, 2019 and January 29, 2020. Of the current 15 Directors in office, 12 possess the independence requirements: the Directors Altavilla, Bonomo, Capaldo, Cappello, Ferrari, Giannotti de 'Ponti, Moretti, Morselli, Roscini, Sabelli, Valensise and the Chairman of the Board of Directors, Director Rossi. With respect to the latter, the Board of Directors has expressly ruled out that his *prominent position* within the Issuer may, given the governance structure adopted, affect of his independence of judgment, thereby undermining his independence as director.

On March 9, 2020, the Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of its members. As a result of the supervision of the process in question, the Board of Statutory Auditors believed that was carried out

correctly and therefore shared the decisions of the Board of Directors.

On March 9, 2020, the Board of Statutory Auditors carried out, pursuant to Article 148, paragraph 3, of the CLFI and the Code of Corporate Governance, a verification that each Auditor had the requirements of integrity, professionalism and independence.

The Lead Independent Director, a role held by Director Dante Roscini, is the point of reference and coordination for the issues and contributions of the independent Directors and the non-executive Directors in general.

The Lead Independent Director has the right to make use of the corporate structures to carry out his related tasks and to convene specific meetings of only Independent Directors for the discussion of issues on the functioning of the Board of Directors or on the management of the company.

See the Report on the corporate governance and share ownership of TIM S.p.A. for 2019 for information on the corporate governance of the Company, which the Board of Statutory Auditors evaluates positively on the whole.

18. FINAL ASSESSMENTS REGARDING THE SUPERVISORY ACTIVITY CARRIED OUT, AS WELL AS ANY OMISSIONS, CULPABLE FACTS OR IRREGULARITIES FOUND DURING THE SAME

From the supervisory and control activity carried out by the Board of Statutory Auditors, as described above, no significant facts emerged to be mentioned in the Report to the Shareholders' Meeting.

19. NOTES OF ANY PROPOSALS TO BE MADE AT THE MEETING PURSUANT TO ARTICLE 153, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/98

Having taken note of TIM's 2019 financial statements, the Board of Statutory Auditors has no objections regarding the resolution motions of the Board of Directors relating to:

- the setting aside of 5% of year's profit in the legal reserve;
- the allocation of the 2019 profit for distribution on the basis of the recognition to Shareholders of a total dividend calculated on the basis of the following amounts, which will be applied to the number of ordinary and savings shares that they own on the record date (therefore excluding the treasury shares in the Company's portfolio):
 - i. € 0.0100 (gross of withholding taxes) for each ordinary share;
 - ii. € 0.0275 (gross of withholding taxes) for each saving share;
- to make the dividend payable starting on June 24, 2020, with a coupon date of June 22, 2020 (record date June 23, 2020); and
- to carry forward the residual profit.

The Board of Statutory Auditors also has no comments to make regarding the Board of Directors' resolution motion to appoint Franck Cadoret and Salvatore Rossi as Directors for the residual term of the mandate of the current Board of Directors, and therefore until the approval of the financial statements at December 31, 2020.

In relation to the resolution motion by the Board of Directors to approve the Long Term Incentive Plan 2020-2022, the Board of Statutory Auditors has no objections to make.

The Board of Statutory Auditors has no objections to make relating the Board of Directors' resolution motion to approve the “2020 Broad-Based Share Ownership Plan”, reserved for employees of the TIM Group.

The Board of Statutory Auditors acknowledges that the motion to amend Article 9 of the Company's Bylaws will be submitted to the Shareholders' Meeting to comply with the provisions of the law on gender balance in the composition of the administrative and control bodies of listed companies.

The Board of Statutory Auditors acknowledged that the Shareholders' Meeting had been convened, in relation to the COVID-19 emergency, in a manner consistent with the exceptional rules contained in the Decree Law no. 18 of March 17, 2020.

Milan, March 31, 2020

For the Board of Statutory
Auditors
Chairman
Roberto Capone