REPORT OF THE INDEPENDENT AUDITORS

[GRI 102-56]
TIM SPA

INDEPENDENT AUDITOR’S REPORT ON THE
CONSOLIDATED NON FINANCIAL STATEMENT
PURSUANT TO ARTICLE 3, PARAGRAPH 10, OF
LEGISLATIVE DECREES NO. 254/2016 AND ARTICLE
5 OF CONSOB REGULATION NO. 20267 OF JANUARY 2018

YEAR ENDED 31 DECEMBER 2018
Independent auditor’s report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267

To the Board of Directors of TIM Spa

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the “Decree”) and article 5 of CONSOB Regulation No. 20267, we have performed a limited assurance engagement on the Sustainability Report - consolidated non-financial statement of TIM Spa and its subsidiaries (hereafter the “Group”) for the year ended 31 December 2018 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 21 February 2019 (hereafter “NFS”).

Responsibility of Management and of those charged with Governance for the NFS

Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the GRI-Sustainability Reporting Standards defined in 2016, hereafter the “GRI Standards”, identified as the reporting standards and according to the principles of AA1000APS (AccountAbility Principles Standard).

Directors are responsible, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group’s activities, its performance, its results and related impacts.

Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor’s Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts the International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor’s responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree, with the GRI Standards and with the process suggested by the principles of the AA1000APS. We conducted our engagement in accordance with “International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information” (hereafter “ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised (“reasonable assurance engagement”) and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily with company personnel responsible for the preparation of the information presented in the NFS, analysis of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and the with the reporting standards adopted;

2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;

3. comparison of the financial information reported in the NFS with those reported in the Group’s Consolidated Financial Statements;

4. understanding of the following matters:
   - business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
   - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
   - main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;
5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with the management of TIM SpA and with the personnel of Sparkle SpA, Olivetti SpA, TIM Participações S.A., TIM S.A. e TIM Celular S.A. and we performed limited analysis of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at holding level

  a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;

  b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;

- at Business Unit Domestic (Italian companies) level, analysis of the procedures and policies in place and of the consistency of the sustainability management model compared to the principles of the UNI ISO 26000, amongst which: governance, human rights, labour relations, working conditions and environment;

- for the following companies, Sparkle SpA, Olivetti SpA, Tim Participações S.A., Tim S.A. e Tim Celular S.A., which were selected on the basis of their activities and their contribution to the performance indicators at a consolidated level, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of TIM Group as of 31 December 2018 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree, with the GRI Standards and with the process suggested by the principles of AA1000APS.

Milan, 8 March 2019

PricewaterhouseCoopers SpA

Francesco Ferrara
(Partner)

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers.