

Findings of TIM's Statutory Auditors (*)

() This document represents an addendum to the document "Restoring value for Telecom Italia" published on 24 February 2019 as an annex to the solicitation prospectus in the context of the proxy solicitation launched by Vivendi. Therefore, in order to receive a full representation of the facts indicated therein and of the reasoning of Vivendi, this document shall be read together with both the document "Restoring value for Telecom Italia" and the solicitation prospectus*

Executive Summary

- On Friday March 8th, TIM published on its website the Statutory Auditors' report ahead of the upcoming Shareholders' Meeting on March 29th
- The **report shows how the Elliott-nominated TIM Board Members have repeatedly and seriously breached civil code, internal regulations, TUF (Italian financial code) and corporate governance rules**, including:
 - Conducted **shadow Board meetings reserved to Elliott Members only**, which pre-packaged decisions to the TIM's Board
 - **Chairman Conti denied to the Statutory Auditors** that shadow Board meetings and dissemination of information to a selected subset of Board Member (i.e. the Elliott-nominated Members) ever occurred, **but his claims have been contradicted by the findings and conclusion of the Statutory Auditors report**
 - **Chairman Conti shared privileged information with third parties**, in contrast with Market Abuse Regulation
 - Elliott's advisors are now TIM's advisors, evidencing a clear conflict of interest and **Elliott's de facto ability to control and impose its agenda to TIM's Board of Directors**
- TIM has **so far published the Statutory Report in Italian only**. In such respect, please make reference to Paragraph 5, pages 3-4, Paragraph 5, let. a), pages 8–10 and Paragraph 5, let. c), pages 18-20 of such document. A courtesy translation of the mentioned excerpts is available in appendix. This courtesy English translation of the Board of Auditors' report has been prepared to obviate TIM's failure to put an official translation at the disposal of the investor community. Vivendi takes no responsibility for any inadvertent inaccuracy

Shadow Boards (1/2)

- TIM's Statutory Auditors report found that:
 - **On November 11th, a conference call was organised by the Chairman's office, with only 10 accesses available. Participants included the Elliott Board Members and legal advisors from BonelliErede** (the firm that advised Elliott in taking control of the TIM Board). The discussion focused on the risks related to the process leading to the removal of the CEO
 - **On November 12th, Chairman Conti contacted representatives of the CDP**. Following those discussions, **CDP's CEO and Chief Legal Officer were added to the insider list of project "Extraordinary Board Meeting"**
 - Also, **on November 12th, legal advisors BonelliErede sent an email to the 10 TIM Board Members nominated by Elliott**, sharing the following draft documents:
 - *"Minutes of November 13th Board Meeting"*, which included in the section *"Resolution"* the removal to all executive powers to Amos Genish
 - Two draft press releases: the first one titled *"Resolutions passed by TIM Board"*; the second one *"Clarifications on declarations released by shareholder Vivendi and related press articles"*
 - As a note (not included in the Statutory Auditors report), it should be reminded that the notice of an Extraordinary Board Meeting was sent only 12 hours before the meeting took place on November 13th. Hence **the shadow Board meetings took place even before a formal notice was sent to all TIM Board Members**
 - Only on November 13th, while the Board Meeting was taking place, TIM's General Counsel sent an email to the TIM Corporate Affairs team asking them to prepare a mail to all TIM Board Members containing the two press releases
- **On the basis of the aforementioned elements, TIM's Statutory Auditors concluded that:**
 - **A selective dissemination of relevant information of documents took place in favor of the Elliott-nominated Board Members**
 - **Such facts constitute a violation of Chairman Conti's obligations to share simultaneously all information to all Board Members**, according to the civil code (art. 2381), TIM's bylaws (art. 11.1), TIM's Board of Directors regulations (art. 2.3 and 4), and the Code of self-discipline (art.1)

Shadow Boards (2/2)

- **Facts confirm the existence of shadow Board meetings, that decisions have been pre-packaged by the Elliott-nominated Board Members, and certain information and documents have been prepared and shared only for their benefit**
- **This is a shocking confirmation of the corporate governance practice of TIM's current Board, who has *de facto* emptied the role of the Board by creating a parallel corporate body in which only Elliott-nominated Members discuss and take decisions**
- **Moreover, it emerges from the Collegio Sindacale findings that TIM (and in particular Chairman Conti), shared insider and price sensitive information to third parties**
- **Insider information can be shared only in the proper course of professional or employment duties, and accompanied by a confidentiality agreement. In this case, the selective disclosure is plainly not in the proper course, and there is no evidence that confidentiality agreements have been entered into**

Chairman Conti misled TIM's Statutory Auditors

- TIM's Statutory Auditors asked on November 21st Chairman Conti whether, with regards to the processes regarding the dismissal of Amos Genish as CEO and the nomination of new CEO Luigi Gubitosi, some documents or information materials had been produced and not been shared simultaneously with all Board Members
- Chairman Conti replied on November 27th that he had spoken to some Board Members, however that all those conversations had been shared with all other Members and Auditors
- Conti's statement clearly clashes with the Findings of TIM's Statutory Auditors. The Statutory Auditors mention in their report that "*findings highlight that, contrary to what expressed by the Chairman in his correspondence with us, not all information have been shared with all Board Members at the same time, and that some information have been given only to Elliott-nominated Board Members*"
- We believe that it is astonishing that the **Chairman Conti misled the Statutory Auditors**. These findings highlight and confirm that **he cannot credibly be trusted as TIM's independent Chairman and Board Member**, as he has been deliberately **favouring Elliott-nominated Board Members as well as trying to cover his activity**

Elliott's Advisors are now TIM's Advisors; Elliott *de facto* controls TIM

- It has been evidenced that BonelliErede ('BE') has acted as a legal advisors to TIM's Board of Directors with regards to the procedures that led to the ousting and replacement of CEO Amos Genish, as well as Vivendi's request to call a general meeting. As a further demonstration of poor corporate governance, the Statutory Auditors found evidence that, with regards to BE's advice on the ousting and replacement of Amos Genish:
 - BE have been hired only orally, not respecting TIM's internal procedures for hiring external consultants
 - BE provided only an oral confirmation of the absence of conflict of interest
- At the same time, **BE confirmed that had acted as legal advisor to Elliott until May 2018, i.e. the date when the Elliott-nominated Board was elected.** Vivendi finds yet again astonishing and not credible BE declaring the absence of conflict of interests while having advised Elliott (at least) until the election of the current Board
- Moreover, the **Statutory Auditors confirmed that Vitale & Co., an advisor to Elliott, has been involved and signed an NDA with regards to the project concerning the separation of TIM's fixed network**
- Those evidenced facts show **Elliott's *de facto* control over TIM's Board, its capability to push its agenda and forcing the nomination of advisors.** This is **extremely concerning and show a total lack of independence of the current Board**

“The irregularities in governance at Telecom Italia revealed by the Statutory Auditors report reinforce Vivendi’s position to request a return to a more balanced Board of Directors.

Such a Board would re-establish the necessary governance conditions and safeguards to allow for proper stewardship of the company for the benefit of all shareholders, employees and other stakeholders”

vivendi

Contacts

Website: <https://www.vivendi.com>

- **Vivendi Investor Relations:** **Xavier Le Roy** **Tel:** +33 1 71 71 18 77
E-mail: xavier.leroy@vivendi.com
- **Media: France** **Jean-Louis Erneux** **Tel:** +33 1 71 71 15 84
E-mail: jean-louis.erneux@vivendi.com
- United Kingdom** **Paul Durman** **Tel:** +44 20 7240 24 86
E-mail: paul.durman@teneo.com
- Italy** **Auro Palomba** **Tel:** +39 02 89404231
E-mail: auro.palomba@communitygroup.it
- Roberto Patriarca** **Tel:** +39 335 6509568
E-mail: roberto.patriarca@communitygroup.it
- **Proxy Agent - Morrow Sodali:** **Andrea Di Segni** **Tel:** +39 06 4521 28 32
E-mail: a.disegni@morrowsodali.com

This document is published by Vivendi S.A. ("Vivendi") together with the Solicitation Prospectus and the document "Restoring value for Telecom Italia" and is intended as an information resource for the shareholders in Telecom Italia SpA ("TIM"). No information within this document is intended to promote, and should not be construed as promoting, any investment in TIM and/or in Vivendi nor does it constitute a financial promotion, investment advice or an inducement or an incitement to participate in any product, offering or investment and should not be construed as such.

The views expressed in this document represent the opinions, interpretations and estimates of Vivendi and are based on publicly available information. Certain financial information, data and statements included herein have been derived or obtained from public filings, including filings made with CONSOB and the US Securities and Exchange Commission, and other sources.

No agreement, commitment or understanding exists or shall be deemed to exist between or among Vivendi and any third party by virtue of furnishing this document. Vivendi has not sought or obtained consent from any third party to use any statements or information which are described as having been obtained or derived from statements made or published by third parties and this document is not a complete summary of such statements or information. Any such statements or information should not be viewed as indicating the support of such third party for the views expressed in this document. All amounts, market value information and estimates included in this material have been obtained from outside sources that Vivendi believes to be reliable or represent the best judgment of Vivendi as of the date such material was first published or as otherwise indicated. Such information may change after the date such material was first published. Any information in relation to the past performance of TIM cannot be relied upon as a guide to future performance.

This document is not intended to be and is not an investment recommendation as defined by Regulation (EU) No 596/2014. No information in this document should be construed as recommending or suggesting an investment strategy or as representing any opinion as to the present or future value of any financial instrument. The information on this document is not an offer to sell or a solicitation of an offer to buy any security, nor shall Vivendi offer, sell or buy any security to or from any person through this document.

Vivendi expressly disclaims and will not be responsible or have any liability for any losses, whether direct, indirect or consequential, including loss of profits, damages, costs, claims or expenses, relating to or arising from your reliance upon any part of this document or for any misinformation contained in any public filing, any third party report or this document.

Before determining any course of action, you should consult with your independent advisors to review and consider any associated risks and consequences. This document has been prepared without regard to the specific investment objectives, financial situation, suitability and needs of any particular recipient. Vivendi does not render any opinion regarding legal, accounting, regulatory or tax matters.

Vivendi has a direct interest in TIM and, therefore, has a financial interest in the profitability of its positions in TIM. Accordingly, this document should not be viewed as impartial (and has not been prepared in accordance with legal requirements to promote the independence of investment research) and Vivendi may have conflicts of interest.

Vivendi, its affiliates, officers and employees make no representations or warranties, express or implied, regarding the accuracy, reliability, completeness, suitability or other characteristics of the information contained in this document.

TIM has not approved nor has any responsibility for this document. Vivendi does not intend to update this document on a regular basis, but may from time to time amend it to reflect additional information as it becomes available.



vivendi

IMPORTANT NOTICE

COURTESY TRANSLATION. PLEASE REFER TO THE ITALIAN ORIGINAL VERSION FOR THE OFFICIAL DOCUMENT

This document is a courtesy translation from Italian into English of certain paragraphs of the original document published on the website of TIM S.p.A. (https://www.telecomitalia.com/content/dam/telecomitalia/it/archivio/documenti/Investitori/AGM_e_assemblee/2019/Relazione-del-Collegio-Sindacale-ex-art-153-del-d-lgs-5898.pdf)

This translation is prepared by Vivendi S.A. independently and does not constitute an official document of TIM S.p.A. In case of any inconsistency between the two versions, the original Italian version shall prevail. Please refer to the original Italian version for the official document. Please consider that only the original version in Italian language has legal value.

* * *

Report of the Board of Statutory Auditors to the Shareholders' Meeting pursuant to Article 153 CFA

[omissis]

5. INDICATIONS CONCERNING ANY SUBMISSION OF COMPLAINTS PURSUANT TO ARTICLE 2408 OF THE ITALIAN CIVIL CODE, ANY INITIATIVES TAKEN AND THE OUTCOMES THEREOF

In the period elapsing between the reference date of the previous report (30 March 2018) and the reference date of this report, no. 6 complaints have been submitted, pursuant to Article 2408 of the Italian Civil Code, by certain shareholders.

Three of such complaints have been submitted to the Board of Statutory Auditors in its previous composition and substantially were related to the Shareholders' Meeting held on 24 April 2018. Upon the completion of the investigation activity on the content of such complaints, the Board of Statutory Auditors considered the latter groundless and, as a consequence, has resolved to not implement the applicable procedures.

The Board of Statutory Auditors, in its current composition, has, instead, received three complaints. Upon completion of the investigation activity on the contents of the first two complaints, the Board of Statutory Auditors deemed that the facts reported therein concern generical facts and alleged technical and commercial malfunctions and therefore that the requirements necessary to adopt the consequent measures were not met. In particular, according to the Board of Statutory Auditors, such acts could not be precisely qualified as complaints and did not pertain to the supervisory activity which characterized, and shall be carried out by, the control body. As to the third complaint, as subsequently integrated, it must be pointed out that the latter has been submitted by the shareholder Vivendi SA and concern censorable facts, allegedly carried out by certain directors of TIM and punctually indicated therein, which have, in Vivendi's opinion, a significant seriousness.

The Board of Statutory Auditors has also received a petition submitted by the director Arnaud Roy De Puyfontaine, whereby certain issues concerning the governance of the Company and several censorable facts – which are substantially analogues to the ones referred to in the complaint submitted by the shareholder Vivendi SA – have been brought to the attention of the same Board of Statutory Auditors.

The Board of Statutory Auditors has analysed the complaints received, also with the support of the competent offices of the Company and, following the controls carried out, has not founded any element to deem grounded the envisaged irregularities, except for what illustrated below with reference to the complaint submitted by the

shareholder Vivendi SA (hereinafter, "Vivendi" or the "shareholder") and the complaint of the director Arnaud Roy De Puyfontaine.

On 23 January 2019, the Board of Statutory Auditors received by Vivendi, shareholder of TIM, a formal complaint (hereinafter, also the "Complaint"), pursuant to Articles 2406 and 2408 of the Italian Civil Code, of "*a number of censorable and serious misconducts performed by certain directors of TIM specifically indicated therein. Such facts, considering their objective materiality and significance, trigger the obligation of the Statutory Auditors of TIM to immediately activate the powers of investigation and of call of the shareholders' meeting granted to them by the applicable law provisions in order to protect and ensure the correctness and the legality of the corporate action*".

[*omissis*]

a) On the violation of the law provisions governing the functioning of the Board of Directors, including the role played by the Law Firm BonelliErede, on the compliance with the law provisions applicable on conflicts of interest, on the recording of the Board of Directors meetings and on the proceeding relating to the drafting of the financial statements

With reference to the alleged violation of the law provisions governing the functioning of the Board of Directors with specific regard to the complete, correct and non-selective information of all its members, as well as to the compliance with the rules governing conflicts of interest and, more in general, with the principles of correct corporate governance, also having regard to the role played by the legal advisor of Elliott (and, namely the law firm BonelliErede) in drafting and adopting the decision by the board's majority, the Board of Statutory Auditors, without prejudice to the specific considerations indicated in Paragraph c) below – specifically relating to the revocation process of the CEO – with reference to the content of the Complaint, hereby represents as follows:

- to have sent on 16 November 2018 an *ad hoc* communication to the Chairman of the Board of Directors, with copy to the General Counsel, requesting further information regarding the reasons that led to the urgent call, pursuant to Article 11.2 of the Company's By-Laws, of the Board meeting held on 13 November 2018, and to have received a reply on 28 November 2018, whereby the Chairman has motivated the decision to urgently call the Board of Directors in light of the need – following the critical issues arisen during the Board meeting dated 8 November 2018 – to immediately evaluate the overall conduct of the Chief Executive Officer and General Manager Amos Genish in order to adopt the appropriate measures, considering that the resort to the urgent call adopted following the closure of markets was in the best interest of the Company, taking into consideration that the mere news of the call of such meeting would have had negative impacts on the share price, for the purposes of avoiding uncertainties in relation to the destiny of the top manager;
- to have sent, on 21 November 2018 – with reference to the process that led to the revocation of the powers to the former Chief Executive Officer and to the appointment of the new CEO, and in light of certain considerations expressed by certain directors, during the meetings of the Remuneration and Nomination Committees (hereinafter, also NRC) and of the Board of Directors, which have discussed such item – an *ad hoc* communication request to the Chairman of the Board of Directors, with copy to the General Counsel, in order to ascertain whether during the preliminary investigation on the matter certain documents had been produced, including those from external counsels, and in that case, whether those documents had been brought to the attention of all the Directors and the members of the Board of Statutory Auditors. The Board of Statutory Auditors represents to have received a reply by the Chairman on 27 November 2018, whereby the latter represented that he had discussed with a few members of the Board of Directors, without, however, exchanging information that had not been brought to the attention

of all the Directors and Statutory Auditors and that he engaged external legal advisors given the sensible nature of the matter;

- to have requested to the Internal Audit Department, to assess the role played by the law firm Bonelli Erede, with respect to the process concerning the resolution of 2018 impairment, of the revocation of the powers granted to the former CEO and of the appointment of the new and of the resolution ex art. 2367 of the Italian Civil Code.

Upon completion of the controls made, the Board of Statutory Auditors represents to have ascertained that:

- on 11 November 2018, a video call, booked by the secretary of the Chairman of the Board of Directors for a maximum number of 10 dial-in, registered in the video-call system of TIM, to which certain legal advisors of the law firm Bonelli Erede have attended in addition to certain members of the Board of Directors, was held. During such video call, the law firm Bonelli Erede has provided support in order to reply to the enquiries submitted by those in attendance on the risks connected to the revocation procedure of the CEO and to provide an evaluation on the merits of the revocation, without that any written legal opinion has been issued;
- on 12 November 2018, certain discussions between the Chairman of the Board of Directors and representatives of Cassa depositi e prestiti S.p.A. (hereinafter, also "CDP") have taken place, after which the head of Corporate Affairs Department required to the head of the Corporate Governance and Privileged Information Management to register the Chief Executive Officer and the Chief Legal Officer of CDP in the Register of the Insider Information of the Project "Extraordinary Board of Directors";
- always on 12 November 2018, at 20.56, the law firm Bonelli Eredi sent an email to the following ten members of the Board of Directors of TIM, all appointed by the slate submitted by Elliott: Fulvio Conti, Massimo Ferrari, Dante Roscini, Paola Giannotti de Ponti, Luigi Gubitosi, Alfredo Altavilla, Paola Bonomo, Maria Elena Cappello, Lucia Morselli, Rocco Sabelli. Such email contained the draft of the guidelines for the conduct of the meeting of the Board of Directors to be held the subsequent day and, namely (i) the document entitled "Minutes of the Board of Directors dated 13 November 2018", which, *inter alia*, provided in the section "*Resolution*" the revocation with immediate effect of "*all powers granted by the Board of Directors to the director Amos Genishi*", and (ii) two drafts of press releases which the Company could have published upon the completion of the meeting, and namely the press release concerning the "*resolutions adopted by the Board of Directors of TIM held on the date hereof*" and the one relating to "*Clarifications about the declarations made by the shareholder Vivendi and on subsequent press news*". Such email has been forwarded in the evening of 12 November by the Chairman of the Board of Directors to the General Counsel, who, in turn, forwarded the email to the head of Corporate Affairs Department;
- all legal advisors of the law firm Bonelli Erede have been registered in the Register of the Insider Information of the Project "Extraordinary Board of Directors", except for the lawyer Stefano Calabria, who also was one of the addressees of the email indicated below dated 12 November 2018;
- on 13 November 2018, while the Board of Directors was in session, the General Counsel sent an email to the Corporate Affairs function, asking them to prepare an email to the Directors to send the press releases. Two e-mails were then sent by the Head of Corporate Affairs to all the Directors (with the exception of the Chairman) and to all the members of the Board of Statutory Auditors, with enclosed (i) the file "Hypothesis of release" containing the press release on the resolutions taken by the Board of Directors of TIM, identical to that received on 12 November 2018 only by the 10 Directors appointed by the Elliott slate, and (ii) the file "Hypothesis of press release with clarifications", containing the press release on the resolutions adopted by the Board of Directors of TIM, also identical to that received on 12 November 2018 only by the 10 Directors appointed by the Elliott slate;
- the Head of Corporate Affairs used e-mail addresses external to the Tim corporate network during the Board meeting of 13 November 2018. With the exception of the Director Dante Roscini, all the other e-mail addresses indicated are not among those included in the data of the Register of Privileged Information; such behaviour, however, would not have led to misalignments of information between the directors or to leakages of confidential information outside the directors themselves.

As a result of the verification activities carried out, the Board of Statutory Auditors deems that:

- the overall information picture obtained shows that, unlike what was indicated in his communication by the Chairman of the Board of Directors, the same information was not provided to all the Directors at the same time and that some information was provided only to certain Directors and in particular only to those elected from the slate presented by Elliott;
- the aforesaid facts, verified by inspection, may constitute a violation of the obligation for the Chairman of the Board of Directors to ensure that "adequate information on the items on the agenda is provided to all directors" and of the principle of collegiality, pursuant to the provisions of Article 2381, paragraph 1, of the Italian Civil Code, the Articles of Association (Article 11.1), the Regulations of the Board of Directors of TIM (Articles 2.3 and 4) and the comment on Article 1 of the Code of Conduct;
- the failure to register the lawyer Stefano Calabria in the Register of Privileged Information of the "Extraordinary Board of Directors" Project constitutes a failure to comply with the TIM Privileged Information and Insider Dealing procedure.

The irregularities found were therefore reported by the Board of Statutory Auditors to the Supervisory Authority pursuant to Article 149, paragraph 3, of Legislative Decree no. 58/1998.

Finally, with regard to the minutes of the Board meetings, the Board of Statutory Auditors believes that they faithfully reflect the Board's debate and that the process of drawing up the 2018 financial statements was carried out in accordance with the regulations relating to its finalization. Lastly, the Board of Statutory Auditors has not yet found any violation of the rules governing conflicts of interest.

[omissis]

c) On the compliance of the procedures approved by the company in the revocation of Amos Genish's management powers and in the subsequent designation of a new CEO on the basis of a fully informed decision of all the directors and in the absence of conflict of interest of some directors.

Without prejudice to what already described in paragraph a) on the violation of the rules relating to the functioning of the Board of Directors and the information asymmetries found in this respect, and to the role played by the firm Bonelli Erede with reference to the compliance with the procedures adopted by the Company in revoking the management powers of the CEO Amos Genish, following the outcome of the in-depth analyses carried out also with the help of the Internal Audit function, the Board of Statutory Auditors points out the following:

- With respect to the legal assistance activities referred to in paragraph a) above, the relevant engagement was given to Bonelli Erede only verbally, and therefore in a manner that did not comply with the organizational procedure called "*Planning, approval, acquisition and monitoring of Consultancy and Professional Services*", which provides that, for the activities requested directly by the Top Management, and therefore without the involvement of a Company Function, the administrative/acquisition cycle is carried out by the staff of the requesting Top Management;
- with reference to the above engagement, no declaration of absence of conflict of interest results to be signed by the Bonelli Erede, as this condition has been attested only verbally with the indication that the services provided by Bonelli Erede in favor of the shareholder Elliot had ended on May 2018;
- the cost of the services rendered by Bonelli Erede in relation to the assistance in the context of the revocation process of the former CEO, and fully described in paragraph a) above, amounted to Euro 191,000, plus legal charges, as shown in the invoice containing the description "*Extra-judicial legal assistance rendered in relation to the boards of directors of 13 and 18 November 2018*".

The above confirms and integrates the profiles of irregularities already highlighted in paragraph a) above, which have been reported by the Board of Statutory Auditors to the Supervisory Authority pursuant to Article 149 of the CFA.

With regard to the procedure for the appointment of the new CEO following the revocation of powers of the former CEO Amos Genish, on 15 November 2018, the NRC met to transfer to the Board of Directors a non-binding recommendation for the appointment of a possible replacement. In this meeting, the Chairman of the NRC, taking into account the “very limited time available”, in agreement with the Chairman of the Board of Directors, granted a specific engagement “in emergency” to the consultant Russell Reynolds, asking him to prepare an assessment document on the members of the Board then in office “given the need to identify a candidate as a priority within the same board structure”.

This document was not sent to the members of the NRC before the meeting mentioned above and was delivered to the members of the NRC only during such meeting, during which it was analytically illustrated by the consultant to the members of the NRC.

At the meeting held on 18 November 2018, the NRC voted by a majority (i) on the assignment to the CEO succeeding Amos Genish of the powers already assigned to him (CEO and General Manager) and on the submission to the Board of such recommendation and (ii) on the proposal to assign to the new CEO and General Manager a remuneration corresponding to that already granted to his predecessor, and therefore in line with the remuneration policy of the Company.

That said, the Board of Statutory Auditors notes the following:

- the Rules of the NRC of TIM in Article 3 – “tasks” states that: “*The Committee carries out the tasks assigned by the Code to the Remuneration and Appointments Committee, as well as those further tasks assigned by the Company’s Corporate Governance Principles and by the Board of Directors*”;
- the Principles of self-conduct adopted by TIM, in point 6.2, letter a) provide that the NRC “*oversees the succession plan of the executive directors and monitors the updating of the replacement tables of the company management made by the executive directors*”;
- the use of an external consultant in situations, such as those in question, is intended as a guarantee of the objectivity and traceability of the procedure followed;
- the appointment of the consultant Russell Reynolds has been negotiated, as to terms and conditions, by the Human Resources and Organization Function, which confirmed the substantial alignment of the fees requested with the remuneration previously attributed to a similar consultant for a corresponding activity, on the occasion of the succession of a previous CEO of the Company;
- the function of the NRC is of advisory nature, supporting the Board of Directors, which remains the body competent to take any decision on the matter;
- the Shareholders' Meeting established a number of members of the Board of Directors and, notwithstanding the revocation of the powers granted to the Director Genish, there were no seats available on the Board, given the fact that he remained in office as Board member. Therefore, if the Board intended to quickly appoint a new Managing Director, it had to necessarily identify him within the current structure. If the Shareholders' Meeting had then decided that a suitable figure was not present within the Board, it would have had to convene a Shareholders' Meeting and propose to modify the composition of the Board in order to make room for a new member, if none of the current members of the Board of Directors had resigned. It is understood that shareholders who have a qualified

participation required by law can request the convening of a meeting to increase the number of directors;

- in this context, the activity carried out by the consultant was essentially of assessment of the members of the Board of Directors, without specifically identifying external figures, given the numerical composition of the Board, declining the requirements of the role and the characteristics/competences/experiences of the ideal candidate in order to express a non-binding proposal to the Board which, therefore, has always had the right to adopt its resolutions even not in accordance with the opinion expressed by the NRC;
- the failure of the Chairman of the NRC, upon his specific decision, to disclose in advance the document prepared by the external consultant to the other members of the Committee and to the Board of Statutory Auditors (as well as the selection of the consultant, the modalities of which were not specifically indicated in the procedure), even though it conflicts with the provisions of Article 2.3 of the Rules of the NRC, should be read in the context of the limited time available and in that of limiting the leakage of further indiscretions.

With regard to all the above, the Board of Statutory Auditors, without prejudice to the irregularity profiles found pursuant to Article 149 of the CFA, which formed the subject of a specific communication to the Authority, did not find in the process of appointing the new CEO, with regard to this specific point, elements that could lead it to believe that the process as a whole does not substantially comply with the regulatory framework (including the rules on conflicts of interest).

[omissis]

Milan, 8 March 2019

For the Board of Statutory Auditors
The Chairman Roberto Capone