

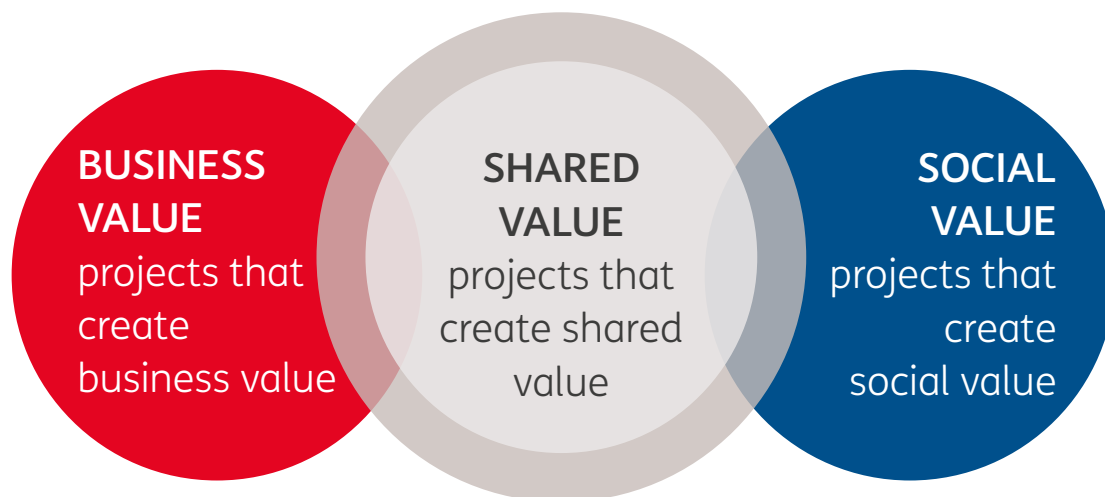
TIM CORPORATE SHARED VALUE MODEL

Companies are increasingly aware of the importance of Corporate Social Responsibility as a strategic lever for their long-term success. In recent years, there has been a perceived need to bring closer and integrate social responsibility with business activities, using it as an opportunity to create value for society and the business itself.

At the same time, tools are needed to enable stakeholders, including shareholders, to perceive the contribution that sustainability can make to the company's operating results and to the community in terms of social value and protection of natural resources.

In this context, best practice has in recent years highlighted a process of evolution towards the concept of Corporate Shared Value. The culmination of this process is the integration of the sustainability approach conventionally adopted by companies as part of their overall corporate strategy, turning it into a vehicle for creating economic and social value.

TIM has been following this very path over the past few years, in order to guide the company's strategic decisions and measure its financial and non-financial performance and therefore respond to the legitimate demands of its stakeholders.



During the past year, in order to complete the move to Shared Value undertaken in 2014, TIM's CSV department considered the need to verify the maturity of its measurement system, in order to allow the Group's stakeholders to see beyond the numerical data and assess the reliability of the information supplied.

THE GROUP CORPORATE SHARED VALUE MODEL

TIM defined a CSV model (TIM Corporate Shared Value Model) Based on an analysis of the country's main needs (Social Needs) and of the objectives set by the Digital Agenda, identified areas of intervention that can respond to these needs, through technologies, skills and specific projects. The areas identified are:

- Digitisation, connectivity and social innovation: in 2016 generated 13.912 million euro in Business Value;
- Environmental protection: in 2016 generated 83 million euro in Business Value;
- Digital culture: In 2016 generated 16 million euro in Business Value.

In addition to the activities dedicated to employees (TIM's people) generating 1 million euro in Corporate Shared Value in 2016 the Economic Shared Value generated in 2016 was 14.012 million euro.

During 2016, in addition to increasing the range of indicators to measure and record the risks and performance of the company, in order to allow more informed decisions to be taken, both internally and externally, TIM decided to validate its CSV reporting and measurement system, submitting the TIM Shared Value Model to validation by PricewaterhouseCooper Advisory S.p.A. (PwC), the Group's auditor. In order to allow PwC to carry out its assessments of the CSV measurement model, a document was drawn up that describes the process, method and quantitative logic underlying the measurement of CSV.

With this reference, PwC was able to perform its assessment of the 3 areas that make up the CSV template defined above, which are examined according to six key dimensions:

- certainty of measurement (the extent to which the CSV calculation model includes quantitative elements that depend on estimates, benchmarks, statistical data that may influence the result of the measurement);
- reporting framework (the extent to which the indicators used in the CSV model are attributable to known reporting frameworks other than the specific methodology developed internally for the assessment of results);
- integrity of the information (the extent to which the data and information used for the calculation of the CSV are obtained using stable processes and systems equipped with control tools);
- consistency (the extent to which the CSV calculation model of multi-annual projects and projects of the same nature is applied consistently over the years and between them and the extent to which any changes are subject to disclosure in the restatement of results. The extent to which the CSV calculation model is applied to a consistent Group scope over time);
- consistency of performance indicators (the extent to which the CSV model emphasises elements that are consistent with those used by management for managing and directing the business);
- external validation (the extent to which the CSV model draws on data and information which are subject to external verification of other management areas).

This innovative method allows assessments resulting from audits conducted on the various dimensions to be graded and the results to be presented in a qualitative manner for each of them, providing useful information to recipients for them to understand the maturity of the reporting model and its evolution, or improvement, over time. It also provides all the information needed to ensure that the auditor can come to a conclusion regarding the CSV measurement model developed by TIM.

The conclusions of the audit by PwC are given in the Report issued and attached to this report.

The forms used for the measured projects are shown below.