



2018
NON-FINANCIAL
STATEMENT



2018 NON-FINANCIAL STATEMENT

INWIT SPA
Registered office
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Tax Code and VAT number
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Letter to Shareholders

Dear Shareholders,

starting from this year INWIT has decided to undertake a structured and organic path to sustainability reporting. We therefore present to you the first voluntary Non-Financial Statement ("NFS"), drawn up in compliance with the recent regulatory requirements for reporting non-financial information introduced under Italian Legislative Decree 254 of December 30, 2016. The document aims to monitor our sustainability performance in order to guide future business strategies, ethically and respectfully of people and the environment.

Since its establishment, INWIT has been committed to communicating its sustainability performance both in its Financial Statements and in the NFS prepared by the TIM Group.

This year INWIT has decided to take a further step by preparing a separate voluntary NFS as part of a sustainability reporting process to support the company's strategy and create value for all stakeholders in the medium to long term. The NFS highlights the policies implemented and the results achieved on specific aspects: the social dimension, respect for human rights, personnel policy, the environment and the fight against corruption.

INWIT's management strategies are based on the sustainable development of our activities, paying particular attention to the problems of environmental protection connected with the performance of site decommissioning activities and the improvement of site safety and the protection of our employees.

INWIT recognises professional motivation and development as key elements in maintaining competitiveness that are closely linked to the ability to create value for shareholders. We are committed to the fair management and growth of the intellectual potential of our human resources, ensuring equal treatment, condemning all forms of discrimination and upholding human rights.

We are convinced that doing business responsibly is already an intrinsic part of the way we operate and we are confident that we will be able to face the challenges of the future with optimism, effectiveness and awareness, contributing to the social and economic development of the communities in which we operate.

Stefano Siragusa

Chairman



Giovanni Ferigo

Chief Executive Officer





1.

THE INWIT PROFILE

The INWIT Profile

1.1 INWIT - a brief summary

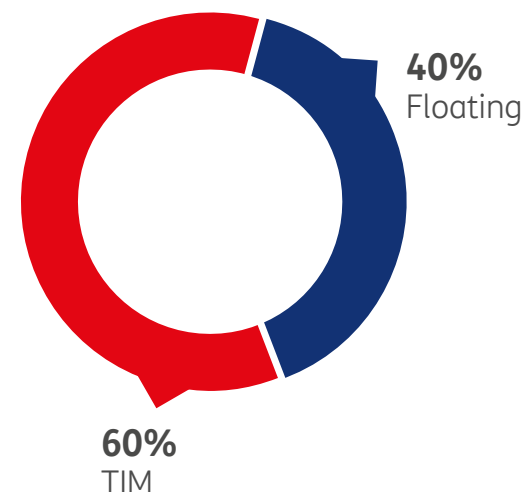
Infrastrutture Wireless Italiane S.p.A ("INWIT" or the "Company") is the Italian company of the TIM Group, with registered office in Milan. INWIT operates in Italy in the field of electronic communications infrastructures.

INWIT is a joint-stock company listed on the Mercato Telematico Azionario (Electronic Stock Exchange) organised and managed by Borsa Italiana S.p.A., with Telecom Italia S.p.A. as its main shareholder.

INWIT's business is focused on infrastructure management, devoted to hosting equipment for radio broadcasting, telecommunications, and television and radio signals broadcasting.

The Company manages and realises construction and management of the sites' passive infrastructures, generally consisting of civil structures (such as towers, pylons, and poles) and technological systems, necessary to host the transceiver equipment owned by the Mobile Operators and other radio service operators. To date, INWIT's business includes a number of additional services that complement its offering in the marketplace; in particular, the Company is developing the coverage service for mobile telephony through its own DAS (Distributed Antenna System) systems, which allow optimal coverage of sites with high traffic, both outdoors (e.g. squares, historic centers, beaches) and indoors (e.g. shopping centers, hospitals, stadiums and other sports facilities).

Shareholding Structure



Our Business: setting up and managing radio transmission infrastructures.



Number of sites by region



INWIT is currently the leading Italian Tower Operator in terms of the number of sites managed, now comprising approximately 11,000 towers, distributed throughout the country, hosting the transmission equipment of all major national operators. INWIT thus contributes significantly to the coverage of wireless telephony services in Italy and will continue to do so in the coming years by increasing the number of sites, including in relation to the development of new technologies, starting from 5G.

INWIT as a Tower Company, or Tower Operator, as infrastructure operators in the telecommunications sector are defined, has a long-term contractual relationship with its customer portfolio in Tower Rental, consisting of National Mobile Radio Operators ("NMROs") such as TIM, Vodafone, Wind and H3G and other entities other than National Mobile Radio Operators ("Other Than Mobile Operators" or "OTMO") including operators with licences for radio transmission services in other technologies, broadcasting service operators for transmission and broadcasting of radio-telephone signals, Institutions, public entities and the Armed Forces for the creation of private networks.

INWIT is present on the Italian market and operates in the sector thanks to the contribution of a business unit by Telecom Italia, starting from March 2015.

INWIT stands out as the largest Italian Tower Operator in terms of number of sites managed.



1964
Incorporation of SIP
the first Italian telephone
company

1995
Telecom Italia Mobile is
born
(TIM)
first Italian operator to enter
the market

2006
Merger by incorporation
between TIM and Telecom
Italia

INWIT

2015
Establishment of
INWIT
Independent Tower
Operator

HIGHLIGHTS



Revenues

€ 378,472,000



EBITDA

€ 215,440,000



Number of sites

10,973



Number of people

117



Hours of training

3,014

1.2 INWIT's Business Model

INWIT offers a variety of integrated services that allow our customers to diversify their businesses. The Company's core business consists of the "Integrated Hospitality Services" for the creation of radio networks, with the provision of:

- **civil infrastructures** corresponding to physical spaces on their vertical support structures, suitable for the implementation of wireless networks of any technology for mobile services and broadcasting, which include:
 - >pylons able to house the antennas of the radiant systems, the wiring, the parabolic antennae for the backhauling systems;
 - >premisesand/or spaces necessary to house electronic equipment such as radio access nodes, transmission systems, routers, servers;
 - >laying structures for cables connecting radiant systems to electronic equipment.
- **technological systems** to ensure optimal power supply for the equipment, which include:
 - > access to electricity grids and consumption management;
 - >energy stations for adaptation to the characteristics of the equipment;
 - >back-up systems for handling momentary or prolonged absences of energy.
- **air conditioning and/or ventilation systems** for optimal operation of Tower Rental equipment.

INWIT is concurrently expanding its business in the field of infrastructures that are now able to guarantee a more effective reception of services for mobile telephony: the *Small Cells* and the *Das (Distributed Antenna System)*.

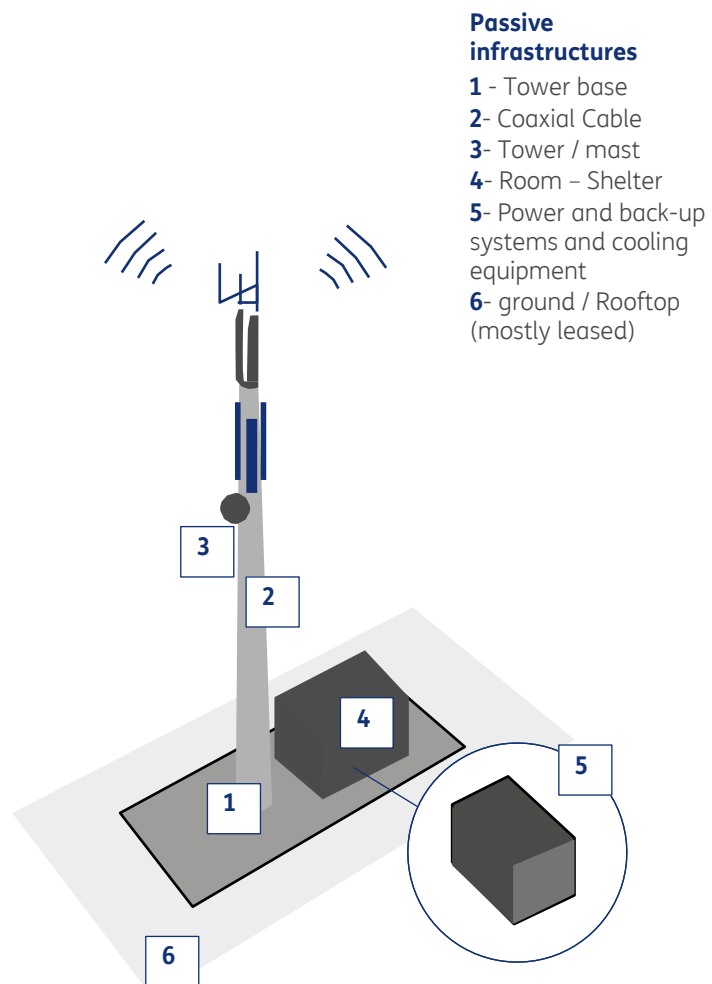
These are infrastructures that increase the reception of the signal of mobile operators in particularly crowded areas, where the signal coming from the antennas connected to the *Towers* is not sufficient to ensure optimal reception of the mobile signal.

INWIT therefore provides operators with new equipment that allows for increasingly effective use of the devices. The Company has started a coverage plan with *Small Cells* and *Das* in selected "critical" areas, through agreements with local authorities, large shopping malls, USLs managing hospitals, sports clubs and other partners.

The use of these micro installations will be expanded to ensure high quality connections and will constitute the basis of the new 5G technology with its use in the field of *Internet of Things (IOT)*.

Infrastructure and new
equipment for optimal
reception.





INWIT positions itself as the reference point for **new services** including

DISTRIBUTED ANTENNA SYSTEM

for indoor coverage

SMALL CELL

for high traffic concentration locations

CAPILLARY NETWORKS

for internet of Things

RADIO NETWORKS

for Public Safety services



Radio equipment and telecommunications systems hosting services



Energy Supply and Processing

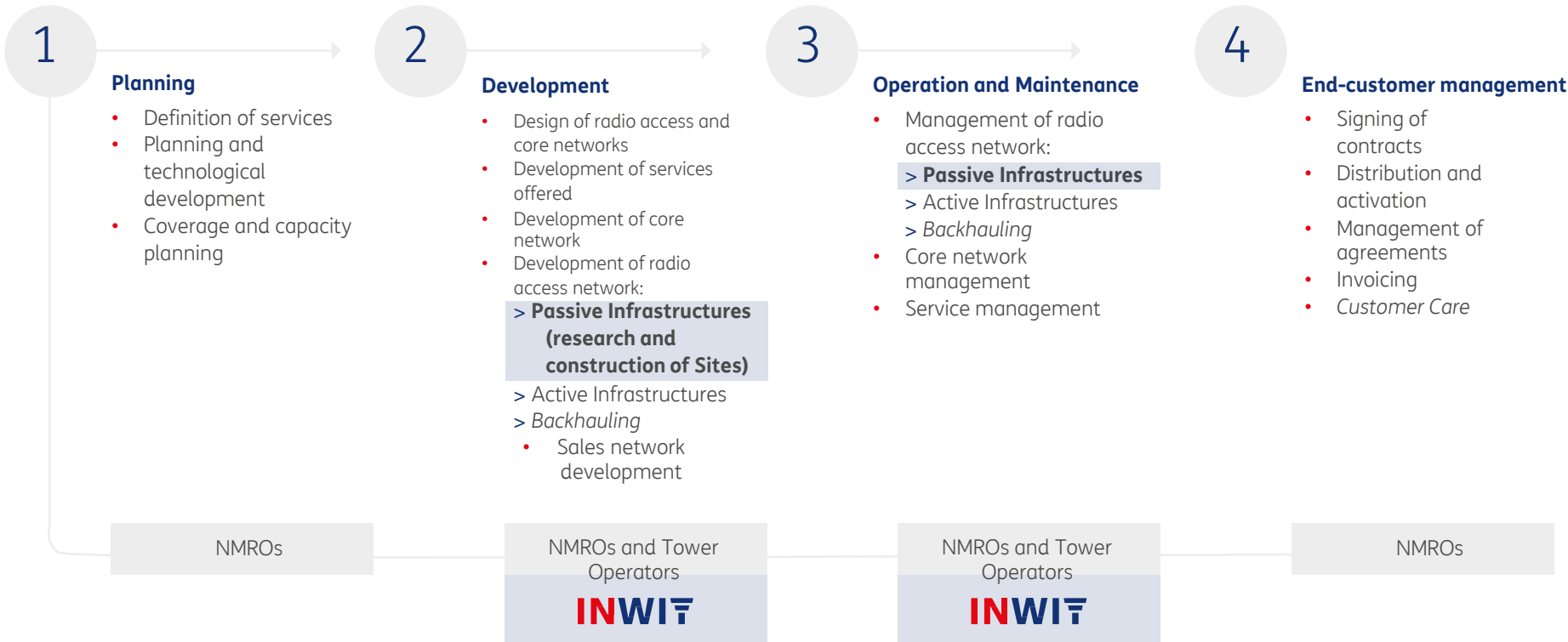


Infrastructure management and maintenance



Air Conditioning Systems

In terms of the value chain of National Mobile Radio Operators (NMROs), the Company is positioned in the development and maintenance phases of radio and telecommunications networks as illustrated in the following image:



INWIT's business model is developed around a constantly evolving environment, in support of the strategic lines dictated by the Strategic Plan 2019 - 2021; it includes a multitude of services that indirectly serve the entire community.

INWIT expects to continue its path of growth and value creation in the future, focusing on its distinctive features:

- the **quality** and **strategic nature of the assets**;
- **relations** with customers;
- ability to **innovate**.

Factors of competitiveness and business evolution

The strategy we pursue is based on two parallel tracks: enhancement of existing assets and new investments to expand the business.

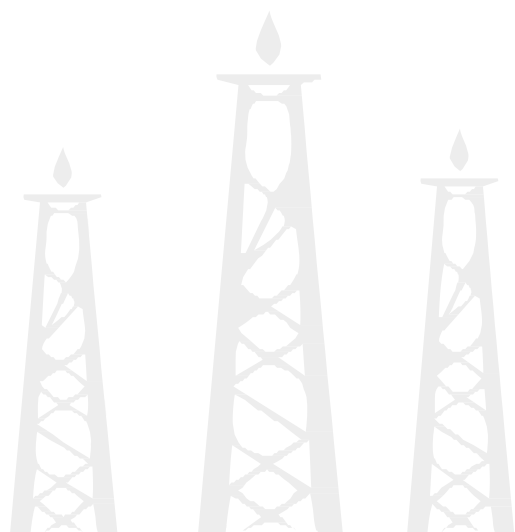
INWIT provides its customers with the know-how gained over the years to support the growing demands for quality, capacity and coverage by constantly and rapidly evolving radio networks. Moreover wireless infrastructure market is experiencing a profound transformation process and there is a growing demand for services from mobile operators and other radio network players. Tower Operators like INWIT need to increase their service access points and prepare for the transition from 4G to 5G.

12



TOWERS

10,973



*Distributed THROUGHOUT
ITALY*

*Located in OPTIMAL POSITIONS
for radio coverage*

*Featuring HIGH infrastructure
QUALITY*

*HIGH SPEED CONNECTIONS are
available*

1.3 The internal control and risk management system

INWIT's **Corporate Governance**¹ is organized according to the traditional model, in accordance with Articles 2380 et seq. of the Italian Civil Code; it is compliant with the relevant national and international best practices and is structured as follows.

Board of Directors
Board of Statutory Auditors
Control and Risks Committee
Nomination and Remuneration Committee
Strategic Committee

The Board of Directors (hereinafter "Board") is composed of 11 directors, of which 5 are women and 6 are men, 10 members are aged over 50 and 1 member is between 30 and 50; 6 directors meet the independence requirements of the TUF (Consolidated Finance Act) and the Code of Conduct for Listed Companies. The Board of Directors is responsible, among other things, for assessing the adequacy of the company's general organizational, administrative and accounting structure, as well as ensuring that the Non-Financial Statement (NFS) is drawn up and published in compliance with the provisions of Italian Legislative Decree 254/2016.

One of the roles of the Board of Statutory Auditors is to monitor compliance with the law, the Articles of Association, the principles of proper administration in the performance of corporate activities and the overall adequacy of the risk management and control system. The Board of Statutory Auditors of INWIT also acts in the capacity of a Supervisory Body as per Italian Legislative Decree no. 231/2001.

Comprising 3 independent directors, the Committee is a body that acts in an advisory and recommendatory capacity and, among other things, it is tasked with supporting the assessments and decisions of the Board of Directors relating to the Internal Control and Risk Management System, as well as those relating to the approval of the Financial Statements

Composed of 3 independent directors, the Committee executes the tasks and has the responsibilities assigned by the Corporate Governance Code of Borsa Italiana to nomination committees and the remuneration committees.

Composed of 5 directors, 2 of whom are independent, this Committee's duties are of an investigative and consultative nature. It provides support to the Board of Directors in matters of strategic importance and provides opinions and makes recommendations regarding the business plan.

¹For further information on the INWIT Corporate Governance system, please refer to the Report on Corporate Governance and Ownership Structure on the website www.inwit.it, Governance section.

Enterprise Risk Management

In line with the parent company TIM, INWIT adopts an **enterprise risk management (ERM) system** defined on the basis of best practices in order to identify potential events that may influence the fulfillment of the main business targets set in the Strategic plan for 2018-2021.

The **stages of the ERM system** are broken down as follows:

- 1.definition of the *Risk Appetite* and its breakdown in terms of *Risk Tolerance* with respect to the objectives defined in the Strategic Plan and on the basis of the relative *Risk Analysis* conducted;
- 2.the *Risk Assessment* phase during which the risks that are liable to impact the Plan objectives are identified and assessed, with a focus on the objectives for which the Risk Tolerance thresholds have been defined¹;
- 3.the *Risk Response* phase, for identification and implementation of the risk mitigation measures identified in the *Risk Assessment* phase. This phase includes the following activities: Performance Planning, Execution, Accounting and Measurement.
- 4.Monitoring, Controlling and Performance Evaluation, are part of the last phase, during which evolution of the individual risks and of the relative mitigation actions to be undertaken are analyzed and the Company's comprehensive risk profile is defined.

INWIT's "*Administration, Control & Risk Management*" function is responsible for overseeing the *risk management* process and the end-to-end management of the ERM process through the following activities:

- ensuring the implementation of the Parent Company's ERM Organisational Procedure;
- conducting *Risk Analysis* activities on the Strategic Plan with quarterly updates;
- defining *Risk Appetite and Risk Tolerance*, monitoring KPIs and return actions on a quarterly basis if the level of risk acceptability is exceeded;
- conducting *risk assessment* activities to define the risk profile and mitigation actions.

In the future, the constitution of the **ERM Steering Committee** is envisaged. This Committee will be responsible for the governance of the risk management process through validation of defined *assessment* processes and the coordination of action plans, aimed at ensuring the operational continuity of the business by monitoring its progress and effectiveness. The INWIT **Board of Directors** is responsible for discussing and definitively approving the Company's *Risk Appetite*, following its validation by the Managing Director of INWIT. This takes place on the occasion of the approval of the Business Plan.

1.4 Correct corporate conduct

Since its inception, INWIT has been committed to operating and carrying out its activities in accordance with the principles of **fairness, loyalty and transparency** to fulfil the expectations of its external and internal stakeholders and protect its reputation. To conduct an ethically sound business, INWIT has adopted management models and procedures aimed at regulatory compliance - including as applicable to transactions with related parties, management of privileged information, as well as the protection of privacy.

The internal organisational structure has been equipped with figures and bodies dedicated to monitoring compliance aspects, such as the Financial Reporting Officer pursuant to Law 262/05, the Audit Function and the Supervisory Body pursuant to Legislative Decree 231/01; at INWIT the latter role is held by the Board of Statutory Auditors².

In order to strengthen the supervision of the Internal Control System, INWIT has established the Compliance and Regulatory Function which, among other things, provides operational support to the Supervisory Body (SB), including with the assistance and/or working alongside the Compliance Department of the parent company TIM. This function conducts specific compliance interventions pursuant to evidence received and investigates in greater detail the reports for which the Supervisory Board 231 is responsible. With reference to the aspects inherent in the application of Legislative Decree no. 231/01, the Company has adopted an Organizational Model 231 which is divided into a Code of Ethics, principles of conduct and internal control schemes.

¹For further information please refer to the Report on Corporate Governance and Ownership Structure.

²For further details, kindly refer to the Corporate Governance and Ownership Structure Report and the Annual Financial Statements available on the website www.inwit.it.

Anti-corruption

INWIT is attentive to the fight against corruption. Given the interdependence of the Company with the community and the relationships undertaken with the Public Administration, preventive actions are required to ensure protection from corruption that could be damaging to the Company's while also affecting common welfare. INWIT is governed by the Anti-Bribery Policy of the TIM Group, applicable to Top Management and corporate bodies, all employees, associates and third parties with regard to their business relations with the Company. The Policy absolutely prohibits corrupt practices (whether on the offering or the receiving end) and specifically defines "sensitive areas," which are monitored and governed pursuant to specific internal procedures. To this end, INWIT develops compliance activities with the external and internal regulatory framework, aimed at preventing non-compliance risk, which could lead to penalties, economic losses, damaging administrative measures, critical consequences on the reputational level.

For 2018, information on the anti-corruption procedures adopted by the Company is provided on the Company's intranet. The fight against corruption is also addressed by the Company's Internal Control System, the main instrument of which is the 231 Organizational Model.

No corruption incidents occurred in 2018.

Whistleblowing procedure

INWIT has adopted a specific Whistleblowing Procedure to collect reports received from employees and third parties regarding violations of the Anti-Bribery Policy. INWIT has provided a special channel for the transmission of reports relating to clarifications or alleged violations of the law or the 231 Organizational Model; all company functions and organizational positions within the Company ensure the absolute confidentiality of the whistleblowers.

Initiatives

With this in mind, INWIT has designed a plan aimed at raising the awareness of managers and employees, to disseminate a culture and awareness of how the 231 Organizational Model operates, especially insofar as the Code of Ethics and the Anti-Bribery Policy adopted by the TIM Group. The plan was implemented through 3 cycles of interventions delivered during the months of June, October and December 2018, via classroom and *webinar* sessions, involving a total staff of 76.

In 2018, administrative and judicial penalties totalling 334,022 euros were levied against the Company for non-compliance with current social and economic regulations. No administrative and judicial penalties were levied against the Company for non-compliance with environmental issues.





2.

SUSTAINABILITY FOR INWIT

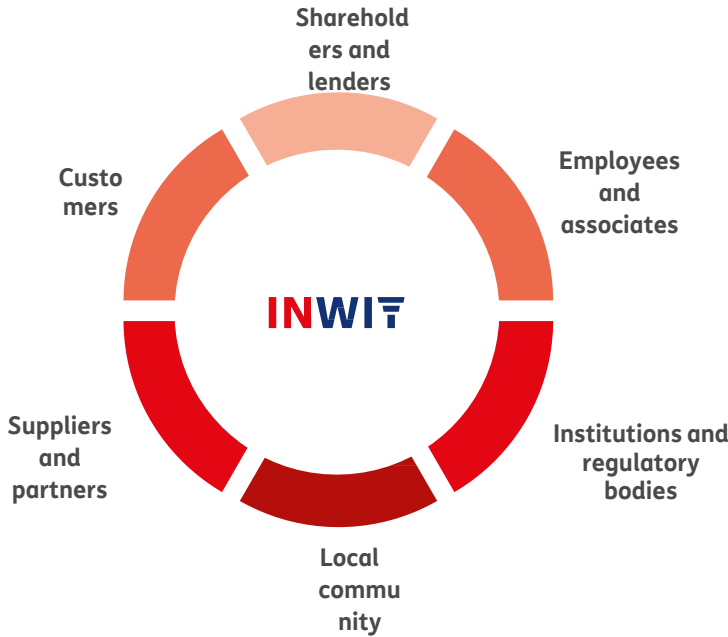
2.1 Approach to sustainability

INWIT works with a view toward sustainability, in terms of opportunities for growth for the company itself, taking into account the mutual interdependence between maintaining the competitiveness of the business and the welfare of the community in which it operates.

INWIT's goal is to achieve a balance between the following three dimensions:

- **environmental sustainability** i.e., maintaining the availability of resources, ensuring a balance between the use of these resources and operating requirements;
- **social sustainability** i.e., promoting the principle of equity between the generations and the fair distribution by class and gender of the conditions of human well-being (health and safety, education, democracy, participation), justice);
- **economic sustainability** or the ability to maintain capital and increase it by generating work for the livelihood of the population.

In INWIT's view, this balance can only be achieved by taking into account the expectations of all stakeholders (customers, shareholders and lenders, employees and associates, suppliers and partners, local communities, institutions and regulatory bodies) and trying to reconcile their needs.



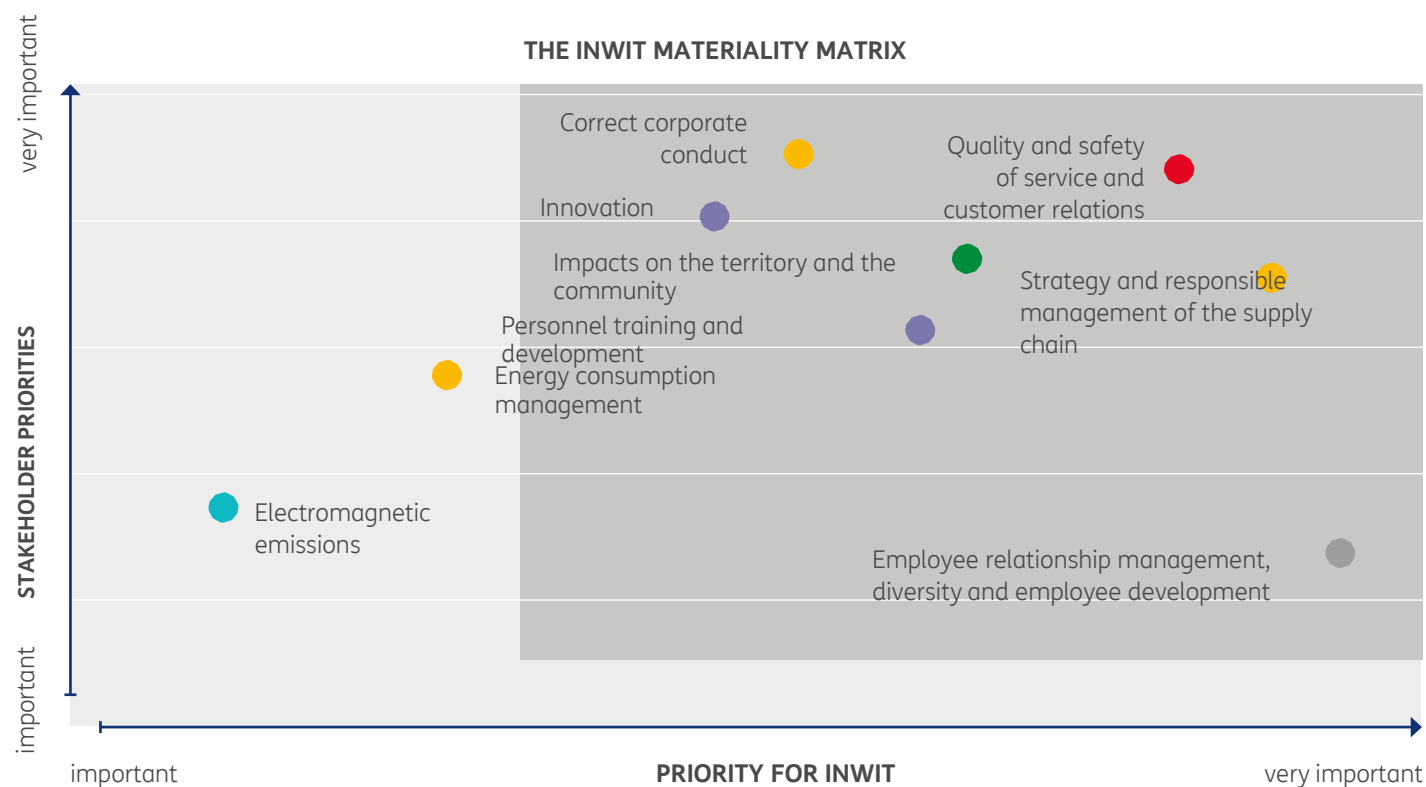
Sustainability as an opportunity for growth and the common well-being.

2.2 Materiality analysis

In 2018, INWIT conducted a materiality analysis that involved the Top Management, which conducted an evaluation of a list of potentially significant issues.




The activity provided for the attribution of a score for each theme, in terms of the organization as well as the external stakeholders, for definition of the materiality matrix.






This analysis resulted in the definition of 7 material themes..





The 2018 materiality analysis will be further refined in the coming years, for complete stakeholder engagement that will allow INWIT to identify in a timely manner the priority elements subject to future reporting.

2.3 The main risks, management methods and policies adopted

Area of Legislative Decree 254/2016	Material Issues	Risks	Operating procedures/Policies	SDGs
Combating active and passive corruption	Correct corporate conduct	Risks of compliance with the reference legislation (Legislative Decree 231/2001)	<p>The Company has adopted a "231 Organizational Model" aimed at preventing the commission of crimes, including the crime of corruption, through an internal control system whose schemes have been drawn up in compliance with the following principles: (i) the separation of roles in undertaking the principal activities involved in business processes; (ii) the traceability of decisions, to allow for identification of the points of responsibility and the motivations for the decisions themselves; and (iii) the objectification of the decision-making processes, so that decisions are not made on the basis of purely subjective considerations, but based on pre-established criteria. The Organisational Model is completed by the presence of the Supervisory Body, whose functions have been assigned to the Board of Statutory Auditors. This body has the task of supervising the functioning, observance and updating of the Model. The Supervisory Body reports to the Board of Directors on the verification activities carried out and their outcome.</p> <p>The "Legal, Corporate Affairs & Compliance" function of the Company provides operational support to the Supervisory Body. It is supported in this through its collaboration with the Compliance Department of the parent company TIM. The support includes the implementation of specific compliance measures in implementation of the control plan defined by the Supervisory Board, on the basis of periodic information flows, as well as any reports received. INWIT also has an Anti-Bribery Policy.</p>	
	Employee relationship management, diversity and employee development	No risks have been identified in this area		
Personnel management aspects	Personnel training and development	No risks have been identified in this area	Currently, as no risks related to personnel management have been identified, no related management methods have been identified. INWIT nevertheless adopts TIM's Diversity & Inclusion policy.	

Area of Legislative Decree 254/2016	Material Issues	Risks	Operating procedures/Policies	SDGs
Social aspects	Strategy and management manager of the supply chain	Risks related to the selection and qualification of suppliers/partners and products and to the management of passive contracts (agreement, archiving and monitoring)	<p>The Company oversees the supply chain process through a model aimed at ensuring the highest degree of fairness in commercial relations with suppliers and in the internal management phases and, in general, in compliance with the 231 Organisational Model. The Company does not intend to derive competitive advantages from suppliers on the basis of non-responsible behaviour and requires that relations with suppliers be governed only by objective criteria and that the staff that have relations with suppliers undertake to promote the principles of legality, transparency, fairness and loyalty, on pain of disciplinary sanctions.</p> <p>In addition, in accordance with the Group's environmental policy, which provides general guidelines for the responsible and sustainable protection of the environment, the company selects its suppliers and partners on the basis of environmental sustainability criteria and assesses products and services taking into account their whole life cycle, periodically checking compliance with the above criteria throughout the entire life cycle. The company identifies and assesses environmental risks generally present at the various levels of its supply chain and adopts appropriate corrective actions and improvement plans to reduce the environmental impact of purchased products and services and their production processes.</p> <p>It is mandatory in the purchasing process:</p> <ul style="list-style-type: none"> > comply with the Related Parties Procedure, which must be verified before the contract is signed; > refer to technical-functional specifications in which the products/services supplied must be described objectively and completely; > respect the spending limits set out in the budget; > use qualified suppliers; > ensure the management of the purchase documentation so as to allow the reconstruction of the different phases (traceability) and an adequate level of confidentiality, in compliance with the provisions on "privacy"; > ensure consistency with the system of powers of attorney and delegation (deeds of purchase and the related incoming goods). <p>The process also includes specific Vendor Rating activities aimed at assessing supplier "performance" normally based on the evaluation of the three main areas of interaction with the supplier: administrative, commercial, technical</p>	 
	Quality and safety of service and customer relations	Risks related to the quality of service through the identification of technical solutions adapted to market needs	The Company oversees the general theme of quality of service offered to customers by adopting technical solutions adapted to market changes and requirements, characterised by the constant evolution of the technology used for the transmission and distribution of mobile phone signals and by an ever-increasing demand for better service quality.	
	Impacts on the territory and the community	Risks associated with compliance with current legislation on environmental protection issues	The Company monitors compliance with current legislation by adopting specific waste management processes that require stipulation of contracts for the decommissioning of sites only with counterparties who can ensure proper disposal thereof.	
	Innovation	Risks associated with the identification of technical solutions adapted to market needs	The Company manages innovation by adopting technical solutions adapted to the changes and needs of the market, characterized by the constant evolution of the technology used for the transmission and dissemination of mobile phone signals.	

Area of Legislative Decree 254/2016	Material Issues	Risks	Operating procedures/Policies	SDGs
Environmental Aspects These issues are not material to INWIT, but have been reported in the current table, as they are issues of interest to some categories of stakeholders.	Energy consumption management	No risks have been identified in this area	INWIT does not foresee the adoption of policies related to the management of environmental aspects, but follows the Environmental Policy adopted by the Parent Company TIM.	
	Electromagnetic emissions	No risks have been identified in this area	<p>With regard to the development of the 5G system and electromagnetic compatibility aspects, it is important to remember that the current limits of emitted power, provided for with a large margin of safety by law, are not related to specific technologies, but concern the totality of emissions produced by a mobile site, regardless of the number of antennae and technologies installed; in addition, the 5G network architecture provides "small cell" solutions in several cases to ensure the appropriate levels of bandwidth and speed. Due to their intrinsic technological nature, small cells (including 5G small cells) use lower radio powers than those of large base stations.</p> <p>In the light of these considerations, although there are interest groups claiming the contrary, the electromagnetic emissions generated by 5G technology do not constitute a business risk. According to current scientific knowledge, emission levels are not considered responsible for causing negative impacts on health and the population and fall well within the limits set by international standards. INWIT pro-actively monitors any developments and always complies with legislation.</p>	
Respect of human rights	Strategy and responsible management of the supply chain	Risks related to the selection and qualification of suppliers/partners and products and to the management of passive contracts (agreement, archiving and monitoring)	<p>Risks related to the selection and qualification of suppliers/partners and products and the management of purchase contracts (agreements, archiving and monitoring)</p> <p>The Company has also adopted the TIM policy, which reaffirms the operating principles to be followed to ensure that business activities are respectful of human rights.</p>	



3.

OUR
PEOPLE

3.1 Employee relationship management, diversity and internal employee development

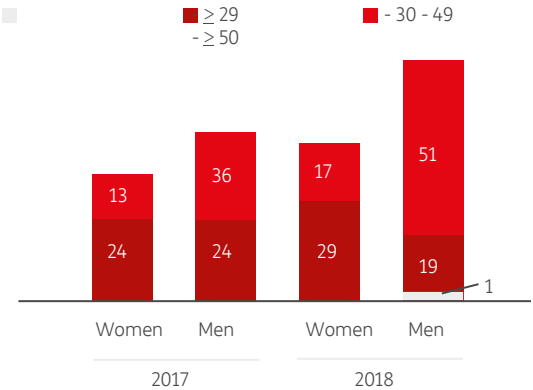
The management of employment relationships, the development of internal employment and the management of diversity are material aspects for the Company. The rights of workers, their well-being and safe working practices, are guaranteed by INWIT in accordance with the Code of Ethics adopted by all TIM Group companies; this document is inspired by the principles of the Global Compact as dictated by the United Nations, which they enshrine: respect for human rights, work standards, the environment and the fight against corruption.

In a constantly evolving business environment, the precise definition of obligations and rights of the parties, the enhancement of their people and the protection of health and safety allow INWIT to create a serene, safe and stimulating work environment.

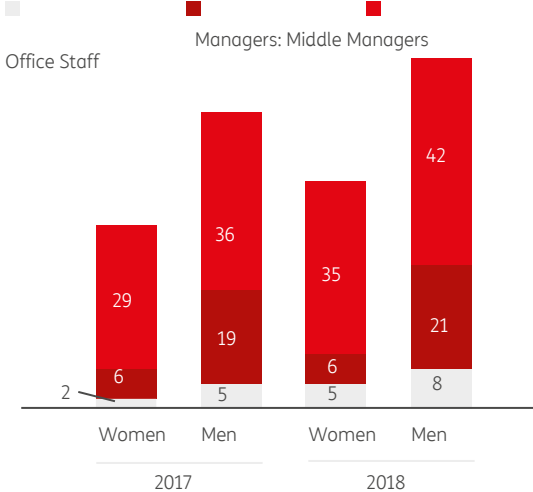
Workforce

The Company's headcount increased by 21% compared to 2017: 7 employees were hired on the external market and 15 from TIM Group. To date, INWIT has 117 employees, all of whom are on permanent contracts and are fully covered by collective agreements.

Personnel broken down by gender and age group in the two-year period 2017-2018

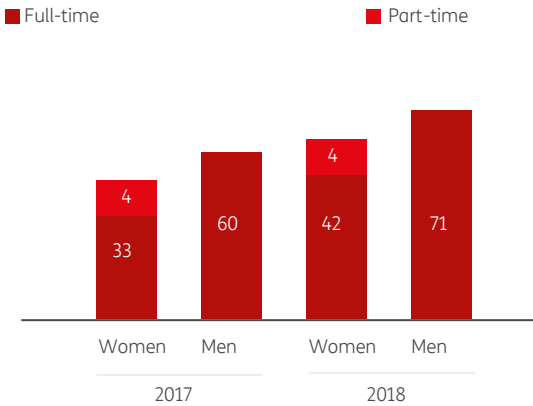


Personnel broken down by professional category in the two-year period 2017-2018



It is hereby noted that the professional category "workers" is not represented as it is zero for the entire two-year period.

Personnel broken down by type of contract in the two-year period 2017-2018



During 2018, two employees retired, which led to a reduction in the outgoing turnover rate of 1% from 3% for 2017, equalling 2% for 2018. The table below also includes hires and terminations from and to TIM Group companies.

Incoming staff by age group Units		2017		2018	
		Women	Men	Total Women	Total Men
Number of employees hired by the Company by age bracket:	no. 4 8	12	10	12	22
≤ 29 no. 0 0		0	0	1	1
30 - 49 No. 3 4		7	8	4	12
≥ 50 no. 1 4		5	2	7	9
Outgoing personnel by age group Units Women Men Total Women Men Total					
Number of employees leaving the Company by age bracket:	no. 1 2	3	1	1	2*
≤ 29 no. 0 0		0	0	0	0
30 - 49 No 1 0		1	0	0	0
≥ 50 no. 0 2		2	1	1	2

* It is hereby specified that the departure is due to retirement.

		2017			2018		
Turnover rate	UdM	Women	Men	Total	Women	Men	Total
Turnover rate (number of outgoing employees/total workforce)	%	2.7%	3.3%	3.1%	2.2%	1.4%	1.7%

At INWIT we manage labor relations to ensure that we promote equal opportunities and the professional development of our employees. In this context, the Company is committed to ensuring that its workforce is diversified. Diversity within the company is also ensured by the application of the TIM SpA **"Human Rights"** policy which has also been adopted by INWIT.

The total percentage of employees that belong to protected categories has not changed over the last two years.

Percentage of employees belonging to protected categories	UdM	2017			2018		
		Women	Men	Total	Women	Men	Total
Percentage of employees belonging to protected categories in the organization, of whom:	%	2.7%	6.7%	5.2%	2.2%	7.0%	5.1%
Senior Managers	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Middle Managers	%	0.0%	0.0%	0.0%	0.0%	1.4%	0.9%
Office Staff	%	2.7%	6.7%	5.2%	2.2%	5.6%	4.3%
Workers	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Since it was incorporated, INWIT's human capital management policy has promoted equal treatment and equal opportunities between the genders and within the whole organization and the Company has monitored the implementation of this policy.

The hiring policy has increased the number of women within the organization: in 2015 women made up 25% of the total workforce while at the end of 2018 this percentage had risen to 40%. The increased presence of women applies to all company departments that have hired new staff: in the staff and also the line departments, where typically men outnumbered women.

The managerial development policy has also been inspired by equal opportunity principles and the rebalancing of the gender gap: 50% of top management positions reporting directly to the CEO have been allocated to women. In particular, the position of Chief Technology Officer, which is typically characterized by technical know-how and has traditionally been held by men, is currently held by a woman.

Also in terms of the gender pay gap, the Company is committed to adopting reward policies aimed at ensuring the alignment of salaries to bridge the gap between men and women with the same operational roles or managerial positions. This is monitored by the Nomination and Remuneration Committee.



Welfare and initiatives

INWIT provides welfare initiatives aimed at employees in accordance with the policy of the TIM Group: through these initiatives INWIT expresses respect and attention for people by actively contributing to making certain recurrent expenses in family budgets more economically sustainable.

The main initiatives offered by INWIT during the course of 2018 were:

- access to cooperating day-care centres;
- access to company loans;
- holidays for the children of employees;
- periodic health check-up campaigns for employees over 45 years of age;
- full or partial transformation of the Performance Bonus into welfare services;
- ASSILT (Association for supplementary healthcare for TIM Group employees) continued to provide no-profit supplementary services to members and beneficiaries, in addition to those provided by the National Health Service, including jointly with public healthcare facilities, conducting healthcare studies, surveys and actions, at group and individual levels, together with the promotion of health education projects.
- ASSIDA reimburses executive managers for supplementary healthcare services (i.e. in addition to those provided by the National Health Service).
- TELEMACO is the National Supplementary Pension Fund for employees of companies in the telecommunications industry. It was established in 1998 in the form of a no-profit association, and has been operative since October 2000; the aim is to guarantee member employees the same standard of living at the moment they retire, thanks to the creation of a supplementary pension scheme in addition to the State one. It is designed for the white-collar and blue-collar workers, and the management, of those companies that apply the national collective employment contract for the telecommunications industry, for full-time workers, apprentices and workers entering the labor market, as well as those persons dependent on employees who pay in to the Fund.
- CRALT (The TIM Group Employees' Social Club) organizes trips and holidays, together with sporting, cultural and recreational events, for the employees of Companies in the TIM Group. The CRALT also enables members and their families to purchase goods and services at discounted prices/tariffs, while still being allowed to pay in instalments. In this regard, of particular note is the convention regarding, and the corresponding contribution towards the cost of, the school and university text books of members' children, which constitutes a valuable aid to families' spending capacity.

In line with best company practices, INWIT encourages the adoption of "agile work," promoting the optimal work-family balance and helping to reduce mobility in the area.

*Coherence, respect and
attention to people and the
territory.*



Health and safety

The Company considers health and safety performance to be a key priority, and a factor of vital importance for the safeguarding of the health and safety of employees. Since its establishment INWIT has taken steps to adopt organizational and operational measures for the prevention of risks related to health and safety. The organisational system in place for prevention is based on the interaction between company management, workers and the Workers' Safety Representative (RLS).

The measures adopted include the formalisation and continuous updating of the Risk Assessment Document (DVR), the assessment of work-related stress, and the adoption of an articulated system of specific mandates assigned to managers at different levels of the organization. The necessary devices and Personal Protective Equipment (PPE) are provided to INWIT's operational structures operating at the territorial level.

To prevent and control risks, the Company systematically trains employees on specific issues relating to occupational health and safety: in 2018, numerous training programmes on health and safety were conducted, covering a variety of risks and professional profiles, resulting in almost 300 hours of training. The Company is supported by TIM's Health, Safety and Environment function, with which INWIT has stipulated a service agreement that is renewed annually. INWIT adopts policies that are consistent with those of the TIM Group.

The most significant indicators measuring the effectiveness of the actions adopted include the outcomes of the accidents analysis, which generates improvement plans based on the causes that led to the events. This activity can lead to the updating of the Company's risk assessment.

Accidents		2017			2018		
	UdM	Women	Men	Total	Women	Men	Total
Number of accidents, involving							
<i>accidents during transit</i>	no.	1	0	1	0	1	1
<i>accidents at work</i>	no.	0	0	0	1	0	1
Total accidents	no.	1	0	1	1	1	2
Days lost due to accidents		Women	Men	Total	Women	Men	Total
Number of days lost	no.	4	0	4	14	130	144
Accident indices		Women	Men	Total	Women	Men	Total
<i>frequency index</i>	%			7.33			12.11
<i>severity index</i>	%			0.03			0.87

3.2 Personnel training and development

INWI's 2018 materiality analysis highlighted the importance of staff development and training from both an internal and a stakeholder perspective.

The Company has adopted a business model that ensures continuous and adequate professional growth, to wit the various training activities in the areas of anti-corruption, human rights and health and safety. During 2018, more than **3,000 hours of training were provided**, up from 2017.

Hours of training by subject	UdM	2017	2018
Total hours of training, of which:	h	2,269	3,014
<i>Anti-corruption</i>	h	15	194
<i>Health and safety</i>	h	239	278
<i>General (language training, induction, managerial, specialist)</i>	h	2,015	2,542

Performance evaluation

The Company carries out regular performance and career evaluations on all employees: all employees are assigned predefined, potentially quantitative targets annually. Performance is evaluated and feedback is given, measuring the recipients' ability to achieve their objectives and compliance with the behaviour model adopted at group level. This "Performance Management" process, which is regularly implemented at management and operational personnel levels, defines performance measurement systems at all levels, ensuring that individual merit can be evaluated fairly and objectively and to enable development plans.



25

average hours
of training per
employee



100%

Performance
review

4.

RESPONSIBLE BUSINESS MANAGEMENT

4.1 Strategy and responsible management of the supply chain and human rights

Strategy and responsible management of the supply chain

The management of the supplier qualification process is centralised at Group level, INWIT suppliers are qualified by TIM SpA on the basis of the product category. The same selection criteria apply to all Group companies. Specifically, the requirements covering quality, safety and the environment of the goods purchased are adopted.

With reference to relations with suppliers, the Company follows the guidelines and policies issued by TIM at the Group level. These are then adapted according to the specificities and needs of INWIT. The correctness and transparency of the pre-contractual and contractual relations that the Group maintains with its suppliers are ensured by a system of rules and procedures, and also by a series of controls carried out throughout the qualification and purchase process. In particular, registration in the Suppliers' Register is always verified through objective and documentary checks and, for certain product categories, also via technical-organisational audits at the suppliers' premises. In addition, suppliers are required to sign the Group's Code of Ethics and to respect the environment, protect human rights and labor standards and fight against corruption. In line with these values, our suppliers are required to promote compliance with these principles towards subcontractors.

During the purchasing process, compliance with the principles of:

- **transparency of rules and decisions** :calls for tenders ensure that equal opportunity is afforded to suppliers who, for similar products/services, have undergone a qualification process and have proved that they possess the technical and organisational requirements considered essential by the Group .At the same time, suppliers are required to declare that they have no bankruptcy proceedings or injurious acts in progress relating to the Company and / or its Legal Representatives / Administrators, serious administrative penalties, including sanctions related to Occupational Health and Prevention issues levied by the competent supervisory bodies;
- **separation of roles** :among the various operational and decision-making stages to ensure correct and transparent activities and to prevent personal gain in the context of procurement activities;

- **correctness** :the Group does not intend to gain competitive advantages from suppliers on the basis of irresponsible behaviour and requires its employees to ensure that relations with suppliers are governed solely by objective criteria and to commit to promoting the principles of legality, transparency, fairness and loyalty. Each employee must keep his or her personal interests separate from those of the Group;
- **procurement tracking** :for each contractual activity, the respective procurement functions are responsible for keeping all the documents in proof of the correctness of the operations and choices made. Similarly, documents proving the outcome of control and verification activities on products/services delivered/paid/installed by suppliers, which payments are conditional upon, are available at the competent company departments.

The main goods and services procured are related to the core activities of INWIT itself, and include: services related to the construction of radio base stations (SRB), services related to the safety of structures, design and supervision of works, design services of indoor roofing systems DAS (Distributed Antenna Systems), procurement of equipment for indoor roofs, installation services of equipment for indoor roofs, professional services for renegotiation of fees, professional activity for the search for sites and locations for indoor roofs and maintenance of radio base stations. These supplies account for approximately 80% of the Company's total purchase volumes.

Suppliers by purchase volume		UdM	2017	2018
Number of suppliers, of which	no.:		173	223
volume of expenditure < 1,000 €no.			8	17
volume of expenditure 1,000 € - 10,000 €no.			42	64
volume of expenditure > 10,000 €no.			123	142
Suppliers by type Units 2017 2018				
Number of suppliers, of which	no.:		251	273
suppliers of goodsno.			115	116
service providersno.			136	157

*The total figure of the number of suppliers by purchasing volume and number of suppliers by type does not match as some suppliers of goods are also suppliers of services and vice versa. Specifically, 62 suppliers in 2018 acted as suppliers of both goods and services.

Human rights

INWIT follows the Human Rights Policy issued by the Parent Company TIM, which applies to all Group entities and also to third parties who have business relations with TIM.

In view of the adoption of the policy, the TIM Group has identified the human rights that could be negatively influenced by the activities of all the companies belonging to the Group, directly or indirectly, and therefore are also applicable to INWIT with reference to the people of the TIM Group and the human resources of suppliers:

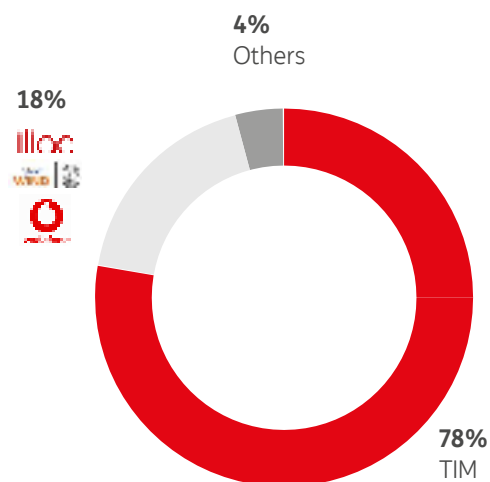
- **fundamental human rights** (e.g. fair wages, minimum employment age, conditions of employment, accessibility for people with disabilities, maternity protection, prohibition of harassment, forced/obligatory/conditional employment);
- rights related to **health and safety**;
- the rights agreed with **unions** and included in the National Labour Contracts .The people of the TIM Group are free to choose independently and join the trade unions that represent them in line with internationally recognized standards, such as those of the ILO (International Labour Organization);
- rights relating to **diversity, equality and non-discrimination** on the basis of religion, age, sex, sexual orientation or gender identity, political opinion, social status and origin, race or ethnicity, color, language, physical or mental disability. All our people are treated fairly and honestly, regardless of their work.

Any violations of the "Human Rights" Policy must be reported by employees and third parties in accordance with the specific "Whistleblowing" procedure.



4.2 Quality and safety of service and customer relations

INWIT's main customer is the TIM Group, one of the leading national mobile radio operators ("Mobile Network Operators" or MNOs).



The Company's other clients are:

- other national mobile radio operators ('MNOs'): Vodafone, Wind, H3G, providing mobile radio services based on GSM, UMTS, LTE technologies;
- parties other than national mobile radio operators, among which the main ones are:
 - > operators with licences for radio broadcasting services in other technologies (e.g. Wireless Local Loop, Hyperlan, WiMAX);
 - > broadcasting service operators for the transmission and broadcasting of radio and television signals (e.g. technologies in DVB-T standard);
 - > Institutions, public bodies, Armed Forces for the realization of private networks.

INWIT has a widespread, qualified system of proven supervision and management systems and a network of its own resources and third parties throughout the country that allow it to guarantee its customers:

- remote supervision **24 hours a day, 7 days a week** and / or ventilation systems through a monitoring system that operates through a "Control Room Security";
- **access management and site security** able to provide customized solutions according to the needs of customers;
- **corrective and routine maintenance** to ensure the adequacy and proper operation of the security infrastructures and systems on the sites;
- **extraordinary maintenance** aimed at maintaining the quality and performance standards of the infrastructures (e.g. replacement of obsolete components, adoption of new systems with greater energy efficiency, etc.);
- **environmental management** to ensure the accessibility and safety of the sites.

In 2016 INWIT launched a project for the certification, in accordance with UNI EN ISO 9001:2015 standards, of the following process monitored by Marketing & Sales e Technology Operations "Supply of integrated services for hosting equipment for radio broadcasting, telecommunications, and television and radio signals broadcasting, and the associated activities of marketing, implementation and management of contracts entered into with customers and owners, routine and extraordinary maintenance, the construction of new sites and the disposal of existing sites."

The first certification was completed in early 2017; the scheduled annual audits by the Certifying Body were started and completed successfully in 2018. Activities supporting improvement continued throughout the year.

4.3 Impacts on the territory and the community in which the company operates

Most of INWIT's investments in the territory concern the construction and maintenance of **vertical infrastructures** or **indoor coverage** to ensure the telecom signal transmission service. In some cases, the local public administrations themselves request the possibility of using these services or requests are received directly from members of the community. **INWIT** has such a widespread territorial distribution - with offices distributed throughout the country - that it contributes to the socio-economic development of different areas of the country. The use of local professionals and companies has a direct impact on a local community and supports local economic development.

INWIT maintains constant relations with the **local governments** for monitoring activities and the introduction of new towers. The finalised agreement with the PA provides for a "neutral-host" approach. This approach involves INWIT's commitment to host all customers in a single tower (Tower Rental), in order to increase the efficiency of the systems and reduce their impact on the territory and community.

INWIT strives to ensure maximum integration and harmonization of its systems with the surrounding architecture and/or landscape, in agreement with its customers and especially local governments, particularly in relation to the implementation of cellular micro-coverings (DAS and/or Small Cell systems). For example, this includes the use of ceiling mounted antennae in offices or similar premises, which are aesthetically completely similar to fire-prevention systems, or the integration of remote units for DAS systems inside cabinets similar to street baskets and small antennae painted appropriately in relation to the context, as done in some tourist resorts.

In the same vein, in particular contexts and in agreement with the administrations, the application of integrated solutions to the environment is evaluated also for the realization of macro-sites, though these are not standard solutions due to technical constraints. Examples of this type include artificial fireplaces, lighthouse towers and in specific cases tower-shafts, which are made mainly on the specific request of administrations or bodies.

Initiatives

The distribution of transmission infrastructure in all regions implies cooperation with the local entities where the sites are located. In fact, INWIT uses professionals and local suppliers and contractors for both design and implementation activities. In addition to optimizing costs and reducing time, this system ensures better results, as the good knowledge of the territory allows for more informed dialogue with local authorities in relation to permits.

The Company is currently working to **strengthen its network**, , with the introduction of so-called "micro-cells" that afford more efficient micro-coverage with less harm to the environment.

In its role as a nation-wide constructor of infrastructure, INWIT pays particular attention to the needs of small and medium-sized municipalities in order to avoid the digital divide risk in the evolution towards next generation networks. INWIT's infrastructural solutions respond to the objectives that are specific to these municipalities to enhance and improve the attractiveness of the territory. Pursuant to reliability and sustainability criteria, the mobile broadband provided through INWIT networks represents a tool for development and inclusion, placed at the service of residents and local production activities.

*High quality localized coverage,
broadband and data security.*

4.4 Innovation

In 2017, the Nettrotter hospitality project was activated. Nettrotter is the only Italian operator able to implement and manage the IoT Sigfox network in Italy. The LPWA technology designed by Sigfox, characterized by a new and innovative ultra narrowband wireless communication protocol operating on the free 868MHz frequency, addresses and fulfils the requirements of the growing market of Internet of Things applications. It is the ideal solution for any connected application that requires ease of use, low cost and low power consumption, with the additional benefits of excellent safety, scalability and mobility support.

The delivery of Nettrotter's hospitality service by INWIT was completed in 2018 with the delivery of the last 184 devices, bringing the total to more than 700 sites.

The Sigfox "concentrator" devices hosted at INWIT sites collect data from thousands of sensors and are used for applications in areas ranging from metering, smart city, security, public transport and intelligent building. The collected data is then sent via ADSL, SAT and 3G to the SigFox cloud. National coverage, about 80% of the population" with over 40 of the main Italian cities already covered, including Rome, Milan, Turin, Bologna, Florence, Naples, Bari, Reggio Calabria and Palermo.

For INWIT, innovation is a distinctive component that embraces not only the technological aspects but also the other sectors of a company's organisation, from commercial to management and organisational profiles, in a highly competitive scenario where innovation is a prerequisite for maintaining market leadership. In particular, an internal and external ecosystem has been created with the aim of identifying new ideas in order to provide services that are increasingly in line with the demands of end customers.

Looking to the future, **INWIT** intends to continue to grow and **create value** by focusing on its recognised distinctive features:

- the **quality** and **strategic nature of the assets**;
- **relations** with customers and the **capacity for innovation**.



Wireless fixed access providers are also expanding their networks to extend coverage and improve the quality of service offered to customers. On its own sites INWIT is developing new technologies for Fixed Wireless Access (FWA) which consists of a type of broadband connection (20 mega) or ultra-wideband (over 30 mega and up to 100 mega) in which the data does not travel over telephone cable or fiber but through radio waves, similarly to cellular connections. Because of these market dynamics, combined with the growing willingness of operators to share network infrastructure elements, INWIT expects further growth in the traditional business and a strong acceleration in the supply of services. In this context, INWIT is carrying out an intense activity of adaptation of the plants already present in the territory in order to host and support the new 5G network currently under development.

R&D activities

Specifically, the Research and Development activity of the business, is aimed at identifying, verifying and implementing solutions suitable for improving operational efficiency.

The Company has engaged in various research activities. The Company is primarily engaged in the construction and management of the so-called Small Cells (or microcells) able to offer localized and concentrated coverage in a specific area, but with capacity and high quality performance.

The increased traffic, especially in indoor environments and the use of frequencies in increasingly higher bands with greater difficulty of penetration requires operators to build dedicated infrastructures for indoor environments. These do not solely consist of medium and large size buildings (such as Enterprise, Shopping Centers, Fairs, etc.) but also outdoor environments in which large numbers of people are concentrated (stadiums, campuses, etc.) The high costs and the demand from the owners of the locations to have coverage from all operators opens up the opportunity for a Neutral Host to realize the investment, thus optimizing the costs for the operators who will be more willing to accept the proposals of the Neutral Host. The systems available for this type of coverage are called DAS, i.e. Distributed Antenna System, which is dedicated in terms of radio coverage as well as

capacity by distributing the signal of the operators within the location. INWIT utilizes the most modern technologies and in collaboration with the main Vendors supports the development of these systems in order to maximize the benefits in terms of performance and costs for both operators and the end customers. For example, in 2018 INWIT was the first neutral host in the world to install X-RAN by JMA Wireless, the first fully virtualized system built on commercial servers capable of generating a 4G LTE signal for all Mobile Operators, which is then distributed to the DAS system of antennas, thus avoiding the installation of numerous traditional radio stations for mobile operators, with significant savings in energy consumption and overall project costs while ensuring maximum performance in terms of both coverage and capacity.

For public projects, we are designing sites to house radio transmission equipment in accordance with the LTE Public Safety standard, a secure broadband communications tool for law enforcement agencies. Research and development of new service lines is obviously at the heart of INWIT's business development activities, which will be conducted to expand the customer base and service portfolio, both through independent initiatives and through partnerships with customers, research centres and innovative companies, for example in the field of solutions related to emerging Internet of Things services.

This is an opportunity to transform mobile radio networks from voice communications networks to data transport and processing networks. This traffic demand for radio services is actually voluminous and growing and it can be adequately addressed mainly with policies that ensure efficient use of the Radio Spectrum.



5.

ENVIRONMENTAL PROTECTION

5.1 Management and reduction of the environmental impact

INWIT's environmental sustainability is reflected in its ability to efficiently use the natural resources available in line with the TIM Group's environmental protection policy. The Company recognizes the importance of creating value for its stakeholders also through the development and provision of solutions and services, based on information and communication technologies, which promote the protection of the environment by improving the quality of life of citizens and reducing the environmental impacts, always in compliance with applicable laws and regulations and with investment in research and development of services and solutions that are sustainable from an economic or ecological point of view. Specifically, INWIT takes actions to contain energy consumption for industrial and civil use, limit the production of waste and monitors electromagnetic emissions.

The management and reduction of the environmental impact is not an issue that is relevant to the materiality matrix, however, some qualitative and quantitative information with reference to environmental issues is reported in the document, as it is considered to be of interest to external stakeholders.

Electromagnetic emissions

At the design stage, INWIT ensures that the levels of electromagnetic emissions of the plants are compliant with legal limits and that high safety standards are maintained for the population and workers. The mobile radio operators who are INWIT customers are responsible for monitoring and are subject to verification by the competent authorities for compliance with these limits.

Consumption

In the course of its business, INWIT purchases electricity for:

- the operation of lighting and air conditioning systems in offices and regional headquarters;
- the correct functioning of the transmission and air conditioning systems in the premises where the equipment is housed;

- the heating of some antennae in the high mountains;
- powering the mobile radio stations.

The electricity consumed by INWIT is purchased from the national grid and partly self-produced by co-generation plants.

The following table shows the consumption of electricity of offices, radio base stations and the quantities of electricity produced by generating sets.

Electricity	UdM	2017	2018
Electricity consumption offices	MJ	2,353,770	1,954,786
Self-production of electricity from co-generation (generating sets)	MJ	875,833	1,836,328
Electricity consumption of radio base stations	MJ	896,246,395	907,750,271

The electricity consumption of the radio base stations essentially involves the operation of the active equipment of the mobile operators hosted on the INWIT infrastructure.

In order to reduce the Generating Sets used to a minimum (these have already decreased from 16 to 14 units in the two-year period 2017-2018), INWIT is preparing a series of initiatives that will become even more specific in 2019, aimed at introducing the use of alternative sources. In particular, the use of photovoltaic or wind energy sources will be envisaged, as well as the replacement of the air conditioning systems with more energy-efficient ones.

NOTE ON METHODOLOGY

This document is INWIT's first Non-Financial Statement (hereinafter also referred to as "Statement" or "NFS"), drawn up voluntarily in accordance with Legislative Decree 254/2016. Although included in the consolidation perimeter of the 2018 Consolidated Non-Financial Statement prepared by the TIM Group, INWIT has stated that it will prepare its own NFS in order to disclose information about its business activities

and the results and impacts produced with respect to the main non-financial issues.

Over the upcoming few years, INWIT is committed to refining the document in question, in order to be able to communicate the aspects which the NFS covers to stakeholders in an increasingly direct and effective way.

The Declaration presents the non-financial data and information relating to material issues for INWIT SpA and its business model.

The NFS contains the non-financial data and information for the year from January 1, 2018 to December 31, 2018 and is published at the same time as the Annual Financial Report. The data relating for FY2017 is included for comparative purposes only, to assist in assessing the performance of the Company in this area during the two-year period.

The contents of the document are the result of a materiality analysis conducted with the involvement of the Company's Top Management. Over the next few years, the materiality analysis process will be refined to enable full stakeholder engagement, allowing for timely definition of the priority elements of the Non-Financial Statement.

The following reporting principles have been applied in the preparation of the Non-Financial Statement: Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness, Balance, Comparability, Accuracy, Timeliness, Clarity and Reliability, as provided by GRI standards. The selection of indicators reflects the degree of detail and the level of reporting of the issues, in accordance with Legislative Decree 254 and GRI guidelines, reflects the Company's materiality analysis. The document does not strive to comply with the Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI) under the "Core" or "Comprehensive" option, but it is based on those Standards and uses "GRI-Referenced" statements.

References to the GRI indicators are given to provide a greater understanding and highlighted in the text with the symbol [GRI N.].

An exact list of Standard GRIs is provided in the Content Index at the end of the document. The data and information contained in the document were collected using data collection forms, filled in by the contact persons of the involved company departments. The data is extracted from the Company's systems and has been validated by the function managers. The economic and financial data and information are consistent with the Annual Financial Statements.

This document was approved by the Board of Directors of Infrastrutture Wireless Italiane S.p.A. on February 18, 2019.

PricewaterhouseCoopers S.p.A., the Company's independent audit firm, has been assigned to perform the limited assurance engagement for the 2018 Non-Financial Statement. Their report is provided on page xx of this document.



Aspects of Italian Legislative Decree 254/16	Material Issues	Standard Theme	Indicator	Description	NFS 2018 Chapter	Notes
Combating active and passive corruption	Correct corporate conduct	Anti-corruption	103-2	Management approach	1.4 Correct corporate conduct	
			205-2	Communication and training on anti-corruption policies and procedures	3.2 Personnel training and development	Report on the requirements of e. ("Total number of employees trained on anti-corruption issues").
			205-3	Corruption incidents and actions taken	1.4 Correct corporate conduct	-
Personnel issues	Employee relationship management, diversity and employee development	Organizational profile	102-8	Information on employees and other workers	3.1 Employee relationship management, diversity and internal employee development	Report of the requirements listed under point a. ("Total number of employees by type of contract (open-ended/without termination date) by gender"), point c. ("Total number of employees by type of employment (part-time/full time)") and point e. ("Significant changes in numbers reported for indicator 102-8-a, b, c").
		Stakeholder engagement	102-41	Collective bargaining agreements	3.1 Employee relationship management, diversity and internal employee development	
		Employment	103-2	Management approach	3.1 Employee relationship management, diversity and internal employee development	
			401-1	Employees hired and turnover	3.1 Employee relationship management, diversity and internal employee development	Report on the requirements listed under point a. ("Total number and rate of new employees recruited during the reference period, by age group and gender") and regarding point b ("Total number and rate of new employees leaving the company during the reference period, by age group and gender") in absolute values by age group and gender and in percentage values for gender.
		Occupational health and safety	103-2	Management approach	3.1 Employee relationship management, diversity and internal employee development	
			403-9	Accidents at work	3.1 Employee relationship management, diversity and internal employee development	Report on the requirements pursuant to a-iii ("Number and rate of accidents at work by gender"). In addition, aspects relating to days lost due to accidents by gender and accident indices for the reporting year were reported.
		Personnel training and development	103-2	Management approach	3.2 Personnel training and development	-
			404-1	Average hours of training per employee	3.2 Personnel training and development	Report on the requirements listed under point a. ("Average hours per employee").
			404-3	Percentage of employees receiving regular performance reviews	3.2 Personnel training and development	-

Aspects of Italian Legislative Decree 254/16		Material Issues	Standard Theme	Indicator	Description	NFS 2018 Chapter	Notes
Social issues	Strategy and responsible management of the supply chain	Organizational profile			Management approach	4.1 Strategy and responsible management of the supply chain- and human rights - Services	
					Supply chain features	4.1 Strategy and responsible management of the supply chain- and human rights - Services	
	Quality and safety of service and customer relations	Service quality	103-2		Management approach	4.2 Quality and safety of service and customer relations	-
		Non compliance	419-1		Non-compliance with laws and regulations in the social-economic area	1.4 Correct corporate conduct	Report on the requirements listed under point a . "Monetary value of fines levied" and b . "Number of fines levied."
	Innovation	Indirect economic impacts	203-1		Infrastructure investments and supported services	4.4 Innovation	Report on the requirements listed under point a . ("Extension of the development of significant infrastructure investments and supported services") and regarding point b ("Current or expected impacts on local communities and economies, including positive and negative impacts where relevant").
Environmental themes	Energy consumption management	Energy	103-2		Management approach	5.1 Management and reduction of the environmental impact	-
			302-1		Energy consumption within the organisation	5.1 Management and reduction of the environmental impact	Report on the requirements listed under e . ("Total energy consumption") containing the details regarding the energy purchased and produced.
		Non compliance	307-1		Non-compliance with laws and regulations	1.4 Correct corporate conduct	Report on the requirements under point b . "Number of fines levied."
Respect of human rights	Strategy and responsible management of the supply chain	Human rights	103-2		Management approach	4.1 Strategy and responsible management of the supply chain and human rights	-
			412-1		Operations subject to assessment of human rights impacts	4.1 Strategy and responsible management of the supply chain and human rights	The Company does not report the total number and percentage of operations that have been subject to a human rights impact assessment. However, the Company undertakes to collect the information necessary for full reporting in future Non-Financial Statements.

Indicator	Description	NFS 2018 Chapter	Notes
102-1	Name of the organisation	1.1 INWIT - a brief summary	-
102-2	Activities, brands, products and services	1.1 INWIT - a brief summary	-
102-3	Location of headquarters	1.1 INWIT - a brief summary	-
102-4	Location of operations	1.1 INWIT - a brief summary	-
102-5	Ownership and legal form	1.1 INWIT - a brief summary	-
102-6	Markets served	1.1 INWIT - a brief summary	-
102-7	Scale of the organization	1.1 INWIT - a brief summary	-
102-14	Statement from senior decision maker	Letter to Shareholders	-
102-18	Governance structure	1.3 Internal control and risk management system	-
102-22	Composition of the highest governance body and its committees	1.3 Internal control and risk management system	-
102-40	List of stakeholder groups	2. Sustainability for INWIT	-
102-47	List of material topics	2. Sustainability for INWIT	-
50	Reporting period	Note on methodology	-
51	Date of previous document	Note on methodology	-
52	Reporting period	Note on methodology	-
102-56	External assurance	Note on methodology	-

Independent Auditors' Report



INFRASTRUTTURE WIRELESS ITALIANE SPA

INDEPENDENT AUDITORS' REPORT ON THE COMPANY-SPECIFIC NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3 OF ITALIAN LEGISLATIVE DECREE 254/2016 AND ARTICLE 5 OF CONSOB REGULATION 20267

FOR THE YEAR ENDED DECEMBER 31, 2018



Independent Auditors' Report on the company-specific non-financial statement

pursuant to Art. 3 of Legislative Decree 254/2016 and article 5, of Consob Regulation 20267.

To the Board of Directors of Infrastrutture Wireless Italiane SpA

Pursuant to article 3, paragraph 10, of Legislative Decree 254/2016 (hereinafter also referred to as "the Decree") and article 5 of CONSOB Regulation 20267, we have been appointed to carry out the limited assurance engagement of the Separate Non-Financial Statement of Infrastrutture Wireless Italiane SpA for the year ended December 31, 2018 prepared pursuant to article 3 of the Decree and approved by the Board of Directors on February 18, 2019 (hereinafter the "NFS").

Responsibilities of the directors and the board of statutory auditors relative to the NFS

The directors are responsible for the preparation of the NFS in accordance with the requirements of Article 3 of the Decree and the Global Reporting Initiative Sustainability Reporting Standards defined in 2016 by the GRI - Global Reporting Initiative (GRI Standards) with reference to the selection of GRI Standards contained therein. The directors are also responsible, within the terms and conditions provided for by law, for that part of the internal control they deem necessary in order to ensure preparation of a NFS that is free of material errors due to fraud or unintentional conduct or events.

The directors are also responsible for defining the content of the NFS, within the scope of the issues mentioned in Article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Company and to the extent that is necessary to ensure an understanding of the Company's business, its performance, its results and of its own impact. Finally, the directors are responsible for defining the business model for the management and organisation of the Company's activities, and, for the issues reported in the NFS, the policies applied by the Company and identification and management of the risks generated or incurred by the Company.

The Board of Statutory Auditors is responsible for supervising, within the terms provided for by law, within the terms and conditions set by the law.

Independence of the auditors

The auditors have no conflict of interest with the Company or its directors, statutory auditors or management, and have not provided any non-audit services to the Company or its subsidiaries, nor have they provided any services that could compromise their independence. The auditors have not received any compensation from the Company or its subsidiaries, nor have they received any compensation from any other entity that could compromise their independence. The auditors have not received any compensation from the Company or its subsidiaries, nor have they received any compensation from any other entity that could compromise their independence. The auditors have not received any compensation from the Company or its subsidiaries, nor have they received any compensation from any other entity that could compromise their independence.

(signature)



Independence of the auditing firm and quality control

We are independent in accordance with the principles of ethics and independence of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct. Our company applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented guidelines and procedures on compliance with ethical and professional principles and the applicable legal and regulatory provisions.

Responsibilities of the Auditors

It is our responsibility to express our conclusion regarding compliance of the NFS with the requirements of the Decree and the GRI Standards, based on the procedures we followed. Our work has been carried out in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) in the manner envisaged for limited assurance assignments. This principle requires the planning and execution of procedures in order to achieve a limited level of assurance that the NFS is free of material errors. Therefore, our work was less than is required to perform a complete examination according to ISAE 3000 Revised (reasonable assurance engagement) and, consequently, does not allow us to have the certainty of having become aware of all the significant facts and circumstances that could be identified upon conclusion of a complete examination.

The procedures conducted in relation to the NFS were based on our professional judgment and included interviews, mainly with the company's staff in charge of preparing the information presented in the NFS, as well as analysis of documents, recalculations and other procedures aimed at obtaining useful evidence.

- In particular, the procedures we followed consisted of:
1. analysis of the relevant issues in relation to the activities and characteristics of the Company reported in the NFS, to assess the reasonableness of the selection process followed in the light of the provisions of Article 3 of the Decree, considering the reporting standard used; comparison of the economic and financial data and information included in the NFS and the data and information included in the Company's financial statements;
 2. comprehension of the following aspects:
 3.
 - business model for the management and organisation of the Company's activities, as applicable to the areas indicated in article 3 of the Decree;
 - policies implemented by the Company in relation to the issues indicated in Article 3 of the Decree, results achieved and related key performance indicators;
 - main risks, generated or incurred in connection with the issues indicated in Article 3 of the Decree.



- The information contained in the NFS regarding these aspects has been verified and the checks described in point 4 below have been conducted;
4. understanding of the processes underlying the generation, collection and management of significant qualitative and quantitative information included in the NFS. In particular, we have conducted interviews and discussions with the Company's management staff and conducted limited scope documentary checks, to collect information about the processes and procedures underlying the collection, aggregation, processing and transmission of data and non-financial information to the department responsible for preparing the NFS.
- In addition, for the material information and in consideration of the Company's activities and characteristics:
- a) in regard to the qualitative information contained in the NFS, particularly the business model, policies applied and main risks, we conducted interviews and acquired supporting documentation to verify consistency with the available evidence;
 - b) for the quantitative information, we performed analytical procedures and conducted limited checks to ascertain, on a sample basis, that the data was aggregated correctly.

Conclusion

On the basis of our work, we have not become aware of any information suggesting that, insofar as all of its material aspects, the Infrastrutture Wireless Italiane SpA NFS for the year ended December 31, 2018 was not prepared in accordance with the requirements of Article 3 of the Decree and the GRI Standards, with reference to the selection of GRI Standards, as described in the paragraph "Note on methodology" of the NFS.


Other aspects

The NFS information referring to the previous year ended December 31, 2017 which is included in the NFS for comparative purposes, has not been audited.

Milan, March 4, 2019

PricewaterhouseCoopers SpA


Paolo Caccini
(Auditor)


Paolo Bersani
(Agent)



2018

NON-FINANCIAL STATEMENT

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