Sustainability Report 2017

Consolidated non financial statement 2017

☰☰ TIM

Letter from the Chairman

"A prerequisite for the greater economic wellbeing of current and future generations is the ever-increasing dissemination of digital technologies to meet the needs of people in their work and personal lives, to support corporate development and innovation, to improve the efficiency and quality of public services and, last but not least, to ensure greater respect for the environment and a more effective fight against climate change."

With its networks, products and technological solutions, TIM plays a leading role in the evolution towards a digital economy and, given its size, infrastructure and technological assets, as well as its territorial presence, is integrated into the operational area and the social, economic and production context. **TIM** is aware of this strategic role and therefore **works constantly to manage and innovate its infrastructure and technologies, which it places at the service of the nation** and to which end it makes significant investments.

The ambitious investment plan contained in the Group Strategic Plan for the three-year period 2018-2020 sets important coverage targets for broadband and ultrabroadband technologies. We are committed to achieving the challenging objectives set forth by the European Union by creating a Digital Single Market, in terms of both fixed and mobile ultrabroadband coverage and the increasing demand for digital services. TIM's investment plan therefore plays a significant role in the digital transformation of society as a whole, and confirms our Group's historic role as an engine for the modernisation of Italy.

A focus on innovation and investments in new infrastructure and technologies also characterise TIM's action in Brazil, a country which the Group has operated in since 1997 via its subsidiary TIM Brasil, and which is the Group's second largest market. In the last 5 years alone, TIM has invested more than 7 billion euros in Brazil, focusing primarily on building new generation infrastructure.

The contribution our Group makes to the development of society doesn't stop at infrastructure projects, but ranges from **digital solutions for public administration** to cloud services for businesses, **digital platforms for schools and hospitals** and applications for people with disabilities to technologies for reducing energy use by companies and cities.

While our infrastructure and services act as a driving force for the development of society, our commitment to pursuing the sustainable development of the company is manifested first and foremost in the **ethical conduct of all daily activities**. We strongly believe that there can be no sustainable development for our Group or for society without strong foundations in ethical principles and actions. For us, ethical action translates into a strong sense of responsibility towards stakeholders: this is the clear message that comes across in our Code of Ethics and in the Human Rights Policy, with a steadfast commitment to the principles of the UN Global Compact and other major standards for the full respect of labour rights, environmental protection and the fight against corruption.
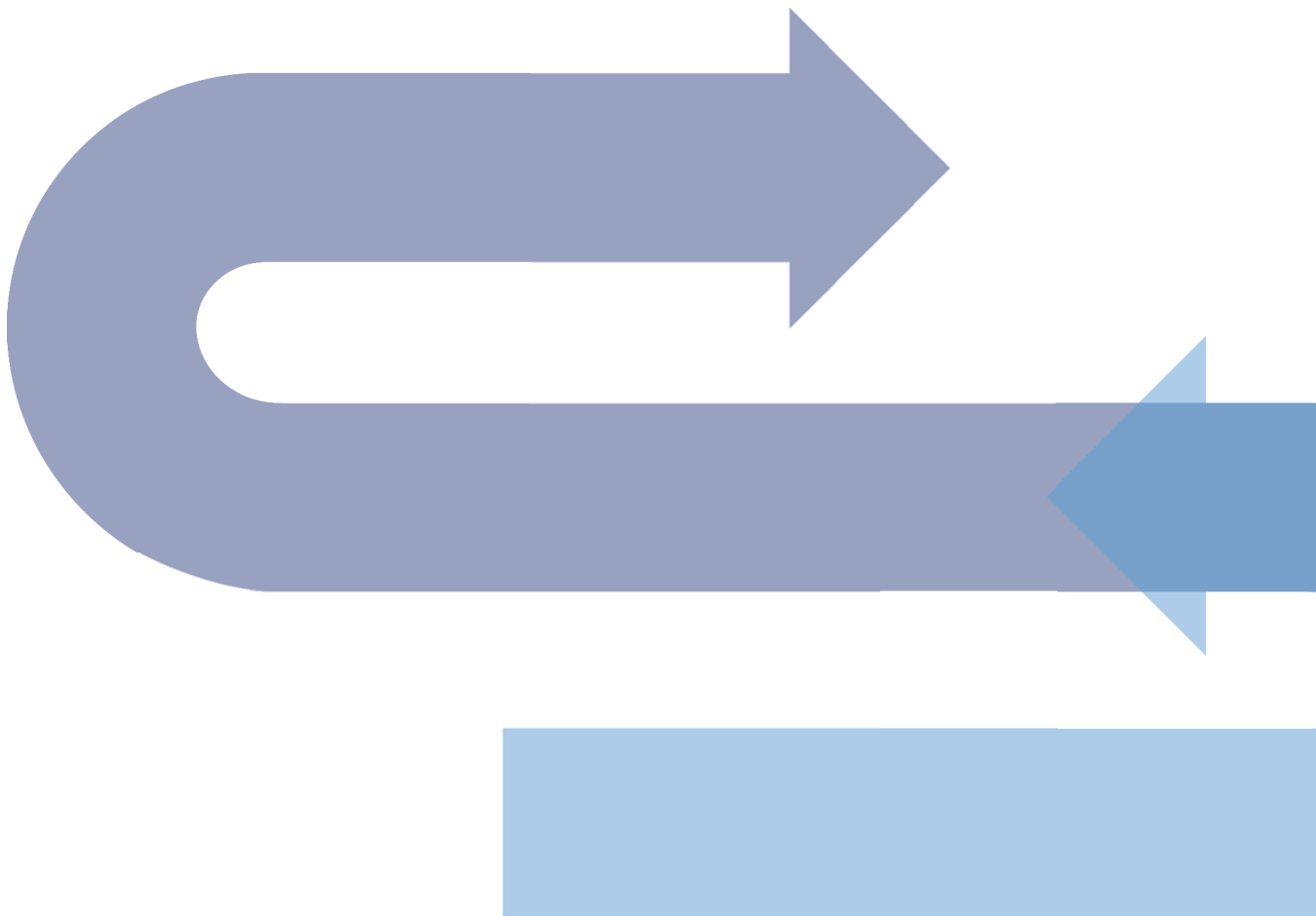
In terms of environmental protection, our Group contributes to **the reduction of customers' energy consumption and emissions** with virtualisation solutions and remote monitoring of consumption and travel. Meanwhile, we continue to be conscientious with regard to the environmental footprint of our activities. We have embarked on a series of projects for replacing energy-intensive equipment and systems, and we have set ourselves short, medium and long-term objectives for reducing our CO_2 emissions and electricity consumption. These goals are even more challenging considering that the development of next generation networks requires greater amounts of energy and that, therefore, any reduction in energetic consumption can only happen as a result of the careful management of energy resources.

On the social side, in addition to contributing to improving people's quality of life through digitisation, we pay attention to caring for and motivating the Group's people. 2017 was characterized by significant action towards safeguarding employment and retraining employees, which is considered a priority; a series of actions were taken in this respect, starting with the introduction of structured training courses for the development of professional skills, which allowed the sectors with the greatest impact on the business to be strengthened and the internal market of the Group's professional skills to be enhanced.

The last few years have been very demanding and many new challenges will be faced in the years ahead. With the development of the Digital Internal Market, Europe will undoubtedly play a leading role in the "Gigabit Society" of the future. **We are convinced of our role as a fundamental tool for giving institutions and citizens an awareness that these challenges can be overcome, through our contribution with our networks and our services.**

Arnaud de Puyfontaine

Chairman

[GRI 102-14]

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NOTE ON METHODOLOGY [GRI 102-56]

Scope and criteria

The Consolidated Non-Financial Statement (hereinafter "Statement" or "Sustainability Report") complies with the obligations laid down in Italian Legislative Decree 254/2016 on the disclosure of non-financial information. For TIM, this Statement, which coincides with the Sustainability Report, represents the result of the commitment to notify its stakeholders of the performances and results achieved in the sustainability area, already undertaken in previous years. **[GRI 102-45]** The Statement contains data and information referring to the Company TIM S.p.A. and its fully consolidated subsidiaries as at 31 December 2017 (hereinafter "the TIM Group" or "the Group"), as presented in the Annual Financial Report. The environmental performance data is detailed with some limitations with respect to the Group scope. These limitations are not important to understand the Company's activities, performance, results or the impact produced by the Group.

[GRI 102-50] [GRI 102-51] [GRI 102-52] The 2017 Sustainability Report, prepared annually over the calendar year, respects the same deadlines as the Group Annual Financial Report and meets the obligations envisaged by Legislative Decree 254/2016. The Report is based on a multi-stakeholder approach involving the joint analysis of actions taken in respect of the main stakeholders with whom the Company interacts.

[GRI 102-10] [GRI 102-48] No significant changes were recorded in the consolidation area in 2017. During the last three year period, the main changes include the creation of INWIT S.p.A., listed on the Milan stock exchange, operating in the electronic communication infrastructures sector.

Data relating to previous years is provided for comparative purposes only, in order to allow an assessment of the dynamic trend of the Group's activities over the medium term. Note that information relating to "Fondazione TIM" and "TIM Institute", entities not included within the Group's consolidation scope, represents a qualitative element which useful in order to understand the attention paid to the social context, even though this information is not part of the consolidation scope of the quantitative information contained in the document.

[GRI 102-54] This report has been prepared in accordance with the GRI Standards: Comprehensive option. Moreover it has been prepared abiding the process suggested by the principles of the AA1000APS (inclusiveness, materiality, responsiveness). References to the GRI indicators are given to provide a greater understanding and highlighted in the text with the symbol **[GRI N.]**.

The Sustainability Report is drawn up according to a system of indicators (KPI - Key Performance Indicators) which measure the company's performance and the degree of achievement of objectives previously established for areas in which the Company has major impact.

The KPIs are defined on the basis of:

- the analysis of the GRI, an international organisation which develops universally applicable guidelines for the drafting of sustainability reports;
- the demands received from stakeholders;
- the questionnaires sent out by the leading rating agencies for the purpose of admission to the stock market sustainability indexes;
- the experience the Company has gained in the sustainability field over more than 20 years.

The KPIs are managed on a dedicated application system (BPC) that uses the same platform used for financial reporting and controlling.

This document was approved by the Board of Directors of TIM S.p.A. on 6 March 2018.

PricewaterhouseCoopers S.p.A., the independent auditor of the Group, was tasked with performing a limited examination ("limited assurance engagement") of the Sustainability Report/Consolidated Non-Financial Statement; its Report is available on page 199 of this Report.
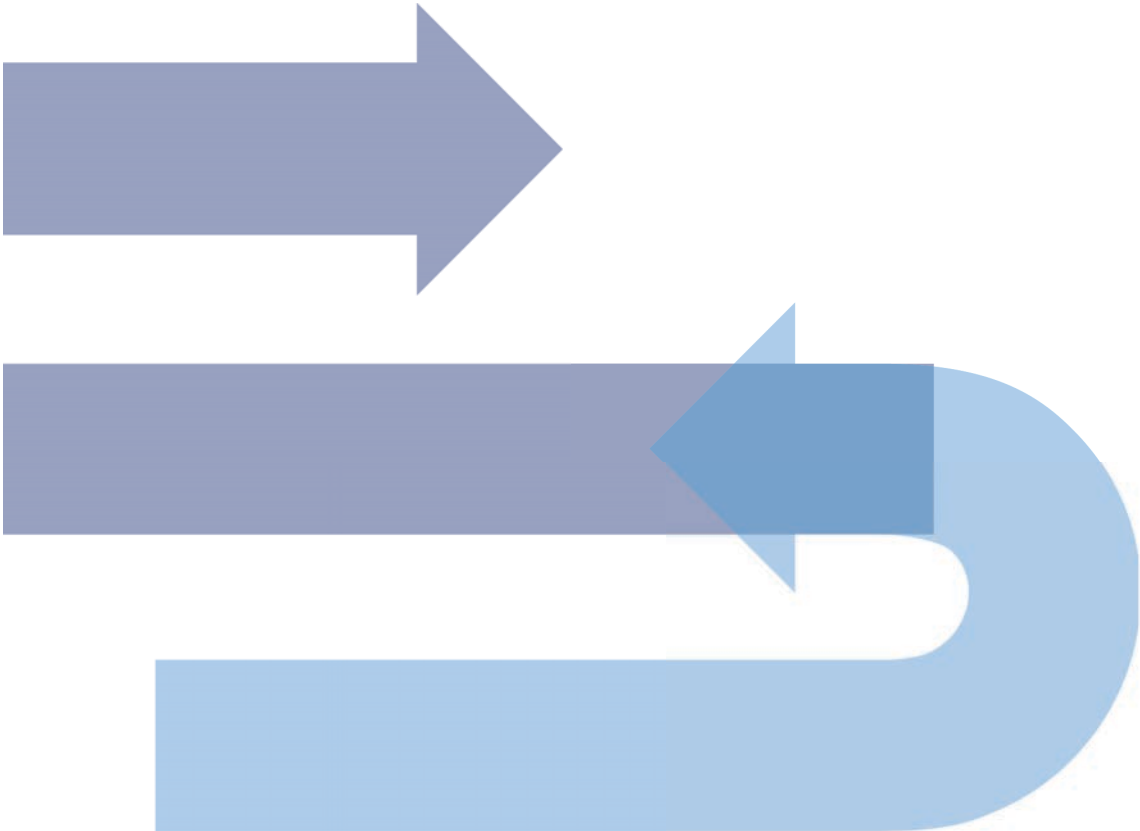
TIM GROUP

TIM Sustainability milestones

1997

First Report on the Group's **social and environmental performance** in the financial year 1997

1998

Voluntary revision of the Sustainability Report

1999

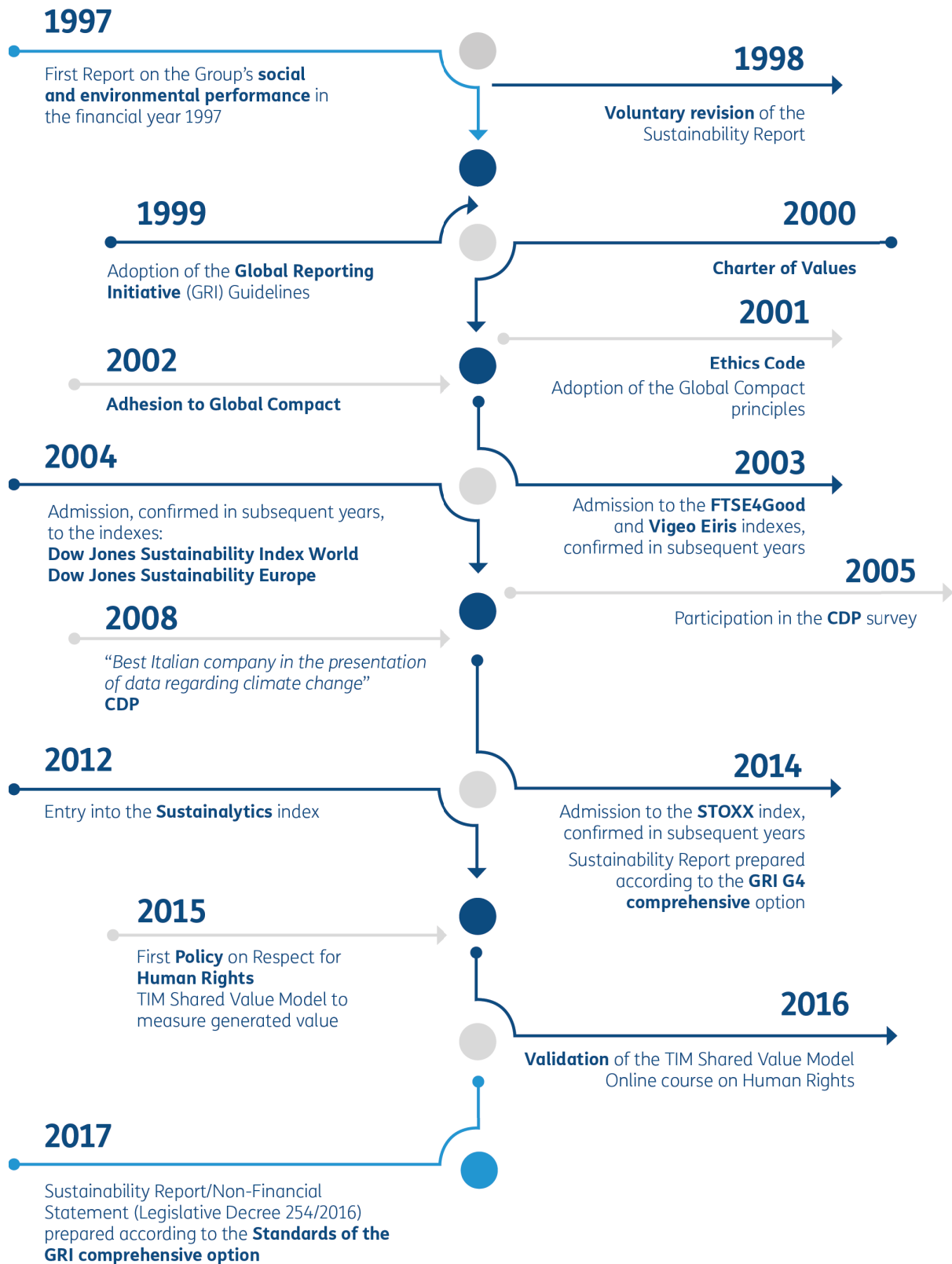Adoption of the **Global Reporting Initiative** (GRI) Guidelines

2000

Charter of Values

2001

Ethics Code
Adoption of the Global Compact principles

2002

Adhesion to Global Compact

2003

Admission to the **FTSE4Good** and **Vigeo Eiris** indexes, confirmed in subsequent years

2004

Admission, confirmed in subsequent years, to the indexes:
Dow Jones Sustainability Index World
Dow Jones Sustainability Europe

2005

Participation in the **CDP** survey

2008

"*Best Italian company in the presentation of data regarding climate change*"
CDP

2012

Entry into the **Sustainalytics** index

2014

Admission to the **STOXX** index, confirmed in subsequent years
Sustainability Report prepared according to the **GRI G4 comprehensive** option

2015

First **Policy** on Respect for **Human Rights**
TIM Shared Value Model to measure generated value

2016

Validation of the TIM Shared Value Model
Online course on Human Rights

2017

Sustainability Report/Non-Financial Statement (Legislative Decree 254/2016) prepared according to the **Standards of the GRI comprehensive option**

TIM GROUP

[GRI 102-1] The TIM Group offers fixed and mobile communication services and ICT solutions, as well as digital contents. In Italy, the Group operates the biggest fixed voice and data infrastructure, covering the whole territory, and provides one of the country's most extensive and advanced mobile network platforms. **[GRI 102-4]** In addition to its domestic leadership, the Group has a significant presence in Brazil[1]. **[GRI 102-10] [GRI 102-48]** No significant changes were recorded in the consolidation area in 2017. During the last three year period, the main changes include the creation of INWIT S.p.A., listed on the Milan stock exchange, operating in the electronic communication infrastructures sector.

[GRI 102-2] [GRI 102-6] [GRI 102-7] The Group's activities are encompassed in the following Business Units:

- the **"Domestic"** Business Unit operates primarily in the field of domestic fixed and mobile voice and data services for end customers (retail) and other operators (wholesale), as well as in the domestic information technology products and services sector. In addition to the management of the digital multiplexes through Perdisera S.p.A., the Business Unit also includes the activities of INWIT S.p.A. and on an international note, the activities related to the development of fibre optic networks (Sparkle) in Europe, the Mediterranean and South America;

- the **"Brazil"** Business Unit (TIM Brasil Group) provides mobile and fixed telecommunications and transmission services in Brazil;

- the "**Other Activities**" include the financial companies and other minor companies not strictly connected with the Group's "core business".

The Group's main brands are:

- **TIM is the single brand for the whole Group**, which operates in the **domestic market** offering fixed and mobile telephony, internet, digital content and cloud services. The TIM brand is also present in **Brazil**, where it markets mobile phone, mobile Internet and fixed line services.
- **Sparkle** offers international voice, data and Internet solutions to fixed and mobile telecommunications operators, ISPs/ASPs, content and media players and multinational companies.
- **Olivetti** markets information technology products and services for residential and business customers. **Persidera** offers terrestrial digital transmission capacity and high quality technological solutions to leading TV networks operating in the domestic market. Finally, **INWIT** is the Group's tower company.

The Group is particularly attentive to the needs of the community in which it operates and implements wide-ranging initiatives and projects aimed at the social and economic development of the areas in which the Company has a presence. This was the intention behind establishment of **Fondazione TIM** in 2008, which was followed by **Instituto TIM** in Brazil in 2013.

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[1] **[GRI 102-45]** For more information on the structure of the Group and details of the countries where TIM operates see the "The companies of the TIM Group" note in the Group's Consolidated Financial Statements, which also lists the Group companies and subdivides them by consolidation method

Main Shareholders of TELECOM ITALIA S.P.A.

[GRI 102-5] Telecom Italia is a joint-stock company organised under the laws of the Republic of Italy[1], **[GRI 102-3]** where the parent company has its registered office.

[GRI 102-5] As at 31 December 2017, the reference shareholder is the French Vivendi S.A., with 23.94% of the ordinary share capital. **[GRI 102-10]** The share ownership did not change significantly in 2017, after the entry of the French shareholder in 2015. The structure of the Net Equity and the number of shares in circulation are shown in the Group's Consolidated Financial Statements. For further information relating to reports made to Consob regarding significant shareholdings, see the Report on Operations of the TIM Group.

Composition, as a percentage, of the share ownership as at 31 December 2017[2].
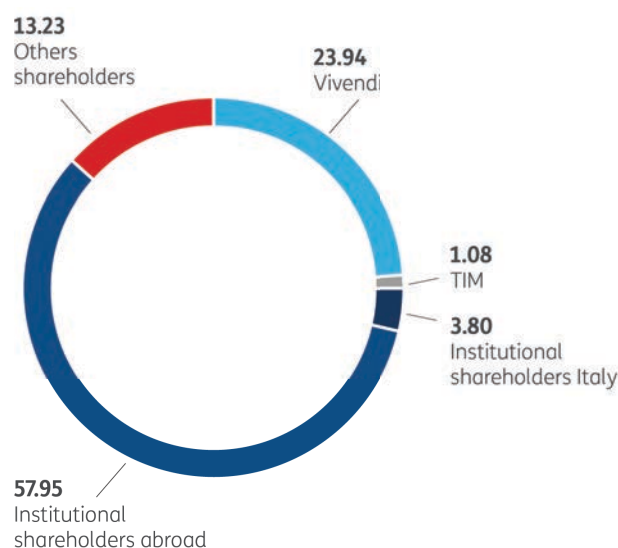
[GRI 102-10] During the three year period, Vivendi S.A. has increased its share by 2.6pp; foreign institutional shareholders have also increased (+1.3pp), whilst Italian institutional shareholders have reduced (-0.9pp) and other shareholders have dropped by 2.9pp. The shares held by the Group have reduced slightly (-0.1pp).

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[1] **[GRI 102-5]** Also see the TIM Group Consolidated Financial Statements
[2] Source: Register of shareholders as of December 31, 2017, supplemented by communications received and by other available information

Principal economic, financial and operational data

The TIM Group aims to achieve a balance between the three dimensions:

- environmental sustainability: maintaining the function of ecological systems, ensuring a balance between the use of natural resources and the company's activities;

- social sustainability: promoting the principle of fairness between generations and within the same generation;

- economic sustainability: maintaining and increasing capital.

[GRI 102-7] The Group reports on what it does to achieve this objective in the Sustainability Report, which focuses primarily on environmental and social sustainability, as well as aspects that are both of a social and economic nature (e.g. customer care and innovation management) and the Annual Financial Report, which discusses the Group's economic performance in detail. In order to give a comprehensive view of the Group's sustainability, we have provided some summary data of economic performance below, which are drawn from the Annual Report.

TIM Group – Main economic, financial and operational data by business unit

(million euros)	Revenues			EBITDA			Industrial investments			Headcount at year-end (units)		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Domestic	15,354	15,006	15,001	6,171	6,698	5,567	4,551	3,709	3,900	49,851	51,280	52,644
Brazil	4,502	4,047	4,637	1,635	1,325	1,451	1,150	1,167	1,289	9,508	9,849	13,042
Media	-	-	82	-	-	37	-	-	8	-	-	64
Other activities	-	11	49	(16)	(18)	(51)	-	-	-	70	100	117
Adjustments and eliminations	(28)	(39)	(50)	-	(3)	2	-	-	-	-	-	-
Consolidated total	19,828	19,025	19,719	7,790	8,002	7,006	5,701	4,876	5,197	59,429	61,229	65,867

[GRI 102-7] The distribution of revenue by product and service is shown in the "Revenues" note of the TIM Group's consolidated financial statements.

TIM Group – Other economic, financial and operational data by business unit

(million euros)	31.12.2017	31.12.2016	31.12.2015
Total net equity	23,783	23,553	21,249
- attributable to Parent Company Shareholders	21,557	21,207	17,554
- attributable to non-controlling interests	2,226	2,346	3,695
Profit (loss) for the financial year attributable to Parent Company Shareholders	1,121	1,808	(70)
Profit (loss) for the financial year attributable to non-controlling interests	166	158	(731)
Net financial debt carrying amount	26,091	25,955	28,475

[GRI 102-7] The trend in the Group's capitalisation and debt is shown in the Report on Operations of the TIM Group. The following table shows one of the Group's key management data figures: the trend in fixed and mobile telephone service access lines.
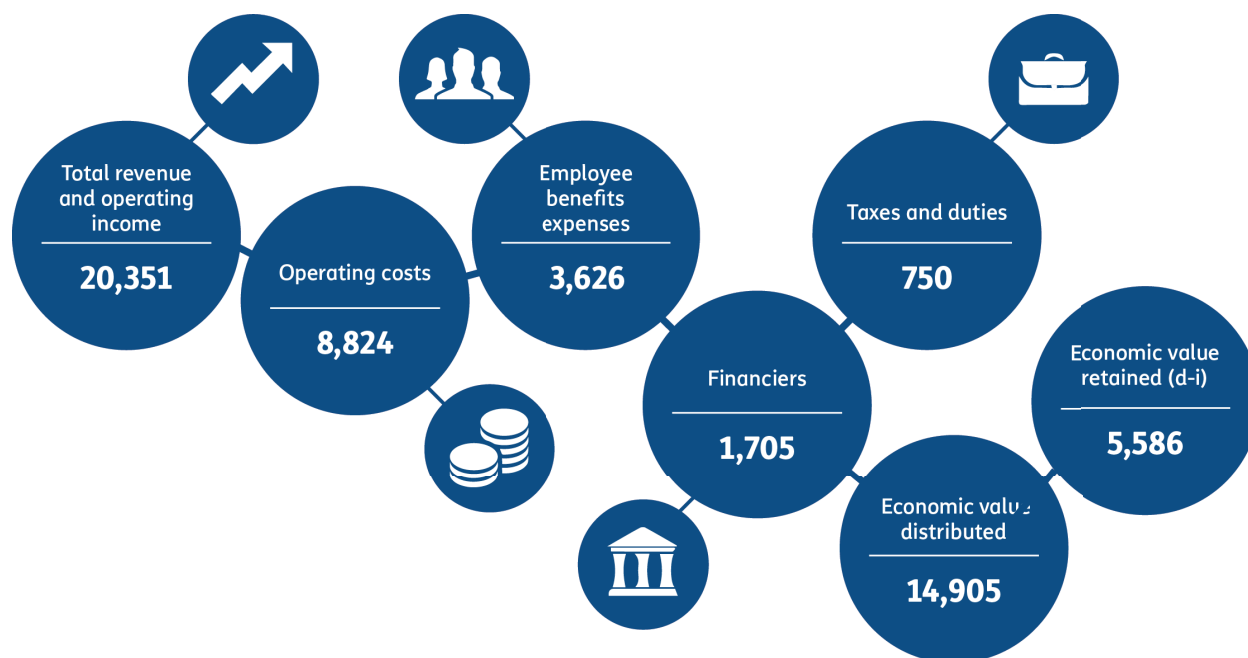
TIM Group – Number of lines at year end

(thousands)	31.12.2017	31.12.2016	31.12.2015
DOMESTIC FIXED			
Physical connections	18,995	18,963	19,209
Broadband connections	10,154	9,206	8,890
DOMESTIC MOBILE			
Number of lines	30,755	29,617	30,007
BRAZIL			
Number of lines	58,634	63,418	66,234

[GRI 201-1] The economic value generated and distributed to stakeholders is shown below. Since 2008, the method of presentation recommended by the Global Reporting Initiative (GRI) has been adopted, with appropriate adaptation.

TIM Group – Economic value generated and distributed (mln euros)

Total revenue and operating income
20,351

Operating costs
8,824

Employee benefits expenses
3,626

Taxes and duties
750

Financiers
1,705

Economic value retained (d-i)
5,586

Economic value distributed
14,905

(million euros)	2017	2016	2015
Direct economic value generated			
a) Total revenue and operating income	20,351	19,336	20,006
b) Interest payable and dividends paid	129	159	216
c) Net gains (losses) on disposals of non-current assets	11	14	336
d) Direct economic value generated (a+b+c)	20,491	19,509	20,558
Economic value distributed			
e) Operating costs	8,824	8,128	9,295
f) Employee benefits expenses	3,626	3,106	3,589
g) Financiers	1,705	1,729	2,291
h) Taxes and duties	750	946	534
i) Economic value distributed (e+f+g+h)	14,905	13,909	15,709
Economic value retained (d-i)	5,586	5,600	4,849

(million euros)

	2017	2016	2015
Wages and salaries	2,056	2,116	2,296
Social security costs	745	770	834
Other expenses	825	220	459
Employee benefits expenses	3,626	3,106	3,589

	2017	2016	2015
Purchases of materials and services	8,388	7,793	8,532
Other operating costs	1,097	983	1,375
Change in inventories	(35)	(9)	44
Internally generated assets	(626)	(639)	(656)
Operating costs	8,824	8,128	9,295

	2017	2016	2015
Dividends distributed	223	191	262
Interest payable	1,482	1,538	2,029
Financiers	1,705	1,729	2,291

	2017	2016	2015
Income taxes	639	849	418
Indirect taxes and duties	111	100	116
Taxes and duties	750	949	534
- regarding Domestic BU	679	876	381
- regarding Brazil BU	64	84	123
- regarding activities abroad/other	7	(11)	30

CORPORATE GOVERNANCE

[GRI 102-18] [GRI 102-19] [GRI 102-24] TIM S.p.A.'s governance system is structured in the conventional way and is in line with the Board of Directors of TIM S.p.A.. The Group's Board of Directors is appointed by the Shareholders' Meeting based on slates submitted by eligible voters who own a total of at least 0.5% of the ordinary share capital (or any other amount that may be required by the regulations issued by Consob). **[GRI 102-22] [GRI 102-24]** The only stakeholders represented in the Board of Directors are the shareholders. Directors' powers are granted (and revoked) by the Board of Directors, which determines the purpose, limits and methods by which they are exercised.

[GRI 102-24] TIM's Bylaws require the least represented gender to account for at least one third of the total number of directors, rounded up to the next unit in the event of a fraction. The independence of a minimum number of Directors is required by the law (CLFI)[1] based on the overall composition of the Board; the same law and the Corporate Governance Code of Borsa Italiana also define the criteria for the independence of directors.

GRI [102-24] In delivering its guidance to shareholders, with a view to the Shareholders' Meeting called to renew the Board of Directors on April 16, 2014, the outgoing Board of Directors expressed, among other things, a few wishes regarding the new Board, including:

- exercise, in a timely manner, their rights to submit slates of candidates for the office of Directors of the Company assigned to them by the law and the Company Bylaws;
- consider the suggestions and assessments given above regarding the composition of the slates of candidates;
- present, together with the slates, grounded proposals regarding the number, term of office and compensation of the Directors being appointed, being attentive to the recommendations made in the Report on the proposed resolutions of the Shareholders' Meeting of 4 May 2017, available via the website www.telecomitalia.com.

[GRI 102-22] The Board of Directors in office as of April 16, 2014 consists of 15 members, including 10 independents. 6 of the Board members are women and the female gender is the only social subgroup represented. The "Structure of the Board of Directors and of the Committees and other offices held" contained in the Report on Corporate Governance and Share Ownership for the 2017 financial year indicates, for each director, the date of first appointment, the term of office, the committees they are members of, the number and nature of other positions they hold, the slate they are listed on (indicating "LSGR" in the case of appointment with a slate vote and candidacy by the SGR and Institutional Investors' slate, indicating "LV" in the case of appointment of candidates proposed by the Vivendi slate), any independence and executive/non-executive status as well as their CV, also available on the telecomitalia.com[2] website. The Directors' skills in the field of economics range from university teaching to graduate and post-graduate studies, specific training in the field of mergers and acquisitions, and experience with stock market supervision authorities and at the top of big companies. More details are available via the telecomitalia.com website. **[GRI 102-31]** 13 meetings of the Board of Directors were held in 2017.

[GRI 102-27] The Directors take part in specific meetings with the management or external consultants, aimed at providing adequate knowledge of the industry in which the Company operates, business dynamics and their evolution. Business lunches, workshops on new technologies and educational-informative meetings are held prior to strategic meetings. Updates regarding the relevant legislative framework are provided in specific briefing notes. Training sessions on sustainability are also planned for 2018.

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[1] Consolidated Law on Finance

[2] Group channel, Corporate Bodies/Board of Directors/Members section

[GRI 102-18] [GRI 102-24] The committees currently set up within the Board of Directors are the Control and Risk Committee, the Nomination and Remuneration Committee and the Strategy Committee. Significant transactions with related parties are subject to scrutiny by the Control and Risk Committee, in the case of transactions of lesser importance, or by a Committee consisting of all the Independent Directors, in the case of transactions of greater importance. The process of selecting and appointing members of each Committee, and the independence and competence requirements are described in the Nomination and Remuneration Committee Regulations and in the Control and Risk Committee Regulations, both available on the telecomitalia.com website.

[GRI 102-28] For the 2017 financial year, the self-assessment of the size, composition and operation of the Board and its Committees was carried out with the support of the consultant Eric Salmon. The board review is carried out every year (since 2005). The assessment methods and results are illustrated in the Report on Corporate Governance. The 2017 self-assessment did not tackle issues of sustainability.

[GRI 102-19] [GRI 102-20] [GRI 102-23] [GRI 102-26] During the meeting held on 5 May 2017, the Board of Directors appointed Directors Giuseppe Recchi, Arnaud de Puyfontaine and Flavio Cattaneo to the respective offices of Executive Chairman, Deputy Chairman and Chief Executive Officer of TIM S.p.A..

On 1 June 2017, having acknowledged the approval of the Vivendi-TIM concentration given by the European Commission on 30 May 2017, the TIM Board of Directors renewed the governance structures and completed its internal organisation, appointing, by majority vote, Arnaud de Puyfontaine as Executive Chairman and Giuseppe Recchi as Deputy Chairman. The Board also conferred delegations and powers upon the Executive Chairman, in addition to those due him by law as Chairman of the Company.

On 24 July 2017, the Chief Executive Officer, Flavio Cattaneo resigned, with effect as from 28 July 2017. The succession process was therefore launched, upon the conclusion of which, in the Board meeting held on 28 September 2017 (and therefore until the next Shareholder's meeting), Amos Genish was co-opted as Director. During this same meeting, the Board appointed Mr Genish as Chief Executive Officer[1] and resolved to hire him immediately as an employee of the Company, in a managerial role (General Manager). In addition to conferring powers on the newly-appointed Amos Genish, the powers, the delegations to the Chairman and Deputy Chairman were also confirmed and re-attributed, with some amendments.

* The proxies and powers granted to the Chairman, in addition to overseeing the strategic, industrial and financial planning processes, include **[GRI 102-32]** responsibility for Corporate Shared Value activities (including preparation of the Sustainability Report) and governance of Fondazione TIM.

[GRI 102-19] [GRI 102-20] [GRI 102-26] The proxies and powers granted to the Chief Executive Officer include overall responsibility for the company and administration activities, responsibility for the development and implementation of strategic, industrial and financial plans and all the organizational responsibilities to ensure the management and development of the business in Italy and South America.

[GRI 102-19] [GRI 102-20] The system by which the executive directors (Executive Chairman and CEO) delegate powers to the departments that report to them is the subject of a specific company procedure that establishes the methods by which this system must be implemented (Granting and Revocation of Powers). Powers are normally granted to those reporting directly to the Executive Directors and, in particular, for matters of an economic and financial nature, they are granted to those reporting to the Chief Executive Officer who deal with such matters, while for sustainability the powers are delegated to the party in

[1] Mr Genish does not hold directorships in companies in which the remaining Directors of TIM hold the position of Chief Executive Officers

charge of the Administration and Financial Reporting Department, to which the Sustainability Reporting, Monitoring and Relationship Department reports. Those reporting directly can in turn assign specific powers to specific departments; **[GRI 102-21]** in particular, powers are granted in this way to manage relations with stakeholders (customers, suppliers, public administration, employees, etc., described in the Stakeholder Engagement section of this document).

[GRI 102-25] The company procedure for transactions with related parties[1], drawn up in accordance with Consob Regulation no. 17221 of 12 March 2010, is systematically updated (the latest revision is dated 28 September 2017) and is illustrated in the Report on Corporate Governance and Share Ownership (Directors' Interests and Transactions with Related Parties). The disclosure of any transactions with related parties during the relevant period is included in the "Transactions with related parties" chapter of the Annual Financial Report.

On 16 October 2017 and 2 November 2017 the Presidency of the Council of Ministers issued orders based on the preliminary investigation into the exercising of power deriving from the "Golden Power" regulations. Further details can be found in the Group's Consolidated Financial Statements.

[GRI 102-29] [GRI 102-30] [GRI 102-11] The internal control and risk management system consists of a set of rules, procedures and organisational structures intended to ensure the healthy and proper management of the company, in a way that is consistent with the established goals, through an appropriate key risk identification, measurement, management and monitoring process. Being responsible for the internal control and risk management system the Board of Directors defines the system guidelines, verifying their adequacy, effectiveness and proper operation, so as to ensure that the main risks facing the company (including operational, compliance, economic and financial risks) are correctly identified and managed over time.

The establishment and maintenance of the internal control system are entrusted to the Executive Directors, each in his/her own delegated area, and to the Executive responsible for preparing the company's accounting documents in his/her area of responsibility, so as to ensure the overall adequacy of the system and its effectiveness, from a risk-based perspective, which is also considered when determining the agenda of Board meetings. Coordination between the parties involved in the internal control and risk management system is illustrated in the Report on Corporate Governance and Share Ownership.

The internal control system is contained in the so-called "Organisational Model 231", i.e. an organisational and management model adopted pursuant to Legislative Decree 231/2001, aimed at preventing offences that may result in liability for the company.

[GRI 102-33] [GRI 102-34] [GRI 102-17] In November 2015, TIM implemented the new Whistleblowing procedure[2], which provides for the centralised management, by the Audit Department, of all reports - including those that are the responsibility of the Board of Statutory Auditors, particularly in its role as the 231 Supervisory Body - via a compute app which whistleblowers can use to access the company intranet. Since 2016, this reporting channel has also been accessible via the Group's website. Reports may be made by any employee, collaborator, consultant, freelance worker, as well as third parties who have business relations with the Group. The system assigns each report a unique identification code which enables the whistleblower to check the processing status in anonymity.

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[1] The terms "related party" and "related parties" of TIM are understood to refer to the parties defined as such in the Consob Regulation. Regardless of whether they can be defined as related parties according to accounting principles, the Procedure also applies to the parties to significant shareholders' agreements, pursuant to article 122 of the CLF that govern candidacies for the position of Director of the Company, if it turns out that the majority of Directors appointed has been drawn from the slate presented by participants in shareholders' agreements. Additional details available "Related party Transactions and Directionand Coordination Activity" in Annual Financial Report.

[2] The aforementioned Procedure is being updated, also following the entry into force of Law no. 179 of 30 November 2017, "Provisions on the protection of parties reporting offences or irregularities they become aware of in the context of a public or private employment relationship"

[GRI 102-17] [GRI 103-1] As stated in article 4 of the Group Code of Ethics and Conduct, any requests for clarification regarding the appropriateness of one's own conduct or the conduct of other people, in order to ensure full compliance with the Code and the values set by the Code itself, must be addressed to the Head of the Audit Department of TIM S.p.A. or to the Head of the Audit Department of the Group's overseas company directly involved, in accordance with specific internal procedures.

[GRI 102-17] Using the Whistleblowing procedure, the entities must be promptly informed of the following by the recipients of the Code and those who have undertaken to comply with it:

- any violations, requests or inducements to violate legal provisions or regulations, provisions of the Code and internal procedures with regard to the activities and services of interest to the Group;

- any irregularities or negligence in accounting procedures, keeping of relevant accounting documentation, fulfilling reporting obligations or internal management in Group companies.

There are no negative consequences for people who make reports in good faith.

The confidentiality of the identity of people making reports is in any case guaranteed by appropriate internal procedures, subject to legal requirements. No recipient of the Code, employee or third party having business relations with the Group can be subject to sanctions or otherwise discriminated against if he/she refuses to perform actions or adopt a conduct which are considered, in good faith, to infringe the Code, even if this refusal should result in a loss of business or other adverse consequence for the company's business and/or the Group. TIM Participações uses an automated end-to-end management system of reports, accessible via the intranet and from the company's website, automatically recording all reports received and allowing the reporter to monitor the progress made on each case.

[GRI 102-34] In 2017, the Whistleblowing procedure resulted in 150 reports made in Italy and 703 in Brazil. The Human Rights section illustrates the reports received concerning alleged violations of Human Rights and employment rights. The Board of Statutory Auditors' Report states the number of reports received by the Board of Statutory Auditors and provides a summary of the assessments carried out by the Board itself. In 2017, no substantiated reports were received relating to Human Rights for which the 231 Supervisory Board is competent.

[GRI 102-35] [GRI 102-36] The remuneration policy for the members of the Board of Directors is determined in accordance with legal requirements and the by-laws, according to which:

- **[GRI 102-36]** the Shareholders' Meeting determines the total gross annual remuneration of the Board of Directors (and of the directors holding specific offices: Executive Chairman and CEO); expresses an opinion on the first section of the Remuneration Report (RR); passes resolutions regarding remuneration plans based on the allocation of financial instruments;

- The Board of Directors resolves, on the proposal of the Nomination and Remuneration Committee, on the allocation of the fees determined by the Shareholders' Meeting (when established as a total amount for the body as a whole); it defines, again on the proposal of the Committee, the remuneration policy of Executive Directors and Key Managers with Strategic Responsibilities.

The Board of Directors is also responsible for making proposals to the Shareholders' Meeting regarding remuneration plans based on the allocation of financial instruments for Directors and employees and for drawing up the Remuneration Report (RR).

[GRI 102-36] In order to ensure that the choices made regarding remuneration are appropriately investigated, in accordance with the rules on transparency and the strict regulations on potential conflicts of interest, the Board of Directors relies on the support of the Nomination and Remuneration Committee. In performing its duties, the Committee (the meetings of which are attended by the Chairman of the Board of Statutory Auditors or, if he/she is unavailable, by another Auditor appointed by him/her) relies on the assistance provided by appropriate structures of the Company and can also rely on the support of external

consultants whose position does not compromise their independence of judgement. Following the renewal of the Board of Directors, the Committee availed itself of the assistance and support offered by Egon Zehnder for 2017, having first ascertained that it was not in a position to compromise the independence of judgement.

[GRI 102-35] With the exception of the Executive Chairman and the CEO, the Directors receive fixed remunerations only. The "Remuneration paid to members of the management and control body and key managers with strategic responsibilities" table in the Remuneration Report (RR) states all the types and amounts of remuneration received by each director. Details of the fixed and variable remuneration components (including any stock option), benefits and severance pay attributed to the CEO, the Chairman and the key managers with strategic responsibilities, as well as the targets for the variable component of the CEO's remuneration are illustrated in detail in the Remuneration Report. In particular, the objectives assigned to the Chairman and CEO for 2018 are mainly of an economic and financial nature, with the exception of the Customer Satisfaction indicator for the CEO and the assessment – by the Board of Directors – of the effectiveness in managing the activities of the Board of Directors itself, attributed to the Chairman. The sustainability targets used to determine the management incentive system are stated in the Remuneration Policies section of the TIM People section of this report.

Sustainability governance and management

[GRI 102-18] [GRI 102-26] Monitoring of the Group's socio-environmental themes, as well as the identification of sustainability initiatives and projects, lie with the Sustainability Reporting, Monitoring and Relationship Department, hereinafter "SRMR" - for Administration and Financial Reporting - and the Corporate Digital Communication & CSV Projects Department, which reports to the Head of Institutional Communication.

The SRMR Department reports directly to the Chairman of the Board of Directors for the Sustainability Report/Consolidated Non-Financial Statement and periodically reports to the Control and Risk Committee. The latter acts as a corporate sustainability overseer, ensuring the consistency of actions carried out with the principles of the Group's Code of Ethics and Conduct and with the values adopted by the Group and reference regulations. **[GRI 102-31]** During 2017, the Board of Directors met the parties responsible for sustainability activities once.

[GRI 102-32] The Sustainability Report, including the materiality analysis, is the responsibility of the Chairman of the Board of Directors and is submitted for approval to the Board of Directors. The Control and Risk Committee acts as a corporate social responsibility overseer, ensuring the consistency of actions carried out with the principles of the Group's Code of Ethics and with the values adopted by the Group.

[GRI 102-19] Socio-environmental responsibilities are delegated, in the same way as all other powers delegated by the company, by applying the procedure granting and revoking powers. In particular, **[GRI 102-20]** responsibility for monitoring and communicating environmental and social issues rests with the SRMR Department, which draws up the Sustainability Report, manages relations with rating agencies and also oversees the implementation of particular projects. Responsibility for managing particular socio-environmental themes remains with the departments that directly manage operations related to these themes. **[GRI 102-26]** These latter departments in particular identify specific strategies and targets for improving socio-environmental performance, each department in its own area of responsibility.

[GRI 102-21] Responsibility for dialogue with stakeholders is delegated to the departments that are operationally responsible for dealing with the Company's stakeholders.

References

In defining and implementing its sustainability strategy and programmes, the Group is inspired by the guidelines issued by the main global guidance and standardisation organisations in the field of corporate responsibility. The system of sustainability management also takes into account the principal reference regulations and international standards:

* decrees, directives, recommendations and communications of the Italian Parliament and the European Commission;

* the OECD guidelines directed at multinational enterprises;

* standards UNI EN ISO 9001 and 14001 governing quality and environmental management systems;

* principles of the International Labour Organization (ILO) Conventions on respecting the fundamental rights of workers;

* the Social AccountAbility 8000 standard (SA 8000), aimed at promoting respect for Human Rights and working conditions by companies and their supply chains;

* GRI Sustainability Reporting Standards, comprehensive option;

* AA1000 AccountAbility Principles Standard (APS 2008) drawn up by Accountability, an international organisation which promotes collaboration between stakeholders, and lays down standards and guidelines on matters of sustainability;

* standard UNI ISO26000, for private and public organisations of all sizes.

[GRI 102-12] [GRI 102-13] TIM has always been a member of many environmental and social organisations, both national and international, formed to disseminate universally recognised values including respect for Human Rights, employment rights and environmental protection.

The main associations in which the Group is involved and some of the charters and codes to which it has signed up are listed below:

* Global Compact, the main global benchmark launched in 2000 by the UN, to which TIM has been signed up since 2002. TIM is a member of the Global Compact Network Italy;

* ITU (International Telecommunications Union) the UN's main agency for Telecommunications and Information, as well as a reference point for governments and the private sector in the development of networks and services. TIM is also involved in the Environment and Climate Change working group (Study Group 5);

* ETSI (European Telecommunications Standards Institute), the main European standardisation organisation for telecommunications. TIM is involved in the following technical committees and interest groups regarding the environment: TC ATTM (Access, Terminals, Transmission and Multiplexing) and TC EE (Environmental Engineering);

* GSM Association and particularly the GSMA - Mobile Alliance against Child Sexual Abuse Content working group for all technological and communication initiatives aimed at protecting children in the mobile phone sector;

* Alliance to better protect children online, platform launched by the European Commission as part of the Better Internet for Kids ("BIK") strategy for defining and implementing the principles and technologies required to make the internet a safer place for children;

* GRI, a body set up in 1997 by CERES, Coalition for Environmentally Responsible Economies, with the aim of developing globally applicable guidelines for drawing up sustainability reports;

* GeSI (the Global e-Sustainability Initiative), a global partnership of ICT companies to promote the sustainable development of new technologies. TIM is represented in the General Assembly and takes part in the initiative's working groups, particularly the Industry Responsibility Committee, which works on projects associated with monitoring the performance of suppliers and assessing the sustainability of products and services;

- ETNO (European Telecommunications Network Operators' Association), a trade association which aims, among other things, to develop a competitive and efficient European telecommunications market through coordination between operators and dialogue with Institutions. TIM is a member of the Executive Board, which it chaired between 2011 and 2014, and has signed up to Corporate Responsibility Charter of the European Telecommunications Network Operators' Association. Issues related to corporate responsibility are handled by a Working Group which TIM has chaired since 1997, the tasks of which include promoting and verifying the objectives undertaken through the Association's Corporate Responsibility Charter. An energy task force coordinated by TIM reports to this working group and is responsible for evaluating and pooling best practices and the most advanced solutions in the field of energy efficiency, as well as task force on child protection online;

- Joint Audit Cooperation, a joint initiative between telecommunication operators to perform sustainability audits of the production plants of their respective suppliers in geographical areas that present a high social and environmental risk. TIM is one of the three founding members and is represented in the Leadership Assembly (which has guidance and auditing tasks and consists of high level representatives of the Purchasing and CSR departments of its members) and the vice-presidency of the Operational Committee, which develops the strategies to be proposed to the Leadership Assembly, defines procedures and tools and coordinates the auditing of suppliers.

Among the other codes relevant to sustainability to which TIM has signed up, we should mention the Equal Opportunities Charter, the Self-regulation code for mobile services, the Code of Conduct for premium rate services and the Corporate Governance Code for commercial communication (available on the telecomitalia.com, website).

Codes, Policies and Charters

[GRI 102-16] In the belief that the success of the company cannot be separated from business ethics, the Code of Ethics and Conduct and the Human Rights Policy of the TIM Group set out the objectives and values of the Company's activities in respect of the main stakeholders with whom the Group interacts.

The Service Charters, which are intended to simplify the relationship with customers and make it more direct, set out the principles of conduct and undertakings given by TIM regarding the quality of the services offered. They also provide information regarding the ongoing improvement of quality standards and contact channels available to customers. The Service Charters are available via the Group's commercial websites (tim.it, impresasemplice.it.).

The General Conditions of Subscription and Contract, which govern relations with subscribers and are additional to the Service Charters, are published on the tim.it, impresasemplice.it and nuvolaitaliana.it websites. The General Conditions of subscription for fixed telephony are also published in telephone directories.

Furthermore, in order to comply with the various resolutions of the Italian Communications Authority regarding quality, the objectives set for each year for the individual services (fixed and mobile voice services, Internet access services, call centre services for customer support) are published on the relative websites. A selection of the objectives and their respective levels of achievement is set out in the Appendix to this report.

The other commitments of the Group are available in the Sustainability section of the website, via the following link: http://www.telecomitalia.com/tit/en/sustainability.html

Fight against corruption

[GRI 103-1: Management Approach] [GRI 205] The correctness of corporate conduct, and in particular the fight against corruption, is a material topic for any company and even more so for a Group that operates as a "system company," integrated with the region and with its social, economic and productive context, with a pervasive role for the entire Italian and Brazilian

economy and for the competitiveness of their companies, the efficiency of their local government bodies and, more generally, the welfare of their citizens. Corruption is widely recognised as one of the factors threatening socio-economic growth and the well-being of the population.

The fight against corruption has always been an important part of the TIM Group's internal control system. The tool for identifying, preventing and controlling corruption risks is "Organisational Model 231" (including the Code of Ethics) approved by the Board of Directors in 2003 and subsequently updated and approved in July 2017, with reference to the offences of inciting corruption between private subjects, corruption between private subjects, and unlawful intermediation and exploitation of labour – the crime of 'caporalato', that is illegal recruitment and employment at below the legal minimum wage – update to the market abuse regulations), which also refers, in application terms, to the Group's specific Anti-Corruption Policy[1] adopted in December 2012.

TIM's Compliance Department, which reports to the Board of Directors, provides operational support to the Supervisory Bodies (SB), performing specific compliance interventions also based on the evidence received via the information flows established within the Group, achieved by examining reports for which the SB is responsible, forwarded by the Audit Department following a preliminary analysis and/or the conclusion of the communication process stipulated by the whistleblowing procedure.

[GRI 103-2: Management Approach] [GRI 205] Organisational Model 231[2] identifies the processes that are at risk of corruption offences, including: management of relations with public entities, negotiation with customers, identification and management of counterparts in commercial relations, partnerships, joint ventures, participation in associations, purchase of shareholdings, purchase of goods and services, consulting and professional services, selection, recruitment and employment of personnel. In application terms, a specific Group Anti-Corruption Policy was also adopted[3].

As regards **TIM Participações**, the Company adopted the foreign version of the Organisational Model in accordance with the local anti-corruption law (ley 12846/13) and the relevant provisions required at Group level. On 6 October 2016, the Board of Directors of TIM Participações approved a new version of the Organisational Model which includes specific references to extending the application of the Model to private entities. Previously, Brazil had adopted corruption prevention procedures, including the Anti-Corruption Policy of May 2013.

[GRI 103-3: Management Approach] [GRI 205] No incident of corruption has taken place in the Group companies in the last 3 years. The aim is to maintain this level. The Head of the Compliance Department is appointed by the Board of Directors of the Company to which it reports. The variable short-term remuneration policy (MBO) assigns the Head of Department objectives in keeping with the prevention of crimes under Legislative Decree 231/2001.

[GRI 103-2: Management Approach] [GRI 205] Employees are trained every time the Organisational Model undergoes substantial changes. TIM has made the e-learning training modules on Organisational Model 231 and anti-corruption aspects available to Company bodies of all national subsidiaries. TIM Brazil has provided online courses relating to the "Anti-Corruption Compliance Program" (Organisational Model).

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[1] http://www.telecomitalia.com/content/dam/telecomitalia/documents/Governance/en/codes_principles_procedures/Policy_anticorruzione%20_ENG_sept_2016.pdf
[2] Organisational Model 231 is available at the following link: http://www.telecomitalia.com/tit/it/about-us/governance-system/231-organizational-model.html
[3] http://www.telecomitalia.com/content/dam/telecomitalia/documents/Governance/en/codes_principles_procedures/Policy_anticorruzione%20_ENG_sept_2016.pdf

The project for the adoption of Standard 37001, which defines the "Anti-Corruption Management System" within TIM S.p.A., was approved by the Control and Risk Committee on 11 November 2017. The project is expected to be implemented in 2018.

The Group's commitment to the topic is also demonstrated by its participation in various working groups. TIM is a member of the "231 and Legality" working group organised as part of the initiatives taken by Confindustria and participates in the working groups set up at B20 for the implementation of the recommendations made at G20/B20 level on anti-corruption matters. In 2017 a working group was set up within Confindustria to develop a toolkit for small and medium enterprises, taking into account the results of the questionnaire carried out to 'adapt' the toolkit to the Italian context, as part of the "Legality 231" working group of Confindustria, which TIM participates in, a questionnaire was prepared to be given to 100 SMEs to assess the entrepreneurs' awareness of the risk of corruption crimes and the dissemination of 231 Models. Moreover, in collaboration with the subsidiary Alfabook, a digital learning module on topics concerning anti-corruption law (school-work alternation course, marketed in the 4th quarter of 2017) was developed for secondary schools.

[GRI 103-3: Management Approach] [GRI 205] As regards clarification requests or presumed corruption activities, TIM provides everyone (employees, collaborators, consultants, customers, third parties in general) with a single channel through which to submit a report with the maximum guarantee of confidentiality. This channel (whistleblowing) attributes a unique identification code to each report entered, which allows the reporter to check the processing status in complete anonymity.

[GRI 103-3: Management Approach] [GRI 205] In terms of external recognition, TIM came fourth place in the TRAC (Transparency in Reporting on Anti-Corruption) Telecom Report 2015, in relation to the adoption of an anti-corruption programme; the assessment was made at a global level by the organization Transparency International and involved 35 telecommunications companies.

[GRI 103-2: Management Approach] [GRI 205] Moreover, since 2016, TIM has participated in the Business Integrity Forum promoted by Transparency Italia to develop activities in the private sector relating to cultural programmes and the dissemination of tools to support integrity, transparency and anti-corruption. In December 2017, the Compliance Department participated in the "Italian Business Integrity Day" promoted by the Anti-Corruption Coordination Department of the Ministry of Foreign Affairs at the OCSE offices in Paris as part of the working group on bribery.

[GRI 205-1b] The areas identified as being at risk of corruption are:

- gifts and entertainment expenses
- events and sponsorships
- donations/membership fees/contributions to non-profit organisations
- consulting, intermediation, relations with business partners and suppliers
- joint ventures, acquisitions and transfers

and furthermore:

- sale of goods and services
- relations with Institutions/Authorities
- authorisations and concessions
- subsidised financing
- legal and arbitration proceedings
- health and safety at work obligations
- environmental protection obligations

- selection, recruitment and employment of personnel

- operations carried out by the Executive Directors

[GRI 103-2: Management Approach] [GRI 205] The above areas are the criteria by which processes or activities are judged to be at risk or not (each process/activity is at risk if it includes these areas).

[GRI 205-1a] Organisational Model 231 currently covers all Business Units of the Group.

[GRI 103-2: Management Approach] [GRI 205] In the case of Italian companies, 231 Organisational Model and the anti-corruption policy are communicated to all employees while commercial partners are required to confirm their adherence to the principles contained therein. Note also that the on-boarding training provided to new recruits at TIM S.p.A. included specific anti-corruption sessions. In 2016, 1,208 employees completed a digital learning model on the handling of inside information at workstations (Market Abuse). As previously explained, the training campaigns are not necessarily annual but dependent on the changes made to the Model or other organisational requirements.

In 2017, the course on the Anti-Corruption and Whistleblowing Policy was delivered, which involved employees of the parent Company and main subsidiaries (the last, as at 8 January 2018, had been completed in TIM S.p.A. by 33,335 resources, making for approximately 73% of the target: if we consider the main subsidiaries as well, the number of employees who completed the course is 34,421 resources, equal to approximately 73% of the target), as shown by the tables below:

[GRI 205-2] E-learning training campaigns - TIM S.p.A.*

	2017	2016	2015
Senior Managers	370	211	42
Middle Managers	2,814	420	185
Others	30,151	577	10,828
Total	33,335	1,208	11,055

* Number of employees

[GRI 205-2] E-learning training campaigns - Group

	2017
Senior Managers	416
Middle Managers	3,023
Others	30,982
Total	34,421

Data on the Group is available as of 2017

[GRI 205-2] In Brazil, communication on anti-corruption matters, with employees and partners, was launched in 2014 and new classroom and online training activities were delivered starting in 2015 (aimed at the departmental focal points, the people who manage relations with public bodies and legal advisors).

The last online course on the Anti-Corruption Compliance Program (Organisational Model), provided in 2016, was completed by 94% of employees according to the data recorded in December 2017.

[GRI 205-3a] [GRI 205-3b] [GRI 205-3d] No incident of corruption has taken place in the Group companies in the past 3 years, nor have any legal proceedings been started on grounds of corruption against Group companies in the same period. It follows that none of the Group's companies recorded penalties or concluded plea bargains in relation to corruption in the last three years.

[GRI 205-3c] With regard to suppliers, in the past 3 years TIM has never terminated a contract for reasons related to corruption.

Legal framework and compliance

The Group's activities are conducted in full compliance with current laws in the countries in which it operates and with universally accepted ethical principles, based on transparency, fairness and loyalty.

[GRI 415-1] In particular, the Code of Ethics explicitly bans any direct or indirect disbursements, contributions, advantages or benefits of any kind to political parties, political movements or trade unions or to their representatives or candidates.

[GRI 206-1] The Group's main disputes in this respect are listed and described in the "Contingent liabilities, other information, commitments and guarantees" Note of the Consolidated Financial Statements, particularly in the "Significant disputes and pending legal actions section". **[GRI 419-1]** The same Note contains a description of all the Group's other disputes.

In its environmental management systems, the Group is very careful to comply with the environmental laws of the countries which it operates in, as reported in the Environmental Protection chapter.
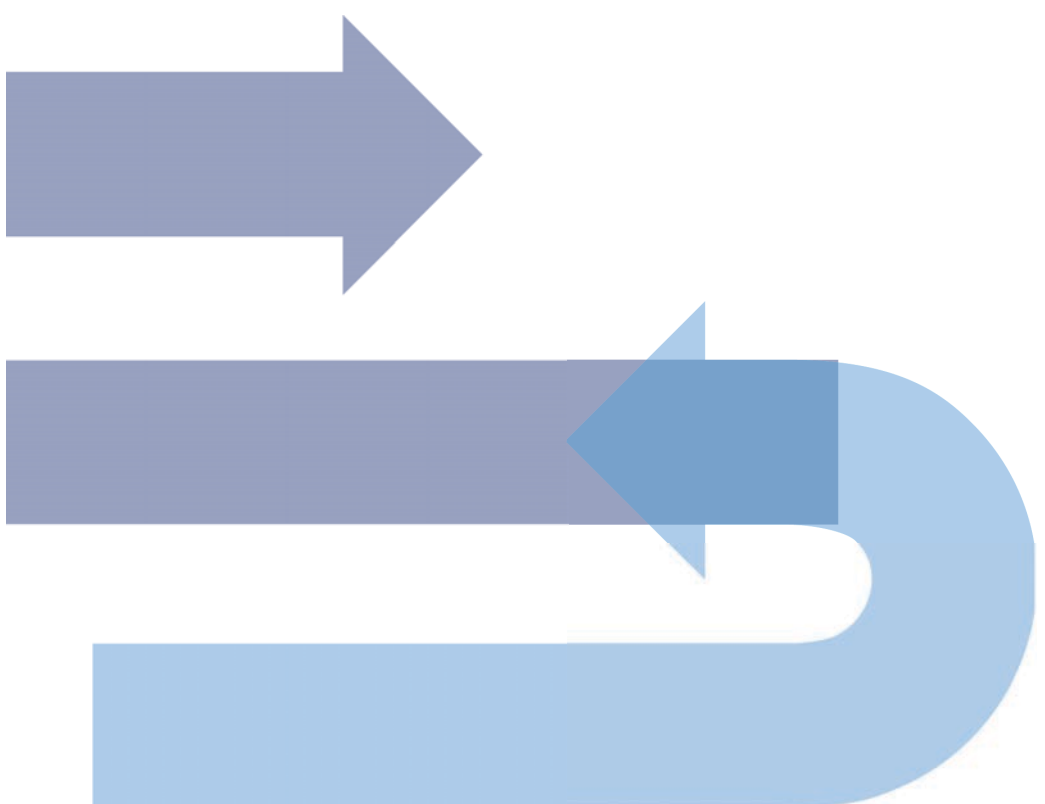
STAKEHOLDER ENGAGEMENT

TIM believes it is fundamentally important to consider the opinions and expectations of its stakeholders, namely the parties who for various reasons have an interest in the Company's activities.

[GRI 102-40] The stakeholders with whom TIM comes into contact in the conduct of its business are many and very varied. For ease of management they have been grouped into eight categories, the first six of which relate to the outside world and the remaining two relate to the internal world of the Company:

- customers
- suppliers
- competitors
- institutions
- environment
- community (including associations, universities and research centers, the education world, media, start-ups)
- shareholders
- human resources

[GRI 102-42] [GRI 102-43] The stakeholder engagement process takes place regularly during implementation of corporate projects and activities involving listening to customers. More specifically, for customers, general satisfaction is measured (Customer Satisfaction Index), as are the conciliation procedures, as better described in the Value Chain section of this report.

For each project, the affected stakeholders are identified and priorities are assigned based on the importance of the stakeholder for the business objectives or on the basis of the Company's decision to focus on specific fields such as, for example, contributing to the economic or cultural growth of the Country with projects not strictly connected with business.

Once the relevant stakeholders have been identified for the project, the most suitable strategies for building relations are studied, which can include individual meetings, group meetings, information sessions, shared projects, surveys, focus groups, etc.

The feedback that the various stakeholders provide to TIM is analysed to identify solutions the Company can offer to satisfy the specific requirements. At the end of the feasibility analysis and verification process, TIM decides which solutions to offer, which projects and which initiatives to undertake. Stakeholder involvement continues beyond this and serves to monitor and adjust the initiatives.

TIM has drawn up *general guidelines for group stakeholder engagement* and a set of policies associated with different kinds of stakeholders, including *customer service charters, a policy on relations with suppliers in purchasing processes, the code of conduct for protecting the data of other local operators, guidelines for relations with local authorities and other organisations, guidelines for voluntary contributions to the Community*.

Shareholders

The Group is aware of the importance of providing accurate information on its activities to the financial market, investors and the community in general.

Subject to the need for confidentiality in the running of the business, communication with the financial market is carried out in a way that ensures transparency, fairness, clarity, promptness and equality of access to information, ensuring equality of

treatment for all categories of shareholders, as required by the bylaws. The external communication of information is governed by specific internal procedures, in line with the regulations in force.

The Company has set up dedicated channels of communication with shareholders, bondholders and stakeholders interested in receiving information about the financial and non-financial aspects of the Company.

The Investor Relations Department manages relations with the main stakeholders: institutional and retail investors (including small shareholders' associations), bondholders, socially responsible investors, equity and credit analysts.
Once again in 2017 the Company organized quarterly conference calls, road shows abroad, meetings with the institutional offices of the Group (reverse road show) and participation in sector conferences; these activities were accompanied by direct contacts and phone conversations managed by the Investor Relations team on a daily basis.
For a detailed focus on the activities carried out over the year and the topics of greatest interest that emerged, refer to the "Information for Investors" section of the TIM Group's 2017 Annual Financial Report and the dedicated area of the website www.telecomitalia.com.

The "TI Alw@ys ON" Shareholders' Club (www.telecomitalia.com/individuali) was launched in 2006 as a virtual meeting place for the Company and its individual investors. Free access to the Club allows you to subscribe to and receive economic-financial information services (weekly stock market report, SMS alerts, etc.).

Financial communication, finally, focuses on the web as an important means of sharing information with the outside world: in this sense, the Investors channel on the website www.telecomitalia.com is constantly updated with presentations of the quarterly financial results, intermediate and annual reports, notices and documentation useful for the Shareholders' Meeting and the financial calendar of the Company.

[[GRI 102-43] [GRI 102-44] The Group's **main stakeholder engagement initiatives** taken in 2017 are summarised below.
In the diagram each initiative is marked by an icon that represents the type of relationship:

- "information" refers to one-way communications by the Company with stakeholders;

- "consultation" refers to the occasions when stakeholders are asked for their opinion through surveys or similar tools;

- "dialogues" refers to the discussions and ongoing and stable cooperation between the Group and stakeholders;

- "partnership" refers to the specific projects that are managed together.

At the end of 2017, TIM updated and examined the external perception of the importance of material topics by consulting a group of authoritative representatives of its stakeholders through the collaborative platform Re2N[1].

50 people were interviewed, 23 of which responded as representatives of institutions, suppliers, customers, competitors, the environment and the community, providing their views on the most important topics for TIM's strategy.

This initiative is part of the new methods TIM has adopted for the materiality analysis (described in the dedicated paragraph in this chapter) to exploit the potential of digital transformation, also as part of the sustainability activities. TIM intends to develop stakeholder engagement and collaboration initiatives on the same platform in 2018 with the twofold aim of making the exchange and engagement of stakeholders more fluid and continuous, and at the same time organizing initiatives undertaken

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[1] http://re2n.com/welcome

with them and fostering, in "real time", the process of updating the materiality analysis with the results of the exchange occurs on the platform.

Each initiative mentioned in the table provided in the Appendix includes a reference to the relevant chapter and section of this report in which the initiative is discussed in detail.
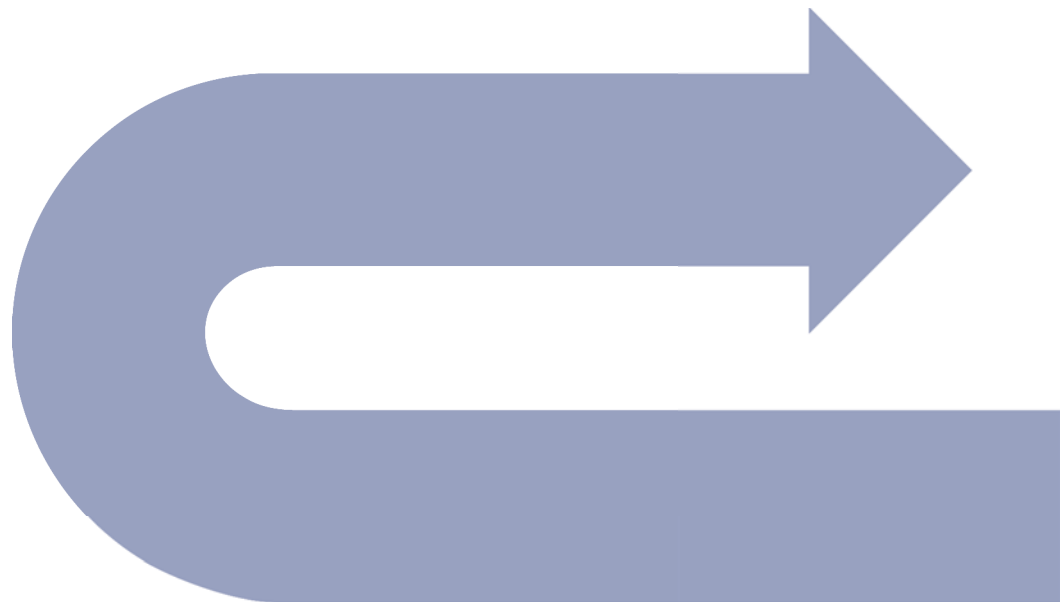
MATERIALITY MATRIX

[GRI 102-46] In 2017, in compliance with the requirements of the Global Reporting Initiative Standards, TIM conducted a materiality analysis with the aim of identifying the material topics as regards the socio-environmental and economic impacts of the business activities both within and outside the Company.

Methodology

In light of the lack of change to the material topics that emerged during the multistakeholder forums in 2015 and 2016, described on the Group's website in the sustainability section, TIM deemed it appropriate to start an analysis to verify the validity of the material topics. The process therefore complies with the "Guidelines for updating the TIM materiality analysis," updated to the GRI Standards in 2017. With a view to considering a broader scenario of material topics concerning the sector, the activity was conducted through the use of semantic analysis methodologies[1] for a detailed analysis, validated by a large number of information sources in order to intercept and map the material topics and compare them with the material themes identified by TIM in 2016.

The first activity carried out was the definition of the correct taxonomy[2] to be used in the semantic engine. The taxonomy used by TIM was created on the basis of different references in the fields of sustainability and digital. Specifically:

• Global Reporting Initiative Standards, ISO26000, Sustainable Development Goals (SDGs) and specialist assessments[3];

• The Italian Digital Agenda, Objectives of the European Digital Single Market and dedicated indexes[4].

The documents linked to the Group's core business were subsequently identified and collected for analysis, selecting national and international, public and non-public sources, internal and external to TIM[5].

The semantic engine analysed all the sources of information with different interactions. This process led to the definition of a list of topics based on the occurrences[6] found in the various documents and the logical correlations between them, establishing hierarchies between the topics. This made it possible to define the relationship structure of topics in the subsequent phases of the analysis.

Finally, the material topics were identified through the occurrences. The final result is a 'tree' of sector-based topics, which has been compared with the topics which emerged from the 2016 'tree'.

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[1] The techniques involve automatic text analyses designed to extract structural data which codify the semantic component of textual content. The algorithms of the semantic engine that analysed all the sources of information were trained with "sustainability" and "digital" components.

[2] Each taxonomy is made up of interrelated concepts and keywords with different correlation and significance levels. Each taxonomy was constructed using both Italian and English terms

[3] For example RobecoSam (Dow Jones Sustainability Index), FTSE4good and Sustainalytics questionnaires

[4] For example the Digital Economy Society Index which monitors different aspects of the digitisation level of the individual European countries

[5] For example: The "Piano Nazionale italiano per l'Agenda 2030" (Italian National Plan for the 2030 agenda) of the Italian government, the "Ernst & Young Megatrends report 2015", the "Fair and Sustainable Well-Being in Italy 2016" (BES) report promoted by the National Council for Economy and Labour (CNEL) and the National Institute for Statistics (ISTAT)

[6] The occurrences identify the number of times that a concept (or a specific term) is detected within the document by the semantic engine and provide an indication of the significance of the topic detected in the context of the document

Identification of the material topics

At the end of the analysis, TIM was able to draw up a list of topics representing the following macro areas:

- correctness of corporate conduct
- impact on the region and community in which the company operates
- strategies and responsible management of the supply chain
- management of the workforce and development of internal employment
- management of the health and safety of workers
- service quality, customer relations, protection of vulnerable categories
- safeguarding privacy and personal data security and protection
- environmental protection
- geographic and social digital inclusion
- support in the development of inclusive, sustainable education and digital skills
- development of digital infrastructures with new generation, UBB and LTE networks
- management and reduction of negative impact on human rights with dedicated actions

Attribution of relevance scores to the topics

On the basis of the 'tree', TIM started the process of defining the relevance of the material topics for the Company and the stakeholders. The internal viewpoint was provided by Top Management which, thanks to the involvement of a significant sample of representative contact people from all the company's departments, expressed its opinion on the relevance of each topic to TIM's strategy[1].

As mentioned, the collection of the external viewpoint[2] was facilitated through innovative tools such as semantic analyses and big data, based on last year's findings.

This approach has enabled TIM to:

- extend listening to more stakeholders;
- making the observation of the topics dynamic in order to measure their evolution over time.

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[1] Based on the following scale: 1=barely influential; 2=limited impact; 3=direct influence; 4=significant influence; 5=decisive

[2] In line with last year's activities, the stakeholders involved in the engagement activities were observed to which other entities were added. A total of 20 stakeholders relating to: customers, suppliers, competitors, institutions, the environment and the community. To conduct the analysis three types of sources were identified:
- documents issued by stakeholders (in particular Sustainability Reports);
- statements made on company websites;
- discussions on social networks concerning the topics identified thanks to TIM Data Room activities

At the end of the analysis, TIM attributed a relevance score based on the occurrence of the topics[1].

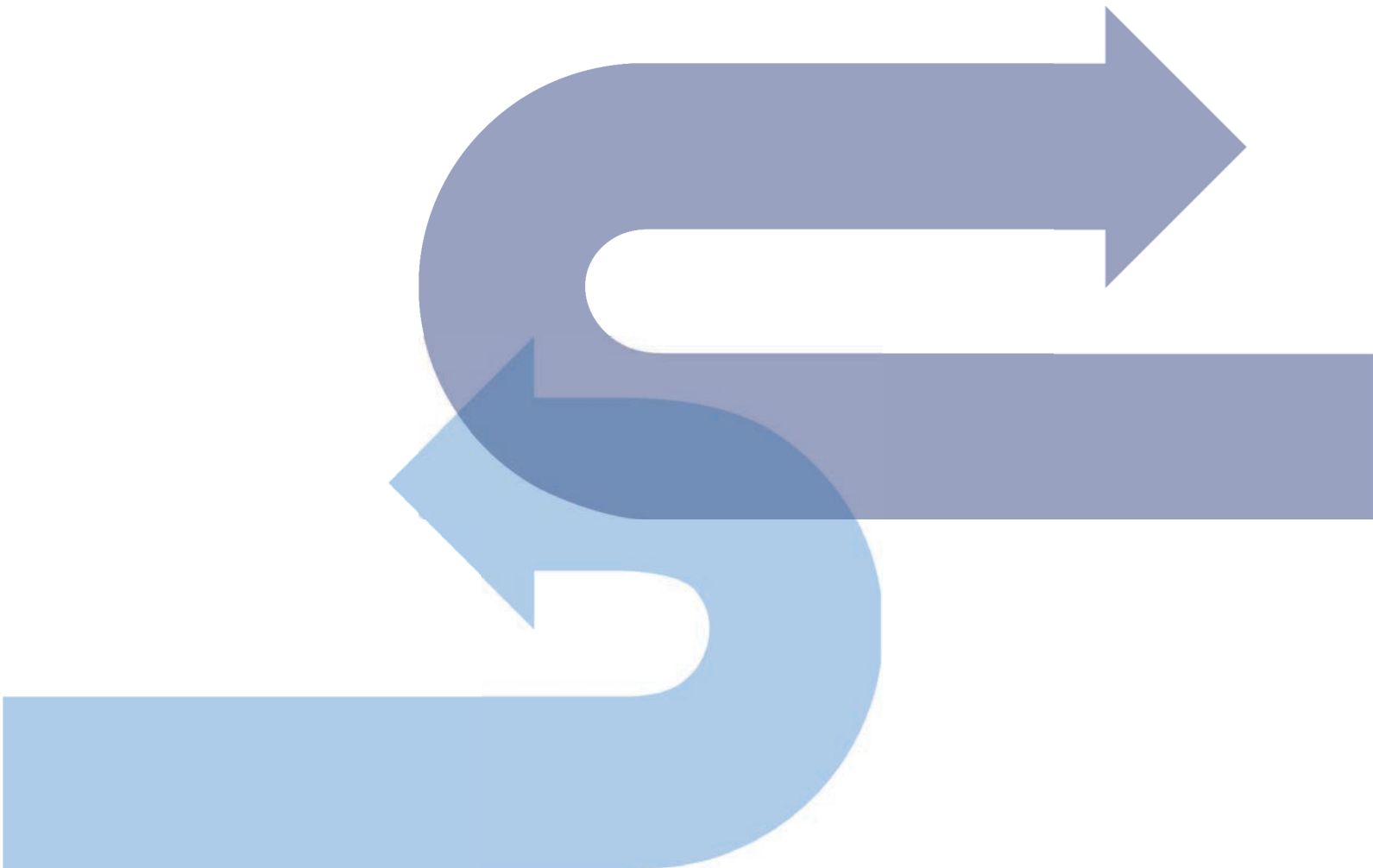The activity resulted in the following materiality matrix:

The materiality matrix, in addition to highlighting the priority areas of commitment for TIM and its stakeholders, also reflects the SDGs to which the Company believes it can make the biggest contribution through its core business.

[1] Scores ranged from 1 to 5, where 1 is the minimum frequency, 5 the maximum frequency, 3 the average frequency (calculated from the average occurrence of the topics taken into consideration). 2 and 4 are attributed in proportion to the minimum, average and maximum scores. Finally, the final score was calculated, weighted by the significance attributed to each source according to the different time periods covered in the analysis

Specifically, the relevant Goals are:

- No. 3: Good health and well-being
- No. 4: Quality education
- No. 5: Gender equality
- No. 7: Affordable and clean energy
- No. 8: Decent work and economic growth
- No. 9: Industry, innovation and infrastructure
- No. 10: Reduced inequalities
- No. 11: Sustainable cities and communities
- No. 12: Responsible consumption and production
- No. 13: Climate action
- No. 16: Peace, justice and strong institutions

TOPIC

CORRECTNESS OF CORPORATE CONDUCT	5 GENDER EQUALITY · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
GEOGRAPHIC AND SOCIAL DIGITAL INCLUSION	4 QUALITY EDUCATION · 8 DECENT WORK AND ECONOMIC GROWTH · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
MANAGEMENT OF THE WORKFORCE AND EMPLOYMENT DEVELOPMENT	4 QUALITY EDUCATION · 8 DECENT WORK AND ECONOMIC GROWTH · 10 REDUCED INEQUALITIES
MANAGEMENT AND REDUCTION OF NEGATIVE IMPACT ON HUMAN RIGHTS WITH DEDICATED ACTIONS	5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH · 10 REDUCED INEQUALITIES
MANAGEMENT OF THE HEALTH AND SAFETY OF WORKERS	8 DECENT WORK AND ECONOMIC GROWTH
IMPACTS ON THE REGION AND COMMUNITY IN WHICH THE COMPANY OPERATES	8 DECENT WORK AND ECONOMIC GROWTH · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 11 SUSTAINABLE CITIES AND COMMUNITIES
SERVICE QUALITY, CUSTOMER RELATIONS, PROTECTION OF VULNERABLE CATEGORIES	10 REDUCED INEQUALITIES · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

TOPIC

STRATEGIES AND RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN	3 GOOD HEALTH AND WELL-BEING · 8 DECENT WORK AND ECONOMIC GROWTH · 10 REDUCED INEQUALITIES · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
SUPPORT IN THE DEVELOPMENT OF INCLUSIVE, SUSTAINABLE EDUCATION AND DIGITAL SKILLS	4 QUALITY EDUCATION · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
DEVELOPMENT OF DIGITAL INFRASTRUCTURES WITH NEW GENERATION, UBB AND LTE NETWORKS	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
SAFEGUARDING PRIVACY AND PERSONAL DATA PROTECTION	13 CLIMATE ACTION · 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
ENVIRONMENTAL PROTECTION	7 AFFORDABLE AND CLEAN ENERGY · 8 DECENT WORK AND ECONOMIC GROWTH · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 11 SUSTAINABLE CITIES AND COMMUNITIES · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION

Validation

The validation of the topics and of the entire materiality analysis process was carried out by the Sustainability Reporting, Monitoring and Relationship division of the Administration and Financial Reporting Department, with the support of RE2N, a company that develops innovative tools for sustainability and shared value[1], and TIM Data Room. TIM Data Room is the department of TIM Group that analyses digital data from the internet through listening, reporting and benchmarking activities[2]. The governance of TIM's sustainability is explained in the Sustainability Governance paragraph of this document. The matrix was approved by the Control and Risk Committee on 4 December 2017.

Review

The review phase is expected to take place as a preparatory stage prior to the next reporting cycle, with the aim of submitting the results of the analyses carried out, updated the following year, to specific consultation and involvement activities as part of stakeholder engagement. The Group has updated the "Guidelines for updating the TIM materiality analysis" so that they comply with the GRI Standards in order to establish a transparent structure for the analysis process.

Boundaries

[GRI 102-47] All the topics that are judged to be material have major implications both inside and outside the Company and are cross-cutting topics that are relevant to all the consolidated companies in the Group, wherever these may be, without exception, and which are relevant to all external and internal stakeholders, these being. The material topics identified are:

- correctness of corporate conduct
- impact on the region and community in which the company operates
- strategies and responsible management of the supply chain
- management of the workforce and development of internal employment
- management of the health and safety of workers
- service quality, customer relations, protection of vulnerable categories
- environmental protection
- management and reduction of negative impact on Human Rights with dedicated actions

Other topics are mainly relevant to Group companies acting as operators in the ICT world, which represent the main part of the Group in terms of turnover, employees and even in terms of the impact on external stakeholders:

- development of digital infrastructures with new generation, UBB and LTE networks
- safeguarding privacy and personal data security and protection
- support in the development of inclusive, sustainable education and digital skills
- geographic and social digital inclusion

The topics mentioned above are more relevant to stakeholders who live in Italy, a Country where TIM is the main operator and the Company on which stakeholders pin their greatest expectations. In Brazil, where the Group is present as one of the Country's biggest mobile operators, the topics are definitely relevant to stakeholders but to a lesser extent than in Italy.

[GRI 102-49] Finally, no significant changes have been recorded in the scope of activities (and therefore boundary relevant), in recent years.

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[1] http://re2n.com/welcome

[2] https://www.impresasemplice.it/cloud-it/big-data/tim-data-room

Risks

[GRI 102-15] [GRI 102-29] [GRI 102-30] [GRI 102-11] The Group has adopted an **Enterprise Risk Management Model** (hereinafter ERM) which allows risks to be identified, assessed and managed uniformly within Group companies, highlighting potential synergies between the parties involved in assessing the Internal Control System. The ERM process is designed to identify potential events that may influence the business activity, in order to manage risk within acceptable limits and provide a reasonable guarantee that business objectives will be achieved.

The process adopted is cyclical and includes the following stages:

- definition of the Risk Appetite and of the Risk Tolerances;

- Risk Assessment;

- Risk Response;

- drawing up the Reporting Flows.

The process is managed by the ERM Steering Committee, which is chaired and coordinated by the Head of the Security Department. The Steering Committee ensures the governance of the Group's risk management, aimed at guaranteeing the operational continuity of the business, monitoring the effectiveness of countermeasures taken.

For more details on the process and its phases, please refer to the link http://www.telecomitalia.com/tit/en/sustainability.html

A summary of the risks connected with material themes is given in the table below, whilst a brief summary of the main types of risk identified by the ERM system is contained in the Main Risks and Uncertainties chapter of the Annual Report.

MATERIAL THEMES

IMPACTS ON THE REGION AND COMMUNITY IN WHICH THE COMPANY OPERATES

Risks	Management
Regulatory risks (current competition regulations, asymmetric regulation, transparency and consumer protection/Italian Communications Authority – AGCom - and Supervisory Board and Italian Competition Authority – AGCM -, Consumer Protection Associations)	TIM monitors the compliance of processes with current regulations, puts in place concomitant monitoring activities on the evolution of the regulatory scenario and performs ongoing dissemination and training activities. It therefore manages relations with the relevant Authorities and Consumer Protection Associations in order to optimize its offer on the basis of market expectations and in compliance with legislation. TIM Participações has a social investment which aims to assess investments in social projects of public interest. Each investment must comply with the Code of Ethics and Conduct, the Anti-Corruption Policy and the Policy on Conflicts of Interest, the Social Responsibility Policy and the Group's General Principles of Internal Control.

MANAGEMENT OF THE WORKFORCE AND DEVELOPMENT OF INTERNAL EMPLOYMENT
MANAGEMENT OF THE HEALTH AND SAFETY OF WORKERS

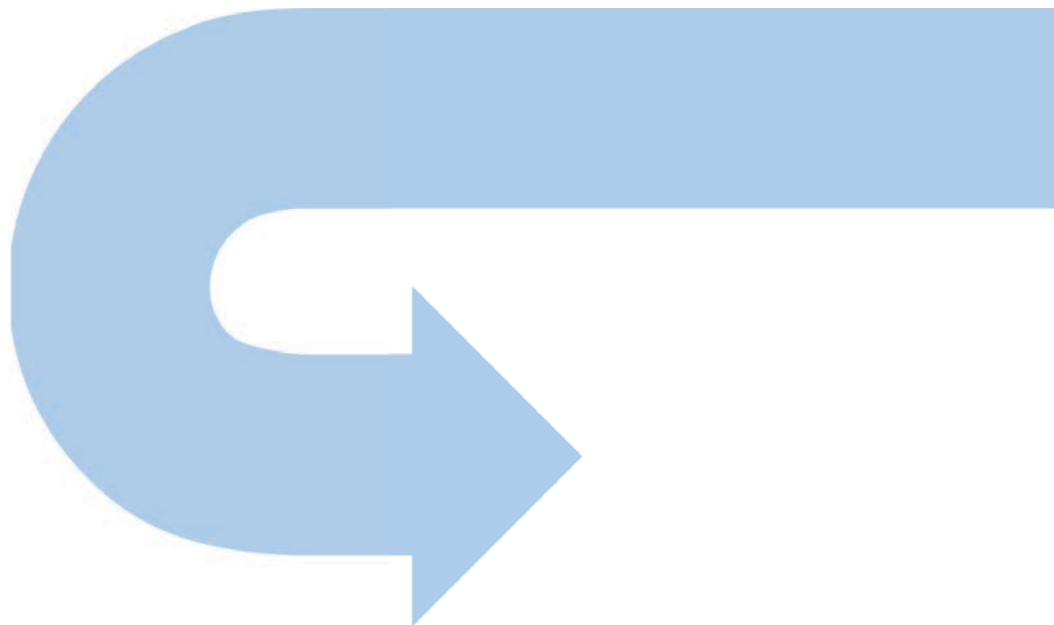| Risks	Management
Risk of the failure to implement/incorrect interpretation of legislation on workers' rights (safeguarding of workers' rights, including the right to privacy; workplace safety)	TIM is compliant with the obligations on workplace safety also through the definition and periodic updating of the Risk Assessment Document. It also guarantees the implementation of legislation on workers' rights defining appropriate application standards aimed at management roles as well as regulations and specific provisions aimed at all personnel. The Performance Management process, regularly implemented at both management and operational staff level, defines systems for measuring performance at all levels, professional and managerial, providing fair and objective recognition of the individual merit of enabling the development processes and plans.

SERVICE QUALITY, CUSTOMER RELATIONS, PROTECTION OF VULNERABLE CATEGORIES
SAFEGUARDING PRIVACY AND PERSONAL DATA PROTECTION

Risks	Management
Risks linked to the quality perceived by customers	TIM monitors the perceived quality level through a complex survey system achieved with the support of leading research institutes and through the use of IT systems and analysis platforms. TIM Participações controls the quality level by means of operative performance indicators established by the Agência Nacional de Telecomunicações (ANATEL), which envisage objectives linked to quality and standards that must be respected by suppliers. TIM Participações is also 9001 certified (International Organization for Standardization) and has internal indicators aiming to monitor the mapping of gaps and implement mitigation plans.
Risks linked to Customer Care operations	TIM promotes the dissemination of a culture geared towards customer experience and periodically shares the main guidelines for the caring model which define the reception and service model to be provided to customers. TIM has set up specialist groups with the aim of improving customer experience and commercial approach at the same time.
Risks linked to privacy and data protection	TIM has a system of procedures and controls which ensure compliance with current regulations, puts in place concomitant monitoring activities on the evolution of the regulatory scenario and performs ongoing dissemination and internal training activities. In Italy, with particular reference to new General Data Protection Regulation no. 2016/679 on privacy, a series of activities are in place to analyse the impacts deriving from the application of the legislation and the production of the consequent operating instructions which the roles/companies concerned must comply with. In Brazil, TIM Participações has structured a process that establishes guidelines for the security of its customers' data, where such is defined as confidential by Brazilian law. There are system control mechanisms in place, which prevent access by unauthorised staff and the dissemination of sensitive data.

SERVICE QUALITY, CUSTOMER RELATIONS, PROTECTION OF VULNERABLE CATEGORIES SAFEGUARDING PRIVACY AND PERSONAL DATA PROTECTION
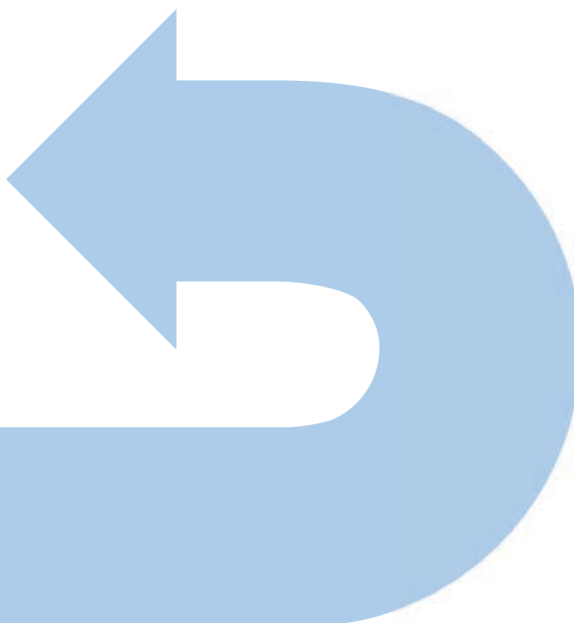
Risks	Management
IT Risks	TIM has an ICT Risk Management process which includes the cyber risk mapping and, also in keeping with the needs expressed by the control bodies, coordinates the identification of intervention areas on a priority basis in order to ensure the control and management of the overall cyber risk for the entire perimeter of TIM and its subsidiaries. The ICT Risk Management process contributes to the security of information by managing the process of assessing and handling the operational risks to ICT resources who handle information in order to ensure: a) a level of confidentiality, integrity and availability of the information proportional to the respective value of the business, that is the direct or indirect losses that a security incident can result in for the services provided to its customers; b) the security of the services provided to its customers and the levels of operational continuity stipulated in the contracts; c) the security of the personal information of employees, in compliance with current legislation and for employees' protection. In Brazil, TIM Participações has adopted a procedure defining the security measures relative to IT systems and an advanced platform against computer attacks. TIM Participações monitors incidents related to computer attacks and malfunctions in data protection and notifies the parties concerned.

ENVIRONMENTAL PROTECTION

Risks	Management
Risks linked to the security of company websites	TIM monitors and manages risks that could have an impact on the main sites, including: • risk of tank pollution, correlated with the presence, dimensions and operation of the tanks containing liquid fuel; • hydraulic risk: effects on the territory caused by exceeding the critical hydrometric levels (possible flooding along the main water courses); • employee safety risk: risks connected with the health and safeguarding of safety at work of employees (e.g. asbestos, electromagnetic emissions of plants). In Brazil, TIM has an operating procedure in place for the disposal of used batteries and network equipment in order to optimise and control any possible impacts. This procedure is integrated into the plan for disposal management, assistance and response to environmental emergencies and research into the environmental aspects and impacts, dangers and risks to health and safety at work. Action is also taken to monitor and limit electromagnetic radiation emissions.

DEVELOPMENT OF DIGITAL INFRASTRUCTURES WITH NEW GENERATION, UBB AND LTE NETWORKS

GEOGRAPHIC AND SOCIAL DIGITAL INCLUSION

SUPPORT IN THE DEVELOPMENT OF INCLUSIVE, SUSTAINABLE EDUCATION AND DIGITAL SKILLS

Risks	Management
Risks associated with the development of fixed and mobile networks (research, engineering and implementation of infrastructures enabling innovative services and solutions) Risks connected with the skills adjustment necessary to ensure business transformation	TIM's technical departments monitor the technological processes of the Company in the general context of the engineering and planning of network/service infrastructure, the development of new generation networks (NGAN and LTE) and evolution towards the cloud network. The commercial departments contribute to the development of innovative services through the structuring of ad hoc offers. TIM optimizes the mix of capabilities necessary to maintain a competitive advantage in mature markets and strengthen the positioning in those focused on digital and innovative services. In order to achieve said objectives, skill assessments are structured for the mapping of existing skills and training courses, often available on a dedicated online e-learning platform and intended for multiple subjects according to personal development business needs. There are also initiatives for specific training and workshops held in person, according to the strategic need to develop staff skill sets.

CORRECTNESS OF CORPORATE CONDUCT

Risks	Management
Compliance risks (compliance with reference regulations)	TIM monitors the compliance of its processes with regulations through special Compliance Departments whose autonomy is ensured by hierarchical correspondence to the BoD. The Company implements the recommendations of Borsa Italiana for listed companies in Italy and has implemented an internal control system on the risks structured into three levels, which complement the corporate governance responsibilities of corporate bodies.

STRATEGIES AND RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

Risks	Management
Risk linked to the selection and qualification of suppliers and products	TIM, in the supplier qualification phase, in accordance with the anti-corruption policy, provides for the adoption of due diligence questionnaires and the application of the conflict of interest procedure. Quarterly spot checks are also made on purchase orders to ascertain whether there are purchases of goods for resale or production that does not comply with the provisions of the conflict minerals regulation.

MANAGEMENT AND REDUCTION OF NEGATIVE IMPACT ON HUMAN RIGHTS WITH DEDICATED ACTIONS

Risks	Management
Economic risks, reputational impacts	The Group makes grievance mechanisms available to be used in the event of a violation, as expressly required by the Guiding Principles on Business and Human Rights. These mechanisms are available on the Group's websites.

ENVIRONMENT

ENVIRONMENTAL PROTECTION

[GRI 103-1: Management Approach] [GRI 302] [GRI 305] The attention paid to the environment is reflected in the Sustainable Development Goals: prevention and control of climate change, land and marine life, design of smart cities, are targets on which companies are required to focus with concrete and measurable actions. The importance of environmental protection is indeed evident in the TIM 2017 materiality matrix.

The ICT sector can contain and reduce its CO_2 emissions and above all can contribute to reducing emissions from other sectors and individual citizens thanks to its innovative and characterizing solutions: video-conferencing, teleworking, telemedicine and, in more general terms, all services connected with the digitisation of the economy that allow truly sustainable behaviors and lifestyles to be achieved. It is estimated that[1] adoption of these services could lead to a 20% reduction in global CO_2 emissions by 2030, thereby maintaining them at 2015 levels.

In synergy with other sectors of the economy, TIM is aware that it can play an important role in facilitating the transition to a future characterised by low carbon emissions.

The Environment stakeholder consists of future generations and their right to live in a world not compromised by the negative and collateral effects of development by previous generations.

The attention paid to the Environment is demonstrated by the demands expressed by

- national and international environmental organisations;
- national and supranational institutions;
- the community in general, particularly in the areas where TIM operates;
- industry associations and non-profit organisations dealing with issues relating to the environment. These include the following in particular: European Telecommunications Network Operators' Association (ETNO), European Telecommunications Standards Institute (ETSI), Global e-Sustainability Initiative (GeSI), CDP, International Telecommunication Union (ITU).

[GRI 103-3: Management Approach] [GRI 302] First and foremost, the Group makes extensive use of advanced communication services to reduce the need for staff travel, and costs and emissions associated with business travel. For example, use is made of the automatic booking portal for "VAI On Line" audio and video conferencing services, Virtual Rooms and the new Smart On Line[2] service launched in 2017. With these procedures managed independently by employees, TIM recorded an overall increase in meetings held of +5% on 2016. In detail:

- VAI On Line: 41,763 video conferences held by TIM and other Group companies;
- VAI On Line: 78,692 audio conferences held by TIM and other Group companies;
- Smart On Line: 21,544 audio/video conferences held by TIM.

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[1] #SMARTer2030 – ICT Solutions for 21st Century Challenges – published in 2015 by the Global e-Sustainability Initiative
[2] The Smart On Line service is based on the allocation of personal virtual meetings rooms (FAN, Free Access Number) which are always available, where you can invite participants at any time, without time limits or the need to book them in advance. This is a technical evolution of the services already provided at the company, which guarantees greater flexibility in terms of use and better quality

[GRI 103-2: Management Approach] [GRI 302] [GRI 305] TIM also responded with four synergic levels of action regarding the fight against climate change:

- reducing its own direct and indirect emissions of greenhouse gases;

- limiting the emissions of other sectors of the economy and customers by supporting virtualisation and the provision of services that promote new sustainable ways of working, learning, travelling and living;

- adopting procurement policies that take into account the impact of climate change along the whole value chain;

- contributing to disseminating a culture that creates awareness of the importance of the theme and the actions that everyone can put in place to contribute to the reduction of greenhouse gas emissions within and outside the Company.

This important matter is handled within the Group with the aim of mitigating and/or remedying the negative impacts linked in particular to the use of energy resources.

In particular, the guiding principles of TIM's strategy for the Environment are:

- optimising the use of energy sources and other natural resources;

- constantly seeking to improve environmental and energy performance by reducing negative impacts and increasing positive ones;

- adopting procurement policies that take environmental issues into account;

- disseminating a culture that promotes a correct approach to environmental issues.

TIM has voluntarily introduced environmental guidelines[1] and policies for quality and the environment in some specific areas of the Group: the Technology Department and the Open Access Department (latest revisions issued in July 2017). Furthermore, TIM Sparkle has a quality, health and safety in the workplace and environment policy in force, which was also issued in July 2017.

As early as 2012, furthermore, in **Italy** TIM signed a voluntary agreement with the Ministry of the Environment and Protection of the Land and Sea to promote joint projects aimed at measuring, containing and neutralising the impact of the telecommunications sector on the climate. In this context, analysis procedures have been created for the standard activities of telecommunication companies in order to provide carbon footprint indicators for the services delivered by TIM across the country: fixed network (telephone calls), mobile network (text messaging, data transfers, calls), data transfers (including picture messaging)[2].

Furthermore, in order to ensure the effective and sustainable management of operational processes, the areas of TIM which have a potentially significant environmental impact have equipped themselves with a certified Environmental Management System (EMS) in accordance with the ISO14001 standard. In some organisations, the Environmental Management System has been integrated with the Quality Management System based on the ISO 9001 standard, for which the respective certification has been obtained. At some particularly representative sites, a certified Energy Management System has been developed according to the ISO 50001[3] standard.

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[1] See http://www.telecomitalia.com/tit/en/sustainability/our-approach/codes-policies/environmental-social-policies.html
[2] In accordance with the procedure described in Chapter 2 of the "GHG Protocol Product Life Cycle Accounting and Reporting Standard ICT Sector Guidance"
[3] They are the company locations of Rome - Parco de' Medici, Bologna - Via Stendhal, and Rozzano (MI) 1 and 2

[GRI 103-3: Management Approach] [GRI 302] The energy efficiency of the Rozzano 2 Data Centre is demonstrated by the PUE[1] (Power Usage Effectiveness) value of 1.66 certified in 2014, which can be considered a good value for a Data Centre built between 2008 and 2010. The PUE of the other Data Centres is currently undergoing certification.

Brazil

The operational activities of the technical network in the States of Rio de Janeiro, São Paulo and Espirito Santo – the areas in which the country's industrial and commercial activities are mostly concentrated - have had an ISO 14001 certification since 2010. TIM Partecipaçoes activities are also carried out in accordance with its environmental policy[2], revised in 2015, which underlines its commitment to reducing waste and using natural resources sustainably.

[GRI 103-3: Management Approach] [GRI 302] [GRI 305] The **main indicators used to measure the Group's environmental performance** are gathered voluntarily. Their trend is shown in the table. For more details see the appendix.

Indicators	Trend 2017
Total consumption of electricity procured and produced	☺ Down
Total CO_2 atmospheric emissions	☺ Down
Eco-efficiency indicator	☺ Up
% of waste recycled	☺ Up

[GRI 103-2: Management Approach] [GRI 302] [GRI 305] In order to ensure the development and implementation of programs for energy efficiency and the rational use of resources, issues relevant to TIM, a cross-cutting section has been created within the Procurement Department which is dedicated to dealing with energy issues and to identifying and carrying out appropriate energy efficiency activities. This Utilities, Services and Logistics Department is in charge of energy procurement, energy use planning and monitoring and efficiency project deployment in Italy. The medium-term variable remuneration policy (MBO) also provides for targets to be assigned to the managers connected with the achievement of energy efficiency targets which are consistent with the Group's business plan.

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[1] It is the ratio between the total electricity used by a Data Centre and the amount needed to power IT equipment only and therefore allows the incidence of ancillary services on consumption and total energy efficiency to be assessed

[2] See http://ri.tim.com.br/show.aspx?idCanal=4K/0QqB9zIbMs3+gpxdxTA==&linguagem=en# and www.telecomitalia.com/content/dam/telecomitalia/documents/Sostenibilita/en/Policies_ENG/ENVIRONMENTAL%20POLICY-TIM%20Brazil-%20sito%20Brazil-201506.pdf

Effective application of the regulations is monitored by means of a control system based on periodic self-assessment procedures, by those responsible for containing consumption. Furthermore, in order to respond to the objective of reducing negative effects and reinforcing positive behaviours, a monthly report is drawn up describing the activities, the level of consumption containment, the results achieved and the status of the improvement plans. In addition to that, a new form of contract has been introduced which provides for a performance bond on maintaining and implementing projects. This ensures that service levels are maintained and makes it easier to predict the energy costs incurred by TIM.

In order to increase the sensitivity to environmental protection, a training dedicated to internal staff and business partners was carried out. In total, training meetings were held for a number of hours equal to 9,017, with the participation of about 3,100 people.

As mentioned above, the specific actions taken by the Group are intended to reduce its environmental effects and offer technological solutions to individuals, companies and government offices. The aim is to create an inclusive and sustainable digital society based on a strong low carbon economy.

The definition of fixed and mobile network architectures and the technical specifications of equipment and components also adopted criteria that minimise environmental impacts (e.g. consumption, excavation, obstacles, noise, use of batteries), while considering the service requirements and costs of the various solutions. As of 2008 in particular, in performing the financial assessments of bids, the energy costs over a period of three to five years are also considered.

Compliance with environmental legislation in force

TIM provides everyone (employees, co-workers, consultants, customers, third parties in general) with a single channel through which to submit requests for clarification or reports of presumed violation of environmental legislation, with the maximum guarantee of confidentiality. The system assigns each report submitted a unique identification code, which enables the reporter to check the processing status in complete anonymity[1].

[GRI 307-1] As active and responsible members of the community, the Group's companies are committed to observing and ensuring the observance of the laws in force in the countries in which they operate and adopt the organisational tools needed to prevent the violation of legal provisions.

Italy

During 2017, no significant financial penalties were imposed on the Group's companies in Italy for violations of environmental legislation in the areas in which they perform their activities. This consideration is also valid for the previous two years.

Brazil

During 2017, a significant fine was imposed on TIM in Brazil[2] for having brought radio base stations into operation without waiting for an environmental authorisation to be issued by the relevant authority. TIM lodged an appeal and obtained a reduction from 500,000 R$ to 50,000 R$. The fine was paid and the Company is now waiting for the environmental licences to

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[1] Full information about this is available by clicking on this link: http://www.telecomitalia.com/tit/en/about-us/governance-system/Whistleblowing.html

[2] Significant financial penalties for the Group in Italy are considered to be those that exceed 500,000 euros. For its own accounting purposes, Brazil applies an amount of 500,000 reais, which is roughly the equivalent of 126,031 euros

be issued to complete the administrative procedure. In 2016, a fine had been imposed due to alleged failure to comply with environmental rules[1]. The process for resolving this is still under way. In 2015, another fine for the same reason as the one imposed in 2017 was resolved, while no fines were imposed in previous years.

Also reported are 15 non-financial administrative penalties imposed on TIM Brasil, while 7 had been imposed the previous year. There are no penalties of this kind to be reported for 2015. There are no resolutions of environmental disputes through conciliation mechanisms as there are no forms of conciliation for environmental disputes in Brazil.

IoT and environmental research

[GRI 103-2: Management Approach] [GRI 302] As a further demonstration of its commitment to the environment, every year TIM invests in research into innovative solutions for limiting environmental impacts, particularly in order to limit the consumption of natural resources and energy. These activities are detailed in the following paragraphs.

TIM has also had many patents granted in this area.

TIM's research activities include many Internet of Things (IoT) ICT solutions for the world of Smart Cities and positive environmental effects.

Smart grid. IoT application for managing various segments of electricity networks: TIM is studying solutions aimed at a better use of energy resources in terms of distributed generation and remote control. In particular, work continued on the possibility of sharing telecommunication and power distribution network infrastructure with a view to cutting costs and reducing their environmental impact.

Smart water. IoT application for managing water distribution networks. The solutions analysed allow hidden water leaks to be searched and identified efficiently and economically. Water is a valuable environmental resource: losses in the distribution network in the range of 30% will no longer be sustainable, from an environmental or economic perspective. Multi-utility **smart metering** solutions (applications for real time usage monitoring), which cover water, gas and, if necessary, also electricity, based on widespread networks like *IoT Narrowband*[2], are also being developed and tested in the field to search for leaks and optimise distribution costs.

**S*mart waste*. Efficient management of the waste cycle for increasing sorted collection and reducing illegal dumps. The fill levels of the various recycling centres are measured in real time and vehicles sent out to empty them only when necessary. Result: time and expense are minimised and roadside bins overflowing with municipal rubbish are avoided.

Other projects: in the field of eco-sustainability, the REPLICATE (Firenze Smart City) and MONICA (Torino Smart City) projects are particularly significant.

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[1] Until last year, financial penalties were considered significant in Brazil if they exceeded 100,000 reais ((equivalent to 25,206 euros, 29.108,5 euros, 23,523 euros applying the currency exchange rate on December 31st 2017, 2016, 2015 respectively). For this reason, 341 had been reported in the Sustainability Report for 2016

[2] This solution is based on a new radio interface which can be used either on a portion of the LTE signal band (or on the band separating the bands), or independently in portions of the spectrum made available by the release of frequencies

The **REPLICATE**[1] project focuses on smart energy, smart mobility and smart waste solutions and the development of IoT platforms for managing the distribution of water and waste management in collaboration and partnership with the municipality of Florence. It was launched in February 2016 and will last for five years.

The **MONICA**[2] project is focused on urban noise pollution and safety in public life. The first applications developed as part of the project will be presented in the spring of 2018. TIM has also contributed to the "Torino Smart City" project known as **SMILE**[3], focusing on the theme of life & health, which has defined solutions and actions for improving quality of life and the environmental sustainability of the city. Based on input from the SMILE project, the Municipality of Turin has drawn up a master plan for Torino Smart City. TIM has signed a Memorandum of Understanding with the Municipality of Turin which provides for the use of 5G technologies to develop sustainable smart city services. The project, which began in July 2017, will be completed by mid-2020.

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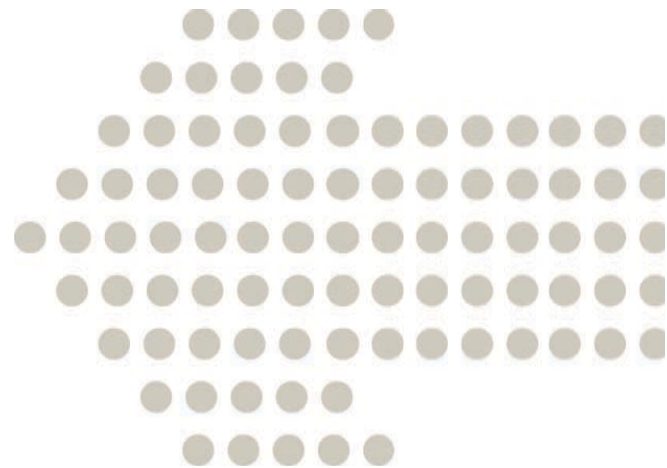
[1] REnaissance of PLaces with Innovative Citizenship And Technologies is part of the European Horizon 2020 programme

[2] Management Of Networked IoT Wearables – Very Large Scale Demonstration of Cultural Societal Applications is part of the European Horizon 2020 programme

[3] SMart mobILity at the European land borders is part of the European Horizon 2020 programme

CLIMATE CHANGE

[GRI 201-2] COP23[1], held in Bonn in November 2017, made progress towards reviewing the commitments countries have made to reduce greenhouse gas emissions, despite the decision made by the Trump administration to withdraw the United States from the Paris Climate Agreement (COP21 – 2015). However, the commitments made in Paris do not however seem sufficient to achieve the target agreed in 2015, that is to maintain the increase in global temperature at under 2 degrees centigrade, and preferably under 1.5 degrees with respect to pre-industrial levels. A revision of the agreement will be the objective of the next United Nations Climate Conference, COP24, to be held in Katowice, Poland, in December 2018.

According to a report[2] by the European Environment Agency (EEA) there are ten most significant natural hazards for Europe: heat waves, torrential rain, overflowing rivers, wind storms, landslides, droughts, forest fires, avalanches, hailstorms and storm surges. Events that impact human health, the economy and ecosystems and can be exacerbated by other changes, such as soil sealing, construction in risk areas, ageing of the population or degradation of ecosystems.

The overall documented economic losses generated by atmospheric events and extreme weather conditions in the EEA's 33 Member States over the period 1980-2016 exceeded 450 billion euros. The biggest economic repercussions were caused by flooding (around 40%), followed by storms (25%), drought (around 10%) and heat waves (around 5%). Total insurance coverage for these hazards is around 35%. Reducing the impact of dangerous weather and climate events and adapting to climate change are therefore top priorities of the European Union. Achieving these goals requires a strong commitment from all sectors of the economy, authorities and citizens.

As explained earlier, TIM approaches the issue of climate change with multiple synergistic actions: reduction of its own direct and indirect emissions of greenhouse gases;

- limiting the emissions of other sectors and customers in general by supporting virtualisation and the provision of services and solutions which promote new sustainable ways of working, learning, travelling and living in general;

- communicating its emissions and strategies for fighting climate change in the Sustainability Report and through responses provided to rating agencies (RobecoSAM, CDP, Vigeo Eiris, ...).

These objectives are pursued through the initiatives described in the following paragraphs on Environmental Performance/Energy and Environmental Performance/Emissions.

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[1] The Conference of the Parties (COP) is the governing body of the United Nations Framework Convention on Climate Change (UNFCCC); it is convened on a yearly basis and a progressive numbering is assigned to each meeting, where parties monitor, review and advance the implementation of the Convention

[2] Climate change adaptation and disaster risk reduction in Europe – EEA Report N. 15-2017

Risks associated with climate change

[GRI 201-2] The risks associated with climate change for the TLC sector, and therefore for TIM, have implications of a physical, economic and regulatory nature, with repercussions on the image and reputation of companies.

Installations, network infrastructure and TIM Data Centres are spread across the Country. The Company believes that flooding is one of the most serious physical risks and the one most likely to occur. The resulting damage ranges from reduced use to the loss of business infrastructure, with a consequent zeroing of the capacity to supply the service.

In order to prevent or limit the potential damage, TIM's new exchanges and buildings are built **at a safe distance** from rivers and bodies of water in general and, in order to ensure continuity of service, the network is designed considering appropriate levels of **resilience** and **redundancy**.

TIM's network infrastructure in areas characterised by a high level of hydro-geological risk are monitored through the **Ci.Pro (Civil Protection) company system**, which uses a constantly updated database of information on local areas and infrastructure for rapid planning of necessary intervention.

The company assets inevitably subject to physical risks have **insurance cover** that takes into account the value of structures and equipment and any effects that catastrophic phenomena would cause to the service.

In Brazil, changing climate conditions are giving rise to extreme weather conditions increasingly often. Extreme weather conditions can damage the network infrastructure, particularly transmission towers and pylons, thus increasing the cost of management and insurance against risks, reducing coverage, weakening the signal and interrupting the service. Variations in the levels of humidity and salinity in the air can reduce the service life of equipment. An increase in the average temperature could lead to a greater use of electricity by air conditioning and cooling systems. Potential flooding makes it difficult for staff to travel and do their work, thus reducing the efficiency of the system.

TIM Brasil has developed technologies and **applications for effective and continuous monitoring**, making considerable investments in infrastructure and advanced technologies to guarantee the continuity and quality of service provided to its customers, improve efficiency and reduce the consumption associated with its operations.

At present in Brazil most electricity is generated by hydroelectric plants (64% according to data from the Balanço Energético Nacional – 2016). Long periods of drought can lead to a dramatic reduction in the availability of electricity, to an increase in its cost and to increasing recourse to fossil fuels. Lower availability of water in water basins may lead to the rationing of energy and significant fluctuations in the cost per kWh.

A considerable amount of TIM Brasil's emissions is associated with electricity consumption, particularly by the network infrastructure, which is expanding continuously in Brazil. Energy industry policies tend to lead to an increase in the cost of energy and these increases are in turn transferred to users, and therefore also to TIM, which may see an increase in the cost of the goods and services it buys from suppliers, in particular those that produce telecommunications equipment and infrastructure.

Opportunities associated with climate change

[GRI 201-2] The ICT sector is required to contribute to the fight against climate change by making society aware of the importance of digitisation and virtualisation and reducing the need for the physical movement of people and things.

Specifically:

- **audio/video conferencing and agile working** services reduce the need for people to travel;
- **online invoicing and payments** save paper (and therefore the energy required to produce and transport it) and eliminate the need for transport to make payments;
- **telemedicine** services reduce travel for medical visits;
- **infomobility** systems, using information obtained from mobile handsets, allow the optimisation of traffic flows, reducing travel times and greenhouse gas emissions;
- systems for the **monitoring and analysis of consumption** allow the optimisation of the energy efficiency of offices and dwellings.

The efficiency improvements, savings achievable in economic terms and reduced environmental impacts associated with the effective use of these services are a real business opportunity for the Company. Awareness is growing among stakeholders and citizens in general of the need to achieve significant reductions in greenhouse gas emissions to ensure a sustainable future for society and the planet.

Brazil is also looking to develop solutions for mitigating and adapting to climate change: TIM Brasil and the Ministry of Science, Technology, Innovation and Communication (MCTIC) have entered into a partnership to install **precipitation data collection platforms** at radio base stations (RBSs) close to areas where there is a high risk of natural disasters.

In order to avoid a shortage of electricity for the opposite reason, namely a lack of rainfall, TIM Brasil is promoting initiatives aimed at reducing the consumption of services and installations. The Company believes that strategic carbon management, combined with transparent practices, is an opportunity to reach more customers in an increasingly demanding consumer market. In this context, TIM has the advantage of offering more efficient products and services, with reduced energy consumption or the use of alternative energy sources.

The Company also believes that its telecommunications services can be used to reduce emissions from commuting. In addition to providing a basis for optimising production processes and logistics in various sectors, they help customers to reduce their emissions.

Similarly, climate change affects the behaviour of investors, who prioritise companies that are transparent about managing their own emissions.

As a demonstration of its commitment, **TIM Participações S.A.**' s place in the BM & FBovespa's Corporate Sustainability Index (ISE)[1] has been confirmed for the tenth year running. Since 2010, TIM Brasil has also participated in the national EPC - *Empresas pelo Clima* programme[2].

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[1] http://www.bmfbovespa.com.br/en_us/products/indices/sustainability-indices/corporate-sustainability-index-ise.htm
[2] http://www.empresaspeloclima.com.br/?locale=en

TIM INITIATIVES FOR THE ENVIRONMENT

[GRI 103-2: Management Approach] [GRI 302] Listed below are some of the TIM services and initiatives where the company's technology, know-how, structures and sensitivity are being deployed and converging to achieve a sustainable world.

Energy efficiency improvement work

Civil and industrial

In 2017, technological developments in fixed and mobile network infrastructure and IT solutions are resulting in a significant annual increase in the Group's energy consumption.

In Italy TIM has been proactive not only in offsetting this by constantly striving to ensure the efficiency and optimisation of the solutions adopted, but it has also obtained a positive balance **corresponding to net savings of over 10 GWh**.

Furthermore, during the first half of 2017, **further actions** were considered and planned to adapt and improve the efficiency of fixed network exchanges, carried out in the second half of the year, with the aim of increasing the percentage of reduction in the quantity of energy used compared to previous years. In order to identify potential areas for efficiency improvement, analyses of all the sites not currently covered by plans for efficiency improvement were carried out.

Obsolete technological platform decommissioning initiatives continued, mainly in relation to the following projects:

- **Fixed network**: the project involves the migration of traditional accesses (except for ISDN accesses) to more advanced platforms (VoIP). This results in reduced energy consumption, occupation of space and maintenance, and in general in the overcoming of the obsolescence of the traditional plants. Around 2,900,000 PSTN ports were switched off and/or migrated in 2017, amounting to 15% of the total.

- A plan was launched in 2015 to decommission the **Urban Group Stages** (UGSs) by consolidation, in order to significantly reduce electricity consumption. Activities were completed on 27 UGSs in 2017, out of a total of 54 included in the plan. The project involves obtaining Energy Efficiency Certificates (white certificates), cutting other operating costs and reducing the risk of failure resulting from the obsolescence of certain pieces of equipment. The estimated reduction in consumption at full capacity is 3.7 GWh per year, amounting to 50% of the expected total.

- **ATM:** the project involves optimizing data accesses with the gradual disposal of ATM devices and a shift to IP technology devices. This results in reduced energy consumption and in general the overcoming of the obsolescence of the traditional plants. Over the course of the year 1.3 million ports were switched off, amounting to around 21% of the total at the end of 2016.

- Other action taken in the industrial field includes plans to modernise obsolete business systems by simplifying the architecture. In fact, energy efficiency can be improved by gradually decommissioning pre-existing systems and platforms which have reached the end of their support and maintenance cycle (end of support), and migrating data network services to better performing platforms. Also included are IT hardware (storage and server) decommissioning activities.

The following actions were undertaken in 2017:

Offices

BEMS (Building Energy Management System) Project: in the second half of 2017, an analysis was undertaken of the energy efficiency improvement plan for 20 particularly energy-intensive offices/DPCs/mixed use sites not covered by decommissioning plans over the coming three years, optimising the automatic performance management systems of the building to ensure minimum energy use with the same operating conditions. The BEMS system will be configured to operate with automatic control of the building's technological systems. The works will involve a total of 50 sites, corresponding to consumption of around 280 GWh, with total estimated energy savings at full capacity of around 28 GWh (10% of the reference baseline), achieving savings of 10.5 GWh as early as 2018.

Adaptive heating and cooling project: another proposal was made for the use of operating platforms that use consumption optimisation algorithms in cooling and heating units based on internal and external temperature conditions. As regards the optimisation of winter heating consumption, the project covered 11 sites which represent 12% of the total in terms of gas consumption for heating and 6% of the total sites, while one site was involved regarding air conditioning. The result achieved is a 35% reduction in gas consumption and a 15% reduction in electricity consumption.

Fixed Network area

- **Exchanges**: a plan was launched to adapt power supply and air conditioning infrastructure units with the aim of achieving energy efficiency. The actions, completed at the end of 2017, covered 110 of the most energy intensive exchanges (UGSs and POPs), out of a total of 10,500, indicatively representing 11% of the total consumption of Exchanges - around 156 GWh per year in total - with a saving objective at full capacity of around 20 GWh. **The energy saved by the end of 2017 was around 4 GWh (corresponding to 0.6 million euros)**.

- **Equipment:** a series of streamlining, rationalisation and optimisation measures were taken, aimed at reducing energy consumption in the UGS exchanges in metropolitan areas, with **estimated savings at full capacity of around 4 GWh**. The activity involved 44 UGSs and the energy saved in **2017 was around 17% of the amount forecast at full capacity**.

Data Centers

- **Adaptive cooling of Data Centre rooms:** during this first phase, the use of a previously tested solution to manage cooling systems with adaptive algorithms, which control the operation of air conditioners based on the thermal mapping of server rooms, was extended, thus reducing consumption from air conditioning. The energy savings **when fully operational are expected to be around 1.2 GWh.**

- **Eco solution for IT infrastructure in the cloud**: an increase was made in the number of machines set up with real-time controlled and dynamic switch-off of "farms in the cloud" servers based on virtualisation mechanisms with optimisation of the use of physical resources (CPU and RAM) and consequent energy savings. The solution, the efficiency of which has already been tested, improves the operation of IT farms in terms of performance and capacity planning information, enabling optimisation of the physical development of IT platforms even if the processing load required increases. **The estimated amount of energy saved at full capacity (2018) is approximately 0.6 GWh, 50% can already be recorded in 2017**.

IoRiciclo

Pursuant to Ministerial Decree 121/2016, which implements European Directive 2012/19/EU, in 2017, TIM launched **ioRiciclo** (meaning "I recycle"), a sustainable initiative to collect mobile phones and smartphones for scrapping, without any obligation to buy. In a selected number of TIM stores, distributed throughout Italy, a free service has been activated to collect disused mobile devices, using the one-for-nothing formula: anyone can deliver their disused devices to a store, leaving it in a container without having to buy another product.

The waste collected thus is sent for recycling. A mobile phone can in fact yield an average of 9 grams of copper, 11 grams of iron, 250 mg of silver, 24 mg of gold, 9 mg of palladium, 65 grams of plastic, 1 gram of rare earths and other precious elements contained in very small quantities. In addition to the recovery of materials, the recycling contributes to saving electricity and water, also avoiding CO_2 emissions.

IoRiciclo is a project run in collaboration with Remedia, a non-profit organisation specialised in handing WEEE (Waste Electrical and Electronic Equipment), spent batteries and accumulators. ioRiciclo continues the Company's commitment to creating value and promoting sustainable development in its areas of influence, making the public aware of the importance of correctly managing the end-of-life stage of all electrical and electronic equipment.

Consumer Products: TIM eco-friendly

[GRI 103-2: Management Approach] [GRI 302] [GRI 302-5] ICT can influence the price, efficiency and relative convenience of products and services, with an impact on the demand itself and increasing the overall demand for energy.

In order to improve the environmental efficiency of products offered to private and business customers alike, attention has to be paid to their energy aspects, optimising consumption while meeting the needs of the services delivered and applying "Design for Environment" rules that reduce their environmental impact, particularly during the production phase and the end-of-life management of equipment. It is the responsibility of the ICT sector, and therefore also of TIM, to consider these aspects, focusing on research and development to create products with a low environmental impact throughout their entire life cycle.

At the end of the 1990s, TIM launched a series of internal research and development activities to build terminals with a reduced environmental impact.

Pursuing and expanding this logic, the TIM Green logo has been created, renamed TIM eco-friendly in 2015, to identify both TIM's environmental protection initiatives and projects and eco-friendly products.

For products and initiatives that bear this logo, information is provided about the features and specific solutions adopted, as a result of which their eco-friendliness and/or environmental benefit can be demonstrated. In the case of products, this information appears in the environmental statement drawn up in accordance with the UNI EN ISO 14021 standard, as well as in the sustainability section of the telecomitalia.com website, where information can also be found about the "eco-friendly" features of initiatives and projects.

The TIM eco-friendly range includes dedicated products for businesses and consumers developed in cooperation with suppliers. The electricity savings also translate into an equivalent reduction of greenhouse gas emissions. The entire TIM eco-friendly

range of products are designed using eco-design criteria. The casing and packaging are made using uniform, recycled and/or recyclable materials.

On the Access Gateway (AG) front, deployment of the latest "basic" Wi-Fi N modems, which have replaced the Wi-Fi N Access Gateway, the first product in the TIM eco-friendly[1], is nearing completion. Mass distribution is under way of the "Smart Modem Plus" (also known as the "Access Gateway Evo"), a top-of-the-range product that supports eVDSL accesses and premium voice and video services, fulfilling energy efficiency requirements according to the limits set by the European Code of Conduct for Broadband Equipment[2,] which TIM has adopted as a benchmark for consumer targets.

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[1] See http://www.telecomitalia.com/tit/en/sustainability.html

[2] See https://ec.europa.eu/jrc/en/publication/eu-code-conduct-energy-consumption-broadband-equipment-version-6. TIM played an active part in developing this and the other codes of conduct which set the optimum consumption levels for ICT equipment adopted by the European Union

ENVIRONMENTAL PERFORMANCE

Energy

[GRI 302-1] [GRI 302-2] [GRI 302-4] Energy consumption by the Group is presented according to the guidelines proposed by the Global Reporting Initiative regarding direct consumption for heating, electricity generation and transport (Scope1, according to the GreenHouse Gas Protocol[1]) and indirect consumption for the purchase and use of electricity (Scope2).

Heating systems

Group breakdown by Business Unit (%) and % variation compared to the previous 2 years

		Group	Domestic	Brazil
Energy generated by heating oil	MJ	25,399,048	100%	0%
Energy generated by natural gas	MJ	350,753,778	100%	0%
Total energy for heating	MJ	376,152,826	100%	0%
2017 v. 2016		(20)%	(20)%	
2017 v. 2015		(31)%	(31)%	

The data in the table shows that in 2017 a significant reduction with respect to 2016 and 2015 can mainly be attributed to the review of the methods for reporting on fuel consumption, but also the climatic conditions that occurred during the year of reference and to real estate rationalisation and energy efficiency.

In Brazil, given the particular climate conditions throughout the year, indoor heating is not used.

[1] The Greenhouse Gas (GHG) Protocol, developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), defines the standards of reference for measuring, managing and recording greenhouse gas emissions

Transport[(*)]

Group breakdown by Business Unit (%) and % variation compared to the previous 2 years

		Group	Domestic	Brazil
Energy from unleaded petrol	MJ	52,188,185	50%	50%
Energy from diesel fuel	MJ	588,376,075	100%	0%
Energy from LPG	MJ	1,621,389	100%	0%
Energy from natural gas	MJ	102,852	100%	0%
Total energy for transport[(**)]	MJ	642,288,501	96%	4%
2017 v. 2016		(4)%	(3)%	(9)%
2017 v. 2015		(10)%	(8)%	(38)%
Total number of vehicles	no.	15,908	96%	4%
2017 v. 2016		(14)%	(15)%	(5)%
2017 v. 2015		(19)%	(18)%	(38)%
Total distance travelled	km	257,132,080	97%	3%
2017 v. 2016		(8)%	(8)%	0%
2017 v. 2015		(17)%	(16)%	(37)%

(*) The data shown in the tables and graphs relating to transport refer to all the Group's vehicles (industrial, commercial, used by senior managers/middle managers/sales people), both owned and hired. The vehicles, consumption and mileage of vehicles owned or in use by the sales force of Tim Brasil have been included only where usage is significant and continuous.

(**) Represents conversion into MegaJoules of the consumption of unleaded petrol, diesel and LPG (expressed in litres) and methane (expressed in kg).

In general, energy consumption for transport and distance travelled are reduced. In Italy, a plan to renew and rationalise the operating fleet was completed in 2017[1].

Consumption figures for electricity used to operate telecommunications and civil/industrial technological plants are shown in the next page.

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[1] In particular, cars were handed back at the end of their lease without reincorporating them into the vehicle fleet

Electricity procured and produced

[GRI 302-4]

Group breakdown by Business Unit (%) and % variation compared to the previous 2 years

		Group	Domestic	Brazil
Electricity from mixed sources	kWh	2,471,225,016	71%	29%
2017 v. 2016		(6)%	(12)%	9%
2017 v. 2015		240%	967%	28%
Electricity from renewable sources	kWh	60,149,176	95%	5%
2017 v. 2016		43%	35%	
2017 v. 2015		(97)%	(97)%	
Total electricity consumption	kWh	2,531,374,192	71%	29%
2017 v. 2016		(6)%	(11)%	9%
2017 v. 2015		(4)%	(13)%	28%

The purchase of electricity from mixed sources increased significantly in 2017 and 2016 compared to 2015 due to the decision not to purchase guarantees of origin, in Italy, which certify the electricity produced by renewable sources, but rather to invest in energy efficiency measures which concerned the network infrastructure and company offices. This explains the significant percentage changes in electricity consumption from renewable and mixed sources compared to 2015.

The self-generation of electricity, through co-generation and tri-generation systems, was lower in 2017 compared to 2016. During 2017, a series of maintenance activities were carried out and the contract to run operational plants was reviewed. Therefore, a self-generation growth is expected in the coming years. Furthermore, in the context of medium/small fixed network exchanges not included in the decommissioning plan, a project is being considered that provides for micro co-generation solutions (50-100 kW) to increase the degree of energy independence (less electrical energy taken from the grid against an increase in the consumption of gas for industrial use). Cogeneration and trigeneration systems use around 30% less energy than traditional electricity generation systems, and play a by no means negligible role for TIM, particularly in industrial sites, in data processing centres (DPCs), which have notable energy requirements and high heating/cooling requirements.

[GRI 302-4] The energy efficiency of TIM in Italy has been recognised by the assignment of **Energy Efficiency Certificates**[1], otherwise known as "white certificates": by the end of 2017, the total number of projects approved had reached 47. The certificates certify the achievement of energy savings in the final use of energy through measures to increase virtuous energy efficiency as the performance is better than the national average. The overall value of the EECs obtained since the start of the period amounts to around 47 million euros.

In 2017, TIM Brasil significantly increased its use of electricity from renewable sources. In fact, the company, has rented 5 hydroelectric plants with a capacity of around 1 MW each, which in December began to meet the energy demands of 1,234 sites, producing around 3,162,000 kWh. These are in addition to the 40 currently operational solar panel plants (7 more than in 2016) which produced around 134,500 GWh in 2017.

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[1] One Energy Efficiency Certificate corresponds to 1 Ton of Oil Equivalent (TOE) saved, and its economic value is negotiable. 1 TOE is equivalent to 5,347 kWh of electricity drawn from the mains network

Eco-efficiency indicator

[GRI 302-3] The Group measures its energy efficiency by using an eco-efficiency indicator that establishes a relationship between the service offered to the customer (bits transmitted) and the company's impact on the environment (joules of energy consumed). The factors taken into consideration are the amounts of data and voice traffic of the fixed and mobile networks, and energy consumption for industrial purposes (transmission and climate control in exchanges), domestic purposes (electricity for office use, air conditioning and office heating) and vehicles.

The diagrams show the level of the eco-efficiency indicator over the past three years for the Domestic and Brazil BU.

Eco-efficiency

BU Domestic

BU Brasile
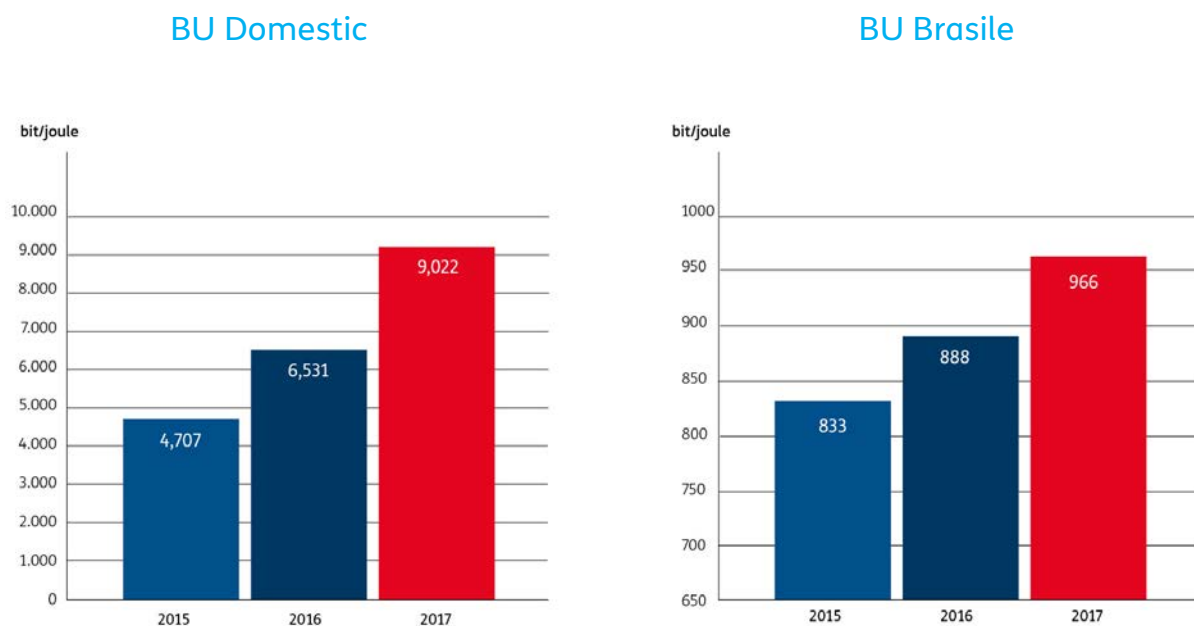
In 2017 the value of the indicator calculated for the Domestic BU was 9,022 bit/joule, up by 38% compared to 2016 and by 91% compared to 2015. The commitment continues with the established for 2018 of an objective of 12.000 bit/Joule, an increase of +33% on the figure for 2017 (see 2018 Objectives in the Appendix).

The eco-efficiency index calculated for Brazil continues to improve: in 2017 it grew by around 8.8% compared to 2016 and by over 16% compared to 2015. This is the result of a substantial increase in data traffic, which, thanks to the efficiency of the network, has not led to a corresponding increase in electricity consumption.

The values of the indicators calculated respectively for Italy and Brazil are not directly comparable because the two organisations are very different in operational and environmental terms: e.g. in Brazil the traffic is primarily mobile and, as previously mentioned, no heating fuels are used in view of the particular climate conditions.

Atmospheric emissions

[GRI 305-1] [GRI 305-2] [GRI 305-3] [GRI 305-5] [GRI 305-6] The Group's greenhouse gas emissions consist almost exclusively of carbon dioxide generated by fossil fuels for heating, transport, power generation and the purchase of electricity from third parties , staff travel (service/maintenance activities, business trips and commuting from home to work).

In addition to these, fugitive emissions i.e. hydrochlorofluorocarbons, hydrofluorocarbons (HCFCs and HFCs) and other gases from air conditioning systems are also considered and converted into kg of CO_2 equivalent.

For atmospheric emissions as well, use is made of the GHG Protocol approach, distinguishing between direct or Scope1 emissions (use of fossil fuels for transport, heating, power generation and fugitive emissions), indirect or Scope2 emissions (purchase of electricity for industrial and civil use) and other indirect or Scope3 emissions. Unless otherwise stated, the atmospheric emission figures given here have been calculated based on the updated coefficients made available by the GHG Protocol[1].

Nitrogen oxides (NOx) and sulfur oxides (SOx) emissions **[GRI 305-7]** are negligible.

[GRI 103-3: Management Approach] [GRI 305] The following table shows the Group's total CO_2 emissions.

		Group breakdown by Business Unit (%) and % variation compared to the previous 2 years		
		Group	Domestic	Brazil
CO_2 emissions from transport	kg	47,933,614	96%	4%
CO_2 emissions from heating	kg	20,931,295	100%	0%
Emissions of CO_2 equivalents for ozone depleting gases*	kg	14,193,781	59%	41%
CO_2 emissions from electricity generation by cogeneration	kg	45,359,877	100%	0%
CO_2 emissions from electricity generation using diesel	kg	8,198,079	93%	7%
Total direct emissions of CO_2 - under Scope1 GRI	kg	136,616,646	94%	6%
2017 v. 2016		(10)%	(10)%	(15)%
2017 v. 2015		(18)%	(15)%	(47)%

(*)The equivalent CO2 emissions of the hydrochlorofluorocarbons (HCFCs) hydrofluorocarbons (HFCs) and other refrigerant gases are determined by reference to specific Global Warming Potential (GWP) coefficients for all gases types: the index is based on a relative scale that compares the gas considered with an equal mass of carbon dioxide with a GWP of 1. In Italy the GWP of HCFC used was 1,780 and that of HFC was 1,300. This year fugitive emissions from TIM Brasil's systems were also taken into account, and included in the comparison with the previous two years

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[1] Emissions relating to the consumption of electricity purchased from mixed sources in the Italian market have been calculated by using the coefficient published by the GHG Protocol (2009) which considers the national energy mix, and is equal to 386 grams of CO2/kWh. For Brazil, the average coefficients for 2015, 2016 and 2017 have been used, as calculated and published by the Ministério da Ciência, Tecnologia, Inovações e Comunicações (Ministry of Science, Technology, Innovations and Communications), of approximately 124.4, 81.7 and 92.7 grams respectively of CO2/kWh

		Group	Domestic	Brazil
CO_2 emissions from purchases of electricity generated by mixed sources	kg	700,440,520	90%	10%
Total indirect emissions of CO_2 - under Scope2 GRI	kg	700,440,520	90%	10%
2017 v. 2016		(9)%	(12)%	24%
2017 v. 2015		751%	5081%	(5)%
CO_2 emissions from work-home commuting**	kg	63,846,442	93%	7%
CO_2 emissions from air travel***	kg	4,639,390	62%	38%
CO_2 emissions from train travel****	kg	424,717	100%	NA
Emissions of CO_2 from hotel stays****	kg	488,504	100%	NA
Emissions of CO_2 from use of rented vehicles****	kg	96,635	100%	NA
Total other indirect emissions of CO_2 - under Scope3 GRI	kg	69,495,688	91%	9%
2017 v. 2016		(1)%	0%	(11)%
2017 v. 2015		(11)%	(8)%	(36)%
Total CO_2 emissions	kg	906,552,854	91%	9%
2017 v. 2016		(9)%	(10)%	15%
2017 v. 2015		177%	257%	(15)%

(**) In determining the impact of home-work commuting, reference is made to statistical data produced on the company's personnel

(***) Emissions due to air travel were calculated by the study and research centre of American Express (the Travel Agency used by TIM) supported by DEFRA (Department of Environment, Food and Rural Affairs of the United Kingdom) based on the number of journeys actually made, subdivided by the duration of each individual journey (short, medium or long)

(****) The calculation of the emissions for train journeys relates to Italy, and for S.p.A. only, and was taken from reports by LifeGate (used solely to determine Rail CO_2). The emission factors refer to means of transport designed to transport passengers and derive from two main sources: 1. Yearly Report on environmental emissions associated with transport calculated annually by the National Institute for Environmental Protection and Research (Istituto Superiore per la Protezione e la Ricerca Ambientale - ISPRA); 2. Ecoinvent Database version 2.2; the emission factors were calculated using the characterization factors issued by the Intergovernmental Panel on Climate Change (IPCC) in 2007. The same approach was used to calculate the emissions from hotel stays and use of rental vehicles.

The emissions produced by the purchase of electricity from mixed (Scope2) sources increased significantly in 2017 and 2016, compared to 2015, due to the decision not to invest in purchasing guarantees of origin, which certify the electricity produced by renewable sources (unlike what occurred in Italy in 2014 and 2015), but rather in energy efficiency measures which concerned the network infrastructure and company offices. Compared to 2016, the emissions produced in 2017 decreased by 9%.

[GRI 305-4] TIM measures the "Carbon Intensity" of its Domestic BU[1] also by using an indicator that establishes a relationship between the company's direct and indirect operational CO_2 emissions (Scope1 and Scope2), measured in kg, with the service offered to the customers in terms of Tbits transmitted.

[1] The operations of Persidera and Olivetti Group are not included

The factors taken into considerations are the amount of data and voice traffic of the fixed/mobile network and direct emissions produced by using fossil fuels for heating, vehicles and self-production of electrical energy, and indirect emissions due to purchase and consumption of electrical energy from grid.

The value of the indicator decreased significantly in 2017: -28% compared to 2016. However, it is much higher than in 2015 (+214%). This is due to the decision taken in 2016 not to invest, in Italy, in acquiring guarantees of origin, which certify the electricity produced by renewable sources. Therefore, the emissions produced by purchasing electricity from mixed sources (Scope2) increased significantly in 2016 compared to the two previous years.

The traffic transmitted has also increased significantly in 2017: + 24% compared to 2016 and +69% compared to 2015.

Carbon Intensity Indicator – Domestic BU

$KgCO_2$/Tbit
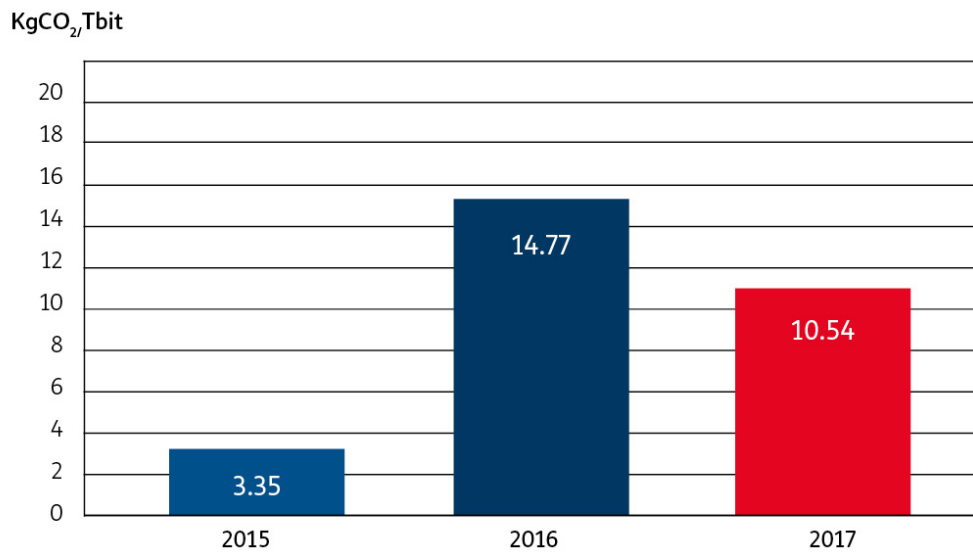
Water consumption

[GRI 303-1]

		Group breakdown by Business Unit (%) and % variation compared to the previous 2 years		
		Group	Domestic	Brazil
Consumption of water drawn from artesian wells	m³	24,758	100%	0%
Consumption of water provided by water supply companies	m³	2,200,223	94%	6%
Consumption of water drawn from other sources	m³	24,454	0%	100%
Total water consumption	m³	2,249,435	93%	7%
2017 v. 2016		(43)%	(44)%	(21)%
2017 v. 2015		(61)%	(62)%	(23)%

In general water consumption tends to reduce thanks to targeted management and awareness-raising actions. New methods for calculating water consumption in Italy were also applied, essentially based on a more accurate examination carried out on a significant sample of invoices issued by suppliers which led to a much more reliable estimate of the actual consumption in 2017.

Paper for office and commercial purposes

		Group breakdown by Business Unit (%) and % variation compared to the previous 2 years		
		Group	Domestic	Brazil
Non-recycled and non-certified paper purchased for office use	kg	15,339	100%	0%
Recycled paper purchased for office use	kg	0	0%	0%
FSC certified paper purchase for office use	kg	68,496	70%	30%
Total paper purchased for office use	kg	83,835	76%	24%
2017 v. 2016		(53)%	(60)%	(10)%
2017 v. 2015		(71)%	(74)%	(46)%
Total paper purchased for commercial use	kg	2,254,572	64%	36%
2017 v. 2016		(21)%	(29)%	1%
2017 v. 2015		(45)%	(13)%	(66)%

Purchases of paper for office and commercial use (telephone bills) continue to be directed at product types that meet the highest environmental standards based on the responsible management of forests according to the Forest Stewardship Council (FSC)[1] requirements.

The reduction in paper consumption for office use shown in the following table is in line with a historical trend resulting from work done to raise awareness among employees about the responsible use of paper in the workplace and rationalisation of energy use through the "printing on demand" project: shared high-performance printers and printing methods that save energy and consumables. Furthermore, in 2015, TIM signed up to the Olivetti Cloud Printing project, renewing its printers to optimise and cut the cost of printing processes. The new printing equipment has high energy efficiency and reduced environmental impact. Activities continued with the aim of achieving overall reductions in the use of paper for business purposes, including the promotion among customers of **electronic invoices and statements**. Furthermore, starting from the June 2017 billing cycle, with the introduction of new billing procedures, the frequency with which consumer bills are issued has been changed from monthly to a "bi-period of 56 days" (the billing period is now 28 days). The final data therefore records the reduction in volumes sent as of June.

Waste consigned

[GRI 306-2] The data shown in the table refer to the quantity of waste delivered[2] and recorded by law[3].

		Group breakdown by Business Unit (%) and % variation compared to the previous 2 years		
		Group	Domestic	Brazil
Hazardous waste	kg	4,599,022	100%	0%
Non-hazardous waste	kg	6,927,908	95%	5%
Total waste consigned[(*)]	kg	11,526,930	97%	3%
2017 v. 2016		(9)%	(8)%	(32)%
2017 v. 2015		(33)%	(32)%	(53)%
Waste sent for recycling or recovery	kg	11,193,782	99%	1%
% Waste sent for recycling or recovery		97%	100%	20%

(*) The data does not include the Domestic BU telephone poles because these are not disposed of as ordinary waste but under the framework agreement signed in 2003 with the Ministry of the Environment, the Ministry of Production Activities and the production and recovery companies, subject to the favourable opinion of the conference of State-Regions-Autonomous Provinces. In 2017, TIM decommissioned 1,130,521 poles weighing a total of 979,504 kg

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[1] See fsc.org

[2] By "waste consigned" is meant waste delivered to carriers for recycling or reclamation or disposal.

[3] Slight variations compared to the situation on December 31 may occur until the following March 30, because the source of the data is the records of waste loaded and unloaded, which are consolidated once the actual weight at destination has been verified. The information is supplied to the producer of the waste within 3 months of consignment, which is the reason for the potential variations in the data. In this regard, the production ascertained for 2016 is higher (+ 8%) than stated in the last Report. However, this increase was not taken into account in the 2017 on 2016 comparison of waste produced

Waste data vary over time according to the quantities and types of waste. The most important item of data is the ratio between waste produced and delivered for recycling/recovery, which reached a significant level.

ICT can accelerate the obsolescence of products and require the resulting technological waste to be managed. TIM has entered into contracts with companies specialised in handling used, faulty and end-of-life products, with the aim of reclaiming components and raw materials and at the same time obtaining tangible economic benefits deriving from their recovery.

In 2017 the various management activities allowed logistics and network products (39,530 items) and commercial logistics products (126,400 items) to be regenerated, components and raw materials (189,000 kg in total, almost exclusively fixed telephony parts) to be sent for recovery. In 2017 TIM did not re-sell used mobile telephony items.

In **Brazil**, TIM collects and manages mobile terminals, batteries and accessories at its shops through the Recarregue o Planeta (Recharge the Planet) programme. In 2017, a total of 821 kg was collected and sent for recovery/recycling or disposed of in compliance with current legislation. These activities have a dual purpose: contributing to a reduction in Waste Electrical and Electronic Equipment (WEEE) produced while at the same time generating a financial benefit resulting from the difference between the cost that would be incurred for the purchase of new equipment and the cost of regeneration.

Electromagnetic emissions

The actions of the TIM Group on the subject of electromagnetic emissions are essentially

- careful management of its equipment during its entire life cycle and in compliance with current regulations and internal standards of efficiency and safety;

- in designing and optimising the radio access network, guaranteeing that serious attention is paid to the issue of electromagnetic emissions at every stage of the equipment life cycle;

- use of, and constant research into, the latest technological instruments for checks and controls.

Systematic monitoring of the levels of electromagnetic emissions in installations aims to ensure that legal limits are respected and high safety standards are maintained for workers and the general population. Despite Italian regulations on electromagnetic emissions being among the strictest in the world, with levels set much lower than the European average, checks carried out in Italy have shown that electromagnetic emissions generated are within the legal limits.

TIM is investing in the development of accurate predictive software for electromagnetic forecasting, which is evolving and allowing the analysis of new technologies (currently 4.5G and 5G). In particular, the GUARDIAN tool calculates the level of exposure of sites that host aerials and ensures that the levels established by law are respected. Combined with the TIMplan design platform, its use allows the location of sites and orientation of the aerials in relation to a specific context (housing, roads, meeting places) to be optimised. TIM also participates actively in the committees and working groups of the CEI (Italian Electrotechnical Committee) for issuing guidelines and technical standards on methods used to measure and forecast levels of exposure to electromagnetic fields issued by mobile radio systems.

Accurate planning and optimisation of the mobile radio network (optimum choice of sites, optimum use of radio transmission parameters) improves the efficiency of the network for the same amount of coverage, maximising the capacity and quality of the service and minimising interference, thus contributing to reducing the power transmitted by mobile terminals and radio base stations.

In 2017, in particular, the following activities continued:

- support and training for local organisations in Electromagnetic Impact Analysis (EIA) activities;

- release and evolution of software tools developed internally to predict exposure (GUARDIAN);

- development and maintenance of the ARPIE web application for assessing the average power transmitted by radio base stations of 2G, 3G and 4G system in accordance with the legal changes introduced by Italian Legislative Decree 179/2012 "Additional urgent measures for the growth of the Country" and its Implementation Guidelines.

The APOGEO procedure has been applied to mobile radio systems allowing TIM to ensure that its systems are built in full compliance with the design, which in turn is fully compliant with legal requirements for protecting the health of the population. APOGEO is a TIM patent that uses high precision topographic and satellite instruments for 3D surveying of all radiating GSM, UMTS, LTE and Radio link systems and their infrastructure.

In **Brazil** the non-ionising radiation emitted by the radio base stations of TIM Brasil are fully within the parameters dictated by the World Health Organization and adopted by the Agência Nacional de Telecomunicações (ANATEL). All the radio base stations of TIM Brasil have a license to operate issued by ANATEL.
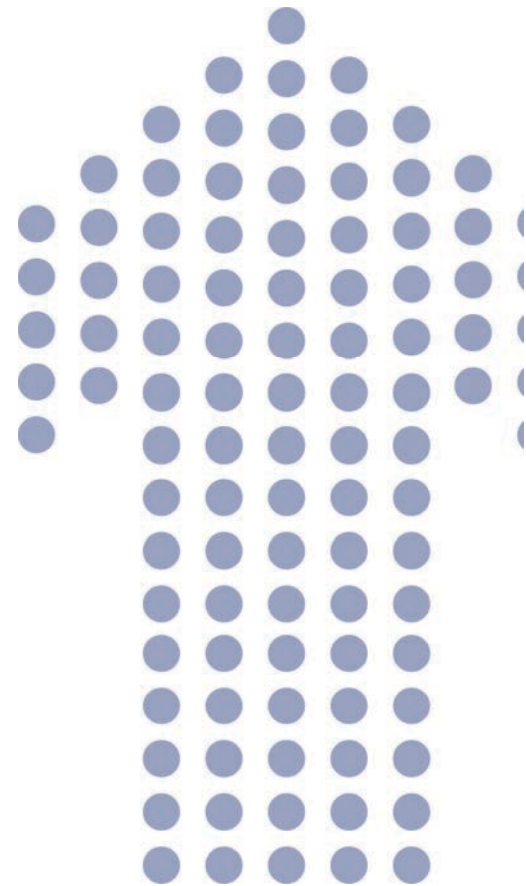
THE VALUE CHAIN

COMMUNITY

[GRI 103-1: Management Approach] [GRI 413] With its networks, products and technological solutions, TIM is one of the main protagonists of the evolution towards a digital economy and, given its size, reach, infrastructure and technological assets, is fully integrated with the area of operation and the social, economic and production context. TIM is aware of this strategic role and therefore works constantly to manage and innovate its infrastructure and technologies, which it places at the service of the country and to which end it makes significant investments.

The Group companies intend to contribute to the economic wellbeing and growth of communities in which they operate by delivering increasingly digitalised services. Consistently with this objective and with its responsibilities towards the various stakeholders, including the competitors listed in the sustainability section of the www.telecomitalia.com, the Group considers research and innovation to be essential conditions for growth and success.

As private entities requiring cost-effective management, Group companies take the social impact of telecommunications services into account in their decision-making activities, responding to the needs of the Community, including the weakest members of society.

The Group looks favourably upon and, where appropriate, supports social, cultural and educational initiatives aimed at the enhancement of the individual and the improvement of their living conditions. The mission of the **Fondazione TIM (FTIM)** is to promote the culture of digital change and innovation, promoting integration, communication, economic and social growth. The investment strategy implemented by TIM Participações aims to promote the social inclusion of disadvantaged groups in Brazilian society, particularly children and teenagers, by running education programmes in the fields of science, technology and innovation. With this spirit, in 2013 was founded the **Insituto TIM.**

MACRO AREAS OF INTERVENTION	PROJECT IDENTIFICATION	PROJECT IMPLEMENTATION
The two main areas of intervention as regards investment in the community are the following: • voluntary activities consistent with the Group's core business, associated with the provision of ICT services and digital content; • activities aimed at the general development of the community mainly including the activities of the Fondazione TIM.	TIM identifies the projects to be implemented by the following means: • consultation with the stakeholders and direct contact with civil society organisations; • partnership projects with stakeholders and associations; • benchmarking against other TLC operators; • involvement in industry associations; • knowledge of problems sector; • external lobbying in response to social emergencies (e.g. earthquakes).	Each project is implemented in 4 stages: • planning; • selection; • management; • controls.

Security and Crisis Management

TIM has signed and is implementing the following agreements in order to ensure maximum collaboration with the institutions in the safety field (particularly as regards Crisis Management):

- the "memorandum of understanding between the Department of Civil Protection of the Presidency of the Council of Ministers and the providers of electronic communication services to allow emergency information to be sent across national geographical areas" via SMS;

- the agreement between the crisis unit of the Ministry of Foreign Affairs and International Cooperation and the operators of electronic communication services for the provision of services which allow messages to be sent to Italians abroad in emergency situations";

- the "contract for the supply of information on the location of SIM cards used in Telecom Italia phones" with the national mountain and cave rescue corps to locate people lost in the mountains.

In 2017, as required by the relevant laws on training, TIM took part in five national drills run by the Civil Protection Department in cooperation with the Presidency of the Council of Ministers - Civil Protection Department and other relevant institutional bodies, aimed at:

- test the soundness of the emergency planning and ability to respond of the operational structures;

- maintain staff, structures and tools of the emergency management system in a state of readiness;

- identify, where necessary, actions to improve internal company processes and the processes used to interface with the relevant stakeholders (institutions, communities, customers).

TIM's involvement in these drills is necessary as the company delivers essential services and is part of the National Civil Protection System together with other public and private member organisations.

During the emergencies in 2017, TIM ensured its presence in the crisis units set up to deliver the services required after the following events:

- earthquakes in Abruzzo, Lazio, Marche, Umbria in August 2016 and January 2017;

- snowfall emergency in central Italy in January;

- summer fires in Lazio, Campania, Calabria, Apulia and Sicily;

- weather events in Livorno, Pisa and Rome in September.

Relations with local communities

[GRI 103-2: Management Approach] [GRI 413] In addition to the usual relations with national institutions, as described in the sustainability section of the www.telecomitalia.com website, TIM works every day to ensure that relations with regional and local bodies are lasting and satisfactory, believing that this is the only way to create appropriate conditions for the development of its area of operation and improve people's quality of life, while allowing the institutions and TIM to achieve their respective objectives.

TIM's objective is to spread technological innovation throughout the Country through the construction of fixed and mobile ultrabroadband networks, as well as to digitise the operational processes of public and private organizations in the conviction that this undertaking will generate the smart, sustainable and inclusive growth of the Country.

A central department within TIM is dedicated entirely to managing relations with local institutions, that also relies on local authority accounts who are specialised in managing institutional relations on technical matters related to the development of fixed and mobile networks.

The Relations with Local Authorities department, as part of its duties:

- carries out all possible actions of an institutional nature aimed at facilitating the development of the telecommunications network;

- identifies the intervention priorities of the other company departments through the Field Integration Committees[1];

- establishes the priorities and determines how to interact with public bodies in light of the requirements identified;

- constantly monitors existing institutional relations and systematically develops the network of relationships;

- contributes to drawing up agreements with regions and municipalities;

- listens systematically to all requests and reports from local institutions and directs them correctly to the relevant departments within TIM;

- supports other departments of TIM in the implementation of territorial projects;

- prevents disputes arising, above all in reference to network development issues.

Particular attention is paid to organizations that deal with issues relating to:

- the development of fixed and mobile ultrabroadband networks;

- digitalisation of public utility services;

- use of public funds;

- the spread of digital culture.

TIM responds flexibly to requests, regardless of how they are received.
Joint projects between TIM and local authorities are managed in a way that define the roles and duties of each party, formal control mechanisms and measurement tools. TIM promotes the formation of joint control committees, i.e. committees formed of representatives of all the parties involved. The composition and objectives of the committees are determined according to the specific requirements of the project and provide for the presence of stakeholders without any kind of discrimination, in particular without gender discrimination.
Monitoring and constant interaction with the decision-making centres of local institutions take place by means of meetings, hearings, including the presentation of position documents and involvement in workshops as well as in the work of regional commissions and specialist working groups. TIM frequently organises communication initiatives on specific issues of local interest.

[GRI 413-1] Given the ubiquity of its network, the Group has relations with local authorities in all regions where it operates and always assesses the impacts of its operations and development plans, regardless of the type of intervention, which in any case is always carried out in full compliance with current legislation and with the needs of local communities.

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[1] Internal local committees involving the managers of departments with local branches

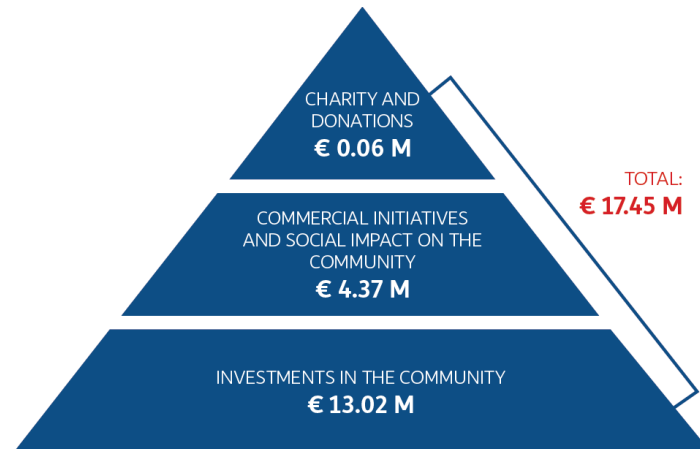Among the main subjects of dialogue with local authorities during 2017 we would highlight the following:

- the development of new super-fast broadband networks, territorial coverage and reduction of the digital divide;

- actions of an institutional nature involving local administrations aimed at encouraging development of the fixed and mobile telecommunications network;

- the drawing-up of protocols with local authorities in order to develop new generation access networks;

- draft regional laws and municipal regulations regarding the installation of mobile telephony systems and electromagnetic fields, in order to represent the company's requirements in a way that allows all the various interests involved to coexist, with a view to simplifying rules and standardising the relevant national provisions;

- proposed excavation rules, in order to ensure the consistency of the authorisation process and the respective regulations with the relevant national regulations, particularly in order to ensure increased simplification at local level;

- the removal of public telephone equipment (telephone booths), which involved public consultation;

- the promotion of digital transformation initiatives to facilitate the dissemination and learning of new technologies by seeking forms of partnership with municipalities;

- the dissemination of digital innovation and culture, particularly by promoting agreements, protocols and partnerships with local government offices;

- promotion of the digital solutions and services system for the creation of smart cities;

- the drawing up of 20 regional policy reports aimed at taking stock of the current situation and the development of regional policies regarding digital services, network infrastructure, the digital agenda and smart cities in light of the new EU funds programming policy for 2014-2020;

- the central and regional management, coordination and monitoring of complaints received by local institutions, through the internal Digital Development Project amongst other means.

[GRI 413-2] The potential negative impacts arising exclusively from excavations for installing cable ducts or positioning radio base stations, are mitigated through the use of low environmental impact technologies, such as mini-trenches, and thanks to prior agreements with local authorities, e.g. regarding aerial installation sites.

How the contribution to the Community is measured

[GRI 103-3: Management Approach] [GRI 413] The contribution made to the community by the Group, calculated according to the London Benchmarking Group (LBG)[1] guidelines, amounted to 17.4 million euros in 2017. The contribution has been calculated using management data partly based on estimates. 2015 and 2016 data are available in TIM web site, sustainability channel.

CHARITY AND
DONATIONS
€ 0.06 M

TOTAL:
€ 17.45 M

COMMERCIAL INITIATIVES
AND SOCIAL IMPACT ON THE
COMMUNITY
€ 4.37 M

INVESTMENTS IN THE COMMUNITY
€ 13.02 M

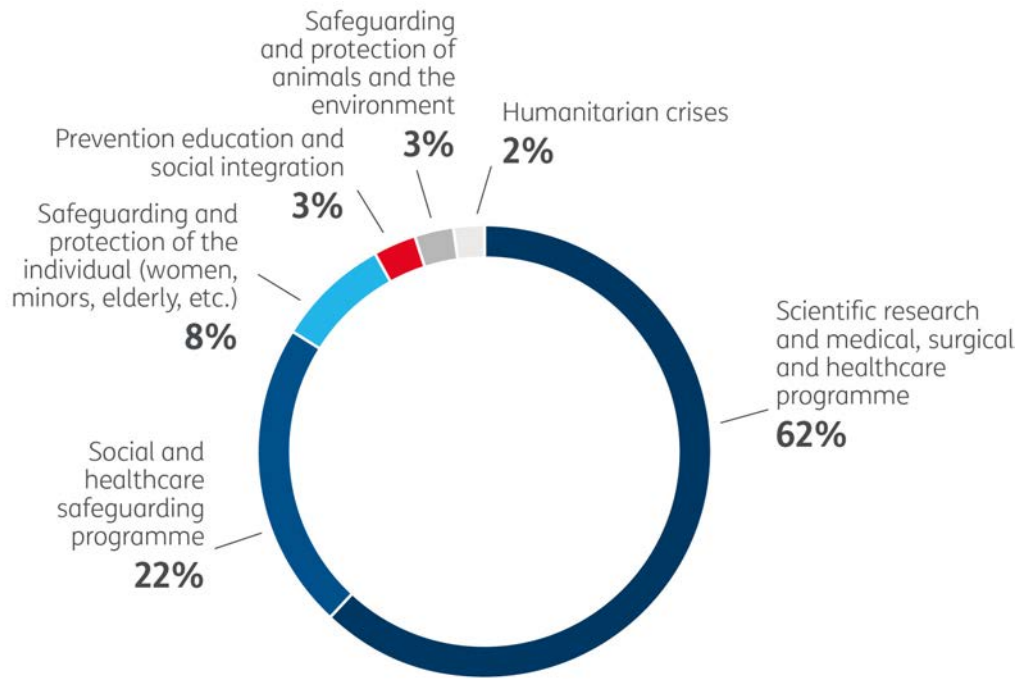# Initiatives consistent with the core business

Fund raising

In a national and international context in which crisis and conflict scenarios multiply, against an ever-increasing number of subjects in need and emergency situations, private fund-raising is a key factor in the cohesion and support "from person to person". For over ten years, TIM has been a key player in the solidarity chain associated with humanitarian, scientific or environmental projects which it supports by allowing people to make a donation of 1 or 2 euros by sending a text message and of 2, 5 or 10 euros by calling a dedicated free number from a land line. Of the 100 numbers intended for the voluntary sector, of which 2 are for emergencies, 60 are currently configured and available, and shared with other operators.

The amounts collected are returned in full, with no withholdings applied by either the tax authority or the Company for the costs incurred.

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[1] More than 150 major international companies subscribe to the LBG, which was founded in 1994 and is the global gold standard for the classification of voluntary contributions made by companies in favour of the community. In accordance with the LBG model, in order to measure and represent the Group's commitment to the community, the contributions disbursed have been subdivided into three categories (Charity, Investments in the community, Initiatives in the community), adopting the customary pyramid-shaped representation, which places initiatives of a charitable nature at the top and initiatives which in addition to being of benefit to the community are in the commercial interest of the Company at the bottom. For further information regarding the LBG model and its investment classification criteria on the 3 levels, see the lbg-online.net website and the sustainability section of the telecomitalia.com website, which contains further details about data for the last three years. The graph provides additional information to that required by Legislative Decree 254/2016

124 campaigns were launched in 2017, which raised over 11 million euros. The largest amounts of money are raised for medical and scientific initiatives, with social welfare initiatives close behind. A breakdown of the funds raised is given below.

Safeguarding and protection of animals and the environment **3%**

Humanitarian crises **2%**

Prevention education and social integration **3%**

Safeguarding and protection of the individual (women, minors, elderly, etc.) **8%**

Scientific research and medical, surgical and healthcare programme **62%**

Social and healthcare safeguarding programme **22%**

It is also worth mentioning that, in addition to the funds raised in the traditional way by telephone, funds were raised for the people affected by the earthquake in Umbria using the WithYouWeDo crowdfunding platform to support the "Un aiuto subito" initiative.

Digital Culture Projects

In a coordinated and complementary manner with respect to the Country's technological infrastructure path, the TIM Group aims to improve the digital literacy of the population and enhance excellence in the Country via the potential offered by the internet.

Digital skills have a crucial role to play in our society and have been one of the key factors in allowing economies to achieve a competitive advantage over the past twenty years, as shown by much of the work carried out by the OECD or promoted by the European Commission. In this respect as well, the Digital Agenda asks Member States to take action to broaden knowledge of digital tools and increase the number of people with evolved digital skills, particularly by disseminating ICT technologies in schools. In this context, schools must make a radical change in the way they plan and provide education, and in the way pupils, teaches and parents relate to one another. Because of the importance of this subject, the European Commission constantly monitors the speed with which digital technologies are being introduced in schools and in teaching processes.

Since 2015, TIM has participated as Founding Sponsor partner, now Benefactor, in **Programma il Futuro** (Programme the Future), a MIUR initiative that favours the introduction of coding and computational thinking in the educational programmes of schools of all levels. The project is implemented by CINI (Consorzio Interuniversitario Nazionale per l'Informatica) and TIM supports all its activities in different ways: financial support, technological support via the crowdfunding platform, communication and business volunteering.

Furthermore, since the 2016/2017 academic year, TIM has been running the **Using ICT in schools, with TIM** project in collaboration with the Ministry of Education, Universities and Research (MIUR) to familiarise teachers with the digital world and its tools, in order to offer them an all-encompassing vision of the technological applications that add value and new opportunities to the teaching profession. This is a two-year project that involves teachers from schools of all types and levels in 18 Italian regions. The project involved around 3,350 teachers in 2017.

Internet safety is promoted by the **Navigare Sicuri** (Safe Surfing) project, an app available for iOS and Android, which is divided into 3 macro areas: a children's section, which aims to make younger children (target ages 8-12) aware of digital risks and, in particular, convey the ten rules to follow when using the internet in a playful and captivating way; a section for parents, aimed at making them aware of the dangers of the web based on the FOSI (Family Safety Online Institute) recommendations and a section for teachers, which provides educational tips on internet safety-related matters.

WithYouWeDo is the crowdfunding platform that promotes and supports the funding of digital initiatives, ideas and projects in the fields of social innovation, digital culture and environmental protection, while at the same time aiming to facilitate the match between the supply of funds to demand from both individual citizens and companies and/or institutions in the profit- and non-profit world. In addition to providing access to the technological platform, TIM undertakes to contribute to funding the most successful projects up to a maximum of 10,000 euros each. Since the platform was launched at the beginning of 2015, until December 2017, over 700 projects have been received and 72 published, with 35 having achieved their financial target. In total, WithYouWeDo has raised over 1.9 million euros from over 4,000 donors for the projects published.

Social innovation is also the main feature of the second series of Start!, a five-part television programme broadcast on Rai2. Following the success of the first season, the second series will focus on how digital technology, networks and platforms can contribute to societal development, particularly in terms of creating social value.

TIM also provides **Dynamo Camp**, which every year hosts 200 families, 1,200 young people between 6 and 17 years old affected by serious diseases, with some of its resources (technology, physical spaces, project management and human resources), for free, for the project to relaunch **Radio Dynamo**, a web radio (radiodynamo.org) which is one of the most well-loved entertainment activities at the camp, as well as one of the main activities of the Outreach programme, i.e. Dynamo outside the camp, which every year allows many young people to be reached who for various reasons cannot attend the camp. Since February 2017, the studio and editorial office of Radio Dynamo have been housed at the TIM offices in Piazza Einaudi, Milan.

The commitment of Fondazione TIM

[GRI 103-3: Management Approach] [GRI 413] The TIM Group companies are particularly attentive to the needs of the Community in which they operate and implement wide-ranging initiatives and projects dedicated to their social and economic development. The mission of the Fondazione TIM (FTIM) is to promote the culture of digital change and innovation, promoting integration, communication, economic and social growth. FTIM can operate, in Italy and abroad, by the methods and with the tools that are considered appropriate in each case for it to achieve its statutory purposes.

In accordance with this mission, four areas of intervention have been identified:

- **Education**: innovation in teaching and education, promoting initiatives aimed at updating the technology in Italian schools and introducing radical innovations in educational methods and tools.

- **Innovation Culture**: a programme of unconventional activities in the world of foundations for the purpose of promoting a culture of innovation and becoming a point of reference for this.

- **Social Empowerment**: non-profit-making organisations, are businesses. FTIM promotes both the better use of technologies and improved management and efficiency to help the organisations "do good well".

- **Historic and Artistic Heritage**: Italian artistic heritage represents excellence in the "technology of the past". FTIM wants to contribute to its enhancement and public use through present-day technology.

FTIM's activities take place according to the following criteria.

TOOLS	STRATEGIC OBJECTIVES	PROJECT SELECTION AND MONITORING
FTIM pursues its objectives by **assigning contributions to projects put forward by third party individuals and non-profit institutions,** according to requirements established by the Board of Directors. Since 2015, FTIM has also taken on an operational role, managing a number of projects itself.	FTIM works to disseminate a **culture of innovation**, in order to promote solidarity and civil, cultural and economic development. The foundation therefore undertakes to work for an increasingly digital, advanced and competitive Italy to improve living conditions for people. This translates to innovative projects for the promotion and **diffusion of science and technology**, as well as the development of models, technological tools and systems to support non-profit associations.	The **selection** is made based on the social impact of projects, which must be measurable, sustainable and replicable. Priority is given to those which, in line with the Group's DNA, present a high technological, transformative and innovative content. The **monitoring system** is established according to the specific characteristics and objectives of each project. Monitoring is a requirement for all projects, whether selected by tender or directly. As well as being an eligibility requirement, it also provides an assessment parameter.

In 2017, FTIM concentrated its resources on a number of important projects which allowed it to focus increasingly on technological innovation to improve the solutions identified and broaden the range of targets to achieve, with an exponential effect in terms of the impact on our national community.

In the context of **Innovation Culture**, building on the *Lezioni sul Progresso* - a theatrical experience by means of which FTIM has developed a more engaging and fun way to talk to young people about science - a TV programme was produced called **MeravigliosaMente**, featuring 5 Italian centres of excellence. An extraordinary journey in which Enrico Bertolino took viewers to 5 different Italian cities to meet the best young minds designing our future in leading academic or research centres: Scuola Superiore Sant'Anna in Pisa, Istituto Italiano di Tecnologia in Genoa, Università di Padova in Padua, Università di Milano Bicocca in Milan, Politecnico di Torino in Turin. A journey through many fascinating subjects including robotics, neuroscience, innovative mobility, new materials, genetics, cybersecurity.

Alongside the programme, a web platform was also launched at **meravigliosamente.org** which contains over 2,000 profiles of under-40s operating in the fields of science and technology in a wide range of potential specialisations. A site where students, through the comparison of similar profiles, can find out whether they have affinities with other researchers involved and above all where they can attend the necessary courses.

In the area of **Social Empowerment**, FTIM remains committed to the field of dyslexia. On **World Dyslexia Day**, a wide-ranging digital communication campaign informed non-professionals about what dyslexia is and isn't, aiding the overcoming of

stereotypes associated with this disorder. The campaign also improved the visibility of current projects in the field of healthcare - making early screening tools available free of charge - and education - to make schools ever more inclusive.

In the field of **Education**, the collaboration continued between FTIM and Accademia della Scala, which is intended to enhance and promote the work of one of Italy's centres of excellence and to innovate in the field of training, in order to hand down traditional and valuable trades; a transformation project which combines education in theatrical occupations with the most innovative technologies, supporting young talent and bringing young people closer to the opera world through:

- **"Talenti On Stage"** (Talent On Stage), a crowdfunding campaign - in its second year - on the TIM *WithYouWeDo* platform, which has raised funds for the assignment of **171 scholarships** (FTIM matched each euro donated to the Academmia bringing the total amount raised to 200,000 euros).

- **"Innovazione On Stage"** (Innovation On Stage), a tour including the cities of Milan, Bari, Turin and Palermo which has allowed visitors, particularly thanks to an immersion experience, to enter the heart of the stage and find out about the world of the Academmia and its training offers.

As part of its commitment to the **enhancement of historical and artistic heritage**, FTIM signed an agreement with the Municipality of Rome on December 2015 which provides funding of 6 million euros for the restoration of the **Mausoleum of Augustus** - an impressive funerary monument dating from the first century BC, which, with its diameter of 300 Roman feet (about 87 meters), is the largest known circular tomb in the world. In addition to the agreement for the restoration, another agreement was signed for the enhancement and multimedia activities, again with the municipality, but implemented directly by FTIM, which will spend 2 million euros.

Work is expected to be complete by March 2019. Full details of the project can be found on the http://www.mausoleodiaugusto.it/ website, which has received many national and international awards.

It is important finally to mention Fondazione TIM **#Italiax10**, the tender launched by FTIM for initiatives taken by non-profit-making organisations and sponsored by the Group's employees, which this year was dedicated to projects to regenerate the areas of central Italy affected by the earthquake in 2016.

The initiative, which ended with a very exciting day of celebration of the 10 finalist projects, will culminate in the winner being announced during the first meeting of the Board of Directors next year.

Instituto TIM

[GRI 103-3: Management Approach] [GRI 413] In 2013, the TIM Institute was founded with the aim of defining strategies and providing resources for the dissemination of science and innovation to support the development of the community in Brazil, particularly by means of mobile technology.

Four areas of activity were identified in which to develop projects:

- education/teaching
- application
- work
- social inclusion

TOOLS	STRATEGIC OBJECTIVES	PROJECT SELECTION AND MONITORING
• Partnerships with organisations, institutions and public and private entities. • Free software/open source technologies and materials.	• Implementation of educational projects for the social inclusion of young people and teenagers. • Implementation of training projects to encourage daily use of the Internet and mobile phones as tools for social development and inclusion.	• Projects are selected according to their relevance to the company's strategies and requirements. • Initiatives are monitored and a final evaluation is carried out on completion. A report is drawn up for each project that provides a detailed description of the initiative and the results achieved, also in quantitative terms.

O Círculo da Matemática do Brasil (Brazilian Math Circle)

One of the greatest obstacles to scientific and technological progress in Brazil is the poor standard of maths teaching in schools. According to the Ministry of Education, only 42% of students in the third year of primary school can do simply arithmetic like addition and subtraction. In the Programme for International Student Assessment (PISA) 2012, based on the results achieved in maths by its students, Brazil came 58th on a list of 65 countries. By focusing attention on the first few years of primary school, the *O Círculo da Matemática do Brasil* project, working with its founders, professors Bob and Ellen Kaplan of Harvard University, introduces the Math Circle approach to the Country, perfecting and adapting its content to the Brazilian context. The project began in 2013, by training 50 teachers selected from public schools throughout the Country. The teachers attended a training workshop with Bob and Ellen Kaplan and learned to replicate the Math Circle approach in class with their own students. The impact assessment conducted at the end of the year showed that children who took part in the project improved their maths skills by 7.3% on average. In 2015, 12 cities and 5,548 students were involved in the project, and still are. Around June, 50 teachers began to take an active part in this training process, replicating the approach and taking responsibility for training a further 2,146 teachers. This will allow more than 75,000 students in 20 Brazilian cities to enjoy the fruits of the teaching method. In 2016, the project continued with a further 50 teachers who completed the training process in April, becoming responsible for a further 1,800 teachers in another 20 cities. At the beginning of 2017, teachers in Timon and Porto Velho completed the training that began in 2016, bringing the fourth year of the project to a close. By the end of May 2017, all the teachers who were trained in 2016 received their certificates.

TIM Faz Ciência (TIM Does Science)

The results achieved by Brazilian students in science are far from ideal. The PISA (Programme for International Student Assessment) science test conducted in 2012 placed Brazil in 59th place on a list of 65 countries. Out of the three areas assessed – reading, maths and science – the last was the one in which Brazilian students achieved the least satisfying results. However, during the 2014 academic year more than 2,000 teachers in public schools nationwide were able to introduce a more interesting approach in science lessons. In the second half of 2013, Instituto TIM launched *TIM Faz Ciência* (TIM Does Science): an educational activity aimed at teaches and students in the 4th ad 5th years of primary school. The project is intended to develop a set of resources aimed at providing guidance to teachers in teaching the foundations of scientific thought to children. The content explores the notions of definition, observation, formulating questions and assumptions, classification, verification, application and generalisation. Overall, in 2014, 70,000 students were invited to explore scientific notions and concepts in a more pleasant and effective way. In 2015, the programme involved over 125,000 students and 4,000 teachers and was adopted

by 6 cities as a local training project, while in 2016, student numbers increased to 136,764 and teachers to 4,731 in 115 cities around the country. During the first half of 2017, the teachers who attended training in 2016 received their certificates.

TIM Tec

One of the Brazilian government's priorities is to increase the availability of professional and technological education courses. In 2011, the government launched PRONATEC - National Programme for Access to Technical Education and Employment – on which 6 million people are currently enrolled. One of the initiatives of PRONATEC is the e-TecBrasil Network, which provides free technical and distance learning courses.

TIM Tec is a distance learning platform that uses the MOOC (Massive Open Online Courses) concept. These courses, which are provided and made available for free on the platform, are intended for students attending high schools and technical colleges. Anyone can enrol on the courses, which teach programming languages and how to create databases, websites, games and many other things. There are also courses for primary school teachers and others intended to improve the skills considered to be basic for the training of any professional, such as how to write well.

The technology and content of the TIM Tec platform are share with Federal Institutes of Education, Science and Technology, with the support of the Department of Vocational and Technological Education of the Ministry of Education (SETEC/MEC).

The TIM Institute supports the Federal Institutes in the process of installing and using the platform.

As of December 2017, the platform had 28 courses available with over 55,000 registered students, By the first half of 2018, a further 2 courses will be made available.

Further information about the Instituto TIM programmes and initiatives is available in the TIM Participações Sustainability Report at https://en.institutotim.org.br/.
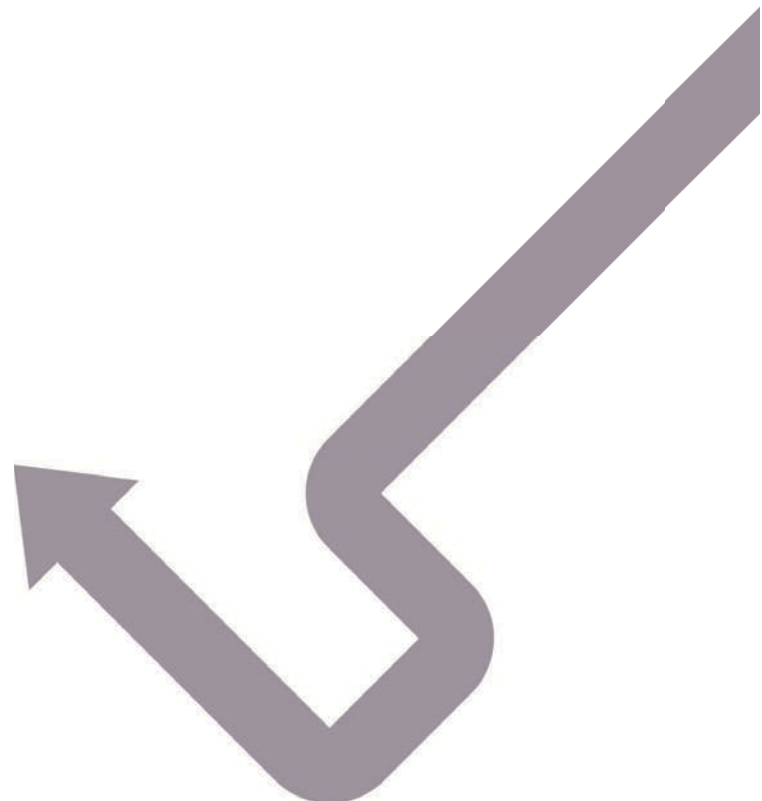
RESEARCH AND DEVELOPMENT

In Italy

[GRI 103-1: Management Approach] [GRI 203] Innovation understood as a research and development activity for innovative technologies and services, processes and business models represents a key factor in the company's ability to keep up with the profound transformations brought about through ICT, as well as a necessary asset acting as a driving force in this evolution in terms of its customers (both residential and business) and the national system, helping to overcome the socio-cultural barriers that limit the opportunity to participate in the information society and enjoyment of the relative benefits.

[GRI 103-2: Management Approach] [GRI 203] TIM has always considered innovation to be a strategic asset and takes great care in governing individual aspects, from its strategic role to responsibility, objectives and policy.

In terms of role, both technological and business-based innovation are also confirmed in 2017 as the central element to the response to change in the technological, market and competitive context. In line with this, the Group has taken action in several ways:

- by continuing the action, started in 2016, to strengthen internal innovation lines, focusing laboratory activities and research groups on key aspects of the development of the fixed and mobile network towards future 5G standards and ultrabroadband, and issues concerning service platforms and new operations systems;

- by confirming the lean towards the "Open Innovation" principle with the aim of maximising the benefits deriving from the integration of innovative contributions generated internally with external sources of innovative ideas;

- by interacting with the start-up world in order to catalyse the latter's capacity for innovation through the TIM #Wcap acceleration programme and equity investments through TIM Venture. In 2017, TIM #Wcap launched a Call for Start-ups and two Calls for Partners;

- by implementing initiatives which allow for the growth of co-creation ecosystems like the IoT Open Lab, a laboratory dedicated to the development of IoT solutions based on key technologies for the Telco Operator with a view to open innovation.

[GRI 103-2: Management Approach] [GRI 203] Innovation management is overseen, with different missions, by the Innovation Department and by engineers, but involves various internal and external stakeholders of the company. In addition to the universities and vendors mentioned above, the following are highlighted:

- other areas of the Company involved from time to time (for example Marketing and Purchasing), both as internal customers for the innovation output solution and as centres of expertise on the topic;

- both traditional (e.g. car makers) and digital (e.g. e-commerce players) partners, for the joint go2market of digital services;

- research centres and universities, for cooperation and joint projects; **[GRI 203-1]** In 2017, 22 research contracts came into effect, for a total value of 555,000 euros.

- **[GRI 203-1]** standardisation bodies and associations: TIM is still very active within the main standardisation bodies and associations, with 30 memberships in 2017, for a cost of 840,000 euros. On a national, but above all international, level there is a broad circle made up of standardisation bodies (ETSI, ITU, CENELEC and 3GPP among others), associations (GSMA and NGMN to name the major ones), alliances (such as oneM2m and BBF), and telco open communities (for example ONF, OPNFV and CORD), which play a fundamental role in the evolution of the TLC industry for networks, platforms and services. Then there are the Ministries (Ministry of Economic Development and Ministry of Education, Universities and Research), the European Union and public authorities (e.g. CNR and local authorities) for projects funded through participation in competitive tenders, and partnership initiatives.

The identification of themes around which projects are developed takes into account the Three-Year Technological Plan, the reference document for the Group, which provides guidelines for the evolution of the network, platform and services. Published annually, following a wide-ranging process involving all the areas of the Company involved, the Plan identifies the main external factors (regulations, standards, vendors, other market operators) that may influence the Company's strategies and highlights the emerging and cross-cutting technologies in other sectors that may be of interest to the Group.

The qualitative and/or quantitative objectives of each project may refer to a multi-year timeframe but they are in any case structured on an annual basis and defined so they can be objectively measured in compliance with standards concerning quality (ISO9001) and the environment (ISO14001) and the operational processes of innovation, just as in general TIM's processes are based on the E-Tom reference standard of the TMF.

[GRI 203-1] Overall, in 2017 TIM committed around 1,300 human resources to working on technological innovation and engineering activities for an overall investment of 1,992 million of euros amounting to 13% of domestic revenues.

[GRI 103-3: Management Approach] [GRI 203] *Activities for the future of mobility and networks: initiatives for 5G*

5G allows for not only faster speeds than those possible with earlier technologies (therefore within the scope of eMBB – enhanced Mobile Broadband – applications), but also a multitude of services with very different requirements, in particular in the mMTC[1] and URLLC[2] areas.

TIM has followed the development of 5G from the start (2012), actively participating in the definition of international standards as well as European consortia and projects which laid the foundations for the system and contributed to the introduction of innovative use cases and applications. In particular, TIM participated in the European Horizon 2020 METIS and METIS II projects included in the 5GPPP European initiative and in another 12 projects concerning all the main technological turning points of 5G, collaborating with the main providers of network technologies and terminals through specific MoUs.

The operational activities for technological development and 5G trials are accompanied by structured technical communication ranging from publishing to promotion with events of a scientific scope. In particular, in 2017 the technical communication initiative "Special 5G" was accomplished through 5G day, a sharing event with representatives from institutions and the industrial world, in addition to academic research, aimed at promoting the business ecosystem for the development of 5G solutions. It was followed up by TIM's 'Notiziario Tecnico' (Technical Newsletter) e-magazine[3] which dedicated two issues to describing and further exploring, network aspects and service aspects respectively enabled by 5G. Three important initiatives were launched in 2017 - Turin 5G, San Marino 5G and Bari-Matera 5G - to provide these municipalities with 5G radio mobile coverage.

[GRI 103-3: Management Approach] [GRI 203] *IoT Open Lab*

In November 2016 TIM opened the IoT Open Lab, which became fully operational in 2017, at its base in Turin. Its purpose, according to the methods inherent in Open Innovation, is to support the development of IoT solutions based on key technologies for the Telco Operator. In particular, the IoT Open Lab acts as a business accelerator to support companies in entering the ecosystem of technologies standardised by the 3GPP and, as regards the current period, Narrow Band IoT

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[1] Massive Machine Type Communication

[2] Ultra Reliable and Low Latency Communications

[3] Quarterly webzine with a technical educational slant, which since 1992 publishes detailed articles on technological innovations and services for Digital Life. A "magnifying glass" on transformation in the ICT world, where competitive collaboration between Telcos and OTTs facilitates new business scenarios, creating dynamic ecosystems in which TIM plays a key role. TIM's 'Notiziario Tecnico' (Technical Newsletter) is duly registered at the Press Court of Rome - "Online Publications" section since 05/07/2012 under no. 217/2012

technologies. As of today more than 130 companies and customers have visited the Lab, and among them around forty construction companies have agreed a partnership with TIM allowing them to use what the Lab offers free of charge.

[GRI 103-2: Management Approach] [GRI 203] *Research with Universities*

The Open Innovation activities (understood as R&D participatory behaviour) for 2017 were largely concentrated on the new Innovation model pursued at TIM and guided by top management. In line with this, faced with significantly lower polarisation on services, communities and creative innovation, the focus was placed on technological innovation aspects, with particular emphasis on opportunities deriving from 5G. The new direction involved the resizing of the JOLs (closure of Pisa and Milan, resizing of Trento and Catania), and the activation in the "remaining" JOLs of projects with a strong technological approach: cognitive computing, 5G, applications in the network sector, industrial IoT applications, the strengthening of pre-commercial initiatives associated with Open IoT Lab, above all to Olivetti's benefit.

[GRI 103-3: Management Approach] [GRI 203] *Funded research activities*

TIM has always actively participated in innovation and research projects and initiatives funded by the European Commission, which allowed it not only to obtain funding of around eight million euros in the three-year period 2015-2017[1], but also to participate in initiatives with highly innovative content where it developed and consolidated its know-how in rapidly evolving sectors, thanks to collaboration with important European research centres, as well as North American, Korean and Japanese ones. In this context the activities performed for the 5G projects funded should be highlighted which, together with the TIM Group's undertakings in standardisation bodies and in the main international forums dealing with the evolution of mobile networks, has enabled it to enrich its range of skills, acquiring a role recognized at European level which now allows it to activate various 5G pilot projects in Italy well in advance of the expected timing.

[GRI 103-3: Management Approach] [GRI 203] *Intellectual Property Rights.*

In addition to contributing to developments within the Company, TIM produces a significant number of patents: in the 2015-2016 period it filed over 120 patents. In order to maximize their value, a spin-up model was recently developed, that is the launch of start-ups that have received assets and the rights to use patents in exchange for equity options.

[GRI 203-1] In 2017, the Group's portfolio of patents had grown to include 25 new patents filed and several other proposals undergoing assessment. The patenting areas relate to the whole ICT sector, with areas of excellence in the mobile sector. In more detail:

• 3,136 patents owned by TIM as of November 2017 (of which 2,557 granted), relating to 609 patent categories;

• 254 patents resulting from collaboration with universities and research institutes since the collaboration was launched (1997).

Participation in a Patent Pool for LTE with a patent essential for the relative standard should also be noted. The Patent Pool acquired new participants over the course of the year (bringing the current total to 16 license-holders) and has granted several licences. Also note the participation in the 2017 Techshare Day where TIM and the Polytechnic of Turin made a selection of patents and technologies available to Italian SMEs with the aim of expanding the assessment of the research results and developing relations with the industrial sector.

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[1] **[GRI 201-4]** The total contributions, collected as part of research and innovation projects financed by national and international public bodies, amounted to 5.2 million euros in 2017 (7.2 million euros in 2016 and 4.8 million euros in 2015)

Research and Development in Brazil

[GRI 103-1: Management Approach] [GRI 203] [GRI 103-2: Management Approach] [GRI 203] The Innovation & Technology Department, headed by the CTO of TIM Brasil, is responsible for Research and Development (R&D) activities. Its main responsibilities are defining the technological innovation of the network, the evolutionary needs for new technologies and devices and the architectural guidelines together with the development of strategic partnerships, so as to exploit the new business models and guarantee the evolution of the network infrastructure in line with the business strategy. The organizational structure of Innovation & Technology is currently made up of 28 people in the Networks area, including telecommunications engineers, electrics and electronics engineers, IT experts and other technicians of various origins, competences and experiences, who cover all innovative needs and provide support to R&D.

In terms of infrastructure, one important result was the establishment of TIM Lab, a multi-purpose test environment focusing on innovation, which is able to guarantee the assessment of innovative services, products and technologies, certifying their functional efficiency and performance and the development of new models and configurations, consolidating the innovation flow. TIM Lab plays a strategic role in providing support for the conduct of Credibility Test, Trials and Proof of Concept (POC), for the validation of the services in collaboration with the main suppliers of technology and partners, through the sharing of knowledge and the technological infrastructures for interoperability tests, the assessment of capacity and the definition of technical requirements; in synergy with the R&D department, it facilitates innovation and promotes collaborations with universities and research institutes.

[GRI 103-3: Management Approach] [GRI 203] In January 2017, a new TIM Lab Innovation Centre was opened (at the Corporate Executive Offices complex) in Barra da Tijuca, in the state of Rio de Janeiro: a building with a surface area of 650 square metres, able to accommodate more than 60 people. This new office could host technicians and researchers and be seen as a space of innovation open to new opportunities and the development of innovation for the Brazilian telecommunications market, also operating as a national reference point for R&D activities.

In 2017, more than 180 validation and innovation projects were concluded. Moreover, new technological areas, such as transport and fixed access solutions, were included in the range of initiatives relating to innovation and R&D. In this regard, over 22 million reais were invested in this project in the 2016/17 period, including the new lab premises, and, according to the 2018-2020 budget, additional investments worth 17 million reais are planned.

The Innovation & Technology department has worked on projects and initiatives aiming to ensure the evolution of the business of TIM Brasil through the recommendation of sustainable, efficient network platforms and "disruptive" models, including anticipating the availability of new services.

These projects can be divided into five groups:

- New generation networks
- Future internet applications
- Positive environmental impacts
- Positive social impacts
- Open Lab initiatives

[GRI 103-3: Management Approach] [GRI 203] *New generation network projects*

The reassignment of the 1,800 MHz, 850 MHz and 2,100 MHz bandwidths from 2G/3G to 4G, consisting of multilayer development, gives TIM Brasil three important competitive advantages:

• reduction of costs for LTE deployment;

• expansion of the LTE coverage area and activation of the Carrier Aggregation strategy, improving the customer experience through higher "throughputs";

• improved indoor coverage. In addition to the expansion of coverage, use of the 850/1,800/2,100 MHz bandwidths could increase the capacity in cities already covered by the LTE bandwidth at 2.6 GHz, at limited additional cost.

Another important consideration in this scenario is that over 88% of current LTE terminals are already compatible with the 1,800 MHz and 2,600 MHz bandwidths, and with the other bandwidths available; hence, implementation of the LTE multilayer is proving to be an excellent strategy that benefits from the dissemination of devices.

• The deployment of the LTE 700 MHz layer will result in significant expansion of the coverage and indoor penetration, promoting the presence of LTE throughout the national territory and consolidating TIM Brasil's leadership in LTE. The actual roll-out will follow the rules dictated by the EAD (Entidade Administradora de Processo de Redistribuição e Digitalização de Canais de TV e RTV) in order to manage the spectrum cleaning and avoid interference problems with the analogue TV transmission service. 78% of the LTE devices used by the current users of TIM Brasil services are enabled for the 700 MHz bandwidth.

• On 15 June 2016, TIM Brasil activated its first commercial LTE 700 MHz network in the city of Rio Verde, which makes it one of the first operators to explore this frequency bandwidth in Brazil. At the end of 2017, over 830 cities could test the LTE 700 MHz coverage.

• As part of the IP Multimedia Network Evolution, in 2015 three tests were conducted at the Innovation Lab to evaluate the IMS1. In 2016 the tests were extended to live networks, allowing TIM Brasil to set up the functional infrastructure to provide services such as Voice over LTE (VoLTE), Video over LTE (ViLTE) and Wi-Fi Calling, entirely laid on IP and activated by an IMS platform. In July 2017 TIM launched VoLTE high definition voice call services on the market, providing call services without the need to pass through switched lines. At the end of 2017, over 1,000 cities could use this service.

• As regards the Network Functions Virtualization (NFV) and Software Defined Networks (SDN), some initiatives were launched, such as the creation of the "TIM Brasil NFV Program," developed through four working groups (established on the basis of the logical domains and competencies of the NFV) which have a mandate to define technical requirements, infrastructural plans, roadmaps of the virtualised network functions (VNF), "open lab" specifications and reference architecture compliant with the ETSI standard on NFVs. The main drivers that push the adoption of these innovative network approaches are reduction of the CapEX/OpEx, faster time to market, optimization and boosting innovation.

[GRI 103-3: Management Approach] [GRI 203] *Projects with positive environmental impacts*

• The expansion of "4G RAN sharing", in partnership with other Brazilian mobile operators, aims to define the architectural requirements, technical assumptions and specifications for the "LTE RAN sharing" solution, optimising the network resources and costs. The costs of the infrastructures are mainly linked to the introduction of the new radiating system and that of other electronic devices, passive infrastructures and transport networks; therefore, the sharing of resources provided by LTE RAN Sharing Solutions represents a significant optimisation of costs for operators. In this regard, TIM has pursued and considered RAN Sharing Solutions since 2007. Another strong motivation lies in coverage issues and timing in compliance

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[1] SMI: IP Multimedia Subsystem, solutions focused on functional tests, specific analyses and interoperability with the so-called "legacy system"

with regulatory requirements. Initially, tests were conducted in a controlled environment at the Innovation Lab and thereafter an MOCN (Multiple Operator Core Network) solution was defined, standardised by 3GPP. A live pilot test was introduced in a second stage to assess other technical aspects. At present, this is the biggest RAN Sharing agreement to be reached worldwide and it allows the major Brazilian cities to use 4G services.

- The RAN Sharing agreement allows TIM to promote the evolution of LTE development in rural areas of Brazil, sharing access and backhaul effectively.

- At present 4G RAN Sharing relies on two national partners, improving the possible benefits and efficiencies of this technical model.

- Following continuous testing activities, they were tested and approved for the large-scale introduction of functionalities as well as savings and energy efficiency solutions, which primarily concern the low traffic periods for the 2G, 3G and 4G access layers. The energy consumption recorded for the site, dependent on the access technology and coverage conditions, showed a reduction of up to 10%.

[GRI 103-3: Management Approach] [GRI 203] *New generation network projects, Future Internet applications, Positive environmental impact, Positive social impact*

- By the end of 2016 TIM Lab had prepared its first IoT E2E scenario, using NB-IoT technologies via the LTE Network, applying it to parking sensors. According to TIM Brasil, the large-scale introduction of IoT could drastically change the mobile market in that it exploits the creation of services and represents a potential tool for agricultural applications, connected vehicles, tracking solutions, and social and healthcare support. In 2017 TIM invested in TIM Lab and in the E2E sector, improving existing smart parking applications and activating the connection of new applications, preparing the terrain for future NB-IoT and LTE-M commercial networks.

[GRI 103-3: Management Approach] [GRI 203] *Open Lab initiatives*

- In 2017 TIM Brasil joined the Telecom Infra Project (TIP), an initiative founded by Facebook, SK Telecom, Deutsche Telekom, Nokia, Intel and other companies, which aims to identify new approaches to the creation and deployment of telecommunications network infrastructure. TIM Brasil has transformed TIM Lab into the first TIP Community Lab in Latin America, which will be used by TIP members to create universal standards relating to solutions, initially for transport networks, in order to overcome the challenges linked to the interoperability of the different providers. This initiative represents an open and collaborative approach to the development and testing of new technologies and solutions.

Digital inclusion

Geographical digital inclusion

[GRI 103-1: Management Approach] [GRI 203]] The spread of broadband and ultrabroadband networks represents a boost to the economic growth of Countries. The Group's Business Plans have always highlighted the economic benefits linked to the development of technical infrastructure. In particular, the fixed and mobile coverage targets for the three-year period 2017-2019 can be viewed on the Group's website at the following link:
http://www.telecomitalia.com/tit/en/investors/presentations.2017.html

[GRI 103-2: Management Approach] [GRI 203] In order to deal with the digital divide that has arisen in the so-called marginal areas of Italy, which would otherwise remain excluded from the mainstream plans of telecommunications operators due to the low profitability of investments, between 2005 and December 2015, TIM implemented a programme of investments allowing ADSL coverage (gross coverage[1] > 70%) to be provided for 7,705 municipalities in total (4,355 more municipalities than in December 2005).

[GRI 103-3: Management Approach] [GRI 203] As of December 2017, TIM, in Italy, had activated the ADSL service in around 9,690 exchanges, including 8,500 with optic fibre carriers. Alongside its plan to extend coverage, TIM has launched an additional plan to expand the active network[2], where necessary, to guarantee full usability of the service by customers and the development of digital inclusion.

[GRI 203-1] [GRI 203-2] The following table shows the percentages of coverage as of December of the past three years.

	2017	2016	2015
ADLS Coverage [(*)]	99.38	99.31	99.10
UMTS and HSDPA coverage [(**)]	>98	>97	96.00
LTE coverage [(**)]	>97.5	>96	88.00
Next Generation Plan (fixed telephony) cover [(***)]	76.97	58.90	42.00

(*) The percentage refers to fixed TIM telephone lines
(**) The percentage refers to the residential population. Coverage values are subject to change based on ISTAT and urbanisations updates
(***) The percentage is determined by the ratio between the number of properties connected with "cabinets" reached by access optical fibres (or which can be served directly from an exchange if within acceptable distances) and the total number of properties that have or have had active telephone lines in the past. The percentage does not include the areas covered by Open Fiber (in the cases where it has won the respective tenders)

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[1] Official TIM coverage data refer to the technical coverage of the telephone population (in terms of 64 kbit/s equivalent lines) gross of areas that cannot technically be served due to the characteristics of the copper access network (presence of digital devices such as multiplexes (MPX), Remote Concentration Units (RCUs), Multiplexes with Fibre Optic Backhauling (MD48), excessive distance from the exchange, etc.)
[2] The plan consists of actions to ensure full enjoyment of the service by customers by expanding the capacity of equipment used, in terms of both user ports and bandwidth available on the Internet. The technical term for this is desaturation of DSLAM equipment, performed either in advance or once specific broadband quality and availability thresholds are exceed

Since the percentages of coverage have now reached very high values (higher to 99.3% to cover and gross about 98% to cover gross - more than 2Mb/s), in recent years to extend the coverage of the geographic areas in "market failure", TIM has followed a selective approach and more targeted, aimed primarily at remedying any critical aspects local no cover and to improve the quality and speed of the service offered through interventions d'incrementodelle performances. The choice cade primarily on the reports and complaints local authorities involved or on situations of critical issues for the closure of prolonged marketing in certain areas "saturated".

In some cases, the interventions are also carried out through collaboration "public-private", with the acquisition of spans in optic fiber cheap made available by some companies *in-house* regional (INSIEL begun in Friuli Venezia-Giulia, Lepida Emilia-Romagna or INVA in Valle d'Aosta).
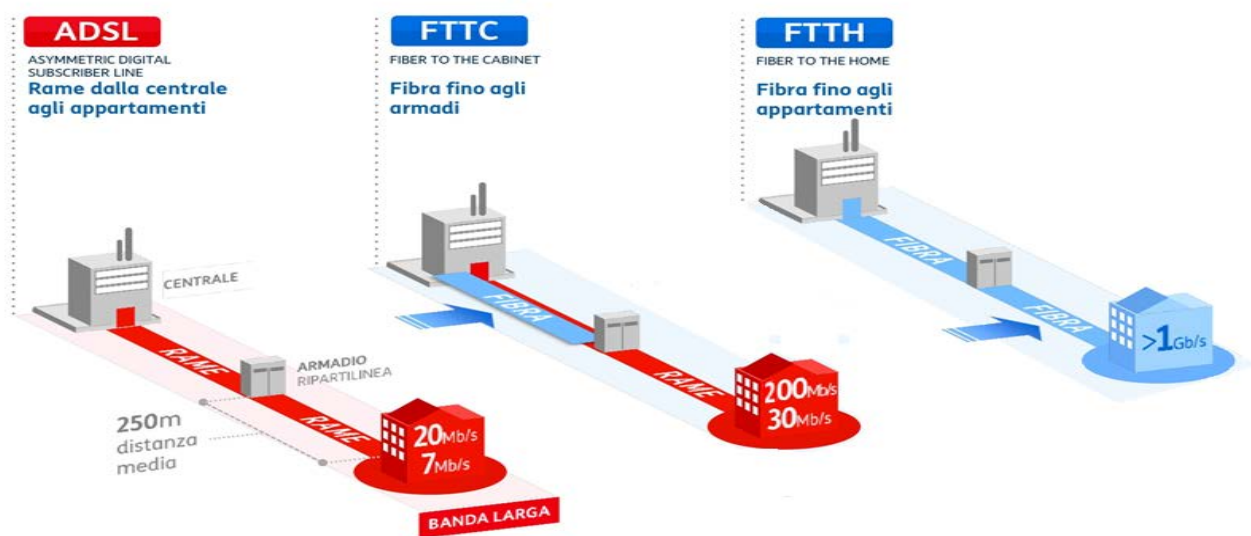
[GRI 103-2: Management Approach] [GRI 203] Starting from the 2012 TIM has developed its network super fast broadband (also called "NGAN" - Next Access Generation Network) with the aim of bringing services high speed connectivity on optic fiber to most of the Italian territory.

TIM chose to implement two different architectures by the NGAN network for the supply of services high speed optic fiber:

• architecture FTTC (Fiber To The Cabinet). The optic fiber part from central and ends up to the cabinet road, where is installed a device assets (UN) that transfers data traffic on the twisted pair copper until modem/routers at the customer site. The FTTC network, thanks to the technology eVDSL (*enhanced very high-speed Digital Subscriber Line*), can reach speed of 200 Megabits per second and, with further technological developments, may be up to 300 Mb/s;

• architecture FTTH (Fiber To The Home). The optic fiber part from central and arrives directly inside apartments (through the so-called "vertical"). At the customer site is installed a device assets (ONT) that transfers data traffic from optic toward the modem/routers. The FTTH network technology GPON (Gigabit Passive Optical Network), can reach speed of a gigabits per second and is developed in areas already covered FTTC, so as to ensure to customers choice in terms of speed connection.

[GRI 103-3: Management Approach] [GRI 203] [GRI 203-1] [GRI 203-2] At the end of December 2017 the ultrabroadband network infrastructures of TIM has reached a coverage of about 77% of properties present throughout the Country; in particular more than:

• 2,200 common were achieved by the service fiber FTTC;

• 100 municipalities have also been achieved by the service Fiber FTTH technology.

During the second half of 2013 and throughout 2014, as part of the National Broadband Plan, the Ministry of Economic Development (MISE) issued eleven regional tenders through Infratel, identified as the implementing organisation and assignee of the funds provided[1]. The tenders issued so far relate to six regions: Basilicata, Calabria, Campania, Lazio, Molise, Puglia and Sicily. TIM has attended by all the above calls for tenders and it was awarded. Thanks to public funds and commitment of TIM, in the seven regions the fiber optic coverage has reached very high levels, in sharp advance over the other Italian regions and objectives eu.

[GRI 103-2: Management Approach] [GRI 203] [GRI 203-1] [GRI 203-2] The principal objectives to increase the Italian digital inclusion geographical, for 2018, are shown in the following table.

Indicator	Unit of measurement	2018 Target
LTE coverage	%	~99
Next Generation Plan (fixed telephony) cover	%	79.3

Brazil

[GRI 103-1: Management Approach] [GRI 203] A focus on innovation and investments in new infrastructure and technologies also characterise TIM's action in Brazil, a country where the Group has been operating since 1997 through its subsidiary TIM Participações and which is the Group's second biggest market. Its presence in Brazil has been increasing in recent years thanks to strategic acquisitions: the Intelig and AEM Atimus fixed network infrastructure has allowed the Group to strengthen the backbones and connecting links of the mobile network radio base stations through the use of fibre-optic cables which, in view of the development of LTE networks, are even more important and strategic.

[GRI 103-2: Management Approach] [GRI 203] In the past 5 years alone, TIM has invested more than 7 billion euros in Brazil, focusing primarily on building new generation infrastructure and actively contributing to the modernisation of the country. Following the acquisition in 2014 of the right to use the 700 Mhz bandwidth (with an expenditure of 936 million euros), in 2017

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[1] The move from broadband to super-fast broadband involves the gradual spread of the new FTTC technology (based on the widespread use of fibre optic cables running from the exchange to a roadside cabinet) or FTTH technology (connected directly with the customer's premises), to replace previous technologies based entirely on the use of copper from the exchange to the customer's premises (typically ADSL). The new fibre optic technologies allow for download speeds of up to 1 Gbit/s (as opposed to the maximum speed of 20 Mbit/s achievable using ADSL technology).

TIM Brasil continued to invest in strengthening the infrastructure of the 3G network and achieved leadership in 4G, in terms of both the number of cities covered (411 at the end of 2017) and coverage related to the urban population (91% at the end of 2017).

[GRI 203-1] In Latin America, ever since it was introduced, mobile telephony has played a key role in the process of integrating more disadvantaged people, contributing to cohesion and to involvement in social and democratic life. TIM Brasil manages almost 58.6 million mobiles lines and has always played a major role in this context. The work already done to extend mobile network coverage to the whole Country is continuing on a number of development fronts, which include improving the quality of the network in major cities, developing Mobile BroadBand and Fiber-To-The-Site (FTTS) in some cities, pilot small-cell and Wi-Fi projects and developing the LT Amazonas Fiber transmission project in the Amazonian region.

[GRI 203-2] TIM Participações is distinguished by projects social inclusion as Broadband Implementation Project for rural market failure areas (Brazilian National Telecommunications Agency Obligation), which brings optic fiber in certain municipalities of rural areas. However, the availability of infrastructure is only one of the ingredients and has to go hand-in-hand with an overall digital growth of the population in a literacy development process that will increase demand and stimulate investments. In this context the project has reached 800 municipalities and 4,007 schools (November 2017).

The aim is to encourage and disseminating the use and distribution of goods and ICT services to remotest as well as making more accessible services for all segments of the population, contributing to reduce inequalities economic and social sciences.

[GRI 103-2: Management Approach] [GRI 203] [GRI 203-1] [GRI 203-2] The main objectives for increasing geographical digital inclusion in Brazil in 2020 are shown in the following table.

KPIs	2017	Target 2020
4G	3,003 cities (86.7% urban pop.)	> 4,200 cities (96% urban pop.)
FTTH	~ 100,000 hh	~ 3,000,000 hh

Social digital inclusion

[GRI 103-1: Management Approach] [GRI 203] The commitments of TIM, in terms of the discounts and specific measures concerned substantially the following categories of customers:

- the disabled (deaf, blind and blind partial people). In accordance with the resolution of the National Regulatory Authority for Communications Communications (AGCOM) no. 46/2017, TIM has admitted - to customers disabled - the facilities relating to both the internet offers of fixed network and mobile telephony[1]. These concessions never expire and once activated, do not require, for any request for renewal. For further information regarding concessions can contact customer service TIM 187 and 119. Assistance the deaf can interact with customer service TIM 187 and 119 also thanks to the app Pedius, available for Apple and Android, which uses technologies recognition and speech, transforming the voice of the operator that is written text for the customer;

- that find themselves in a situation of "discomfort economic and social". TIM reserve the aforementioned concessions - which have validity annually and may be established by AGCom[2] or by the Company on his/her own initiative[3] - to customers, for the use of the service on telephone first household (network traditional RTG and ISDN);

- resident in central Italy, affected by the earthquake in August and October 2016 and January 2017. In addition to having immediately participated in numerous solidarity initiatives, TIM has voluntarily adopted different discounts for customers in those areas, through a series of actions supporting the customers themselves[4]. These benefits contributed to support the affected population both at the stage of the management of the emergency, both in the management of the medium/long term, to protect the needs of customers interested. AGCom has established with subsequent resolutions facilities payable by all operators[5].

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[1] **[GRI 103-2: Management Approach] [GRI 203]** In accordance with the aforementioned resolution, for:
fixed telephony is envisaged, for the benefit of customers sordi, the exemption from the payment of the subscription fee for the telephone service (offer voice) and a discount of 50% on the subscription to an offer internet additional or a discount of 50% on the subscription offers voice+internet, as specified for the customers blind or blind partial (different offers by the range TIM SMART home and fiber)
mobile telephony the facilities TIM guarantee a volume of data traffic 20 Gb and the sending of SMS Unlimited for deaf customers (TIM easy SMS+GB), while, for customers blind total or partial, an offer consisting of minutes unlimited voice traffic and a volume of data traffic of 10 Gb (TIM easy VOICE+GB). These offers dedicated are in the site tim.it: Https://www.tim.it/agevolazioni-per-non-vedenti-e-non-udenti/offerte-fisso; https://www.tim.it/agevolazioni-per-non-vedenti-e-non-udenti/offerte-mobile
[2] AGCom Resolutions 314/00/CONS and 330/01/CONS.
[3] Customers who hold social card.
[4] In substance, TIM has extended and extended all facilities adopted for events have occurred seismic starting on 24 August 2016 until the last event on 18 January 107, which were:
- the suspension of the invoicing for residential unusable in ordinary most affected;
- the deferral and/or the postponement of the expiry date of the invoices issued in conjunction or subsequently to earthquake;
- the suspension of all the shares operational credit;
- the suspension, at the request customer, telephone service for the guidelines attributable to situations should not be usable permanent or prolonged;
- the move free of charge the telephone line to another household;
- free activation of the telephone line;
- the exemption costs specified by the contract in case of termination of the telephone line;
- her replacement free of charge for the change registration of the telephone line and the invoice;
- the blocking of marketing activities telephone (both in via Telefonica and SMS);
the dedicated assistance reachable on Freephone Number 187 customer service fixed line
The facilities concerned immediately municipalities identified in the Decree of 2 September 2016, referring to the earthquake of 24 August 2016, and were extended to further common indicated in legislative decree no. 189/2016 (converted with amendments by Law 229/2016) following the subsequent events seismic on 26 and 30 October 2016. Also in situations of particular severity (August 2016 and January 2017) TIM has offered top-ups mobile and gigabytes free
[5] The AGCom resolution 66/17/CONS in February 2017 provided the terms for the temporary suspension of payments for the customers of fixed network; with Resolutions 235/17/CONS of July 2017 and 346/17/CONS of September 2017 provided further concessions be borne by operators (also for the

Brazil

[GRI 103-2: Management Approach] [GRI 203] [GRI 203-2] TIM Participações has continued to promote commercial offers to encourage the spread of the mobile web, particularly among the poorer classes. It was a question of offers itemised with convenient rates, particularly suited to promote the widening of the digital inclusion sociocultural, for example INFINITY WEB, LIBERTY web and LIBERTY WEB Rural component (offer in the rural areas of the states of Rio de Janeiro, Espirito Santo, Paranà and Santa Catarina).

The project Date Connections has been requested by ANATEL (Brazilian Authority communications) to operators who have purchased the frequencies defined by the Bidding On Notes No. 004/2012 (i.e. Claro, Oi, TIM and Vivo) to cover the rural areas in Brazil, including the public schools, according to the division between member. TIM ensures this service states of Rio de Janeiro, Espirito Santo, Paranà and Santa Catarina with the downloading 256 kbps and uploading 128 kbps. In December 2017, the project was carried out to 96%; from January 2018 the speed of downloading is 1 mbps and one-upload 256 kbps. Further information is available at the link: Http://www.anatel.gov.br/consumidor/telefonia-fixa/atendimento-rural
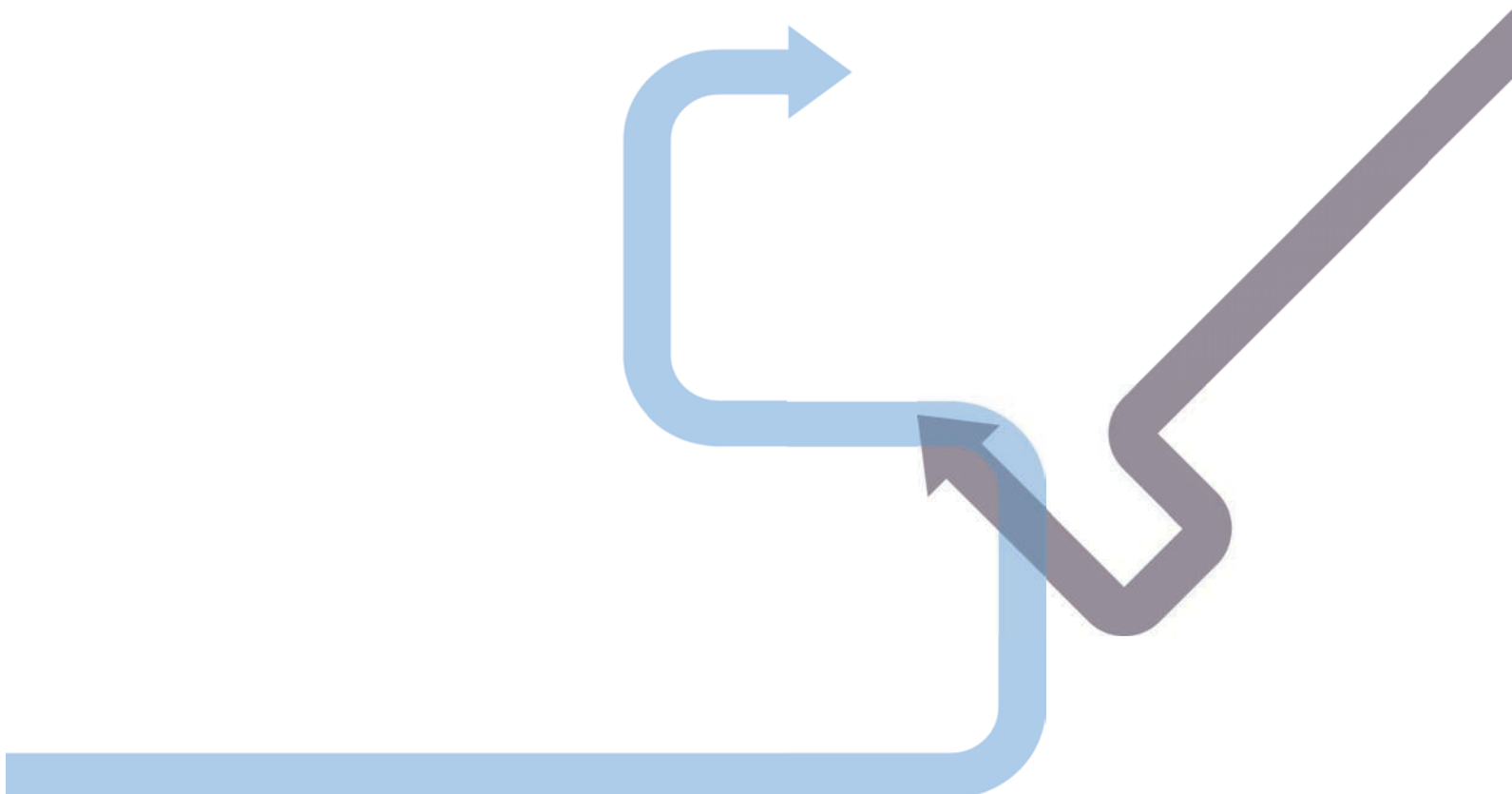
customers of the mobile network) and deferred the terms both for the presentation of the application for acceptance of the offer for customers interested (29 October 2017), both for the suspension of the obligation to pay the invoices (28 February 2018)

CUSTOMERS

[GRI 103-1: Management Approach] [GRI 102] [GRI 102-43] [GRI 102-44] The 2017 materiality analysis highlighted the Group's relationship with its customers as a material topic. **[GRI 103-2: Management Approach] [GRI 102] [GRI 102-43] [GRI 102-44]** The aim of the Group is to ensure an immediate and effective response to customer requirements, modelling their conduct on business propriety, transparency in contractual relations and undertakings, courtesy and collaboration, ensuring customer focus and in full compliance with the principles established by company policies and procedures. Cooperation with consumer associations, which includes entering into specific agreements with them, is also highly valued.

The relevant stakeholders are:

- consumer customers, particularly customers with special needs (the disabled, the elderly, children, etc.);
- business customers and local government offices;
- consumer associations.

Customer Satisfaction

[GRI 103-2: Management Approach] [GRI 102], [GRI 102-43] The telecommunications market is undergoing radical change as a result of technological innovations and greater consumer choice in an increasingly competitive market. Interaction with markets that offer increasing digital access to services is raising customers' expectations towards telecommunications companies which, in recent years, have been striving to set out new business models. Against this backdrop, TIM has undertaken a transformation process to make way for the "digital" future.

Quality and customer experience are the building blocks of this journey: the customer is at the heart of TIM and all processes to improve the quality of service and strengthen the relationship with the brand.

TIM has developed an extensive listening system to keep track of the customer experience at the various moments of the customer journey[1], e.g. web browsing, purchasing a service, calling customer care, reporting a malfunction, posting on social media.

[GRI 103-3: Management Approach] [GRI 102] [GRI 102-43] Of the surveys conducted, the monitoring of the Customer Satisfaction Index (CSI), based on the ACSI standard (American Customer Satisfaction Index), is particularly significant. The aim is to collect information on the quality perceived by TIM customers and the main competitors. Monitoring the CSI has earned certification of conformity with standard UNI 11098:2003 and has been included in the managerial incentive system (management by objectives). The 2017 CSI results confirmed the high levels seen in 2016 (75.30 for the whole year; -0.3% compared to 2016)[2]. The ties customers demonstrated with respect to the Group are also seen in the high propensity to loyalty, in an increasingly competitive context where the consumer's experience is enriched through comparison with different markets.

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[1] The customer journey is the path we all take as customers, from our first contact with a company, on a given channel, through to when we decide to make a purchase (or not), passing through one or more points of contact provided by the company itself or by other consumers

[2] For consumer customers, the CSI was 77.00 in 2015 and 75.53 in 2016

TIM has launched a transformation process centred around quality and based on "transparency", "simplicity" and "respect for the customer", for which improvement plans were implemented to reassert TIM's leadership in customer experience and quality of the services offered.

TIM's ever-greater focus on "continuous improvement" of processes and the customer experience can also be seen through the Net Promoter Score (NPS) of customers who spoke with the telephone assistance service, which have been confirmed to be extremely positive (NPS above 10)[1].

[GRI 103-2: Management Approach] [GRI 102] [GRI 102-43] [GRI 102-44] Of the initiatives carried out by the Company to improve the customer experience, those geared towards giving staff an ever-more central role in innovative and effective solutions are worthy of note:

- "customer journey lab": the project aims to allow colleagues/investigators to experience the service received by consumer customers first-hand by selecting, purchasing, activating and using services, so as to identify the customer's perception and the main areas requiring attention/strengths;

- "Chi-ama TIM": a tool used by TIM employees to channel reports received from customers, friends or acquaintances regarding the fixed line service requirements of consumer customers, of a commercial and technical nature. The project makes employees active participants as the promoters of solutions in the management of customers.

Brazil

[GRI 103-2: Management Approach] [GRI 102] [GRI 102-43] [GRI 102-44] Confirming its commitment to quality of service and transparency in its relations with customers, TIM Brasil is the first Latin American company to have launched a "Portas Abertas" (open doors) website in 2013, showing the plans for expansion of the technical network. Among other things, the website offers customers the chance to:

- interact with the Company regarding the technical network coverage map for each individual street;

- receive notifications regarding both maintenance and any failures to achieve technical network objectives;

- provide TIM with feedback on the perceived quality of the network.

In 2017, TIM Participações reinforced its commitment to developing the digital environment in order to improve the quality of services provided to its customers. It optimised the "My TIM App" channel which, in December 2017, 4.7 million users and 23.1 million accesses per month. For example, sent in PDF format, the customer can see their invoice in advance with a breakdown of the services used and their costs; the customer is also identified automatically when connecting to the TIM network, without entering a user name and password (transparent authentication).

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[1] The Net Promoter Score (NPS) is an indicator based on international standards and used in various industrial sectors. The NPS is based on the potential recommendation of the operator in relation to the experience accrued. On a scale of 0 to 10, "promoters" are customers expressing votes of 9 or 10 "detractors" are those providing a score of 0 to 6, whereas the rest of the customers are considered as "passive" and are not countered towards calculating the NPS. The NPS is calculated as the difference between the percentages of the "promoters" and "detractors"

TIM Participações has also started to migrate mobile telephone customers to the new version of the My TIM website, enabling reactive behaviour. The process began with pre-paid customers, prioritising the management of the main TIM services in line with the customer's profile (e.g. remaining credit, top-ups and data consumption).

TIM Participações also talks to its customers via Twitter and Facebook. "@TIMBrasil" (https://twitter.com/TIMBrasiles), as of December 2017 had more than 766,000 followers, and its Facebook page (www.facebook.com/timParticipações) with over 2,562,000 likers.

Since 2012, TIM Participações has also activated a further channel "@TIM_AJUDA" (https://twitter.com/TIM_AJUDA), which allows it to communicate with customers via Twitter. As of December 2017, this profile has over 277,000 followers and more than 190,000 tweets.

[GRI 103-3: Management Approach] [GRI 102] [GRI 102-43] TIM Participações carries out two types of nation-wide customer satisfaction surveys by means of interviews:

• the survey regarding TIM and its competitors' consumer customers is conducted on a "reflective" basis – monthly from June 2017, with data consolidation twice a year (June and November) – and measures the customer's general perception of the Company (e.g. sales structure, call centre, network coverage and quality of the network, as well as in relation to the internet connection, technical support, price of services, promotions and billing). The survey method changed from 2017, shifting from telephone interviews to an online panel[1], thereby reducing the number of participants.

• the call centres survey, conducted once a month on a "reactive" basis, with the involvement of TIM customers (consumer and business) who have contacted the call centre in the previous 15 days

	2017	2016	2015[2]
Consumer customer base survey(*)	6.95	7.30	7.22
Consumer mobile telephony call centre survey(**)	7.81	7.31	7.28
Mobile telephony business call centre survey(***)	7.03	6.81	7.21

(*)   Average index, on a scale of 0 to 10
(**)   Average mobile consumer customer satisfaction index on a Scale of 0 to 10
(***) Average mobile business customer satisfaction index on a scale of 0 to 10

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[1] It involved a group of selected participants who agreed to provide information at set intervals for a long period of time
[2] Some values of the 2015 were reviewed/adjusted

[GRI 102-43] [GRI 102-44] *USE OF SOCIAL NETWORKING IN CUSTOMER CARE*

In recent years, the TIM Customer Relationship Management has been increasingly focused on the monitoring of new digital contexts, identifying the future of assistance, care and loyalty of its customers in the monitoring and management of caring contacts obtained from the social networks (Twitter and Facebook). From 2010, TIM launched the Caring on Social Media project and, over the years, has built up a new relationship with digital mobile and landline telephone customers, building trust by re-engineering and reviewing processes, developing management systems, extending monitoring times and investing in the training of social caring agents.

In 2017, TIM set up various projects aimed at improving the service provided and monitoring quality, such as:

1) quality checks on the work carried out by a dedicated pool;

2) re-engineering the social tool platform, improving the operator features and planning a new dashboard for monitoring the main KPIs;

3) training updates on aspects of communication.

In 2017, TIM's social caring team managed 1,129K caring interactions on the Facebook page and 247K on Twitter; in particular the customer care demand amounted to 899K for mobile and 477K for fixed line.

According to the Socialbakers agency, TIM confirms its digital leadership, positioning itself in the rankings for the fourth quarter of 2017 as the number-ten brand internationally and the number-one brand in Italy for customer service on Facebook, with a response time of five minutes and a response rate of 99% of the posts published on the page (AMIQ indicator[1], parameter calculated based on the ratio of the number of public posts managed and the response time by the brand over 24 hours).

TIM has confirmed its social role, in exclusive collaboration with Civil Protection Department in the event of environmental emergencies, engaging influencers or promoting specific training in order to help ensure a fast and far-reaching spread - via the network - of information that is useful to the population.

TIM's social networks have also made a key contribution to enhancing and promoting social, cultural and innovative initiatives (e.g. the project to test 5G technology launched in Turin and which involved the cities of Bari and Matera; in terms of communication, support for Start and MeravigliosaMENTE, TV programmes giving exposure to the world of start-ups and Italian leaders in research and academia).

All this has enabled TIM to consolidate its leadership in the various communities that have been created in the different social networks (facebook, twitter, google+, instagram, youtube) around the main brands: TIM, TIM Impresa Semplice, TIMvision, TIMmusic, Working Capital, Serie A TIM, FantaserieA TIM, Nuvola Italiana, with more than 11 million likers and followers.

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[1] Answered Minus Ignored Questions

[GRI 102-43] [GRI 102-44] *INVOLVEMENT OF CALL CENTRE OPERATORS*

In 2017, the activities involving call centre operators focused on improving basic knowledge and the process of providing information/training through the TUO portal (acronym for Trova, Usa and Organizza – 'Find Use and Organise'). Specifically, the actions focused on:

• stabilising all mini-sites on the new Drupal platform with a more dynamic and effective structure and a simplified search list. By January 2017, all content supporting the 119 and 187 services was migrated onto this platform, and personalised with the launch of the respective mini-sites;

• activating the control tools for the training/information activities planned to check the content circulated. Monthly surveys were carried out to assess the learning for the 119 and 187 mini-sites;

• distributing the mobile consumer newsletter to increase visibility of the content published, with a focus on key issues for current business. From October 2017, the 119 mini-site has its own 'PARLIAMO DI' newsletter (as the 187 service has had for years)...

• sending the welcome flyer to the customer, one of the tools to support customer contact with the aim of providing precise information on the timeframes and processes for activating the main offers. Features of the 187 mini-site include – during inbound and outbound contacts – the sending of the WELCOME KIT FIBRA to the customer (in the FTTH and FTTC versions), as well as the document providing support with TIMVISION REGISTRATION.

PEDIUS - Managing calls for the hearing impaired

In addition to the usual channels, PEDIUS is a channel that provides access to TIM's call centres for the hearing impaired . The trial phase was launched in September 2014 and the service:

• is available to all customers on app stores (both Apple and Android);

• aims to ensure that inbound contact is accessible to hearing-impaired customers through an app that allows normal calls to be made using voice synthesis and recognition technology.

RUNNING OF THE SERVICE

The Customer downloads the Pedius APP, which contains the 187 and 119 access numbers. The app calls the support number and the answering agent sees the number of origin of the APP, the telephone with which the customer is calling, he/she listens to the request and replies through the APP, which translates the voice response into written text.

In 2017, TIM managed over 350 reports from landline and mobile customers who used the Pedius APP to seek assistance/information on TIM services (70%), sales processes (15%) and complaints.

Customer Satisfaction within incentives schemes

[GRI 103-2: Management Approach] [GRI 102] [GRI 102-44] TIM's managerial (Management by Objectives) and collective (performance bonus) incentive systems include objectives associated with customer satisfaction indicators in keeping with the business plan for the current period. The targets are made up of several aspects corresponding to different market segments.

Conciliation procedures

[GRI 103-2: Management Approach] [GRI 102] [GRI 102-43] [GRI 102-44] The conciliation procedure between TIM and the consumer protection associations who signed the framework agreement for the out-of-court settlement of telephone disputes, was the first example of joint conciliation in Italy. Introduced on a trial basis in 1991 by SIP, it was implemented throughout the country in 1993 and in 1995 the European Union recognised it as a "Pilot project for consumer access to justice". Over the years, the procedure has been gradually aligned to new regulations, computerised and made increasingly user-friendly, while maintaining the core values that made it a tool of excellence in improving customer relations and transparency of various operational processes of the company.

In 2011, the joint conciliation model was brought to the attention of the European Union and, in the same year, the European Parliament recognised the Italian joint conciliation model as an example of best practice based on a protocol drawn up and signed by the company and consumer protection associations, under which the company undertakes in advance to use an alternative tool for settling disputes that may arise in the areas covered by the "ADR protocol[1]". There are 22 consumer associations that have signed up to the conciliation agreement to date, 19 of which are registered with the CNCU (National Council of Consumers and Users), an organisation representing consumer associations and users at national level, chaired by the Italian Ministry of Economic Development, with the task of contributing to improve and strengthen the consumer/user's market position. In 2016, with the coming into force of Legislative Decree No. 130/2016, in transposition of European Directive No. 2013/11/EU on ADR, the Joint Conciliation Body 'TIM-Associazioni dei consumatori' (TIM Consumer Associations) was recognised as an "ADR Body" for the management of dispute resolution. It was also included – by directive issued by the Italian Ministry of Economic Development of 28 November 2016 – in the list of ADR Bodies established by AGCom (Italian Communications Authority), thereby confirming that it meets the stability, efficiency and impartiality requirements laid down in the new European and Italian regulatory framework. Following the establishment of the ADR Body, the Joint Conciliation Regulation was reviewed, as were the application procedures of the conciliation protocol established between TIM and the consumer associations registered on the CNCU.

Year after year, the joint conciliation model adopted with the consumer associations has confirmed its position as a model of success in terms of efficiency for customers, promoting loyalty in those dissatisfied as a result of any problems.

Undoubtedly, conciliation is successful also thanks to the good relations built up and maintained over the years with consumer associations which, as stakeholders of the company, have always provided a wealth of information through their contributions.

In addition to joint conciliation, TIM can also implement conciliation with Co.Re.Com (Regional Communication Committees) and Chambers of Commerce. Since 2009, in compliance with the voluntary undertakings given and approved by the Italian Communications Authority in 2008, TIM has also been managing conciliation requests at Co.Re.Com and Chamber of Commerce offices, replicating the organisational model successfully applied for joint conciliations. In this way, customers can choose to use the consumer associations or follow alternative paths, such as those mentioned above, to settle any disputes with the Company out of court.

In any event, the underlying aspect of the conciliation is the customer's needs, irrespective of the procedure they choose, making it possible to build up a good relationship between the customer and the Company.

[GRI 103-3: Management Approach] [GRI 102] [GRI 102-43] [GRI 102-44] To date, the conciliation model has achieved high qualitative and quantitative results. Specifically, in 2017 the use of the Co.Re.Com channel continued to see significant

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[1] Alternative Dispute Resolution

figures, accounting for 70% of the conciliations discussed, while the Joint channel accounted for 28.3% of the requests discussed, with the Chamber of Commerce channel making up the remaining 1.7%.

The positive trend seen in the conciliation system in previous years continued in 2017 (albeit with a significant increase in the number of cases handled); in fact:

- 97% of the requests for equal conciliation discussed (13,873 out of 14,302) were reconciled, a percentage that is stable year on year despite the 15.9% increase in the cases discussed in 2017 with respect to the previous year (12,342 in 2016);

- 84.1% of the requests discussed at the Co.Re.Com and Chambers of Commerce were reconciled (30,551 reconciled out of 36,313 discussed). This percentage remained high in 2017, even higher than the previous year, considering the 21.2% increase in the cases discussed compared to 2016 (29,961 in 2016).

[GRI 103-2: Management Approach] [GRI 102] [GRI 102-43] [GRI 102-44] TIM supported the conciliation activity through:

- seminars and joint training initiatives involving dedicated personnel from TIM, AGCom, Co.Re.Com. and Consumer Associations;

- debates, conferences, interviews and other promotional activities involving senior management in order to disseminate the correct cultural approach to the subject.

Conciliation is becoming increasingly widespread among customers, particularly in view of the:

- better knowledge of the procedure, which is considered to be a quick and economical way of resolving disputes;

- economic crisis, which leads people to resort to conciliation even for small amounts (e.g. potential inefficiencies involved in transferring from one operator to another);

- large number of Co.Re.Com, which are opening provincial offices in many regions to make the conciliation system more easily available to people (avoiding the costs involved in travelling to regional capitals).

Brazil

[GRI 103-2: Management Approach] [GRI 102] [GRI 102-43] [GRI 102-44] In Brazil, TIM has close relations with government-run consumer rights associations, including SENACON (National Consumer Protection Secretariat) and PROCONS (Consumer protection and defence programme). Since 2011, the TIM Participações is considered to receive the lowest number of complaints made to PROCONS regarding the telecommunications sector.

[GRI 103-3: Management Approach] [GRI 102] [GRI 102-43] [GRI 102-44] In 2014, SENACON launched the Consumer.Gov platform, which makes it easier to resolve customer complaints and simplifies the work done by PROCONS. TIM Participações was one of the first companies to sign up to this platform and has undertaken to resolve all the complaints registered on it. Customers can state on the platform if the complaint has been resolved or not and review the quality of the response given by the company. On average for the whole of 2017, TIM Participações' rating was 3.8 on a scale of one to five.

[GRI 103-2: Management Approach] [GRI 102] [GRI 102-43] [GRI 102-44] In 2014, in accordance with the obligations laid down by Anatel, TIM Participações set up the Users Council, whose tasks include putting forward solutions to improve the services provided to users.

In 2017, the Users Council:

- together with the Public Defence Department, created a new conciliation channel called "Canal 0800 Defensoria Publica" (Channel 0800 Public Defence) to avoid complaints being lodged with the courts by providing a free direct line for communication between public defenders and TIM. In 2017, this channel was available to the Departments of Public Defence of 20 States. For 2018, the aim is to implement it in all the federal states that have a consumer protection centre in the Department of Public Defence;

- provided training to some PROCONs and Public Defence Departments on TIM services (invoicing, top-ups, plans) to reduce the number of complaints. In terms of information accessibility, TIM Participações provided the Consumer Code both in Braille and in Brazilian sign language ("Libras") on the Users Council website. It released the information guide for users of telecommunications services in a digital version and in Braille. Moreover, in Curitiba, TIM Participações launched a pilot solution geared towards transparency for its conciliation procedures, focusing on the training of in-store staff. They were advised to introduce the Brazilian government platform "consumidor.gov.br" after showing the Company's complaint resolution channels.

[GRI 103-2: Management Approach] [GRI 102] [GRI 102-43] [GRI 102-44] In 2017, TIM achieved excellent results in settling claims submitted by PROCON offices: CIPs (Preliminary Investigation Letters) 79%; justified complaints 78% (source: SENACON official report).

TIM also has relationships with consumer protection associations like ABRAREC, IDEC and PROTEST, which promote a culture of good relations between companies and customers, improve training and ensure excellent customer service. TIM also takes part in the conciliation forum between companies and customer defence bodies, for the purpose of resolving conflicts in a proactive manner.

Certifications

[GRI 102-12] For the areas of the Company which have a significant impact on the various stakeholders because of the products and services they offer, the Group has obtained and/or confirmed certifications that ensure that procedures and conduct are in line with the stakeholders' expectations.

The certifications achieved and/or confirmed for the main activities are shown below:

- quality of products and services offered: UNI EN ISO 9001 standard;
- environmental protection: UNI EN ISO 14001 standard;
- efficient energy management: standard ISO 50001;
- health and safety at work: BS OHSAS 18001 standard;
- general requirements for the competence of testing and calibration laboratories: ISO/IEC 17025 standard;
- Information Technology services: ISO/IEC 20000-1 standard;
- information security: ISO/IEC 27001 standard;
- information security risk management[1]: ISO/IEC 27005;

[1] Supporting the information security management system requirements (ISMS) according to ISO/IEC 27001

- security for credit and debit card transactions and cardholder protection from improper use of personal information: PCI/DSS standard[1];

- software and IT solution production processes: CMMI-DEV (Capability Maturity Model Integration - Development) certifications;

- fulfilment of the AGID (Digital Italy Agency) requirements to perform the role of:

  ✓ Accredited Operator for Certified Email;

  ✓ Accredited Custodian for storing electronic documents;

  ✓ Accredited digital identity manager for SPID services (public service manager);

  ✓ Qualified Trusted Service Provider[2] for Timestamping in accordance with eIDAS regulations (EU Regulation 910/2014).

In Brazil, as required by ANATEL (National Telecommunications Agency), the Brazilian telecommunications authority, KPI Survey Method Quality Certificates were also achieved for the whole Country regarding:

- personal mobile service (TIM Celular);

- switched fixed telephone service (TIM Celular and Intelig);

- multimedia communications services (TIM Celular).

Detailed information about the certifications achieved by the various functions/companies of the Group can be found in the sustainability section of the telecomitalia.com website.

Child protection

[GRI 103-1: Management Approach] [GRI 102] [GRI 102-2b] The 2017 materiality analysis highlighted the protection of vulnerable categories, and therefore of minors, as a material topic.

[GRI 103-2: Management Approach] [GRI 102] [102-2b] Group Companies have undertaken numerous initiatives to protect children from content that may harm their psychological and physical development (for example, content that is violent, racist, offensive to religious sentiment, etc.).

Adult services come under value added services (also called Premium or content-based services) and can be supplied by TIM or external companies that own the content via SMS, MMS or mobile internet services (WAP - wireless application protocol), which can be activated, received and/or used on mobile phones, tablets and PCs. The TIM card, once activated, is enabled to use value added services with adult content, excluding TIM cards registered in the name of a minor for whom adult content services are disabled.

The TIM Group – in accordance with current regulations – provides the customer with a series of tools to protect minors from accessing the sensitive content provided. TIM constantly updates and communicates these tools to the customer, through its

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[1] Payment Card Industry Data Security Standard
[2] Qualified supplier of services

own information channels (including the 119 customer service and the website www.tim.it). The protection tools currently available to customers are:

- permanent restriction of mobile users from accessing adult content;

- adult content provided on the TIM mobile portal ("TIM WAP") can only be accessed by entering a code (adult PIN) on the user's mobile device, which is different from all other codes used on the device itself in order to prevent minors from accessing said content. The customer is provided with the adult PIN confidentially, and is responsible for its proper use and safeguarding;

- customers can ask for their mobile number to be restricted from accessing sensitive content other than adult content at any time via TIM's usual information channels.

Further information regarding the activation and deactivation of the above protection tools is available at www.tim.it, from Customer Services on 119 and from authorised TIM retail outlets.

The TIM-Protect solution is the exclusive TIM option for total protection against WEB threats:

- **parental control**: protects young people while surfing the Net, filters web searches, gives warnings in the case of behaviour that is judged to be dangerous, allows you to block access to sites or apps or limit their use (maximum usage time setting);

- **theft protection**: protects the device from loss and/or theft, ensuring remote control by sending a simple instruction (block device, find device, delete data, SIM change notification);

- **protection and privacy**: protects all access to e-commerce, home banking and social media websites. Ensures privacy by filtering unwanted calls and messages.

- **antivirus**: manages the device securely without affecting its operation, protecting it during use against viruses, malware[1] and other threats.

The Company is particularly focussing attention on parental control, with the launch of offers dedicated to the younger generation (under 12s) with the TIM Protect service included, at no additional cost. The Company is also implementing comarketing[2] initiatives with certain operating partners in the "kids" segment, which is particularly sensitive to matters of child protection. **[GRI 103-3: Management Approach] [GRI 102] [GRI 102-2b]** At the end of 2017, 159,385 customers had activated TIM Protect.

Tim has brought out new releases of the TIM Protect Android app to improve the User Experience of customers using the TIM Protect service. In July 2017, it also released the TIM Protect app for IOS[3] to extend the TIM Protect features to Apple devices; in September it outlined the TIM Protect service at the front of the telephone directory under "TIM's actions for child protection".

[GRI 103-2: Management Approach] [GRI 102] [102-2b] In terms of tackling **online child pornography and computer crime**, from an organisational perspective, TIM has established – within the Security Department and, specifically, as part of the Security Operations Centre – the role of "Key Contact for the Postal Police".

This person manages relations, and the flow of information, with the Postal Police (CNCPO - National Centre for the Fight against Online Child Pornography, CNAIPIC – National Centre against Digital Crime for the Protection of Critical Infrastructure

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[1] Software created to compromise the security of a computer or IT systems and devices. The term is a combination of the words malicious and software
[2] Commercial agreement between companies that have the same objective, are not in direct competition and decide to coordinate their marketing activities
[3] Operating system developed by Apple for iPhone, iPod touch and iPad

etc.) and the competent authorities, and has the task of coordinating, within the TIM Group, the process of abuse management, in accordance with the relevant legislative framework. Furthermore, the TIM Group has adopted an organisational and management model pursuant to Legislative Decree 231/2001, aimed at preventing offences that may result in liability for the company.

TIM has deployed resources, technologies, processes and tools to prevent and tackle "abuse", i.e. any activity committed in violation of the rules of conduct and the legislation that governs the use of network services, digital systems or means of communication in general. The SOC (Security Operations Centre) oversees the following initiatives and activities:

- form available on TIM's corporate and commercial portals, which can be used by TIM's end customers, or by outsider users, to report any crimes involving child pornography encountered while browsing the internet. There is a guide to completion, and reports can also be submitted anonymously. This activity is managed in collaboration with the Assurance Competence Centre, under Open Access/Wholesale, which receives reports and forwards them to be managed by the SOC;

- management of the abuse desks, operational groups that handle abuse differentiated by type of service (set up in accordance with national and EU regulations on child protection), the prevention of cybercrime and the fight against sexual exploitation (child pornography). The abuse desks receive reports from external users/customers on alleged cybercrimes or the presence of child pornography on the Group's networks, they then direct them to the relevant department, where necessary involving the relevant authorities (through the Key Contact for the Postal Police);

- filtering: in accordance with the implementing Decree of Law 38/2006 (Gentiloni Decree) which defines the technical prerequisites of filtering tools that providers of Internet network connections must use in order to prevent access to sites identified by the Postal Police through the CNCPO. TIM has also introduced a filtering system for foreign websites with child pornography content;

- gambling: in accordance with Article 1, subsection 50, of Law 296/2006 – on tackling tax evasion and tax avoidance in the gambling sector – and at the request of the Italian Autonomous Administration of State Monopolies (AAMS), TIM blocks the resources as and when they are reported, making them inaccessible to customers.

Moreover, TIM participates in the following initiatives:

- "GSMA - Mobile Alliance against Child Sexual Abuse Content" work group in the context of the GSM Association, for technological, policy and communications initiatives aimed at protecting children in the mobile phone sector;

- Alliance to better protect children online", platform launched by the European Commission as part of the Better Internet for Kids ("BIK") strategy for defining and implementing the principles and technologies required to make the internet a safer place for children;

- "Missing Child Alert" launched with the Italian Ministry of the Interior, Department of Public Security;

- Safer Internet Centre (SIC) – Connected Generations (national centre for promoting safe and positive use of the internet and digital technologies, co-financed by the European Commission as part of the Connecting Europe Facility and coordinated by the Italian Ministry of Education, Universities and Research), where it is a member of the Advisory Board. TIM has taken part in two working groups:
  - ✓ "schools" with the aim of mapping out all organisations that carry out information activities in schools, and setting out a shared policy to ensure a minimum quality level and standard for activities in schools;
  - ✓ "communication" with the aim of helping to set out and spread a communication campaign development plan, as well as materials to raise awareness.

For the Safer Internet Day (7 February 2017), the international day, established by the European Union, focusing on Internet-related risks, TIM launched the **Navigare Sicuri** app (created by TIM in collaboration with the Italian State Police) to raise awareness among the youngest users of the web and make parents and educators conscious of the importance of digital education.

Moreover, the Group has also activated appropriate filtering and abuse prevention systems, including for services provided in Brazil: images, backgrounds, video streaming, audio content (podcasts) together with brief erotic information via SMS and images via MMS (in partnership with a content provider). Customers can buy services with sexy content through the main page of the WAP portal; to enter, customers must click on "ADULT", declare they are of age and enter a password. TIM Participações restricts the portfolio of adult content to level 3.2 of the international classification.

Product responsibility

[GRI 103-1: Management Approach] [GRI 416] [GRI 417] [GRI 419] The 2017 materiality analysis highlighted customer relations as a material topic which, for TIM, also incorporates responsibility for the products and services offered.

[GRI 103-2: Management Approach] [GRI 416] [GRI 417] [GRI 419] TIM is primarily an operator of telecommunications services, which do not endanger the physical health of users[1], and it does not produce the telecommunications equipment it sells[2].

In order to verify that the products placed on the market comply with health and safety legislation, the Company has:

- appropriate internal structures that check the incoming quality of the products it markets (telephones, modems, etc.), both in Italy and in the production centres of manufacturers overseas;
- laboratories that test the products marketed by the Group, particularly as regards the electromagnetic emissions of the mobile phones.

In this way, any non-conformities of products are detected prior to their market release, ensuring that products that do not conform with the essential requirements of the European Directives do not reach the end customer.

Services provided to customers are subject to the requirements set out in the Service Charters and in the Terms & Conditions of Subscription, available at telecomitalia.com.

[GRI 103-3: Management Approach] [GRI 416] [GRI 417] [GRI 419] This paragraph describes the management approach assessments for each of the above mentioned Standards, with the relative methods used and results.

[GRI 416-1] In its laboratories, TIM validates the satisfaction of the essential requirements envisaged by the current Directives for the release of CE marking; conformity with these requirements is certified at source by the manufacturer. For products sold in Italy, the reference framework is the set of standards that support Directive RED 2014/53/EU (formerly R&TTE 1999/5/EC), divided by product macro-family[3].

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[1] Threats of a psychological nature or relating to security and privacy are dealt with in the Child Protection, E-security and Privacy sections

[2] At Olivetti, the Group company operating in the digital solutions and IT sector, there are hardware production plants. In the context of the Group as a whole, these activities are not significant as the entire turnover, in 2017, of Olivetti amounts to 1.05% of the TIM Group

[3] For "Corded terminals", the following standards may be applied: EN 60950, EN 55022 and EN 55024; for "Cordless terminals" standards EN 60950-1, EN 50371, EN 62311, ITU-T P360, EN 301489 and EN 301406; for "mobile terminals (smartphones, data cards etc.)" standards EN 60950-1, EN 62209, EN 302291, EN 301908, EN 301893, EN 301511, EN 300440, EN 300328 and EN 301489

On the protection and safe use of equipment by customers, the Group carries out checks on the technical provisions introduced to reduce the risk of electrocution, overheating, fire and mechanical hazards, by applying standards EN 60950-1 and EN 60065.

Furthermore, TIM checks:

- the energy efficiency aspects required by Directive 2009/125/EC ErP (Energy-related-Products): equipment placed on the market is checked against the stand-by/off-mode power consumption and performance limits set by European Regulations 1275/2008/EC, 801/2013/EC and 278/2009/EC, for equipment and their external power supplies (available as accessories);

- functionality in different environmental conditions of installation and use of terminals and accessory components for connection to the fixed network: checks are carried out on compliance with temperature and humidity ranges established by ETSI (European Telecommunications Standards Institute) for the specific "service condition", on which different "severity" levels are based. The checks are carried out based on the provisions of the ETSI EN 300019 standards, with the tests set out under IEC-EN series 60068-2-1 (cold), 2 (dry heat), 14 (temperature changes), 30 (moisture changes), 78 (continuous humidity). For the most widely available products, with external plastic parts (e.g. AG, Access Gateway), "flame resistance" is checked in the event of malfunctions of the internal electrical parts;

- electromagnetic compatibility aspects, regulated by Directive 2014/30/EU (replacing the previous Directive 2004/108/EU): unintentional electromagnetic signal emissions are checked – to avoid interference that can harm radio communication – and to fulfil certain electromagnetic interference immunity requirements. In TIM constant checks are carried out on terminals and network equipment to determine whether they comply with the requirements of international ETSI, CENELEC (European Committee for Electrotechnical Standardization) standards regarding electromagnetic compatibility. In particular, checks are carried out on the compliance of equipment with the limits set by standards to limit the emission of electromagnetic disturbances which, in addition to polluting the surrounding environment, can interfere with radio communications.

Brazil

[GRI 103-2: Management Approach] [GRI 416] [GRI 417] By law, telecommunications equipment sold in Brazil must be approved by the regulatory authority ANATEL, which verifies, in its laboratories, the conformity with Brazilian legislation on electrical and electromagnetic safety. There is specific legislation to be complied with for each kind of equipment. TIM Participações asks its suppliers to ensure that devices have the ANATEL certificate of approval.

[GRI 416-2] Over the past three years, no non-conformities with European customer health and safety legislation have been found in any product that has reached the final marketing stage, neither in Italy nor in Brazil.

[GRI 417-1] When contracts are drafted, for all fixed telephony products, TIM requires packaging to include an environmental statement, a statement about the origin of the tantalum if it has been used in the components, a user manual containing safety information, details of any hazardous materials in the product and disposal information. With regard to labelling of mobile devices, as they are consumer products that TIM merely resells and do not require any customisation, the Company simply requires national legislation to be complied with.

[GRI 417-1] In Brazil, in addition to compliance with national legislation, TIM requires information on the correct use of equipment; Tim Participações does not have the procedures on the information and labels on products and services. Contracts with suppliers of mobile devices include a 'product packaging' clause, which requires that each box contain instructions for the correct use of both the product and the accessory assembly kit and the connection jacks associated with the product.

For a particular product range, TIM eco-friendly, discussed in detail in the Environmental Protection chapter (see *TIM eco-friendly*), all the relevant environmental parameters are also shown (e.g. energy consumption).

[GRI 417-2] Over the past three years, no non-conformities regarding product information and labelling have been found in any product that has reached the final marketing stage.

There have however been a few cases in which non-conformities with regulations concerning information about services have been found. More specifically, in 2017 in Brazil had occurred 13 accidents for a total sanctions 896,730 reais (226,031 euro), in 2016 had occurred three accidents for a total fines equal to 743,750 reais (216,495 euro), in 2015 there was an incident for a total sanctions 2,897,416 reais[1] (681,559 euro).

Italy

The regulatory Authority's sanctioning procedures for non-conformities with regulations regarding information on services are part of the system of "penalties for the violation of regulatory legislation regarding consumer protection in the supply and use of TLC products and services"; which means that, for Italy, non-conformities regarding information on services have been merged with non-conformities regarding the supply and use of services (table below).

[GRI 419-1] *Number and value total cash in fines - by the Italian Competition and Market Authority (AGCM) - for non-compliance with laws and regulations concerning the supply and the use of products and services in Italy.*

Description	2017[2]	2016[3]	2015
Number of fines for non-conformities regarding the supply and use of products and services	3	1	4
Total monetary value of these fines (in euros)	2,350,000	410,000	2,833,000

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[1] In 2017, 2016 and 2015, in Brazil, there were no incidents of this kind, other than the cases reported, which all resulted in financial penalties

[2] In 2017 AGCM five open proceedings against TIM, one of whom closed with undertakings (greeted by AGCM on a proposal to TIM), two with fine (one of 300,000 euros for non-compliance with the judgment 10246 and the other a 50,000 euros for non-compliance on oppressive clauses) and two by close in 2018 (one for deceptiveness of advertisements offer TIM Smart Fiber and the other for breach of domiciliation provision for dispatch invoice (e-mail). In July 2017 has ended procedure on the right to rethink, initiated in 2016, with fine of 2,000,000 euros

[3] In 2016 AGCM open four proceedings against TIM, two of whom archived after appeal (one on the offer TIM Prime and one on the sales internet), one ended with a fine of euro 410 thousand (distance contracts) and one ended by 2017

[GRI 419-1] *Number and value total cash in fines - by the National Regulatory Authority for Communications (AGCOM) - for non-compliance with laws and regulations concerning the supply and the use of products and services in Italy*

Description	2017[1]	2016[2]	2015[3]
Number of fines for non-conformities regarding the supply and use of products and services	3	3	8
Total monetary value of these fines (in euros)	1,422,000	2,480,000	2,674,136

[GRI 419-1] *The number and total monetary value of the fines for non-conformities with laws and regulations regarding the supply and use of products and services in Brazil[4].*

Description	2017[5]	2016	2015
Number of fines for non-conformities regarding the supply and use of products and services	4	2	3
Total monetary value of these fines (in R$)	2,467,722	274,698	13,592,963

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[1] In 2017, AGCom has started eight proceedings against TIM of which:
- one ended with archiving;
- two had concluded with fine (one of 30,000 euros for breach of the regulations on access, inter alia euros 1.160.000 for breach of the regulations on billing cycles);
- five will be closed in 2018 (non-execution migration procedures/portability, lack of information plans basis and passage free of charge toward the price plans mobile, violation obligations quality laid down by AGCom Resolution, breach of art.1 subsection 31 Law 249/97, violation legislation transparency).

In 2017, has been completed, with fine euros 232.000, the proceedings started in 2016 for breach of the obligations quality laid down by AGCom Resolution

[2] In 2016, AGCom has started two cases, one of which closed with archiving (non-compliances to temporary measures) and one year ended in 2017 (fine of euro 232.000). AGCom has also concluded with fine three proceedings started against TIM in 2015 (euro 2,000,000 for maneuver that introduced flat prices, 120,000 euros for breach legislation on migrations and euro 360,000 for violations legislation on quality)

[3] In 2015, AGCom has started eight proceedings, including one closed with archiving, another filed with oblation 20,658 euros and the other six closed with fine

[4] The cases include the supply of unsolicited services, failure to comply with established quality targets, unforeseen interruptions to the service, coverage by means and at times other than those established with the authority, service and billing irregularities

[5] The fine imposed on after the alleged failure to compliance with legislation on consumer protection and relative to events of 2005

[GRI 417-3] *Overall number of non-conformities with legislation and voluntary codes regarding marketing communications in Italy*

Type of nonconformity	2017	2016	2015
Number of non-conformities with legislation resulting in a fine or penalty	0	0	0
Number of non-conformities with legislation resulting in a warning.	0	0	0
Number of non-conformities with voluntary codes[1]	1	4	0

Brazil

[GRI 417-3] the only notifications relating to advertising and marketing communications are issued by CONAR (Conselho Nacional de Autorregulamentação Publicitária), a non-governmental self-regulation organisation for advertising which assesses non-conformities with the Brazilian Advertising Self-Regulation Code ("CBAP") and can recommend that the company change/correct or suspend the advertising (it does not impose financial penalties); CONAR seeks to ensure that each advertisement is true, honest, compliant with the laws of the country and the principle of fair competition. The infringement proceedings may be closed if the parties reach a settlement, if the perpetrators cease the infringement or even if the violation of the Ethics Code has not been demonstrated.

ANATEL can impose fines or warnings in the event of non-compliant "general marketing communications" (one fine in 2017, none in 2016, two in 2015).

In 2017, TIM Participações received three notifications of non-compliance with voluntary codes, two in 2016 and five in 2015.

Safeguarding privacy and personal data protection

[GRI 103-1: Management Approach] [GRI 418] The 2017 materiality analysis highlighted the safeguarding of privacy and personal data protection as a material topic.

[GRI 103-2: Management Approach] [GRI 418] In order to ensure that personal data is protected in the performance of business activities, TIM has applied an organisational model, since 2003, which includes a Privacy Department supervising

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[1] Cases are governed by the Istituto di Disciplina Pubblicitaria (da tradurre), which operates in compliance with the Code of commercial communications and is competent in defining all disputes relating to the advertising that involve the individuals associated, directly or indirectly. The decisions of the Jury not lead never pecuniary sanctions but, if appropriate, in an order of desistenza by press advertising contested

correct application of the relevant regulations throughout the Group (according to Legislative Decree 193/03, known as the known as the "Privacy Code"). In this context, when it establishes or acquires new companies, the Parent Company also provides the support required to identify and carry out the formalities required.

The adoption of legal measures and the instructions of the Privacy Guarantor for personal data protection is assured by constantly updating the Group regulations and policies. Of these, the "System of rules for the application of the privacy law in the TIM Group" is particularly important; it defines the provisions and operating instructions to comply with these provisions, completely reviewed in 2015 and updated in 2017, to incorporate amendments to the law and take account of the introduction of new services for customers.

A major development in the regulatory framework is European Union Regulation (EU) No. 2016/679 on the protection of natural persons with regard to personal data processing (so-called "General Data Protection Regulation" or GDPR), which will be applicable in Italy and the other EU Member States from 25 May 2018.

This regulation will introduce various innovations, including:

- harmonisation of legislation, with common rules directly applicable across the EU;

- applicability also to non-EU parties that process the data of people in the EU for specific purposes;

- the level of significance of the obligations in relation to the privacy and accountability risk of entities that process data (e.g. provisions on the privacy impact assessment, documentation of activities, security and data breach measures, and the introduction of the role of Data Protection Officer);

- economic significance of the sanctions applicable in case of violation.

TIM has set out a plan to adapt to the GDPR to create new obligations and guarantee the Group Companies' compliance in terms of personal data processing by the deadline of 25 May 2018, taking into account the technological and organisational context of the business activities. Specifically, the adjustment plan was developed by conducting a prior analysis of the GDPR provisions and subsequently identifying the areas of intervention, which led to working groups being set up whose activities are routinely monitored. These working groups guide the key changes at TIM introduced by the GDPR, including those relating to: processing registers (to document all personal data processing carried out by TIM), privacy impact assessment (for personal data processing with a high "Privacy" risk), data breaches (covering all types of personal data), rights of those concerned (following the introduction of the new right to be forgotten and right to personal data portability), as well as the Data Protection Officer (mandatory position for TIM, whose role is to facilitate compliance with the GDPR provisions for senior management, which is required to ensure and demonstrate compliance with the provisions on the basis of the accountability principle). Moreover, over 2017, there was an ongoing focus on the subject of telemarketing, which is an important tool for TIM's business activity. TIM has always been committed to ensuring that telemarketing is carried out in compliance with the rules: TIM has no interest in contacting people who have stated that they do not want to receive promotional calls, given the negative impact this can have on its relationship with customers and, more generally, its reputation. To this end, once again in the current year, training initiatives were carried out in the area of privacy, particularly involving internal staff that have been reassigned to Commercial Departments so that the privacy obligations to be introduced in sales and telemarketing activities are properly understood and applied. The effective application of the regulations is monitored through a control system based on regular self-assessment procedures by those responsible for handling the data, and on sample checks carried out by the relevant central and regional departments, based on established procedures and methods. In consideration of these activities, a periodic report is envisaged on the status of adoption of the security measurements envisaged by privacy legislation that, in a company document, formalises the activities carried out to guarantee compliance with the provisions on personal data processing, the results achieved and the status of improvement plans.

Finally, also during the course of 2017, TIM continued to take the steps required to respond to the information requests TIM received from the Italian Data Protection Authority, as well as to ensure the implementation of provisions in its internal

processes to deal with any violation of personal data security relating to electronic communication services (so-called "data breaches").

[GRI 103-3: Management Approach] [GRI 418] The table below shows the information requests made to TIM, in Italy, by the Italian Data Protection Authority, including those made following reports by customers.

GRI 418-1

	2017	2016	2015
Requests received	124	33	220

Brazil

[GRI 103-2: Management Approach] [GRI 418] As pursuant to article 5 of the Federal Constitution, and article 3 of the General Law on Telecommunications no. 9.472 of 1997 the right of customers to the confidentiality of their personal data is established (except the cases provided for by the law). The personal mobile service regulation, in articles 89, 90 and 91 of Resolution 477 of the national telecommunications agency (ANATEL), requires companies to take responsibility in this respect and establishes that any waiver of confidentiality must take place only if requested by the relevant authority in the cases provided for by law. Federal Law no. 12,965 (Marco Civil) of April 2014, articles 10 and 11, ensures the privacy and protection of personal data for Internet users.

TIM Participações only sends customer data at the request of the competent Authorities, as determined by law. In accordance with the above legislation, TIM Participações has issued relevant internal policies and procedures, one of which is a specific policy for safeguarding privacy, based on the "need to know" principle (personal data processing is restricted to the minimum required to carry out the work) and separation of functions[1]. These policies and procedures recall the methods for the classification and management of information in order to guarantee suitable protection levels.

 All suppliers of value added services (VAS) must sign an agreement with TIM on the non-disclosure of information regarding customer privacy.

[GRI 103-3: Management Approach] [GRI 418] [GRI 418-1] TIM Participações in 2017 has received 49 complaints from customers, of which for eight judges are expressed in favor of the Company, for ten there was the closure following or a liquidation or convicted payment of an indemnity to its customers, the amount of which fluctuated R$ 1,500 to R$ 4,000; at the end of 2017, there was still 41 cases pending, open between 2015 and 2017.

In 2016, TIM Participações received 14 complaints of alleged violations of privacy from customers (the process is in the initial stages). There were no complaints in 2015. It should be noted that the difference between the legislations of Italy and Brazil does not allow for any comparisons to be drawn between homogeneous data.

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[1] The latest update of the related internal procedure was made in June 2016

[GRI 103-2: Management Approach] [GRI 418] *Research and innovation in e-security*

TIM is involved both in research and in innovation regarding cyber security and more generally the security of information and networks.

Activities carried out in 2017 included the following:

- the definition and development of innovative enabler prototypes for the security and privacy of future 5G networks under the scope of the participation in the 5G-ENSURE (5G Enablers for Network and System Security and Resilience) consortium funded by the EU with the H2020 programme. The consortium aims to study, define and test the security and resilience measures of the future 5G networks for a 5G Security Architecture;

- the study and development of innovative solutions for research, collection, management and consumption d'intelligence connected with the new security threats (Cyber Threat Intelligence) with prototyping a Threat Intelligence Platform;

- the study and development of new security analytics to be used with visual analysis tools and security big data platforms;

- the pursuit of the activities overseeing and guiding mobile security with participation in the works of the GSMA (GSM Association) Fraud and Security Group;

- the collaboration, within the scope and 3GPP[1] SA[2] SECAM[3], for the definition of the security requirements and test methods on devices for 3GPP standard (SECAM) networks and those for the security of 5G infrastructure;

- the promotion and development area ETNO NSecFC WG (Network and Services Security, Fraud and Cybercrime) and more specifically in under cert TF (Computer Emergence Response Team Task Force) of a new line of activity on issues of "Cyber Threat Intelligence", while it was continued to work on the topics of DDOS mitigation (Distributed denial of service);

- the promotion and participation in the work of the group national public/private aimed at "info sharing", in other words the structured sharing of indicators of impairment (IoC);

- the development, in the context of ETSI[4], of the works of TC CYBER focused on cyber security;

- the study of the evolution of security threats in the Internet of Things (IoT platform);

- implementation of various scouting and testing campaigns on innovative security solutions;

- the development of IPR[5].

Smart Services

[GRI 203-1] [GRI 203-2] In the context of public sector services, in accordance with the Italian Digital Agenda (ADI) and European Directives, in 2017 TIM consolidated and streamlined its offer of Smart Services (a range of services for energy efficiency and digital services in urban areas), Urban Security (new services dedicated to security, the environment and optimal energy management) and the Digital School.

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[1] The 3rd Generation Partnership Project
[2] Security Assurance
[3] SECurity Assurance Methodology
[4] European Telecommunications Standards Institute
[5] Intellectual Property Rights

The aim is to promote the "smart city" (Smart City) model to improve quality of life by developing innovative digital services to ferry communities towards a Smart Community model (as described in the Digital Agenda) that enables new forms of cooperation between citizens and public authorities.

SMART LIGHING	SMART BUILDING	NUVOLA IT ENERGREEN	NUVOLA IT URBAN SECURITY	DIGITAL SCHOOL
Integrated management of the local infrastructural networks and construction of the Smart City environments. Revenues: 170 K euros Enabled services: • planning of electricity consumption and maintenance. Energy saving is estimated within a range between 15% (light produced by high-efficiency lamps, e.g. LEDs) and over 30% in the case of light produced by old style lamps (e.g. sodium vapour or incandescence). Added to these values is the option of varying lighting by switching on and/or reducing the intensity of individual lamp posts; • video surveillance; • digital communication with citizens and users in general (e.g. tourists); • Wi-Fi hot spots (broadband access).	Intelligent management and automation of buildings thanks to specifically designed solutions able to be implemented on a project basis through the components of the Lighting Suite and Nuvola IT Energreen offers. The energy saved can be estimated at around 10%, if only the Metering & Reporting function is implemented, but it can rise to over 50% for specific efficiency projects.	Remote management of energy consumption, implemented on TIM assets and services, for the purpose of saving energy. Revenues: 871 K euros Enabled services: • on-site energy audit: on-site analysis for energy efficiency; • Metering & Reporting; • efficiency strategy (advanced reporting and Energy Management consulting services); • Energy Cost Management Services; • Special Projects: ad hoc efficiency improvement work.	Management of participated security and urban territory control. Revenues: 300 K euros Enabled services: • computerised management of the penalty issuing process for traffic and other violations for local public administration; • participated management of urban issues, with reporting of safety-related issues, antisocial activities and urban decay; • real time monitoring of the urban and natural environment of cities (humidity, temperature, noise pollution, CO_2, gaseous pollutants, etc.); • monitoring of available public parking spaces.	Integrated digital management of teaching and school administration. The offer can be configured according to the requirements of the schools and includes a range of integrated, but modular, services, accessible via a single portal-showcase. Enabled services: • enabling infrastructure (fixed internet, wi-fi & security connectivity); • digital teaching services (application integrated with school e-book stores); • Catalog ancillary services and products (for user and per class).

The revenue trend envisaged by TIM for the Digital Territory over the next three years is + 10% Year on Year.

Assuming that average per capita energy consumption for public lighting in Italy is 101 kWh [1] and applying a 20% reduction (the replacement of conventional lamps with high efficiency ones is in progress in many towns) a town of 100,000 inhabitants would be able to achieve a total annual saving of 2,020,000 kWh, corresponding to 781 t of CO_2 (Scope2) emissions avoided[2].

Smart City and Open Air Lab

Open Air Lab (OAL): TIM's smart city lab for sustainable cities.

The Open Air Lab, located at TiLab in Turin, represents aspects of a Smart City model, and the transformations that ICT enterprises and the always-connected dimension will define for the urban scenarios of the upcoming years. At the OAL the various models are illustrated, like Smart Mobility, smart rest areas, the efficient management of waste and public green areas, the service robotics, urban security, the public lighting network, Smart Metering, gas, electricity and water distribution networks, Digital Island services, with the loan of books and the distribution of food and drink and the public telephone totem.

Moreover, in a garden area, there are objects fitted with sensors for data detection and transmission, such as:

- the smart bench to facilitate social aggregation, which provides connectivity, reproduces light games and music on-line and detects air parameters (atmospheric pressure, pollution indicator, temperature, humidity and light);

- the small greenhouse with weather and environmental sensors to be activated from a remote position and according to weather conditions, sources of light/heat or pumps for watering plants;

- the little dome, container of urban waste with sensors (smart waste), to track and improve the efficiency of sorted waste collection;

- bus platform with Wi-Fi access to the portal with traffic and environmental sensors;

- the lamps that can be switched on and have light regulated from a remote position;

- the noise and environmental pollution sensors;

- the gas and water meters to provide customers with a service offering more information and greater efficiency;

- by replacing the old telephone booths, the TIM City Link allows browsing on the internet and advertising in addition to VoIP calls.

In the visits to the OAL, attention is focussed on the technological scenarios of the Internet of Things that will characterize the innovation of the upcoming decades; it is an evolving use of the Internet, whereby objects will become recognizable and 'smart' by communicating data collected on themselves and in the environment. Analysts foresee a world, in the next few years, where tens of millions of objects will be connected to each other[3].

An integral and fundamental part of the Open Air Lab is the Control Room where, on an ICON IoT Connectivity Platform, the data from the widespread sensors, which provides the innovative services, is collected and stored. In particular, the ICON is and

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[1] Calculation based on data from Terna (the Italian electricity transmission system operator) and ISTAT (the Italian National Institute of Statistics), referred to 1st of January, 2017

[2] Applying the same conversion factor used for the calculation of TIM's Scope2 emissions, i.e. the 2009 conversion factor for Italy calculated by the GHG Protocol, which is 0.3864 kgCO2/kWh

[3] The company Gartner considers that objects directly connected to each other and through the mobile networks (4G, 5G and future developments) will increase with a growth rate of 5.5 million per day reaching over 20 billion in 2020

will be used in a series of operational field plans (Replicate Firenze Smart City[1], MONICA Torino Smart City[2], Autopilot Smart Port in Livorno, C-Roads Smart Mobility in Trento, MoU Torino 5G, Bari/Matera 5G, San Marino 5G). In the Control Room, it is also possible to see the dashboards of the projects mentioned above.

IoT Open Lab

On 16 November 2016, TIM opened the Internet of Things Open Lab which became fully operational in 2017, at its base in Turin. Its purpose, according to the methods inherent in Open Innovation, is to support the development of IoT solutions based on key technologies for the telecommunications operator. In particular, the IoT Open Lab acts as a business accelerator to support companies in entering the ecosystem of technologies standardised by the 3GPP[3] and, as regards the current period, Narrow Band IoT technologies. The market is, in fact, moving fast and the Internet of Things sector requires narrowband solutions that are capable of limiting battery consumption in sensors. A presence on the market is possible if solutions can be put forward quickly.

To gain a competitive edge, the Lab provides expertise, radio coverage and data collection devices and platforms to enable potential partner companies to prepare prototypes and solutions as quickly as possible. As of December 2017, more than 130 companies and customers have visited the Lab, and among them around 40 construction companies have agreed a partnership with TIM, allowing them to use what the Lab offers free of charge.

The result is a virtuous circle of value creation, on one hand for companies which can quickly create new solutions for the market and, on the other, for the telecommunications company which can find an ecosystem capable of using the radio technologies made available by its network.

LTE Public Safety

Video services in the fixed and mobile sector used for public safety and protection are among the areas that can benefit most – both in performance and functional terms – from the availability of the LTE infrastructure and subsequently from 5G.
LTE Public Safety is TIM's service for video-surveillance on the move, which is able to collect video streams from different sources spread out across the country in real time (smartphones, encoders, video-cameras, drones).
The main active features are:

- real-time high-quality video streaming (mpg4 with bit rate from 1.5 to over 4Mps);

- management of various videos on web consoles for Police Stations with the service enabled;

- GPS localisation at the same time as the video capture, messaging and PTT (Push To Talk) features.

The architecture provides security when both accessing and contributing/using the video streams thanks to reliable protocols. All video contributions are recorded with every local Police Station for subsequent investigations and use.

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[1] It is a project funded by the European Commission (Horizon 2020) in the area of "Smart Cities". It involves Large Scale Smart City Pilots in Florence (Novoli and Parco Le Cascine district), San Sebastian and Bristol. The use cases are made up of Smart Energy and Smart Grid; Smart Mobility and ICT/IoT for Smart City. The major partners are: San Sebastian (coordinator), Florence, Bristol, TIM, Thales, Enel, Endesa, NEC, Toshiba

[2] Large Scale IoT Pilots in 6 European cities with use cases of: public safety, smart wearables and other smart city services. Specifically, they target issues relating to public safety and noise management during events with large crowds in small areas (in Turin it manages the KappaFutur festival and MOVIDA of San Salvario at the weekend)

[3] The 3rd Generation Partnership Project

With its service on the LTE mobile network, since 2014 TIM has been the sole technological partner of the main Italian Central Police Stations for services relating to Public Security, including for major international events. In April 2017, the service was made available to another 7 Central Police Stations (Turin, Bologna, Bari, Naples, Palermo, Catania and Taormina).

In particular, for the Taormina G7 Summit (May 2017), the service was used in all possible ways: on the ground, on helicopters, at sea and, for the first time, the Public Safety platform integrated the videos captured by drones of various constructors (Nimbus, IDS, Flytop) which are ENAC-certified and State Police suppliers. The drones were used both in free-flight and controlled mode (up to 100 metres); here the PTZ commands were operated remotely in a web console to monitor the payload from the operating centre.

In numerical terms, the Taormina G7 recorded:

- up to 140 video sessions per day,

- around 100 hours of video recording,

- bit rate transmission over 4 Mbps,

- a total of over 62 GB of video traffic.

The big data of TIM and tourism

The data collected by TIM's mobile network – in full compliance with the privacy and regulatory context – are transformed into value that is useful to businesses, government offices and citizens, thanks to advanced analytics, which are applied to the presence and flows of people across the country.

By correlating the customer's location (with an error of less than ten metres) with the CRM data (customer segment) and social media data (interest), new services can be provided for:

- businesses, such as:
  ✓ targeted positioning of digital advertising in the areas of towns and cities that receive the most traffic and/or that are most frequented by the target public;
  ✓ geomarketing campaigns and proximity services;
  ✓ interaction of competing retailers in close proximity. Assessment of the commercial potential of a store to be purchased or rented;

- government bodies, i.e.:
  ✓ monitoring movements of local population and visitors to optimise transport, urban mobility and security;
  ✓ planning for crowds of visitors, movement of people during events, tourists itineraries;
  ✓ identifying areas that are less visited with a view to expanding the tourism offer;

- customers, i.e.:
  ✓ proximity services related to location;
  ✓ customised offers;
  ✓ information on events in the area.

In 2017, together with the municipality in Venice, TIM experimented with combining a new network service (MDT), enabling mobile devices to send performance data accompanied by GPS coordinates (if active on the device) every five seconds with big data technology.

The testing was carried out in the area of Venice during carnival and focused on:

* the mobility of TIM customers in the target areas to analyse the trends of presence, paths covered, socio-demographic distribution and correlation with social media;

* the origins of foreign tourists and traffic at points of interest.

Mobility services and intelligent transport Systems

Mobility services and intelligent transport Systems

Intelligent Transport Systems (ITS) use technology that enables vehicles to communicate with other vehicles, with street signs and with infrastructures along the road, as well as with other road users. The systems are also known as vehicle-to-vehicle (V2V) communication or vehicle-to-infrastructure (V2I) communication.

The main concept is that the "Connected Vehicles" (cars, lorries, bus, etc.) become part of a fully connected hybrid communication system, which includes smart road infrastructure, distributed sensors and private and public control centres. Each node of this extensive network is able to dynamically exchange data and information with the other nodes, thereby creating a distributed cooperative environment which is considered to be the main activator of a wide range of innovative ICT services for local government bodies, mobility-related businesses and end-users.

By processing and analysing a greater amount of available data and information (including hazard data), these systems have great potential for improving road safety and road transport efficiency. Based on these expected benefits, and considering the relatively low overall development costs, there is great interest in this sector to finalise the production of services.

URBeLOG (URBan Electronic LOGistics)

It is a project financed by the MIUR (Ministry for Education, University and Scientific Research) as part of "Smart Cities", involving Iveco, TIM, TNT and the Temporary Association of Companies (ATI) comprised of: FIT, Italdata and TEMA, Polytechnic of Turin, Bocconi University and Scuola Superiore Sant'Anna. The aim is the distribution of goods over the "last mile" and the project seeks to propose new process methods and an open and integrated ICT environment of reference that allows all stakeholders to interact efficiently, minimizing the environmental impact. TIM has helped to develop an open and cooperative multi-sided platform1 and an innovative layer of middleware2 capable of managing all the information available arriving from various sources (in-the-field devices, vehicles, fleet management systems, traffic management legacy systems3, etc.).

URBeLOG solutions were tested in 2017 as part of two testing areas in the cities of Milan and Turin in order to assess the validity of the proposed approach.

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[1] From the point of view of the user, a multi-sided platform enables a quick search of the solutions that meet his/her needs
[2] It is a set of computer programs that act as intermediaries between various applications and software components
[3] It is a previous or obsolete method, technology, IT system or application programme

National Pilot eCall - I_HeERO project

The public service for vehicle emergency calls to a single emergency number E112 (eCall) will be operational in all EU Member States for all new models of cars registered and produced from March 2018; these vehicles must be natively equipped with a mobile network modem capable of automatically calling the emergency number in the event of an accident. All mobile network operators must update their networks so they are capable of correctly processing and routing the incoming eCall to the first level PSAP (Public Safety Answering Point) identified at national level.

The pilot phases are co-financed by the European project I_HeERO; on the mobile and fixed network, TIM manages the technology by providing calls characterised by the e_Call flag in the areas identified for testing: the geographical area of the province of Varese (2016) and the length of the Brenner motorway under the territorial jurisdiction of the province of Trento (2017). Some radio base equipment of the areas identified was adapted along with the respective components of the core fixed and mobile network of Lombardy and the provinces of Trento and Bolzano.

MOBiNET (Europe-Wide Platform for Connected Mobility)

The project is financed by the European Union and aims to finalise the development of a distributed pre-operational framework at EU level (using cloud technology), which can support an open ITS market to offer data (content) and new services (applications) by interfacing with legacy infrastructures and solutions. The stakeholders' collaboration model is primarily B2B2C (business to business to consumer). As part of the project, field tests were carried out involving local authorities and/or their implementing organisations, which are responsible for managing mobility in the metropolitan areas and cities involved in the pre-operational pilot. In Italy, the testing was carried out in Turin in 2015 and 2016. In 2017, the results were analysed and the final platform was released. TIM has overseen the Italian pilot project (which ended in June 2017) and helped to develop the platform. The potential engineering of the various platform modules were analysed by the consortium companies.

AUTOPILOT (AUTOmated driving Progressed by Internet of Things, IoT)

The overall aim of the project – financed by the European Union – is to develop IoT platforms and architecture to support automated guides by integrating the knowledge and technologies of the automotive industry and IoT.

The project plans to conduct field testing of the solutions developed around five "pilots" in the various European countries involved and in South Korea. TIM is participating in the Italian pilot (port area of Livorno and Florence-Livorno motorway), providing the connectivity and OneM2M (Machine-to-Machine) platform for data collection. TIM is also involved in specifying the communication requirements and standardisation aspects. In 2017, documents were drawn up outlining the communication requirements for the project and standardisation plan. The use cases of the Italian pilot were established and the request for the ICON/oneM2M platform was prepared.

Connected Vehicle and 5G

In 2017, a series of scenarios were set out where 5G network features are used to carry out prototypes for utility and information services for road safety and traffic management, etc. based on information and events provided by inter-communicating vehicles and cloud services.

Olivetti Smart farm

The world's population is expected to grow up to 9.8 million in 2050, and the demand of agricultural products will double while natural resources will become scarcer. The development of Precision Agriculture will play a critical role in supporting the agribusiness sector.

Big Data and Internet of Things (IoT) will help farms optimize their activities, thus reducing costs and environmental impacts without jeopardizing product quality.

Olivetti's IoT Smart Farm is a solution (running on a cloud platform) that provides farms with a complete set of instruments and information for keeping a close check – conveniently from a PC or tablet – on factors determining plant health, irrigation needs or weather conditions.

Olivetti is also developing another Smart Agriculture solution: self-driving agricultural vehicles are being tested which take advantage of 5G capabilities, that can travel some distances in a fully autonomous way and carry out some agricultural tasks. Farmers will thus be able to remotely control self-driving tractors (using a tablet) planning their tasks and monitoring more than one vehicle at the same time, and this solution can help to improve productivity and contribute to waste reduction.
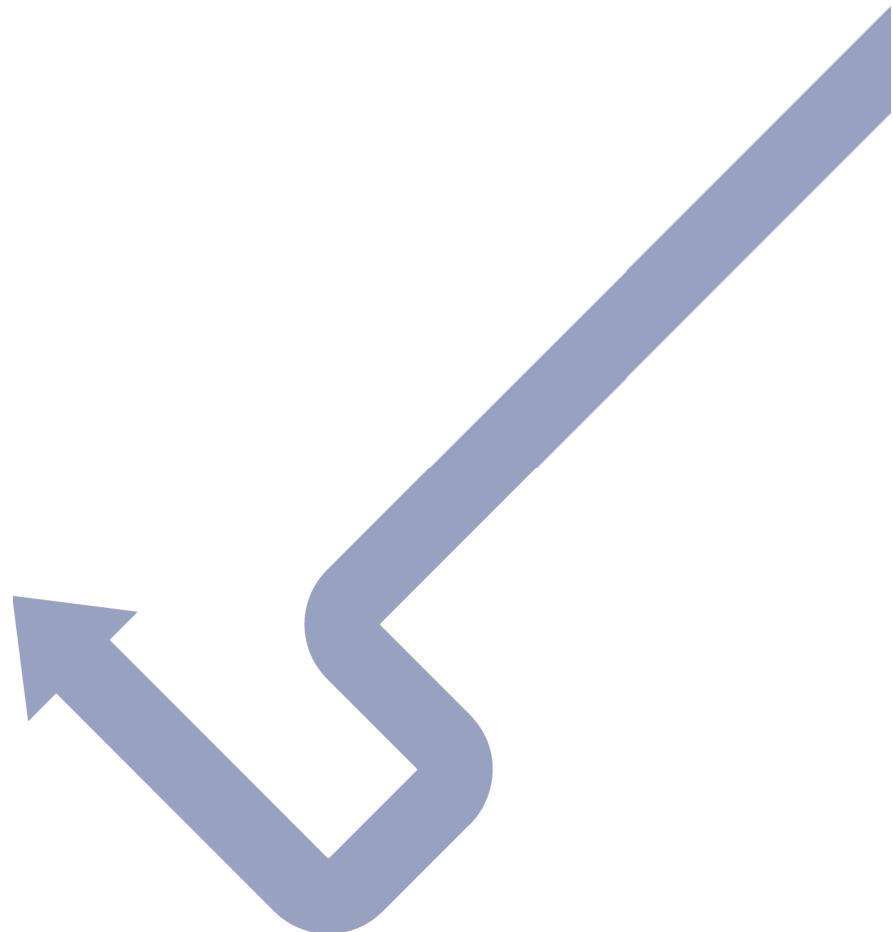
THE SUPPLY CHAIN

[GRI 103-1: Management Approach] [GRI 414] The 2017 materiality matrix identified sustainability throughout the supply chain as topics for TIM.

Digital represents the new collective progress factor, offering new opportunities that impact the economy and society in different ways. Suppliers have a direct influence on the communities and in the areas within which they go about their activities and, last but not least, the involvement of the organisations that monitor the related social and environmental aspects, must be considered.

[GRI 103-1: Management Approach] [GRI 308] [GRI 414] The procurement process adopted by the TIM Group is based on the competitive comparison of the technical and economic characteristics of the offers presented by the selected suppliers, based on corporate procedures that comply with business ethics.

The selection of the TIM Group's suppliers involves a pre-contractual qualification stage in which the economic/financial and technical/organisational characteristics are assessed. If the result of this assessment - which also includes consideration of the business ethics and respect for Human Rights, workers' rights and the environment - is positive, the suppliers are registered on the Group Supplier Database.

Products and services are acquired at the best market conditions and must meet specific requirements of functionality, quality, safety and respect for the environment, in complete compliance with current laws and legislation.

[GRI 412-3] In all the contracts signed, there is a specific clause which makes it mandatory for the supplier to accept the principles expressed in the Group's Code of Ethics and Conduct[1].

[GRI 412-3] As regards the domestic operations, the Italian suppliers on the database with considerable value (the threshold is 3,000 euros cumulative per year) receive[2] initial screening in relation to respect for the principles of the Code of Ethics and are subject to regular assessment. The actions taken by TIM to verify suppliers varies depending on the riskiness of the supplier and the value of the purchase, ranging from simple to complex questionnaires and document checks to specific audits on sustainability matters.

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[1] **[GRI 103-2: Management Approach**] **[GRI 401]** The Group Code of Ethics (CE) reads: "Compliance with the Code must also be guaranteed by external collaborators and, where envisaged in the company procedural system, by third parties that do business with the Group". In particular, the internal procedures require suppliers to accept the principles laid down by the CE and contracts for temporary consortia or corporate investments to contain clauses for safeguarding the Organisational Model 231 (which is based on the CE). The UN Global Compact is, on the matter of Human Rights, the point of reference of the Group's CE, which reads: "TIM has signed up to the United Nations' Global Compact on Human Rights, work standards, environmental protection and the fight against corruption, and ensures that this institutional commitment is fully implemented by undertaking regular initiatives on environmental and social issues". The CE also contains specific clauses on the prohibition of discrimination, intimidation, corruption and the protection of health and safety. Moreover, the Group policy on respect for Human Rights specifies that "Fundamental Human Rights (e.g. working hours, fair remuneration, minimum age for starting work, workplace conditions, accessibility to the disabled, protection of maternity, prohibition of harassment, forced/compulsory/restricted labour)" and "rights regarding health and safety (we consider the high standards of health and safety as a milestone of our success and our aim is to minimise injuries and occupational illnesses)" must be guaranteed for both the people of the Group and the human resources of suppliers

[2] Excluded government agencies

[GRI 414-1] Specifically, in 2017 100% of new suppliers enrolled in the Register signed a specific questionnaire in which they undertook for themselves and for any authorised subcontractors, collaborators and employees to observe the principles of behaviour contained in the Group's Code of Ethics and Conduct[1].

While the supply is taking place, registered companies which have received purchase orders normally undergo incoming quality control checks (a requirement for the acceptance and use of the purchased goods) and monitoring of the vendor rating. Environmental and social checks are also carried out[2].

The purchasing departments focus on specific sectors, so as to provide accurate responses to the requirements of internal customers and stakeholders.

[GRI 102-9] TIM's purchases are made principally in the two geographical area where the Group's major operations are sited: Italy and Brazil, and are directed for the most part towards the following categories of products/services:

- telecommunications networks,

- telecommunications products,

- information technology,

- technical and professional services,

- power systems,

- other.

[GRI 102-9] In total, 5,096 suppliers received purchase orders from the Group in 2017 (-8% compared with 2016 and -23% compared with 2015), including 4,002 for the Domestic BU[3] (-3% compared with 2016 and +10% compared with 2015), 1,097 for Brazil (-23% compared with 2016 and -41% compared with 2015)[4]**.**

[GRI 102-9] For some sectors, the Group also measures and monitors subcontracting suppliers, in particular, for network jobs; there were 930 subcontracting businesses (+5% compared with 2016 and +14% compared with 2015). In this sector, therefore, the estimated total number of suppliers involved in the supply chain is 956[5].

[GRI102-10] In the last three years no significant changes have occurred in the structure of the Group's supply chain.

Sustainability initiatives

In 2017, the process that defines activities aimed at improving the sustainability of the supply chain continued to be applied. These activities involve the qualification, incoming quality and vendor rating stages.

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[1] In Brazil such percentage was 94%.

[2] **[GRI 103-2: Management Approach] [GRI 414] [GRI 308]** In particular, checks are envisaged on health and safety and the environment, the result of which goes towards forming the supplier rating, to which the system of penalties/incentives is connected. Checks are also envisaged in relation to respect for employment legislation

[3] For the year in question, BU Domestic suppliers also included those of Persidera and Olivetti

[4] The sum of the two addenda differs from the total because some suppliers received purchase orders both from the Domestic BU and the Brazil BU

[5] In the Brazilian BU, at present there is no systematic monitoring of level two suppliers

[GRI 103-2: Management Approach] [GRI 414] In particular, the suppliers were classified according to the potential risks associated with their sustainability performance, carried out using a specific method that considers the social-environmental and business continuity aspects associated with the procurement markets in which they operate. For this reason, the procurement markets (i.e. procurement categories homogeneous among themselves) have been classified in accordance with parameters such as:

• the geographical areas of reference and the risks connected with them,

• the potential impact on the environment and on the society of the suppliers' activities and of the products/services supplied throughout their entire life cycle, including risks relating to violations of Human Rights, employment and environmental,

• the impact on the reputation of TIM as a customer.

[GRI 103-2: Management Approach] [GRI 308] [GRI 414] A matrix has therefore been created which, by relating the spending associated with the specific purchase market to the risk index calculated on the basis of the parameters listed, has allowed purchase markets to be divided into four classes, identifying those most critical from the point of view of sustainability and economic impact. Suppliers belonging to the classes at greatest risk are the subject of sustainability audits carried out by third party companies specialising in the sector. These audits are repeated periodically to monitor the implementation of any corrective actions and, if the results are positive, to verify that the standard of performance found is being maintained. The tools developed and used for the Domestic BU have been explained and transferred to the Brazil BU.

[GRI 308-1] [GRI 407-1] [GRI 408-1] [GRI 409-1] [GRI 414-2] All suppliers of the Domestic BU have been assessed to consider the social/environmental risk[1]; in 2017, 51 were considered to be at greatest risk (+6% compared with 2016 and + 28% compared with 2015). 20 purchase markets[2] and suppliers operating in the following geographical areas are considered to be at greatest social risk: Asia, Central and South America, North Africa and Eastern Europe.

[GRI 410-1] For the employees of organisations which supply security guard services in Italy, the Consolidated Law on Public Security must be complied with, in particular article 138, subsection 2, which specifies the professional and training requirements of sworn guards. In Brazil, law 7102/83 establishes the rules relating to private security. It requires all those intending to be hired as security guards for a security business to have attended a training course, delivered by schools accredited by the Federal Police. After hiring, once every two years the guards must attend an update course.

[GRI 103-2: Management Approach] [GRI 308] [GRI 414] Since 2014, all suppliers interested in a qualification process (new, extension, renewal), relating to areas of procurement that present the greatest risk in terms of sustainability answer a specific self-assessment questionnaire to determine the socio-environmental sustainability risk. Periodically updated based on the results and evolution of the qualification process, the questionnaire was developed according to the main requirements of the

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[1] **[GRI 103-2: Management Approach] [GRI 407]** The Group policy aimed at preventing the risk of violation of trade union rights is that relating to "Relations with Suppliers in the TIM procurement process", which reads: "…the Group demands of its suppliers and promotes, through them, and including with regards to sub-suppliers, respect for the following principles and provisions of law in force in the countries where these stakeholders operate. … all workers must enjoy the legal right to establish and/or subscribe to trade union organisations to protect the individual and collective interests. The role of the workers' trade union representatives must be acknowledged, and they must not be subject to any form of discrimination; in order to go about their union activities, they must be guaranteed remunerated permits and the means necessary to communicate with the workers on the workplace". The same concepts are also stressed in the Group's policy on respect for Human Rights

[2] NGAN (Next Generation Access Network, i.e. the next generation network) equipment, data – GBE (Gigabit Ethernet, i.e. the evolution to 1,000 Mbit/s of the Fast Ethernet - IEEE 802.3u standard - protocol operating at 100 Mbit/s), DWDM (Dense Wavelength Division Multiplexing, i.e. the technology used to increase the amount of bandwidth available on a fibre optic channel) equipment, IPTV-STB (set top box)/CUBO) equipment, 3G access, LTE mobile access, assurance, creation, delivery, cables, materials-cables/poles/transmissions/materials, industrial works, civil works, transmission, equipment, integrated solution –APPL, call centre, telesales, access gateway, marketing, middleware (set of computer programs that operate as intermediaries between different applications and software components)

relevant responsible corporate management standards relating to respect for ethical values and to safeguarding the environment (including SA 8000, UN Global Compact and ISO 14001) and to the best industry practices.

[GRI 414-1] [GRI 308-1] The self-assessment sustainability questionnaire is integrated into the application that handles the supplier qualification process, which automatically extended it to all new suppliers operating in markets where sustainability is considered to be at risk. Refresher campaigns were mounted for suppliers previously qualified in TIM's Register of suppliers. The results of the questionnaire will make it possible to refine the risk matrix described above.

Brazil

[GRI 414-1] [GRI 414-2] In 2017, a self-assessment questionnaire was sent out in Brazil on matters of sustainability to suppliers whose orders exceeded one million reais, thereby involving 38% of the total number of suppliers. As of September 2017, replies had been received from all the 629 suppliers involved. The results will help direct future selection processes.

[GRI 308-1] The application of the green procurement policy, which contains guidelines for establishing the environmental requirements of products/services purchased, continues to be an integral part of the procurement policy. The policy covers all stages of the product life: design, production, use and end of life. Published on the "Vendors Hub" supplier portal of TIM and in the sustainability section of the telecomitalia.com website, the document helps to orient purchasing policies towards low environmental impact products and services.

Sustainability checks

[GRI 103-3: Management Approach] [GRI 308] [GRI 414] Activities intended to verify the sustainability performance level of common suppliers and sub-suppliers continued in 2017 in the framework of the Joint Audit Cooperation[1] (JAC) initiative, in accordance with the Memorandum of Understanding signed at the end of 2009 by TIM, Orange and Deutsche Telekom. In 2011, Proximus, KPN, Swisscom and Vodafone Group signed up to the memorandum, followed by Telenor and Telia Company in 2012, Verizon in 2013 and AT&T, Telefónica and Rogers in 2016.

The purposes of the Joint Audit Cooperation initiative are:

- to verify the sustainability of the most important suppliers/sub-suppliers that are common to the members of the JAC, with production plants located in geographical areas with a significant degree of socio-environmental risk. The checks are carried out by means of audits conducted by Third parties using a specific method developed by the JAC members themselves, who share the results of the verifications;

- to contribute to the increased sustainability of suppliers/sub-suppliers involved by devising and implementing corrective actions and ongoing improvement programmes, establishing long-lasting and mutually beneficial cooperation with them in terms of efficiency, productivity and risk reduction in the supply chain;

- to perform capacity building activities, through specific supplier training programmes, particularly in order to disseminate a culture of sustainability throughout the supply chain (sub-suppliers and sub-sub-suppliers).

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[1] Further information is available on the jac-initiative.com website

[GRI 308-2] [GRI 407-1] [GRI 408-1] [GRI 409-1] [GRI 414-2] Between 2010 and 2017, thanks to the gradual increase in the number of members of JAC, 366 audits were carried out – including 89 in 2017[1] alone - in production plants (suppliers and sub-suppliers) located in Asia, Central and South America, North Africa and Eastern Europe. The checks were carried out through international specialised companies selected by competitive tender and related to a total of more than 816,000 workers. The suppliers included in the audit campaign belonged to the user devices and appliances, network appliances and IT equipment production sectors.

[GRI 103-3: Management Approach] [GRI 308] [GRI 414] The table below shows the non-conformities recorded during audits on Group suppliers, including those relating to Human Rights[2].

	2017	2016	2015
Environment	22 (11)	31 (23)	27 (22)
Discriminations	8 (6)	3 (2)	5 (3)
Business ethics	18 (14)	67 (61)	38 (35)
Forced labour	7 (3)	6 (4)	8 (7)
Child labour	2 (2)	7 (6)	7 (5)
Freedom of association	1 (0)	8 (8)	2 (2)
Working hours	45 (29)	49 (36)	33 (27)
Salaries	10 (9)	17 (13)	22 (18)
Disciplinary proceedings	2 (1)	4 (4)	5 (4)
Health and safety	103 (59)	188 (167)	130 (115)

(data relating to suppliers also operating for the Brazil BU is given in brackets)

[GRI 308-2] [GRI 414-2] For all the non-conformities encountered, specific corrective action plans were drawn up that established resolution procedures and timetables amongst others. The implementation of these plans is monitored on a constant basis by the JAC members[3]. On 11 January 2017, Xi'an (China) hosted the sixth annual forum with suppliers involved in the JAC programme, on the subject of: *"Sharing best practices tools and challenges for a sustainable supply chain, today and in the future"*. The event was attended by 133 delegates, representing TLC operators, suppliers, members of the press, organisations operating in sustainability and NGOs.

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[1] 262 of TIM suppliers, of whom 52 in 2017 alone

[2] The totals are subject to amendment due to the calculation of checks carried out overlapping a period of two years

[3] **[GRI 103-2: Management Approach] [GRI 308] [GRI 414-2]** As the aim of the initiative is to help suppliers in the countries at greater risk in terms of the application and respect for sustainability principles improve their performance, non-conformities always result in corrective actions and not the termination of the purchase contract

The Forum was also attended remotely, via live streaming, recording a maximum peak of active connections of around 1,400.

Supplier involvement initiatives

[GRI 103-2: Management Approach] [GRI 308] [GRI 414] Use of the suppliers' portal (Vendors Hub), launched at the end of 2011 to improve communication and optimise operational processes by applying social networking systems to the business context, is now well established. The Portal has around 3,900 vendors enabled to use the application platform. The portal allows suppliers to access a private area to view important data and events connected to their relationship with TIM and manage all their own details, thus improving the smooth operation and transparency. The Vendors Hub also includes a public area containing information for potential suppliers.

Documentation is exchanged electronically (e.g. offers, purchase orders, contracts, qualification documentation, surveys), reducing the environmental impact resulting from the use of paper, transporting and storing documents.
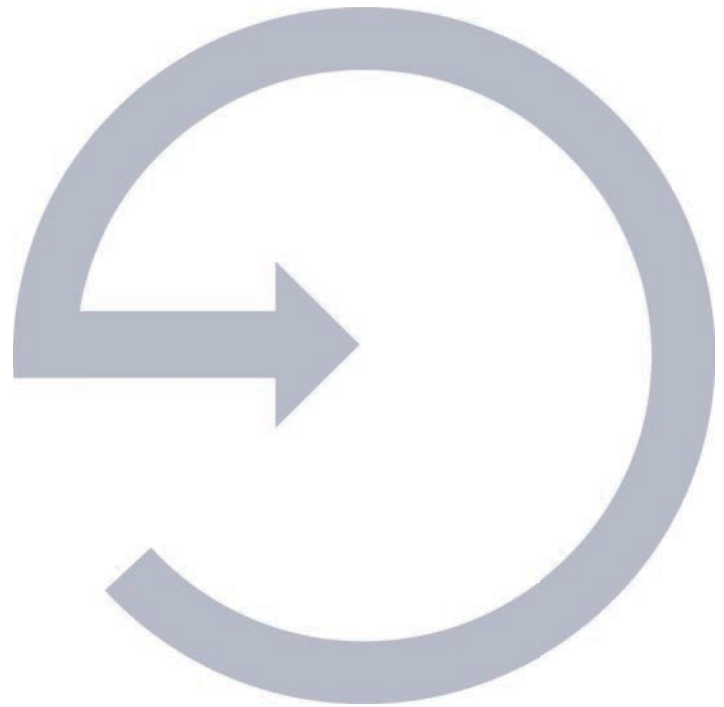
Undertakings

[GRI 103-2: Management Approach] [GRI 308] [GRI 414]

2017 results and 2018 objectives: Italy

INDICATORS	DETAILS	2017 OBJECTIVES	FINAL FIGURES 2017	2018 OBJECTIVES
% suppliers audited.	Total amount of high risk suppliers who have undergone an in-depth sustainability audit since 2010[1].	80% of high risk suppliers, as defined in the paragraph on "sustainability initiatives".	81% of high risk suppliers with at least one sustainability audit.	80% of high risk suppliers
% of suppliers assessed.	Suppliers assessed with a basic ethics questionnaire. Moreover, suppliers belonging to risk sectors are assessed with a more complex questionnaire[2].	100% of qualified suppliers, as defined in the introduction to the section.	100%	100%
% procurement staff who received training on environmental, social and governance (ESG) risks relating to purchasing decisions.	% staff directly involved in procurement, who participated in at least one training session on ESG matters.	80%	87%	80%
% contracts containing clauses connected with ESG risks.		100%	100%	100%
% suppliers with ISO 14001 or equivalent certificates.		50% of network suppliers.	91%	70% of network suppliers.
Integration of the ESG risk profile in the general supplier risk profile.	All the suppliers qualified and registered in the register of suppliers are assessed based on an overall "Key Risk Indicator" which also includes sustainability indicators.	100% of qualified suppliers, as defined in the introduction to the section.	100%	100%

[1] The number of high risk suppliers varies year on year, as it depends on the orders made every year and the procurement market in which the suppliers operate. The same applies, in general, to the total number of suppliers belonging to the various procurement markets

[2] The KPI refers both to new suppliers and to existing suppliers in case of renewal or extension of their qualification

2017 results and 2018 objectives: Brazil

INDICATOR	DETAIL	2017 OBJECTIVE	FINAL FIGURE 2017	2018 OBJECTIVE
Supplier management.	Number of the main suppliers assessed under sustainability criteria.	250	629*	350

* The 2017 result was (significantly) higher than the relative objective as the Company launched an experimentation (with a duration of 18 months) of a new supplier qualification process.
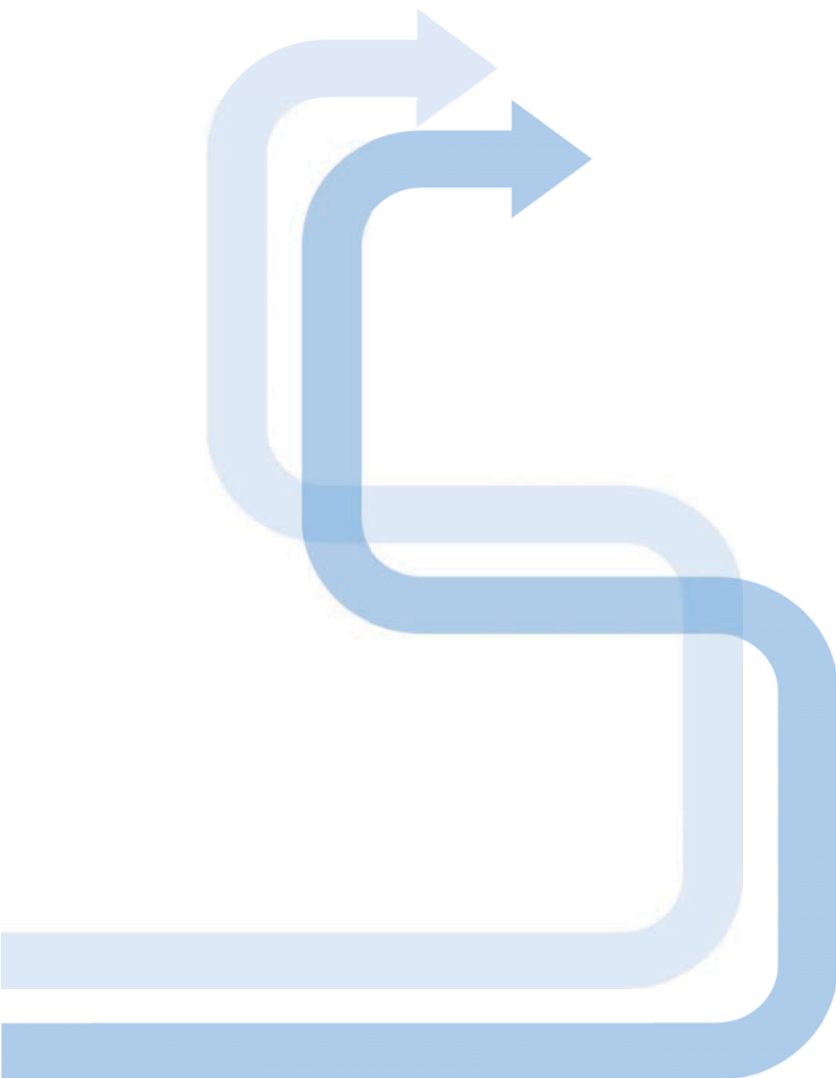
HUMAN
RIGHTS

[GRI 103-1: Management Approach] [GRI 406] [GRI 407] [GRI 408] [GRI 409] [GRI 410] [GRI 412] The materiality analysis, conducted by TIM in 2017, confirmed the protection of Human Rights as a material topic for stakeholders and for the Group, along the entire "value chain". This result, which may seem surprising for a telecommunications operator that works in Countries considered to be at low/medium risk of Human Rights violations, is based on two sets of reasons:

- the broad meaning TIM assigns to the concept of "Human Right". This sphere includes not only basic Human Rights common to all economic sectors, such as the right to fair remuneration, non-discrimination, the right to not resort to forced and/or compulsory work, etc., but also Human Rights specific to a telecommunications company, such as the right to access information, freedom of expression (in particular online), protection of privacy and safety online, and protection of minors (from cyberbullying, for example);

- the public outcry caused by Human Rights violation incidents, which can seriously affect business reputation.

TIM's Undertakings

 [GRI 103-2: Management Approach] [GRI 406] [GRI 407] [GRI 408] [GRI 409] [GRI 410] [GRI 412] TIM signed up to the Global Compact in 2002; between 2008 and 2011, TIM was a member of the UN Global Compact Human Rights Working Group set up by the Global Compact Board in 2006 with the aim of providing Global Compact with a strategic Human Rights input.

From 2012 TIM was one of the members de "The Human Rights Peer Learning Group" (PLG), consisting in the context of the Global Compact Network Germany with the support "technical" of Twentyfifty Ltd[1]. The eleven companies, which accounted for PLG in 2017, participated directly in the selection, preparation and presentation to the topics discussed (good practice, joint analysis, lessons learned), with the contribution of input and external experts. The main activities of 2017 were as follows:

- meeting of March: "The due diligence on the modern slavery - answers to the new expectations of law and stakeholders";

- webinar in May: "Integration of the due diligence Human Rights into human resource management";

- meeting of September: "Integration of the due diligence of Human Rights through the global activities". At the meeting, hosted by Relx Group (London), participated some members of the Global Compact Network british, italian, spanish, and german;

- webinar in December: "Access to remedy in practice - Updates from Forum on business and Human Rights of the UN".

In recent years, in order to strengthen its commitment to the protection of Human Rights, TIM has implemented, inter alia (the relative details are given in the following paragraphs):

- Human Rights Due Diligence;

- the "Respecting Human Rights in the TIM Group" policy;

- information and training on Human Rights.

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[1] PLG is a learning platform and active leadership for European companies, where gl meetings take place in the respect for the Chatham House Rule

[GRI 103-3: Management Approach] [GRI 406] [GRI 407] [GRI 408] [GRI 409] [GRI 410] [GRI 412] TIM monitors and analyses reports of possible breaches of Human Rights received through the *whistleblowing* portal made available to all stakeholders.

Complaints received and handled regarding Human Rights

	2017	Substantiated	2016	Substantiated	2015	Substantiated
Italy	10	2	7	0	5	2
Brazil	31	10	20	13	42	18

TIM Partecipações took part in the due diligence on Human Rights course organized by Global Compact Network Brazil.

Due Diligence

[GRI 103-2: Management Approach] [GRI 406] [GRI 407] [GRI 408] [GRI 409] [GRI 410] [GRI 412] As of 2012, TIM has been involved in the Company Coaching and Capacity Assessment on Business and Human Rights, organised by Global Compact Network Germany, as part of which the OCAI[1] for Human Rights due diligence in companies was also explained (expressly required by the UN "Guiding Principles on Business and Human Rights"). The OCAI is a self-assessment questionnaire which fully reflects the content of the aforementioned "Guiding Principles", made up of twenty-two questions concerning the main elements of corporate responsibility for Human Rights[2].

The goals of the due diligence include:

• the identification and mapping of Human Rights risks resulting from the company's operations[3];

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[1] Organisational Capacity Assessment Instrument, created by *Twentyfifty Ltd*. with funding from the Global Compact Network Germany Foundation.

[2] The questions asked by the instrument:

reflect the interpretations provided by the UN Office of the High Commissioner for Human Rights;

focus on the main elements outlined by the "Guiding Principles" (four questions concern the Human Rights policies that may be in place, four concern assessments of company activities that have an impact – actual and/or potential – on Human Rights, eleven concern the integration of respect for Human Rights in company activities, two concern tracing the company's response to the negative impacts it has caused and communication of the Human Rights performance, and the last question concerns the reporting mechanisms in place at the company in the event of Human Rights violation). TIM has not considered the question relating to conflict-affected areas as the Group does not operate in any such contexts. In completing the OCAI, for each question, the company/department assesses its own position, current and potential, on a spectrum of six levels that range from "non-responsive" to "Human Rights promoter". The two lowest levels identify a reactive approach to Human Rights ("non-responsive" and "reactive" respectively), the third is an active approach ("efficient management"), the three higher levels represent a proactive approach to Human Rights (rising from "proactive experimentation" to "strategic integration" and finally "Human Rights promoter")

The tool does not operate as a compliance expert

[3] The company's operational activities include the supply chain. Among the groups deemed vulnerable, in addition to children, women, the elderly, disabled people and local communities, TIM has identified indigenous people and migrants' work

- confirmation that each topic is governed by a specific internal regulatory framework (e.g., policy, procedure), has a management system that regularly monitors and traces the performances (if possible through appropriate indicators, such as those concerning health and safety), and that the relative responsibilities have been assigned;

- the definition of a gradual improvement path which, starting with simple respect for the local laws, guides the policies and processes of Human Rights towards sharing with the appropriate stakeholders through appropriate involvement initiatives;

- the highlighting of any gaps or inconsistencies between the company's various departments and/or between the different companies of the Group;

- the possibility to discuss Human Rights with the other companies.

[GRI 412-1] TIM carried out the first internal due diligence on Human Rights from autumn 2012 to spring 2014, on the basis of the "Guiding Principles", the use of the OCAI questionnaire, and the involvement of the Group's two biggest entities in terms of workforce (the percentage of employees covered was 98%) and investments: Domestic BU (excluding Olivetti and TIM Sparkle) and the Brazil BU. The entire due diligence process has been studied and coordinated by the SRMR (Sustainability Reporting, Monitoring and Relationship) Department, which invited the Group's departments[1] and companies to fill in the self-assessment questionnaire. The SRMR Department examined the questionnaires that had been filled in and conducted the related feedback with the Italian departments in order to further examine the contributions provided and define the action plans for the level two and three self-assessments (respectively 3.1% and 8.6% of all the responses)[2].

In fact, while the self-assessment process revealed a potential risk situation with reference to Human Rights, the Department concerned transmitted the corresponding action plan to the SRMR Department, which monitored the progress achieved in the work.

In Italy, at the end of the feedback, the following emerged:

- on a scale of one to six, the average score of all the answers was 4.4;

- the need to prepare the TIM Group's Human Rights policy (around 2/3 of the insufficient self-assessments regarded this aspect);

- the usefulness of organising internal Human Rights training courses;

- In 2018, due diligence on Human Rights is planned; this will concern Olivetti and TIM Sparkle, bringing the percentage of staff and investments of the Domestic BU close to 100%.

[GRI 412-2] In Brazil, dissemination of the online information and training course launched at the end of 2017 should have a positive effect on the results of the due diligence itself, planned for 2018.

[GRI 414-1] [GRI 414-2] The results of the audit on Human Rights carried out on the suppliers of the group are set out in this Report and in the Sustainability section of the Group's website.

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[1] Moreover,Industrial Relations, Health & Security, Equal Opportunities, Privacy, Procurement, Compliance, Protection of VAS customers, Protection of customers of the universal telephony service

[2] No level one response was supplied during the first round

THE COMMITTMENT TO RESPECT FOR HUMAN RIGHTS

[GRI 103-2: Management Approach] [GRI 406] [GRI 407] [GRI 408] [GRI 409] [GRI 410] [GRI 412] The Policy applies to every individual within the Group and also concerns Third Parties who have business dealings with TIM.

The purpose of the Policy, issued in 2015[1], is to make respect for Human Rights an essential requirement in the performance of TIM's operational activities. Both in Italy and in foreign companies, thanks to the Human Rights due diligence too, the Group has set up processes through which it undertakes to respect Human Rights and has identified those that may be negatively influenced by the Company's activities, such as:

- **[GRI 408-1] [GRI 409-1]** Essential Human Rights (e.g. working hours, equal pay, minimum age to enter the world of work, accessibility for disabled people, maternity protection, forced/compulsory/restricted work);

- **[GRI 403-3]** health and safety rights;

- **[GRI 407-1]** rights agreed with the unions and included in National Labour Agreements (in line with the principles of the International Labour Organization);

- **[GRI 406-1]** rights concerning diversity, equality and non-discrimination.

The Group's internal processes also focus on a series of individual rights affected by the core business, including the rights:

- associated with access to telecommunications services and innovation;

- associated with the privacy of the Group's people, customers and suppliers, and the protection of their personal data;

- associated with freedom of expression, in particular online, supported by access to telecommunications technologies;

- deriving from the company's zero tolerance approach to any form of corruption;

- potentially violated by added value services (for example, services with content reserved for adults and gambling);

- of children and young people to be protected from (cyber)bullying or harassment;

- of our customers concerning responsible advertising;

- associated with environmental protection (in particular electromagnetic fields);

- of the communities in which TIM carries out business, with particular attention to vulnerable groups of people (e.g., disabled people, minors, the elderly, women);

- associated with the use of armed security in accordance with the highest standards and international practices and with the highest transparency possible.

The Policy sets out the unfiltered and anonymous reporting mechanisms in line with the requirements of the company procedures, available on the Group's website.

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[1] Available via the link http://www.telecomitalia.com/tit/it/sustainability.html in Italian and via the link
http://ri.tim.com.br/ShowCanal/Sustentabilidade?=4K/0QqB9zIbMs3+gpxdxTA in Portuguese; the policy is also available in English

The efficiency and monitoring of the Human Rights Policy, approved by the Chairman of TIM, is ensured by the Human Resources & Organizational Development Department, responsible for its observance as regards the involvement of TIM's people; the Procurement Unit & Real Estate Department, responsible for seeing it is complied with by suppliers; the Compliance Department, which monitors the risk of non-compliance with the reference legislation; and the SRMR Department, responsible for updating the Policy.

(IN)FORMATION AND TRAINING ON HUMAN RIGHTS

[GRI 103-2: Management Approach] [GRI 406] [GRI 407] [GRI 408] [GRI 409] [GRI 410] [GRI 412] Following the publication of the Policy, in 2015 a classroom training course was organized and attended by representatives of the various company departments. The course was run by an external company with expertise in sustainability issues[1] and was attended by the Director General of Amnesty International Italia. Moreover, an online course was created for everyone in the company, available from the end of 2015 on intranet. The course is currently available on the TIM Academy e-learning platform; further voluntary participation invitations were sent out in 2016 and 2017, the year the course was also made available in Brazil - in the local language and on an experimental basis - to some company departments.

Both the workshop and the online course highlighted, among other things:

- what Human Rights are and the main international Institutions that govern them;
- businesses and Human Rights, focusing on any impacts their activities may have on Human Rights;
- the importance of businesses that operate in the telecommunications industry in the defence of Human Rights:
- TIM and Human Rights: what can be done - in the case of doubt - by individuals of the Group for the protection of Human Rights;
- how and when to use the reporting mechanism.

[GRI 412-2] The online course on respect for Human Rights was also offered to all BU Domestic employees in 2017, in connection with the publication of the Group policy on the Respect for Human Rights. The training activities mainly concerned the dissemination of the Group's Policy for the Respect of Human Rights and observance of occupational Health and Safety standards.

Number of training hours on Human Rights in the Group

	2017	2016	2015
Domestic	197,057	110,722	253,883
Brazil	19,269	48,036	44,940

Percentage of employees trained on Human Rights in the Group

	2017	2016	2015
Domestic	79.95%	20.85%	46.54%
Brazil	92.30%	110%*	87.89%

* The percentage takes into account the number of employees still at the Company and those who have left

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[1] Avanzi Srl, further details are available on the website www.avanzi.org

COMPLAINS AND INCIDENTS

[GRI 103-3: Management Approach] [GRI 406] [GRI 407] [GRI 408] [GRI 409] [GRI 410] [GRI 412] The Group's Code of Ethics and Conduct requires employees, collaborators, consultants, as well as third parties who have business relations with the Group and all the stakeholders affected by the Human Rights Policy - in respect of activities and services of interest to the Group - to promptly inform the Head of the TIM Audit Department, either directly or via their line manager, of any violations or collusion to violate:

- legal or regulatory requirements,

- provisions of the Code of Ethics,

- policy and internal procedures

and any irregularities and/or negligence.

The handling of reports, including those for which the Head of the Audit Department is responsible (known as "whistleblowing"), is a requirement of the Sarbanes-Oxley Act and of the "UN Guiding Principles on Business and Human Rights".

The "Whistleblowing" procedure requires the Head of the Audit Department, who answers directly to the Board of Directors, independently of the senior executives:

- to ensure that incoming complaints are received, logged and undergo preliminary analysis;

- based on the results of the preliminary analysis, to launch a structured audit activity (if required);

- to communicate the results of the analyses to the relevant departments so that they may take the appropriate corrective actions (if required). The non-compliance is only closed once the Audit Department has verified the effectiveness of the corrective actions implemented by the relevant departments;

- to ensure the traceability and retention of the documentation regarding the complaints received and their analysis;

- to update the reporting procedure and disseminate it in agreement with the Human Resources & Organisational Development department.

The whistleblowing[1] procedure is available both on the company intranet and via the website www.telecomitalia.com. Employees were made aware of this in a letter from the CEO and a news item published on the company intranet.

In 2017, a total of 150 complaints were received in Italy and 703 in Brazil. In the case of Italy, of the 150 complaints, 58 were anonymous and 92 non-anonymous, classified as follows:

- 73 in the context of the whistleblowing[2] procedure;

- 71 not covered by the procedure and sent to the relevant departments for the respective checks, informing the Audit Department of the result; including:
  - ✓ 56 customer complaints (poor service);

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[1] The aforementioned Procedure is being updated, also following the entry into force of Law no. 179 of 30 November 2017, "Provisions on the protection of parties reporting offences or irregularities they become aware of in the context of a public or private employment relationship".

[2] For example: network coverage, relations with suppliers, health and safety of workers, presumed harassment and or discriminatory conduct; those relating to Human Rights are detailed in the tables in the chapter

✓   15 other;

•   6 "irrelevant" ones in terms of the purpose of the procedure.

In the case of Brazil, of the 703 complaints, 336 were anonymous and 367 non-anonymous, classified as follows:

•   429 in the context of the whistleblowing[1] procedure;

•   223 were sent to the relevant departments for the respective checks, informing the Audit Department of the result, as such:
   ✓   221 customer complaints (poor service);
   ✓   2 of another nature;

•   51 "irrelevant" ones in terms of the purpose of the procedure.

[GRI 406-1] [GRI 407-1] [GRI 408-1] [GRI 409-1] [GRI 410-1] [GRI 411-1] [GRI 412-1] The Human Rights-related complaints received through the main tool which TIM provides for all stakeholders to report any kind of regulatory irregularity or breach of the Code of Ethics, Human Rights Policy and UN "Guiding Principles", i.e. the "Whistleblowing" procedure, are detailed below.

Complains received and handled regarding Human Rights in general

Italy	2017	substantiated	2016	substantiated	2015	substantiated
Total number of complaints regarding Human Rights received through the main reporting mechanisms	3[2]	0	0	0	4	2
Handled during the reporting period	3	0	0	0	4	2
Resolved during the reporting period	2	0	0	0	4	2
Total number of complaints received prior to the survey period and resolved during the reference period	0	0	0	0	0	0
Brazil						
Total number of complaints regarding Human Rights received through the main reporting mechanisms	5[3]	0	8	4	0	0
Handled during the reporting period	5	0	8	4	0	0
Resolved during the reporting period	4	0	8	4	0	0
Total number of complaints received prior to the survey period and resolved during the reference period	0	0	0	0	1	0

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[1] For example: network coverage, relations with suppliers, health and safety of workers, presumed harassment and or discriminatory conduct; those relating to Human Rights are detailed in the tables in the chapter

[2] Twof these was related to the right of access to telecommunications services and one TIM suppliers' human resources

[3] Four complains concerned suppliers' failure to apply workplace health and safety rules and one the sexual exploitation of children/adolescents

Complains received and handled regarding employment issuses

Italy	2017	substantiated	2016	substantiated	2015	substantiated
Total number of complaints regarding discrimination received through the main reporting mechanisms	3[1]	1	0	0	0	0
Handled during the reporting period	3	1	0	0	0	0
Resolved during the reporting period	2	1	0	0	0	0
Total number of complaints received prior to the survey period and resolved during the reference period	0	0	0	0	0	0
Brazil						
Total number of complaints regarding discrimination received through the main reporting mechanisms	3[2]	0	2	1	0	0
Handled during the reporting period	3	0	2	1	0	0
Resolved during the reporting period	3	0	2	1	0	0
Total number of complaints received prior to the survey period and resolved during the reference period	0	0	0	0	0	0

[GRI 411-1] Over the past 3 years, no incidents have been reported in the Group regarding discrimination or violations of the rights of indigenous people[3].

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[1] **[GRI 406-1]** The three cases of discrimination/harassment concerned religious faith, substantiated and resolved in 2017, physical or mental disability, and unsubstantiated political persuasion

[2] **[GRI 406-1]** Two cases of discrimination/harassment concerned sexual orientation and obesity

[3] The only geographical area with indigenous people in which TIM operates is Brazil. However, telecommunications activities do not have negative impacts on these people

Complains received and handled relating to labour issues

Italy	2017	substantiated	2016	substantiated	2015	substantiated
Total number of reports regarding work matters received through the formal mechanisms in the reference period	4	1	7	0	1	0
Handled during the reporting period	4	1	7	0	1	0
Resolved during the reporting period	4	1	7	0	1	0
Total number of reports regarding work matters received previously, which were resolved in the reference period	1	0	0	0	0	0
Brazil						
Total number of reports regarding work matters received through the formal mechanisms in the reference period	23	10	12	9	42	18
Handled during the reporting period	23	10	12	9	42	18
Resolved during the reporting period	21	10	12	9	35	18
Total number of reports regarding work matters received previously, which were resolved in the reference period	0	0	7	3	1	1

The complaint substantiated and resolved in Italy concerned the execution of tasks with respect for the dignity of the employee. In Brazil, 10 out of 23 complaints were substantiated and resolved; most of them involved harassment.

[GRI 103-2: Management Approach] [GRI 406] [GRI 407] [GRI 408] [GRI 409] [GRI 410] [GRI 412] In 2017, TIM continued with the preparation of a specific procedure, "Management of complaints concerning potential Human Rights violations by the TIM Group", which includes the eight criteria (with the related processes) required by the "Guiding Principles on Business and Human Rights".

TIM PEOPLE

TIM PEOPLE

[GRI 103-1: Management Approach] [GRI 401] The materiality analysis TIM conducted in 2017 confirmed that both the stakeholders and the Company consider the management of the workforce and the development of internal employment, in addition to the health and safety of workers, as material topics for the whole Group.

The telecommunications sector is marked by rapid evolution due to the concomitant action of various factors, including: the technological adaptation of infrastructures, changing styles of customer consumption and the convergence process underway. In this context, people's abilities to adapt and manage change become an obligation; new business models shaped by the digitisation of processes and services in fact require the continuous updating of technical-behavioural skill sets and working styles.

To take on the challenge of the future, TIM needs to employ people capable of achieving results quickly and interpreting a model marked by continuous learning, operational and methodological flexibility and an innovative approach to problem solving.

In this scenario, TIM is a knowledge company with technological and market leadership thanks to the expertise and skills possessed by its people, where the differences and sharing of knowledge represent added value to achieve the set business objectives. Everyone who works at TIM is personally committed through their work to laying the foundations for a Company that believes in the responsibility of each member and the contribution of all to achieve the company objectives, contributing ever more to the development of telecommunications in the countries it works in.

TIM is strongly committed to defining a complex set of tools and services designed to enhance and motivate the Company's resources, as well as satisfy the needs of customers and shareholders, thereby creating greater wealth for all players involved. An effective human resources management strategy reconciles external stakeholders' needs with those of employees and takes shape through reciprocity between what workers receive and the value services they provide.

At TIM, the enhancement of human capital serves to achieve the business aims through its human resources activities, which are described in the following paragraphs and always implemented in full compliance with the reference policy.[1]

[GRI 103-2: Management Approach] [GRI 401] The Head of the Human Resources & Development Department is appointed by the Chief Executive Officer. The variable short-term remuneration policy (MBO) assigns the Head of Department objectives in keeping with the strategy aimed at Human Resources.

[GRI 103-3: Management Approach] [GRI 401] [GRI 403] The following table contains a summary of the main final figures for 2017 and objectives for 2018 in TIM S.p.A..

[1] Code of Ethics and Charter of Values; TIM's Corporate Governance Principles; the Environmental and Social Policies; the Group's Human Rights Policy; HRO Guidelines; Social Responsibility Policy on child labour, forced labour, health and safety, freedom of association and the right to collective bargaining, discrimination, disciplinary procedures, working hours and pay; Equal Opportunities Charter. In addition, the agreements reached with the trade union representatives and, in particular, the Collective Labour Agreements, are essential

TIM S.p.A.

	Final result 2017	2018 Target
Frequency rate[*]	7.67	7.46
Accidents per 100 workers	1.08	1.05

[*] number of accidents per million hours worked

Given the above, in Italy 2017 was characterized by significant action towards safeguarding employment and retraining employees, which is considered a priority. A series of actions were taken in this respect, starting with the introduction of structured training courses for professional retraining, which allowed the sectors with the greatest impact on the business to be strengthened and the internal market of the Group's professional skills to be enhanced.

TIM's Development Model for people was conceived as an integrated system of processes aimed at enhancing the entire company population in relation to the specific characteristics, experiences and potential of each person. The Model intends to pursue the growth of skills to increase people's value in their daily work activities ("long life learning"), the enhancement of excellence to support the capacity to innovate, and professional and managerial growth.

On the topic of learning, TIM Academy, with the new digital platform, in synergy with knowledge management activities and in close integration with the innovation and research departments, enables digital learning, a new way of supporting the Educational Model and the skills requirement. TIM Academy is in fact involved in scouting and monitoring the new professions and skills, their introduction and first internal use, and in large-scale consolidation and subsequent updates.

Welfare

This is in addition to the Welfare Model which combines tradition and future with specific strategic and organizational awareness, which places welfare at the heart of the Human Resources strategy, enabling the use of services and initiatives aimed at encouraging company, family and social sustainability.

All this is supported by partnerships with the academic and educational world designed and implemented to encourage cross fertilisation and the development of employer branding through the enhancement of internal skills and careers advice for students in line with digital skills.

The strategy aimed at Human Resource is therefore strongly focused on the caring of people which revolves around the following three key points:

• Safety Management System

• Equity and Inclusion

• Professional Retraining

TIM's Safety Management System Model involves the full involvement of all players that participate in the security process: company management, operational coordination figures, appointed doctors, workers and Workers' Safety Representatives (WSR).

With reference to the latter, the corporate relationship model in terms of safety, which has always been based on participation logic, includes over 100 specific figures who support 5 Committees made up of a mix of company/trade union members with specific workers' health and safety functions.

In this context, the specific "Health, Safety & Environment" (HSE) department supports Company organization in the management of health, safety and environmental issues by assessing risks and identifying the most appropriate prevention and protection measures in line with technological development.

The identification and assessment of risks found at the Company, which is the priority activity of the preventive actions, is ensured through constant oversight of company processes and their evolution in close connection with the management lines.

These activities are performed by specialized internal resources capable of conducting instrumental analyses and surveys on safety in the workplace (for example, high and low frequency electromagnetic fields, noise, vibrations, natural radioactivity, lighting, micro-climate, manual handling of loads).

The control measures applied to eliminate or contain the risks include:

- the numerous health and safety training programmes, differentiated according to the risks and professional profiles found at the Company;

- the latest generation protection and/or collective equipment and devices often designed ad-hoc in collaboration with the most important multi-nationals on the market;

- any organizational arrangements necessary, implemented in collaboration with the lines, which can guarantee an acceptable level of risk, where it cannot be eliminated.

From the perspective of encouraging dialogue and promoting the prevention culture, even at the most operational levels dedicated meetings are also promoted – "safety moments" - at which technical experts and coordinators, supported by HSE personnel, discuss and explore the most topical issues and share any proposals for improvements.

The most significant performance indicators to measure the effectiveness of the actions adopted include the outcomes of the accidents analysis, which generates improvement plans defined on the basis of the causes that led to the events and that can lead to the updating of the Company's risk assessment.

Workers' safety at TIM also includes the treatment of people and the implementation of solutions that place everyone in a position to give the best of themselves, concepts underlying economic and social sustainability.

The Welfare Model is therefore strongly focused on developing *work ability* (a person's capacity to perform their work as best they can now and in the future, with respect to the demands of their job, regardless of their age) and engagement to support digital transformation at TIM.

The model is based on two fundamental principles: individual needs and engagement of people/brand reputation, which positions the set of activities in 3 specific areas:

- caring: the set of services and initiatives to improve work/life balance;

- transformation: projects to enable people to gain a more digital, flexible and simple vision of work;

- inclusion: activities to place everyone in a position to give the best of their potential, identifying personalized solutions and recovering blocked energies and unexpressed areas of productivity.

Inclusion is therefore a key area, of TIM's welfare system, but also the most challenging one, and it is no coincidence that it is also considered a profoundly identity-based and strategic lever. In fact, it clearly permeates all founding documents of the new organizational identity: from the Ethics Code to the Human Rights Policy and values.

TIM's current position remains in the conceptual area of "Inclusion Management" as incorporating inclusion into TIM's DNA allows for direct action when processes, organizations and training moments are created rather than reasoning on a section by section basis.

Inclusion plays a key role in knowing how to innovate the products and services offered; anticipating market needs actually means going beyond the limits often generated by work routines and habits to look at the activities, processes and people from a unique point of view.

In 2017, TIM was included, as the only Italian Telco, in the Top 100 of Thomson Reuters' Diversity and Inclusion Index.

The index measures company performance and takes into consideration four areas: Diversity, People Development, Inclusion and News Controversies. Only companies that manage to obtain a positive vote in all four areas receive an overall score, calculated as the average score obtained in the different areas.

TIM's inclusion in the Diversity and Inclusion Index confirms the Group's commitment to equal opportunities, non-discrimination and inclusion as the basis of its company strategy to improve internal expertise, organizational well-being and therefore company performance.

Moreover, scientific evidence demonstrates that the most diversified contexts, where there is a meeting/clash of cultures, lifestyles and generations, are those with the highest capacity to generate innovation. **[GRI 103-2: Management Approach] [GRI 404]** Therefore, TIM's aim is to develop skills capable of encouraging inclusion in the company to increase the capacity for innovation. On this topic, in 2016 a professional retraining service was launched called "Job Center," which starts by identifying the company requirements and then goes on to recruit and offer training courses useful to people for the acquisition of the skills and knowledge necessary to cover the new roles. Further information is available in the related paragraph of this chapter.

Brazil

[GRI 103-2: Management Approach] [GRI 401] [GRI 402] [GRI 404] The TIM Group and its other stakeholders consider human capital to be one of the main assets. This is why TIM Participações has also put in place programmes designed to create and maintain a high-performing and diversified workforce and promote a healthy, safe and productive working environment for its personnel in order to maximise the potential of both individuals and the organization, and position TIM among employer brands. In addition to the Group's Code of Ethics and Human Rights Policy, there are policies and processes to support these programmes such as, for example, Recruitment, Flex Office, Performance Management, Benefit Administration, Career & Succession Plan, Diversity & Inclusion and Rewarding procedures.

TIM employees' involvement is essential in order to succeed in achieving the strategic vision: *"to become the best supplier of telecommunications services by exploiting our position as a leading operator in ultra-broadband and our smart offer"*.

Training and communication activities were taken to publicize the company objectives with clarity and transparency and to support managers in explaining the strategy to their respective teams.

The Head of HR Strategy reports directly to the CEO of TIM Participações. The MBO targets for this role are linked to cost efficiency, working environment and corporate climate.

In 2017, the organizational framework evolved to support the company strategy so it could contribute to the company objectives by promoting the activities of the residential users segment. As for the customer experience approach and cost and process efficiency, the project to redefine company processes set forth a set of actions to be implemented in order to obtain better results.

To achieve the objectives and keep up with ongoing evolution, TIM needs leaders that share its values, expertise and intentions. In order to have leadership that is more aligned with the strategy, TIM's leadership profile was reviewed taking into account the attitudes and expertise for present and future company challenges. The profile was developed with the help of Top Management, as well as specialized external consultants, managers and employees.

The aim of this initiative is to stimulate the People Management process to manage Recruitment, Training, Development, Assessment, Career & Succession and Culture.

[GRI 103-3: Management Approach] [GRI 401] Given the importance of the people who work for the Company, climate investigations are particularly significant. 91% of employees took part in the 2017 corporate climate survey, beating last year's participation by 4 percentage points. This demonstrates the reliability of our survey and that the outcomes better fit the actual situation.

The methodology identifies factors that influence employee involvement and organizational support – in that one leverages the other – to reflect the effectiveness of the company's professional figures.

The general degree of consensus in TIM Participações was 71%, marking a 9 percentage point improvement on last year.

In line with the strategic pillar of Customer Experience, Customer Quality & Focus increased by 10 percentage points on 2016. Autonomy & Empowerment, Clarity & Guidance and Trust in Leadership also showed significant improvements.

[GRI 103-2: Management Approach] [GRI 405] In 2017, seminars were held to increase knowledge and define the priorities with the Executive Committee. Moreover, second level managers were invited to participate in working groups and propose action plans for climate-related priorities: Development, How I Work, Trust in TIM, Customer Caring and Clarity & Targeting.

Specific action plans to improve the results in 2017 were provided for sectors that obtained the most critical results in 2016. Thanks to the targeted work, the level of consensus in these sectors increased.

Diversity & Inclusion represents another very important aspect for the Company. TIM believes that diversity is a reflection of society and therefore of the employment market. The Company promotes a culture that respects and appreciates differences, in the conviction that the greater the diversity within a group the greater the exchange of experiences and solutions that help to create a healthy working environment and a competitive advantage in the marketplace.

As described in the Social Responsibility Policy[1] , any expression or forms of discrimination are expressly prohibited, whether they are based on sexual orientation, ethnic origin, gender, disability, age or other things.

As of 2017, everyone can put their preferred name ("social name") on their company ID badge based on their gender identity. This request can be made regardless of whether it is officially recognized in the civil registry.

To promote the inclusion of disabled people (pessoas com deficiência – PcD) in the Company, TIM continued the PcD programme ensuring that the available work positions are also open to this population. A communication campaign invited staff to share their stories and dreams, revealing the diversity within the workforce. The company also participated in special job fairs aimed towards disabled people and put a variety of measures in place to make its facilities accessible to these employees, quickly adapting interior spaces and pursuing awareness-building activities with managers and teams.

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[1] http://ri.tim.com.br/ShowCanal/Sustainability?=4K/0QqB9zIbMs3+gpxdxTA==

In doing so, TIM has been able to increase the number of disabled people hired. In fact, with reference to the hiring quota percentage (5% of the total staff) established by the Conduct Adjustment Agreement (Portuguese acronym: TAC) signed with the Brazilian Prosecutor's Office (Law no. 8213/91), as of December 2017 TIM, having hired 21 disabled people out of a total of 470, was compliant by 45% with respect to 28% in 2016.

[GRI 103-2: Management Approach] [GRI 403] As regards Health & Safety issues, each year the Company leads the Environmental Risk Prevention Programme (PPRA), a study conducted at TIM's Brazil offices through on-site safety inspections, identifying the risks and control measures. The aim of the Medical Occupational Health Control Program (PCMSO) is to indicate occupational health checks relating to any environmental risk conditions as a prerequisite for monitoring workers' health. All employees who perform activities with controlled risks are specifically trained for the position they hold. Moreover, an Internal Accident Prevention Week (SIPAT) is held each year to raise awareness among employees on Health & Safety related aspects. The internal committee for the prevention of accidents at work (CIPA) is made up of company representatives and workers based in all the regional offices of TIM Participações, in line with the legal requirements of the Order 3.214/78 - Regulatory Standard 5. With the support of CIPA, the company is setting up influenza vaccination campaigns, blood donation programmes and promoting the adoption of healthy habits amongst employees.

In addition, periodic audits and/or inspections are performed to assess the effectiveness of the prevention measures in processes and workplaces set up to continuously improve health and safety conditions. The Health & Safety team is made up of 29 members, strategically distributed in the regional offices of TIM Participações.

[GRI 103-3: Management Approach] [GRI 401] [GRI 403] The following table provides a summary of the main final figures for 2017 and the 2018 objectives for the Brazil BU as regards accidents.

Brazil BU

	Final result 2017	2018 Target
Frequency rate(*)	0.74	0.74
Accidents per 100 workers	0.13	0.13

(*) number of accidents per million hours worked

TIM people: concise figures[1]

[GRI 102-7] A summary of the numbers relating to the Group people can be seen in the table below:

(UNITS)	31.12.2017	31.12.2016	CHANGES
Italy	49,689	51,122	(1,433)
Abroad	9,740	10,103	(363)
Total personnel on payroll	59,429	61,225	(1,796)
Agency contract workers	-	4	(4)
Total personnel	59,429	61,229	(1,800)
Non-current assets held for sale	-	-	-
Total	59,429	61,229	(1,800)

Excluding agency contract workers, the Group's headcount has decreased by 1,796 people compared to December 31, 2016.

The changes per BU are detailed in the following tables

(UNITS)	Recruited	Departed	Net Change
Domestic	656	2,081	(1,425)
Brazil	2,086	2,427	(341)
Other activities	3	33	(30)
Turnover	2,745	4,541	(1,796)

Turnover: detail by BU	Recruited	Departed	Internal transfers Group +	Internal transfers Group -	Total change
Domestic	352	1,790	304	291	(1,425)
Brazil	2,086	2,427			(341)
Other activities	3	20		13	(30)
Turnover	2,441	4,237	304	304	(1,796)

Terminations: detail by BU	Early retirement incentives	Retirements	Dismissals	Voluntary resignations	Other causes
Domestic	1,263	19	86	297	125
Brazil	0	173	1,368	777	109
Other activities	17	0	0	1	2
Total	1,280	192	1,454	1,075	236

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[1] Unless otherwise stated, the data shown in the tables contained in the People chapter relate to all the TIM Group companies

The Group composition can be analysed according to various types of segmentation, as shown below.

Group: distribution by professional category and academic qualification

TIM Group: employee breakdown by job category

Workers 0.0
Senior managers 1.1
Middle managers 7.6
Office staff 91.3
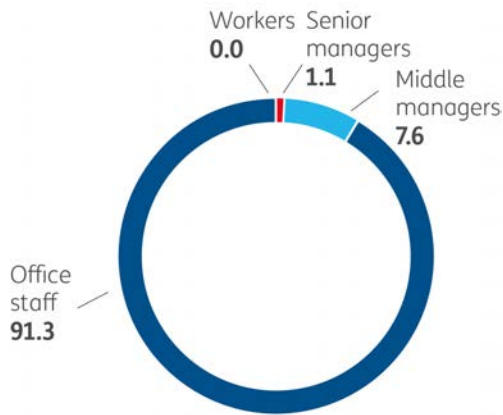
TIM Group: employees by academic qualification

Other 4.9
Graduates 29.3
Diplomas 65.8
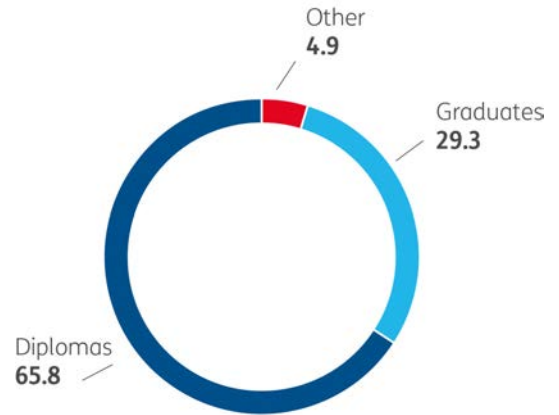
The geographical distribution and intake of personnel[1] by the Group are the following:

Distribution of TIM Group employees by geographical area

Abroad 16.4
Italy 83.6
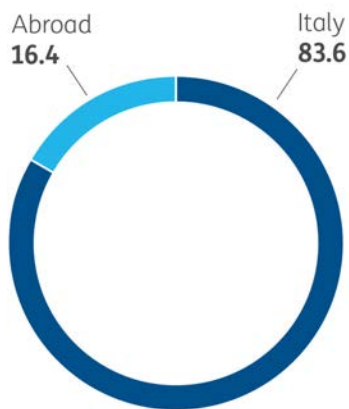
Distribution of intake of TIM Group employees by geographical area

Abroad 86.2
Italy 13.8

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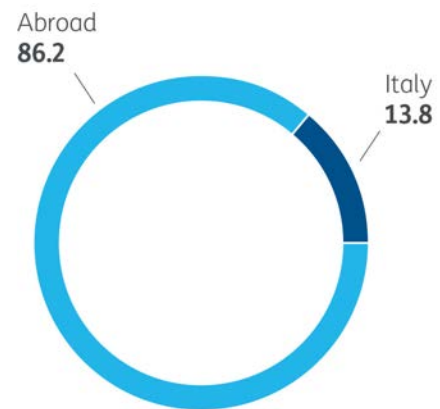
[1] A numerical table of hirings comparing 2016 and 2015 can be found in the Appendix

For more information on the characteristics of Group personnel, please refer to the Appendix to this chapter, which, in compliance with the requirements of GRI Standards, gives the these KPIs [GRI 102-8], [GRI 401-1], [GRI 401-3], [GRI 403-2], [GRI 405-2], [GRI 404-1].

As detailed later, and stated in the respective KPIs, policies for hiring, training and developing employees are implemented in the communities in which Group companies operate; furthermore, in reading the KPIs, note that:

- **[GRI 102-8]** TIM does not use self-employed workers to go about its business activities, although it is possible that, on an occasional basis, some consultancy type activities may be entrusted to self-employed professionals;

- **[GRI 102-8]** The Group's activities do not vary seasonally, hence changes in the workforce are correctly shown by the annual trends;

- **[GRI 401-3a]** All employees are entitled to parental leave.

Gender balance

[GRI 103-1: Management Approach] [GRI 405] There is still a long way to go before true gender balance can be achieved in the telecommunications sector which, like all sectors where the main activity is strictly linked to the research and development of new technologies, still continues to have a mainly male workforce. As women have embraced the world of work and, in a parallel fashion, scientific and technological culture and studies, their presence has gradually grown within companies, seeing them take on more important roles with higher salaries. In TIM S.p.A., for example, the female workforce has grown by around 8% in 17 years, and on a Group level, in this same period, by around 9%.

This is why

- at TIM the Bylaws require that the BoD, and likewise the Board of Statutory Auditors, is made up of both genders, so that the members of the less represented gender make up at least one third of the total number of Directors/Statutory Auditors, rounding up to the next unit in the event of a fraction;

- the current development model pays close attention to ensuring that individual growth paths, starting from the time of employment, do not contain any restrictions relating to gender or age differences, and particular attention is paid to the female component, where skills and performance are equal.

[GRI 405-1] Members of the Board of Directors by age and gender

	31.12.2017	31.12.2016	31.12.2015
Men < 30	0	0	0
Men 30 -50	1	2	2
Men > 50	8	8	9
Women < 30	0	0	0
Women 30-50	2	1	1
Women > 50	4	5	5

[GRI 103-3: Management Approach] [GRI 405] [GRI 405-1] Members of the Group's professional categories by gender and age

	2017				2016				2015			
	Senior Managers	Middle Managers	Office Staff/Workers	**Total**	Senior Managers	Middle Managers	Office Staff/Workers	**Total**	Senior Managers	Middle Managers	Office Staff/Workers	**Total**
Men	564	3,265	34,346	38,175	647	3,391	35,355	39,393	700	3,518	37,507	41,725
Women	108	1,222	19,924	21,254	126	1,235	20,471	21,832	145	1,267	22,727	24,139
Total	672	4,487	54,270	59,429	773	4,626	55,826	61,225	845	4,785	60,234	65,864
Up to 32 years	0	16	6,051	6,067	0	20	6,990	7,010	0	22	9,899	9,921
From 33 to 45	49	686	14,291	15,026	61	878	15,617	16,556	87	1,081	18,016	19,184
Over 45	623	3,785	33,928	38,336	712	3,728	33,219	37,659	758	3,682	32,319	36,759
Total	672	4,487	54,270	59,429	773	4,626	55,826	61,225	845	4,785	60,234	65,864

The generational imbalance is mainly due to the Italian component that, due to adverse market conditions and in order to guarantee work for its employees, has in the past renounced the generational renewal comprising new important hiring campaigns.

People Caring

TIM believes that being an inclusive company, one that is able to take care of its people, to create solutions that put everyone in a position to give the best of themselves, is the basis for economic and social sustainability. Therefore, over 2017, the following activities were carried out:

Family and personal care

Work-life balance is the first pillar of TIM's welfare and is based on the belief that performance and organisational well-being are connected to each other and to the organisation of family and work life.

This is why TIM, has established a range of services to help its people reduce their care-loads, based on a notion of family which includes all of the employee's family members, irrespective of blood or legal ties.

The main ones include: 23 daycare centres and 2 nursery schools at the company offices or external organisations; 39 "TIM Summer" campuses/camps/colleges for employees' children for a total of 6,262 participants; "Mum and Dad" permits for parents with children up to age 11, allowing them to use permits for a few hours or entire days to offset their absence within the given 3-month period; "Mum and Dad" loans for parents with children aged 0 to 11 to benefit from loans for up to a maximum of 2,500 euros for each child. Moreover, they can access a wide programme of external organisations (around 200) via 2 e-commerce portals customised for TIM, with discounts and offers on a wide range of products and services from the most prestigious brands and leading companies, as well as complementary discount agreements with banks and financial institutions, pay-TV, car rentals, transport, sports services and service agencies.

Transformation and simplification of work

This is the second pillar of TIM's welfare initiative, which is especially based on Agile Work, a project involving more than 10,000 people which makes it possible to work from home or from a satellite office close to home. Another import area of action is Mobility Management, whereby TIM helps people travel from home to work and back by car pooling, company shuttle buses (296 trips per day to the company's offices in 5 cities), bicycle racks at company offices (1,782 bicycle parking spaces in 29 cities and 60 company offices).

Equity & Inclusion Management

[GRI 103-2: Management Approach] [GRI 405] [GRI 406] [GRI 103-3: Management Approach] [GRI 405] [GRI 406] [GRI 405] For years, TIM has been committed to promoting diversity and inclusion as key elements when building a culture of positive results, where people are encouraged to make the strongest contribution to meet the needs of customers whilst encountering diversity, drawing on innovation and a new way of thinking – all key factors in the digital transformation process.

The main areas of development of TIM's Inclusion Management are:

- **Cultural diffusion and awareness**, through the TIM Equity & Inclusion Week held in many locations and 18 cities from 11 to 15 December 2017 with over 180 events; courses on "Human rights", on inclusion in general and disability management; a training course on "Giving value to diversity"- all courses available to everyone on the TIM Academy e-learning platform; the launch of the #TIM4inclusion community: over 200 TIM people committed to the spreading the culture of inclusion; the social network campaign #TIM4inclusion led during the TIM Equity & Inclusion Week from 11 to 15 December, with 5 Tweet Quotes and 2 FB posts; a specific reference to the issues of equity & inclusion in the key organisational identity documents: code of ethics, human rights policy, charter of values, leadership model.

- **Disability management:** at TIM, there are over 2,000 individuals with disabilities, accounting for around 4% of the workforce. The following have been made available for these colleagues to have a positive work day: the "Comunico-IO" project, which facilitates communication between colleagues with sensory disabilities and the rest of the company (for deaf colleagues, for example, TIM offers the LIS interpretation service in the key moments of interaction between manager and employee, subtitles in main communications on the Intranet, specific e-mailboxes to allow them to communicate with main corporate services, as well as free video calling services and an integrated communication platform developed internally, which can be used both from smartphones and desktop computers); professional retraining (the Deaf Database Project in Open Access, for example, made it possible to integrate 7 deaf people from TIM in the Databases Department, with support from a deaf tutor and hearing supervisor already included in the activity); development and research activities: by participating in research projects in partnership with universities on disability management, *as well as our* working capital accelerators, which host various start-ups dedicated to disability (such as Pedius, which offers a communication service for deaf people); support for employees' children with disabilities during TIM Summer camps; the policy for automatically adapting fixed and mobile work stations for TIM individuals with disabilities, which has already been in effect since 2015.

- **Gender**: for TIM, meritocracy is everyone's development, regardless of gender: on this premise, TIM is working in partnership with Valore D, both as a supporting member and as a member of the Board of Directors. Because of this, more than 100 individuals a year have the opportunity to attend skill-building courses, mentoring and coaching programmes, as well as courses and workshops on welfare and work-life balance; TIM has also joined the Women's Employment Manifesto, a document whereby it is committed to 9 areas of activity; TIM operates through work-related learning to bring students into contact with a technologically-advanced company like TIM, participation in projects (such as Valore D's "InspiringGirls") aimed at girls in particular to overcome the preconception that scientific and technological subjects are a prerogative exclusive to male students, and the organisation of the Girls Hackathon #TIMgirlshackathon.

- **Longevity management:** in Italy, more than half of the Group's people were born between 1960 and 1980. This figure increases in the area of Caring Services alone. We have therefore developed the awareness that we want to go beyond

approaching the generational topic as a "confrontation between generations" and reach an understanding of working longevity that focuses on the physical, psychological and motivational well-being of our people. The "Longevity" project is a 360° project that rethinks the company and its processes based on this same increase in longevity (from welfare services to a redesign of the system for developing and measuring potential, through to preparing an ad hoc training plan). The first part of the programme has just started, centred around Mindfulness as a tool for reducing occupational and no-occupational stress and the ability to correctly channel and optimise our own resources.

- **Sexual orientation and gender identity:** thanks to the partnership with PARKS, Liberi e Uguali, of which TIM is a founding member and Board member, we have implemented TIM's definition of "family", which extends all benefits granted to its employees (car, healthcare, supplementary insurance) to all cohabiting partners, regardless of gender, and grants the opportunity to access the company's many care services (crèches, summer stays, study stays) to the family nucleus of the employee regardless of the blood bond, and therefore also to homosexual families and their children); we officially took part in the 2017 Milan Pride Parade with 50 colleagues and brand exposure; the affinity group LGBT & allies "TIM Rainbow" was launched and we have been participating in various conventions to relay TIM's experience on LGBT issues.

- **Employee volunteering initiatives:** these are an integral part of TIM's inclusion management programme, since they promote coming together and improving listening and comprehension skills and, indeed, inclusion. The main activities include: 10 colleagues took part in Dynamo Camp Onlus during the "TIM Challenge" fundraising weekend; the TIM employee music group "TCC Band" has been selected to perform at one of the Dynamo Rock Challenge evenings for Dynamo Camp Onlus, with the personal goal of raising 2,000 euro for the non-profit organisation; 1,849 Group employees have renewed their commitment to helping CIAI (Centro Italiano Aiuti all'Infanzia – Italian Centre for Childhood Aid), the Community of Sant'Egidio and Save the Children, giving their support to the remote adoption of children (876 supports launched), with a total contribution of around 200,000 euro; 58 blood donation days were organised (around 9,500 blood donations a year); in the company offices, more than 300 stands were set up to sell solidarity products and collect funds for charitable associations and non-profit organisations, with the participation of employees; over 700 colleagues signed up to take part in "Race for the Cure" (in Rome and Bologna) organised by the Susan Komen Foundation for breast cancer research.

Other initiatives for employees

[GRI 201-3] ASSILT (supplementary healthcare association for the employees of TIM Group companies), funded by the Group companies, by employee members and retired members, is a non-profit-making organisation providing services to its members and beneficiaries that are supplementary to those provided by the Italian national health service, including - together with public healthcare establishments - collective and individual research, knowledge-gathering initiatives and health prevention activities, and the promotion of health education initiatives to protect the health and physical well-being of its members. In 2017, the association disbursed refunds totalling approximately 51 million euros (around 550,000 cases). As of December 31, 2017, the Association had 148,000 members, including 48,000 employees, 32,500 pensioners and 67,500 family members.

[GRI 201-3] ASSIDA provides senior management staff with refunds for the cost of supplementary health services to those provided by the Italian national health service. As of December 31, 2017, the Association had 3,300 members in service or retired, in addition to family members, making a total of more than 7,000 assisted members.

[GRI 201-3] TELEMACO is the national complementary pension fund for employees in the telecommunications industry, established in 1998 as a non-profit association and operative since October 2000; its objective is to ensure that those subscribing are able to maintain their standard of living when retiring, thanks to the creation of supplementary social security, over and above the public provisions.

It is intended for workers, office staff and middle managers of companies that apply the national telecommunications contract, for employees on permanent, apprenticeship or placement contracts and for people who are physically supported by the workers subscribing to the Fund.

At 1 January 2018 there were 37,702 subscribing employees of Group companies, around 59,200 total subscribers, and 191 associated companies with active members.

[GRI 401-2] All Group workers, whether full or part-time, on permanent or fixed-term contracts, enjoy the same benefits, whilst, in Italy, the supplementary welfare institute is extended to workers on apprenticeship or placement contracts, as well as to employees on permanent contracts.

CRALT is the recreational club for employees of the TIM Group and organises sight-seeing, sports, cultural and recreational activities for its members, employees, pensioners and their families. By entering into specific agreements, CRALT also allows members and their families to purchase goods and services at particularly good prices, which can also be settled in instalments. One of the most significant of these is the agreement and the resulting contribution provided for the purchase of school and university books for the children of members, as a valuable contribution to household purchasing power. As of December 31, 2017, there were 42,436 members, including 36,901 employees and 5,535 pensioners. In 2017, CRALT made an average contribution of 17% to the cost of activities for the benefit of its members.
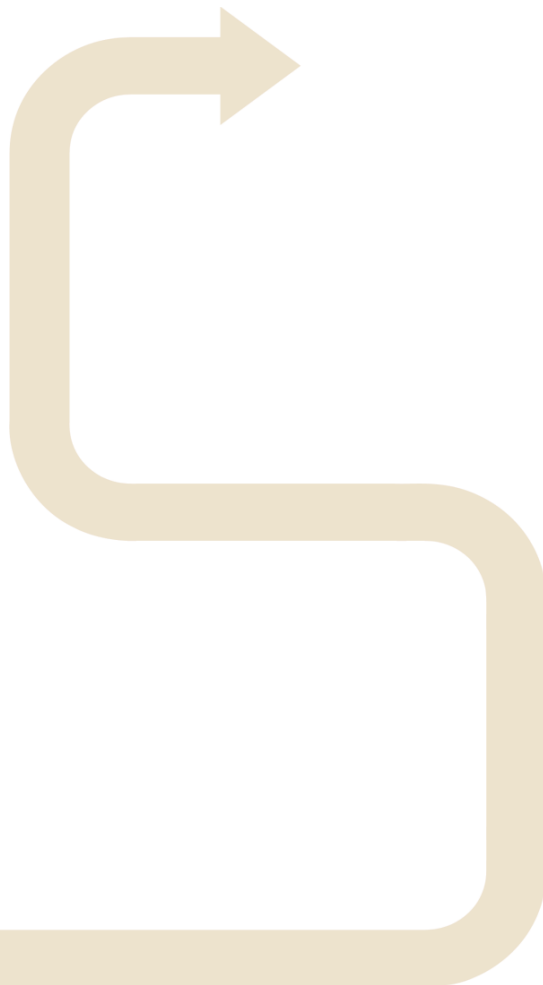
New skills and development

[GRI 103-1: Management Approach] [GRI 404 The 2017 materiality analysis confirmed the development of health and safety as a material topic for the entire Group.

The skills model

[GRI 103-2: Management Approach] [GRI 404] The four areas of the TIM skills model

Creating value for the company, people and customers, in the short and medium term, at sustainable costs	< EXECUTION	PROACTIVITY >	Acting decisively to promote exchange and integration, obtaining the consent and collaboration of others
Addressing change promptly and dynamically, to promote operational effectiveness and efficiency	< SPEED	SYSTEMIC VISION >	Contextualising situations with a broad and transversal perspective, identifying interrelationships between the different aspects and the most effective approaches

The application of the model is flexible according to the given assessment processes: in the Performance Management, 10 different managerial and professional skills are used, whilst in the assessment of potential, the observed skill-set is broader, based on specific needs.

EXECUTION	PROACTIVITY	SPEED	SYSTEMIC VISION
Planning and organisation	Initiative and decisiveness	Willingness to change	Strategic thinking
Management and development of personnel	Communication and negotiation	Problem solving skills	Creativity and innovation
Team work	Entrepreneurship and business focus	Technological skills	Analysis and overview
Customer care and achievement of results	Relations and knowledge networks	Communication and presentation	Learning and knowledge application
Respect for rules and procedures	Growth focus	Written communication	Compliance with principles and values

Performance Management skills assessed

Compared to last year's, TIM's development model has been further refined in terms of individual components in order to support people in the various phases of their professional path within the Company.

The main applications of 2017 are as follows:

Recruiting and Selection: in 2017, 15 people were hired by the external market including professionals and managers. To support the recruiting process, the implementation of a IT system has been planned, which will integrate the online selection phase and the potential to support the entire recruiting and on-boarding process.

Onboarding programmes: these aim to provide new hires with the tools to optimise their response speed and have been applied to new recruits.

[GRI 404-3] Performance Management: the process involves the evaluation of the goals and responsibilities of the entire workforce (managers, professionals and employees) and is divided into four phases (assignment of objectives, evaluation, feedback, development plans). In the first four months of 2017 the 2016 Performance Management process was concluded which involved the entire Domestic Business Unit (around 50,000 people): **[GRI 404-3]** 99.7% of people were evaluated by their direct superior and 90% stated that they received feedback from their superior. In July, a Performance Management 2017 process was launched with the assignment of objectives and was completed in September.

[GRI 404-2] Individual development plans: these are made up of a set of training initiatives and on field actions set out by the manager, supported by a system of data processing and analysis, the playbook, which in 2017 proposed an individual development plan for each employee based on the results of the Performance Management. Over the course of the year, approximately 20,000 individual development plans were used on an optional basis, out of a total of approximately 32,000 assigned plans (63%), including individual managerial plans.

Over the year, the evolution of the IT platform was planned, based on the new TIM skills model. Furthermore, the process was fine-tuned in order to:

- link the Development Plans to the various moments of the individual's company life, from evaluations (e.g. Performance Management, Assessment) through to role changes, and other initiatives launched by the relevant manager;
- facilitate the use of development plans on an ongoing basis throughout the year.

[GRI 404-2] Managerial Development: consists of a series of processes and plans (assessment of potential; appointment to executive grade; succession planning; managerial leadership development plans) for identifying and rewarding the existing and future managerial assets of the company. In the first half of the year, the instrumentation and reporting of the potential assessment processes were fully optimised to further consolidate its effectiveness and governance.

Over the course of the year, the following were carried out:

- 222 Role driven assessments (for operational or managerial coordination roles);
- 198 People driven assessments (to feed the high potential pool and guarantee managerial turnover over time);
- 27 Top Executive Assessment.

In relation to managerial positions, the pipeline for the N-1 positions has been updated.

Moreover, a "protection" project has been launched for the resource pools with critical skills and/or exposure to "market risk", linked to a renewed turnover. The affected population – comprised in this initial phase of young graduates hired by the Company in the last 7 years (316 people) – was clustered into quadrants that indicated a greater or lesser degree of competence and strategic/critical knowledge to identify and subsequently apply personalised courses set out by remuneration measures and valuable training initiatives.

[GRI 404-2] **Motivation Review**: in 2017, the experimental phase of this new evaluation process was carried out with the aim of identifying individual motivation. The experimentation phase involved leaders and collaborators of four Group companies (TCC, Sparkle, HRS and INWIT), in order to test the tool and proceed to the scientific validation in collaboration with Università La Sapienza. The experimentation involved a total of 1,978 people including 179 managers.

Brazil

In 2017 three main programmes were implemented in TIM Brasil which had a great impact on people, in coherence with the organizational changes and the competitive positioning on the market:

- **[GRI 404-3]** in 2017, an amendment was made to the evaluation scale, which now consists of 7 points, as indicated by TIM Italy. This should bring benefits including a standardisation of the curve and a better distribution of results.

- Career paths: the Career Workshop programme continued in 2017, aiming to promote reflection and encourage involvement and commitment to career management, raise awareness and promote a proactive attitude to the process, and encourage self-awareness, building a career and an Individual Development Plan. The programme is aimed at leadership and professionals.

- Development Plan: in 2017, TIM's Individual Development Plan (PDI) governance process was extended, starting with the new Skills Model and stimulating the role of each employee in their personal development and career path.

Training

[GRI 404-2] The transformation of the TLC industry towards Digital Telco models, the technological evolution of infrastructure and market challenges linked to the development of new digital and innovative services are all part of an employment market undergoing profound transformation. *Digital Transformation* requires us to rethink processes and services and to develop new skills and professional roles that are able to make the best use of new business opportunities.

Given the above, at the TIM Academy, systems and methods of acquiring, disseminating, sharing and managing knowledge were strengthened and developed in 2017 to encourage organizational learning.

Deployment of the Group's Knowledge Management Model is in its third year of application. The activities carried out and their close monitoring have allowed us to deploy further activities to optimise and launch new initiatives to support the production and dissemination of new content, from creating internal and external relationship networks, exchanging knowledge and generating ideas, with the aim of encouraging the Group's innovation processes.

Knowledge Management aims to support all phases in the process of knowledge acquisition, management, access and dissemination, while also promoting the Digital Learning process.

In particular, deployment of the Knowledge Management model is concentrated into the following areas of activity:

1) the creation and development of a **Network of Knowledge**, that is communities concerned with topics of particular interest to the Company in order to develop and encourage inter-departmental integration, the enhancement of the skills and experiences, and access to and the dissemination of knowledge through the formalisation of know-how. At present, the Knowledge Management team supports around 10 communities operating in the innovation, information technology, sales, technologies and network maintenance sectors. These communities have a governance model as well as monitoring and control tools to refine the activities;

2) the implementation of initiatives to disseminate and develop **Software Culture** in co-partnership with the Technology area's Software Factory company departments. The initiatives are announced and disseminated on the TIM Academy platform in the "Software in TIM" section:

- creation and dissemination of self-produced content on both specialist issues concerning emerging Software Skills and informative matters to support digital culture and ICT skills at a company level;

- creation of a centralized software repository to house and share the source code developed at TIM. The repository is accessible to everyone and allows the user to create new projects, define software development teams and collect contributions. The repository also allows for the archiving and versioning of source code and management of the complete lifecycle of the software, integrating it with tools that implement continuous integration and continuous delivery chains;

3) the creation of **TIM Smart Corners**, namely short informal in-person meetings in the Company's offices and virtual ones on the TIM Academy platform, in which expert colleagues voluntarily share their professional knowledge about the most innovative and business-related areas. The new format for Smart Corner Webinars includes the creation of webinars, which can also be accessed via the TIM Academy catalogue at a later date. This format supports the in-person mode, enabling greater use and adding to a repository that is always available for consultation;

4) the **New Capabilities Observatory** to identify emerging trends and new skills with a high business potential, benefiting from the contribution of various "observation hubs", both within the Group and outside, such as partnerships with universities, research organisations and internal innovation centres. In this context, the Pioneers Community, set up in October 2016 and consisting of colleagues identified as knowledge "pioneers" in their field of expertise, has provided important elements for scouting new skills and updating the specialised know-how of jobs and professions. Community represents an innovative channel to "power" new know-how within the TIM Academy and speeds up the time-to-market of education courses to construct new skills/professionalisms.

In relation to the training model and skills development in a broad sense, the main drivers to define the programmes with are set out below:

- retraining and enhancing professionalism;

- developing the digital skills of all company staff;

- evolution of managerial profiles;

- individual development plans for the entire company workforce.

In line with these drivers, TIM Academy, TIM's corporate university, has an innovative approach to learning and the sharing of know-how to support the digitisation process and cultural and business transformation.

The TIM Academy platform, which is always available with multi-device access, presents learning plans that are customised to the person and role, an open training offer with guided self-learning courses on specialised skills and professions (learning map).

The training activities are split into four macro-categories:

- management education;

- development of role-based and specialized skills, and new capabilities;

- development and empowerment;

- institutional and corporate culture.

For each of the abovementioned areas the main activities carried out in 2017 are set out below.

Management education

[GRI 404-2] **2017/2018 process**: in 2017, training on the managerial target focused on the cultural change needed to achieve the Plan objectives, on customer care and on management of people at times of transformation. The process, developed in "blended" mode, involved about 700 managers, proposing targeted and differentiated programmes based on the complexity of the roles managed: webinar sessions, online coaching courses, bite-size training and video talks, in-person labs and workshops on strategic topics with endorsers of excellence;

Coaching/Mentoring: in-person and online coaching courses were launched to support managerial roles, which include gyms, structured feedback and individual interviews with the coach; a mentoring programme was launched in 2017 which involved around 100 people who held exchanges in the role of mentor, peer mentor, mentee or reverse mentor;

Online library: all managers have access to various online libraries to make full use of videos, webinars and materials from national and international speakers on business, finance, technology and leadership topics. In 2017, around 1,600 managers made use of the training content in the online Libraries.

Development of role-based and specialized skills, and new capabilities

[GRI 103-3: Management Approach] [GRI 404] [GRI 404-2] Training to develop role-based and specialized skills as well as new capabilities is essential for the implementation of the strategic drivers, and therefore occupies a central role in the Group's training investments plan.

The main projects launched in 2017 are:

Big Data Transformation: this is a "Big Data" skills development path with the aim of creating all of the new professional roles needed to manage the corporate and business transformation;

Skill improvement for OA in-the-Field Technicians: blended training for around 9,000 in-the-field technicians aimed at bridging the gaps in the technical skills that emerged from the skill assessment.

Field Management Training: training for managerial roles of Integrated Access Network Assurance & Delivery (Field Force) in the Open Access area;

Line professional retraining: various retraining courses have been launched for professional roles operating in "adjoining" areas of responsibility or within the same business units;

Development of the entire TIM faculty: the TIM Academy has established the "Line Faculty" with the aim of enhancing the skills and contribution of all people who carry out training activities within the company departments. The project to enhance these skills sets out, for an initial core of 90 employees, training paths, guidelines, innovative tools and methods so that they can perform their role with high quality standards and within an ecosystem of recurring training.

Development and empowerment

[GRI 404-2]The organizational changes and the evolution of business-linked skills require new tools to support the change and the awareness of TIM's people.

Digital skills development: in order to seize the opportunities offered by the digitisation of work and the company, the TIM Academy has developed an e-learning course for the target population, to be opened to all the group's employees in 2018. The course starts with a self-assessment of the employees' knowledge, before proposing a certified training programme in accordance with the European standard DigComp[1]. An "open badge" is awarded following an end-of-course assessment test;

"English@TIM": English language training open to all the Group's employees. A personalised English course can be put together thanks to the online language training platform;

The TIM Skills Model: the aim of this e-training programme, which was launched in March for managers and professionals, is to help promote the new TIM skills Model and to improve understanding of it to guide behaviour (see the Development and New Skills section in this chapter);

Mindfulness: an e-training programme on mindfulness was developed within the longevity project, as a tool supporting individual effectiveness and the ability to manage the many stimuli to which we are subjected on a daily basis both at the Company and in our private lives;

Individual development training plans: e-training courses available for all those working at the Company, to boost the skills highlighted following the performance process;

Post-onboarding training plan: around 300 colleagues, on 2013-2016 onboarding plans, were involved in a professional development programme in 2017 aimed at building both soft skills and specialist know-how to support their relevant professions or for managerial development.

Institutional and corporate culture

[GRI 404-2] This training aims at supporting the transformation of the organization culture in line with the evolution of the social, environmental and economic context and at disseminating knowledge of the content required by the legal formalities.

In this sense, institutional and mandatory training, involving all employees, aims to foster awareness and spread knowledge of the content promoted by the departments

- Compliance (aimed at increasing knowledge and respect for the Group's value, improving the skills in processes and procedures, as well as in the methodologies and the tools used for Compliance purposes),

- Health, Safety & Environment (aimed at ensuring compliance with the reference regulations on Safety in the workplace),

- Regulatory and Equivalence (for topics relating to Antitrust and Equivalence).

The main 2017 projects are:

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[1] The DigComp model is a common European reference framework for the development of digital expertise

New Equivalence model (NEM): after the operation carried out in 2016 concerning Wholesale managers and operators, a programme was launched in 2017 dedicated to staff in the commercial departments (TIM Retail), to facilitate the transition to the New Equivalence Model;

Safety: in relation to the obligations deriving from current legislation, senior managers were involved, and company prevention and protection measures deriving from current legislation were implemented by providing a number of training programmes, as in previous years. The programmes aimed to guarantee the protection of all professionals visiting and working at the Group's workplaces. All employees were involved in the compulsory safety modules;

Anti-corruption and Whistleblowing: a specific e-learning module addressing everyone in the Group was created to encourage the adoption of transparency, correctness and behaviours in good faith. Lastly, awareness-raising sessions were scheduled for managers about the Competition Authority legislation and the topics of Compliance and Awareness regarding the Market Abuse Regulations and the new European Data Protection Regulation;

Diversity[1]**:** basic training and refresher courses dedicated to the Sales departments and Call Centre personnel.

All personnel operating in the **Security Department of TIM** are trained and updated on national and European Community legislation and regulations governing company safety, and go about their duties in complete compliance with all current company procedures and policies in force. More specifically, in order to protect the Company's human, tangible and intangible resources and infrastructures, Security staff analyse risks and reports of safety incidents, preventing loss and limiting damages, interfacing with the Civil Protection Department and the other institutional entities responsible for managing emergencies or major events involving the various company assets. Security personnel do not perform crowd control duties nor escort people or values, which is instead a task institutionally assigned to the police force.

The Job Center

[GRI 103-3: Management Approach] [GRI 404] [GRI 404-2] The Job Center takes care of the professional retraining process.

The informative interview which the person has with their manager, a Human Resources representative and a representative from the Job Center is an essential step of the overall process. The aim of the interview is to openly clarify the reasons for the project, the criteria, objectives and methods of action.

The retraining process consists of two programmes:

- crossover training on digital skills, common to all professional profiles;
- specialist training, designed according to the specific requirements of the new professional role.

The Job Center constantly monitors the end-to-end process and guides people through all stages of the project until their first placement period. An ad hoc survey is conducted at the end of the first 3 months to evaluate any fine tuning aimed at guaranteeing "time to perform".

More than 2,864 people have been involved as at 31 December 2017, of whom:

- 98.3% have already had their informative interview

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[1] See the dedicated paragraph in the People Caring section

- 50.1 % have concluded their crossover training programme[1]

- 43.3% have started their specialist training (64.3% of whom have completed the programme)[2]

- 96.2% have been placed in the new department.

Brazil

In Brazil, all new employees attend courses on key issues for TIM, such as ethics, sustainability, environmental policies, safety, the skills model, technical training and anti-corruption policies. The latter is already in keeping with the skills disseminated throughout the Group. The start of the development courses includes onboarding, consumer, corporate solutions and caring (basic training) themes and incorporates them into activities in the relevant area, as well as a range of courses based on individuals' experience in the sector in which they operate (updating, product and offer launches, recycling and development).

In 2017 the onboarding concept was extended to all employees who start the development process on their first day at TIM, and they are supervised and supported for the whole of their first year at the Company in the process of integration, orientation, training and assessment. The training plans are directly connected to TIM's strategy. To increase the level of involvement and knowledge of our employees, responsibility, new digital skills and customer experience topics were addressed. The customer experience topic was developed through the training of internal multipliers, in which employees act as ambassadors for the topic at TIM.

[GRI 404-1] The tables below show Group training hours by professional category. The Appendix contains a comparative focus on training by gender, as well as a breakdown of the most significant training areas (environment, health and safety, Human Rights, anti-corruption).

2017	Hours		Participation[3]	Participants	Coverage[4]
	Totals	Per head			
Total	1,722,336	28.98	636,980	57,954	97.5%
Senior Managers	22,817	33.95	6,782	663	98.7%
Middle Managers	95,654	21.32	44,537	4,400	98.1%
Office Staff/Workers	1,603,865	29.55	585,661	52,891	97.5%

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[1] The percentage includes neither the 45.1% of people not needing the crossover training programme due to the close similarity of the profession for which they are retraining, nor the 4.8% of people whose programme will be planned in 2018

[2] The percentage includes neither the 33.2% of people not needing the specialist training programme due to the close similarity of the profession for which they are retraining, nor the 23.5% of people whose programme will be planned in 2018

[3] Shows the overall number of participation in training sessions, in the various forms provided (classroom, online, training on the job)

[4] Coverage refers to the percentage of participants compared to the total, i.e. the % of human resources of the Group who took part in at least one training session compared to the total number of human resources in each individual category (senior managers, middle managers, office workers)

2016	Hours		Participation	Participants	Coverage
	Totals	Per head			
Total	1,823,553	29.78	505,888	57,591	94.1%
Senior Managers	27,874	36.06	3,817	745	96.4%
Middle Managers	87,474	18.90	23,515	4,266	92.2%
Office Staff/Workers	1,708,205	30.60	478,556	52,580	94.2%

2015	Hours		Participation	Participants	Coverage
	Totals	Per head			
Total	2,498,571	37.94	479,209	58,628	89.0%
Senior Managers	22,113	26.17	3,771	811	96.0%
Middle Managers	107,240	22.41	16,046	3,946	82.5%
Office Staff/Workers	2,369,218	39.33	459,392	53,871	89.4%

[GRI 404-1] The Group invested more than 14 million euros in training courses in 2017, equal to a cost of 236.98 euros per head. The value shown only takes into account the amount spent on training courses and does not include the personal benefit obtained by course participants and the positive impact on TIM's performance. The training courses are therefore worth more than they cost to deliver.

Collaborations with schools and universities

In 2017 we consolidated our relationship model with the main stakeholders of the academic world, schools, social and institutional organisations, with the aim of guiding young people, helping implement the university "third mission", enabling innovation, enhancing and fully utilising talent and disseminating digital culture. Our partnerships are planned and implemented to encourage *cross fertilisation*, maintaining the objective of developing how our Employer Branding is perceived, by means of the following drivers:

• **Enhancement of internal expertise** with teaching and testimonials on specific themes

• **Careers advice** for students in line with digital skills

• **Open innovation opportunities**

Partnerships were therefore activated or consolidated aimed at generating value in the short/medium-term, making know-how available to develop and train the younger generation.

These partnerships were established through the following main initiatives: collaboration with secondary schools (both technical institutions and high schools) within the context of work-related learning, with the aim of building a structured relationship with high schools in order to enhance internal expertise, getting in touch with young people across Italy and promoting the Company's image; subscribing to innovative work-related projects, including with universities; funding of scholarships to

encourage young engineering and economics graduates to obtain a postgraduate qualification on subject matters ranging from *cloud computing*, geomarketing, big data and e-health to LTE and robotics, including issues related to web law and economics; funding of scholarships for deserving Engineering degree students, primarily from Southern Italy, for the 2 two-year programmes provided by CONSEL- Consorzio Elis to develop ICT skills; collaboration with postgraduate study courses on themes relating to our business; initiatives to disseminate sources of knowledge on the topic of digital transformation with the purpose of transferring knowledge aimed at supporting digital transformation and evolution; involvement in the drafting of the "Osservatorio Università-Imprese" Report for dialogue between Universities and Businesses, organised by the Fondazione CRUI; involvement in working groups on the topic of the "School-Work Relationship" organised by Cotec - Fondazione per l'Innovazione Tecnologica; the promotion of our best practices within the context of work-related learning with various institutional players, such as the Ministry of Education, Universities and Research (MIUR), Confindustria, Assokowledge and Confindustria Digitale.

The partnerships activated work in synergy with the Employer Branding initiatives, through involvement in meetings at Universities and Schools, with pupils, students, degree students and recent graduates and getting some young colleagues involved. Moreover, around 50 training internships have been started and 35 degree theses managed to date.
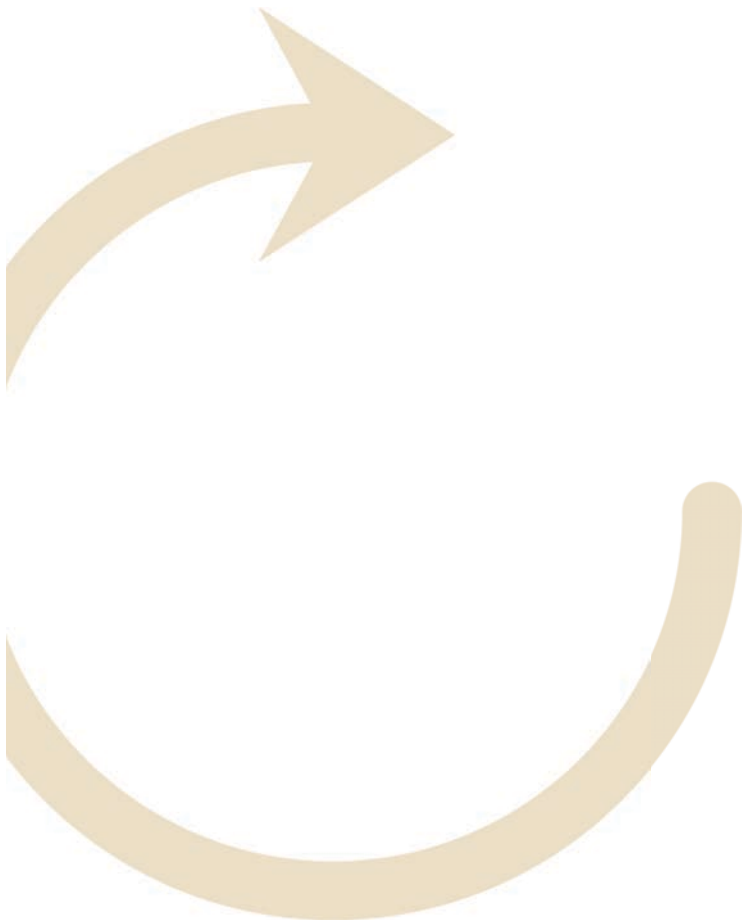
HEALTH & SAFETY

[GRI 103-1: Management Approach] [GRI 403] The 2017 materiality analysis confirmed the protection of health and safety as a material topic for the entire Group. The Health and Safety at Work Management System implemented by TIM ensures that the Company complies in full with national legislation and agreements reached with trade unions; it also establishes numerous initiatives aimed at ensuring increasing safety for workers.

[GRI 103-2: Management Approach] [GRI 403] In Italy, the reference legislation is the Consolidated Law on Health and Safety at Work, which, amongst other aspects, specifically requires participation and consultation on the matter with the workers' representatives. During 2017, the main areas of action in the field of health and safety at work concerned the updating of the risk identification and assessment process in line with the revised employer model, and the consequent review of the organisational and procedural framework linked to the management of prevention aspects.

Campaigns to monitor physical agents continued, by means of tools to measure, in particular, vibrations, noise and electromagnetic fields. Training activities were delivered for all company employees, in particular for operational technical staff increasingly affected by the application of new technologies and involved in new operating scenarios. As part of the information and awareness-raising initiatives to strengthen the safety culture, an informative digital product was produced, dedicated to the management of emergencies in the event of earthquakes. With reference to the monitoring of accidents, careful analysis of events and potential identification of corrective actions continued. Also, direct involvement of the lines affected and of the HR department was reinforced for greater synergy. A number of digital projects are also being developed in collaboration with technical personnel; these are also aimed at the application of new technologies in the Safety area.

The Health and Safety at Work Management System implemented by TIM ensures that the Company complies in full with national legislation and agreements reached with trade unions; it also establishes numerous initiatives aimed at ensuring increasing safety for workers. The regulation requires the workers' safety representative to be elected or designated by the workers from the trade unions present in the company.

TIM has a procedure in place describing the rules and requirements of each subject in the "genesis" process, the management and closure of reports of incidents at work and/or while travelling involving workers for which companies are required to pay an INAIL [Italian national institute for insurance covering accidents at work] premium. The procedure establishes that when an injury occurs, the worker shall send an injury certificate to his manager and to the HR management. The latter shall then submit a report of the injury to INAIL, which, after suitable checks, shall either confirm or reject the injury. If the injury is not recognised, the days for which the worker is absent will automatically become days of absence for ordinary sickness

[GRI 403-1] The number and method of designation or election of workers' safety representatives, together with the salaried working hours and the tools used to fulfil duties, are established during collective bargaining. The legislation is applied throughout Italy and, in particular, as concerns TIM S.p.A., Health and Safety Committees have been established. **[GRI 403-4]** According to the agreements stipulated with the trade union organisations, these Committees play a participatory and collaborative role aimed at guaranteeing joint analyses and discussion by the company party and the union party of all matters relating to health and safety at work, on a national and territorial level. To this end, the agreement establishing the Committees states that both the Joint National Health and Safety Committee (CPSSN) and each of the four Joint Territorial Health and Safety Committees (CPSSTs) shall number three members appointed by the Company and three members appointed by the trade unions signing the agreement. Apart from the specific duties assigned by the agreement to the Committees, the CPSSN has the task of coordinating and instructing the CPSSTs, which, in turn, act as an interface with, and support, the workers' representatives.

[GRI 403-3] In TIM S.p.A., working activities have been classified as low and medium risk, in line with the definitions provided by the reference legislation, in accordance with the ATECO classification of the National Statistics Institute. There are no high-risk activities present in the Company. Nor indeed are there any high-risk activities carried out in the other Group associates.

[GRI 403-2] Accidents and occupational diseases

	31.12.2017	31.12.2016	31.12.2015
Number of accidents (excluding travel)	481	524	554
Severity index[(*)]	0.20	0.23	0.21
Frequency rate[(*)]	7.67	8.66	8.31
Average duration in hours	139.81	145.51	139.93
Unproductivity index[(*)]	1.26	1.52	1.42
Accidents per 100 workers	1.08	1.21	1.27

(*) The severity, frequency and unproductivity indexes are respectively:
- the number of conventional working days lost due to accident per thousand hours worked
- the number of accidents per million hours worked
- the number of hours lost due to accidents per thousand hours worked

The positive downward trend in the number of accidents at work continued in 2017, with a 8.2% fall compared to 2016. The accident figures also show an improvement on the values of the previous year. Details on accidents, occupational diseases and absences required by standard GRI [GRI 403-2] are given in the Appendix to this chapter.

The main types of injuries recorded were, in decreasing order: falls, sprains/pulled muscles, road accidents, injuries from handling materials, blows, crushing and other minor types. As regards occupational diseases, the reports made to INAIL [Italian National Institute for Insurance Against Accidents at Work] during the year of reference and processed for acknowledgement, were considered.

In 2017, the occupational diseases reported by workers concerned pathologies relating to neoplasia, the musculoskeletal system and hearing/speech/respiratory systems, the lymphatic system and mental health disorders/psychosomatic illnesses.

Brazil

[GRI 403-4] In Brazil the collective agreements state as a rule that information must be provided on the prevention of accidents in the workplace and occupational diseases, and TIM Brasil complies with this practice. Further information on Health & Safety is available in the Disclosure Management Approach section of this chapter.

[GRI 403-2]

	31.12.2017	31.12.2016	31.12.2015
Number of accidents (excluding travel)	12	15	35
Severity index(*)	0.01	0.01	0.02
Frequency rate(*)	0.74	0.81	1.70
Average duration in hours	84	178	267
Unproductivity index(*)	0.06	0.14	0.45
Accidents per 100 workers	0.13	0.15	0.27

(*) The severity, frequency and unproductivity indexes are respectively:

- the number of conventional working days lost due to accident per thousand hours worked
- the number of accidents per million hours worked
- the number of hours lost due to accidents per thousand hours worked
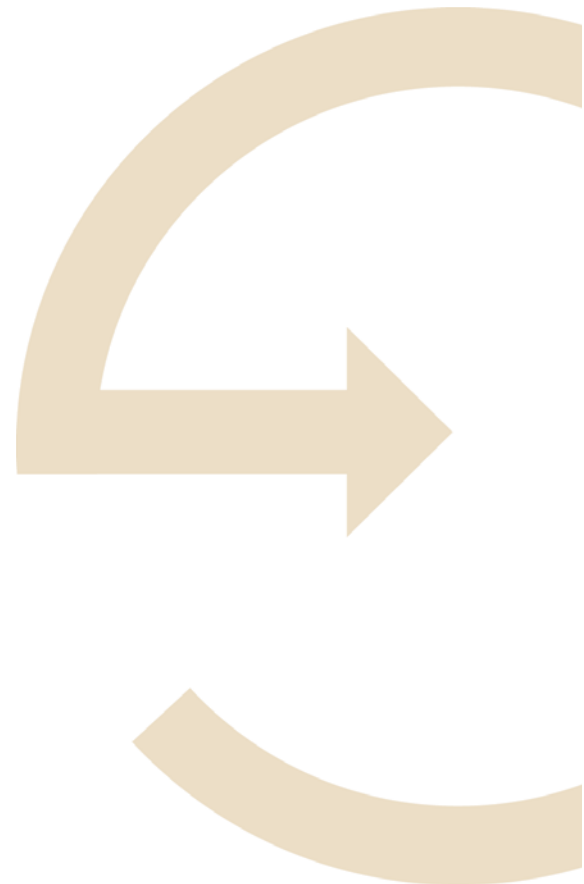
INDUSTRIAL RELATIONS

[GRI 103-1: Management Approach] [GRI 402] The 2017 materiality analysis confirmed the protection of health and safety as a material topic for the entire Group. The Health and Safety at Work Management System implemented by TIM ensures that the Company complies in full with national legislation and agreements reached with trade unions; it also establishes numerous initiatives aimed at ensuring increasing safety for workers. **[GRI 103-2: Management Approach]** TIM has always entertained open, transparent relations with the trade unions and workers' representatives, in the belief that it is only through continuous, constructive dialogue that the best possible balance can be struck with respect to the expectations of all stakeholders. **[GRI 102-41]** All Group workers, both in Italy and in Brazil, are covered by Collective Labour Agreements reached with Trade Union Organisations and all personnel are guaranteed the possibility of attending union meetings, in terms of paid leave and company space to enable them to be held, as well as of freely participating in consultation procedures for the election of trade union representatives. In no Group operations is the right to union participation at risk or disputed. Amongst other things, union agreements lay down the ways in which these rights can be enforced and establish the bodies in charge of controlling compliance therewith. **[GRI 402-1]** Organizational changes with significant effect on employment levels and personnel are discussed with the trade union representatives and, in some cases, an ad hoc agreement is stipulated, specifying the terms and conditions of the reorganisation. **[GRI 408-1] [GRI 409-1]** Collaboration with the workers' representatives, together with the internal control systems and procedures, has meant that no violation or risk has been reported with regards to the application of the Group's Social Responsibility policies protecting the essential rights of employment, such as the ban on forced labour or child labour[1].

TIM S.p.A.

[GRI 103-2: Management Approach] [GRI 402] The search for constant dialogue and discussion with the union representatives led to major agreements being reached, aimed at reconciling the needs of the business with those of the people who work in the Company. This has allowed agreements to be reached for the implementation of efficiency improvement plans that can mediate between the needs of the workers and those of the Company. For example, a complex negotiation process involving the leading trade union organisations was completed in late 2015 with the signing of a framework agreement to manage staff redundancies.

Like its predecessors, the agreement provided for the use of a mixture of integrated instruments and measures that are not socially traumatic but that are economically sustainable, including the use in 2016-2017 of Defensive Solidarity Contracts, as required by the Jobs Act, combined with the strategic role of the training lever, as a pivotal element to encourage professional retraining and requalification in order to counteract redundancies. Defensive Solidarity Contracts are agreements that provide for working hours to be reduced in order to avoid downsizing. For the workers to whom the contract will be applied, provision is made for INPS (Istituto Nazionale della Previdenza Sociale) to make up part of the remuneration not received due to the reduction in working hours. In 2017 the benefit on the cost of labour obtained from solidarity contracts was 117 million euros for the Group (118 million euros in 2016) all afferent to the Parent Company.

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[1] In terms of child labour, the policies allow for some completely legal exceptions, such as, for example, training contracts for which incentives are provided by the Brazilian government

The other instruments agreed between the Parties, such as the mobility provisions of Law 223/91 and article 4 of the Fornero Law, are in any case of a voluntary nature[1].

The 2018-2020 Business Plan and the respective HR Management Plan were presented and discussed with the Trade Unions. The personnel guidelines will be aimed at adopting measures intended to support the corporate transformation process that awaits the Company in terms of the digitalisation of processes and services.

[GRI 407-1b] The Company and the Trade Union Organizations reached an understanding that determines the structure of the 2017/2019 performance bonus for companies of the TIM Group.

The Bonus takes a new approach: it provides for equal incentive systems for all, from managers to technical personnel, and they are based on the results achieved with respect to the goals set. The agreement, which positively concludes the negotiations initiated with the trade union, provides for the performance bonus to be comprised of:

- a "basic" bonus, which uses the group EBITDA as an indicator;
- a "production" bonus, which uses the revenues from group services net of product revenues as an indicator;
- an "improvement" bonus which uses the Customer Satisfaction Index as an indicator;
- a "department" bonus linked to the departmental targets.

The objectives, changed by managerial incentive systems, recognise the contribution of all workers to the achievement of the forecast economic and production results.

The average value of the bonus for TIM was also defined, correlated and commensurate to the achievement of the goals set. The payout, made annually for the duration of the agreement, will concern all workers, including those with apprenticeship and fixed-term contracts, but the bonus will be awarded upon achievement of, first of all, the measure set for the Group Ebitda indicator.

The parties have also provided for the welfare option, according to which people may choose whether to receive all or a part of the bonus in welfare services, benefiting from full tax relief. The list of services includes, inter alia, daycare centres, taxes and school books, elderly care, healthcare costs, pension funds, loans, shopping vouchers, sports and free time which are only a part of the welfare capital, in which TIM invests a total of over 100 million euros each year. A specific joint consultancy body has been set up to manage the agreement, which will be notified of the goals each year, derived from the budget process, in accordance with the Strategic Plan; this body is tasked, inter alia, with analysing the types of services accessible through welfare.

With respect to the trend reversal of the Company's main economic and profit indicators, recorded in the second half of 2016, in 2017 TIM paid its employees a contribution made on the basis of overall efficiency recovery and improvement of the Company's economic performance. In this sense TIM's people were paid a One-off Bonus, diversified according to their grade. Likewise, the disbursement also concerned staff from other companies in the Group.

[GRI 407-1b] At the end of the discussions on agile working started by TIM with the Trade Union Organizations, an understanding was reached, with the aim of partaking in the spread of agile working at the company, already introduced experimentally with a first pilot phase in 2016-2017. The understanding on agile working reached with the Trade Union

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[1] Please, make reference to "Efficiency improvement process, social cost optimisation – engagement with workers' representatives" included in the Management Report

Organizations in July marks another step on the road to TIM's digital transformation and represents an additional undertaking by the Parties to achieve the goals of improving productivity, promoting social, economic and environmental sustainability and encouraging work-life balance, with particular attention to family care needs. To manage the agreement, the Parties have set up a system of quarterly checks to be carried out nationwide on the progress of the experiment, the equipment available, the organizational areas involved and the monitoring of the "hours of absence reduction" productivity indicator identified by the Parties. Local Trade Union Organizations will also be sent a periodic information notice on the progress of the experiment in the area of reference.

[GRI 103-3: Management Approach] [GRI 402] In September, the new agile working experiment was therefore launched on a voluntary basis and will run until 31 December 2018; the TIM people who perform compatible activities will have the opportunity to work in agile working mode at another company office and/or non-company establishment indicated by the employee, in the manner and time indicated by the company, in compliance with the agreement established. In the context of the procedure under law 223/91 launched by TIM in July 2017 with respect to 382 workers, the company and the trade union, during the various joint examination sessions, further explored the reasons indicated by the Company. The discussion, aimed at finding the most appropriate method to manage the redundancies, concluded positively with the agreement signed on 8 November 2017; the Parties agreed on the use of collective dismissal to reduce staff numbers, identifying a maximum of 340 workers and, in accordance with current legislation, the "non-opposition" criteria to execute the dismissals. The agreement includes specific economic measures to accompany termination of the employment relationship.

[GRI 103-2: Management Approach] [GRI 402] In November, TIM and the Trade Union Organizations SLC-CGIL, FISTel-CISL and UILCom-UIL, as the parties that established the recreational club for employees of the Telecom Italia Group (CRALT), signed an agreement that defined the new structure of the Club.The agreement reached supersedes the previous notifications of withdrawal from the Club and cancellation of the agreements, positively concluding the phase of discussions between the Parties by identifying innovative and economically sustainable solutions for reviewing the structure and management charges of the Club which ensure, in terms of efficiency and sustainability, the operational continuity of CRALT.

Brazil

[GRI 103-2: Management Approach] [GRI 402] The Company held two meetings with national federations (Fenattel and Fitratelp), which together represent 27 Italian trade unions, to negotiate the 2017 Profit-Sharing Scheme (PPR). Moreover, the renewal of the Collective Labour Agreement was also discussed, with negotiations completed with the federation representing 19 states, while negotiations are still underway with the other federation, which represents 8 states, due to failure to reach an agreement with employees. Negotiations on the addendum to the collective labour agreement for 2017/2018 will be resumed in the third round of meetings.

Remuneration policy

[GRI 102-37] The Group remuneration policy is established in such a way as to guarantee the necessary levels of competitiveness of the Company on the employment market. Competitiveness translates into supporting the strategic objectives, pursuing sustainable results in the long-term, ensuring the engagement with people, safeguarding internal fairness principles, and seeking to safeguard coherence at Group level, while taking into account the diversity of the reference markets. The result is a remuneration structure that seeks to guarantee the correct balance between fixed and variable components, both short and long-term, alongside benefit and welfare systems with total rewarding in mind. In 2017, the Company turnaround process and the need to guarantee an economically sustainable corporate management brought about the need for a strict, selective remuneration policy.

In brief, the remuneration policy structure is essentially based on the following components:

- fixed remuneration;
- variable remuneration;
- benefit and welfare.

More specifically, the fixed component reflects the breadth and strategic nature of the position held and is dictated by performance in the reference markets.

The short-term variable remuneration (MBO) on the other hand aims to establish a transparent link between pay and the degree of fulfilment of annual targets. To this end, the targets were fixed according to qualitative and quantitative indicators that represent and are consistent with the strategic priorities and business plan, measured according to pre-established and objective criteria. In 2017, as in 2016, the management incentives structure was simplified by reducing the number of objectives.

In 2017, the gate – the Group's Ebitda objective - constituted a condition for access to the bonus associated with all incentivised objectives, with an amended mechanism for application compared to 2016: the level to be reached to receive the bonus is the Target level equal to the budget value. In 2016, the Group's EBITDA objective was a condition of access to the bonus associated with the Company's objectives and the level to reach was minimal. The objectives are Group, departmental and individual objectives, with different weights for each corporate department. The Performance Management objective, which was also provided for in 2017 for all MBO beneficiaries (excluding the Executive Directors), with a relative weight set at 30%, is based on the overall result of the assessment, which considers both individual targets and leadership model-related behaviours, in equal measures.

A contractual clawback mechanism is in force, which allows retrieval of the variable remuneration paid out to Executive Directors and managers with strategic responsibilities starting from 2016. As defined in the policy, the clawback clause can be triggered in the three years following payment of the sums. The long-term variable component is aimed at promoting consistency between the interests of management and those of shareholders, through sharing of the business risk; the start of a new Long-term Plan for the 2017-2019 three-year period was considered upon termination of the 2014-2016 Stock Option Plan. For reasons of expediency and economic sustainability, the launch of a new Long-term plan was postponed until 2018.

In light of the termination of the employment contract of Mr Cattaneo, the 2016-2019 Special Award, which was introduced when he joined the Company, should be considered extinguished. In keeping with the Special Award regulations, the other beneficiaries were chosen by the CEO from the managers who, in his opinion, contributed to the achievement of "over-performance"; following approval of the financial statements for 2019 they will receive only the sum accrued in 2016 (80% in shares and 20% in cash).

No Long-Term Incentive (LTI) Plan has been pre-established by contract for the new CEO Amos Genish. Mr Genish shall therefore take part in the LTI plans under the terms and conditions to be approved for the Company's management by the Company's competent bodies. In particular, a Performance Share Plan was made available for the three-year period 2018-2020 - with a three-year vesting period and two-year lock up period. This Plan is reserved to the Chief Executive Officer and owners of managerial positions with a major impact on company results. The Plan is subject to the achievement of the performance condition linked to the increase in both the share value and economic and financial indicators. The LTI Plan is subject to the claw back clause. Its approval is expected at the BoD and Shareholders' Meeting on 24 April 2018. With a view to establishing a total

compensation[1] system, the conventional monetary tools have been joined by non-monetary ones including benefits, by extending some of them to everyone in the Company. Benefits and welfare generate a separate economic value from the other forms of remuneration. These resources, services and performance systems are aimed at improving the welfare of individuals and their families from an economic and social perspective.

Reference stakeholders	Targets subject to incentives	% of managers (to whomthe target applies)
Customers	Customer satisfaction	25%
	Quality of the service delivered	21%
	Quality of the service perceived by consumer and business customer	27%
	Quality of the service perceived by other national fixed and mobile telephony operators	16%
Human Resources	Health and safety of employees	4%
	Programmes of training and professional growth	
	Welfare activities (People Caring) and the wellbeing of employees	
Environment	Consumption of materials, energy	1%
Shareholders and Institutions	Quality and speed of company information delivery	3%
The Community	Organisation of corporate events	2%
	Quality of corporatenitiatives/projects	

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[1] In order to provide a correct indication of the relationship between remuneration paid to Top Management and the rest of the company's employees **[GRI 102-38] [GRI 102-39]**, according to the "Policy for Classifying and Managing Information in accordance with confidentiality requirements", TIM provides some indications for calculation purposes in the customary tables of the Remuneration Report (pages 24-26) and in the Annual Financial Report (page 207)

Below is the analytical data for the company workforce, broken down according to the GRI Standards.

[GRI 102-8f] The Group figure includes not only the Domestic and Brazil Business Units, but also other minor entities, for very few units. In accordance with the principle of relevance, no specific column has been added for these entities

[GRI 102-8a] Employees by contract type and gender

	2017 Permanent contract		2016 Permanent contract		2015 Permanent contract	
	Man	Woman	Man	Woman	Man	Woman
Group	**38,107**	**21,184**	**39,306**	**21,767**	**41,660**	**24,084**
Domestic	33,267	16,446	34,379	16,746	35,521	17,001
Brazil	4,794	4,714	4,860	4,989	6,006	7,036

	2017 Fixed-term contract		2016 Fixed-term contract		2015 Fixed-term contract	
	Man	Woman	Man	Woman	Man	Woman
Group	**68**	**70**	**87**	**65**	**65**	**55**
Domestic	68	70	86	65	65	55
Brazil	0	0	0	0	0	0

[GRI 102-8c] Employees on permanent and fixed-term contracts, by job type and gender

Employees on permanent contracts

	2017				2016				2015			
	Full Time		Part Time		Full Time		Part Time		Full Time		Part Time	
	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman
Group	**36,559**	**13,907**	**1,548**	**7,277**	**37,776**	**14,187**	**1,530**	**7,580**	**39,599**	**15,011**	**2,061**	**9,073**
Domestic	32,220	10,496	1,047	5,950	33,389	10,754	990	5,992	34,523	11,005	998	5,996
Brazil	4,293	3,388	501	1,326	4,320	3,403	540	1,586	4,944	3,962	1,062	3,074

Employees on fixed-term contracts

| | 2017 | | | | 2016 | | | | 2015 | | | |
| | Full Time | | Part Time | | Full Time | | Part Time | | Full Time | | Part Time | |
	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman
Group	4	2	64	68	5	3	82	62	8	10	57	45
Domestic	4	2	64	68	4	3	82	62	8	10	57	45
Brazil	0	0	0	0	0	0	0	0	0	0	0	0

[GRI 102-8a] Employees on the payroll and agency contract workers, by gender

Employees on payroll

| | 2017 | | 2016 | | 2015 | |
	Man	Woman	Man	Woman	Man	Woman
Group	38,175	21,254	39,393	21,832	41,725	24,139
Domestic	33,335	16,516	34,465	16,811	35,586	17,056
Brazil	4,794	4,714	4,860	4,989	6,006	7,036

[GRI 102-8d] Agency contract workers

| | 2017 | | 2016 | | 2015 | |
	Man	Woman	Man	Woman	Man	Woman
Group	0	0	0	4	1	2
Domestic	0	0	0	4	1	1
Brazil	0	0	0	0	0	0

[GRI 102-8b] Employees by geographic area and gender

| | 2017 | | | 2016 | | | 2015 | | |
	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
Men	33,208	4,967	38,175	34,338	5,055	39,393	35,516	6,209	41,725
Women	16,481	4,773	21,254	16,874	5,048	21,832	17,038	7,101	24,139
Total	49,689	9,740	59,429	51,122	10,103	61,225	52,554	13,310	65,864

[GRI 102-8] Employees of suppliers working at the Group offices and whose activities are part of the core business of TIM[1]

	2017	2016	2015
External FTE on site	631	943	985

[GRI 401-1a] New employees by age and geographic area

	2017			2016			2015		
	<30	>=30; <=50	>50	<30	>=30; <=50	>50	<30	>=30; <=50	<30
Group	**1,355**	**1,022**	**64**	**1,518**	**736**	**63**	**2,850**	**1,346**	**75**
Domestic	176	142	34	214	144	38	137	170	43
Brazil	1,176	880	30	1,303	592	25	2,712	1,174	32

[GRI 401-1a] New employees by gender and geographic area

	2017		2016		2015	
	Man	Woman	Man	Woman	Man	Woman
Group	**1,310**	**1,131**	**1,081**	**1,236**	**1,940**	**2,331**
Domestic	216	136	242	154	225	125
Brazil	1,092	994	838	1,082	1,715	2,203

[GRI 401-1a] Distribution of intakes of Group employees by geographical area

	2017	2016	2015	Changes (2017/2016)
Italy	336	378	325	(42)
Abroad	2,105	1,939	3,946	166
Total	**2,441**	**2,317**	**4,271**	**124**

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[1] The only core business operations that require a significant working contribution from the employees of suppliers at the company offices relate to the development of IT platforms. The data in the table refers exclusively to these cases

[GRI 401-1a] Distribution of Group employees by geographic area

	2017	2016	2015	Changes (2017/2016)
Italy	49,689	51,122	52,554	(1,433)
Abroad	9,740	10,103	13,138	(363)
Total	59,429	61,225	66,016	(1796)

[GRI 401-1b] Turnover by gender and geographic area

	2017		2016			
	Man	Woman	Man	Woman	Man	Woman
Group	2,539	1,698	3,436	3,539	2,029	2,411
Domestic	1,365	425	1,424	407	431	279
Brazil	1,158	1,269	1,985	3,128	1,593	2,124

[GRI 401-1b] Turnover by age and geographic area

	2017			2016			2015		
	<30	>=30; <=50	>50	<30	>=30; <=50	>50	<30	>=30; <=50	<30
Group	1,428	1,434	1,375	3,138	2,268	1,569	2,397	1,705	338
Domestic	165	328	1,297	138	283	1,410	162	264	284
Brazil	1,260	1,106	61	3,000	1,979	134	2,235	1,435	47

[GRI 401-3b] Employees who benefited from parental leave, by gender

	2017		2016		2015	
	Man	Woman	Man	Woman	Man	Woman
Group	163	1,166	201	1,370	172	1,301
Domestic	52	854	68	999	61	756
Brazil	110	312	132	369	111	543

[GRI 401-3c] Employees who returned after having benefited from parental leave, by gender[1]

	2017		2016		2015	
	Man	Woman	Man	Woman	Man	Woman
Group	*	*	197	1,331	169	1,289
Domestic	*	*	67	988	60	741
Brazil	*	*	129	342	109	543

* The data will be available from end 2018

[GRI 401-3d] Employees at work after a year from the end of parental leave, by gender[2]

	2017		2016		2015	
	Man	Woman	Man	Woman	Man	Woman
Group	*	*	143	1,117	138	1,251
Domestic	*	*	44	841	35	945
Brazil	*	*	98	276	103	305

* The data will be available from end 2018

[GRI 401-3e] (return to work rate) Percentage of employees returned to work after parental leave out of total employees benefiting from leave

	2017		2016		2015	
	Man	Woman	Man	Woman	Man	Woman
Group	*	*	98%	97%	98%	99%
Domestic	*	*	99%	99%	98%	98%
Brazil	*	*	98%	93%	98%	100%

* The data will be available from end 2018

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[1] Please note that in the table, the year of return of employee x has not been calculated according to the year in which x effectively returned, but according to the year in which x took leave. Therefore, if x took leave in 2016 and returned in 2017, his return is in any case reported in the 2016 column. This is why the data for the 2017 column is still partial and not yet able to be published

[2] Please note that in the table, the year of continued work of employee x has not been calculated according to the year in which x was at work after 12 months of leave, but according to the year in which x took leave. Therefore, if x took leave in 2016 and after 12 months was still at work in 2017, his continuation at work is in any case reported in the 2016 column. As we do no yet know which, of the employees who went on leave in 2017 will still be at work after 12 months, we are unable to calculate the figure for 2017

[GRI 401-3e] (retention rate) Percentage of employees at work after 12 months from the end of parental leave out of total employees benefiting from leave

	2017		2016		2015	
	Man	Woman	Man	Woman	Man	Woman
Group	*	*	71%	82%	89%	80%
Domestic	*	*	65%	84%	82%	98%
Brazil	*	*	74%	75%	93%	56%

* The data will be available from end 2018

[GRI 403-2a] Injury rate out of total workforce* (number of injuries over hours worked)

	2017		2016		2015	
	Man	Woman	Man	Woman	Man	Woman
Group	6.92	4.26	7.70	3.66	7.58	3.53
Domestic	8.04	5.39	9.05	4.75	8.70	4.15
Brazil	0.48	1.07	0.43	1.21	0.96	2.31

* Temporary workers are not considered in this type of record. In any case, there were 0 temporary workers in 2017.

[GRI 403-2a] Days lost over workforce* (days of injury over working hours)

	2017		2016		2015	
	Man	Woman	Man	Woman	Man	Woman
Group	0.19	0.09	0.20	0.10	0.18	0.12
Domestic	0.22	0.12	0.24	0.15	0.21	0.16
Brazil	0.01	0.01	0.00	0.01	0.01	0.03

* Temporary workers are not considered in this type of record. In any case, there were 0 temporary workers in 2017.

[GRI 403-2a] Absenteeism rate out of total workforce* (total hours of absenteeism over working hours)

	2017		2016		2015	
	Man	Woman	Man	Woman	Man	Woman
Group	5.59	9.38	6.09	11.91	5.52	9.94
Domestic	6.47	12.00	6.58	12.69	5.98	11.50
Brazil	1.61	3.99	4.04	10.64	2.69	6.74

* The absenteeism rate is calculated taking into consideration the additional items with respect to those of the GRI 403-2 indicator. From 2016 the absenteeism rate calculation method used in Brazil was adapted to that used in the other Companies of the Group.

[GRI 403-2a] Occupational disease rate out of total workforce* (number of cases over workforce)

	2017		2016		2015	
	Man	Woman	Man	Woman	Man	Woman
Group	0.05	0.01	0.03	0.02	0.03	0.00
Domestic	0.06	0.01	0.04	0.02	0.04	0.01
Brazil	0.00	0.00	0.00	0.00	0.00	0.00

* Temporary workers are not considered in this type of record. In any case, there were 0 temporary workers in 2017

[GRI 404-1]

The following tables report training carried out in TIM SpA, broken down according to gender

2017	Hours		Participation*	Participants	Coverage**
	Totals	Per head			
Total	1,317,426	29.8	457,785	43,372	97.9%
Senior Managers	18,933	35.5	5,887	541	101.3%
of whom women	3,420	41.7	1,051	89	108.5%
of whom men	15,513	34.3	4,836	452	100%
Middle Managers	74,218	20.09	38,173	3,634	98.3%
of whom women	15,651	15.4	10,042	1,001	98.7%
of whom men	58,567	21.8	28,131	2,633	98.2%
Office Staff/Workers	1,224,275	30.57	413,725	39,197	97.9%
of whom women	326,299	26.9	143,028	11,823	97.6%
of whom men	897,976	32.1	270,697	27,374	98%

2016	Hours		Participation*	Participants	Coverage**
	Totals	Per head			
Total	**1,058,194**	**24.8**	**351,897**	**37,732**	**88.4%**
Senior Managers	21,632	36.7	3,161	580	98.5%
of whom women	4,139	42.7	570	101	104.1%
of whom men	17,493	35.5	2,591	479	97.4%
Middle Managers	57,545	18.0	17,242	2,828	88.3%
of whom women	16,379	18.6	4,798	800	90.7%
of whom men	41,166	17.7	12,444	2,028	87.4%
Office Staff/Workers	979,017	25.2	331,494	34,324	88.3%
of whom women	264,911	22.8	113,811	9,847	84.9%
of whom men	714,106	26.2	217,683	24,477	89.7%

2015	Hours		Participation*	Participants	Coverage**
	Totals	Per head			
Total	**1,338,273**	**30.3**	**250,165**	**38,892**	**88.0%**
Senior Managers	16,176	25.1	3,158	659	102.2%
of whom women	3,552	31.7	653	114	101.8%
of whom men	12,624	23.7	2,505	545	102.3%
Middle Managers	55,946	16.8	10,681	2,812	84.4%
of whom women	15,059	16.7	2,686	776	85.7%
of whom men	40,887	16.9	7,995	2,037	84.0%
Office Staff/Workers	1,266,152	31.5	236,326	35,471	88.2%
of whom women	289,757	24.5	81,706	10,173	86.1%
of whom men	976,395	34.4	154,620	25,298	89.2%

* Shows the overall number of participation in training sessions, in the various forms provided (classroom, online, training on the job)
** Coverage refers to the percentage of participants compared to the total, i.e. the % of human resources of the Group who took part in at least one training session compared to the total number of human resources in each individual category (senior managers, middle managers, office workers)

[GRI 404-1] TIM invested 11.91 million euros in training courses in 2017, equal to a cost of 263.16 euros per head.

Focus charts are presented below by type of training referring to TIM S.p.A..

Environment 2017 TIM S.p.A.

	hours	per head	participants	coverage
Total	9,017	0.2	3,093	7.0%
of whom women	1,596	0.1	452	3.4%
of whom men	7,421	0.2	2,641	8.5%
Senior Managers	0	0.0	0	0.0%
of whom women	0	0.0	0	0.0%
of whom men	0	0.0	0	0.0%
Middle Managers	86	0.0	22	0.6%
of whom women	2	0.0	4	0.4%
of whom men	84	0.0	18	0.7%
Office Staff/Workers	8,931	0.2	3,071	7.7%
of whom women	1,594	0.1	448	3.7%
of whom men	7,337	0.3	2,623	9.4%

Health and Safety 2017 TIM S.p.A.

	hours	per head	participants	coverage
Total	164,924	3.7	18,901	42.7%
of whom women	11,399	0.9	4,710	35.7%
of whom men	153,525	4.9	14,191	45.7%
Senior Managers	997	1.9	148	27.7%
of whom women	171	2.1	19	23.2%
of whom men	826	1.8	129	28.5%
Middle Managers	4,687	1.3	2,459	66.5%
of whom women	888	0.9	760	75.0%
of whom men	3,799	1.4	1,699	63.4%
Office Staff/Workers	159,240	4.0	16,294	40.7%
of whom women	10,340	0.9	3,931	32.5%
of whom men	148,900	5.3	12,363	44.2%

Anti-corruption 2017 – TIM S.p.A.

	hours	per head	participants	coverage
Total	16,624	0.4	32,611	73.6%
of whom women	4,678	0.4	9,169	69.4%
of whom men	11,946	0.4	23,442	75.4%
Senior Managers	176	0.3	344	64.4%
of whom women	27	0.3	51	62.2%
of whom men	149	0.3	293	64.8%
Middle Managers	1,398	0.4	2,723	73.7%
of whom women	375	0.4	716	70.6%
of whom men	1,023	0.4	2,007	74.9%
Office Staff/Workers	15,050	0.4	29,544	73.8%
of whom women	4,276	0.4	8,402	69.4%
of whom men	10,774	0.4	21,142	75.7%

Human Rights 2017 – TIM S.p.A.

	hours	per head	participants	coverage
Total	3,883	0.1	3,479	7.9%
of whom women	1,655	0.1	1,517	11.5%
of whom men	2,228	0.1	1,962	6.3%
Senior Managers	657	1.2	273	51.1%
of whom women	116	1.4	43	52.4%
of whom men	541	1.2	230	50.9%
Middle Managers	782	0.2	342	9.3%
of whom women	371	0.4	108	10.7%
of whom men	411	0.2	234	8.7%
Office Staff/Workers	2,444	0.1	2,864	7.2%
of whom women	1,168	0.1	1,366	11.3%
of whom men	1,276	0.0	1,498	5.4%

[GRI 405-2] Ratio of women/men according to basic salary and ratio of women/men according to remuneration, broken down according to each professional category

Italy - TIM S.p.A.		2017	2016	2015
Senior Managers	GAS	0.88	0.93	0.91
	TAR	0.89	0.93	0.90
Middle Managers	GAS	0.96	0.95	0.95
	TAR	0.94	0.93	0.94
Office Staff/Workers	GAS	0.96	0.95	0.95
	TAR	0.95	0.95	0.95

Brazil		2017	2016	2015
Senior Managers	GAS	0.80	0.77	0.74
	TAR	0.80	0.85	0.77
Middle Managers	GAS	0.96	0.95	0.94
	TAR	0.96	0.95	0.94
Office Staff/Workers	GAS	0.70	0.67	0.63
	TAR	0.70	0.67	0.62

GAS = Gross Annual Salary, comprising recurring fixed remuneration
TAR = Total Annual Remuneration, comprising the Gross Annual Remuneration + bonuses awarded during the reference year (the bonuses may refer to individual or group incentive systems or take the form of special awards or meritocratic policy awards).

APPENDIX

[GRI 102-43], [GRI 102-44]

INITIATIVES WITH STAKEHOLDERS - SUMMARY

Dialog   Partnership   Information   Consultation

COMMITMENT - ACTIVITIES	INITIATIVES
Commitment. TIM has undertaken to reduce its environmental impacts, aimed at improving its performance energy efficiency, to adopt purchasing policies that take account of environmental issues, and to propose innovative technological solutions to individuals, companies and PA for the containment of environmental impacts. **Activities**. The active collaboration between TIM and industry associations and non-profit organizations translates in the subscription of the undertakings, prepaid and codes that influence and direct the strategy for the environment of the Group.	**Collaboration with other telecoms operators** on issues of environmental importance in the context of industry associations and non-profit organizations including European Telecommunications Network Operators' Association (ETNO), European Telecommunications Standards Institute (ETSI), the CDP and International Telecommunication Union (ITU) (The TIM Group and Environment)
Activities. By way of example, the environmental Statements product initiatives for customers - TIM eco-friendly (Environment); IoRiciclo, an initiative sustainable dedicated to collect handsets and smartphone from throw. (Environment)	Present at Global e-Sustainability Initiative (GeSI), in particular in the **Work Group Industry Responsibility Committee** for the sustainability of products and services. (Environment)
Commitment. TIM is engaged in research and development for ICT solutions Internet of Things (Internet of Things) for the Smart City who have a positive environmental impact.	TIM collaborates with some municipalities in projects in the context of eco-sustainability: **REPLICATE** (Florence Smart City) and the project **MONICA** (Turin Smart City), a project **SMILE** (Turin Smart City). (Environment) TIM Brazil. **Partnership with the Ministry of Science Technology, Innovation and Communications** (MCTIC) to develop solutions for the mitigation and adaptation to climate change. (Environment and The value chain/Customers)
Activities . Issue of guidelines and standards on measurement methodologies and calculation of the levels of exposure to electromagnetic radiation issued by the radio systems-mobile.	TIM participating actively in the committees and working groups of **CEI (The Italian Electrotechnical Committee)**. (Environment)

THE ENVIRONMENT

COMMITMENT - ACTIVITIES	INITIATIVES
Impegno. Ampliare la conoscenza degli strumenti digitali e aumentare il numero di persone in possesso di competenze digitali evolute sono obiettivi dell'Agenda Digitale. Attraverso la diffusione delle tecnologie ICT nelle scuole, TIM è impegnata a fornire il proprio contributo all'introduzione delle tecnologie digitali nelle scuole e nei processi didattici.	Dal 2015 TIM partecipa in qualità di partner Fondatore Mecenate, oggi Benefattore, a **Programma il Futuro**, un'iniziativa del MIUR, attuata dal CINI (Consorzio Interuniversitario Nazionale per l'Informatica) per favorire l'introduzione del pensiero computazionale e del coding nei programmi didattici delle Scuole di ogni ordine e grado. (La catena del valore/Iniziative coerenti con il core business)
Commitment. The TIM Group is engaged on security issues online, and in the dissemination of good practice browsing Network, in particular for the protection of minors from content that can lederne development psychophysical. **Activities.** TIM has carried out his App surfing the internet Sure (in collaboration with the State Police) launched at the Safer Internet Day (the international day of attention to the risks linked to Internet - 7/2/2017). Support to the communication campaign promoted by SIC "6 weeks for Web Safety - 6 weeks for a web sure". The TIM-Protect solution is the exclusive TIM option for total protection against WEB threats.	A member of the **Advisory Board of Safer Internet Center (SIC)**, which TIM participated in 2 working groups: "School" and "Communication" (4 meetings in 2017). TIM Participates in the working groups "**GSMA - Mobile Alliance against Child Sexual Abuse Content**" and "**Alliance to better protect children online**". (The value chain/Customers)
Commitment Innovation, both technological and business-based, is confirmed as the central element to respond to the change in the technological, market and competitive context. Innovation management is overseen, with different missions, by the Innovation Department and by engineers, but involves various internal and external stakeholders of the company. **Activities.** Joint Open Lab (JOL), 22 research contracts totalling 555K€, activities with around 30 Institutions and associations by the standardisation bodies, alliances and telco open into communities (including ETSI, ITU, CENELEC and 3GPP) and associations (GSMA and NGMN). Tim participates actively in these initiatives contributing to the definition and evolution of technologies with innovative solutions as NBIoT. Programs Open Innovation financed by TIMWCAP and supported through the internet of things Open Lab Turin entered in full activity in 2017.	TIM develops numerous **partnerships Co-designing** by signing MoU, with Tech companies (including Ericsson, Huawei and other companies of international significance), innovative startups, important Universities and research centers European and North American, ngos and civil society, many according to the principles of the Open Innovation. (The value chain/Research and development) In Brazil In 2017 TIM Brasil has transformed TIM Lab in the first **Telecom Infra Project** (TIP) Community Lab in Latin America, which will be used by the members TYP (Facebook, SK Telecom, Deutsche Telekom, Nokia, Intel and other companies) to create standard universal relative - initially - solutions transport networks. The TIP is an initiative collaborative which aims to identify new approaches to the creation and deployment of the infrastructure of telecommunications networks. (The value chain/Research and development)

THE COMMUNITY

COMMITMENT - ACTIVITIES	INITIATIVES
Activities . In 2017, given the constantly changing operational context, internal communication undertook a process guided by two fundamental principles: • the conversion from traditional channels of internal communication initiatives toward the most innovative, in a logic web-centric, to facilitate the exchange of ideas and dialog between all members of the corporate community; • the "story" shares and the corporate activities, clearly, direct, simple and capillary, through communication plans for ad-hoc on every project.	Activities for internal communication with the various initiatives: • **1,450 meetings live** on strategies with the first lines and all employees, connections in videoconferencing (94% of the population covered); • the **network of "We teller"**, meetings and targeted actions for communication strategy; • **plans communications supplemented** by series of video and video interviews to explain the strategies and news, projects and crafts in TIM. (TIM People/Internal communication)
Commitment. TIM is strongly committed to consider tools and services aimed at enhancing human resources and motivate people in the Company, making them capable of adapting and manage the fast change in the telecommunications sector through the continual updating of the skills technical-behavioral and styles of work. **Activities.** Based on the results of the performance management was proposed to each person the relative individual development plan: during the year were enjoyed approximately 20,000 individual development plans about 32,000 euros gross total assigned (63%), including the plans managerial individual. Development Plans leadeship management succession planning. Test of new tool for assessment "Motivation Review" and scientific validation with La Sapienza University.	The performance management process involved the 99.7% of people and 90% had received an feedback from its head. **Assessment of potential managerial** serves the identification and enhancement of managerial pool both current and future of the Company (447 assessment). Experimenting a **new assessment process (Motivation Review)** purpose is to detect the motivation individual in 4 companies in the Group (1.978 people of which 179 managers). (TIM People /Development and new skills)

(Left margin, vertical text) HUMAN RESOURCES

COMMITMENT - ACTIVITIES	INITIATIVES
Commitment. The strategy of Digital Transformation adopted by TIM imposes the need to develop new skills and professional figures able to interpret the most of the new business opportunities. **Key issues** development strategy skills in TIM: • re-qualification and the enhancement of professional skills; • development of digital skills of the entire company population; • evolution of managerial profile; • individual development plans, and for the whole population. **Activities.** . Initiatives in support of production and dissemination of new content, the creation of networks of relationships internal and external, the exchange of knowledge and generating ideas, principally through TIM Academy.	**TIM Academy**. In 2017 has developed an innovative approach to learning and sharing of the know-how to support the process of digitalising and transformation cultural and business. In summary, the TIM Academy offers **programmes, courses and training, in classroom settings**, online or on-the-job ; it promotes the sharing of know-how and skills through **communities, workshops, seminars and think tanks**, with qualified national and international teachers and endorsers; it designs and delivers new digital learning formats: In Italy was carried out an **online course of (in)training on the business and human rights** for the whole company population, available from the end of 2015 on the platform of e-learning TIM Academy; in 2017 were sent additional invitations to participate voluntary and, in Brazil, had started the dissemination of the course. (TIM People/Development and new skills)
Commitment. TIM has implemented processes of professional re-qualification.	**Job Center**. It is a service of professional re-qualification. More than 2,860 people have been involved as at 31 December 2017, of whom: It consists of two courses: • training transversally across the digital skills, common to all the professional profiles; • specialist training, designed to the specific needs of the new professional role. (TIM People/Development and new skills)
Commitment. In 2017 we consolidated our relationship model with the main stakeholders of the academic world, schools, social and institutional organisations, with the aim of guiding young people, helping implement the university "third mission", enabling innovation, enhancing and fully utilising talent and disseminating digital culture. These drivers: • enhancement of internal skills with docenze and testimony on specific topics; • professional orientation students in line with the digital skills; • opportunities for open innovation.	**Partnership** planned and implemented with secondary schools in the Alternation Scuola-Lavoro, innovative projects of Alternation **with universities**, tables work on "Relationship School-work" (Cotec) and for the sharing of best practice in the matter with institutions and trade associations. (TIM People/Partnerships with Universities and schools)

HUMAN RESOURCES

	COMMITMENT - ACTIVITIES	INITIATIVES
HUMAN RESOURCES	**Commitment**. The management system of health and safety provides numerous initiatives aimed at ensuring safety ever greater to workers. **Activities.** Campaigns to monitor the physical agents; training initiatives toward all the company staff; analysis of events injury and eventual identification of corrective; created a digital product dedicated to the management of emergencies in case of earthquakes.	**The Committees for the Health and Safety**. (4 territorial and 1 National). According to the agreements stipulated with the trade union organisations, these Committees play a participatory and collaborative role aimed at guaranteeing joint analyses and discussion by the company party and the union party of all matters relating to health and safety at work, on a national and territorial level. (TIM People/Health and safety protection)
	Key issue. At national level, TIM has, on several occasions, outlined the strategic positioning of the company in relation to the main economic and production indicators and the consequent need to identify measures aimed at supporting the recovery of competitiveness, profitability and at improving the quality of services, in order to protect employment, people, and defend the company scope. **Activities.** The agreement provides that the performance bonus is composed of various components that have as indicators objectives seen by the management incentive systems that recognize the input of all the workers to the results.	The company and the trade union reached an understanding that determines the structure of the 2017/2019 performance bonus for companies of the TIM Group. A **specific joint consultancy body** has been set up to manage the agreement, which will be notified of the goals each year, derived from the budget process, in accordance with the Strategic Plan; this body is tasked, inter alia, with analysing the types of services accessible through welfare; (TIM People/Industrial Relations)
	Commitment. The understanding on agile working reached with the Trade Union Organizations in July marks another step on the road to TIM's digital transformation and represents an additional undertaking by the Parties to achieve the goals of improving productivity, promoting social, economic and environmental sustainability and encouraging work-life balance, with particular attention to family care needs. **Activities.** In September, was launched on a voluntary basis the new testing of Work Agile, which lasted until 31 December 2018.	**Comparison between TIM and Trade Unions at Work Agile**. Agreement reached in the month of July with the Trade Union organizations with the aim of sharing the dissemination of Work Agile in the Company. (TIM People/Industrial Relations)

COMMITMENT - ACTIVITIES	INITIATIVES
Commitment. Quality and customer experience constitute the fundamental pillars of the path of TIM toward a future "digital". Quality and customer experience constitute the fundamental pillars of this journey: the customer is at the center of TIM and of all processes, to improve the quality of service and strengthening of the relationship with the brand. **Activities.** Plans to improve the customer experience: "Customer journey lab" and "Chi-loves TIM"; in 2017 TIM started some projects both to improve the service provided in the customer care in the social network is to monitor the quality. TIM confirmed his digital leadership, and remained in rankings of the fourth quarter of 2017, first brand in Italy for customer service on Facebook (Socialbakers). The demand for social caring TIM totaled' 899 K for mobile and 477K for fixed line segment.	The customer satisfaction is detected systematically in various moments of customer journey. In particular, the monitoring of the **Customer Satisfaction Index (CSI)**. In Brazil also TIM Participações stated customer satisfaction through more channels listening (the website "Portas Abertas", "MyTIMApp", FB, Twitter, etc.) and makes two types of investigations of customer satisfaction, conduct throughout Italy through interviews: **the survey relating consumer customers of TIM and its competitors** (in 2017 the method of investigation has changed) and the **investigation of call center**. (The value chain/Customers/Customer satisfaction)
Activities. It has been settled 97% of the questions of joint conciliation discussed and the 84.1% of questions discussed at the Co.Re.Com and Chambers of Commerce.	**Collaboration with consumers' associations** ("joint Conciliation") and with the CoReCom for the settlement of disputes with customers. (The value chain/Customers)
Activities. URBeLOG (URBan Electronic LOGistics), Pilot national ECall - project I_HeERO, MOBiNET (Europe-Wide Platform for Connected Mobility), AUTOPILOT (AUTOmated driving Progressed by Internet of Things, IoT), and Open Air LaB di Torino (TiLab)	TIM participating actively to some **Pilot by various stakeholders for the development of solutions smart city and smart community**. The aim is to promote the "smart city" model to improve quality of life by developing innovative digital services. (The value chain/Customers/Smart Services)

CUSTOMERS

COMMITMENT - ACTIVITIES	INITIATIVES
Key issues: the best offer conditions, improved quality, compliance with the Code of Ethics and Conduct of TIM, the security rules, the environment and human rights, improve the sustainability of the supply chain. **Activities.** The corrective actions to suppliers with the highest risk, to improve the level of performance.	The sending of a **self-assessment questionnaire** in terms of sustainability suppliers for greater risk in the qualification phase and periodically suppliers already qualified; **sustainability audits** periodic facts from third-party companies on suppliers of the middle classes with the highest risk. (The value chain/Sustainability throughout the supply chain
Key issues: verify the level of performance over the sustainability of suppliers and subcontractors common to the TLC operators subscribers. **Activities.** Definition and implementation of corrective and programs continuous improvement of suppliers/sub-suppliers involved;, specific training programs for suppliers, also in order to propagate the culture of sustainability.	**Joint Audit Cooperation**, an initiative which provides for CSR audit activities conducted in the production plants of common suppliers and sub-suppliers based on an agreement signed with another 12 telecommunications operators. 89 audits in 2017, of which 52 on suppliers TIM. (The value chain/Sustainability throughout the supply chain)
Key issues: transparency, improving communication and optimisation of operating processes	Exchange of information and documentation with suppliers via the "**Vendors hub**" portal, which in 2017 had around 3,900 enabled sellers (Digitisation, connectivity and social innovation/Suppliers) (The value chain/ Sustainability throughout the supply chain) and (http://www.telecomitalia.com/tit/it/vendorshub.html)
Commitment TIM has undertaken with its industrial partners to give an acceleration toward the development of an open ecosystem dedicated to the research and the creation of innovative projects enabled by mobile technology of the future for solutions that may be used by citizens and industries in the future "termination (units) Society". **Activities** . Three important initiatives were launched in 2017 - Turin 5G, San Marino 5G and Bari-Matera 5G - to provide these municipalities with 5G radio mobile coverage.	TIM and Ericsson strengthen their collaboration for the development of the 5G technology with a **MOU** intended to accelerate the evolution toward the new network. The initiative joins schedule "5G for Italy" started by the two companies in 2016 for the realisation of innovative projects enabled the technology 5G. (03/02/2017) (Http://www.telecomitalia.com/tit/it/archivio/media/note-stampa/corporate/2017/TIM-Ericsson.Html)

SUPPLIERS

COMMITMENT - ACTIVITIES	INITIATIVES
Key issue. Updated information, financial and non-, on the Group, with the greatest attention to the needs of all the various categories of people: main stream, SRI, retail shareholders.	**Financial communication online**, through the **website** Group http://www.telecomitalia.com/tit/it/investors.html) and **shareholders' club "TI Alw@ys on"** (http://www.telecomitalia.com/tit/it/investors/shareholders/individual-shareholders/club-tialwayson.html) provides important information to the individual investors and the general public (6,100 shareholders active in 2017). (The TIM Group/Stakeholders engagement)
Commitment. Broaden the basis of investors. **Key issue**: • stabilisation of revenues from service Domestic, and the confirmation of the target "low-single digit growth" for the Ebitda in 2017; • progress in cover fiber and 4G in Italy, as an omnichannel results; • financial discipline in the management costs and toward the purchases of video content; • to start DigiTIM, renewal program forward strategy of the Company and the start of a possible path of legal separation of the fixed network access services, and the consequent possible improvement in the context (Regulation and Competition).	In 2017 the Investor Relations Department has managed over **550 meetings** between: Conference call (5 events, at the presentation of the three-year plan 2017-2019 and the annual results, in addition customary quarterly), road show, meetings at the offices of our Group (reverse road show), meetings (group and individual trips) with shareholder, and bondholders, shareholdings at industry conferences. (The TIM Group/Stakeholders engagement) (http://www.telecomitalia.com/tit/it/investors/presentations.2017.html)

SHAREHOLDERS

COMMITMENT - ACTIVITIES	INITIATIVES
Key issue: Privacy and protection of personal , discipline audiovisual, the fight against corruption, protecting minors, the digitalizzaizone of industry through the development of new network technologies, the protection of authors' rights. **Activities:** The activities include participation in the working group set up by the European Commission to draw up the 5G Action Plan (TIM Group/The reference context)	**Individual meetings and team** with representatives of the national institutions (Commissions in the Chamber of Deputies and the Senate, parliamentary hearings) and international on issues of relevant business for the Group. (for example **participation with platforms for discussion, public consultation, workshops, meetings of the Committees, and meetings with the EU Commission, with Agencies or work groups and studies specialist** such as, for example, the Center for the European Policy study). The placement toward institutions and bodies takes place through individual actions and/or with the participation of other operators principally through **ETNO** which has TIM as a member of the Board. (The TIM Group/Governance and sustainability management and communities/Research and development)
Commitment. Extend its knowledge of digital tools and increase the number of people in possession of digital skills qualities are the objectives of the European Digital Agenda. TIM, as a company country and making its the SDGs reference, in collaboration with the institutions is engaged on this issue through the dissemination of ICT technologies in schools and processes didactic.	In 2016, the **two-year project "Using ICT in schools, with TIM"** was launched **in collaboration with the Ministry of Education**, Universities and Research (MIUR) to bring teachers closer to the digital world and its instruments and the new opportunities to the teaching profession through their application. In 2017, the project involved around 3,350 teachers. Initiatives consistent with the core business (The value chain/Initiatives consistent with the core business)
Activities. TIM and TIM Brasil, the two Group companies which have joined the Global Compact, draw up an annual "Communication on Progress", which reports on progress achieved by the companies in promoting and applying the 10 core principles of the Global Compact. The main activities of the Peer Learning Group on business and Human Rights in 2017 were as follows: • "The due diligence on the modern slavery - answers to the new expectations of law and stakeholders"; • "Supplement the due diligence Human Rights into human resource management"; • "Supplement the due diligence of Human Rights through the global activities"; • "Access to remedy in practice - Updates from Forum on business and Human Rights of the UN". **Activities** . TIM monitors and analyzes the complaints of any violations of Human Rights that come through the portal whistleblowing and in 2017 continued the preparation of a specific procedure, "Management of complaints of any violations of Human Rights by TIM Group"	TIM and TIM Brasil adhere to the related national networks of **Global Compact**. Since 2012, TIM has been a member of the **Peer Learning Group on Business and Human Rights**, set up within Global Compact Network Germany. (Human Rights and in website/relationship with the Institutions and the market)

INSTITUTIONS

COMMITMENT - ACTIVITIES	INITIATIVES
Commitment. At local level TIM has an ongoing dialog with the institutions on general topics related to the electronic communications sector, particularly regarding the development of the ultra broadband networks and of the new standard LTE and the reduction of the digital divide. From 2017, thanks to the safeguards stable over the territory, the Company has been able to strengthen and enhance dialog. **Activities** . Between the activities performed, signing protocols with Local Organizations, to accelerate the development of access networks of new generation; forms of collaboration with the Common to promote the spread and the learning of new technologies; agreements, protocols and partnerships with the local public administrations for the diffusion of innovation and digital culture; edition 2017 of 20 Policy Reports regional 'state of the art and on the evolution of the regional policies regarding digital services, network infrastructure, digital agenda and smart cities. The new edition 2017 has been completed and disseminated to the interlocutors internal and external to the company in May 2017	**Interviews, direct shareholdings in the workshops, the meeting of the regional commissions and the work groups specialist, joint projects with local authorities**. TIM promotes the constitution of internal committees of joint control, consisting of representatives of all the parties involved, according to the specific needs of the project with the presence of stakeholder without any kind of discrimination. (The value chain and on Sustainability website/ Dialogue with Institutions and competitors)
Key issue:. network development and coverage of popolazine, digital inclusion and social, privacy, protect consumers. **Activities.** Projects Instituto TIM in collaboration with the departments: TIM Faz Ciência (TIM Does Science); TIM Tec; Mapas Culturais (Cultural Maps)	In Brazil Initiatives dialog with the Government, with Congress and at local level (**schedule of meetings individual and collective, debates, hearings and public consultation**). The dialog between TIM and institutions is supported by**activity of Instituto TIM** through **partnership designed with the Government**, particularly with the Ministry of Education and the Ministry of Culture; Instituto TIM operates for social progress promoting studies matters mathematician scientific and innovation among children and teenagers and developing free solutions that contribute to social policies. (The value chain and on-site web Sustainability/ relationship with the Institutions and the market; and https://en.institutotim.org.br.)

INSTITUTIONS

COMMITMENT - ACTIVITIES	INITIATIVES
Commitment . TIM undertook to provide answers personalised and prompt to customers and has implemented an internal constant oversight of the customer and also to ensure, in particular, for the constant monitoring of the various phases of the supply of regulated services.	**Continuing dialog with the OAO** (Other Authorized Operators) on commercial issues and related to the implementation of the Undertakings, also through newsletter and portal on which are performed initiatives of involvement and counting the satisfaction.(Sustainability website/Dialogue with Institutions and competitors and www.wholesale.telecomitalia.com)
Commitment. TIM from his contribution to Authorities and Institutions for the governance of the process regulatory issues deemed tangible assets for the growth of the value of the Company, in order to reach a regulation simple, effective and symmetric. The constant discussions with AGCOM and the institutions ensure that TIM gathers their opinions, supplying transparent, reliable responses, and anticipates events, creating and exploiting the best opportunities for the Company.	**Comparison and ongoing dialog with the Authority** (AGCM and AGCOM in Italy, Anatel and CADE in Brazil) and with Trade Associations Italian companies, Brazilian and international. (Sustainability website/Dialogue with Institutions and competitors)

COMPETITORS

RESULTS 2016 AND 2017

The results achieved are shown below, compared to the objectives published in the previous Sustainability Report for the year 2017 and in relation to the Customers stakeholder only, for the year 2016[1]

TIM S.p.A. – Customers[2]

Area of reference	Indicator	Unit of measurement	Target 2016	Final result 2016	Target status 2016*	Target 2017
CUSTOMERS MOBILE	Activation time for voice service (pre-paid service) – Percentage of valid orders completed within the maximum period laid down in the contract	%	97	100	•	97
CUSTOMERS MOBILE	Activation time for voice service (post-paid service) – Percentage of valid orders completed within the maximum period laid down in the contract	%	97	100	•	97
CUSTOMERS MOBILE	Disputed charges – Ratio between the number of disputed charges in invoices received within the survey period and the number of invoices issued in the same period (post-paid service)	%	1,2	0.36	•	1,2
CUSTOMERS MOBILE	Disputed charges – Ratio between the number of disputed charges on pre-paid cards within the survey period and the average number of active SIM/USIM in the same period (pre-paid service)	%	1.2	0.34	•	1.2
CUSTOMERS FIXED INTERNET	Activation time for broadband Internet access services – Percentage of valid orders completed within the date agreed with the customer (active telephone lines).	%	95	97.6	•	95
CUSTOMERS FIXED INTERNET	Activation time for broadband Internet access services – Average time of supply (active telephone lines)	Days	9	4	•	9
CUSTOMERS FIXED INTERNET	Broadband Internet access service faults – Average repair time. Percentage of valid orders completed within the date agreed with the customer (telephone lines transferred from another operator on which a broadband Internet access service was already in operation)	%	95	97,7	•	95
CUSTOMERS FIXED INTERNET	Activation time for broadband Internet access services - Average supply time (telephone lines transferred from another operator on which a broadband Internet access service was already in operation).	Days	15	10	•	15
CUSTOMERS FIXED INTERNET	Disputed charges – Ratio between the number of disputed charges in invoices regarding the IPTV service (received during the survey period) and the total number of invoices containing charges regarding this service (issued during the same survey period)	%	12	6.9	•	12

Area of reference	Indicator	Unit of measurement	Target 2016	Final result 2016	Target status 2016*	Target 2017
CUSTOMERS FIXED INTERNET	Broadband Internet access service faults – Average repair time	Hours	26	14	●	26
CUSTOMERS FIXED INTERNET	Broadband Internet access service faults – Percentage of fault repairs completed within the maximum time contractually established	%	92	96.6	●	92
CUSTOMERS FIXED INTERNET	Disputed charges – Ratio between the number of disputed charges in invoices regarding all Internet access services (received during the survey period) and the total number of invoices issued in the same period	%	1.4	0.41	●	1.4

(*) Status Target: ● achieved -● not achieved.
(1 The actual figures of the above mentioned objectives for 2017 will be available in July 2018 at tim.it
(2) The full list of quality indicators, and the respective objectives for 2017, are available at tim.it.
 The above objectives are established by AGCom, with resolution no. 154/12/CONS for "mobile" services and resolutions no. 131/06/CSP, 244/08/CSP, 400/10/CONS and 151/12/CONS for fixed internet access services.

TIM S.p.A. – Altri stakeholder

Area of reference	Indicator	Unit of measurement	Target 2017	Actual figure 2017	Target status 2017*
HUMAN RESOURCES TRAINING	Training in health, safety and environment issues [1]	Training hours	90,000	173,940.72	●
HUMAN RESOURCES TRAINING	Training – Training hours per head [1]	Training hours per head	27	29.75	●
HUMAN RESOURCES TRAINING	Training - Coverage (percentage of employees out of the entire workforce who have taken part in at least one training session)[2]	%	80	97.9	●
HUMAN RESOURCES ACCIDENTS	Accidents x 100 workers	Number	1.19	1.08	●
THE ENVIRONMENT ENERGY	Eco-efficiency indicator [3]	bit/joule	8,500	9,022	●
THE ENVIRONMENT ENERGY	Self-generation of energy from cogeneration	GWh	125	99	●

(1) The data includes classroom, online and on-the-job training..
(2) The coverage data was calculated based on the average annual number for 2015
(3) The indicator is calculated on the the Domestic BU scope. Operations of Persidera and Olivetti Group are not included. For further information on the eco-efficiency indicator see Environmental Performance / Energy.

TIM Brasil

Area of reference	Indicator	Unit of measurement	Target 2017	Actual figure 2017	Target status 2017**
HUMAN RESOURCES	Training (total hours: in class, online and on the job) provided to its own employees, outsourced employees and interns	Training hours per head	450,000	559,954	●
HUMAN RESOURCES	Sustainability training (percentage of employees, outsourced employees and interns out of the total workforce who have taken part in at least one training session on sustainability issues)	%	90	89	●
THE ENVIRONMENT	Collection of mobile phones, batteries and other accessories to be sent for recycling	Tons	1	0.821	●
THE ENVIRONMENT	Ratio between recycled waste and the total waste generated in the offices	%	10	16	●
SUPPLIERS	Suppliers assessed under sustainability criteria	Number	250	629	●

2018 AND MULTIANNUAL TARGETS

The objectives for 2018 are shown below.

TIM S.p.A. – Customers(1)

Area of reference	Indicator	Unit of measurement	Target 2018
Customers Mobile	Activation time for voice service (pre-paid service) – Percentage of valid orders completed within the maximum period laid down in the contract	%	97
Customers Mobile	Activation time for voice service (post-paid service) – Percentage of valid orders completed within the maximum period laid down in the contract	%	97
Customers Mobile	Disputed charges – Ratio between the number of disputed charges in invoices received within the survey period and the number of invoices issued in the same period (post-paid service)	%	1.2
Customers Mobile	Disputed charges – Ratio between the number of disputed charges on pre-paid cards within the survey period and the average number of active SIM/USIM in the same period (pre-paid service)	%	1.2
Customers Fixed Internet	Activation time for broadband Internet access services – Percentage of valid orders completed within the date agreed with the customer (active telephone lines).	%	95
Customers Fixed Internet	Activation time for broadband Internet access services – Average time of supply (active telephone lines)	Days	9
Customers Fixed Internet	Broadband Internet access service faults – Average repair time – Percentage of valid orders completed within the date agreed with the customer (telephone lines transferred from another operator on which a broadband Internet access service was already in operation)	%	95
Customers Fixed Internet	Activation time for broadband Internet access services - Average supply time (telephone lines transferred from another operator on which a broadband Internet access service was already in operation)	Days	15
Customers Fixed Internet	Disputed charges – Ratio between the number of disputed charges in invoices regarding the IPTV service (received during the survey period) and the total number of invoices containing charges regarding this service (issued during the same survey period)	%	12
Customers Fixed Internet	Broadband Internet access service faults – Average repair time	Hours	26
Customers Fixed Internet	Broadband Internet access service faults - Percentage of fault repairs completed within the maximum time established in the contract	%	92
Customers Fixed Internet	Disputed charges - Ratio between the number of disputed charges in bills regarding all internet access services (received during the survey period) and the total number of bills issued in the same period (broadband access services)	%	1.4

(1) The full list of quality indicators, and the respective objectives for 2018, are available at tim.it.
 The above objectives are established by AGCom, with resolution no. 154/12/CONS for "mobile" services and resolutions no. 131/06/CSP, 244/08/CSP, 400/10/CONS and 151/12/CONS for fixed internet access services.

TIM S.p.A. – Other stakeholders

Area of reference	Indicator	Unit of measurement	Actual figure 2017	Target 2018
HUMAN RESOURCES TRAINING	Training in health, safety and environment issues (1)	Training hours	173,940.72	90,000
HUMAN RESOURCES TRAINING	Training – Training hours per head (1)	Training hours per head	29.75	27
HUMAN RESOURCES TRAINING	Training - Coverage (percentage of employees out of the entire workforce who have taken part in at least one training session)	%	97.9	80
HUMAN RESOURCES ACCIDENTS	Accidents x 100 workers	Number	1.08	1.05
THE ENVIRONMENT - ENERGY	Eco-efficiency indicator (2)	bit/joule	9,022	12,000
THE ENVIRONMENT - ENERGY	Self-generation of energy from cogeneration (3)	GWh	99	130

(1 The data includes classroom, online and on-the-job training.

(2) The indicator is calculated on the the Domestic BU scope. Operations of Persidera and Olivetti Group are not included.

(3) As of 2014, the target is extended to the whole Domestic BU. Note in this respect that cogeneration plants currently only exist in TIM S.p.A. See the Multiannual Targets table.

TIM Brasil – 2018 Targets

Area of reference	Indicator	Unit of measurement	Actual figure 2017	Target 2018
HUMAN RESOURCES	Training (total hours: in class, online and on the job) provided to its own employees, outsourced employees and interns	Training hours per head	559,954	764,544
HUMAN RESOURCES	Sustainability training (percentage of employees, outsourced employees and interns out of the total workforce who have taken part in at least one training session on sustainability issues)	%	89	90
THE ENVIRONMENT	Collection of mobile phones, batteries and other accessories to be sent for recycling	Tons	0.821	1
THE ENVIRONMENT	Ratio between recycled waste and the total waste generated in the offices	%	16	13
SUPPLIERS	Suppliers assessed under sustainability criteria.	Number	629	350

BU Domestic – Multiannual Targets –Digital Inclusion

Indicator	Unit of measurement	Actual figure 2017	Target 2018	Target 2019
LTE Coverage (*)	%	98	~99	>99
Next Generation Plan coverage (fixed telephony) (**)	%	76.97	77.87	79.14

(*)The percentage refers to the residential population. Coverage values are subject to change based on ISTAT and urbanisations updates

(**)The percentage is determined by the ratio between the number of properties connected with "cabinets" reached by access optical fibres (or which can be served directly from an exchange if within acceptable distances) and the total number of properties that have or have had active telephone lines in the past..

Domestic BU – Multiannual targets – The environment

Area of reference	Indicator	Unit of measurement	Target 2017	Actual figure 20	Status Target	Target 2018	Target 2019	Target 2020
THE ENVIRONMENT ENERGY	Total electricity procured and produced	GWh	2,020	1,809	●	1,785	1,765	1,755
THE ENVIRONMENT ENERGY	Self-genetation of electricity from cogeneration	GWh	125	99	●	130	140	140
THE ENVIRONMENT ENERGY	Eco-efficiency indicator	bit/joule	8,500	9,022	●	12,000	16,000	20,000
THE ENVIRONMENT ATMOSPHERIC EMISSIONS	Reduction of CO2 emissions from the purchase and self-generation of electricity compared 2013	Tons	2,900	83,700	●	89,000	96.100	100,000

REPORT OF THE INDIPENDENT AUDITORS [GRI 102-56]

pwc

Independent auditor's report on the consolidated non-financial statement
pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267

To the board of directors of TIM SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267, we have performed a limited assurance engagement on the "Sustainability Report - consolidated non-financial statement" of TIM SpA and its subsidiaries (hereafter the "Group") for the year ended 31 December 2017 prepared in accordance with article 4 of the Decree and approved by the board of directors on 6 March 2018 (hereafter the "consolidated non-financial statement" or "NFS").

Responsibility of the directors and of the board of statutory auditors for the NFS

Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the Global Reporting Initiative Sustainability Reporting Standards, defined in 2016 by the GRI - Global Reporting Initiative (hereafter the "GRI Standards"), identified by them as the reporting standard and according to the process suggested in the AA1000APS (AccountAbility Principles Standard).

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

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

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

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

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Auditor's independence and Quality Control

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

Auditor's responsibilities

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

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

In particular, we performed the following procedures:
1. Analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the company, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and the with the reporting standard adopted;
2. Analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. Comparison of the financial information reported in the NFS with the information reported in the Group's consolidated financial statement;
4. Understanding of the following matters:
   - Business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
   - Policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
   - Main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.

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With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;

5. Understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In particular, we held meetings and interviews with the management of TIM SpA and with the personnel of Inwit SpA, Persidera SpA, TIM Participações S.A., TIM S.A. and TIM Celular S.A. and performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

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

– At a holding. Inwit SpA e Persidera SpA level,
 a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
 b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;

– At a Business Unit Domestic level, analysis of the procedures and policies in place and of the consistency of the sustainability management model compared to the principles of the UNI ISO 26000, amongst which: governance, human rights, labour relations, working conditions and environment;

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

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of TIM Group as of 31 December 2017 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree, with the GRI Standards and with the process suggested by the principles of the AA1000APS.

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Other aspects

The Group prepared a Sustainability Report for the year ended 31 December 2016, such data, for the fiscal years 2016 and 2015, are presented for comparative purposes in the NFS. This Sustainability Report was subject to voluntary limited assurance procedures, in accordance with ISAE 3000, by PricewaterhouseCoopers Advisory SpA that concluded its assurance activities without exceptions.

Milan, 29 March 2018

PricewaterhouseCoopers SpA

Signed by

Francesco Ferrara
(Partner)

Paolo Bersani
(Authorised signatory)

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

Content Index
TIM SpA

May 2018 Service

[GRI 102-55] GRI CONTENT INDEX
for "In accordance" - Comprehensive

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