

2020

Sustainability Report

Consolidated Non-Financial Statement 2020 pursuant to D.Lgs.254/2016



[\[GRI 102-53\]](#)

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Analysis

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Letter from the Chief Executive Officer to the stakeholders

2020 was a real test, both for Italy and for TIM. The external context, which was drastically affected by the pandemic and its dramatic consequences for public health and the economy, has led to an extraordinary boost for digital technology, demonstrating its potential both in terms of resilience and development, in every conceivable way.

Internally, sustainability has become even more central to how the Group operates: the aim of having a significant and positive impact on the environment, and indeed our society, has led us to begin extensive restructuring for our processes, our relationship with suppliers, our energy procurement system and the way we present ourselves to the market.

The sustainability aims TIM has set for itself are in line with the Sustainable Development Goals established by the UN General Assembly and include medium and long-term environmental, social and governance targets, which are therefore confirmed today.

The realistic nature of our approach has led us to intervene in the three foremost areas of the company in terms of size and value: infrastructure, customers and skills.

With regards to infrastructure, alongside our commitment to providing ultrabroadband to all Italian territories, we have launched an energy transition policy that is in line with the United Nations' and European Union's global environmental strategies, which aim to reduce the environmental impact of our activities and have a positive influence on climate change.

With regards to customers, we have developed circular economy initiatives which aim to extend product lifetimes, use secondary materials and reduce the use of consumables in shops. In addition to this we have further enhanced our partnerships, such as our collaboration with ASVIS, to promote a culture of sustainability.

In terms of corporate clients, our aim is to provide them with a range of services to help them build and fulfil their social and environmental commitment. With this in mind, the cloud will enable us to shut down thousands of inefficient and obsolete servers and ensure more secure data management.

The results achieved so far are important.

In 2020, ultrabroadband coverage was extended to around 3,500 municipalities. The procurement of energy from renewable sources covered 30% of the Group's energy consumption, increasing at our planned rate. We launched TIM Green, the portfolio dedicated to circular economy offers and reconditioned products, created cybersecurity solutions for business customers, and strengthened our social-ethical policy with suppliers. We became a technology partner for Green Pea (the first eco-sustainable shopping centre in Europe, created in Turin), positioning ourselves within it with a TIM shop dedicated entirely to sustainability. During 2020 we launched a plan to transform TIM's offices, reducing and revising our spaces to stimulate well-being, creativity and sharing, while also working to reduce energy consumption. The profound transformation of our Data Centers, which accompanied the birth of Noovle, was achieved adopting criteria for eco-sustainable design, energy efficiency and the reduction of space and consumption, despite continuous growth in data traffic.

We launched a new fund called UV T-Growth via TIM Ventures, our company dedicated to Corporate Venture Capital, in partnership with United Ventures. The Fund aims to invest in innovative companies in the cloud, Internet of Things, edge computing and cyber security sectors, aiming to combine our ability to develop technologies with the innovation that the national and international ecosystem of start-ups produces.

Finally, we wanted to address the lack of digital skills in our society, because we believe that, similarly to the widespread use of physical communication networks, overcoming the digital cultural divide is a crucial competitive element for the challenges awaiting Italy within the field of innovation. However, a goal of this nature requires a lot of sharing; for this reason, we have focused on a great alliance between institutions, companies and the public, creating "Operazione Risorgimento Digitale" [Operation Digital Renaissance], an important free digital training initiative aimed at citizens, businesses and local government offices alike.

We achieved all the intermediate objectives in our Sustainability Plan and, in some cases, we were able to anticipate the result expected for the end of 2022, for example those for the "successful engagement survey" indicator aimed at company employees.

The solidity of the Plan and the results achieved to date have led to TIM's inclusion in the main sustainability indexes, including the Dow Jones Sustainability Index Europe and World, and at the same time laid the foundations for its recent entry into the Bloomberg Gender Equality Index (GEI), an important recognition of the Group's focus on gender equality. With the 2021-2023 Plan, gender equality objectives are consolidated with the introduction of targets on the pay gap and managerial representation of women.

Furthermore, as confirmation of TIM's commitment and position in view of its self-assigned sustainability targets, in January 2021 TIM issued its first Sustainability Bond, with a value of 1 billion euros and a maturity of 8 years.




2020 was a year of significant change and uncertainty, but it also consolidated the awareness that technology and digital can be an important driver for inclusion and a more sustainable vision of society as a whole. TIM's 2021-2023 Plan, "Beyond connectivity", reiterates the central role of environmental, social and governance targets and showcases TIM's desire to play a leading role in development which is able to reach current targets while ensuring future ones.

Luigi Gubitosi

TIM Group CEO

[GRI 102-14]

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TIM'S COMMITMENTS IN 2020

More so now than in the past, TIM operates as a “system company” which, thanks to its size, capillarity, human capital, infrastructural and technological assets, enables people connect on a large scale, confirming the essentiality of its service immediately after the public health response to the pandemic.

The challenge now is to use the Group's infrastructure and skills to contribute to a new phase of digital evolution in our society, which requires technology to be used, working with all institutional and private actors, to deal with the great environmental, social and economic challenges, made even more urgent by the coronavirus pandemic.

The Sustainability Plan, integrated into the three-year Strategic Plan, is the Group's concrete contribution to achieving the objectives of the United Nations 2030 Agenda for Sustainable Development, a commitment that is also confirmed by the inclusion of its stock in the Dow Jones Sustainability Index Europe, for the seventeenth consecutive year, and the return of TIM to the Dow Jones Sustainability Index World, joining the other specialist indices in which the stock has been included for several years.

Thanks to the continuous search for energy efficiency, the containment of its emissions, particularly as a result of the increasing contribution of renewable energy, TIM has set itself the ambition of being carbon neutral by 2030, improving efficiency indicators and developing infrastructure and Data Centers to provide more and more services with less consumption of resources.

Last December, TIM was approved for two of the biggest energy efficiency projects in Italy, as confirmed by the energy services operator (GSE). Energy saving is achieved through investments made in the technological evolution of the fixed and mobile networks: the development of the networks according to the architectures implemented will lead to the achievement of considerable energy savings benefiting the country and the national objectives of increasing energy efficiency, in addition to an important infrastructural technological advancement for the company and the telecommunications sector in general, essential for the development of all production sectors and services throughout Italy.

The commitment to reduce emissions also extends to the tools that TIM makes available to its customers by offering energy monitoring and control solutions and the cloud, which allows the use of servers to be optimized.

Increasingly widespread and efficient networks are expanding to include a significant commitment to digital education, allowing people to become a part of the social digitalization process which has been accelerated by the current global health emergency. In this regard, the “Operazione Risorgimento Digitale” project is iconic: it started as an extensive physical school, destined to reach 1 million citizens in 107 Italian localities, and with the effects of lockdown, it has transformed into a vast online school which incorporates crash courses in digital skills with lessons by experts in their field, for teachers on the subject of coronavirus, into edutainment courses for children in science, robotics, video gaming and coding.

Connection is a requirement for working from home, e-learning, e-commerce and the development of new services. It is for this reason that TIM concentrates its investments on reliable connectivity, expanding 5G and fiber-optic communications, whilst also ensuring network security.

The Sustainability Plan is particularly focused on TIM's employees, with a renewed engagement survey, a recruitment and training program that is more responsive to the challenges of the Information and Communications Technology sector, and a long-term incentive plan with ESG objectives.

Finally, TIM can contribute to the success of young companies, paying attention to the repercussions on the country as a whole, where possible prioritizing less favoured areas: through TIM Ventures, the Group aims to participate in the growth of 10-15 companies over a period of 5 years, strengthening the Group's technological innovation.

This Sustainability Report provides details of the achievement of annual targets and progress made in the multi-year ones set out in the Sustainability Plan, highlighting their contribution to the Sustainable Development objectives.

Where they could be specifically achieved in 2020, all the objectives of the Plan were in fact achieved, with the excellent performance of the “Engagement” cluster, which improved by 16 points compared to 2019, exceeding the growth target of 14 points expected for late 2022.

TIM action plan: 2020 achievements

Actions

On track on all planned targets ✓

Domestic Eco-efficiency +53%	Group indirect emissions -23%	Carbon neutral by 2030 Eco-efficiency +50% Indirect emissions -70% Renewable energy increase of weight on total energy (%) +5pp /yr
Increased domestic renewable energy +5p.p.	Group carbon neutral by 2030 on track for achieving target	2025
Successful engagement survey Score +16p.p. vs 2019	Smart Working / Smart Building 36k employees in Smart Working	Employees engagement +14 p.p. Reskilled people 2,000 Churn of young employees <15%
> 600 Reskilled people	Churn Millennials contained (<2%)	2022
New venture capital fund created by TIM Ventures with United Ventures, committed €60m in 2020 to be invested starting in 2021	Launched «TIM Green» Line of reconditioned devices	New VC fund size € 50m IoT and Security services revenues +20% Green smartphone > 15%
ICT business revenues increased +16% YoY		2024

Plan 20-22 objectives, presented to the financial community in March 2020.

Finally, at the beginning of January 2021, the Group aligned its funding sources with the Strategic Plan which places ESG objectives at the centre of its development strategy, very successfully placing TIM's first Sustainability Bond for a billion euros.



Digitalization, environmental protection and natural capital

TIM's action in the fight against climate change can be summarized in terms of three routes: actions to reduce direct and indirect company greenhouse gas emissions and containing emissions of other sectors and customers by supporting dematerialization and offering services and solutions which promote new sustainable ways of working, learning, travelling and living; reporting emissions (direct and indirect) and implementing strategies to reduce these in the Sustainability Report and through answers provided to rating agencies; spreading a culture which supports actions that anyone can initiate to contribute to reducing emissions.

Digitalization and dematerialization constitute TIM's mission and allow for the company to achieve energy saving goals and reduce their carbon emissions and those of the customers using their services.

The development of technological enablers such as artificial intelligence, the Internet of Things and advanced analytics, is determining a radical transformation of our society, made ever more urgent because of the pandemic, achieved by moving from data services to digital solutions across a wide range of areas.

In 2020 TIM consolidated its Smart Services offer (with regard to security, energy efficiency, the environment and digital services within cities) with a view to promoting the "smart city" model. This model aims to promote an improved quality of life through innovative digital services that can facilitate new forms of collaboration between citizens, businesses and public administration bodies, whilst contributing to energy savings. TIM's Smart City Control Room in Venice represents a clear example of what a Smart City actually comprises: a set of services that make cities safer and more liveable through the use of sensors, IT, telecommunications and, of course, 5G.

Besides providing smart services, TIM offers people and businesses eco-friendly products (TIM Green) for reducing their environmental impact and optimizing the consumption needed to their provide services. It applies design rules that reduce environmental impact ("design for environment"), in particular at the production stage and managing the end-of-life of the equipment to reduce electronic or e-waste.

TIM's contribution therefore addresses the following targets: **Goal 7 – Clean and Affordable Energy, Goal 9 – Industry, Innovation and Infrastructure, Goal 11 – Sustainable Cities and Communities, Goal 12 – Responsible Consumption and Production and Goal 13 – The Fight against Climate Change.**



Contribution to the community

The TIM Group's strategy concentrates on spreading an inclusive digital culture that enables innovation and economic development in communities. In particular, it guarantees overcoming the geographical digital divide, including in rural areas, thanks to broadband and mobile network coverage for which the pandemic has given added urgency. In Brazil, the development of fixed and mobile networks on the one hand and 5G on the other have led to an unprecedented acceleration in the telecommunications sector. This is a phenomenon that is opening up new possibilities and profoundly changing people's habits, as they become increasingly accustomed to living in a connected world.

But besides the geographical digital divide, there is also a social one. The TIM Group helps spread knowledge of the internet and digital technologies to people in society who they tend to be off limits to, thereby helping reduce inequality. It does so through joint initiatives with public administration, universities and other players in the public and private sectors. Fondazione TIM in Italy and Instituto TIM in Brazil have carried out many cultural projects and initiatives, which help spread a culture of innovation among more vulnerable people and update them on technology.

Besides providing enormous opportunities, the digital transformation is also posing risks to human rights. The TIM Group is on the front line of containing these risks. The Group's main contributions include initiatives to protect the health, privacy and safety of personal data, including those relating to key topics of cyber security and protecting the most vulnerable categories of data.

The Group's main focus is achieving the following goals: **Goal 3 – Health and well-being, Goal 8 - Decent Work and Economic Growth, Goal 9 - Industry, Innovation and Infrastructure, Goal 10 - Reducing Inequalities and Goal 16 - Peace, Justice and Strong Institutions, with a strong connection, maintained by TIM, with formal and informal training carried out across generations, contributing to Goal 4 - Quality Education.**



Closeness to our people and Corporate Governance

TIM has promptly responded to the global health emergency by extending the scope of flexible working, aligning the health needs of its employees and their families with the requirement of business continuity. This experience has created an opportunity to appreciate the social, economic and environmental benefits resulting from the mass adoption of remote working which will be confirmed as a real solution to promote sustainability and improve work-life balance, even after the pandemic.

Especially in the current climate, TIM confirms its focus on TIM citizens, i.e., those who work in the Company, by listening to their needs and implementing achievable and measurable plans based on their expectations. There are many initiatives providing continuous training for people, the only way for TIM to support itself in the digital economy. The TIM Academy platform was enriched in 2020 through the addition of a sustainability training plan. This will ensure that more and more people continue to be involved in achieving Sustainability Plan targets, some of which have also been considered for the long-term Incentive Plan.





Also the short term remuneration program has introduced ESG objectives: the Customer Satisfaction Index and Employee Engagement, as a result of the focus on two of the Company's essential stakeholders: its customers and its people.

TIM supports employee participation in volunteer initiatives, and is particularly attentive to the issue of diversity within the company. In 2020, TIM was included in the Top 10 of the Refinitiv Diversity and Inclusion Index, one of the most respected world rankings in this field. Targeted initiatives are in place for the attraction and retention of talent; these include direct links with universities and the world of higher education.

There has been further focus on promoting a sustainable supply chain, in line with the Group Strategic Plan, confirming TIM's role as a national company which promotes the consistent and long term growth of

environmental and social matters. TIM has therefore identified the following objectives, among others, as essential: **the targets of Goal 4 - Quality Education, Goal 5 - Gender Equality and Goal 16 - Peace, Justice and Strong Institutions.**

Main TIM's initiatives to deal with the COVID-19 emergency

			
Initiatives for the Digitalization of the Country (March - December 2020)	Initiatives for the Community (March - June 2020)	Initiatives to support Institutions (March - December 2020)	Initiatives for Schools and Digital Skills (March - December 2020)
18,000 new cabinets	1,635 kits (device+sim) to prisons	6,500 digital training accounts created for the Carabinieri	2.5 mln and more platform users WeSchool - start-up expedited by TIM - in the week 4-10 May 2020 (+300% compared to average pre-covid access)
5 mln citizens gained access to ultrabroadband connectivity	1,400 kits for 75 hospitals (configured with technology aids for the hearing impaired)	Operations Room for the Italian Civil Protection Department with 72 work stations (freephone number activated just	700,000 citizens in streaming for the Operazione Risorgimento Digitale training and teaching cycles
3,250 municipalities involved	€ 1 mln allocated by Fondazione TIM in favor of 4 hospitals	Constant monitoring to ensure the continuity of emergency services (112, 113, 115 and 118)	20 agreements signed with the main universities to ensure distance teaching
37% increased bandwidth achieved on some routes	Freephone number healthcare workers (with Ministry of Health and Civil Protection)	National Confindustria support for smart-working for 230 employees	200,000 SIMS card supplied to the universities at concessionary rates with an equal number of free LTE/WiFi modems for students
	Freephone number for charitable donations for Red Cross fund-raising		



Initiatives for customers (March - December 2020)	Initiatives for employees (March 2020 - to date)	Initiatives of TIM Brasil (March 2020 - to date)
435,000 consumer offers activated during the emergency	36,000 employees in Agile Working since the start of the emergency	10,000 employees working from home across the country
165,000 business offers activated during the emergency	162,774 ton. less CO ₂ equivalent due to stop to mobility through smart-working	1st operator to convert the entire in-house call center to remote working
FREE the "classic" TIMVISION package (for all fixed network customers)	Training tools Informative videos produced on how to prevent infection and use PPE correctly	500 employees who monitored the network from home thanks to virtual access, while maintaining the quality of service
FREE for two months, TIM WORK SMART: the collaboration service	Expansion of PC stock for Red Cross fund-raising	24/07 assistance to employees and dependent family members through the personal support program and Einstein Conecta health platform
FREE for three months, G Suite TIM Edition (the smart-working solution by TIM, Google Cloud and Intesa Sanpaolo)	Insurance cover healthcare in the event of COVID-19 infection	3,000 families with disabled people living in vulnerable areas of Rio de Janeiro helped with food parcels during the emergency
Support for Companies thanks to an agreement with UniCredit (for immediate access to liquidity and investment support measures)	Safety at work New procedures for the safety of activities carried out by technicians and shop staff	Instituto TIM responded quickly to the pandemic by changing the methods used in its projects in order to ensure full operation online in 2020: AWC, Instituto TIM Percussion Band and TIM Tec

The methods of responding and the resilience shown by TIM in relation to the negative effects of COVID-19, as better described in this document and in the Management Report, confirm the Group's ability to approach and adapt to extreme events that can influence its business model, achieved thanks to the structure and type of production processes.

NOTE ON METHODOLOGY

Scope and criteria

[GRI 102-45] The Consolidated Disclosure of 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. This Statement – which is its Sustainability Report and is distinct from the Group Report on Operations – is the result of the commitment to inform its stakeholders of its performance and results in the field of sustainability, as in previous years. Pursuant to Legislative Decree 254/2016, the Statement describes the management approach, policies and risks generated and/or run in relation to the five areas set out in that decree (environmental, social, staff, human rights and fighting active and passive corruption).

[GRI 102-46] The Statement contains data and information referring to the Company TIM S.p.A. and its fully consolidated subsidiaries as of December 31, 2020 (hereinafter “the TIM Group” or “the Group”), as presented in the Annual Financial Report. The environmental performance data are presented with some limitations. The following entities are excluded: entities with less than 30 employees, and European and American companies which are subsidiaries of Telecom Italia Sparkle S.p.A. (except Sparkle Greece and Sparkle Turkey). These limitations are not important to understand the Company’s activities, performance, results or the impact produced by the Group.

[GRI 102-47] 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. For details of the material topics see the relevant paragraph.

[GRI 102-50] [GRI 102-51] [GRI 102-52] The 2020 Sustainability Report, prepared annually over the calendar year, respects the same deadlines as the Group Annual Financial Report.

[GRI 102-10] [GRI 102-48] The merger by incorporation of Vodafone Towers S.r.l. into INWIT S.p.A. was finalized in the financial year 2020. This operation involved the dilution, by the TIM Group, of its shareholding in the capital of INWIT from 60% to 37.5%. Therefore, as of March 31, 2020, INWIT S.p.A. is evaluated using the equity method. The company Daphne3 S.p.A. was then established, whose corporate purpose is the acquisition, holding, management and disposal of the shareholding in INWIT. The Group’s cloud company, Noovle S.p.A., was also established and included in the consolidation. At the end of the year, FiberCop S.p.A. was set up and perfected to offer passive secondary copper- and fiber-network access services to operators across the market, and will be operational from Q1 2021.

Note that information relating to “Fondazione TIM” and “Istituto TIM”, entities not included within the Group’s consolidation scope, represents a qualitative element which is useful in order to understand the attention paid to the social context.

[GRI 102-54] The Sustainability Report has been prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) (In accordance-comprehensive option). In addition, the document takes into consideration the process recommended by the AA1000APS principles (inclusivity, materiality and correspondence). Reference to the GRI disclosures are reported in the text highlighted with the symbol [GRI no. disclosure].

The Sustainability Report 2020 also contains information requested by the Sustainability Accounting Standards Board (SASB) which is limited to TIM S.p.A.. Reference to the SASB disclosures are reported in the text highlighted with the symbol [SASB TC-TL n°. disclosure]; SASB data are additional facts respect to the information prepared in accordance with the GRI Standards to respond to the requests of art. 3 and 4 of Legislative Decree 254/16.

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 organization 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 - mainly those relating to environmental data - are managed on a dedicated application system (BPC) that uses the same platform used for financial reporting and control.

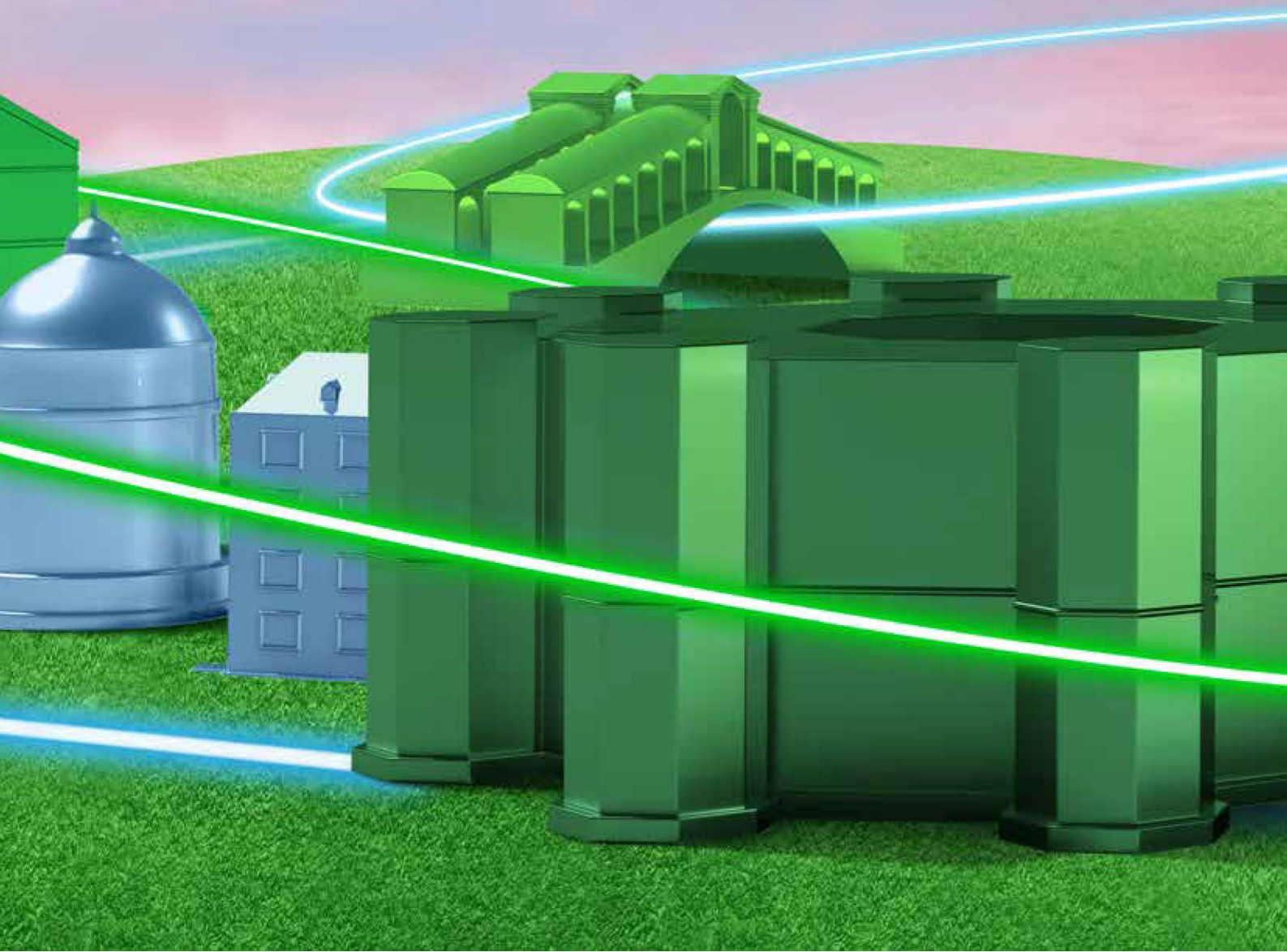
In terms of internal auditing of the contents presented, the Company has set up a system with:

- dedicated Operating Rules, which define the roles, responsibilities and procedures to be followed by Group companies in order to ensure adequate management and reporting of non-financial information;
- an internal control system, active on some of the data categories such as the environmental one, to ensure the correct tracking and reporting of non-financial information;
- the signing of a letter of attestation by senior management concerning the data constituting the paragraphs of the Financial Statements for which they are responsible.

[GRI 102-56] In terms of external control, the Non-Financial Statement and related data are subject to limited assurance engagement by EY S.p.A., the Group's independent auditors, whose Report is available at the end of this Report.

The present document was approved by the Board of Directors of TIM S.p.A. on February 23, 2021.

Governance



Organizational model

[GRI 102-1] [GRI 102-2] The TIM Group offers fixed and mobile communication services and ICT solutions, as well as digital content. In Italy, the Group operates the biggest fixed voice and data infrastructure, covering the whole country, and provides one of the country's most extensive and advanced mobile network platforms.

[GRI 102-5] The Parent Company is TIM, a stock company organized under the laws of the Republic of Italy¹ [GRI 102-3] where the parent company has its registered office.

[GRI 102-10] [GRI 102-48] The merger by incorporation of Vodafone Towers S.r.l. into INWIT S.p.A. was finalized in the financial year 2020. This operation, which resulted in the creation of Italy's first tower operator, involved the dilution, by the TIM Group, of its shareholding in the capital of INWIT from 60% to 37.5%. Therefore, as of 31 March 2020, INWIT S.p.A. is accounted for using the equity method. The company Daphne3 S.p.A. was then established, whose corporate purpose is the acquisition, holding, management and disposal of the shareholding in INWIT. Noovle S.p.A., the Group's cloud company that will provide further impetus to the growth and digital transformation of Italy, combining the infrastructures and expertise of TIM with those of Noovle Srl, was also incorporated. Noovle Srl, one of Google Cloud's main partners in the Italian market, was acquired in May. Lastly, at year end, the incorporation of FiberCop S.p.A. was finalized, which will offer passive access services for the copper and fiber secondary network to all market operators, with a view to completing the fiber coverage plans in Italy's black and grey areas and expediting the adoption of ultra-broadband services. FiberCop S.p.A. has been operational from the first quarter of 2021.

[GRI 102-4] [GRI 102-6] [GRI 102-7] The Group's activities are encompassed in the following Business Units (or operating segments)²:

- 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 information technology products and services sector through Olivetti. The Business Unit also includes the activities of Noovle and FiberCop and, on an international note, the activities relating to the development of fiber optic networks for wholesale customers (Sparkle) in Europe, the Mediterranean and South America;
- The **"Brazil" Business Unit (TIM Brasil Group)** provides mobile and fixed telecommunications and data services in Brazil;
- The "Other activities" include the financial companies (Telecom Italia Capital S.A., Telecom Italia Finance S.A.) and other minor companies not strictly related to the Group's core business.

[GRI 102-2] The Group's main brands are:

- **TIM** is the brand 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 and internet services and fixed line services.
- **Kena Mobile** is the second brand for the domestic retail segment. Established in 2017, it is intended for private customers only, and offers no frills mobile services.³
- **Sparkle** offers international voice, data and Internet solutions to fixed and mobile telecommunications operators, ISP/ASP, content and media players and multinational companies.
- **Olivetti** markets information technology products and services for residential and business customers.

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 it has a presence. This was the intention behind the establishment of Fondazione TIM in 2008, which was followed by Istituto TIM in Brazil in 2013.

Although the primary purpose of TIM's business model is to create long-term value, for the Company and its stakeholders, the Group has for some time set itself the essential objective of pursuing this aim while ensuring a balance between economic, social and environmental sustainability.

Main Shareholders of TELECOM ITALIA S.P.A.

¹ [GRI 102-5] Also see the TIM Group Consolidated Financial Statements.

² [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.

³ Offers only basic services.

[GRI 102-5] As at December 31, 2020, the reference shareholder is the French Vivendi S.A., with 23.8% of the ordinary share capital⁴. [GRI 102-10] Cassa Depositi e Prestiti confirmed its 9.8% stake, while according to the latest records in the shareholders' register and other information available, Canada Pension Plan Investment Board has a direct stake of 3.2% in the ordinary share capital.

On the one hand, 2020 was characterized by the decision of Paul Elliott Singer (General Partner of Elliott Capital Advisors L.P.) to reduce to almost zero the shareholdings he had held since 2018 through the subsidiaries Elliott International L.P., Elliott Associates L.P. and The Liverpool Limited Partnership. This was due to the funds Elliott International L.P. and Elliott Associates L.P. entering into equity swap contracts with JP Morgan, maturing on May 30, 2023, giving rise to an aggregate stake of 4.998% in the ordinary share capital of TIM (equivalent to 4.956% in relation to the new number of ordinary shares making up the share capital, which is acknowledged in the notes).

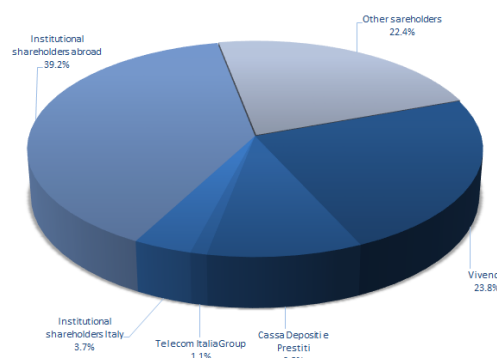
On the other hand, Consob's decision to temporarily reduce from 3% to 1% the threshold above which shareholdings qualify as major shareholdings⁵ generated the following new positions:

- Novator Capital Ltd. 2.962%. Meanwhile, the shareholding held by Partners Telecom Sarl, of the same size, was reduced to zero.
- Banca d'Italia 1.002%.
- Norges Bank 1.045%.

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.

During the three-year period 2018-2020, the number of TIM ordinary shares held by Vivendi S.A. remained the same; the entries in the shareholders' register⁶, show a decrease in foreign institutional shareholders, including Paul Elliott Singer's funds (-18.7%), as well as in Italian institutional shareholders (-1.9%), while there was an increase in other shareholders (+9.2%). The shares held by the Group were reduced following the allocation of part of the treasury shares of TIM for the implementation of the 2016-2019 Special Award plan.

Composition, as a percentage, of the share ownership as of December 31, 2020



Economic value produced and distributed

⁴ The percentages refer to the total ordinary shares making up the share capital of TIM, as shown by the latest filing with the Business Register as at the date of updating. Specifically, following the issue of 126,343,913 ordinary shares on November 27, 2020 as a result of the public offer for subscription against payment for employees in the context of the 2020 Employee's Share Ownership Plan, the total number of ordinary shares making up the share capital of TIM is 15,329,466,496. This was registered in the Business Register on December 28, 2020.

⁵ With resolution no. 21326 of April 9, 2020 (which repealed the previous resolution no. 21304 of March 17, 2020), Consob provided, pursuant to art. 120, paragraph 2-bis, of Legislative Decree 58 of February 24, 1998, for a period of three months starting from April 11, 2020 – and unless revoked earlier – the additional 1% threshold, beyond which the obligation arises to communicate to the investee company and Consob, pursuant to art. 120, paragraph 2, of Legislative Decree 58 of February 24, 1998. Consob followed up the aforesaid decision with further resolutions. With resolution no. 21434 of July 8, 2020, Consob ruled that the provisions laid down in resolutions no. 21326 and 21327 of April 9, 2020 concerning the identification of further thresholds for the disclosure of company shareholdings and declarations of intent, in companies with a particularly broad shareholder base – the relevant lists of which were updated with resolutions no. 21352 of May 6, 2020 and no. 21404 of June 17, 2020 – had been extended for a period of three months, from July 12, 2020 until October 12, 2020. This period was extended until January 13, 2021 by the resolution of October 7, 2020. Mostly recently, with resolution no. 21672 of January 13, 2021, Consob extended the aforesaid period by a further three months, from January 14 to April 13, 2021.

⁶ Pursuant to the law, the shareholders' register should be updated in accordance with the disclosures and reports made by intermediaries during corporate actions identified by the law itself. For a better understanding of the comparative findings in the three-year period in question, it should be noted that:

- the entries in the shareholders' register as at December 31, 2020 mainly relate to the recording of the dividend payment on June 24, 2020, which in fact generated a comprehensive update and therefore the superseding of all previous records;
- the last similar comprehensive updating of the share ownership structure in the shareholders' register dates back to the dividend payment in 2013; this provided the basis of reference for subsequent years, too, up until 2020, together with partial updates to the share ownership structure in relation to other corporate actions (usually requests to attend shareholders' meetings).

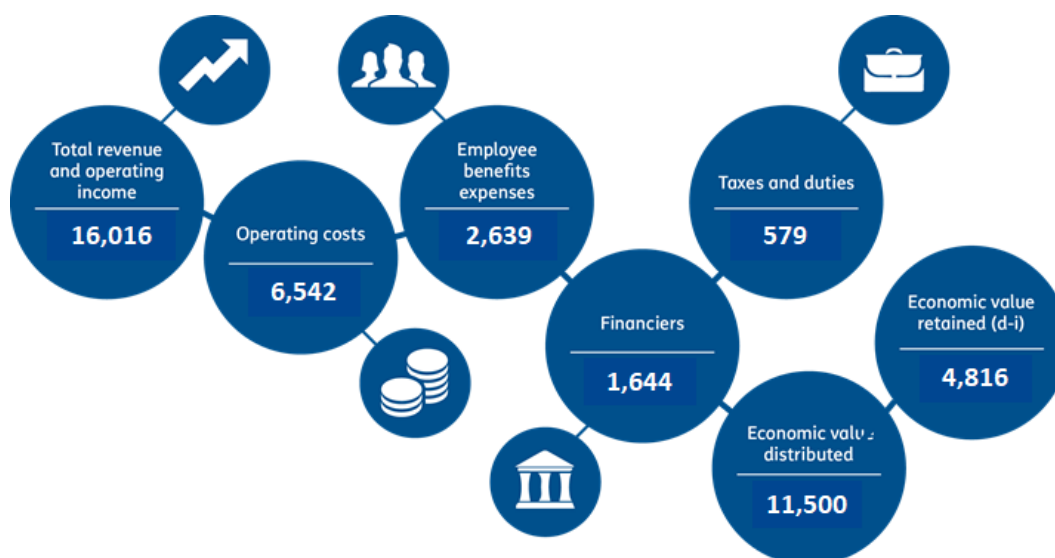
The Group aims to achieve a balance between the three dimensions:

- environmental sustainability: maintaining the functionality 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] TIM 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 in the Appendixes, which are drawn from the Annual Report. The distribution of revenue by product and service and the trend in the Group's capitalization and debt is shown in the "Revenues" note of the TIM Group's consolidated financial statements and the Report on Operations of the TIM Group.

The economic value produced and distributed to the stakeholders is shown below. Since 2008, the presentation method recommended by the Global Reporting Initiative has been adopted, with appropriate adaptations.

[GRI 201-1] **TIM Group – Economic value produced and distributed (milions of euros).**



[GRI 102-7] The following table shows one of the main classes of management data of the Group: the trend of fixed and mobile access lines, also for Brazil.

TIM Group – Number of lines at year end

(thousands)	12/31/2020	12/31/2019	12/31/2018
DOMESTIC FIXED			
Physical connections	16,741	17,217	18,260
Active TIM Retail broadband accesses	7,635	7,592	7,483
DOMESTIC MOBILE			
Number of lines	30,170	30,895	31,818
BRAZIL			
Number of lines	51,433	54,447	55,923

The Community

The Group companies are fully integrated with the areas where they operate and with the social, economic and production fabric of these areas. As such, they aim to contribute to the economic well-being and growth of the communities by providing increasingly digitalized services.

Even though 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 society, including its weakest members.

In its **relations with local communities**, TIM works every day to ensure that relations with regional and local administrations are lasting and satisfactory, in the belief that this is the only way to create the conditions for developing its area of operation and improve people's quality of life, while allowing the institutions and TIM to achieve their respective objectives. In this spirit, the Group also carries out all activities limiting eventual negative impacts on the development of networks.¹ From an organizational view point, TIM's relationship with local organizations is managed by specially designed structures: the central function of Local Institutional Affairs and the Local Authority Accounts. Please refer to the Institutions section in this report for a more in-depth description.

Hereunder are the tools and donations made in favor of the Community and the activities carried out by Fondazione TIM in Italy and Instituto TIM in Brazil which represent the Group's most concrete social commitment. Lastly, the section focuses in particular on safety and the management of emergencies.

To learn more about Operazione Risorgimento Digitale (lit. Operation Digital Risorgimento, the project for digital literacy in Italy) and the work done by the Group for COVID-19, please also read the "Social" section and the "TIM's Commitments in 2020" section.

Tools made available to the community: fundraising

In a national and international context in which crisis and conflict scenarios are multiplying, against an ever-increasing number of people in need and emergency situations, **private fundraising** is a key factor in "person-to-person" cohesion and support.

For over 17 years, TIM has been a key player in the solidarity chain, supporting humanitarian, scientific and environmental projects by allowing people to make a donation of 1 or 2 euros with a text message, or 2, 5 or 10 euros with a call to a dedicated free number from a landline. Alongside these traditional donation tools, in 2020 TIM offered associations the integrated "DonaconTIM" system, enabling people to make charity donations (around 250,000.00 euros collected from 249 donors), including via an app and dedicated web platform.

The new Self-Regulatory Code issued by AGCOM establishes 60 numbers, divided into 30 permanent numbers (lasting one year) and 30 temporary numbers (lasting 20 max days), with a special price list. The two emergency numbers continue to be free. The amounts collected are returned in full, with no withholdings applied by either the tax authority or TIM for the costs incurred.

130 solidarity campaigns were launched in 2020, which raised approximately 9.7 million euros. The largest amounts of money were raised for medical and scientific initiatives, with social welfare initiatives at national level close behind.

How the contribution to the community is measured

The contribution made to the community by the Group, calculated according to the **London Benchmarking Group (LBG)** guidelines², is estimated to be approximately 51.27 million euros in 2020. 2019 and 2018 data is available on the Group website.

¹ GRI 413-2 [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 communities, e.g. regarding aerial installation sites.

² Approximately 200 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 line with the LBG model, in order to measure and represent the Group's commitment to the community, the contributions paid out have been subdivided into three categories (Charity and Donations, Investments in the community, Initiatives for the community). For further information, see the sustainability section of the gruppotim.com website, which contains further details about data for the last three years.

Charity and Donations	0.86 milioni €
Investments in the Community	17.49 milioni €
Commercial initiatives with “sustainable” impact on the community	32.92 milioni €
Total	51.27 milioni €

As a result of the COVID-19 pandemic, a significant contribution in 2020 was attributable to certain free offers made available to customers to promote digital inclusion as well as to the support provided to the indirect sales network to support it during the lockdown period.

The commitment of Fondazione TIM

The TIM Group has always stood out for its sensitivity and attention to the needs of our society, including through the work of its foundation.

Fondazione TIM promotes and disseminates the culture of innovation by means of initiatives and projects that facilitate social inclusion, research and education and the protection of the historic and artistic heritage. The foundation is able to operate, in Italy and abroad, with methods and strategies that are in line with the company's purposes and values as set out in the bylaws.

Fondazione TIM pursues its mission with tenders or the direct allocation of donations. In accordance with its Regulations, it can fund private and public non-profit bodies or religious bodies.

The projects supported by Fondazione TIM must be able to stand out for their innovative and experimental nature, the use of information and communications technologies and the speed at which the project is finalized in the face of sudden events. The projects must belong to the foundation's three priority areas of focus:

- ‘Social inclusion’, with educational and support initiatives dedicated to vulnerable or otherwise disadvantaged people;
- ‘Education and research’, the latter in the fields of medical and natural sciences, economics and law;
- ‘Art’, to protect and enhance the historic and artistic heritage, by developing ways and means of using and disseminating knowledge about the heritage, and to support the world of entertainment and music.

In 2020, Fondazione TIM focused attention and resources on the effects of the pandemic that dramatically affected all aspects of life – health, social, economic, cultural –, carrying out targeted and timely interventions, taking into account the extraordinary nature of the situation that our community found itself facing.

In the context of ‘Social Inclusion’, Fondazione TIM:

1) donated over 1,400,000 euros to Save the Children, allocating it to the “Riscriviamo il futuro” (Rewrite the future) project, an investment in education as a driver to get Italy back on its feet starting with the children, by combating early school desertion and educational poverty.

The project will be developed in cooperation with the Italian Ministry of Education, University and Research (MIUR), so as to create a “community educational pact”. The schools will be given support to reorganize their learning spaces and times in collaboration with the local educational centers, called “Punti Luce” (Points of Light). Here, the youngsters involved will experience a “high-educational-density” setting with individual training plans to develop talents and potential and improve the future of the young children. The centers will operate in the following places: Torre Maura (Rome), Marghera (Venice), Chiaiano (Naples), Sanità (Naples), Casal di Principe (Caserta), Prato, Potenza, Scalea (Cosenza), Udine, Barra (Naples), Ancona, Sassari, L'Aquila, Zen (Palermo), Quarto Oggiaro (Milan), San Luca (Reggio Calabria), Giambellino (Milan), Genoa and Bari, with a total of 12,000 children benefiting.

The teachers will be offered online training seminars and courses to support both in-person and distance learning.

The intervention will be deployed through five macro-actions: contributing to study support activities, strengthening digital skills, promoting healthy lifestyles, educating young people to make them aware of their responsibilities and get them involved in social activities, and holding workshops and “educational islands” over the summer period.

2) decided to support, with 1,000,000 euros, five projects submitted as part of the “Liberi di Comunicare: tecnologie intelligenti e innovazione per l'autismo” (Free to Communicate: intelligent technologies and innovation for autism) call for projects launched last year.

3) awarded 140,000 euros to two projects selected with the TIMPEOPLE for Good call for projects, launched within the TIM Group with a view to gathering ideas on the needs of over-65s in particular: solutions for a more accessible home (home automation) and innovative technological solutions to fight loneliness. The winning projects included the one submitted by the Community of Sant'Egidio, to prevent social isolation in older people through the use of simple technologies and a close-knit network of voluntary workers.

In the area of 'Education and Research', Fondazione TIM has mainly been committed to helping the hospitals and research centers involved in the pandemic emergency. To show its support to Italy in the fight against Coronavirus, Fondazione TIM organized a crowdfunding campaign among the Group's employees and supplemented the amount raised to make it up to a total of 1 million euros. This amount was distributed between four hospitals and research organizations involved in combating the pandemic emergency:

1) Ospedale San Raffaele in Milan, for the splitting up of the Emergency Unit to ensure separate sections for COVID-19 and Major Heart Emergencies;

2) Consorzio per la Ricerca Sanitaria (the Healthcare Research Consortium) of the Veneto Region, for a clinical study coordinated by Professor Vincenzo Bronte of the University of Verona, involving hospitals in Veneto, with a view to understanding the immunological dynamics of the infection as soon as possible and developing treatments able to prevent the most serious manifestations of the disease;

3) Ospedale Spallanzani in Rome, for the modernization of the existing laboratory of the highest biosafety level (BL4), by boosting the areas of diagnostics and staff training, with the purchasing of new high-biocontainment equipment (Glove-Box) and upgrading works;

4) Istituto Nazionale Tumori IRCCS - Fondazione "G. Pascale" of Naples, for the setting up of a laboratory for genetics research into Coronavirus. The aim of the laboratory is to associate positive SARS-CoV-2 results with genomic research.

Fondazione TIM also paid the Rome Biomedical Campus University Foundation 77,000 euros to set up a scholarship to be used in the PhD in Science and Engineering for Humans and the Environment. The PhD aims to study and develop a new healthcare model which, through information and communications technologies, can improve the prevention and treatment process for patients with chronic and complex health conditions, focusing on individuals affected by Coronavirus and associated respiratory diseases. The scholarship will be named after the spokesman of Pope John Paul II, Joaquin Navarro-Valls, a doctor who was committed to the values of training and research in favor of humans and the environment, the first Chairman of the Board of Trustees of the Rome Biomedical Campus University Foundation and first Chairman of Fondazione TIM.

In the area of 'Art', Fondazione TIM supported three musical organizations this year:

1) it donated 200,000 euros to the International Piano Festival of Brescia and Bergamo, whose season was rescheduled because of the lockdown. This large festival decided not only to get started again with live performances, but also to invest in disclosure, seeking new languages to educate the public about music and reveal its beauty using a narrative everyone can grasp.

2) it donated 100,000 euros to the Fondazione Teatro Donizetti. A WebTV channel was created thanks to this donation enabling the Italian and international public to stream the performances featured on the Donizetti Opera Festival program, making WebTV a new stage, thanks to digital technology.

3) Fondazione TIM later confirmed its support for the Teatro alla Scala in Milan through the "Un Coro in Città" (A Choir in the City) project; a way to bring musical theatre culture to a segment of the population that would otherwise have difficulty accessing it. The project aims to form choirs of primary school children in the outskirts of the city of Milan, where there is a high risk of young people dropping out of school early. So, through its Academy, the Teatro alla Scala is going beyond its four walls to transport theatre outside the theatre and make musical theatre accessible by running year-long choir workshops. Throughout the year, 200,000 euros were donated for this project. By donating another 120,000 euros, Fondazione TIM also made it possible for some classes to attend the Chicago Symphony Orchestra concert led by the conductor Riccardo Muti, at the Maggio Musicale Fiorentino theatre and La Scala. A small step to find out more about the world of symphony and discover its wonders.

Istituto TIM

On the Brazilian front, the social investment strategy implemented by TIM aims to promote the social inclusion of disadvantaged groups in Brazilian society, particularly children and teenagers, by running educational programs relating to Science, Technology and Innovation (STI).

Instituto TIM was founded in 2013, with the aim of defining strategies and providing resources for the dissemination of science, technology and innovation to support the development of community in Brazil.

Four areas were identified as being important for Instituto TIM's contribution to the development of Brazilian society:

- education/teaching,
- applications,
- work,
- Social inclusion.

TOOLS	STRATEGIC OBJECTIVES	SELECTION AND MONITORING OF PROJECTS
<ul style="list-style-type: none"> Partnerships with organizations, institutions and public and private entities. Open-source / free software technologies and materials. 	<ul style="list-style-type: none"> Implementation of educational projects for the social inclusion of children, teenagers and young people. Implementation of projects to encourage the everyday use of free technology in public entities for swifter, more efficient public administration. 	<ul style="list-style-type: none"> The projects are selected on the basis of how relevant they are to the strategies and requirements of Instituto TIM. The initiatives are monitored and a final report is drafted for each project. The report provides a detailed description of the initiative and the results achieved, including in terms of the numbers.

Instituto TIM's work has already reached all 26 Brazilian states and the Federal District, involving over 700,000 people.

Instituto TIM-OBMEP scholarships

The Instituto TIM-OBMEP Scholarships are dedicated to the winners of the Brazilian Public School Mathematics Olympics (OBMEP) who have started a degree in Astronomy, Biology, Computer Science, Economics, Engineering, Statistics, Physics, Mathematics, Medicine or Chemistry at a state university and come from low-income families. The program is the result of a partnership between Instituto TIM and the Brazilian National Institute for Pure and Applied Mathematics (IMPA).

Since 2015, scholarships of 1,200 R\$ are paid every month for a maximum of 4 years. A total of 200 students receive this grant every year.

Academic Working Capital

Academic Working Capital (AWC) is a business education program supporting students wishing to transform their final degree project (Trabalho de Conclusão de Curso, TCC) into a technology-oriented company. The students attend biweekly workshops and monitoring sessions that help create an ecosystem in which the idea of "enterprise" fills everyone's thoughts and actions. AWC offers financial support for the purchasing of consumables for the creation of authentic production engineering prototypes. At the end of the year, the groups present their products to investors and entrepreneurs.

Around 400 university students have been involved since 2015, with 150 projects supported and 50 start-ups launched.

Garatea

The Garatêa-ISS initiative takes pupils' scientific experiments into space and brings the study of space sciences into schools. As a result of these initiatives, from 2015 to the present day, support has been given to more than 250 university students and 141 space science experiments have been created by pupils from all over Brazil.

In 2020, due to the Coronavirus pandemic and the implementation of distance learning, the Garatêa project suspended its activities in schools. But, as always, on completion of the project, a Selection Board, in collaboration with specialized technicians working at NASA, chose the best scientific experiment. At the end of the year, the winning experiment for the 2019/2020 edition, "The Influence of Microgravity on the Breakdown

of Lactose and the Development of Bacteria in the Gut Flora”, developed by pupils in their second year of the Colégio Regina Coeli in Sorriso, Mato Grosso, was sent to the International Space Station (ISS).

TIM Tec

TIM Tec is a MOOC (Massive Open Online Courses) platform and free software offering free online courses in line with the Information and Communications Technological pathway of the PRONATEC program (Programa Nacional de Acesso ao Ensino Técnico e Emprego, the Brazilian National Programme for Access to Technical Education and Employment). Anyone can register to follow courses that teach, for example, programming language, databases, websites and game design. There are also courses for primary school teachers (e.g. on teaching sciences) and for honing skills considered fundamental for the training of all professionals, such as writing.

The technology and content of the TIM Tec platform are shared with the public training establishments with the support of the Department of Vocational and Technological Education of the Ministry of Education (Setec/ MEC). The TIM Tec software has been installed by 23 federal institutes and 2 state establishments and used by them as a distance training platform.

In 2020, Instituto TIM focused its efforts on making people’s lives easier during the pandemic. Registrations for the free online courses on the TIM Tec platform rose by 200% in the first half of 2020, enabling more than 100,000 Brazilians to use the period of social isolation to improve their vocational skills with the 30 courses on offer. In 2020, two new courses were also launched, addressing subject matters relating to financial education, technology and agriculture and food.

Busca Ativa Escolar – Instituto TIM e UNICEF

There are 3.8 million children and teenagers out of school in Brazil. These young people, aged between 4 and 17 years old, are denied the rights guaranteed under the constitution and the chance to acquire the skills they need for adulthood. To guarantee the right to learning, the United Nations Children’s Fund (UNICEF) launched the Fora da Escola Não Pode! (Out-of-school children) initiative to combat exclusion from school.

In 2014, Instituto TIM entered into a partnership with UNICEF to develop the technological solution Busca Ativa Escolar, a free IT platform that will facilitate and encourage the work of municipalities in the active search for those 3.8 million children and teenagers. The objective is to provide senior civil servants with an innovative approach, so that they can find out-of-school children using information and communications technologies.

This technical solution improves coordination of the various government departments, as everyone has access to the same database. The system allows each municipality to monitor out-of-school children in the area for which they are responsible, cross-reference information using filters, identify the greatest needs, divide them up by area or age range and check open and resolved cases. With this type of qualitative information, public officials have additional tools to monitor school exclusion in their municipalities and decide how to combat it. More than 3,000 municipalities are currently registered on the platform, which is 54% of all Brazilian municipalities.

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 2018 Programme for the international assessment of students (PISA), Brazil ranked 70th out of a total of 79 countries on the list, based on the mathematics results achieved by its pupils.

Focusing on the very first years of primary school, the O Círculo da Matemática do Brasil (The Math Circle in Brazil) project, working with its founders, Harvard University Professors Bob and Ellen Kaplan, has introduced the Math Circle approach in the country, adjusting and adapting its content to the Brazilian context. The strength of the Math Circle lies in its educational aspect, according to which pupil participation and reflection are fundamentally important for acquiring mathematical knowledge. Since 2013, the project has involved 25,000 pupils and 4,500 teachers in 29 cities.

Additional information on Instituto TIM can be found at institutotim.org.br/en/

Security and management of emergencies

With the aim of ensuring maximum cooperation, in terms of security and management of emergencies and crises, national and local institutions and affected communities, TIM has signed and implemented the following conventions:

- A “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.”
- An “agreement between the Crisis Unit at the Ministry of Foreign Affairs and International Cooperation and providers of electronic communication services for the supply of messaging services for Italian citizens abroad in emergencies.”
- The “Convention for implementing a device to generate Missing Child Alert” launched with the Italian Ministry of the Interior, Department of Public Security;
- A “contract for the supply of information on the location of SIM cards used in TIM phones” with the national mountain and cave rescue corps to locate people lost in the mountains.

Since 2019, TIM has been called on by the Italian Civil Protection Department and the Ministry of Economic Development (MiSE) to collaborate on the design, testing and implementation of the IT-Alert system, a new public warning system for the direct notification of citizens all over Italy. IT-Alert is a multi-channel emergency messaging system that sends warning messages - via Cell Broadcast, mobile apps and web services, in the event of critical events, emergencies/crises - to the people present in the area concerned. The testing phase of the service began in late 2020 with the sending of text messages.

Furthermore, as required by the relevant laws on training, we:

- test the soundness of the emergency planning and the ability of the company’s operational Crisis Management Systems to respond;
- 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 and customers),

throughout 2020, TIM took part in the “SEISM.EX 2020” drill for seismic risk, along with the Lazio Region and the Frosinone Prefecture.

TIM’s involvement in these drills is necessary as the company delivers essential services and is part of the National Civil Protection System (Law 225/1992), together with other public and private organizations and the Ministry of the Interior’s Interministerial Technical Commission for Civil Defense. It should be noted that, compared to past years, the Institutions reduced the organization of both protection and civil defense drills to a minimum in 2020 due to the COVID-19 pandemic.

Once again in the area of training, with the aim of helping to strengthen risk prevention culture and expand knowledge of safe behavior, TIM took part, albeit to a reduced extent, again due to the pandemic, in the **“Settimana Nazionale della Protezione Civile”** (National Civil Protection Week), which originated as the result of a specific government decision. Enjoyment of the online course on Crisis Management continued in 2020 for all heads of the departments making up the 20 Operational Crisis teams for Defense and Civil Protection and all contacts at local institutions.

Finally, TIM has made sure it is represented in national and local institutional crisis units – in times of both crisis and calm – and that service requests are satisfied and dealt with within 12 hours and 24 hours as set out in Prime Ministerial Directive 3.12.2008 on “operating directions for managing emergencies”.

Lastly, below are the seven emergencies managed during 2020, with particular reference to the work carried out during the pandemic:

1. COVID-19 pandemic

- Implementation of the Crisis Management System
 - Setting up of the Crisis Management Committee chaired by the CEO
 - Formation of all 20 Operational Crisis Teams (OCT) made up of the heads of the departments considered essential for crisis management
 - Representation on the Operational Committee of the Italian Civil Protection Department (CPD), set up on a permanent basis from January 31, 2020 (11 months).
- Cooperation with the Institutions
 - Collaboration with the central and local Institutions sitting on the CPD’s Operational Committee
 - Interfacing between the CPD and regional OCTs on specific matters

- Handling of complaints and disruptions reported by the local Institutions
 - Free, mass sending of emergency SMSs to mobile users in Lombardy on behalf of the regional government of Lombardy
 - Reporting to the Extraordinary Commissioner on PPE supplies required by TIM, to prevent precautionary requisitioning in favor of the public sector
 - Collaboration with PPE suppliers to expedite customs operations
 - Collaboration with the “Essential Services” unit of the Civil Protection Department for the COVID vaccination campaign for employees of telecommunications companies and other key infrastructures;
2. Porto Marghera fire;
 3. Exceptional adverse climatic events in provinces in Veneto;
 4. Exceptional adverse climatic events in Ferrara;
 5. Pelagie Islands emergency: submarine communications cable cut;
 6. Exceptional adverse climatic events in Bergamo, Piacenza, Modena, Savona, Lucca and Siena;
 7. Exceptional adverse climatic events in provinces of Friuli-Venezia Giulia.

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 provides for a management body (Board of Directors) and a control body (Board of Statutory Auditors). The Board of Directors is appointed by the Shareholders' Meeting on the basis of lists presented by shareholders who, together, own at least 0.5% of the ordinary share capital¹ or by the outgoing Board of Directors. [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.

TIM's Articles of Association require the least represented gender to account for at least two fifth of the total number of directors, rounded up to the next unit in the event of a fraction.

TIM's Articles of Association provide that at least half of the candidates drawn from the majority list and at least half of those drawn from the minority lists must meet the independence requirements set by law, with the result that the number of TIM's independent directors is higher than that required by law. The qualification requirements for Directors' independence are established by the CLF² and the Corporate Governance Code of Borsa Italiana, to which TIM adheres.

[GRI 102-22] The Board of Directors in office (appointed by the Meeting of May 4, 2018 for a period of three years, or until approval of the financial statements at December 31, 2020) consists of 15 members, including 12 independent members. On the company's website (gruppotim.it) under the heading About Us/Board of Directors/Composition each director's role, nationality, appointment date, list of presentation, independence status and membership of the Board of Directors are shown; the curriculum vitae of each member is also available on the Board of Directors' website. The Directors' skills range from specific TLC sector experience to media and content, from mergers and acquisitions to risk management and top management in large companies. More details are available via the gruppotim.it website. [GRI 102-31] 14 meetings of the Board of Directors were held in 2020. The Shareholders' meeting that will be convened in 2021 (for approval of the financial statements as at December 31, 2020) will also appoint the new company bodies (Board of Directors and Board of Statutory Auditors).

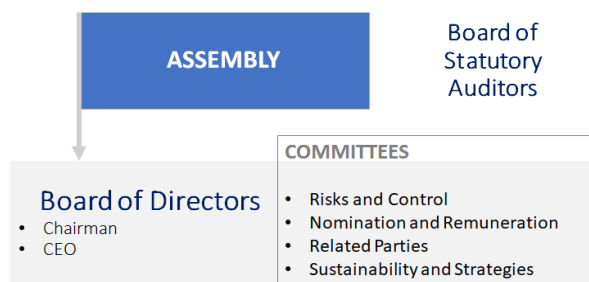
In view of the renewal, and in compliance with the recommendations of the Borsa Italiana Corporate Governance Code, the Board of Directors firstly expressed its guidance on the size and composition of the new Board. It did this based on the self-assessment activity carried out for the third and last year of the three-year period, with the support of Egon Zehnder Italia (a company selected by the Nomination and Remuneration Committee). It seems appropriate for the new Board to ensure the continuity of the ongoing digital transformation process, for it to be made up of professionals with the necessary skills and experience to fully engage in this process and for it to support the industrial and technological transformations with the necessary speed, as expected by the market. After formulating its guidance on the optimal size and composition of the administrative body (published on the website gruppotim.it at: Group/Governance/Board of Directors/Appointment), the Board of Directors has decided to exercise its right to present its own slate, as has long been laid down in the Bylaws. This is an unprecedented development in the history of TIM, made possible and appropriate by the fact that there are no shareholders that exercise control, that the shareholder who nominated the majority of the Directors in office has essentially sold its entire shareholding, that at present no shareholders wish to submit a slate intended to appoint the majority of the directors.

[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. 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. [GRI 102-18] [GRI 102-24] The Committees are established and renewed in order to: support and monitor the implementation of strategies and the development of plans and results; ensure the overall coordination of business actions and the governance of related cross-cutting issues; strengthening the operational synergies needed between the different functions involved in the different innovation, technological, business and support processes. encourage the integrated development of the Group's innovation processes.

The committees currently set up within the Board of Directors are the Control and Risk Committee, the Nomination and Remuneration Committee, the Related Parties Committee and the Sustainability and Strategies Committee (the name and composition of the latter changed in 2020). Each Committee has its own rules of procedure which describe the composition of its members, how they are appointed and how they operate: more details are available on the gruppotim.it website.

¹ Or any other amount that may be required by the regulations issued by Consob.

² Consolidated Law on Finance.



[GRI 102-28] For the 2020 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 Egon Zehnder.

The board review is carried out every year (since 2005). The assessment methods and results are illustrated in the Report on Corporate Governance. In particular, in delivering guidance as part of its 2020 self-assessment, the Board of Directors decided to recommend seizing the opportunity to enrich the board's expertise and experience further, pointing out sustainability issues as elements to be taken into consideration, among others.

[GRI 102-19] [GRI 102-20] [GRI 102-23] [GRI 102-26] The Shareholders' Meeting of April 23, 2020 appointed Mr Frank Cadoret and Mr Salvatore Rossi as Company Directors, co-opted by the Board of Directors in its meetings of June 27, 2019 and October 21, 2019 respectively, replacing the Director Amos Genish and Chairman Fulvio Conti. The Board of Directors meeting of April 23, 2020 held after the Shareholders' meeting confirmed Mr Salvatore Rossi as Chairman of the BoD and Mr Frank Cadoret as a member of the Sustainability and Strategies Committee.

In addition to the powers granted by law and the Bylaws, the Chairman (who plays a direct part in the Sustainability and Strategic Committee) is granted the governance of Fondazione TIM.

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 102-32] in addition to the responsibility for sustainable activities, including preparation of the Sustainability Report/Consolidated Non-Financial Statement.

[GRI 102-19] [GRI 102-20] The system by which the CEO delegates powers to the departments that report to him, and they in turn to their staff, is the subject of a specific company procedure that establishes the methods by which this system must be implemented (Granting and Revocation of Powers) and the regular checks on it. Sustainability matters are entrusted to the head of the Financial Reporting, Accounting & Sustainability Performance Department, to which the Sustainability Metrics & Performance Index Analysis Department reports. The first organizational reports may in turn delegate certain powers to their collaborators; [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). In particular, the Engagement Policy was approved at the Board of Directors meeting on December 16, 2020 (gruppotim.it, under section About Us – Governance Channel/The System/Procedure). This document formalizes the subject of dialogue amongst all the shareholders, as recommended in the Borsa Italiana Corporate Governance Code (January 2020 Edition).

[GRI 102-25] The company procedure for carrying out related-party transactions³, drawn up in compliance with Consob Regulation No. 17221 of March 12, 2010, is systematically updated (last revision July 24, 2018) and is available on the company's website (gruppotim.it/it/gruppo/governance/il-sistema/procedure.html) and outlined in the Report on Corporate Governance (Directors' interests and related-party transactions). 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 October 16, 2017 and November 2, 2017, the Presidency of the Council of Ministers issued measures taken on the basis of the investigation regarding the exercise of the powers deriving from the so-called "golden power". In 2019 the Legislator, in addition, used a specific prime ministerial decree on 5 September to impose the exercise of special powers with regard to the supply of 5G technology produced outside Europe. 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 organizational 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.

³ Related parties" of TIM refers to physical or legal entities related to TIM pursuant to the Consob regulations. The Procedure also applies to the parties to significant shareholders' agreements, pursuant to Art. 122 of the CLF that governs 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. Further details are available in "Transactions with related parties" in the Report on Operations.

The establishment and maintenance of the internal control system are entrusted to the Executive Director and to the Executive responsible for preparing the company's accounting documents (for TIM the CFO) 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. The coordination of subjects involved in the internal control and risk management system is outlined in the Report on Corporate Governance. The internal control system is contained in the so-called "Organizational Model 231", i.e. an organizational and management model adopted pursuant to Legislative Decree 231/2001, aimed at preventing offenses that may result in liability for the company.

In its meeting of April 1, 2020, the TIM Board of Directors adopted a new Organizational Model in accordance with Italian Legislative Decree no. 231 of 2001, in the context of which the supervisory functions pursuant to the aforesaid decree, which up until that time had been carried out by the Board of Statutory Auditors, were assigned to a new, separate structure, the Supervisory Body, composed of two "external" members, one with the role of Chairman and the other a standing auditor, and the head of the company's Audit Department.

The new model is a significant improvement in line with the best practices and aims to further bolster TIM's internal control and risk management system, an area to which the Company has always been committed.

[GRI 102-33] [GRI 102-34] [GRI 102-17] The whistleblowing procedure, which has been in force at TIM since 2015⁴, provides for the centralized management, by the Audit Department, of all reports - including those that are the responsibility of the Board of Statutory Auditors - via an IT application that whistleblowers can access via the company's 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.

[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 same entities must be promptly informed, by the recipients of the Code and those who have undertaken to comply with it, of any conduct (including mere omissions) by TIM personnel or third parties in relation to work or collaboration carried out on behalf of TIM or national subsidiaries of the TIM Group (as well as Fondazione TIM, Telecom Italia San Marino S.p.A. and Telefonía Móvil Sammarinese S.p.A.) in breach of laws and regulations and/or of the Code of Ethics and Organizational Model 231, as well as of the rules and procedures in force in the Group.

Any organizational departments/positions of the TIM Group and of the relevant subsidiaries directly receiving reports must ensure the absolute confidentiality of whistleblowers and the individuals reported. In this regard, it should be noted that, pursuant to article 4 of the Telecom Italia Code of Ethics and Conduct, there shall be no negative consequences for anyone making reports in good faith, and the identity of whistleblowers shall be protected in accordance with specific internal procedures, without prejudice to any legal obligations.

In Brazil TIM S.A. 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 2020, the Whistleblowing procedure resulted in 128 reports made in Italy and 2,294 in Brazil. The Human Rights section of this report 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.

[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 bylaws, according to which:

- [GRI 102-37] The Shareholders' Meeting determines the total gross annual remuneration of the Board of Directors (and of the directors holding specific offices: 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).

⁴ On November 10, 2020, a new version was approved by the TIM BoD, assigning ownership of the reports management system to the TIM 231 Supervisory Body.

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.

[GRI 102-35] With the exception of the 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 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 are illustrated in detail in the Remuneration Report (for directors with strategic responsibilities the data is aggregate). In particular, the objectives assigned to the Chairman and CEO for 2020 are of an economic and financial nature.

The sustainability targets used to determine the management incentive system are stated in the Remuneration Policies section of “The Human Capital” chapter of this report.

Sustainability governance system

[GRI 102-18] [GRI 102-26] The mission of the Sustainability and Strategies Committee, which is made up of directors, also includes the task of verifying that the objectives and management of TIM are consistent with the environmental, social and corporate sustainability criteria. Responsibility for monitoring the Group's socio-environmental issues and identifying sustainability projects and initiatives lies with the Sustainability Metrics & Performance Index Analysis department, hereinafter “SM&PIA” - of Financial Reporting, Accounting & Sustainability Performance - and the Sustainability Projects & Institutional Digital Channels department, which reports to the Head of Institutional Communications, Sustainability Project & Sponsorship

[GRI 102-32] The Sustainability Steering Committee, chaired by the CEO and composed of the Group's main Departments and Companies, is responsible for overseeing drafting of the Sustainability Report/Consolidated Non-Financial Statement, including the materiality analysis. The Control and Risk Committee prepares the financial and non-financial communication for the period prior to examination by the full board.

[GRI 102-31] During 2020, the Board of Directors met with those responsible for sustainability activities in March for the approval of the Sustainability Report, in addition to further meetings held in May, July and November

[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 SM&PIA Department, which apart from drawing up the Sustainability Report, manages relations with rating agencies. Responsibility for managing individual socio-environmental themes remains with the departments that directly manage operations relating to these themes. [GRI 102-26] These latter departments in particular identify specific strategies and targets for improving socio-environmental performance, each 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. It should also be noted that the Board of Directors approved the Engagement Policy in the meeting of December 16, 2020 (available at gruppotim.it, Group/ Governance/Our System/Procedure), a document which formalizes dialogue with all the shareholders, recommended in the Borsa Italiana Corporate Governance Code.

References

In defining and implementing its sustainability strategy and programs, the Group is inspired by the guidelines issued by the main global guidance and standardization organizations 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, 14001, 27001 and 37001 for quality, environmental, information security and anti-bribery management systems, respectively;
- principles of the International Labour Organization (ILO) Conventions on respecting the fundamental rights of workers;
- GRI Sustainability Reporting Standards, comprehensive option;

- Sustainability Accounting Standards Board (SASB);
- AA1000 AccountAbility Principles Standard.

[GRI 102-12] [GRI 102-13] TIM has long been a member of many environmental and social organizations, both national and international, formed to disseminate universally recognized values including respect for Human Rights, employment rights and environmental protection. The main associations which the Group is signed up to or part of 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;
- ETSI (European Telecommunications Standards Institute), the main European standardization organization for telecommunications;
- GSM Association, an international association of leading mobile phone operators, conducts studies on the positive contribution of technology to reduce greenhouse gas emissions and achieve the UN's Sustainable Development Goals;
- GRI, Global Reporting Initiative, the organization that defines and develops globally applicable standards for drafting of the sustainability report;
- GeSI (the Global e-Sustainability Initiative), a global partnership of ICT companies to promote the sustainable development of new technologies;
- 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 dialog with state bodies;
- JAC (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;
- CSR Manager Network Italia, the association for the sharing of trend studies and analysis on topics related to sustainability and business performance improvement through the integration of sustainability best practices.

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, timbusiness.it).

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 center services for customer support) are published on the relative websites.

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 gruppotim.it website).

Information on the Group's other commitments are available in the Sustainability section of the website, via the following link gruppotim.it.

Fight against corruption

[GRI 103-1] [GRI 205] Corruption is amply acknowledged as one of the factors that harms company competitiveness, socio-economic growth and community well-being.

Confirming the ongoing Group commitment to fight any form of corruption, in 2019 the Parent, TIM S.p.A. adopted the Anti-bribery Management System (also 'SGA') for which it attained UNI ISO 37001 "Anti-bribery Management Systems" certification through a credited body. The anti-bribery management system was defined to support the company in the prevention, recognition and response to actions linked to corruption, in accordance with applicable anti-corruption laws and the other voluntary undertakings that apply to its business, and is integral to the broader internal control system implemented by the company.

The SGA includes the following tools:

- Code of Ethics and Conduct;
- the Group Anti-Corruption Policy (adopted in 2012 with latest update in 2019), to provide a systemic reference framework for how to manage preventing corruption¹;
- the document "Anti-Corruption Management system of TIM S.p.A.";
- company protocols, especially Organization and Operating Procedures.

The TIM Anti-bribery Management System incorporates the very broadest anti-bribery compliance program, also consisting of the Organizational Model 231 (adopted in 2003 pursuant to Italian Legislative Decree 231/01 on the administrative liability of entities) which also includes the bribery prevention area. Moreover, in 2020, following the review and updating of the Organizational Model 231, concerning the design of the model and the risk assessment method, as well as the implementation of applicable legislative developments, the Board of Directors approved the current version of the Organizational Model 231 (version 7.1).

[GRI 205-1a] The anti-bribery management system applies to TIM and the members of its corporate bodies, employees and various business partners. Subsidiaries are required to apply the anti-bribery management system or certain controls for the prevention of corruption to the extent that is reasonable and proportional with respect to the risk of corruption that said subsidiaries are subject to.

From an organization point of view, the Compliance Department, assigned to the Group Compliance Officer, is attributed the compliance function role for preventing Corruption, responsible for implementing and monitoring the Anti-bribery Management system in the company and, more generally, its compliance with Standard ISO 37001 requirements. The 231 Steering Committee is also assigned general responsibility for implementing and compliance with the Anti-bribery Management System.

[GRI 103-2: Management Approach] [GRI 205] The Anti-corruption Policy identifies the following sensitive areas, specifically monitored to guarantee compliance with the prohibition to accept or offer bribes:

- gifts and entertainment expenses;
- events and sponsorships;
- donations/membership fees;
- buying of goods and services;
- consultancy, brokering, Business Partner;
- joint ventures, acquisitions and sales;
- screening, recruitment and management of staff.

[GRI 205-1b] When the corruption risk assessment process was over, TIM identified a non-negligible corruption risk related: (i) to specific categories of transactions, projects or activities, (ii) to relationships expected or already in place with relevant third parties or (iii) specific categories of people (relevant positions). On these transaction, project and activity categories, Relevant Third Parties or Relevant Positions due diligence audits were carried out (Anti-corruption Due Diligence) going in-depth into the type and extension of the corruption risks.

In Brazil, TIM S.A. adopts its own Organizational Model which constitutes the Anti-bribery Compliance Program in accordance with the local anti-bribery law (Brazilian Law 12.846/13). Consistent with provisions required at group level, in September 2018, the Brazilian subsidiary adopted a new version of the Código De Ética e De Conduta e della Política Anticorrupção. Moreover, in December 2020, the anti-bribery management system of TIM S.A. was certified in accordance with standard ISO 37001 by an accredited body for that framework. Within this context, TIM S.A. adopted the anti-bribery system document and updated the Política Anticorrupção to bring it into line with the requirements of the standard. Lastly, the Organizational Model review process was initiated to align the model with the new Organizational Model 231 of TIM S.p.A., which constitutes a benchmark for the definition of the specific organizational models of the subsidiaries. The new Organizational Model is expected to be adopted in the first quarter of 2021.

[GRI 103-3] [GRI 205] The Head of the Compliance Department is appointed by the Board of Directors of the Company to which it reports.

¹ Available at the link (gruppotim.it, section The Group, Governance/Procedures System)

The variable short-term remuneration plan (MBO) assigns the Head of Department objectives in keeping with the prevention of crimes under Legislative Decree 231/2001 and applying what is set forth by ISO 37001, in compliance with the relative regulations.

The Group adopts the Whistleblowing Procedure that, unless specifically forbidden by local laws, encourages and allows employees and third parties in general to report an attempted, suspected or effective corruption action, in good faith or based on a reasonable conviction, by reporting it to the TIM Audit Department. For that purpose, a single report transmission channel is available thus allowing reports to be managed with a maximum guarantee of confidentiality and protects those making a report in good faith or based on a reasonable conviction, of an attempted, suspected or effective action of corruption or a breach of the Code of Ethics and Conduct and/or the 231 Organizational Model and/or the Anti-corruption Policy against reprisals.

[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.

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 organized as part of the Confindustria initiatives and during the course of 2018 contributed to the drafting of the new Confindustria Guidelines. In addition, TIM participates in the working groups set up at B20 for the implementation of the recommendations made at G20/B20 level on anti-corruption matters.

[GRI 103-3] [GRI 205] At the end of 2018, TIM took part in a survey conducted by Transparency International amongst the main Italian companies in the private sector to map the anti-corruption commitment. It was concluded with an index on transparency (Business Index on Transparency-BIT).

[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 programs and the dissemination of tools to support integrity, transparency and anti-corruption. On October 5 and 6, 2020, TIM took part in the Business Integrity Events, an initiative by Transparency International Italy in collaboration with the Pisa Scuola Superiore Sant'Anna focused on themes concerning integrity.

[GRI 103-2: Management Approach] [GRI 205] The document "Anti-corruption Management System of TIM S.A." and the Anti-corruption Policy, the 231 Organizational Model and the Code of Ethics and Conduct are communicated to employees through specific initiatives and are published on the intranet portal. The Organizational Model 231 (General Part), the Code of Ethics and Conduct and the Anti-corruption Policy are communicated to third party recipients through publication on the website, whereas third parties doing business with Group companies are obliged to commit contractually to complying with the principles laid out in those documents.

TIM regularly provides suitable, appropriate training to corporate bodies and employees on anti-corruption subjects as well as on application of the 231 Organizational Model. As part of the on-boarding training for new recruits to TIM S.p.A., specific anti-corruption is also provided.

Every two or three months, the Compliance Department sends all first and second reporting levels in the organization a report containing the main regulatory and legal novelties also on anti-corruption and the responsibilities of bodies.

The targeted training campaigns are periodic and, in any case, are held when internal regulations, such as the 231 Organizational Model, are updated.

An onboarding initiative was implemented during the year for new recruits.

In November 2020, the ISO 37001 TIM Anti-bribery Management System video lesson was launched for all company employees (12,576 views as at 12/31/2020 within TIM e the Subsidiaries).

[GRI 205-2] Training campaigns

TIM S.p.A	2020		2019		2018	
	num	%*	num	%	num	%
Senior Managers	146	32.2 %	8	1.4%	2	0.3%
Middle Managers	1,044	29.7 %	604	2.0%	25	0.6%
Office Staff	11,107	31.5 %	86	0.2%	202	0.4%
Total	12,297	31.3 %	698	1.3%	229	0.4%

*Number of participants out of total of the category

Lastly, a number of management training initiatives were carried out.

[GRI 205-2] **In Brazil** Training on anti-bribery matters is mandatory as part of the Pertencer program; in 2020, the online courses on the Anti-bribery Compliance Program (Organizational Model) and on the Code of Ethics were completed by 97% and 95% of employees respectively. Workshops on the Anti-bribery Compliance Program and ISO 37001 certification were also held, with over 700 employees involved.

Legal framework and compliance - Group conduct

[GRI 103-1, 103-3: Management Approach] [GRI 206] [GRI 415] 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 103-2: Management Approach] [GRI 415] [GRI 206] [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] [SASB TC-TL-520a.1] Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour.

The main provisions on anticompetitive behaviours issued by TIM S.p.A. are broken down hereunder.

In 2020, the Italian Competition and Market Authority (AGCM) issued five provisions, as reported below:

- PS11379 - Win-back actions of January 13, 2020.

AGCM certified the lack of appropriate information contained in win-back mobile offers and the pre-activation of some services relating to this type of offer. Similar proceedings also ended against the other operators. The initial sanction, corresponding to the total amount, is 4.8 million euros. TIM did not lodge an appeal. In compliance with the provision of the Italian Authorities, TIM stopped the conduct which is the subject of dispute. The Group also implemented remedial actions to improve the transparency of their win-back offer promotional communications.

- 1820 - Monthly billing with tariff review of January 28, 2020.

ACGM confirmed the existence of an agreement that restricted competition between TIM, Vodafone, Wind Tre and Fastweb: according to Italian Authorities, the four telephone operators coordinated their own commercial strategies in relation to the change from 4-weekly (28 days) to monthly billing. The initial sanction, corresponding to the total amount, is 114.4 million euros. TIM did not lodge an appeal. In compliance with the provision of the Italian Authorities, TIM stopped the conduct which is the subject of dispute.

- A514 - Fiber strategies of February 25, 2020.

AGCM confirmed the existence of the abuse, by TIM, of its dominant position. According to AGCM, TIM put an anticompetition strategy in place, intended to hinder the development of investments in ultrabroadband networks. The initial sanction, corresponding to the total amount, is 116.1 million euros. TIM appealed the disciplinary provision before the Lazio Regional Administrative Court (TAR), disputing both the illegitimacy of the conducts claimed by AGCM and the amount of the sanction imposed. TIM lodged its appeal on 06/30/2020. The hearing for oral discussion will take place on 11/3/2021. In compliance with the provision of the Italian Authorities, TIM stopped the conduct which is the subject of dispute.

- P327 - In compliance with Provision No. 27644 of April 10, 2019 regarding the closure of PV 4 "iban discrimination". July 3, 2020.

AGCM confirmed a delay in the complete automation of the web domiciliation process for customers with land line contracts. TIM had already eliminated all forms of discrimination between Italian banks and SEPA area banks. Similar proceedings also ended against the other operators. The initial sanction, corresponding to the total amount, is 0.5 million euros. TIM did not lodge an appeal. In compliance with the provision of the Italian Authorities, TIM stopped the conduct which is the subject of dispute.

- PS 11532 - "TIM in nave" of July 28, 2020.

AGCM confirmed that the information provided to customers regarding the activation of maritime roaming tariffs, "TIM in nave", must take place as soon as possible after the vessel is boarded. Similar proceedings ended against the other major operators. The initial sanction, corresponding to the total amount, is 1.8 million euros. TIM did not lodge an appeal. In compliance with the provision of the Italian Authorities, TIM stopped the

conduct which is the subject of dispute and implemented remedial measures to ensure that customers can communicate as soon as possible after boarding the vessel.

In 2019, the Italian Competition and Market Authority (AGCM) issued two provisions, as reported below:

- PV4 - Iban discrimination of April 10, 2019.

AGCM confirmed the efforts demonstrate by TIM to eliminate all forms of discrimination, through substantial interventions on payment systems, in relation to domiciliation activation on foreign SEPA area accounts compared to on Italian accounts. Similar procedures were implemented with respect to the other operators, but TIM's initiatives alone were considered adequate.

- IP 312 In compliance with Provision No. 27062 of February 28, 2018 regarding the closure of PS 10696 "fiber offer marketing campaign" of August 11, 2019.

AGCM confirmed that it recognizes TIM's compliance with Resolution No. 27062 of 28 February, 2018. This confirmation only refers to the claim on the "max speed option" included in the TIM fiber offer, valid until January 15, 2019. The initial sanction, corresponding to the total amount, is 200,000 euros. TIM did not lodge an appeal.

In 2018, the Italian Competition and Market Authority (AGCM) issued three provisions, as reported below:

- PS10969 - Fiber offer marketing campaign of February 28, 2018.

AGCM confirmed the misleading nature of the TIM Smart Fiber promotional campaign, requesting information notices on the technological characteristics of this offer, its geographical and technological limits, and the performance characteristics of the infrastructure used. Similar proceedings ended against the other major operators. The initial sanction, corresponding to the total amount, is 4.8 million euros. TIM did not lodge an appeal. In compliance with the provision of the Italian Authorities, TIM stopped the conduct which is the subject of dispute.

- I799 - TIM/Fastweb-fiber optic network construction of March 28, 2018.

AGCM decided to accept, on a legally binding basis, the initiatives taken by TIM S.p.A. and Fastweb S.p.A. in relation to the co-investment agreement undersigned by the Parties. According to AGCM, the project in question (the set up of the JV Flash Fiber), as modified through the initiatives taken by the Parties, will favor the development of competitive infrastructural forms within fixed network telecommunications markets and will speed up the national coverage process through new generation networks. AGCM accepted the initiatives and closed the proceedings without imposing sanctions. The AGCM provision on the acceptance of initiatives was challenged before the Lazio Administrative Court (TAR) by Open Fiber S.p.A. and Wind Tre S.p.A. TIM objected in both cases. Both Open Fiber and Wind Tre lodged their appeals on 06/08/2018. The Lazio Regional Administrative Court (TAR) rejected in full the appeal made by Open Fiber with judgement issued on 3/3/2020. The appeal lodged by Wind Tre is still pending before the Lazio Regional Administrative Court (TAR). The provision lead to the implementation of the initiatives in question and their periodic assessments by AGCM.

- PS11044 - Recovery actions - SIMOITEL disclosure of August 8, 2018.

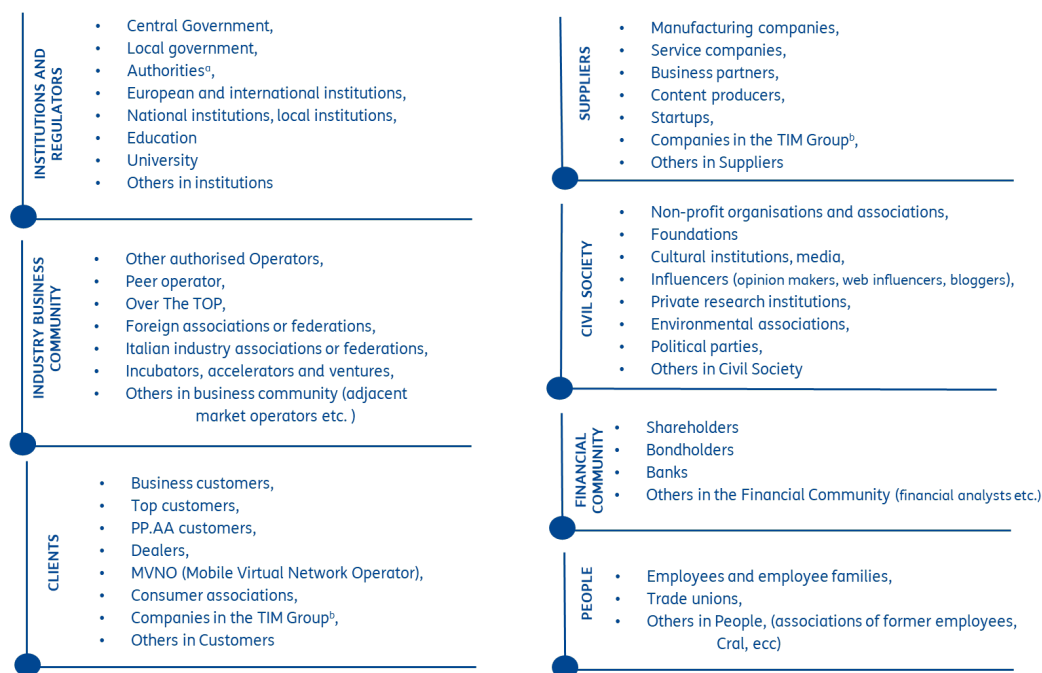
AGCM confirmed the disclosure regarding the inclusion of the Simoitel Database in the communication notices sent to customers in case of their failure to pay as dubious practice, constituting an act of undue influence. Similar proceedings ended against the other major operators. The initial sanction, corresponding to the total amount, is 1.8 million euros. TIM did not lodge an appeal. In compliance with the provision of the Italian Authorities, TIM stopped the conduct which is subject of dispute and the implementation of remedial measures intended to provide customers with information about the functioning of the Simoitel Database.

[GRI 206-1] More details are available in the Note of the Consolidated Financial Statements 'Contingent liabilities, other information, commitments and guarantees', particularly in the 'Significant disputes and pending legal actions' section, available at the following link: [TIM Group Financial Reports](#)

Stakeholder engagement

TIM believes it is fundamentally important to consider the opinions and expectations of its stakeholders, that is to say the parties who for various reasons have an interest in or impact on the Company's activities, and vice versa.

[GRI 102-40] In the conduct of its business, TIM comes into contact with many stakeholders, each one very different; to facilitate the management of these, they have been grouped into the following seven broad categories since 2019, as a result of a dual activity of benchmarking against similar companies and, at the same time, internal consultation:



Notes in the table:

a: by Authority is meant independent authorities, for example of supervision and control such as the Italian Communication Authority or the Italian data protection authority, or, in Brazil, ANATEL (National Telecommunications Agency) and MCTIC (Ministry of Science, Technology, Innovation and Communication).

b: the "Companies of the TIM Group" have been considered as stakeholders and, more specifically, as "Customers" (e.g. TMS - Telecom San Marino) and "Suppliers" (e.g. Olivetti) both to facilitate the mapping process of the stakeholders who have a relation with TIM and to highlight possible feedback issued to determine materiality.

In 2019, with the departments in charge of relations with the seven broad categories listed above, TIM had organized a training workshop on stakeholder engagement, on its importance in defining materiality issues and on the new methodology adopted within the Company, which uses a collaborative platform equipped with sustainability applications and semantic analysis and big data techniques. In the first half of 2020, a few refresher training webinars were held with all company departments involved in stakeholder engagement. As a result, to identify which stakeholders were the most important for the Company, employees nominated by these departments were asked to update the map of reference stakeholders on the platform (following the criteria of the AA1000SES standard) and to upload the documents deemed the most significant, arising from ongoing dialogue with the stakeholders. In 2021, on the same platform, TIM aims both to make stakeholder engagement more ongoing and concrete, by keeping relationship channels open, and to co-design to create shared value.

[GRI 102-42] [GRI 102-43] The stakeholder engagement process takes place on a regular basis both during the course of the company's operations and in the implementation of specific projects.

On the basis of Company goals, business-related and not, relevant stakeholders are identified for every project, priority is assigned to them, and 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 organizations, guidelines for voluntary contributions to the Community.

Customers

With a view to including customers, general satisfaction is measured (Customer Satisfaction Index), as are the conciliation procedures, as described in the "Social" section of this report.

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 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.

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.

Once again in 2020, as in previous years and within the limitations imposed by the pandemic, the Company organized quarterly conference calls, roadshows abroad, in-person meetings at the Group's corporate offices (reverse roadshows), online meetings and attendance at trade conferences; these activities were accompanied by direct contact and telephone conversations managed by the Investor Relations team on a daily basis.

In particular, towards the end of the year, following the publication of the Sustainability Financing Framework, TIM held a roadshow dedicated to environmental, social and governance matters, attended by the world's main socially responsible investors (SRIs).

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 2020 Annual Financial Report and the dedicated area of the website gruppotim.it.

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 gruppotim.it 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 2020 are summarized in the Appendix.

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.

In 2019, with the aim of knowing and analyzing the external vision with respect to the most relevant issues for its strategy, TIM invited a selection of its stakeholders to register in the area reserved for consultation on the RE2N collaborative platform. Specifically, this initiative is part of the new methodology adopted by TIM for materiality analysis (described in the dedicated paragraph in this chapter) that leverages the potential of digital, including through sustainability activities.

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 2020, in compliance with Legislative Decree 254/2016 and the requirements of the Global Reporting Initiative (GRI) 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 keeping with the methodology started in 2017, TIM assessed the validity of the material issues identified the previous year, validating or revising definitions and descriptions to make them more specific, adopting evolved semantic analysis¹ techniques, to analyze a larger number of information sources and analyze big data and digital engagement, in order to collect external points of view.

The process followed is in compliance with the “Guidelines for updating the TIM materiality analysis”, updated in 2017 in line with the Global Reporting Initiative (GRI) standards and was created and managed in collaboration with RE2N², a company that develops innovative tools for sustainability and shared value.

The Sustainability Metrics & Performance Index Analysis department (hereinafter SM&PIA) presented, via webinar, the 2020 process for identifying material topics to the contacts in the departments dealing with stakeholders. For 2020, TIM took into account the extraordinary ongoing socio-economic context and aimed to verify the impact of the COVID-19 pandemic on the material topics identified in 2019, changing names and descriptions with respect to any emerging issues.

As a first step, in June, the taxonomy³ to be used in the semantic analysis engine was updated: to this end, in addition to considering references⁴ in the field of “sustainability” and “digital” used in 2019, institutional sources relating to “COVID-19” were also taken into consideration. By way of example, but not limited to:

- “The GSMA COVID-19 Privacy Guidelines” of GSM Association;
- “Joint Statement from the Commission and the Body of European Regulators for Electronic Communications on coping with the increased demand for network connectivity due to the COVID-19 pandemic”, drawn up by the Body of European Regulators for Electronic Communications (BEREC) together with the EU;
- “COVID-19 Crisis Response: Digital Development Joint Action Plan and Call for Action”, jointly drafted by ITU, World Bank, GSMA and The World Economic Forum.

In this way, the semantic engine analyzed 101 Italian and international⁵, public and private⁶, internal and external documents⁷, centered on the relevant 2019 TIM topics and focusing on the pandemic. Through repetitions and based on occurrences⁸ present in the various documents, it was possible to identify new themes emerging from the changed context for each 2019 topic.

The findings of this initial analysis were submitted to the attention of a representative group of the Company’s stakeholders, identified directly by the contacts of the Group’s corporate departments. Five Focus Groups were held online, to which 41 participants were invited to discuss the topics emerging from the analysis described above. Grouped by stakeholder categories, during every meeting, each group was able to report any new requirements or issues associated with the pandemic, assess the findings of the documentary analysis and, lastly, put the results of the two types of requirements into order of relative importance.

Identification of relevant themes

¹ The techniques involve automatic text analyses designed to extract structural data which codify the semantic component of textual content.

² re2n.com/welcome RE2N collaborated with the University of Bologna to develop the methodology.

³ 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.

⁴ Such as the Global Reporting Initiative Standard, or the Sustainable Development Goals.

⁵ For example: “Il digitale in Italia: mercati, dinamiche e policy” (Digital in Italy: markets, dynamics and policy), drafted in June 2020 by Confindustria digitale and Anitec-Assinform or “COVID-19 and the world of work”, published by the International Labour Organization (ILO).

⁶ For example: “Dotazioni, competenze e abitudini digitali degli italiani nell’era Covid 19_rapporto” (Digital equipment, skills and habits of Italians in the COVID-19 era_report), published by Censis on behalf of TIM and within the framework of the “Risorgimento Digitale” project.

⁷ For example: “Le reti e gli effetti delle misure di confinamento” (The networks and effects of the containment measures) by the Centro Studi TIM.

⁸ 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..

By combining the findings of the review of documentary sources with the results of the focus groups, the tree diagram of TIM topics was updated and new descriptions drafted taking into account the findings⁹.

The new titles of the 17 relevant topics for 2020 are listed below:

- Fairness of corporate conduct and business resilience;
- Adapting stakeholder engagement to the acceleration of change;
- Monitoring the pursuit of the ESG goals in corporate strategies;
- Managing the workforce;
- Development of the company's human capital;
- Managing the health and safety of workers;
- Fairness and innovation in customer relations;
- Safeguarding privacy, cybersecurity and personal data security;
- Upgrading the infrastructures and network reliability;
- Encouraging diversity and favoring equal opportunities in the company;
- Supporting the dissemination of technologies, digital skills and R&D;
- Capacity building of players along the supply chain;
- Protecting the most vulnerable people from the risks of the web;
- Promoting and safeguarding human rights;
- Reducing energy consumption and fighting climate change;
- Reporting the impacts of electromagnetic emissions;
- Promoting the development of an inclusive digital society and access to digital services.

Attribution of relevance scores to the topics

The 17 issues highlighted above were submitted for evaluation by the stakeholders and TIM's management, in order to define the level of priority in the 2020 matrix.

In order to measure the relevance of the aforesaid topics for both the Company and its external stakeholders, two parallel consultation activities were initiated: internally, a representative sample of top managers from all corporate departments was involved to give its opinion, by filling in an online questionnaire, expressing its thoughts about the relevance of each topic to TIM's strategy.

The gathering of external points of view, on the other hand, was facilitated by innovative tools such as big data analysis¹⁰ and thanks to the use of a collaborative platform¹¹ on which RE2N provided a dedicated area for TIM for its stakeholder consultation and engagement initiatives. Indeed, the analysis conducted by the TIM Data Room concerned approximately 500 sites and 1,110 social networks of over 400 stakeholders, while 58 stakeholders responded to a questionnaire on the collaborative platform (representing more than 102,500 individuals, including consumers, organizations and professionals).

This approach has enabled TIM to:

- further extend listening to more stakeholders;
- make dynamic the observation of the themes in order to measure their evolution over time.

⁹ Specifically, three types of intervention were performed on the topic names:

- No correction/supplementing;
- Partial change to the name: if the outcome of the analysis brought to light emerging aspects, issues or impacts, deemed secondary but structural;
- Full change: if substantial changes to the issue were identified, due to structural impacts caused by the pandemic.

¹⁰ With a view to updating what had already been analysed the previous year, stakeholders involved in the 2019 engagement activities were observed, and the Focus Group participants were added to these. To conduct the analysis, the following sources were explored:

- declarations made by stakeholders on the relevant corporate websites
- discussions on social networks concerning the themes identified thanks to TIM Data Room activities.

¹¹ Stakeholders belonging to the categories of customers, suppliers, competitors, institutions, the environment, the community and people were involved and consulted on the RE2N collaborative platform, and feedback and suggestions were also collected.

On completion of the analysis, TIM assigned a relevance score based on the occurrence of the topics and the votes expressed by stakeholders during the survey.

The following matrix of materiality is the result of such activities:



These topics, which take priority for TIM and its stakeholders, reflect the Sustainable Development Goals¹² that the Company believes it can help to meet to a greater extent through its people, its suppliers, technologies and the services it offers, by focusing corporate culture on the younger generations, on green transition and human rights, for the fight against inequality in particular.

Specifically, the relevant Objectives are:

- 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: Fight against climate change;
- No. 16: Peace, justice and strong institutions.

¹² un.org/sustainabledevelopment/ and asvis.it/agenda-2030/

Validation

The validation of the topics and of the entire materiality analysis process was carried out by the SM&PIA office of the Financial Reporting, Accounting & Sustainability Performance department, with the support of RE2N and TIM Data Room¹³ is the department of TIM Group that analyses digital data from the internet through listening, reporting and benchmarking. 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 November 5, 2020.

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. As already reported, in 2017 the Group revised the "Guidelines for updating the TIM materiality analysis" so that they comply with the GRI Standards and are organized in a transparent manner for the analysis process.

Boundaries

[GRI 102-47] All the themes 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 themes identified are:

- fairness of corporate conduct and business resilience;
- adapting stakeholder engagement to the acceleration of change;
- monitoring the pursuit of the ESG goals in corporate strategies;
- capacity building of players along the supply chain;
- managing the workforce;
- managing the health and safety of workers;
- development of the Company's human capital;
- fairness and innovation in customer relations;
- promoting and safeguarding human rights;
- protect diversity and promote equal opportunities in the Company;
- reducing energy consumption and fighting climate change.

Other material topics mainly concern Group companies acting as operators in the ICT world, which represent the main part of the Group in terms of turnover, employees, including in terms of the impact on external stakeholders:

- stimulate the dissemination of technologies, digital skills and R&D;
- protecting the most vulnerable people from the risks of the web;
- safeguarding privacy, cybersecurity and personal data security;
- upgrading the infrastructures and network reliability;
- promoting the development of an inclusive digital society and access to digital services;
- reporting the impacts of electromagnetic emissions.

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 hopes.

[GRI 102-49] Finally, there have been no significant changes in the business perimeter (and therefore of boundary importance) in the last few years.

¹³ [linkedin.com/showcase/10989548/admin/](https://www.linkedin.com/showcase/10989548/admin/)

Risk management

[GRI 102-15] [GRI 102-29] [GRI 102-30] [GRI 102-11] The TIM Group has adopted a continually evolving Risk Management Model in line with international laws and standards, which allows risks to be identified and managed uniformly within Group companies, highlighting potential synergies between the parties involved in assessing the Internal Control and Risk Management System.

The Risk Management 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 Risk Management Model:

- classifies risks, according to their impact, into Strategic risks (resulting from the evolution of the factors underlying the main assumptions used for the development of the Strategic Plan) and Operational risks (resulting from the evolution of both endogenous and exogenous risk factors, which may undermine achievement of the business objectives);
- assesses the risks not only individually but also in terms of a risk portfolio (correlation analysis);
- identifies and updates the overall set of risks to which the Group is exposed, through analysis of the Strategic Plan, cyclic monitoring with the Risk Owners, in order to intercept any changes and/or new risk scenarios, and monitoring of the reference macroeconomic context.

The approach adopted is dynamic and therefore requires a review of the risk scenarios not only following periodical assessments, but also at times of significant change within and outside the Group and when new risk situations are identified and/or occur. It also has cyclical pattern linked to the stages of the strategic planning process.

The management process includes the following stages:

- definition of the context and level of acceptance;
- assessment;
- handling;
- communication and consultation;
- monitoring and review;
- recording and reporting.

The process is managed by the Risk Management Steering Committee, which is chaired and coordinated by the Chief Financial Office. 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 website gruppotim.it

The Risk Management process carried out at Group level has highlighted that commercial activities of the Domestic Business Unit show a different risk profile than those of TIM S.A. in Brazil. For greater clarity, descriptions of the solutions adopted in each parameters have been reported separately. The table in the following pages summarizes the risks associated with the material topics, while the Annual Report contains a brief summary of the main types of risk identified by the Risk Management system.

[TC-TL-520a.3] Description of risks and opportunities associated with net neutrality, paid peering, zero rating, and related practices

In the European Union, the relevant legislative act is EU Regulation 2015/2120, known as the "Telecommunications Single Market" (TSM) Regulation, which introduced the new regulations on Net Neutrality, in force since April 2016.

The TSM Regulation also:

- establishes end user rights to access information and share content, use and provide applications and services, use terminal equipment of their choice. Moreover, it prevents internet service suppliers from blocking or slowing down content, applications or specific services, except for in a very limited number of circumstances (for compliance with Italian and European legislation and orders, to maintain the integrity and security of the technical network, and to prevent network congestion);

- enables the reasonable management of traffic based on the technical quality requirements of objectively different services pertaining to specific categories of traffic. However, traffic management must be transparent, non-discriminatory, proportionate and not based on commercial interests;
- enables operators to provide services, different from internet access services, optimized for specific content, applications or services only if the technical network capacity is sufficient to supply these in addition to any internet access service and the supply of these services must not compromise the availability or general quality of internet access services for end users

The BEREC (Body of European Regulators for Electronic Communications) Guidelines - published on August 30, 2016 and updated in June 2020 - provide indications for the implementation of European NRA¹ regulations on open internet.

From the date of entry into force of the Regulation, the Italian Supervisory Authority AGCom has carried out careful monitoring operations to ensure compliance therewith. In particular, the Italian Authority has:

- undertaken actions to guarantee the freedom of choice of terminal equipment (by approving Resolution No. 348/18/CONS which states that the modem is not a termination point);
- put in place measures to guarantee compliance with rules on transparency and the quality of connection;
- highlighted TIM's general compliance with the Open Internet regulation.

In particular, the last AGCom Annual Report states that for the period in question² the operators did not implement the traffic management measures intended to avoid fixed and mobile technical network congestion as these are not necessary, even when taking into account the measures already put in place by the Authority intended to avoid congestion and bandwidth saturation events. Furthermore, AGCom initiated a fruitful discussion with the Italian mobile network operators on the possible implications of the development of 5G systems, with reference to BEREC Regulations and European Open Internet regulation guidelines.

The Telecom Single Market (TSM) Regulation also allows for commercial practices such as "zero rating", subject to monitoring by the Italian Regulation Authority which, in recent years, has undertaken an intensive surveillance and application activity aimed, in particular, at zero rating offers.

In some cases, TIM's careful and spontaneous adjusting to the provisions of the Regulation - also during the AGCom surveillance activity - has made it possible to resolve potential problems without the Authority having to take formal action and, at the same time, without preventing the generation of new revenue flows to support the expanding and developing broadband infrastructure and the increased penetration in TIM's market. For example, AGCom has enabled operators to apply zero rating conditions to entire categories of services.

The surveillance activity in question has also had a significant moral suasion effect, making it possible for other Italian operators to stop and redesign certain practices that do not comply with the Regulation, restoring fair competition mechanisms to the benefit of TIM.

TIM's peering agreements in Italy refer to private interconnections intended for the exchange of traffic between TIM's Autonomous System and the ISP system. Network providers such as Vodafone, Wind and Fastweb which meet the criteria, including traffic volumes balanced with TIM, an extensive client base, high traffic, redundancy aspects and other, are considered by TIM as "Peers". Only on these conditions can settlement-free peering agreements be concluded, otherwise paid peering agreements are arranged as per the decision by the Italian Competition Authority (2013) to waive the requirement for settlement-free peering.

The economic exchanges between TIM and its "Peer" occur only if there is an imbalance between incoming traffic³ and outgoing traffic⁴ that exceeds a default ratio (rate of imbalance), agreed by contract, for several months. The economic principle is that the operator that terminates the traffic is the one who pays, while the cost of infrastructure is divided amongst TIM and its Peers.

Recently, to address the economic crisis resulting from the Covid-19 lockdown, TIM has decided to temporarily implement settlement-free peering at Neutral Access Points⁵, to facilitate small operators in accessing TIM's Autonomous System at one sole point of interconnection. This intervention will be in place almost until the end of the pandemic. New initiatives will be assessed in the coming months.

The TSM Regulation also enables commercial practices such as zero rating, subject to monitoring by the Italian Regulatory Authorities which, in recent years, have undertaken an intensive surveillance and application activity aimed, in particular, at zero rating offers.

In some cases, TIM's careful and spontaneous adjusting to the provisions of the Regulation - also during the AGCom surveillance activity - has made it possible to resolve potential problems without the Authority having to take formal action and, at the same time, without preventing the generation of new revenue flows to support the expanding and developing broadband infrastructure and the increased penetration in TIM's

¹ National Regulator Authorities (NRA).

² May 2019-April 2020, including the two-month long blockade in March and April 2020.

³ traffic from Peer to TIM.

⁴ traffic from TIM to Peer.

⁵ or Neutral Access Points (Mix, Namex and Topix).

market. For example, AGCom has enabled operators to apply zero rating conditions to entire categories of services.

As anticipated, the surveillance activity in question has also had a significant moral suasion effect, making it possible for other Italian operators to stop and redesign certain practices that do not comply with the Regulation, restoring fair competition mechanisms to the benefit of TIM.

Material themes	
FAIRNESS OF CORPORATE CONDUCT AND BUSINESS RESILIENCE	
Risks	Management
<p>Compliance risks in relation to the reference legislation (Legislative Decree 231/2001), current asymmetric and transparency regulation (Italian Communication Authority), legislation in force on competition and consumer protection (Italian Anti-trust Authority), management of conflict of interest and implementation of the provisions established by CONSOB regarding related-party transactions.</p>	<p>TIM adopts rules and governance policies to guarantee proper management, so it can protect its assets. It also makes sure its processes are consistent through its compliance departments, whose autonomy is ensured by the Board of Directors. The company implements the Borsa Italiana recommendations for listed companies in Italy and has implemented an internal risk control system structured on three levels, which integrates the corporate governance responsibilities of the corporate bodies. TIM also manages relations with the relevant authorities and consumer protection associations in order to optimist its offer on the basis of market expectations and in compliance with legislation. TIM adopts the ISO 37001 anti-bribery standard certified by an accredited body for this framework and the Organizational Model 231 pursuant to Italian Legislative decree no. 231/2001. The Company has also implemented a specific training plan for employees on anti-bribery and Legislative decree no. 231, as well as on Competition Authority regulations. Finally, the Company has equipped itself with a procedural system and a web-based portal for the prevention and management of conflict of interest situations, in order to eliminate negative impacts on the Company's interests and support and protect the people involved who are required to be transparent.</p>
<p>In Brazil Risks connected to corporate governance, integration of the strategy with corporate values and culture, management of transactions with related parties, identification of conflicts of interest and breaches of the anti-bribery law. To prevent interruption in the supply of materials and the provision of services and network infrastructures, thereby guaranteeing business continuity and disaster recovery procedures.</p>	<p>TIM has a policies and standards that regulate internal processes, consistent with the principles set forth in the corporate Code of Ethics and Conduct. In this way, we promise our stakeholders that we will adopt a responsible management approach. In accordance with the TIM Bylaws (article 29 (VII)), the Statutory Audit Committee is in charge of reviewing, assessing and expressing an opinion on any contracts entered into between TIM or its subsidiaries and majority shareholders or affiliated companies (including all entities under common control or with a controlling stake in a majority shareholder of TIM or otherwise regarded as related parties), in order to ensure compliance with the requirements of free competition. In addition, matters relating to conflicts of interest are also managed and monitored through questionnaires on the conflict of interest of related parties, through a channel for updating information on conflict of interest reporting and as part of the selection and recruitment process to mitigate the risk of conflicts of interest resulting from newly hired employees.</p>

ADAPTING STAKEHOLDER ENGAGEMENT TO THE ACCELERATION OF CHANGE

Risks	Management
<p>Risks connected with the general supervision of stakeholder relations, the management of partnerships (strategic, innovative technological) and supervision of relations with the institutions and national and international organizations.</p>	<p>TIM oversees relations with its stakeholders through various dedicated departments. These carry out various initiatives and projects to involve and consult stakeholders, to improve the Company's environmental, social and governance performance, maximizing reputation and value. Sustainability Metrics & Performance Index Analysis oversees the various stakeholder engagement initiatives and monitors their outcomes.</p> <p>The Chief Technology & Information Innovation Office, in conjunction with Partnership Alliances & TIM Cloud Project and the Chief Strategy, Business Development and Transformation Office departments, guarantee innovation and research activities for the development of new services through the incubation of technologies, thereby enhancing strategic partnerships and the ecosystem of start-ups.</p> <p>Through the Chief Public Affairs office department, TIM defines and represents the Group's stance in relation to the institutions, international, national and local organizations, and trade associations, in order to establish effective relations, collaboration and promotion of the positive consideration of the issues of interest to the Company. There is currently a specific focus on the European Green Deal, which directs the required investments in all economic sectors to meet the EU goal of zero climate impact by 2050.</p>
<p>In Brazil</p> <p>Risks connected with the purchasing process, assignment of contracts to suppliers and contract management, as well as the incorporation of corporate values and culture into the strategy, management of transactions with related parties and identification of conflicts of interest. To prevent interruption in the supply of materials and the provision of services and network infrastructures, thereby guaranteeing business continuity.</p>	<p>This is the approach adopted by TIM in pursuing its operational activities in compliance with the legislation of the country in which it operates, in this case Brazil, and by virtue of ethical principles inspired by transparency, honesty and fairness. To make our fundamental principles, our values and desired conduct known, we have introduced corporate standards - including the Code of Ethics, the Anti-bribery Policy, the Social Responsibility Policy and the Organizational Model - in line with industry best practices and the principles set out in the United Nations Global Compact initiative, which TIM officially joined in 2008. The Global Compact provides guidance for promoting sustainable development and social well-being with responsible and innovative corporate practices. Our corporate Code of Ethics and Conduct applies to all members of the management bodies (Board of Statutory Auditors and Board of Directors), as well as to managers, employees, contractors, business partners, suppliers and service providers, agents and representatives of TIM Brazil Group companies.</p>

MONITORING THE PURSUIT OF THE ESG GOALS IN CORPORATE STRATEGIES

Risks	Management
<p>Risks related to the integration of sustainability issues within the strategic business vision and with carrying out activities not in line with Corporate Social Responsibility.</p>	<p>Sustainability Governance is described in the 'Corporate Governance' section, which outlines the roles and objectives of the Committees (internal board committees and managerial committees) and of the Corporate Departments responsible for this mission.</p> <p>In this regard, the three-year Strategic Plan includes the Sustainability Plan: the actions and objectives set out in the Plan can also be traced back to the findings of the ongoing Stakeholder Engagement process conducted by the company, which leads to the definition of material topics.</p> <p>TIM is also committed to pursuing the Sustainable Development Goals of the UN's 2030 Agenda.</p> <p>Lastly, TIM has internal policies and procedures building sustainability issues into the corporate processes.</p>
<p>In Brazil</p> <p>Risks related to the lack of integration of the corporate strategy on the theme of sustainable development and to the operational management issues in terms of the social, ethical and environmental impact of the company's activities.</p>	<p>TIM supports and promotes important initiatives on topical ethical, environmental and social matters, and incorporates industry best practices into its governance approach. As part of our management approach, we have signed global treaties and programs and raise awareness of these issues among both internal and external stakeholders. TIM also promotes the continuous improvement of our environmental performance and compliance with regulations, regulatory requirements and Group guidelines, reinforcing our commitment to sustainable development.</p> <p>For the first time ever, in its 2020-2022 Strategic Plan, TIM made long-term commitments in a joint effort with the Group. This shows that the operational activities are increasingly geared towards the responsible management of aspects that go beyond mere tax considerations and generate positive and lasting value for society. The commitments are linked to the UN Sustainable Development Goals and to the Company's materiality matrix.</p>

MANAGING THE WORKFORCE

Risks	Management
Risks related to the failure to implement/incorrect interpretation of legislation on workers' rights (safeguarding of workers' rights, including the right to privacy; occupational safety) and to adaptation of the skills required to ensure business transformation.	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 personnel 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.
In Brazil Risks related to the management of employment relationships and workers' rights, especially with regard to occupational health and safety regulations.	The Company cherishes the talent, variety of experience and different strengths of each employee, which helps foster innovative thinking. TIM adopts a policy that defines the principles applicable to all the company's internal activities and aims to promote continuous improvement of occupational health and safety. The policy also aims to ensure compliance with related laws and regulations, as well as with the Group guidelines, helping to prevent accidents and occupational diseases in TIM Group companies in Brazil.

DEVELOPMENT OF THE COMPANY'S HUMAN CAPITAL

Risks	Management
Risks related to the adaptation of specialist skills needed to ensure business transformation with a focus on the development of 5G networks and associated innovative services	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 (e.g. IoT in the context of 5G). 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 company skill sets. Of note in 2019, is the signing of the expansion contract between the company and the social partners which, among other things, envisages the launch of a recruitment program, seeking professional profiles compatible with the company's re-industrialization/reorganization plan and the implementation of a skills upgrading program for all personnel, to support retraining, reskilling and upskilling, including key internalization of core, advanced and traditional technical and specialist activities.
In Brazil Risks related to monitoring employee performance and implementing practices that improve these results, as well as policies for personnel development.	TIM provides employees with training that builds skills and supports the professional development of our employees. TIM employees participate in programs and initiatives for continual development, with a focus on technical skills, competencies and differentiators that are aligned with business needs. Our learning model promotes knowledge sharing through understudy arrangements in which employees learn about how others perform tasks; through feedback; and through discussion forums and communities. Employees also attend formal training, courses, conferences, lectures, and workshops, both in person and online, and complete reading assignments. In 2018 we designed a new Development Plan that delivers a new learning experience with a focus on knowledge, learning and development for leaders, professionals, sales teams and customer service teams.

MANAGING THE HEALTH AND SAFETY OF WORKERS

Risks	Management
<p>Risk related to the failure to implement/incorrect interpretation of legislation on health & safety at work and to implement the provisions of company policies in the "Safety" area.</p>	<p>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 personnel management roles as well as regulations and specific provisions aimed at all personnel.</p> <p>It uses criteria and has tools to identify and manage the various Safety-related operational issues. The overall structure of the control system adopted in regard to safeguarding health and safety in the workplace and environmental protection envisages first-level checks within the corporate departments, second-level checks carried out by the Compliance departments and specific checks performed by the Health, Safety & Environment department within the context of the Company's Prevention and Protection Service.</p> <p>In order to further strengthen governance on Safety issues, during the year the company set up a specific steering committee with the responsibility of ensuring, in line with TIM's industrial plan, the definition of the strategic objectives of Health Safety & Environment, the vertical action plans of the individual employer lines and the transversal actions, as well as the monitoring of the relative progress and finally ensuring the sharing of specific activities aimed at promoting the "Safety Culture" and good behavior in terms of health, safety and the environment.</p> <p>Concerning the management of the impacts of the COVID-19 pandemic, TIM immediately adopted all the necessary initiatives to fully implement the emergency provisions issued in several phases by the Government and Regions to contain the spread of the virus. Consequently, the organizational and prevention and protection measures adopted at TIM, which are described in greater detail in the Prevention and Protection Report on the management of the COVID-19 Emergency, were adapted to meet emergency requirements and the following areas of intervention were identified: management of work spaces, organization of working hours, information and training, hygiene measures for the sanitization of premises, use of PPE (personal protective equipment), health surveillance, prevention and management of outbreaks.</p> <p>For the purposes of a more streamlined and effective management of the workers' protection process, with a view to properly implementing the provisions of the Public Authorities within the context of the company, employees were divided into clusters (ex. field technicians, customer care operators, home-based staff, ...), in relation to the way in which work is carried out.</p> <p>Specific prevention and protection protocols were then defined, in some cases common to the various clusters, adapted to take into account the specific nature of the work.</p> <p>In addition to the above, the following were also carried out:</p> <ul style="list-style-type: none"> - an ongoing information and awareness-raising campaign catering for all staff; - a specific good health campaign open to employees on a voluntary basis, based on the performance of serological tests to verify the degree of immunity to COVID-19 through antibody response. The campaign is run with the support of qualified partners and under the scientific guidance of an expert virologist; - a psychological support service provided by external professionals, for any employees interested, who can access it confidentially and anonymously with a dedicated number; - specific procedures for managing any confirmed or suspected positive COVID-19 cases.
<p><i>In Brazil</i> Risks related to workers' rights, especially the rules on health and safety at work.</p>	<p>The Company's health and safety management involves constant attention to activities higher risk or index of occupational diseases, such as those linked to the Relationship with the Client, activity with the presence of cognitive risk (addresses the mental, emotional and psychomotor aspects of the worker, is linked to perception, attention, memory and decision making). The workers' cognitive health guarantees greater individual satisfaction and professional motivation. To prevent damage to the health of professionals, ergonomic evaluations are carried out, the Labor Gymnastics Program and Quick Massage, available in rooms for decompression and relaxation, in addition to all actions that are part of health and safety management in all the Company's operations.</p>

FAIRNESS AND INNOVATION IN CUSTOMER RELATIONS

Risks	Management
<p>The risk related to the changing demands of customers materializes in the need to structure new products/services in appropriate time frames and with adequate levels of quality as required by the market.</p>	<p>The Company adopted a quality and customer experience surveillance and improvement model based on “quality by design”, with implementation in the departments of surveillance dedicated to defining, developing and verifying customer experience models, as well as planning, developing and verifying customer journeys. In this respect, indicators and service levels consistent with the customer promise are defined, by working together to define the improvement plans.</p> <p>The various initiatives are based on transparency, simplicity and respect for the customer, with the objective of offering excellent customer experience.</p> <p>Within this context, improvement plans were launched, with targeted actions aimed at transforming the culture and engaging all employees using innovative methods, such as the “make the difference” project dedicated to customer care workers rewarded based on the best customer experience offered. To drive this transformation TIM has developed an extensive listening system, which picks up on customer experience in the different “moments of truth” of the customer journey, for example: web browsing, purchasing a service, calling customer care, reporting a malfunction. 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.</p> <p>During the ongoing health emergency, TIM decided to support its customers, with free offers focused on both the Consumer segment and the Business segment. Moreover, by taking part in the “Torino City Love” campaign, TIM offered citizens innovative digital solutions free of charge to support healthcare, families and older people. To ensure the continuity of educational activities in schools, TIM joined the MIUR project #LaScuolaContinua (lit: #SchoolGoesOn) and, together with other partners, provided platforms and information support to enable distance learning.</p>
<p>In Brazil Risks associated with failures in improving quality, innovation and the customer experience.</p>	<p>The TIM strategic three-year plan aims to speed up the digital transformation and improve the customer experience with a quality and value proposal based on three strategic pillars:</p> <ul style="list-style-type: none"> • Creating offers based on individual client needs; • Promoting the expansion and evolution of network infrastructure; • Managing activities through integrated direct sales and service channels for an effective approach <p>TIM accommodates its customers by offering different physical or digital service channels. When managing service and process improvements, the company considers customer feedback provided through these channels, conducts surveys and monitors systemic errors.</p> <p>TIM also monitors the customer experience through CX Monitoring, which allows structured monitoring of customer interactions from control panels and satisfaction indicators. Data is used as input to improve the user experience. TIM is already able to treat recurrence of contact for the same reason, taking into account characteristics such as customer profile, age group and base time. Another initiative carried out with a focus on gaining quality in the provision of data and telephony services is the Users Council, an initiative by Anatel that brings together operators, mobile users and representatives of consumer protection entities to provide greater participation by society in the provision of operator services.</p>

SAFEGUARDING PRIVACY, PERSONAL DATA PROTECTION AND CYBERSECURITY

Risks	Management
<p>Risks related to the application of the current legislation on privacy and risks related to protection and security of personal data.</p>	<p>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. With particular reference to the new privacy regulation GDPR No. 2016/679, the TIM Group, starting with the operating model already in place under current Privacy legislation, activated that necessary for compliance with GDPR, defining the Data Protection Officer organizational structure and processes.</p> <p>TIM also 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.</p> <p>The ICT Risk Management process helps keep information secure by identifying the security and compliance requirements that each individual ICT asset of the TIM Group must guarantee, validating countermeasures covering these, monitoring any mitigation actions that may result from such activities and through control activities.</p>
<p>In Brazil</p> <p>Risks associated with information technology for protection and security of personal data, confidential information and risks related to the application of privacy legislation.</p>	<p>The Company has also been part of the Human Rights Working Group of the Brazilian Network of the Global Compact, since 2015, and recognizes that rights such as data privacy, secure internet, access to information and freedom of expression must be respected.</p> <p>TIM carries out best practices in accordance with the guidelines of ISO 27001, a standard for information security management system (ISMS - Information Security Management System), even without having certification.</p> <p>The Customer Data Privacy Policy states that:</p> <ul style="list-style-type: none"> • Only authorized employees can access customer registration information and communication data and in specific situations. • Suppliers, including Value Added Service (VAS) providers, sign contracts with a confidentiality clause on customer data. • Registration data and telephone communications are only shared with authorities, in accordance with Brazilian law, and for the fulfillment of judicial obligations of telephone interception. <p>In compliance with the obligations set forth in the General Data Protection Law - 13.709 / 2018 (LGPD) which provides for the protection of personal data, and in line with the guidelines on the subject of the Telecom Italia Group, the Data Protection Officer function was created within the scope of TIM S.A., which acts as a communication channel between the company, the holders of personal data and the competent bodies.</p> <p>In the context of the applicability of regulations and definition of guidelines for data privacy in the company, as well as in the adequacy of operations and assessment of relative impacts, the Data Privacy Committee was also created, coordinated by the Data Protection Officer, with other functions involved in the Company.</p>

UPGRADING THE INFRASTRUCTURES AND NETWORK RELIABILITY

Risks	Management
<p>Risks related to the correct dimensioning of the access network, in terms of time frames and investments, for correct management of growth and technological transformation, as well as risks related to inadequate levels of maintenance on network infrastructures required for providing services in order to avoid operational blocks/delays or disruption.</p>	<p>TIM's technical departments oversee the company's technological processes in the general context of the engineering and planning of network/service infrastructures, the development of next-generation networks (FTTx - 5G) and evolution towards cloud networks, also taking into account the quest for innovative services, which the commercial departments contribute to developing by organizing ad hoc service offers meeting the evolving needs of the community, companies and institutions. At the same time, the Company's technological processes through an integrated digital transformation program that includes the architectural and application simplification of IT systems and the network with the aim of:</p> <ul style="list-style-type: none"> - updating the structure of IT systems and networks to adapt them to new technologies with the help of criteria aimed at minimizing the environmental impact based on the Group environmental policy; - dismantling obsolete systems and platforms, progressively reducing the associated energy consumption; - developing innovative ICT solutions and services that allow increased use of digital channels, allowing all stakeholders to interact more efficiently, minimizing the environmental impact. <p>In the first six months of 2020, new cabinets were installed to speed up the digitization of the country, enabling 1.2 million new households to access ultra-broadband connectivity: 7,000 new FTTC cabinets were installed in 1,600 municipalities. Moreover, thanks to a series of technical interventions that increased the bandwidth by up to 37% on some networks, it was possible to cope with the significant increase in traffic during this emergency period (peaks of up to 89% on the fixed network and up to 44% on the mobile network and an average of +55% in the volume of fixed data traffic), while maintaining the same quality of service.</p> <p>With regard to network adjustments, TIM significantly increased the bandwidth capacity for both Big Internet and on the national nodes, improved mobile coverage and is increasing coverage of the UBB fixed network. With regard to the commercial offer to alternative operators, TIM provided price reductions for the Ethernet bandwidth on the copper and fiber network, is handling bandwidth increase requests received from Other Authorized Operators (OAO) with high priority and has enabled free and direct access to the TIM data network via public peering. Lastly, to combat the spread of COVID-19, TIM defined an operating procedure for safely carrying out technical network interventions. The operators have also voluntarily offered various measures to their own customers. In particular, TIM offered free voice calls, free gigabytes and many other voluntary initiatives to support smart working and distance learning.</p> <p>Moreover, with the recent incorporation of the company FiberCop, a joint venture with Fastweb and the fund KKR, TIM aims to expedite the country's fiber coverage.</p>
<p>In Brazil</p> <p>Risks associated with the engineering and implementation of infrastructures for innovative solutions, preparation and installation of network infrastructures and management of the Budget aligned with the Strategic Plan.</p>	<p>In 2018, the Company highlighted (i) growth trajectory, evidenced by the expansion of revenue, (ii) significant increase in profitability, with a significant expansion of EBITDA, EBITDA Margin and (CAPEX - EBITDA), and (iii) solid operating performance and network, supported by the 13.7% growth in the postpaid customer base, the 19% growth in the ultra broadband customer base and the maintenance of leadership in 4G coverage.</p> <p>The capture of value through the transformation of the customer base, the advancement of infrastructure supporting the competitive advantage, the digital transformation boosting efficiency and the customer experience and the solid progress of TIM Live, the Company ended 2018 delivering what was promised in the short-term, goals of the industrial plan 2018 - 2020, reflecting solid revenue growth, costs under strict control and profitability at historic levels.</p> <p>Regarding the expansion of fiber, the coverage of FTTH (Fiber to the Home) coverage surpassed the mark of 1 million households, located in 11 cities - the number of addressable homes reached 4.3 million in the year.</p> <p>Addressing the 5G's theme, though discussions are still in an embryonic process in Brazil, TIM believes the upcoming 5G spectrum auction will help to keep the Brazilian market in step with international developments and drive innovation and knowledge creation. In 2019, TIM's goal is to work with strategic partners in discussions on aspects involving deployment of 5G technology in Brazil.</p>

PROTECT DIVERSITY AND PROMOTION OF EQUAL OPPORTUNITIES IN THE COMPANY

Risks	Management
<p>Risks related to the management of compliance with legislation on workers' rights</p> <p>In Brazil Risks related to the integration of the strategy into the company's values, culture and talent management, as well as to the themes of sustainability and social responsibility.</p>	<p>The company has equipped itself with a skills model for personnel, focused on addressing the transformation related to the new external and business scenarios, and organized into four areas: execution, proactivity, speed and systemic vision. In 2018, an additional skill was introduced, across the 4 areas and for all roles: "diversity and inclusion". The aim of this is to stimulate integration and enhance diversity throughout the company population, placing particular importance on gender equality.</p> <p>The business results on inclusion management are measured by the growth of TIM people's performance in the "diversity and inclusion" area.</p> <p>TIM believes that diversity provides the right environment for sharing ideas and for equal opportunity. We value and recognize talent and the potential of a diverse and multidisciplinary team, with people from different backgrounds and with different cultural repertoires, belief systems and world views. We also value each individual's experience and strengths, and encourage innovative thinking. Our Code of Ethics recognizes that diversity provides the right environment for sharing ideas and for equal opportunity.</p> <p>In July 2019 TIM created a diversity committee (Elo Diversidade) to help ensure our diversity initiatives are increasingly effective. The mission of the multidisciplinary group is to propose new ideas, improve accessibility, build a welcoming environment and develop new sources of talent.</p>

ENCOURAGING THE DISSEMINATION OF TECHNOLOGIES, DIGITAL SKILLS AND R&D

Risks	Management
<p>Risks related to lack of or delayed investments for the research and development of innovative solutions and supporting the diffusion of a digital culture.</p>	<p>The digital divide is a major obstacle to the spread of digitization and related connectivity services, with the risk of repercussions in the commercial area. With “Operazione Risorgimento Digitale”, launched in 2019, the first ever free large school for the diffusion of digital skills was created in Italy. Operazione Risorgimento Digitale is a great system alliance with private and institutional partners, headed by TIM. Promptly adapting to the needs imposed by the emergency, the activity has been established as distance learning cycles followed by over 700,000 citizens.</p> <p>The Chief Technology & Information Office and the Chief Innovation and Partnership Office departments, in conjunction with Partnership Alliances & TIM Cloud Project and the Chief Strategy, Business Development and Transformation Office departments, guarantee innovation and research activities for the development of new services through the incubation of technologies, thereby enhancing strategic partnerships and the ecosystem of start-ups.</p> <p>TIM reinforced its adherence to the open innovation paradigm as an operating model, aiming, for example, to create a broad ecosystem of partners (start-ups, companies, universities, Public Administration, etc.), to help meet “demand” and “supply”, so that TIM can be a key element in the value chain.</p> <p>Moreover, through TIM WCAP, the Company oversees the theme of Italian digital transformation, selecting ideas, projects, products and services by identifying start-ups and SMEs with innovative digital solutions, with the aim of integrating the best of these into TIM’s offering and technology.</p> <p>With its TIM Open Labs, innovation development centers created by integrating TIM’s technological laboratories with the company’s TIM WCAP sites, it focuses on activities that give the company a competitive edge in terms of business, technological innovation and recognition of the brand’s innovative value, both with a view to top-line growth and increasing the company’s efficiency.</p>
<p>In Brazil</p> <p>Risk associated with the lack of integration of sustainable development theme company strategy, business management generating issues related to social, ethical and environmental impacts from company activities, as well as to the theme of innovation of products, solutions and technologies.</p>	<p>In Brazil TIM has an Educação Conectada Innovation Policy that is integrated with other public policies and the objectives of Brazil’s National Education Plan (PNE). A key focus of the plan is secondary education, for which the Federal Government has set a target of having 85% of high schoolage teenagers enrolled in secondary education by 2024.</p> <p>Instituto TIM believes that technological innovation should be for the benefit of human development, and that every child and youth has a right to science and math education that reflects the current state of knowledge in these fields. In 2018 Instituto TIM continued to support projects aligned with its mission to create and strengthen resources and strategies for the democratization of science, technology and innovation that promote human development in Brazil—with mobile technology as a primary enabler.</p> <p>Since its foundation in 2013, Instituto TIM has run initiatives in approximately 500 cities across Brazil’s 26 states and the Federal District, involving around 70 municipal and state departments and three ministries—the Ministry of Education (MEC), the Ministry of Science, Technology, Innovation and Communications (MCTIC) and the former Ministry of Culture (MinC). These initiatives have benefited more than 4,000 public schools, 16,000 teachers and 500,000 students. Since inception, more than 700,000 people have been involved in Instituto TIM projects.</p>

CAPACITY BUILDING OF PLAYERS ALONG THE SUPPLY CHAIN

Risks	Management
<p>Risks related to the selection and qualification of suppliers/partners and products and to the management of passive contracts (agreement, archiving and monitoring)</p>	<p>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. In addition, in accordance with the Group's environmental policy, which provides general guidelines for responsible and sustainable protection of the environment, the Company also selects its suppliers and partners and purchased or outsourced products on the basis of environmental sustainability criteria and assesses products and services taking into account their whole life cycle, periodically checking compliance with the above criteria along the entire life cycle. The Company recently issued a policy on the purchasing of products and services which states that one of the aims of the purchasing process is to contribute to environmental protection by identifying solutions able to minimize impact on the ecosystem, by outlining obligations and responsibilities with a view to continuous improvement. The Company also identifies and assesses the environmental risks generally present at the various stages of its supply chain and, in close collaboration with its direct suppliers and also through partnerships at national and international level, takes appropriate corrective actions and adopts improvement plans to reduce the environmental impact of products and services purchased and the processes with which they are produced. Periodic spot checks are also made on Risk linked to the selection and purchase orders to ascertain whether there are purchases of goods for resale and production that do not comply with the provisions of the conflict minerals regulation. Finally, ethics and social sustainability checks are carried out in order to assess both suppliers' adherence to schemes and principles of ethical business conduct and the adoption of procedures to ensure the health, safety and rights of workers, compared with the principles underlying the Global Compact and using international parameters referring to the SA 8000 and ISO 14001 standards.</p>
<p>In Brazil Risks associated with the selection and qualification of suppliers, third parties, and Supply Chain Management.</p>	<p>TIM's Supplier and Procurement Policy addresses social and environmental responsibility requirements for goods and services, and provides guidance on continual improvement of supplier relations. All contracts and purchase orders contain provisions requiring suppliers to observe the TIM Code of Ethics and the Global Compact principles—including respect for labor and human rights, environmental protection, anti-corruption, and child and forced labor. These commitments are also included in statements that all suppliers are required to sign as part of the onboarding process. Our key suppliers are assessed on aspects such as ethics, child and forced labor, Occupational Health & Safety, freedom of association and collective bargaining rights, discrimination, harassment, diversity and environmental impact management.</p>

PROTECTION OF MOST VULNERABLE PEOPLE FROM RISKS OF THE WEB

Risks	Management
<p>Risks associated with the management of activities in the field of logic security (cyber security, information/security system protection), penalties from regulatory non-compliance and risks to reputation and compliance with relevant regulations (Legislative Decree 231/2001)</p> <p>In Brazil The risk was not deemed significant.</p>	<p>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, providing constant updating and related communication. TIM deploys 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 govern the use of network services, digital systems or means of communication in general with continuous supervision carried out by the Security Operations Center in collaboration with the involved internal departments and with the competent external authorities.</p>

PROMOTING AND SAFEGUARDING HUMAN RIGHTS

Risks	Management
<p>Risks of compliance with the relevant legislation (Legislative decree 231/2001)</p> <p>In Brazil Risks associated with establishment of corporate values, culture, social , ethical and environmental impacts not in line with strategic plan.</p>	<p>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.</p> <p>As a signatory of the Global Compact since 2008, we believe that as a company we are responsible for promoting and ensuring respect for human rights. TIM has been a member of the Human Rights Working Group set up by the Global Compact Network Brazil since 2015. Within our business, TIM recognizes that rights such as data privacy, internet security, access to information and free speech should be respected.</p> <p>As part of the due diligence process, we use the Human Rights Capacity Diagnostic (HRCDD) questionnaire developed by the German Global Compact Network to assess the level of human rights engagement and management at relevant functions. We believe the stakeholders most vulnerable to these impacts remain the same: children and adolescents; women; people with disabilities; and the elderly.</p> <p>TIM also has a Whistleblowing Channel available to internal and external stakeholders, in both Portuguese and English. The channel can be used to report complaints and concerns about human rights, and the identity of whistleblowers is kept confidential unless otherwise provided by law. Whistleblowers can also submit reports anonymously.</p>

REDUCING ENERGY CONSUMPTION AND FIGHTING CLIMATE CHANGE

Risks	Management
<p>Risks associated with the environmental impact of its activity and the management of energy efficiency projects and monitoring of energy consumption</p>	<p>TIM, recognizing the importance of identifying and evaluating all the impacts, positive and negative, even potential, that its activities and the products and services made available to its customers may have on the environment, implements a process of continuous improvement through initiatives and projects aimed at minimizing the environmental footprint of the company's activities, customers and stakeholders in general. In terms of energy, TIM is constantly committed to improving its performance energy efficiency, adopting purchasing policies that take account of environmental issues and proposing innovative technological solutions to individuals, companies and government for lowering environmental impact. In this context TIM has equipped itself with an energy management system developed, implemented and controlled with reference to the ISO 50001 Standard. Furthermore, every year the company sets itself the objective of reducing emissions and energy consumption, despite the continuous development of new-generation networks, while at the same time increasing the use of energy from renewable sources in company processes. Finally, TIM's strategy for the environment in the energy sector involves management lines that optimize use of energy sources and natural resources. For example, the energy saving project envisages a series of energy efficiency measures (site energy management, reengineering, power stations, machine learning testing) at 300 sites within power stations and data processing centers (DPCs): the target baseline is 340 GWh and expected savings when fully operational are equal to 30 GWh (8.8%). In addition, TIM's new project to organize its corporate spaces plan provides for the optimization of such spaces, with the introduction of desk sharing and an increase in agile working, for example extended to caring, which will make it possible to rationalize workstations and close some offices. This will significantly cut property management-related costs, as a result of: closing offices (vacating offices, reducing operating costs, sublease) and related energy consumption.</p>
<p>In Brazil Risks associated with failure and/or inefficiency in the use and management of the energy, and the social, ethical and environmental impacts not in line with strategic plan</p>	<p>TIM has invested in renewable energy sources through distributed generation projects—including five hydropower plants in the state of Minas Gerais—and by purchasing electricity in the free market. The energy efficiency initiatives we implemented in 2018 included temporarily or permanently shutting down idle equipment; freecooling, a heat exchange arrangement for equipment containers that involves installing a cooler at shelter-type sites (enclosures) to reduce the use of energy and refrigerant gases in air conditioning equipment; and Decommissioning—shutting down or removing equipment from a site for energy savings and to free up space for new projects. Water consumption is also managed for greater efficiency; for example in Rio de Janeiro (RJ), in the district of São Cristóvão, where TIM is developing a water reuse project. TIM has a Waste Management System in place and works to reduce risks to the environment. In addition, our Environmental Policy establishes waste management principles to minimize the amounts of waste we produce, and encourages waste segregation, recovery and recycling. As part of its commitment to society, TIM conducts an annual inventory of the emission sources in its activities. TIM considers the question of climate change to be strategic for business continuity and for value creation, making the implementation of mitigation and adaptation measures indispensable for the well-being of society. TIM is also engaged in ensuring transparency in reporting its emissions and its initiatives, for example, by means of the Carbon Disclosure Project (CDP) and the GHG Protocol public registry platform. TIM recognizes its contribution to global GHG emissions impacts, and has established a public commitment to become carbon neutral by 2030, in line with the UN's SDG 13</p>

REPORTING THE IMPACTS OF ELECTROMAGNETIC EMISSIONS

Risks	Management
<p>Risks associated with compliance with national and European legislation, including on electromagnetic wave emissions, and compliance with health and safety regulations. Risks related to the engineering and implementation of enabling infrastructures for innovative solutions and preparing and setting up ultra-broadband and 5G network infrastructures.</p> <p>In Brazil Risks associated with the establishment of corporate values, culture, social, ethical and environmental impacts not aligned with the strategic plan, risk associated with the environmental licensing of sites and buildings, and risk associated with the disclosure of information to stakeholders.</p>	<p>The issue of the impact of electromagnetic emissions, given its significant and growing importance in the light of the recent launch of 5G networks, is managed by the TIM Group within the scope of risks relating to compliance both with national and European legislation on electromagnetic waves emissions and current health and safety regulations, and risks relating to the engineering and implementation of enabling infrastructures for innovative solutions and preparing and setting up ultra-broadband and 5G network infrastructures.</p> <p>The TIM Group oversees the topic of electromagnetic emissions by:</p> <ul style="list-style-type: none"> - designing and optimizing the radio access network, ensuring that serious attention is given to the issue of electromagnetic emissions at every stage of the equipment life cycle; - carefully managing the plants throughout their entire life cycle with systematic monitoring of electromagnetic emissions levels and in compliance with current legislation and internal efficiency and safety standards for the population and workers; - use of, and constant research into, the latest technological instruments for checks and controls; - continuously keeping an eye on legislation by proactively monitoring possible developments and always acting in compliance with legislation. <p>As described in our Environmental Policy, TIM is committed to mitigating operational impacts at our sites and ensuring compliance with internal standards and legal and regulatory requirements in order to reduce environmental risks to a minimum. A Licensing Committee, composed of personnel from strategic functions at the Company, assesses compliance issues to prevent risks or mitigate impacts, and to prevent instances of noncompliance. Electromagnetic emissions from radio base stations (RBS) shall be assessed and monitored using methods established by ANATEL resolutions and kept within established limits. In 2018, electromagnetic emissions levels were measured at 23.6% of our sites.</p> <p>Given our nationwide coverage, TIM has RBSs within 147 protected areas, often on hilltops or in conservation units, which are periodically monitored to ensure our operations have no adverse impacts on biodiversity. At year-end 2018, TIM had more than 800 active biosites within the network. Biosites are structures that significantly reduce visual and landscape impact. In addition to telecommunications transmission equipment, biosites also incorporate street lighting and security cameras.</p>

PROMOTING THE DEVELOPMENT OF AN INCLUSIVE DIGITAL SOCIETY AND ACCESS TO DIGITAL SERVICES

Risks	Management
<p>Risks related to the integration of sustainability issues within the strategic business vision and with carrying out activities not in line with Corporate Social Responsibility.</p> <p>In Brazil Risk associated with the lack of integration of sustainable development theme company strategy, business management generating issues related to social , ethical and environmental impacts, as well as customer issues and lack of innovation in the company activities, products, solutions and technologies.</p>	<p>TIM pays particular attention to the issues of inclusivity and valuing diversity, for their positive impact on the ability to generate innovation and improve performance, increasing people's productivity and the quality of their working life. TIM has been engaged in inclusivity since 2009 and was one of the first Italian companies to set up an equity & inclusion management program. Bearing witness to this journey, TIM is the top Italian company and number one telco provider in the world in the Thomson Reuters Diversity & Inclusion Index, ranking among the top 10 companies worldwide for three years running (2018-2020).</p> <p>TIM also works on social digital inclusion, especially in terms of economic benefits and specific measures for certain categories of customers, such as deaf, blind or visually impaired customers, customers with low income who are in a situation of "economic hardship" and "social card" holders.</p> <p>In addition, TIM guarantees to support customers residing in areas affected by natural disasters (seismic events, floods), both in the phase of emergency management and in the medium/long term, to protect their needs.</p> <p>Lastly, as stated several times in this Report, in late 2019, TIM launched the Operazione Risorgimento Digitale project for the 'digital education' of the country.</p> <p>TIM advocates for telecommunications policy that is legally sound, economically sustainable and, above all, coherent and harmonious, enabling us to provide society with digital inclusion within a competitive environment. We achieve this through position papers addressed to policymakers and by providing inputs into any public consultations organized by government authorities.</p> <p>Brazil's Educação Conectada Innovation Policy integrates with other public policies and the objectives of Brazil's National Education Plan (PNE). A key focus of the plan is secondary education, for which the Federal Government has set a target of having 85% of high school age teenagers enrolled in secondary education by 2024.</p> <p>TIM acts, through the Instituto TIM, by encouraging and providing education for public school students to teach science and mathematics that reflects the current state of knowledge in these fields.</p>

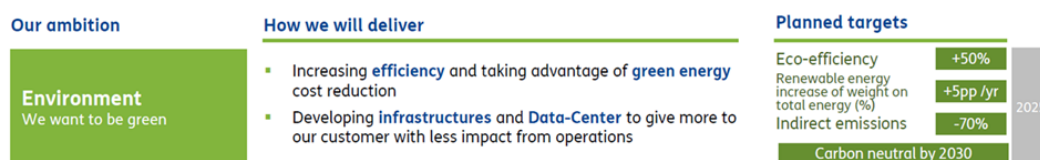
Environment



Approach to environmental protection

[GRI 103-1, 103-3: Management Approach] [GRI 302] [GRI 305] 2020 saw renewed momentum in TIM's involvement in environmental issues: the Sustainability Plan prepared at the start of the year contains environmental targets that constitute a new challenge for the Group to improve its efficiency in terms of energy and consumption of resources while reconciling activities, business and the environment. TIM is committed to achieving Carbon Neutrality by 2030¹ and is deploying the most appropriate actions to achieve this goal. This gives rise to the Plan's specific environmental targets regarding renewable energy, eco-efficiency and reduction of emissions. These commitments are joined by a new awareness of green products, as described in this chapter.

Sustainability remains embedded in our plan



The TIM Group is conscious of its priority role in building a future with low carbon emissions: all ICT companies can make a tangible contribution to the global reduction of emissions thanks to their distinguishing solutions: video conferencing platforms, smart working, telemedicine, sharing platforms and e-learning are services capable of promoting more sustainable lifestyles and ensuring that activities are undertaken while protecting the environment. It has been calculated² that the full adoption of these services would lead to a reduction of global CO2 emissions by 1.34 Gt in 2030, offsetting the expected 189% growth in ICT emissions (2019-2030).

The TIM Group is present and active in industry associations and non-profit organizations with specific objectives including the protection of the environment³; the relevance of environmental issues for TIM is also highlighted in the materiality matrix containing the Sustainable Development Goals and translates across to TIM's strategy for the environment, which is described in and circulated by the Group's environmental Policy⁴:

- definition of guidelines and management approaches for optimized use of energy sources and other natural resources; allocation of human, technological and economic resources for actions to protect the environment;
- gradually reducing its own direct and indirect emissions of greenhouse gases;
- selecting suppliers, partners, products and services based on environmental sustainability criteria;
- applying environmental sustainability criteria when assessing possible mergers and acquisitions;
- development of solutions and products that contribute to the fight against climate change;
- variable remuneration for management to achieve objectives with a positive environmental impact;
- disseminating a culture that promotes a correct approach by employees and stakeholders to environmental issues.

In this regard, TIM offered a training plan to internal staff and business partners with meetings on environmental issues for a total of 2,280 hours. The partnership with ASviS - Alleanza Italiana per lo Sviluppo Sostenibile (the Italian Alliance for Sustainable Development) involved people working at TIM at all levels in seminars and debates on issues including the environment, held through video conferencing during working hours.

To ensure the sustainable management of operational processes, the areas of TIM which have a potentially significant environmental impact have an ISO 14001-certified Environmental Management System (EMS). In some organizations, 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.

In line with previous years, through the Energy & Utilities Management Department, TIM also achieved ISO 50001 certification for the sites in Bologna Via Stendhal, the Rozzano Data Centers 1, 2 and 3, the Piacenza Centro exchange, as well as the data processing centers (CED) in Padua and Bologna Roveri and Acilia. The operational activities of the technical network **in Brazil** in the States of Rio de Janeiro, São Paulo and Espírito Santo – the areas in which the country's industrial and commercial activities are mostly concentrated – have

¹ For Scope 1+Scope 2 emissions, Group level.

² Global e-Sustainability Initiative – Digital with Purpose: Delivering a SMARTer2030.

³ European Telecommunications Network Operators' Association (ETNO), European Telecommunications Standards Institute (ETSI), Global e-Sustainability Initiative (GeSI), International Telecommunication Union (ITU).

⁴ TIM Group commitments to environmental sustainability, December 2018 https://www.gruppotim.it/content/dam/telecomitalia/documents/Sostenibilita/en/Policies_ENG/TIM-Policy-Ambientale-dic2018ENG-DEF.pdf

had ISO 14001 certification since 2010. TIM S.A. activities are also carried out in accordance with its own environmental policy, revised in 2018, which underlines its commitment to reducing waste and using natural resources sustainably.

[GRI 103-2: Management Approach] [GRI 302] [GRI 305] TIM always undertakes to implement energy efficiency programs and a rational use of resources: the Energy Management&Procurement function operates within the Procurement department, focusing on energy issues with the mandate to identify and finalize appropriate energy efficiency measures in Italy. In addition, together and in coordination with the competent units of the Chief Technology Office, it ensures that the planning and implementation of the adopted solutions is consistent with the Company's efficiency plans.

In Brazil energy is a material topic given the continued network expansion. A BPR (Business Process Redesign) is being developed, which will examine the various processes relating to energy management that aims to increase the focus on energy management by combining end-to-end management activities. This program includes energy efficiency measures and is part of the operating objectives for all areas directly involved. In addition to this, TIM Brazil continues to implement projects to reduce its energy consumption, such as the Decommissioning project launched in 2017, which involves adjustments to network equipment while developing virtualization, replacement with more efficient equipment and the removal of unused equipment. Effective application of electricity sector regulations is monitored by a control system, based on periodic assessment procedures reviewed by responsables for containing energy consumption. Considering these activities and responding to the objective of reducing the effects created and of reinforcing the efficiency actions, a report is provided which describes the activities carried out to contain consumption, the results achieved and the status of improvement. In terms of governance, TIM Brazil has a centralized management area for all electricity at the BSO (Business Support Office). The Energy and Efficiency area includes 6 professionals responsible for controlling and planning electricity consumption, monitoring energy efficiency projects and monitoring the development of regulatory and energy procurement issues.

[GRI 103-3: Management Approach] [GRI 302] [GRI 305] The performance of the main Group indicators is shown in the table below. For details, see the TIM's environmental performance paragraph in this Chapter.

Indicators	2020 results
Total consumption of procured and produced electricity	Down
Total consumption of electricity from renewable sources	Up
Total CO2 atmospheric emissions	Down
Eco-efficiency indicator	Up
% of waste recycled	Up

Fight against climate change: risks and opportunities for TIM

[GRI 201-2] TIM's work in fighting climate change can be summarized into three areas:

- actions to reduce its direct and indirect greenhouse gas emissions and limit the emissions of other sectors and customers in general by supporting dematerialization and the provision of services and solutions which promote new sustainable ways of working, learning, traveling and living;
- communicating its emissions and strategies for fighting climate change in the Sustainability Report and through responses provided to rating agencies (RobecoSAM, VigeoEiris, Oekom, FTSE4Good). TIM participates in the CDP survey both in Italy and Brazil. In Brazil, for the twelfth consecutive year, it was confirmed on the São Paulo Stock Exchange (B3) Corporate Sustainability Index (ISE) and has participated in the national EPC-Empresas pelo Clima program since 2010. Additionally, TIM Brasil was chosen to complete the Carbon Efficient Index (ICO2) published by the B3 (the São Paulo stock exchange). Of the 100 companies with the most liquid securities (IBrX100), the index selects those with the main initiatives and disclosure on emission containment and climate change issues;
- disseminating a culture which supports the individual in contributing to the reduction of emissions. Digitization and dematerialization to achieve energy saving and reduction of CO₂ emissions into the atmosphere: TIM solutions and products offer a real opportunity to mitigate climate change. In particular:
 - audio/video conferencing services and agile working
 - online billing and payments
 - telemedicine services
 - infomobility systems
 - systems for the monitoring and analysis of consumption.

These services are all characterized by lower energy consumption, which, in addition to optimizing production processes and logistics flows, help customers to reduce the emissions generated by physical travel and to reduce energy consumption. The efficiency improvements, savings in economic terms and reduced environmental impact associated with the effective use of TIM services are also a real business opportunity for the Company: awareness is growing among stakeholders and citizens on issues related to climate change with subsequent attention on companies capable of ensuring a sustainable future for society and the planet.

The risks associated with climate change for the TLC sector have implications of a physical, economic and regulatory nature, with repercussions for the image and reputation of Group companies. The risk of flooding is one of the most serious physical risks for TIM and the one most likely to occur. The resulting damage impact 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 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 TIM network is designed considering appropriate levels of resilience and redundancy. TIM's network infrastructure in areas characterized by a high level of hydro-geological risk is monitored through the TIM Ci.Pro. (Civil Protection) system, which uses a constantly updated database of information on local areas and infrastructure for rapid planning of necessary intervention. Company assets subject to physical risks have insurance coverage commensurate with the property and equipment value, and the severity of the potential damage related to the service they provide.

In Brazil, 66.6% of domestic electricity comes from hydroelectric generation¹. For this reason, extreme rainfall levels or long periods without rain can compromise the water level in reservoirs and have an impact on the national energy supply. In this event, TIM could be affected by energy rationing measures and fluctuations in the average kWh price due to climate change effects. In addition, increased extreme weather frequency and strength could damage transmission towers, increasing business expenses for the acquisition of new equipment and maintenance of existing equipment. This could also lead to an increase in insurance costs and signal interruption or loss of quality to the detriment of telecommunications services. In addition, changes in air humidity and salinity have a direct effect on goods and equipment located underground and close to coastal areas with a consequent increase in operating costs. In the event of an average temperature increase, electronic devices whose performance is directly related to stable temperatures could require surplus energy to be cooled. It should be noted that climate change could also increase costs for staff absences, as well as cause greater difficulties in reaching workplaces or locations where staff are working, having an indirect impact on company performance.

Electromagnetism and compliance with environmental legislation in force

The Group has always paid great attention to the issue of electromagnetic emissions. To this end its activities include:

- careful management of its equipment during its entire life cycle and in compliance with current regulations and internal standards of efficiency and safety;
- designing and optimizing the radio access network, ensuring that serious attention is given 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 invests in software development to continuously update and refine electromagnetic emission predictions. In particular, the GUARDIAN tool calculates the level of exposure of sites that host antennas 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 optimized. 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 optimization 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

¹ According to the National Energy Report for Brazil 2019 (BEN, 2019).

coverage, maximizing the capacity and quality of the service and minimizing interference, thus contributing to reducing the power transmitted by mobile terminals and radio base stations. Again in 2020, the following activities went on continuously:

- support and training for local organizations in Electromagnetic Impact Analysis (EIA) activities;
- evolution of software tools developed internally to predict exposure (GUARDIAN);
- development and maintenance of the ARPIE web application for monitoring and assessing the average power transmitted by radio base stations of 2G, 3G and 4G systems 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;
- Preparation of guidelines for local 5G access network design, with the implementing the methodologies set out in the international and national regulatory framework;
- Participation in joint TIM-ARPA (Regional Agencies for Environmental Protection) regional meetings for implementation of 5G network design methodologies.

In addition, the introduction of Active Antenna Systems for the 5G system, which allow for generating irradiation diagrams on a "user basis" and no longer only on a "cell basis", required a review of the regulatory aspects related to the topic of electromagnetic field exposure. For this reason TIM has been involved and has contributed to the past and ongoing activities of the international (IEC, NGMN, 3GPP) and Italian (CEI, ISPRA-SNIPA) regulatory bodies in this field. 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 an innovative methodology patented by Telecom Italia in 2003 at the European Patent Office, which uses for high precision topographic and satellite instruments for 3D surveying of all radiating GSM, UMTS, LTE and Radio link systems and their infrastructure.

In relation to the development of the 5G system it is important to remember that the current limits, provided by law with a wide margin of safety, are not related to specific technologies, but concern the total emissions; in addition the network architecture also provides "small cell" solutions which due to their intrinsic technological nature use lower radio power. In light of these considerations, the electromagnetic emissions generated by 5G technology do not represent a business risk. According to current scientific knowledge, emissions associated with base stations and wireless networks levels associated with radio base stations and wireless networks are not considered responsible for causing negative impacts on health and the population and fall well within the limits set by international standards. TIM and the entire telecommunications sector pay careful attention to the issue by proactively monitoring all possible developments and always acting in compliance with the legislation.

In Brazil the non-ionizing radiation emitted by the radio base stations of TIM S.A. 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 Brazil have a license to operate issued by ANATEL. The station's license to operate is a guarantee of compliance with the limits set by the regulations.

[GRI 307-1] On the issue of Compliance, the Group provides everyone 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 anonymity¹.

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 organizational tools needed to prevent the violation of legal provisions. During 2020, no significant financial penalties were imposed on TIM in Italy for violations of environmental legislation in the areas in which they perform their activities. This was also the case in the previous two years.

In Brazil in 2020, TIM was fined 500 thousand reais² by the Municipal Secretary for Environment and Sustainable Development of Esplanada (in the state of Bahia) due to its failure to comply with the official documents issued by the environmental authority, aimed at the application of current legislation, and due to obstructing the work of the competent authorities in the exercising of their functions. TIM is filing an appeal with the competent bodies.

As part of its web and commercial operating routines, in order to provide telecommunications services, TIM generates electronic waste (e-waste), products that have circuits or electronic components such as power supplies or batteries. Therefore, the Company's environmental policy and a number of its rules require correct waste management in order to comply with legislation, such as Brazil's national policy on solid waste (law no. 12,305/10) and federal law no. 10,240/20, which establish the shared responsibilities for generators of electronic

¹ Full information about this is available by clicking on this link: <https://www.gruppotim.it/en/group/governance/the-system/whistleblowing.html>

² Pecuniary sanctions of an amount exceeding 500,000 euros are considered significant for the Group in Italy; For its own accounting purposes, Brazil applies an amount of 500,000 reais, which is equal to 76,770 euros at the exchange rate on December 31, 2020.

waste considered hazardous or otherwise. This is the case for parties that manufacture, import, market and distribute cell phones and their batteries and accessories such as cables, chargers and earphones.

Going over and above its obligations and aiming to decrease the impact of electronic products and their risk to the environment and public health, TIM Brazil established a Reverse Logistics program in partnership with an authorized and certified supplier with the aim of contributing to the creation of a circular economy, i.e. by intervening in the entire life cycle of the electronic product and promoting economic and social development in the Reverse Logistics chain through collection from TIM sales outlets and offices.

TIM initiatives for the environment

The concrete actions implemented by TIM in order to limit the impact of the company's activities on the environment are outlined below.

Energy efficiency and device recovery measures and equipment restoration

In 2020, TIM continued to act on the areas identified over the past three years (renewable energy, energy efficiency and trigeneration) and which make the most of the Company's energy potential for the purposes of consumption containment and a progressive green transition.

The COVID-19 emergency caused a simultaneous increase in consumption related to technological developments and a decrease in the same associated with the closure of office sites during the state of emergency. This situation also saw ongoing energy efficiency measures, a further optimization of exchanges and data centers, the launch of the spaces plan (rational reduction of spaces used as offices). In this scenario, we recorded an overall net decrease in energy use YoY of approximately 255 GWh.

The gradual replacement of copper with fiber and its penetration alongside development of the 5G networks will lead to the achievement of considerable energy savings benefiting the country and the national objectives of increasing energy efficiency, in addition to an important infrastructural technological advancement for the Company and the telecommunications sector in general, essential for the development of all production sectors and services throughout Italy.

Renewable energy

2020 saw an increase in the quantity of energy from renewable sources through the acquisition of Guarantees of Origin covering 26.4% of BU Domestic electricity.

New photovoltaic plants were also designed in 2020 and are currently being built. Their entry into operation is scheduled for 2021 and expected generation is 1 GWh. Additionally, a photovoltaic plant on a data processing center was acquired for 650 kW of peak power once installed.

TIM is also assessing buying energy from renewable sources with medium to long-term contracts, confirming both the strong commitment to the targets of the recent Sustainability Plan and the wish to contribute to the achievement of the national targets for the development of renewable energies set by the Integrated National Energy and Climate Plan for 2030. The Group, which is a major energy user at national level, is also confirmed to be a proactive and innovative player in the current energy transition.

Energy efficiency of sites

In 2020, the measures were focused on re-engineering the cooling systems, replacing transformers and replacing energy stations. Additionally, the first two pilot projects for the application of artificial intelligence algorithms were completed at two data processing centers.

Of the significant new developments in 2020, it is important to note that in late December two of the biggest efficiency projects ever presented in Italy were approved by the GSE, one related to the development of the mobile network with the deployment and modernization activities on 4G set out by TIM's business plan, and the other related to the development of 5G and all actions to convert the fixed network from ADSL to fiber. The projects involve the recognition of Energy Efficiency Certificates, meaning that they will represent a revenue item for the company. They will attest to TIM's tangible commitment to the energy transition sought by the Integrated National Energy and Climate Plan.

The projects presented by TIM to Italy's energy services operator (GSE) concern the entire country and involve benefits in terms of energy efficiency of the transition from copper to fiber as well as the transition from 4G to 5G, combining company investments for the technological development of the networks and energy efficiency improvement with consumption containment expressed in terms of "White Certificates" for a value currently estimated to be in the range of 0.25 – 0.4 billion euros for the next five years.

Trigeneration

Despite the pandemic, 6 new trigeneration plants were deployed in 2020 for an installed power of 9.4 MW and an electricity saving estimated to be around 85 GWh/year. The plants will be operational in 2021. Additionally,

TIM optimized the functioning of the existing systems, thus leading to an increase in production from trigenerators of around 10 GWh compared to 2019.

Device restoration

TIM is aware that its devices require maintenance. Nevertheless, dismantling creates waste, the disposal of which is not always under its direct control, and fuels new production and therefore new atmospheric emissions.

As a result, since 2018 TIM has invested in the recovery of cabinets through an agreement with Gruppo Mercantile Servizi (GMS), which assesses their suitability and carries out restoration. The reconditioned devices are bought back by TIM. The other cabinets not considered suitable for reconditioning are sold by TIM to GMS as scrap. The reconditioned devices are used again in the production cycle. In particular, they are used for the deployment of FTTCabs in “white” areas and for coverage increases in areas with lower density of potential customers.

IoT and environmental research

Every year TIM invests in research into innovative solutions for limiting environmental impact by limiting the consumption of natural resources and energy.

TIM has also had many patents granted in this area. TIM has begun numerous ICT research projects in the area of the Internet of Things (IoT), applied to the world of Smart Cities and of positive environmental impact.

Smart grid. IoT application for the management of electrical networks in terms of distributed generation and remote control. Continuing 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 through the identification of hidden water leaks. To search for leaks and optimize distribution costs, TIM is also experimenting with 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 Narrowband¹.

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

Smart city. For years, TIM has been active in the matter of smart cities. In this context, we note the following projects:

Smart Control Room (Venice). Inaugurated in September 2020, this “control tower” supported by 5G was built and is managed by TIM in collaboration with the Municipality and Local Police. It allows local administrations to manage services for the city in an integrated manner, including lighting, waste collection, mobility, and citizen and tourist safety. Data from the Control Room can be used and analyzed for decision-making and to intervene in real time. TIM aims to improve mobility and safety in the city by creating a smart urban model that could be rolled out to all towns in Italy.

Bari and Matera 5G². The project with which TIM, Fastweb and Huawei jointly won the call for tenders announced by the Ministry of Economic Development to test the new 5G technology in the two cities. Thanks to an investment of over 60 million euros in 4 years, and to the involvement of 52 partners of excellence, Bari and Matera will be among the first “5G cities” in Europe where innovative services will be tested in sectors such as healthcare, industry 4.0, tourism, culture, the road traffic and public safety.

MONICA³ and SMILE⁴ (Torino Smart City). The MONICA project is focused on urban noise pollution and safety in public life. TIM contributed to the “Torino Smart City” project known as SMILE focusing on the theme of life & health. 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 which provides for the use of 5G technologies to develop sustainable smart city services. The project, which began in July 2017, was completed by mid-2020.

¹ 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.

² barimatero5g.it

³ Renaissance of Places with Innovative Citizenship And TEchnologies; part of the European Horizon 2020 program.

⁴ Smart mobility at the European land borders; part of the European Horizon 2020 program.

REPLICATE⁵ (Firenze Smart City). The 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 2016 and will last for five years.

Smart Agriculture. As part of the partnership with the Digital 360 Awards 2020, TIM received the award for the Big Data Analytics and IoT category. The system measures weather and crop health variables using NB-IoT wireless sensors, 4G gateway radio, and SIM M2M with possible extension to 5G for greater coverage even in remote areas, allowing for the constant monitoring of crop health, archiving and handling of historical data including by individual plantation. Implemented by the Agriculture & Farming Solutions division of Olivetti, the service combines greater farming productivity and lower environmental impact.

Consumer Products: TIM Green

In order to improve the environmental efficiency of products offered to customers, attention has to be paid to their energy aspects to optimize 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. TIM researches and develops 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, known as TIM eco-friendly.

For each product and initiative with this logo, information is provided about the features and specific solutions adopted to demonstrate their eco-friendliness and/or environmental benefit. 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 gruppotim.it 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. In 2020 TIM Hub+ was launched, part of the eco-friendly line with excellent results in environmental tests and an appropriate environmental declaration.

Today, this family of fixed telephony products is part of the TIM Green logo and initiative, which includes the offer to customers of reconditioned smartphones and the new green SIM, smaller in size (halved) and made of 60% recycled plastic. The packaging housing it is made of biodegradable material and the brochure was resized and printed on FSC paper (Forest Stewardship Council) produced under an internationally recognized forest certification system.

⁵ Management of Networked IoT Wearables – Very Large Scale Demonstration of Cultural Societal Applications; part of the European Horizon 2020 program.

TIM's environmental performance

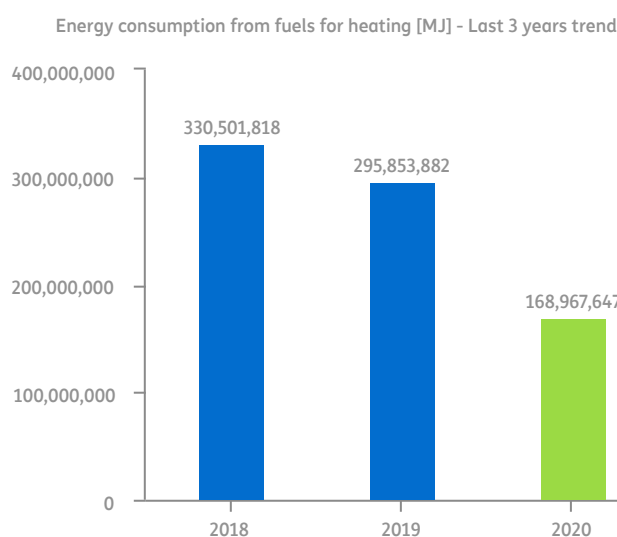
Energy consumption

[GRI 302-1], [GRI 302-2], [GRI 302-4] The Group's energy consumption is presented broken-down into consumption for heating, transport and purchased and produced electricity.
[SASB TC-TL -130a.1] In 2020, the Group consumed a total of 8,546,130.51 GJ of energy.

Heating systems

The data show a significant reduction in 2020 compared to previous years, mainly attributable to real estate rationalization and the extension of agile working at home to all departments and throughout the entire duration of the Covid-19 emergency. In Brazil, given the particular climate conditions throughout the year, indoor heating is not used. Compared to 2019, consumption of energy for heating decreased in 2020 by 126,886,235 MJ.

		Group	Domestic	Brazil
Energy generated by heating oil	MJ	20,202,925	100%	0 %
Energy generated by methane	MJ	148,764,722	100%	0 %
Total energy for heating	MJ	168,967,647	100%	0 %
2020 v. 2019		(43%)	(43%)	NC
2020 v. 2018		(49%)	(49%)	NC

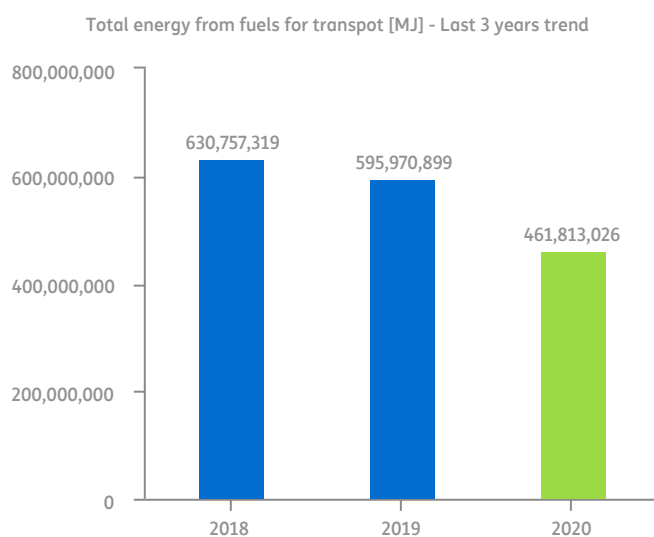


Transport

The data shown here refers 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 in Brazil have been included only where usage is significant and continuous. In general, energy consumption due to transport gradually decreased thanks to a rationalization of the fleet and restrictions on travel.

		Group	Domestic	Brazil
Energy from unleaded petrol	MJ	37,852,626	59 %	41 %
Energy from diesel fuel	MJ	423,960,083	100 %	0%
Energy from LPG	MJ	317	100%	0%
Total energy for transport*	MJ	461,813,026	97 %	3 %
2020 v. 2019		(23)%	(21)%	(47)%
2020 v. 2018		(27)%	(26)%	(46)%
Total number of vehicles	n	15,034	94 %	6 %
2020 v. 2019		(1)%	(3)%	32 %
2020 v. 2018		(2)%	(5)%	57 %
Total distance travelled	km	199,257,045	97 %	3 %
2020 v. 2019		(20)%	(20)%	(43)%
2020 v. 2018		(25)%	(25)%	(38)%

* Represents conversion into megajoules of the consumption of unleaded petrol, diesel and LPG (expressed in liters) and natural gas (expressed in kg)



Electricity procured and produced

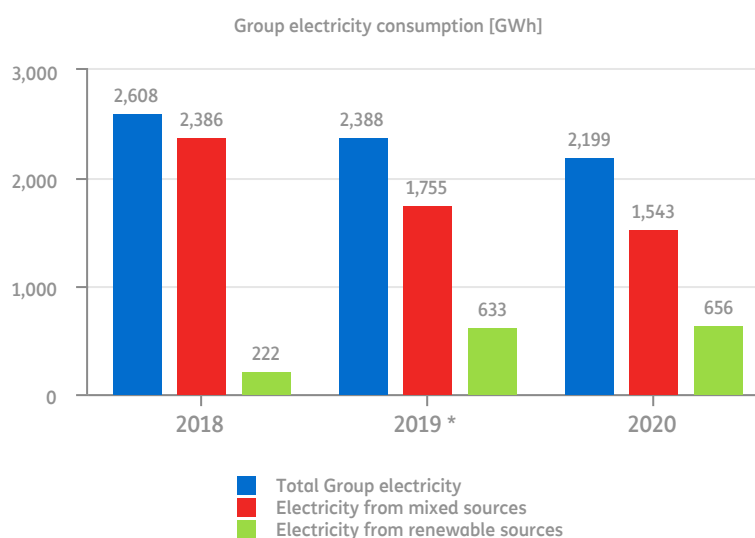
[SASB TC-TL -130a.1] Energy from renewable sources constitutes 30% of all energy consumed by the Group. Guarantees of origin covering 403 GWh were purchased in Italy in 2020. In **Brazil** purchase agreements (PPA - Power Purchase Agreements) continued through long-term leasing of hydroelectric plants.

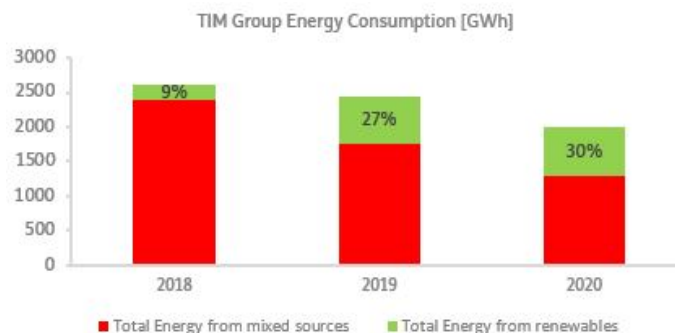
		Group	Domestic	Brazil
Electricity from mixed sources	kWh	1,543,156,374	75%	25%
	GJ	5,555,363		
2020 v. 2019		(12)%	(18)%	15 %
2020 v. 2018		(35)%	(36)%	(33)%
Electricity from renewable sources*	kWh	655,551,913	63%	37%
	GJ	2,359,987		
2020 v. 2019		4 %	8 %	(3)%
2020 v. 2018*		196 %	648 %	46 %
Total electricity	kWh	2,198,708,287	71%	29 %
	GJ	7,915,350		
2020 v. 2019		(8)%	(13)%	7 %
2020 v. 2018		(16)%	(16)%	(16)%

*Incluso l'acquisto di Garanzie di Origine.

NOTE: Brazil's 2019 data have been subject to restatement. The update of the data, due to the availability of updated data by the Brazil BU, means that the share of electricity from renewable sources of the Group on the total consumption of electricity goes from 30% (2019 figure communicated) to 27% (correct 2019 data). This adjustment is due to the amount of 2019 renewable energy of the Group which goes from 763 GWh communicated to 633 GWh (corrected 2019 figure) and consequently the total 2019 of the electricity consumed by the Group from the figure communicated in 2019 of 2,518 GWh to the corrected figure, of 2,388 GWh.

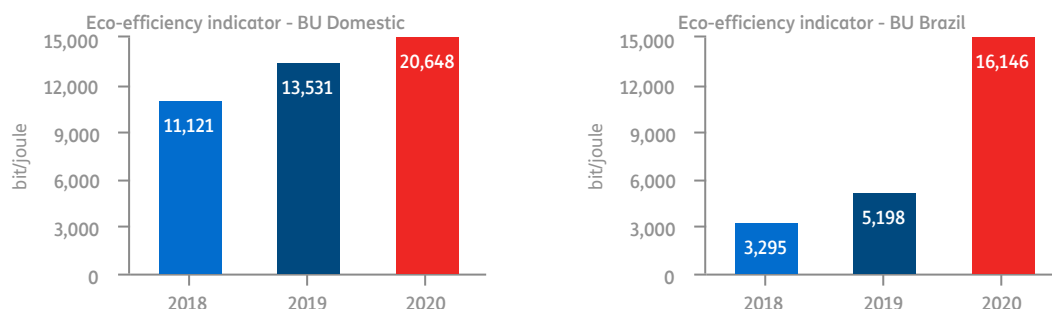
[SASB TC-TL -130a.1] The electricity purchased corresponds to 88% of the total electric energy consumed by the Group.





*Brazil's 2019 data have been subject to restatement. The update of the data, due to the availability of updated data by the Brazil BU, means that the share of electricity from renewable sources of the Group on the total consumption of electricity goes from 30% (2019 figure communicated) to 27% (correct 2019 data). This adjustment changes the amount of 2019 renewable energy of the Group from 763 GWh communicated to 633 GWh (corrected 2019 figure) and consequently the total 2019 of the electricity consumed by the Group from the figure communicated in 2019 of 2,518 GWh to the corrected figure of 2,388 GWh.

[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 graphs below show the level of the eco-efficiency indicator over the past three years for the Domestic and Brazil BUs. The indicators calculated by the Group for Brazil and Italy are different. This is because the two organizations function very differently from an operational and environmental perspective: 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.



In 2020 the value of the indicator calculated for the Domestic BU was 20,648 bit/joule, up 52.59% compared to 2019 and 85.66% compared to 2018. This is the result of a substantial increase in data traffic, of policies to contain consumption and the result effect of Covid-19 on these two components already in place. Work continued with an objective of 23,000 bit/Joule set for 2021, an increase of +11.39% on the figure for 2020.

Data used in the calculation of the indicator relate only to the Italian companies of the Group, i.e. that are excluded from the scope of Domestic, Sparkle Greece and Turkey.

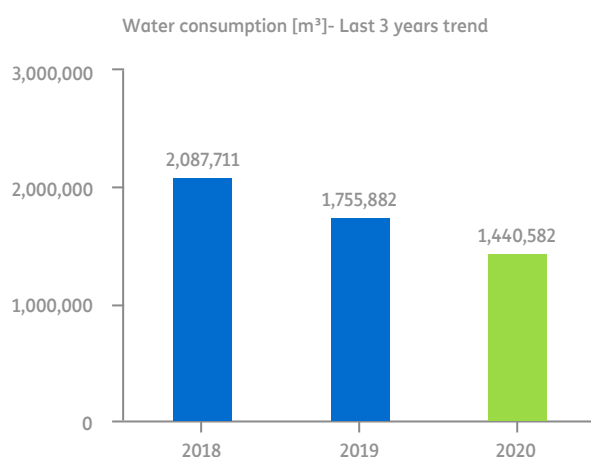
The eco-efficiency index calculated for Brazil shows a continuous improvement too: in 2020 it grew significantly by 211% compared to 2019 and by 390% compared to 2018.

Consumption of natural resources

Water consumption

The downward trend in water consumption is continuing thanks to targeted management and staff awareness-raising actions and continued in 2020 as a result of the closure of sites used as offices caused by the pandemic.

		Group	Domestic	Brazil
Consumption of water drawn from artesian wells	m3	2,151	0%	100%
Consumption of water provided by water supply companies	m3	1,435,455	95 %	5%
Consumption of water drawn from other sources	m3	2,976	0%	100%
Total water consumption	m3	1,440,582	95%	5%
2020 v. 2019		(18)%	(18)%	(20)%
2020 v. 2018		(31)%	(30)%	(41)%

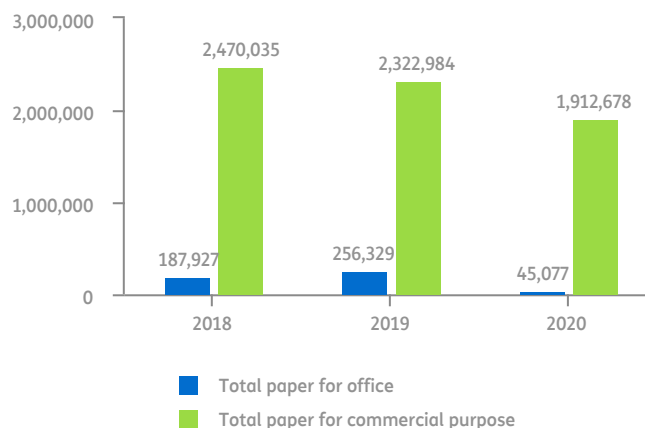


Paper for office and commercial purposes

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) requirements.

		Group	Domestic	Brazil
Non-recycled and non-certified paper purchased for office use	kg	959	100%	0%
FSC certified paper purchase for office use	kg	44,119	91%	9%
Total paper purchased for office use	kg	45,077	91%	9%
2020 v. 2019		(82)%	(81)%	(89)%
2020 v. 2018		(76)%	(76)%	(79)%
Total paper purchased for commercial use	kg	1,912,678	75%	25%
2020 v. 2019		(18)%	(20)%	(11)%
2020 v. 2018		(23)%	(14)%	(39)%

Paper for office and for commercial use [kg] - Last 3 years trend



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. In addition to these, fugitive emissions of hydro chlorofluorocarbons, hydro fluorocarbons (HCFCs and HFCs) and other gases from air conditioning and fire prevention systems are also considered and converted into kg of CO₂ equivalent (see table Emissions of ozone depleting gases in this section). For atmospheric emissions as well, use is made of the GHG Protocol approach, distinguishing between direct or Scope 1 emissions (use of fossil fuels for transport, heating, power generation and fugitive ozone depleting emissions), indirect or Scope 2 emissions (purchase of electricity for industrial and civil use) and other indirect or Scope 3 emissions. Nitrogen oxides (NO_x) and sulphur oxides (SO_x) emissions [GRI 305-7] are negligible in Group emissions. [GRI 103-3: Management Approach] [GRI 305] The following table shows Scope 1 and Scope 2 market based emissions.

		Group	Domestic	Brazil
CO ₂ emissions from transport*	kg	33,959,890	97%	3%
CO ₂ emissions from heating*	kg	9,851,888	100%	0%
Emissions of CO ₂ equivalents for ozone depleting gases**	kg	11,816,301	36%	64%
CO ₂ emissions from electricity generation by cogeneration*	kg	73,229,289	100%	0%
CO ₂ emissions from electricity generation using diesel*	kg	1,792,763	49 %	51%
Total CO₂ direct emissions – ex Scope1 GRI**	kg	130,650,131	93 %	7%
2020 v. 2019		(15)%	(17)%	5 %
2020 v. 2018		(21)%	(16)%	(56)%
CO ₂ emissions from purchases of electricity generated from mixed source***	kg	495,622,685	95 %	5 %
Total CO₂ indirect emissions– ex Scope2 - market based	kg	495,622,685	95 %	5 %
2020 v. 2019		(23)%	(24)%	(6)%
2020 v. 2018		(28)%	(27)%	(44)%
Total CO₂ direct and indirect emissions – ex Scope1 + 2 - market based	kg	626,272,816	95 %	5 %
2020 v. 2019		(21)%	(22)%	(2)%
2020 v. 2018		(26)%	(25)%	(48)%

* The emission factors used in 2020 are the ones published by ISPRA (Istituto Superiore per la Protezione e la Ricerca Ambientale) in 2019, possibly supplemented with DEFRA (Department for Environment, Food and Rural Affairs) data.

** The value of CO₂ equivalent emissions of hydrochlorofluorocarbons (HCFC), hydrofluorocarbons (HFC) and other refrigerant gases is calculated with reference to the respective global warming potentials (GWP - Global Warming Potential) shown in the specific table. 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.

***A residual mix value of 483 grams of CO₂ per kWh (AIB, 2018) was used in 2020 and 2019 to calculate emissions linked to the consumption of electricity from mixed sources purchased on the Italian market (Scope 2 - market based). For 2018 and previous years, the coefficient published by WRI/GHG Protocol (2009) calculated based on the national mix was used. Greece and Turkey consolidate within the EU Domestic perimeter; for Turkey the Terna 2019 coefficient (455 gCO₂/kWh) was used; for Greece the AIB 2019 coefficient (577.44 gCO₂/kWh). For Brazil, the average grid factors for 2018, 2019 and 2020 calculated and published by the local Ministry of Science, Technology, Innovation and Communication were used. They amounted to approximately 92.7, 75 and 61.7 grams of CO₂/kWh respectively.

The three-year performance of direct and indirect emissions shows a positive trend thanks to policies for limiting consumption, energy efficiency plans and the Group's continuous investment in energy from renewable sources.



Emissioni location based

Scope 2 Location Based emissions are calculated for the companies that consolidate within the BU Domestic perimeter using the atmospheric emission factors of greenhouse gases in the electricity sector of the 2018 ISPRA report (296.5 gCO₂ / kWh) for Italy, 2019 Terna coefficients for Greece and Turkey (respectively 475 and 455 gCO₂ / kWh); for Brazil, the average factor of the Ministry of Science, Technology, Innovation and Communication was used, equal to 61.7 grams of CO₂ / kWh.

Scope 2- Location Based		2020	2019	2018	2020/2019	2020/2018
BU Domestic	kg	427,057,791	524,571,439	543,606,151	(19)%	(21)%
BU Brazil	kg	31,785,689	35,058,014	52,379,789	(9)%	(39)%
Total Group	kg	458,843,480	559,629,453	595,985,941	(18)%	(23)%

Ozone depleting gases emissions 2020 - Domestic BU

Gases	Dispersed quantity [kg]	ODP	CFC 11 eq. [t]	GWP (100 yrs)	CO ₂ emissions [kgCO ₂ e]	Type
R134A	116.10	0.00	0.0000	1,430.00	166,023.00	HFC
R407C	1,073.97	0.00	0.0000	1,774.00	1,905,223.00	HFC
R410A	334.72	0.00	0.0000	2,088.00	698,895.00	HFC
R417A	476.30	0.00	0.0000	2,346.00	1,117,400.00	HFC
R422D	104.00	0.00	0.0000	2,729.00	283,816.00	HFC
R427A	1.30	0.00	0.0000	675.00	878.00	HFC
R22	14.30	0.06	0.0053	1,810.00	25,883.00	HCFC
Totale HFC	2,106.39		0.0000		4,172,234.00	
Totale HCFC	14.30		0.0053		25,883.00	
Totale altri gas	0		0		0	
Total	2,121		0.0053		4,198,117	

Ozone depleting gases emissions 2020 - BU Brazil

Gases	Dispersed quantity [kg]	ODP	CFC 11 eq. [t]	GWP (100 yrs)	CO2 emissions [kgCO2e]	Type
HCFC-22/R22	1,685.30	55.00	0.0927	1.81	3,050,338.70	HCFC
HFC-134a	522.50	0.00	0.0000	1.43	747,117.80	HFC
R407C	671.50	0.00	0.0000	1.77	1,191,241.00	HFC
R410A	304.60	0.00	0.0000	2.09	635,900.40	HFC
HCFC-141b	355.90	0.11	0.0392	725.00	258,005.80	HCFC
HFC-227ea	539.00	0.00	0.0000	3.22	1,735,580.00	HFC
Totale HFC	2,037.50		0.0000		4,309,839.20	
Totale HCFC	2,041.10		0.1318		3,308,344.50	
Totale altri gas	0		0		0	
Total	4,079		0.13		7,618,184	

[GRI 103-3: Management Approach] [GRI 305] The table shows some categories of Group's Scope 3 emissions¹ which are affected by the use of agile work in extended form in the context of the Covid-19 pandemic.

		Group	Domestic	Brazil
CO ₂ emissions from work-home commuting*	kg	7,363,790	86%	14%
CO ₂ emissions from business travels	kg	1,026,908	50%	50%
Total indirect emissions of CO ₂ – under Scope 3 GRI	kg	8,390,698	81 %	19%
2020 v. 2019		(86)%	(99%)	(79%)
2020 v. 2018		(87)%	(99%)	(78%)

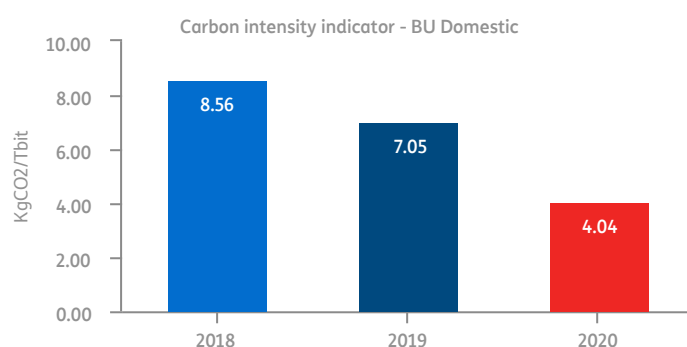
* In determining the impact of home-work commuting, reference is made to statistical data produced on the company's personnel.

** Emissions due to air travel were calculated by the study and research center 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).

[GRI 305-4] TIM also measures the “Carbon Intensity” of its Domestic BU by using an indicator that establishes a relationship between the company's direct and indirect operational CO₂ emissions (Scope 1 and Scope 2, measured in kg and generated by Company's activities), with the service offered to the customers (Tbits transmitted).

The factors taken into consideration 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 together with indirect emissions due to purchase and consumption of electrical energy from grid.

¹ Greece and Turkey are excluded from the Sparkle count. Only car and motorcycle journeys by employees who do not own company cars were considered. Travels on public transports are excluded.



In 2020 the value of the indicator fell by more than 42% compared to 2019 and by more than 52% compared to 2018. The increase in traffic combined with policies to contain consumption already in place at TIM are two factors that in 2020 were further strengthened by the Covid-19 pandemic.

Data used in the calculation of the indicator relate only to the Italian companies of the Group, i.e. that are excluded from the scope of Domestic, Sparkle Greece and Turkey.

Waste

[GRI 306-2] The data shown in the table refer to the quantity of waste delivered¹ and recorded by law².

		Group	Domestic	Brazil
Hazardous waste	kg	2,096,759	77%	23%
Non-hazardous waste	kg	7,910,807	81%	19%
Total waste consigned*	kg	10,007,567	80%	20%
2020 v. 2019		14 %	3%	93%
2020 v. 2018		(27)%	(37%)	> 100%
Waste sent for recycling or recovery	kg	9,778,423	80%	20%
% Waste sent for recycling or recovery		98 %	98%	96%

* 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 and Land Protection, the Ministry of Production Activities and the production and recovery companies, subject to the favorable opinion of the conference of State-Regions-Autonomous Provinces. In 2020, TIM decommissioned 169,750 poles weighing a total of 13,580 tons.

The data relating to waste shows a variable trend over time in relation to quantity and type of waste. The most significant figure is that of the ratio of waste produced and that sent for recycling/recovery, which remains at a high level. ICT can accelerate the obsolescence of products and require the resulting technological waste to be managed. TIM has entered into contracts with companies specialized 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.

[SASB TC-TL-240a.1] In 2020 the various management activities allowed logistics and network products (31,310 pieces) to be refurbished, while a total 587,177 kg of components and raw materials of logistics products, almost exclusively from fixed telephony, was sent for recovery. In 2020, TIM re-sold a total of 15,582 used mobile telephony items.

¹ The term "consigned waste" describes waste delivered to the haulier for transport to the recycling and recovery or disposal facility.

² 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, ascertained waste production for 2019 was lower (-1.05%) than stated in the last Report. However, this increase was not taken into account in the 2020 on 2019 comparison of waste produced.

2020 Results and 2021-2023 Targets

BU Domestic

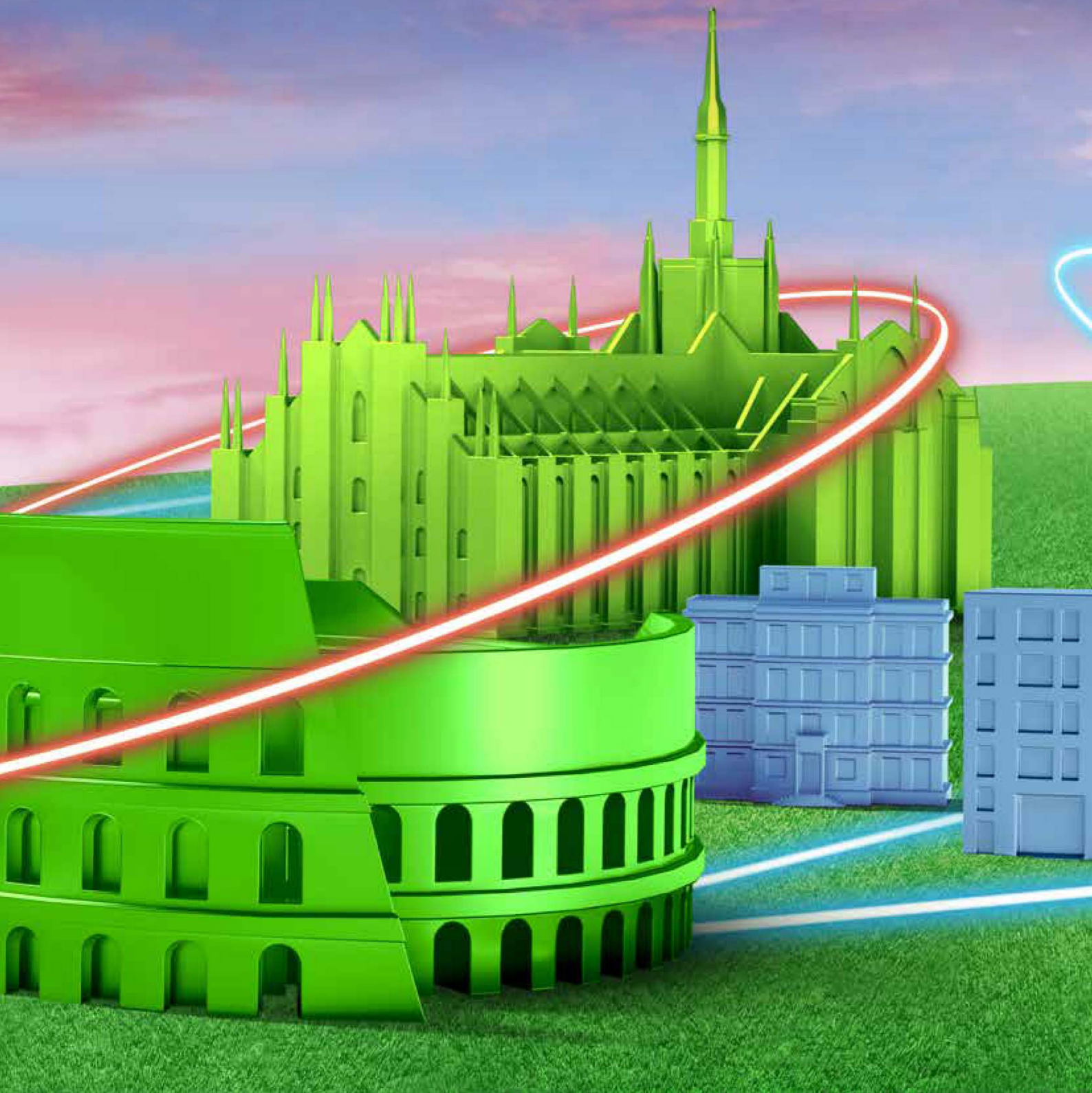
Area of reference	Indicator	Unit of measurement	2020 figure	Target 2020	Status Target	Target 2021	Target 2022	Target 2023
THE ENVIRONMENT RENEWABLES	Percentage of renewable energy out of total energy purchased and produced	%	26	26	●	31	36	41
THE ENVIRONMENT ECO-EFFICIENCY	Eco-efficiency indicator	bit/joule	20,648	14,200	●	23,000	27,000	33,000
THE ENVIRONMENT ATMOSPHERIC EMISSIONS	Reduction of CO2 emissions from procured electricity (base year 2019)**	%	24	11	●	24	33	40
THE ENVIRONMENT ELECTRICITY	Produced and procured electricity consumption (base year 2019)	%	-12	-4	●	-10	-1	+14

The 2021-2023 targets represent percentage reductions with respect to 2019 figures.

TIM Brasil

Area of reference	Indicator	Unit of measurement	2020 figure	Target 2021
THE ENVIRONMENT WATER	Reduction of water consumption for civil use	%	38	1
THE ENVIRONMENT WASTE	Collection of mobile phones, batteries and other accessories to be sent for recycling	Tons	0	1,5
THE ENVIRONMENT WASTE	Ratio between recycled waste and the total waste generated in the offices	%	24	13

Social



Research and Development

In Italy

[GRI 103-1: Management Approach] [GRI 203] The research and development of innovative technologies and services, processes and business models is a key factor for keeping on top of the profound transformations of ICT, as well as being a necessary asset and driving force with regard to customers and the country-specific system, helping to overcome the socio-cultural barriers that limit the possibilities of participating in the information society and enjoying the benefits that come with it.

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

In 2020, TIM continued to strengthen an innovation model that leveraged the concept of 'ecosystem', which is essential for fueling a virtuous cycle for scouting, incubation and innovative initiative planning. On the one hand, this has manifested through laboratories used as multi-site centers virtually opened and connected within a unique digital environment in order to support open innovation, and, on the other hand, through the collaboration with a number of prestigious universities, thus creating synergy aimed at the digital transformation of society and which sees TIM as a partner of reference in Italy.

This being the case, the Group has pursued several avenues of development:

- continuing the efforts to strengthen internal lines of innovation, focusing the activities of its laboratories and research groups on the fundamental aspects of the evolution of fixed and mobile networks to 5G¹ standards and ultrabroadband, based on service platforms and new operations systems;
- selecting, accelerating and co-creating innovative ideas, products and services from the world of startup² and small and medium-sized enterprises (SMEs), aligned with emerging innovative trends and those of interest to TIM, with a view to improving the commercial offering and internal processes and encouraging the growth of the Italian start-up ecosystem through the corporate accelerator. TIM WCAP (working capital) leverages the principles of 'Open Innovation' and the five territorial hub³ (Milan, Bologna, Rome, Naples and Catania) in order to promote a certain contamination that not only concerns the world of start-ups but also extends to global ICT partners (such as CISCO) and the main Italian universities (such as Federico II in Naples, where the Naples hub has been created);
- catalyzing the capacity for innovation on the part of start-ups through TIM WCAP's acceleration program and venture capital investments on the part of TIM Ventures - TIM's corporate venture capital⁴. In 2020 in particular, TIM created the 'Smart Spaces Hackathon', a marathon initiative to design new smart spaces created in collaboration with Google Cloud and Codemotion.

[GRI 103-2: Management Approach] [GRI 203] Innovation management is overseen, with various missions, by the Technology Architectures & Innovation and engineering functions and involves different internal and external stakeholders:

- other areas of the company that might be involved in these issues from time to time, both as internal clients with regard to the innovation output solution and as centers of expertise with regard to the issue in question;
- partners, both traditional and digital, in the go2market⁵ digital services initiative;
- research centers and universities, for the purposes of collaborations and joint projects. [GRI 203-1] In 2020, a number of research contracts were signed with eight Italian universities amounting to a total value of 1.2 million euros;
- on an international level, a wide range of standardization bodies, associations (the most notable of which include the GSMA and the NGMN), alliances and telco open communities, which play a key role in the evolution of the TLC industry/sector with regard to networks, platforms and services, in which TIM is involved through partnerships with the main stakeholders in the sector. In 2020, despite the international crisis caused by the pandemic, TIM confirmed its interest in joining the main standardization bodies and associations with 30 registrations, representing a total commitment of around one million euros. TIM has confirmed its interest in interacting not only with the associations strictly linked to the world of telecommunications but also in integrating with other industrial segments, such as automotive and industry 4.0. Participation in the international entities has allowed TIM to increase its intellectual property, both in terms of acquiring know-how and through direct contribution, aimed at promoting its industrial strategy and intellectual property (with the approval of solutions based on TIM patents in standards).

¹ Acronym for fifth generation mobile technology and standards.

² New companies characterized by a high degree of innovation

³ Center of an activity, region or network.

⁴ TIM Ventures is the company belonging to the TIM Group that invests in corporate venture capital.

⁵ The strategy of an organization that uses both internal and external resources (e.g. sales force) can be defined with a view to making its unique value proposition available to customers and gaining a competitive advantage.

- on a national level, numerous collaborations are in place with various Ministries, the European Union, and Public bodies (such as the National Research Board and local administrations) to pursue projects financed through the participation in tenders and partnership initiatives. Under this scope, 2020 saw a continuation of the collaboration that had begun in 2019 with Competence Industry Manufacturing 4.0, aimed at fostering the transfer of technological competences and innovation in production processes, products and business models.

TIM's technological evolution is based on the TIM Technological Plan, part of the Business Plan; specifically, the Technological Plan identifies technology strategy in terms of guidelines, specific technologies and roadmaps to adopt in the long term. The three-year technological plan is the reference policy for the Group and includes also the technological evolution plans of subsidiaries. The qualitative and/or quantitative goals have been given an annual framework. They are defined so that they can be objectively measured in compliance with quality standards (ISO 9001) and environmental standards (ISO 14001), and operational innovation processes; in the same way as TIM processes, in general, are based on Telemanagement Forum's reference standard E-Tom⁶.

[GRI 203-1] In 2020 TIM committed a total of around 1,300 employees to working on technological innovation and engineering activities in 2019, representing an overall investment of 1,070 million euros, for the S.p.A.

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

O-RAN and Edge Computing are considered key to allowing 5G to express its technological and business potential. Open Radio Access Network (O-RAN) is a concept based on the interoperability and standardization of the elements of the 4G and 5G radio access network, including a unified interconnection standard for open source software elements and hardware of various suppliers. Edge Computing shifts the processing of traffic and services from a centralized cloud to the end of the network and closer to the customer, thereby enabling the maximum exploitation of high speed and low latency in the network.

2020 set the stage for various 5G initiatives pursued by TIM, namely:

- during the last stage of the Giro d'Italia in Milan, visitors could follow the time-trial race through 5G smartphones in multi-streaming mode, while enjoying on-demand 4K, 360-degree videos live;
- trials began to improve the quality of vine-growing. Using 5G technologies integrated with other innovative tools such as drones, sensors, artificial intelligence, big data and blockchain, the testing made it possible to collect data on weather conditions, soil characteristics and crop health;
- the first connection in Europe capable of permanently exceeding a downlink speed of 4 Gbps on a 5G live network, with 26 Gigahertz (GHz) millimeter-wave (mmWave) frequencies acquired in the Italian Ministry of Economic Development's 5G auction;
- continuing on with the first trial started in Turin in recent years, the 5G revolution started out from Venice, to develop the smart cities of the future: a "director's cabin" at the service of the municipal authority, citizens and visitors, which can improve the city's mobility and safety. The initiative offers a virtuous example of public-private collaboration; with the contribution of Olivetti, the Group's digital farm for IoT solutions, TIM has expanded and enriched the Smart Control Room project functions for the city of Venice;
- together with the Metropolitan City of Genoa, the University of Genoa, Ericsson and Himarc, TIM was awarded the tender run by the Ministry for Economic Development for the supply of 5G smart roads solutions in various areas of the Metropolitan City of Genoa. The project will launch trials based on 5G technology to monitor traffic and road safety infrastructure.

All the 5G technology development activities are always accompanied by an articulated technical communication activity, which ranges from an editorial level to a promotional one, with scientific educational events and the organization of specific customer visits to the TIM innovation laboratories of Turin and Rome.

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

In 2020, the participatory research and development activities focused firmly on a model that can guarantee a vision of the ecosystem that pursues open innovation, also through collaboration with certain universities of excellence.

As stated, the financial commitment was approximately 1.2 million euros, for specific research activities, in particular:

- the multi-year collaboration between TIM and the Polytechnic University of Turin can optimize the subjects chosen for the projects in line with the strategic plan. The 23 research projects activated in 2020 focused

⁶ The Business Process Framework (eTOM) can be considered an operational model structure for telecommunications service providers; the model describes the required business processes, defines the key elements and the way in which they should interact. eTOM is a standard managed by the TM Forum - an association for service providers and their suppliers in the telecommunications and entertainment sectors.

on specific main topics such as Augmented Reality, Cyber Security, Customer Hyper Experience, Cloud Native & Edge Powered, Space Communication, Hype-Next Technology and 5G Intensive Services, without forgetting the consolidation and evolution of 5G towards the sixth generation mobile technology;

- research projects defined under the scope of the MED (Ministry of Economic Development) Bari Matera 5G project continued. The trial, which was concluded in June 2020, saw TIM collaborate with six academic bodies: the National Research Center, the Scuola Superiore Sant'Anna in Pisa, the Polytechnic of Bari, the University of Bari, the University of Basilicata and the University of Salento. In 2020, 8 research projects focused on 5G and the development of new use scenarios in the numerous application areas developed by the trial. One of the projects was dedicated to assessing the socio/economic impacts related to trialing 5G.
- collaboration resumed with the University of Catania, within the "Joint Open Lab (JoL)" of Catania framework, an instrument with which TIM works to accelerate the finalization and its market activities for development of 5G. In order to pursue these objectives, a convention was stipulated to collaborate in exploring and implementing architectural solutions and innovative services that exploit the benefits of 5G, with the aim of optimizing the know-how and assets obtained towards initiatives involving local players (e.g. municipalities) and national ones (participation in MED tenders). 4 projects in 2020 focused on the topics of Augmented Analytics, 5G Intensive Services and Cloud Native & Edge Powered technologies.
- collaboration continued with the State University of Milan, both with the tutoring of two research doctorates (PhDs) and by stipulating a three-year agreement, within which a research project began in 2019 to create a "family activity recognition" module, using data acquired by sensors to provide service and content suggestions to family members through the digital family assistant.

[\[GRI 103-3: Management Approach\]](#) [\[GRI 203\]](#) **Funded research activity**

TIM has always been active in innovative and research initiatives funded by the European Union and by national public administrations. This allowed it to take part in international projects on fundamental matters for TIM. Participation in these projects made it possible to obtain financing of approximately 16 million euros in the 2018-2020 three-year period. In this area, it was involved in activities carried out as part of funded projects concerning 5G, virtualization and intelligent mobility services, on one hand, furthering its own expertise, and on the other, gaining a prominent position in the international sphere, which is a precursor to the preliminary "Beyond 5G" activities, which will lead to the definition of a new generation of mobile systems.

[\[GRI 103-3: Management Approach\]](#) [\[GRI 203\]](#) **Patents and Intellectual Property Rights⁷**

In 2020, the Group's patent portfolio was consistent with that of previous years; in fact, there was a slight increase in assessment activities for patenting and new filings. In addition, the rationalization of the patent portfolio has led to some patents being abandoned which, with technological evolution, are no longer of any value. The Group's patent areas concern the entire ICT segment, with areas of excellence in the mobile segment, particularly concerning radio access, where TIM is one of the leading TLC operators worldwide.

In detail, the TIM patents portfolio, relative to approximately 550 patented inventions, at the end of 2020 comprised approximately 3,200 patent applications and patents, of which approximately 90% were patents (granted by 37 patents offices).

A significant aspect of patent activities refers to the high number of patents stemming from partnerships with Universities and research institutes: 12% of patented inventions are the result of these partnerships.

Participation in a patent pool⁸ on LTE (Long Term Evolution), with two patent inventions 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 28 license-holders) and granted several licenses to 55 companies.

In Brazil

[\[GRI 103-1: Management Approach\]](#) [\[GRI 203\]](#) [\[GRI 103-2: Management Approach\]](#) [\[GRI 203\]](#)

The Architecture & Innovation Technology⁹ department is responsible for Research and Development (R&D) activities of TIM S.A.; its main responsibilities are defining the technological innovation of the network and information technologies, determining the evolutionary needs for new technologies and devices, converging architectural guidelines and strategic partnerships, so as to exploit new business models and guarantee the evolution of the network infrastructure in line with the business strategy.

In 2020, the Architecture & Innovation Technology department was made up of 52 colleagues, including telecommunications, electrical and electronic, IT and other engineers with professional skills and experience,

⁷ Intellectual Property Rights.

⁸ It is a consortium of companies that agree to grant a single license for their patents, necessary for a given technology concerned by the standard.

⁹ Architecture and Innovation Technology, within the Chief Technology and Information Office (CTIO).

which cover all areas of network knowledge, meeting the need to innovative and supporting research and development activities.

TIM Lab is the multifunction environment focused on innovation, which also plays a strategic role in supporting credibility tests and trials, as well as proofs of concepts, collaborating with the main suppliers and technology partners through knowledge sharing, technological infrastructure for interoperability tests, staff assessment and the definition of technical requirements; in synergy with the R&D department, it facilitates innovation activities and promotes partnerships with universities and research institutes.

[GRI 103-3: Management Approach] [GRI 203] The TIM Lab Innovation Center in Barra da Tijuca, in the State of Rio de Janeiro, has a surface area of 650 m² and can also be used as an innovation space open to new opportunities, guiding innovation on the Brazilian telecommunications market and acting as national point of reference for R&S¹⁰.

To strengthen the validation capacity regarding new software, features, solutions, technologies, services and devices, in 2020-2022, TIM planned additional investments for over 10 million reais.

The Architecture & Innovation Technology Department continued to work on projects and initiatives for the evolution of the business of TIM, which can be grouped into the macro groups:

- next generation network;
- with positive impact on the environment and society;
- future Internet applications;
- Open Lab Initiatives.

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

The reassignment of the 1,800 MHz, 850 MHz and 2,100 MHz bands from 2G/3G to 4G, with a multilayer distribution configuration, gives TIM three important competitive advantages:

- a reduction in costs for the LTE implementation¹¹;
- the increase in the LTE coverage area and the enabling of the Carrier Aggregation strategy, improving the customer experience through a higher reach;
- the best 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.

In this scenario, over 99% of current LTE terminals are compatible with 1,800 MHz, 2,600 MHz bands and other available bands. Therefore, the implementation of the multilayer LTE is still an excellent strategy benefiting from the dissemination of devices.

The implementation of the 700 MHz LTE layer continued to significantly improve coverage expansion and indoor penetration, promoting the presence of LTE on a national level and consolidating TIM's leadership in LTE. 89% of the current user base of LTE devices of TIM S.A. is enabled for the 700 MHz band (December 2020).

At the end of December 2020, 3,294 cities had LTE coverage at 700 MHz, i.e. over 95% of the urban population; spectrum cleaning was completed in June 2019 in all Brazilian cities, in order to have a 700 MHz band. At the end of 2021, more than 3,700 cities are expected to be covered by TIM S.A. in the 700 MHz band, as per the 2020-2023 business plan.

[GRI 103-3: Management Approach] [GRI 203] Projects involving a reduction in energy consumption

The expansion of "RAN Sharing 4G", in partnership with other mobile operators in Brazil, aims to define the architectural requirements, technical assumptions and specifications for the "LTE RAN sharing¹²" solution, optimizing network resources and costs¹³. At present, this is the largest RAN sharing agreement in the world, and provides 4G services to main Brazilian cities.

¹⁰ TIM Lab of TIM S.A. also collaborates with TIMLab Italy, which has more than 50 years of experience.

¹¹ Long Term Evolution.

¹² Sharing the Radio Access Network.

¹³ The infrastructure costs are mainly associated with the introduction of new radiating systems and other electronic components, infrastructure of passive sites and transport networks; therefore, the sharing of resources supplied by LTE RAN means a significant optimization in costs for telecommunications operators.

The RAN sharing agreement allows TIM to promote the evolution of the spread of LTE in the Brazilian campaign, effectively sharing access and backhaul¹⁴. Currently, 4G RAN Sharing is based on three national partners, expanding the benefits and efficiency of this technical model. 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 impacts on the environment and company

Internet of Things (IoT) - It was back in 2018 that TIM launched the very first commercial NB-IoT¹⁵ network in South America, in order to develop innovative services, aware that the mass introduction of the IoT could change the mobile telephony market considerably, because it leverages the creation of services and – amongst others – is a potential tool for agricultural uses, the connection of cars, traceability solutions and social-health care. In 2020, access to the NB-IoT network was extended.

Agrobusiness - Since 2018, TIM together with Nokia and BR Digital has been focusing on the potential agrifood business in Brazil, offering connections in rural areas (not only for company applications, but also the digital inclusion of agrobusiness employees and residents in small towns). TIM strengthened its position in relation to vertical agriculture in 2020¹⁶, with the creation of the ConnectarAgro ecosystem (conectaragro.com.br) which brings together TIM, solution providers for the agro segment and telecommunication solution providers.

5G - The commercial launch was announced by TIM S.A.'s CEO in early 2020 during an on-line event attended by about 20,000 colleagues; the launch will involve three cities in Brazil: Bento Gonçalves (RS), Itajubá (MG) and Três Lagoas (MS).

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

In 2017, TIM S.A. took part in the Telecom Infra Project (TIP), an initiative set up by Facebook, SK Telecom, Deutsche Telekom, Nokia, Intel and other companies, with the aim of creating a new approach to constructing and implementing the telecommunications network infrastructure. TIM S.A. has transformed TIM Lab into the first TIP Community Lab in Latin America, for use by TIP members to create universal standards relating to solutions (initially for transport networks, the Open Optical Packet Transport work team) in order to overcome the challenges linked to the interoperability of the different providers.

In 2018, TIM S.A. also joined a new working group within the TIP, together with Vodafone and Telefonica, called DCSG (Disaggregated Cell Site Gateway¹⁷). This project is an opportunity to define a common set of operator requirements and coordinate with companies that manufacture devices, which have wider and more flexible capacities and are cheaper; in June this year, the main functions of the solution were demonstrated with the help of Facebook, core EDGE suppliers and TIP members.

In 2020, TIM and the TIP partners completed their validation of the TSS, an inexpensive, unrestricted 4G NodeB solution, powered by solar energy and connected by satellite to the core TIM network, to be used in remote zones with low population density. Throughout the year, TIM also adhered to the OpenRAN initiative with the OpenField project, to validate OpenRAN 4G and 5G solutions focused on the separation of hardware and software at a RAN level.

¹⁴ In the telecommunications sector, a back haul network (return loading) or return network is the portion of a hierarchical network that includes intermediate connections between the central network (or core or backbone), and small subnetworks at the "edges" of the hierarchical network.

¹⁵ Narrowband Internet of Things (NB-IoT) is a standard LPWAN (Low Power Wide Area Network) radio technology developed by the 3GPP for communication to a wide range of mobile devices and services.

¹⁶ Above ground crops in closed large system greenhouses, which are on several height levels, air-conditioned and automated. These systems are 75% more productive than traditional field agriculture and consume about 95% less water.

¹⁷ Based on an open, disaggregated architecture, the new DCSG is designed for the economic back haul of mobile site traffic in existing mobile networks and in emerging 5G infrastructure.

Digital inclusion

[GRI 103-1: Management Approach] [GRI 203] The TIM Group's strategy concentrates on spreading an inclusive digital culture that enables innovation and economic development in communities. In particular, it overcomes the geographical digital divide, including in rural areas, thanks to broadband and mobile network coverage for which the pandemic has given added urgency. The 2020 materiality analysis confirmed that boosting the development of an inclusive digital society and access to digital services are material themes. The Information & Communication Technology (ICT) sector offers potential to allow everyone to participate in the future's New Digital Normal, as well as solutions for a better future, saving time and natural resources.

Geographical digital inclusion

[GRI 103-2: Management Approach] [GRI 203] **The 5G technology¹**

At the end of 2018, the assignment of 5G frequencies in Italy, available until 2037, was completed.

This new technology goes beyond a simple evolution of 4G performance, aiming to create an entire innovative network and service platform capable of meeting the future demands of digital society.

Over the next few years, 5G will be the revolution that everyone can experience in their daily lives. Its field of application is much wider than the technology that came before, thanks to the current scenarios in which it will be used, which are characterized by:

- sensors available, at competitive costs, able to decipher physical information into digital, transforming the objects around us into digital data;
- the most widespread connectivity allowing any object to transfer and receive data at any time;
- artificial intelligence technology allowing sophisticated processing of large amounts of information.

Main applications will target:

- the automotive and transport sector:
 - the area of connectivity between vehicles and between vehicles and infrastructures, aimed at increasing safety, saving energy and reducing traffic;
 - infotainment connectivity², where large volumes of data can be transmitted on the move (e.g. GPS³, parking sensors, voice commands, guidance systems and assisted braking);
 - self driving and connected cars which - thanks to a system able to receive all the information about the surrounding environment - can be remotely controlled and driven;
- industry 4.0, namely:
 - digital transformation of the industrial world with the adoption of robots, three-dimensional printers (3D printing) and other complex tools;
 - the systematic addition of sensors to products, to produce data to improve production and processes;
 - the evolution of the supply chain to enable real-time management of relations with suppliers and end customers;
- the new media world, with changing use habits and new formats, including virtual and augmented reality solutions, which require new transmission capabilities;
- healthcare, with remote assistance, to enable specialists to assist patients with chronic diseases from afar;
- public safety, with mobile video surveillance solutions that integrate data and images with a much broader overview, guaranteeing higher levels of public safety than in the past;
- Smart Cities, ranging from control rooms for analyzing data collected from sensors spread across cities to improve mobility and safety, through to new environmental monitoring solutions using drones;
- Smart Agriculture, by collecting data on weather conditions, soil characteristics and plant health with sensors and drones, ensures increased and improved productivity, as well as higher product quality;
- assistance for tourists who can have information and multimedia content on their visits at their fingertips, thanks to sensors on their smartphones;

¹ Acronym for fifth generation mobile technology and standards.

² A word of Anglo-Saxon derivation that merges the words information (information) and entertainment (entertainment). Car infotainment is the set of multimedia functions at the service of a car.

³ Global Positioning System.

- the information sector which can ensure “live” connections with a better video quality without complex instruments, thanks to a greater bandwidth availability, combined with a reduced latency.

TIM's 5G is available with services for citizens and businesses in Rome, Turin, Florence and Naples with speeds of up to 2 Gigabits per second. In late 2020, the cities of Genoa, Brescia and Monza have been added; Milan is a “5G ready city” with 90% coverage. The next cities to be covered by the 5G service will be Bologna, Verona, Ferrara, Matera and Bari.

By 2021 coverage will comprise 120 cities, 200 tourist destinations, 245 industrial districts and 200 specific projects for large enterprises; the whole of Italy is to have 5G coverage by 2025. Many municipalities will be able to make use of 5G, including superfast connections through FWA (fixed wireless access).

TIM has launched commercial offers and signed partnerships with industry players to make the new 5G smartphones available to the market, along with dedicated offers for consumers and business customers.

Starting with the existing radio base stations, 5G system implementation involves the installation of equipment able to support a greater capacity and more efficient solutions than 4G systems. The overall consumption is kept under control through the modernization of 2G and 3G systems; for example, modernizing radio base station hardware, with the same configuration, can lead to a reduction of around 20% in the energy consumption of 2G-3G systems. Modernization operations are carried out as part of the development plan according to a specific strategy and are based on the use of new multistandard hardware and on the simplification and - primarily external - positioning of the hardware, reducing the cost of air conditioning of equipment rooms. In 2020, around 900 modernization operations were carried out on TIM radio base stations.

[\[GRI 103-2: Management Approach\]](#) [\[GRI 203-1\]](#) [\[GRI 203-2\]](#) **TIM's ultra-broadband network**

Starting from 2012, TIM has been developing its ultra-broadband network⁴, with the aim of bringing high speed connectivity services with fiber optics to most of the Italian territory and contribute to the economic growth of the country. TIM chose to implement two different NGAN network architectures for the supply of high speed services with fiber optics:

- FTTC (Fiber To The Cabinet) architecture. The fiber optic cables leave the exchange and go to the street cabinet, where an active device is installed (ONU) that transfers data traffic on twisted double copper cables to reach the modem/routers at the customer's site.
- FTTH (Fiber To The Home) architecture. The fiber optic cables leave the exchange and arrive directly inside apartments (through the so-called “vertical”). At the customer site, an active device is installed (ONT) that transfers data traffic from the fiber optics to the modem/routers. The FTTH network technology GPON⁵, can reach speeds of one gigabit per second and is developed in areas already covered by FTTC technology, so as to ensure to customers choice in terms of connection speed.

FiberCop

At the end of the year, the incorporation of FiberCop S.p.A. was finalized, which will offer passive secondary network access services in copper and fiber (from the splitter cabinet to customers' homes) to all market operators, in order to supplement fiber coverage plans in the country's black and grey areas and expedite the adoption of ultrabroadband services. FiberCop will be operational from Q1 2021; TIM will hold 58%, KKR Infrastructure 37.5% and Fastweb 4.5%.

⁴ Also known as NGAN, Next Access Generation Network.

⁵ Gigabit Passive Optical Network.

[GRI 103-2: Management Approach] [GRI 203] [GRI 203-1] [GRI 203-2] The principal objectives to increase Italian geographical digital inclusion, for 2021 and 2025, are shown in the following table.

Indicator	Unit of measurement	2021
Next Generation Plan coverage (fixed telephony) FTTX	%	87
Indicator	Unit of measurement	2025
National 5G coverage (mobile telephone)	%	100

Impact of the health emergency

To meet the enormous demand for connectivity from citizens and businesses, as the health crisis expedites Italy's digitalization process and brings in a sudden gear change in trends such as remote working and digital schooling, the Group has extended network coverage – thanks also to the government's legislative intervention and an agreement with Infratel – including in “white areas” with FTTC (Fiber To The Cabinet) architecture, reaching over 5,000 towns with new super-fast fixed broadband connections. With the 89% rise in average daily traffic compared to the pre-lockdown period, video communication – including remote working – saw an eight-fold increase, instant messaging rose four-fold, gaming traffic doubled, and streaming traffic rose 1.5-fold.

Thanks to the reinforcement work at all network levels carried out by the Group's engineers and technicians in a very short period of time, the internet connections' capacity has been increased by 2.6Tbps (+37%), while the national network has risen by over 4Tbps. There has also been no drop in the quality offered to UBB's customers in terms of download speed and latency. The mobile broadband network also responded very well to the exceptionally high demand brought about by the health crisis, accentuated by the fact that Italy has a very high proportion of mobile-only customers⁶.

[GRI 103-1: Management Approach] [GRI 203] A focus on innovation and investments in new infrastructure and technologies also characterizes TIM's action in Brazil. The development of fixed and mobile Ultrabroadband (UBB) networks on the one hand and 5G on the other have led to an unprecedented acceleration in the telecommunications sector. This is a phenomenon that is opening up new possibilities, and that is profoundly changing people's habits, as they become increasingly accustomed to living in a smart and connected world.

[GRI 103-2: Management Approach] [GRI 203] TIM has invested nearly 2.4 billion euros in Brazil over the last 3 years, with a focus mainly on new generation infrastructure construction and actively contributing to the modernization of the country.

[GRI 203-1] In order to improve the reach and accessibility of TIM S.A. mobile broadband, and as part of the technological evolution outlined in the most recent Industrial Plan presented to the financial community, 4G coverage is set to be extended (compared to the LTE⁷ 700 MHz bandwidth), with the expansion of VoLTE⁸, an increase in the number of bio-sites installed, and support for the launch of the fiber-optic network alongside the ultra-broadband plan.

[GRI 203-2] TIM S.A. supports the development of technological partnerships for initiatives focused on social and business applications. Through its open innovation program, the company invests in initiatives designed to promote the acquisition and exchange of knowledge with universities; the project with the Pontifical Catholic University of Rio de Janeiro (PUC) on blockchain is an example of this, as is that with Inatel⁹ for the development of a smart city program based on Nb-IoT technology. TIM S.A. is also working more closely with the Cubo Itaú innovation center to promote co-creation with startups, and has launched a partnership with the Open D'Or initiative for health research.

The company plays an active role in the development of the IoT ecosystem for rural, smart city and health solutions, and is taking part in four IoT pilot projects selected by BNDES¹⁰. In addition, the company is also a mentor in the Embrapa¹¹ initiative, for the Ideas 4milk program.

TIM S.A. is dedicated to finding solutions for flexible rural connectivity, and has developed a series of MVPs¹² with CPQD¹³ in rural and industrial areas to test Nb-IoT technology; it has formally received a national innovation award for these.

As a member of the Telecom Infra Project (TIP), which aims to develop innovative and sustainable solutions to expand telecommunications infrastructure worldwide, TIM has helped develop open telecommunications solutions such as OOPT (Open Optical Packet Transport), DCSG (Disaggregated Cell Site Gateway), OpenRAN (Open Radio Access Network) and more recently TSS (Total Site Solution) and Open Field Program for 5G, with

⁶ So-called “mobile only” customers, i.e. customers who use broadband and super-broadband services exclusively via the mobile network: almost 1 in 4.

⁷ Long Term Evolution.

⁸ VoLTE (Voice over LTE) is a technology that allows you to make voice calls on the LTE (4G) network

⁹ Instituto Nacional de Telecomunicações (National Institute of Telecommunications).

¹⁰ Banco di Sviluppo Economico e Sociale (Bank for Economic and Social Development), the leading development bank in Brazil.

¹¹ Empresa Brasileira de Pesquisa Agropecuária (Brazilian Agricultural Research Corporation), a Brazilian research corporation affiliated with the Brazilian Ministry of Agriculture.

¹² Most Valuable Player, i.e. the player who has achieved the best performance in a tournament or game.

¹³ Centro de Pesquisa e Desenvolvimento em Telecomunicações ((the Brazilian Research and Development Center in Telecommunications).

INATEL. The Network department – through TIM LAB – now hosts one of the world's seven TIP Community Labs which, after carrying out testing on the projects in which TIM was involved, has enabled those solutions to be developed at a faster pace.

The concept of Living Labs for 5G, which began in 2019, is expanding with the launch of 5G on the 4G spectrum with DSS (Dynamic Spectrum Sharing), in selected cities, such as Itajubá, where TIM has a partnership with UNIFEI to explore the possibilities of 5G solutions. Moreover, the Open Field Program launched in 2020 with TIP and INATEL, which will enable an OpenRAN and DCSG to be field tested for 5G.

[GRI 103-2: Management Approach] [GRI 203] [GRI 203-1] [GRI 203-2] The principal objectives to increase Italian geographical digital inclusion in TIM S.A. for 2021 are shown in the following table.

Brazil 2021 Targets –Geographic Digital Inclusion

Indicator	Final figures 2020	Target 2021
FTTH (millions of families)	3.2	>4

The target set by TIM S.A. in relation to 4G coverage is ~ 4,600 cities (97% of the urban population) by the end of 2021.

Digital inclusion in society

[GRI 103-2: Management Approach] [GRI 203] **Operazione Risorgimento Digitale**

It is a digital education program designed to promote social digital inclusion by supporting Italy's digitalization process, boosting the digital transformation already underway, and disseminating digital skills among Italian citizens through targeted initiatives. According to the Digital Economy and Society Index (DESI) 2020, Italy is still lagging behind in terms of digitalization compared to other European countries, dropping two spots on the rankings since 2019. Italy is also in last place in terms of human capital, at 16.8% below the EU average. The health crisis and digitalization figures highlight the importance of the country's digital transformation and call for increasingly effective solutions and concrete actions to boost human capital.

From the outset, the program engaged multiple stakeholders – from institutions and the third sector as well as large Italian and multinational companies – to create a grand alliance that serves the country by promoting digital outreach and training initiatives.

The initiative ties in with the "Manifesto della Repubblica Digitale" (Digital Republic Manifesto) backed by the government's Extraordinary Commissioner for the implementation of the Digital Agenda, and has gained the support of the European Commission and ANCI's Representation in Italy¹⁴.

After a 12-stop tour around Italy (suspended due to COVID-19), the program was launched in 2020 to support the country, in hospitals and prisons, with around 60 front-line charity initiatives (around 2,000 devices and 3,500 SIM cards were distributed to hospitals and prisons), together with assistance for schools in view of a swift and effective transition to distance learning (over 60,000 interventions). It also created the Maestri d'Italia (lit: Masters of Italy) initiative, with a schedule of 80 live events on digital skills and topical issues for various sections of society, achieving over 700,000 views. Starting in spring 2020, 18 Master Classes were held for professionals and entrepreneurs to learn how to use the Internet and its resources, so far engaging around 6,700 participants.

Operazione Risorgimento Digitale (Operation Digital Risorgimento) is currently implementing a new action plan thanks to an extensive project ecosystem: a multi-target, multi-platform program to offer different types of educational and informative content. This is aimed at different segments of society: citizens, businesses, Public Administration, with a diversified training offer. To ensure maximum dissemination of the program, it is mostly online, live or asynchronous, and the contents and initiatives are offered through various formats and digital platforms.

In late 2020, the "Scuola di Internet per tutti" (Internet School for All) initiative got under way with its first 60 classes. This was made possible thanks to the contribution of TIM's people, as teachers and tutors, who provided the benefit of their skills and passion. Another training course for "Consumatori digitali, consapevoli e sicuri" (Digital, aware and safe customers) was carried out in collaboration with Consumer Protection Associations, with webinars and free content aimed at citizens and consumers, reaching almost 1,000 participants. A new free course was also launched with WeSchool to help secondary school teachers adopt a new and effective teaching method for the schools of today and tomorrow. More information is available on the dedicated website: <https://operazionerisorgimentodigitale.it>

¹⁴ Associazione Nazionale Comuni Italiani (National Association of Italian Municipalities).

[GRI 103-2: Management Approach] [GRI 203] **AGCom resolutions¹⁵ and other**

TIM's commitments in Italy, in terms of **discounts and specific measures**, essentially concerned the following categories of customers:

- deaf, blind and partially sighted people. In compliance with the resolution of the Authority for Communications Guarantees (AGCom) No. 46/2017/CONS, TIM has given both internet and landline concession offers to these customers¹⁶. These concessions never expire and once activated do not require any request for renewal, and are also reserved for the nuclear family in which the deaf, blind or partially sighted person lives (for further information regarding concessions, it is possible to contact TIM customer service 187 and 119). Assistance can also be provided for the deaf by contacting TIM customer service 187 and 119 with the Peditus app, available for Apple and Android, which uses voice recognition and speech synthesis technologies, transforming the voice of the operator into written text for the customer;
- people on low incomes who find themselves in a situation of “economic and social hardship”. TIM reserves such concessions - established by AGCom¹⁷ or by the Company on its own initiative¹⁸ - for customers with an ISEE¹⁹ family unit income not exceeding 8,112.23 €/year, for telephone use service in their primary residence (on the traditional RTG network²⁰). The concession is valid for the same duration as their ISEE certificate (15 January of the year following issue) and the request must be renewed annually;
- “social card” holders²¹. On its own initiative, TIM gives these customers a reduction on the telephone service subscription amount (14.69 euros/month including VAT). The benefit is valid for one year and is automatically renewed on 1 January of each year. In this case, these benefits cannot be combined with each other and the customer can request only one.

In addition, TIM guarantees to support customers residing in areas affected by natural disasters (seismic events, floods), ensuring business continuity both in the phase of emergency management and in the medium/long term, to protect their needs.

Following the COVID-19 emergency, TIM built on the measures indicated by AGCom aimed at ensuring the proper functioning of telecommunication services. AGCom has also asked all operators to make all possible efforts to contribute to the management of the state of emergency through the following actions:

- trying to guarantee an increase in the average bandwidth per customer on the fixed network of at least 30% in the shortest possible time, where technically possible;
- making every effort, in the absence of coverage with an NGA fixed network and at the request of the condominium or the legal person responsible for the office, to activate, without any increase in costs until June 30, 2020, every possible access solution;
- recommend to final consumers that they use mainly fixed-line access at home (including wi-fi) so as not to overload the mobile network.

With regard to network adjustments, as expected, TIM significantly increased the bandwidth capacity for both Big Internet and on the national nodes, improved mobile coverage and is increasing coverage of the UBB fixed network. With regard to the commercial offer to alternative operators, TIM provided price reductions for the Ethernet bandwidth on the copper and fiber network.

Finally, to counter the spread of COVID-19, TIM has defined an operating procedure for safely carrying out technical network works.

In the meantime, TIM also implemented a series of voluntary initiatives to benefit its customers. In particular, TIM offered free voice calls, free gigabytes and many other voluntary initiatives to support smart working and distance learning. Considering the persistence of the current state of emergency deriving from the global attempt to contain the COVID-19 pandemic, TIM has asked the Italian Authorities to assess, in compliance with the provisions of Art. 82 of the “Cura Italia” decree and in accordance with the guidelines set out in Resolution No. 131/20/CONS, an initiative that provides for the enabling of ADSL, at no cost to the user, for access lines on

¹⁵ Autorità per le Garanzie nelle Comunicazioni (National Telecoms Regulator).

¹⁶ [GRI 103-2: Management Approach] [GRI 203] In accordance with the aforementioned resolution, for:

- fixed telephony, for the benefit of deaf customers, is exempt from the telephone service subscription fee (Voice Offer), with 180 free monthly hours of internet (broadband ADSL connections) on the offer “by usage” already active on the line (the benefit was only available to customers who had activated a by usage offer before January 14, 2018). There is also a discount of 50% on the subscription to an additional internet offer or a discount of 50% on the subscription to voice+internet offers, as specified for blind and partially sighted customers (different offers in the TIM SMART HOME and FIBRE range);
- mobile telephony the TIM concessions guarantee a 20 Gb volume of data traffic and the sending of SMS Unlimited for deaf customers (TIM Easy SMS+GB), while, for blind and partially sighted customers, an offer consisting of unlimited minutes of voice traffic and a volume of data traffic of 10 Gb (TIM Easy VOICE+GB). These dedicated offers are on the tim.it websites: tim.it/agevolazioni-per-non-vedenti-e-non-udenti/offerte-fisso; tim.it/agevolazioni-per-non-vedenti-e-non-udenti/offerte-mobile.

¹⁷ AGCom Resolution No. 258/18/CONS (already approved by AGCom 314/00/CONS and 330/01/CONS) provides for a 50% reduction of the subscription amount for the voice offer (9.44 euros/month VAT included) and a total of 30 minutes of free calls per month to national landlines and mobile phones. Once the free minutes limit has been exceeded, national calls to landlines and mobile phones are charged at the expected by usage prices for the voice offer (10 cents/min including VAT, without a connection fee).

¹⁸ Customers holding social cards, in compliance with the Ministry of the Economy and Finance Decree of September 16, 2008.

¹⁹ Indicator of the Equivalent Economic Situation.

²⁰ General Telephone Network.

²¹ Customers holding social cards, in compliance with the Ministry of the Economy and Finance Decree of September 16, 2008.

which TIM's "Voice" offer is active. Following consultation with the market and consumer protection associations using the "Telco and Consumers" table, by means of Resolution no. 384/20/CONS AGCom approved TIM's initiative, albeit subject to compliance with a number of precautions and clarifications regarding both transparency vis-à-vis the end user and competitive aspects.

At the end of 2020, the "Voucher" offer was prepared for customers: this offer is reserved to families living in municipalities that are included in the Voucher Plan (public contribution of 500 euros), with an ISEE income of 20,000 euros and who do not have an active internet connection service with minimum speeds of 30 Mbit/s.

The "Voucher" offer provides for the following contribution:

- 200 euros to activate an internet connection with minimum speeds of 30 Mbit/s;
- 300 euros if a tablet or PC is purchased at the same time.

[GRI 103-2: Management Approach] [GRI 203] [GRI 203-2] In Brazil, TIM S.A. has continued to promote commercial offers to encourage the spread of the mobile web, particularly among the poorer classes. These are offers with reduced rates, which are able to promote broader socio-cultural digital inclusion, such as TIM FIXO POS PAGO RURAL and TIM LIVE INTERNET (offer promoted in rural areas of the states of Rio de Janeiro, Espírito Santo, Paraná and Santa Catarina).

Furthermore, the Data Connections project - required by ANATEL of operators who purchased the frequencies detailed in the Bidding On Notes No. 004/2012 (e.g. Claro, Oi, TIM and Vivo) - guarantees cover of rural areas of Brazil, including public schools, in accordance with the division between operators. TIM guarantees this service in the states of Rio de Janeiro, Espírito Santo, Paraná and Santa Catarina (from January 2018 data download at 1 mbps and upload at 256 kbps). In April 2019, TIM S.A. received a new list of 4,455 public schools, which is its current commitment.

In December 2020, the project was 86% complete. Further information is available at the link: <https://antigo.anatel.gov.br/setorregulado/index.php/component/content/article?id=145><https://antigo.anatel.gov.br/setorregulado/index.php/component/content/article?id=145>

Human capital

Commitment to our people

[GRI 103-1: Management Approach] [GRI 401] The development of the Company's human capital and the management of employment contracts are confirmed again in 2020 as significant issues in the materiality analysis and included as objectives in TIM's Sustainability Plan, submitted in March 2020, which envisages the following objectives for 2022:

- **Engagement Survey:** improving the assessment by 14 percentage points compared to the 2019 results. The 2022 result was largely already achieved in 2020, recording an increase of 16%, resulting in a new target with an expected growth of 19% by 2023¹.
- **Redevelopment:** modernization and digitalization of the work of 2,000 people; in the financial year 2020 the company benefited from the reskilling of 617 employees;
- **Reduction in the drop out rate of employees under the age of 30:** the churn target, of less than 15%, was confirmed in 2020 as less than 2%;

Moreover, goals related to the restructuring of buildings and the extension of agile working to the majority of employees were accelerated by the pandemic: the number of Italian employees working from home reached more than 40,000.

The results actually achieved in 2020, compared to the results expected over a greater time horizon, now represent another challenge for the three year period 2021-2023, with the aim to further enhance the Company's human capital.

The health emergency, which has changed the way people work and required action to be taken on several fronts to ensure that people's health and performance continue to be guaranteed, required the well-being of people within the Company and their sense of belonging to be strengthened, expanding and implementing remote work alongside an appropriate organization of work.

Digitally upgraded training courses, work reorganization and the need to increase the use of agile work have been fundamental for the overall well-being of people and therefore the Company.

The primary importance of recruitment and of ensuring a good work-life balance was confirmed; in this context, action was taken to keep interpersonal relationships strong despite the lack of proximity.

Certainty about the link between human capital and the achievement of business objectives led, among the main initiatives undertaken in 2019, to the completion of the Engagement Survey, the second edition of which was completed in the second half of 2020. Based on the results from last year, many actions were taken to ensure that the areas then identified as the weakest could be strengthened. Inclusion, people caring, training, job rotation, support for people, provision of tools to facilitate work performance played a central role in the "For TIM Citizens" program, the action plan that attempted to respond to the needs of the corporate population. The 2020 initiative was completed by over 30,000 employees, corresponding to 76% of the domestic workforce.

In line with the results recorded in 2019, 4 areas were also investigated this year:

- **Strategy:** questions related to confidence in the future, competitive market strategy, prospects and priorities for action. Added to this is the individual's perception of their activity, objectives and performance as part of a larger picture
- **Leadership:** questions about the effectiveness of management (top managers and managers/coordinators) in terms of their ability to define and implement the Strategic Plan, support people in achieving performance and development goals, listening to individuals' ideas, opinions and needs.
- **My work:** questions about the extent of engagement, in terms of both involvement and the willingness of the individual to go beyond expectations, and in terms of individual satisfaction with the work performed, focusing on the experience of work as a whole and considering the balance with private life².
- **Innovation:** gathering opinions on the flexibility of the workplace and its ability to translate external stimuli and mistakes into concrete actions, with the right level of individual responsibility and with an inclusive approach³.

In order to quantify the level of satisfaction among our people, in 2018 we were involved in validating an analysis model on the issues of inclusion with La Sapienza University. This clearly showed that people who feel included and who have greater inclusion skills have the highest levels of satisfaction and engagement.

¹ Compared to 2019.

² In 2020, two questions investigated the degree of satisfaction with the initiatives put in place to deal with the health emergency and satisfaction with the ways work was done remotely.

³ This category includes an investigation of women's careers and work experience and the perception of overcoming this phase.

Working on inclusion therefore means taking company performance into greater consideration. This evidence was also confirmed by the 2020 Engagement Survey, which revealed that inclusion is one of the main drivers for activating people's engagement.

The 2020 Engagement Survey showed that the average value of TIM people's satisfaction, on a scale of 1 to 5, was 4, while the percentage of fully satisfied employees (rating from 4 to 5) was 68%.

[GRI 103-2: Management Approach] [GRI 401] The Head of the Human Resources, Organization & Real Estate department is appointed by the Chief Executive Officer. The variable short-term remuneration policy (MBO) assigns the Head of Department objectives aligned with the strategy aimed towards Human Resources.

[GRI 103-2: Management Approach] [GRI 401] [GRI 402] [GRI 404] In Brazil, TIM Brasil continued with work aimed at maintaining the efficiency of its workforce, promoting a healthy, safe, productive and inclusive work environment for its employees.

It is important to stress the effort and commitment that TIM Brazil has put into managing the impact of the COVID-19 pandemic. Thanks in particular to the knowledge derived from TIM Italia's handling of the emergency, TIM Brazil reacted promptly to the spread of the pandemic in the country, pioneering the introduction of prevention and safety protocols and rules to protect employees, customers, suppliers and other stakeholders. The Company quickly adopted remote working methods for the entire workforce across the country, with no repercussions on its business, with the exception of retail outlet activities, which were gradually suspended and resumed in line with government guidelines.

The Company made successful use of remote working including for its call centre services.

As described in the next chapters of this document, the Company drove the change by maintaining a very careful approach to HR processes, essentially based on proactive listening to the needs of employees through frequent and regular surveys and the annual climate survey. The Company has redesigned all the training content to create complete digital versions and, thanks also to the opportunity offered by the spread of digital tools, TIM Brasil provided managers and employees with supporting content on a variety of topics, including remote working practices, well-being, mental health, health protocols, new ways of working and so on. The Company made existing benefits more flexible, as well as offering new ones, such as the Telemedicine Programme, working with one of the main hospitals in the country.

As regards trade union relations, TIM Brasil was the first TLC operator and one of the first companies in the country to sign an agreement on future employment contracts with the trade union organization, introducing regulations for this "new normal" scenario, especially regarding work-from-home practices.

Despite the impacts of the pandemic, in 2020 the Company continued to operate in a highly dynamic labor market and in a very competitive business environment, which led it to strengthen its focus on operational efficiency as well as investments in digital development and new capabilities to face the challenge posed by the Business Plan and by the sector in general.

As previously mentioned, throughout 2020, the Human Resources Department developed a method of frequent surveys to investigate specific issues. These included a survey on working from home (5,170 respondents) to assess their experience of remote working, considering aspects such as engagement, productivity, work flow, interaction with colleagues, leadership and others. Other surveys were also conducted. These included surveys on connectivity, Information Systems and Security as well as the constant measurement of eNPS⁴, measuring employee recommendations regarding our products, services and company.

In addition to the surveys, a structured internal communication plan was developed in order to concentrate and focus on all important communications to avoid the spread of casual communications related to the repercussions of the pandemic.

Furthermore, structured communication plans and a series of cascading activities focused on the business plan and strategic objectives were implemented on a quarterly basis to ensure that the strategic challenges and involvement of personnel were understood.

In addressing issues related to the efficiency and effectiveness of processes, the organizational structure of the Company has continued to evolve in order to support the strategy and achieve corporate objectives. For this reason, a structured process re-engineering project was confirmed, aimed at maintaining the focus on increasing the effectiveness of processes, by introducing, among other things, a hybrid version of the traditional "cascade" process approach and a more agile way of working in certain areas.

The Head of the Brazilian HR Department continues to report directly to the CEO of TIM Brasil.

⁴ employee Net Promoter Score

Concise figures¹

[GRI 102-7] A summary of the numbers relating to the Group people can be seen in the table below:

	31.12.2020	31.12.2019	Changes
Italy	42,667	45,261	-2,594
Abroad	9,666	9,932	-266
Total personnel on payroll	52,333	55,193	-2,860
Agency contract workers	14	5	9
Total personnel	52,347	55,198	-2,851

Excluding agency contract workers, the Group's headcount has decreased by 2,860 people compared to December 31, 2019. The increase in terminations is due to the leaving program established by TIM: details in the Appendix

The changes per BU are detailed in the following tables.

	Recruited	Departed	Changes
Domestic	1,921	4,501	-2,580
Brazil	1,203	1,483	-280
Other activities	2	2	—
Turnover	3,126	5,986	-2,860

Turnover: detail by BU	Recruited	Departed	Movement within Group +	Movement within Group -	Changes
Domestic	1,070	3,666	851	835	-2,580
Brazil	1,203	1,483	—	—	-280
Other activities	2	2	—	—	—
Total	2,275	5,151	851	835	-2,860

Terminations: detail by BU	Early retirement incentives*	Retirements	Dismissals	Voluntary resignations	Other causes
Domestic	3,356	17	26	161	106
Brazil	—	—	950	523	10
Other activities	—	—	—	1	1
Total	3,356	17	976	685	117

The total exits include 125 units from INWIT, after leaving the consolidation area in March 2020; the total acquisitions include 139 units from the Noovle Group, acquired in May 2020.

With regards to early retirement incentives, 96% concerns the Parent Company TIM S.p.A.

Please refer to the Appendix to the chapter for further details on disaggregated data and to the 'Employee benefits expenses' note in the Group's Consolidated Financial Statements for information on costs.

[GRI 102-8] TIM does not use self-employed workers to carry out its business activities, although it is possible that, on an occasional basis, some consultancy type activities may be entrusted to self-employed professionals.

The Group's activities do not vary seasonally, hence changes in the workforce are correctly shown by the annual trends.

For more information on the characteristics of Group personnel, please refer to the Appendix to this chapter, which, with respect to the requirements of the GRI Standard, gives these KPIs [GRI 102-8], [GRI 401-1], [GRI 401-3], [GRI 403-2], [GRI 404-1], [GRI 405-2].

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 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,

¹ Unless otherwise stated, the data shown in the tables contained in the chapter relates to all the Group companies.

their presence has gradually grown within companies, seeing them take on more important roles with higher salaries.

In particular, TIM's Bylaws will be amended to reflect the new allocation criteria established by Law No. 160/2019 for both the Board of Directors and the Board of Statutory Auditors, maintaining their applicability on an ongoing basis; it will not be necessary to change the composition of the corporate bodies that already reflect the new shareholding (6/15 on the Board of Directors and 2/5 on the Board of Statutory Auditors, respectively).

The current development model pays close attention to ensuring that individual growth paths, starting from the moment employees are hired, 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. Furthermore, since 2018, a new skill has been added to the skills model: "Diversity & Inclusion".¹ More details are available in the inclusion section of this chapter.

TIM Brazil continued its gender diversity work, one of the main pillars of its Diversity and Inclusion Plan. Gender equality is one of the main focuses of Diversity & Inclusion. Various initiatives were developed throughout 2020, as described in the following chapters. One of the main results achieved in 2020 was the inclusion of TIM Brasil in the TEVA index as the third company in country (listed on BOVESPA, the Brazilian stock exchanged) in terms of the number of women on the BoD.

[GRI 405-1] Members of the Board of Directors by age and gender in TIM S.p.A.	12/31/2020	12/31/2019	12/31/2018
Total number of members	15	15	15
Men < 30	—	—	—
Men 30-50	—	—	—
Men > 50	9	9	9
Women < 30	—	—	—
Women 30-50	—	—	2
Women > 50	6	6	4

[GRI 405-1] Members of the Board of Directors of TIM S.A. by age and gender	12/31/2020	12/31/2019	12/31/2018
Total number of members	16	15	16
Men < 30	—	—	—
Men 30-50	—	3	7
Men > 50	13	10	9
Women < 30	—	—	—
Women 30-50	2	1	—
Women > 50	1	1	—

At TIM Group, females in management positions account for 19% of the total management workforce. There are 9 women in first level management positions, accounting for 13% of first level positions (CEO² n-1), this figure increases to 21% for second level positions (CEO n-2); female managers who are not staff account for 17% of the total management workforce. In TIM, females in all management positions, including junior, middle and senior management account for 28% of the total management workforce.

Women's representation in Group Management Committees throughout the year is summarized in the following table

	n°	%
Men < 30	—	— %
Men 30-50	36	27 %
Men > 50	81	61 %
Women < 30	—	— %
Women 30-50	12	9 %
Women > 50	4	3 %

¹ For further information, refer to The skills model paragraph in this chapter.

² Group CEO and CEOs of established companies. There are 2 female first level managers at TIM S.p.A.

The following table shows the composition of the various professional categories.

[GRI 103-3: Management Approach] [GRI 405] [GRI 405-1] **Members of the Group's professional categories by gender and age³**

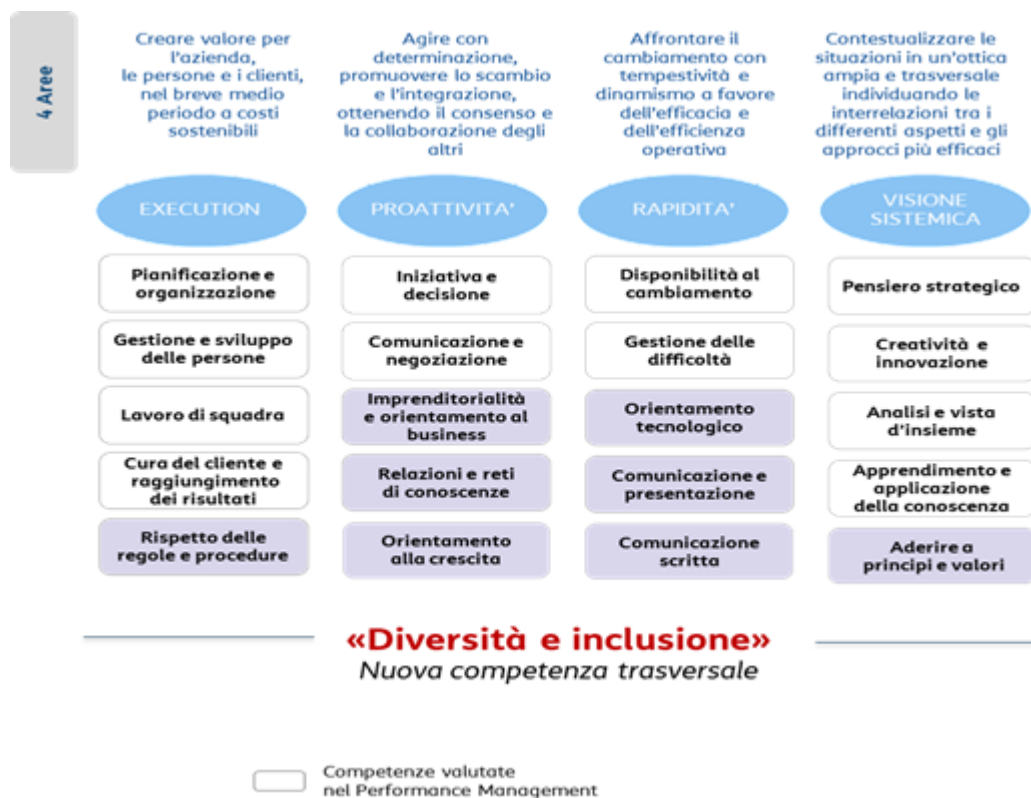
	2020				2019				2018			
	Senior Managers	Middle Managers	Office Staff	Total	Senior Managers	Middle Managers	Office Staff	Total	Senior Managers	Middle Managers	Office Staff	Total
Total	579	4,387	47,367	52,333	555	4,404	50,234	55,193	601	4,453	52,847	57,901
Men	81 %	70 %	61 %	62 %	82 %	71 %	62 %	63 %	83 %	72 %	63 %	64 %
Women	19 %	30 %	39 %	38 %	18 %	29 %	38 %	37 %	16 %	28 %	37 %	36 %
Up to 30 years	— %	— %	6 %	5 %	— %	— %	7 %	6 %	— %	— %	10 %	9 %
From 30 to 50	27 %	33 %	46 %	45 %	27 %	34 %	47 %	46 %	— %	13 %	26 %	25 %
Over 50	73 %	67 %	48 %	50 %	73 %	66 %	46 %	48 %	90 %	86 %	64 %	66 %

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 generational renewal through major new hiring campaigns. Since the end of 2019, the Group is hiring employees based on key data for the sector.

New skill and development

The skill model

[GRI 103-1: Management Approach] [GRI 103-2: Management Approach] [GRI 404] The Competence Model (see figure below) was a reference point for the various development processes:



³ In the years prior to 2019, age groups were reported: "Up to 32 years"; "From 33 to 45"; "over 45".

Below are the main development activities that defined 2020:

- Onboarding: [GRI 404-2] programs aimed at welcoming new recruits to the Company (junior staff, professionals and managers), to speed up their time to perform and promote engagement and loyalty. In 2020, around 450 professionals and around 30 managers were involved. Younger professionals with little work experience in complex organizations were assigned tutors, who were themselves involved in a training and networking path. The onboarding process involved webinars intended to expand knowledge about the different companies and encourage networking, training and information workshops on the issues of compliance, 5G, inclusion, services and TIM offers, plus knowledge sharing activities carried out with the support of tutors and senior colleagues and with the active participation of newly hired employees.
- Performance Management: the process involves the evaluation of the goals and responsibilities of the entire workforce and is divided into five phases (assignment of objectives, evaluation, mid-year review, evaluator's selection, feedback). With regard to the 2019 Performance Management process, which involved the Domestic Business Unit (around 39,000 people): [GRI 404-3] 92% of people were evaluated by their direct superior and 89% stated that they received feedback from their superior. The annual evaluations were completed by the end of 2020, allowing managers to give their feedback by March 2021. During 2021, several process and platform changes are expected to make the performance management process more effective, lean and engaging.
- Skill Assessment: is an online assessment tool, which makes it possible to focus on a picture of the population in terms of skills, knowledge and motivation, useful for the timely detection of training needs in support of organizational changes and changes in business skills. The projects carried out in 2020 related to topics surrounding 5G, with the involvement of over 3,000 colleagues from the Chief Technology & Innovation Office, Business and Multimedia departments, in addition to Sales (specialized and non-specialized operators), supporting the transformation processes launched in the Sparkle and Olivetti companies.
- Potential evaluation system: [GRI 404-2] is a process that contributes to the identification and enhancement of the Company's current and future managerial assets and which supports the people involved in their development path. During 2020, a refinement of the entire system was carried out. Among the activities carried out, priority was given to the Top Executive Assessments for about 30 important managers, aimed at establishing the succession tables for top positions.
- TIM professional system: The profound transformations in the company, the shift towards new development models and the evolution of economic balance require that the companies take on a strategic role. In this scenario, the range of professional roles and skills associated therewith are particularly dynamic. The challenge that TIM has welcomed, therefore, is to make the professional System coherent with the changes to the labor market, integrating it with new professions, describing the core skills and promoting the acquisition of newly-emerging skills.

On July 21, 2020, an agreement was concluded with the National Institute for Public Policy Analysis (INAPP) with the aim to identify the correlation between the company's current professional System and INAPP's Job Atlas.

Development activities and skills in Brazil

[GRI 404-2] [GRI 404-3] During 2020, in keeping with the Group's approach, the HR&O strategy, the model and the new skills needs, TIM Brasil implemented numerous programs and initiatives to support the development of people and skills and the involvement of employees.

- Onboarding: in keeping with the digital transformation processes that TIM Brasil started a few years ago, accelerated by the needs related to the pandemic, a new Onboarding program was developed to better involve and prepare new resources for work. The main innovations were the creation of a new brand, the inclusion of new objectives, the digitization of 100% of the content and a new governance model.
- Performance management: TIM Brasil completed its 2019 performance management cycle, which involved more than 5,100 employees in the evaluation of targets and skills, starting with the introduction of a personalized and differentiated approach based on the different grades of the participants. A new process has been designed for the 2020 cycle, which includes a new assessment of the Skills Model, new targets, and a new scope of questions and KPIs to be assessed.
- Successions Management: a new successions map was drawn to update the table of replacements for the most critical senior management and executive positions. An evaluation of Top Executives is currently under way by one of the most important consulting firms in the field of Leadership Advisory, to establish the degree of preparation, potential and development delay of some Executives selected for the process. TIM Brasil also continued to encourage the internal succession of managers, in accordance with its own recruitment policies and before turning to the external market to find candidates.
- Internal and external recruitment: in 2020 internal selection opportunities generated by TIM Brasil's recruitment policy, as an integral part of its HR practices, reached the target of filling 40% of all vacancies

through internal staff rotation positions (employees + managers). As regards external recruitment, following the impacts of the pandemic on staff flows, the Company temporarily “froze” the hiring process and then gradually resumed the selections, giving priority to the most critical unfilled positions. From September 2020, normal turnover flows were re-established and the recruitment process underwent a radical update with the introduction of a 100% remote approach. In keeping with the business plan and staffing plan, a significant effort was made to focus on the process of selecting new professionals (profiles such as Big Data, Cyber Security, Cloud, Mobile Advertising, etc.)

[GRI 404-3] Percentage of employees in the Group receiving periodic performance and professional development reviews.

	2020
Total	92.4%
Senior managers	66.6%
<i>of whom men</i>	66.5%
<i>of whom women</i>	67.0%
Middle Managers	96.0%
<i>of whom men</i>	95.9%
<i>of whom women</i>	96.1%
Office Staff	92.4%
<i>of whom men</i>	92.0%
<i>of whom women</i>	93.1%

No detailed information is available for 2019 and 2018: aggregated data for BU Domestic and BU Brazil are reported below.

	2019	2018
Domestic BU	97.9%	99.9%
Brazil BU	97.8%	98.0%

Training

[GRI 103-3: Management Approach] [GRI 404] [GRI 404-2] The transformation of the TLC industry towards digital company 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. Continuing with the work started in 2019, TIM Academy boosted the development of systems and paths to disseminate and share of knowledge, promote organizational learning and adapt the skills of TIM people to changes in business and technology.

With the training and professional retraining plan, TIM Academy has involved over 39,000 people in the 21 retraining and skills development courses needed to support the organizational transformation undertaken. The plan that started last August 2019, following the agreement signed with the trade unions and the Ministry of Labour, ended in 2020.

Each of the individual projects is aimed at gaining different and broader technical and professional skills than before. Each participant was given a certificate of training or an open badge.

In 2020, nearly 2 million hours of training was carried out at Group level, with an average of around 37 hours per head; the total investment was approx. 7 million euros for the year.

Training Program

One of the pillars of the People's Plan is a continuous training program to support the digitization process and update skills.

The main areas of activity are:

- Digital skills development
- Re-skilling and internalization
- Management education
- Language training
- Institutional and corporate culture
- Training plan for young staff

In keeping with the identified program definition drivers¹ the TIM Academy platform, which is always available with multi-device access, presents learning plans that are customized to the person and role, with an open training offer with guided self-learning courses on specialized skills and professions.

Digital skills development

The plan includes the digital warm-up called “Gigabyte Society”: 7 online webinars on topics such as agile approach, smart home, artificial intelligence, design thinking, with tuition provided by the Polytechnic of Milan - MIP.

Employees are awarded a grade 1 open badge for attending a minimum of 3 webinars and a grade 2 open badge for attending all 7 webinars.

Reskilling and Internalization

Following on from 2019, the #Together project is coming to completion in Wholesale Operations and Caring, aimed at adapting the role of around 10,000 colleagues, with a focus on strengthening new skills both in terms of technology/market/products/services and aptitudes required by market evolution.

Training projects were also developed and implemented to support the internalization of the following activities: On-field technician in Wholesale Operations and ICT Control Room and customer supervision in Chief Revenue Office and Network & Service Engineering and application testing and management in Chief Technology and Innovation Office.

Furthermore, following the mapping of 5G skills (Skill Assessment) in the departments and professional roles impacted by the new technology, in both the commercial and technical fields, specialist training plans were created for approximately 3,000 people in the Chief Technology and Innovation Office and Chief Revenue Office departments.

[GRI 404-1] The Group invested 7 million euros in training courses in 2020, equal to a cost of over 130 euros per capita. 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.

[GRI 404-2] Management education

The plan of action for the managerial target includes various educational, inspirational and immersive projects intended to enhance distinctive skills and affirm TIM's leadership and competitiveness in the digital age.

Some modules also supported managers during the health emergency.

- Rientro Sicuro (Safe returning to work) project - an information and training course on the effects of COVID-19 in the working environment;
- Adoption project - on remote collaborative working methods;
- Inspirational Webinars project - on issues related to the COVID-19 emergency to help understand the direction to take, both personally and organizationally;
- Feedback Flow project - 3 webinar sessions with the group coaching, training pills and virtual role plays method, to promote and develop the culture of feedback in work teams;
- LFactor project - remote leadership framework and practical tips to promote a contemporary style, a digital module that is supporting the people involved in gaining awareness of the meta-skills needed for the digital management of employees, performance and time;
- Ted Talks project, which will take place throughout 2021 with
 - 18 webinars of meetings for reflection, discussion and osmosis between experiences, on the main current issues relating to business management;
 - 5 webinars on inclusive leadership and on the role of management in Diversity & Inclusion;
- Sustainability project - two-hour specialist workshop to spread the culture of sustainability and promote eco-sustainable and profitable business strategies;
- Dream Team project - personalized initiatives for each organizational department, which includes team building and team coaching moments.

¹ Namely:

- re-qualification and the enhancement of professional skills;
- development of digital skills of the entire company population;
- evolution of managerial profiles.

The broader plan involving the entire management is supported by individual coaching, group coaching and individual paths.

Training plan for young staff

English@TIM: Online language training courses personalized based on existing knowledge, aimed at helping people learn English, with a view to the digital transformation. Over 3,000 people used the training content available in the TIM Academy.

Institutional and corporate culture

This training aims to support 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. Institutional and mandatory training for all personnel thus aims to raise awareness and spread knowledge on content from the Compliance (on topics related to the Market Abuse Regulation and ISO 37001 on Anti-corruption), Health, Safety & Environment, Regulatory and Equivalence departments in addition to the Privacy and ITS Compliance (for topics related to the GDPR² e MIMIP³ department).

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 carry out their duties in complete compliance with all current company procedures and policies in force. Security personnel do not perform crowd control duties nor escort people or valuables, which is instead a task institutionally assigned to the police force.

Training in Brazil

In Brazil, TIM SA's intention and commitment in 2020 were focused on supporting the evolution and transformation of the Company towards the Digital Telco Model. Throughout the year, specific attention was paid to the development of new capabilities and a strong effort was made to improve the alignment of skills in the operations departments. The approach was to consolidate and disseminate a digital and social learning plan and to develop specific combined programs for specific themes and audiences, as well as to accelerate the digitization of our educational activities, offering our employees the best distance learning initiatives given the "new normal". The main development and training programs and initiatives are listed below:

• For all employees

- **Main institutional and conformity issues:** all employees attended courses on key institutional and compliance issues, such as ethics, human rights, sustainability and environmental policies, safety, security and anti-corruption policies in alignment with Group guidelines and international and national laws.
- **Crossover training initiatives:**
 - **Digital Learning Journey:** We implemented a new training model in 2020 based on content digitization and flexible teaching. Employees were offered over 140 new courses that will help them develop new skills through distance learning. In addition to courses for the development of technical skills, there are also opportunities to develop emotional skills, with courses, among others, in mindfulness, emotional intelligence, communication, sustainability and productivity.
 - **Digital Learning Roadmap:** the new "Talent HUB Aprendizagem" online training platform includes individual and collective roadmaps for digital learning. Building on an understanding of the development gap analyses within the performance management system, the roadmap focuses on strategic issues such as digital mindset, new capabilities, innovation, accountability, customer experience, execution, collaborative networking, change management (with around 100 "change agents" being trained to spread digital transformation within TIM).
 - **TIM Talks:** TIM Brasil annual Training, Development and Communication program. This is a three-week program that offers internal staff content and events related to Innovation, Technology & Business, Sustainability and much more. This year, particularly because of the option to deliver the program as a fully digital version, the Company expanded the audience for the program, allowing external actors to take part as well.
 - **Multiplcando Idéias:** This is a big engagement initiative, confirmed and relaunched in 2020, which sees employees offering development training to other colleagues, thus acting as "multipliers" for specific business issues, procedures, tools and systems. This year we also introduced the concept of knowledge-

² GDPR: general regulation on data protection

³ minimum privacy and security measures

sharing by increasing the presence of Practice Communities to accelerate and democratize the dissemination of knowledge.

- **COVID-19 plan:** Support with adjusting to the “new normal” through digital content. During 2020, as a result of the COVID-19 pandemic, TIM Brasil arranged training initiatives dedicated to topics such as mental and emotional health, care, well-being and also made the Onboarding content available in digital format. Furthermore, all training initiatives have been adapted to the distance method. Leadership was involved through meetings and seminars to talk about day-to-day management, remote leadership and how to take care of professionals, raising awareness about the new form of remote working and ensuring employee productivity.

Vertical content: TIM Brazil has created personalized learning paths for the various Departments based on the different needs related to the activity. Examples include the paths created for the Safety and Technology Departments, consisting of a series of issues related to hard skills, i.e. to the technical skills of employees, and soft skills, i.e. behavioural ones.

Initiatives for the sales force: Evolution program (Consumer and Business): learning path for TIM stores, designed in an innovative way, based on the principle of a big game, which translated into greater involvement, new knowledge with a different "footprint", and greater value for the company. A unique, personalized and humanized experience. The innovation for 2020 is that we have transformed the entire path into an online experience.

For young people joining the Company: Young apprentices & interns program: TIM offered specific Onboarding and face-to-face and digital training activities to over 300 young people including apprentices and interns.

Group training figures

[GRI 404-1] The tables below show Group training hours by professional category and gender. The appendix contains a comparative focus for 2019 and 2018, along with a breakdown at TIM Group level of the most important training strands (environment, health and safety, human rights, anti-corruption, privacy, sustainability).

2020	Hours	Per capita hours	Coverage ⁴
Total	2,000,600	37.22	100%
Senior Managers	8,392	14.47	98%
of whom men	6,730	14.25	97%
of whom women	1,662	15.45	100%
Middle Managers	139,598	32.57	100%
of whom men	104,336	34.41	100%
of whom women	35,262	28.12	100%
Office Staff	1,852,610	37.90	100%
of whom men	1,075,638	35.71	100%
of whom women	776,972	41.41	100%

Remuneration policy

[GRI 102-37] The TIM Group's remuneration policy is intended to ensure the necessary levels of competitiveness of the company on the labor market and to support the achievement of objectives considered to be strategic by the Company. For 2020, the established guidelines take into account the remuneration policies implemented in the past, the remuneration tools already in use and the assessments expressed by analysts and investors at the shareholders' meeting of March 29, 2019.

The resulting remuneration architecture is intended to balance remuneration (fixed and variable) and enhance the benefit and welfare system, supported by other tools, such as the Employee Share Ownership Plan, with a view to pursuing sustainable results in the long term in line with TIM's risk management policy.

The components of individual remuneration are:

- fixed remuneration
- short-term variable remuneration
- long-term variable remuneration

⁴ Coverage refers to the percentage of participants compared to the total, i.e. the % of human resources who took part in at least one training session compared to the total number of human resources in each individual category. Coverage and per capita are calculated on the average number of staff in 2020.

■ benefit and welfare.

The **fixed component** takes into account the breadth and strategic nature of the position held and is dictated by performance in the reference markets.

Periodic comparisons of internal remunerations and external market remuneration practices allow the establishment of the remuneration strategy to be adopted; TIM's comparative remuneration market is Italian companies of comparable size and/or market capitalization, and international telecoms and media companies.

The need to ensure financially sustainable management of the business requires selectivity in the application of salary increases, which - in the same way as the previous year - will be granted to employees considered to be highly valuable and where there is misalignment with respect to the reference market.

In addition to changes to fixed remuneration, during salary reviews, other variable remuneration instruments (Lump Sum bonus) can be put in place - excluding Senior Management with Strategic Responsibilities - to reward outstanding performance or particularly good results during extraordinary initiatives not part of normal activities.

The **short-term variable remuneration (MBO)** 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 quantitative indicators that represent and are consistent with the strategic priorities and business plan, measured according to pre-established and objective criteria.

For 2020, the MBO system included a "gate" target consisting of the business indicator (Group EBITDA), a condition for accessing the bonus associated with all the incentivized targets, with minimum levels of access to bonuses based on the different levels of challenge placed on managers. One important innovation is the introduction of an ESG target, consisting of the Customer Satisfaction Index and Employee Engagement: two essential stakeholders for the Company, representing external customers and internal employees. On the one hand, therefore, in order to support the business and the 2020-2022 Strategic Plan, consistent with the need to favor a "customer-centric" approach, a Customer Satisfaction index was reintroduced, while on the other hand an objective was set that takes into account the engagement of employees in achieving the business objectives.

With regard to the remaining targets set in MBO, for direct reporting to the Chief Executive Officer, the focus is on the economic and financial objectives attributed to the Chief Executive Officer and a strategic departmental objective has been introduced; for the other managers, the most significant economic and financial objectives and specific departmental objectives, which are objectively measurable, are considered.

For those who report directly to Executive Directors, the bonus target values are set in continuity with 2019 and are up to 50% of the fixed component. For the remaining incentivized staff, the target values are set - based on the role complexity - at up to 30% of the fixed component.

With regard to the incentive system payout, the potential impact of the corrective payout reduction factor introduced in 2019 was increased for 2020 with the aim of increasing the attention and sensitivity of managers to the Company's internal control and risk management issues.

The accrued bonus is fully liquidated in cash form, at the time that the results achieved are confirmed¹. Again in 2020, executives were free to choose between having the bonus paid with their salary or paying the entire amount - or part of it - into their complementary pension fund.

Long-term variable remuneration is aimed at promoting consistency between the interests of management and those of shareholders, through sharing of the business risk.

The Shareholders' Meeting of April 23, 2020 approved the launch of the new equity based and rolling 2020-2022 LTI plan, which provides for three incentive cycles: each cycle has a three-year vesting period² and a two-year lock-up.

In order to strengthen management engagement and increase the Company's attraction and retention capacity, the plan is aimed at virtually double the number of recipients compared to 2018-2020 and provides for the assignment of a performance share component (70%) and an attraction/retention share component (30%), for all recipients, with the exception of the Chief Executive Officer, who is exclusively assigned performance shares.

The **performance share** component provides for the free assignment of ordinary shares in the Company with a vesting period subject to an access gate linked to the value of the share and to two equity and business performance conditions.

The **attraction/retention share** component provides for the free assignment of ordinary shares in the Company with a vesting period subject to continued employment with TIM or Group companies. .

¹ To provide accurate information on the relationship between Senior Management remuneration and that of the Company population [GRI 102-38], [GRI 102-39], in accordance with the "Policy for Information Classification and Management in terms of confidentiality", TIM provides some information, useful for the calculation, in the usual table form, in the Remuneration Report and in the Annual Financial Report.

² The vesting period is the period between the time when the plan is assigned and the time when performance shares mature, corresponding to the financial years 2020, 2021 and 2022 for the 1st incentive cycle.

A payout gain/loss mechanism is applied to both components, linked both to the growth in the % of renewable energy out of the total energy used and to the reduction in indirect CO₂ emissions.

For both the MBO system and long-term plans, a contractual claw-back³ mechanism is in force, which allows for retrieval of the variable remuneration paid out to Executive Directors and managers with strategic responsibilities starting from 2016. As defined in the policy, the claw-back clause can be triggered in the three years following payment of the sums.

Benefits and welfare constitute non-monetary elements of remuneration.

In particular:

- benefits are goods and services made available to beneficiaries, depending on their role, and are aimed at improving their well-being; these goods and services generate an economic value separate from both fixed salary and other forms of variable remuneration;
- welfare is the package of non-monetary services available to the entire corporate population regardless of role, aimed at increasing individual and family well-being of all employees.

During 2020, these services were further expanded to offer employees support, prevention and health cover in relation to the COVID-19 pandemic.

Finally, possible instruments of the remuneration policy include the Employee's Share Ownership Plan or PAD (Piano di Azionariato Diffuso), aimed at supporting employee motivation and reinforcing a sense of belonging.

Implementing the decisions taken on April 23, 2020 by the Extraordinary Shareholders' Meeting and subsequently on May 18, 2020 by the Board of Directors, in June 2020, the company launched a new PAD under which all permanent employees of Telecom Italia S.p.A. and its subsidiaries with registered office in Italy could buy shares with a 10% discount on the market price. Compared to the similar initiatives launched in 2010 and 2014, the new PAD presented some innovations: extension of the time allowed to sign up to the scheme (June 16 - October 30, 2020) and raising of the maximum investment to 10,000 euros.

The option was given to pay either by bank transfer or by using severance pay.

Furthermore, if the shares were held and the owner remained in employment, one free share (bonus share) was awarded for every three shares bought.

Around 20% of the relevant population took part in the scheme, with subscription requests received for over 157 million euros, higher than the number of shares available (127.5 million). Therefore, in order to determine the number of shares assignable, they were divided according to the scheme rules. The 126.3 million shares resulting from the assignment were issued on November 27, 2020. This did not lead to any changes in the share capital, which did not increase, in accordance with the provisions of the aforementioned shareholders' resolution.

Below are the main types of objectives connected with sustainability present in the company MBO system.

Reference stakeholders	Targets subject to incentives	% of managers (to whom the target applies)
Customers	Customer satisfaction index	55%
	Quality of the service perceived by consumer and business customer	42%
	Quality of the service perceived by other national fixed and mobile telephony operators	18%
Human Resources	Health and safety of employees	3%
	Welfare activities (People Caring) and employees' welfare	98%
Environment	Energy saving and environmental protection	10%
Peace, justice and strong institutions	Creating Value for the Company	38%
	Quality and timeliness of corporate reporting	3%
The Community	Quality of initiatives, events and corporate projects	3%

³ Contractual clause allowing variable remuneration paid to be recovered in the event that the disbursement was a result of malicious or grossly negligent behavior of the executives involved, or in the event of a data formulation error that led to a Balance sheet restatement. For the 2020-2022 LTI Plan, the clawback clause is applied to all recipients.

Remuneration policy in Brazil

The Brazilian remuneration policy, like the Italian one, consists of four macro-groups: fixed remuneration, short-term variable remuneration, long-term variable remuneration and benefits & welfare. The remuneration policy has some points in common with that of Brazil.

The fixed component takes into account the breadth and strategic nature of the position held and is dictated by performance in the reference markets. Regular internal and external comparisons allow the competitiveness of remunerations to be ensured. In addition to the action taken regarding fixed remuneration, during the salary review, other variable remuneration instruments (bonuses / salary increases) can be adopted to reward/recognize results of particular importance. 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 are fixed according to representative quantitative indicators that are consistent with the strategic priorities and business plan, measured according to pre-established and objective criteria.

Again in 2020, the MBO system establishes a “threshold” consisting of the EBITDA indicator as a condition of access to the bonus applied equally to all recipients of the plan. There are corporate and departmental goals in the MBO. For 2020, the weight of the strictly departmental component has been reduced in favor of corporate objectives. Among the objectives directly linked to the sustainability of the business, the three main ones are: Customer Satisfaction, attributed to all managers, Digital Transformation and employee involvement, both assigned to 100% of participants. The accrued bonus is fully paid in cash at the time that the results achieved are confirmed. Long-term variable remuneration is intended to promote consistency between the interests of management and those of shareholders, through sharing of the business risk.

On April 20, 2020, the Board of Directors approved the 2020 Allocation for the 2018-2020 Long-Term Incentive Plan, with a vesting period of three years and a lock-up of 12. The 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 program participation period (restricted shares) and fulfilment of the performance conditions (performance shares) linked both to the increase in the value of the shares and economic-financial indicators.

Benefits and welfare constitute non-monetary elements of remuneration. The Company has confirmed that a substantial investment was made again in 2020 in terms of financial resources allocated.

In particular:

- benefits are assets made available to beneficiaries, depending on their role and are aimed at improving their well-being; these services generate an economic value separate from both fixed salary and other forms of variable remuneration;
- welfare is the package of non-monetary services available to the entire corporate population regardless of role, aimed at increasing individual and family well-being of all employees.

Company car, additional holidays based on years of service or for birthdays, subscription to mobile phone services, discount agreements with sports facilities, supplementary health care and supplementary pension are examples of benefits and welfare. The Company also offers a scheme that allows managers to create customized benefit packages based on their grade. A balanced package can be created by choosing from a menu of options that lead to an upgrade or downgrade of the predefined benefits, using a “flex” fund that represents a percentage of salary.

The focus of the benefits strategy is to balance innovation, market trends, employee needs and intelligent use of resources through tax and administrative incentives, agreements or the use of Company-owned platforms.

Industrial Relations

[GRI 103-1: Management Approach] [GRI 402] The 2020 materiality analysis confirmed “Managing employment relationships” as a material topic for the whole Group. [GRI 103-2: Management Approach] [GRI 402] TIM has always entertained open and transparent relationships with trade unions and workers’ representatives, in the belief that it is only through continuous, constructive dialog 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 organizations 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] The minimum notification period for operational changes is governed by the collective agreements applied to all TIM employees. TIM takes care to listen to and engage with workers’ representatives, including through reorganization processes.

[GRI 408-1], [GRI 409-1] Collaboration with workers' representatives, together with internal control systems and procedures, has ensured that no violation or risk has been reported with regards to the application of the Group's Social Responsibility policies protecting the essential employment rights, such as the ban on forced or child¹.

The Industrial Relations model

The structure of TIM's current industrial relations model, formalized with the trade unions, is aimed at enhancing collaboration on matters required by law and collective bargaining, in the areas of information, consultation and negotiation, both at national and regional level.

At a local level, there is a widespread presence of trade union representatives in all the Italian regions, which fosters active decentralized participation allowing the specific regional needs and opportunities to be better understood and combined by both parties. Today, around 400 TIM people hold the office of trade union representative. In addition to the protections and rights provided by law and the national collective labor agreement for the telecommunications sector, TIM grants specific prerogatives to union representatives in the company, as defined by company agreements in force at the time. TIM S.p.A.'s unionization rate recorded in December 2020 was 38% (14,139 registered employees).

Due to the organizational complexity and multi-regional presence, trade union representatives elected a national representative body, called the National Trade Union Representatives Coordinator, delegated to manage negotiations with the company for matters of a national nature.

The industrial relations system is set up with a focus on preventive phases of information and union discussions, also through specific corporate bodies (in the form of permanent joint commissions) with the task of the technical development of specific subjects such as training and occupational health and safety, welfare and equal opportunities.

Management of the various stages of the COVID-19 health emergency

In a situation of extreme difficulty for our country, following the epidemiological emergency caused by COVID-19, TIM managed the inevitable unforeseen repercussions by taking specific action in accordance with government provisions. The company committed itself to reconciling the different needs in this new and dynamic context, with the dual aim of protecting the health of people and the country and ensuring business continuity.

Consequently, in order to continue working and limit the chances of infection, remote work was quickly extended to 36,000 employees in the domestic market, 6,400 personal computers were immediately distributed and software solutions developed to allow the use of personal PCs/tablets pending completion of the planned company equipment plan. For TIM people unable to work from home (e.g. field technicians, specialists who manage the equipment), specific forms of flexibility were identified and all the measures and equipment to work safely were provided.

At the end of April, TIM and the trade unions, with the common goal of safeguarding the health of all workers, signed a memorandum of understanding relating to the management of the second phase of the COVID-19 emergency, in order to identify the most suitable measures to deal with the health emergency, as well as the guidelines and consequent measures to be implemented. The guidelines, drawn up with the collaboration of experts, change the way work was organized in order to ensure maximum protection for the people involved, in compliance with the provisions issued by the relevant government and health authorities for a gradual return to work by geographical region and organization.

The new work organization model

[GRI 103-3] In August, discussions with the trade union aimed at drawing up a plan for returning to work on site during the transition period, and establishing an innovative work model, which combines process digitization, redesigned spaces and flexible work patterns, enhancing the home working experience during the emergency, came to a positive conclusion. The aim of the new model is to support the performance of employees while at the same time improving their quality of life, focusing more and more on flexibility, autonomy and professional responsibility. This is the beginning of a process that will be developed and supported over time, given the awareness that exists of the cultural shift that the parties will have to implement in the medium term.

The agreements govern the agile working process, both in the transitional phase that will begin at the end of the health emergency period, and for a subsequent phase, defined as experimental, which will end on December 31, 2021.

¹ [GRI 103-3: Management Approach] [GRI 408] In terms of child labor, the policies allow for some completely legal exceptions, such as, for example, training contracts for which incentives are provided by the Brazilian government.

The experimental phase identifies two ways of providing the service:

- “daily agile working”, providing for 2 days of work from home and 3 on site. People will also have an additional 12 days of agile working to use flexibly.
- “weekly agile working”, which applies to organizational contexts that require coverage during specific time frames. The work schedule is arranged in alternating days/weeks according to a predefined scheme (50% at the company headquarters and 50% remotely).

The agreements also provide for:

- allocation of a meal voucher, even on agile and remote working days;
- supply of a 4G Wi-Fi modem and data SIM to all operators whose work involves direct interaction with customers;
- provision of a detailed training course that supports people with the necessary cultural changes inherent in the new model;
- new forms of protection for the rights most impacted by remote work: trade union rights (assembly, posting, etc.), disconnection and inclusion;
- increase in agile working days for particular personal reasons: pregnancy, maternity/paternity, return to service following a long illness, return to service following immunotherapy treatments, learning difficulties;
- granting of temporary periods of agile working for workers with particular motor disabilities;
- 30% reduction (for all staff) in the current amount of the TIM SUPER offer reserved for employees.

Over the course of the year, many customer care meetings were held to ensure the constant improvement of quality standards and the customer experience. The agreement also provides for a significant investment in skills by promoting job rotation paths and hiring new employees, both internally and externally.

The other shared actions within the agreement included a review of the systems currently used to simplify the work of the employees involved as much as possible and the promotion of a listening and collaboration project dedicated to caring agents, to identify improvement actions for business processes and commercial offers.

New skills

The effects of the epidemic emergency highlighted the need to speed up the transition towards the adoption of new technologies and new digital services. This profound transformation can only be achieved by raising the level of human capital employed in the Company, expanding and redefining their skills.

As part of an established industrial relations model, which has always been aimed at supporting the transformation of work, at the end of 2020, a specific agreement was signed for redistributing working hours due to changes in organizational and production needs which arose following the emergency caused by the epidemic, on the basis of which some of the employee's working hours are now dedicated to completing specific skills development processes. The training will take place using the resources provided by the new skills fund set up by Anpal².

The “NexTIM, per il 2021” (NexTIM, for 2021) program devised by the company provides for:

- over 3 million hours of training in total;
- 19 refresher courses;
- 101 courses;
- the involvement of all employees in Italy and a personalized plan for every participant.

The program tackles three main areas: organizational innovation, tools and technologies; improvement of production processes, with a focus on digital skills.

² Agenzia Nazionale per le Politiche Attive del Lavoro

Flexible redundancy tools

A redundancy agreement was signed in June for TIM employees³ that expands the number of solutions available, providing incentivized redundancy terms for a further 700 people, compared to the 4,300 provided for in the agreement of February 2019.

As per the 2019 agreement, access to these redundancy terms is subject to fulfilment of the requirements for retirement as of December 31, 2025, with an employment termination date of November 30, 2020.

Once a month, TIM pays INPS⁴ an amount corresponding to the pension that would be due to them under current rules, up to the first effective retirement date, old-age or early retirement, as well as paying the organization the related contribution until the minimum requirements have been reached, in accordance with the law and administrative provisions.

For the 2019-2020 period, the incentivized redundancy agreements were therefore voluntarily signed by 5,000 people.

Secondary bargaining

TIM's secondary bargaining negotiations were concluded positively in 2019 with the signing of an agreement governing working hours and extending flexibility for shift workers, increasing surcharges for ordinary, holiday and night work, and reviewing availability times. These provisions are in addition to those already made in the supplementary agreement of July 2019.

Industrial Relations activities in Brazil

In Brazil, TIM held a total of 30 meetings with the trade union representatives committee in 2020. The committee represents the country's 27 trade unions.

During the first half of the year, agreements were negotiated to manage the pandemic crisis which, together with government measures, allowed jobs to be maintained and the health of workers and their income to be safeguarded, despite the closure of shops. The agreements also allowed employees to work from home to manage the emergency.

During the second half of the year, the collective employment agreement was renewed for the following two years. The renewal includes, among other things, the profit sharing program for 2020, setting the new department objectives: a total of six objectives for the year. The bonus was maintained for 2.3 salaries.

The most important result of the negotiation was the regulation of work from home and its various forms, which also allowed the call centre to start operating in this way.

The renewal added clauses relating to diversity and inclusion to combat discrimination and guarantee conditions for minorities. In addition to establishing minimum wages, reviewing salaries and benefits, such as the canteen allowance, nursery allowance, etc., the financial adjustment was made in the form of a remuneration bonus that takes into account the pandemic scenario. The national inflation forecast for the period under review is 2.94%. This is the rate used in Brazil as a reference for the adjustment of wages and economic clauses between August 2019 and September 2020. Another important action was to ensure the extension of emergency measures to protect employment during the pandemic.

The collective employment agreement was approved by all the meetings held in the country's 26 states, with the favorable vote of approximately 94% of the 2,645 voting employees.

TIM Brasil maintained its close relationship with the trade unions throughout the year, which made it possible to overcome the pandemic more easily and to pave the way for home working in a way that aims to build solutions aimed at employees.

4.5% of employees are members of unions. The collective employment agreements covered 100% of employees.

Health and safety

[GRI 103-1: Management Approach] [GRI 403] The 2020 materiality analysis confirmed the protection of health and safety as a material topic for the entire Group.

[GRI 103-2: Management Approach] [GRI 403-1] Within the Italy, the regulatory provisions for occupational health and safety, in addition to defining the necessary criteria for risk identification and assessment, provide

³ pursuant to article 4, paragraphs 1-7ter, of law 92/2012, as an addendum to the previous agreement of February 26, 2019

⁴ Istituto Nazionale Previdenza Sociale

that adequate participation and consultation of workers through the Workers' Safety Representatives has been implemented.

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 comparison tables are put in place to maintain high safety standards.

[GRI 403-1] TIM's **Safety Management System Model** involves the full involvement of all players that participate in the safety process: company management, operational coordination figures, appointed doctors, workers and Workers' Safety Representatives (WSR).

[GRI 103-3: Management Approach] In order to supplement and strengthen these initiatives, a new management system that complies with the recognized standards (ISO 45001) is being implemented that covers all the processes relating to office and mixed use property assets under the responsibility of the Real Estate department.

[GRI 403-2] 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 staff capable of conducting instrumental analyses and surveys on safety in the workplace (high and low frequency electromagnetic fields, noise, vibrations, natural radioactivity, lighting, micro-climate, manual handling of loads, etc.). Work activities are classified at low and medium risk levels, in line with the ATECO classification criteria of the National Institute of Statistics; there are no high-risk classified activities in TIM S.p.A. or the other Group subsidiaries.

The control measures applied to eliminate or contain the risks include:

- numerous health and safety training programs, 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.

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.

In this context, the "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 and in line with technological development.

The COVID-19 pandemic emergency had an impact on all prevention and protection activities, changing the intervention priorities. Some actions were reviewed to ensure that everyone in the company was protected from the main health risk of contagion.

The following actions were also taken:

- ongoing information and awareness campaign aimed at all staff;
- specific good health initiative, open to employees on a voluntary basis, conducted with the scientific guidance of an expert virologist, based on the performance of serum tests to verify the degree of immunity;
- flu vaccination campaign;
- psychological support provided by external professionals, for all interested employees, who can access it confidentially and anonymously with a dedicated number;
- specific procedures for dealing a proven or suspected positive status.

[GRI 403-3] The monitoring campaigns that use instruments to measure physical phenomena: indoor and outdoor noise, electromagnetic fields and ionizing radiation, vibrations, outdoor micro-climate parameters, indoor and technical lighting, underwent a replanning exercise, particularly as a result of the closure of sites as a result of the pandemic.

With reference to accidents, careful analysis of events and where necessary potential identification of corrective actions continued; and in addition direct involvement of the lines affected and of the HR department was reinforced for greater synergy. In November 2020, a pilot project was launched in the Operations area to detect and manage near "near miss"¹.

¹ Any work-related event which could have caused an accident, harm to health (illness) or death but which, purely by chance, did not cause it: an event that therefore has the potential to produce an accident.

[GRI 403-4] The number and method of designation or election of workers' safety representatives, together with the salaried working hours and the tools used to fulfil their duties are agreed during the collective bargaining process. The corporate relationship model in terms of safety, which has always been based on participation logic, includes about 80 Representatives throughout the country, who support five committees made up of a mix of company/trade union members with specific workers' health and safety functions. These Committees present at national and local level, according to the agreements stipulated with the trade union organizations, 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 local level. In the context of the COVID-19 emergency, they also performed the tasks required by the Governance-Social Partners Protocol.

[GRI 403-5] Health and safety training – TIM Group Employees

In 2018, the survey only concerned the Parent Company and the hours were expressed as staff coverage rather than as a percentage of the total training hours.

	2020		2019		2018	
	TIM Group		TIM Group		TIM S.p.A. *	
	Hours	% total hours	Hours	% total hours	Hours	Coverage
Health and safety	155,186	7.76 %	131,989	9.1 %	135,850	35.7 %

The Group is reviewing the sustainability questionnaires to be submitted to its suppliers in order to collect the training hours of non-employees.

[GRI 403-6] To support preventative staff health care, TIM provides all those who are 45 years of age or older, the chance to join a flexible and personalized health prevention program every two years.

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 organization 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 2020, the Association disbursed refunds totalling over 44 million euros. As of December 31, 2020, over 161,000 people were registered with the Association, including 81,000 employees and family members and 80,000 pensioners.

ASSIDA provides senior management staff with refunds for the cost of supplementary health services to those provided by the Italian national health service. At December 31, 2020, the Association had 1,690 beneficiaries and 524 registered managers and had disbursed approximately 1,000,000 euro.

[GRI 403-7] TIM guarantees the fulfilment of all legal OSH obligations that have an impact on its customers and contractors in the context of ordinary customer-supplier relationships. It therefore guarantees maximum collaboration and cooperation to minimize risks and guarantee the safety of its own personnel and third parties.

[GRI 403-8] Workers covered by an occupational health and safety management system.

TIM's Safety Management System Model, which is not externally certified, involves 51,654 employees of the Group, equal to 96.1% of the workforce. As previously mentioned, a new management system that complies with the recognized standards (ISO 45001) is being implemented that covers all the processes relating to office and mixed use property assets under the responsibility of the Real Estate department.

Some of the Group companies (Noovle and Sparkle Italia) also have a third-party certification system which is also subject to internal audits.

Injuries and occupational diseases

[GRI 403-9] The data and main accident indices regarding TIM Group employees for the year 2020 are reported below (2018 data is available for TIM S.p.A. and Brazil).

TIM Group	2020		2019	
Hours worked	81,211,899.09		81,793,387.25	
	n	Rate	n	Rate
Accidents at work recorded (including deaths) of which	249	3.07	432	5.28
accidents at work with serious consequences (>6 months of absence), excluding deaths	3	0.04	7	0.09
deaths	0	0.00	0	0.00
travel accidents (only if transport was arranged by the organization)	13	0.16	nd	

Additional indicators regarding occupational accidents are reported in the table below (2018 data has been provided for TIM S.p.A and TIM Brazil. This is available in the appendix to the chapter).

The rates provided do not take into account accidents and hours missed because of accidents suffered by managers, while commuting, or dressed accidents, which did not result in missing at least one day of work (UNI 7249:2007 Regulation). Moreover, this does not include agency contract workers.

TIM Group	2020	2019
Number of accidents (excluding travel)	236	432
Severity index (the number of conventional working days lost due to accident per thousand hours worked)	0.11	0.16
Frequency index (number of accidents/total hours worked/1,000,000)	2.91	5.28
Average injury duration in days	37.18	30.67
Unproductivity index (the number of hours missed due to accidents per thousand hours worked)	0.71	1.05
Accidents per 100 workers	0.57	0.70

The positive downward trend in the number of accidents at work continued in 2020, with a total reduction of 45%. A closer examination of the indicators shows that the decrease in the number of accidents has led to a fall in the "frequency" index (from 5.28 to 2.91) and in the "ratio of accidents to 100 workers" indicator. The pandemic and resulting substantial increase in smart working has certainly influenced the reduced indicator rates.

There were no fatal accidents at work in 2020. Details on the accidents, occupational diseases and absences required by the GRI [GRI 403-2] standard are given in the Appendix to this chapter.

The main types of accidents identified were, in descending order: personal falls, traffic accidents, sprains/pulled muscles, shocks, injuries resulting from materials/equipment handling, crushing, injury from falling objects and other types of minor accidents.

In TIM S.p.A., to ensure correct management of accident events, a procedure has been put 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 traveling involving workers for which companies are required to pay an INAIL premium².

[GRI 403-10] Occupational diseases

In relation to occupational diseases, reports submitted to INAIL (National Institute for Insurance against Accidents at Work) in the reference year and subject to recognition procedures were taken into account.

In 2020, there were 14 occupational diseases (in 2019 there were 12) reported related to musculoskeletal, respiratory and auditory diseases.

[GRI 403-4] In Brazil, collective agreements usually provide for a duty to provide information on the prevention of accidents at work and occupational diseases, and TIM complies with this procedure.

²National institute for insurance covering accidents at work.

[GRI 103-2: Management Approach] [GRI 403-1] In Brazil, there is a broad regulatory framework governing Health, Safety and Environment issues at federal, state and even municipal level, which requires constant monitoring of new developments on the subject. 2020 began with great expectations of regulatory changes, especially in the field of Health and Safety, given that the current federal government is focused on reducing bureaucracy in the regulations in order to stimulate job creation. TIM was therefore ready to adapt its processes to any legal changes, taking part, among other things, in committees headed by its trade association, together with other telecommunications companies, so as to take part in the review process of laws that could have a direct impact on our sector, as in the case of legislation on electricity and overhead work.

Given the above, all the work programs in 2020 were focused on adapting internal regulations for the purpose of the regulatory review, particularly in view of the company's commitment to comply with current legislation; however, the COVID-19 pandemic prompted the federal government to suspend the review programs so little has changed on this front and much is expected in 2021.

Despite all the events, a great deal of quality work was done for the Company in the first quarter of 2020, [GRI 403-2] [GRI 403-7] including the inspection of around 50% of TIM buildings to produce the mandatory reports, such as the PPRA (Programa de Prevenção de Riscos Ambientais or Environmental Risk Prevention Programme), the Building Infrastructure Report, Accessibility Report, Carbon Monoxide Emission Detection by GMG (Generator Motor Group) and the identification of structures still in use where asbestos-containing materials are present.

With the arrival of the COVID-19 pandemic, much of the on-site work was suspended and the Health, Safety and Environment work program had to be promptly amended in order to provide employees, third parties, family members and the community with all the technical support needed to deal with the emergency. Various planning, communication and monitoring activities were carried out, as well as technical studies of products and services and actions to support the various areas involved, with over a thousand people currently being monitored by the Department.

A great deal of progress was also made on the documentation front, with over 15 regulatory documents updated and published.

Furthermore, audits and/or inspections are regularly carried out to assess the effectiveness of prevention measures in the processes and workplaces with a view to continually improving health and safety conditions. The Health & Safety team consists of 28 members, strategically distributed in the regional offices of TIM Brasil.

The Department is focused on monitoring technical and support developments, not only to ensure everyone's health and well-being but also to verify compliance with good practices, as also demonstrated by its certifications.

People Caring

The welfare model 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. The emergency linked to the spread of COVID-19 required the company to show a spirit of responsibility, attention, caution and adaptation to the global pandemic scenario. TIM is committed to tackling the virus and making it possible for everyone to continue working, strengthening work ability by ensuring a good work-life balance - the set of services and initiatives to improve the balance between work and private life for everyone - and working time management - projects to enable people to have a more digital vision of work.

Particularly in this context, 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 welfare system therefore revolves around the well-being of individuals, considering their day as a whole, the fine lines between working life and private life in this global scenario, taking into account the burdens of care placed upon them in their working and non-working life, with an awareness that organizational well-being is closely related to people's satisfaction and engagement and therefore performance.

Moreover, during 2020 TIM's Welfare, People Caring and Inclusion plan was linked to the broader Engagement plan, which aims to increase the engagement of TIM people over the course of the next 3 (2023) years by 19% with respect to 2019.

The plan has been called "For TIM Citizens" and includes initiatives aimed at ensuring personal and organizational well-being, helping people to work and live better in the company as part of TIM's even broader Sustainability Plan.

In Brazil, as regards staff involvement, in 2020 90% of the entire workforce took part in the Corporate Climate Survey. 84% said they were generally satisfied. Compared to the 2019 results, we saw a 3 percent increase in general satisfaction.

As stated in the chapter dedicated to the management approach, in 2020 a structured internal communication plan was created, supported by ad hoc surveys. In December 2020, a general survey on involvement was carried out; various surveys had already been administered to managers and employees. In particular:

- “In presenza” (In-person), a survey about returning to work: Office staff were asked to say whether they intended to return to TIM’s offices or preferred to continue working from home.
- Survey on work from home: aimed at assessing the effectiveness of home working and to investigate problems and weaknesses.
- Periodic surveys: aimed at monitoring specific issues related to people’s involvement on a bimonthly basis.

To support all employees with information on the pandemic, mental health, well-being and development issues during the period of social isolation, we created a new communication channel. #TBT News, which stands for “Tutti per il bene di tutti” (Everyone for everyone’s good), is published every week in an innovative, light and easy to understand format.

Work-life Balance

Work-life balance is the first pillar of TIM’s welfare and is based on the belief that performance and organizational well-being are connected to each other and to the organization of family and work life. In 2017, confirmed in 2018, 2019 and 2020, TIM received the Family Audit certification, a managerial tool that aims to start a cultural shift through innovative life-work balance initiatives, setting off a virtuous cycle of continuous improvement.

The main services include:

- TIM Estate (TIM Summer), an initiative aimed at children and young people aged 6 to 18, children of employees, allowing to enjoy a summer holiday full of entertainment, sport, art, nature and educational guidance. TIM Estate 2020 (TIM 2020 Summer) was produced in a digital version for the first time, in order to respect the safety of families and contain the pandemic. The catalogue offered digital activities inspired by the experiences of TIM’s traditional themed stays. 585 young people took part in the online edition of TIM Estate.
- Bimbi in TIM (TIM Children) – online edition: a platform of original content, created by industry experts, for parents and children up to primary school age. Includes a range of services, divided into categories: nursery school (0-3 years), kindergarten (3-6 years), primary school (6-11 years), support for parenting, counselling service. To support colleagues in managing younger children between 3 months and 6 years old, a platform was created that was updated weekly with playful and educational content to entertain children and provide support webinars for parents to deal with the pandemic period.
- MioNido (MyNursery) and MiaMaterna (MyKindergarten): To promote a good work-life balance and improve the quality of life in the company, TIM provides 7 kindergartens and 1 nursery school within company headquarters for employees’ children aged between 3 months and 6 years. 173 children were cared for during the 2019-2020 academic year. In March 2020, following the COVID-19 emergency, the company’s kindergartens and nursery school were closed temporarily.
- MioRimborso(MyRefund): Colleagues with children aged between 3 months and 6 years who apply and are included in the short-list receive a refund of expenses incurred for kindergarten, nursery or babysitting services. In the 2020-2021 academic year, in order to reach even more people, MioRimborso was extended to the whole of Italy (beyond the 11 cities currently covered) with 630 applications granted (compared with 355 in 2019-2020).
- Refund of university fees: TIM and its Group companies refund the fees paid by employees to register their children for university degree courses, including bachelor, master’s and combined degree courses. 797 colleagues were reimbursed in 2020.
- Foreign study (Intercultura) bursaries: An initiative that provides the most deserving children of employees with scholarships to study abroad (in 2020 in China, India, Ireland, the UK and Russia). 44 scholarships were granted in 2020 (subsequently suspended due to the COVID-19 emergency). The scheme is confirmed for 2021.

The “WellBeing Project” continued in 2020. This program, launched in 2019, is intended to raise awareness about healthy lifestyles and prevention and has 4 separate strands: prevention, movement and physical activity, stress reduction and lifestyles.

Working with international players, the Group also developed an IT device that uses “what-if” scenarios and dashboards to assess the impact on individual home to work travel times in the event of staff reallocation from one company site to another. This information contributed to space plan design, which therefore took this variable into consideration. In order to reduce travel for people between home and work, and the related costs,

as well as to reduce accidents and traffic “stress”, the Group has developed a complementary form of local public transport for travelling to work more easily. Commercial agreements have been signed with the main local public transport companies to buy season tickets with monthly payment added to salaries. Furthermore, company shuttle bus services have been introduced to connect the main local public transport hubs with the company’s offices. The service is operating in the following cities: Rome, Pomezia, Palermo, Catanzaro, Naples; with 10 offices involved, for a total of 160 daily runs.

Working Time Management

[GRI 103-3: Management Approach] [GRI 407] Over half of TIM's employees, including many call centre operators, have been agile working since the start of the emergency. Smart working is a way of working that TIM itself has been experimenting with for years and which now allows 32,000 employees to work from home. TIM is also redefining corporate spaces to implement desk sharing: an evolved and innovative form of management of the work environment based on alternating between work on site and agile working.

Inclusion Management

[GRI 103-2: Management Approach] [GRI 405] [GRI 406] [GRI 103-3: Management Approach] [GRI 405] [GRI 406] [GRI 405]

TIM's Diversity & Inclusion management program aims to implement a concrete, sustainable and long-term vision for the Company, guaranteeing equal opportunities and full respect for diversity for all the TIM Group's people.

The Engagement Survey carried out in September/October 2020 showed that inclusion is one of the main drivers for getting people engaged. Inclusion also 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 2020, TIM was once again included in the Top 100 of the Refinitiv Diversity and Inclusion Index, the most respected world ranking in this field, for the third year running, making it the top Italian company and top telecoms company in the world. TIM's place in the Refinitiv 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.

In 2020, TIM was also in the Top 20 of the Diversity Brand Index which lists the brands seen as the most inclusive.

The main areas of development for TIM's Inclusion Management are:

- **Cultural dissemination and awareness:** through the 4 Weeks 4 Inclusion initiative conceived by TIM with the contribution of 26 companies sensitive to diversity issues, which set up the first network to promote a culture of inclusion and enhancement of diversity and together built a 4-week calendar of 70 shared digital events, including webinars, digital labs and creative groups dedicated to inclusion.
- **Disability management:** at the Domestic BU there are 1,361 employees with disabilities, accounting for around 3% of the average workforce for the reference period¹. The following have been made available for these employees to have a positive work day:
 - the automatic workstation adaptation policy was extended in 2019 to cover disabling chronic diseases as well;
 - solutions to improve communication between deaf and hearing employees²;
 - the activities of the working capital accelerators that assist several disability project start-ups;
 - support for employees' children with disabilities during TIM Summer camps;
 - At the beginning of 2020, a service was implemented to improve the flow of communication between hearing impaired employees and their managers and colleagues. The service is provided by Padius, a TIM WCAP incubated start-up that is a leading provider of support services to assist with communication for hearing impaired people.
 - Information videos were also provided by [TIM Academy](#) to describe, with Italian Sign Language, the services available and how to use them.
 - Also launched in 2020 was the “Nessuno Escluso” (None Excluded) project aimed at providing specific IT equipment for everyone with a disability.

¹In Brazil there are 206 employees with disabilities, just over 2% of the average annual Brazil workforce in 2020.

²TIM offers the LIS interpreting service in the key moments of interaction between manager and employee, subtitles in main communications on the Intranet, specific e-mail inboxes, as well as free video calling services and an integrated communication platform developed internally, which can be used both from smartphones and desktop computers.

- **Gender:** TIM is working in partnership with Valore D³, both as a supporting member and as a member of the Board of Directors. Because of this, more than 100 employees a year have the opportunity to attend skill-building courses, mentoring and coaching programs, as well as courses and workshops on welfare e work-life balance". Also launched in 2020 was the "Progetto Donna" (Woman Project), which has two strands: climate and culture, and career. The first action of "Progetto Donna" was to publish the "TIM Gender Gap Reduction Manifesto", which states the 5 specific commitments that TIM makes to people. In July 2020, the policy on gender, sexual harassment and bullying was published on which a training course will start for all company employees in the coming months. In December, an e-learning training course on gender BIAS was launched which provides for the Harvard Implicit Test to be administered internally.
- **Age management:** the average Group seniority is 48.25, increasing in the Parent Company to 51.5 years (Company seniority is 26.45). TIM has therefore launched an important age management program that includes a portfolio of activities: from the cross-generational "masters of the trade" meetings, to mentoring, to the redesign of models of development, training and rewards. In December, the start of the "work drivers Map", a massive survey that aims to profile the entire company population, and in particular the over 55s, according to motivation and employability, to encourage diversified development paths by cluster.
- **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 to the registered family of the employee (regardless of consanguinity, and therefore also to same-sex families and their children); in 2020, as it was unable to sponsor the Pride events as it had done in 2018 and 2019, due to their cancellation, TIM supported the LGBT community with the "TIM and LGBT people" webinar.
- Employee volunteering initiatives: these are an integral part of TIM's inclusion management program, since they promote coming together and improving listening and comprehension skills and, indeed, inclusion.

The main voluntary activities include:

- 1,731 Group employees have renewed their commitment to helping CIAI⁵, the Community of Sant'Egidio and Save the Children, giving their support to remote adoption of children, with a total contribution of around 180,000 euros;
- Prior to the COVID-19 emergency, 10 blood donation days were organized (around 10,000 blood donations a year);
- at 15 company locations, 49 solidarity stalls were hosted by charities.

[GRI 103-2: Management Approach] [GRI 405] Considering diversity to be a reflection of society and, consequently of the labor market, TIM Brazil continued to implement a culture of respect and appreciation of differences, in the belief that great diversity within a group corresponds to an equally great exchange of experiences and solutions that contribute to creating a healthy work environment and achieving a competitive advantage on the market.

As already reported, in July 2019 People Caring and Inclusion Management units were set up within the Human Resources and Organization department with the aim of creating and managing structured diversity and inclusion policies, programs and initiatives, in line with the strategy and organization culture and with the principles of inclusion and enhancement of the contribution of each employee.

A new plan was then established that focuses on 5 categories of diversity and inclusion, and the related commitments:

- Gender: Acting on gender equality, ensuring equal opportunities in the career path within TIM (hiring, induction, training and professional development);
- Sexual orientation and gender identity: Promoting an inclusive work environment, combating all forms of discrimination and prejudice;
- Ethnicity: Acting on ethnic equality, ensuring equal opportunities in the career path within TIM (hiring, induction, training and professional development);
- Generation: Valuing generational diversity by bringing people of all ages together in a context of mutual exchange and learning.

³ www.valored.it

⁴ TIM has also joined the Women's Employment Manifesto, a document whereby it is committed to 9 areas of activity.

⁵ Italian Center for Childhood Aid

- People with disabilities (PwD): Increasing activities aimed at hiring and retaining people with disabilities in the Company and allowing them to grow, breaking down cultural and physical barriers to guarantee them equal opportunities.

TIM continued to develop the existing PwD program with a view to allowing people with disabilities to join the Company even by providing them with specific professional opportunities. TIM Brasil also implemented numerous activities aimed at making its offices and furnishings accessible to these employees, ensuring their rapid adaptation to the internal environment, as well as conducting awareness raising activities with managers and teams.

Thanks to these activities, TIM Brasil was able to increase the number of people with disabilities hired. Consequently, the Company has increased its rate of compliance with the hiring quotas established by the Conduct Adjustment Agreement (Termo de Ajustamento da Conduta, TAC, in Portuguese), signed with the Brazilian State Prosecutor (Law no. 8213/91).

Since January 2020 we have implemented 38 awareness-raising training activities involving over 2,500 people, with an overall satisfaction rate of 93%. An annual Diversity & Inclusion was also defined to include the celebration dates set at national and UN level, with monthly campaigns for the five categories of Diversity & Inclusion. To date, the 16 internal activities have attracted over 24,000 views and the 14 external activities have surpassed 4 million.

Another important initiative is "TIM Convida" (TIM Invites), an event promoted both inside and outside TIM, when a discussion is held on the context, challenges and successes of the social groups promoted by TIM. The event is in its third year and has attracted 45,000 views.

August 2020 saw the launch of the Diversity & Inclusion Policy, which establishes the diversity and inclusion guidelines and the criteria for the processes related to the management of people, with cross-cutting and specific commitments for each social group that has been given priority in the plan.

In August 2020, the Committee was also launched, which includes the chairman and top figures, charged with discussing, managing and monitoring initiatives in the field of diversity. Affinity Groups were also set up, made up of 452 volunteer employees, aimed at providing an opportunity to welcome people and engage in dialogue, stimulating in-depth studies, mapping gaps, proposing and implementing initiatives.

In September 2020, during the negotiation of the Collective Employment Agreement, we made progress on the social and diversity and inclusion clauses, adding several new elements, including the extension of benefits for LGBTQ+ employees, protection for women victims of domestic violence, protection for people who are victims of violence motivated by racism or homo and transphobia, guarantee of legal assistance in proceedings for discrimination.

In October 2020, TIM sponsored and took part in the first national event dedicated to the inclusion of black students in the labor market: "Afro Presença" (Afro Presence). The event was promoted by the Ministry of Labour and the UN Global Compact. Linked to the "Afro Presença" event, we launched, again in October, the new cycle of the TIM Internship Programme, with a strong focus on the enhancement of diversity and inclusion of people belonging to minorities, with a particular emphasis on the commitment to select LGBTQ+ people, women, over 45s and blacks, for whom 50% of available positions are reserved.

COVID-19 initiatives for TIM employees

For TIM, the safety and health of its people were an absolute priority and various actions were taken to protect people:

- boosting of agile work with the creation of a training course to support and expand IT equipment to allow new sectors to be able to work remotely;
- provision of medical cover in the event of infection with COVID-19, paid for by the Company, and creation of information videos on how coronavirus is transmitted, how to prevent infection, how to use protective devices, etc.;
- suspension of face-to-face events and travel: meetings were held online only;
- conversion of training plans into digital mode;
- introduction of corporate security protocols and protective devices to protect technical personnel and personnel operating in stores and data centers, who remained on-field during the lockdown;
- paid exemption from service for colleagues suffering from immunosuppressive disorders who cannot work remotely;
- increase in the frequency of cleaning in the main company offices where staff are still present, with the supply of sanitiser dispensers and installation of special temperature scanners at the entrance to some offices to detect the body temperature of the staff;
- launch of a health campaign involving voluntary serum tests intended to verify the degree of immunity to COVID-19 based on the antibody response. Initially, the tests are aimed at colleagues who have not been able to work remotely;
- launch of the "Sentieri di resilienza" (Paths of resilience) path to develop resilience skills to better manage change;

- Granting of additional leave to those who were unable to carry out remote activities in the months of March and April 2020.

Other initiatives for employees

[\[GRI 201-3\]](#) To promote employee personal and family well-being through enhanced investments, TIM has put in place a company loan scheme for predefined reasons for all Group personnel.

To support preventative staff health care, TIM provides all those who are 45 years of age or older, the chance to join a flexible and personalized health prevention program every two years..

The aforementioned ASSILT (Association for supplementary health care for workers of TIM Group companies) and ASSIDA.

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. As of January 1, 2021, there were 30,941 employees subscribed to Telemaco, from 8 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 which organizes 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.

At December 31, 2020, there were about 38,000 members, of which about were 33,000 employees and about 5,000 retirees.

APPENDIX

Below is the analytical data for the company workforce, broken down according to the GRI Standards.

[GRI 102-8f] Group data includes, as well as Domestic Business Unit and Brazil, other very few units deriving from two entities (Telecom Italia Capital S.A., Telecom Italia Finance S.A.).

[GRI 102-8a] [GRI 102-8c] [GRI 102-8d] **Employees by type of contract, employment and gender**

	2020		2019		2018	
	Man	Woman	Man	Woman	Man	Woman
Total permanent	32,563	19,630	34,644	20,456	36,787	20,963
of which Full Time	31,451	13,463	33,247	13,347	35,289	13,615
of which Part Time	1,112	6,167	1,397	7,109	1,498	7,348
Total fixed-term	72	68	48	45	77	74
of which Full Time	18	4	7	7	6	5
of which Part Time	54	64	41	38	71	69
Employees on payroll	32,635	19,698	34,692	20,501	36,864	21,037
Agency contract workers	9	5	0	0	0	0

[GRI 102-8 b] **Distribution of Group employees by geographical area and gender**

	2020			2019			2018		
	Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Italy	27,702	14,965	42,667	29,599	15,662	45,261	31,788	16,217	48,005
Abroad	4,933	4,733	9,666	5,094	4,838	9,932	5,076	4,820	9,896
Total	32,635	19,698	52,333	34,693	20,500	55,193	36,864	21,037	57,901

[GRI 102-8] **Employees of suppliers working at the Group offices and whose activities are part of the core business of TIM¹**

	2020	2019	2018
External FTE on site	435	528	569

[GRI 401-1a] ² **Total number and rate of new hires by age group**

	2020		2019		2018	
	n°	%	n°	%	n°	%
<30	1,006	1.87 %	1,512	2.67 %	1,506	2.60 %
>=30; <=50	1,198	2.23 %	1,373	2.42 %	1,398	2.40 %
>50	71	0.13 %	87	0.15 %	59	0.10 %

[GRI 401-1a] **Total number and rate of new hires by age group**

	2020		2019		2018	
	n°	%	n°	%	n°	%
Man	1,406	2.62 %	1,621	2.86 %	1,548	2.60 %
Woman	869	1.62 %	1,351	2.38 %	1,415	2.40 %

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.

² The KPI tables [GRI 401] show percentages calculated on the basis of the total average number of employees in the same year (the average value of the relative reference perimeter is considered for the division of rates in Italy and foreign countries).

[GRI 401-1a] **Distribution of hires by geographical area**

	2020		2019		2018		Variazione (2020/2019)
	n°	%	n°	%	n°	%	
Italy	1,047	2.38 %	407	0.86 %	374	0.80 %	640
Abroad	1,228	12.56 %	2,565	26.33 %	2,589	26.30 %	-1,337
Total	2,275	4.23 %	2,972	5.24 %	2,963	5.00 %	-697

[GRI 401-1b] **Total number of terminations and turnover by gender**

	2020		2019		2018	
	n°	%	n°	%	n°	%
Man	3,496	6.50 %	3,789	6.70 %	2,858	4.80 %
Woman	1,655	3.08 %	1,891	3.30 %	1,633	2.80 %

[GRI 401-1b] **Total number of terminations and turnover rate by age**

	2020		2019		2018	
	n°	%	n°	%	n°	%
<30	684	1.27 %	1,185	2.10 %	1,251	2.10 %
>=30; <=50	1,037	1.93 %	1,713	3.00 %	1,518	2.60 %
>50	3,430	6.38 %	2,782	4.80 %	1,722	2.90 %

[GRI 401-1b] **Total number of terminations and turnover rate of ex-employees by geographical area**

	2020		2019		2018	
	n°	%	n°	%	n°	%
Italy	3,656	8.31 %	3,156	6.70 %	2,046	4.20 %
Abroad	1,495	15.29 %	2,520	26.50 %	2,412	25.00 %

The clear variation in the turnover rate in foreign countries (fully attributable to BU Brazil) is a reflection of the Coronavirus pandemic. In response to this situation, TIM S.A. has decided not to employ more staff and maintain the employment of their current employees. The high number of terminations of employment is characteristic of the local labor market which is much more flexible than the European market.

[GRI 401-3] **Parental leave**

	2020		2019		2018	
	Man	Woman	Man	Woman	Man	Woman
[GRI 401-3b] Employees who benefited from parental leave, by gender	152	553	168	559	191	1,129
[GRI 401-3c] Employees who returned after having benefited from parental leave, by gender	*	*	161	446	162	445
[GRI 401-3d] Employees at work after a year from the end of parental leave	*	*	131	379	135	532
[GRI 401-3e] (return to work rate) Percentage of employees who returned to work after parental leave out of total employees benefiting from leave	*	*	84.00%	67.27%	99.40%	79.60%
[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	*	*	81.37%	84.98%	82.40%	84.70%

* The data will be available from the end of 2021.

It should be noted that the year of return of an employee, as represented in the table, has not been calculated according to the year in which said employee effectively returned, but according to the year in which he/she took leave. Therefore, if x took leave in 2018 and returned in 2019, his return is in any case reported in the 2018 column. This is why the data for the 2020 column is still partial and not yet able to be published.

Also, the year of continued work of an employee has not been calculated according to the year in which said employee was at work after 12 months of leave, but according to the year in which he/she took leave. Therefore, if x took leave in 2017 and after 12 months was still at work in 2019, his continuation at work is in any case reported in the 2018 column. As we do not yet know which of the employees who went on leave in 2020 will still be at work after 12 months, we are unable to calculate the figure.

[GRI 403-9] Injuries and occupational diseases³

	31.12.2018	
	TIM S.p.A.	Brazil BU
Number of accidents (excluding travel)	424	13
Severity index (the number of conventional working days lost due to accident per thousand hours worked)	0.18	0.01
Frequency index (number of accidents per 1000 workers)	6.72	0.88
Average injury duration in days	145.07	95
Unproductivity index (the number of hours missed due to accidents per thousand hours worked)	1.13	0.01
Accidents per 100 workers	0.98	0.14

	2020		2019		2018	
	Man	Woman	Man	Woman	Man	Woman
Injury rate out of total workforce* (number of injuries over hours worked)	3.7	0.1	6,1	3,7	6.1	4.3
Days lost over workforce* (days of injury over working hours)	0.1	0.1	0,2	0.1	0.2	0.1
Absenteeism rate out of total workforce (total hours of absenteeism over working hours)	5.0	7.8	6,8	11,8	5.5	10.8
Occupational disease rate out of total workforce* (number of cases over workforce)	0.0	0.0	0,1	0,0	0.1	0.0

*Temporary workers are not considered in this type of record. In any case, there were 14 temporary workers in 2020.

Of the 236 accidents recorded throughout the year, 194 were suffered by men and 42 by women.

[GRI 404-1][GRI 412-2] Training: focus by type

	2020		2019		2018	
	TIM Group		TIM Group		TIM S.p.A. *	
	Hours	% total hours	Hours	% total hours	Hours	Coverage
Environment	3,043	0.15 %	9,713	0.7%	9,508	9.2%
Health and safety	155,186	7.76 %	131,989	9.10 %	135,850	35.70 %
Anticorruption	19,000	0.95 %	10,456	0.70 %	149	0.50 %
Human Rights	6,836	0.34 %	1,791	0.10 %	3,284	1.80 %
Privacy	19,426	0.97 %	26,489	1.80 %	13,371	24.40 %

*In 2018, the survey only concerned TIM S.p.A.

[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 category⁴

TIM Group		2020	2019	2018
Senior Managers	GAS	0.92	0.93	ND
	TAR	0.92	0.93	ND
Middle Managers	GAS	0.96	0.95	ND
	TAR	0.94	0.93	ND
Office Staff	GAS	0.83	0.84	ND
	TAR	0.84	0.84	ND

³ The figure includes an accident occurred in 2018 and still ongoing in 2019, uninterrupted.

⁴ In 2018, in addition to data on Brazil, data relating to the Domestic BU was also provided.

Domestic		2020	2019	2018
Senior Managers	GAS	0.93	0.93	ND
	TAR	0.93	0.94	ND
Middle Managers	GAS	0.95	0.95	ND
	TAR	0.94	0.93	ND
Office Staff	GAS	0.92	0.92	ND
	TAR	0.92	0.92	ND

Brazil		2020	2019	2018
Senior Managers	GAS	0.87	0.87	0.80
	TAR	0.84	0.83	0.80
Middle Managers	GAS	0.97	0.95	0.96
	TAR	0.97	0.96	0.96
Office Staff	GAS	0.68	0.69	0.70
	TAR	0.69	0.69	0.70

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).

2020 Results, 2021 and multi annual Targets

TIM S.p.A.

Area of reference	Indicator	Unit of measurement	Target 2020	Actual figure 2020	Target status 2020	Target 2021
TRAINING*	Training on health, safety and the environment	Training hours	N.A.	131,261		135,000
	Training hours per capita	Training hours	28	40.13	●	68
	Training - Coverage (percentage of employees who participated in at least one training session from the total population)	%	95	100	●	100
HUMAN RESOURCES INJURIES	Accidents per 100 workers	no.	0.85	0.57	●	0.53
	Frequency index**	no.	N.A.	3.89		3.59
ENGAGEMENT SURVEY	Engagement index percentage increase compared to 2019 survey results	p.p.	+14 ¹	+16	●	+19 ²

*The cumulative value of hours worked in the three year period '21-'23 is equal to 4.9 million, which can be broken down as follows: 2.5 million in 2021, 1.2 million in 2022 and 2023.

** number of accidents per million hours worked.

TIM Brazil

Area of reference	Indicator	Unit of measurement	Target 2020	Actual figure 2020	Status target 2020	Target 2021
TRAINING	Total training hours	Ore	856,079	366,367	●	660,000
	Percentage of new hires who were trained in sustainability out of the total of new hires	%	90	95	●	*
HUMAN RESOURCES INJURIES	Accidents per 100 workers	n°	0,06	0,04	●	0,06
	Frequency index*	n°	0,36	0,22	●	0,36

*To be replaced by "ESG culture ambition for 2022" as planned

¹ The original target + 14 p.p. refers to 2022 compared with base year 2019. The figure recorded at the end of 2020, +16 p.p., is indicative that we have met our target.

² Target at 2023 with respect to 2019.

Customers

Customer Satisfaction

[GRI 103-1: Management Approach] [GRI 102-43] [GRI 102-44] The 2020 materiality analysis confirmed the Group's relationship with its customers as a fundamental issue.

[GRI 103-2: Management Approach] [GRI 102-43] The telecommunications market is increasingly marked by great competitiveness and digitalization which, together with simplification and compliance with customer expectations in terms of content and services, are key elements of the competitive arena.

The competition is around innovative services and products, the evolution towards converging offers, the world of content and quality. New technologies like 5G, the cloud, the IoT (Internet of Things), Artificial Intelligence, and big data allow for increasingly more innovative and customized solutions in order to develop families of services such as: smart cities, smart homes, e-health, entertainment, cybersecurity and Industry 4.0¹.

With the COVID-19 pandemic and the lockdown, there has been an acceleration in Italy's digital transformation, with the telecommunications sector playing a decisive role in the development of infrastructure, services and digital expertise for citizens, companies and Public Administration: smart working, telemedicine, e-commerce, e-learning and applications for security, entertainment and leisure.

All of this led companies to rethink their business models with the aim of guaranteeing the best customer experience, a fundamental leverage for competing and gaining market leadership: an excellent customer experience increases loyalty, increases perceived brand value and attracts new customers.

TIM adopted a quality and customer experience oversight and improvement model with a view to "quality by design", with the implementation of oversight dedicated to the definition and evolution of customer experience models as well as the evolution of the customer journey² and customer promise in order to define improvement plans. The various initiatives are based on transparency, simplicity and respect for the customer in order to offer an excellent customer experience.

TIM is also committed to the transformation of employee culture and engagement with various initiatives including "make the difference", a project dedicated to customer care staff, who are rewarded on the basis of the best service offered. To drive this transformation TIM has developed an extensive listening system, which picks up on customer experience in the different "moments of truth" of the customer journey, for example: purchasing a service, calling customer care, reporting a malfunction.

[GRI 103-3: Management Approach] [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 customers of the main competitors. Monitoring the CSI has earned certification of conformity with the UNI 11098:2003 standard and has been included in the managerial (management by objectives) and collective incentive system.

The CSI consumer result in 2020 is 73.96, an improvement compared to the 2019 levels (+3%), exceeding the target of 73.84 thanks to the actions which had a positive impact on customer experience. In previous years, the trend was 71.78 in 2019 and 72.78 in 2018. With regards to the mobile market, TIM remains the leader among the "mobile" operators.

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.

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)³.

TIM confirms its position as a leading strategic company for Italy with a key role in innovation, and represents support for the Italian economy and for businesses.

[GRI 103-2: Management Approach] [GRI 102-43] [GRI 102-44] In Brazil, in 2020 TIM S.A. confirmed the investments in the development of the digital environment, to improve both the quality of services offered to

¹ Industry 4.0 is the industrial automation that integrates new manufacturing technologies to improve working conditions and increase productivity.

² The customer journey is the set of experiences that a customer has when interacting with a company for a specific need, from the first contact with the company, through a specific channel, until, going through one or more touch points provided by the company itself or by other consumers, the expected result is achieved or not

³ 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 from 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".

its customers and customer experience in general. In December 2020, the “My TIM App” channel recorded 59.4 million total accesses and 8.7 million⁴ unique users (24.3% of customers already use the App).

The My TIM App evolution process has continued, focused on improving performance and enriching the service portfolio, as shown by the following initiatives:

- SQUAD: consolidation of the agile work, launched in 2019, for the development and monitoring of new features and improvements in digital channels;
- My TIM App: structured planning of actions, both in order to promote the app to new customers and to launch a new in-app communication channel involving already existing users. Development of new in-app payment methods which made TIM the operator with the most digital payment methods. Evolution of the Black Família digital plans, with exclusives functions in the app;
- My TIM website: the main features with reactive behaviour;
- TIM website: redesign of the TIM website focused on a new customer journey, based on tasks, which leads to the standardization of the website. As the same time, there was migration to a new CMS⁵ that is more agile, robust and modern. By December 23, 2020, migration rates reached 65% and the expected completion date is June 2021;
- Captive Meu Plano (Capture my plan): improvements in usability and launch of new functions;
- Naked portal: improvements in its use as a digital channel for the self-provisioning of customers.

[GRI 103-3: Management Approach] [GRI 102-43] TIM S.A. also talks to its customers via Twitter, Facebook and Instagram.

“@TIMBrasil” (<https://twitter.com/TIMBrasil>), at the end of December 2020 had more than 753,000 followers) and its Facebook page (<https://facebook.com/timbrasil>) more than 2,790,000 likes.

In 2012 TIM S.A. activated a further channel, “@TIM_AJUDA” (https://twitter.com/TIM_AJUDA), which allows it to communicate with customers via Twitter; in December 2020, this channel had over 277,000 followers and – for the entire year – recorded more than 10,000 tweets.

The Instagram page (<https://www.instagram.com/timbrasil>) has more than 319,000 followers (since March 2019) and over 54,000 comments in 2020.

[GRI 103-3: Management Approach] [GRI 102-43] TIM S.A. carries out three types of nationwide customer satisfaction surveys, by means of interviews:

- the relative survey relates to *consumer* customers, own customers and competitors’ customers - conducted every month since June 2017 (interviews to an *online panel*⁶), with data consolidation every quarter - which measures the general satisfaction of customers within the Company and its contact points (e.g. sales structures, call centers, digital channels, coverage and quality of the network and, with regard to internet connections, websites tariff plans and offers, top ups and billing), *Net Promoter Score*;
- the Call Centre Cold Survey, carried out once a month through telephone interviews, involving the company's corporate mobile customers who have contacted the call centre in the previous 15 days. Since June 18, 2018, the sample size and target audience of the survey has been reduced, limiting it to post-paid and corporate customer backoffice activities⁷. Since January 2019, the survey has focused on the corporate customer backoffice activities only. This survey was discontinued in June 2020;
- the Transactional Survey Call Center is now the main channel for call center surveys as it covers all customer contact activities (front end). This is a transactional survey because TIM’s mobile customers (who use the prepaid, post-paid, “control”⁸, and corporate services) evaluate the call centre immediately after “contact”, via IVR (Interactive Voice Response).

⁴ Estimated value due to some problems collecting the initial data.

⁵ Content Management System, a software tool installed on a web server, whose task is to facilitate the management of the website content, freeing the webmaster from the constraints of specific technical knowledge in web programming.

⁶ It involves a group of selected participants who agreed to provide information at pre-established intervals for a long period of time.

⁷ That is, who are not in contact with customers.

⁸ A service package offered by TIM, which has the main characteristics of a fixed monthly amount.

TIM S.A. survey types	2020	2019	2018
Consumer customer(*)	7.35	7.34	7.08
Consumer mobile telephone call center	N/A	N/A	7.05
Business mobile telephone call center(**)	5.95	6.42	6.95
Consumer mobile customer transactional call centers (with operator)(***)	7.91	7.45	6.15
Business mobile customer transactional call centers (with operator)(****)	8.14	7.72	6.17

(*) Average index, on a scale from 0 to 10.

(**) Average mobile business customer satisfaction index on a scale from 0 to 10. The 2020 figure concerns the period from January to May, since the survey was discontinued in June.

(***) Average consumer mobile customer satisfaction index on a scale from 0 to 10.

(****) Average business mobile customer satisfaction index on a scale from 0 to 10.

[GRI 102-43] [GRI 102-44] Use of social networking in customer care

TIM continues with its strategy strongly oriented towards digitization and innovation, also offering new digital caring channels to the customers' advantage, who receive personalized and quick answers that improve customer experience, loyalty and engagement.

At December 31 2020, TIM's social caring team managed around 795,000 caring conversations on Facebook and Twitter public and private messaging platforms.

This has allowed TIM, also in Q1 and Q2 of 2020, to consolidate its leading role on social networks and its digital leadership in the Socialbakers rankings; TIM has always ranked as one of the best companies in Italy in terms of social channel response time and rate (AMIQ⁹, indicator, a parameter calculated taking into account the relationship between the number of managed public posts and the company's response time within 24 hours). The main reasons for contact with digital customers were requests for clarifications of a commercial, administrative or technical assistance nature.

The contribution that TIM's social networks make to enhance and promote the many social, cultural and innovative initiatives is confirmed, such as those involving Operazione Risorgimento Digitale (Operation Digital Risorgimento) project, the various social issues (in particular those overseen by Fondazione TIM), subjects linked to inclusion and diversity and the support for communication in corporate social responsibility projects.

All this has allowed TIM to consolidate its position at the top of the various communities, created on various social networks (Facebook, Twitter, Instagram, YouTube, LinkedIn) for its main brands: TIM, TIM Business, TIMVISION, TIMMUSIC, TIM Working Capital, with 4 million likers and followers.

From July 2018, through the Instant Messaging channel in the new version of the MyTIM app, fixed and mobile consumer customers have the opportunity to interact with customer service in a smart way; from January 1 to December 31, 2020, the digital customer care team managed 2.2 million conversations via Instant Messaging (using operators and virtual assistants).

From November 2018 TIM has also offered the new customer service channel on WhatsApp (the first telephone operator in Italy to offer this service). This assistance service, initially reserved for TIM Pay customers¹⁰, has also been extended to customers with a reduced subscription (deaf and blind customers¹¹).

From March 2020, the availability of the assistance service has been extended to all consumer mobile customers, helping to expand TIM customers' contact possibilities in the emergency period caused by COVID.

Throughout 2020, the digital customer care team managed around 1,092K sessions via the WhatsApp channel (using operator and virtual assistants).

Again for 2020, TIM confirms the ongoing activities to extend the WhatsApp assistance to fixed customers and/or services such as sending bills, notifications of upcoming payments and many courtesy activities.

During the lockdown period and in the subsequent emergency phases, TIM has always guaranteed assistance on its social media pages through the availability of operators, while protecting their health thanks to the activation of protocols and all the prevention measures contained in the rules and regulations of healthcare and government authorities, at both national and local level. In this context, a central role was played by the launch of remote working activities, the distribution of updates and information notices on conduct prepared according to instructions sent by the authorities.

Between March and May 2020, there was a significant increase in the volume of conversations processed, reaching over 2.6K per day.

⁹ Answered Minus Ignored Questions

¹⁰ The payment tool which integrates the telephone service with the innovative mobile banking solution; TIM Pay customers can receive dedicated assistance on all fixed and mobile TIM services.

¹¹ Resolution AGCom No. 46/17/CONS.

During the pandemic, in agreement with Top Management, operators created posts through which they conveyed their support and the COVID initiatives implemented by the Company, in addition to the campaign #iorestoacasa (lit: I stay at home).

[GRI 102-43] [GRI 102-44] **Involvement of call center operators**

In 2020, the activities involving call centre operators have progressed along the path structured in previous years, focused on gradually improving knowledge of offers, processes and systems with the distribution of information/certified training through the TUO portal (acronym for Trova, Usa and Organizza – Find, Use and Organise).

The most relevant actions focused on:

- the consolidated structure of the *knowledge base*¹², the activation of weekly gamification (Info Snack) for Agents, with the aim of making information refreshers more effective – using dynamic learning – and the potentially critical elements in customer management more evident;
- the organization of ad hoc courses for interested employees using virtual classrooms;
- the implementation of surveys to verify learning, for all training activities, with possible training recovery interventions focused on the most critical issues;
- the distribution of the most significant developments using newsletters and scheduling educational spaces for reading;
- the publication of summary pages and dynamic flow charts on the most important or detailed topics;
- the construction of *ad hoc* repositories with operating manuals and data sheets;
- the increase of information sent by email to customers, in support of contact with them.

It should be noted that the COVID emergency and consequent widespread application of smart working accelerated - in the target population - the adoption of company communication and unified collaboration tools, like Teams, with persistent work chats, video calls, content sharing and integration of applications even when sharing information/training.

Self-service area

In 2018 the MyTIM app was completely reviewed, becoming one of the best European telecom apps in terms of satisfaction, followed by the first ever launch in Italy of the MyTIM self-caring services, also on the Google Assistant and Alexa voice assistants. In 2020 TIM continued to invest in the development of digital channels for remote customer assistance, a theme that became even more central during the lockdown, where over 7 million customers were managed a month through the digital channels in self service mode. As a matter of fact, in February 2020 the new MyTIM reserved area was released on the TIM.it website, dedicated to consumer customers accessing it from their PC or smartphone. Completely overhauled in terms of function and user experience, the new customer area allows customers to manage their own line, check usage, top up and pay bills and manage services simply, quickly and remotely. TIM has also invested in the development of the chat system using Angie artificial intelligence, which makes it possible to manage and request clarification on the services and offers for the respective line using machine learning algorithms, artificial intelligence, the knowledge base and the services of the online channels, without going through an operator.

In June 2020 the new TIM.it website was launched and the public assistance section reviewed, allowing customers to find information in self-service mode without logging in. In line with this approach is also the We TIM Community, available online and via the App, which is a free advanced crowd caring tool for customers, who, through discussion with other customers and expert users, can receive clarification and resolve issues by accessing a continuously updated knowledge base.

Over the course of 2019 and 2020 TIM developed an adoption and awareness plan to promote the use of MyTIM remote digital services, reiterated during the lockdown in order to reduce the impact of travelling to stores and to guarantee customer safety.

¹² The Knowledge Base is structured like a database to manage information for corporate use.

COVID-19 emergency – Care actions

Following the COVID-19 emergency, in order to reduce travel and protect customer health, TIM promptly implemented a series of care initiatives to simplify the ways of requesting a number of services via telephone and the use of email, instead of sending paper-based information. With the objective of simplifying the customer experience, a new function was developed in the customer area of the TIM.it website, which, for certain mobile services, allows customers to send a request to TIM with the required documentation attached directly. The payment of fixed bills on the website was also made easier with the new “Paga fatture di altri” (Pay someone else’s bill) function and by extending the payment date of the bill.

PEDIUS - Managing calls for the hearing impaired

Also in 2020, in addition to the new WhatsApp channel, customers who are deaf could use the PEDIUS service, which allows access to TIM’s call centers, in addition to the usual channels. Launched in 2014, 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.

[GRI 103-2: Management Approach] [GRI 102-44] Customer Satisfaction in incentive systems

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. Further details are available in the “Human Capital” section of this report.

Child protection

[GRI 103-1: Management Approach] [GRI 102-2b] The 2020 materiality analysis highlighted - for the TIM Group - the online protection of children (cyberbullying, child pornography, gambling) as a relevant topic.

[GRI 103-2: Management Approach] [GRI 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. Since its activation, the TIM card is already enabled to use value added services with adult content, with the exception of TIM cards registered to minors, for whom adult content services are disabled.

The 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 own information channels (including the 119 customer service and the website [tim.it](https://www.tim.it)). The tools to protect minors currently available to customers are:

- permanent restriction (black listing) 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 content 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 content PIN confidentially, and is responsible for its proper use and safeguarding;
- customers can ask for their mobile number to be black listed only for 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 [tim.it](https://www.tim.it), from Customer Services on 119 and from authorized TIM retail outlets.

Also due to the growing focus gathered by the issue, TIM S.p.A. deactivated the service with content reserved for adults on September 30, 2020 for mobile lines and October 31, 2020 for fixed lines¹.

¹ The 2020 turnover was nearly 27.9K per mobile lines and 173K for fixed lines

TIM-Protect is the TIM option for the protection against threats on the web, installable on smartphone or PC, featuring the following functions:

- 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, malware² and other threats.

The service is included free of charge in the offers dedicated to younger users (TIM Junior): there were around 112,000 lines at the end of December 2020.

For the complete protection of mobile customers and their devices, in addition to the TIM Protect service, the Company also offers customers a service called TIM Safe Web Plus, which does not require installation of a specific application by the customer and filters non-secure addresses using the DNS (Domain Name System): this is in order to simplify the customer's user experience as much as possible.

The service includes the following functions:

- safe browsing: if an attempt is made to browse websites considered to be dangerous, an alert page is shown. The customer can choose whether to ignore the alert and continue browsing or to stop browsing that specific web page;
- parental control: possibility to filter by domain category and/or by day/time, define white- and blacklists, pause or deactivate Internet;
- block value added services provided by third parties, to prevent the accidental activation of premium rate services.

Again in this case, the service is included free of charge in the offers of services dedicated to younger users (TIM Junior); at the end of December 2020, the service was active on around 575,000 lines, of which 520,000 were stand alone lines (e.g. when you activate a new SIM card, the Safe Web Plus service is included) and 55,000 were bundle lines with TIM Junior sales.

For fixed consumer customers, Safe Web Plus protects all devices connected to the landline from the main threats of the web when browsing online. This service is basically the same as the mobile version and has a light version with no parental control. At the end of 2020, the service was activated on around 80K lines.

The Safe Web Plus service (fixed line), launched in 2019, offers an initial line of protection for internet use that can effectively counter the main threats on the web. With anti-phishing and functions to limit malware, access is prohibited to fake sites that aim to glean confidential personal information, financial details or private codes, and malicious sites designed to infect mobile and computer devices with harmful software. Safe Web Plus operates at DNS level, mediating the request to access the website before the connection is even established, to verify whether the address is classed as dangerous. By acting at line level, all devices connected to the home line are protected. If the destination is considered harmful, the browser is redirected to a protection page which informs the user of the site's danger, making it inaccessible for security reasons. From 2020, Safe Web Plus also offers the parental control function, which includes the possibility to filter by domain category or by day/time, define white- and blacklists, pause or deactivate Internet³. At the end of 2020, the cost of the service was three euros per month (monthly revenues were equal to around 200K).

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

This person manages relations, and the flow of information, with the Postal Police⁴ 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, TIM has adopted an organizational and

² 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.

³ In 2020 the Safe Web light version, with no parental control feature, was launched at a cost of 1.90 EUR/month.

⁴ CNCPD - National Center for the Fight against Online Child Pornography, CNAIPIC – National Center against Digital Crime for the Protection of Critical Infrastructure.

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.

In the context of the pandemic, in order to improve the reliability of the services provided, TIM’s SOC structure organized a significant intensification of the activities aimed at enhancing/perfecting the Continuity Plan of its Incident Management Service.

The SOC oversees the following initiatives and activities:

- form available on TIM’s corporate and commercial portals, which can be used by TIM’s customers, or by outside 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 Center, 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, 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 system to block and make foreign websites inaccessible to its customers;
- 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;
- tobacco (liquid products for inhalation without combustion containing nicotine): in compliance with the law (296/2006, Article 1, subsection 50-bis and 50-ter and Implementing Executive Decree No. 124538 of 11.15.2017, which integrates the provisions of Directorial Decrees of 01.02.2007, 05.29.2007 and 06.10.2008), at the request of the Customs and State Monopolies Agency (AAMS), TIM blocks the resources as and when they are reported, making them inaccessible to its customers.

Moreover, TIM participates in the following initiatives:

- “GSMA - Mobile Alliance against Child Sexual Abuse Content” 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 minors online”, a platform launched by Commissioner Kroes in 2011, then relaunched by Commissioners Oettinger and Gabriel, 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;
- OECD Recommendation on the Protection of Children in the Digital Environment. The OECD has created a working group that oversees the revision of the recommendations on minors in the digital world and in particular the guidelines for digital service providers in this context;
- Digital Upskilling For All (DUFA), promoted by ETNO (European Telecommunications Network Operators) and UNI Europa ICTS (Information, Communications, Technology and Services Information)⁵, which aims to develop and promote the best practices for digital upskilling, gender equality and integration of the ageing workforce in ICT roles in the European Telecoms sector;
- “Digital Skills and Jobs Coalition” (DSJC), established by the European Commission to bring together all bodies and institutions active in tackling the lack of digital skills in Europe;

⁵ It represents over three million workers worldwide; UNI ICTS affiliates work together to defend trade union rights, and organize and improve working conditions in multinational telecommunications companies.

- 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 call for proposals CEF-TC-2020-1 – and coordinated by the Italian Ministry of Education), where it is a member of the Advisory Board. In 2020, TIM pursued its digital education activities through the TIM Scuola Digitale (Digital School) project until the end of February 2020, involving around 2000 students in first level secondary schools (from December 2019 and February 2020). Since March, also due to the COVID-19 pandemic, the activities have been reformulated within the Operazione Risorgimento Digitale project and held exclusively online. For results in relation to the Operazione Risorgimento Digitale project, please refer to the dedicated section.
- “Convention for implementing a device to generate Missing Child Alert” launched with the Italian Ministry of the Interior, Department of Public Security.

TIM is active in international discussions such as with the OECD (Organization for Economic Co-operation and Development) by attending technical working groups on security and artificial intelligence. Through the BIAC⁶, it also attends the following working groups on various topics: access and connectivity⁷, Data strategy⁸, e-privacy, Digital Tax⁹, competition, Going Digital¹⁰, Trade).

In addition, TIM has attended the B20 for many years and – in 2020 – actively participated in the proceedings of the B20 Saudi Arabia, by contributing to the preparation of the G20 guidelines in relation to the digital transformation.

Moreover, the Group has 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 adult content services (wallpapers, videos, podcasts) through the main page of the web portal of the content supplier and, to access, they must declare that they are of age and insert the password. TIM S.A. restricts the portfolio of adult content to level 3.2 of the international code.

⁶ Business and Industry Advisory Committee – A committee at the Organisation for Economic Co-operation and Development.

⁷ Every firm and company should have fast and reliable broadband services. This would help everyone to be more connected, while increasing productivity and the performance of every company.

⁸ Data Strategy can be defined as a set of decisions that follow a line of conduct in order to achieve high level objectives.

⁹ Digital Tax is the regulation of [taxation for multinationals](#) operating on the network, with the objective of ensuring fiscal equity and fair competition.

¹⁰ The Going Digital project provides policy makers with the tools they need to help economies and society prosper in the increasingly more digital and data-based world.

Product responsibility

[GRI 103-1: Management Approach] [GRI 416] [GRI 417] [GRI 419] The 2020 materiality analysis confirmed customer relations quality as an important topic which, for the TIM Group, 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 users¹, and it does not produce the telecommunications equipment it sells.

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 (fixed and cordless telephones², access gateway³, etc.) both in Italy and in the production centers of manufacturers overseas;
- laboratories that test the products marketed by the Group, particularly as regards the electromagnetic emissions of the mobile devices⁴.

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 gruppotim.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 RED⁵ Directive 2014/53/EU, EMC⁶ Directive 2014/30/EU, and Low Voltage Directive 2014/35/EU, divided by product macro-family⁷.

In relation to electrical safety in the use of equipment by customers, as required by the Low Voltage Directive, TIM carries out checks on the technical provisions introduced to reduce the risk of electrocution, overheating, fire and mechanical hazards, by applying harmonized standards EN 60950-1 and the recent EN 62368-1.

Furthermore, TIM checks:

- energy efficiency aspects, required by Directive 2009/125/EC ErP (Energy-related Products), as equipment placed on the market, are checked against the stand-by/off-mode power consumption and performance limits set by European Regulations 1275/2008/EC, 801/2013/EC and 2019/1782/EC, for equipment and their external power supplies (available as accessories);
- device functionality under various environmental conditions of terminal installation and use including potential accessory components for connection to the fixed network is checked. Checks are carried out in compliance with temperature and humidity ranges established by ETSI (European Telecommunications Standards Institute) standards 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);
- electromagnetic compatibility, regulated by Directives 2014/30/EU and RED 2014/53/EU, since unintentional electromagnetic signal emissions are checked – to avoid interference that can harm radio communication – and to fulfil certain electromagnetic interference immunity requirements. In

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 Wireless.

³ Concentrator for voice, data and video traffic of residential customers on telecommunications networks for private use.

⁴ In 2020, eight mobile network devices and one fixed network device were checked in TIM laboratories.

⁵ Radio Equipment Directive.

⁶ Electromagnetic Compatibility; governs radio equipment for the purpose of affixing CE marking.

⁷ For “Corded terminals”, the following standards may be applied: EN 55022 and EN 55024, EN 55032, EN 55035, EN 60950 and EN 62368-1; for “Cordless terminals” standards EN 301489-1, EN 301406, EN 50371, EN 60950-1, EN 62311 and ITU-T P360; for “Mobile terminals (smartphones, data cards etc.)” standards EN 300328, EN 300440, EN 301489, EN 301511, EN 301893, EN 301908, EN 302291, EN 60950-1, EN 62209 and EN 62368-1.

TIM, constant checks are carried out on terminals and network equipment to determine whether they comply with the requirements of international ETSI, CENELEC⁸ 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.

To promote sustainable development in its areas of influence - in addition to the mandatory requirements for electrical safety law, energy consumption and EMC on marketed equipment, TIM also carries out checks on electrical (in compliance with the series K ITU-T Recommendations) and mechanical robustness (in compliance with the installation classes required by the European standard ETSI EN 300019) requirements, so as to reduce waste disposal of electrical and electronic waste (WEEE) from the very beginning. Ensuring equipment placed on the market of has an adequate level of electrical and mechanical robustness, in line with the expected stress in the field, reduces the rate of equipment failure and, therefore, the quantity of waste to be sent to the appropriate disposal facilities. The addition of these robustness requirements, also within TIM apparatus specifications, requires the manufacturer to use adequate protection devices on the electrical interfaces of devices, such as overvoltage and over current limiters, with the consequent reduction in the number of destructive failures; with such technical expedients, it follows that equipment functionality can be easily recovered by replacing a few components in repair centers.

[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, conformity with Brazilian legislation on electrical and electromagnetic safety. There is specific ad hoc legislation to be complied with for each kind of equipment; TIM S.A. 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 a supply contract is drafted, for all fixed telephony products (modems, repeaters, wired and wireless telephones), TIM requires an environmental statement which is published on the web, a statement about the origin of the tantalum if it has been used in the components (REACH), a user manual and/or other document containing safety information, details of any hazardous materials and disposal information.

With regard to mobile devices, as they are consumer products that TIM merely resells and do not require any customization, the Company simply requires national legislation to be complied with.

TIM uses refurbished modems for technical assistance, and launched the sale of refurbished smartphones in fall 2019.

[GRI 417-1] In *Brazil*, in addition to compliance with national legislation, TIM requires information on the correct use of equipment; TIM 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 contains instructions for the correct use of the product, the accessory kit and of the connection jacks associated with the product.

[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 (100% tested for fixed and mobile terminals).

Considering the state of emergency caused by the spread of COVID-19, in accordance with the company policies intended to protect both the health of the auditors and full compliance with government instructions, TIM opted for and strengthened the self-certification process of the batches prepared for delivery; the individual suppliers were made responsible for directly carrying out the essential checks to document the quality/conformity of the batches/products being delivered.

In *Brazil*, in 2020 there were no cases in which non-conformities with regulations concerning information and "labeling" of services were found. TIM S.A. received only financial penalties in 2019, when four incidents occurred for which ANATEL issued total penalties of 247,132 reais, and in 2018 three incidents occurred for which ANATEL issued total penalties of 397,009 reais.

⁸ European Committee for Electrotechnical Standardization.

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"; this 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 Antitrust Authority (AGCM) – for non-compliance with laws and regulations concerning the supply and the use of products and services in Italy.

Description	2020 ⁹	2019 ¹⁰	2018 ¹¹
Number of fines for non-conformities regarding the supply and use of products and services	3	1	3
Total monetary value of these fines (in euros)	7,100,000	200,000	6,600,000

[GRI 419-1] Number and total value of fines - by AGCom (National Telecoms Regulator) - for non-compliance with laws and regulations concerning the supply and the use of products and services in Italy.

Description	2020 ¹²	2019 ¹³	2018 ¹⁴
Number of fines for non-conformities regarding the supply and use of products and services	4	2	10
Total monetary value of these fines (in reais)	4,504,000	1,664,000	4,027,000

[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, imposed by ANATEL.

Description	2020 ¹⁵	2019 ¹⁶	2018
Number of fines for non-conformities regarding the supply and use of products and services	0	0	9
Total monetary value of these fines (in reais)	0	0	180,123

⁹ In 2020, the ICA terminated the following three proceedings, initiated in 2019, ordering payment:

- PS 11379 (winback) of 4.8 million euros;
- PS 11532 (TIM IN NAVE) of 1.8 million euros;
- IP PV 4 (IBAN discrimination non-compliance) of 0.5 million euros.

¹⁰ The fine relates to a proceeding initiated and concluded in 2019 whose sentence was to pay 200 thousand euros for misleading advertising for the Fibra offer.

¹¹ In 2018 AGCM closed three proceedings, two initiated in 2017 and one in 2018. Of the proceedings initiated in 2017, one ended with a fine of 4.8 million euros (misleading advertising messages for the TIM Smart Fibra offer) and one was archived. The third proceeding, started in 2018, ended with a fine of 1.8 million euros (unfair commercial practices in recovery actions).

¹² In 2020, four penalties were issued, two of which undertaken in 2019 and two in 2020. Dispute 9/19/DTC for breaching legislation on transparency and ius variandi was concluded with the order of payment of 696k euros; dispute 12/19/DTC concerned the non-compliance with refunding the eroded days in the billing (a matter of 28 days) and was concluded with the order of payment of 3 million euros; dispute 1/20/DTC for breaching the legislation on transparency (individual user cases) was concluded with the order of payment of 174k euros; dispute 6/20/DTC for breaching the legislation on transparency and withdrawal was concluded with the order of payment of 634k euros. During 2020 two other penalty procedures were initiated: dispute 12/20/DTC for breaching the legislation on consent for premium services (the procedure at the start of 2021 is still pending due to the proposal of undertakings) and dispute 14/20/DTC for breaching the legislation on transparency and ius variandi of the mobile basic plans (the proceeding was concluded in January 2021 with the order of payment of 928k euros).

¹³ The two fines relate to a proceeding started in 2018 that ended with an order to pay 1.2 million euros for failure to issue a 37/18/CONS warning, and a proceeding started in 2019 that ended with an order to pay 464 thousand euros for the TIM Safe WEB services offered to Business customers. Two other cases were opened in 2019.

¹⁴ In 2018 AGCom completed ten proceedings, of which five had started in 2017 and five in 2018. Of the ten cases, one was closed with a settlement offer and the other nine with fines, i.e. 170,000 euros for failure to carry out portability and migration procedures; 1,160,000 euros for unclear and incomplete information on the available basic rate plans; 58 euros for violating compliance of minimum US (Universal Service) quality objectives; 116,000 euros for violating transparency and spending control; 696,000 euros for billing cycles violation; 87,000 euros and 232,000 euros transparency violation; 464,000 euros and 1,044,000 euros for violating the ius variandi law (presumption of harassment).

¹⁵ On June 19, 2020, the Board of Directors of the company approved the execution of a Conduct Adjustment Agreement (TAC) between the telecommunications regulatory authority (ANATEL) and TSA, following the final resolution of ANATEL in the eighth extraordinary shareholders' meeting of the board of directors. The agreement covers the penalties totaling a value of around 639 million reais, which will be closed due to the undertakings related to the improvement in quality and customer experience, the development of the digital presence channels, the decrease in complaint rates and the increase in network infrastructure in more than 2,000 locations.

¹⁶ Taking only significant fines into consideration, i.e. those exceeding 500,000 reais, TIM S.A. did not receive any during 2019. TIM paid two fines in 2019: the first of 11,484,107 reais, ordered by an agency that protects consumer rights, for non-compliance with customer service standards (call center). The other was of 244,551 reais, imposed by another agency as a result of various customer complaints (contracts, invoicing, etc.).

[GRI 417-3] Overall number of nonconformities with legislation and voluntary codes regarding marketing communications in Italy.

Type of non-conformity	2020	2019	2018
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	1
Number of non-conformities with voluntary codes ¹⁷	1	0	2

Type of non-conformity	2020	2019	2018
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	1
Number of non-conformities with voluntary codes	1	0	2

[GRI 417-3] In Brazil the only notifications relating to advertising and marketing communications are issued by CONAR¹⁸, a non-governmental self-regulation organization for advertising which assesses non-conformities with the Brazilian Advertising Code of Conduct ("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, and 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 if the violation of the Code of Ethics has not been demonstrated.

In 2020, TIM was served a notice requiring action, in that it had delayed the application of the amendments recommended by CONAR regarding a breach procedure filed by CLARO in 2019.

In addition, TIM was served another three infringement procedures, one from CONAR and two from CLARO. TIM filed an objection in all proceedings, and a preliminary decision by CONAR ordered TIM to apply the recommended changes; nevertheless, the advertisement in question was published in September 2020 and removed before the preliminary decision of CONAR.

¹⁷ The cases are regulated by the Institute of Advertising Self-Regulation, which operates in compliance with the code of commercial communication and is competent in defining all disputes relating to advertising involving the associated subjects, directly or indirectly. The Jury's decisions never result in financial penalties but, where appropriate, will result in an order to withdraw the contested advertisement. Non-compliance in 2020 was related to the "Passa a Kena Mobile" television commercial, broadcast on Mediaset television networks in June; TIM ceased the commercial in question on the date the injunction was notified.

¹⁸ Conselho Nacional de Autorregulamentação Publicitária.

Safeguarding privacy and personal data protection

[GRI 103-1: Management Approach] [GRI 418] The 2020 materiality analysis highlighted the protection of privacy and personal data as a material topic for the Group.

[GRI 103-2: Management Approach] [GRI 418] Respecting privacy regulations is a priority for TIM, which since 2003 has had a structured organizational model in place which is capable of overseeing the correct application of this legislation at Group level. Company departments are committed to ensuring the correct processing of personal data of data subjects, including customers and employees, in carrying out business activities.

In May 2018, the Data Protection Officer function was established at TIM Group level, dealing with control, consultation, training and information regarding the application of privacy legislation, in compliance with the specific provisions of Regulation (EU) no. 2016/679 on the protection of individuals with regard to the processing of personal data (so-called "General Data Protection Regulation," or GDPR), applicable in Italy and in the other countries of the European Union from May 25, 2018.

The GDPR is the primary source of the applicable regulatory framework on data protection in Italy and the Personal Data Protection Code (Legislative Decree 196/2003, as extensively amended by Legislative Decree 101/2018) now contains the national provisions completing those of the GDPR.

The adoption of legal measures and the instructions of the Italian Data Protection Authority 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 regulations relating to the protection of personal data in the TIM Group" (System of Rules) is particularly important; it defines the provisions and operating instructions to comply with these provisions.

Already in the course of 2018, the System of Rules was thoroughly revised in the light of the application of the GDPR; in 2019 and 2020, the System of Rules was further updated with reference to regulatory developments, in particular in relation to Legislative Decree 101/2018, which adapted the Personal Data Protection Code to the GDPR, and to the additional provisions of the law and the Italian Data Protection Authority's Decisions that followed during the last two years. In relation to 2020, the update to the System of Rules involved, among other things, the issue of processing employee data in relation to the COVID-19 epidemic; in particular, the Data Protection Officer undertook to:

- draw up an *ad hoc* information notice on the processing of the personal data collected when temperatures are taken, aimed at employees and all individuals who have access to the company premises in accordance with the provisions of Italian Prime Ministerial Decree of April 26, 2020, also contributing to identify the methods that ensure the confidentiality and dignity of the individual in case of temporary isolation due to exceeding the temperature threshold;
- prepare, according to the provisions of the Italian Data Protection Authority, the self-certification to be submitted by employees, certifying whether in the last 14 days they have had contact with anyone who has tested positive for COVID-19 or coming from areas at risk according to WHO guidelines. The declaration provides that only the necessary, adequate and relevant data regarding the prevention of COVID-19 infection is collected without requesting additional information in relation to the person who tested positive, specific locations visited or other details relating to the private sphere;
- provide the required support for the purposes of preventing COVID-19 infection, with particular reference to the processing of personal data of TIM employees and Group companies collected during serological tests and the related consents to allow third parties to process the information only if the test is positive;
- provide support to the company departments for the purposes of preventing the spread of COVID-19, contributing *inter alia* to identify ways to guarantee the privacy and dignity of the individual in case of temporary isolation due to exceeding the temperature threshold;
- provide support to the Commercial Departments, especially during the lockdown period, with particular reference to the actions undertaken to inform customers about the initiatives implemented by TIM to transpose government decrees and decisions by the authorities within the competent sector.

In addition, over the course of 2020, TIM thoroughly revised its telemarketing processes, implementing improvement actions, from the technical/information and procedural point of view, and in terms of internal checks, intended to further improve its sales activities in accordance with the regulatory framework in matters of personal data protection and in accordance with provisions of the Italian Data Protection Authority.

In this scenario, we find the training activities held by TIM's Privacy Department, which, during 2020, focused on the staff of TIM's Sales Department and on the respective commercial partners of the sales network (consumer and business). The training plan, held through video conference due to the known constraints imposed by COVID-19, involved obligations required by the GDPR and, above all, the rules and instructions regarding commercial contacts defined by TIM in accordance with current regulations. In all, 25 training sessions were held with the participation of about 450 people.

Furthermore, three ad hoc training sessions were carried out, again using video conferencing, for a selected group of TIM Customer Care staff (consumer customers), focused on topics of interest such as:

- processing of customer/prospect requests concerning the exercise of privacy rights;
- data breach and management.

These training sessions were attended by 34 people.

Finally, again in 2020, training was completed for TIM staff at customer care service providers (consumer and business), through an online course on GDPR, focused on issues of specific interest such as:

- processing of customer/prospect requests concerning the exercise of privacy rights;
- data breach and management.

The course was attended by nearly 1,000 operators.

[\[SASB TC-TL-220a.1\] Description of policies and practices relating to behavioral advertising and customer privacy.](#)

TIM must comply with the General Data Protection Regulation 2016/679 / EU (GDPR), issued by the European Union, and the Italian Personal Data Protection Code, updated in November 2018, containing specific requirements in relation to the electronic communications sector, regulated by specific section of the Privacy Code, transposing the relative Community Directives in force.

Personal data, any data referring to an identified or identifiable physical person, must be processed in a lawful and proper manner, kept accurate and current, and should not be excessive or retained for a longer period than normal. Therefore, the information systems should be configured to reduce the use of personal data to a minimum.

The “data subject” (any physical person to whom the personal data refer) should receive preliminary information on the purposes and modalities of data processing.

Prior consent from the “data subject” is required for the processing of his/her personal data, except in specific cases (e.g., obligations imposed by the law or by a contract with the data subject). The data subject also has the right to access his/her personal data and obtain information about the purposes and modalities of data processing.

TIM has issued specific procedures to ensure compliance with current regulations and to collect, use and store the personal data of its customers. The updated version of these procedures is available in the Group intranet.

Further information on this KPI is available under Standard GRI 418 (dedicated to customer privacy).

With regards to data storage, the CSPs can store traffic data for a period of 6 months with the aim to address the disputes around billing and services to subscribers. The CSPs are also required to store traffic data on telephone and electronic communications with the aim to identify and prevent crime. The terms of data storage for the prevention and prosecution of criminal offences, pursuant to the Privacy Code on the protection of personal data, are:

- a. 24 months for telephone traffic (fixed and mobile);
- b. 12 months for electronic communications traffic;
- c. 30 days for failed attempts to make phone calls.

However, regarding urgent antiterrorism measures, each category has been extended to 72 months under Law no. 10/2017, only with regards to specific offences.

Traffic data should be stored and controlled in compliance with the general regulations issued by the personal data protection Authority which requires that CSPs adopt strict security measures.

The personal data protection Authority also governs customer profiling within the electronic communications sector. The CSPs must obtain consent from the data subject for profiling based on individual and detailed personal data.

The “opt-in” system is generally used in relation to direct marketing activities. However, the Privacy Code also enables the processing of personal data obtained from lists of subscribers, with the aim to carry out telemarketing calls by telephone operators for commercial purposes. This data processing can be carried out in relation to any subject (e.g. subscriber) who has not opted-out by putting their telephone contact number(s) on the public ‘opt-out register’, in effect as of February 1, 2011.

Ultimately, the CSPs should adopt technical and organizational measures, adapted appropriately in light of the existing risk, with the aim to ensure the safety of their services and adopt the necessary measures in case of the violation of personal data. These provisions must protect personal data from the risk of destruction or accidental or unlawful loss, from unauthorized access to data, or from illegal or incoherent processing operations, with the purposes for which the data were collected.

The General Data Protection Regulation reinforces the right of the individual to the protection of his/her personal data and requires substantial modifications of certain elements which introduce the principle of responsibility: increased flexibility for holders and personal data processors, due to unequivocal provisions on responsibility. To this end, an instrument was introduced to help evaluate risk prior to beginning the processing procedures: the protection impact assessment (PIA). TIM has issued a specific procedure for the management of PIAs.

It should be mentioned that the U.S. Children's Online Privacy Protection Act (COPPA) cannot be applied in the European Union.

Data processing is legal only if and to the extent in which the data subject has expressed his/her consent to the processing of his/her personal data for one or more specific purposes (art. 6, section 1, letter a of the General Data Protection Regulation); art. 8 of the GDPR states that, if a minor is under 16 years of age, data processing is lawful only if and to the extent that said consent is given or authorized by the holder of parental responsibility.

TIM essentially uses personal data (biographical data, gender, age and residency) for SMS advertising campaign sales to third-party companies; TIM obtains consent in advance from its customers to initiate other companies' sales campaigns, pursuant to the relevant regulations in force.

The revenues derived from the profiled advertising sales vis SMS in 2020 were around 100K euros; the remaining revenues from advertising are represented as display revenues, or banners (non-profiled campaigns) on the TIMmail site.

Regarding behavioral targeting (particularly the 'Principles of intersectoral self-regulation for online behavioral targeting'), TIM complies with the GDPR in force in the European Union. Moreover, TIM:

- invited its customers to use the fixed-line telephone services (including WIFI) and not the mobile services, in compliance with requirements by AGCom in the critical stages of the COVID-19 emergency (March-April 2020), through specific messages included in fixed-line voice service billing statements and on its website, with the aim to avoid mobile network congestion;
- sends preliminary information to the data subject on the purposes and modalities of data processing;
- issued specific procedures which guarantee compliance with GDPR regulations and govern the collection, use and storage of the personal data of its customers;
- requests the prior consent from the data subject for personal data processing, except in specific cases (e.g., obligations imposed by the law or by a contract with the data subject).

Finally, TIM is not registered with self-regulatory organizations such as the Direct Marketing Association.

[\[SASB TC-TL-220a.2\]](#) Number of customers whose information is used for secondary purposes.

TIM S.p.A. limits the use of its customers' data for the commercial purposes (customer profiling) of the Group, subject to the specific consent of customers, who can revoke it at any time (namely, TIM does not transfer or sell to third parties any type of information held by it regarding its customers). The Company only collects information with the consent of its customers (the principle of tacit agreement does not apply); for all the aforesaid information, the consent required is "opt in", i.e. the customer has freely and expressly provided their consent or permission to receive marketing material.

TIM stores information regarding its customers for the time necessary to carry out the purposes of the processing as reported in detail in the policies on the TIM website, which are continuously updated. The Company issued specific procedures that ensure compliance with the legislation and allow for the collection, use and storage of the personal data of its customers; the updated versions of these procedures are available on the Group's Intranet.

Further information is available as part of the GRI 418-1 standard, reported below.

[\[GRI 103-3: Management Approach\]](#) [\[GRI 418-1\]](#) The effective application of the internal policies is monitored through an extensive control system based on regular self-assessment procedures, sample checks carried out by the relevant central and regional departments, based on established procedures and methods, as well as for planned and identified second level controls, also due to the inherent risk level of processing.

In particular, following the review of telemarketing processes, as indicated above, during 2020, the internal checks carried out on such processes were optimized and extended in line with the provisions of the Italian Data Protection Authority.

In the light of these activities, the Personal Data Processing Activity Register was revised and updated, with the support of a special IT tool, both to further improve its compliance with GDPR provisions and with a view to its

use as a corporate compliance catalogue, to address the compliance requirements of Information Technology systems, identify possible areas for improvement and manage the related action plans.

Finally, also during the course of 2020, TIM continued to take the steps required to ensure the implementation of provisions in its internal processes to deal with any violation of personal data security (so-called "data breaches"), as well as to respond to the numerous customer requests (for example, to know what personal data is being processed by TIM or exercise other rights) and the information requests submitted to TIM by the Italian Data Protection Authority.

The table below shows:

- the information requests made to TIM, in Italy, by the Italian Data Protection Authority, including those made following reports/complaints by customers;
- the answers provided to requests for the exercise of privacy rights made by TIM customers to Customer Care or directly to the Data Protection Officer.

	2020	2019	2018
Requests received (number of cases/complaints reported)	15	116	71
Replies to requests for the exercise of customers' privacy rights addressed to TIM Customer Care	1,103,502	864,417	583,285
- of which answers to requests for the exercise of privacy rights made by customers directly to the Data Protection Officer	2,760	2,680	867*

*Data referring to the period 05/25/18 (effective date of the GDPR) as of 12/31/18.

[SASB TC-TL-220a.3] Total amount of monetary losses as a result of legal proceedings associated with privacy.

To follow the single procedure adopted by the Italian Data Protection Authority with respect to TIM S.p.A. in 2020, considered "material"¹. In the last three years, there were other proceedings for a few dozen thousand euros.

- Remedial and penalty action taken against TIM S.p.A. - (Procedure 7/2020) of January 15, 2020.

The Procedure, issued by the Italian Data Protection Authority, essentially involves activities associated with telemarketing in relation to consumer customers; further issues taken into consideration regard the management of a number of apps, the TIM Party program, data breaches and the storage of data of OLO customers (Other Licensed Operators). The total amount of the penalty, equal to the initial penalty since TIM did not file an appeal, is 27.8 million euros. TIM has paid 13.9 million euros, having closed the dispute pursuant to the legislation in force in Italy via payment, within 30 days, of an amount equal to half of the penalty issued. In compliance with the ruling of the Italian Data Protection Authority, TIM implemented the provisions of the Procedure, especially in reference to the improvement of telemarketing processes and the internal control system, according to the deadlines defined by the Authority.

[TC-TL-220a.4] (1) Number of requests for information on customers by law enforcement agencies, (2) number of customers whose information has been requested, (3) percentage resulting in disclosure.

Description	TIM Italia (figures in mln)			TI Sparkle (figures in '000)		
	2020	2019	2018	2020	2019	2018
Total number of unique requests for information about customers, including customer content and data unrelated to content, from the Government or the police.	~ 2.7	~ 1.6	~ 1.3	~41	~39	~35
Total number of unique customers whose information was requested by the Government or the police*	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
% of requests from the Government or the police that led to disclosure to the requesting party**						

*As a policy, TIM does not carry out statistical processing on the sensitive data set out in the point in question.

** TIM provides mandatory services for the competent judicial authorities.

¹ a value greater than one million euros.

[SASB TC-TL-230a.1] (1) Number of data breaches, (2) Percentage involving personally identifiable information (PII), (3) Number of customers affected.

The following table contains the number of IT security incidents only for TIM S.p.A. for years 2020, 2019 and 2018.

Description	2020	2019	2018
Number of IT security incidents	19	40	22

[SASB TC-TL-230a.2] Description of approach to identifying and addressing data security risks, including use of Third-party cybersecurity standards

Throughout the years, TIM Group has structured itself on specific policies, with the goal to guarantee the security of information and manage the related risks. In particular, the “Risk management for the security of TIM Group information” policy, issued in 2017, pursuant to the ISO / IEC 27005 standard: 2011, makes it possible to:

- support the process Manager in the identification of areas, priorities for action and the allocation of resources needed for full implementation of corporate security policies;
- identify the security requirements, starting with risk assessment, by promoting the acquisition of knowledge about the level of exposure to threats against corporate information and the impact of any business security related incidents.

The above policy functions through the implementation of a specific ICT Risk Management process which aims to guarantee the confidentiality, integrity and availability of information and enable the company to assess and align the information confidentiality requirements with the company's business targets, as well as ensure its compliance with the legislation in force.

The ICT Risk Management process was defined within the TIM Group through an organizational procedure with reference to the main frameworks and international best practices, including NIST (to identify security requirements) and CSA (to direct security issues in cloud environments).

The ICT Risk Management process, which attained the ISO 27001 certification in 2020:

- focuses its scope on technological assets;
- contributes to the security of information by managing the process of assessing and handling the operational risks to the ICT resources which process the information.

In this regard, the process must be activated in the concept phase of new projects/services intended for marketing or, in other words, for the proper functioning of the TIM Group, to ensure context analysis are performed and to identify the requirements that must be analyzed to identify the safety measures to be adopted in relation to ICT resources.

The ICT resources design must involve interaction with the ICT Risk Management process for the analysis of scenarios, the identification of the relative requirements and the assessment of the adequacy level of the measures covering them. In particular, the requirements constitute all the measures aimed at ensuring both adequate security levels and compliance with the current legislation; these requirements are defined to reflect those established by TIM Group's internal regulations and by specific assessments carried out in the risk analysis, estimation and processing phases.

Developing ICT resources involves interacting with the ICT Risk Management process, also when monitoring the correct implementation of the security measures established and assessing their effectiveness. Furthermore, the technological assets must undergo specific technical activities intended to assess the effectiveness of the security measures adopted and/or the presence of detectable weaknesses.

[GRI 103-1: Management Approach] [GRI 418] In Brazil, TIM S.A. believes that the confidentiality of customer information is a primary commitment for telecommunications companies and monitors its systems 24 hours a day in order to prevent and detect any unauthorized access attempts.

[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 (with the exception of cases provided for by the law). The Personal Mobile Service regulation, in articles 89, 90 and 91 of Resolution No. 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. The 2014 Federal Law (Marco Civil) No. 12,965 (Brazilian Civil Rights Framework for the Internet), under Articles 10 and 11, ensures the privacy and protection of personal data for internet users.

On August 14, 2018, the President of the Republic approved the General Data Protection Act No. 13,709/2018 (LGPD in Portuguese), the most important Brazilian law on privacy. Due to the scenario caused by the

COVID-19 pandemic in Brazil, the law was subject to draft legislation and temporary measures, with consequent postponement of the application of fines and sanctions to 1st August 2021, whereas other articles are already in force from August 2020. The LGPD contains various regulations and obligations related to privacy and personal data protection, both online and offline, and is applicable practically to any organization.

The Law governs data protection and is applied to any processing operation related to a natural person (automated or not) or by a legal person managed by public or private companies, regardless of the context, the country of its head office or country in which the data are held, provided that:

- the processing is carried out in the national territory;
- the purpose of data processing is the provision of goods or services or the processing of data of persons located in the national territory;
- the personal data subject to processing has been collected in the national territory.

At any time, the data subject can request – from the data controller – their rights to privacy, access to their data, request deletion, etc.

To guarantee the confidentiality of its customers' information, in accordance with national legislation (including Articles 10 and 11 of the "Marco Civil"), TIM S.A. issued relevant internal policies and procedures to ensure the confidentiality of the related information based on a "need to know" basis (in order to ensure that only the employees who use the data to carry out their work are entitled to process customer data) and the separation of duties. These policies and procedures recall the methods for the classification and management of information in order to guarantee suitable protection levels.

In addition, in accordance with Organizational Design² no. 1347/18 – which comprises the appointment of the Data Protection Officer (DPO) and the model for the application of regulations, the adequacy of activities and the assessment of related impacts in accordance with the Brazilian General Law on data protection (LGPD in Portuguese) – the Chief Executive Officer (CEO) coordinates the Privacy Committee.

In the Committee, the Compliance department keeps the implementation of the actions required to comply with the LGPD in full alignment with the other departments that form it, namely:

- *Legal,*
- *Regulatory, Institutional and Press Relations,*
- *Business Support Officer,*
- *Chief Technology Information Officer,*
- *Chief Revenue Officer,*
- *Human Resources & Organization.*

To remain updated on issues regarding the matter, in 2019 TIM S.A. reviewed its customer data privacy policy and updated and published it during 2020. This document is now more transparent, contains more information and explains how TIM processes its customers' data.

TIM carries out its activities also in accordance with ISO 27001, the international standard that describes the best practice for information security management. In August 2020, the Cyber & ICT Security Department initiated the actions necessary to obtain it; TIM S.A. believes that it will achieve this certification at the end of 2021 (or by 2022).

TIM S.A. also completed the review and update of the terms and conditions of its contract, to make it compliant with the LGPD in relation to how the Company collects and processes personal data in a transparent manner. After having classed the information, the Company carries out risk analyses with the help of systems that save the data, mitigating the vulnerabilities that might be used to access confidential information. Employees and service providers are also made aware of the need to adopt data security measures and all providers offering value added services (VAS) must sign a non-disclosure agreement with TIM.

The Cyber & ICT Security Department is responsible for updating the related policies and procedures, ensures their maintenance and, as information security governance, guarantees the involvement of all relevant departments as well as disclosure and compliance with the guidelines within the TIM Group in Brazil.

One of the challenges of 2020 was the pandemic, during which TIM launched its Contingency Plan in order to allow all employees to work from home and ensure business continuity, including the call centre and the critical technical areas. Cyber & ICT Security undertook many actions to protect information in home offices and led various campaigns to raise employee awareness.

² Organizational project.

Considering the technological resources, TIM has specific tools that support the management of necessary aspects such as those relating to data loss prevention (DLP), multi-factor authentication (MFA), identity management and content filtering, among others, monitored by the Cyber Security Operations Center (CSOC).

Moreover, TIM is committed to complying with the Sarbanes-Oxley Act, in accordance with its guidelines, with regard to internal controls for privacy and protection of personal data.

The Company's anti-corruption program includes an organizational business model, available online on the Intranet, which guarantees personal data processing in compliance with the rights and dignity of the persons involved and within the limits of what is necessary. The model is compliant with Italian Legislative Decree no. 231/01, Brazilian anti-corruption law 12,846/2013 and international standards, such as the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act.

In 2020, TIM S.A. continued to adjust all the new contracts that it had stipulated and that require the processing of personal data, in addition to the modification of the backlog of contracts signed before the LGPD but still in force, in order to include the update relating to data protection.

In addition, TIM offered various training courses throughout 2020:

- to all its staff, with compulsory e-learning;
- one more advanced course, specifically targeting its managers and strategic employees;
- to its suppliers free of charge, with the aim of raising their awareness of compliance with the LGPD and of what TIM expects from them in terms of security and privacy measures.

TIM has updated its Privacy and Cookie Policy and created various internal regulations, which seek to govern and guide the processing of personal data by its internal departments. The Privacy Centre can be accessed using the following link: <https://www.tim.com.br/sp/sobre-a-tim/institucional/seguranca/politica-de-privacia>.

TIM also launched the DPO Mailboxes to respond to requests from people interested in the processing of their data. The Compliance Department is already operational on the mailboxes, having received more than 300 requests by December 2020; no complaint concerned the violation of privacy or loss of data of our customers.

[GRI 103-3: Management Approach] [GRI 418] [GRI 418-1] In 2020 TIM S.A. received the following requests for access to confidential data from the judicial authorities³:

- wire-taps: approximately 427k;
- data recording: approximately 391k;
- telephone recordings: approximately 600k.

The above numbers correspond to the requests managed manually as well as those carried out directly by the competent authorities using the web service provided for this purpose.

In 2020 TIM received 687 legal actions from customers, who reported a possible violation of privacy. In the same year, 593 legal actions were closed (not necessarily opened in 2020): the judicial authorities ruled in favour of TIM 293 times and in favour of customers 300 times, ordering the Company to pay total compensation of approximately two million reais.

It should be stated that the difference between the legislations of Italy and Brazil does not allow for any comparisons to be drawn between homogeneous data.

[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 2020 included the following:

- ongoing work on the development of a proprietary threat intelligence platform⁴ to support the collection, analysis and consumption of intelligence on new security threats; Some of the relevant issues addressed in the year included: the development of criteria and approaches to use, including automatic, for the purpose of proactive defense of specific types of information;
- the continuation of the work of the four-year project CONCORDIA⁵ (Cyber security cOmpeteNce fOr Research anD InnovAtion⁶), as part of the European research program Horizon 2020, and in particular the initiative "Establishing and operating a pilot for a Cybersecurity Competence Network to develop and

³ It is not possible to calculate the exact number of customers affected by the requests for information, since various authorities can request information regarding the same customer using the line number (MSISDN), the IMEI code of a device or the Brazilian tax code (CPF). In addition, various authorities have requested information on calls concerning all numbers recorded, making it impossible – for now – to determine this precise number.

⁴ Threat intelligence platform.

⁵ <https://www.concordia-h2020.eu/>

⁶ Expertise in cyber security for research and innovation.

implement a common Cybersecurity Research & Innovation Roadmap” with a focus on Intelligence platforms, tools and processes;

- the contribution to the work of the research project RESISTO (RESilience enhancement and risk control platform for communication infraSTRUCTure Operators) funded by the European Union, again as part of the European research program Horizon 2020;
- the trial and application of new machine learning⁷ algorithms to the automatic analysis of spam reports, i.e. potentially suspicious emails;
- the continuation of overseeing and steering the activities of the GSMA (GSM Association) Fraud and Security Group (FSAG)⁸ as Deputy Chair (Vice President) of the working group;
- the activities, again in the context of the GSMA (GSM Association) FSAG, in the NESAS (Network Equipment Security Assurance Scheme Subgroup⁹);
- participation in the proceedings of the Coordinated Vulnerability Disclosure Subgroup¹⁰ (CVD) of the GSMA in order to exchange information about new vulnerabilities and threats to mobile infrastructure;
- the overseeing of activities as part of 3GPP¹¹ SA¹²3 or the working group for security and privacy of the systems specified by the 3GPP;
- the entry into the working group on security of the O-RAN ALLIANCE (Open Radio Access Network¹³), an international alliance with the objective of transforming and innovating mobile access networks;
- the undertaking of various scouting activities to identify and assess emerging and/or innovative security solutions including end-point¹⁴ protection technologies based on behavioural approaches and the use of artificial intelligence;
- the implementation of multiple security campaigns testing¹⁵ to assess the level and adequacy of new equipment, instruments, and devices in terms of security;
- the discovery of various new vulnerabilities in the context of the testing, penetration testing and vulnerability assessment¹⁶ activities.

Smart Services

[GRI 203-1 [GRI 203-2] In the context of public sector services and businesses, in accordance with the Italian Digital Agenda (ADI) and European Directives, in 2020 TIM consolidated and streamlined its Smart Services offer (security, energy efficiency, environmental and digital services in urban areas, analytics to support sustainable choices from the point of view of local and central government) with the aim of promoting the Smart City model to improve the quality of life through the development of innovative digital services that move municipalities to a Smart Community model (as indicated by the Digital Agenda), to enable new forms of collaboration between citizens, businesses and public administrators. Some examples are provided below.

SMART LIGHTING / SMART PARKING	<p>Integrated management of the local infrastructural networks and construction of the Smart City environments.</p> <p>Enabled services:</p> <ul style="list-style-type: none"> ▪ 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 vapor or incandescence). Added to these values is the option of varying lighting by switching on and/or reducing the intensity of individual lamp posts; ▪ Smart sensor-based parking spaces to optimize the distribution of parking spaces in the local area. <p>Revenue: over 100k euros¹</p>
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⁷ Machine learning, i.e. the use and development of computer systems that are able to learn and adapt without following explicit instructions, by using algorithms and statistical models to analyze and draw inferences from data patterns.

⁸ Fraud and security.

⁹ Network Equipment Security Assurance Scheme Subgroup.

¹⁰ Coordinated (and responsible) Vulnerability Disclosure Subgroup for information about new vulnerabilities.

¹¹ The 3rd Generation Partnership Project.

¹² Security Assurance.

¹³ Open Radio Access Network.

¹⁴ Personal computers, servers and mobile devices.

¹⁵ Security testing.

¹⁶ Verification, penetration testing and vulnerability assessment.

¹ The revenues from this are not high as it is offered together with other products.

TIM FLEET TRACKING AND TIM YOUR WAY	<p>Location and fleet management combined with vehicle telemetry identification and detection systems. During the pandemic, the solutions for driver safety were joined by wearable devices that make it possible to monitor the correct interpersonal distancing and thermal screening devices for measuring temperature.</p> <p>Enabled services:</p> <ul style="list-style-type: none"> • planning of services and routes; • reduction of pollutant emissions; • driver identification solutions, telemetry control; • solutions for the transport of materials and goods at controlled temperature; • driver and vehicle safety services. <p>Revenue: 6 million euros.</p>
TIM ENERGREEN	<p>Remote management of energy consumption, implemented on TIM assets and services, for the purpose of saving energy.</p> <p>Enabled services:</p> <ul style="list-style-type: none"> • 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 project: ad hoc efficiency improvement work. <p>Revenue: 1.7 million euros.</p>
TIM WASTE MANAGEMENT	<p>Management of environmental services and waste delivered for collection by road or door-to-door.</p> <p>Enabled services:</p> <ul style="list-style-type: none"> • management and control of the means of collection; • automatic recording of the collections using bag reading tags and mechanical bin pick-up by the vehicle; • service certification report; • service planning by defining collection routes and managing the areas concerned. <p>Revenue: 200k euros.</p>
TIM CITY FORECAST AND SMART CONTROL ROOM	<p>Statistical data to help local authorities to monitor the number of people present in the area, their social and demographic characteristics and movements over time, to optimize the services offered to citizens and enhance the area. The service is based on advanced TIM mobile network data processing in full respect of privacy.</p> <p>TIM City Forecast allows in particular to:</p> <ul style="list-style-type: none"> • quantitatively assess public mobility patterns continuously and reliably; • evaluate the vehicular flow of a city or area for planning the vehicular traffic patterns; • understand the characteristics of tourist flows to optimize and monitor the development of the tourist and cultural offer over time; • know in near real-time the density of the areas in question. <p>During the pandemic, the data (rendered anonymous) detected using the solution were made available to a number of local governments, to support the monitoring of compliance with the bans in force on travel and gatherings.</p> <p>Smart Control Room, a unified control room that receives and processes information about ongoing events in the city, which makes it possible to monitor the local area in real time, intervene promptly in an emergency and build a database for predictive analyses to improve planning. It is also a valid tool for supporting decisions and making systems more efficient.</p> <p>Revenue: 2.5 million euros.</p>
VIDEO SURVEILLANCE SOLUTIONS	<p>Software applications designed to manage video surveillance systems in indoor and outdoor public areas; they make it possible to monitor the local area in terms of security and prevention.</p> <p>The images are also securely stored in the TIM cloud and made available for possible checks by law enforcement agencies.</p> <p>To support the recovery of businesses during the pandemic, in addition to traditional video cameras, the offer included the management of thermal imaging cameras that measure body temperature, to allow for safe access to mixed-use environments.</p> <p>Enabled services:</p> <ul style="list-style-type: none"> • customization of the areas to be monitored; • sending event alarms; • integrating existing IP (internet provider) cameras, safeguarding investments already made; • customized video analyses (e.g. monitoring of gatherings). <p>Revenue: 310k euros.</p>

DIGITAL SCHOOL TIM	<p>TIM aims to be the single interlocutor for teaching institutions and universities, by integrating its fixed, mobile and security connectivity solutions with solutions by specialists and major market players.</p> <p>This offer (launched in December 2020) includes:</p> <ul style="list-style-type: none"> • G Suite software for Education for remote learning (RL), with two service plans, G Suite for Education and G Suite Enterprise for Education, which include collaboration, classroom and Chrome synchronization tools as main services; • Chromebook devices and accessory components to guarantee RL and to equip workshops and multimedia classrooms in school buildings; • Chrome Enterprise for Education perpetual license for each Chromebook device for the centralized management of the entire fleet of devices using the G Suite control console; • training courses and specialist assistance services, namely a long list of courses available via streaming, webinars and face-to-face plus assistance packages to guarantee correct configuration of the services and to optimize the various mass activities specific to the school. <p>Revenue: 21.4k euros.</p>
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In the three years 2020-2022, the smart city and digital territory segment will be one of the reference verticals. They will strongly contribute to the development of revenues in the IoT (Internet of Things) segment.

The Olivetti Smart Lighting² system combines the replacement of traditional lighting with low energy consumption LED lights with the optimization of lighting system management through wireless technology remote control, allowing for savings of up to 65%. Assuming an average consumption per capita for public lighting in Italy of about 99.8 kWh³ and considering a 50% consumption reduction for a municipality of 100,000 inhabitants using this lighting system, it would be possible to achieve overall annual energy savings of 4,990,000 kWh, equal to a 1,926t reduction of CO2 emissions (Scope 2)⁴.

TIM's Fleet Tracking service and the other TIM Your Way solutions services address the management and monitoring of the car park and commercial vehicles. Using integrated solutions ranging from integrated platform services to devices permanently installed in vehicles, it is possible to control and reduce fuel consumption, substantially cut the emission of pollutants, ensure the safety of staff who drive vehicles and implement a car-sharing system for the use of vehicles in shared mode.

Conciliation procedures

[GRI 103-1: Management Approach] [GRI 102-43] [GRI 102-44] The 2020 materiality analysis confirmed the Group's relationship with its customers as a material topic.

[GRI 103-2: Management Approach] [GRI 102-43] [GRI 102-44] The extrajudicial conciliation procedure between TIM and the consumer protection associations who signed the framework agreement (in the 1990s) was the first example of joint conciliation in Italy. In 2011, the European Parliament recognized "Italian joint conciliation" as an example of best practice based on the protocol signed by the Company and Consumer Associations, where the Company undertakes to use an alternative procedure to resolve disputes that may arise between company and consumer, known as "Alternative Disputes Resolution" (ADR). In December 2019, 22 consumer associations signed up to the conciliation agreement, 19 of which registered with the CNCU (National Council of Consumers and Users), an organization representing consumer associations - chaired by the Italian Ministry of Economic Development - with the task of contributing to improving and strengthening consumer satisfaction levels.

In 2016, on entry into force of Legislative Decree No.130/2015, implementing European Directive No. 2013/11/EU, the Italian legislator made an important choice by counting "joint conciliations" in ADR procedures, completely reforming the original Art. 141 of the Consumer Code. By virtue of this new European and national regulatory framework, the TIM-Consumer Association Joint Conciliation Procedure was:

- recognized as an "ADR Body" possessing the requisites of stability, efficiency and impartiality required by the regulatory framework;
- registered on the list of recognized ADR Bodies, established by the AGCom (Italian Communications Authority) on June 30, 2017.

The basis for the dissemination and success of the conciliation procedure is:

- it is a free model;

² Olivetti.com/it/iot-big-data/soluzioni-iot/smart-lighting .

³ Calculation based on data from Terna (the Italian electricity transmission system operator) and ISTAT (the Italian National Institute of Statistics), relating to December 2017.

⁴ Using the same emission factor used by TIM in this Report for Scope 2 emissions reporting, i.e. 0.386 kg CO2/kWh.

- speed of the process;
- the mandatory requirement to seek recourse to conciliation as a prerequisite for judicial requests to proceed.

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

Following the establishment of the ADR Body, there was a revision of the Joint Conciliation Regulation and the application methods of the unitary conciliation protocol established between TIM and the Consumer Associations registered at the CNCU. The protocol is considered unitary because it serves as a common basis for other telecom operators (Vodafone, WindTre, Fastweb). It includes procedures and guidelines to be applied in order to guarantee a comprehensive harmonization for end consumers. The ADR Body, established in compliance with the provisions of Art. 141 ter of the Consumer Code, is established at the TIM headquarters.

Since 2009, in compliance with the voluntary undertakings given and approved by the AGCom in 2008, TIM has also been managing conciliation requests at Co.Re.Com (Regional Communication Committees) and Chamber of Commerce offices (until June 2018), replicating the organizational model successfully applied for joint conciliations. In this way, customers can choose to use the consumer associations or take advantage of alternative paths through Co.Re.Com to settle any disputes with the Company out of court.

In light of Resolution 203/18/CONS "Approval of the regulation on dispute resolution procedures between users and operators of electronic communications", from July 2018 AGCom has introduced the new conciliation management system "ConciliaWeb", developed by the Authority which had also established procedures for the on-line presentation and management of the conciliation event for customers.

Beyond the choice of procedure by the customer, the underlying aspect of the conciliation is always the customer's needs, making it possible to build up a good relationship between the customer and the Company.

In line with the commitments made in the previous year, in February 2020 TIM signed a memorandum of understanding with six of the biggest consumer associations (Adiconsum, Federconsumatori, Codacons, Udicon, Cittadinanzattiva and Adoc). The aim of the memorandum is to instill a relationship of greater synergy and more transparent dialogue intended to mitigate the level of disputes in relations with consumer protection associations. In addition, and again with the aim of best consolidating the agreement between the Associations and TIM, the introduction of a new channel for handling consumers' complaints addressed to TIM and submitted to the Consumer Associations has been guaranteed.

After signing the Memorandum of Understanding in February, TIM signed an additional agreement with the consumer protection associations to speed up the distribution of digital skills among citizens/consumers, optimizing the push towards digital provided by a project, "Operazione Risorgimento Digitale", launched at the end of 2019 and reinforced by the emergency caused by the pandemic.

With this additional collaboration, TIM has made another step forward which will contribute to the reduction of the current digital divide and to the implementation of a strategy that also considers the consumer's point of view protected by the consumer protection associations.

In this sense, the collaboration initiated in July 2020 will conclude at the end of 2021; the initiative involves seven associations (Adiconsum, Adoc, Cittadinanzattiva, Codacons, Federconsumatori, Udicon and Altroconsumo) and involves webinars held alongside TIM on the topics of digital and protection for safer technology use in the segments deemed most fragile. The activity, which was universally approved, will be completed by the creation of educational clips focused on a more agile use of digital tools, enabling the least expert segments to use the new technology.

[GRI 103-3: Management Approach] [GRI 102-43] [GRI 102-44] To date, the conciliation model has achieved relevant qualitative and numerical results. Specifically, in 2020 the use of the Co.Re.Com channel continued to record high appreciation, in that it accounted for 82% of the conciliations discussed, while the joint channel accounted for 18% of the requests discussed (the Chamber of Commerce channel, closed in July 2018, is no longer active). As a result of the pandemic, the joint channel recorded a relevant decrease in conciliations received, due to the closure of many physical branches of consumer protection associations. The positive trend seen in the conciliation system in previous years continued in 2020, in fact:

- 97.3% of the requests for joint conciliation (11,525 out of 11,850 discussed were reconciled), a percentage that is stable year on year;
- 89.3% of the conciliation requests discussed at Co.Re.Com (48,545 out of 54,391 discussed were reconciled), a percentage that has increased since 2019 (83.3%).

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

- the seminars and joint training initiatives involving dedicated personnel from TIM, AGCom, Co.Re.Com. and Consumer Associations;
- the debates, conferences, interviews and the other promotional activities involving senior management in order to disseminate the correct cultural approach to the subject.

As regards training on the joint conciliation, in 2020 significant importance was placed on the changes to the deadlines for taking courses and on the teaching model, as a direct result of the pandemic that marked the entire year. Considering the critical nature of the COVID-19 health emergency, in the context of the ADR Body, TIM backed the feasibility of postponing the two-year course until year-end, planned for April 2020 with the approval of AGCom. The training model also needed to contain the push towards digitization that became necessary during the lockdown period, to build an entirely online teaching model for the new resources inserted in the role of conciliators as well as for the conciliators already in office.

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

- better knowledge of the procedure (both joint and conciliaweb) which is considered to be a quick and economical way of resolving disputes;
- economic crisis that leads to conciliation even for marginal amounts;
- the widespread territorial presence of Co.Re.Com and the various Consumer Associations, able to bring the conciliation tool increasingly closer to the local needs of consumers.

[GRI 103-2: Management Approach] [GRI 102-43] [GRI 102-44] In **Brazil**, TIM has close relations with the agencies that form part of the consumer protection system, such as ministers, public defenders and the civil protection organizations, which promote the culture of close relations between companies and their customers, including SENACON¹ and PROCONS².

TIM is the operator (financial group) with the lowest number of complaints in PROCONS, part of the SINDEC³.

The COVID-19 pandemic has influenced the partnership actions with PROCONS, whose offices remained closed for around six months, while dealing with consumers promptly and remotely. On September 11, the consumer protection code (CDC) turned 30 years old and the majority of PROCONS had to cancel in-person events, the objective of which was to create agreements with companies (which required physical attendance). Some PROCONS organized an online event and TIM took part in at least three of these, seeking an immediate solution for customer requests.

[GRI 103-3: Management Approach] [GRI 102-43] [GRI 102-44] In 2020, too, TIM also achieved excellent results in settling claims submitted by PROCONS offices. The data for 2020 are shown below (source: SINDEC official report): number of complaints processed: 68,430; CIPs (Preliminary Investigation Letters) 83%; 71% were justified complaints.

[GRI 103-3: Management Approach] [GRI 102-43] [GRI 102-44] In 2014, SENACON launched the Consumidor.Gov.br platform, which makes it easier to resolve customer complaints and simplifies the work done by PROCONS; TIM was one of the first companies to sign up to this platform, through which customers can state if the complaint has been resolved or not and review the quality of the response given by the company. In 2020, the average customer satisfaction score of TIM, who used the aforementioned platform service, was 3.9 on a scale of 1 to 5.

[GRI 103-2: Management Approach] [GRI 102-43] [GRI 102-44] On August 24, 2020 TIM implemented its own ombudsman, a second-level service channel with the aim of providing assistance to customers who used the TIM service channels and did not receive a response within the set time or whose requests were not resolved. Until August 23, TIM only had one internal channel, which was not available to the public, to meet the requests of friends and families of company employees.

The purpose of the ombudsman is to transform the legislative obligation into an opportunity, to bring the customer's voice within the Company, in order to continuously improve performance by reducing requests and increasing customer satisfaction. The ombudsman channel operates via a free telephone number (08008820041) on weekdays between 08:00 am and 06:00 pm, and processes requests within ten days.

The ombudsman also has:

- a specifically appointed public advocate, connected to the Presidency;
 - an operating manual containing all rules for participation, available on the TIM website.

¹ National Secretariat for Consumer Protection.

² Consumer Protection Programme.

³ The national information system for consumer protection (source: SINDEC official report for the whole of 2020).

The number of requests processed in 2020 was 49,204.

Further information is available on the following TIM website: <https://www.tim.com.br/sp/para-voce/atendimento/ouvidoria>

[GRI 103-2: Management Approach] [GRI 102-43] [GRI 102-44] In 2014, following an ANATEL settlement, TIM established its own Users Council, the aim of which was to propose solutions that improved the quality of the services provided. In 2017, the Users Council, alongside the Department of Public Defense, created a new conciliation channel – Canal 0800 Defensoria Pública – aimed at reducing complaints taken to court, through direct communication between the Public Defenders and TIM.

In 2020 – despite the impact of the Covid-19 pandemic – in terms of accessibility, TIM continued to distribute the consumer protection code in the Brazilian sign language (“Libras”), through the Users Council page on the TIM website, online meetings of the Users Council and consumer protection associations, and participation in the VI National Forum of the ANATEL Users Council. Moreover, during the online meetings of the Users Council and the ANATEL VI National Forum, the Giulia application – which offers accessibility to deaf people – was recognized as a social tool by the consumer protection associations and by other public agencies connected to the sector.

In 2020 TIM launched a new cycle of the TIM Users Council, with the appointment, in March, of 60 new members of the Regional Councils for the 2020-2022 three-year period, elected in the second half of 2019. Due to COVID-19, the ordinary meetings were held remotely thanks TIM’s commitment to its community, ANATEL and the consumer protection organizations to continue the activities and pursue the objectives of the Users Council: assessment of services, their quality and suggestions to promote improvement in the quality of the services.

In August 2020, the VI National Forum of the Users Council was held, for the first time, as an online event due to COVID-19 social distancing measures, making it possible for all Users Council members to attend. During the Forum sessions various issues were discussed. These included discussions on consumer rights, laws on general data privacy, self-regulation, 5G technology, the circulation of TIM Users Council actions, etc.

In September 2020, the Italian Regulatory Authority Board of Directors approved the new Regulation for the Telecommunications Users Council, which TIM and other operators helped arrange through a public consultation conducted by ANATEL in November 2019. The main changes will be effective from January 2023 and will include reducing the members from sixty to eighteen and changing the structure of the Council so that it will operate at the national level rather than at the regional level.

Certifications

[GRI 102-12] Some TIM Group departments and/or companies, particularly those which have a significant impact on the various stakeholders, have achieved and/or confirmed the certifications that ensure that procedures and conduct are in line with the stakeholders’ expectations.

The certifications achieved and/or confirmed at December 31, 2020 related to some of the Group’s activities and/or companies:

- quality of products and services offered: UNI EN ISO 9001 standard;
- environmental protection: UNI EN ISO 14001 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 management⁴: ISO/IEC 27005;
- management of cloud computing⁵ service providers and user security for a safer cloud-based environment: ISO 27017;
- management of privacy in cloud computing services: ISO 27018;
- IT incident management: ISO 27035;
- management system for the prevention of active and passive bribery: ISO 37001;
- health and safety at work: ISO 45001 standard;

⁴ Supporting the information security management system requirements (ISMS) according to ISO/IEC 27001.

⁵ This technology allows for the use of software and hardware resources through a remote server (e.g. mass storage), which can be used as a service by a provider.

- efficient energy management: standard ISO 50001;
- the ability of a data center to guarantee continuity of the services provided: ANSI/TIA regulation⁶-942;
- security for credit and debit card transactions and cardholder protection from improper use of personal information: PCI/DSS standard⁷;
- fulfilment of the AGID (Digital Italy Agency) requirements to perform the role of:
 - Accredited Operator for Certified Email;
 - Accredited Custodian for storing electronic documents pursuant Italian Legislative Decree 82/2005;
 - Accredited digital identity manager for SPID services (public service manager) pursuant EU Regulation 910/2014;
 - Qualified trust service providers for the issuance of eIDAS qualified electronic time stamps (EU Regulation 910/2014).

In *Brazil*, as required by ANATEL (National Telecommunications Agency), certification has been obtained for the mobile number portability service, in accordance with the respective general regulation.

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

⁶ American National Standards Institute/Telecommunications Industry Association.

⁷ Payment Card Industry Data Security Standard.

Results, indicators and objectives

[GRI 103-3: Management Approach] [GRI 102-43] [GRI 102-44] The results achieved are shown below, compared to the objectives published in the previous Sustainability Report for the year 2020 and in relation to the Customers stakeholder only, for the year 2019¹.

TIM S.p.A. – Customers²

Area of reference	Indicator	Unit of measurement	Target 2019	Actual figure 2019	Target status 2019*	Target 2020
CUSTOMERS-MOBILE	Activation time for voice service (pre-paid service) – Percentage of valid orders completed within the maximum period laid down by 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	0.35	●	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	0.31	●	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	99.4	●	95
CUSTOMERS – FIXED INTERNET	Activation time for broadband internet access services – Average time of supply (active telephone lines)	Days	9	8	●	9
CUSTOMERS – FIXED INTERNET	Activation time for broadband Internet access services – Percentage of valid orders completed within the date agreed with the customer (new active telephone lines and transferred telephone lines)	%	95	99.7	●	95
CUSTOMERS – FIXED INTERNET	Activation time for broadband internet access services – Average time of supply (new active telephone lines and transferred telephone lines)	Days	15	7	●	15
CUSTOMERS – FIXED INTERNET	Broadband Internet access service faults – Ratio between the effective number of malfunction reports and the average number of broadband access lines	%	12	5.7	●	12
CUSTOMERS – FIXED INTERNET	Broadband Internet access service faults – Average repair time	Hours	26	15	●	26
CUSTOMERS – FIXED INTERNET	Broadband Internet access service faults – Percentage of fault repairs completed within the maximum time contractually established	%	92	96,9	●	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	0.4	●	1.4

(*) Target Status:

● achieved;

● not achieved.

¹ The actual figures of the above mentioned objectives for 2020 will be available in July 2021 on the websites:

a. <https://www.tim.it/assistenza/per-i-consumatori/info-consumatori-fisso/qualita-dei-servizi-di-rete-fissa> (page dedicated to fixed network residential customers)

b. <https://www.tim.it/assistenza/i-consumatori/info-consumatori-mobile/qualita-dei-servizi-di-rete-mobile> (page dedicated to mobile network residential customers)

c. <https://www.timbusiness.it/assistenza/infoconsumatori/indicatori-qualita> (page dedicated to all business customers)

² The full list of quality indicators, and the respective objectives for them, is available on the www.tim.it and www.timbusiness.it websites. 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.

Some indicators of the service offered

[SASB TC-TL-550a.1] (1) System average interruption frequency and (2) Customer average interruption duration

System average interruption frequency, 2019 and 2020, TIM S.p.A.

Description	2020	2019	Notes
System average interruption frequency	0.0000002	0.0000002	Average interruption frequency = total number of service failures/total customers 2020: total of 7 service failures recorded for 39.5 million customers 2019: total of 6 service failures recorded for 39.98 million customers
Duration of service failure (in hours) for each disrupted user	0.0000195	0.0000057	Duration of service failure (in hours) for each disrupted user = total duration of service failures/total number of customers disrupted 2020: 124.32 hours for 6.4 million customers 2019: 45.08 hours for 7.9 million customers

TIM deals with all the parameters relative to this document. A relevant event is any event/incident/service failure/anomaly detected by sources within or outside the Company which, assessed and classified on the basis of criteria defined for each individual type of event, can have a substantial, direct or indirect, impact on:

- corporate business;
- the security of tangible and intangible assets;
- strategic customers;
- the Company's reputation/image.

For this document, TIM only considers events which resulted in service interruptions lasting at least two hours or which involved at least 100,000 users.

[SASB TC-TL-550a.1] Average duration of the service interruption to the customer TIM S.p.A

Average duration of interruption to the customer							
No.	Relevant Events 2020	Duration of event (hours)	No. of users affected	Duration/ users relationship	Cause	Provisions adopted	Notes
1	Degradation of voice and data services for 4G user across the whole country	1.92	6,091,680	0.00000031	The service failure was to do with some network elements of the core segment. These elements are distributed redundantly in three different geographical areas. During the maintenance operations planned in one of the areas, a fault was detected in another of the areas which lead to congestion in the third area.	The service failure was resolved by rebooting the node under maintenance and excluding the second faulty node. To prevent future events, new configuration sets and tests were planned to increase network resilience.	The event occurred on July 20, 2020 and impacted 20% of mobile users.
2	The island of Ponza was affected by a service failure.	13	6.4	0.00203125	The lacking supply of electrical energy from the responsible Body caused the service failure which resulted in malfunctioning electrical components in the radio link and configuration issues related to specific support equipment, causing disruptions to mobile voice and data services. The buffer batteries were not working properly.	Buffer batteries were replaced.	The event occurred on July 27, 2020. Number of inhabitants on Ponza: 3,200, double in the summer period.

3	Blocking of purchases from app/ web channels, provision of top-up via app, and self-care.	4.58	10.6	0.00043239	During maintenance operations, which led to a wrong DNS configuration, there was a database block caused by a filesystem saturation. This led to the blocking of purchases and top-ups via app and web channels.	Allow for a more rapid diagnosis and intervention, making the alert platform also available to the sector which monitors database backup.	The event occurred on June 19, 2020
4	Service failure in the Ivrea Province - Municipalitys in the Valle d'Aosta region.	11	16.106	0.00068298	Unexpected shut down of a piece of network equipment during a maintenance operation in response to power system malfunction warnings.	1) Plans for corrective maintenance in low-traffic, protected areas. 2) Feasibility analyses for the extension of the alert system.	The event occurred on February 6, 2020.
5	Sardinia remained in isolation for 49 minutes due to faults in the primary and backup equipment systems belonging to the regional star connection center.	0.82	154	0.000053	The shut down of both equipment systems constituting the star connection center for Sardinia due to rising temperatures. Initially, just one equipment system was affected and then, the next day, another event affected the backup system. Recovery of the first system was started quickly but the remote location (island) required transfers from other regions, causing delays because of flight restrictions related to the pandemic.	1) Census and review of the distribution of the inventory for the star connection center equipment, in particular, in the two major islands Sardinia and Sicily which, for logistical reasons, can potentially represent a critical problem at the national level. 2) Increase in the frequency of regular checks on the correct functioning of equipment.	The event occurred on March 12, 2020
6	Lack of power supply to the Inviolatella site in Via Oriolo Romano.	13.25	10	0.001325	Following a problem with the electrical power supply in Via Oriolo Romano, 240 (Inviolatella) in Rome, there were faults in the hosting systems.	1) Analyses and review of alert systems. 2) Extension of control system (24 hours). 3) Extraordinary maintenance works.	The event occurred on November 2, 2020.
7	Service failure due to bad weather in the Piemonte region.	79.75	80	0.000996875	An extreme weather event led to two faults (fiber carrier and power supply in a power station), in addition to other local faults, resulting in the unavailability of data, voice and radio network site services.	N.D.	The event occurred on October 3, 2020.
7 cases were detected in 2020.		124.32	6,368,786	0.0000195			
Total duration of service failure/total users affected by the service failure – Year 2020				0.000005			

[SASB TC-TL-550a.1] Average duration of service interruptions to TIM S.p.A. customers in 2019

Average duration of interruption to the customer							
No.	Relevant Events 2019	Duration of event (hours)	No. of users affected	Duration/ users relationship	Cause	Provisions adopted	Notes
1	National IP backbone disruptions between the POPs of Catanzaro and Rome.	3.17	800,000	0.00000396	Software defect in Nokia equipment	1) Installation update release. 2) Upgrading monitoring and troubleshooting tools.	The event occurred on October 10, 2019.
2	Pay by instalment and automatic top-up service interruptions; intermittent interruptions for online top-up services.	6.3	118,000	0.0000539	Inefficiency caused by a planned technological migration intervention: the incorrect configuration of the network component equipment caused incorrect communication between the redundant components.	Inefficiency caused by a planned technological migration intervention: the incorrect configuration of the network component equipment caused incorrect communication between the redundant components.	The event occurred on July 19, 2019
3	Service interruptions on the island of Elba	10.42	11,700	0.00089031	Cutting, by third parties, of a TIM fiber optic cable and electric cables	N.A.	The event occurred on April 15, 2019 and impacted 5,400 fixed data customers, 6,300 fixed-line customers (Poste Italiane not considered)
4	Disruption to customer personal information application, involving disruptions to the commercial services offered	20.67	4,000,000	0.00000517	Fault caused by system obsolescence	Migration to a new generation platform	The event occurred on June 1, 2019
5	Disruption in relation to fixed network browsing in Western Sicily	1.95	2,151,129	0.00000091	Two cables damaged simultaneously: a) cable damage due to the fault of third parties during excavation work; b) cable deterioration during company redevelopment works, carried out on behalf of TIM, on a degraded cable	Formal notice to the companies involved	The event occurred on February 18, 2019
6	Disruption to VoLTE mobile at the Milan power plant	2.58	866,000	0.00000298	Incorrect software configuration following network maintenance	1) Review emergency procedures to speed up Volte service recovery and the exclusion of specific IMS cores (virtual and not). 2) Integrate alert thresholds on KPI violations.	
6 cases were detected in 2019.		45.09	7,946,829	0.00095672			

Total duration of service failure/total users affected by the service failure – Year 2019			0.000005674			
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[\[SASB TC-TL-550a.2\] Discussion of systems to provide unimpeded service during service interruptions.](#)

The main business continuity risks associated with technology issues which affect TIM S.p.A. operations are summarized³ as follows:

- unavailable ICT systems as a result of the total or partial destruction of their host site due to extreme weather, earthquakes or volcanic eruptions, accidents or damage to the facility infrastructure;
- prolonged shut down or malfunctioning of ICT systems due to extreme weather, earthquakes or volcanic eruptions, accidents or damage to the IT infrastructure, accidents or damage to the facility infrastructure, faulty hardware, software errors and malfunctioning and cyber attacks;
- unavailable ICT systems due to network connectivity issues over an prolonged period due to faults or service connection failures.

The main measures applied by TIM S.p.A. to mitigate business continuity risks include:

- network infrastructure resilience measures (e.g. duplicating OPB backbone, physical and logical redundancy of active equipment and star connection center sites, network configuration inventory and backup systems);
- adopting international design and safety standards (ETSI) for the continuity of fixed voice, mobile and data network service, with related physical and logical redundancy criteria;
- level 4 Data Center security (ANSI/TIA942-B-2017);
- adoption of ISO 22301 Regulation for the planning, design, implementation, management, monitoring and improvement of the operational continuity of Data Centers;
- adoption of certified international regulatory measures: ISO 9001, ISO 20000 (Infrastructural IT services), ISO 14001 (Environmental management systems), ISO 27001 (Information technology - Security techniques - Information security management systems - Requirements), ISO 37001 (anticorruption), ISO 45001 (occupational health and safety management systems), ISO 50001 (energy management systems - requirements and guidelines for use);
- insurance cover for damages from interruption to activities due to direct material damage to the Data Center or Service Centers;
- insurance cover for damages from interruption to activities due to a Cyber event.

With regards to material damages from natural/catastrophic events, internal assessments have been performed to estimate an expected damage, once every 200 years (99.5%), equal to around 240 million euros for seismic risk and 57 million euros for flooding and flash flood risk. Internal assessments were also performed to calculate potential losses from direct damages. The findings show that for extratropical storms there is expected damage once every 200 years (99.5%) equal to around 23 million euros. The insurance cover currently in force is sufficient, according to the analyses performed. Analyses assessing indirect damages (Business Interruptions) and damages affecting the cyber world are also underway.

[\[SASB TC-TL-520a.2\] Average effective download speed of \(1\) owned and commercially-associated content and \(2\) non-commercial content.](#)

At present, there are no monitoring operations implemented that are associated with the contents provided and associated with commercial offers or non-commercial content; the implementation of these monitoring activities is being assessed.

Within the European Community, detailed information on the traffic type and use of the database, by the customer, is subject to privacy restrictions. The [Regulation \(EU\) 2015/2120](#) of the European Parliament and Council of November 25, 2015, introduced a new set of rules on net neutrality to European Law. Based on the principle of net neutrality, access to the internet must be treated in a non-discriminatory manner, independently of the content, by the application, service, terminal, as well as by the sender and recipient. The deterring power of the Authority's supervisory action has also been increased through sanctions from 120 K euros to 2.5 million euros in cases of ascertained violation of the regulations on net neutrality in force, and the National Authorities are required to report these to the Community. The [BEREC Guidelines](#) make specific reference to the impossibility of implementing the following actions:

- monitoring customer behaviors for technical and marketing purposes;

³ source: scenarios and events considered as part of the Business Continuity Plan due to unavailable ICT systems.

- traffic management or zero rating offers⁴,

guaranteeing transparency in supply contracts.

Given these limitations, it is impossible to provide the services on a customer service basis. Therefore, the following alternative is proposed: 'monitoring of the FTTC lines download speed (30-100-200-Mbps) in the period 2020-2018 (excluding FTTH lines, for which monitoring is in the experimental phase).

Foreword:

- monitoring activities are carried out according to the Broadband Forum standard (BBF) TR143 through an agent which is active on the majority of the CPEs⁵ and managed remotely through BBF standard TR069;
- TIM does not have an active monitoring system with probes external to the CPE;
- monitoring activities are carried out at least once a month on all the lines, during low traffic periods (0.00 - 07.00 a.m.), with the aim to obtain a correct performance estimate, and so as not to interfere with the user traffic;
- monitoring activities aim to analyze the performance of customer lines independently of content (NET Neutrality guarantee);
- the values reported reflect the values based on the effective profile of the offer and not the maximum potential of the lines;
- TIM's methods of testing refer to the majority of lines with the internal customer in contrast to the method proposed that could only be applied to few lines with the use of external probes;
- other operators also specified that, for the same purpose, they do not distinguish the marketing content (e.g., Verizon, AT&T, US Cellular).

The speeds represent the average of the speeds in downlink, weighted on the basis of the FTTC offer

Description	2020	2019	2018
Average FTTC download Speed - TR143 (Mbps)	70	65	62

With reference to KPI band values, the update for broadband (BB), ultrabroadband (UBB) detail services, BB and UBB detail services, Internet Protocol PBU values of reference, used also for regulatory accountability (CoRe), were as follows:

Macrofamily	Peak band unit (kb/s)		
	December 2020	December 2020	December 2018
BB x DSL customers (Consumer + Business)	457	336	396
UBB FTTCab Consumer Customers	1,668	996	901
UBB FTTH Consumer Customers	1,736	1,009	830
UBB FTTX* Business Customers	619	452	435

(*) FTTX stands for Fiber To The X, where X can be C for cabinet, H for house, B for building or E for exchange.

Method of calculation of the Peak Band Unit or per Customer with respect to Italian Regulatory Accountability

This indicator represents the contribution that the "average client"⁶ of a specific BB or UBB macro service provides to the Peak Band measured on the Network. This indicator is calculated on all the Commercial Customer Base customers and, therefore, involves customers who are effectively active during the peak period and customers who do not generate traffic during the peak period.

The PBU is calculated each month of the regulatory accountability year of reference, starting with the Peak Total Band, which is derived from the recording of traffic measurements, using a variant of the TCBH methodology.

In brief, this methodology involves the acquisition of the traffic measurements according to the following method:

- on all the physical interfaces where the customers connected are customers being measured, a traffic volume measurement sample is provided for each day of the month. This is expressed as V_j , where j varies

⁴ Zero rating is defined as an agreement on which basis the customer's use of data is not billed or calculated with the aim to determine the limits of the customer's data plan, if the customer has access to specific content affiliated with the mobile network operator or internet service supplier.

⁵ Electronic device used as a user side terminal that can be directly connected to the geographical transmission network.

⁶ The "average customer" is the customer characterized by average KPIs (traffic or activity) with respect to a specific population of customers.

from 1 to Ng, (where the number of days in the month being examines is Ng), which runs along the interfaces every 15 minutes. For each 15 minute interval of each day of the month, the traffic intensity is measured as follows: $li=Vi/T$ (where T, expressed in seconds, represents the number of seconds in the 15 minute interval; $15*60=900s$), where i goes from 1 to 96 (there are 96 x 15 minute intervals in one day). Therefore, there are 96 traffic measurements a day;

- b. below shows the traffic profile based on the “average day”, where the average is the mid-point between corresponding xth 15 minute interval of all the days of the measurement period within the month or, in other words, the average of the traffic values is calculated for the first 15 minute interval of all the days of the month being assessed, then for the second, third and so on, until the 96th. This makes it possible to calculate the average traffic intensity IMi for the xth 15 minute interval of the average day;
- c. once the traffic profile has been calculated for the so-called “average day”, the hour of maximum traffic is identified by detecting the 15 minute interval with the highest traffic value, in compliance with the above profile. This value represents the Peak Total Band value (according to standard TCBH methodology, the hour with the highest traffic within the average day profile, is constituted by 4 consecutive 15 minute intervals with the highest sum of traffic values);
- d. the Peak Total Band used in the Regulatory Accountability to determine the PBU, is the one referring to the month of the year which showed the highest total traffic peak.
- e. the Peak Total Band is then divided, through appropriate drivers, between Regulatory Accountability macro services, obtaining the Total Bands attributable to each macro service. With Bi indicating the total band of the xth macro service and with Ni being the number of customers in the “Customer Base” belonging to xth macro service, the PBU of the xth macro service (BUi) is obtained through the following expression:

$$BU_i = B_{it}/N_i$$

With regards to the average publicized download speed, defined as the download speed publicized for each user account on the basis of the speed of the account type, the values, expressed in Mbit/s, of the parameter for the years 2020, 2019 and 2018 are reported in the following table:

Year	2020	2019	2018
Mbit/s	112.6	81.3	60.6

Description of the calculation algorithm

The following has been considered for each year of interest:

- a. the amount of lines configured in the network in December;
- b. the only TIM retail lines for which there is information on the associated commercial offer (i.e., the commercial download speed);
- c. the sum of products given by the total number of lines multiplied by the associated commercial download speed, whose result is then divided by the total number of lines which contributed to that product calculation (weighted average of the commercial download speeds on the basis of the number of networks).

COVID-19

An extract from the document that TIM sent to ETNO in March 2020: “COVID-19: emergency measures adopted by TIM”

The substantial increase of traffic, particularly during the most severe phases of the lockdown, was as a result of smart working, online games (which use more bandwidth than corporate programs) and teleconference apps used for remote working. In terms of network capacity, TIM’s backbone had free space available to it to manage the high volumes, and all the networks proved themselves to be more than adequate. In particular, TIM’s Technical Division guaranteed a high quality service for fixed and mobile networks through continuous monitoring, making it possible to manage personal and work activities remotely throughout the entire country.

In order to address the abnormal distribution of traffic from remote working and online training, TIM has redistributed the network capacity on the regional and local network on the basis of the changes to the traffic profile, both in terms of usage hours and geography.

TIM guaranteed the possibility of remote working to around 30 thousand employees and, with the intent to ensure that service continued to run throughout the country, it was not able to extend this remote mode to a number of key roles, including operators and supervisors in the caring and credit services, Data center Field operations⁷, fraud department, workers operating in building sites and building management, employees of the company retail shops, marine radio services and on-site technicians.

⁷ Data Center on-site operations.

A summary of the document written by TIM pursuant to AGCom Circular of March 20, 2020: first measures in act under art. 82 of the “Cura Italia” Decree (Law Decree No. 18 of March 17, 2020).

TIM acted both in a technical and commercial capacity towards the OAOs (Other Authorized Operators).

From a technical perspective, TIM:

- increased the capacity of interconnection to peering⁸ for Big Internet (+2,6Tbps);
- it intervened on BRAS (Broadband Remote Access Server, also known as BNG -Broadband Network Gateway), or the points of passage required for authentication, the management of the QoS⁹, aggregation of all IP traffic intended only for TIM Fixed Consumer and SOHO customers¹⁰ (each Operator supplies their own BRAS), in two ways:
 - increasing the overall capacity of the equipment and their connection to the rest of the network;
 - redistributing the customer base, also with respect to the new capacity installed, with the purpose to remove early congestion as a result of increased traffic, optimizing the customer experience.

Through the above interventions (peering and BRAS), TIM has been able to support a system with higher average traffic per capita.

Monitoring data and voice traffic on fixed and mobile network.

From the very beginning of the COVID-19 emergency, TIM implemented a daily oversight system aimed to monitor traffic on the fixed and mobile network with the purpose to measure increases compared to the period before emergency.

The main traffic indicators examined were:

- volumes of data traffic in a 24 hour period;
- the intensity of data traffic;
- volumes of voice traffic.

The following method was applied to calculate variations (the week of reference was from February 15-21, 2020):

- variation for public holidays: calculation of the average of public holidays (Saturday and Sunday) in relation to the week of reference and the relative comparison with the value of the day being examined (Saturday or Sunday);
- variation for weekdays: calculation of the average of weekdays (Monday - Friday) for the week of reference and the relative comparison with the value of the day being examined (Monday - Friday)

For some days, there was 100% growth in the fixed network for the time window 9.30 a.m. - 04.30 p.m.

The “traffic intensity” indicator (instant occupation of the network resources) reported a 30% growth in the fixed network and a 25% growth in the mobile network.

The “voice volumes” indicator for the fixed network reported a maximum increase of more than 100% and an average weekday increase of 50%; the mobile network recorded an approx. 35% growth.

These values refer to the measurements recorded after the most restrictive order (March 9, 2020).

⁸ Internet traffic exchanges, with improved network quality.

⁹ With regards to telecommunications networks, the term ‘quality of service’ (QoS) is used to indicate the parameters used to characterize the quality of service offered by the network, or the tools or techniques used to obtain the quality of service desired.

¹⁰ Small Office, Home Office. It identifies the professional segment of the market, small companies and self-employed workers who work at home or in a small office.

2021 and multi annual Targets

[GRI 103-2: Management Approach] [GRI 102-43] [GRI 102-44] The objectives for 2021 are shown below.

TIM S.p.A. – Customers¹¹

Area of reference	Indicator	Unit of measurement	Target 2021
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	Activation time for broadband Internet access services – Percentage of valid orders completed within the date agreed with the customer (new active telephone lines and transferred telephone lines)	%	95
Customers - Fixed internet	Activation time for broadband internet access services – Average time of supply (new active telephone lines and transferred telephone lines)	Days	15
Customers - Fixed internet	Broadband Internet access service faults – Ratio between the effective number of malfunction reports and the average number of broadband access lines	%	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

¹¹ The full list of quality indicators, and their respective objectives for 2020, is available on the www.tim.it and www.timbusiness.it websites. 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.

Suppliers

[GRI 103-1: Management Approach] [GRI 308] [GRI 414] The 2020 materiality analysis confirmed the evaluation and consolidation of social and environmental aspects of the supply chain as a material topic for the Group.

Digital represents the new collective progress factor which, in different ways, offers new opportunities that greatly impact the economy and society.

Suppliers have a direct influence on the communities and areas within which they carry out their activities, to which must be added the involvement of organizations that oversee the environmental and social aspects related to these activities.

[GRI 103-2: 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.

Products and services are acquired at the best market conditions and must meet particular requirements of functionality, quality, safety and respect for the environment, in complete compliance with current laws and legislation.

[GRI 102-9] The purchasing departments focus on specific sectors, so as to provide accurate responses to the requirements of internal customers and stakeholders.

TIM's purchases mainly take place in the two geographical areas where the Group's major activities take place, Italy and Brazil, and are mainly aimed at the following categories of products and services:

- telecommunications networks,
- telecommunications products,
- information technology,
- technical and professional services,
- power systems,
- other.

[GRI 102-9] In total, 4,158 suppliers received purchase orders from the Group in 2020 (-8% compared to 2019 and -12% compared to 2018), including 3,446 for the Domestic BU¹ (-6% compared to 2019 and -8% over the total for 2018), and 716 for Brazil (-18% compared to 2019 and -28% compared to 2018)².

[GRI 103-2: Management Approach] [GRI 308] [GRI 414] The selection of the TIM Group's suppliers involves a pre-contractual qualification stage, in which the economic/financial and technical/organizational 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.

[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 Conduct³.

[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 initial screening⁴ in relation to respect for the principles of the Code of Ethics and Conduct and are subject to regular assessment. The actions taken by TIM to check 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.

[GRI 414-1] Specifically, in 2020, 100% of new suppliers enrolled in the Register signed a specific questionnaire in which they commit themselves and any authorized sub-contractors, collaborators and employees to observe the principles of behaviour contained in the Group's Code of Ethics and Conduct⁵.

¹ The perimeter of the Domestic BU's suppliers also includes those of the companies Olivetti and Persidera (the latter was sold in 2019).

² 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.

³ The Group Code of Ethics and Conduct (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 Organizational 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, prohibition of 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 minimize injuries and occupational illnesses)" must be guaranteed for both the people of the Group and the human resources of suppliers.

⁴ Excluding Public Administration.

⁵ In Brazil such percentage was 96%.

While the supply is taking place, registered companies which have received purchase orders in markets that are strategic for the Group normally undergo incoming quality control checks (a requirement for the acceptance and use of the purchased goods) and monitoring of the vendor rating⁶. Environmental and social audits are also carried out on some of these⁷.

For some sectors, the Group also measures and monitors subcontracting suppliers, in particular, for network jobs; there were 835 subcontracting businesses (-2% compared with 2019 and -6% compared with 2018). In this sector, therefore, the estimated total number of suppliers involved in the supply chain was 865⁸.

In the last three years, no significant changes have occurred in the structure of the Group's supply chain.

In the BU Brazil, the products come, as far as possible, from local suppliers. TIM S.A. checks that its suppliers comply with labor laws also by scrutiny of a particular list (that includes suppliers non-compliant with the laws in question), available on the website managed by the "Business Pact for Integrity and Against Corruption and the Brazilian National Pact to Eradicate Slave Labor"⁹. A potential supplier included in the above mentioned list - for violating laws regarding child, forced or other labor - cannot sell services and products to the Company. In 2019, no supplier who had responded to the TIM S.A. social and environmental questionnaire identified risks concerning child and forced labor.

Sustainability initiatives

[GRI 103-2: Management Approach] [GRI 308] [GRI 414] In 2020, 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.

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 and 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 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 that are 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 specializing 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 over time. The tools developed and used for the Domestic BU have been explained and transferred to the Brazil BU.

[GRI 308-1] [GRI 407-1]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; in 2020, there were 59 at higher risk (+40% compared to 2019 and +40% from 2018). 24 purchase 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 403-8] In particular, between the end of 2020 and the beginning of 2021, a survey was submitted to TIM S.p.A.'s main suppliers with the purpose to collect immediate information on environmental and social issues. The survey is being finalized and the data collected so far does not allow us to present meaningful conclusions.

⁶ System for the measurement and monitoring of the performance of suppliers.

⁷ [GRI 103-2: Management Approach] [GRI 308] [GRI 414] 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.

⁸ In the Brazilian BU, at present there is no systematic monitoring of level two suppliers.

⁹ Companies Integrity Pact, against corruption, and the Brazilian National Pact for the Elimination of Forced Labor.

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 employees have the legal right to constitute and/or belong to trade union organizations aimed at safeguarding the individual and collective interest. 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.

[GRI 410-1] For the employees of organizations which supply security guard services in Italy, the Consolidated Law on Public Security must be complied with, in particular Art. 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. Amongst others, it establishes that all those intending to be hired as guards for a guard business must have attended an advance 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, relating to areas of procurement that present the greatest sustainability risk, answer a specific self-assessment questionnaire to determine the socio-environmental sustainability risk.

The questionnaire was developed based on the main requirements contained in the relevant standards for responsible corporate management relating to compliance with ethical values and safeguarding the environment (UN Global Compact, SA 8000, and ISO 14001), as well as best industry practices.

[GRI 308-1] [GRI 414-1] The self-assessment sustainability questionnaire is integrated into the application that handles the supplier qualification process, submitting it by default to all new suppliers operating in markets deemed to have a sustainability risk. Processing the answers provided determines a supplier sustainability risk index, which is used to be able to enter the supplier on the supplier list.

In 2020, the questionnaire was updated to include new questions on issues of greater social sensitivity, such as anti-corruption, data protection, conflict minerals and environmental issues, e.g. greenhouse gases and energy efficiency; lastly, the weighting system of the questions was adjusted to give greater emphasis to the most sensitive issues.

A mechanism for renewing the questionnaire was also introduced to maintain an up-to-date overview of the supplier base.

[GRI 308-1] In 2020, a new Sustainable Procurement Policy was drafted (replacing the previous Green Procurement Policy), which sets out guidelines for establishing the social and environmental requirements for the products/services purchased.

The aim of the Policy is to integrate social, economic and environmental impacts into the decision-making factors considered by staff and partners during the procurement process. To this end, the Policy has been integrated and incorporated into the broader Product and Service Procurement Policy, which governs the entire procurement process.

The document has been published on TIM's Vendors Hub supplier portal and in the sustainability section of the grouptim.it website to encourage the engagement of all stakeholders.

Specific projects have also been launched to organically incorporate the sustainability assessment of products/services to be purchased into both the phase of establishing the purchase requirement and the tendering phase. These activities will be fully implemented in 2021.

In response to the COVID-19 pandemic, various communications were sent to all suppliers, inviting them to strictly observe all precautions to prevent the risk of contagion and spread of the disease, and providing guidance as to the behaviors to adopt in relations with TIM and customers so as to minimize the risk of contagion. Moreover, all suppliers have been provided with the regulations drawn up by TIM for its staff (technical as well as sales and post-sales) regarding safe access/interventions and the use of PPE (Personal Protective Equipment).

[GRI 414-1] [GRI 414-2] In 2020 in Brazil a self-assessment questionnaire on sustainability issues was sent to suppliers whose orders exceeded one million reais, equal to 64% of the total number of suppliers. All 831 suppliers involved responded by the end of 2019. The results will help direct future selection processes.

Sustainability checks

[GRI 103-2: Management Approach] [GRI 308] [GRI 414] Activities intended to verify the sustainability performance level of common suppliers and sub-suppliers continued in 2020 in the framework of the Joint Audit Cooperation (JAC)¹ initiative, in accordance with the memorandum of understanding signed at the end of 2009 by TIM, Orange and Deutsche Telekom. Proximus, KPN, Swisscom, Vodafone Group subsequently joined the initiative in 2011; Telenor and Telia Company in 2012; Verizon in 2013; AT&T, Telefónica and Rogers in 2016; MTS, Telstra and Veon in 2018 and Elisa OYJ in 2019. Two members (Veon and Rogers) withdrew in 2020.

Necessary operations were also implemented to transform the initiative by 2021, which has until now been operating on an MoU basis, into a non-profit association (NPA), with registered office in Brussels.

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 made through audits carried out by Third parties using a specific method developed by the JAC members themselves, who share the results of the verifications;

¹ Further information is available on the jac-initiative.com website.

- to contribute to the increased sustainability of suppliers/sub-suppliers involved by devising and implementing corrective actions and ongoing improvement programs, 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 (capacity development), through specific supplier training programs, particularly in order to disseminate a culture of sustainability throughout the supply chain (sub-suppliers and sub-sub-suppliers);
- share tools to address common and relevant international issues, such as climate change or circular economy.

[GRI 308-2] [GRI 407-1] [GRI 408-1] [GRI 409-1] [GRI 414-2] Between 2010 and 2020, thanks to the gradual increase in the number of members of JAC, 728 audits² were carried out – 91 in 2020 alone – in the production plants (suppliers and sub-suppliers) located in Asia, Central and South America, North Africa and Europe. The checks were carried out through international specialized companies selected by competitive tender and related to a total of around 1,400,000 workers. The suppliers included in the audit campaigns 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.

	2020	2019	2018
Environment	39 (21)	49 (19)	30 (22)
Discriminations	2 (0)	7 (2)	2 (2)
Business ethics ³	11 (6)	27 (4)	28 (24)
Forced labor	8 (4)	8 (0)	3 (2)
Child labor	3 (0)	7 (1)	3 (3)
Freedom of association	1 (0)	5 (1)	2 (2)
Working hours	64 (31)	46 (18)	38 (27)
Salaries	39 (8)	16 (3)	7 (6)
Disciplinary proceedings	0 (0)	0 (1)	1 (0)
Health and safety	111 (66)	103 (51)	105 (77)

(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 members⁴.

Moreover, in the 2018-2020 three-year period, 89% of the non-compliances detected were remedied within one year from the start of the corrective action plan, for a total of over 650 actions.

The first three areas affected by these actions were health and safety, working hours and environment.

On 15 and 16 January 2020, Macao (China) hosted the 9th annual forum with suppliers involved in the JAC program, on: “Circular Economy – a Game Changer for the Supply Chain”. The event was attended by more than 160 sustainability and procurement professionals from leading telecommunications operators, Information and Communication Technology (ICT) providers, Corporate Social Responsibility (CSR), Non Governmental Organizations (NGOs) and researchers.

During the forum, topics relating to the “circular economy” were discussed in specific round-table discussions as well as through speeches by experts and institutional representatives.

There was a presentation of the targets and improvements achieved in 2019, as well as the activities of the 2020 agenda.

Lastly, awards were given to suppliers that adopted best practices in health and safety and that stood out for the spirit of collaboration shown during the CSR audit campaign.

² 391 of whom were TIM suppliers (43 in 2020 alone). The total number of audits may be affected by the presence of some audits conducted over two years.

³ This item includes, inter alia, conflict minerals, ISO 27000 standards, privacy, responsible advertising, anti-competitive practices, intellectual property, corrupt practices.

⁴ [GRI 103-2: Management Approach] [GRI 308] [GRI 414] The aim of the initiative is to help suppliers operating in the countries which are at greater risk, in terms of respect for sustainability principles, improve their performance; the non-conformities always result in corrective actions and not in the termination of the purchase contract.

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 optimize operational processes by applying social networking systems to the business context, is now well established; the Portal has around 4,362 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 acquiring significant advantages in 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), therefore reducing the environmental impact resulting from the use of paper, transporting and storing documents.

Supply chain commitments

[GRI 103-2: Management Approach] [GRI 103-3: Management Approach] [GRI 308] [GRI 414]

2020 results and 2021 objectives: Italy

INDICATORS	DETAILS	2020 OBJECTIVES	2020 FINAL FIGURES	2021 OBJECTIVES
% suppliers audited	Total amount of high risk suppliers who have undergone an in-depth sustainability audit since 2010 ¹	85% of high risk suppliers	85%	85%
% 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	90%	90%	90%
% contracts containing clauses connected with ESG risks		100%	100%	100%
% suppliers with ISO 14001 certificates or equivalent		90% of network businesses	95%	90%
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" (KRI) which also includes sustainability indicators	100% of qualified suppliers, as defined in the introduction to the section	100%	100%

2020 results and 2021 objectives: Brazil

INDICATORS	DETAILS	2020 OBJECTIVES	2020 FINAL FIGURES	2021 OBJECTIVES
Supplier management	Percentage of suppliers assessed. Suppliers assessed through due diligence questionnaires which include ethical elements and elements regarding the conflict of interest procedure.	85%	84%	75%

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 to new suppliers and existing suppliers in case of renewal or extension of their qualification.

Institutions

TIM Group is determined to continue its collaborative and transparent relations with local, national and supranational institutions in order to facilitate dialogue on matters of mutual interest and to ensure the Group's viewpoint is faithfully represented.

Our target audiences in this respect are:

- Central National Institutions (Parliament, Government, Ministries, Public Administration, ...);
- local institutions and their representative associations;
- Authorities within and outside the sector, such as AGCOM, AGCM, the Italian Data Protection Authority, the Italian Regulatory Authority for Energy, Networks and the Environment;
- European and international institutions: EC, European Council and Parliament, BEREC¹, OCSE², ONU³, Global Compact, ITU⁴, other UN Agencies or Programs.

Central national institutions

Lobbying activities are principally conducted with the parliamentary committee members of the upper and lower houses of the Italian parliament concerned with issues that could impact on the company, including those of an economic and financial nature or concerning privacy, telecommunications, Internet and TV. Involvement in parliamentary hearings is also a way of examining specific issues in detail and creating opportunities for discussion about matters being debated in parliament.

The monitoring of law-making activity among institutions often leads to amendments to individual measures being proposed.

Furthermore, building relations with national institutions involves communicating with the Italian Ministry of Economic Development, in tandem and in coordination with corporate technical and regulatory oversight areas for matters within their area of responsibility, to represent the Group's position on relevant matters, such as the allocation of radio-electric spectrum bands to electronic communication services and digital inclusion plans.

Moreover, TIM provides information to ministries (mainly the Ministry of Economic Development) regarding the activities of the inspection body (parliamentary questions) directed at the Group.

Finally, building institutional relations involves communicating with the Ministry of Foreign Affairs and International Cooperation for matters regarding the promotion of electronic communication services and initiatives involving the digital dissemination of services and digital inclusion in countries of interest.

Legislative activities at national level, carefully monitored by TIM throughout 2020, mainly concerned draft legislation examined by the Italian parliament and the decree laws introduced by the government in power which could impact the electronic communications sector.

The approval process of the following laws and ministerial decrees was monitored, in particular:

- Decree of January 30, 2020, pertaining to the "Preventive plan for operational costs and tariffs under which the Public Register of Objections will operate for the year 2020";
- Decree Law no. 3 of February 5, 2020, on urgent measures to reduce financial pressure on employees;
- Decree Law no. 6 of February 23, 2020, pertaining to "Urgent measures for the containment and management of the COVID-19 epidemiological emergency";
- Decree of the President of the Council of Ministers of February 25, 2020, pertaining to "Additional implementing provisions of Decree Law no. 6 of February 23, 2020, on urgent measures for the containment and management of the COVID-19 epidemiological emergency";
- Decree Law no. 9 of March 2, 2020, pertaining to "Urgent measures to provide support to families, workers and businesses in relation to the COVID-19 epidemiological emergency";
- Decree of the President of the Council of Ministers of March 1, 2020, pertaining to "Additional implementing provisions of Decree Law no. 6 of February 23, 2020, on urgent measures for the containment and management of the COVID-19 epidemiological emergency";
- Decree of the President of the Council of Ministers of March 4, 2020, pertaining to "Additional implementing provisions of Decree Law no. 6 of February 23, 2020, on urgent measures for the

¹ Body of European Regulators for Electronic Communication

² Organisation for Economic Cooperation and Development

³ The United Nations Organisation

⁴ International Telecommunication Union

containment and management of the COVID-19 epidemiological emergency, applicable across the whole country”;

- Decree of the President of the Council of Ministers of March 11, 2020, pertaining to “Additional implementing provisions of Decree Law no. 6 of February 23, 2020, on urgent measures for the containment and management of the COVID-19 epidemiological emergency, applicable across the whole country”;
- Decree of the President of the Council of Ministers of March 22, 2020, pertaining to “Additional implementing provisions of Decree Law no. 6 of February 23, 2020, on urgent measures for the containment and management of the COVID-19 epidemiological emergency, applicable across the whole country”;
- Decree of the President of the Council of Ministers of March 25, 2020, pertaining to “Changes to the list of codes in attachment 1 of the Decree of the President of the Council of Ministers of March 22, 2020”;
- Decree Law no.18 of March 17, pertaining to “Measures for the enhancement of the National Health Service and for the economic support of families, workers, and businesses in relation to the COVID-19 epidemiological emergency”;
- Decree Law no.19 of March 25, 2020, pertaining to “Urgent measures to address the COVID-19 epidemiological emergency”;
- Decree Law no. 22 of April 8, 2020, on urgent measures in relation to the normal conclusion and orderly opening of the school year and on the conduct of State exams;
- Decree Law no. 23 of April 8, 2020, on urgent measures in relation to companies’ access to credit and corporate tax obligations, special powers in strategic sectors, interventions in the work and healthcare sectors, and extensions to administrative and procedural deadlines;
- Decree of the President of the Council of Ministers of April 1, 2020, pertaining to “Implementing provisions of Decree Law no.19 of March 25, 2020, on urgent measures to address the COVID-19 epidemiological emergency, applicable across the whole country”;
- Decree of the President of the Council of Ministers of April 26, 2020, pertaining to “Additional implementing provisions of Decree Law no.6 of February 23, 2020, on urgent measures for the containment and management of the COVID-19 epidemiological emergency, applicable across the whole country”;
- Decree Law no. 33 of May 16, 2020, pertaining to “Additional urgent measures to address the COVID-19 epidemiological emergency”;
- Decree of the President of the Council of Ministers of May 17, 2020, pertaining to “Implementing provisions of Decree Law no.19 of March 25, 2020, on urgent measures to address the COVID-19 epidemiological emergency, and Decree Law no.33 of May 16, 2020 on additional urgent measures to address the COVID-19 epidemiological emergency”;
- Decree Law no. 45 of June 1, 2020, pertaining to the “Implementation of (EU) Council Directive 2017/2455 of December 5, 2017, which modifies Directive 2006/112/EC and Directive 2009/132/EC with regards to specific VAT obligations for services and distance sales of goods”;
- Decree Law no. 52 of June 16, 2020, pertaining to “Additional urgent measures to address salary integration, and the extension of deadlines for emergency income and the emergence of work relations”;
- Decree of the President of the Council of Ministers no. 110 of June 19, 2020, pertaining to the “Regulation on IT-Alert service activation and management modalities and criteria
- Decree of the President of the Council of Ministers of July 14, 2020, pertaining to “Additional implementing measures of Decree Law no. 19 of March 25, 2020, on urgent measures to address the COVID-19 epidemiological emergency, and Decree Law no. 33 of May 16, 2020, on additional urgent measures to address the COVID-19 epidemiological emergency”;
- Decree Law no. 76 of July 16, 2020, pertaining to “Urgent measures for digital simplification and innovation”;
- Decree Law no. 83 of July 30, 2020 pertaining to “Urgent measures in relation to the expiry date of the COVID-19 epidemiological emergency statement”;
- Decree Law no. 104 of August 14, 2020, pertaining to: “Urgent measures for the support and relaunch of the economy”;
- Decree Law no. 125 of October 7, 2020, pertaining to “Urgent measures in relation to the extension of the COVID-19 epidemiological emergency statement, for the operational continuity of the COVID-19 alert system, and for the implementation of (EU) Directive 2020/739 of June 23, 2020”;
- Decree of the President of the Council of Ministers of October 13, 2020, pertaining to “Additional implementing provisions of Decree Law no. 19 of March 25, 2020, converted with amendments by Law no. 35 of May 25, 2020, pertaining to “Urgent measures to address the COVID-19 epidemiological emergency”

and Decree Law no. 33 of May 16, 2020, converted with amendments by Law no. 74 of July 14, 2020, pertaining to “Additional urgent measures to address the COVID-19 epidemiological emergency”;

- Decree of the President of the Council of Ministers of October 24, 2020, pertaining to “Additional implementing provisions of Decree Law no. 19 of March 25, 2020, converted with amendments by Law no. 35 of May 25, 2020, pertaining to “Urgent measures to address the COVID-19 epidemiological emergency” and Decree Law no. 33 of May 16, 2020, converted with amendments by Law no. 74 of July 14, 2020, pertaining to “Additional urgent measures to address the COVID-19 epidemiological emergency”;
- Decree Law no. 137 of October 28, 2020, pertaining to “Additional urgent measures in relation to the protection of health, support to workers and businesses, justice and security, in relation to the COVID-19 epidemiological emergency”;
- Decree of the President of the Council of Ministers of November 3, 2020, pertaining to “Additional implementing provisions of Decree Law no. 19 of March 25, 2020, converted with amendments by Law no. 35 of May 25, 2020, pertaining to “Urgent measures to address the COVID-19 epidemiological emergency” and Decree Law no. 33 of May 16, 2020, converted with amendments by Law no. 74 of July 14, 2020, pertaining to “Additional urgent measures to address the COVID-19 epidemiological emergency”;
- Decree Law no. 149 of November 9, 2020, pertaining to “Additional urgent measures in relation to the protection of health, support to workers and businesses, and justice in relation to the COVID-19 epidemiological emergency”;
- Decree Law no. 157 of November 30, 2020, pertaining to “Additional urgent measures in relation to the COVID-19 epidemiological emergency”;
- Decree Law no. 158 of December 2, 2020, pertaining to “Urgent provisions to address the health risks in relation to the spread of COVID-19”;
- Decree of the President of the Council of Ministers of December 3, 2020, pertaining to “Additional implementing provisions of Decree Law no.19 of March 25, 2020, converted with amendments by Law no. 35 of May 22, 2020, pertaining to: “Urgent measures to address the COVID-19 epidemiological emergency” and Decree Law no. 33 of May 16, 2020, converted with amendments by Law no. 74 of July 14, 2020, pertaining to: “Additional urgent measures to address the COVID-19 epidemiological emergency” and Decree Law no. Covid-19 of December 2, 2020.
- Law no. 178 of December 30, 2020, pertaining to “Projected Italian state budget for the tax year 2021 and multi-annual budget for the three year period 2021-2023”;
- Decree Law no. 183 of December 31, 2020, pertaining to “Urgent provisions in relation to legislative terms, establishing digital connections, implementing the Council decision (EU EURATOM) 2020/2053 of December 14, 2020, and on matters regarding Brexit”.

Preparatory and comparison activities were also carried out with the institutional representatives on the occasion of parliamentary hearings which TIM Group representatives attended. The following events are included under this scope: 1) the hearing of May 5, 2020, at the EU Policies Committee of the Senate on the “European Delegation Law 2019/2020” which also refers to the national transposition of the “New European Electronic Communications Code”; 2) the hearing of Executive Directors of April 8, 2020, at the Transport, Posts and Telecommunications Committee of the Chamber of Deputies, on “the use of new technologies and the network to address the coronavirus epidemiological emergency”; 3) the hearing of July 7, 2020, at the Education and Cultural Heritage Senate Committee on the “COVID-19 epidemiological emergency in the cultural heritage and activities sectors”; 4) the hearing of November 10, 2020, at the Transport, Posts and Telecommunications Committee of the Chamber of Deputies, on the “White Paper on artificial intelligence - A European strategy for data - Shape Europe's digital future”.

Local institutions

Local institutional relations are held with the Regions, Council and Provinces (or similar Public Bodies) consistently throughout the country to establish a long-lasting and fruitful relationship. The relationship is also established in conjunction with following Associations:⁵ ANCI⁵, UPI⁶, UNCEM⁷, ALI⁸.

TIM has a central function (Local Institutional Affairs) entirely dedicated to the management of relations with local authorities, which has also set up permanently in the area for ease of communication and to build relationships with government bodies. The function also relies on local authority accounts in the region, specialists in managing relations with governmental institutions on technical matters concerning the development of fixed and mobile networks.

⁵ Associazione Nazionale Comuni Italiani (National Association of Italian Municipalities).

⁶ Union of Italian Provinces

⁷ National Union of Italian Mountain Community Municipalities (UNCEM)

⁸ Italian Local Authorities

Amongst other duties, the Local Institutional Affairs department:

- carries out all possible actions of an institutional nature aimed at facilitating the development of the fixed and mobile telecommunications network; also carries out actions supporting the relevant company departments for the issue of authorizations and permits required for network development;
- identifies the intervention priorities of the other company departments through the Field Integration Committee⁹;
- 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;
- actively participates in the intra-operative working tables within the trade associations within Confindustria.

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

- the development of fixed and mobile ultrabroadband networks;
- digitalization of public utility services;
- the spread of digital culture.

With full respect for the principles of transparency and accountability, TIM responds flexibly to requests, regardless of how they are received from local institutions.

Joint projects between TIM and local authorities are managed in a way that defines 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, including gender discrimination.

Monitoring and constant interaction with the decision-making centers of local institutions take place by means of meetings, hearings, the presentation of position documents and involvement in workshops as well as in the work of regional commissions and specialist working groups. Furthermore, TIM frequently organizes communication initiatives on specific issues of local interest.

[GRI 413-1] Among the main subjects of dialog with local authorities during 2020 we would highlight the following:

- development of the new ultrabroadband networks (NGAN¹⁰), implementation of the LTE standard and launch of the new 5G technology;
- actions of an institutional nature involving local administrations aimed at encouraging development of the fixed and mobile telecommunications network;
- drawing up protocols with local authorities in order to develop new fixed and mobile 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 (also with the presentation of observations, amendments and participation in hearings) with a view to the simplification and standardizing of the relevant national provisions;
- proposed excavation rules, in order to ensure the consistency of the authorization process and the respective regulations with national regulations, particularly in order to ensure simplification at local level;
- removing public telephone installations (telephone booths), for which provisions have also been made for a public hearing as part of the procedure agreed with AGCOM;

⁹ Internal local committees involving the managers of departments with local branches.

¹⁰ Next Generation Access Network.

- promotion of digital transformation initiatives to spread knowledge and new technologies, including through partnerships with municipal government;
- promotion of digital culture, including through agreements, protocols and partnerships with local authorities;
- promotion of innovation, including through agreements, protocols, partnerships with local authorities to promote the creation of smart cities and experimenting and launching the 5G service offer;
- the central and local management, coordination and monitoring of complaints received by local authorities. This activity was particularly important throughout 2020 due to the COVID-19 health emergency;
- during the COVID-19 emergency, the Local Institutional Affairs department kept in continuous contact with its institutional stakeholders using multiple digital tools, such as video conferencing, succeeding in providing effective solutions and meeting challenging and urgent objectives.

European and international institutions

Relations with community and supranational institutions are established in different ways in particular through participation in discussion platforms, public consultations, workshops, meetings with members of parliamentary committees which are relevant to the group, meetings with the European Commission, Permanent Representatives of EU Member States, Agencies or working groups and specialized studies under the auspices of EU institutions, including the Center for European Policy Studies, etc...

The company's position with respect to institutions and community organizations is established by individual activities in relation to issues which are relevant to the Group and/or through participation in the activities of trade associations, especially ETNO, the European Telecommunications Network Operators' Association (of which TIM is a Board member) and GSM Association, an association of mobile phone operators.

The themes tackled at European level, which were the subject of legislative/regulatory measures of interest to the Group, include the Code of the Electronic Communications, which introduced some new regulations on network access requirements (in case, for example, of co-investments or wholesale-only operators) and consumer rules applicable to the sector, new spectrum regulations, the reform of the universal service, and the institutional review of the powers of the Commission and BEREC in the implementation of the new framework. TIM has played an active role in the analyses and advocacy activities in relation to the different proposals from the community institutions, coordinating positions at both the individual and group level (through ETNO, it met the European institutions of reference, specifically representatives of the EU Commission, the European Parliament and the European Council (Italian Representative at the EU and EU Presidency). TIM also closely follows European discussions regarding the revision of the ePrivacy Directive, which is still ongoing at the EU Council, and the EU Multiannual Financial Framework for the period 2021-2027, particularly the parts involving Horizon Europe and digital development.

TIM has and continues to play an active role in the analyses (and subsequent advocacy) of different proposals received from community institutions. In particular, TIM has taken an active position in the political/institutional debate on the revision of regulations on copyright and audiovisual policies, and on policies in relation to the protection of personal data, etc. The regulatory review led to a complex adoption process which also involved the EU Parliament and Council.

TIM is also particularly active in European discussions aimed at guaranteeing safe and legal online environments; in particular, the Group monitors discussions on proposals regarding the responsibilities of operators/ISPs in the distribution of illegal or damaging content, and on the need to adopt ethical principles for the development of artificial intelligence.

With reference to the protection of minors, TIM is involved in an EU initiative aimed at improving safety for children using the internet: the Alliance to better protect children online is a platform originally launched by Commissioner Kroes in 2011, and then relaunched by Commissioner Oettinger and Commissioner Gabriel based on the "Better Internet for Kids" strategy. Furthermore, TIM actively participates in the "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.

TIM is active in international discussions, including those involving the OECD, monitoring technical AI and security working groups and, through BIAC, it monitors working groups which deal with various issues: access and connectivity, Data strategy, e-privacy, Digital Tax, Competition, Going Digital, Trade.

TIM has also been monitoring the B20 for several years. In 2020 the Group actively participated in B20 Saudi Arabia operations, contributing to writing guidelines to digital transformation for the G20.

TIM has also actively participated in “Digital Upskilling For All!” (DUFA), promoted by ETNO and UNI Europa ICTS, aimed at developing and promoting best practices for digital upskilling, gender equality and integration of the ageing workforce in ICT roles in the European Telecoms sector;

TIM is now a member of the “Digital Skills and Jobs Coalition” (DSJC), established by the European Commission to bring together all bodies and institutions active in tackling the lack of digital skills in Europe.

Relations with government institutions in Brazil

Over the years, TIM has established excellent relationships with institutions at all levels: Government, Congress, Regulatory and Antitrust Authorities, Associations within the industry and the press. Communications with the above are intense and frequent and established on the basis of objective proposals, declarations and positions, intended not only to develop specific themes for the Company, but for the entire industry. Relations with the government occur, at the Federal level, mainly through the Ministry of Communications and with several other Ministries: Civil House (Brazil), Ministry of the Economy, Justice and Public Security, Regional Development, Infrastructures, Science, Technology and Innovation, Education, etc. At Congress level, TIM communicates with Deputies and Senators who constitute Committees that deal with (by way of example, but not limited to) economic and financial matters, privacy, telecommunications, infrastructures and consumer protection. At the regional level, TIM is in frequent communication with local institutions and authorities regarding general matters relative to the telecommunications industry, with emphasis on the development of infrastructures and network coverage and other topics of interest to the local community. Proposal presentations, meetings with stakeholders on specific topics, stimulating debates, active participation in public hearings and contribution to public consultations, are the company’s main means of interaction with the above institutions. Furthermore, TIM’s presence at the institutional level is increasingly supported by Instituto TIM activities aimed at the democratization of science, technology and innovation, facilitating social development in Brazil, through promoting maths and science education for children and adolescents, and the development of free technologies to support public policies. Since 2013, Instituto TIM’s work has already reached all 26 Brazilian states and the Federal District, involving over 700,000 people.

Competitors

The TIM Group is committed to promoting fair competition, a factor considered to be in its interests and those of all market operators, customers and stakeholders in general, promoting and participating in initiatives and projects, together with competitors, and in the management of technical round tables and the activities of trade associations.

In this context our stakeholders are:

- other licensed Operators and Internet Service Providers;
- the Italian Communications Authority (AGCOM);
- the Italian Competition and Market Authority (AGCM);
- The National Telecommunications Agency (ANATEL) in Brazil;
- associations, federations and national and international trade associations.

Services for Other Authorized Operators

Wholesale Market (WM) is the TIM Department which, within the Chief Regulatory Affairs & Wholesale Market Office, operates as the point of contact for other licensed operators (OLOs) and Internet Service Providers (ISPs) for the provision of network infrastructure and wholesale services for the subsequent marketing, by these operators, of electronic communication services to their own customers. In conjunction with other corporate sectors, WM is in charge of bringing together the needs of customers and operators, defining the product/service marketing mix, pre- and post-sales design phases, defining offers and their related contracts, and the sale, service and billing of the products and services provided.

Organizational and administrative separation between the retail departments of TIM and WM, which is verified every year by an external body, ensures compliance with the principles of equal treatment and non-discrimination established by current regulatory provisions and in particular Resolution 152/02/CONS.

On an annual basis, WM draws up and submits the reference offers (RO) for the various wholesale services regulated by the Italian Communications Authority (AGCom). The approval process relating to each Offer of reference includes a phase involving an in-depth public consultation with all the electronic communications service operators coordinated by AGCom. This phase can lead to the revision of the Offer published by TIM following a request for clarifications and relative provisions determined by AGCom which approves content and controls the work of the WM, guaranteeing the protection of the development of the market. AGCom also acts as the guarantor and relevant authority in cases brought by OAOs/ISPs and end users on regulatory matters.

In addition to the regulated services, WM offers infrastructure and transmission capacity, data access and transmission, telecommunication equipment hosting, outsourcing and all the added value services that allow operator networks to be "virtualized".

Each OLO has a direct relationship with its own account manager in the sales department of WM, who receives the customer-operator's requests and customizes the respective supply contracts in accordance with current regulatory requirements. In particular contracts relating to regulated services include clauses which provide for constant monitoring of the various stages of the supply of the service, ensuring that a number of the main indicators are subject to periodic notification to AGCOM. The interests of the client-operator are safeguarded on a continuous basis, formalized through a process of conference calls, video conferencing and meetings involving all the company departments concerned. .

Activities with the Italian Communications Authority (AGCOM)

TIM interacts with AGCOM in order to contribute to the administration of the regulatory process on matters considered concrete to the growth in value of the Company.

For this purpose, Telecom Italia pursues an honest dialogue and ongoing discussion with the Authorities and institutions with the aim of achieving a simple, effective and symmetrical regulatory framework. Furthermore, the Group makes its own knowledge available by participating in public consultations, institutional hearings, conventions, public meetings and by presenting appropriate testimony and petitions.

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. TIM provides the answers required (e.g. public consultations, defensive testimony, supply of data and information of various kinds, etc.) and always ensures the completeness and reliability of the contribution. In the case of violation proceedings, TIM presents testimony, expert reports and other defense documents, requesting a hearing by those responsible for the proceedings on the facts that are the subject of the dispute.

In this regard, the Company also considers whether to submit a proposal, subject to the termination of the disputed conduct, aimed at improving competitive conditions in the sector, removing the anticompetitive consequences through suitable and stable measures.

The Italian Competition and Market Authority (AGCM)

As part of the protection of competition and the consumer, TIM interacts with the Competition Authority both in a preventive way (requests for information or submission of reports) and during the proceedings it launches.

In the event of dispute proceedings being launched, the Group presents its case in the appropriate forums, in some cases presenting the Authority with undertakings that will reduce the alleged anti-competitive aspects at the centre of the proceedings. After having assessed these undertakings, the Authority may make them compulsory and end the proceedings without imposing any financial penalty.

Within the Company there are preventive controls on processes with potentially significant impacts in Antitrust terms such as, for example, the drawing-up of marketing plans, the development of contracts, conditions for the provision of telecommunication services, the development of the company's information systems. The controls are aimed at ensuring that the operational management of the processes take into consideration these potential impacts.

In order to raise awareness and disseminate a correct approach to the subject, as a follow-up to the online training program launched in 2010, in 2013, management were offered a specific classroom training course on the application of competition law. Training activities continued for staff within the wholesale services sector in 2014.

The European Commission and several national competition authorities (including AGCM) have expressed their approval of the efforts made by companies that decide to adopt an effective compliance program. In Italy, growing interest in compliance programs is confirmed by the adoption of the "Linee guida sulla modalità di applicazione dei criteri di quantificazione delle sanzioni amministrative pecuniarie irrogate dall'Autorità in applicazione dell'articolo 15, comma 1, della legge n. 287/90" [guidelines on the application of the quantification criteria for administrative fines imposed by the Authority pursuant to Article 15, paragraph 1, of Law No. 287/90], in which AGCM added, as one of the attenuating circumstances to be assessed when applying sanctions for antitrust offences "the adoption of and compliance with a specific compliance program that is suitable and in line with European and national best practice".

For this reason, TIM held a specific Antitrust compliance program to complement the training activities already undertaken.

TIM adopted an Antitrust compliance program in 2016. The activities required to create this program, which began in March 2015, were established according to the following phases:

- Interviews with senior staff previously identified by TIM;
- Checking of documents contained on the personal computers of a specific number of managers previously selected in order to perform an objective collection of such documents;
- Antitrust training (81 senior managers);
- The writing and adopting of an Antitrust Code of Conduct;
- The writing and adopting of an internal procedure aimed at implementing the compliance program in line with corporate procedures.

All activities ended in September 2016: the Antitrust Compliance Program report, undersigned by Allen & Overy, an external law firm that supported TIM in the activities to develop the program, is dated October 17, 2016.

In this regard, antitrust training activities (blended, online and on-site) involved more than 3,000 employees in 2016, identified on the basis of exposure criteria in relation to operations associated with potential antitrust risks.

Another 177 senior managers underwent specific on-site training in the second half of 2017.

TIM assessed the need to integrate the 2016 compliance program, following official indications from AGCM the previous October. On October 4, 2018, AGCM published guidelines to assess compliance programs within Antitrust procedures.

Antitrust compliance has numerous advantages. As well as reducing the Company's exposure to pecuniary sanctions and claims for compensation for damage, compliance with antitrust regulations benefits commercial strategies and corporate operations. A well disseminated and targeted compliance program enables you, primarily, to avoid antitrust risk and, therefore, costs as a result of non-compliance with antitrust regulations. If a violation of these regulations has already occurred, the compliance program enables the Company to adopt suitable measures to end the violation. This could contribute to limiting the level of the sanction imposed, with

reference to the duration and severity of the violation. Another important aspect to consider is TIM's reputation and image.

It is also possible to obtain a reduction in the amount of any penalty issued in an antitrust case.

Analysis of the guidelines has shown the need for an update to the tools used by TIM, so that the program is considered adequate, and therefore allowing TIM to obtain the related benefits.

The need for integration mainly arises from the fact that following adoption of the program, TIM was subject to antitrust cases, as of yet ongoing. Integration of the program therefore became necessary with reference to the cases of non-compliance with the legislation currently under scrutiny by the Authority.

In October 2018, a project was initiated to update the current Antitrust Compliance Program.

The contents of the project derive from the gap analysis of the current situation in comparison to the contents of the guidelines, and can be summarized into the following courses of action:

- Integrate the compliance program, focusing the Code of Conduct more on the specific cases subject to the new ongoing procedures and submitting it for the approval of the Board of Directors of the company;
- Place greater emphasis on, and offer further information about, the Compliance Program and the Code of Conduct, both inside and outside the Company with specific communication initiatives (e.g. its publication on the Group's corporate website, adequate media visibility);
- Further involve top management of the Company as "testimonials" who reiterate compliance with the program;
- Carry out periodic checks on the implementation of the program itself, using methods yet to be defined;
- Starting now, plan further training sessions, including those focused on the alleged offenses;

Additional envisaged actions: definition of a structured method of assessing and identifying antitrust risks and adopting the related controls.

The new Antitrust Code of Conduct was approved by the Board of Directors of TIM on March 20, 2019 and published on the company Intranet and the corporate website (gruppotim.it/it/gruppo/governance/il-sistema/codici.html).

The new version of the Antitrust Code of Conduct, and in general the initiatives intended to improve the antitrust compliance program, were also communicated inside the company with a letter from the CEO addressed to all TIM employees and managers and published on the corporate website (gruppotim.it/it/gruppo/governance/il-sistema/codici.html). By means of said letter, the CEO underlined and reaffirmed in particular: the involvement of company top management in the compliance program; the desire to adopt and implement virtuous models of conduct at all company levels, in order to prevent possible violations of antitrust legislation; the role of the new Antitrust Code of Conduct as a set of rules and "compass" to guide all conduct by those working for the company; TIM's commitment to translate the company culture of integrity and responsibility into virtuous conduct.

A new communication and internal information campaign was also undertaken, intended to increase the awareness of antitrust risk and the level of knowledge of the subject, based on the dissemination of specific information sheets (accompanied by related "teasers") that, using brief and simple language, covered a number of topics of great interest for the Company in terms of antitrust law.

In April 2019, a Head of the Antitrust Compliance Program was appointed. This senior employee (the current Chief Regulatory Officer): meets the requirements of autonomy and independence and reports directly to the Board of Directors; communicates directly with the other competent departments in terms of company compliance (auditing, compliance, corporate responsibility); has specific resources and tools to carry out their role.

A joint Compliance – Regulatory Affairs/Antitrust Department Working Group was also established, dedicated to the further revision and continuous updating of the antitrust control model, starting with the definition of risks and the mapping of existing controls, including via a new cycle of interviews with senior managers.

In this context, a new compulsory training course was prepared and launched, for the moment still online, for all individuals who work for the Group (around 42,000 people), with a new specific training document containing a series of questions that must be answered correctly in order to complete the course.

The update to the compliance program during 2019 led to a lower penalty in two antitrust procedures (A514 and I820) initiated in 2017 and 2018 respectively.

In the above context and with a view to the continuous updating of the Compliance Program, new interviews with TIM senior managers were prepared, planned and carried out.

Undertaking the interviews, with the purpose of monitoring antitrust risk and identifying any critical issues, was also deemed necessary and appropriate in consideration of the changes to many TIM senior managers compared to the period in which the previous interviews had been carried out.

The interviews were conducted between February and May 2020 with the first reports of the Chief Executive Officer and the Chairman, on the basis of a specially prepared questionnaire, covering (with the necessary adjustments to take account of the interviewee's responsibilities), for example, the awareness of TIM antitrust compliance initiatives, rather than the relationships with competitors or even participation in trade associations or public and private tenders.

The results of the interviews formed a starting point for the definition of the upcoming updates to antitrust risks as well as the identification of the critical processes/activities to be monitored on the basis of the risks identified.

In addition, between January and February 2020, a new classroom training session was carried out, specifically aimed at the first and second levels of the organization with a formula that, in addition to an explanation of legislation and laws, saw the interactive attendance of participants, who were asked to make decisions on the basis of specially prepared opinions in relation to relevant situations from the point of view of antitrust law. The decisions of the participants, expressed individually through the app, were then discussed as part of the same training session.

All TIM compliance activities were designed, prepared and implemented with support from external lawyers (DLA Piper Global Law Firm), then certified by them.

More details on the main provisions issued by TIM S.p.A. are reported in section 'Legal framework and compliance' of this report.

Regulatory initiatives regarding the access network

On November 5, 2015, the Group's BoD approved a New Equivalence Model (NEM), aimed at further strengthening the efficiency and effectiveness of the processes for activating and maintaining the TIM fixed network wholesale access services supplied to its own commercial divisions and operators, in line with the most recent regulatory guidance.

On December 22, 2015, AGCom published Resolution 623/15/CONS containing a request to TIM to make a proposal to further strengthen the equality of treatment guarantees and two proposals related to the unbundling and outsourcing of services related to provisioning and assurance.

On 22 February 2016, TIM submitted the above proposals to AGCom in accordance with the content of the NEM approved by the Board of Directors on 5 November 2015.

AGCom's approval process for measures to strengthen the equal treatment guarantees, linked to Resolution 623/15/CONS, concluded with AGCom issuing Resolutions 652/16/CONS and 321/17/CONS.

With the first Resolution, AGCom approved TIM's proposal made pursuant to article 64, subsection 15, of Resolution 623/15/CONS, containing measures to strengthen the equivalence model.

The New Equivalence Model puts the sales divisions of TIM and the other operators on an equal footing, ensuring full internal and external equality of treatment. TIM, in fact, through the Wholesale Department, provides basic access services (LLU, SLU and VULA) to its TIM Retail Department and OAOs (Other Authorized Operators) under the same terms and conditions, with the same timing, and using the same systems and processes.

With Resolution 321/17/CONS of July 27, 2017, AGCom defined the processes for the "unbundling" of provisioning accessory services and assurance of LLU (Local Loop Unbundling) services and SLU (Sub-loop Unbundling) services to guarantee greater transparency and flexibility in the operating processes as requested by alternative operators and the authorities, but in full compliance with restrictions on the integrity, functionality and security of the fixed network.

With the approval of Resolution 348/19/CONS of August 8, 2019 related to the analysis of the wholesale central and local access service markets in all fixed line services, AGCom decreed the existence of conditions of effective competition in the Municipality of Milan and revoked the obligations imposed on TIM by resolution no. 623/15/CONS and related implementing Resolutions (321/17/CONS and 652/16/CONS); as a result, TIM is no longer an operator with Significant Market Power (SMP) in the Municipality of Milan.

Similarly, as of August 8, 2019, the obligations related to the SMP services set out by annex A of Resolution 718/08/CONS ceased to be effective in the Municipality of Milan, as required inter alia by sections 16.6 (termination due to failure to notify SMP operator) and 16.7 (termination limited to specific product markets or geographical markets where the qualification as SMP operator no longer applies) of those obligations.

The same Resolution 348/19/CONS also extended the unbundling as per Resolution 321/17/CONS to the VULA-C service.

On August 31, 2020, the Board of Directors of TIM approved the agreement with KKR Infrastructure and Fastweb for the establishment of FiberCop, a NewCo to which TIM's secondary network will be conferred (from the roadside cabinets to customers' homes) along with the fiber network developed by FlashFiber, the joint venture in which TIM has an 80% and Fastweb a 20% stake.

Following this decision, on September 2, 2020 TIM notified AGCom of a voluntary legal separation pursuant to article 50-ter of the Electronic Communications Code (ECC), related to the establishment of FiberCop.

As a result of the notice received and in accordance with the provisions of article 50-ter of the ECC, AGCom, with Resolution 637/20/CONS of November 26, 2020, launched an investigation for a public consultation concerning the voluntary legal separation announced by TIM and for the coordinated analysis of the fixed network access service markets, in order to assess the regulatory impact of the voluntary legal separation of the fixed access network announced by TIM.

Relations with sector and market authorities in Brazil

In Brazil, TIM maintains highly collaborative and participatory relations with ANATEL (Agência Nacional de Telecomunicações) and CADE (Conselho Administrativo de Defesa Econômica), the authorities that oversee telecommunications and the market and legislation respectively. With ANATEL, TIM has extremely cooperative and participatory interaction intended to cooperate in the development of dialog around the best TLC legislative framework for the sector and general economic growth. The main objective is to collaborate with ANATEL to identify the most relevant issues and remove barriers to sector development, especially by making its own contribution to the evolution of the main regulatory articles, such as frequency management, quality of service, interconnection and network sharing, coverage of rural areas and the digital agenda. TIM also maintains a cooperative and transparent relationship with CADE. The Company has the duty to notify the Board of mergers, acquisitions and agreements, as well as provide all the necessary or requested information at the appropriate time. In addition to this, TIM promotes debates and studies and collaborates with academic institutions for the purpose of supporting research activities on the country's competition policies. As far as trade associations are concerned, the most important ones in which TIM is active are:

- ABR Telecom (Brazilian association of telecommunication resources), which is dedicated to the centralized management of technological solutions in a shared environment, while creating value for suppliers of telecommunication services;
- EAD ("Entidade Administradora da Digitalização de Canais TV e RTV"), responsible for the migration to digital TV and the switch-off of analog TV, communications and the distribution of decoders and antennas intended for low-income families as part of implementing 700 MHz LTE.
- Conexis Brasil Digital (national association of telecommunications operators), which oversees the coordination, defense and legal representation of the members and includes all fixed and mobile telephony operators;
- GSMA, which represents the interests of mobile telephony operators all over the world, and at regional level, GSMA Latin America is an essential partner in global discussions regarding, for instance, management and attribution of radio frequencies, specifications of the international requirements for the ITU, and even in relation to the protection of consumers and businesses that contribute to improving the general reputation of the sector (TIM takes part in the "We Care" initiative);
- ConectarAgro ("Rede ConectarAgro"), which represents agri-food businesses and the suppliers of telecommunications services that wish to promote connectivity and technology for farmers in Brazil.

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 2020, confirmed the promotion and protection of Human Rights as a material topic for stakeholders and for the Group, across 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 industrial sectors, such as the right to fair remuneration, non-discrimination, the right to not resort to forced/compulsory/bonded 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 children (from cyberbullying, for example);
- the public outcry caused by Human Rights violation incidents, which can seriously affect business reputation.

TIM’s Commitments

[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 2012 and 2019, TIM was a member of the Human Rights Peer Learning Group (PLG), set up within the Global Compact Network Germany with the “technical” support of Twentyfifty Ltd¹.

In recent years, in order to strengthen its commitment to the protection of Human Rights, TIM has implemented, inter alia:

- Human Rights due diligence;
- the “Respecting Human Rights in the TIM Group” policy;
- information and training on Human Rights

[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 [whistleblowing²](#) portal made available to all stakeholders.

Complaints received and handled regarding Human Rights

	2020	of which substantiated	2019	of which substantiated	2018	of which substantiated
Italy	8	0	2	0	2	0
Brazil	59	18	49	15	52	15

Due Diligence

[GRI 103-2: Management Approach] [GRI 406] [GRI 407] [GRI 408] [GRI 409] [GRI 410] [GRI 412] Among the objectives of due diligence on human rights are:

- the identification and mapping of Human Rights risks resulting from the company’s operations;
- confirmation that each topic is assigned to a responsible body (governance), 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);
- 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;

¹ PLG is a learning platform and active leadership for European companies, where the meetings take place in respect of the Chatham House Rule.

² Instrument in compliance with Law No. 179/2017 (Provisions for the protection of the authors of reports of crimes or irregularities of which they have become aware in the context of a public or private employment relationship), which includes criteria requested by the “Guiding Principles on Business and Human Rights”, established by the UN in 2011.

- 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 due diligence on Human Rights (concluded in 2014) using the tool OCAI³ and the involvement of the Group's two biggest entities in terms of workforce and investments, in other words the Domestic BU⁴ (the percentage covered was 98% as it excluded Olivetti and TIM Sparkle) and the Brazil BU. The Sustainability Metrics & Performance Index Analysis 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)⁵.

In Italy, at the end of the feedback period, the results were as follows:

- 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 organizing internal Human Rights training courses;

[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 document and on the Group's website.

Human Rights Policy

[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 Policy, issued in 2015⁶, aims to make respect for Human Rights an essential requirement in the performance of TIM's operational activities. Both in Italy and in foreign companies, 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 403-3] [GRI 406-1] [GRI 408-1] [GRI 409-1] Human rights common to all industry sectors (e.g. rights concerning health and safety at work, diversity, equality and non-discrimination, working hours, fair pay, minimum age for starting work, accessibility for disabled people, maternity protection, forced/compulsory/restricted labor, the zero tolerance approach to any form of corruption, the rights of our customers to responsible advertising, rights related to the use of armed security, according to the highest international standards and practices);
- [GRI 407-1] rights agreed with the unions and included in National Labour Agreements (in line with the principles of the International Labour Organization).

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;
- [GRI 418] associated with the privacy of the Group's employees, customers and suppliers, and the protection of their personal data;
- associated with freedom of expression, in particular online, supported by access to telecommunications technologies;
- 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;
- 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).

³ Organizational Capacity Assessment Instrument, created by Twentyfifty Ltd. with funding from the Global Compact Network Germany Foundation. OCAI, which does not operate as an expert in compliance:

- fully reflects the "UN Guiding Principles on Business and Human Rights";
- takes into account the interpretations provided by the UN Office of the High Commissioner for Human Rights;
- in completing the OCAI, for each question, the company/department must assess its own position, current and potential, on a spectrum of six levels that range from "non-responsive" to "Human Rights promoter".

⁴ Including Industrial Relations, Health & Safety, Equal Opportunities, Privacy, Procurement, Compliance, Protection of VAS (Value Added Services) customers, Protection of customers of the universal telephony service.

⁵ No level one response was supplied during the first round.

⁶ Available in Italian and English on the TIM S.p.A. website and in Brazilian and English on the TIM S.A. website.

The Policy sets out the unfiltered and anonymous reporting mechanisms in line with the requirements of the company procedures (specifically, that relating to “whistleblowing”), available on the Group’s website.

The efficiency and monitoring of the Human Rights Policy, approved by the Chairman of TIM, is ensured by the Human Resources, Organization & Real Estate Department, responsible for its observance as regards the involvement of TIM’s people; the Procurement 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 Sustainability Metrics & Performance Index Analysis 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, an online course was organized for the entire company population, available from the end of 2015. The course, updated in autumn 2018, is available on the TIM Academy e-learning platform for Group employees and - from July 2019 - for all stakeholders (in Italian only) at <https://dirittiumani.gruppotim.it>¹.

The online (In)Formation on Human Rights course highlights, amongst other things:

- what Human Rights are and the main international Institutions that govern them;
- businesses and Human Rights, focusing on any impact their business 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.

In 2018 in Brazil TIM S.A. made a version of the course respecting the local context available to all its employees on the “Conexão TIM” platform. Among its aims were to broaden knowledge of the subject among employees, in particular to highlight how Human Rights feature in day to day work.

TIM also continued to promote diversity through its internal communication channels. Diversity was one of the topics discussed at the TIM Talks Experience 2020, which was opened up to an external audience for the first time. Lastly, TIM sponsored the AfroPresença initiative, an online event promoted by the Italian National Labour Protection Office and the UN Global Compact to promote job opportunities for black university students.

The Group’s training hours on Human Rights for 2020, 2019 and 2018 are available in the appendix to the “Human Capital” chapter of this report.

Complaints and incidents

[GRI 103-3: Management Approach] The Group’s Code of Ethics and Conduct requires employees, collaborators and consultants, as well as third parties who have business relations with the Group - 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 and Conduct,
- internal policies and procedures,
- any irregularities and/or negligence.

The handling of complaints above, also specifically those for which the Head of the Audit Department is responsible (known as “whistleblowing”), which includes specific criteria/processes, pertaining to the “UN Guiding Principles on Business and Human Rights”; in Italy this particular case is regulated by Law No. 179/2017 (Provisions on the protection of parties reporting offences or irregularities they become aware of in the context of a public or private employment relationship”).

The “Whistleblowing” procedure requires the Head of the Audit Department, who answers directly to the Board of Directors, independently of the senior executives:

¹ The course runs on personal computers (Internet Explorer, Chrome Firefox) and it is not currently accessible from smartphones.

- 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 internally together with the Human Resources, Organization & Real Estate Department.

Employees were made aware of this in a letter from the CEO and a news item published on the company intranet.

In 2020, a total of 128 complaints were received in Italy and 2,294¹ in Brazil.

In the case of Italy, of the 128 complaints, 23 were anonymous and 105 non-anonymous - classified as follows:

- 55 in the context of the whistleblowing² procedure;
- 73 not covered by the procedure (complaints, requests for information and clarification, as well as spam) sent to the relevant departments for the respective checks, informing the Audit Department of the result of the checks.

In the case of Brazil, of the 2,294 complaints, 709 were anonymous and 1,585 non-anonymous, classified as follows:

- 1,020 in the context of the whistleblowing³ procedure;
- 1,104 customer complaints (poor service);
- 170 not inherent to the objective of the procedure.

Below are 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 and Conduct, and of the Human Rights Policy, i.e. the "Whistleblowing" procedure, available both on the company intranet and on the TIM website at the following link:

<https://www.gruppotim.it/content/dam/gt/gruppo/governance/doc-governance/inglese/Whistleblowing-Procedure.pdf>

¹ The increase in 2020, compared to the previous year (where there were 927), was substantially due to COVID-19, social distancing, with the resulting closure of retail shops, which led to an increase in the number of reports received. Since 2020, the whistleblowing channel link (on top of having a new telephone contact channel) is also available on the home page of the TIM S.A. website.

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 this chapter's tables.

³ Of which 820 were of the "managerial" type (processes that can be improved, etc.) and 200 of TIM S.A. (employees in crisis situations).

Complaints received and handled regarding Human Rights in general

Italy	2020	of which substantiated	2019	of which substantiated	2018	of which substantiated
Total number of complaints regarding Human Rights received through the reporting mechanism	2 ⁴	0	1 ⁵	0	0	0
Handled during the reporting period	2	0	1	0	0	0
Resolved during the reporting period	2	0	0	0	0	0
Total number of complaints received prior to the survey period and resolved during the reference period	1	0	0	0	1	0
Brazil						
Total number of complaints regarding Human Rights received through the reporting mechanism	20 ⁶	6	11 ⁷	3	8 ⁸	0
Handled during the reporting period	20	6	11	3	8	0
Resolved during the reporting period	20	6	9	3	7	0
Total number of complaints received prior to the survey period and resolved during the reference period	2	0	1	0	1	0

[GRI 406-1] [GRI 411-1] Complaints received and handled regarding discrimination issues

Italy	2020	of which substantiated	2019	of which substantiated	2018	of which substantiated
Total number of complaints regarding Human Rights received through the reporting mechanism	0	0	1 ⁹	0	0	0
Handled during the reporting period	0	0	1	0	0	0
Resolved during the reporting period	0	0	1	0	0	0
Total number of complaints received prior to the survey period and resolved during the reference period	0	0	1	0	1	0
Brazil						
Total number of complaints regarding Human Rights received through the reporting mechanism	6 ¹⁰	2	8 ¹¹	3	5 ¹²	1
Handled during the reporting period	6	2	8	3	5	1
Resolved during the reporting period	6	2	8	3	5	1
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] No incidents of discrimination or violations of the rights of indigenous people have been reported in the Group in the last 3 years¹³.

⁴ The complaints regarded the categories "privacy rights of employees and customers" and "failure to enforce occupational health and safety rules".

⁵ The complaint concerned the category "privacy rights of employees and customers".

⁶ Of the twenty complaints, five were in relation to threats or coercion (of which one was substantiated) and fifteen were related to privacy rights (of which five were substantiated).

⁷ Of the eleven reports, six relate to threat or coercion (of which one was substantiated), four to the right to privacy (of which one was substantiated and one partially substantiated) and one to child labor.

⁸ All eight complaints concerned alleged breaches of the privacy laws of customers and/or employees.

⁹ The complaint concerned the category "sex discrimination or harassment (gender)".

¹⁰ Of the six complaints, four were regarding discrimination for sexual orientation (LGBT phobia), of which two were substantiated, one was in relation to gender discrimination (misogyny), and one was regarding the title of an employee (outsourced).

¹¹ Of the eight reports, three concerned discrimination on grounds of sexual orientation (one of which was substantiated), two concerned racial discrimination, one concerned disabled people (substantiated), one concerned employee classification (substantiated) and one concerned discrimination on grounds of gender identity.

¹² Of the five complaints, two concerned discrimination or harassment based on ethnicity or race, two other cases (one substantiated and resolved) discrimination or harassment based on sexual orientation and in the final case discrimination based on economic-social conditions.

¹³ The only geographical area with an indigenous population where TIM operates is Brazil; however, telecommunications activities do not have a negative impact on these populations.

Complaints received and handled relating to labor issues

Italy	2020	of which substantiated	2019	of which substantiated	2018	of which substantiated
Total number of complaints regarding work matters received through the formal mechanisms in the reference period	6 ¹⁴	0	0	0	2 ¹⁵	0
Handled during the reporting period	6	0	0	0	2	0
Resolved during the reporting period	3	0	0	0	1	0
Total number of complaints regarding work matters received previously, which were resolved in the reference period	0	0	1	0	0	0
Brazil						
Total number of complaints regarding work matters received through the formal mechanisms in the reference period	33 ¹⁶	10	30 ¹⁷	9	39 ¹⁸	14
Handled during the reporting period	33	10	30	9	39	14
Resolved during the reporting period	30	10	25	9	38	14
Total number of complaints regarding work matters received previously, which were resolved in the reference period	5	4	1	1	0	0

TIM S.A. offers its own Whistleblowing channel (available on TIM's home page since 2020) for clarification requests or forwarding complaints of alleged Human Rights violations by internal and external stakeholders, ensuring the upmost confidentiality. A unique identification code, associated with each reported complaint, allows the complainant to check the status of the work in complete anonymity. Full information about this is available by clicking on this link: tim.com.br/sp/canal-de-denuncias.

¹⁴ The six complaints regarded: in one case, the worker's right to perform their work while being treated with dignity and respect; in one case, the unfairness of the evaluation/incentive system; in two cases the workers' right to carry out operational tasks in full awareness of maximum respect for roles and not in a coercive or compulsory way; and in two cases, sexual harassment at work.

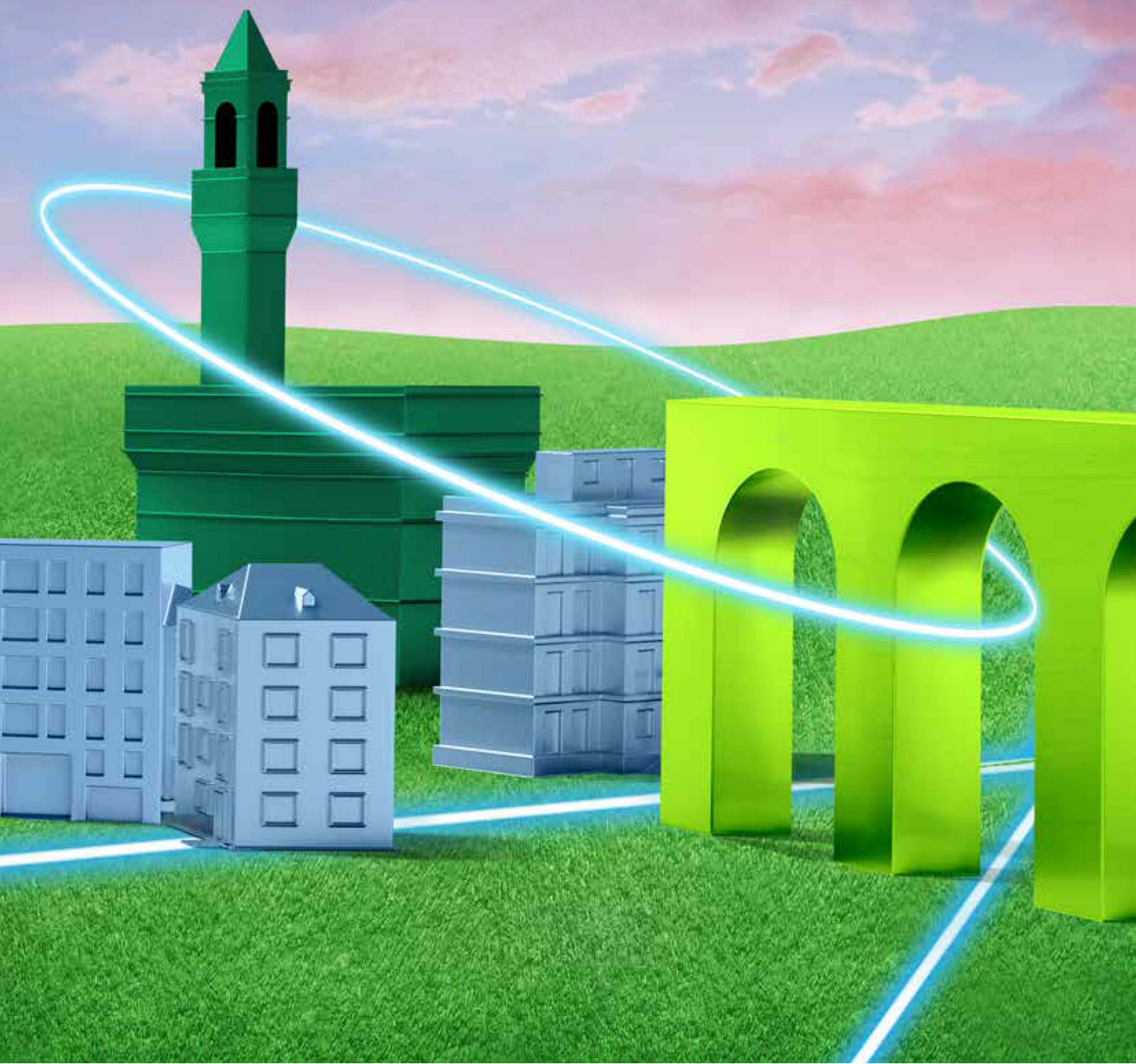
¹⁵ The two complaints concerned a case of sexual harassment at work and a case involving the right of the worker to perform their work while being treated with dignity and respect (this latter was unsubstantiated and closed in 2019).

¹⁶ Of the thirty-three complaints, sixteen were in relation to the violation of labor laws (of which five were substantiated), five in relation to moral harassment (unsubstantiated), twelve in relation to sexual harassment (of which five were substantiated).

¹⁷ Twenty-three complaints were related to labor law violations (nine of which were substantiated), two for moral harassment (unsubstantiated) and five for sexual harassment (unsubstantiated).

¹⁸ Seventeen complaints related to harassment (of which ten were substantiated and resolved), fifteen breaches of the union contract (one substantiated and settled) and seven complaints concerned sexual harassment at work (three of which substantiated and resolved).

Appendix



TIM Group - Consolidated economic-financial highlights

[GRI 102-7]

(million euros)	Revenues *			EBITDA*			Capital expenditures			Headcount at period end (number)		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Domestic	12.91	14.08	15.03	5.34	5.71	5.96	2,748.0	2,912.0	5.52	42,925	45,496	48,229
Brazil	2.93	3.94	3.94	1.41	2.45	1.47	661.0	872.00	890.00	9,409	9,689	9,658
Other activities	—	—	—	(9.00)	(9.00)	(19.00)	—	—	—	13	13	14
Adjustments and eliminations	(34.00)	(41.00)	(34.00)	2.00	1.00	—	—	—	—	—	—	—
Consolidated Total	15.81	17.97	18.94	6.73	8.15	7.40	3,409.0	3,784.0	6.41	52,347	55,198	57,901

*For details on how accounting standards are adopted and possible reassessment of values please refer to the Note "Accounting Policies" to the Consolidated Financial Statement as of December 31 of the TIM Group.

[GRI 201-4] The total contributions, collected as part of research and innovation projects financed by national and international public bodies, amounted to 5.30 million euros in 2020 (5.56 million euros in 2019 and 5.3 million euros in 2018). It should also be noted that the total contributions received in 2020 from the Domestic BU amounted to approximately 31 million euros.

Other consolidated economic-financial data

(million euros)	31.12.2020	31.12.2019	31.12.2018
Total net equity	28,840	22,626	21,747
- attributable to owners of the Parent	26,215	20,280	19,528
- attributable to non-controlling interest	2,625	2,346	2,219
Profit (loss) for the year attributable to Shareholders of the Parent Company	7,224	916	(1,411)
Profit (loss) for the year attributable to Non-controlling interest	128	326	259
Net financial debt	23,714	28,246	25,995

[GRI 201-1] Economic value produced and distributed

(million euros)	2020	2019	2018
a) Total revenue and operating income	16,016	18,907	19,281
b) Interest payable and dividends paid	311	78	54
c) Net gains (losses) on disposals of non-current assets	(11)	(49)	(1)
d) Direct economic value generated (a+b+c)	16,316	18,936	19,334
e) Operating costs	6,542	7,555	8,649
f) Employee benefits expenses	2,639	3,077	3,105
g) Lenders	1,644	1,729	1,585
h) Taxes and duties	675	365	696
i) Economic value distributed (e+f+g+h)	11,500	12,726	14,035
Economic value retained (d-i)	4,816	6,210	5,299

Detailed expenses

(million euros)	2020	2019	2018
Personnel cost	2,639	3,077	3,105
Wages and salaries	1,804	1,950	1,994
Social security costs	647	716	738
Other expenses	188	411	373
Operating costs	6,542	7,555	8,649
Purchases of goods and services	6,173	6,463	8,186
Other operating costs (*)	865	1,501	1,135
Change in inventories	6	128	(102)
Internally generated assets	(502)	(537)	(570)
Lenders	1,644	1,729	1,585
Dividends distributed	378	296	281
Interest payable	1,266	1,433	1,304
Taxes and duties	675	365	696
Income taxes	579	241	571
Indirect taxes and duties	96	124	125
regarding Domestic BU	513	282	598
regarding Brazil BU	142	45	74
regarding activities abroad	20	38	24

*Mainly includes write-downs and expenses in connection with non-financial credit management for 423 million euros (577 million euros in 2019), risk provisions for 43 million euros (497 million euros in 2019), contributions and charges for the performance of TLC activities for 199 million euros (268 million euros in 2019) and penalties, settlement compensation and administrative fines for 120 million euros (58 million euros in 2019), net of "Indirect taxes and duties" for 96 million euros (124 million euros in 2019) included in the item "Taxes and duties".

Taxes and duties

[GRI 207-1] Approach to tax. In the TIM Group, tax governance is inspired by the principles contained in the Group's Code of Ethics and Conduct. The responsibility for managing tax issues falls to the tax department, which reports to the General Counsel.

[GRI 207-2] Tax governance, control and risk management. This management mainly includes:

- tax compliance, in terms of direct execution, or supervision;
- support, in tax advisory terms, for the activities of the TIM Group;
- defense of the TIM Group companies, in cases of tax disputes;
- the management and prevention of tax risk through an internal tax risk control system (Tax Control Framework); in this sense, the activities in the tax sector are included in the systems, and in the general procedures for risk control adopted by the Group, as well as in the Audit and Compliance activities and programs;
- the active contribution to technical discussions, at international level and as part of associations and international institutions, on issues of tax policy (both general and linked to the specific sector).

In general, TIM considers that full transparency with regard to financial administrations is part of its duties as a taxpayer, including in terms of social responsibility.

At the same time, TIM believes that full compliance with tax obligations by all the companies competing on the various markets constitutes not only a duty of each taxpayer, but a necessary condition to confirm a context of fair competition between the companies competing on those markets.

The commitment to transparency is reflected in the TIM Group's operations in terms of tax according to the indications of the Tax Strategy document.

In detail, the TIM Group undertakes to:

- operate according to principles of honesty, appropriateness and compliance with tax legislation, assuming collaborative and transparent conduct in relation to the Financial Administration and third parties, in order to minimize any substantial impact in terms of tax risk;
- operate always in spirit and according to the letter of tax legislation in countries in which it operates; for this purpose, it adopts preventive communication with the Revenues Agency regarding potentially controvertible matters or uncertain interpretation in cases of complex corporate, financial or commercial operations with significant outcomes for taxation, regardless of alleged abuse of the rights/evasiveness of an operation, as well as in the case of possible non-application of anti-evasion regulations;
- apply transfer pricing policies intended to avoid tax base erosion, by aligning location of the income subject to tax with the place in which the economic activity is carried out and compliance with the arm's length principle;
- not to establish companies located in tax havens;
- not to adopt aggressive tax planning schemes.

The Company regularly indicates tax items and charges as part of its annual financial statements.

[GRI 207-3] The views and concerns of TIM's stakeholders, regarding this topic, is identified in "Fairness of corporate conduct" item. Up to now, TIM Group has not received solicitations from its stakeholders regarding taxation aspects.

[GRI 207-4] Country-by-country reporting shows, for each jurisdiction where the Group permanently operates with its own subsidiary companies, the income tax expenses paid locally (millions of euros) on a cash basis.

	2020	2019	2018
Argentina	—	—	0.03
Austria	0.02	(0.02)	0.02
Belgium	0.02	0.02	0.02
Bolivia	—		
Brazil	10.67	29.94	42.78
Bulgaria	—		
Chile	—	—	0.02
Colombia	0.08	0.08	—
Czech Republic	—		
France	0.25	0.76	0.23
Germany	0.25	0.28	0.34
Greece	0.36	0.11	—
Israel	2.80	0.44	(0.06)
Italy	(264.17)	85.62	684.06
Luxembourg	26.31	0.07	10.53
Netherlands	0.05	0.06	0.06
Panama	—	(0.03)	—
Peru	—	—	0.05
Puerto Rico	—	—	0.04
Romania	—	0.01	0.01
Russian Federation	—	0.01	—
San Marino	0.07	0.29	0.19
Spain	—	—	(0.04)
Switzerland	0.01	0.03	0.02
Turkey	0.33	—	—
Usa	(0.38)	(0.04)	1.08
Venezuela	—	0.01	0.01
Total	(223.36)	117.36	739.05

	REVENUES			EBITDA			EBIT			TAX PAID (Cash basis)		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Domestic	12,905	14,078	15,031	5,339	5,708	5,955	1,635	1,887	16	(261)	87	686
Brazil	2,933	3,937	3,943	1,407	2,451	1,467	476	1,297	564	11	30	43
Other activities and Eliminations	(33)	(41)	(34)	(7)	(8)	(19)	(7)	(9)	(19)	26	—	11
Total	15,805	17,974	18,940	6,739	8,151	7,403	2,104	3,175	561	(224)	117	739

Initiatives with stakeholders – summary tables

[GRI 102-43] [GRI 102-44]



Dialogue







Partnership





















Information








Consultation

Institutions and regulatory bodies		
Stakeholders	<ul style="list-style-type: none"> Topics and Actions/ commitments 	Engagement methods
National institutions	<ul style="list-style-type: none"> Supporting the dissemination of technologies, digital skills and R&D Protecting the most vulnerable people from the risks of the web <ul style="list-style-type: none"> Identification of the "Key Contact for the Postal Police" within Security Operations Center (SOC) function to tackle online child pornography and cybercrimes, Exclusive solution TIM-Protect for the total protection from web threats 	 Attend the Safer Internet Center (SIC) – Connected Generations, which Advisory Board TIM is member of (Protection of underage children)
Institutions, Industry business community, suppliers, civil society	<ul style="list-style-type: none"> Supporting the dissemination of technologies, digital skills and R&D Promoting the development of an inclusive digital society and access to digital services Addressing emergencies 	 Operazione Risorgimento Digitale (Social Digital Inclusion)
Local institutions	<ul style="list-style-type: none"> Upgrading the infrastructures and network reliability Reporting the impacts of electromagnetic emissions Supporting the dissemination of technologies, digital skills and R&D 	 Multi-stakeholder joint control committees and meetings (local institutions)
Local institutions, Business partners, Startups, Universities	<ul style="list-style-type: none"> Upgrading the infrastructures and network reliability Supporting the dissemination of technologies, digital skills and R&D Promoting the development of an inclusive digital society and access to digital services Collaboration with several municipalities to implement long-term eco-sustainability projects: Smart Control Room in Venice; 5G Smart Road solutions in Genova (Research and development) 	 Agreements and protocols with local authorities (local institutions)









National institutions	<ul style="list-style-type: none"> • Security and management of emergencies (natural or health disasters) • Supporting the territory for sustainable development • Protection of human resources, assets and liabilities • Monitoring the pursuit of the ESG goals in corporate strategies • Upgrading the infrastructures and network reliability <ul style="list-style-type: none"> • Managing 7 emergencies in 2020 	 Protocols, Agreements and contracts with CPD and other Institutions for managing emergencies (including natural and health disasters), for devices to raise the alarm in the event of missing children, for the localization supporting Mountain Rescue associations (Community)  Collaboration with CPD and Ministry of Economic Development to design and test an IT-Alert system in the event of natural disasters (Community)
Civil Protection Department	<ul style="list-style-type: none"> • Supporting the territory for sustainable development • Protecting human resources and intangible assets <ul style="list-style-type: none"> • Guaranteeing essential communication services 	 Participating in the Operational Committee for the COVID-19 emergency
International institutions	<ul style="list-style-type: none"> • Protecting the most vulnerable people from the risks of the web • Safeguarding privacy, cybersecurity and personal data security; • Supporting the dissemination of technologies, digital skills and R&D <ul style="list-style-type: none"> • Contributed to the guidelines for the 2020 G20 as it relates to digital transformation 	 Attend working groups in OECD, BIAC and B20 (Clients - Child protection)
International institutions	Protecting the most vulnerable people from the risks of the web	 Attend the working group "Alliance to better protect minors online" started by the European Commission (Safeguard of underage children)
International institutions	<ul style="list-style-type: none"> • Supporting the dissemination of technologies, digital skills and R&D • Promoting the development of an inclusive digital society and access to digital services 	 Participating in the two year project "Digital Upskilling for All", promoted by ETNO and UNI Europa ICTS. (Child protection)
Local institutions	<ul style="list-style-type: none"> • Promoting the development of an inclusive digital society and access to digital services 	 Adheres to the initiative of digital solidarity and innovation of the City of Turin in support of the community, during the emergency Covid 19 (Torino City Lab)
Universities and other partners	<ul style="list-style-type: none"> • Supporting the dissemination of technologies, digital skills and R&D 	 Contributes as a partner to the efforts undertaken by the Industry Manufacturing 4.0 (CIM 4.0) to develop the spread of 4.0 technology in production processes, products and business models (Research and development)
Universities, research centers	<ul style="list-style-type: none"> • Development of innovative technologies and applicative solutions, particularly in relation to 5G, IoT, Cyber Security, Augmented Analytic, 5G Intensive Services and Cloud Native & Edge Powered. <ul style="list-style-type: none"> • Research contracts totalling 1.2 million euros were implemented in 2020. • patent activity 	 Open Innovation research areas (Research and development)
National institutions Educational institutions	<ul style="list-style-type: none"> • Supporting the dissemination of technologies, digital skills and R&D 	 Brazil. "TIM Tec" project (Community)

Civil society		
Stakeholders	<ul style="list-style-type: none"> • Topics and • Actions/commitments 	Engagement methods
Non-profit organizations and associations, 107 residents in provincial towns, TIM volunteers	<ul style="list-style-type: none"> • Supporting the dissemination of technologies, digital skills and R&D • Promoting the development of an inclusive digital society and access to digital services 	 Operation Digital Risorgimento, training courses in the classroom and in the square, feedback collection. (Digital inclusion)
Non-profit organizations and associations	<ul style="list-style-type: none"> • Ethics and integrity • Fight against corruption; transparency 	 Attend the Business Integrity Events of Transparency International (Fight against corruption)
Non-profit organizations and associations	<ul style="list-style-type: none"> • Monitoring the pursuit of the ESG goals in corporate strategies • Reducing energy consumption and combating climate change <ul style="list-style-type: none"> • Training plan for internal staff and salespeople on environmental issues • Seminars for managers and employees on Sustainable Development Goals 	 Partnership with ASVIS (Environment)
users, public and private institutions, researchers	<ul style="list-style-type: none"> • To promote multi-stakeholder collaboration for the creation of new 5G solutions in various areas (health, safety, smart cities, agrarian production). 	 Brazil. TIM Participações promoted the Living Labs to discuss, share knowledge and collaborate on 5G technology (Digital inclusion)
Universities, public and private institutions, start uppers	<ul style="list-style-type: none"> • Supporting the dissemination of technologies, digital skills and R&D • Promoting the development of an inclusive digital society and access to digital services 	 Brazil. Academic Working Capital (AWC), entrepreneurial education program (Community)
Sustainability analysts, sustainability rating agencies	<ul style="list-style-type: none"> • Reducing energy consumption and combating climate change • Monitoring the pursuit of the ESG goals in corporate strategies 	 TIM takes part in the completion of questionnaires and surveys and is accepted in the main sustainability indexes ; it was classified by CDP as band "A-" in Italy in 2020; Brazil. TIM Brazil was selected to complete the Carbon Efficient Index (ICO2). (Fight against climate change)
Non-profit organizations and associations	<ul style="list-style-type: none"> • development of an inclusive digital society 	 Brazil. Collaboration between TIM Institute and UNICEF to guarantee the right to education to about 3.8 million children (Community)
Research institutions and groups	<ul style="list-style-type: none"> • Safeguarding privacy, cybersecurity and personal data security; • Upgrading the infrastructures and network reliability 	 TIM participates in the four-year project CONCORDIA (Cyber security cOmpeteNCe fOr Research andD InnovAtion), contribution to the research project RESISTO (RESilience enhancement and risk control platform for communication infraSTructure Operators), both as part of the European research program Horizon 2020 (Research and innovation in e-security)

Customers		
Stakeholders	<ul style="list-style-type: none"> • Topics and • Actions/commitments 	Engagement methods
Consumer customers and business costumers	<ul style="list-style-type: none"> • Quality of service • Fairness and innovation in customer relations <ul style="list-style-type: none"> • Adoption of a new model of control and improvement of quality and customer experience in the logic of "quality by design". • "Make the difference" project for customer care staff • Interactive communication channels with customers (New My TIM App and Website and social network) for a more reactive response to their needs and to 	 Wide system for listening to customers and identifying customer experience in various "true moments" of the customer journey, such as the CSI (Customers/Customer satisfaction) ^{1,2}
Consumer customers and business costumers	<ul style="list-style-type: none"> • Customer satisfaction, quality of service <ul style="list-style-type: none"> • Investments for the evolution of digital environment and channel "My TIM App" to enhance the services offered and customer experience. 	 Brazil. Three types of customer satisfaction surveys, conducted on a national basis through interviews: on line with consumer customers, over the phone with business mobile customers, "Call center Satisfaction Survey", and mobile customers "Call Center Transactional Survey" (Customers/Customer satisfaction)
Consumer Associations	<ul style="list-style-type: none"> • Customer satisfaction, quality of service 	 Collaboration with consumer associations ("joint conciliation") and with the CoReCom for the settlement of disputes with customers. (The chain of value/Customers/Conciliation procedures)
Consumer Associations, customers, citizens	<ul style="list-style-type: none"> • Customer satisfaction, quality of service • development of 5G infrastructures • Reporting the impacts of electromagnetic emissions • Promoting the development of an inclusive digital society and access to digital services <ul style="list-style-type: none"> • Webinars as part of Operazione Risorgimento Digitale 	 New memorandum of understanding with some Consumer Associations (February 2020) to strengthen dialogue on the most sensitive issues. Agreement with 7 Consumer Associations (July 2020) to accelerate the spread of digital skills among citizens. (Customers/Conciliation procedures)
Consumer Associations, customers	<ul style="list-style-type: none"> • Customer satisfaction, quality of service <ul style="list-style-type: none"> • Increase the number of complaints handled and resolved, reduce complaints 	 In Brazil, TIM Participações participates in initiatives in collaboration with the agencies that constitute the Consumer Protection System (Forum for Conciliation, Consumidor.gov.br web platform) and has set up its own (Board of Users) for the reduction of complaints in court. (Customers/Conciliation procedures)










¹ The customer journey is the set of experiences that a customer has when interacting with a company for a specific need, from the first contact with the company, through a specific channel, until, going through one or more touch points provided by the company itself or by other consumers, the expected result is achieved or not.



² Customer Satisfaction Index.







Suppliers		
Stakeholders	<ul style="list-style-type: none"> Topics and Actions/commitments 	Engagement methods
Startups, ICT partners, Universities	<ul style="list-style-type: none"> 5G, UBB networks evolution Research and Development for new solutions and services, Capacity for innovation in processes and business models the spread of digital technologies and skills <ul style="list-style-type: none"> TIM Wcap acceleration program and venture investments by TIM Ventures 	 Various areas of collaboration and co-design in Open Innovation mode both in the TIM Wcap regional hubs and the IOT Open Lab (Research and development)
Suppliers and technology partners	<ul style="list-style-type: none"> Innovation, Research and Development of technologies, telecommunication applications and services 	 Brazil. TIM Lab Innovation Center, a space for open innovation; aims to identify new approaches for the creation and deployment of telecommunication network infrastructures, promote partnerships with universities and research institutes. (Research and development)
Manufacturing companies, ICT partners, peer operators	<ul style="list-style-type: none"> Capacity building of players along the supply chain climate change circular economy <ul style="list-style-type: none"> audit of relevant suppliers and sub-suppliers (91 in 2020) enhancement programs (health and safety, environment, working hours) training programs sharing tools and solutions on issues of common interest 	 Participation in activities related to the initiative Joint Audit Cooperation - JAC (Suppliers/ Sustainability assessment) ³
Business partner	<ul style="list-style-type: none"> Capacity building of players along the supply chain Reducing energy consumption and fighting climate change <ul style="list-style-type: none"> developing and encouraging the circular economy 	 Brazil. Reverse Logistics Program (Environment)
Manufacturing companies, service companies, business partners	<ul style="list-style-type: none"> fostering the development of an inclusive digital society stimulate the spread of digital technologies and skills, in particular in the agricultural sector 	 Brazil. In 2019 TIM created the ConnectarAgro ecosystem and pursued partnerships with Nokia and BR Digital to connect rural areas (Research and development)
Over 4,300 licensed vendors	Transparency, improving communication and optimization of operating processes.	 Vendor Hub Portal (Suppliers)
Suppliers at greater risk at the qualification stage; periodically, to suppliers already qualified	<ul style="list-style-type: none"> improve the conditions of supply and the levels of quality, safety, environmental protection and human rights; improve the sustainability of the supply chain <ul style="list-style-type: none"> Questionnaire updated in 2020 with new topics 	 BU domestic and Brazil. Self-assessment questionnaire related to sustainability. Periodic sustainability audits made by third-party companies on suppliers of the classes with the highest risk. (Suppliers/Sustainability Initiatives)
100% new suppliers registered	<ul style="list-style-type: none"> Capacity building of players along the supply chain correctness of corporate conduct 	 Questionnaire where the supplier commits both itself and its sub-contractors, collaborators and employees, to observe the principles contained in the Code of Ethics and Conduct of the Group. (Suppliers) ⁴









³ Ulteriori informazioni sono disponibili nel sito web jac-initiative.com.

⁴ In Brasile tale percentuale è stata pari al 96%.

Industry business community		
Stakeholders	<ul style="list-style-type: none"> • Topics and • Actions/commitments 	Engagement methods
Foreign associations and federations within the sector, standardization organizations, associations, alliances, telco open communities	<ul style="list-style-type: none"> • Innovation of networks and platforms, development and acceleration of the industrialization of services, in particular for 5G • reducing energy consumption and fighting climate change • reporting the impacts of electromagnetic emissions 	 Participate as a member to the activities of various standardization institutions and associations (Research and Development)
Industry associations	<ul style="list-style-type: none"> • reporting the impacts of electromagnetic emissions <ul style="list-style-type: none"> • issuing guide lines • support with and training on local aspects of planning • development of software tools to assess exhibitions • regional joint TIM-ARPA round tables 	 Participation in committees and work groups of Comitato Elettrotecnico Italiano (CEI) (Electromagnetism and compliance with environmental legislation in force)
Over the Tops, Business partners, Startups	<ul style="list-style-type: none"> • Promoting the development of an inclusive digital society and access to digital services • Adapting stakeholder engagement to the acceleration of change 	 "Smart Spaces Hackathon" to design new smart spaces, in collaboration with Google Cloud and Codemotion (Research and Development)
Other Authorized Operator, Business partner	<ul style="list-style-type: none"> • Upgrading the infrastructures and network reliability • Supporting the dissemination of technologies, digital skills and R&D • Adapting stakeholder engagement to the acceleration of change 	 Four-year project "Bari Matera 5G". TIM, Fastweb and Huawei partner in testing 5G technology to create among the first Smart Cities in Europe. (IoT and research for the environment)
Other mobile operators in Brazil	<ul style="list-style-type: none"> • fostering the development of an inclusive digital society • reducing energy consumption • optimizing costs and resources to develop a network architecture 	 Brazil. LTE RAN sharing agreement (Research and development)
Other mobile operators, OTT, peer operators, suppliers	<ul style="list-style-type: none"> • development of and testing with new technologies and solutions for the network infrastructures • Creating universal standards to ensure vendor interoperability • improving suppliers' offer capacity 	 Brazil. TIM Participações is still participating in the collaborative Telecom Infra Project (TIP) (Research and development).
Other mobile operators, solution providers	<ul style="list-style-type: none"> • Fostering the development of an inclusive digital society and access to digital services, particularly in rural areas 	 Brazil. Create the ConnectarAgro ecosystem (Research and Development)
Foreign industry associations and federations	<ul style="list-style-type: none"> • Network and services security, fraud and cyber crime <ul style="list-style-type: none"> • Servizio "Safe web Plus" 	 Participation in the work of the GSM Association's fraud and security group; Collaboration, in relation to 3 GPP SA SECAM, in defining the safety requirements of the 5G infrastructure. Participation, in relation to ETNO, in the work of the subgroup Computer Emergency Response Team Task Force (CERT TF) . (Safeguarding privacy and personal data protection)
Foreign industry associations	<ul style="list-style-type: none"> • Protecting the most vulnerable people from the risks of the web <ul style="list-style-type: none"> • TIM Protect 	 Participation in work groups in relation to "Mobile Alliance against Child Sexual Abuse Content (GSMA)" to protect children on mobile phones (Child protection)

Financial community		
Stakeholders	<ul style="list-style-type: none"> • Topics and • Actions/commitments 	Engagement methods
institutional and retail investors, small shareholders' associations, bondholders, socially responsible investors, equity and credit analysts.	Updated information, financial and non-financial, on the Group, with the greatest attention to the needs of all the various categories of stakeholders	 The TIM Group website provides important information to individual investors and the general public (Stakeholder Engagement).
Shareholders, bondholders, socially responsible investors, equity and credit analysts.	<ul style="list-style-type: none"> • cash generation and potential support for the Group's deleverage path with extraordinary options; • the network sharing agreement signed with Vodafone to develop 5G and share the mobile network; • ESG issues following on from the presentation of the Group's first sustainability plan and during publication of the sustainable bond framework; • the agreement with Google Cloud to develop and push TIM into the national market for Cloud, with a focus on dynamics of data center development, creation of Noovle S.p.A.; • potential forms of association with Open Fiber; • 5G and potential competitive development; • growth of customers served by FTTx technology, convergent services and penetration of business customers into ICT services; • big opportunities to reduce costs; • development of TIM Brasil and positive results; • Corporate Governance topics. 	 In 2020, the Investor Relations Department ran hundreds of direct, group and individual virtual meetings using audio or video conferencing: 4 conference calls when the annual and quarterly results were announced, ESG and other road shows, meetings at the Group's corporate headquarters (reverse road shows), as well as virtual participation in the main conferences in the TLC sector.

People		
Stakeholders	<ul style="list-style-type: none"> • Topics and • Actions/commitments 	Engagement methods
30,000 employees (76% of the domestic workforce)	<ul style="list-style-type: none"> • development of the Company's human capital • encouraging diversity and favoring equal opportunities in the Company • effectiveness of management • engagement and personal satisfaction <ul style="list-style-type: none"> • Action plans on areas monitored, including "Progetto Donna" launched in 2019 • "Per i cittadini di TIM" action plan • New engagement survey in 2021 	 Engagement Survey 2020 (Social - Human Capital)
Employees	<ul style="list-style-type: none"> • development of the Company's human capital • encouraging diversity and favoring equal opportunities in the Company • effectiveness of management • engagement and personal satisfaction 	 Brazil. Climate survey, engagement survey, other pandemic impact surveys. (Social - Human Capital)
Managers, professionals and office workers	<ul style="list-style-type: none"> • development of the Company's human capital • effectiveness of management 	 2020 performance management process (concluded in March 2021). (Social - Human Capital)
Managers, professionals and recent graduates	<ul style="list-style-type: none"> • engagement • training • networking and knowledge sharing 	 2020 onboarding process. (New skills and development)
39,000 people	safeguarding privacy and personal data protection and cybersecurity	 21 retraining and skills development pathways (Human capital/New skills and development)
3,000 people in technical areas	Sviluppo del capitale umano dell'azienda	 Skill Assessment plans (Human capital/New skills and development)

People from the sales function and business partners (approx. 450 people), staff of Customer Care service providers (approx. 1,000 people)	<ul style="list-style-type: none"> New ways of managing customer relations for greater privacy protection and GDPR compliance 	 Ad hoc training plans in relation to the role. (Customers/Safeguarding privacy and personal data protection)
Customer care operators	<ul style="list-style-type: none"> development of skills to handle new technologies correct management of customer relationships; 	 Various methods of involvement and continuous refreshment on the web portal "TUO" (Find, USE, and Plan" and weekly gamification initiative for agents (Customers/ Customer satisfaction) ⁵
5,200 people	<ul style="list-style-type: none"> development of the Company's human capital engagement 	 Brazil. Performance management, using a personalized approach for various areas of the company. (Human capital/New skills and development))
Trade union, TIM people	<ul style="list-style-type: none"> Labor Relations Management Developing the company's human capital Work-life balance Managing the health and safety of workers <ul style="list-style-type: none"> Definition of the "NextTIM for 2021" plan for digital skills New flexible working methods 	 Meetings with unions on changing working conditions following the Covid-19 pandemic (Human capital/Industrial relations)
Trade unions, experts, TIM people	<ul style="list-style-type: none"> Managing the health and safety of workers <ul style="list-style-type: none"> Emergency Response Guidelines Adoption of appropriate measures 	 Memorandum of understanding for the management of the second phase of the Covid-19 emergency (Human capital/Industrial relations)
Trade unions, TIM people	<ul style="list-style-type: none"> Labor Relations Management <ul style="list-style-type: none"> 5000 memberships (in the 2019-2020 biennium) 	 Redundancy agreement expanding the solutions of the previous one of February 2019 (Human capital/Industrial relations)
Trade unions, TIM people	<ul style="list-style-type: none"> managing the workforce Encouraging diversity and favoring equal opportunities in the company health and safety during the covid pandemic <ul style="list-style-type: none"> Emergency management agreements Renewal of the 2020/2021 Collective Bargaining Agreement (approved by approximately 94% of the 2,645 employees voting) 	 Brazil. 30 meetings with the trade union representatives committee (Human capital/ industrial relations)
TIM people, civil society	<ul style="list-style-type: none"> Encouraging diversity and favoring equal opportunities in the company <ul style="list-style-type: none"> "Progetto Donna" 	 Performance management, using a personalized approach for various areas of the company. (Human capital/People caring)

⁵ It consists of applying typical elements of gaming (e.g. scoring, competition with others, game rules) to other areas of activity, generally as an online marketing technique to encourage involvement with a product or service

Table of the links between topics covered by Decree 254/16, topics which emerged as material in the TIM materiality analysis and the adopted GRI reporting standard. Evidence of limits

Topic covered by Italian Legislative Decree 254/2016	TIM material topic 2020	GRI standard of reference ITA	Internal Boundary (direct impacts, generated)	External Boundary
Environmental information	Reducing energy consumption and combating climate change	GRI 302: Energy GRI 305: Emissions	TIM Group	The TIM Group contributes indirectly through relations with suppliers and business partners
	Capacity building of players along the supply chain	GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	TIM Group	The TIM Group contributes indirectly through relations with suppliers and business partners
Social information	Fairness and innovation in customer relations	GRI 417: Marketing and labelling	TIM Group	The TIM Group contributes indirectly through relations with the trade associations
	Safeguarding privacy and personal data security and protection	GRI 418: Customer privacy	TIM Group	The TIM Group contributes indirectly through relations with the trade associations
	Monitoring the pursuit of the ESG goals in corporate strategies	Non-GRI aspect	TIM Group	-
	Adapting stakeholder engagement to the acceleration of change	GRI 102-43: Approach to stakeholder engagement	TIM Group	The TIM Group contributes indirectly through relations with suppliers and business partners
	Reporting the impacts of electromagnetic emissions	GRI 416: Customer Health and Safety	Domestic BU	The TIM Group contributes indirectly through relations with Institutions
	Promoting the development of an inclusive digital society and access to digital services	Non-GRI aspect	TIM Group	The TIM Group contributes indirectly through relations with suppliers and business partners
	Stimulate the dissemination of technologies, digital skills and R&D	Non-GRI aspect	TIM Group	The TIM Group contributes indirectly through relations with suppliers and business partners
	Upgrading the infrastructures and network reliability	GRI 203: Indirect Economic Impacts	TIM Group	The Domestic BU contributes indirectly through relations with suppliers, business partners and institutions
	Protecting the most vulnerable people from the risks of the web	GRI 416: Customer Health and Safety	Domestic BU	The TIM Group contributes indirectly through relations with suppliers, business partners and institutions
Personnel-related information	Managing the workforce	GRI 401: Employment GRI 402: Labor/Management Relations	TIM Group	-
	Managing the health and safety of workers	GRI 403: Occupational Health and Safety	TIM Group	The TIM Group contributes indirectly through relations with unions and suppliers
	Development of the Company's human capital	GRI 404: Training and Education	TIM Group	-
	Encouraging diversity and favoring equal opportunities in the company	GRI 405: : Diversity and Equal Opportunity GRI 406: Non-discrimination	TIM Group	-
Respect for Human Rights	Promoting and safeguarding human rights	GRI 406: Non-discriminations GRI 407: Freedom of Association and Collective Bargaining GRI 408: Child Labor GRI 409: Forced or Compulsory Labor GRI 410: Security Practices GRI 412: Assessment of respect for human rights	TIM Group	The TIM Group contributes indirectly through relations with suppliers and business partners
Fight against corruption	Fairness of corporate conduct and business resilience	GRI 205: Anticorruption GRI 207: Taxes GRI 206: Anti-competitive Behavior GRI 415: Public Policy GRI 419: : Socioeconomic Compliance	TIM Group	The TIM Group contributes indirectly through relations with suppliers and business partners

From this year, the table shown below will be included to facilitate the stakeholders' experience of reading the document. The table will indicate the correspondence between the SASB and the information reported in the document..

SASB DISCLOSURES TIM S.p.A.			
Code	Definitions		Section on page
TC-TL-130a.1	Environmental footprint of operations	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable energy	66
TC-TL-220a.1	Data Privacy	Description of policies and practices relating to behavioral advertising and customer privacy	131
TC-TL-220a.2		Number of customers whose information is used as secondary purposes	131
TC-TL-220a.3		Total amount of monetary losses as a result of legal proceedings associated with privacy	131
TC-TL-220a.4		(1) Number of law enforcement requests for customer information, (2) Number of customers whose information was requested, (3) Percentage resulting in disclosure	131
TC-TL-230a.1	Data Security	(1) Number of data breaches, (2) Percentage involving personally identifiable information (PII), (3) Number of customers affected	131
TC-TL-230a.2		Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	41
TC-TL-240a.1	Product end-of-life management	(1) Materials recovered through take-back programs in metric tons, Percentage of recovered materials that were (2) reused, (3) recycled, and (4) landfilled	74
TC-TL-520a.1	Competitive behavior & open internet	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations 4	32
TC-TL-520a.2		Average actual sustained download speed in Megabits per second (Mbps) of (1) owned and commercially-associated content and (2) non-associated content	145
TC-TL-520a.3		Description of risks and opportunities associated with net neutrality, paid peering, zero rating, and related practices	41
TC-TL-550a.1	Managing systemic risks from technology disruptions	(1) System average interruption frequency and (2) Customer average interruption duration	145
TC-TL-550a.2		Discussion of systems to provide unimpeded service during service interruptions	145

[GRI 102-55] **GRI CONTENT INDEX**
for “In accordance”- Comprehensive

GENERAL DISCLOSURES			
GRI Standard	Definitions	Section on page	Omissions
GRI 101: Foundation			
GRI 102: General Disclosures			
Organizational profile			
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102-4	Location of operations	14	
102-5	Ownership and legal form	14	
102-6	Markets served	14	
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102-9	Supply chain	154	
102-10	Significant changes to the organization and its supply chain	15, 15	
102-11	Precautionary Principle or approach	25, 41	
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102-13	Membership of associations	28	
Strategy			
102-14	Statement from senior decision-maker	3	
102-15	Key impacts, risks, and opportunities	41	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	28	
102-17	Mechanisms for advice and concerns about ethics	25	
Governance			
102-18	Governance structure	25, 28	
102-19	Delegating authority	25, 28	
102-20	Executive-level responsibility for economic, environmental, and social topics	25, 28	
102-21	Consulting stakeholders on economic, environmental, and social topics	25, 28	
102-22	Composition of the highest governance body and its committees	25	
102-23	Chair of the highest governance body	25	
102-24	Nominating and selecting the highest governance body	25	
102-25	Conflicts of interest	25	
102-26	Role of the highest governance body in setting purpose, values, and strategy	25, 28	
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102-28	Evaluating the highest governance body's performance	25	
102-29	Identifying and managing economic, environmental, and social impacts	25, 41	
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GENERAL DISCLOSURES				
GRI Standard	Definitions		Section on page	Omissions
	102-31	Review of economic, environmental, and social topics	25, 28	
	102-32	Highest governance body's role in sustainability reporting	25, 28	
	102-33	Communicating critical concerns	25	
	102-34	Nature and total number of critical concerns	25	
	102-35	Remuneration Policy	25	
	102-36	Process for determining remuneration	25	
	102-37	Stakeholders' involvement in remuneration	25, 98	
	102-38	Annual total compensation ratio	98	Information not disclosed for confidentiality reasons. It is considered to fall under the category of information subject to the "Policy for Classifying and Managing Information in accordance with Confidentiality requirements", since the data, once disclosed and if misunderstood, could cause reputational damage to the company.
	102-39	Percentage increase in annual total compensation ratio	98	Information not disclosed for confidentiality reasons. It is considered to fall under the category of information subject to the "Policy for Classifying and Managing Information in accordance with Confidentiality requirements", since the data, once disclosed and if misunderstood, could cause reputational damage to the company.
Stakeholder engagement				
	102-40	List of stakeholder groups	34	
	102-41	Collective bargaining agreements	101	
	102-42	Identifying and selecting stakeholders	34	
	102-43	Approach to stakeholder engagement	34, 119, 140	
	102-44	Key topics and concerns raised	34, 119, 140	
Reporting practice				
	102-45	Entities included in the consolidated financial statements and not included in the sustainability report	12	
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	203-1	Infrastructure investments and services supported	77, 81, 138	
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	103-2	The management approach and its components	29	
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	205-1	Operations assessed for risks related to corruption	29	
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GRI 206 Anti-competitive Behavior (2016)				
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	103-2	The management approach and its components	32	
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	207-4	Country-by-country reporting	177	
GRI 302 Energy (2016)				
	103-1	Explanation of the material topic and its Boundary	58	
	103-2	The management approach and its components	58	
	103-3	Evaluation of the management approach	58	
	302-1	Energy consumption within the organization	66	
	302-2	Energy consumption outside of the organization	66	Energy consumption outside of the company is not reported as the data are not available. The Group is taking action to implement a data collection to report this disclosure.
	302-3	Energy intensity	66	
	302-4	Reduction of energy consumption	66	
	302-5	Reductions in energy requirements of products and services	59, 65	The reduction in product and services consumption is not expressed because the data are not all available.
GRI 305 Emissions (2016)				
	103-1	Explanation of the material topic and its Boundary	58	
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	103-3	Evaluation of the management approach	58	
	305-1	Direct (Scope 1) GHG emissions	71	
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	305-3	Other indirect (Scope 3) GHG emissions	71	
	305-4	GHG emissions intensity	71	
	305-5	Reduction of GHG emissions	71	
	305-6	Emissions of ozone-depleting substances (ODS)	71	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		Not applicable. Nitrogen oxides (NOx) and sulfur oxides (SOx) are not significant in the Group's emissions and are therefore not reported.
GRI 308 Supplier Environmental Assessment (2016)				
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	103-2	The management approach and its components	154	
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	308-1	New suppliers that were screened using environmental criteria	155	
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GRI 401 Employment (2016)				
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	103-2	The management approach and its components	89	
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	401-1	New employee hires and employee turnover	91, 114	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	108	
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GRI 402 Labor/Management Relations (2016)				
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	103-2	The management approach and its components	101	
	103-3	Evaluation of the management approach	101	
	402-1	Minimum notice periods regarding operational changes	101	
GRI 403 Occupational Health and Safety (2018)				
	103-1	Explanation of the material topic and its Boundary	104	
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MATERIAL DISCLOSURES				
GRI Standard	Definitions		Section on page	Omissions
	103-3	Evaluation of the management approach	104	
	403-1	Occupational health and safety management system	104	
	403-2	Hazard identification, risk assessment, and incident investigation	104	
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	403-4	Worker participation, consultation and communication on occupational health and safety	104	
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	406-6	Promotion of worker health	104	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	104	
	403-8	Workers covered by an occupational health and safety management system	104	
	403-9	Workplace accidents	104 , 114	The number and rate of injuries to external workers are not shown as the data are not available. The Group is taking action to implement a data collection to report this disclosure.
	403-10	Occupational diseases	104	The number and rate of work-related ill health of external workers are not shown as the data are not available. The Group is taking action to implement a data collection to report this disclosure.
GRI 404 Training and Education (2016)				
	103-1	Explanation of the material topic and its Boundary	93	
	103-2	The management approach and its components	93	
	103-3	Evaluation of the management approach	93	
	404-1	Average hours of training per year per employee	93 , 114	
	404-2	Programs for upgrading employee skills and transition assistance programs	93	
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GRI 405 Diversity and Equal Opportunity (2016)				
	103-1	Explanation of the material topic and its Boundary	91	
	103-2	The management approach and its components	91	
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GRI Standard	Definitions		Section on page	Omissions
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	103-1	Explanation of the material topic and its Boundary	170	
	103-2	The management approach and its components	170	
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	406-1	Incidents of discrimination and corrective actions taken	172	
GRI 407 Freedom of Association and Collective Bargaining (2016)				
	103-1	Explanation of the material topic and its Boundary	155, 156, 170	
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GRI 408 Child Labor (2016)				
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	103-2	The management approach and its components	155	
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REPORT OF THE INDEPENDENT AUDITORS

[GRI 102-56]



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Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 18, 2018

(Translation from the original Italian text)

To the Board of Directors of
TIM S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of TIM S.p.A. and its subsidiaries (hereinafter the "Group" or "TIM Group") for the year ended on December 31, 2020 in accordance with article 4 of the Decree and approved by the Board of Directors on February 23, 2021 (hereinafter "DNF").

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes

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documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the TIM Group's consolidated financial statements;
4. understanding of the following aspects:
 - o Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
 - o policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
 - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.

In particular, we have conducted interviews and discussions with the management of TIM S.p.A. and with the personnel of TI Sparkle Greece S.A. e TI Sparkle Turkey Telekomünikasyon A.Ş., and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group activities and characteristics:

- at Group level
 - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for the following companies, TIM S.p.A., TI Sparkle Greece S.A., TI Sparkle Turkey Telekomünikasyon A.Ş., Telecontact Center S.p.A. e TIM Participações SA, that we have selected based on their activities, relevance to the consolidated performance indicators and location, we have carried out remote interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the TIM Group for the year ended on December 31, 2020 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Other Information

The DNF for the year ended on December 31, 2018, whose data are presented for comparative purposes, has been subject to limited assurance procedures by another auditor, who expressed unqualified conclusions on March 8, 2019.

Turin, March 10, 2021

EY S.p.A.
Signed by: Ettore Abate, Auditor

This report has been translated into the English language solely for the convenience of international readers.