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## Appendix

## 2015 AND 2016 RESULTS

The results achieved are shown below, compared to the objectives published in the previous sustainability Report for the year 2016 and in relation to the Customers stakeholder only, for the year 2015<sup>1</sup>.

### TIM S.p.A. – Customers<sup>2</sup>

| Area of reference  | Indicator  | Unit of measurement | Target 2015 | Final result 2015 | Target status 2015* | Target 2016             |
|--------------------|--|---------------------|-------------|-------------------|---------------------|-------------------------|
| CUSTOMERS MOBILE   | Activation time for voice service (pre-paid service) – Percentage of valid orders completed within the maximum period laid down in the contract  | %                   | 97          | 100               | ●                   | 97                      |
| CUSTOMERS MOBILE   | Activation time for voice service (post-paid service) – Percentage of valid orders completed within the maximum period laid down in the contract.  | %                   | 97          | 100               | ●                   | 97                      |
| CUSTOMERS MOBILE   | Disputed charges – Ratio between the number of disputed charges in invoices received within the survey period and the number of invoices issued in the same period (post-paid service).  | %                   | 1.2         | 0.37              | ●                   | 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         | 0.30              | ●                   | 1.2                     |
| CUSTOMERS INTERNET | Activation time for broadband Internet access services – Percentage of valid orders completed within the date agreed with the customer (active telephone lines).   | %                   | 95.0        | 97.6              | ●                   | 95.0                    |
| CUSTOMERS INTERNET | Activation time for broadband Internet access services – Average time of supply (active telephone lines).  | Days                | 9           | 6                 | ●                   | 9                       |
| CUSTOMERS INTERNET | Broadband Internet access service faults – Average repair time.  | Hours               | 26          | 18                | ●                   | 26                      |
| CUSTOMERS INTERNET | Disputed charges – Ratio between the number of disputed charges in invoices regarding all Internet access services (received during the survey period) and the total number of invoices issued in the same period.   | %                   | 1.40        | 0.42              | ●                   | 1.40                    |
| CUSTOMERS IPTV     | Disputed charges – Ratio between the number of disputed charges in invoices regarding the IPTV service (received during the survey period) and the total number of invoices containing charges regarding this service (issued during the same survey period) | %                   | 1.00        | 0.45              | ●                   | No more revable service |
| CUSTOMERS IPTV     | Availability of IPTV service - Average unavailability of the service   | Hours/years         | 36          | 3                 | ●                   | No more revable service |

(\*) Status Target: ● achieved ● not achieved

<sup>1</sup> The actual figures of the above mentioned objectives for 2016 will be available in July 2017 on the websites stated in note 2.

<sup>2</sup> The full list of mobile service quality indicators, and the respective objectives for 2014, are available at tim.it. The full list of quality indicators for fixed network and IPTV Internet access services, and the respective objectives for 2014, are available at telecomitalia.com.

TIM S.p.A. - Other stakeholders

| Area of reference                           | Indicator  | Unit of measurement     | Target 2016 | Actual figure 2016 | Target status 2016* |
|---|--|-------------------------|-------------|--------------------|---------------------|
| HUMAN RESOURCES TRAINING                    | Training in health, safety and environment issues <sup>(1)</sup>   | Training hours          | 165,000     | 108,309            | ●                   |
| HUMAN RESOURCES TRAINING                    | Training – Training hours per head <sup>(1)</sup>  | Training hours per head | 30          | 24.8               | ●                   |
| HUMAN RESOURCES TRAINING                    | Training - Coverage (percentage of employees out of the entire workforce who have taken part in at least one training session <sup>(2)</sup> ) | %                       | 80          | 88.4               | ●                   |
| HUMAN RESOURCES ACCIDENTS                   | Accidents per 100 workers  | Number                  | 1.24        | 1.21               | ●                   |
| ENVIRONMENT - ENERGY                        | Eco-efficiency indicator <sup>(3)</sup>  | bit/joule               | 5,300       | 6,531              | ●                   |
| ENVIRONMENT - ENERGY                        | Self-generation of energy from cogeneration  | GWh                     | 151         | 125                | ●                   |
| THE ENVIRONMENT - ELECTROMAGNETIC EMISSIONS | SAR qualification <sup>(4)</sup>   | %                       | 100         | 106                | ●                   |
| THE ENVIRONMENT - ELECTROMAGNETIC EMISSIONS | SAR qualification of other technologically innovative devices (USB memory sticks, tablets and routers) marketed under the TIM brand            | Number                  | 4           | 5                  | ●                   |

(1)The data includes classroom, online and on-the-job training.

(2)The coverage data was calculated based on the average annual number for 2016.

(3)The indicator is calculated on the Domestic BU scope. For further information on the eco-efficiency indicator see The Environment/Energy.

(4)This is the percentage of mobile phones subject to the SAR (Specific Absorption Rate) qualification. The percentage is calculated on the most widespread and technologically innovative models of mobile phone handsets.

(5) In 2016 the SAR qualification for 20 terminals was envisaged, but 22 actually qualified.

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| Area of reference | Indicator  | Unit of measurement | Target 2016 | Actual figure 2016 | Target status 2016* |
|-------------------|--|---------------------|-------------|--------------------|---------------------|
| HUMAN RESOURCES   | Training (total hours: in class, online and on the job) provided to its own employees, outsourced employees and interns  | Training hours      | 820.000     | 692.571            | ●                   |
| HUMAN RESOURCES   | Sustainability training (percentage of employees, outsourced employees and interns out of the total workforce who have taken part in at least one training session on sustainability issues) | %                   | 90          | 91                 | ●                   |
| THE ENVIRONMENT   | Collection of mobile phones, batteries and other accessories to be sent for recycling  | Tons                | 2           | 0,961              | ●                   |
| THE ENVIRONMENT   | Ratio between recycled waste and the total waste generated in the offices  | %                   | 25          | 21                 | ●                   |
| SUPPLIERS         | Suppliers assessed under sustainability criteria   | Number              | 200         | 433                | ●                   |

## 2017 AND MULTIANNUAL TARGETS

The objectives for 2017 are shown below.

TIM S.p.A. - Customers

| Area of reference  | Indicator  | Unit of measurement | Target 2017 |
|--------------------|--|---------------------|-------------|
| CUSTOMERS MOBILE   | Activation time for voice service (pre-paid service) – Percentage of valid orders completed within the maximum period laid down in the contract  | %                   | 97          |
| 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 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 INTERNET | Activation time for broadband Internet access services – Average time of supply (active telephone lines)   | Days                | 9           |
| CUSTOMERS INTERNET | Activation time for broadband Internet access services – Percentage of valid orders completed within the date agreed with the customer (telephone lines transferred from another operator on which a broadband Internet access service was already in operation) | %                   | 95          |
| CUSTOMERS INTERNET | Activation time for broadband Internet access services - Average supply time (telephone lines transferred from another operator on which a broadband Internet access service was already in operation)   | days                | 15          |
| CUSTOMERS INTERNET | Broadband Internet access service faults - Ratio between the number of actual faults reported and the average number of broadband access lines   | %                   | 12          |
| CUSTOMERS INTERNET | Broadband Internet access service faults – Average repair time   | Hours               | 26          |
| CUSTOMERS INTERNET | Broadband Internet access service faults – Percentage of completed repairs within the maximum period laid down in the contract   | %                   | 92          |
| CUSTOMERS 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         |

TIM S.p.A. – Other stakeholders

| Area of reference                           | Indicator   | Unit of measurement     | Actual figure 2016 | Target 2017                        |
|---|---|-------------------------|--------------------|------------------------------------|
| HUMAN RESOURCES TRAINING                    | Training in health, safety and environment issues <sup>(1)</sup>  | Training hours          | 108,309            | 90,000                             |
| HUMAN RESOURCES TRAINING                    | Training – Training hours per head <sup>(1)</sup>   | Training hours per head | 24.8               | 27                                 |
| HUMAN RESOURCES TRAINING                    | Training – coverage (percentage of employees out of the entire workforce who have taken part in at least one training session)      | %                       | 88.4               | 80                                 |
| HUMAN RESOURCES ACCIDENTS                   | Accidents per 100 workers   | Number                  | 1.21               | 1.19                               |
| ENVIRONMENT - ENERGY                        | Eco-efficiency indicator <sup>(2)</sup>   | bit/joule               | 6,531              | 8,500                              |
| ENVIRONMENT - ENERGY                        | Self-generation of energy from cogeneration <sup>(3)</sup>  | GWh                     | 125                | 125                                |
| THE ENVIRONMENT - ELECTROMAGNETIC EMISSIONS | SAR qualification <sup>(4)</sup>  | %                       | 106                | Activity no more available in 2017 |
| THE ENVIRONMENT - ELECTROMAGNETIC EMISSIONS | SAR qualification of other technologically innovative devices (USB memory sticks, tablets and routers) marketed under the TIM brand | Number                  | 5                  | Activity no more available in 2017 |

(1)The data includes classroom, online and on-the-job training.

(2)The eco-efficiency indicator was calculated for the Domestic BU net of the activities of the Olivetti Group.

(3)As of 2014, the target is extended to the whole Domestic BU. Note in this respect that cogeneration plants currently only exist in Telecom Italia S.p.A. See the Multiannual Targets table.

(4)This is the percentage of mobile phones subject to the SAR (Specific Absorption Rate) qualification. The percentage is calculated on the most widespread and technologically innovative models of mobile phone handsets. In 2016 the SAR qualification for 16 terminals was envisaged, but 17 actually qualified.

TIM Brasil – Target 2016

| Area of reference | Indicator  | Unit of measurement | Actual figure 2016 | Target 2017 |
|-------------------|--|---------------------|--------------------|-------------|
| HUMAN RESOURCES   | Training (total hours: in class, online and on the job) provided to its own employees, outsourced employees and interns  | Training hours      | 692,571            | 450,000     |
| HUMAN RESOURCES   | Sustainability training (percentage of employees, outsourced employees and interns out of the total workforce who have taken part in at least one training session on sustainability issues) | %                   | 91                 | 90          |
| THE ENVIRONMENT   | Collection of mobile phones, batteries and other accessories to be sent for recycling  | Tons                | 0.961              | 1           |
| THE ENVIRONMENT   | Ratio between recycled waste and the total waste generated in the offices  | %                   | 21                 | 8           |
| SUPPLIERS         | Suppliers assessed under sustainability criteria   | Number              | 433                | 250         |

APPENDIX

Domestic BU – Multiannual Targets – Digital Inclusion

| Indicator of measurement | Unit of measurement | Actual figure 2016 | Target 2017 | Target 2018 | Target 2019 |
|--------------------------|---------------------|--------------------|-------------|-------------|-------------|
| NGN coverage (**)        | %                   | 58.9               | ~80         | ~86         | ~95         |
| LTE coverage (*)         | %                   | >96                | ~98         | ~99         | >99         |

(\*) The percentage refers to the residential population. Coverage values are subject to change based on ISTAT and urbanisations updates.

(\*\*) The percentage is determined by the ratio between the number of properties connected with “cabinets” reached by access optical fibres (or which can be served directly from an exchange if within acceptable distances) and the total number of properties that have or have had active telephone lines in the past.

BU Domestic – Multiannual Targets – Environment

| Area of reference                     | Indicator  | Unit of measurement | Target 2016 | Actual figure 2016 | Status Target | Target 2017 | Target 2018 | Target 2019 |
|---------------------------------------|--|---------------------|-------------|--------------------|---------------|-------------|-------------|-------------|
| THE ENVIRONMENT ENERGY                | Total electricity procured and produced(*)   | GWh                 | 2,015       | 1,998              | ●             | 2,015       | 2,000       | 1,980       |
| THE ENVIRONMENT ENERGY                | Self-generation of energy from cogeneration  | GWh                 | 151         | 125                | ●             | 125         | 125         | 125         |
| THE ENVIRONMENT ENERGY                | Eco-efficiency indicator   | bit/joule           | 5,300       | 6,531              | ●             | 8,500       | 10,500      | 12,000      |
| THE ENVIRONMENT ATMOSPHERIC EMISSIONS | Reduction of CO <sub>2</sub> emissions from the purchase and generation of electricity compared to 2013 (**) | Tons                | 695,000     | -5,300             | ●             | 2,900       | 10,700      | 18,400      |

(\*) The objective set for 2016 was referred to the scope of the Domestic BU of 2015, therefore the final figure shown is calculated net of Persidera, (former Media BU) which merged into the Domestic BU in 2016. The objectives for the subsequent three years consider the new scope.

(\*\*) The reduction compared to 2013 is shown as negative in that the emissions produced in 2016 were higher than those produced in 2013. As explained in the text, this was due to the decision, taken in 2016, not to purchase guarantees of origin to cover electricity requirements in Italy.

## NOTE ON METHODS

### SCOPE AND CRITERIA

**[G4-17b]** The Sustainability Report has the same consolidation scope as the Consolidated Financial Statements, except for some information (particularly associated with environmental performance) highlighted in the text<sup>1</sup>.

In accordance with the triple bottom line<sup>2</sup> approach, the company's economic and financial data has to be shown together with the environmental and social results. The overall analysis of company performance including all three dimensions provides stakeholders with complete and comprehensive information and allows interests to be balanced in a way that guarantees the success and survival of the company in the medium and long term. For this reason, as of 2003, the Group has integrated the sustainability data in the Consolidated Financial Statements, in fact preceding the application of European Directive 51/2003 of Legislative Decree No. 32 of February 2 and the recent provisions of the Legislative Decree No. 254 of 30 December 2016, implementing the European Directive No. 95/2014 on the disclosure of non-financial information.

**[G4-28], [G4-30]** The Sustainability Report<sup>3</sup>, which is drawn up for every calendar year, complies with the same deadlines as the Group's Annual Financial Report and uses a multi-stakeholder approach, involving the joint analysis of actions taken in respect of the main stakeholders with whom the Company interacts. It is based on the Sustainability Reporting Guidelines of the GRI, G4 version (comprehensive option) and the principles (inclusivity, materiality, responsiveness) of the AA1000 AccountAbility Principles Standard (APS 2008), adopted as of the 2009 Financial Statements.

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 Global Reporting Initiative (GRI), an international organisation which develops universally applicable guidelines for drawing up 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 field of sustainability in 20 years.

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

The TIM Sustainability Report's compliance with the GRI G4 standard, comprehensive option, is verified by the auditing firm PricewaterhouseCoopers (see Independent Auditor's Report).

<sup>1</sup> In accordance with the materiality principle, in these cases only information relating to companies with more than 40 employees and a turnover of more than 300,000 euros are included. Furthermore, for environmental data, in order to allow a proper assessment of the trend, the scope used in previous years is redefined according to the last year.

<sup>2</sup> This approach was defined for the first time by John Elkington in 1994 in the article "Towards the sustainable corporation: Win-win-win business strategies for sustainable development". California Management Review 36, no. 2: 2: 90-100.

<sup>3</sup> **[G4-29]** The Group sustainability report for 2015 was approved by the Board of Directors in March 2016.