





The people who work in the Group are the figures with the greatest interest in the success of their relationship with the Company and, with them, the trade union representatives. In the same way, the families of employees are significantly involved in this relationship and, to a lesser extent but in any case to an important degree, the communities within which the TIM people go about their daily lives. The Group's size also justifies a major involvement not only of the Public Institutions and Entities dealing with matters relating to the world of work, but also of the Government itself.

**[G4-DMA Employment], [G4-DMA Labor/Management Relations], [G4-DMA Occupational Health and Safety], [G4-DMA Training and Education], [G4-DMA Diversity and Equal Opportunity], [G4-DMA Equal Remuneration for Women and Men], [G4-DMA Labor Practice Grievance Mechanisms]**

Material issues in this chapter:

- management of the workforce, generational renewal and promotion of talent;
- health and safety at work.

Relevant company policies: Code of Ethics and Charter of Values; Human Rights Policy of the Group; HRO Strategy; Social Responsibility Policy on child labour, forced labour, health and safety, freedom of association and the right to collective bargaining, discrimination, disciplinary procedures, working hours and pay; Equal Opportunities Charter. In this context, the agreements reached with the trade union representatives and, in particular, the Collective Labour Agreements, are essential.

Effectiveness and monitoring: in order to monitor the effectiveness of processes and ensure the monitoring required by the numerous internal procedures and company-trade union committees, the Company uses some numerical KPIs. This chapter explains those relating to the structure and the evolution of the workforce, training, health and safety, remuneration, non-conformities and work-related reports. The KPIs for which the Company has established numerical targets have been given as an appendix to the Report, such as the training targets and in particular those relating to training on health and safety, and accident-related targets.

The new Business Strategy established to redefine the Company's position involves a significant change of course and is focused on a number of strategically important priority areas, such as the development of next generation networks, renewal of the offer, enhancement of the customer experience, combined with a strong focus on costs and productivity.

In keeping with the new strategic direction, in June 2016, the People Value department, renamed Human Resources & Organizational Development, has developed an HRO Strategy, based on four main areas:

- **control of labour costs:** ensuring the proper quantity and quality of personnel, according to the Company's economic and financial conditions;
- **alignment of the rewarding model:** redefining the total rewarding tools to support the achievement of the Group's objectives, in accordance with financial sustainability principles;
- **alignment of the organisational and process model:** supporting the lean organisation by simplifying organisational structures with a focus on the effectiveness and efficiency of processes and a reduction of external costs;
- **redefining of the skills model and alignment of the development processes:** connecting all evaluation and development processes with a new mix of professional and managerial



skills to support the identification and development of people that best express the characteristics required by the current organisational and business context.

In this context, some of the HRO department's initiatives have been refocused or readjusted in relation to the current strategic priority

## TIM PEOPLE: CONCISE FIGURES<sup>1</sup>

**[G4-9]** A summary of the numbers relating to the Group people can be seen in the table below:

(units)	31.12.2016	31.12.2015	Changes
Italy	51,122	52,554	(1,432)
Abroad	10,103	13,310	(3,207)
<b>Total personnel on payroll</b>	<b>61,225</b>	<b>65,864</b>	<b>(4,639)</b>
Agency contract workers	4	3	1
<b>Total personnel</b>	<b>61,229</b>	<b>65,867</b>	<b>(4,638)</b>
Non-current assets held for sale - abroad	-	16,228	(16,228)
<b>Total</b>	<b>61,229</b>	<b>82,095</b>	<b>(20,866)</b>

Excluding personnel concerned with non-current assets held for sale (Telecom Argentina Group) and agency contract workers, the Group's workforce has decreased by 4,639 units compared to December 31, 2015.

These changes are due to:

- entry into the scope of consolidation of the company Noverca (24 people);
- net turnover (net of changes to scope) down by 4,663 units, as detailed below by individual Business Unit:

(units)	Recruited	Departed	Net change
Domestic	628	2,082	(1,454)
Brazil	1,920	5,113	(3,193)
<b>Other activities</b>	<b>39</b>	<b>55</b>	<b>(16)</b>
<b>Turnover</b>	<b>2,587</b>	<b>7,250</b>	<b>(4,663)</b>

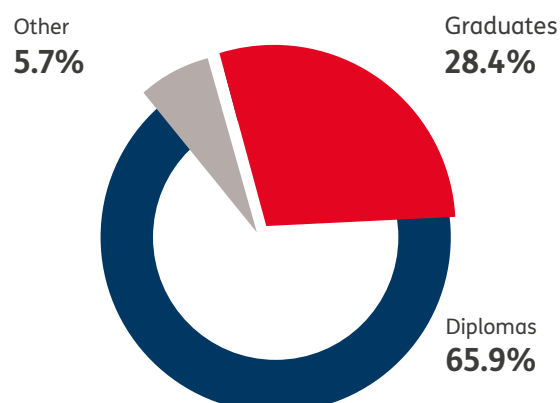
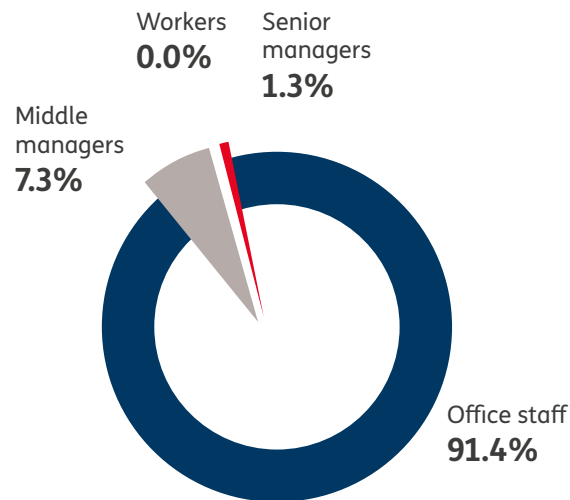
<sup>1</sup> Unless otherwise stated, the data shown in the tables contained in the Our People chapter relate to all the Group companies (see *Sustainability and Governance/Reporting*).



The people in the Group, net of those relating to “Non-current assets held for sale” and agency contract workers, can be broken down in various ways:

Turnover: detail by BU	Recruited	Departed	Internal transfers Group +	Internal transfers Group -	Total change
Domestic	396	1,831	232	-251	(1,454)
Brazil	1,920	5,113			(3,193)
Other activities	1	36	38	-19	(16)
<b>Turnover</b>	<b>2,317</b>	<b>6,980</b>	<b>270</b>	<b>-270</b>	<b>(4,663)</b>

### TIM Group: Distribution by professional category and academic qualification





### Distribution of employees and new employees by geographic area

(units)	31.12.2016	31.12.2015	Change (16/15)
Italy	51,122	52,554	(1,432)
Abroad	10,103	13,310	(3,207)
<b>Total</b>	<b>61,225</b>	<b>65,864</b>	<b>(4,639)</b>

### Distribuzione delle assunzioni del Gruppo per area geografica

(units)	31.12.2016	31.12.2015	Change (16/15)
Italy	378	325	53
Abroad	1,939	3,946	(2,007)
<b>Total</b>	<b>2,317</b>	<b>4,271</b>	<b>(1,954)</b>

For more information on the characteristics of Group personnel, please refer to the appendix to this chapter, which, in compliance with the requirements of standard GRI G4, gives the specific KPIs [G4-10], [G4-LA1], [G4-LA3], [G4-LA6], [G4-LA13], [G4-LA9].

As detailed later, and stated in the respective KPIs, policies for hiring, training and developing employees are implemented in the communities in which Group companies operate; furthermore, in reading the KPIs, note that:

- **[G4-10e]** TIM does not use self-employed workers to go about its business activities, although it is possible that, on an occasional basis, some consultancy type activities may be entrusted to self-employed professionals;
- **[G4-10f]** The Group's activities do not vary seasonally, hence changes in the workforce are correctly shown by the annual trends;
- **[G4-LA3a]** All employees are entitled to parental leaves



## GENDER BALANCE

**[G4-DMA Equal Remuneration for Women and Men]** Like all sectors whose core business is closely linked to the research and development of new technologies, in the decades following the wars, telecommunications continued to have a mainly male workforce in terms of its engineering and technology maintenance staff. As women have embraced the world of work and, in a parallel fashion, scientific and technological culture and studies, their presence has gradually grown within companies, seeing them take on more important roles with higher salaries. In TIM S.p.A., for example, the female workforce has grown by around 8% in 15 years, and on a Group level, in this same period, by around 9%.

Despite this, there is still a long way to go before true gender balance can be achieved. This is why in TIM

- the Group's By-laws require the least represented gender in the BoD to account for at least one third of the total number of directors, rounded up to the next unit in the event of a fraction;
- the current development model pays close attention to ensuring that individual growth paths, starting from the time of employment, do not contain any restrictions relating to gender or age differences, and particular attention is paid to the female component, where skills and performance are equal.

### **[G4-LA12a]**

#### Members of the Board of Directors by gender and age

	31.12.2016	31.12.2015	31.12.2014
Men < 30	0	0	0
Men 30 -50	2	2	4
Men > 50	8	9	4
Women < 30	0	0	0
Women 30-50	1	1	0
Women > 50	5	5	5



[G4-LA12b]

Members of the Group's professional categories by gender and age

	2016				2015				2014			
	Senior Managers	Middle Managers	Office Staff/Workers	Total	Senior Managers	Middle Managers	Office Staff/Workers	Total	Senior Managers	Middle Managers	Office Staff/Workers	Total
Men	647	3,391	35,355	39,393	700	3,518	35,507	41,725	733	3,459	37,616	41,808
Women	126	1,235	20,471	21,832	145	1,267	22,727	24,139	135	1,254	22,819	24,208
<b>Total</b>	<b>773</b>	<b>4,626</b>	<b>55,826</b>	<b>61,225</b>	<b>845</b>	<b>4,785</b>	<b>60,234</b>	<b>65,864</b>	<b>868</b>	<b>4,713</b>	<b>60,435</b>	<b>66,016</b>
Up to 32 years	0	20	6,990	7,010	0	22	9,899	9,921	0	22	10,600	10,622
From 33 to 45	61	878	15,617	16,556	87	1,081	18,016	19,184	113	1,271	19,823	21,207
Over 45	712	3,728	33,219	37,659	758	3,682	32,319	36,759	755	3,420	30,012	34,187
<b>Total</b>	<b>773</b>	<b>4,626</b>	<b>55,826</b>	<b>61,225</b>	<b>845</b>	<b>4,785</b>	<b>60,234</b>	<b>65,864</b>	<b>868</b>	<b>4,713</b>	<b>60,435</b>	<b>66,016</b>

The generational imbalance is mainly due to the Italian component that, due to adverse market conditions and in order to guarantee work for its employees, has in the past renounced the generational renewal comprising new important hiring campaigns.



## PEOPLE CARING

TIM believes that being an inclusive company, one that is able to take care of its people, to create solutions that put everyone in a position to give the best of themselves, is the basis for economic and social sustainability. TIM places great importance on acquiring internal awareness of inclusion and valuing diversity. For this reason it sets objectives, currently relating above all to awareness and dissemination, which are measured by means of internal surveys. In the last survey, carried out in 2016, the challenging objective of reaching over three quarters of the company population was achieved (79.5% of overall awareness in equity & inclusion programmes; an increase of over 300% on the previous year, +30% above the set target). In 2016, the initiatives related to different areas of activity.

### Work-life balance e Family Care

- 20 daycare centres and 1 nursery school: over 9 company daycare centres (in 8 cities) and special agreements with 11 external daycare centres plus a new company nursery school opened in Rome;
- time saving - official formalities, laundry/shoe repairs, newspapers, wellness areas (in the first half of the year, currently being reviewed);
- property-related contracts, sports, trips and holidays, banks and financial institutions, pay-TV, car rental, transport;
- 41 summer stays for employees' children, amounting to 7,544 participants;
- mobility management to help people travel from home to work and back by car pooling, company shuttle buses (290 trips per day to the company's offices in 4 cities), bicycle racks at company offices (1,782 bicycle parking spaces in 29 cities and 60 company offices);
- around 10,000 tickets and invitations to colleagues and their families to enter exclusive areas at sports, artistic, cultural and musical events.
- 5 meetings of the "Push to open" programme: sessions were held for employees' children (140 young people) to introduce them to the world of work through direct and interactive discussion with professionals and experts from companies and testimonies from young people in online mode through webcasts and social networks;
- Smart Working in Milan, Turin, Bologna, Rome and Palermo involved around 8,800 colleagues, saving approximately 1,100 tonnes of CO<sub>2</sub>.

### Employee volunteering initiatives

- Around 80 colleagues were involved in the "Programma il Futuro" (Program the Future) initiative of the Ministry of Education, aimed at introducing computer programming in primary schools, implemented by CINI (Consorzio Interuniversitario Nazionale per Informatica - National Inter-University Consortium for Information Technology);
- 1,862 employees have renewed their commitment to help CIAI (Centro Italiano Aiuti all'Infanzia), Comunità di Sant'Egidio and Save the Children, subscribing to long-distance adoption programmes (876 supports activated);
- 61 blood donation days were organised (around 1,400 blood donations per year);
- around 200 stands were set up in company offices to sell charity products or raise funds for charitable organisations, with the involvement of employees;
- over 1,000 colleagues registered to take part in the "Race for the Cure" organised by the Susan Komen Foundation to help breast cancer research.

### Equity & Inclusion Management

- Around 200 colleagues worked on a research/intervention project to promote and disseminate the Diversity Management culture in TIM, in partnership with the Humanitas Consortium and LUMSA University;
- TIM "Equity & Inclusion Week", a week dedicated to inclusion and valuing diversity as a success factor for the development of skills, which was run in many offices and cities from





28 November to 2 December 2016 with over 50 events;

- training courses on “Human rights” and on “Valuing diversity”, available to everyone on the TIM Academy e-learning platform;
- activation of the #TIM4inclusion community: over 200 TIM people involved in disseminating a culture of inclusion;
- “#TIM4inclusion” social media campaign with 7 exceptional endorsers;
- inclusion of a specific reference to equity & inclusion in the main organisational identity documents: code of ethics, human rights policy, charter of values, leadership model.

### **Disability management**

2,113 disabled colleagues amounting to around 4% of the workforce<sup>1</sup>.

- “Gestire la disabilità” (Managing disability) training course, aimed at giving a better understanding of how to relate to a disabled colleague or employee, available to everyone on the TIM Academy e-learning platform;
- “Comunico-IO” project - to increase the ability of employees with hearing impairment to operate independently by means of advanced technological tools; this also includes discounted tariffs for deaf colleagues who are not charged for the video communication services, whether they use it for work or to contact their loved ones;
- procedure to make the main internal communication and training videos available to deaf colleagues with subtitles;
- policy to ensure the automatic adaptation of fixed and mobile workstations for TIM employees with disabilities;
- mailboxes have been set up for deaf colleagues to allow them to communicate with the company’s main services (ASSILT, Telemaco, CRALT), in addition to supplying free videocalling services;
- involvement in research projects, in partnership with university centres, on disability management.

### **Gender**

- Collaboration with Valore D, an association of over 150 companies, with which we have worked on three research projects;
- events in the cycle of “LeadHERship al femminile” (Female leadHERship) meetings organised with the involvement of representatives from TIM and other companies to tell stories about the success and enhancement of managerial skills for women;
- “Nuovamente in pista” (Back on track) programme to re-introduce women to work gently after childbirth;
- involvement of around 80 people from TIM in Skill Building courses on female leadership.

### **Sexual orientation and gender identity**

- putting all cohabiting couples and their children (regardless of the gender of the employee’s partner) on an equal footing in terms of time off work, leave, benefits and welfare services
- activation of the “TIM Rainbow” LGBT affinity group
- members of the board of directors of PARK, Liberi e Uguali, an association of companies set up to promote LGBT people in the world of work.

### **[G4-DMA Occupational Health and Safety] Promotion and support for people and their well-being**

- Counselling service provided by the People Caring Centre (PCC) to promote mental and physical well-being, managed by professional psychologists across the country. Since it came into operation, the Centre has provided counselling to 378 colleagues, 49 of them in 2016;



- “Wellness area” on the Intranet, gathering together all services offered by the Company for personal health, accident prevention and physical well-being, in collaboration with Fondazione TIM and Fondazione Veronesi;
- provision of financial assistance to support employees in particular financial difficulties;
- reimbursement of tuition fees for enrolment in the first year of University for deserving children of 388 employees;
- provision of 120 Intercultura scholarships for visits abroad;
- participation, with the “TIM Runners” corporate team, in the 2016 Race for the Cure (the race promoted for the fight against breast cancer). More than 1,000 TIM people registered for the 4 Races in Rome, Brescia, Bologna and Bari. TIM was rewarded as the largest new team;
- involvement, with 500 registered competitors, in the Bike Challenge, an inter-company competition intended to encourage the use of bicycles to travel to and from home and the office and for leisure, using an app that measures the km travelled and the CO<sub>2</sub> not emitted.

#### Other initiatives for employees

**[G4-DMA Occupational Health and Safety]** ASSILT (supplementary healthcare association for the employees of TIM Group companies), funded by the Group companies, by employee members and retired members, is a non-profit-making organisation providing services to its members and beneficiaries that are supplementary to those provided by the Italian national health service, including - together with public healthcare establishments - collective and individual research, knowledge-gathering initiatives and health prevention activities, and the promotion of health education initiatives to protect the health and physical well-being of its members.

In 2016, the association disbursed refunds totalling approximately 52 million euros (around 600,000 cases). As of 31 December 2016, the Association had around 147,000 registered members, including 49,000 employees, 33,000 pensioners and 65,000 family members. ASSIDA reimburses executives for complementary health services to those provided by the National Health Service. As of December 31, 2016, the Association had 3,500 members in service or retired, in addition to family members, making a total of more than 7,600 assisted members.

**[G4-EC3]** 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. On 31 December 2016 there were 38,803 subscribing employees of Group companies, around 59,200 total subscribers, and 191 associated companies with active members.

CRALT is the recreational club for employees of the TIM Group and organises sight-seeing, sports, cultural and recreational activities for its members, employees, pensioners and their families. By entering into specific agreements, CRALT also allows members and their families to purchase goods and services at particularly good prices, which can also be settled in instalments. One of the most significant of these is the agreement and the resulting contribution provided for the purchase of school and university books for the children of members, as a valuable contribution to household purchasing power. As of December 31, 2016, there were 43,588 members, including 37,995 employees and 5,593 pensioners. In 2016, CRALT made an average contribution of 17% to the cost of activities for the benefit of its members.



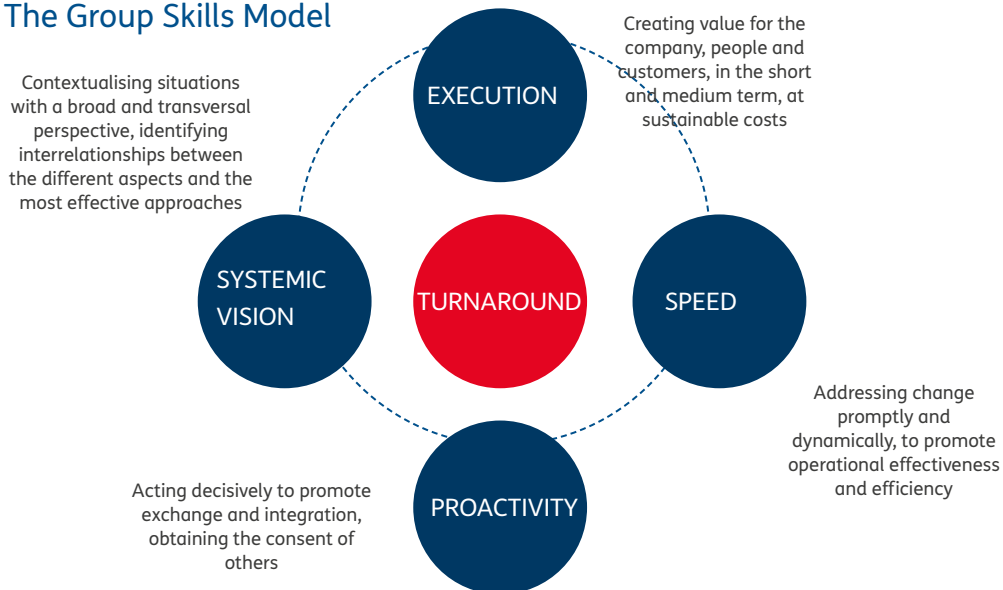
**[G4-LA2], [G4-DMA Employment]** All Group workers, whether full or part-time, on permanent or fixed-term contracts, enjoy the same benefits, whilst, in Italy, the supplementary welfare institute is extended to workers on apprenticeship or placement contracts, as well as to employees on permanent contracts.

## DEVELOPMENT

### THE NEW SKILLS MODEL

Consistent with the Company's strategic re-orientation, a new skills framework was established in the first half of the year that applies to all development systems (Recruiting, Performance Management, Evaluation of Potential, Job Mobility) and helps identify and reward people who best fulfil the characteristics based on the current organizational and business context.

#### The Group Skills Model



### Development Model

**[G4-LA11]** Through the integration of all the assessment processes the development model aims to ensure accurate knowledge of people in order to create individual development plans fine-tuned to the characteristics of each person and aimed at managerial and professional improvement and growth. The development model is based on the skills model and takes account of the Business Strategy objectives, in order to improve the contribution of people to the new business needs and challenges.

The model consists of the following processes

- **Recruiting and selection:** in February 2016 the new Recruitment and Selection procedure was issued, aimed at integrating the processes for the internal and external scouting of professional and managerial skills. Again as part of the re-engineering of the process, in March the Recruiting module was issued on the new HR platform, called PeoplePlace. Over time the platform will enable the management of all the selection, development and training processes of the People in the company.



- **External Recruiting:** during the first few months of 2016, the skills requirement determined by the 2015 Plan was satisfied by hiring 32 recent graduates/professional apprentices, selected from 330 candidates.
- **Internal Recruiting:** 42 professional profile searches were started and completed via job posting, for which 780 applications were submitted.
- **Onboarding programme:** these programmes are intended to provide new recruits with the tools to optimise their speed of response. In May, an onboarding training process was launched for 76 colleagues newly hired between late 2015 and May 2016, and in October a second modular onboarding process was launched for a further 27 colleagues.
- **[G4-LA11] Performance Management:** The process involves the evaluation of the goals and behaviour of the entire workforce (managers, professionals and employees) and is divided into four phases (assignment of objectives, evaluation, feedback, development plans). In the first four months of 2016 the 2015 Performance Management process was concluded which involved the entire Domestic Business Unit (around 50,000 people): **[G4-LA11]** 99.8% of the people were evaluated by their manager, 99% of the people said they had received feedback from their manager, 91.3% of the people entitled received a 2015 post-performance development plan (including the managers). On 14 September, the 2016 Performance Management process was launched with the assignment of objectives and was completed in December.
- **Individual development plans:** an analysis and data processing system was designed, the Playbook, which, based on the results of the performance management supports managers in defining an individual development plan for each collaborator comprised of training initiatives, in-the-field actions and job rotation. The development plan assignment process was launched in July and completed at the end of October. In total, 32,392 plans were assigned (out of a target of 35,552 potential recipients), including 1,057 managerial plans (out of a total of 1,387 potential managerial plan recipients).
- **Managerial Development:** consists of a series of processes and plans (assessment of potential; appointment to executive grade; succession planning; managerial leadership development plans) for identifying and rewarding the existing and future managerial assets of the Company. These processes and plans creates a leadership growth promoting an internal scouting rather than an external recruiting.

Furthermore, the design of two new development processes is nearing completion:

- **Knowledge Review,** with the dual aim of mapping the technical skills existing in the Company and identifying the “knowledge holders”, i.e. people with critical skills. Following this verification process, individual development plans will be drawn up to enhance professional leadership;
- **Motivation Review,** which measures individual motivation based on aspects that are less conditioned by external factors - related to the environment - and therefore more stable over time. It is based on ad-hoc tools validated by testing within the Group.

### In Brazil

In 2016 four main programmes were implemented in TIM Brasil which had a great impact on people, in coherence with the organizational changes and the competitive positioning on the market:

- **Skills Model:** after having defined the new strategic plan, TIM Brasil adopted the same Skills Model as the Group, focused on a process of selecting the people most geared towards meeting the company requirements. This model will guide all HR processes
- **[G4-LA11] Performance Evaluation:** in 2016, a change was made to the evaluation scale, which now consists of 7 points, as indicated by TIM. This should bring benefits including a standardisation of the curve and a better distribution of results (omissis)
- **Career paths:** the Career Workshop programme continued in 2016 to promote personal

<sup>1</sup> In Brazil, assessment campaigns are repeated each year, involving all employees who have worked at least 149 days in the company. In 2016 the assessment process was completed with 91% coverage. For the call centre operators, performance is assessed by means of an ad hoc programme.



reflection and encourage involvement and commitment to Career Management, to raise awareness and promote a proactive attitude in individuals, with a view to building a career and an Individual Development Plan.

- **Culture:** in 2016, we undertook a number of actions with tier 2 subordinates involving group coaching sessions to deal with management issues that are consistent with the level of maturity of the team.

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## TRAINING

**[G4-LA10]** Since it was launched in the first half of 2016, the TIM Academy (corporate university) has consolidated its role, developing an innovative approach to learning and sharing know-how, supporting the digital transformation process and the changes taking place in the company.

In summary, the TIM Academy offers programmes, courses and training, in classroom settings, online or on-the-job; it promotes the sharing of know-how and skills through communities, workshops, seminars and think tanks, with qualified national and international teachers and endorsers; it designs and delivers new digital learning formats: web-based training, videos, webinars, virtual learning, and a multidevice catalogue of training solutions that are always available and accessible.

The training activities are split into four macro-categories:

- management education;
- development of role-based and specialized skills, and new capabilities;
- development and empowerment;
- institutional and corporate culture.

For each of the above mentioned areas the main activities carried out in 2016 are set out below.

### Management education

Managerial training is essential for determining the corporate strategy and technological and organisational change processes. There are two strands to this training:

- **“SALP - Social Action Learning Program”:** a training path that targets learning, collaboration and the generation of ideas. In 2016, it involved around 400 managers who, subdivided into competing teams, held discussions on the challenges faced the business, using digital and social working methods, with the aim of proposing innovative project to implement in the Company;
- **“Online library”:** which allows all managers to benefit from videos, webinars and materials from national and international speakers on business, finance, technology and leadership topics. In 2016, around 1,400 managers made use of the training content in the online Library.

#### Development of role-based and specialized skills, and new capabilities

**[G4-LA10]** Training to develop role-based and specialized skills as well as new capabilities is essential for the implementation of the strategic drivers, and therefore occupies a central role in the Group’s training investments plan.

These are the initiatives for 2016.



- **“Single Front End”**: the training accompanied the complex transformation of the Front End in the Network context, ensuring the operating effectiveness of people also by measuring the effectiveness of the training itself;
- **“Skill improvement of Open Access On-Field Engineers”**: the Skill Assessment project, aimed at improving the effectiveness and efficiency of the work force, was launched as a pilot in September 2015, involving the whole population of around 9,000 on-field engineers from January to June 2016. The plan was implemented in 8 campaigns of 3 days each, at 59 sites across the whole country. Participants took a test on the technical knowledge required for their role. The level of participation was 99.3%. In 2017, blended training will be provided to remedy the problems identified during the evaluation;
- **“Line Digital Educator”**: the project, arising from Open Access’ need to train 92 line trainers to improve the skills of the in-the-field technicians was also extended to other departments involving Technology and Health, Safety & Environment colleagues;
- **“Induction training”**: induction programme for people coming from the external market or from companies of the Group;
- **“Maintenance and Development of corporate Certifications”**: measures to enable participation in tenders and contracts in the private, Central and Local Public Administration sectors;
- **“Fixed and Mobile Telecommunications”**: 200 induction training colleagues, plus 30 from the specialised “TIM Personal Consultant” JobCenter path, benefited from an online course on network architectures and the latest TLC technologies, provided with the help of video, animations and exercises;
- **“Evolution of mobile networks towards LTE-A and 5G”**: a blended training path for around 50 Technology colleagues, designed and implemented entirely by the TIM Academy Faculty, with the aim of enhancing and sharing the Group’s distinctive skills in the field of mobile radio technologies;
- **“Digital BSS consumer business and caring”**: commercial training plans intended to ensure the continuous updating specialised skills needed for the post held, with a particular focus on the technical knowledge required by the business and consumer offer, customer management processes and evolutionary sales channel and digital marketing models.

## Development and empowerment

This type of Education allows people to enhance their capacities in relation to the evolution of the skills required by the business and by the organizational context:

- **“English@TIM”**: language training guidelines were revised in 2016. Digital technologies have allowed English language courses to be made available to all employees. The online language learning platform allows a personalised English course to be put together, using the many items of content available: video, audio and articles about business and general topics in English; exercises, tests and in-depth study sections for each of the items of content used. The platform also provides opportunities to take part in virtual classes, available 24 hours a day, 7 days a week, with teachers connected by video. For proven business requirements, individual blended training paths have also been activated for different levels of knowledge of the English language;
- **“Leadership and Performance Management Model”**: course intended for everyone in the Group and organised into different activities aimed at developing the culture needed to guide the behaviour of the Group’s employees. The courses have involved around 35,000 people;
- **“Smart Working”**: training course aimed at strengthening people’s awareness of the change process generated by the Smart Working project as well as developing the skills based on new cultural models and new working methods;





- **“Talent In Action”**: development and training project aimed at a specific segment of the population of about 1,000 people, which provides for the definition of individual action plans, based on an articulated training offer including around 80 different initiatives, designed according to the needs of the individual.

## Institutional and corporate culture

This training aims at supporting the transformation of the organization culture in line with the evolution of the social, environmental and economic context and at disseminating knowledge of the contents required by the legal formalities.

The training initiatives promoted by the following functions and departments are included as part of this activity : Compliance (aimed at increasing knowledge and respect for the Group’s value, improving the skills in processes and procedures, as well as in the methodologies and the tools used), Health, Safety & Environment (aimed at ensuring compliance with the reference regulations on Safety in the workplace), and Regulatory and Equivalence <sup>1</sup>(for topics relating to the Antitrust and Equivalence).

Moreover, the following activities were carried out:

- **“Compliance Day”**: the Compliance department has organized study days on Compliance issues for specific company departments.
- **“Inside Information - Rights Management Services Training”**: digital module regarding the handling of inside information. The course explains how to use the “Microsoft - Rights Management Services” application and illustrates the “Compliance requirements for the processing of inside information” procedure;
- **“Antitrust”**: a blended course, online and in the classroom, has been created with the aim of making employees aware of the correct application of the Antitrust regulations in the different operational departments of the company to ensure the maximum dissemination and awareness of the penalty and compensation risks above all for the departments that carry out sensitive activities. As the availability of the online module ended in 2015, around 50 classroom sessions were held in 2016 involving approximately 3,100 people. Using the mock cases<sup>2</sup> participants gain awareness of all the parties involved in anti-trust issues, the Code of Ethics and Conduct, and the Code of Anti-trust Conduct adopted by the Company. At the end of the process, once the learning assessment test has been passed with 100% of answers correct, each participant is awarded an “open badge” to certify the knowledge gained;
- **“The New Equivalence Model”**: the training aims to raise awareness of the need to pay greater attention to equal treatment, the central importance of Wholesale customers, focus on process knowledge and on respect for operational procedures. Work has been done in particular on the Delivery and Assurance core processes and a “digital” training path has been implemented, aimed in particular at Open Access on-field and online engineers, to support change, with the intention of strengthening the culture of equivalence and testing operational conduct that is in keeping with the new processes, with full symmetry between Wholesale and Retail;
- **“Safety”**: as regards the obligations involved in the implementation of company prevention and protection measures deriving from current regulations, a series of training paths were provided in keeping with previous years aimed at ensuring the protection of all professionals that make use of the workplaces of the Group. All employees were involved

<sup>1</sup> For further information about the concept of Equivalence, see the “Undertakings regarding the access network” section under “The TIM Group”.

<sup>2</sup> Casi ipotetici



in the compulsory safety modules.

## The Job Centre

**[G4-LA10]** In accordance with the company's decision to enhance and develop internal skills to respond to the constant challenges imposed by business transformation, the Job Center was created to:

- reassign people currently involved in support activities to activities with a direct impact on the business and customers;
- professionally qualify people to be re-employed in activities previously entrusted to outside companies and now brought back in-house, while ensuring the protection of employment;
- support people through the diversification process, involving them in specialised training processes defined in the context of the TIM Academy <sup>1</sup>.

The Job Center is a professional opportunity which allows the Company to open up to the market more effectively and efficiently, with energy, skills and professionalism, while also allowing people to keep their professional profile constantly updated.

As of 31 December 2016, over 1,000 people were involved, around 72% of whom took part in and completed the crossover training course dedicated to gaining digital skills.

**[G4-HR2], [G4-HR4], [G4-HR5], [G4-HR6], [G4-HR7]** Finally, once again in 2016, all BU Domestic employees had access to the online course on respecting Human Rights, linked to the publication of the Group's Human Rights Policy; the same course is currently being extended to employees of the Brazil BU in their local language. In 2016, in Brazil, the training mainly concerned compliance with the Code of Ethics and 231 Organisational Model, rules relating to health and safety at work and privacy matters.

TIM confirms its commitment to the cultural transformation process, launching training paths on the themes of Diversity (see dedicated paragraph in the People Caring section of this chapter). In Brazil all new recruits are required to attend training courses on company-wide issues, such as ethics, sustainability and environmental policies.

In 2016 as well, basic training and refresher courses were also carried out dedicated to Sales and Call Centre staff.

<sup>1</sup> Maggiori informazioni sulla TIM Academy sono contenute nel paragrafo "Formazione" di questo capitolo





**[G4-LA9]** The tables below show Group training hours by professional category. A comparative focus of training by gender is given in the Appendix.

2016	Hours		Participation <sup>1</sup>	Participants	Coverage <sup>2</sup>
	Total	Per head			
<b>Total</b>	<b>1,823,553</b>	<b>29.78</b>	<b>505,888</b>	<b>57,591</b>	<b>94.1</b>
Senior Managers	27,874	36.06	3,817	745	96.4
Middle Managers	87,474	18.90	23,515	4,266	92.2
Office Staff/ Workers	1,708,205	30.60	478,556	52,580	94.2

2015	Hours		Participation	Participants	Coverage
	Total	Per head			
<b>Total</b>	<b>2,498,571</b>	<b>37.94</b>	<b>479,209</b>	<b>58,628</b>	<b>89.0</b>
Middle Managers	22,113	26.17	3,771	811	96.0
Office Staff/ Workers	107,240	22.41	16,046	3,946	82.5
Impiegati	2,369,218	39.33	459,392	53,871	89.4

2014	Hours		Participation	Participants	Coverage
	Total	Per head			
<b>Total</b>	<b>2,837,986</b>	<b>42.99</b>	<b>453,968</b>	<b>63,023</b>	<b>95.50%</b>
Middle Managers	23,966	27.61	4,238	800	92.20%
Office Staff/ Workers	133,036	28.23	17,293	4,284	90.90%
Impiegati	2,680,983	44.36	432,437	57,939	95.90%

**[G4-LA9]** In 2016, the Group spent 15 euro million, amounting to a cost of 236.12 euro pro capita, on training courses. As well as supporting improved future financial performance for TIM, there is an additional personal human capital gain for those personnel receiving training. The 15 euro million represents a lower-end estimate as it only reflects course costs rather than the value of the training.

<sup>1</sup> shows the overall number of participation in training sessions, in the various forms provided (classroom, online, training on the job).

<sup>2</sup> 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 (senior managers, middle managers, office workers).



**[G4-HR2]** Training linked to respect for Human Rights mainly related to the dissemination of the Group's Human Rights Policy, compliance with the Code of Ethics and 231 Organisational Model (see Being sustainable in TIM), and the rules relating to Health and Safety at work and Privacy matters.

**Number of hours of training on Human Rights<sup>1</sup>**

	2016	2015	2014
Domestic	110.722	253.883	397.414
Brasile	48,036	44.940	-

**Percentage of employees trained on Human Right<sup>1</sup>**

	2016	2015	2014
Domestic	20,85%	46,54%	94,12%
Brasile	110,00%*	87,89%	-

\*The percentage consider the number of employees at the moment and the retired ones.

**[G4-HR7]** All personnel operating in the Security Department of TIM are trained and updated on national and European Community legislation and regulations governing company safety, and go about their duties in complete compliance with all current company procedures and policies in force. More specifically, in order to protect the Company's human, tangible and intangible resources and infrastructures, Security staff analyse risks and reports of safety incidents, preventing loss and limiting damages, interfacing with the Civil Protection Department and the other institutional entities responsible for managing emergencies or major events involving the various company assets. Security personnel do not perform crowd control duties nor escort people or values, which is instead a task institutionally assigned to the police force.

## KNOWLEDGE MANAGEMENT

**[G4-LA10]** In 2016 the deployment of Group's Knowledge Management Model, which was launched in the early months of 2015 was strengthened and improved. The application of the knowledge management model during the pilot phase last year has allowed a culture of sharing to be promoted and disseminated, internal and external relationship networks to be created, knowledge to be exchanged and ideas to be generated, with the aim of fostering the Group's innovation processes.

The model guided the creation of a platform that ensures and supports:

- capitalization, the transmission and development of people knowledge,
- research and innovation,
- competitiveness on the markets.

In particular, the model consists of a learning matrix, a governance system, a support team and a set of social and in-person cooperation tools, which make it easier to acquire new

<sup>1</sup> As stated in the 2014 and 2015 Sustainability Report, the disclosure of this information in the Brazilian BU started in 2015.



knowledge, disseminate best practices, share experiences and learning.

Moreover, at the same time as the launch of the TIM Academy's technological platform, a social collaboration area was opened for training courses that allow teachers and participants of the individual courses to share knowledge generated in the classrooms: materials, content and conversations on the topics covered in the training. This space will include interaction with participants external to the company who make up part of the ecosystem of business processes (e.g. retail partners, external contact centres, PhD students, etc.).

Since June 2016, working with the Internal Identity department, TIM Smart Corners have been launched. These short informal meetings take place in the company and allow expert colleagues voluntarily to share their professional knowledge, with the aim of sharing and disseminating knowledge about the business, trying new forms of learning and fostering networking in the company.

The New Capabilities Observatory is currently being set up to identify emerging trends and new skills with a high business potential, benefiting from the contribution of various "observation hubs", both within the Group and outside, such as partnerships with universities, research organisations and internal innovation centres. Both are privileged stakeholders of the Observatory, which acts as an integrator and point of contact within the wider knowledge ecosystem. In this context, the Pioneers Community was set up in October 2016, consisting of colleagues identified as knowledge "pioneers" in their field of expertise: a social media space for discussion and in-depth analysis dedicated to scouting for new skills and updating the specialised know-how of jobs and professions. The Community also acts as transmission belt for new know-how within the TIM Academy, to ensure innovative training that reflects the emerging challenges of new business activities and facilitate the constant renewal of professional profiles.

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## COLLABORATIONS WITH SCHOOLS AND UNIVERSITIES

In 2016, the Company renewed its relationship model with the main stakeholders in the academic world, schools and institutional and social organisations, with the aim of further facilitating innovation and disseminating digital culture. Partnerships were therefore established and consolidated to generate value in the short to medium term, making its know-how available for the development and training of young people.

These partnerships were established through the following main initiatives:

- cooperation with secondary schools, as part of the Network Scuola Impresa project, set up in 2009 with the aim of creating a structured relationship with secondary schools, particularly in order to make the most of internal skills, get in touch with young people across the country and promote the company's image. Particularly in the context of work-related learning, TIM has signed up to an experimental project run by Assolombarda called Alternanza Licei - Imprese TLC, which aims to test a model that combines the objectives of schools with those of companies;
- financing of scholarships to help young engineering and economics graduates achieve a postgraduate qualification: from 2011 to 2016, 166 doctorate scholarships (PhD) have been assigned for the development of specific research projects of interest to the company, the subjects of which range from cloud computing to geomarketing, from big data to e-health, from LTE to robotics, including issues related to web law and economics. For the three-year period 2017-2019 a further 6 doctorate scholarships (23rd cycle) are currently being activated;



- participation in the “PHD ITalents” pilot project managed by Fondazione CRUI<sup>1</sup> on the instructions of the Ministry of Education and in partnership with Confindustria for the placement of research doctors in companies;
- funding of 10 scholarships for deserving engineering degree students, primarily from southern Italy, for each of the two-year programmes delivered by CONSEL- Consorzio Elis to develop ICT skills;
- collaboration in post-university study courses through 4 master’s programmes related to our business;
- the sponsorship of the “TIM Chair in Market Innovation”, at Milan’s Bocconi University, concluded in 2016;
- initiatives to disseminate sources of cutting-edge knowledge on the topic of digital transformation with the purpose of transferring knowledge aimed at supporting digital transformation and evolution, fostering the monitoring of new capabilities through participation and sharing events, think tanks with other companies, meetings with experts, and the dissemination of research on the topic. A significant agreement was reached with the POLIMI Business School for use of the cutting-edge content on the subject of digital transformation available on the Osservatori.net website of the MIP;
- involvement in the drafting of the “Osservatorio Università-Imprese” Report on dialogue and cooperation between Universities and Businesses, organised by the Fondazione CRUI, an important player in our ecosystem.

The partnerships activated act in synergy with the Employer Branding activities, contributing to positioning the Group among the Top 20 Best Employers of Choice in Italy (14th place). During the year, TIM also participated in 20 meetings at Universities and Schools, meeting over 5,000 students, degree students and recent graduates and getting some of the over 200 Employer Brand Ambassadors, young colleagues, involved with the staff. 35 training apprenticeships were launched from the beginning of 2016 onwards.

<sup>1</sup> CRUI acronym: Conferenza dei Rettori delle Università Italiane [Conference of Italian University Rectors]



## INTERNAL COMMUNICATION

In 2016, given the constantly changing operational context, internal communication undertook a process guided by two fundamental principles:

- the conversion of traditional channels into more innovative, Web-centric, ways of fostering two-way communication, promoting the exchange of ideas, dialogue and discussion between members of the corporate community. The guiding criterion is the engagement of people, so as to be able to count on their energy and motivation;
- the “narration” of the company’s actions and activities, supporting the dissemination of information in a clear, direct, simple and widespread way, through ad-hoc communication plans for each project.

Here are some examples of the initiatives undertaken:

- communication of the strategy: production of videos and publications in which the Chairman and CEO clarify the Company’s strategic actions, inform people of future steps, reassuring them about the strength and consistency of the actions taken. In addition to these, there is the series of 5 domande a [5 questions for] videos of interviews with top managers to disseminate the Company’s commercial strategy. New videos in the series are released on a monthly basis and posted on the Web TV, which can be viewed on PCs and using the App;
- information campaigns about cross-cutting company projects, particularly development and smart working plans, with the aim of informing colleagues about initiatives that have an impact on their professional lives;
- support for the rebranding process, with targeted internal communication actions for Italy and Brazil;
- “Job Center” communication plan: video-storytelling, intranet publishing activities, drafting of post-interview information materials, to support the Company’s professional retraining process.
- benchmarking of internal communication with 15 companies in various industrial sectors, with the aim of comparing ourselves to internal communication trends and best practice;
- strengthening of the positive tellers network, implemented through meetings and targeted actions, with the aim of supporting institutional communication with actions to disseminate shared information;
- launch of “Idea sharing”, the internal crowdsourcing contest allowing colleagues to propose projects and win the opportunity to implement it with new resources and dedicated time;
- launch of Web Tv, the high quality internal video channel, practical and extremely easy to use, even with a smart phone;
- launch of the TIM People APP, the APP version of the Intranet, with the 15 most recent news items and a number of utilities for employees (viewing of clocking-in/clocking-out times, sickness notification)..

### In Brazil

In Brazil, 2016 saw a number of important People Caring & Communication initiatives intended to promote integration between colleagues in the workplace, promote the brand and develop attention to employees in all actions and campaigns.

During the course of this year, we also set up an internal marketing communication plan and actions to introduce employees to the new TIM brand and its market positioning, allowing them to fully understand their role and contribute to this new stage in the company’s development.

Another significant moment in 2016 was the transfer of the company’s main office. This activity required new forms of communication to be devised to notify people of the various



changes and the positive impact on employees in their work. The area strategy involved the creation of a specific newsletter, written in a friendly and youthful style, to mitigate the doubts and resistance of the parties involved.

Furthermore, 2016 also saw initiatives to disseminate news about the company, including Flex Office and Integrated Communication.

The People Caring & Communication Department launched a campaign to increase the company's caring activities and flexibility, mobility and use of technology programmes, so as to directly affect the quality of life of employees, their opinions and their perception of the company.

## HEALTH AND SAFETY

The Health and Safety at Work Management System implemented by TIM ensures that the Company complies in full with national legislation and agreements reached with trade unions; it also establishes numerous initiatives aimed at ensuring increasing safety for workers.

**[G4-LA5]** In Italy, the reference legislation is the Consolidated Law on Health and Safety at Work, which, amongst other aspects, specifically requires participation and consultation on the matter with the workers' representatives. The regulation requires the workers' safety representative to be elected or designated by the workers from the trade unions present in the company. **[G4-LA8], [G4-LA5]** The number and method of designation or election of workers' safety representatives, together with the salaried working hours and the tools used to fulfil duties, are established during collective bargaining. The legislation is applied throughout Italy and, in particular, as concerns TIM S.p.A., Health and Safety Committees have been established. According to the agreements stipulated with the trade union organisations, these Committees play a participatory and collaborative role aimed at guaranteeing joint analyses and discussion by the company party and the union party of all matters relating to health and safety at work, on a national and territorial level. To this end, the agreement establishing the Committees states that both the Joint National Health and Safety Committee (CPSSN) and each of the four Joint Territorial Health and Safety Committees (CPSSTs) shall number three members appointed by the Company and three members appointed by the trade unions signing the agreement. Apart from the specific duties assigned by the agreement to the Committees, the CPSSN has the task of coordinating and instructing the CPSSTs, which, in turn, act as an interface with, and support, the workers' representatives.

**[G4-LA7]** ] In TIM S.p.A., working activities have been classified as low and medium risk, in line with the definitions provided by the reference legislation, in accordance with the ATECO classification of the National Statistics Institute. There are no high-risk activities present in the company. No significant numbers of cases have been recorded for any occupational disease. Nor indeed are there any high-risk activities carried out in the other Group associates.

**[G4-DMA Occupational Health and Safety]** ] In 2016, the main areas of action in the field of health and safety at work related to planning and developing a series of information and awareness-building initiatives to strengthen safety culture in the Company. In particular, the contents of a communication campaign were defined that provides for initiatives to reduce accidents, particularly by making improvements aimed at changing individual behaviour and the work process.

The project involved the creation of digital information and updating products, aimed at all employees, instructing them on how to correctly apply safety rules at work and focusing



specifically on the management of fire and first aid emergencies.

Moreover, campaigns of targeted measures related to vibrations, noise, electromagnetic fields and micro-climates continued to ensure accurate monitoring of risk control measures. In order to improve the risk assessment process, dedicated software was also introduced to determine the level of risk associated with the use of chemical substances and preparations. Also during 2016, training continued for all employees involved in safety management, which included the continuation of safe driving courses for personnel who use company cars.

As regards strengthening awareness of health and safety matters, particularly in the supply chain, 16 checks on principal suppliers were carried out during 2016.

The drive to reduce accidents also involved the main Network contractor companies, with a workshop aimed at raising awareness and discussing the operational aspects of greatest impact in accident prevention terms.

During the second half of the year, the Industrial Relations protocol between the Company and the unions was formalised, confirming the central role of the Joint Committees (Central and Local) in respect of health and safety at work.

Benchmarking activities promoted by TIM continued in 2016, with the involvement of the main Italian network companies (Enel, Poste Italiane, Ferrovie dello Stato, Rai, Terna, Anas, Autostrade per l'Italia, Vodafone, etc.), with regular meetings held to discuss matters of health and safety and workshops, organised on a rotation basis by each company, with the participation of sector experts and institutional entities. The topics discussed included measures to control and reduce accidents at work, health checks and reducing the risk of attacks in front line work.

## Accidents and occupational diseases

### Accidents

	31.12.2016	31.12.2015	31.12.2014
Number of accidents (excluding travel)	524	554	566
Severity index(*)	0.23	0.21	0.34
Frequency rate(*)	8.66	8.31	8.96
Average duration in hours	145.51	139.93	131.62
Unproductivity index(*)	1.52	1.42	1.39
Accidents per 100 workers	1.21	1.27	1.30

(\*) The severity, frequency and unproductivity indexes are respectively:

- the number of conventional working days lost due to accident per thousand hours worked
- the number of accidents per million hours worked
- the number of hours lost due to accidents per thousand hours worked



The positive downward trend in the number of accidents at work continued in 2016, with a 5.4% fall compared to 2015. In particular, the analysis of accident figures shows a fall in the number of accidents x 100 workers, while the other figures show a slight increase on 2015, due to the increase in the average duration of the individual events.

Details on accidents, occupational diseases and absences required by standard GRI-G4 **[G4-LA6a]** are given in the appendix to this chapter.

The main types of injuries recorded were, in decreasing order: falls, road accidents, sprains, pulled muscles, handling of materials, impacts and other minor types.

As regards occupational diseases, the reports made to INAIL during the year of reference and processed for acknowledgement, were considered.

In 2016, the occupational diseases reported by workers concerned pathologies relating to neoplasias, musculoskeletal system and hearing/voice systems and psychological/psychosomatic illness.

**[G4-LA7]** In accordance with the relevant legislation, TIM personnel were rated as being at low/medium risk in their activities. There are no workers in the company who perform activities/processes that expose them to a high risk of contracting specific illnesses.

**[G4-LA6c]** TIM has a procedure in place describing the rules and requirements of each subject in the “genesis” process, the management and closure of reports of incidents at work and/or while travelling involving workers for which companies are required to pay an INAIL [Italian national institute for insurance covering accidents at work] premium. The procedure establishes that when an injury occurs, the worker shall send an injury certificate to his manager and to the HR management. The latter shall then submit a report of the injury to INAIL, which, after suitable checks, shall either confirm or reject the injury. If the injury is not recognised, the days for which the worker is absent will automatically become days of absence for ordinary sickness.

#### **In Brazil**

**[G4-DMA Occupational Health and Safety]** At TIM Brasil, all newly hired employees receive training on health and safety. Controls are also regularly run to identify the risks and related control measures, the results of which are given in the document entitled Environmental Risk Prevention Programme. This document, which is prepared for each TIM site, is updated once a year, as established by the law.

Each year, the Internal Accident Prevention Week is held, during which employees are informed on the risks relating to the workplace and the related control measures.

**[G4-LA5]** TIM Brasil sites with more than 50 employees set up internal committees for the prevention of accidents at work (Cipas). There are 11 of these committees across the country. These committees are made up of employees, 50% of whom are elected by employees in roles of responsibility and the remaining 50% by employees without roles of responsibility. In company sites with fewer than 50 employees, one employee is specifically trained to follow these activities.

In TIM Brasil 27 people are involved in prevention activities.

**[G4-LA8]** As a rule, in Brazil the collective agreements establish that information shall also be given on the prevention of accidents and occupational diseases, and TIM Brasil adopts this practice.





## INDUSTRIAL RELATIONS

**[G4-HR4] [G4-DMA Employment]** TIM has always entertained open, transparent relations with the trade unions and workers' representatives, in the belief that it is only through continuous, constructive dialogue that the best possible balance can be struck with respect to the expectations of all stakeholders.

**[G4-11]** All Group workers, both in Italy and in Brazil, are covered by Collective Labour Agreements reached with Trade Union Organisations and all personnel are guaranteed the possibility of attending union meetings, in terms of paid leave and company space to enable them to be held, as well as of freely participating in consultation procedures for the election of trade union representatives. In no Group operations is the right to union participation at risk or disputed. Amongst other things, union agreements lay down the ways in which these rights can be enforced and establish the bodies in charge of controlling compliance therewith.

**[G4-LA4]** Organisational changes with significant effect on employment levels and personnel are discussed with the trade union representatives and, in some cases, an ad hoc agreement is stipulated, specifying the terms and conditions of the reorganisation. **[G4-HR5], [G4-HR6]** Collaboration with the workers' representatives, together with the internal control systems and procedures, has meant that no violation or risk has been reported with regards to the application of the Group's Social Responsibility policies protecting the essential rights of employment, such as the ban on forced labour or child labour<sup>1</sup>.

### TIM S.p.A.

The first half of 2016 was characterised by numerous sessions of comparison of ideas and information with the trade union parties, regarding various company departments.

During these meetings, the Company and the Trade Union Representatives identified agreed solutions for the introduction of new work shifts for people working in the Fraud Operations area, which will contribute to manning the service more intensively and fulfilling the needs of the relevant customers.

Significant discussions with the trade union parties also regarded the company departments in charge of supervising the network platforms and services, as well as technical service, to establish hours of operation that were in line with the organisational changes and the desire to offer better services and quality to customers.

More specifically, for the Network department, agreements have been stipulated relating to the shifts of the newly-established "Single Front End", which concentrated the activities up to that point assured by several territorial units, in just the two poles of Rome and Milan, with the entire baggage of competences having been recovered by means of a structured professional reconversion manoeuvre that guaranteed the re-use of all resources.

Moreover, both nationally and locally, specific agreements have been signed to allow the staff concerned to take a day's paid leave as an alternative to the payment awarded under their contract for national holidays and patron saint days falling on a Sunday in 2016.

In June, the Company and Trade Union Organisations renewed, in signing a specific Protocol, the structure of the TIM Industrial Relations model, in order to further optimise the discussions in the area of information, consultation and negotiation, both on a national and local level.

In line with the relations model developed over time, aimed at seeking dialogue and a constructive comparison of ideas, the importance of the company office has been confirmed, as the perfect place within which to identify solutions able to accompany the organisational

<sup>1</sup> In terms of child labour, the policies allow for some, completely legal exceptions, such as, for example, training contracts for which incentives are provided by the Brazilian government.



evolution processes, including through a greater involvement of local representatives.

The Unitary Trade Union Representatives, recently re-elected, are present in a capillary fashion throughout all regions of Italy; with the new Protocol, the basis is laid to further develop relations on a local level, seeking suitable opportunities for a decentralised discussion in order to better grasp and combine, in respect of the reciprocal roles, the specific needs and opportunities marking the various territorial contexts.

In full compliance with current legislation, the Company has completed the procedure with the union representatives involved for the merger by incorporation of Information Technology S.r.l. with Telecom Italia S.p.A., which was completed positively under an agreement between the Parties.

The merger is intended to maximise the organisational efficiency of the TIM Group by simplifying its structure and the related processes, with a resulting reduction of administrative costs and development of the traditional skills of IT resources.

In July, TIM and Federmanager RSA Dirigenti signed an agreement for the management of surplus executive staff, numbering 170, providing for them to leave the Company by 31 December 2018. The people involved are mainly those who have gained or will have gained entitlement to any form of retirement pension by the end of 2018, or pre-retirement based on the Fornero law.

The redundancy plan was required in order to reduce costs while achieving a generational change as part of the radical reorganisation and simplification process launched by the company. Within the framework outlined above, establishing the right quality and quantity of executive staff is essential and is a precondition for future internal managerial resource enhancement and development paths.

The parties agreed to launch a joint procedure, pursuant to law 223/1991, to ensure that all the executives involved receive definite and uniform remuneration.

Furthermore, for the period of the agreement, as a waiver to the Employment Contract, the Company has granted executives who have not reached retirement age, but who voluntarily sign up to the agreement, an incentive to leave that is commensurate with their seniority.

Furthermore, if in order to gain entitlement to the retirement pensions, workers have had to include the period of their degree course or join together different periods of pension contribution, and have lost money in the process, the company has contributed a maximum of 50,000 euros.

Where the executive involved in the plan has decided to start a business/freelance career, a supplement of 20,000 euros has been added to their severance pay.

With this agreement, the intention of TIM and Federmanager RSA has been to identify suitable measures to lessen the social impact of the necessary adjustment of the workforce.

### **Brazil**

The Company held several meetings with the 2 national federations (Fenattel and Fittel), which together represent 27 Italian trade unions, to negotiate the Collective Labour Agreement, specifically the social and economic aspects, including pay increases and benefits, and to negotiate the Profit Sharing Programme.



## REMUNERATION POLICY

The Group remuneration policy is established in such a way as to guarantee the necessary levels of competitiveness of the company on the employment market. Competitiveness translates into supporting the strategic objectives, pursuing sustainability of results in the long-term and striking a correct balance between the unitary needs of the Group and the differentiation of the various reference markets. The result is a remuneration structure that seeks to guarantee the correct balance between fixed and variable components, both short and long-term, alongside benefit and welfare systems with Total Rewarding in mind.

More specifically, the fixed component reflects the breadth and strategic nature of the position held and is dictated by performance in the reference markets.

The short term variable remuneration (MBO) on the other hand aims to establish a transparent link between pay and the degree of fulfilment of annual targets. To this end, the targets are fixed according to qualitative and quantitative indicators that represent and are consistent with the strategic priorities and business plan, measured according to pre-established and objective criteria. In 2016, the management incentives structure was simplified by reducing the number of targets.

In 2016, an MBO target was confirmed as a “gate”, which however works differently for top managers compared to the rest of the population receiving the incentive:

- for the CEO, a failure to achieve the minimum level of the gate objective will result in a 50% cut to the target bonus on which the remaining objective values are calculated;
- for the Chairman, as of 2016, the gate mechanism is the same as the one applied to the CEO;
- for all other recipients, the gate will remain a condition for access to bonuses for the company macro objectives only.



The long-term variable component aimed at achieving consistency between the interests of management and those of shareholders, by sharing in the business risk, with positive effects on the 2014-2016 stock option plan, which involved the Chief Executive Officer, the Top Management and a selection of managers<sup>1</sup>.

With a view to establishing a Total Compensation system, the conventional monetary tools have been joined by non-monetary ones including benefits, by extending some of them to everyone in the company.

When the current CEO, Flavio Cattaneo, was appointed on 30 March 2016, a decision was taken to introduce a new, additional bonus aimed at pursuing the aim of corporate discontinuity and turnaround. The Special Reward provides for the CEO and some of the executives selected by him, based on over-performance in some defined economic and financial KPIs, to accrue a bonus consisting of 80% shares and 20% cash.

<sup>1</sup> In order to provide a correct indication of the relationship between remuneration paid to Top Management and the rest of the company's employees [G4-54], [G4-55], according to the “policy for Classifying and Managing Information in accordance with confidentiality requirements”, TIM provides some indications for calculation purposes in the customary tables of the Remuneration Report (page 18) of the Annual Financial Report (page 244).



Reference stakeholders	Targets subject to incentives	% of managers (to whom the target applies)
Customers	- Customer satisfaction	82%
	- Quality of the service delivered	41%
	- Quality of the service perceived by consumer and business customers	82%
	- Quality of the service perceived by other national fixed and mobile telephony operators	17%
Human Resources	<ul style="list-style-type: none"> <li>- Health and safety of employees</li> <li>- Programmes of training and professional growth</li> <li>- Welfare activities (People Caring) and the wellbeing of employees</li> </ul>	 3%
Environment	- Consumption of materials, energy	17%
Shareholders and Institutions	- Quality and speed of company information delivery	6%
The Community	<ul style="list-style-type: none"> <li>- Organisation of corporate events</li> <li>- Quality of corporate initiatives/projects</li> </ul>	 28%



## REPORTS RECEIVED THROUGH THE INTERNAL CONTROL PROCEDURE

**[G4-LA16]** Below are the reports received through the Internal Control Reporting Procedure (see the *Corporate Governance* paragraph of *The TIM Group*) on work-related matters for the three years 2016-2014 in Italy and in Brazil.

### Italy

	2016	substantiated	2015	substantiated	2014	substantiated
Total number of reports regarding work matters received through the formal mechanisms in the reference period	7	0	1	0	7	0
Handled during the reporting period	7	0	1	0	7	0
Resolved during the reporting period	6	0	1	0	7	0
Total number of reports regarding work matters received previously, which were resolved in the reference period	0	0	0	0	1	0

### Brazil

	2016	substantiated	2015	substantiated	2014	substantiated
Total number of reports regarding work matters received through the formal mechanisms in the reference period	12	9	42	18	7	6
Handled during the reporting period	12	9	42	18	7	6
Resolved during the reporting period	12	9	35	18	6	6
Total number of reports regarding work matters received previously, which were resolved in the reference period	7	3	1	1	0	0

There has been a Reporting Procedure in Brazil since 2014. The increase in the number of reports recorded in 2015 with respect to the previous year can be ascribed to the greater accessibility of the procedure, which was reviewed in 2015. The 2016 data is in line with the number for 2014.



## APPENDIX - DETAILED TABLES

Below is the analytical data for the company workforce, broken down according to the indications given in standard GRI G4. The Group figure includes not only the Domestic and Brazil, but also other companies, for a total of 100 units. In accordance with the principle of relevance, no specific column has been added for these entities.

Furthermore, none of the tables below include the Media BU, as it became part of the Domestic BU as of 1 January 2016.

### [G4-10a]

#### Employees by contract type and gender

	2016 Permanent contract		2015 Permanent contract		2014 Permanent contract	
	Man	Woman	Man	Woman	Man	Woman
Group	39,306	21,767	41,660	24,084	41,753	24,166
Domestic	34,379	16,746	35,521	17,001	35,793	17,180
Brazil	4,860	4,989	6,006	7,036	5,884	6,957

	2016 Fixed-term contract		2015 Fixed-term contract		2014 Fixed-term contract	
	Man	Woman	Man	Woman	Man	Woman
Group	87	65	65	55	55	42
Domestic	86	65	65	55	55	40
Brazil	0	0	0	0	0	0



**[G4-10b]** Employees on permanent and fixed-term contracts, by job type and gender

**Employees on permanent contracts**

	2016				2015				2014			
	Full Time		Part Time		Full Time		Part Time		Full Time		Part Time	
	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman
Group	37,776	14,187	1,530	7,580	39,599	15,011	2,061	9,073	39,742	15,039	2,011	9,127
Domestic	33,389	10,754	990	5,992	34,523	11,005	998	5,996	34,783	11,107	1,010	6,073
Brazil	4,320	3,403	540	1,586	4,944	3,962	1,062	3,074	4,884	3,905	1,000	3,052

**Employees on fixed-term contracts**

	2016				2015				2014			
	Full Time		Part Time		Full Time		Part Time		Full Time		Part Time	
	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman
Group	5	3	82	62	8	10	57	45	8	8	47	34
Domestic	4	3	82	62	8	10	57	45	8	6	47	34
Brazil	0	0	0	0	0	0	0	0	0	0	0	0



**[G4-10c]** Employees on the payroll and agency contract workers, by gender

Employees on payroll

	2016		2015		2014	
	Man	Woman	Man	Woman	Man	Woman
Group	39,393	21,832	41,725	24,139	41,808	24,208
Domestic	34,465	16,811	35,586	17,056	35,848	17,220
Brazil	4,860	4,989	6,006	7,036	5,884	6,957

Agency contract workers

	2016		2015		2014	
	Man	Woman	Man	Woman	Man	Woman
Group	0	4	1	2	3	6
Domestic	0	4	1	1	3	5
Brazil	0	0	0	0	0	0

**[G4-10d]**

Employees by geographic area and gender

	2016			2015			2014		
	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
Men	34,338	5,055	39,393	35,516	6,209	41,725	35,706	6,102	41,808
Women	16,874	5,048	21,832	17,038	7,101	24,139	17,172	7,036	24,208
<b>Total</b>	<b>51,122</b>	<b>10,103</b>	<b>61,225</b>	<b>52,554</b>	<b>13,310</b>	<b>65,864</b>	<b>52,878</b>	<b>13,138</b>	<b>66,016</b>





**[G4-10e]**

Employees of suppliers working at the Group offices and whose activities are part of the core business of TIM<sup>1</sup>

	2016	2015	2014
External FTE on site	943	1.801	985

**[G4-LA1a]**

New employees by age and geographic area

	2016			2015			2014		
	<30	>=30; <=50	>50	<30	>=30; <=50	>50	<30	>=30; <=50	<30
Group	1,518	736	63	2,850	1,346	75	3,917	1,779	114
Domestic	214	144	38	137	170	43	241	258	82
Brazil	1,303	592	25	2,712	1,174	32	3,675	1,511	30

**[G4-LA1a]**

New employees by gender and geographic area

	2016		2015		2014	
	Man	Woman	Man	Woman	Man	Woman
Group	1,081	1,236	1,940	2,331	2,781	3,029
Domestic	242	154	225	125	384	197
Brazil	838	1,082	1,715	2,203	2,387	2,829

<sup>1</sup> 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.



**[G4-LA1b]**

Turnover by gender and geographic area

	2016		2015		2014	
	Man	Woman	Man	Woman	Man	Woman
Group	3,436	3,539	2,029	2,411	2,350	3,058
Domestic	1,424	407	431	279	583	306
Brazil	1,985	3,128	1,593	2,124	1,763	2,752

**[G4-LA1b]**

Turnover by age and geographic area

	2016			2015			2014		
	<30	>=30; <=50	>50	<30	>=30; <=50	>50	<30	>=30; <=50	<30
Group	3,138	2,268	1,569	2,397	1,705	338	3,283	1,682	443
Domestic	138	283	1,410	162	264	284	129	355	405
Brazil	3,000	1,979	134	2,235	1,435	47	3,151	1,326	38

**[G4-LA3b]**

Employees who benefited from parental leave, by gender

	2016		2015		2014	
	Man	Woman	Man	Woman	Man	Woman
Group	201	1,370	172	1,301	191	1,796
Domestic	68	999	61	756	81	1,244
Brazil	132	369	111	543	110	549



**[G4-LA3c]**

Employees who returned after having benefited from parental leave, by gender<sup>1</sup>

	2016		2015		2014	
	Man	Woman	Man	Woman	Man	Woman
Group	*	*	197	1,331	189	1,785
Domestic	*	*	67	988	80	1,239
Brazil	*	*	129	342	109	546

\* The data will be available from end 2017

<sup>1</sup> Please note that in the table, the year of return of employee x has not been calculated according to the year in which x effectively returned, but according to the year in which x took leave. Therefore, if x took leave in 2015 and returned in 2016, his return is in any case reported in the 2016 column. This is why the data for the 2016 column is still partial and not yet able to be published.



**[G4-LA3d]**

Employees at work after a year from the end of parental leave, by gender<sup>1</sup>

	2016		2015		2014	
	Man	Woman	Man	Woman	Man	Woman
Group	*	*	138	1,251	160	1,629
Domestic	*	*	35	945	76	1,216
Brazil	*	*	103	305	84	413

\* The data will be available from end 2017

**[G4-LA3e]**

(return to work rate) Percentage of employees returned to work after parental leave out of total employees benefiting from leave (LAc/LAB)

	2016		2015		2014	
	Man	Woman	Man	Woman	Man	Woman
Group	*	*	99%	99%	99%	99%
Domestic	*	*	99%	99%	99%	100%
Brazil	*	*	99%	99%	99%	99%

\* The data will be available from end 2017

**[G4-LA3e]**

(retention rate) Percentage of employees at work after 12 months from the end of parental leave out of total employees benefiting from leave (LAd/LAB)

	2016		2015		2014	
	Man	Woman	Man	Woman	Man	Woman
Group	*	*	99%	99%	84%	91%
Domestic	*	*	99%	99%	94%	98%
Brazil	*	*	99%	99%	76%	75%

\* The data will be available from end 2017

<sup>1</sup> Please note that in the table, the year of continued work of employee x has not been calculated according to the year in which x was at work after 12 months of leave, but according to the year in which x took leave. Therefore, if x took leave in 2015 and after 12 months was still at work in 2016, his continuation at work is in any case reported in the 2015 column. As we do not yet know which, of the employees who went on leave in 2016 will still be at work after 12 months, we are unable to calculate the figure for 2016.



**[G4-LA6a]**

**Injury rate out of total workforce\* (number of injuries over hours worked)**

	2016		2015		2014	
	Man	Woman	Man	Woman	Man	Woman
Group	7.66	3.65	7.58	3.53	8.12	3.63
Domestic	9.05	4.80	8.70	4.15	9.57	4.80
Brazil	0.41	1.16	0.96	2.31	0.88	1.40

\*Temporary workers are not considered in this type of record. Their incidence on a Group level is in any case very small (4 people as at 31.12.2016)

**[G4-LA6a]**

**Days lost over workforce\* (days of injury over working hours)**

	2016		2015		2014	
	Man	Woman	Man	Woman	Man	Woman
Group	0.20	0.10	0.18	0.12	0.29	0.07
Domestic	0.24	0.15	0.21	0.16	0.35	0.10
Brazil	0.00	0.01	0.01	0.03	0.01	0.01

\*Temporary workers are not considered in this type of record. Their incidence on a Group level is in any case very small (4 people as at 31.12.2016)

**[G4-LA6a]**

**Absenteeism rate out of total workforce\* (total hours of absenteeism over working hours)**

	2016		2015		2014	
	Man	Woman	Man	Woman	Man	Woman
Group	5.92	10.71	5.52	9.94	6.39	10.28
Domestic	6.58	12.69	5.98	11.50	7.14	11.74
Brazil	2.32	6.16	2.69	6.74	2.34	7.27

\*The absenteeism rate is calculated taking into consideration the additional items with respect to those of the GRI G4-LA6 indicator. In 2016 the absenteeism rate calculation method used in Brazil was adapted to that used in the other Companies of the Group.

**[G4-LA6a]**

**Occupational disease rate out of total workforce\* (number of cases over workforce)**

	2016		2015		2014	
	Man	Woman	Man	Woman	Man	Woman
Group	0.03	0.02	0.03	0.00	0.03	0.01
Domestic	0.04	0.02	0.04	0.01	0.04	0.02
Brazil	0.00	0.00	0.00	0.00	0.00	0.00

\*Temporary workers are not considered in this type of record. Their incidence on a Group level is in any case very small (4 people as at 31.12.2016)



**[G4-LA9]**

The following tables report training carried out in TI SpA, broken down according to gender

	Hours		Participation*	Participants	Coverage**
	Totale	Procapite			
<b>2016</b>					
<b>Total</b>	<b>1,058,193</b>	<b>24.80</b>	<b>351,897</b>	<b>37,732</b>	<b>88.4%</b>
Senior Managers	21,632	36.73	3,161	580	98.5%
of whom women	4,139	42.67	570	101	104.1%
of whom men	17,493	35.55	2,591	479	97.4%
Middle Managers	57,544	17.97	17,242	2,828	88.3%
of whom women	16,379	18.57	4,798	800	90.7%
of whom men	41,165	17.74	12,444	2,028	87.4%
Office Staff/ Workers	979,017	25.18	331,494	34,324	88.3%
of whom women	264,911	22.85	113,811	9,848	84.9%
of whom men	714,106	26.17	217,683	24,478	89.7%

	Hours		Participation*	Participants	Coverage**
	Totale	Procapite			
<b>2015</b>					
<b>Total</b>	<b>1,338,273</b>	<b>30.3</b>	<b>250,165</b>	<b>38,892</b>	<b>88.0%</b>
Senior Managers	16,176	25.1	3,158	659	102.2%
of whom women	3,552	31.7	653	114	101.8%
of whom men	12,624	23.7	2,505	545	102.3%
Middle Managers	55,946	16.8	10,681	2,812	84.4%
of whom women	15,059	16.7	2,686	776	85.7%
of whom men	40,887	16.9	7,995	2,037	84.0%
Office Staff/ Workers	1,266,152	31.5	236,326	35,471	88.2%
of whom women	289,757	24.5	81,706	10,173	86.1%
of whom men	976,395	34.4	154,620	25,298	89.2%



2014	Hours		Participation*	Participants	Coverage**
	Totali	Procapite			
<b>Total</b>	<b>1,458,591</b>	<b>33</b>	<b>266,328</b>	<b>43,388</b>	<b>98.2</b>
Senior Managers	20,576	30.8	3,870	660	98.8
of whom women	4,508	42.9	834	105	100
of whom men	16,068	28.5	3,036	555	98.6
Middle Managers	63,113	19.6	12,991	3,072	95.6
of whom women	17,356	19.9	3,652	818	94
of whom men	45,757	19.5	9,339	2,254	96.2
Office Staff/ Workers	1,374,902	34.1	249,467	39,707	98.6
of whom women	263,838	22.2	80,882	11,702	98.3
of whom men	1,111,064	39.1	168,585	28,005	98.7

(\*) shows the overall number of participation in training sessions, in the various forms provided (classroom, online, training on the job)

(\*\*) Coverage refers to the percentage of participants compared to the total, i.e. the % of human resources of TIM S.p.A. who took part in at least one training session in each individual category (senior managers, middle managers, office workers).

**[G4-LA9]** In 2016, TIM spent 10.95 million on training courses, amounting to a cost of 250.17 euro per capita.



[G4-LA13a]

Ratio of women/men according to basic salary and ratio of women/men according to remuneration, broken down according to each professional category

Italia TI - S.p.A.		2016	2015	2014
Senior Managers	GAS	0.93	0.91	0.92
	TAR	0.93	0.90	0.92
Middle Managers	GAS	0.95	0.95	0.95
	TAR	0.93	0.94	0.94
Office Staff/Workers	GAS	0.95	0.95	0.95
	TAR	0.95	0.95	0.94
<b>Brazil</b>		<b>2016</b>	<b>2015</b>	<b>2014</b>
Senior Managers	GAS	0.77	0.74	0.76
	TAR	0.85	0.77	0.73
Middle Managers	GAS	0.95	0.94	0.94
	TAR	0.95	0.94	0.94
Office Staff/Workers	GAS	0.67	0.63	0.61
	TAR	0.67	0.62	0.62

GAS = Gross Annual Salary, comprising recurring fixed remuneration

TAR = Total Annual Remuneration, comprising the Gross Annual Remuneration + bonuses awarded during the reference year (the bonuses may refer to individual or group incentive systems or take the form of special awards or meritocratic policy awards).