



CUSTOMERS

The Company's innovative
services to improve
people's quality of life

STRATEGY

Telecom Italia Group companies base the excellence of their products and services on customer care. Their aim is to ensure an immediate and effective response to customer requirements, modeling their conduct on business propriety, transparency in contractual relations and undertakings, courtesy and collaboration, ensuring customer focus and in full compliance with the principles established by company procedures. Cooperation with consumer associations, which includes entering into specific agreements with them, is also highly valued.

[G4-DMA Product and Service Labeling], [G4-DMA Marketing Communications], [G4-DMA Customer Privacy], [G4-DMA Compliance]

MATERIAL ISSUES IN THIS CHAPTER

- *listening and transparency towards customers,*
- *network coverageⁱ,*
- *innovation managementⁱⁱ,*
- *sensitive data management and protection,*
- *child protection.*

Relevant company policies: Service Charter and General Subscription Conditions, Self-regulation Code for mobile services and Code of Conduct for premium services, Guidelines for responsible marketing, Telecom Italia Disclosures pursuant to article 13 of the Privacy Code, available at www.telecomitalia.com.

Effectiveness and monitoring: the company uses some numerical KPIs in order to monitor the effectiveness of management processes and ensure

the monitoring required by quality management systems and internal control structures. This chapter presents the ones related to Customer Satisfaction, broadband coverage, the number of conciliation requests received and resolved, the number of reports received. The KPIs for which the Company has set itself numerical targets are presented in an appendix to the report. In particular, targets are listed for service activation, complaints, support and maintenance, availability and broadband network coverage.

ⁱ This subject is also dealt with in Part I, Telecom Italia, a group of strategic relevance.

ⁱⁱ This subject is also dealt with in the Community chapter, and in Telecom Italia: a group of strategic relevance.



RELEVANT STAKEHOLDERS

The relevant stakeholders are:

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

QUALITY OF SERVICE AND CUSTOMER LISTENING

[G4-DMA Product and Service Labeling] Developing the capacity to fully satisfy customers is, for Telecom Italia, a strategic factor for growth.

The global spread of digitisation and social media have strengthened consumers, changing the way in which their relationship with the brand is built and managed. In this context of general transformation, understanding and measuring customer expectations, in order to offer them the best experience (Customer Experience) and adopting a culture of continuous improvement, are the drivers needed to assert the centrality of the customer for the benefit of economic sustainability, loyalty and positive word-of-mouth.

The main activities conducted in 2014, aimed at improving the Customer Experience and ensuring that employees play an active part in developing innovative and effective solutions for users, included:

- **Customer Experience Management:** towards the end of the year, Telecom Italia launched a programme aimed at redefining the way in which the quality perceived by customers is measured, by adopting Customer Experience Management methods. This system provides methods and tools to help the company progress towards a customer-centred culture that reflects the evolution and increasingly high expectations of consumers. Its cornerstone is continuous and structured listening to the “voice of the customer”, which drives the design of products, services and company processes. Furthermore, it promotes a new way of working, encouraging collaboration between departments to benefit the overall customer experience;
- **Customer Journey Lab:** the Customer Experience is tested by a group of colleagues/testers. The project aims to allow a group of colleagues to experience the service received by Consumer customers by selecting, purchasing, activating and using TIM and Telecom Italia services and similar services offered by competitors, in order to determine the customer’s perception and the main areas requiring attention/strengths in the services offered by Tim/Telecom Italia and the competition. During 2014, this method was applied to the fixed line services (fibre services, transfer to Telecom Italia and transfer between operators), mobile services (LTE offer) and support services (Caring APP) and content delivery (entertainment, sport, publishing, music);
- **“Chi-ama Telecom”:** a tool used by Telecom Italia employees to channel reports received from customers, friends or acquaintances regarding the fixed line service requirements of consumer customers, of a commercial or technical nature. The project makes employees active participants as the promoters of solutions in the management of customers. During 2014, an

increase was recorded in the use of this tool by employees;

- monitoring quality of service in the mobile network as perceived by customers: identifies actions to improve and enhance the offer, caring and quality of service delivered. Uses continuous and unbiased observation of service levels experienced by customers, based on their behaviour and the context in which they use the various services. This method is based on the use of software installed on mobile devices (smart phones, Internet dongles, tablets, etc.) of customers who have signed up to the initiative and continuously monitors the customer's experience;
- the Quality Repository: the tool that coordinates all the information regarding the results drawn from customer listening activities and supports their dissemination and interpretation within the organisation.

Since 2012, in full compliance with privacy protection requirements, Telecom Italia has been monitoring "conversations" on the Web regarding quality in the Telecommunications sector, relating to both fixed and mobile communication and the consumer and business segments. This monitoring takes place using a tool that performs a semantic search and analysis of the subjects most frequently discussed on the Internet and analyses the "tone" (web sentiment) of conversations about Telecom Italia and its competitors. The aim is to make a prompt assessment of how customers perceive offers and services, gaining a greater insight into specific issues to support the business.

USE OF SOCIAL NETWORKING IN CUSTOMER CARE

In 2014, Telecom Italia strengthened its presence on Social Networks (Facebook and Twitter), focusing on customer care in particular. The results show a high level of satisfaction, with considerable increases compared to previous years, particularly thanks to the greater ability to provide answers to customers. Excellent results have been achieved in terms of response times and the number of responses, leading TIM to be rated constantly among the top 10 brands on Facebook nationally (source SocialBakers). Social network activity also provided further details and explanations on all the products offered by the company,

providing customers with an easy-to-use tool for gathering information about all the sales-related aspects of our operations.

Telecom Italia also consolidated its leadership in the general Community with the following brands: Telecom Italia, TIM, Impresa Semplice, Cubovision, Cubomusica, Working Capital, Serie A TIM, Nuvola Italiana (5 million likers and just under 1 million followers).

For information about the social networking tools available to call centre operators (TUU), see the sustainability section of the telecomitalia.com website.



Confirming its commitment to quality of service and transparency in its relations with customers, TIM Brasil is the first Latin American company to have launched a “Portas Abertas”¹ (open doors) website in 2013, showing the plans for expansion of the technical network. Among other things, the website offers customers the chance to:

- interact with the company regarding the technical coverage map for each individual street;
- receive notifications regarding both maintenance and any failures to achieve technical network objectives;
- provide TIM with feedback on the perceived quality of the network.

Among the actions taken in 2014, it is worth highlighting the launch of the online chat service (available on the Web and via the TIM mobile app for smart phones), the improvement in several automatic and digital portal services, the humanisation of caring on digital channels in general, the creation of an online (web chat) channel for customers with questions about Anatel (Brazilian National Telecommunications Agency).

TIM Brasil also talks to its customers via Twitter “@ TIMBrasil” (<https://twitter.com/TIMBrasil>), which as of December 2014 had more than 516,000 followers, and Facebook (www.facebook.com/timbrasil) with over 1,140,000 likers. Since 2012, the company has also activated a further channel “@ TIM_AJUDA” (https://twitter.com/TIM_AJUDA), which allows it to communicate with customers via Twitter. As of the end of 2014, this channel has over 99,000 followers.

CUSTOMER SATISFACTION

[G4-PR5]

The customer Listening System aimed at monitoring customer satisfaction covers the following areas:

- operational processes and events assessed on a “reactive” basis, i.e. immediately after a specific event (e.g. delivery, assurance, sale, sales support);
- customer contact channels (e.g. points of sale, customer care, web, billing);
- key products and services (e.g. fixed and mobile broadband);
- life cycle (customer journey) monitored during the main stages of the customer’s relationship with his/her operator;
- customer satisfaction assessed on a “reflective” basis, i.e. not in connection with a specific event, determined by the Customer Satisfaction Index - CSI - which adopts the international statistical survey standards (ACSI - American Customer Satisfaction Index model) to determine perceived quality in relation to the main satisfaction drivers for the various customer segments (consumer fixed, consumer mobile, small enterprise fixed and mobile, large/medium enterprise and vertical), particularly in comparison to similar services offered by the leading competitors (except for the vertical segment). The CSI is certified in accordance with the UNI

¹ In the second half of 2013, TIM Brasil launched “Portas Abertas App” for Android and iOS systems. The app includes the main content of the “Portas Abertas” website.

11098:2003 Guideline (for determining customer satisfaction and measuring the respective process indicators). Customer Satisfaction targets are included in the management (MBO) and collective (PR) incentive schemes.

Telecom Italia has begun tests to develop the listening system into a Customer Experience Management (CEM) system, including measurement of the *Net Promoter Score* (NPS), which measures customer word-of-mouth based on the balance between “detractor” customers and “promoter” customers and on investigating the reasons given by customers. The tests aimed at defining the new methodology are currently being developed.

The information in the following table refers to the average annual progressive value of total customer satisfaction with Telecom Italia’s customer care service measured on a “reactive” basis. With a view to assessing the customer care service in particular, the questionnaires were revised in 2014 to assess the customer experience more accurately, moving from satisfaction to assessing the service received (on a scale of 1 to 10).

Type of customer care customer

	Overall satisfaction		
	2014	2013	2012
187 consumer fixed telephony	8.08	8.48	8.46
119 consumer mobile telephony	8.49	8.72	8.69
191 business fixed telephony	7.79	8.18	8.1
191 business mobile telephony	7.83	8.13	8.22

Average satisfaction measured on a scale of 1-10, where 1 means “not at all satisfied” and 10 means “completely satisfied”.

The CSI values of Telecom Italia by segment are shown below.

Customer segment

	2014	2013	2012
Consumer	76.28	75.84	75.45
Small Enterprise	65.85	65.56	65.88
Large/Medium Enterprise + Vertical	72.26	71.75	71.38
Totals	73.47	73.01	72.76

Average satisfaction is measured on a scale of 0-100, where 0 means “not at all satisfied” and 100 means “completely satisfied”. For the purposes of this trend, the 2012 result has been recalculated based on the new CSI 2013 model.



TIM Brasil carries out two types of nation-wide customer satisfaction surveys by means of interviews:

- the TIM and competitors' consumer customer survey, conducted twice a year (May and November) on a "reflective" basis, measures the customer's general perception of the company (e.g. sales structure, call centre, network coverage and quality of the network, also as regards the Internet connection, technical support, the price of services, promotions, billing);
- the call centres survey, conducted once a month on a "reactive" basis, with the involvement of TIM customers (consumer and business) who have contacted the call centre in the previous 15 days.

	2014	2013	2012
CONSUMER CUSTOMER SURVEY ^(*)	7.54	7.92	8.03
CONSUMER MOBILE TELEPHONY CALL CENTRE SURVEY ^(**)	7.30	7.31	7.47
BUSINESS MOBILE TELEPHONY CALL CENTRE SURVEY ^(***)	7.16	7.05	6.80

(*) Average index, on a scale of 0 to 10.

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

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

CUSTOMER SATISFACTION WITHIN INCENTIVES SCHEMES

Telecom Italia's managerial incentive systems include many targets associated with customer satisfaction, in keeping with the business plan for the current period. The targets are measured using customer satisfaction indices, monitored by means of periodic surveys; for 2014, the management incentive scheme provides for two different indices, one related to customer segments in which Telecom Italia has already achieved optimum positioning compared to competitors and the other relating to customer segments with a more critical competitive position. The purpose of this segmentation of the customer satisfaction indicator is to pursue an improvement in the critical segments and to maintain the position achieved in the optimum segments.

Specific targets associated with quality parameters and consistent with the criteria established for corporate and segment customer satisfaction indicators have been established in the collective incentive systems for Telecom Italia staff and for particularly critical processes and activities (commercial and technical front-end).

Finally, specific objectives associated with customer satisfaction have been set in the collective incentive scheme - known as CANVASS - which involves some of the staff in the Caring Services Customer Care, Business Customer Care and Technology Open Access departments.

CERTIFICATIONS

For areas of the company which have a significant impact on the community, because of the products and services they offer, the Group has obtained certifications to ensure that procedures and conduct are adopted that meet the expectations of the relevant stakeholders.

The certifications achieved for the main activities are shown below:

- quality of products and services offered: UNI EN ISO 9001:2008 standard;
- environmental protection: UNI EN ISO 14001:2004 standard;
- efficient energy management : ISO 50001 standard;
- protection of human capital by companies and suppliers: SA 8000 standard;
- health and safety at work: BS OHSAS 18001:2007 standard;
- general requirements for the competence of testing and calibration laboratories: ISO/IEC 17025:2005 standard;
- Information Technology services: ISO/IEC 20000-1:2005 standard;
- data security: ISO 27001:2005 standard;
- software and IT solution production processes: CMMI-DEV (Capability Maturity Model Integration - Development) certifications;
- respect for principles intended to promote trust between consumers and businesses operating on the Internet: WebTrust (Certification Authorities - SSL Baseline Requirements Audit Criteria);
- fulfilment of the AGID (Digital Italy Agency) requirements to perform the role of:
 - Accredited Certifier for Qualified Signatures, the National Service Charter and Timestamping;
 - Accredited Operator for Certified Email;
 - Accredited Custodian for storing electronic documents.

Detailed information about the certifications achieved by the various departments/companies of the Group is available in the sustainability section of the telecomitalia.com website

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

- personal mobile service
- switched fixed telephone service
- multimedia communications services.



DIGITAL INCLUSION

[G4-EC7], [G4-EC8] The spread of information and communication technology creates opportunities for progress.

Telecom Italia is aware of the need to manage this development in the best possible way, helping to coordinate the actions of all the players in the broadband ecosystem, particularly in order to avoid exposing the community to technological and geographical divides. The impacts of digital inclusion are also dealt with in Part One of this report, *Telecom Italia: a group of a strategic relevance*.

DIGITAL INCLUSION GEOGRAFICA

In order to deal with the digital divide that has arisen in the so-called marginal areas of Italy, which would otherwise remain excluded from the mainstream plans of telecommunications operators, owing to the low profitability of investments, between 2005 and 2014, Telecom Italia implemented a programme of extraordinary investments allowing ADSL coverage to be provided for approximately 4,150 new municipalities.

In December 2014 Telecom Italia has about 9,500 active stations, including 8,000 optical fibre ones. Alongside its plan to extend coverage, Telecom Italia has launched an additional plan to expand the active network², where necessary, to guarantee full usability of the service by customers and the development of digital inclusion.

The following table shows the percentages of coverage in December of the last three years.

Description	2014	2013	2012
ADSL coverage ^(*)	98.75	98.4	98
UMTS and HSDPA coverage ^(**)	96	87.5	85.6
LTE coverage ^(**)	77	49	14.9
Next Generation Plan (fixed telephony) coverage ^(***)	28.1	16.8	-----

(*) The percentage refers to fixed Telecom Italia telephone lines.

(**) The percentage refers to the resident 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.

In order to promote digital inclusion and the consequent coverage of the remaining geographical areas of "market failure", Telecom Italia cannot avoid engaging in joint "public-private" initiatives.

Two types of action have been taken so far, both fully in line with European competition rules:

² The plan consists of actions to ensure full enjoyment of the service by customers by expanding the capacity of equipment used, in terms of both user ports and bandwidth available on the Internet. The technical term for this is desaturation of DSLAM equipment, performed either in advance or once specific broadband quality and availability thresholds are exceeded.

- the first is a “central” approach involving collaboration with Infratel Italia S.p.A. (Infrastrutture e Telecomunicazioni per l’Italia)³, the public entity building passive broadband (fibre optic cable), organic and integrated infrastructure throughout the country, with the aim of increasing digital inclusion in lower income areas of the country;
- the second is distinguished by a “local” approach whereby regions promote projects aimed at increasing digital inclusion, e.g. through forms of financing centred on public tenders using the so-called claw-back model, which provides for contributions to be paid to offset the lack of return on investments.

Using the above forms of intervention, in some cases simultaneously, Telecom Italia has in recent years signed cooperation agreements with several local entities, some of which were in the course of being implemented in 2014. These include the following:

- Memorandum of understanding (MoU) signed with the Emilia Romagna Region and Lepida⁴ in 2010, aimed at setting up a technical committee to widen digital inclusion in the region. This agreement was renewed in 2012 with a view to further widening digital inclusion and improving services providing access to information technologies (by equipping a further 70 exchanges with optical fibres by March 2014).
- the award of a tender in 2012 by the Marche region to complete digital inclusion (through state-of-the-art broadband services with speeds of up to 20 Mbit/s) in the region’s market failure areas. The project is currently being implemented and will be completed in the first quarter of 2015.

During the second half of 2013 and throughout 2014, as part of the National Broadband Plan, the Ministry of Economic Development (MISE) issued eleven regional tenders through Infratel, identified as the implementing organisation and assignee of the funds provided.

The funds allocated for projects to extend broadband technology to digital inclusion areas amount to 353 million euros, including 225 million euros to be allocated to the clawback model: the contribution for each Region can correspond to a maximum of 70% of the cost of the project to widen digital inclusion. The tenders issued relate to the following eleven regions: Calabria, Campania, Emilia-Romagna, Lazio, Liguria, Marche, Molise, Sicily, Tuscany, Umbria and Veneto.

Tenders for a further six regions are expected to be issued during 2015: Abruzzo, Basilicata, Lombardy, Piedmont, Apulia and Sardinia.

For the remaining 3 regions (Friuli Venezia-Giulia, Trentino Alto-Adige and Valle d’Aosta) no actions is planned on the part of MISE as these regions have their own independent plans.

Telecom Italia has participated in all the tenders issued thus far, with the exception of the one for

³ The company was set up on the initiative of the Communication Department of the Ministry of Economic Development and Invitalia, the national inward investment and business development agency, and is the entity implementing the Broadband Programme.

⁴ Lepida SpA is the operating tool promoted by the Emilia-Romagna region for the consistent and unitary planning, development and management of the telecommunications infrastructure of entities connected to the Lepida network and the delivery of IT services included in the network architecture. The company also promotes and encourages measures to increase digital inclusion in rural and mountain areas, where supplying connectivity is difficult for market operators owing to the low return on investments.



Liguria. It has won the tenders for Calabria, Campania, Lazio and Veneto (for a total allocated contribution of 36 million euros) while the tenders for Emilia-Romagna, Marche, Umbria and Liguria were awarded to NGI S.p.A.

The tenders for Tuscany, Sicily and Molise are currently being awarded.

SOCIO-CULTURAL DIGITAL INCLUSION

In a world in which technology facilitates contact with people, by disseminating broadband technology and the services it enables, Telecom Italia is making a contribution to overcoming the socio-cultural barriers that restrict the opportunity to take part in the information society and enjoy its benefits. The innovative services aimed at promoting the digitisation of important areas of activity (e.g. healthcare) include those listed in the following paragraph.

For information regarding the initiatives implemented by Telecom Italia for the social inclusion of customers with specific needs (hearing impaired, elderly, children, etc.) see The Community and the following website <http://www.telecomitalia.it/assistenza/info-consumatori/agevolazioni-economiche>.

TIM Brasil has continued to promote commercial offers to encourage the spread of the mobile web, particularly among the poorer classes. These consist of low cost services which are particularly suited to helping to widen the socio-cultural digital inclusion (e.g. INFINITY WEB and LIBERTY WEB).

INNOVATIVE SERVICES

[G4-EC7], [G4-EC8]

SMART SERVICES

In the context of public sector services, in accordance with the Italian Digital Agenda or ADI (Agenda Digitale Italiana) and European Directives, in 2014 Telecom Italia consolidated and streamlined its offer of Smart Services (a range of services for energy efficiency and digital services in urban areas), Urban Security and Digital School initiatives providing new services dedicated to security, the environment, mobility and schools, in order to ensure a comprehensive response to the needs of cities and surrounding areas. The aim is to promote the “smart city” model to improve quality of life by developing innovative digital services to ferry communities towards a Smart Community model (as described in the Digital Agenda) that enables new forms of cooperation between citizens and public authorities.

SMART TOWN	SMART BUILDING	NUVOLA IT URBAN SECURITY	NUVOLA IT DIGITAL SCHOOL
<p>Integrated management of local infrastructure networks.</p> <p>Enabled services:</p> <ul style="list-style-type: none"> • planning of electricity consumption and maintenance; • video surveillance; • digital communication with citizens and users in general (e.g. tourists); • Wi-Fi hot spots (broadband access); 	<p>Smart management and automation of buildings.</p> <p>Enabled services:</p> <ul style="list-style-type: none"> • monitoring and reduction of consumption (electricity, water, etc.), mainly for Central Government Bodies; • video surveillance; • digital communication; • extension of the IT network (LAN) of buildings by using the electricity network via a device that connects to the power socket. 	<p>Management of participated security and urban territory control.</p> <p>Enabled services:</p> <ul style="list-style-type: none"> • computerised management of the penalty issuing process for traffic and other violations for local public administration; • participated management of urban issues, with reporting of safety-related issues, antisocial activities and urban decay; • real time monitoring of the urban and natural environment of cities (humidity, temperature, noise pollution, CO2, gaseous pollutants, etc.); • monitoring of available public parking spaces. 	<p>Integrated digital management of teaching and school administration.</p> <p>Enabled services:</p> <ul style="list-style-type: none"> • broadband and mobile connectivity; • teaching cloud (services and solutions, storage for multimedia content); • digital learning tools (distance learning, collaborative and shared learning with education platforms, social learning); • classroom computerisation (LIM¹, notebooks and tablets); • school-family interaction systems; • digitisation of administrative services.

1 Interactive Multimedia Board.

The Environment section reports estimates of energy savings of some Smart Services.

For further information regarding Smart Services, see the sustainability section of the telecomitalia.com website.

INNOVATIVE E-HEALTH SERVICES

Telecom Italia is actively involved, either alone or in partnership with external partners, in devising and developing healthcare services at national, regional and local level. Designed to improve the Italian health service and the quality and effectiveness of healthcare, the services allow doctors, nurses and patients to carry out many activities remotely.

The main electronic healthcare service applications available or being developed include:

- value products and services for general practice, aimed at enabling new primary care models and proactive medical services (e.g. screening campaigns managed by general practitioners);
- legal archiving of digital diagnostic images on the network, ensuring the authenticity and integrity of documents;
- management of healthcare, administrative, logistical processes and a patient's healthcare information throughout the period of hospitalisation;
- the management and coordination of operational facilities dedicated to emergencies (118) and continuity of assistance;
- healthcare monitoring (Nuvola IT Home Doctor).

All the solutions comply with the data privacy and transaction security requirements of healthcare processes.



NUVOLA IT HOME DOCTOR

This allows patients suffering from chronic illnesses, or in post-hospital care, to monitor their physiological parameters (body weight, blood pressure, heart rate, blood oxygen levels, glycaemia, lung capacity, electrocardiogram, etc.) directly from their own homes or in properly equipped facilities (medical centres, medical practices etc.). The system consists of a technological platform and software configured on the patient's mobile phone (or alternatively a PC or tablet) and on the healthcare personnel's PC. Based on the plans established by the doctor, patients receive reminders on their mobile phones regarding the measurements to be taken, they take these measurements using portable electro-medical devices equipped with a Bluetooth interface and, using their mobile phone, they send the measurement automatically to the online platform.

The benefits of the service are that it improves the patient's quality of life while optimising costs for the healthcare organisation.

In order to enhance the functionality of the service and increase Telecom Italia's presence in the social care solutions sector, experimental activities are under way in

various areas, such as:

- adding new devices aimed at increasing the measurements that can be monitored (e.g. physical activity and quality of sleep via wearable devices, blood and urine testing via Point of Care systems);
- the use of new Internet-connected TVs to improve the usability of healthcare services using various ways of displaying measures and accessing services;
- prevention and wellness services aimed at providing solutions for healthy people to help them maintain, if not improve, their health, particularly in unconventional environments such as schools or workplaces;
- services to support mobility in patients with severe limitations who lose their way very easily and might find themselves in dangerous places, using tracking solutions and mechanisms for family members or service centres to provide assistance;
- video-communication services to support telecare and telerehabilitation activities (e.g. patients can engage in telerehabilitation while being monitored by doctors interactively from a remote location).



VREHAB

The experimental monitoring and telerehabilitation system for patients with Parkinson's disease developed with CNR-IEIIT (Institute of Electronics, Computer and Telecommunication Engineering) in Turin, the University of Parma and the Italian Auxology Institute of Verbania, has entered its validation phase. For more information, please, refer to the "Commitment to the Ambient Assisted Living (AAL) with European projects and field trials" in the Community section.

CASSIEL 2.0

The experimental service allowing for assistance to be provided to elderly people remotely, monitoring them and receiving alarm signals in cases of emergency. For more information, please, refer to the "Commitment to the Ambient Assisted Living (AAL) with European projects and field trials" in the Community section.

FISIO@HOME

This is an experimental motor telerehabilitation service which allows medical personnel remotely to monitor the conditions of patients with orthopaedic or neuromotor problems. The prototype, currently being tested, has been developed for the rehabilitation of knees, although the application can be used for other conditions.

The system allows doctors to evaluate compliance with the established rehabilitation programme and the correctness of exercises performed. Movement data is collected by sensors worn by the patient, which measure acceleration, angular speed and magnetic field along the reference axes. The data is sent by Bluetooth to a PC, where an application processes it in real time in order to extract information that can be used to define the movements and store them.

The application can reduce the number of physiotherapy sessions at the healthcare facility, while maintaining the level of care unchanged, reducing the costs borne by the healthcare system and the need for the patient to travel. Working with JOL WHITE, which perfected the Android app and developed the respective data collection platform, each patient's work plan can now be determined, checking performance and communicating with the patient by messaging and video calls.



E-LEARNING AND EVOLVED DIGITAL EDUCATION

The demand for evolved educational services has undergone a profound transformation in recent years. The focus has shifted from the simple electronic use of content to disseminating and sharing knowledge by more engaging methods for young people based on web 2.0 models. The solutions already integrated in the Telecom Italia e-learning platform and the prototypes of the ones developed by analysing the requirements of the educational world, meet the demand for evolved services based on collaboration, communication and the involvement of end users.

With regard to schools, at the end of 2014, Telecom Italia signed a three-year memorandum of understanding with the Ministry of Education, University and Research (MIUR) and launched the EducaTI project with the aim of creating an ecosystem to disseminate new educational tools and languages. The EducaTI initiative aims to promote the use of digital technology in Italian schools, testing and promoting new learning and teaching models with everyone who operates in the world of education. The EducaTI project, which is one of the Group's Corporate Shared Value (CSV) initiatives, is split into four initiatives:

- Program the future: introduces programming (coding) into Italian primary schools. Telecom Italia is the main partner in the project developed jointly with the national inter-university consortium for information technology CINI (Consorzio Interuniversitario Nazionale per l'Informatica);
- Digital Tutors: digital training course devised and created by Telecom Italia jointly with regional education departments (Uffici Regionali Scolastici - USR) and the Post Office Police;
- You Teach: an annual national creative competition for upper secondary schools that stimulates the skills of young people, encouraging them to create digital products that emphasize the positive aspects of the Internet;
- WITHYOUWEDO Crowdfunding: platform that encourages the development of education-related projects.

INFOMOBILITY

For many years, Telecom Italia has been working with all the parties involved in the ITS (Intelligent Transport Systems) and Infomobility solutions market value chain. The main principle is to enable new services for vehicles, their occupants, Public Administration and private citizens, by gradually introducing the idea of a vehicle constantly connected with the outside world (e.g. service centre, roadside infrastructure, occupants, other vehicles, etc.).

ITS services contribute to improving the efficiency of the "transport system" with a positive impact in environmental terms (e.g. ecodriving, intelligent parking) and on reducing travel time (e.g. gathering and management of traffic data, dynamic navigation), improving safety (e.g. eCall, BCall⁵, driving style monitoring, management of hazardous goods), improving efficiency in passenger and goods transport (e.g. city logistics, fleet management) and reducing the costs associated with

⁵ It allows drivers to send information about their location and the conditions of their vehicle to a specific organisation that will "handle" the case.

urban and suburban mobility (e.g. access control and management).

TIM WALLET

The TIM Wallet service allows physical wallets to be replaced by virtual ones on mobile phones using NFC technology⁶. Purchases are made by placing the phone close to a reader, such as a POS or turnstile at the entrance to offices. Telecom Italia has tested the application with the involvement of its own employees. In future, virtual coupons will be available to spend at commercial retailers.

ENERGY@HOME

Telecom Italia, Enel Distribuzione and Indesit Company conducted an experiment with various users to verify the environmental benefits of improving the end customer's electricity consumption. Customers were supplied with a prototype web app and a number of electricity metering devices, including a device for communicating directly with the Enel electricity meter. Over a period of around twelve months – also thanks to the involvement of users through appropriate feedback and newsletters - an average reduction in consumption of around 9% was recorded which, nationally, would allow residential consumption to be reduced by 5.6 TWh, leading to a fall in CO₂ emissions of around 3 million tonnes.

SMART CITY APP - EXPO 2015

During 2014, Telecom Italia directed the end-to-end design and implementation of mobile solutions for EXPO 2015 with a smart city app prototype and an app for the "Padiglione Italia" (the Italian Pavilion). The smart city app provides information on participating countries, the urban and national environment, the partners and actors involved, in addition to offering

services and entertainment during the event. The purpose is to establish an ongoing relationship with the visitor, using LTE mobile broadband connectivity.. For more information, please, refer to the "Commitment to the Ambient Assisted Living (AAL) with European projects and field trials" in the Community section.

⁶ Near Field Communication: a technology that supplies short range bi-directional wireless connectivity (up to a maximum of 10 cm).



RESEARCH AND INNOVATION IN E-SECURITY

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

Activities carried out in 2014 included the following:

- development of new malware⁷ detection and analysis methods for fixed and mobile networks;
- enhancement of algorithms and tools for analysing DNS (Domain Name System) traffic to provide security;
- definition and implementation of a prototype Threat Intelligence Private Cloud platform to serve corporate security platforms, automatically gathering and sharing information useful for preventing and combating emerging threats;
- extension of examination models to be used with visual analysis tools for security Big Data;
- development of semantic rules in the field of cyber security, to be used in tools set up to perform Open Source Intelligence activities;
- implementation of various scouting and testing campaigns for innovative security solutions;
- development of international activities as part of initiatives funded by the European Union: IST NEMESYS (Information Society Technologies, enhanced NETwork security for seamless service provisioning in the smart Mobile EcoSYStem) project and CIP (Competitiveness and Innovation framework Programme) Advanced Cyber Defence Center project;
- in the context of ETSI⁸, the development of TC CYBER focused on Cyber security, particularly the following areas:
 - Cyber Security;
 - Security of infrastructure, devices, services and protocols;
 - Security advice, guidance and operational security requirements to users, manufacturers and network and infrastructure operators;
 - Security tools and techniques to ensure security;
- consolidation, within the ETSI-ISG (Industry Specification Groups) working group, of a framework of security indicators to be used to measure performance and benchmark security operations;
- continuation of other monitoring and guidance activities regarding standards and forums with work primarily focused on the GSMA Security Group and Mobile Malware Group, 3GPP⁹ and ETIS¹⁰;
- development of cooperation launched in 2013 with EIT (European institute of Innovation and Technology), ICT Labs and the Action Line Guide to Privacy, Security & Trust.

⁷ Software created to compromise the security of a computer or IT systems and devices. The term is a combination of the words malicious and software.

⁸ European Telecommunications Standards Institute.

⁹ The 3rd Generation Partnership Project.

¹⁰ The Global IT Association for Telecommunications.

CHILD PROTECTION

[G4-PR6] Telecom Italia Group companies have undertaken numerous initiatives to protect minor from content that may harm their psychological and physical development (for example, content that is violent, racist, offensive to religious sentiment, pornographic etc.).

Among these, precise guidelines have been adopted for classifying and checking distributed content. These cover both the content offered directly by Group companies and content owned by third parties offering their own services on space purchased within Telecom Italia's portals. These guidelines are regularly updated in line with regulatory and technological changes.

For this purpose, in accordance with current regulations and self-regulatory codes signed by the Group, procedures are implemented to prevent minor from accessing adult content on all the Group's service platforms (tablet/smart phone app, web, IPTV, TIMvision by decoder, smart TV, Xbox, WAP services).

In particular:

- TIMvision: adult content can only be accessed using a decoder. This pay-per-view content can only be viewed after entering the parental control PIN and purchase PIN. The parental control functions are governed by legal provisions and mentioned in the statement delivered to customers after they sign up to the service;
- IPTV: access is only permitted to subscribers and the subscription can only be taken out by adults. The default setting does not allow adult content to be viewed and can only be changed after the PIN supplied to the adult subscriber has been entered;
- WAP services: content is always moderated in advance by Telecom Italia, in order to verify compliance with the classification guidelines, and delivered by a centralised platform. The PIN for accessing adult content is supplied by text message, at the customer's request, after the person to whom the number is allocated is confirmed as being an adult.

For services delivered by IP connection, the Total Security software is available: a complete suite of security services based on ZoneAlarm® technology that protects you when surfing the Internet from viruses, hackers and spyware that may attempt to install themselves on your computer. Furthermore, parental control ensures that children can surf the Internet safely, only on sites suited to them, with antispam to protect them from unsolicited emails. Total Security includes the following services:

- antivirus and antispyware, to detect and remove viruses and spyware;
- parental control, to protect young people against unsuitable content;
- firewall for networks and programmes to block any attacks by hackers and harmful programs;
- advanced download protection to analyse downloaded files before they can infect the PC and send a report if they come from a dangerous source;



- anti-phishing and site status, in order to block unsafe websites which deceive people into revealing their personal data;
- protection against unsolicited emails (SPAM), to block unsolicited emails automatically from email clients (email protocols: POP 3/IMAP incoming only, SMTP outgoing only);
- wireless PC protection to protect your PC against risks associated with connecting to unprotected networks.

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

- parental control: protects young people while surfing the Net, filters WEB searches, gives warnings in case of behaviour that is judged to be dangerous;
- theft protection: protects the device from loss and/or theft, ensuring remote control by sending a simple instruction (block device, find device, delete data, SIM change notification);
- protection and privacy: protects all access to e-commerce, home banking and social media websites. Ensures privacy by filtering unwanted calls and messages;
- antivirus: manages the device securely without affecting its operation, protecting it during use against viruses, malware and other threats.

For the purpose of combating online child pornography and computer crime, from an organisational point of view, Telecom Italia has identified, within its Security department (Risk Prevention & IT Security Governance), the role of “Key contact for the Postal Police”. This person manages relations, and the flow of information, with the Postal Police (CNCPO - National Centre for the Fight against Online Child Pornography, CNAIPIC – National Centre against Digital Crime for the Protection of Critical Infrastructure etc.) and the competent authorities, and has the task of coordinating, within the Telecom Italia Group, the process of abuse management, in accordance with the relevant legislative framework. Furthermore, the Telecom Italia Group has adopted an organisational model in accordance with Legislative Decree 231/2001, which defines the tools required to oversee and anticipate offences, particularly the dissemination of child pornography, as well as to ensure the organisational/disciplinary management of computer crimes. For this purpose, Telecom Italia has fielded resources, technologies, processes and tools to prevent and combat “abuse”, meaning any activity committed in violation of the rules of conduct and legislation that governs the use of network services, digital systems or means of communication in general.

In this respect, information initiatives have been implemented, aimed at children, parents and teachers, on the risks connected with the new technologies and navigation on the Internet (chat lines, instant messaging, forums, communities etc.). Among the initiatives involving a number of important public and private stakeholders selected above all on the basis of their activities and commitment to safeguarding the rights of children (including, for example, the Postal and Communication Police, Save the Children, Adiconsum, GSMA, ITU etc.), we would mention the following:

- “abuse” topic area on the company Intranet, which informs company staff and makes them aware of the activities conducted and the tools that exist for preventing digital crimes and pro-

- protecting children who use the Internet services provided;
- the “Child protection” topic area on the telecomitalia.it portal, aimed at informing and making end users, and the other stakeholders, aware of the correct behaviour to adopt during navigation on the network, as well as the values and objectives that Telecom Italia pursues to combat digital abuse and protect children;
 - form available on Telecom Italia’s corporate and commercial portals, which can be used by Telecom Italia’s end customers, or by outsider users, to report any crimes involving child pornography encountered while browsing the Internet. There is a guide to completion, and reports can also be submitted anonymously;
 - the booklet “Born with the Network,” dedicated to the adult-parent public for the purposes of:
 - illustrating the fundamental rules for the safe use of the Internet;
 - alerting people to the dangers that can be hidden on the network;
 - providing the tools to convey the rules of conduct to children and guide them in the selection of content to use;
 - web filtering: in accordance with the Implementing Decree of Law 38/2006 (Gentiloni Decree) which defines the technical prerequisites of filtering tools that providers of Internet network connections must use in order to prevent access to sites identified by the Postal Police through the CNCPO. Telecom Italia has also introduced a filtering system for foreign websites with child pornography content;
 - drafting of “Guidelines for combating child pornography on line”, which are intended to make the identification of cases of child pornography to be notified to the Postal Police as objective and uniform as possible. The aim is to minimise any potential interpretation uncertainty of the subjects concerned (chat moderators and/or community services, developers, abuse desk operators etc.) and to ensure compliance with current regulations. The guidelines are also modelled on those provided and implemented by the CNCPO and the major external organisations operating in this field (Save The Children, Telefono Arcobaleno etc.);
 - management of the abuse desks: operational groups who handle abuse differentiated by type of service (consumer and business), formed in accordance with the national and community regulations on child protection, the prevention of digital criminality and the fight against sexual exploitation (child pornography). Their task is to receive alerts from external users/customers regarding alleged computer crimes or the presence of child pornography on the Group’s networks, and then direct them to the relevant department, where necessary involving the relevant authorities through the key contact for the Postal Police;
 - participation in the “ITU Child Online Protection: Guidelines for industry,” working group, which is coordinated by the ITU (International Telecommunication Union). Telecom Italia is involved in updating a guideline on “Child Online Protection - COP” for companies in the broadcasting, Internet and mobile sector, which is part of the broader international “Global Cybersecurity Agenda” project under the auspices of the United Nations. To find out more: www.itu.int/osg/csd/cybersecurity/gca/cop/index.html;



- participation in the “GSMA - Mobile Alliance against Child Sexual Abuse Content” working group in the context of the GSM Association, for all technological and communications initiatives aimed at protecting children in the mobile phone sector;
- participation in the European Safer Internet project: Telecom Italia is collaborating in the project promoted by Save the Children and Adiconsum, in response to the EU initiative “Safer Internet 2009 – 2013,” taking part in the permanent round table as part of the Italian group, Safer Internet. The priority is to protect minors in the European social context, where social networking is increasingly widespread, particularly among the younger members of society, and to provide the tools with which to make safe use of the web services that allow social networking, blogging and instant messaging. The 2014 Safer Internet Day was dedicated to the theme of ‘let’s create a better Internet together’. Many events were organised in over 100 countries, including the United States for the first time. Telecom Italia took part in the round table organised in Brussels by the European Commission, in the context of which the “Young Manifesto” was presented with suggestions made by young people from all over Europe to create a better Internet. The initiative also deals with raising awareness, combating illegal content and rating content. An important part of the programme is dedicated to the Safer Internet Centers that now exist in over 30 countries to provide support and information to children, parents and teachers;
- participation in the European ICT Coalition and Better Internet for kids/CEO Coalition working groups for establishing the principles and technologies required to make the Internet a safer place for children;
- cooperation in the context of the Italian Child Abduction Alert System (ICAAS) project, for the creation of a web portal providing an “early warning” of missing children. In this context, in 2011, Telecom Italia signed the “Allarme Scomparsa Minore” (missing child alert) agreement with the Ministry of the Interior’s Public Safety Department.

The Group has also implemented appropriate filtering and abuse prevention systems for services delivered in Brazil. In particular, WAP services with adult content require user authentication while the delivery of adult videos on IP platforms, which is only available in on demand mode, requires a PIN to be entered. All the content is monitored and rated by the suppliers and, subsequently, by TIM Brasil, which limits their portfolio to level 3.2 of the international rating system.

Customers who wish to purchase adult content, have to access the relevant portal, click on “ADULT”, confirm that they are adults and enter a password (parental control).

TIM Brasil has signed an agreement with Safernet to prevent sexual abuse and paedophilia on the Internet. The agreement covers cooperation and the centralisation of any reports regarding abuse of a sexual nature and the development of an awareness-building campaign on the appropriate and safe use of the Internet.

PRODUCT RESPONSIBILITY

Telecom Italia is primarily an operator of telecommunications services, which do not endanger the physical health of users¹¹, and it does not produce the telecommunications equipment it sells¹².

In order to verify that the products sold comply with health and safety legislation, the company has:

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

In this way, any non-conformities in the products are thus detected prior to their market release and non-conforming products do not reach the end customer.

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

[G4-DMA Customer Health and Safety], [G4-PR1]

In its laboratories, Telecom Italia carries out validation activities to fulfil the essential requirements certified at source. For products sold in Italy, the reference framework is the set of standards that support Directive 1999/5/EC, arranged by product macrofamily¹³.

Furthermore, with regard to protection and the safety of customers in using the equipment, the Group carries out checks on:

- the electromagnetic emission levels (SAR) of all mobile phones;
- regulatory requirements regarding the risk of electric shock, overheating, fire;
- the electrical robustness of interfaces.

In particular, the following are checked:

- the energy efficiency aspects required by the EuP (Energy-using Products) Directive: equipment placed on the market is checked against the stand-by power consumption and performance limits set by European Regulations 1275/2008/EC and 278/2009/EC, respectively for equipment and their external power supplies (available as accessories);
- functionality in different environmental conditions of installation and use of terminals and accessory components for connection to the fixed network: checks are carried out on compliance

¹¹ Threats of a psychological nature or relating to security and privacy are dealt with in the Child Protection, E-security and Privacy sections.

¹² At Olivetti, the Group company that operates in the IT sector, there are hardware production plants. In the context of the Group as a whole, these activities are not significant as the entire turnover of Olivetti amounts to 1.05% of the Telecom Italia Group.

¹³ For "Corded terminals", the following standards may be applied: EN 60950, EN 55022 and EN 55024; for "Cordless terminals" standards EN 60950, EN 50371, EN 62311, ITU-T P360, EN 301489 and EN 301406; for "Mobile terminals (smartphones, data cards etc.)" standards EN 60950, EN 62209, EN 302291, EN 301908, EN301893, EN 301511, EN 300440, EN 300328 and EN 301489.



with temperature and humidity ranges established by ETSI (European Telecommunications Standards Institute) for the specific “service condition”, on which different “severity” levels are based. Checks are carried out on the basis of the following standards: IEC-EN Series 60068-2-1 (cold), 2 (dry heat), 14 (temperature changes), 30 (humidity changes), 78 (continuous humidity). For the most widely available products, with external plastic parts (e.g. AG), “flame resistance” is checked in the event of malfunctions of the internal electrical parts;

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

By law, telecommunications equipment sold in Brazil must be approved by the regulatory authority ANATEL, which verifies, in its laboratories, the conformity of equipment with Brazilian legislation on electrical and electromagnetic safety. There is specific legislation to be complied with for each kind of equipment. TIM Brasil asks its suppliers to ensure that equipment has the ANATEL certificate of approval.

[G4-PR2] Over the past three years, no non-conformities with European customer health and safety legislation have been found in any product that has reached the final marketing stage, neither in Italy nor in Brazil.

[G4-PR3] When contracts are drafted, for all fixed telephony products, Telecom Italia requires packaging to include an environmental statement, a statement about the origin of the coltan, a user manual containing safety information, details of any hazardous materials in the product and disposal information. For mobile devices, as they are consumer products that Telecom Italia merely resells and do not require any customisation, Telecom Italia simply requires national legislation to be complied with in respect of labelling in Italy.

In Brazil, in addition complying with national legislation, labels are required to contain information about the correct use of devices.

For a particular product range, Telecom Italia Green, discussed in detail in the Environment chapter (see *Telecom Italia Green*), all the relevant environmental parameters are also shown (e.g. energy consumption).

[G4-PR4] Over the past three years, no non-conformities regarding product information and labeling have been found in any product that has reached the final marketing stage.

There have however been a few cases in which non-conformities with regulations concerning information about services have been found. In particular, in Brazil, in 2014, 3 incidents occurred, resulting in a total penalty of 1,533,820 Reais, in 2013, 2 incidents occurred, resulting in a total penalty of 9,474 Reais¹⁴. In 2012 there were no incidents resulting in a financial penalty, but in one case a “warning” was issued by the regulatory authority.

In Italy, the regulatory authority’s sanctioning procedures for non-conformities with regulations regarding information on services are part of the system of “penalties for the violation of regulatory legislation regarding consumer protection in the supply and use of TLC products and services”; which means that, for Italy, non-conformities regarding information on services have been merged with non-conformities regarding the supply and use of services (table below)¹⁵.

[G4-PR9] The number and total monetary value of the fines for non-conformities with laws and regulations regarding the supply and use of products and services in Italy¹⁶

Description	2014	2013	2012
Number of fines for non-conformities regarding the supply and use of products and services	7	10	14
Total monetary value of these fines (in euro)	1,102,000	727,619	882,316

[G4-PR9] Number and total monetary value of the fines for non-conformities with laws and regulations regarding the supply and use of products and services in Brazil¹⁷

Description	2014	2013	2012
Number of fines for non-conformities regarding the supply and use of products and services	5	12	15
Total monetary value of these fines (in R\$)	13,214,257	11,268,560	2,062,964

¹⁴ In 2014 and 2013, in Brazil, there were no incidents of this kind, other than the cases reported, which all resulted in financial penalties.

¹⁵ It has not been possible to obtain a complete picture of the non-conformities that resulted in “warnings” in Italy in the current year because the concept of “warning” is not clear cut. The issue of whether and how to assess the various kinds of “warnings” that arrive from the regulatory authority will be considered in greater detail in future. Furthermore, as things stand at the moment, there is no system for receiving reports on the violation of self-regulatory codes concerning customers other than the reporting mechanisms stated in chapter Sustainability and Governance.

¹⁶ Only final decisions are recorded. The cases include the supply of unsolicited services, failure to comply with established quality targets, inadequate information supplied to the regulatory authority and, in one case, a non-conformity regarding 899 numbers.

¹⁷ Only final decisions are recorded. The cases include the supply of unsolicited services, failure to comply with established quality targets, unforeseen interruptions to the service, coverage by means and at times other than those established with the authority, service and billing irregularities.



[G4-PR7] Total number of non-conformities with legislation and voluntary codes regarding marketing communications in Italy

Type of non conformity	2014	2013	2012
Number of non-conformities with legislation resulting in a fine or penalty	0	1	0
Number of non-conformities with legislation resulting in a warning	0	0	0
Number of non-conformities with voluntary codes	2	4	2

In Brazil, the only notifications relating to marketing and advertising communications are issued by CONAR, the non-governmental self-regulation organisation for advertising, which assesses non-conformities with the Advertising Self-Regulation Code. In 2014, CONAR did not report any kind of non-conformity, while in 2013 it reported 5 and in 2012 it reported 11¹⁸.

CONCILIATION PROCEDURES

The conciliation procedure between Telecom Italia and the Consumer Associations who signed the framework agreement for the out-of-court settlement of telephone disputes, was the first example of joint conciliation in Italy.

Introduced on a trial basis in 1991 by SIP, it was implemented throughout the country in 1993 and in 1995 the European Union recognised it as a “Pilot project for consumer access to justice”. The model is still used today but has been adapted over the years to fulfil new requirements, computerised and made easier to use, while maintaining the basic values that made it such an excellent tool, contributing to improving the transparency of the system, customer relations and a number of the Company’s operational processes. In 2011, the joint conciliation model was brought to the attention of the European Union and, on October 25 of the same year, the European Parliament recognised the “Italian joint conciliation model as an example of best practice based on a protocol drawn up and signed by the Company and consumer protection associations, under which the Company undertakes in advance to use ADR¹⁹ to settle any disputes that may arise in the areas covered by the protocol”. Twenty Consumer Associations have signed up to the conciliation agreement to date.

In 2009, in compliance with the voluntary undertakings given and approved by the Italian Communications Authority in December 2008, Telecom Italia also started managing conciliation requests submitted by customers at the offices of Co.Re.Com.²⁰ and the Chambers of Commerce, thus providing a “single point of contact” and replicating the organisational model successfully applied for joint conciliations. This system allows customers who do not wish to approach a Consumer Association to use an alternative method for resolving their dispute through a streamlined and out-of-court procedure.

¹⁸ In these cases, the advertising was amended or suspended.

¹⁹ Alternative Dispute Resolution.

²⁰ Regional Communication Committees.

Than handling of conciliations takes customer requirements into account and, regardless of the selected procedure, allows their relationship with the company to be improved.

The “single point of contact” model has so far allowed the undertakings given to AGCOM to be fulfilled and the expected qualitative and numerical results to be reached. The Co.Re.Com channel is in fact becoming increasingly popular compared to other channels (recourse to Chambers of Commerce is now secondary and accounts for fewer than 5% of conciliations).

The positive trend seen in the conciliation system in previous years continued in 2014, in fact:

- around 96% of joint conciliation applications were settled (6,369 of 6.642), a percentage that has remained stable year-on-year and has improved compared to 2012²¹;
- around 84% of applications discussed by the Co.Re.Com. and Chambers of Commerce (15,612 of 18.540). This percentage remained excellent, despite the increase in the number of cases compared to the previous year (increase of almost 20% compared to 2013).

Telecom Italia supported the conciliation activity by means of:

- seminars and joint training initiatives involving dedicated personnel from Telecom Italia, AGCOM, Co.Re.Com. and Consumer Associations;
- debates, conferences, interviews and other promotional activities involving senior management in order to disseminate the correct cultural approach to the subject.

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

- large number of Co.Re.Com., which are opening provincial offices in many regions to make the conciliation system more easily available to people (avoiding the costs involved in travelling to regional capitals);
- better knowledge of the procedure, which is considered to be a quick and economical way of resolving disputes;
- economic crisis, which leads people to resort to conciliation even for small amounts (e.g. potential inefficiencies involved in transferring from one operator to another).

In Brazil, TIM has close relations with the National Consumer Secretariat (SENACON) and examines claims sent by the Consumer Protection and Defence Authority (PROCON).

In 2008, TIM created the Legal BackOffice tool, which manages the whole process of handling claims from customers dissatisfied with the solutions supplied by the company and requesting the intervention of PROCON and the judiciary. This tool shortens the response time, reduces operating costs and improves relations between TIM and the official representatives of the above Bodies; Legal BackOffice thoroughly examines preliminary claims sent by PROCONs (i.e. before

²¹ Historically, 96% of joint conciliation applications have been settled within 45 days of the date of presentation and the remaining 4% within 90 days.



they become justified complaints) The company's legal department attends any conciliation hearings to settle justified complaints.

In 2014, TIM achieved excellent results in settling claims submitted by PROCON offices: CIPs (Preliminary Investigation Letters) 81%; justified complaints 75.4% (source: SENACON official report).

SAFEGUARDING PRIVACY AND PERSONAL DATA PROTECTION

[G4-DMA Customer Privacy], [G4-PR8]

In order to ensure that personal data is protected in the performance of business activities, Telecom Italia has applied an organisational model, since 2003, which includes a Privacy Function supervising correct application of the relevant regulations throughout the Group (according to Legislative Decree 193/03, known as the known as the "Privacy Code"). In this context, when it establishes or acquires new companies, the Parent Company also provides the support required to identify and carry out the formalities required.

The adoption of legal measures and the instructions of the Privacy Guarantor for personal data protection is assured by constantly updating the Group regulations and policies. The "System of rules for the application of privacy regulations in the Telecom Italia Group" is particularly significant in this respect. It establishes the provisions and operating instructions needed to carry out the relevant formalities.

In 2014, the framework of the company's personal data processing provisions was enhanced with a policy on compliance requirements for Wi-Fi service offers, which establishes, among other things, procedures for the adoption of measures to protect the personal data of users of these services.

Furthermore, during the course of 2014, Telecom Italian continued to take the steps required to implement provisions in its internal processes to deal with any violation of personal data security relating to electronic communication services (so-called "data breaches"). In particular, 9 training meetings were organised involving over 220 officers and managers, to disseminate and illustrate the specific internal procedure, which describes the activities to be undertaken and the related responsibilities should events defined as data breaches occur.

In 2014, in addition to the above meetings, the ongoing training activities carried out to disseminate and ensure the proper implementation of internal privacy rules also involved specific activities dedicated to the external sales force of the Business Department and to commercial compliance. Furthermore, meetings centred on the management of telephone and electronic traffic data were held as part of the periodic training seminars to train conciliators, which are attended by representatives of Telecom Italia and consumer protection associations. The effective application of the regulations is monitored through a system based on regular self-assessment procedures by those responsible for handling the data, and on sample checks carried out by the relevant central departments, based on established procedures and methodologies.

With regard to innovative projects and the development of new services, in 2014 the Italian data

protection authority approved the procedures established by Telecom Italia to protect the personal data of its customers in the context of a project to analyse the mobility of the population devised by Telecom Italia to respond to the information requirements expressed by public organisations and government offices that manage land and transport infrastructure.

With regard to privacy protection relating to new technologies, Telecom Italia is also involved in initiatives launched in this respect by the European Commission (EU) to promote in the EU the development of cloud computing services that fulfil the requirements of EU law. In particular, Telecom Italia is actively involved in international working groups assigned by the European Commission to develop standards for establishing service levels (SLAs), model contracts and a reference code of conduct for the suppliers of these services. In 2014, the activity involved the publication of Guidelines on SLAs, in June, by the European Commission (see <https://ec.europa.eu/digital-agenda/en/news/cloud-service-level-agreement-standardisation-guidelines>); subsequently, in this field, work focused on preparing instructions to guide the work of the ISO²² according to the principles in force in the EU, which is in turn drawing up guidelines for SLA's in cloud services. The drafting of the Code of Conduct (see <https://ec.europa.eu/digital-agenda/en/cloud-select-industry-group-code-conduct>) is at an advanced stage and is also intended to obtain the approval of the European Data Protection Authorities Group (known as the Article 29 Working Party).

The following table shows:

- the information requests made to Telecom Italia, in Italy, by the Italian Data Protection Authority, including those made following reports from customers;
- the percentage of such requests filed by the Italian Data Protection Authority based on explanations supplied by Telecom Italia.

Description	2014	2013	2012
Requests received	435	368	348
Percentage of requests filed	>98%	>99%	>96%

The information requests made to the Group over the past three years have increased, as shown in the above table. The percentage filed, based on clarifications provided, is always close to 100%²³. With regard to Brazil, in accordance with the Federal Constitution, article 3 of the general law on telecommunications of 1997 establishes the right of customers to the confidentiality of their personal data. The personal mobile service regulation, in articles 89, 90 and 91 of Resolution 477 of the national telecommunications agency (ANATEL), requires companies to take responsibility in

²² International Standard Organization.

²³ Other reports received regarding alleged small breaches of privacy are handled by the 187 service and relate for the most part to unsolicited inclusion in the telephone directory.



this respect and establishes that any waiver of confidentiality must take place only if requested by the relevant authority in the cases provided for by law.

In order to ensure the confidentiality of its customer information, in accordance with national legislation, Tim Brasil has issued relevant internal policies and procedures based on the “need to know” (personal data processing is restricted to the minimum required to carry out the work) and separation of functions principles, which provide information classification and management methods that guarantee the appropriate levels of protection²⁴.

²⁴ The comparability of breach of privacy data between Italy and Brazil is currently being considered. In order to avoid potential misunderstandings due to the diversity of legislation between the two countries, the data for alleged breaches of privacy in Brazil is not provided.