Corporate Governance and Sustainability

One of the pillars of a company's sustainability is its Corporate Governance system. In fact, a necessary condition for assuring that the interests of all stakeholders are met is a set of rules defining the criteria for transparency, integrity and accountability of the mechanism which lead to key decisions. These rules aim at avoiding that the interests of some stakeholders, which could undermine the company's future sustainability, overcome those of all stakeholders.

For example, Corporate Governance covers issues such as:

- The **Group's Code of Ethics**, which, in TIM's case, contains provisions for each stakeholder category and it explicitly refers to the Principles of the UN Global Compact.
- The **system of controls** to prevent possible infringements such as bribery and corruption, which is the object of the tenth Principle of the UN Global Compact.
- The **whistle-blowing procedure**, which allows anybody to warn the top management and the Board of Statutory Auditors of alleged violations of the Code of Ethics or any other misconduct by the Company's personnel.
- The **rules to set the Board's and the top management's remuneration** (as well as the remuneration itself), which is a crucial element in order to avoid aggressive company's policies which might eventually damage the company itself.
- Rules to avoid **internal dealings**, so as to avoid that the company be used, by those in power, for achieving personal benefits.

Responsibility for monitoring the Group's socio-environmental issues rest with the **Sustainability Reporting, Monitoring and Relationship Dept**, in Administration Finance and Control Dept; sustainability projects and initiatives rest with Corporate Digital Communication and CSV Projects, which reports to Institutional Communication.

The Control and Risk Committee acts as a corporate social responsibility overseer, ensuring the consistency of actions carried out with the principles of the Group's Code of Ethics, with the values adopted by the Group and related laws (Decree 254/2016). The Sustainability Reporting Department periodically reports to the Control and Risk Committee.
During 2018 the Board of Directors met the representatives of Sustainability once.

The Sustainability Report, including the materiality analysis, falls under the responsibilities of the Chairman of the Board of Directors. For the approval it is submitted first to the Board of Directors and subsequently to the shareholders’ meeting.

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

Responsibility for dialogue with stakeholders is delegated to the departments that are operationally responsible for dealing with the Company’s stakeholders.