



Let's start
building
a new future,
together.

2016

Consultation guide

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Dear Readers,

This is the first Sustainability Report for Wind Tre, the new company established in December 2016 following the merger of Wind and 3 Italia. A merge that changes the traditional balance of the Italian telecommunications market, and gives rise to the largest Italian mobile phone operator, with more than 31 million customers, in addition to 2.7 million landline customers.

A great new market challenge has begun. A challenge in which we aim to be a leader in terms of customer relations thanks to two strong brand names, the quality of our products, services and infrastructures, and, above all, the passion of our people.

In addition to giving transparency to what Wind and 3 Italia have achieved separately for much of 2016, this Report is also dedicated to introducing the new company and, in particular, what we are building together. In the following pages, after reading an introduction about the identity of Wind Tre, you will find insights on issues that we have deemed to be most relevant to our industry and our company.

We believe that our ability to look to the future with creativity will be essential for taking on our competitors. The digital changes in all aspects of life and work have now become a reality, with data traffic increasing exponentially every year, and the number of start-ups growing constantly.

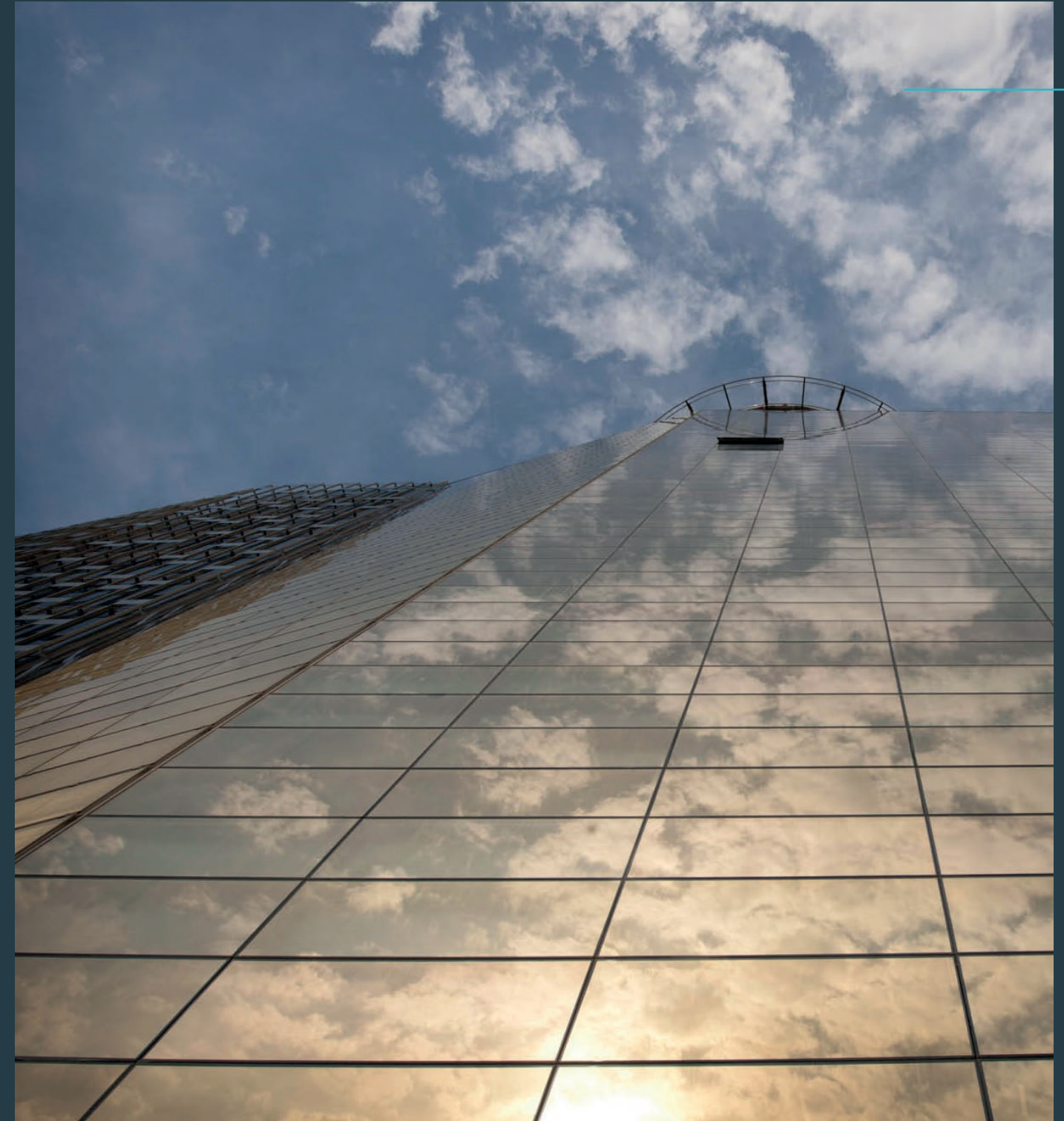
Furthermore, the expectations of our customers will continue to push us to seek out innovative services, and to offer them on the market in a simple and transparent manner, with particular attention to the protection of the data entrusted to us.

Finally, the constantly growing need for connectivity will make the evolution of our network infrastructure critical, as it is required to sustain exponentially increasing levels of traffic. And let's not forget about the environmental impacts, which, in an energy-intensive sector like ours, are primarily associated with CO₂ emissions.

These are the major issues upon which we have chosen to focus our 2016 Sustainability Report, which we are making available to you in order to tell you about our company's current situation and future prospects.

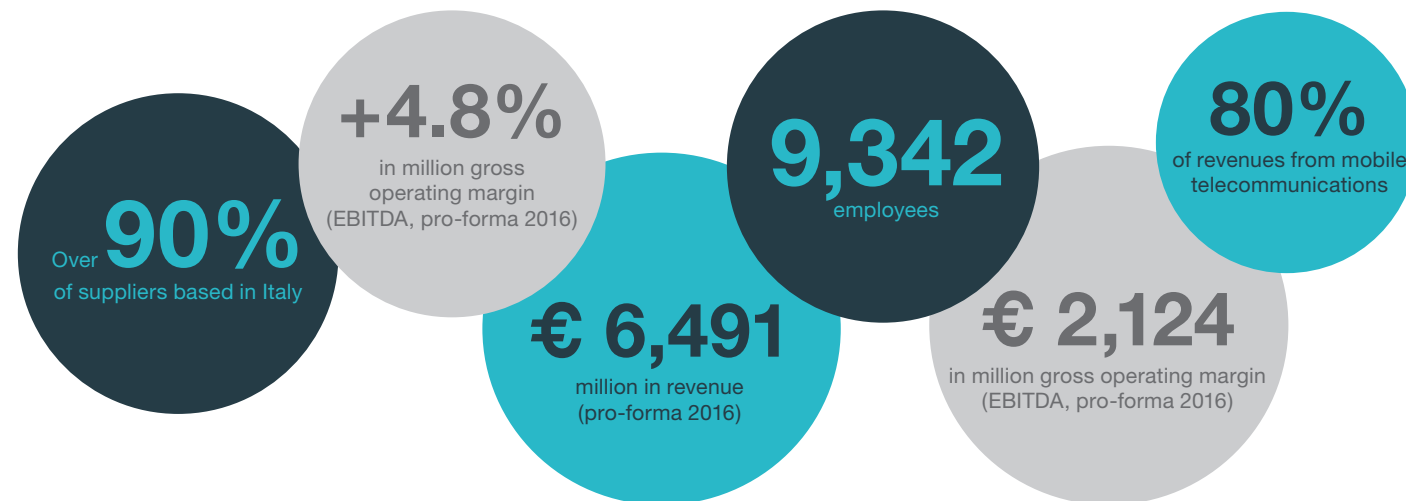
A special thanks goes to all the Wind Tre people who, with their professionalism and daily efforts, have contributed to the results presented in the following pages. We are building, together, a new, remarkable company.

Enjoy your read.

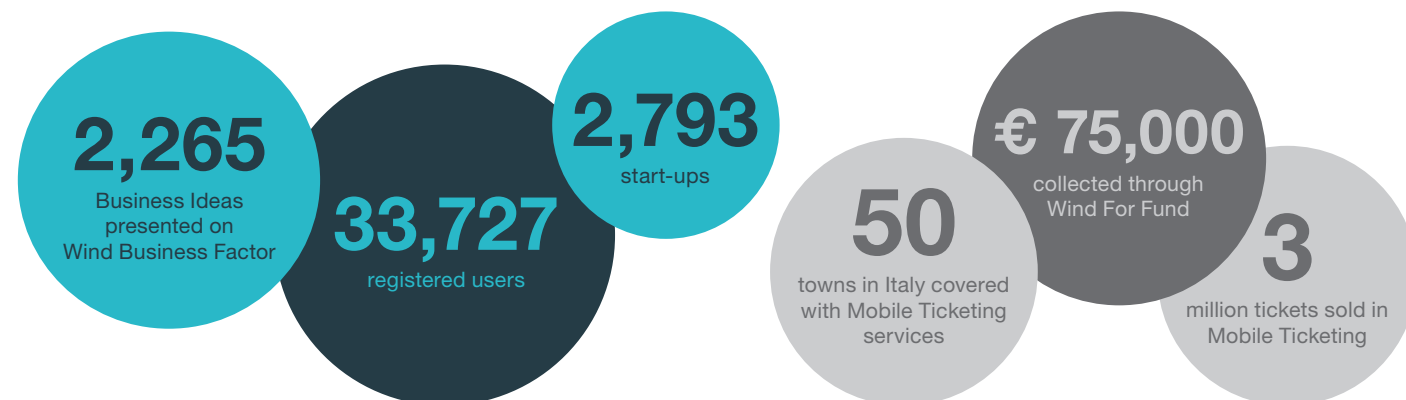


For those who are in a hurry

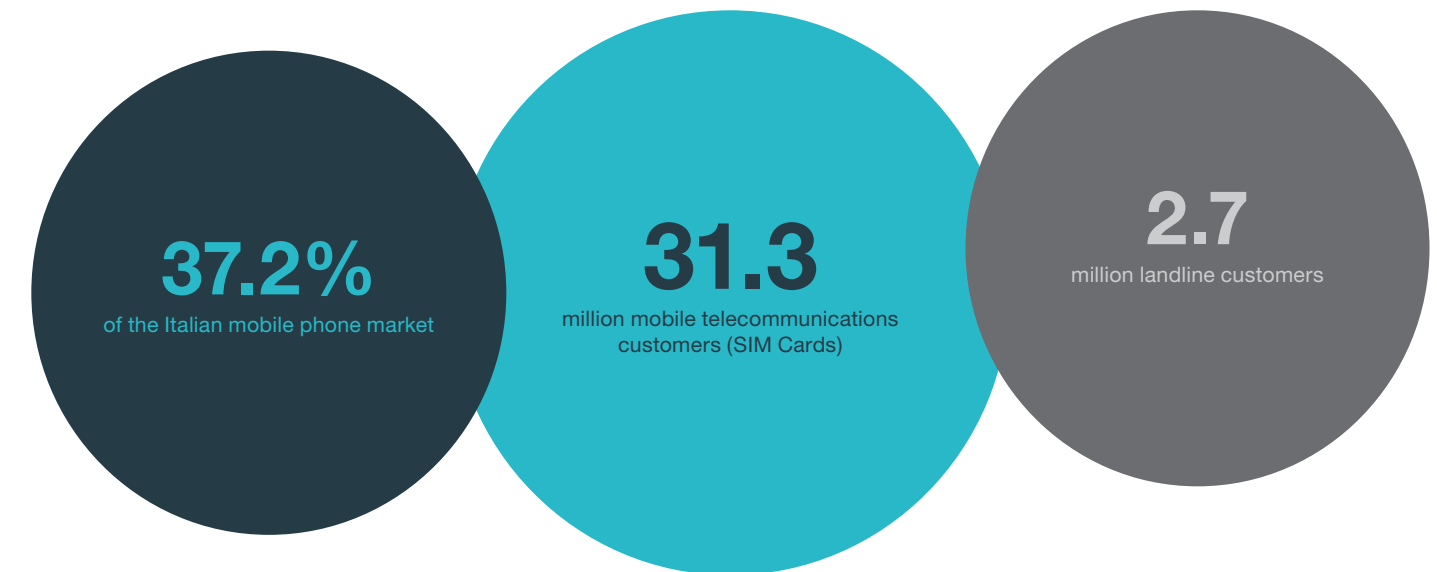
Wind Tre: Italy's largest mobile operator



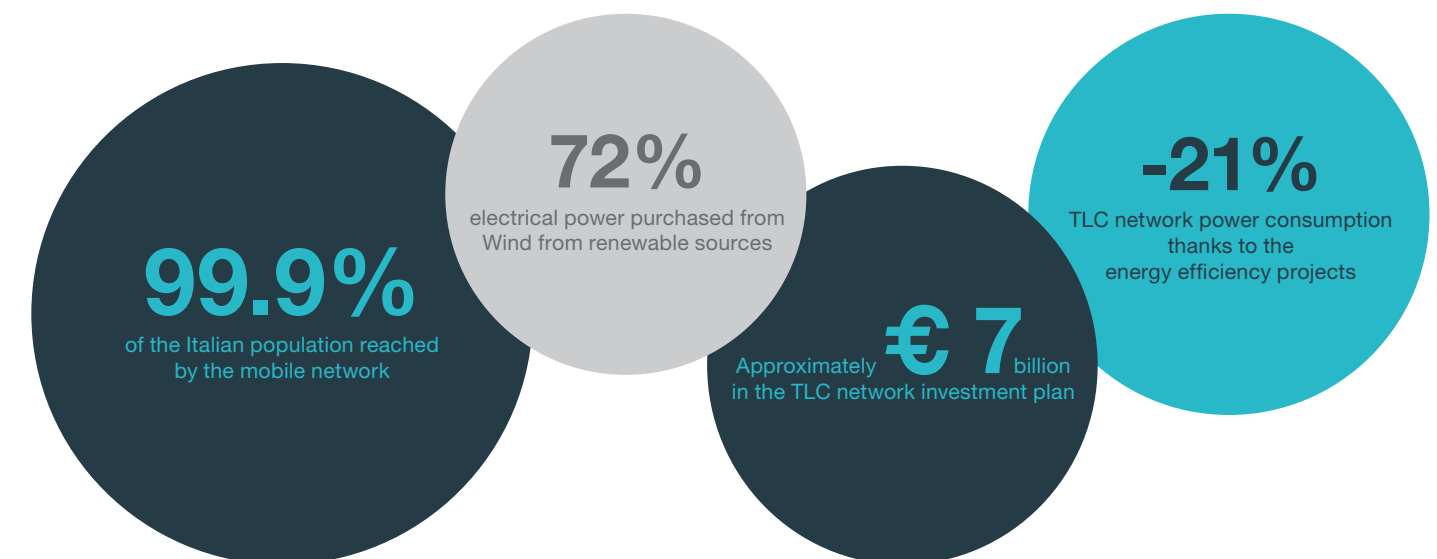
Connected with the future



Tuned in with our customers



Reliable and fast with the new converging network



Wind Tre: Italy's largest mobile operator

Wind Tre: Italy's largest mobile operator



A new company is born

Wind Tre S.p.A. (“Wind Tre”) was established on 31/12/2016 from the merger between Wind Group (“Wind”), made up of Wind Telecomunicazioni S.p.A. and Wind Retail S.r.l., which belonged to the Russian company VimpelCom Ltd (now Veon), and 3 Italy, namely H3G Group (“H3G” in the following), made up of H3G S.p.A. and 3Lettronica Industriale S.p.A., which belonged to the company CK Hutchison Holdings Ltd, a multinational conglomerate registered in the Cayman Islands, with main operational headquarters in Hong Kong.

The share capital of Wind Tre, which amounts to € 474,303,795.00 (fully paid), is 100% owned the VIP-CKH Luxembourg S.à r.l., a new company owned in equal parts by CK Hutchison Holdings Ltd (50%) and VimpelCom Ltd (50%).

With its registered offices at no. 1 Via Leonardo da Vinci, in Trezzano sul Naviglio (near Milan), and its main operational headquarters at no. 5 Largo Metropolitana, in Rho (also near Milan), Wind Tre owns the entire share capital of the aforementioned companies Wind Retail and 3Lettronica, as well as that of the Luxembourg-based company Wind Acquisition Finance S.A. The table below also lists the companies and consortia in which Wind Tre holds a stake.

Company/Consortium name	Company/Consortium registered office	Percentage of share capital/consortium fund held by Wind Tre
Galata S.p.A.	Italy	10%
Mix s.r.l.	Italy	9.75%
CONSEL - Consorzio ELIS a r.l.	Italy	1%
Janna S.c.ar.l.	Italy	17%
QXN Società consortile	Italy	10%
DONO PER... S.c.ar.l.	Italy	33.33%
3Lettronica Industriale S.p.A.	Italy	100%
Wind Retail s.r.l.	Italy	100%
Wind Acquisition Finance S.A.	Luxembourg	100%

Table 1. Wind Tre subsidiaries and affiliates.

Wind Tre is a leading Italian operator in the field of landline and mobile telecommunications, with a strong focus upon mobile data traffic and mobile access services, including both broadband and wireless. **The company operates with the commercial brands “Wind” and “3”.**

Wind Tre is currently **the largest national mobile carrier, with over 31 million customers**, and also boasts **2.7 million landline customers**.



Figure 1. Structure of Wind Tre Group as of 31/12/2016.



[G4 - 6]

[G4 - 13]

[G4 - 4]

The main strategic objective is to become a leading player in landline/mobile integration, as well as the development of next generation fibre networks, thanks to an agreement with Enel Open Fiber for the creation of an ultra-broadband network in Italy. The company will contribute to the nation’s digital development with an **investment plan** in TLC networks, innovation, and new technologies, worth about € 7 billion, which will allow Wind Tre to become Italy’s largest and most innovative telecommunications operator, complete with the best and most extensive mobile broadband network.

The company will achieve considerable efficiency levels, and will invest in digital infrastructures. In order to meet with the increasing demand for connectivity and the heightened consumption expectations of households and businesses, Wind Tre’s financial and industrial capacity will allow it to provide innovative and high-quality services, as well as a faster network.

During the course of 2017, Wind Tre will explore the opportunities arising from the combination of new technologies and new market demands, namely by enhancing the digital channels, both in terms of the range of services offered, as well as in terms of customer interaction and process efficiency.

Furthermore, the company also intends to pursue new opportunities for growth in the Business segment, as well as to strengthen its position in the mobile, landline, and internet segments, by enhancing its converging business model.

Within the scope of the programme for integrating the two companies that generated it, a strong focus will be placed upon improving efficiency and further optimising the cost structure.

Wind Tre is a member of ASSTEL, the Confindustria organisation representing telecommunications companies. The former General Director of H3G and the current Merger Integration Director for Wind Tre, Secondina Ravera, is President of the Association for the two-year period from 2015 to 2017. Wind Tre’s CEO, Maximo Ibarra, is one of the vice presidents, while Public Relations Director, Massimo Angelini, is a member of the board.

Wind Tre also holds a stake in:

- CONSEL, the ELIS Consortium for higher professional training, whose primary goal is to support young people in their transition to the world of employment. The Human Resources Director, Luciano Sale, is a member of the Board;
- FUB, the Ugo Bordononi Foundation for research and innovation in the ICT sector, for institutions, businesses, and citizens. Antongiulio Lombardi, former Director of Institutional and Regulatory Affairs for H3G, and current head of Regulatory Affairs for Wind Tre, is among the members of the Founding Partners Committee.

Lastly, on an international level, up until 2016 Wind held a stake in ECTA, the European organisation representing the regulatory and commercial interests of non-dominant operators and their suppliers. Based in Brussels, ECTA works with European institutions to promote regulatory changes promoting competition and innovation in ICT in Europe. Massimo La Rovere, in his capacity as Regulatory, Antitrust & EU Affairs Manager in the Regulatory Division, was a member of the board up until 2016.

During the 2016¹ fiscal year, the company reported a loss before taxes due to ongoing operations, which amounted to € 1,309 million.

The following tables contain Wind Tre’s main pro-forma economic, capital, and financial data, prepared in accordance with the IFRS adopted by the European Union.

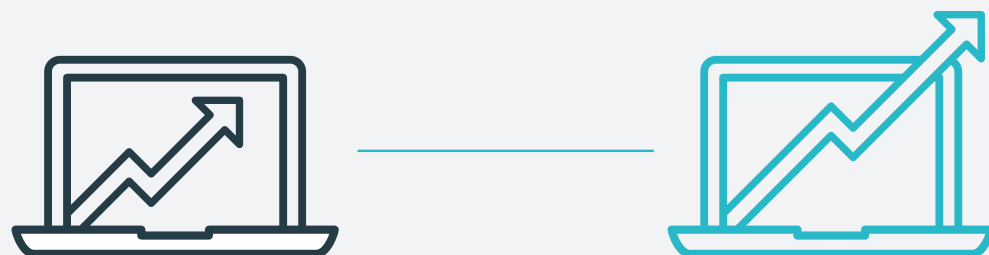
Economic data (millions of Euros)	2016	2015
Revenue	6,491	6,410
EBITDA*	2,124	2,027
Operating income	(1,179)	923
Balance of financial income and expenses	(130)	(564)
Income before taxes	(1,309)	342
Group income for the fiscal year	(1,349)	355

* Operating income before depreciation, restoration/impairment of non-current assets and capital gains/losses on disposals of non-current assets.

Capital data (millions of Euros)	31/12/2016	31/12/2015
Total assets	20,887	22,663
Equity		
attributable to the Group	4,204	4,596
attributable to third parties	-	-
Total liabilities	16,683	18,607
Net financial debt	9,904	11,394

Table 2. Economic and capital data of Wind Tre.

¹ This Sustainability Report contains pro-forma accounting data for Wind Tre as a whole, complete with Wind Tre’s main economic, capital, and financial indicators as if the operation were to have taken place at the beginning of the fiscal year 2016 instead of as at 31 December 2016, for a similar approach to that which was adopted for the Management Report in the Group’s Consolidated Financial Statements.



Excluding the atypical items relating to restructuring and integration costs, the EBITDA² showed a growth of 4.8% with respect to 2015, which was mainly driven by increased revenue, and the cost efficiency initiatives undertaken during the course of the year.

The Wind Tre S.p.A. **Board of Directors** consists of 3 members:

- **Christian Nicolas Roger Salbaing** – Chairman of the Board of Directors;
- **Maximo Ibarra** – CEO;
- **Kjell Morten Johnsen** – Board Member.

The Chairman of the Board of Directors is vested with the powers provided by law and the company's articles of Association with regard to the authority to represent the company and the functioning of its governing bodies. No Executive Committees have been set up pursuant to art. 2381 of the Italian Civil Code.

The Wind Tre S.p.A. Board of Statutory Auditors, or rather the company's internal management control body, consists of 3 standing auditors and two alternate auditors:

- **Giancarlo Russo Corvace** – Chairman of the Board of Statutory Auditors;
- **Marcello Romano** – Standing auditor;
- **Luca Occhetta** – Standing auditor;
- **Maurizio Paternò di Montecupo** – Alternate auditor;
- **Roberto Colussi** – Alternate auditor.

The selection of the members of the Board of Directors and the Board of Statutory Auditors is carried out with the approval of the CK Hutchison Holdings Ltd and VimpelCom Ltd shareholders, in accordance with the Group's rules of corporate governance. With regard to the Board of Directors, the general meeting has not resolved any form of compensation.

² Operating income before depreciation, restoration/impairment of non-current assets and capital gains/losses on disposals of non-current assets.



[G4 - 34]

The internal rules: a shared responsibility

Wind Tre has adopted a **Code of Ethics** to promote the ethical principles underlying the company's business. The Code provides behavioural guidelines for the company's personnel, offering them guidelines for performing their day to day duties, and strengthening the company's credibility and reputation within its operating context.

The Code of Ethics can be downloaded from the following URL:
<http://welcome.windtre.it/funzione/W3/Compliance/ListaDocumenti/CodiceEticoGruppoWindTre.pdf>

The company has also adopted a Policy regarding **Conflicts of Interest**, in order to avoid or properly manage any real, perceived, or potential conflicts. In compliance with this policy, the company has established a Register of Conflicts of Interest, which contains records of all the reported suspect cases along with the assessments of the effective existence of any conflicts, the actions proposed for correction, and the state of resolution following verification.

In order to comply with the provisions of the U.S. Foreign Corrupt Practices Act ("FCPA"), the UK Bribery Act 2010, and the International Anti-corruption regulations, Wind Tre has adopted an **Anti-Corruption Policy** that defines the guidelines and procedures aimed at ensuring compliance with the applicable laws against bribery and corruption.

The company has also identified resources and tools for reporting any conduct that is not consistent with the Code of Ethics. The **Incident Management Policy** provides all the references necessary to handle these reports, either through a toll-free number, reference links, or a dedicated email address, thus ensuring adequate protection at the source. It also indicates how to store the provided and evaluated information, how to protect the source against retaliation by inside and outside people, and how to choose alternative case management tools or methods.

Italian Legislative Decree 231/2001 introduced the concept of administrative corporate liability for certain offences committed by employees in the interests or to the advantage of the company itself, with associated fines disqualifications applicable to the Company.

Wind Tre has adopted an **Organisation and Management Model pursuant to Italian Legislative Decree no. 231/01** and has appointed a Supervisory Board (consisting of an outside professional with legal competence, an outside professional with accounting competence, and two internal Managers).

The Model is periodically updated in order to ensure that it is always comprehensive and effective, even with respect to the legal requirements introduced in recent years. During the course of 2017, a risk assessment will be carried out to update the Model, in order to adapt it to the current corporate structure.

To date, the supervision activities have not revealed any illegal activities within Wind Tre among those envisaged by the current legislation.

[G4 - 56]

THE INTEGRATED MANAGEMENT SYSTEM

[G4 - 15]

TODAY

Since 2005 Wind has been operating in compliance with a certified Integrated Management System in relation to the 5 areas regulated by international standards for voluntary compliance:

- quality, ISO 9001:2008;
- environment, ISO 14001: 2004;
- worker health and safety, OHSAS 18001:2007;
- social responsibility SA8000:2014;
- information security, ISO 27001:2013, which includes 2 separate certificates: one regarding the provision of Security Management services and management of the SOC (Security Operation Centre), and the other regarding Cloud services, Data Warehousing, and the physical security of the supporting Data Centres.

In 2016 all the activities provided for in the regulations, applied in order to maintain the validity of the certificates and the renewal of those approaching their triennial expiry, were successfully completed.

TOMORROW

The Integrated Management System will cover the entire Wind Tre organisation (locations, personnel, processes, and functions) in all 6 areas, with the aim of guiding and controlling the company's operational activities, in order to ensure the continuous improvement typical of the total quality management approaches.

To achieve this goal, twice the resources are expected to be invested with respect to 2016 in terms of days/manpower employed by both the Quality Management Department (in order to carry out the improvement activities and internal audits) and the external certification body (in order to verify the System's compliance with the regulatory requirements).

In 2017 the company will also be adapting the part of its Management System relating to social responsibility to the latest edition of SA8000 standard, and will be carrying out the tri-annual renewal process for the certificates relating to occupational health and safety (OHSAS 18001) and data security for Cloud services, Data Warehousing, and the physical security of the supporting Data Centres (ISO 27001).

Normal maintenance activities are planned for all the other certification schemes.

Tuning in with the stakeholders

[G4 - 25] The stakeholders are those who have legitimate expectations from Wind Tre, or can have an impact on the company's operations.

[G4 - 24] The following image shows the Wind Tre stakeholders grouped into categories.



Figure 2. The Wind Tre Stakeholders.

Between 2015 and 2016, Wind interviewed 22 opinion leaders with expertise in the field of telecommunications, who were chosen to represent the various categories of stakeholders. These interviews revealed the following main expectations with regard to the telecommunications sector in General, and Wind in particular.

[G4 - 26]
[G4 - 27]

Network

To extend the geographical coverage and ubiquity of the fibre-optic and LTE networks in order to render ultra-broadband widely available throughout the country, as well as to allow other companies to develop their services.

Marketing and customer awareness

To be transparent in its commercial relationships, and in the presentation of its services and offers; to place the customer at the centre of its marketing activities, by developing personalised technological solutions based on the actual specific needs of each customer; to be capable of communicating at the right time with the right person, using the right tool and the right message, while at the same time managing the after-sales relationship in order to build customer loyalty. To use Big Data to offer more efficient and effective services.

Service development

To offer integrated home automation and Mobile Payment solutions, thus providing the customers with multiple ways to make purchases, so they will be able to choose the ones they prefer.

Data protection and security

To guarantee security in the handling of information and reliability of Mobile Payments; to support the Italian Data Protection Authority and the consumer associations in order to define the best rules for managing data; to carefully monitor the ethical aspects associated with the use of Big Data.

Economic development

To collaborate with the system's other players in order to create excellent digital environments in which to compete; to collaborate with the public administration to develop innovative services with a high impact on the welfare of citizens; to help bridge the gap of digital managerial culture that has become so widespread among small and medium-sized enterprises; to contribute to innovation together with start-ups, and to promote cooperative learning models in order to enhance opportunities for social innovation.

Use of telecommunications for social purposes

To contribute to the proper use of the internet by children and teens; to promote the social inclusion of disadvantaged groups through innovative and easy-to-use applications (e.g. Home Automation); to contribute to the training of people less familiar with new technologies in order to overcome the digital divide; to guarantee universal access to the network at a minimum speed of at least 7 Megabits/s in order to prevent social exclusion; to integrate the portfolio of products and services with solutions designed for those with few resources at their disposal.

Energy use and climate change

To limit the company’s direct and indirect environmental impacts through improvements in efficiency, as well as through green procurement policies and environmental awareness campaigns for employees; to help reduce the movement of customers, e.g. by streamlining traffic, and by promoting telemedicine and telecommuting; to help reduce CO₂ emissions from the industrial, transport, construction, and power network sectors with innovative applications; to develop solutions that have a lower environmental impact.

WE ASKED THE FOLLOWING PEOPLE TO TELL US THEIR EXPECTATIONS...

- **Paolo Anselmi** - Vice President of GfK Italy
- **Arianna Azzolini** - Daily Banking and Digital Products Manager – Retail and Private Sector – Banca Nazionale del Lavoro, BNP Paribas Group
- **Mariella Berra** - Professor of Sociology of online networks and the public sector: theory and practice, at the Department of Cultures, Politics and Society at Turin University
- **Paolo Berro** - Senior Technology Engineer in Research and Development at Wind
- **Paolo Boccardelli** - Director of the LUISS Business School, Professor of Economics, Business Management and Business Strategy with the Department of Business and Management at LUISS Guido Carli
- **Gianfranco Bologna** - Scientific director of WWF Italy, with more than 40 years in distribution of information, teaching and design on the topics of nature conservation and sustainability
- **Rossella Cardone** - Head of Innovation, Sustainability & Corporate Responsibility Region Mediterranean Ericsson
- **Andrea Ferrari** - Operations, Planning and Programming Manager at ATAF Gestioni s.r.l.
- **Mario Frullone** - Deputy Director General of the Ugo Bordoni Foundation, and, since 2003, also Director of Research
- **Alfonso Fuggetta** - C.E.O. of CEFRIEL
- **Andrea Genovese** - Wind Business Factor Project Leader with Digitouch and expert in Internet marketing and digital business
- **Salvatore Ippolito** - Country Manager for Twitter Italy
- **Angelo Meregalli** - General Manager for Italy, PayPal
- **Luigi Montuori** - Director of the Communications and Information Network Department and Secretary to the Board of the Italian Data Protection Authority
- **Fabrizio Pascale** - Technology Leader at EY
- **Norberto Patrignani** - Professor of Computer Ethics at Turin Polytechnic University
- **Dino Pedreschi** - Professor of Computer Science at the University of Pisa, Director, KDD LAB (Knowledge Discovery and Data Mining Laboratory)
- **Andrea Penza** - President of AICT – AEIT Society for Information Technology and Communications
- **Carlo Alberto Pratesi** - Professor of Economics and Business Administration with the Department of Business Studies at Roma 3 University Daniela Rao, T&N Research & Consulting Director, IDC Italy, a company specializing in market research in the field of IT and telecommunications
- **Claudio Santoianni** - CTO Global Accounts – Italy, Alcatel-Lucent
- **Guido Scorza** - Managing Partner at the E-Lex Law Firm

In 2017, Wind Tre wants to build a new structured listening process in order to confirm or modify topics of particular interest and the main requirements of its stakeholders. At the time of this document’s publication, the company is considering a more structured pathway of listening to and involving the stakeholders themselves, particularly with regard to customers, in order to meet the two-fold requirement of collecting information useful for the confirmation or redefinition of the most important topics, and communicating the new corporate identity and the projects planned for the coming period. The best practices of Wind and H3G will be implemented and enhanced in this area.

We committed ourselves to...

In its 2015 Sustainability Report, Wind expressed the intention to implement several initiatives during the course of 2016. Below we give details of the stage of completion of the related activities.

Tuned in with our customers

No.	What we said	What we did
1	To further increase the security of Internet browsing by customers with landline or mobile devices; to develop the DNS security feed solution.	The DNS security feed solution, which was developed in 2016, increases the security of internet browsing for landline and mobile customers by helping them to avoid dangerous sites.
2	To keep the fines imposed by the Italian Data Protection Authority at zero, as in 2014 and 2015.	Wind received a fine of € 20,000 (which has been contested by the company).
3	To carry out further supervision on at least 15 suppliers appointed as external data processors.	Wind carried out 13 on site audits in 2016.
4	To keep the number of data breaches (attempts at violation of data) at zero once again in 2016.	No customer data was lost through attempted data breaches.
5	To consolidate the “smart value for money” positioning, with services and contents increasingly targeted for different segments of clientele (for example, kids, young people, the elderly, ethnic communities), able to satisfy their passions, in partnership with the most important global digital service operators (the so-called “Over The Top” companies, OTTs).	The solutions offered by Wind in 2016 include the Noi Tutti promotions, the Subscription solutions with Digital Home&Life devices included, and Wind Magnum Family (promotion with half price voice minutes, text messages, and data for the entire family). 2016 also saw the developed of the Veon platform, an App that provides a range of digital services that customers can use to chat, make voice calls, and use data services, which was launched at the beginning of 2017.
6	To further develop the range of digital services and the Digital Home & Life lifestyle concept, with products for the home and the individual that place technology at the service of everyday life.	In 2016, the Digital Home & Life product range was enriched with various categories of products for various market segments; family, children, home automation, and fitness.
7	To continue to make dedicated commercial offers to coincide with public holidays, anniversaries or particular times of the year, fostering loyalty and long-term relationships.	In 2016, Wind rendered free data and voice traffic available to well-established customers in order to mark holidays and special occasions (caring promotions).
8	To meet the growing demand for data on the part of customers by making exploitation of the Internet an ever more convenient and easily accessible service (e.g. data at favourable conditions and special prices for multi-device customers outside and inside the home with converging offers).	In 2016, the convergence between landlines and mobile continued in order to obtain connectivity both inside and outside the home with favourable conditions. The free “bring your friends” promotion also continued, which offers free data to those who refer their friends, as did the “under 30” promotion, which adds an extra gigabyte to the All Inclusive promotion for everyone under 30 years of age.

No.	What we said	What we did
9	To make the “cross channels” service model fully operational in 2016; this means obtaining a management which is transversal and independent from the channel through which the customer has interacted with an assistance service (telephone, letter, e-mail, social network, app, etc.) and guaranteeing the integrated visibility of all the interactions for the operator.	In 2016, the “cross channels” service model was redesigned given its high level of focus upon the digital channels. Developments and integrations to be implemented in the field of customer support will be assessed during the course of 2017.
10	To extend in 2016 the chat assistance channels introduced in 2015 both for residential Mobile and Landline customers and for the Business clientele, providing them with a highly evolved “Chat & Instant messaging care” service.	The chat support channels introduced in 2015 were rendered available during the course of 2016, even for corporate Companies. Wind Talk business was launched in June, and in just a few months time nearly 8,000 SIM cards were registered, through which approximately 2,000 reports were handled.
11	To extend the range of available services, allowing a wider catchment of users to use phone credit through integration with new content suppliers.	2016 saw the launch of the of Mobile Ticketing and Mobile Parking services in 9 new cities, thus allowing these innovations to also be accessed by the citizens of major cities, such as Naples, Ischia, Pompei, Trieste, Ancona, Prato and more. Furthermore, with regard to the possibility of purchasing digital content using mobile credit, in addition to the already active Google Play Store and Windows Phone Store, the Windows Store has now also been added, and even allows content purchased using a PC to be paid for using mobile credit.
12	To enrich the range of available products with new categories of products (for example ticketing for entertainment events, payments to the Public Administration), made possible by legislative developments.	With regard to the urban mobility services that can be paid for using mobile credit, in addition to public transport tickets and parking meters, in 2016 Wind also made it possible to purchase access to Milan’s ZTL (Area C) with the same user experience.
13	To extend exploitation of the mobile ticketing service to an ever greater number of users, increasing coverage, particularly in the South of Italy.	In 2016 the Mobile Ticketing Service was rendered available to Naples and other cities of the Campania Region (Ischia, Procida, Sorrento, Pompeii – Vesuvius area). In Campania it is also possible to purchase Intercity tickets for over 400 flights handled by the carrier SITA SUD using mobile credit. Finally, among the cities already active, Bari showed one of the most significant growth factors (with respect to the previous year) in terms of the numbers of digital tickets sold and individual users of the service.

Reliable and fast with the new converging network

No.	What we said	What we did
14	To continue the development of Ultra-broadband networks and services for both mobile devices, with fourth generation networks, and for the landline network, with fibre-optic infrastructures.	We have extended the FTTH based services starting from the Milan area, and reaching other major cities (Turin, Bologna, and Perugia).
15	To extend Ultra-broadband Services to an additional 111 Italian municipalities by the end of 2016.	At the end of 2016, Wind was able to offer up to 30 Mbps in 280 Italian municipalities thanks to FTTC technology.
16	To implement the Carrier Aggregation functionality starting in 2017 in order to offer customers increasingly faster speeds (up to 225 Mbps peak rate in downlink by aggregating the 800MHz and 2600MHz bands).	The goal has not yet been achieved.
17	To reach at least 70% of the Italian population with LTE coverage by the end of 2016.	At the end of 2016, the Wind LTE network reached 73% of the population, for an increase of approximately 20% with respect to the previous year.
18	To implement energy efficiency measures in 2016 for an approximate value of € 3 million.	In 2016 Wind carried out energy efficiency initiatives for a total amount of € 2.9 million.
19	To achieve a 50% reduction in emissions per unit of traffic, with respect to the 2013 figure, by 2017 (anticipating the goal that had previously been set for 2019).	At the end of 2016, Wind's emissions per unit of data traffic had decreased by 54% with respect to the baseline at end of 2013.

Connected with the future

No.	What we said	What we did
20	To further extend the shared value initiatives and the support for social innovation, by launching a new edition of the Wind Transparency Awards and new initiatives in support of entrepreneurial culture.	The second edition of the Wind Transparency Awards was held in October 2016.

Our people: two souls, one team

A youthful workforce

There are over 9,300 people employed by Wind Tre, all of whom are covered by regular employment contracts.

[G4 - 9]
[G4 - 11]

Wind Tre	Wind			H3G		
	2016	2015	2014	2016	2015	2014
9,350	6,579	6,804	6,887	2,771	n.a.	n.a.

Table 3. Staff composition.

[G4 - 10]

At the end of 2016, Wind employed a total of 6,579 people, 47% of whom were women.

During the course of 2016, Wind terminated a total of 381 employees (as opposed to 156 new hires), for a turnover equal to 5.8%.

With regard to H3G, on the other hand, on 31/12/2016 the total staff stood at 2,771 people, 60.4% of whom were women.

The terminations in 2016 amounted to 263, with a turnover equal to 9.5%.

	Wind Tre	Wind			H3G		
		2016	2015	2014	2016	2015	2014
DIRECTORS	233	112	119	123	121	n.a.	n.a.
MANAGERS	864	589	623	621	275	n.a.	n.a.
OFFICE STAFF	8,253	5,878	6,062	6,143	2,375	n.a.	n.a.
TOTAL	9,350	6,579	6,804	6,887	2,771	n.a.	n.a.

Table 4. Staff composition.

	Wind Tre	Wind			H3G		
		2016 ³	2015 ⁴	2014	2016	2015	2014
New hires	319	156	131	136	163	n.a.	n.a.
Terminations	644	381	214	152	263	n.a.	n.a.
Turnover rate	6.89	5.8%	3.1%	2.5%	9.5%	n.a.	n.a.

Table 5. New hires and terminations.

	Wind Tre	Wind ⁵			H3G		
		2016	2015	2014	2016	2015	2014
New hires men	112	52	73	67	60	n.a.	n.a.
New hires women	153	50	46	69	103	n.a.	n.a.
New hires TOTAL	265	102	119	136	163	n.a.	n.a.

Table 6. New hires by type.



With regard to the total number of female managers or directors with respect to the totals for these categories, the following table shows the data for Wind, H3G and the new company at december 2016.

	Wind	H3G	Wind Tre
Percentage of female directors	18%	29%	23.6%
Percentage of female managers	23%	31%	25.7%

Table 7. Percentages of women among the directors and managers.

With regard to **workplace health and safety**, during the course of 2016 a total of **135 injuries** were reported (88 at Wind and 47 at H3G), which mainly took place during the commute between home and the workplace. No fatal injuries occurred during 2016, nor during any previous years. The rate of injuries per million hours worked remains remarkably low for both companies.

During the year, Wind also continued to systematically monitor injuries in the supply chain, particularly in relation to the two companies that work constantly on Wind’s sites. This monitoring activity recorded 6 injuries in total, for a marked decrease with respect to the previous year.

³ The figure includes contractual infra-group movements.
⁴ 2015 terminations include the ones related to the transfer of Galata.
⁵ The figure does not includes contractual infra-group movements.

	Wind			H3G		
	2016	2015	2014	2016	2015	2014
Number of deaths						
Work-related / employees	-	-	-	-	-	-
Work-related / suppliers	-	-	-	-	-	-
Non work-related / employees	-	-	-	-	-	-
TOTAL	0	0	0	0	0	0
Number of accidents						
Work-related / employees	37	27	72	16	5	8
Work-related / suppliers	6	10	15			
Non work-related / employees	45	44	46	31	34	39
TOTAL	88	81	133	47	39	47
Hours worked (total)	8,464,625	8,622,412	8,780,909	4,310,286	4,358,916	4,349,118
Days/person worked	1,097,288	1,073,684	1,523,163	538,786	544,865	543,640
Injury rate per million hours worked						
Work-related / employees	4.37	3.13	8.2	3.71	1.15	1.84
Work-related / suppliers	0.7	1.16	1.71			
Non work-related / employees	5.32	5.1	5.24	7.19	7.8	8.97
TOTAL	10.39	9.39	15.15	10.9	8.95	10.81
Injury rate per thousand days worked						
Work-related / employees	0.03	0.03	0.05	0.14	0.09	0.04
Work-related / suppliers	0.01	0.01	0.01			
Non work-related / employees	0.04	0.04	0.03	0.16	0.26	0.25
TOTAL	0.08	0.08	0.09	0.3	0.35	0.3

Table 8. Workplace health and safety indicators.

We aim to recruit the best talent

At Wind Tre, the human resource recruitment process is based on the principles of merit and equal opportunity, and begins with a request submitted by the department concerned, which is validated by the Human Resources Management following a verification of the actual requirements, also taking into account the organisational and budgetary constraints established for the year.

Through subsequent trials and evaluations carried out by professionals with specific skills, the process highlights the most suitable candidates with respect to the established requirements.

A shortlist of candidates is then invited to be interviewed by the Human Resources Managers and the managers of the department that has requested the new hire. Finally, once the best candidate has been identified, a hiring proposal is formulated.

The company maintains regular collaborative relationships with leading Italian universities, and participates in student orientation initiatives (e.g. career day, company testimonials, etc.). With the aim of building a bridge between the world of academia and the professional sphere, Wind Tre takes in students for curricular, orientation, and training internships.

COURSES OF ACTION FOR 2017

To focus upon completing the recruitment processes for the managerial positions foreseen in the new organisational chart, and the targeted recruitment processes for professionals to be mainly inserted into the digital division, in order to strengthen certain strategic projects.

To implement employer branding initiatives in collaboration with Universities, in order to introduce recent graduates to the new corporate identity.

To streamline the processes and activities relating to workplace health and safety by bringing together all the typical obligations and the data collection databases.

Training and professional development

Within Wind Tre, training is managed, depending on the goals to be accomplished and the skills to be nurtured and maintained, by the Human Resources Department or by the specifically designated functions within the Sales, Customer Management, Privacy and Safety areas. The Human Resources Department is responsible for training related to technological development, for s-called soft skills, to specific professional skills, to institutional qualification processes and to the development of managerial capabilities.

During the course of 2016, Wind and H3G provided a total of 63,635 training hours, of which 54,967 hours were provided by Wind, for an average of approximately 8 hours per employee, and 8,668 hours by H3G, for an average of approximately 3 hours per employee. In 2016, the percentage of people involved in at least one training session amounted to 20% for Wind, and 24% for H3G.

The activities conducted were related to a wide range of topics, including, by way of example, behavioural, technical, legal and linguistic content. Certain training projects aimed at promoting digital culture were particularly innovative in terms of both the themes proposed, and the ways in which the content was utilised. Furthermore, since during the course of 2016 Wind continued the plan begun in 2014 aimed at internalising certain technical activities, the necessary training activities were carried out in order to strengthen the skills of the absorbed staff, with courses being held both in the classroom and in the field.

Ex Wind									
Category	Person/training hours			Average consistency per category			Total average hours per category and gender		Average hours per person
	F	M	Overall total	F	M	Total per category	F	M	
DIRECTORS	293.00	565.00	858.00	18.92	95.00	113.92	15.49	5.95	7.53
MANAGERS	494.00	1,460.00	1,954.00	138.17	478.17	616.34	3.58	3.05	3.17
OFFICE STAFF	16,271.00	35,884.00	52,155.00	2,998.00	3,020.33	6,018.33	5.43	11.88	8.67
OVERALL TOTAL	17,058.00	37,909.00	54,967.00	3,155.09	3,593.50	6,748.59	5.41	10.55	8.14

Ex H3G									
Category	Person/training hours			Average consistency per category			Total average hours per category and gender		Average hours per person
	F	M	Overall total	F	M	Total per category	F	M	
DIRECTORS	451.00	668.00	1,119.00	36.10	91.30	127.40	12.49	7.32	8.78
MANAGERS	763.00	1,302.00	2,065.00	87.80	198.90	286.70	8.69	6.55	7.20
OFFICE STAFF	2,705.00	2,779.00	5,484.00	1,594.80	842.40	2,437.20	1.70	3.30	2.25
OVERALL TOTAL	3,919.00	4,749.00	8,668.00	1,718.70	1,132.60	2,851.30	2.28	4.19	3.04

Table 9. Amount of training provided per contractual category and gender.

In 2016, the number of H3G employees that underwent specific training and information activities relating to workplace safety amounted to 372, for a total of 1,599 man hours, while for Wind this figure amounted to 1673 people, for a total of 12,362 man hours.

COURSES OF ACTION FOR 2017

In 2017, the company will invest heavily in training programmes for change management and cultural integration purposes. The company's values are conveyed in a structured manner so that they will be recognised by all the company's personnel and will serve as an inspiration in their daily behaviour. To this end, training, communication and engagement initiatives will be held, which will cover various segments of the workforce, even through the use of top-down cascading mechanisms.

On a technical level, on the other hand, the 2017 training programmes will specifically regard the most strategic innovation and technological transformation projects. By way of example, these will include programmes aimed at providing the technology structure with the technical expertise necessary to integrate the Wind and H3G networks, targeted initiatives aimed at improving digital skills, and, naturally, courses for ensuring compliance with the obligations required by the current regulations, and courses on the use of the company's new software.

Professional development and corporate welfare

Wind Tre carries out a **periodic assessment of its personnel** in order to acknowledge the results achieved in the pursuit of its business objectives.

In order to determine their remuneration, Wind Tre uses criteria based on the current legislation and on benchmark analyses. Any changes in the remuneration of the CEO and the Management Team are defined based on market surveys conducted by independent companies, and are established together with the ownership, in accordance with its Compensation Committee.

Management remuneration includes a variable portion linked to company results.

Benefits are awarded to all staff, irrespective of the level and contract type, with the exception of an accident and healthcare insurance policy, in relation to which there are different insured limits depending on the contractual category.

The main benefits for the Wind Tre personnel are as follows:

- Solidarity Fund, which reimburses the medical expenses of employees and their family members;
- Supplementary remuneration for mothers during the period of optional maternity leave;
- Life Insurance Policy;
- Accidents Policy;
- Supplementary pension fund;
- Contractual facilitations (paid hours of leave for medical appointments).

Both Wind and H3G also had several additional initiatives aimed at facilitating the reconciliation of work activities and home life, which will soon be confirmed and harmonised by Wind Tre.

The use of innovative tools, such as telecommuting and other flexible forms of work (smart working), as well as the company's willingness to engage part-time employees on a more widespread basis, are considered to be particularly important.

Furthermore, with regard to Wind, the Rome, Pozzuoli and Palermo locations have adopted **company daycare centres**, which offer flexible services in relation to the business hours, in order to meet all the children's needs. The “**Children at the office with mum and dad**” event, in which approximately 5,000 of the employees' children participated in 2016, allows children to spend a fun day at the office, so they can see where their parents work.

The company also helps its employees afford the cost of schoolbooks with **School Loans**, which can be paid back in instalments deducted from the employees' pay cheques, and has adopted the **Employability** initiative in order to help the employees' children seek out the education and training that they need based on their aspirations and the trends of the labour market.

The **Elder Care** service is designed for those who are facing difficult situations in assisting elderly or disabled relatives.



Finally, Wind offers its personnel a number of services designed to simplify their daily lives:

- **Concierge service:** laundry, shoe repair and minor clothes repairs, with collection and pick-up on the company premises free of charge, purchase of over-the-counter medicines;
- **Administrative procedures:** execution of administrative procedures free of charge by a member of staff who collects all requests in the company, carries out the activities required, and returns the related documentation to the company (Post Office, Government Offices, Universities, etc.);
- **Car and motorcycle assistance:** collection, free of charge, of a car/motorcycle from the workplace by a member of staff to perform repair and maintenance tasks, with pick-up of the vehicle from the workplace;
- **On-line consulting service:** free news and detailed information concerning medicine and psychology, legal and tax affairs, with the possibility of requesting the assistance of certified professionals for personalised consultancy for an agreed fee;
- **Easy Ticket:** possibility of reduced prices for cinema tickets and amusement park tickets, which can be collected directly from the company premises;
- **On-line Temporary Shop:** from which products can be purchased at discounted prices for a limited period of time;
- **Concessions:** operating nationwide in Italy, with discounts available from a large number of retailers and service providers in the immediate vicinity of the workplace;
- **Noticeboard:** on-line service that allows staff to post details of items for sale or required: the tool allows the publication of around 1000 adverts each year.

With regard to H3G, there are various tools and initiatives aimed at saving time and money, encouraging healthy lifestyles, and offering support for the management of family activities. The main initiatives are listed below.

Time&Money saving

- concierge desk for completing paperwork and small tasks;
- tax assistance in completing form 730;
- discounts on transport;
- discounted laundry service on the company's premises;
- company discounts;
- Alitalia order book for purchasing airline tickets, with payment in instalments drawn directly from the pay cheque;
- food markets on the company's premises, with the weekly sale of farm fresh products;
- temporary on-site shop, or rather corporate events with sale of clothing and accessories, natural products, and cosmetics at discounted prices.

Health care

- discounted and deferred-payment medical check-up programme;
- prevention program with specialist visits carried out on the company's premises, at a discounted rate withheld from the pay cheque;
- insurance coverage paid for 90% by the company covering life, permanent disability from disease, injury, and medical expenses, which can even be extended to cover immediate family;
- pink parking spots, or rather parking spots reserved for expecting mothers starting in the 5th month of pregnancy;
- fresh fruit every day at the office;
- in-house massage and physiotherapy;
- nutritionist and naturopath by appointment during the lunch break, at a discounted price to be borne by the employee.

Family care

- flexible shift work at the Call Centres for mothers, until their child reaches 3 years of age;
- paid leave for a child's illness, special permits for enrolment in daycare and kindergarten;
- 3 Spending Money: financial aid for the children of the most deserving employees who are enrolled in junior and senior secondary schools;
- residential summer camps held near the company's premises, a useful support for managing children during the summer, with educational activities, sports, leisure and recreational activities;
- partnerships with daycares, kindergartens, and summer camps for children;
- seniors service desk and assistance with managing family members who have lost their independence;
- free on-line consulting, information, and analyses on medical and psychological matters;
- school voucher: a loan payable in instalments for the purchase of books and educational materials.

[G4 - 12]
[G4 - 13]

Our suppliers, for a quality “Made in Italy”

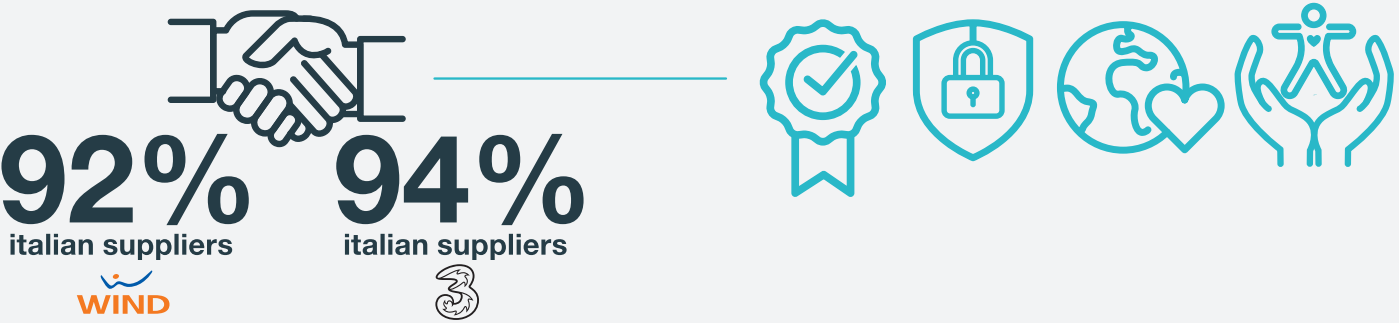
The Wind Tre supply chain is primarily involved in the implementation and maintenance of the infrastructure and equipment that allow operation of the telecommunications network. The main players in the supply chain often consist of large international companies that provide:

- physical infrastructure;
- network equipment and services;
- software.

As of 31/12/2016, Wind had 813 qualified suppliers, 497 of which received orders during the course of the year, while H3G had 2,650 qualified suppliers, 364 of which received orders during the course of the year.

[G4 - 6]

Nearly all the suppliers are based in Italy (92% for Wind, 94% for H3G).



At the time of their selection and throughout the course of the relative management period, Wind Tre requires its suppliers to meet certain **criteria in terms of quality, environmental performance, health and safety, and social responsibility**. The checks performed by Wind Tre are aimed at assessing the commitment and performance of suppliers in relation to various specific themes, and include audits for verifying the necessary requirements.

Up until 2015, Wind carried out these checks within the scope of its Integrated Management System, which involved, for example:

- **workforce:** size, distribution in terms of gender and level, contractual level, number of hours worked, management of overtime and benefits;
- **health and safety in the workplace,** environmental policy, analysis of stress levels and internal micro-climate;
- **environmental policies,** certifications held, qualification procedures.

As opposed to the previous years, in 2016 no second party audits were conducted, or rather audits upon Wind suppliers concerning social responsibility, quality, environmental performance, and health and safety, because, based on the experience of the two-year period from 2014 to 2015, and at the request of the shareholders, the company overhauled its audit procedures used to evaluate its suppliers. In particular, the questionnaires used, as well as the evaluation methodologies and the criteria for selecting the suppliers to be audited, have changed. The new procedure was approved in September of 2016. The demanding review of the methodology to be utilised and, above all, the unusual scenario in the last quarter due to the impending merger, did not allow for the planning and implementation of audits on suppliers during the course of 2016.

In 2016 Wind continued with the **Ethical Procurement project**, promoted within the scope of Vimpelcom Group, with the aim of assessing and managing the risks associated with the ethical conduct of its suppliers. This initiative involves:

- the sharing of the Supplier Code of Conduct (SCOC) with the suppliers;
- a risk assessment campaign among the suppliers, through use of the on-line ECOVADIS tool, in relation to four areas:
 - Environment (policies and specific tools for the management of environmental impacts);
 - Labour Practices & Human Rights (focus upon human rights and worker conditions);
 - Fair Business Practices (ethical conduct in Business relations with other entities or organisations);
 - Sustainable procurement (social and environmental factors taken into account for procurement decisions).

In 2016, the company identified 81 suppliers upon which to conduct the assessment, which were chosen because they were deemed to be “high risk”, or else because they received the largest volume of expenditure (the value of the products and services ordered from these suppliers constitutes about 75% of the total). 53 of these suppliers completed the assessment, and the checks did not reveal any violations of the Code of Conduct.

In 2016, Wind launched a new project called the **Compliance process**, in order to assess the suppliers’ risk of corruptibility, to and avoid running into any fraudulent behaviour: a registry check of the legal entity concerned is followed by an in-depth analysis of its method of conduct in any interactions that it has had with the Public Administration. Based on these checks, the supplier is deemed to be either suitable or unsuitable for establishing business relations, with or without specific precautions being taken.

As a confirmation of the excellent relations held between the two companies and their suppliers, as of 31/12/2016 there were only 3 disputes pending with Wind's suppliers, and 3 with H3G's suppliers.

COURSES OF ACTION FOR 2017

To integrate the management of the Supplier Registry.

To standardise the processes concerning relations with suppliers.

To identify a single procurement management software.

The solidarity in Wind and H3G, and the commitment of the company's people

Launched in December 2013, the [“All Inclusive Solidale – più vicini all’Italia”](#) project is an example of how Wind integrates social themes in its approach to customers. Every month, customers who take part in the initiative contribute 50 cents from their account to projects providing real social support, allowing Wind to double their donation with another 50 cents. All the funds raised are devolved to the charity running the project supported. After Caritas for the “Solidarity Emporiums” project, and Save the Children for the “Let’s Illuminate the Future” project, in May of 2016 All Inclusive Solidale launched a partnership with Fondazione Banco Alimentare for the “Donate a Meal” project, a campaign dedicated to helping those in our country currently living in poverty. With every Euro donated by Wind and its customers to the “All Inclusive Solidale” project, 16 meals are earmarked for those in need. In fact, Banco Alimentare recovers the surplus from the food chain and redistributes it free of charge to charitable organisations in support of the Italy’s poorest families and individuals.

For many years now, Wind and H3G have offered the [charity SMS](#) texting service completely free to non-profit organisations, charities, associations, and foundations, in collaboration with the other Italian telecommunications operators. Thanks to this service, customers can donate € 1 or € 2 by sending a text from their mobile phones. The funds raised are entirely transferred to the charity running the project supported. The amount of funds raised by the company is growing steadily year after year. In 2016, Wind supported a total of **110 initiatives**, with the over funds raised amounting to **over € 5 million**. During the same period, H3G held **116 collections** via solidarity numbers, and collected **over € 2 million**. In 2016, the initiatives supported were focused upon various social and humanitarian issues, such as scientific research, childcare, support to countries in the developing world, violence against women, environmental protection, and emergencies (in 2016, for example, the earthquake that struck central Italy, in collaboration with the Civil Protection authority).



THE EARTHQUAKE IN CENTRAL ITALY

Following the earthquakes that repeatedly struck central Italy between August and November of 2016, Wind and H3G, in collaboration with the joint operational Committee established by the Civil Protection authority, took immediate action to restore service and to assist the affected populations.

Neither Wind nor H3G suffered any particular damage as a result of the earthquake on 24 August; both operators, however, experienced partial service interruptions due to power outages, which were countered by placing emergency generators in the field. During the earthquake of 30 October, four of Wind's base transceiver stations (BTS) were damaged due to the collapse of the buildings that housed them or neighbouring buildings. Three of them were reactivated on 11 November, while the fourth was reactivated on 23 December.

In addition to suspending all billing and credit management activities for the residents in the areas affected by the earthquakes, Wind also offered them 200 minutes of voice services and 1 GB of data services per month free of charge for two months, and also granted them a credit of €5/month until the end of the year. H3G, on the other hand, donated a credit of €50 to all the prepaid customers residing in the areas hit by the earthquake of 24 August.

Following the August earthquake, H3G's employees supported the "Un Aiuto Subito" initiative sponsored by the "Il Corriere della Sera" and "La7" media outlets, with a donation via a pay cheque deduction that amounted to a total of €23,000, while Wind's employees participated in a similar initiative promoted by the industry unions, donating a total of €24,000, which also included a matching donation from the company.

Furthermore, both Wind and H3G also supported the fundraising campaigns with solidarity numbers coordinated by the Civil Protection authority. Altogether, by December of 2016, with the last campaign yet to be completed, the customers of the two companies had donated more than €5 million.

Finally, the new company Wind Tre took immediate action in early 2017 to directly support the reconstruction of a school in the town of Amatrice.

On 1 October 2016, the [consortium "Dono Per"](#) (comprised of the operators Tim, Vodafone and Wind Tre) initiated its activities. The Consortium, which was established on 30 March 2015, is a non-profit organisation dedicated to the use of solidarity numbers (455XY) for carrying out fundraising and distribution initiatives for charity, in compliance with applicable laws and regulations in force on a case-to-case basis, and also offers additional paid services. As a non-profit organisation, any profits are dedicated to social projects and/or charity, or else are reinvested in the company's activities.

The [Reporteen School](#), Italy's first permanent school of broadcast journalism and Web TV for young people, which was established to help the city of Science in its reconstruction efforts following the arson attack that it suffered, and was created by Wind in collaboration with the Regional School Office of the Campania Region and the Journalists' Association, won the youth and future category of the Sodalitas Social Award in September of 2016. The Jury recognised the Reporteen School as the best initiative in terms of innovation, multi-stakeholder size, quality of management, and importance of results, aimed at promoting the employability of young people and reducing the gap that exists between school and the workforce.

The ["SMS and GIGA for you"](#) promotion designed for the hearing impaired was also originally proposed by the Wind staff, and was launched in October of 2014. The offer includes up to 1500 free text messages each month and unlimited internet access with 3 GB at the top speed available at a price of € 5 per month. It's an innovative, supportive and original concept that expresses the values of clarity, simplicity and transparency that the company has always pursued. From September 2014 to the end of December 2016, 4,396 people activated the "SMS e GIGA per te" promotion.



As part of its partnership with WWF Italia, in 2016 Wind once again involved its customers and staff in awareness raising activities, and supported the WWF's campaigns on climate and energy (also see the chapter titled "Reduction in environmental impacts"). In March, Wind supported a web and social media campaign titled [Earth Hour](#), the largest global mobilisation organised by WWF to combat climate change and to promote a sustainable lifestyle, which involved over 2 billion people.

In 2016, thanks to a valuable partnership with the Italian Red Cross and AVIS, Wind employees once again made a simple yet important gesture by [donating blood](#) at our offices in Rome, Milan, Ivrea and Naples. A simple yet extremely important gesture. Still on the theme of healthcare, more than 900 Wind employees took part in [Race For the Cure](#), the fundraising marathon for the fight against breast cancer and for raising public awareness of the importance of prevention. Wind took second prize as the corporate team with the highest number of participants, and donated a total of **nearly € 30,000**, also thanks to the number of staff that signed up.

During the course of 2016, H3G's employees supported the "Un Aiuto Subito" initiative sponsored by the "Il Corriere della Sera" and "La7" media outlets, with a donation via a pay cheque deduction, for activities in support of the central Italian populations devastated by the earthquake in the month of August.

Finally, the commitment of Wind's "mentor" volunteers, in support of high school kids during the challenging transition from school to the workforce, also continued in 2016 (see below).

From school to the world of work

The [Wind Tre adopts a school](#) initiative, conducted in collaboration with Fondazione Sodalitas, consists of a training and professional programme lasting 7 months that accompanies the pupils from the 4th to the 5th year, and, in parallel with the school syllabus, helps them acquire many of the skills necessary to successfully enter the workforce.

During the 2016 edition, 16 Wind professionals in the cities of Milan, Rome, and Naples, acting as "mentors", dedicated a total of over 100 hours per institute between training, meetings, and discussions on the most relevant current issues useful for work. Each student was accompanied by their own mentor, with personalised questionnaires and a practice first work interview in order to highlight their expectations. The project included meetings to prepare for the company work placement and a summer placement for 2 weeks at Wind or other companies for each student.

In May of 2017, the 5th Edition of the project will be launched in the cities of Milan, Rome and Naples, where 18 Mentors will be have the opportunity to assist high school pupils in the 4th grade from 3 ITIS Institutes (technical industrial secondary school).

In 2016, for the third consecutive year, Wind was the main partner of the [Latuaideadimpresa](#) (your idea of enterprise) initiative, the project coordinated by Confindustria and supported by the Ministry of Education for the dissemination of business culture at the high school level, and for stressing the importance of doing business in an ethically sustainable manner. The project involves a competition between business ideas presented by the students on the [latuaideadimpresa.it](#) web platform, where they can compare and propose ideas, videos, and photographs on the theme of transparency, highlighting the importance of developing a market with a sustainable social and environmental impact. The online space brings together students, teachers and entrepreneurs, and encourages interaction on the topics of entrepreneurship, business innovation, and the skills required in the workforce.

Finally, during the first half of 2016, Wind supported the first mapping of innovation in schools in Italy not only from a didactical point of view but also from a social standpoint. The map is a preparatory step for the launch in Italy of the [Changemaker Schools](#) international program, with the goal of selecting the Italian schools to become part of an international community active on educational issues. The program aims at encouraging students to empathy, teamworking, leadership and creativity as the main cornerstones for building their future. By entering the Changemaker Schools network at the world level, the schools that will be selected will enter into a global community and will be able to share their knowledge, methodologies, experiences, with the final purpose of supporting and developing large scale innovation in schools.



Connected with the future

Connected with the future



A complex and ever-changing market

A € 25 billion business

After France, Germany and United Kingdom, Italy is Europe’s fourth largest telecommunications services market in terms of revenue.

TYPE OF SERVICE	2016 MARKET VALUE (billions of Euros)
Mobile communications	14
Landline communications (Voice and VAS)	5
Landline Internet access	4.7

Table 10. Value of the telecommunications market in Italy.

Due to the increase in internet services and content, the Italian mobile communications market is gaining ground with respect to 2015, whereas that of landline communications (voice and VAS) is in decline due to the reduction in voice traffic. With regard to landline Internet access, the broadband segment covers the entire market.

With regard to **mobile telecommunications**, in Italy there were about 84 million SIMs cards registered as of 31/12/2016, representing a penetration rate of approximately 139% among the Italian population, and this is due to the widespread use of multiple SIM cards by many customers. In fact, it is estimated that about 75% of Italian customers use a prepaid phone service. Excluding virtual operators, namely those without their own networks, Wind Tre has a market share of 37.2% (24.5% Wind and 12.8% H3G, respectively), while Telecom Italia holds 35.2%, and Vodafone 27.6%.

With regard to **landline voice services**, the Italian market, which was liberalised in 1998, is fourth in Europe in terms of value, preceded by the United Kingdom, Germany and France. The main players, in addition to Wind Tre, are Fastweb, Vodafone/Teletu, Tiscali, BT Italia, and Telecom Italia, which is the dominant operator.

Finally, with regard to **landline data services**, in 2016 broadband Internet access reach a market penetration of 76% with respect to all Italian landlines. Broadband services have grown rapidly in recent years, reaching approximately 14.8 million connections, representing approximately 2% of the Italian population. Despite this, Italy has not yet caught up to the other European countries.

The service offers are tending toward an integrated approach

The networks for transmitting mobile phone signals can use various connection systems, traditionally marked with an increasing number of “Gs”, which indicate the increased performance levels (2G, 3G, 4G, 5G).

Mobile browsing on a 4G network is an essential element in commercial offers, even for virtual operators, and over the past year launches and trials have been announced for voice over LTE, 4G+ and 5G.

Most of the offers include Value Added Services (VAS), as they continue to represent a stimulus for the data traffic demand, both on the consumer market, with streaming audio and video, as well as on the business market, in the fields of smart working, M2M, and the Internet of Things.

Furthermore, the range of smartphones and tablets, even high-end, has increased in recent years, having been promoted through premium services on terminals, hot spots, and the inclusion of data traffic.

The most important partnerships between the operators and other players have involved video content, the upgrading and extension of the 4G network, the development of 4G+ and 5G networks, and projects dedicated to the Internet of Things and mobile payments.

In 2016, the landline telecommunications services market experienced an evolution towards the quadruple play model, where the converging services with voice and Internet, over both landline and mobile, were joined by digital streaming video content for consumer profiles, and solutions in support of business digitalisation for business users. The range of services over fibre underwent the greatest development.

The business segment witnessed the launch of new plans for holders of VAT numbers and SMEs, with converging landline and mobile network offers, document management and printing services, mobile payment and retail services, video surveillance systems, Wi-Fi services to be made available to customers, premium support, and smart working services.

By 2020 ultra-wideband will be available to everyone

The Italian strategy for ultra-broadband aims to cover 100% of the population with at least 30 Mbps in download, and 85% with at least 100 Mbps in download, by 2020.

In December 2016, the ultra broadband networks (over 30 Mbps) reached over 60% of the Italian population, with over 1,800 urban centres covered by the new services. Furthermore, based on the plans of the private operators, this coverage will reach 84% by 2018.

Enel OpEn Fiber's industrial plan envisages ultra-high speed fibre coverage for about 9.5 million homes, and the wiring of 250 cities located in successful areas of the market, from 2016 to 2021. The company merged with Metroweb, and took on the new name of OpEn Fiber. In addition to the network acquired by Metroweb in Milan, Turin and Bologna, OpEn Fiber also activated the first links in Perugia, and initiated the wiring in the cities of Palermo, Catania, Bari, Naples, Florence, Venice, Cagliari and Padua, which will be followed by Genoa, Syracuse and Messina shortly thereafter. The operator expects to reach a coverage threshold suitable for initiating service in about twenty cities between the end of 2017 and early 2018.

TIM and Fastweb are also taking action in this area, with a partnership dedicated to the realisation of high-speed broadband infrastructures with Fibre To The Home (FTTH) technology in 29 Italian cities already covered by Fibre To The Cabinet (FTTC) technology, which will provide nearly 3 million homes with FTTH connectivity by 2020.

The mobile segment of the telecommunications industry is expected to undergo a recovery in 2017, thanks to the adoption of a more streamlined approach to promotions by the operators, and an increase in the average revenue obtained on a monthly basis for each user, which is justified by an increasing demand for mobile data. With regard to the landline segment, a progressive decline in the rate of contraction is expected to take place due the dissemination of ultra-fast next generation fibre connections, and the general improvement in the quality of broadband services. Finally, 2017 is expected to see the entry onto the Italian market of Iliad, the fourth mobile operator with its own infrastructure, as requested by the European Commission as a mandatory condition for the approval of the merger between Wind and H3G.

The challenges that we intend to face

In consideration of the internal and external factors affecting its business, Wind Tre has identified several **trends in the domestic and international contexts** that are particularly relevant to its objectives and its operations. The most significant are indicated below.

Focus upon the customer

Innovative services: the business and consumer markets are both demanding integrated, modular, and flexible landline and mobile solutions that will simplify professional and personal activities thanks to innovative concepts. For Wind Tre, this issue takes precedence, and it has become one of the company's main strategic focuses.

Data security: knowing how to protect the data entrusted to you by your customers is a requirement for gaining their trust. On the other hand, the dissemination of the Internet of Things (IoT) will be facilitated by the fact that the prices of the items offered on the market will be accessible to a large portion of the population, which in turn will result in low levels of overall system security.

Customer experience: the customer expects quick, easy, and satisfying ways of using the services and interacting with the company.

Ageing population: while it is true that most customers of telecommunications companies are young, it is also true that the

segment of more mature customers represents a market that has still been little explored by the industry, and is one that shows considerable potential, especially for those who see the simplification of the tools and processes as a key element for their own development. While the elderly use voice and data services with particular characteristics, and with requirements that differ from those of younger customers, they nevertheless constitute an attractive user base due to the time and resources available to be invested in telecommunications services.

Internet of Things: connectivity between people, production units, robots, and everyday items represents an important business opportunity for the telecommunications industry.

Digital divide: the possibility of accessing the digital world, and the ability to interact with it, will represent the true distinction for social inclusion in the coming years. Telecommunications companies have every incentive to bridge the digital divide by disseminating their services.

Compliance with the rules

Big Data Management: the regulations for managing co-called Big Data are not uniform throughout the European Union, and those of the United States are much less restrictive than those of the old continent. This alters the competition between companies from different countries, and places Wind Tre at a disadvantage with respect to other operators from beyond the Alps.

Privacy Legislation: while the complexity of privacy legislation has increased, customers are demanding services that are increasingly fast and easy-to-use. Succeeding in finding common ground between these two opposing trends could represent an opportunity for Wind Tre to set itself apart from the competition.

Electromagnetic emissions: on average, the Italian legislation on electromagnetic emissions is much more restrictive than that of the other European countries; this imposes limitations on the development of the services offered by Italian telecommunications companies, which find themselves at a disadvantage with respect to the current conditions in the rest of Europe.

Competition and collaboration on the market

Net Neutrality: based on that which has been established by the European control authorities, the operators who own the internet networks mustn't impose their will upon the content that the network carries. Operators cannot ask those who use their network to sell content (the so called "Over The Top", OTT, like Google, Microsoft and Facebook) to pay for this service; they can only establish trade agreements with those who receive content via their infrastructure. Thanks also to the fact that they do not have to sustain any costs to use the network, the OTTs can offer the network operators' customers free services that replace the traditional telephone services (calls, video calls, and messaging), thus inevitably decreasing the company's margins.

Open innovation: Despite being relatively new, the Italian telecommunications companies are mature and structured companies that guarantee stability, but that nevertheless risk losing the dynamism necessary to anticipate the market's demands.

[G4 - EC8]

We do not offer technology: we offer services

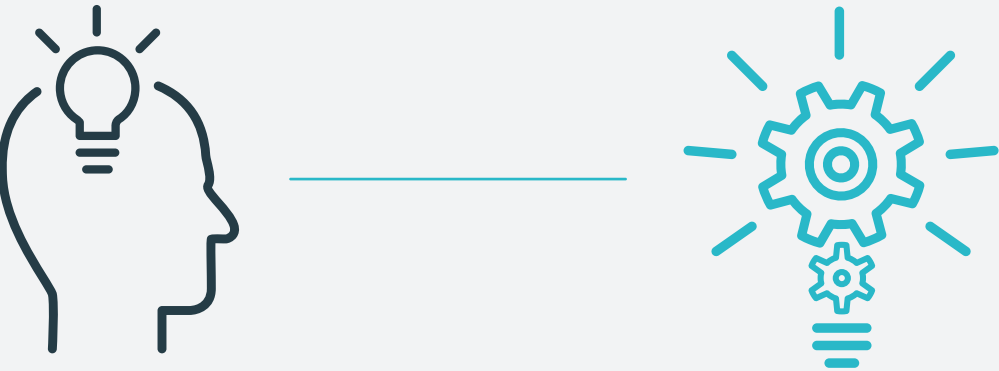
In the telecommunications sector, the market evolves extremely rapidly, and the operators must be able to quickly respond to the changing circumstances. Wind Tre has departments dedicated to digital innovations and the partnerships necessary to implement them for both residential customers (consumers) and, above all, business customers.

In the Business world in particular, there has been a gradual differentiation of the demand, in that most companies require solutions that meet the specific needs of the sectors in which they operate. In response to this trend, Wind Tre examines the changes taking place in all of these sectors (i.e. industry, trade, crafts, agriculture, institutions, etc.), and develops new solutions and commercial products based on the individual needs of its customers.

This means no longer only offering the customer traditional connectivity, but rather a series of solutions that integrate landline and mobile connectivity with the cloud, with innovative devices, digital platforms and apps, in which technology plays the fundamental yet intentionally inconspicuous role of an **enabler** with respect to the products and services offered. This is often done through the establishment of **business partnerships**, which allow Wind Tre to respond more promptly and effectively to the customer's needs, often even anticipating them, by partnering with other companies, start-ups, Universities, Consortia/Research Institutions, and incubators/accelerators, recognised as leaders in their fields. These partnerships can even be innovative in terms of the business models adopted, which may include, for example, forms of business risk sharing or “revenue-share” or “pay as you grow” remuneration methods.

For Wind Tre, **the technology must adapt to the needs of the Customer**, and in this sense its added value is based on the effectiveness of the solutions that it implements and the resulting user experience.

That said, the company's goal is to **design innovative solutions using the right technological resources in an integrated manner**, by pursuing a form of **innovation sustainability**, which lies in the ability to make intelligent use of the resources that are **already available**.



By offering innovative solutions, Wind Tre helps Italian companies to be more competitive and more attentive to social and environmental issues. In particular, the company builds medium to long-term relationships with its business customers, which develop along a pathway of mutual growth that generates benefits for the entire system.

Mobile Payment: paying has never been easier

The services that allow for payments or money transfers to be made via mobile phones are known as Mobile Payment services. The distinguishing factor is the use of the mobile phone in the payment process, regardless of the means of payment utilised and the communication technologies adopted.

The success and rapid dissemination of this payment method are due to its convenience and versatility.

Carrier Billing is a type of mobile payment that consists of paying for goods and services by directly charging them to the user's phone bill or prepaid credit. It is generally used to purchase digital products and services on the web using mobile and tablet devices. Thanks to a partnership with Apple, in 2016 H3G became the first Italian operator to allow its customers to pay for games, music, and apps sold from the Apple store using the credit available on their SIM cards. A similar function had already been available for customers with Android and Microsoft smartphones since 2015, which allowed them to purchase applications and content from the Google Play Store and the Windows Store using their mobile credit. Finally, Wind also launched a joint promotional initiative with Google for renting movies on Google Play, which features an extensive catalogue of entertaining, exciting and compelling content.

The term **Mobile Ticketing** is used to indicate the possibility of ordering, purchasing, obtaining, or validating tickets using a mobile phone or other mobile devices. It's an innovation that, with respect to paper ticketing, facilitates the operation for the customer, reduces costs for the supplier, and eliminates the environmental impact of paper production. For several years now, Wind and H3G have offered the possibility of using Mobile Ticketing to purchase tickets for public transportation with mobile credit, in an extremely simple manner, and with no need for a credit card. In 2016, Wind's services in this field expanded to cover approximately 20% of the Italian population in 50 cities, including Naples, Ischia, Procida, and Sorrento, which were reached during the course of last year. The possibility of using mobile credit to pay for intercity tickets on over 400 flights with the carrier SITA SUD has now been introduced in the Campania region.

In order to disseminate the use of Mobile Ticketing for TPL, Wind launched a series of advertising initiatives on various channels, including the social networks, which were profiled for specific cities, and were carried at major local events (e.g. Fashion Week in Milan, Fiera del Levante in Bari, and Salone Nautico in Genoa). In this manner, the citizens were able to gain an appreciation for the benefits offered by this service, especially the ability to avoid the queues, in times where this has inevitably become more complicated than usual. On these occasions, the service usage volumes recorded extended far beyond the average.

There has been a considerable increase in the use of Mobile Ticketing in southern Italy. In particular, thanks to the communication strategy implemented jointly by the municipal services and by the operators themselves, the number of people using the service in the city of Bari increased 200% in 2016 with respect to the previous year. Furthermore, in partnership with the municipal services of the TPL in the cities of Brescia and Ancona, the company participated in several promotional activities in order to encourage this method of purchase during the pre-Christmas period.

In 2016, Wind’s customers purchased nearly 2 million tickets, for an overall increase of 40% with respect to 2015, while H3G’s customers purchased over 1 million. Printing the corresponding number of paper tickets would require about three tons of paper¹.

As of January 2017, Wind Tre’s Mobile Ticketing Service can also be used to pay for access to Area C of Milan’s Limited Traffic Zone using mobile credit.

In certain cities, the Mobile Parking service is also already available, which allows the user to purchase parking permits in the same manner (via SMS or the dedicated App).

Another variation of the Mobile Payment service allows for the possibility of making **payments to the Public Administration** via mobile phones or other mobile devices, using mobile credit or a credit card.

In light of the recent regulatory developments on the national and European levels, Wind Tre is currently working on solutions to this effect, in order to simplify the lives of citizens. In 2016, a pilot project was launched that will allow for the payment of domestic bills and taxes to the Public Administration using the MyWind app, with either a credit card or prepaid card, in just a few clicks.

COURSES OF ACTION FOR 2017

- To extend the scope of the carrier billing service, e.g. by including entertainment events in the ticketing service.
- To further extend the Mobile Ticketing Service to include an additional 10 cities, arriving at a total of 60 Italian cities.
- To improve the usability and simplicity of the procurement process.
- To enrich the range of urban mobility services with new types of smart and added-value services for customers.
- To increase the dissemination of digital content purchases using mobile credit by enabling additional operating systems.
- To offer reliable and easy-to-use solutions on the market for making payments to the Public Administration (like bills and taxes).

¹ Estimate based on the size and weight of a paper public transport ticket.

Smart working and the Internet of Things: the revolution is already under way

The Work & Life solutions developed by Wind Tre in partnership with Microsoft and Samsung allow customers to obtain **mobile workstations** with continuous and secure access to the data necessary to carry out their professional activities. The workers can use their mobile phones with access to the directories on their landline devices, can hold video conferences while sharing data stored on a cloud server, and can communicate with others live via chat. The user’s mobile phone can be configured with both business apps and private apps, managed in separate environments, with different security levels and charging systems.

These types of solutions, which have already been adopted by several major Italian companies, provide for greater professional flexibility, meet the needs of employers, and are highly appreciated by the end users themselves, who are able to decrease their need to travel, thus resulting in obvious benefits for their quality of life and the environment.

Wind Tre is increasing its presence on the market of the **Internet of Things** (IoT), even through the “Digital Home&Life” brand, which offers a new way of experiencing technology, with an innovative and experiential approach.

In fact, the Wind shops have spaces dedicated entirely to new technologies, where customers can personally test the functions and experience the benefits of the following types of products:

- Smartwatches;
- Wellness products;
- Entertainment products;
- Smart Home products.

The Digital Home & Life portfolio is determined in collaboration with the best brands and major partners operating in the IoT field. Wind Tre will continue to develop the Digital Home & Life portfolio during the course of 2017 as well, introducing new products and services to help customers maintain a healthy and sustainable lifestyle.

In addition to keeping pace with the technology, Wind Tre also helps its customers improve their environmental sustainability. For example, thanks to its connected Thermostats, which are capable of controlling the home’s temperature in an intelligent manner, customers can easily save money and limit their CO₂ emissions.

Wind Tre is establishing commercial and technological **partnerships** in the various sectors of industry, energy production and distribution, transport, agriculture, and public administration, in order to develop IoT projects and solutions designed to help Companies and end users leverage innovation to improve their quality of work and lifestyle: to conserve and consciously use the energy resources available (smart energy, smart metering), to obtain details regarding food production/distribution cycles (smart food and blockchain), to correlate environmental data in order to prevent certain forms of illnesses (smart health), and to perform monitoring activities in order to render certain areas of our cities more secure (smart city), etc. These solutions will be largely available starting in 2017.

The dissemination of the IoT and **data security** are two important issues where a point of contention arises. In fact, the proliferation of internet-connected objects can only take place if the cost the objects themselves is accessible to a large portion of the population, a condition that limits their performance in terms of security. It is predicted that, by 2020, there will be 25 billion objects connected to the IoT worldwide².

For Wind Tre, **data security** is an issue of primary and strategic importance. For this reason, the company chooses to only offer solutions on the market that provide sufficient guarantees in this regard. The data entrusted by customers are stored in data centres designed to prevent physical intrusions by unauthorised individuals. Furthermore, the dedicated security software and hardware create a perimeter that’s constantly monitored, even against software threats. The stored data are protected by anti-virus systems, firewalls, and anti-phishing systems. These precautions guarantee that the Wind Tre infrastructures meet the highest security standards. As evidence of this, no substantial data losses occurred at either Wind or H3G during the course of 2016.

One weakness in terms of data security, however, is the **risk exposure of the end users**, who often ignore the vulnerability of objects that they use. Every device with an IP address (such as a sensor, a smart-tv, a meter, a drone, etc.) can potentially be accessed by malicious software (malware) capable of stealing the data transmitted or recorded on the device itself. Objects with better security features naturally have a higher sales price, but the average buyer often does not have the technical knowledge to appreciate the difference in value of two items with different security levels.

In this regard, it is necessary to increase the awareness level of the users, who currently use both more secure and less secure solutions indiscriminately.

COURSES OF ACTION FOR 2017

To continue the constant and active dialogue with the Authorities (AGCom, Agcm, the Italian Data Protection Authority, and MISE) in order to improve the regulatory framework for the sector, and to develop high value services, such as ticketing for admission to museums, cultural events, and films, and mobile payment solutions for use with the public administration.

To further extend the Mobile Ticketing service for the TPL, by increasing the number of cities covered beyond 60, and by consolidating its presence in the areas where it has already arrived.

To enrich the range of urban mobility services with new types of smart and added-value services for customers.

To extend the field of application of mobile credit, (e.g. by including ticketing for entertainment events).

To increase the dissemination of digital content purchases using mobile credit by enabling additional operating systems.

2 Fonte: Gartner Group.

Open innovation, social innovation:
we are collaborating on the birth of new ideas

At Wind Tre, the development of innovative services by often takes place through **partnerships**, which allow the company to respond to the customer’s needs in a more effective and timely manner, often even anticipating them, in collaboration with research institutions or companies of various sizes, recognised as leaders in their fields. These partnerships can even be innovative in terms of the business models adopted, which may include, for example, forms of business risk sharing or “pay as you grow” remuneration methods, especially in the case of start-ups.

Wind Business Factor

Wind Business Factor is a virtual incubator launched by Wind in 2011 to support the establishment and development of businesses and young entrepreneurs in Italy, and has become an acknowledged figure within the national panorama of start-ups and investors. The platform is designed for innovative entrepreneurs (“start-uppers”) looking to contact venture capital funds and establish a social business network, or to develop the potential of businesses already up and running through training, participation in competitions, and partner tracing.



Version 2.0 of the platform, which was launched in 2014, also has two new target categories: young students (“beginners”) who can use it to find information, training resources, and career guidance to help them orient themselves in the world of work, and secondly, experienced entrepreneurs (“re-starters”) who are offered support to grow and relaunch their businesses using the Internet and digital business models in an increasingly competitive market.

Results

33,727 registered users at the end of 2016 (+7% compared to the previous year)

2,793 registered start-ups and 2,265 business ideas presented (+2% compared to 2015)

20,085 followers on the main Social Networks

The **Wind Academy** section of the website offers free training courses to develop entrepreneurial skills for start-ups, and the growth and re-launch of small and medium sized businesses using the Internet and digital business models.

Over the course of the year, the total publications included **230 content items**, including 46 videos, made up of tutorials and interviews.

Together with the training content, Wind Business Factor offers young start-uppers the possibility of taking part in its online competitions that help young entrepreneurs to define their business idea, develop their potential and that of their project, and finally put them into contact with the ecosystem of the Luiss Enlabs business accelerator. The programme is focused on digital innovation and business models capable of innovating products and processes to the advantage of final consumers and the business world.

In order to bring the ecosystem of digital innovators even closer, the 2016 edition of the **Wind Start-up Award** included an “Italian Tour”. Four events in the co-working areas of the Talent Garden (TAG) in Milan, Turin, Cosenza, and Pisa, where local start-ups had the opportunity to meet the Wind Business Factor team and representatives from L-Venture (Luiss Enlabs), and to listen to the experiences of the founders and CEOs of successful start-up companies. The 12 start-ups were selected from 74 participants who had followed a training course and job shadowing, together with a team of coaches and mentors expert in digital markets. In April of 2017, at the end of the 6-week course, the 6 best start-ups will have the opportunity to present their projects before a panel of investors and “business angels” during the final event in Rome, at the Luiss Enlabs headquarters, where the winner will be admitted to the “Execution Program” offered by the business accelerator.

In November of 2016, Wind Business Factor also launched the second edition of the **Wind Green Award**, dedicated to ideas and start-ups capable of promoting sustainable innovation. After the contest is concluded in February of 2017, the winner will be announced in April during the final event to be held at the Luiss Enlabs headquarters, and will be awarded an incubation period of two months at Impact Hub Milan, plus €5,000 cash to cover the cost of the stay in Milan during the incubation period itself.

Wind Transparency Forum

Wind launched in 2014 the “**Wind Transparency Forum – Ideas for a world more open**” initiative to promote and celebrate the various innovative transparency initiatives that have arisen thanks to technology, both in Italy and worldwide. The initiative is intended to highlight the value that has characterised Wind’s approach to the market and its relationship with customers for years.



The Wind Transparency Forum is first and foremost a **digital magazine** that recounts “small and large tales of transparency”, selected innovative experiences from among the many that have emerged thanks to the Internet’s capacity for sharing information and getting people working together. Radio 101 was a partner in the project’s 2016 edition, with daily space being dedicated during the morning programming, in which the “good news” of the innovative projects and experiences described in the magazine were highlighted.

Linked to the online magazine are the **Wind Transparency Awards**, which are dedicated to the Italian initiatives that have improved transparency in relation to the citizens, encouraging efficiency, participation, and compliance with the rules.

The **2016 Wind Transparency Awards**, which were chosen by the Scientific Committee (Enrico Giovannini, President of the Committee, Professor of economic statistics at the University of Rome “Tor Vergata”; Frieda Brioschi, digital communications consultant;



Derrick De Kerckhove, Professor of Sociology of digital culture at the University of Naples “Federico II”; Salvatore Giuliano, Scholastic director, founder and coordinator of the Book in Progress project) respectively went to:

- “Institutions” category: **Open Demanio**, the portal that makes it easier for citizens to identify all the State-owned buildings scattered throughout the territory, aimed at ensuring that it is effectively the citizens to formulate ideas or concrete proposals on how to rehabilitate these assets, which all too often remain unused.
- “Services” category: **Social Stars**, the social network for volunteering and social activism that responds to the need to give greater visibility to social commitment online, and to allow it to be highlighted in the user’s status on the social networks.
- “Digital Projects” category: **La Terra di Sotto**, an interactive photo map of environmental pollution in Italy, which, for the first time in an open manner and using the photo report formula, attempts to disseminate online knowledge of the most polluted areas in northern Italy. It’s an example of the good use of open data, which, when properly used and cross-referenced, can have a significant impact upon the users, because they represent an objective element that’s entirely removed from the scandal and reporting rhetoric.

Furthermore, the winners of the **competition** reserved for users who uploaded and voted for the concrete transparency initiatives that they encountered throughout the territory during the course of their private and professional lives were also announced in 2016.

Finally, the city of Formia won the **Special Wind-Anci Award** for transparency initiatives among Italian municipalities, for which the municipalities of Florence, Rome, Trento, Sori and Ferrara were also finalists.

The partnership with Luiss Enlabs

With approximately 5000 m² of new office space inaugurated in July of 2016, Luiss Enlabs, the business incubator and accelerator located in the Termini railways station building in Rome, has become one of the largest business accelerators in Europe. A veritable “start-up factory”, recognised as a benchmark both nationally and internationally, that hosts approximately 400 young people offering courses, services, and contacts with potential investors.



Four years after its launch, Luiss Enlabs has a portfolio of 46 start-ups, which have collectively raised over €20 million in funds. 90% of the start-ups that emerge from the five-month acceleration program succeed in raising money from third party investors, a percentage that’s unrivalled throughout Europe.

Wind and the Luiss University have been part of the project since it was set up in 2012. The goal is to provide students and aspiring entrepreneurs with an important opportunity in the job market, transforming the best business ideas into successful economic initiatives. These partnerships have led to collaborations with successful digital start-ups who have gone on to become part of Wind Tre’s range of services, above all for its business clientele.

In 2017, the experience in Rome will be replicated in Milan, with the new business incubator L.Lab being opened by the same partners.

Wind For Fund

Wind For Fund (www.windforfund.it) is an initiative promoted by Wind in collaboration with DeRev (www.derev.com), a crowdfunding platform among the most active in Italy, designed to support projects of social merit.



Crowdfunding is a complex system in which the aim of fundraising is combined with other objectives:

- the scouting and promotion of innovative ideas;
- the involvement and participation of individuals called upon to test the soundness, value, and effectiveness of the project;
- accountability and public awareness with respect to the common good.

Among the various types of crowdfunding, Wind For Fund chose to apply a reward-based model, which offers a reward commensurate with the type of contribution – to sustain non-profit organisations and start-ups involved in social innovation. The campaigns are hosted on the platform for three months, during which the DeRev team provides free consulting and support for the preparation, management, and dissemination of the campaign. Wind also guarantees a lump sum grant of € 5,000 to the projects that are first to reach 50% of their budgets.

During the course of 2016, Wind For Fund hosted a total of 20 crowdfunding campaigns, with fundraising amounting to approximately € 75,000.

Big Data and the Internet of Things as the mainstay of European research

Big Data: the key for interpreting complexity

Big Data is the term used to describe a collection of data that's so extensive (in terms of volume, speed, and variety) as to require specific technologies and analytical methods to extract their value. Big Data are revolutionizing science and business, as they allow for the verification of the hypotheses already made, as well as the extrapolation of new ones, thus reducing the possible errors during the decision making process. In this sense, they provide for a better understanding of complex systems.

Wind Tre believes that Big Data play a fundamental role in the processes of telecommunications operators. In fact, thanks to their ability to generate knowledge on customer needs, they are extremely useful not only for identifying the criticality of the existing services, but also for improving them and defining new ones. Big Data are a stimulus for the growth of high-speed broadband networks, and can provide important information to improve the development of future mobile networks, possibly in collaboration with other national entities (e.g. ISTAT, other telecommunications operators, OTT, Universities, etc.).

Within the context of Big Data, Wind Tre participates in three EU-funded projects:

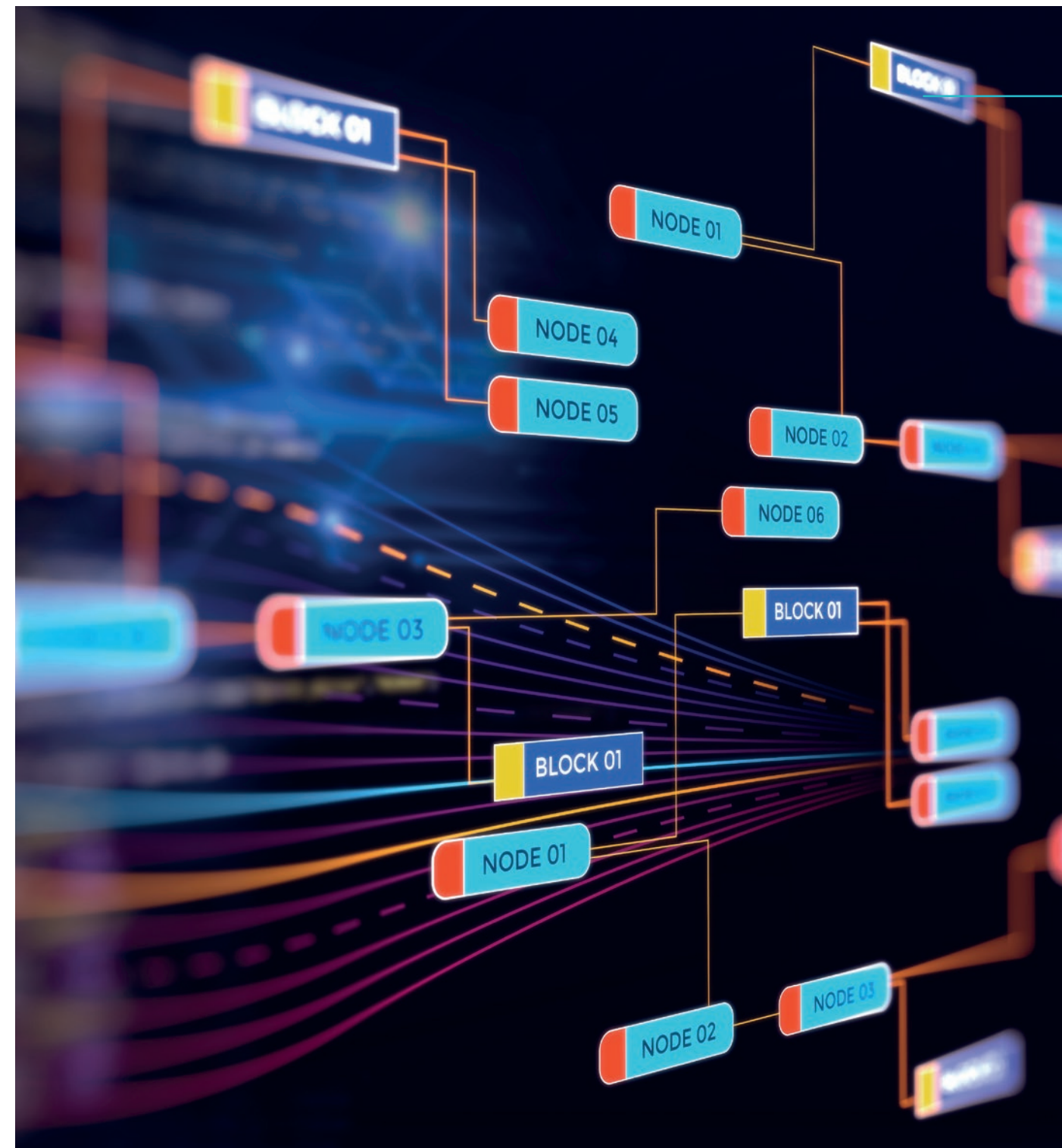
1. ASAP, funded with an amount of over € 140,000;
2. CloudDbAppliance, funded with an amount of € 99,370;
3. OpenREQ, funded with an amount of € 202,650.

These projects do not yet have a commercial character, as they are still in the prototype stage, and, therefore, there are currently no elements to economically quantify the impacts generated. Nevertheless, the company considers these projects to be strategically important due to their high degree of innovation, as well as the possibility of collaborating with domestic and foreign institutions with significant expertise on the topics in question.

The acronym **ASAP** stands for Adaptive Scalable Analytics Platform. The project aims to build an open-source environment that will allow for the rapid analysis of Big Data using flexible tools designed to handle enormous data volumes from different sources without a common structure. The platform is adaptive in the sense that the analyst can modify certain elements of the analysis during the analysis itself, in order to improve its effectiveness.

The ASAP project has been ongoing for several years. In 2016, once the design phase had been completed, a distributed platform was implemented that allows content from mobile networks, websites, and social media streams to be aggregated in accordance with the privacy policy, and allows us to offer solutions that will improve the range of tourism products and services, thus exalting the territories during major events. The prototype is open to other possible functions, in order to better select the activities to be carried out within a specific area.

The results of the ASAP project are available at the URL <http://www.asap-fp7.eu/>



Launched at the end of 2016, the CloudDbAppliance project aims to develop a hardware and software solution for the creation of a centralised system (i.e. a “Data Lake”) for storing both structured and unstructured information, upon which work can be carried out using new and traditional approaches.

The computational capacity guaranteed by a super system made up of hundreds of CPUs and a considerable amount of memory for recording billions and billions of data from IoT probes, users of telecommunications services, weather conditions, events where large turnouts are expected, and sales data, will allow for searches, predictive analyses, and real time analytics to be carried out, thus identifying any trends or critical situations for the delivery of services.

Within the scope of this project, Wind Tre is involved in the creation of a solution for simulating the centralised management of the processes relating to mobile number portability services, thus reducing the times for which telephone service is absent due to activation by the “recipient” operator, and deactivation by the “donor” operator.

Other use-cases that will be realised within the scope of this project concern the analysis of the financial risk of bank investments, and the analysis of proximity marketing and dynamic pricing.

The details and progress of the CloudDbAppliance project are available at the URL <http://cloudddb.eu>

Within the scope of “requirement engineering” science, the **OpenReq** project is dedicated to developing a software application for gathering requirements and sustaining the decision-making process.

By collecting customer feedback, whether directly expressed on social networks or communities, or implicitly deduced from data relating to the use of the services themselves, it is possible to identify new technical and business requirements for the creation and development of new services, or the improvement of the existing ones.

Furthermore, this innovative approach allows the internal decision-making processes to be optimised with appropriate visual representations.

Within the scope of the project, Wind Tre mainly contributes to the development of the solution for gathering feedback expressed directly on the social networks.

The details and progress of the OpenREQ project are available at the URL <http://openreq.eu>

The Activage project for monitoring health conditions

In 2016, along with other partners, Wind Tre received a grant of over € 145,000 from the European Union for an e-health project, called Activage, which will be developed over the next 2 years. The main goal is to create the first European ecosystem of Internet-connected objects (Internet of Things) in seven countries, through open and proprietary IoT platforms, in order to disseminate solutions for monitoring people’s health in their everyday environments, especially the elderly. This project responds to multiple needs expressed by health professionals, service providers, and public authorities. The remote monitoring of physiological parameters using the IoT and the analysis of the relative data will allow for better decisions to be made regarding the health of individuals and entire categories of patients.

In this project, Wind Tre plays the role of a technological partner, by participating in the design of the service, so that it will be able to be utilised by everyone who’s interested, and helps to identify and develop the best methods for analysing the data collected.

The remote monitoring of physiological parameters using the IoT provides for a reduction in unplanned emergency hospitalisation and specialist visits, with consequent benefits for patients and family members, as well as the health system as a whole.

The details and progress of the ACTIVAGE project are available at the URL <http://www.activageproject.eu/>; a website indicating the results of the Italian trial will also be available shortly.

Listening to our customers

Listening to our customers



Smart value for money

Wind Tre provides landline and mobile telecommunications services, for voice and data traffic.

Wind's portfolio of products and services is inspired by the slogan **“smart value for money”**, meaning that it wants to satisfy the customers' needs: excellence, simplicity, and transparency. To this end, the company has developed a series of promotions designed to meet the needs of various types of customers. Here are several examples:

- the All Inclusive promotions include airtime, text messaging, and data, for those who attribute the greatest value to simplicity;
- the Caring promotions, which are available to loyal customers during holidays and other special occasions, include airtime and data, either free of charge or at discounted rates, in order to facilitate the customers' communications and internet browsing;
- the Wind Magnum promotion, which is available to contracted customers, features “everything unlimited”, including a large amount of data traffic and Digital Home & Life Smart Devices, for customers who are keen on telecommunications, and are constantly on the lookout for the latest technologies. In order to manage the entire family's telephone charges, there's even the Wind Magnum Family version, which offers an even lower price.

Wind Tre intends to continue offering a simple and transparent portfolio in the coming years as well, one that is well-suited to every type of mobile, landline and converging requirement, and compliant with the national and European legislation, such as the “Roaming Like At Home” management process (the possibility of using your own service throughout the rest of Europe, but under the same conditions as in your country of origin).

Wind distributes its own mobile products and services, including SIM cards, scratch cards and mobile phones, through a series of retail outlets, which, as of 31/12/2016, included 153 proprietary shops and 496 franchises operating exclusively under the Wind name. The non-exclusive sales network consists of 3,037 retailers dispersed throughout the country, and 804 points of sales at electronics chains.

From the website **www.wind.it**, which has been optimised for desktop and mobile browsing, visitors can activate services and promotions, purchase phones, smartphones, and tablets, and adhere to the “All Digital” promotions only available online and designed for customers with a strong propensity to use digital channels. Furthermore, from either the website or the App, users can recharge their SIM cards with a simple click, paying by Credit Card or PayPal, or else by charging the transaction to an Infostrada or Wind Phone Bill. The website allows the user to view maps of the Wind network's coverage, integrated with Google Maps, in order to check the status of the 2G, 3G and 4G coverage offered throughout the territory.

Through the **www.infostrada.it** website, visitors can request the activation of landline service with either a new phone number or the number from another provider. As of February 2016, the promotions are also available in fibre, for the areas covered by this infrastructure.

Both sites have large sections dedicated to customer support, including FAQs, a virtual assistant, tutorials, customer support tools, and customer care chat available to Infostrada customers. From the customers' area, visitors can independently check their own consumption, change rate plans, and fully manage their own phone lines. Furthermore, the website is also becoming an important tool for acquiring business opportunities with potential business customers.

Through the **Service Charter**, a transparency tool adopted in accordance with the provisions of the Communications Authority (AGCOM), the company informs its customers about their rights and the commitments to quality that it has assumed in relation to the services provided.

The main targets included in the service charter include, for example, activation times of the service and the timeframes for the repair of any breakdowns.

The specific Wind and H3G documents containing the quality objectives and the relative levels of achievement can be found at the following URLs:

- <http://www.windgroup.it/it/consumatori/cartaservizi.phtml>
- <http://www.tre.it/assistenza/servizio-clienti/procedure-documenti/documenti/carta-servizi-h3g>

Responsible and transparent marketing



Within the scope of the marketing processes, Wind Tre applies the principle of transparency by offering extremely clear commercial proposals in order to ensure proper customer relations.

To this end, the departments responsible for communications, marketing, and sales hold regular meetings with the company's legal and regulatory departments in order to guarantee each initiative's compliance with the current standards. Furthermore, all the company's advertising campaigns are vetted beforehand by the Legal Affairs Department, which verifies their compliance with the legislation and the applicable self-disciplinary codes. Assessment is made on an ongoing basis and the effectiveness of the process is demonstrated by the positive results obtained.

In fact, with regard to Wind's products and services, no instances of non-compliance were reported in 2016 relating to fairness in

commercial communications, advertising, promotion, and sponsorship activities, nor in relation to information and labelling. With regard to H3G, on the other hand, there was only one negative sentence issued by the Advertising Self-Discipline Jury (in relation to a counter-action taken following an action initiated by the H3G itself).

The management methods applied are periodically reviewed with the aim of ensuring continuous improvement, even with regard to the effectiveness of the business activities, and any critical issues reported by customers through the Call Centre and the Sales Force.

The transparency of Wind's commercial offers has been distinctive for several years: for example, the Minuti Veri option counts each second of actual conversation time, while the ADSL Vera option ensures maximum performance and reliability for the Internet browsing service.



Each customer's rate plan is also available via the digital platforms. In late 2016, the **MyWIND App**, which allows users to monitor the traffic and charges relating to the offers they have subscribed to, recorded approximately **14 million downloads**, while the Wind Talk App, which, among other things, allows users to contact Customer Support and retail outlets via chat, and to transfer mobile credit, recorded approximately 1 million downloads in 2016.

The online reviews of the MyWind and Wind Talk Apps confirm the popularity of these tools and the validity of the company's strategy, in which transparency and customer awareness are seen as key values for continued growth.

As of November 2016, the Wind portfolio has included a new app, VEON, which is designed to offer customers an integrated experience of Telco support services, even combined with the OTTs' functions. Available for both Wind and non-Wind customers, VEON aims to create a large community using Wind's already large customer base. In addition to the chat and VoIP functions, which are available to all users, Wind customers can also check the status of their mobile lines, top up their credit, contact customer support via chat, and enjoy a wide range of exclusive promotions and commercial benefits.



During the course of 2016, the **3 Customers App** continued to serve as the main contact channel, reaching a penetration of 81% with respect to the active Customer Base with compatible operating systems, and recording a number of logins equal to 735 million. In light of these results, new self-service and instant call-back functions (booking by call-back App) were introduced in 2016. This method replaced the previous 133 call booking call-back feature due to better results in terms of customer satisfaction and operational efficiency.

In order to ensure maximum transparency and ease of use for Mobile Broadband customers, H3G offers the **Casa3 App**, which allows for the remote management of WiFi devices like the WebCube or WebPocket. Thanks to this tool, customers can monitor their data traffic (and the relative thresholds), check the connection status of their WiFi routers, and manage all the connected devices (tablets, PCs, smartphones, etc.) at any time.

Premium Value Added Services, but only if appreciated

Value Added Services are “value-based” services that are added to the basic telecommunications services (voice and data). They are distinguished from the latter by the type of content and the surcharge typically applied with respect to the basic services. They are also called Premium Services, and include, for example, Digital Editions of newspapers and magazines, music, film and TV services, games, horoscopes and ringtones, as well as chat, dating and adult content services. They are mainly promoted through mobile ADVs (banners, popups, etc.) on mobile web sites.

The Value Added Services are produced and promoted by parties other than the telephone operator, but are billed to the customer by the telephone operator, who then, based on precise contractual arrangements, relegates the payment received to the service provider, retaining a share for itself for the services rendered (identification, authentication, and recognition of the end customer, certification of the activation processes, payment for the service, customer care information, deactivation, management, and possible reimbursement of the customer’s payment). Although the name of the content provider is always specified during the purchasing phase, the fact that the billing is handled by the telephone operator in the eyes of the customer renders the operator responsible for the commercial policies implemented for the sale of the premium Value Added Services, and therefore also renders it the subject to be contacted in the event of a dispute.

While waiting for the Industry Authority (AGCom) to issue a ruling on the current regulatory framework, the telephone operators have promoted the adoption of a new service activation process that requires the customer to express their clear intent with a double click. **In October of 2015, H3G was the first of all the operators to introduce activation using a double click** on a double i-frame, thus confirming the customer’s true intention to purchase.

Furthermore, all the telephone operators have promoted and adopted a new system of safeguards for the customers called the “Increasing Safeguards Measures”: this comprehensive series of measures is designed to check, control and monitor the Value Added Services market, and is capable of promptly intervening in the case of any non-compliances on the part of the service providers, by applying sanctions, such as the suspension or termination of the services, and by applying penalties determined by the constant verification of specific quality coefficients linked to the number of complaints about the individual services marketed.

In order to further protect our customers against unintentional purchases, between 2015 and 2016 H3G adopted a series of voluntary countermeasures that have proven to be very effective.

One of these is the so-called **VAS Shield** system: H3G was the first operator to introduce a system for internalising the entire Value Added Service activation screen on its own technology platforms. This measure ensures greater control over the entire chain of service activation, use and payment, as well as all the activation pages, even from the time of their inception. What’s more, the VAS Shield implies a contractual and operational reorganisation and centralisation of the activities linked to the services which, in addition to better protecting the customers, also protects the operator against any potential unlawful conduct by third parties (content service providers, ADV networks, publishers, etc.).

Another of these measures is the **summary of the premium Value Added Services active on the SIM Card**, which is sent via text message as a weekly reminder (called the weekly Customer Care Text). In this manner, if the customers realise that they have accidentally activated certain services, they can deactivate them right away. This summary can also be found on the company’s dedicated App (Area Clienti 3), and if the reminder message is not received, the customer shall be entitled to a refund for the premium Value Added Services activated. H3G was the first telephone operator to introduce the weekly customer care notification. The company’s Area Clienti 3 app also contains an area dedicated to the verification and management of the customer’s active subscriptions, called “Subscription Services”: from here, the customer can immediately deactivate any or all of the services to which they are subscribed.

Finally, in February of 2017, H3G reinforced this protection by disabling the default possibility of purchasing premium Value Added Services for all of its customers with continuous automatic credit recharges, with the exception of those of certain providers that offer specific payment authorisation processes and automatic refund mechanisms, such as Google Play & the App Store.

In short, the company combats the unsolicited sale of paid services using the following countermeasures:

1. the adoption of a refund policy in the event that a service is disputed;
2. the centralised management of paid services and the adoption of specific guidelines for the purchase of these services, which are more restrictive than the applicable regulations, in order to guarantee an informed purchase;
3. the monitoring of the communication adopted by the distributors of the services, via an outside company, in order to detect any abnormalities and sanction any violations of the rules;
4. possibility of charging the Content Service Providers for the refunds granted to the customers.

Thanks to these initiatives, in 2016 there was a substantial reduction in customer complaints due to the activation of unsolicited services over the mobile network.

In the future, Wind Tre intends to continue its constant and active dialogue with the Authorities (AGCom, Agcm, the Italian Data Protection Authority, and MISE) in order to improve the regulatory framework for the sector, and to develop high value services, such as ticketing for admission to museums, cultural events, and films, and mobile payment solutions for use with the public administration. Furthermore, priority will be given to the constant updating of the technological control and market monitoring measures, in order to ensure greater transparency and customer protection.

Bye mum, I'm going on the Internet

In addition to complying with the constraints imposed by law, which include a ban on the sale of SIM Cards to minors, Wind Tre also uses specific parental control systems on certain websites that aren't suitable for children.

In particular, H3G has developed a system for protecting its younger customers, which is based on conditional access to adult content. This solution has been approved by the Data Protection Authority, which has acknowledged its effectiveness, even with regard to the sensitive issue of "Informed Consent"¹.

The protection system is automatically activated based on the type of service or content, which is recorded on the operator's centralised system. If the service or content belong to the "adult" category, the user's age is checked based on the personal data of the SIM card's owner. If the user is a minor, he/she will not be granted access to the requested content, and will be sent to a courtesy page indicating that the SIM Card that carried out the browsing session is not authorised to access adult services. The courtesy page also contains a link to a page containing the various reasons why the SIM Card may not have access to these types of services ("Click here for more information").

In order to raise awareness among minors of the proper use of the tools of the digital world, in 2016 Wind also adhered to **Safer Internet Day**, in collaboration with the Ministry of Education, Universities and Research, and was involved in Internet Safety Day, established and promoted by the European Commission, in order to raise awareness among young people of the responsible use of the web and new technologies.

Finally, in 2016 Wind and H3G chose to work alongside the Postal and Communications Police, the Ministry of Education, and the National Authority for Children and Adolescents as part of the **"Una Vita da Social"** (A Life of Social Media) project, the largest travelling educational campaign designed to raise awareness and avoid the hazards of the digital world and encourage the informed and responsible use of the Internet. The truck travelled 18,000 kilometres and reached 130 cities, with 150,000 students in the squares, 800,000 in the schools, 25,000 parents, and 10,800 teachers. In 2016 alone, the Facebook page had 700,000 visitors, thanks also to the involvement of various artists and celebrities, who expressed their support for the initiative and launched messages promoting lawfulness for young people.

Accessible and effective support channels

Wind Tre considers the support channels that it places at its customers' disposal essential to their overall satisfaction. The company therefore pays a great deal of attention to this aspect, with the aim of offering services that are easily accessible, effective in relation to the customers' needs, and friendly in terms of interactions.

¹ Formal communication of the Data Protection Authority of 31 August 2015 – REF. Prot.: DCRT / OSS / ET / 73856.



The processes and methods utilised by Wind and H3G will be standardised during the course of 2017 in this case as well, by aligning the new company’s performance with the best standards of two original companies.

Wind offers various methods for interacting with the support channels: by phone, via the Web, and via the Social networks. Whatever the touch point chosen by the customer, the Contact Centre’s systematic management of the support service guarantees consistent quality in terms of information and support.

With regard to Wind’s performance in 2016, the main indicators show a satisfactory trend in the customer support service. In fact:

- the contacts made by telephone remained relatively unchanged with respect to 2015 (+1%);
- like in other years, the Customer Satisfaction Indicator (CSI) was greater than 4 on a scale of 5, thus attesting to high standards of perceived quality;
- the support requests received by the specialised technical assistance groups decreased by 16%;
- the mobile Customer Service’s Net Promoter Score stood at an average of 30, for an increase with respect to the previous year.

Major initiatives were launched in terms of digital support, including the Veon App, through which Wind customers can access various functions, and can even Chat with the Customer Service staff in a simple and intuitive manner. The Chat function for Infostrada customers was also consolidated through the institutional website Infostrada.it.

The mobile customer satisfaction surveys, which were commissioned to specialised external agencies and were based on a representative sample of interviews, show that the Wind website was liked better than that of the competition, as was the Wind Talk App.

With regard to H3G, a great effort was made in 2016 to improve the quality perceived by the customers, by investing in educational projects aimed at improving the skills of the Call Centres: the Net Promoter Score thus reached an average of 28.3, more than double that of 2015.

The number of contacts made via the Customer Service line 133 was consistent with the previous year, while the ability to handle the customers’ requests in a single session improved considerably (one call resolution 79%).

Furthermore, in 2016 the “Area Clienti 3” App underwent a graphical and functional restyling in order to allow customers to book customer support callbacks in certain cases, to perform automatic recharges, and to view personalised promotions and services.

he MyWIND app, with over 5 million active users, and the Area Clienti 3 App, with about 4 million users who log on at least once a month, represent the preferred channels for customers with Smartphones or Tablets running Android, iOS, or Windows Phone.

The Social Networks are also an important point of contact. The number of fans/followers of the Wind and 3 Facebook and Twitter channels are steadily increasing, and amounted to a total of 2.3 million at the end of 2016.

Finally, on the special Social care “Top Brands” rankings published each month by Blogmeter.com, Wind Tre has reached excellent levels in terms of speed of customer contact management.

COURSES OF ACTION FOR 2017

To further develop the “cross channels” service model, which allows the operator to view and take into account all the interactions generated by the customer on various communication channels (telephone, letter, email, social networks, apps, etc.), thus rendering the interaction between the customer and the support service increasingly effective.

To continue to invest in digital channels, introducing new self-service features and optimizing the existing ones.

We are listening to what the customers have to say

Wind Tre aims to satisfy the customer through a holistic approach, or rather one that ensures quality and attention throughout every channel of contact with the company: in fact, the customers’ experience must always be positive when speaking with the telephone operators, browsing the company Web site, using the app to manage their telecommunications services and, more generally, every time they use a touch point to get in touch with Wind Tre.

The level of customer satisfaction is regularly monitored by Wind and H3G, with reference being made to company practices that have proven to be effective over the years.

With regard to **Wind**, in 2016 the company once again measured its level of customer satisfaction by conducting telephone surveys specific to each market, carried out by an independent external company on a quarterly basis. The analysed sample consisted of 1,000 Mobile Consumer customers representative by region, by type of contract (prepaid or subscription), by expenditure class (top, medium and low), and by length of contract.

The survey was performed by administering a questionnaire with questions about:

- overall satisfaction, satisfaction in relation to the expectations, and in comparison to an ideal operator;
- propensity to continue using the service and to recommend it by “word of mouth”;
- rates and promotions (transparency, clarity, simplicity, affordability);
- customer care (quality of the automated IVR responders, ease of contact, problem solving effectiveness, courteousness of the operators);
- voice and internet network services (quality, coverage at home and at work);
- Customer Relationship Management;
- recharging, residual credit, website, app;
- advertising and image.

On a scale of 10 to 100, Wind scored about 80 in terms of overall satisfaction, satisfaction in relation to the expectations, and satisfaction in comparison to an ideal operator, for a slight decrease with respect to the previous years. The company was also ranked best among its competitors in terms of rates, CRM and ADV. The level of satisfaction for the Customer Care Services has increased slightly, while the loyalty indicator has dropped by about 3 points over the past 3 years, denoting a greater propensity for change among the customer.

	2016	2015	2014
Overall satisfaction	79.7	81.2	84.1
Satisfaction in relation to customer expectations	80.1	82.1	84.0
Satisfaction in relation to an ideal operator	78.2	80.0	81.6
Rates	79.4	n.a.	n.a.
CRM	83.5	n.a.	n.a.
ADV	79.5	n.a.	n.a.
Customer Care Services	83.9	83.1	83.3
IVR - Interactive Voice Response	77.2	76.4	76.6
Call Centre operator	89.3	88.8	87.3
Customer loyalty	86.8	88.6	90.0
Tendency for “word of mouth” recommendations	79.6	80.4	80.8
Advertising effectiveness	79.5	81.2	81.7

Table 11. Results of the Wind customer satisfaction analysis.

With regard to **H3G**, the company obtained a score of approximately 75 in terms of overall satisfaction, even in relation to customer expectations and acceptability of the rates. With regard to the Customer Care Services, the customer satisfaction score averaged about 70 (60 for the IVRs and 78.1 for the Call Centre operator’s response). The indicators for customer loyalty and tendency for “word-of-mouth” recommendations respectively amounted to 84.6 and 72.9, while the advertising effectiveness obtained a score of 67.7.

	2016
Overall satisfaction	74.8
Satisfaction in relation to customer expectations	74.8
Satisfaction in relation to an ideal operator	70.3
Rates	74.9
Customer Care Services	68.6
IVR - Interactive Voice Response	60.0
Call Centre operator	78.1
Customer loyalty	84.6
Tendency for “word-of-mouth” recommendations	72.9
Advertising effectiveness	67.7

Table 12. Results of the H3G customer satisfaction analysis.

COURSES OF ACTION FOR 2017

To repeat the periodic customer satisfaction surveys and confirm the positive results obtained in 2016.

We seek common solutions

Mediation with the Regional Communication Committees (Co.Re.Coms)

The tools necessary to resolve any disputes that may arise between the users and operators of electronic communications are determined by the Communications Authority (AGCOM), which, for the telecommunications industry, established the obligation to make an attempt at mediation before proceeding with legal action.

The attempt at mediation is a procedure by which the user and the operator, with the assistance of a third party (including the Co.re.coms - Regional Communication Committees), seek a good-natured solution to the dispute. If such a solution is not reached, the user may request the Authority and the Co.Re.Coms delegated by it, the settlement of the dispute or may turn to the ordinary courts.

In 2016, the mediation requests submitted to the Co.re.coms amounted to 9,192 in relation to Wind (for a slight decrease compared to the 9,337 in 2015) and 12,690 in relation to H3G.

	Wind	H3G
Mediation requests submitted to the Co.re.coms	9,192	12,690
Solution agreed between the parties	75%	61%
User request for the Authority or the Co.Re.Coms to resolve the dispute	13%	9%
User recourse to the ordinary courts	10%	28%

Table 13. Mediation requests submitted to the Co.re.coms in 2016.

For 2017, the aim is to adopt the Wind model throughout the entire organisation, by internalizing the management of most mediation proceedings and promptly handling any complaints.

Joint mediation

In 2016, both Wind and H3G adhered to the joint mediation proceedings co-funding project for all consumer associations recognised by the government, with whom they have an active mediation protocol.

The aim is to support intermediation activities by consumer associations on behalf of users. For each joint intermediation proceeding successfully closed, the consumer associations are awarded a contribution of € 35 (for an online intermediation procedure, and € 40 if physical help-desk support is required) by the Ministry of Economic Development (using funds sourced from fines imposed on companies by the Competition and Markets Authority for unfair commercial practices), plus a € 20 contribution from the company managing the joint intermediation proceedings.

During the course of 2016, the joint mediation requests received by Wind amounted to 1,514 (as opposed to 1,674 in 2015, and 1,426 in 2014). The joint mediation procedures managed with a positive outcome, that is, those that could have access to co-funding, amounted to approximately 80% of the total, confirming a trend that has now been in progress for some years, demonstrating that the mediation tool significantly reduces the tendency towards litigation.

The joint mediation requests received by H3G during the course of 2016 amounted to 2,924 (as opposed to 3,345 in 2015, and 2,881 in 2014). The joint mediation procedures handled successfully, which could have access to co-funding, amounted to approximately 1600, equal to 55% of the total.

	Wind	H3G
Joint mediation requests	1,514	2,924
Requests with a positive outcome	1,220	1,598
Percentage of requests with a positive outcome	81%	55%

Table 14. Joint mediation requests in 2016.

Like for the mediations held before the Co.Re.Coms, the objective in this case is likewise to adopt the Wind model throughout the entire organisation, by internalizing the management of most mediation proceedings and promptly handling any complaints.

Litigation with customers

At the end of 2016, Wind had 5,600 disputes pending. This figure has not changed with respect to the end of the previous year. There was a wide range of reasons for the disputes, some of the most common of which included: breach of contract, interruption of service, repudiation of contracts, billing disputes, disruption of normal service, management and handling of personal data. 74% of the cases closed in 2016 were concluded with a sentence in favour of Wind.

At the end of 2016, H3G had 1,190 disputes pending. An increase of approximately 600 cases has been recorded with respect to the previous year. The reasons for the disputes are numerous; the most common include: exceeded thresholds, premium SMS, “3” portal content, lack of network coverage, disregard of the contract, incorrect billing, MNP, contract withdrawal/termination, suspension or deactivation of service. 2% of the cases closed in 2016 were concluded with a sentence in favour of H3G.

After the merger, the company embarked on a pathway aimed at extending the Wind management approach throughout the entire organisation, which involves the legal constitution of all the notified positions, with no transaction margins prior to judgement, unless actually founded. Over time, this *modus operandi* should lead to a decrease in the number of disputes reported, as well as in the relative economic losses.

[G4 - PR7]

Sanctions imposed by the industry Authorities

In 2016, Wind received 2 sanctions from AgCom (the Italian Communications Authority), for a total value of € 360,658, due to the non-conformity of the mobile number termination procedure, and for the failure to comply with the Co.re.com provisions, as well as a sanction of € 455,000 from the AGCM (the Italian Antitrust Authority) for having adopted unfair trading practices during the reduction of the renewal period for the mobile phone promotions.

This result is a clear improvement with respect to 2015, when there were a total of 7 AgCom and AGCM sanctions, for an amount of nearly double that indicated above.

With regard to H3G, the company did not received any sanctions from the AGCM in 2016, while AgCom imposed 3 sanctions: one amounting to € 300,000 for the quality of the contact telephone services (call centre), one amounting to € 320,000 for unannounced SIM Card deactivation upon expiration, and finally one amounting to € 480,000 for the failure to comply with a formal notice concerning the application of charges for navigation in the called “App&Store” area.

Your data, a value to be protected

Combining rigour and simplicity

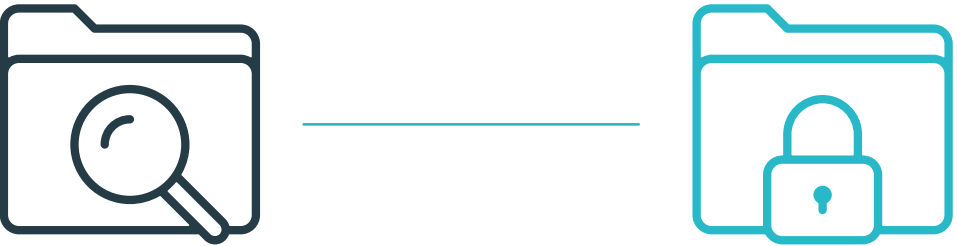
For the telecommunications industry, the main challenge in the field of data protection (both personal and otherwise) is to combine the complexity of ensuring rigorous respect for the regulatory obligations, with the simplicity desired by the customer in using the services, all within an extremely dynamic environment in which the business and the relative technologies are constantly changing.

The harmonisation of the Wind and H3G processes, for which the first considerations began during 2016, is seen as an opportunity to redefine the corporate governance for data management purposes, taking into account these specific needs, as well as to implement a number of relevant regulatory changes introduced on a European-wide scale in 2016 by the General Data Protection Regulation. In addition to the risk of data breach, the new governance that will take shape in 2017 will also embrace profiling and treatment processes, converging towards a more streamlined framework.

Therefore, over the course of the coming year, Wind Tre will be committed to establishing a new organisational structure in this area, which will have the characteristics listed below.

In order to address this need, Wind Tre makes use of dedicated organisational units to:

- ensure respect for the **Privacy Code**, both within the company itself and throughout its value chain (suppliers and distributors);
- ensure adequate **security management from a technological standpoint**, by establishing adequate standards and policies to be applied during the design, development, and operational phases of the systems and applications.



The company is actively engaged in preventive protection, as well as in the management and mitigation of any data breaches.

On the issue of Privacy, the Wind Tre Governance system deals with the following topics:

- the proper implementation of the new regulations and provisions in this field;
- the development, production and marketing of new services;
- the monitoring of the adequacy level of the technical and organisational measures adopted.

In order to ensure the confidentiality of the data, Wind Tre applies methodologies based on the best practices in the sector (for example the ENISA² guidelines and ISO 27000³ series standards) and has adopted a system of Governance, Risk Management and Compliance (eGRC) developed internally which makes it possible to keep the entire data processing chain under control, assessing the level of compliance of each system involved in an analytical manner.

This control and assessment activity culminates in the annual summary of Wind Tre systems’ level of conformity which is discussed at Top Management and gives rise to policy directions for the future.

Wind Tre also complies with the legislative provisions and the Italian Data Protection Authority regulations on the theme of the proliferation, enrichment and transfer of data and information procedures regarding authorisation.

The external service providers authorised to handle customer data, such as the outsourced Call Centres and Information Technology suppliers, are audited on an annual basis.

The company’s personnel receive regular training on the topic of privacy, in order to ensure that they are in the right conditions to perform their professional duties.

The privacy protection investments are naturally integrated within the business requirements, and it is therefore difficult to determine how much of the investment can be attributed to one purpose or the other. In general, with regard to Wind, investments for business requirements were made in 2016 that also included privacy-related aspects. With regard to H3G, on the other hand, the greatest impact was felt in relation to the data breach project in 2013-2014.

Data breaches: episodes that are more unique than rare

In 2016, H3G refined its data breach prevention and management processes by conducting a detailed risk analysis that also involved the Top Management. This intervention allowed us to shorten the times necessary for detecting and reporting any problems, and for implementing the relative corrective actions. Furthermore, there is also a project in progress aimed at enhancing the **preventive approach** in relation to any potential data breaches, even in terms of reducing the relative business risks.

In 2016 no data breaches were recorded at Wind or H3G. During the two previous years H3G did not suffer any data breaches, while in Wind in 2015 a data breach for uncommon access to the CRM/Customer Area system was recorded, and 2 data breaches were detected in 2014.

Over the past 3 years, no third party claims were received by Wind or H3G due to violations of privacy or breaches of customer data.

		2016	2015	2014
Number of claims received from third parties due to violations of privacy or loss of customer data	Wind	0	0	0
	H3G	0	0	0
Total number of identified violations, theft or loss of customer data	Wind	0	1	2
	H3G	0	0	0

Table 15. Key data loss figures.

[G4 - PR8]

² ENISA (European Union Agency for Network and Information Security) is the European Union’s answer regarding cyber security, with the objective of setting up a centre for information exchange, best practice and awareness in the field of Information Security, promoting and supporting a culture of Information Technology and Internet Security to the benefit of citizens, consumers, and the private and public sector in the European Union.

³ The ISO/IEC 27001:2013 international standard defines the requirements for setting up and managing an Information Security Management System. It includes aspects relating to logical, physical and organisational security.

Cooperation with the Data Protection Authority

Wind Tre has regular contact with the Data Protection Authority, and always offers its full cooperation. Together with other operators, the company helps define the best practices for the protection of Privacy rights in the context of telecommunications. In particular, in 2016 Wind and H3G attended the Italian Data Protection Authority's hearings on the matters of:

- Mobile Ticketing;
- The Internet of Things;
- The Information System on Intentional Arrears in the field of Telecommunications;
- The General Data Protection Regulation;
- Support for political parties through donations made with mobile credit.

Like in the previous years, the company underwent 2 inspections by the Data Protection Authority during the course of 2016: one for Wind and one for H3G. With regard to Wind, the inspection resulted in a sanction of € 20,000 following the detection of an anomaly. The company, however, has challenged the provision, and the sanction in question was not yet paid at the time of this document's publication. Wind Tre has requested a hearing on the matter from the Data Protection Authority, and is currently awaiting a summons. With regard to H3G, the inspection began in 2016 and was still in progress at the beginning of 2017. At the time of this document's publication, the outcome of this inspection had not yet been communicated to the company. During the two previous years, the Data Protection Authority only lodged 2 complaints in relation to H3G in 2015, and one in relation to Wind in 2014.

In accordance with the indications provided by the Data Protection Authority, Wind and H3G conducted regular surveillance activities in order to verify compliance with the Privacy regulations on the part of its external suppliers appointed data processors, even in terms of security measures, as well as their compliance with the instructions provided on a contractual level. More specifically, in 2016 Wind carried out 13 on-site audits (as opposed to 11 in 2015 and 2014), while H3G sent an inspection questionnaire to 72 external suppliers (as opposed to 84 in 2015, and 62 in 2014). Similar questionnaires are expected to be sent to the sales agents in 2017, as was the case in 2015 (100 questionnaires) and 2014 (85 questionnaires).



2016 Privacy Projects

Wind Tre also enhances data security through a number of specific internal and external projects, which are intended to benefit the customers and the telecommunications industry as a whole. The most significant of these projects are listed below.

S.I.Mo.I.Tel. – The Information System on Intentional Arrears in the field of Telecommunications

In 2016, a consultation was conducted at Asstel for the creation of a database (referred to as S.I.Mo.I.Tel.) concerning intentional customer arrears in the telecommunications sector, in order to implement a provision of the Data Protection Authority published in the Official Gazette of 4 November 2015. More specifically, the S.I.Mo.I.Tel. database, in which the telephone operators participate, will be managed by a private subject (the Manager), and is aimed at preventing intentional arrears on the part of customers holding contracts for the provision of landline and mobile telecommunications services, which can be understood as payments withheld intentionally by the subjects, and not as a result of unforeseen and contingent circumstances. The specific privacy notice has been published on the Wind and H3G institutional websites.

Data Security Program Document (DPS)

The DPS (Data Security Program Document) provides a detailed description of the activities carried out by Wind Tre regarding privacy and planned future actions. Although the legislature has abolished the obligation of this document that was formerly a legal obligation, Wind Tre has continued to make use of it in order to control the business processes that involve data processing, and to set out the security measures adopted. In 2016, both Wind and H3G conducted a risk assessment on the systems used to process the customers’ personal data, and verified that the internal processes meet the requirements established by the Data Protection Authority to ensure the security of the company’s data.

DNS security feed

During the course of 2016, Wind developed this solution in order to improve the security of its landline and mobile customers’ internet browsing. The DNS security feed project makes use of the information on malicious sites and sources at risk from the research centres and Security Operation Centres of one of the leading global players in the field of security, and prevents its customers from suffering damage (such as loss or theft of data) or from unknowingly participating in criminal activities (e.g. by unknowingly participating in botnets, or rather hacker-controlled networks made up of specialised malware-infected devices), in the event that they should access harmful websites.

The new General Data Protection Regulation

In 2016, the European Commission adopted the General Data Protection Regulation⁴ in order to unify and enhance the protection of personal data within the EU, to give the citizens control of their personal data once again, and to simplify the regulatory context concerning international affairs. This Regulation will enter into force in 2018, and will replace the data protection directive established in 1995⁵.

For businesses, the new Regulation will require a series of challenging compliance activities to be conducted. What’s more, extremely high penalties (up to 4% of the turnover) will be applicable to the most serious violations.

The new regulation requires data protection to be integrated within the design and development of the services from the outset (Privacy by Design and by Default). Furthermore, the privacy settings must be set to a high level by default.

Companies will be required to conduct specific assessments on the potential risks posed to the rights and freedoms of the individuals to whom the data refer, and, in the case of high risks, must commit themselves to reducing the risks in question, and must obtain approval from the Data Protection Authority prior to processing the data.

In light of these new obligations, the adaptation to the new Regulation will clearly require Wind Tre to make a significant commitment to the issue of privacy over the next year.

COURSES OF ACTION FOR 2017

Not to receive any sanctions from the Data Protection Authority related to 2017.

To conduct on-site supervisory activities relating to privacy for at least 10 suppliers appointed as external data processors.

To eliminate any data breach attempt and to optimise the relative processes.

To start the adaptation of business processes to the formalities required by the new General Data Protection Regulation that will come into effect in 2018.

To harmonize, following to the merge, the company processes related to all the different privacy issues, both internally and towards the external customer.

⁴ GDPR, General Data Protection Regulation, EU regulation 2016/679.

⁵ Directive 95/46/EC.

Reliable and fast with the new converging network

[G4 - EC7]

Reliable and fast with the new converging network



An essential business asset

A reliable and extensive network is necessary for the provision of all the telecommunications services (voice and data), and makes a significant contribution to the perception of service quality on the part of the customer. That’s why Wind Tre considers the quality of its landline and mobile networks to be an essential business asset.

The continuous and exponential increase in its customers’ technical performance expectations has led the company to manage its network with maximum care, so that it will be able to fully meet the current and future market requirements in terms of territorial coverage and signal quality, both outdoors and indoors.

Wind Tre currently owns **2 mobile networks**, previously owned by the two companies of which it was comprised, and a landline network previously owned by Wind itself. The company is therefore directly responsible for the performance and impacts of its telecommunications infrastructures.

The responsibility for the design, development and management of the network lies with a dedicated corporate division, namely the Technology Division, which makes use of its own internal resources, as well as service contracts established with third party providers.

Network reliability and continuity of customer service are priorities that the company manages through the careful design of its network architectures, which are deliberately redundant in order to remedy the temporary unavailability of any individual elements. The network performance levels are constantly monitored, and the traffic trends are summarised and analysed on a daily and weekly basis. The network performance targets are established in such a way as to guarantee high standards of service, and to meet the predictable traffic expectations. The network is monitored by a perpetually active NOC (Network Operation Centre).

In 2016, the maintenance of the landline and mobile networks and the ICT was handled by internal Wind Tre personnel. In addition to the internal staff, the maintenance of the H3G network was also carried out according to an outsourcing contract stipulated with Ericsson for the design, maintenance, and operation of the H3G network.

There was only **one voice and data service disruption on the H3G network during 2016**, which affected about half the country on 10 October. The cause was traced to **two different types of anomalies that occurred simultaneously. Service was restored within 30 minutes. No significant service disruptions occurred on the Wind networks during the same period.**

The mobile network: a rapidly developing infrastructure

Wind offered mobile services throughout the country with three different levels of network coverage (2G, 3G, and 4G), while H3G offered services with its 3G and 4G networks.

As of 31/12/2016, the Wind and H3G networks offered the following outdoor coverage for the national population.

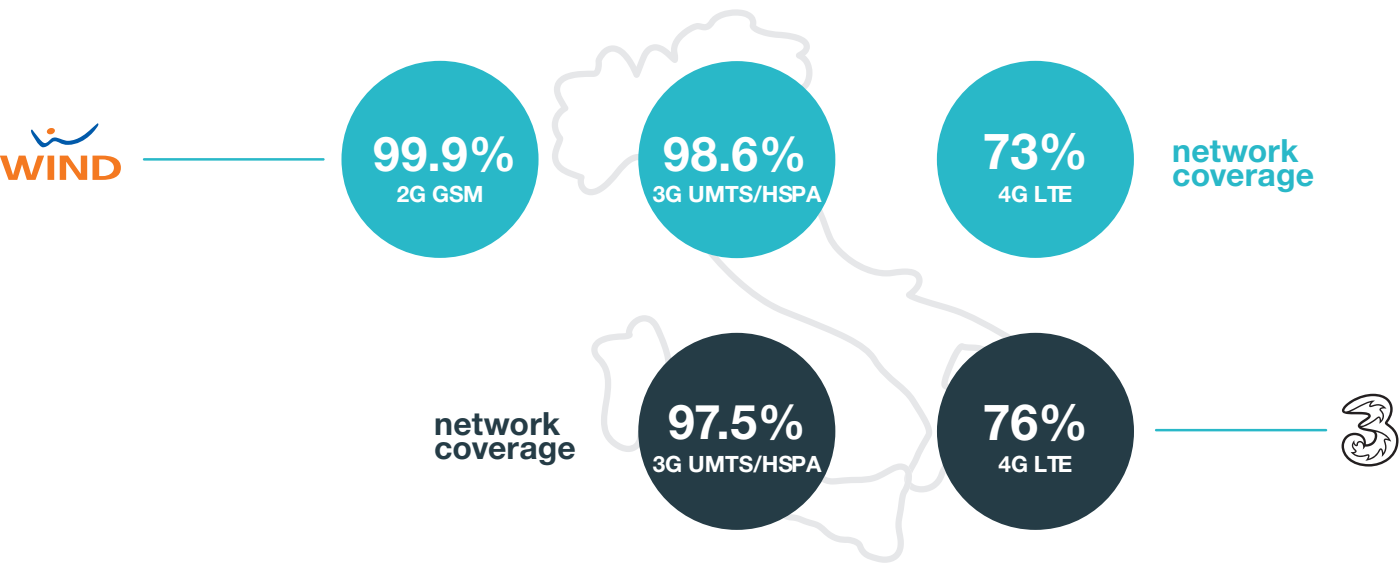


Figure 3. Network coverage by connection type.

On an international level, the company has 933 roaming agreements with numerous domestic and international telecommunications operators worldwide, 503 through Wind, and 430 through H3G.

The mobile network traffic has experienced rapid growth in recent years: in 2016, that which was recorded by Wind increased by 44% with respect to the previous year, while that recorded by H3G increased by 42%.

	2016	2015
Wind	302,524,572	210,430,611
H3G	280,330,776	197,233,865

Table 16. Mobile network traffic (Gb).

Over the past year, Wind and H3G Italia have pursued a major development plan for LTE technology, using the previously acquired 800 MHz, 1800 MHz and 2600 MHz band frequencies.

In order to meet the market’s strong demand for data traffic, in 2016 Wind and H3G mainly concentrated their efforts upon LTE coverage (+20%), with the aim of covering larger areas and increasing the capacity offered to the customers. The company decided to invest in this solution in order to improve the quality of its mobile network, and to simultaneously obtain benefits in terms of reduced energy consumption.

Furthermore, Wind Tre also conducted a series of studies in order to evaluate the effects of the introduction of NFV (Network Functions Virtualisation), which will lead to a significant change in the way we implement telecommunication networks, by effectively breaking the hardware and software link present in the traditional equipment. In fact, the functions of the landline and mobile networks will become software applications (VNF: Virtual Network Function) that the operator will be able to implement on commercial servers. This technology will result in a profound innovation in future years, whereby the operators will be able to optimise the equipment development and installation processes that allow the services to be provided to the end users.

Given the importance of the new services and the need to standardise the machine-to-machine solutions (M2M) and, more generally, the Internet of Things (IoT), during the course of the year Wind participated in qualitative assessments with regard to national roaming scenarios between operators, and assessed the benefits of solutions on centralised platforms, as well as the impacts on the spectrum of the frequencies utilised.

During the same period, H3G conducted analyses and feasibility studies relating to the construction of LTE-TDD networks for the real-time transmission of digital video, and participated in EU-funded research projects on the following topics:

- Big Data: the development of high performance hardware and software solutions;
- 5G: analyses and solutions for the architectural aspects of virtualisation (SDN, NFV), backhauling and RAN;
- IoT (Internet of Things): integrated solutions (Smartcities, Smartgrid, Industry 4.0).

The technical specifications of the Wind and H3G mobile networks are indicated in the following tables.

GSM/GPRS	
Radiating sites	14,789
BSC (Base Station Controllers)	228
MSC (Mobile Switching Centers)	0
HLR/HSS (Home Location Register)*	12
SGSN (Service GPRS Support Node)*	6



GGSN (Gateway GPRS Support Node)*	6
UMTS	
Node B	14,466
RNC (Radio Network Controller)	134
MSC-Server	25
MGW (Media Gateway)	27
SGSN (Service GPRS Support Node)*	6 (triple access)

LTE	
Enodeb	4,398
MME	6
HSS	2
PDN-GW	6
S-GW	6

* Shared with UMTS/LTE.

Table 17. Characteristics of the Wind mobile network.

UMTS/LTE	
Node B	11,401
Enodeb	4,282
RNC (Radio Network Controller)	109
MSC-Server	11
MGW (Media Gateway)	22
SGSN /MME	9
GGSN/EPG	13
HSS	2
HLR-FE	4
HLR-CUDB	3

Table 18. Characteristics of the H3G mobile network.

Following the merger between Wind and H3G, the 2 mobile network infrastructures will be gradually integrated, with positive effects for the customers, who will have better connectivity in terms of both coverage area and signal quality inside buildings.



In order to guarantee service where the H3G network is not available, the roaming service, which is currently offered in 2G on the TIM network, will be transferred to the Wind network by June of 2017, with the possibility of obtaining 4G connections starting in September.

Following the merger between the Wind and H3G sites, certain signal repeating plants and technical structures will be rendered redundant with respect to the company’s requirements: these assets will either be dismantled or sold to other operators starting in 2017, up until mid-2019.

Starting in mid-2018, the networks in Rome and Milan will be fully integrated to create a single infrastructure. This process will later be extended to other areas of the country as well.

During the integration of the two networks, a general modernisation of the technologies in the field will be carried out in order to prepare the Wind Tre network for future developments in terms of services (e.g. IoT), capacity, and reliability.

For example, it is expected that most of the links between the base transceiver stations and the core network, which currently mainly consist of radio bridges, will be comprised of fibre optics.

COURSES OF ACTION FOR 2017

To create over 3,500 new LTE 800 MHz sites.

To create 500 new LTE 1800 MHz sites.

To modernise over 3,500 sites with ZTE technology.

To activate the roaming service on the Wind 2G and 3G networks for H3G customers by June of 2017.

To activate the roaming service on the Wind 4G network for H3G customers by September of 2017.

To extend the FTTC mobile network service (connection up to 30 Mbps) to cover 650 municipalities in 2017.

The landline network: for “future proof” broadband services

Wind’s landline network consists of:

- 22,679 km of high-speed fibre optic backbone network;
- 5,151 km metropolitan area network (MAN) in all the provincial capitals and major cities in Italy;
- 16,534 radio links.

The infrastructure for **voice traffic** technically consists of an NGN/IMS network consisting of 4 Call Control nodes, 4 Media Gateway Controllers, and 42 Trunking Gateways. The national network is supported by an NGN network dedicated to interconnection with international operators, including 4 Media Gateway Controllers and 12 Trunking Gateways. Wind is capable of handling all the backbone traffic on its own infrastructures, with little need to rent extra capacity from third parties.

Wind has 1,938 LLU sites for direct connections to subscribers, with a capacity of approximately 3.479 million lines, and is interconnected with 32 GW IPs, which allow for “indirect” Carrier Selection throughout Italy, as well as WLR services.

In 2015, Wind began investing in its DNS security feed, and activated ultra-broadband services reaching about 38.4% of the population, using Fibre To The Cabinet (FTTC) and Fibre To The Home (FTTH) technologies.

With FTTC technology, Wind offers connection speeds of up to 30 Mbps in 280 Italian municipalities, and intends to increase its coverage in the coming years, reaching a total of 650 municipalities in 2017.

During the course of 2016, Wind extended its FTTH-based services starting from the Milan area, and reaching other major cities (including Turin, Bologna, and Perugia). In the coming months, Wind intends to cover additional cities through agreements involving Open Fibre (OF). This service offers fibre optic connections at speeds of up to 100 Mbps, designed to meet the needs of the “Home-Family” customers. In this regard, Wind has established direct connection agreements with social networking platforms and the most popular digital content providers. Furthermore, the company has also implemented a Content Delivery Network platform (Velocix technology) to improve this content’s accessibility by the end users.

During the course of 2016, the company also succeeded in migrating most of the interconnection voice traffic with other national operators to IP technology.

The infrastructure for **data traffic** consists of an IP network, with over 50 Points of Presence (POPs), through which users can access direct (xDSL) and indirect Internet services, as well as the virtual private network for business services (xDSL, Fibre Optic). The access nodes on the IP network are made up of 61 BRASs for Consumer services and 84 Edge Routers for Business users, which are located in the POPs in order to guarantee maximum national coverage.

In 2016, Wind continued to select and introduce new technologies to the network, with the ultimate goal of obtaining a single core network and an IP technology transport network for all the services, for both the landline and mobile networks, thus simplifying the general network architectures and rendering them “future proof”.

COURSES OF ACTION FOR 2017

To extend the landline network services with fibre access, by increasing the number of sites with FTTC technology by 400 with respect to the 636 present at the end of 2016, and the number of sites (POP) with FTTH technology by 27 with respect to the 15 present at the end of 2016.

A significant reduction in energy consumption and CO₂ emissions

Wind Tre’s main environmental impact relates to energy consumption, with the relative CO₂ emissions, which the company keeps under control through measures linked to the design, installation and operation of the landline and mobile network equipment.

Energy monitoring is guaranteed by the in-house presence of a dedicated unit within the Finance, Control & Procurement Division, which is also the main reference for the company’s **Energy Manager**.

Wind Tre monitors energy consumption associated with its activities every month and actively promotes initiatives that allow for reduction in costs and consumption for the same level of services offered.

The company’s energy consumption, as well as the relative CO₂ emissions, are classified as follows:

- **Scope 1:** direct consumption and emissions generated by equipment owned or controlled by the company;
- **Scope 2:** indirect consumption and emissions due to the production of energy purchased from third parties;
- **Scope 3:** indirect consumption and emissions due to the use of products/business services downstream of the supply chain (customers), or products/services purchased upstream of the supply chain (suppliers).

The company impacts are generated by:

- **The network:** the telecommunications infrastructure and systems (e.g. antennas and Data Centres). The network is primarily powered by energy purchased from third parties (Scope 2) and, to a much lesser extent, by proprietary diesel generators (Scope 1);
- **Civilian sites:** proprietary offices, call centres, and shops, which mainly consume electricity purchased from third parties (Scope 2) and, to a much lesser extent, diesel and natural gas to power the company’s generators and boilers, which provide heat or electricity (Scope 1);
- **Transport:** the energy consumption in this case is attributable to the fuel for the company’s proprietary or leased vehicles (Scope 1). The indirect energy consumption relating to the other means of transport used by the company’s personnel, such as trains or airplanes (Scope 2), are currently not taken into account.

	Direct consumption and emissions (Scope 1)	Indirect consumption and emissions (Scope 2)
Network	Diesel to power the generators	Electricity purchased from third parties
Civil sites (offices, call centres, shops)	Diesel and natural gas to power the generators and boilers required for heat or electricity	Electricity purchased from third parties
Transport	Fuel for proprietary or leased vehicles	Fuel for other means of transport (not taken into account)

Table 19. Type of direct (Scope 1) and indirect (Scope 2) energy use.



With regard to Wind, **the requirements of the telecommunications network account for over 90%** of the total energy consumption, which in 2016 amounted to nearly 400,000 MWh, corresponding to 133,148 tonnes of CO₂¹ in atmospheric emissions.

	Scope 1			Scope 2			Total		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Network	1,171,896	1,092,827	1,305,115	357,748,078	391,429,193	518,734,359	358,919,974	392,522,020	520,039,474
Civil sites (offices, call centres, shops)	1,353,322	1,440,563	1,775,078	30,959,890	31,000,000	31,455,000	32,313,212	32,440,563	33,230,078
Transport	5,960,491	6,263,480	6,493,306	n.a.	n.a.	n.a.	5,960,491	6,263,480	6,493,306
TOTAL	8,485,709	8,798,885	9,575,513	388,707,968	422,431,208	550,191,373	397,193,677	431,228,078	559,764,872

Table 20. Wind’s energy consumption (KWh).

72% of the electricity purchased by Wind in 2016 came from **renewable sources**.



72%
electricity from
renewable sources

The energy use decreased significantly from 2014 to 2016 due to the outsourcing of a portion of the Galata S.p.A. plants, which are 10% owned by Wind Tre. It is estimated that the Galata sites consumed approximately 197,000 MWh in 2016.

1 Conversion factor applied: 0.33743 kg CO₂/kWh.

At the end of 2016, Wind reduced its CO₂ emissions per unit of traffic by 54% with respect to the baseline of December 2013. This result was achieved thanks to the energy efficiency measures implemented, as well as the reduction of the “energy intensity” coefficient, which is calculated as the ratio between the total energy consumption and the traffic volumes. For Wind, this coefficient decreased in 2016, and, considering the mobile network alone, was equal to 29.6%.

With regard to H3G, **the requirements of the telecommunications network also account for over 90%** of the total energy consumption, which in 2016 amounted to approximately 255,000 MWh (Scope 2 only), corresponding to 86,133 tonnes of CO₂² in atmospheric emissions.

	Scope 1			Scope 2		
	2016	2015	2014	2016	2015	2014
Network	n.a.	n.a.	n.a.	237,524,920	215,906,548	187,356,124
Civil sites (offices, call centres, shops)	n.a.	n.a.	n.a.	17,736,243	19,139,890	19,045,883
Transport	1,534,949	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL	n.a.	n.a.	n.a.	255,263,179	235,048,453	206,404,021

Table 21. H3G’s energy consumption (kWh).

The litres of diesel consumed by H3G’s power generators on BTS are estimated at approximately 21,700.

The “energy intensity” coefficient, calculated as the ratio between the total energy consumption and the traffic volumes, was down by 22.6% in 2016 with respect to 2015.

Wind maintained its commitment to **energy efficiency projects** in 2016. The main initiatives implemented included:

- 34 new free cooling (i.e. forced ventilation) plants on the main site, in order to reduce the energy consumption of the air conditioning systems;
- the shutdown of the S12 plant in Pavia in order to switch to the VOIP system.

In fact, Wind Tre constantly needs to cool the network devices in order to keep them within the temperature limits required for their proper functionality. For this purpose, large air conditioning systems are used, which, on average, consume at least the same energy as the devices to be cooled. Thanks to the installation of free cooling systems at the sites of higher energy consumption, the outside temperatures can be exploited during the coldest months of the year in order to limit the consumption of the air conditioning systems.

2 Conversion factor applied: 0.33743 kg CO₂/kWh.

[G4 - EN6]

In 2016, the energy efficiency projects enacted from 2012 onwards provided for a savings of approximately 84,000 MWh, representing **21% of Wind's total annual consumption** (scope 1 and scope 2).

[G4 - EN19]

This prevented the emission of **28,355 tonnes of CO₂³** into the atmosphere.



H3G also continued to pursue its energy efficiency goals in 2016. The main initiatives implemented concerned the cooling systems of the CEDs, the technical sites, and the BTSs. In 2016, H3G installed more than 1,000 free cooling systems and passive cooling systems on the BTSs. Furthermore, the traditional lights were replaced with LEDs at the Rome location, a free cooling system was installed at the Bologna location, and the modernisation of the power stations was completed at the Rome, Naples, Palermo, and Catania locations. Once fully implemented, it is estimated that the streamlining activities carried out by H3G in 2016 will save 3,300 MWh per year for the power plants and offices, and 1,500 MWh per year on the radio network, for a total of 4,800 MWh saved, equal to 1,518 tonnes of CO₂ avoided.

³ Conversion factor applied: 0.33743 kg CO₂/kWh. For 2016, the tonnes of CO₂ not emitted into the atmosphere were estimated based on the white certificates received in 2016, in relation to the swap & modernisation project in effect since 2012.

The electromagnetic emissions are under control

Although all the services offered by Wind Tre comply with the legislation in force and the values of its emissions are well under the legal thresholds, the company is well aware of the fact that electromagnetism is an area of concern in public opinion. As a result, besides constant monitoring of its emissions, the company is also committed to furthering scientific research on the matter and to making a useful contribution to the growth of the collective culture in this area.

The electromagnetic emissions monitoring activities conducted by Wind and H3G have always recorded values significantly lower than those established by Italian law, which prescribes limits that are far more stringent than those applied throughout the rest of Europe.

In Italy, in fact, the limits are fixed for all frequency bands in 20 v/m, a value that reduces to 6 v/m in all residential zones with a permanence of greater than four consecutive hours. The differences in the maximum emission values permitted for European countries and Italy are, for a number of frequency bands, up to 10-15 times lower, confirming an extremely cautious approach in Italy for all the various radio technologies (400 - 900 - 1800 MHz and over 2 GHz).

For all new installations and expansions, Wind Tre performs preventive electromagnetic emissions monitoring in order to ensure that the level of overall emissions within the target area - which includes all the sources present therein (radio-tv repeaters, etc.) - remains within the levels required by law, even downstream of the installation or expansion.

Once the authorisations have been obtained from the competent ARPAs (Regional Environmental Protection Agencies) prior to activation, the company uses the latest remote monitoring systems to constantly monitor the meters in order to ensure that the equipment does not exceed the power and emission levels established for the area in question. Based on the Operators' declarations concerning the power levels transmitted and the technologies installed on their equipment, the ARPA carries out periodic checks on a sample basis or after receiving specific reports.

Furthermore, as of 2015, the monitoring data for the plants covered by the new regulations of 12/12/2014, which require the average daily power to be verified, have been rendered available on a portal created specifically for the ARPAs.

As of 31 December 2016, there were a total of 5 disputes pending with Wind and H3G for problems relating to electromagnetic fields following the installation of base transceiver stations.

The basis for this document

Wind Tre has completed an important part of its corporate social responsibility reporting by formally publishing this first Sustainability Report. In fact, this experience is not entirely new, considering that the company arose from the merger between Wind, which has published an annual sustainability report since 2003, and H3G, which did not have a tradition of reporting. For this reason, H3G’s data for the years prior to 2016 are sometimes not available in the body of this document.

Like the financial statements, the scope of this document comprises Wind Tre S.p.A. and its subsidiaries. Its contents describe the performance of the two organisations (Wind and H3G) from January to December 2016, specifying the data and information both. With regard to the description of the management approach to the various issues, on the other hand, it has been decided to make use of that which has been adopted by the new company, in order to provide the reader with more useful information for evaluating the current situation and predicting the future results.

The document has been prepared in accordance with the guidelines of the G4 edition of the Global Reporting Initiative, choosing “core” option. The contents that meet the requirements of this reference are indicated in the text using identification codes starting with “G4”, which are shown in brackets at the end of the sentences or, in the case of more lengthy content, with a footnote included in the header of the paragraph.

Through its “materiality disclosures service”, the GRI has confirmed that the information relating to the materiality analysis is provided in a sufficiently clear manner. Unlike that which took place up until last year for Wind, the Sustainability Report has not undergone external verification, as the fusion of Wind and H3G is still taking place at an operational level: the two companies’ processes, even in terms of data collection for reporting purposes, are currently undergoing and integration and harmonisation process. The peculiarity of this situation has therefore led us to believe that an external verification will not be useful until the transition process has been completed.

The contents of this document were collected with the cooperation of all the company’s personnel, who provided the information and data relevant to their activities in a prompt and comprehensive manner. The Wind Tre CR (Corporate Responsibility) unit coordinated the project, thus ensuring consistent results. The participation of the entire company allowed for the creation of this first Sustainability Report, which represents a “year zero”, and therefore a fresh start.

Wherever the data was estimated, rather than using exact values, a conservative approach was adopted. The data referring to the years prior to 2016 has not been changed.

For any further information or clarifications regarding the contents of this Sustainability Report, please contact the Wind CR Department at the following addresses:

Wind Tre S.p.A.

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Selection of the most important issues

The document focuses upon the issues that the company has identified as most important, by doing what the Global Reporting Initiative (GRI) defines a “materiality analysis”.

Starting from a preliminary list of 46 issues relating to the aspects present in the GRI’s G4 guidelines, a shortlist of 22 issues potentially relevant to Wind Tre was identified, taking account of their recurrence in the following documentary sources:

- interviews with opinion leaders conducted for Wind’s 2015 and 2014 Sustainability Reports;
- the material issues in Wind’s 2015 Sustainability Report;
- the issues identified as material by SASB for the TELCO sector;
- the Sustainability Reports of 8 competitors and representative peers throughout Europe.

Each of these 22 issues was associated with a description in order to express how it might be present in the telecommunications sector, and with specific regard to Wind Tre’s operations, and was tentatively assigned a level of importance during a workshop attended by 4 of the company’s departments who are particularly involved in stakeholder relations. This estimate took into account both Wind Tre’s point of view, with regard to its objectives and its present situation, as well as that of its stakeholders, assuming their opinions and expectations in consideration of our recent interactions with them.

Based on the materiality levels thus obtained, the 22 issues were placed in a temporary materiality matrix, which was brought to the attention of the management team (the 8 Top Managers who report directly to the Wind Tre Chief Executive Officer) in order to gather their views and change the positioning of the 22 themes within the matrix accordingly.

The issues that were determined to be the most relevant for the company and its stakeholders are shown in the following table.

ISSUE	DESCRIPTION	CHAPTER
Customer care and customer satisfaction	In order to satisfy its customers, Wind Tre responds to and anticipates their needs. The company establishes a unique relationship with each customer, thus allowing it to offer personalised products and services.	Tuned in with our customers
Network reliability and coverage	A reliable and extensive network is necessary for the provision of all the telecommunications services (voice and data), and makes a significant contribution to the perception of the service quality received.	Reliable and fast with the new converging network
Data protection and security	Wind Tre's proper handling of the company's data and the customers' data (especially personal data) is an essential requirement for its credibility on the market. The company therefore adopts stringent safeguards and supports numerous initiatives in this field.	Tuned in with our customers
Transparency and responsible marketing	Wind Tre adopts proper business practices based on the principles of transparency, clarity, simplicity, and fairness towards customers.	Tuned in with our customers
Innovation and open innovation	Innovation is the driving force behind Wind Tre, and in order to create value and better compete on the market, it increasingly requires the involvement of external subjects (start-ups, universities, laboratories), for a win-win relationship that fosters the system's overall development.	Connected with the future
Reduction of CO ₂ emissions and smart technologies	Wind Tre's main direct environmental impact consists of the energy consumption of its data centres and network, which are responsible for almost all of the CO ₂ emissions attributable to the company. Wind Tre has therefore committed itself to energy efficiency projects.	Reliable and fast with the new converging network

Table 22. Most relevant issues (“material”).

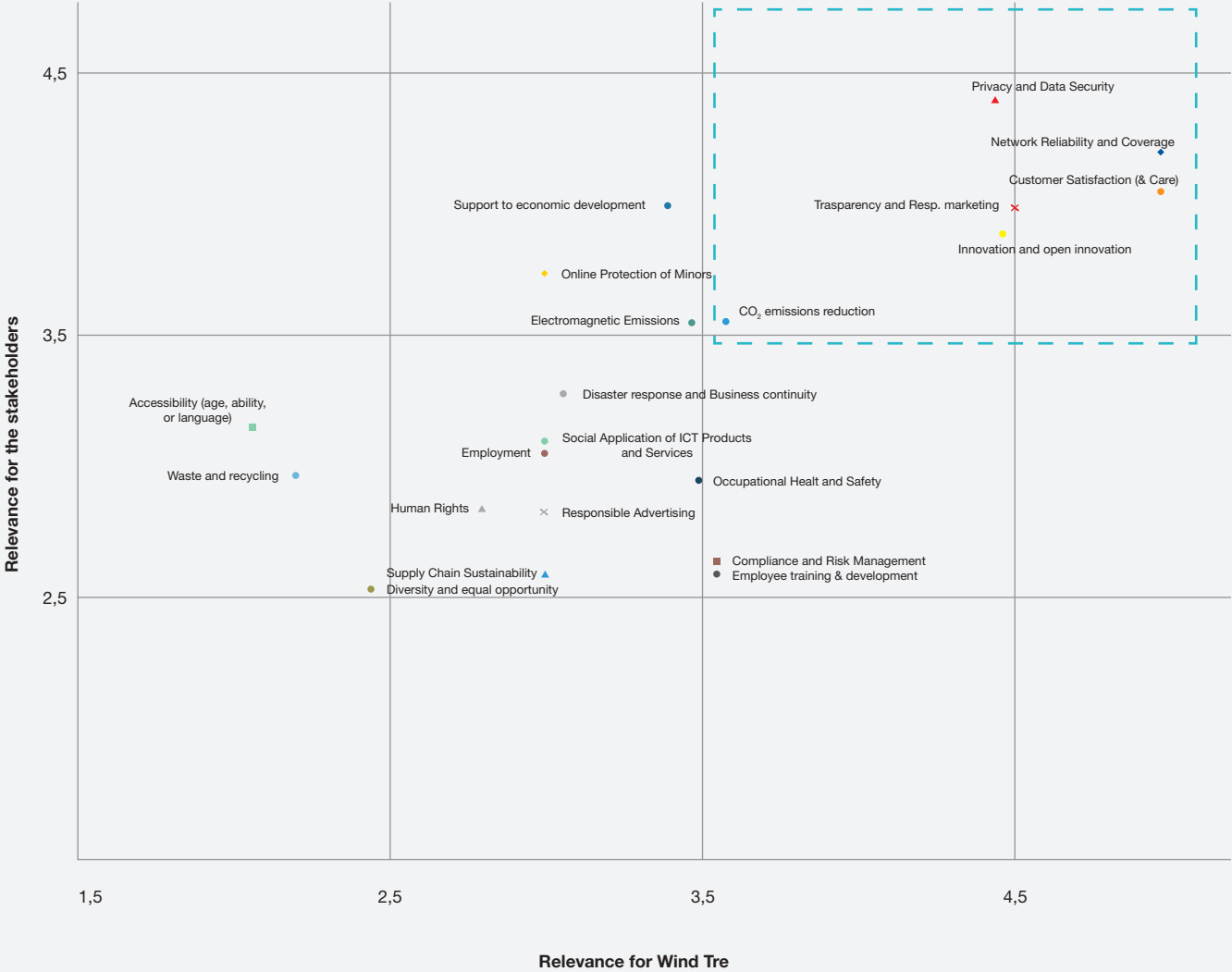


Figure 4. Materiality matrix.

All the issues listed above are relevant to Wind Tre and to the two companies that constituted it. In determining the contents of this document, the company considered where the main impacts associated with each of these issues lie, or rather which categories of stakeholders are most affected by the positive or negative effects associated with the selected issues.

The following table contains a summary of these considerations.

	Shareholders and bondholders	Wind Tre personnel	Customers and consumer associations	Financial community	Suppliers and commercial partners	Environment	Society	Institutions
Customer care and customer satisfaction								
Network reliability and coverage								
Privacy and data security								
Transparency and responsible marketing								
Innovation and open innovation								
Reduction of CO ₂ emissions and smart technologies								

Table 23. Relationships between the most relevant issues and the stakeholders impacted.

Glo ssa ry

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Backbone - the part of the telecommunications network that bears the most intense traffic, and from which the branches of the network required to serve certain local areas extend.

Base Transceiver Station (BTS) - a radio signal transmitter that sends out the GSM radio signal via antenna to cover an area (a cell).

Bitstream - a service whereby an incumbent operator provides an alternative operator with the transmission capacity between an end customer's location and an interconnection point or Point of Presence (PoP) belonging to the alternative operator, which in turn wants to offer broadband services to its end customers.

Broadband - services with a transmission speed of at least 2 Mbps.

Switching stations - network nodes that handle signal activation and routing to the desired destination.

Cloud Computing - represents the emerging development model, implementation of ICT infrastructures that support the provision of the services and the distribution of Cloud Services, meaning services where the "intangible" asset may be acquired and used in real time via the internet.

Crowdsourcing: a neologism which specifies a model in which a business or an institution delegates an activity which is usually assigned to employees to a group, generally containing a large number of members not determined in advance, in "open call" mode using the internet (through outsourcing).

EDGE (Enhanced Data rates for GSM Evolution) - an evolution of the GPRS standard for the transmission of data on the GSM network, which allows for greater transmission speeds to be reached.

EIR (Equipment Identity Register) - a database that contains the data necessary to validate access to the network by a mobile phone through its IMEI code.

ESP (Enhanced Service Provider) - an operator that provides telecommunications services to the public by virtue of an agreement with a licensed mobile network operator.

FEMTO Cell - low power cellular base station for cellular access indoors. FEMTO Cells allow for standard mobile devices to be connected to a mobile operator's network using a home DSL or cable broadband network.

FNR (Flexible Numbering Register) - a form on which the telephone numbers of a single customer under the old and the new operator are listed

FR (Frame Relay) - a packet switching transmission technique.

Gateway - a network node that's capable of interfacing with other networks that use different protocols.

GGSN (Gateway GPRS Support Node) - a node that acts as a gateway between a GPRS wireless network and an Internet or private network.

GPON (Gigabit Passive Optical Network) - optical access network.

GPRS (General Packet Radio Service) - a system for transmitting data packets over the GSM network at medium speed.

GSM (Global System for Mobile Communications) - standard architecture for digital cellular communications operating on 900 MHz and 1800 MHz bands. This is currently the most widespread mobile telecommunications standard worldwide.

HLR (Home Location Register) - a centralised database containing the details of each mobile telephone customer authorised to access the GSM network.

HSDPA (High Speed Downlink Packet Access) - a protocol that allows UMTS networks to improve their performance by increasing capacity and bandwidth.

Internet - a global computer network accessible to the public. The Internet is an interface for networks based on different technologies, but that use the TCP/IP protocol.

ISP (Internet Service Provider) - an operator that provides access to the Internet.

IP (Internet Protocol) - a packet-switching network protocol that allows networks with different technical characteristics to be inter-connected.

IPTV (Internet Protocol Television) - a system that transmits digital audiovisual content via a broadband Internet connection.

ISDN (Integrated Services Digital Network) - a circuit-switching technology that allows voice and data to be transmitted over traditional telephone lines.

LLU (Local Loop Unbundling) - indicates unbundled access to the local network, or rather the possibility for an alternative operator to make use of an incumbent's infrastructure in order to offer services to its own customers, in exchange for a fee.

MAN (Metropolitan Area Network) - a computer network infrastructure that extends throughout a town or city.

MGW (Media Gateway) - connects different types of networks (e.g. PSTN; Next Generation Networks; 2G and 3G). One of its main functions is to convert between the different transmission and coding techniques.

MMS (Mobile Multimedia Services) - multimedia messaging service for mobile phones.

Modem - a device that modulates and demodulates signals containing information in order to allow digital data to be transmitted over analogue channels.

MSC (Mobile Switching Centre) - a part of the GSM mobile telephone network which, in addition to acting as a network interface, also performs call monitoring, traffic switching, and card issuance functions (used for traffic pricing).

MSC-Server - an element of the 3G core network.

MVNO (Mobile Virtual Network Operator) - a mobile telephone operator that does not own a telephone network or have its own frequencies, and uses the infrastructure and frequencies of other mobile telephone operators to offer mobile telephone services.

NGN/IMS (Next Generation Network/IP Multimedia Subsystem) - allows for the transmission of all types of information and services (voice, data, and multimedia communications) by encapsulating them into packets: NGN type networks are based on the IP protocol.

Node - a topological network junction, commonly referred to as a switching centre or station.

B Node - a term that, in UMTS technology, denotes the base transceiver station that creates the cell's coverage.

SGSN (Serving GPRS Support Node) - the element of the mobile telecommunications network responsible for the transmission of data packets to and from the mobile stations within its geographical service area.

MNP/FNR Node (Mobile Number Portability/Flexible Number Register) - see FNR

PoP (Point of Presence) - a point of access to the network provided by an ISP to route traffic to the end users connected to it.

RNC (Radio Network Controller) - an element of the UMTS network with supervisory and control functions over the B Nodes.

Roaming - a service by which mobile telephone operators allow their customers to connect using a network not owned by them. The service is activated when the phone is used abroad (if the operators in the host country belong to the GSM network) or when the customer is in his/her operator's home country but is unable to obtain coverage.

SGSN (Serving GPRS Support Node) - manages the transmission of data packets to and from the mobile stations within its geographical service area.

Shared Access - indicates the sharing of access to the user's telephone lines by the incumbent and another LLU service provider.

Short Message Service Centre - the mobile telecommunications network element that delivers SMS text messages.

SIM (Subscriber Identity Module) - a chip associated with a serial number that allows a telephone operator to identify a specific mobile telephone subscriber on its computer system, and allows the subscriber to gain access to the operator's services.

SME - small and medium-sized enterprises.

SMS - short text messages that can be sent and received over a GSM network using mobile phones.

Softswitch - a central device in a telephone network that routes calls from one phone line to another using software only (instead of physical switchboards).

TDM (Time-Division Multiplexing) - a technique for sharing a communication channel whereby two or more signals are transferred in an apparently simultaneous manner within the channel, but where in reality each in turn has the exclusive use of the channel for a short period of time.

Trunking Gateway - the interface between the VoIP network and the traditional telephone network.

UMTS (Universal Mobile Telecommunications System) - a third generation mobile phone technology (3G), the successor to GSM, consisting of a broadband transmission system in which data travels over a bandwidth of approximately 2 Mbps.

Unbundling - see LLU.

VAS - Value Added Service.

VoIP - a technology that makes it possible to hold a telephone conversation over the Internet or another dedicated network using the IP protocol instead of using the traditional telephone network.

GRI G4 Content Index



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Specific Standard Disclosures

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Specific DMA		We do not offer technology: we offer services Open innovation and social innovation: we are collaborating on the birth of new ideas (Issue “Innovation and open innovation”)
G4 - EC7	Development and impact of investments in infrastructure and services primarily supplied for public utility, by means of commercial undertakings, donations of products/services, pro bono activities.	Reliable and fast with the new converging network The solidarity of Wind Tre and the commitment of the company’s personnel (Issue “Network reliability and coverage”)
G4 - EC8	Analysis and description of the main indirect economic impacts considering the externalities generated.	We do not offer technology: we offer services Open innovation and social innovation: we are collaborating on the birth of new ideas (Issue “Innovation and open innovation”)
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G4 - EN20	Emissions of ozone depleting substances by weight	Based on the analysis conducted by the WWF in 2014, Wind’s ozone-depleting emissions are negligible; a new Wind Tre-WWF analysis is currently being conducted in order to determine the new company’s impact
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G4 - PR7	Total cases of non-compliance with regulations or voluntary codes concerning marketing activities, including advertising, promotion and sponsorship, divided by type.	Sanctions imposed by the industry Authorities
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G4 - PR8	Number of documented complaints concerning violations of the data protection act and loss of consumer data.	Data breaches: episodes that are more unique than rare



This Annual Report has been printed on paper sourcing raw material from responsible use of forest resources.

