



ORGANIZATION, MANAGEMENT AND CONTROL MODEL

PURSUANT TO LEGISLATIVE DECREE 231/2001
V. 7.1

Approved by the Board of Directors on May 18th 2021

Change history

Version #	Date approved	Main updates
7.1	18/05/2021	<p>Update of the overall layout of the document with new sections General Part and Special Section and attachments</p> <p>Update of the number code of Model 231 (vers. 7.1) compared to the latest version adopted (vers. 6.5.4)</p> <p>Update to the new 231 offense pursuant to Law no. 157, of conversion, of the D.L. 26 October 2019, n. 124 bearing "Urgent provisions in tax matters and for needs non-deferrable "(so-called tax decree), (introduction of art. 25 quinquiesdecies" Tax Offenses "to Legislative Decree 231/2001)</p> <p>Update for the implementation of the new predicate offense 231 pursuant to Law no. 133 (Conversion into law, with amendments, of the decree-law 21 September 2019, n. 105, containing "Urgent provisions on the perimeter of national cyber security")</p> <p>Update for incorporation of new 231 predicate offences pursuant to Legislative Decree no. 75 of 14 July 2020 - implementation Directive (EU) 2017/1371 (PIF Directive)</p>

Table of contents

1	SPARKLE : activity profiles and governance system	9
1.1	TIM Guidance and coordination	10
1.2	The governance system: main aspects	11
1.3	The internal control and risk management system	12
2	The Code of Ethics and Conduct.....	12
3	Administrative liability of entities: Regulatory notes.....	13
3.1	Exemption from liability of an entity	15
3.2	The types of predicate offences	16
3.2.1	Crimes committed abroad	17
3.3	The Guidelines drawn up by Confindustria	17
4	Organization, Management and Control Model	18
4.1	Purpose and structure	18
4.2	Addressees and scope	19
4.3	Approval, implementation and updating of the 231 Model: roles and responsibilities	19
5	Supervisory Body	19
5.1.1	Composition, appointment and term of office	20
5.1.2	Requirements.....	20
5.1.3	Autonomy and Independence	20
5.2	Revocation.....	21
5.3	Tasks	21
5.4	Reporting to the Supervisory Body	23
5.5	Reporting by the Supervisory Body to the Corporate Bodies	23
5.6	Whistleblowing	24
6	Methodological approach and control principles	24
6.1	Introduction	24
6.2	Mapping of at-risk areas and controls.....	25
6.2.1	General control principles and company procedures	26
6.3	Organisational responsibilities and powers	27
6.4	Financial resource management.....	28
7	Training and dissemination of the Model.....	28
7.1	Training.....	28
7.2	Information	29
8	Disciplinary System	29
8.1	Introduction	29
8.2	Definition and limits of disciplinary liability.....	30
8.3	Addressees, their duties and relevant conduct	31
8.4	General principles on sanctions	31
8.5	Conduct subject to sanctions and measures against employees: middle managers, officer workers and workers.....	32
8.6	Measures against employees with executive status.....	34
8.7	Measures against Directors not linked to the Company by an employment relationship, Statutory Auditors and members of the SB.	35
8.8	Measures against Third Parties.....	36
8.9	The procedure for the application of sanctions.....	36
8.9.1	Disciplinary proceedings against employees: middle managers, officer workers and workers.....	37

8.9.2	Disciplinary proceedings against employees with the status of executives	38
8.9.3	The disciplinary proceeding against Directors not linked to the Company by an employment relationship, Statutory Auditors and SB members	39
8.9.4	Proceeding against Third Parties	40

GENERAL SECTION

Definitions

“SPARKLE” or “TIS” or the “Company”: Telecom Italia Sparkle S.p.A.

“Directors”: members of the SPARKLE Board of Directors

“At-risk activities”: activities within which 231 crimes may be committed“

“Chief Executive Officer” or CEO: SPARKLE’s Chief Executive Officer

“Code of Ethics”: Code of Ethics and Conduct adopted by TIM and the TIS Group

“Board of Statutory Auditors”: SPARKLE’s Board of Statutory Auditors

“Board of Directors” or “BoD”: SPARKLE’s Board of Directors

“Legislative Decree 231”: Italian Legislative Decree no. 231/2001

Addressees all those who hold representation, administration and management functions with the Company, persons subject to the management or supervision of the former and all employees (meaning those who are linked to the Company by an employment relationship or the personnel of Subsidiaries of the Sparkle Group who work on behalf of Sparkle), members of the Corporate Bodies not already included in the previous subjects, as well as all third parties not belonging to the Company (which means - by way of example, but not limited to - suppliers, agents, consultants, professionals, self-employed or para-subordinate workers, business partners, audit and accounting control officers or other persons) who act on behalf of the Company within the scope of the activities set out in this 231 Model

“TIS Group” or “Group”: SPARKLE S.p.A. and its Subsidiary companies

TIM Group or “Group”: TIM S.p.A. and its Subsidiary companies

“Confindustria Guidelines”: "Guidelines for the construction of organisation, management and control models pursuant to Legislative Decree no. 231/2001" drawn up by Confindustria on 7 March 2002, as updated from time to time

“Management”: any employee of the Company who has roles and responsibilities recognised in the Company Organisational chart

“Mapping”: activity to map areas at risk of 231 offences and controls indicated in Section 6.2 *"Mapping of at-risk areas and controls"*

“231 Model”: the organisation, management and control model adopted by SPARKLE pursuant to Italian Legislative Decree no. 231/2001 and including the Code of Ethics and related implementation procedures

“Supervisory Body” or “SB”: body appointed by the Board of Directors pursuant to Article 6(1)(b) of Legislative Decree no. 231/2001 with autonomous powers of initiative and control which has the task of supervising the functioning of, compliance with, the 231 Model and updating it

“Corporate bodies”: Board of Directors, and Board of Statutory Auditors

“Company Organisation Chart”: company organisation chart in effect published on the company intranet

“General Section”: section of this document that describes the contents of the 231 Model indicated in section 4.1 *"Purpose and structure"*

“Special Section”: section of this document that describes the contents of the 231 Model indicated in section 4.1 “Purpose and structure”

“At Risk Processes”: processes that regulate At-risk Activities

“231 Offences”: the offences set out by Decree 231, indicated in section 3.2 “Types of predicate offences” and described in detail in Annex 3 - Technical and regulatory annex”

“Referent 231 ”: the figure appointed by the Board with the task of supporting the Company in the adoption of Model 231 and the related obligations required “Group Regulations”: document approved by the Board of Directors of TIM that sets out the rules relating to the exercise of management and coordination activities by TIM S.p.A. with regard to Subsidiaries

"Safety Management System": the workplace health and safety management system adopted by TI Sparkle according to the BS-OHSAH 18001 standard

“Statutory Auditors”: members of SPARKLE’s Board of Statutory Auditors

“Anti-corruption Management System” or “AMS”: management system for the prevention of corruption adopted by TIM in accordance with the standard ISO 37001, an integral part of which is the Anti-Corruption Policy which sets out the standards and rules of conduct to be adopted for the prevention of corruption within the Group, published on the Company's website (www.telecomitalia.com)

“Disciplinary System”: sets out the penalties applicable in the event of violation of the 231 Model

“Subsidiary”: means any company controlled, either directly or indirectly, by SPARKLE

“Senior Executives”: persons who hold positions of representation, administration or management of the entity or one of its organisational units with financial and functional autonomy and those who actually exercise the management and control of the entity pursuant to article 5(1) of Decree 231

“Subordinates”: Persons subject to management or supervision of Senior Executives pursuant to article 5(1) of Decree 231

“Third parties”: third parties not belonging to the Company (which means - by way of example, but not limited to - suppliers, agents, consultants, professionals, self-employed or para-subordinate workers, business partners, audit and accounting control officers or other persons) who act on behalf of the Company within the scope of the activities governed by the 231 Model

“Stakeholder”: any person or organisation that may influence, be influenced, or perceive itself as being influenced by a Company decision or activity (such as customers, suppliers, partners, collaborators in various capacities, as well as shareholders, and institutional investors)

"TIM": TIM S.p.A., holding company of the TIM Group

"Top Management": Directors with executive powers

1 SPARKLE: activity profiles and governance system

Telecom Italia Sparkle S.p.A. is a joint stock company organized according to the legal system of the Italian Republic, with sole shareholder TIM S.p.A., which holds 100% of the shares.

TI Sparkle was born on January 1, 2003 and operates in the international Voice, Data and IP, Cloud and Data Center services market for retail (fixed and mobile), wholesale (ISP / ASP) operators and multinational companies all over the world.

The story of TI Sparkle begins in 1921 as the Italian Company of Submarine Telegraph Cables, a company founded mainly with capital of Italians who emigrated to South America, to connect Italy with emigrants residing in Argentina and the United States by means of a submarine cable over 7000 Km. On 12 September 1921 the first agreement with the Italian State was signed, in 1925 the first transoceanic cable was laid between Anzio and Buenos Aires and the Anzio-New York telegraph cable. In 1941 the company took the name of Italcable and was absorbed in 1965 in the IRI-STET group with the aim of carrying out the exercise of international public telecommunications services managed under a concession regime through an agreement stipulated with the Ministry of Posts and Telecommunications. In 1994 the company was merged by incorporation into Telecom Italia S.p.A. (now TIM). On May 8, 1997, the company TMI S.p.A. was established which turned out to be the transferee, on January 1, 2003, of the business branch relating to the international wholesale services of Telecom Italia S.p.A., at the same time taking on the new corporate name of TI Sparkle S.p.A.

Today the Sparkle Group is active in over 30 countries with a direct presence in Europe, in the Mediterranean and in North and South America and targeted in the Middle East, Africa and Asia. In this context, TI Sparkle owns and operates a global and technologically advanced proprietary network of more than 540,000 km of fiber, as well as extended ownership in major international submarine cables, both as bilateral cables and through participation in cable consortia and / or partnerships.

The Company's market segments are:

- Business Voice: Wholesale Voice service that provides carriers, service providers and 4G / 5G and IoT mobile operators with the global termination of international voice traffic through an advanced and capillary network infrastructure and advanced Routing & Pricing systems (Routing and Price definition);
- Business IP and Data platform: the offer portfolio is basically composed of the international connectivity services Transito IP and Capacity, includes MultiCloud, SDWAN, IoT, Security, a complete range of solutions designed to access any content on the Internet with international IP connectivity secure, high-performance international bandwidth and MPLS (Multiprotocol Label Switching) IP services;
- Business Enterprise: the Sparkle Group manages, within the TIM Group, the offer of international connection services addressed to Italian multinational customers (services for the "Italian Market") and to foreign multinational customers (directly or through other foreign operators);
- Business Mobile: the service portfolio includes the connectivity service that enables voice and data roaming with global coverage that reaches all 4G / 5G and IoT operators in the world.

The Company, by statute, has as its object:

- the execution and management, without territorial limits, of telecommunications services for public and private use as well as the installation, construction and operation with any technique, means and system, of fixed and mobile plants and equipment aimed at such services,

the company may also carry out:

- in Italy and abroad, activities also indirectly connected to telecommunications services, including assistance, consultancy and support in the technical, commercial and marketing fields for companies operating in the aforementioned sector;
- as a non-prevalent activity - to acquire shareholdings in companies and entities having a similar or similar object to its own operating in the telecommunications sector and in sectors connected to it both in Italy and abroad.

The organisational structure of SPARKLE is shown on the Company organisation chart, published in the company intranet portal.

Golden Power

Within the scope of the activities described above, the Company is subject to the application of the laws on defence and national security - so-called "Golden Power" legislation - aimed at protecting national interests in sectors considered strategic, including communications. In order to implement the above legislation, the Company has specific guidelines in place governing the control of business processes that are relevant to national security and which fall within the scope of the Golden Power legislation.

In this context, restrictive measures are also adopted in relation to the management of "classified and exclusive disclosure information", for which access is allowed only to the Company's delegated staff who are given specific authorisation (security clearance).

In view of the exclusive nature of the above information, the related management activities do not fall within the scope of application of the 231 Model (see paragraph 4.2 below, Recipients *and scope*), since they are in any case subject to specific regulations, as set out in the above mentioned guidelines, which also ensure their consistency with Decree 231.

1.1 TIM Guidance and coordination

According to the provisions of the Group Regulations and pursuant to art. 2497 of the Italian Civil Code, TIM exercises management and coordination activities towards TI Sparkle and its subsidiaries also through the promotion of homogeneous internal control and risk management systems.

TI Sparkle and the Subsidiaries - as part of their organizational and managerial autonomy - have a compliance system aimed at ensuring compliance with applicable laws and generally accepted ethical principles inspired by transparency, compliance with the law, correctness and loyalty, which inform the Group's activities.

In this context, TI Sparkle and the Subsidiaries adhere to and implement the Code of Ethics, equip themselves, where required, with their own organization, management and control model pursuant to the disciplines on the liability, including criminal liability, of legal persons and companies in the countries where they have their headquarters or operate, as well as, and in any case, of a suitable internal control and risk management system, they establish suitable safeguards to verify their actual implementation. In this context, for non-national subsidiaries, the adoption of a specific foreign version of Model 231 of TI Sparkle ("Foreign Organizational Model" or "MOE") is envisaged.

TIM's 231 Model is to be considered as the guideline to which TI Sparkle and the Subsidiaries comply in structuring their organization, management and control model they intend to adopt, without prejudice to

the specificities of the activities of interest which must necessarily be represented within each model and compliance with applicable legislation.

1.2 The governance system: main aspects

The Company has adopted a governance system in accordance with a traditional model that provides for a governing body (Board of Directors) and a control body (Board of Statutory Auditors).

The Company is managed by a Board of Directors currently made up of 6 members. The Assembly determines the number of members of the Board, which will remain firm until its different resolution, as well as their term of office which cannot exceed three years.

The directors can be re-elected, forfeited and replaced in accordance with the law. Whenever half or more than half of the members of the Board of Directors fail for any cause or reason, the remaining Directors are deemed to have resigned and their termination takes effect from the moment in which the Board has been reconstituted by appointment by the Shareholders' Meeting.

The Board of Directors elects the President from among its members, if the Assembly has not already done so, establishing his powers. The Board of Directors appoints the Chief Executive Officer from among its members, establishing his powers and has the right to invest the Directors with particular offices, determining their remuneration in accordance with the law.

The Delegated Bodies report to the Board of Directors and the Board of Statutory Auditors on the general management trend and its foreseeable evolution as well as on the most important operations, due to their size or characteristics, carried out by the company and its subsidiaries.

The Board of Directors meets at the registered office or elsewhere whenever the Chairman or whoever takes his place deems it necessary or when a director or the Board of Statutory Auditors so requests.

For the valid constitution of the Board of Directors, the presence of the majority of the directors in office is required and the resolutions are passed by an absolute majority of those present.

The Administrative Body is invested with the widest powers for the ordinary and extraordinary administration of the Company.

The aspects relating to the appointment of Directors, the requirements of good repute, professionalism and independence, the functioning (calling of meetings, resolutions, representation of the company), as well as their remuneration, are regulated by law and by the Company's Articles of Association, to which reference should be made.

The Board of Directors defines the guidelines for the Internal Control System, verifying its adequacy, effectiveness and proper functioning, so that the main corporate risks are properly identified and managed over time.

The Board of Statutory Auditors is composed of three Statutory Auditors. The Shareholders' Meeting also appoints two alternate auditors. The Board of Statutory Auditors oversees compliance with laws and Articles of Association, compliance with the principles of correct administration and in particular the adequacy of the organizational, administrative and accounting structure adopted by the company and its functioning.

1.3 The internal control and risk management system

SPARKLE has put in place an internal control and risk management system (also “Internal Control System”) which is organised and operates according to the principles and criteria set out by TIM s.p.a.

It is an integral part of the general organisational structure of the Company and involves several components that act in a coordinated way according to their respective responsibilities.

In particular, the Internal Control System consists of the set of rules, procedures and organizational structures that, through a process of identifying, measuring, managing and monitoring the principal risks, allows the sound, fair and consistent operation of the company in line with the pre-established objectives and current regulations.

The Internal Control System is a process aimed at pursuing the values of both procedural and substantial fairness, transparency and accountability, which are considered key factors for SPARKLE’s business conduct.

This process, constantly monitored with a view to progressive improvement, is intended to ensure, in particular, the efficiency of company operations and entrepreneurial conduct, its transparency and verifiability, the reliability of management and accounting information, and compliance with applicable laws and regulations as well as the safeguarding of company integrity and its assets, in order to prevent fraud against the Company and the financial markets.

The Internal Control System consists of 5 interconnected elements operating at every level of the organisation, based on leading practices: (i) Control environment, (ii) Risk assessment, (iii) Control activities, (iv) Information and Communication, (v) Monitoring, related to the objectives that the Company pursues.

All the components of the Internal Control System must work together in an integrated manner in order to provide reasonable assurance on the achievement of the objectives.

Enterprise Risk Management

SPARKLE has adopted an Enterprise Risk Model (or ERM) introduced by TIM s.p.a, which enables risks to be identified, assessed and managed in a homogeneous way within the Company, highlighting potential synergies between the players involved in the assessment of the Internal Control System.

The process is aimed at containing the level of exposure to risk within acceptable limits and ensuring the operational continuity of the business, monitoring the progress and effectiveness of the countermeasures adopted. The ERM process is designed to identify potential events that may impact on business activity, to bring the risk back within acceptable limits and to provide reasonable assurance of the achievement of the corporate objectives.

Interfunctional Anti-Fraud Committee

In TI Sparkle an Interfunctional Anti-Fraud Committee ("CIA") operates with the aim of carrying out monitoring activities relating to cases of suspected telephone traffic fraud detected at the company level and identifying the counter and prevention actions envisaged in this regard, also assuming the necessary measures for the management / resolution of the situations reported.

2 The Code of Ethics and Conduct

SPARKLE adopts a Code of Ethics and Conduct (Code of Ethics) as a fundamental element of the TIM Group's internal control and risk management system, in the belief that business ethics is the fundamental condition for the company’s success.

The Code of Ethics is periodically reviewed and updated by the Company's Board of Directors.

The Code of Ethics is available on the intranet portal and on the Company's website (<https://www.tisparkle.com/corporate-governance>) and is referred to in full by this 231 Model, of which it is an integral part (annex 1).

Compliance with the Code of Ethics in the performance of their duties and responsibilities is a duty of the members of the Corporate Bodies, the Management, and the employees. Compliance with the Code of Ethics must also be ensured by external collaborators and by third parties that do business with the TIS Group.

The policies, procedures, regulations and operating instructions are designed to ensure that the values of the Code of Ethics are reflected in the conduct of the Company and all its addressees.

Violation of the principles and rules of conduct contained in the Code of Ethics entails the application of the sanctioning measures contained in the Disciplinary System provided for in the 231 Model (section 8 "Disciplinary System" below).

3 Administrative liability of entities: Regulatory notes

Decree 231, concerning the "*Regulations on the administrative liability of legal entities, companies and associations, including those without legal status*," introduced the liability of entities for offences caused by crimes for the first time in the Italian legal system¹.

This is a particular form of liability, nominally administrative, but essentially of a punitive and criminal nature, for companies, associations and entities in general, for specific crimes and administrative offences committed in their interest or to their advantage by a natural person who holds a senior or subordinate position within them.

Decree 231 is a measure with far-reaching legislative scope in which, in addition to the criminal liability of the natural person who committed the crime, the legal requirements referred to therein also set out that of the entity.

The provisions contained in Decree 231 pursuant to Article 1(2) apply to:

- entities having legal status;
- companies and associations without legal status.

Pursuant to paragraph 3 below, however, the following are excluded from the regulation under consideration:

- the State;
- local public entities;
- other non-economic public entities;
- entities performing functions of constitutional relevance.

Liability is attributable to the entity where the offences, indicated by Decree 231, have been committed by persons linked in various ways to the entity.

Article 5 of Decree 231 indicates the perpetrators of the crime as:

¹ The regulation was developed on the initiative of the European Union and the OECD, which have long since adopted conventions on the fight against bribery. With article 11 of the Delegated Law no. 300/2000 and Legislative Decree no. 231/2001, Italian lawmakers have transposed the obligations of the aforementioned international conventions in Italy.

- persons who hold positions of representation, administration or management of the entity or one of its organisational units with financial and functional autonomy and those who actually exercise the management and control of the entity (Senior Executives);
- persons subject to management or supervision of Senior Executives (Subordinates).

Moreover, the entity will be liable if the unlawful conduct has been carried out by the persons indicated above "*in the interest or to the benefit of the company*" (article 5(1) of Decree 231) (objective liability criterion).

The two requirements of interest and advantage are autonomous and do not overlap. More specifically, according to the supreme court case law, interest consists in an intended undue enrichment of the entity, although not necessarily achieved, resulting from the offence, according to a markedly subjective perspective; hence, this requirement must be ascertained by the judge "ex ante", by placing himself at the moment the criminal action takes place. The second requirement has been identified as an objective advantage achieved through the commission of the offence, although not intended, and therefore has an essentially objective connotation which, as such, must be verified "ex post" on the basis of the actual effects resulting from commission of the offence.

The entity will not be liable in the event that the Senior Executives or Subordinates acted in "their own exclusive interest or in that of third parties" (article 5(2) of Decree 231).

Article 9 of Decree 231 provides for the sanctions that may be imposed on the entity. Precisely, they are:

- pecuniary sanctions;
- interdictory sanctions;
- confiscation;
- publication of the conviction.

Pecuniary sanctions are applied for quotas in a number not less than one hundred and not more than one thousand². The amount of a quota ranges from a minimum of €258.00 to a maximum of € 1,549.00 and the quotas are determined by the judge taking into account:

- the gravity of the fact;
- the degree of the entity's liability;
- the activity carried out by the entity to eliminate or mitigate the consequences of the fact and prevent similar offences from being committed;
- the entity's economic and financial conditions.

Pursuant to Article 12, paragraph 2, of Decree 231, the financial penalties may be reduced in certain cases taking into account, on the one hand, the company's compensatory and remedial conduct (i.e. the company has fully compensated the damage and eliminated the harmful or dangerous consequences of the offence), to be considered satisfied also when the company has effectively taken action in that sense and, on the other hand, the elimination of the organisational shortcomings that led to the offence, through the adoption and effective implementation of organisational models.

Interdictory sanctions, on the other hand, listed in Article 9(2), are applied in the most serious and applicable cases only if at least one of the following conditions applies:

² Without prejudice to the provisions of article 25(2) for certain bribery offences, for which the minimum amount is raised to two hundred units.

- the entity has gained a considerable profit from the crime and the crime was carried out by Senior Executives, or by Subordinates if the crime resulted from or was facilitated by serious organisational shortcomings;
- in the event of repeat offences.

Interdictory sanctions are:

- debarment from exercising an activity;
- suspension or revocation of authorisations, licences or concessions functional to committing the offence;
- disqualification from contracting with the public administration, other than to obtain a public service;
- exclusion from concessions, loans, grants and subsidies and possible revocation of those already granted;
- prohibition to advertise goods or services;
- judicial commissioner (article 15 of Decree 231).

In addition, it should be noted that the disqualification sanctions, also applicable as a precautionary measure, may be imposed for not less than three months and not more than two years, except for offences against the Public Administration, pursuant to Article 25, paragraphs 2 and 3 of Decree 231; for these offences the recent Law no. 3 of 9 January 2019 - "Measures to combat crimes against the public administration, as well as on the limitation period and on the transparency of political parties and movements" - provided for a more severe sanction by establishing that, when the offence is committed by one of the Senior Executives, the disqualification period may not be less than four years and no more than seven, while, if the offence is committed by a Subordinate, it may not be less than two years and no more than four.

3.1 Exemption from liability of an entity

Article 6 of Decree 231 provides for the exemption from liability of an entity for offences committed by persons in top positions if it proves that:

- the management has adopted and effectively implemented, prior to the commission of the fact, organisation, management and control models suitable to prevent crimes from being committed;
- the task of supervising the functioning and the observance of the models to look after their updating has been entrusted to a body of the entity possessing autonomous powers of initiative and control (*i.e.*, supervisory body);
- the offence was committed by fraudulently eluding the model in place;
- there was neither insufficient supervision nor a lack of supervision by the supervisory body.

In the case of an offence committed by a person in a subordinate position, on the other hand, article 7 of Decree 231 makes the company's exemption from liability contingent on effective implementation of an organisation, management and control model suitable to ensure, for the type of organisation and activity carried out, compliance with the law and to prevent situations at risk of offences.

Decree 231 also provides that the organisation, management and control model must meet the following requirements:

- identify the activities within which 231 offences may be committed;
- provide for specific procedures aimed at scheduling training and implementing the entity's decisions;
- identify procedures for managing financial resources suitable to prevent the offences from being committed;
- establish reporting obligations towards the supervisory body on the main company events and in particular on activities considered to be at risk;

- introduce suitable disciplinary systems to sanction failure to comply with the measures indicated in the model.

3.2 *The types of predicate offences*

The scope of application of Decree 231, at the date of approval of this 231 Model, includes the following offences whether committed or, limited to the crimes, even attempted:

- Undue receipt of funds, fraud against the State or a public authority or the European Union or to obtain public funds and computer fraud against the State or a public authority and fraud in public procurement³;
- Cybercrime and unlawful data processing;
- Organised crime;
- Embezzlement, extortion, undue induction to give or promise benefits, bribery, abuse of office and trafficking in illicit influences⁴;
- Forgery of money, public credit instruments, revenue stamps and distinctive signs and instruments;
- Crimes against industry and trade;
- Corporate offences;
- Crimes for the purpose of terrorism or subversion of democratic order;
- Female genital mutilation practices;
- Crimes against the individual;
- Market abuse;
- Manslaughter or serious or very serious personal injury through negligence, committed in breach of the rules on occupational health and safety;
- Receiving, laundering and using money, goods or benefits from illegal sources, as well as self-laundering;
- Copyright infringement and related crimes;
- Inducement to refrain from making statements or to make false statements to the legal authorities;
- Environmental crimes;
- Employment of illegally staying third-country nationals;
- Racism and xenophobia;
- Fraud in sports competitions, illegal exercise of gambling or betting and games of chance by means of prohibited devices;
- Tax crimes⁵;
- Smuggling;
- Transnational crimes.

The company's liability does not arise, therefore, from any criminal offence committed by the said persons, but is limited to the one of the 231 Offences grouped together by the categories of offences mentioned

³ Below, together with the offences of extortion, undue induction to give or promise benefits, bribery, abuse of office and trafficking in illicit influences, "Offences against the Public Administration".

⁴ The offences of Embezzlement (314 Italian Criminal Code), Embezzlement by taking advantage of someone else's error (316 Italian Criminal Code) and Abuse of office (323 Italian Criminal Code) are relevant for the purposes of the entity's administrative liability when the fact cause prejudice to the financial interests of the European Union.

⁵ The offences of Inaccurate tax return (art. 4 Legislative Decree 74/2000), Omitted tax return (art. 5 Legislative Decree 74/2000) and Undue offsetting (art. 10 quater Legislative Decree 74/2000), are relevant for the purposes of the entity's administrative liability when the fact has been committed as part of cross-border fraudulent systems and for the purpose of evading a total VAT amount of not less than 10 million Euro.

above and described in detail in the document attached to this 231 Model (Annex 3 - Technical and Regulatory Annex).

Any possible charge against the body of liability deriving from one or more of the types of offence does not exclude the personal liability of the person who has engaged in the criminal conduct.

3.2.1 Crimes committed abroad

Article 4 of Decree 231 establishes that entities are also liable for offences committed abroad, on the double condition that they have their head office in Italy and that the cases and further conditions provided for in Articles 7, 8, 9 and 10 of the Criminal Code are met so that the citizen and foreigner can be punished under Italian law for offences committed abroad.

The rule also provides that the liability of entities is to be prosecuted provided that the State of the place where the offence was committed does not prosecute them as well. Finally, the law provides that in case in which the offender is punished on request by the Minister of Justice, the entity in question will only be prosecuted if the request from the Minister also involves the entity.

The rules established by article 4 and by the rules referred to in the Criminal Code solely concern crimes committed in full abroad by persons having the characteristics referred to in article 5(1) of Decree 231 and belonging to entities with headquarters in Italy. In addition, for most of the types of offences provided for in the aforementioned Decree, the punishment of these individuals and the entity would depend on the request of the Minister of Justice.

In summary, the necessary prerequisites for Article 4 above to apply and therefore for the punishment of the entity pursuant to Decree 231 for 231 Offences committed abroad are:

1. the offence must be committed abroad by the person functionally linked to the entity;
2. the entity must be headquartered in Italy;
3. the entity may be liable in the cases and under the conditions provided for in Articles 7, 8, 9 and 10 of the Criminal Code;
4. if the cases and conditions indicated in point 3) are met, the entity shall be liable provided that the State of the place where the offence was committed does not prosecute it;
5. in those cases where the law provides that the offender is punished on request by the Minister of Justice, the entity will only be prosecuted if the request from the Minister also involves the entity itself;
6. the offender must be in the territory of the State at the time of prosecution and must not have been extradited.

3.3 The Guidelines drawn up by Confindustria

Article 6(3) of Decree 231 sets out that *“organisation and management models may be adopted, ensuring the requirements of paragraph 2, based on the codes of conduct drawn up by the associations representing the entities, communicated to the Ministry of Justice which, in agreement with the competent Ministries, may make, within thirty days, observations on the suitability of the models to prevent offences.”*

On 7 March 2002, Confindustria drew up and notified the Ministry of the *“Guidelines for the construction of organisation, management and control models pursuant to Legislative Decree no. 231/2001,”* originally referred to offences against the Public Administration alone. Over time, the Confindustria Guidelines have

been updated several times, in order to adapt to changes in regulations and/or legal guidelines, as well as to the application practices that have developed in the meantime.

This 231 Model incorporates the indications contained in the latest update of Confindustria Guidelines, taking into account, inter alia, the structure of the model, the methods for assessing the risk of committing an offense and the elements composing the Internal Control System.

4 Organization, Management and Control Model

4.1 Purpose and structure

The aims of this 231 Model are to:

- prevent and reasonably limit the risks connected with the company's activities, with particular regard to any illegal conduct that may involve the Company's liability and the imposition of sanctions against it;
- raise awareness among all those who work in the name and on behalf of the Company in the at-risk areas that engaging in unlawful conduct may make them and the Company liable to criminal and administrative sanctions;
- confirm the Company's commitment to combating unlawful conduct of any kind and regardless of any purpose, since such conduct, in addition to being in conflict with the laws in force, is in any case contrary to the ethical principles to which the Company abides;
- raise the awareness of the Company's employees and Third Parties, so that in carrying out their activities, they adopt conduct in compliance with the 231 Model, such as to prevent the risk of committing the predicate offences.

The 231 Model is composed of the following parts:

- the **General Section**, which describes the Company and governance system, refers to the Code of Ethics and sets out the contents and the impacts of Decree 231, the general characteristics of the 231 Model, its adoption, updating and application, the duties of the Supervisory Body, the Disciplinary System, and training and information activities;
- the **Special Section**, which describes in detail, with reference to the specific At-Risk Processes and the types of offences associated with them, the map of the At-risk Activities, as well as the system of controls in place to monitor and protect these activities;
- Annexes, comprising: a) **Code of Ethics and Conduct** (Annex 1) b) **Process-Procedure-Responsibility association** (Annex 2), matrix by 231 Offence family that correlates each process with the At-risk Activities, the associated crimes and the corporate regulatory instruments that govern it (policies, procedures, operating instructions), indicating for each process the persons involved and the relevant responsibilities (according to the *Responsible, Accountable, Consulted, Informed*, or RACI, model where adopted); c) **Technical and regulatory annex** (Annex 3), which contains details of all the offences provided for by Decree 231. The information in the Annexes shall be constantly updated.

The 231 Model is an integral part of TIS's overarching Internal Control System and is designed with an "*cross compliance*" perspective, taking into account the adoption of specific control models developed by the Company; in particular: the Anti-Corruption Management System, the Internal Control System on Financial Reporting, *Safety Management System* and the Environmental Management System discussed in the Special Part of this 231 Model. For a more detailed description of these system, please refer to the Report on

Corporate Governance and Ownership Structure published on the TIM website and Sparkle website (www.gruppotim.it - <https://www.tisparkle.com/corporate-governance>).

4.2 Addressees and scope

The 231 Model is adopted by SPARKLE and applies to the Company and Addressees.

TIS's activities relating to the management of information classified or covered by State secrecy are subject to specific procedures (see paragraph 1 above *TIM: activity profiles and governance system*) in accordance with Law no. 124/2007 "Information System for the security of the Republic and new rules on secrecy", to Prime Minister's Decree (DPCM) no. 5 of 6 November 2015, on "Provisions for the administrative protection of State secrecy and classified and confidential information" and to Prime Minister's Decree no. 3 of 2 October 2017 on "Supplementary and corrective provisions to Prime Minister's 's Decree of 6 November 2015 and are therefore excluded from the scope of the 231 Model.

The SPARKLE 231 Model is to be considered as a guideline to which the Subsidiaries adhere in structuring their own organisational, management and control model which they intend to adopt, without prejudice to the specificities of the activities of interest which must necessarily be represented within each model and compliance with the applicable regulations. In this context, where envisaged, the Sparkle's Subsidiaries adopt a specific foreign version of the organizational model ("Foreign Organizational Model" or "MOE").

4.3 Approval, implementation and updating of the 231 Model: roles and responsibilities

The General Part and Special Part of the 231 Model are adopted by the TIS Board of Directors by means of a specific resolution, after hearing the opinion of the Supervisory Body. The Code of Ethics is adopted by resolution of the Company's Board of Directors, while the procedures for implementing the 231 Model are adopted in accordance with specific procedures ("Definition and Formalisation of Group Policies, Procedures and Operating Instructions").

The 231 Model is a dynamic instrument, which affects the corporate operation, which in turn must be checked and updated in the light of feedback, as well as the evolution of the regulatory framework and of any changes that may have occurred in the company organisation.

The Supervisory Body is responsible for updating the 231 Model by submitting any changes and/or additions that may be necessary in the light of regulatory or organisational changes or the outcome of the actual implementation of the 231 Model to the Board of Directors. For this purpose, the Supervisory Body avails itself of the SPARKLE's *Compliance* Department and TIM's *Compliance*. The Head of the Compliance Department also performs the role of the Company's 231 Reference.

5 Supervisory Body

Article 6(1)(b) of Decree 231 provides, among the essential conditions for the exemption from administrative liability of the entity, the establishment of a special body with autonomous powers of initiative and control, which is specifically tasked with supervising the functioning, effectiveness of, and compliance with, the model as well as updating it.

In the absence of specific indications in Decree 231 concerning the composition of the supervisory body, the relevant requirements have been identified by case law, doctrine and Confindustria Guidelines and can be identified as follows:

- **Professionalism:** the set of competences that the supervisory body must have in order to carry out its activities effectively, consisting of specific knowledge in legal, economic, risk analysis and risk assessment fields;
- **Autonomy and Independence:** freedom of initiative and the absence of any form of interference or conditioning from inside or outside the entity, also having regard to the availability of the resources necessary for the effective and efficient discharge of the assignment;
- **Good repute:** the absence of situations that could undermine or affect the integrity of the members of the supervisory body and compromise their independence and reliability;
- **Continuity of action:** the constant and continuous control and verification activity on the implementation of the 231 Model in order to ensure its real effectiveness.

5.1.1 Composition, appointment and term of office

TI Sparkle has adhered to the regulatory option provided for by art. 6, paragraph 4-bis of Decree 231 (introduced by Law no. 183/2011), providing for the attribution to the Board of Statutory Auditors of the Supervisory body tasks.

The Board of Directors of TI Sparkle, therefore, has approved the attribution to the Board of Statutory Auditors of the functions of the Supervisory Body.

The Board of Directors, in this meeting and, subsequently on a regular basis, verifies the existence and maintenance of the requirements of independence, autonomy, integrity and professionalism of the members of the SB referred to in paragraph 5.3 "par. 5.1.2.

Upon acceptance of the assignment, the members of the Board of Statutory auditors undertake to carry out the functions assigned as a Statutory Body V, ensuring the necessary continuity of action, compliance with the 231 Model, and to promptly notify the Chairperson of the Board of Directors of any changes to the requirements of good repute, independence and autonomy.

The SB remains in office for three years and in any case until the new SB is appointed, regardless of the expiry or early dissolution of the Board of Directors that appointed it. Upon expiry of the SB's term of office, the Board of Directors shall promptly appoint the new SB in the manner described above. The Chairman of the SB coincides with that of Chairman of the Board of Statutory Auditors. the term of office of the members of the SB coincides with that of the members of the Board of Statutory Auditors.

The rules envisaged for holding and recording the meetings are the same provided for the meetings of the Board of Statutory Auditors.

5.1.2 Requirements

As regards the subjective requirements of eligibility, professional skills and independence, please refer to the provisions of the external and internal regulations in force for the Board of Statutory Auditors. Failure to comply with one of these requirements constitutes or may constitute grounds for ineligibility, forfeiture or revocation pursuant to the applicable law for the members of the Board of Statutory Auditors of joint-stock companies and the Articles of Association.

5.1.3 Autonomy and Independence

The SB has autonomous powers of initiative and control within the Company, such as to allow the effective performance of the tasks provided for in the 231 Model.

The autonomy and independence, which the SB must have are also ensured by the placement independent from any corporate function and from the Board of Directors, by the requisites of independence, integrity and professional skills of the members of the Board of Statutory Auditors, as well as activities not syndicated by any other body of the Company or company function, without prejudice to the power-duty of the BoD to supervise the adequacy of the intervention put in place by the OdV, in order to guarantee the effective adoption and implementation of Model 231.

In addition, the SB has autonomous spending powers based on an annual *spending* budget presented and approved by the Board of Directors, upon proposal of the body itself. In any case, the SB may request a supplement to the funds allocated, if they are not sufficient for the effective performance of its functions, and may extend its spending autonomy on its own initiative in exceptional or urgent situations, which will be the subject of a subsequent report to the Board of Directors.

The SB does not have management or decision-making powers relating to the performance of the Company's activities, nor powers to organise or change the Company's structure, nor sanctioning powers.

The SB members, in the discharge of their duties, must not find themselves in situations, also potential, of conflict of interest with SPARKLE due to any reason of a personal or professional nature. Should such situations arise, the member concerned must immediately inform the other members of the SB, refraining from taking part in the relevant deliberations.

If necessary, the SB may recur to the support of external consultants, but it is understood, that the SB is the solely responsible for supervising the functioning of the Organizational Model 231.

5.2 Revocation

Revoking members of the SB is allowed only for right cause, in the circumstances and in the manner provided for the members of the Board of Statutory Auditors.

In order to ensure the necessary continuity and stability in the exercise of the functions of the SB attributed to the Board of Statutory Auditors, the Board of Directors may evaluate the attribution of these functions to a person other than the Board of Statutory Auditors only on the occasion of the ordinary three-year renewal of the Board of Statutory Auditors, except in the case of revocation of functions for right cause.

Represent right cause for the revocation of the SB functions attributed to the Board of Statutory Auditors, as follows:

- the ascertainment of a serious breach by the Supervisory Body in the performance of its duties;
- a sentence condemning the Company, even though it has not become final, or the application of the penalty upon request (plea bargaining), for one of the crimes provided for by Decree 231 where it appears from the documents - even incidentally - the omitted or insufficient supervision by part of the SB, in accordance with the provisions of art. 6, paragraph 1, lett. d) of Decree 231.

5.3 Tasks

The SB performs the following general tasks:

- supervises the effectiveness of the 231 Model and its dissemination within the Company of the knowledge and comprehension of, and compliance with, the 231 Model, including through checks on the forms and methods of providing training;

- verifies over time the adequacy of the 231 Model, assessing its concrete suitability to prevent the offences set forth in Decree 231 from being committed and of subsequent measures that modify its scope;
- monitors and promotes the updating of the 231 Model, in order to adapt it to the reference regulatory framework, to changes in the company's organisational structure and whenever it deems it appropriate, especially where significant violations of the provisions of the 231 Model have been identified as a result of supervisory activities;
- sends to the relevant functions the results of the investigation carried out in relation to the non-compliance or violation of the 231 Model for initiation of any disciplinary proceedings pursuant to section 8 "Disciplinary System" below;
- verifies the effective implementation of 231 Model, in particular through the planning of a control plan and the performance of specific audits (so-called spot audits).

The performance of the tasks by the SB takes place in such a way as to ensure constant and continuous operation over time.

To this end, the SB has adopted its own rules of operation through the adoption of a special internal rules of procedure. Also in order to ensure the maximum degree of autonomy and independence in the SB's activities and decisions, the aforementioned regulation provides that resolutions are in any case taken with the favourable vote of the majority of the external members. The SB meets when convened by its Chairman or at the request of at least two members. If the Chairman is unable to act, the call is made on the initiative of the most senior member by age.

The SB ensures the traceability and filing of the documentation produced and acquired in the discharge of its duties (minutes, reports, notes, information flows, etc.) according to the procedures provided for in the aforementioned internal regulations.

In order to allow the performance of the tasks described above, the SB:

- prepares an annual plan of checks as part of the Company's structures and functions, without prejudice to the possibility of conducting spot audits;
- has free access to the Company's records;
- interacts with the Company's BoD and with company functions in so far as it is considered functional to supervisory activities and, to this end, may request, if necessary, the direct hearing of employees, Directors;
- has regular discussions with the independent auditors and, if necessary, with the other players in the Internal Control (Head of the *Compliance* Function, Head of *Audit* Department, Head of *Legal*, *CFO*, Head of *Safety, Health and Environment*, etc.);
- coordinates with *Compliance* and with the *TIM Compliance* Department for the matters within their purview.

Compliance and *TIM Compliance Department* in addition to the activities already mentioned in this Model 231 support the Supervisory Board on the updating of Model 231, monitoring rules and regulations developments regarding the liability of entities; risk assessment activity, the definition of the annual control; monitoring of ordinary information flows as described below (see paragraph 5.4 below *Reporting to the Supervisory Board*) communications and training.

5.4 Reporting to the Supervisory Body

Article 6(2)(d) of Decree 231 requires the provision in the 231 Model of disclosure obligations towards the body delegated to supervise the functioning and observance of the 231 Model.

The obligation of a structured information flow is designed as a necessary tool for the Supervisory Body to ensure that it supervises the effectiveness and adequacy as well as compliance with 231 Model and for the possible subsequent verification of the causes that made it possible to commit the offence.

In particular, the Addressees of the 231 Model must promptly send information concerning the Model to the Supervisory Body:

- any violation, even potential, of the 231 Model and any other aspect potentially relevant to the application of Decree 231;
- measures and/or news from judicial police bodies, or from any other authority, from which it can be inferred that investigations are in progress against the Addressees for 231 Offences, as well as measures and/or news from other Authorities that may be relevant for this purpose;
- events and acts that may cause the risk of injury to workers and any other aspect of accident prevention measures, occupational health and safety and environmental issues potentially relevant to Decree 231.

There are also ordinary information flows to the SB on a quarterly basis, governed by the company guideline set out in the Special Part of the 231 Model.

The following reporting is also envisaged by Compliance and the TIM Compliance Department to the SB, for the areas within their respective purview as listed above.

In this context, the SB is informed on the system of company delegated powers and proxies and the Corporate Organisation Chart as updated from time to time.

With regard to information flows relating to the application of the Disciplinary System, please refer to section 8 "*Disciplinary System*" below.

5.5 Reporting by the Supervisory Body to the Corporate Bodies

The SB reports to the Board of Directors, with a specific half-year report, on the outcome of the supervisory activities carried out during the period, with particular reference to the monitoring of the implementation of the 231 Model and any legislative innovations regarding the administrative liability of entities.

The half-year report will also address any critical issues that have emerged both in terms of conduct or events within the Company, which may lead to violations of the provisions of the 231 Model and the proposed corrective and improvement measures of the 231 Model and their implementation status.

In the event of a serious violation of the 231 Model or if organisational or procedural shortcomings are found to determine the concrete danger of committing crimes relevant for the purposes of Decree 231, the SB promptly informs the Board of Directors and Chief Executive Officer.

The Chairman of the Board of Directors, the CEO, may at any time submit a request to call the Supervisory Body, in order to report on the functioning of the 231 Model and on specific situations directly and indirectly related to the application of the 231 Model and/or its implementation.

5.6 Whistleblowing

In compliance with Law 179/2017 - "Provisions for the protection of whistleblowers reporting offences or irregularities of which they have become aware as part of their employment in a private or public entity" - which supplemented art. 6 of Decree 231 by introducing a new paragraph 2-bis, TI Sparkle adopts a specific reporting procedure envisaged by TIM Group level ("Whistleblowing Procedure") that regulates the process of receiving, analysing and processing reports sent by the Recipients, also anonymously.

Pursuant to the aforementioned Law 179/2017, the *Whistleblowing* Procedure:

- provides for reporting channels - with at least one of them using electronic means - that allow for the submission, aimed at protecting the entity's integrity, of detailed reports of unlawful conduct falling within the scope of Decree 231, on the basis of accurate and consistent factual elements, or of violations of this Model 231;
- ensures, at every step, the confidentiality of the content of the report (including information on any reported persons) and the whistleblower's identity, without prejudice to obligations under the law.
- ensures the protection of a whistleblower making a report in good faith and of the reported person in relation to reports which, as a result of the relevant analyses, prove to be unfounded and made solely for the purpose of harming the person reported or are due to wilful misconduct or gross negligence.
- forbids to retaliate or discriminate, directly or indirectly, against persons who make a report for reasons related, directly or indirectly, to the report.

The electronic channel is accessible to whistleblowers both from the intranet portal and the Company's website.

Reports are directed to the SB and managed with the support of TIM's Audit Department.

In addition to the computer channel, the reports may also be sent via re-mail to the address:

tisparkle.cs@telecomitalia.it

6 Methodological approach and control principles

6.1 Introduction

The main objective of the 231 Model is to configure a structured and organic system of processes, procedures and control activities aimed at preventing, as far as possible, conduct constituting offences covered by Decree 231.

With particular reference to the control activity for each at-risk process/activity, the Company has provided for:

- **General Control Standards** or applicable regardless of the at-risk process and/or activity (segregation of tasks, roles and responsibilities, traceability of activities and controls, definition of appropriate roles and process responsibilities, regulation of activities by means of company rules);
- **Specific Control Standards** or standards specifically set out for the management of individual At-risk Processes/Activities;
- **Cross-Control Standards** or standards set out for the governance of other relevant compliance issues, but with an impact in terms of strengthening the oversight of At-Risk Processes/Activities such as, the Internal Control System on Financial Reporting, and the *Safety Management System*;

- **To-Do and Not-To-Do Cross-Area and Process Behavioural Indications** explaining the requirements and/or prohibitions for all processes indiscriminately, that is, for each at-risk process and activity.

The evaluation of the TI SPARKLE control system aimed at adopting this 231 Model considered the types of offences covered by Decree 231 in force at the time the analysis was carried out and considered these types of offences to be of interest to the Company, given its organisation and the nature of the activities carried out.

With regard to the types of offences provided for by Decree 231 for which, as a result of the *Risk Assessment* activities, the risk that these are committed as part of TI SPARKLE's operations has been assessed as extremely unlikely, the Company has in any case deemed the safeguards set out in the principles of the Code of Ethics, as well as in the procedures in force, to be adequate.

6.2 Mapping of at-risk areas and controls

Article 6(2)(a) of Decree 231 states that the model must provide for a mechanism aimed at "*identifying the activities within the scope of which offences may be committed*".

The identification of the areas in which there may be a theoretical risk of offences being committed implies a detailed assessment of all company processes, aimed at verifying the abstract configurability of the types of offences set out by Decree 231 and the suitability of the existing control elements to prevent them. This analysis results in a mapping of the at-risk areas and controls.

Mapping is the fundamental premise of the 231 Model, determining the scope of effectiveness and operation of all its constituent elements and is therefore subject to periodic evaluation and constant updating, also on the impetus of the SB, as well as to review whenever substantial changes occur in the Company's organisational structure (e.g., establishment/modification of organisational units, start-up/modification of activities), or when important legislative changes occur (e.g., introduction of new 231 Offences).

Mapping is conducted, by the *Compliance* Department. The *Compliance* Department periodically reports to the Supervisory Board on the activities carried out and the results found.

Updating the Mapping should ensure that the following objectives are achieved:

- identify the company functions which, in view of the tasks and responsibilities assigned, could be involved in At-Risk Activities;
- specify the types of offence envisaged;
- specify the concrete ways for committing the abstractly assumed crime;
- identify the control elements put in place to protect against the identified risks/offences.

The path for the adoption of this 231 Model has followed the following steps:

1) Risk Assessment

Within the framework of the *Risk Assessment*, SPARKLE has conducted the following activities: Identification of key roles in SPARKLE's activities based on functions and responsibilities; collection and analysis of relevant documentation; carrying out interviews with the identified persons; identification of activities at risk of 231 offences (At-Risk Activities); identification of At-Risk Processes and related control standards that must be followed; assessment of the level of risk inherent in the activities; sharing of the results of this phase with the respondents.

The assessment of the level of risk of committing the 231 Offences was carried out jointly:

- incidence of activity: evaluation of the frequency and/or relevance of the activity based on specific qualitative and quantitative drivers;
- risk of the offence being committed: assessment of the abstract possibility of committing unlawful conduct in the interest or to the benefit of the entity.

2) Gap Analysis

Downstream of the *Risk Assessment*, TI SPARKLE has conducted the analysis of the existing control system and carried out the *Gap Analysis*, i.e., the identification of differences between existing control systems and the processes set out in order to adapt the Internal Control System to the control standards that must necessarily be met in order to prevent 231 Offences from being committed.

At the end of the *Gap Analysis*, an assessment is made of the level of residual risk of the offence being committed, considering the total risk of the activity as calculated above and the level of adequacy of the existing control standards.

6.2.1 General control principles and company procedures

The Company has adopted the following general control principles, compliance with which must be ensured by company procedures:

- *"every operation or transaction must be: verifiable, documented, consistent and appropriate."*

With this principle, the Company intends to ensure that, especially in activities found to be at risk, there is adequate documentary support (so-called "*traceability*") on which checks can be carried out at any time. To this end, it is provided that for each operation it is easy to identify who authorised the operation, who materially carried it out, who recorded it and who checked it. Traceability of operations can also be ensured through the use of computer systems capable of managing the operation, allowing compliance with the requirements described above.

- *"no one can manage an entire company process autonomously".*

The control system must ensure the so-called principle of the "*separation of roles*." This requirement can be met by assigning the various stages of the process to different persons.

TI Sparkle complies with the TIM Group incompatibility matrix that applies the general principles of separation of roles through the census of significant activities deemed to be at risk; the correlations between activities for the consequent identification of areas of incompatibility; the assessment of the areas at greatest risk, based on the potential impact.

- *"the checks carried out must be documented."*

The procedures that recall the controls ensure the possibility to retrace the activities carried out, so as to allow the evaluation of the coherence of the methodologies adopted (*self assessment* spot audits, etc.) and the correctness of the emerging results, for example, in *audit reports*.

In addition, the Company has established that the following control principles must be ensured in the at-risk activities that emerge from the Mapping, as well as in company processes:

- ensure integrity and ethics in the performance of the activity, through the provision of appropriate rules of conduct aimed at regulating each specific activity considered at risk;
- formally set out the tasks and responsibilities of each corporate function involved in at-risk activities;

- confer decision-making powers in a manner commensurate with the degree of responsibility and authority conferred;
- determine, assign and correctly communicate the powers of authorisation and signature, providing for a precise indication of the thresholds for the approval of expenses, when required, so that no person is granted unlimited discretionary powers;
- ensure the principle of separation of roles in the management of processes, providing to assign the crucial phases of the process and, in particular, those of authorization, execution and control to different persons;
- regulate the at-risk activity, providing for the appropriate control and monitoring points (checks, reconciliations, balancing, information mechanisms, etc.);
- ensure the presence of appropriate *reporting* mechanisms that allow for systematic reporting by the personnel carrying out the activity considered at risk (written reports, etc.).

6.3 Organisational responsibilities and powers

As indicated in the Confindustria Guidelines, the organisation of the Company must be sufficiently formalised and clear with regard to the assignment of responsibilities, hierarchical reporting lines and the description of tasks, with specific provision for control principles, such as, for example, the juxtaposition of functions.

With reference to the authorisation system, the Confindustria Guidelines require that powers of authorisation and signature be assigned consistently with the organisational and management responsibilities set out, providing, when required, a precise indication of the thresholds for approval of expenses, especially in areas considered at risk of crime, as provided for by the powers of attorney granted.

At TI SPARKLE, the system of delegated powers is governed by a specific TIM group procedure that establishes how this system must be implemented.

According to the criteria provided for at procedural level, the powers granted are functional to the performance of legal acts in the name and interest of the Company, consistent with the mandate/organisational role assigned.

In particular, the following types of powers of attorney are provided for:

- 1) "systemic" powers of attorney, by which TI SPARKLE carries out, through its proxies, current management activities also vis-à-vis third parties through acts that bind the Company;
- 2) "special" powers of attorney, by which powers of representation are granted with temporary validity and only for specific activities/operations;
- 3) powers of attorney concerning the "environment, health and safety at work," by which the power to represent the company is conferred for the purpose of carrying out acts relating to the environment and safety. In relation to this type of power of attorney, the company procedure also governs the related delegation system.

The assignment or exercise of the power takes account of the assessment of any conflicts of interest regarding the delegate.

The procedure also regulates the conditions and requirements for the revocation and constant updating of the powers of attorney conferred.

6.4 Financial resource management

Article 6(2)(c) of Decree 231 states that the models must provide for "*methods for managing financial resources suitable to prevent crimes from being committed.*"

The Confindustria Guidelines recommend the adoption of procedural decision-making mechanisms that, by making the various phases of the decision-making process documented and verifiable, prevent the improper management of the entity's financial resources.

Based on the principles indicated in the aforesaid Guidelines, the control system relating to administrative processes and, in particular, to TI SPARKLE's financial resources management process rests on the separation of roles in the key phases of the process; said separation must be adequately formalised and good traceability of the acts and authorisation levels to be associated with the operations is provided for.

In this regard, TI SPARKLE adopts procedures to manage financial resources based on the following principles:

1. separation of the payment request, approval and control functions;
2. appropriate authorisation levels for payment approval;
3. traceability of the cash flows, to be understood as the ability to precisely reconstruct the decision-making and formal route of the cash flow after the fact;
4. payment allocation, i.e., precise identification of the document validating the payment flow;
5. recording in the documentation of cash flows for the purpose of tracking the type of payment and its amount and reason;
6. checks on the consistency of the payments with respect to the supporting documentation and the actual disbursement of the service corresponding to the payment.

7 Training and dissemination of the Model

7.1 Training

Training is an essential tool for the effective implementation of the 231 Model and for a widespread dissemination of the principles of conduct and control adopted by TI SPARKLE, in order to ensure reasonable prevention of the crimes referred to in Decree 231.

The requirements to be met by the training tool are as follows:

- be appropriate to the position held and to the job classification level of the persons within the organisation (Senior Executives, Subordinates, new hires, employees, managers, etc.);
- the contents must differ according to the activity carried out by the person within the company and the associated 231 offence risk profile;
- the periodicity of training activities must take place in accordance with the regulatory updates to which Decree 231 is subject and the importance of the organisational changes that the company adopts;
- Participation in the training programme must be compulsory and appropriate control mechanisms must be adopted to verify the attendance of the persons and the degree of learning of each individual participant.

To support the adoption of the 231 Model the Company provides, for all employees, modules, activities and training projects on 231 issues based on the following rationale:

- targeted training, specifically designed to update and improve the competence of the company roles most involved in Decree 231, both in terms of responsibilities set out within the scope of the 231 Model and in terms of direct relations with public entities and third parties in general;
- widespread training aimed at very broad target groups of the company population in a generally undifferentiated manner.

The training initiatives, provided annually by the Compliance Department and TIM Compliance are shared with the Supervisory Body and are implemented through:

- the coordination between the structures of the Compliance Department and those in charge of training within the *Human Resources* function ("HR function") when designing, planning and delivering training initiatives;
- the traceability of all initiatives carried out, also ensured by specific reporting and support systems of the HR Function.

7.2 Information

In line with the provisions of Decree 231 and the Confindustria Guidelines, the Company promotes adequate dissemination of this 231 Model, in order to ensure that the Addressees are fully aware of it.

In particular, it provided that communication be:

- carried out through appropriate and easily accessible communication channels both by employees and Third Parties, such as the intranet portal and the Company's website;
- differentiated in terms of content for the various Addressees and timely in order to allow for updating.

TI SPARKLE implements actions to raise awareness on business ethics with respect to Third Parties in business relations with the Company, through the adoption of specific contractual clauses that provide for the express commitment of said parties to operate in compliance with Decree 231 and to behave in accordance with the ethical and behavioural principles and rules contained in the 231 Model, under penalty, in the most serious cases, of termination of the contract pursuant to Article 1456 of the Italian Civil Code.

Finally, the Company periodically communicates information relating to the management of corporate responsibility issues through social responsibility reports to its Stakeholders.

8 Disciplinary System

8.1 Introduction

For the effective implementation of the organisation, management and control model, Decree 231 requires the preparation of an adequate Disciplinary System (article 6(2)(e) and article 7(4)(b) of Decree 231).

The Disciplinary System adopted by TI SPARKLE is aimed at sanctioning non-compliance with the principles, measures and rules of conduct indicated in the 231 Model and in the related procedures.

The application of disciplinary sanctions does not depend on whether the alleged conduct of the worker (whether he or she is a subordinate, senior executive or collaborator) constitutes a violation that leads or may lead to criminal proceedings and/or application of any other sanctions.

The Disciplinary System is adopted by the Company in accordance with the following principles:

- **Specificity and autonomy:** the Disciplinary System adopted by TI SPARKLE is aimed at punishing any violation of the 231 Model, regardless of whether or not it leads to committing an offence. The Disciplinary System is, therefore, autonomous with respect to other possible sanctioning measures, since the Company is called upon to sanction the violation of the 231 Model regardless of the possible initiation of criminal proceedings and the outcome of the resulting judgment;
- **Compatibility:** the procedure for ascertaining and applying the sanction must be consistent with the law and the contractual rules applicable to the relationship with the Company;
- **Suitability:** the system must be efficient and effective for the purposes of preventing the risk of committing unlawful conduct, with particular regard to the conduct relevant to giving rise to the crimes covered by Decree 231;
- **Proportionality:** the sanction must be proportionate to the violation found. Proportionality will have to be assessed based on two criteria: (i) the seriousness of the violation and (ii) the type of employment relationship in place with the employee (subordinate, para-subordinate, managerial, etc.), taking into account the specific regulations that exist at legislative and contractual level;
- **Drafting in writing and appropriate disclosure:** the Disciplinary System must be formalised and must be the subject of timely information and training for all Addressees.

Compliance with the provisions of 231 Model is required in the context of self-employment contracts, including coordinated and continuous and/or hetero-organised and employment contracts, without prejudice to the application of the relevant regulations concerning disciplinary sanctions (article 7 of Law no. 300 of 20 May 1970 - so-called "Workers' Statute" and the applicable national collective labour agreement).

The Supervisory Body is responsible, with the support of the HR Function, for monitoring the functioning and effectiveness of the Disciplinary System.

The disciplinary procedure is initiated on the instigation of the HR or following notification by the SB of non-compliance and/or possible infringements of Model 231 to the functions in charge;

In particular, the SB must be provided with prior information regarding any proposal to close disciplinary proceedings or impose a disciplinary sanction for violation of the 231 Model, so that it can express its opinion; The SB's opinion must be received within the time limit set for the conclusion of the disciplinary procedure.

The execution and definition of the disciplinary procedure are entrusted, considering the type of employment contract and/or assignment involved, to the Corporate Bodies and/or company departments that are competent by virtue of the powers and attributions conferred on them by applicable law, the Articles of Association and the Company's internal regulations.

This is without prejudice to the right of the Company to claim any damage and/or liability that may result from the conduct of employees, members of the corporate bodies and Third Parties in violation of the 231 Model.

8.2 Definition and limits of disciplinary liability

The Disciplinary System as a whole is designed to ensure the proper functioning of the organisation and the regular performance of business activities, in particular to ensure compliance with the ethical and behavioural principles adopted by the Company.

In this perspective, the 231 Model is a substantial and integral part of the obligations arising from the contract and employment relationship (with regard to employment, also pursuant to Articles 2104 and 2106 of the Italian Civil Code).

The Disciplinary System adopted by TI SPARKLE are consistent with the laws and other regulations in force, as well as with the national collective labour agreements applicable to the sector, also taking into account, as regards the procedure for the application of sanctions to employees, article 7 of the Workers' Statute.

For addressees who are bound by contracts of a nature other than an employment relationship (including members of Corporate Bodies and Third Parties in general), the applicable measures and disciplinary procedures are consistent with the law and the relevant contractual conditions.

8.3 Addressees, their duties and relevant conduct

The Addressees are required to conform their conduct to the principles and rules set out in the 231 Model.

For the purposes of the Disciplinary System, any action or omission carried out - even in conjunction with other parties - in violation of the above principles and rules constitutes conduct relevant to the application of sanctions.

In particular, by way of example only and in addition to what is provided for by the reference company regulations and as a specification thereof, a disciplinary offence is:

- non-observance or violation of the ethical and behavioural rules set out in 231 Model;
- the omission of reports to the Supervisory Body of violations of the 231 Model of which it has become aware;
- retaliatory and/or discriminatory conduct, whether direct or indirect, by workers (executives and subordinates) against whistleblowers for reasons related, directly or indirectly, to the report;
- violations of the measures taken to protect whistleblowers with regard to the right of confidentiality;
- making reports with intent or gross negligence that prove to be unfounded.

Any conduct in violation of the provisions of the 231 Model is, if ascertained:

- in the case of employees (including executives), a breach of contract in relation to obligations arising from the employment relationship pursuant to Articles 2104 and 2106 of the Italian Civil Code;
- in the case of Directors, members of the Board of Statutory Auditors and SB members, failure to comply with their duties under the law and/or the Articles of Association;
- in the case of Third Parties, serious breach of contract such as to warrant, in the most serious cases, the termination of the contract pursuant to Article 1456 of the Italian Civil Code, without prejudice to the possibility of taking action to obtain compensation for damages suffered.

The procedure for the imposition of disciplinary sanctions therefore takes into account the particularities resulting from the qualification of the person against whom proceedings are brought.

8.4 General principles on sanctions

The application of disciplinary sanctions takes inspiration from the principle of gradualness and proportionality with respect to the objective seriousness of the violations committed.

The determination of the gravity of the infringement, which is the subject of an assessment for the purpose

of identifying the applicable sanction, is based on the respect for and assessment of the following:

- the deliberate nature of the conduct that led to the violation of the 231 Model or the degree of fault;
- negligence, imprudence or inexperience demonstrated by the author while committing the infringement, especially with regard to the actual possibility of foreseeing and/or preventing the event;
- the significance, seriousness and possible consequences of the non-observance or infringement of Model 231 (measurable in relation to the level of risk to which the Company is exposed and thus diversifying between non-compliant conduct and/or violations that did not involve exposure to risk or involved modest exposure to risk and violations that involved appreciable or significant exposure to risk, up to violations constituting a fact of criminal relevance);
- the position held by the agent within the company's organisation, especially in view of his or her level of hierarchical and/or technical responsibility;
- any aggravating and/or mitigating circumstances that may be detected in relation to the conduct of the person to whom the alleged conduct is attributable, including, by way of example, (i) the possible commission of several violations with the same conduct (in this case, aggravation will be made with respect to the sanction handed down for the most serious violation), and (ii) repeat offence by the agent (in terms of the imposition of disciplinary sanctions against the latter in the two years prior to the violation);
- the concerted action of several Addressees, in agreement with each other, in committing the violation;
- other particular circumstances characterising the infringement.

The procedure for reporting the infringement and the imposition of the sanction is diversified according to the category to which the agent belongs.

8.5 Conduct subject to sanctions and measures against employees: middle managers, officer workers and workers

Violation by the Company's employees of the principles and individual rules of conduct provided for in this 231 Model constitutes a disciplinary offence (for employees with executive status see section 8.6 "*Measures against employees with executive status*" below).

The sanctions that can be imposed on employees fall within those provided for by the Disciplinary System and/or the sanction system provided for by the National Collective Labour Agreement for personnel employed by companies operating telecommunications services (or "CCNL TLC").

The disciplinary measures that can be imposed against employees, in accordance with the provisions of Article 7 of the Workers' Statute and any special applicable regulations, are those provided for by the disciplinary rules set out in Articles 46 et seq. of the CCNL TLC.

The Company's Disciplinary System is therefore based on the relevant provisions of the Italian Civil Code and on the provisions of the aforementioned CCNL.

Without prejudice to the criteria for assessing the seriousness of the infringement set out in section 8.4 "*General principles on sanctions*" above, for employees the sanctions applicable to any infringements found, in application of the CCNL TLC, are:

- a) verbal reprimand;
- b) written reprimand;
- c) fine not exceeding three hours of base salary;

- d) suspension from work and pay for a maximum of 3 days;
- e) disciplinary dismissal with notice;
- f) disciplinary dismissal without notice.

By way of non-exhaustive example, the types of infringements and related sanctions are set out, in compliance with the provisions of Article 7 of the Workers' Statute and the National Collective Labour Agreement, in the following table:

Type of infringement	Sanctions
1. Minor non-compliance with the provisions issued by the Company and relevant under the 231 Model, not capable of exposing the Company to dangerous situations	Verbal reprimand pursuant to article 46 of the CCNL TLC
2. Repeat violations referred to in point 1 and/or failure to comply, even of mild degree, with the provisions issued by the Company and relevant under the 231 Model, not capable of exposing the Company to dangerous situations	Written reprimand pursuant to articles 46 and 47 of the CCNL TLC
3. Repeat violations referred to in point 2 and/or failure to comply with the provisions issued by the Company and relevant under the 231 Model, not capable of exposing the Company to dangerous situations	Fine (not exceeding three hours of base salary) pursuant to Articles 46 and 47 of the CCNL TLC
4. Repeat violations referred to in point 3 and/or failure to comply with the provisions issued by the Company and relevant under the 231 Model, capable of causing damage and/or exposing the Company to a dangerous situation	Suspension from work and pay pursuant to articles 46 and 47 of the CCNL TLC
5. Repeat violations referred to in point 4 and/or failure to comply with the provisions issued by the Company and relevant under the 231 Model, constituting a significant breach of contractual obligations	Dismissal with notice pursuant to articles 48 and 49 of the CCNL TLC
6. Failure to comply with the provisions issued by the Company, relevant under the 231 Model, which constitutes a just cause for termination of the employment relationship	Dismissal without notice pursuant to articles 48 and 49 of the CCNL TLC

If the breaches by employees of the 231 Model are abstractly attributable to a criminal offence, the Company, if it is not able, pending any investigation by the judiciary and for lack of sufficient elements, to make a clear and exhaustive reconstruction of the facts, may, pending the outcome of the judicial investigations, formulate a communication to the persons identified as responsible by which it reserves all rights and actions under the law and the CCNL TLC.

Should at the end of the aforementioned investigations and/or criminal proceedings, including those of first instance, evidence of offences by the persons identified as responsible be found, the Company, having acquired all the elements necessary for a specific reconstruction of the facts, shall proceed with the disciplinary proceedings in accordance with the provisions of this Disciplinary System, the CCNL TLC and the law.

Employment relationships with employees who work abroad, also following secondment, are governed, within the EU Member States, by the rules of the Rome Convention of 19 June 1980 on the law applicable to contractual obligations, enforced by Law no. 975 of 18 December 1984 and, for contracts concluded after 17 December 2009, by EC Regulation no. 593/08 on the law applicable to contractual obligations, as well as, outside this framework, by the provisions that may be alternatively applicable in this specific case.

8.6 Measures against employees with executive status

Executives have a relationship with the Company that is pre-eminently based on trust. An executive's behaviour is reflected, in fact, not only within the Company, representing a model for all employees, but also externally.

Therefore, compliance by the Company's executives with the provisions of the 231 Model and the obligation to enforce it with hierarchically subordinate employees, are considered an essential element of the executive employment relationship, since executives represent a stimulus and model for all those who depend on them hierarchically.

In this specific case, the reference CCNL is that of 30 July 2019 for executives of companies producing goods and services.

Any infringements committed by Company executives, by virtue of the particular relationship of trust existing between them and the Company, will be sanctioned with the disciplinary measures deemed most appropriate to the individual case, in compliance with the general principles previously identified in section 8.4 "General principles on sanctions", compatibly with legal and contractual provisions, considering that the above violations constitute, in any case, breaches of the obligations arising from the employment relationship potentially suitable to meet the principle of just cause for withdrawal.

If the breaches by executives of the 231 Model are abstractly attributable to a criminal offence, the Company, if it is not able, pending any investigation by the judiciary and for lack of sufficient elements, to make a clear and exhaustive reconstruction of the facts, may, pending the outcome of the judicial investigations, formulate a communication to the persons identified as responsible by which it reserves all rights and actions under the law.

Should at the end of the aforementioned investigations and/or criminal proceedings, including those of first instance, evidence of offences by the persons identified as responsible be found, the Company, having acquired all the elements necessary for a specific reconstruction of the facts, shall proceed with the disciplinary proceedings in accordance with the provisions of this Disciplinary System and the law.

In implementation of the principle of gradualness and proportionality of the sanction with respect to the seriousness of the violations committed, the Company reserves the right - in compliance with the general principles previously identified in section 8.4 "General principles on sanctions" - to apply the measures deemed appropriate against executives, it being understood that the termination of the employment relationship requires compliance with the principle of just cause only as provided for in the relevant national collective labour agreement.

Violations of the 231 Model may result in the following sanctions:

- verbal reprimand;
- written reprimand;
- fine;
- suspension from work without pay;
- dismissal.

By way of non-exhaustive example only, the following are some of the behaviours that may constitute a prerequisite for the application of the aforementioned measures:

- violation of one or more procedural or behavioural principles or rules provided for and/or referred to in the 231 Model;
- violation and/or bypassing of the control system provided for by the 231 Model, in any way carried out, such as by theft, destruction or alteration of the documentation provided for in the company protocols implementing the 231 Model;
- no, incomplete or untrue preparation of the documentation required by the 231 Model and the related implementation procedures and protocols in order to prevent and/or hinder its transparency and verifiability;
- failure to report or tolerance of even minor irregularities committed by hierarchically subordinate employees;
- omitted reporting or tolerance, by hierarchically subordinate employees, of irregularities committed by others belonging to the same Function;
- omitted supervision, control and oversight of hierarchically subordinate employees regarding the correct and effective application of the principles and internal procedures set out in the 231 Model;
- violation of the obligations to provide information to the SB provided for by the 231 Model;
- facilitation of untruthful drafting, even in concerted action with others, of the documentation provided for by the 231 Model;
- if it is within the executive's remit, failure to provide training and/or to update and/or communicate to hierarchically subordinate employees on processes regulated by the company protocols relating to At-Risk Activities;
- non-compliance with the discipline on *whistleblowing*.

The provisions of this paragraph and the following section 8.9.2 "*Disciplinary proceedings against employees with the qualification of executives*" will be fully applied even if the violation of the provisions of the 231 Model is attributable to a Director linked to the Company by an employment relationship.

8.7 Measures against Directors not linked to the Company by an employment relationship, Statutory Auditors and members of the SB.

The Company evaluates strictly the breaches of the 231 Model put in place by those who are at the top of the Company and represent its image vis-à-vis employees, shareholders, customers, creditors, supervisory authorities and the general public. The values of fairness, respect for the law and transparency must to be embodied, shared and respected above all by company decision-makers, so that they set an example and act as inspiration for everyone who work in and for the Company at all levels.

The Chairperson of the SB if he is not himself the subject of the dispute, or in the case, the most senior member of the SB, informs the Chairperson of the Board of Directors of the situations concerning potential violations of the 231 Model by one or more Directors and/or members of the Board of Statutory Auditors and/or members of the SB, acquired in the performance of his or her duties, If the non-compliance or infringements have not been deemed unfounded, the Chairmen will promote appropriate and suitable actions, taking into account the seriousness of the violation detected and in accordance with the powers/tasks attributed by the law and/or the Articles of Association and/or this 231 Model.

If the person concerned by the report is the Chairman of the Board of Directors, the most senior member of the collective body to which he belongs invests the Board of Directors in the matter.

The SB monitors that the bodies concerned are correctly informed of the violation found and take the appropriate initiatives.

In particular, disciplinary measures against Directors may include:

- statements in the minutes of meetings;
- formal written reprimand (in the case of violations of the provisions of the 231 Model that did not involve exposure to risk or only a modest exposure to risk);
- partial or total revocation of organisational delegations or positions held in the most serious cases, such as to damage the confidence of the Board of Directors in the person concerned;
- convening of the Shareholders' Meeting for the adoption of the relevant measures against the persons responsible for the violation, including the revocation of the appointment and the initiation of legal actions aimed at acknowledging liability responsibility towards the Company and the compensation for any current and future damages.

In the case of Statutory Auditors or SB, the Board of Directors will take the appropriate measures, in order to adopt the most appropriate measures permitted by law (see paragraph 8.9.3 below *The disciplinary proceeding against Directors not linked to the Company by an employment relationship, the Statutory Auditors and members of the SB*).

By way of non-exhaustive example only, the following are some of the behaviours that may constitute a prerequisite for the application of the aforementioned sanctions:

- non-compliance - also in concurrence with other parties - with the principles, measures and internal procedures/protocols provided for by the 231 Model;
- violation and/or bypassing of the control system provided for by the 231 Model, in any way carried out, such as by theft, destruction or alteration of the documentation provided for in the company protocols implementing 231 Model;
- conduct aimed at hindering and/or preventing access to the requested information and documentation by the persons in charge of controls (including the SB);
- violation of the obligation to inform the SB of any violations of the provisions of the 231 Model that have been committed by other Addressees of the Disciplinary System and of which one is aware and/or has the opportunity to suspect with concrete elements and/or direct evidence.

8.8 Measures against Third Parties

For Third Parties, violations of Decree 231 and of the principles and ethical and behavioural rules set out in the 231 Model shall be considered as breach of contract and sanctioned, in accordance with the specific clauses included in the individual contracts to which the Company is a party, with termination of the contract pursuant to Article 1456 of the Italian Civil Code in the most serious cases.

8.9 The procedure for the application of sanctions

The procedure for the application of the sanctions resulting from the violation of the 231 Model differs for each category of Addressees as regards the phases of:

- charging of the violation to the person concerned;
- determination and subsequent imposition of the sanction.

SB shall, after completion of the inspections within its purview and in accordance with the provisions of the Whistleblowing Procedure where applicable, forward the results to the functions concerned; the latter shall, on the basis of an assessment of the relevant requirements, take the appropriate decisions, which must subsequently be notified to the SB.

The application of sanctions for violation - also through omission and in possible concerted action with other parties - of the provisions contained in the 231 Model is adopted by the competent corporate bodies or functions by virtue of the powers and duties conferred on them by the applicable legislation, the Articles of Association and the Company's internal regulations.

The SB is constantly informed of the progress and outcome of disciplinary proceedings.

8.9.1 Disciplinary proceedings against employees: middle managers, officer workers and workers

The procedure for ascertaining the violation by employees of the provisions contained in the 231 Model is carried out in compliance with the provisions of Article 7 of the Workers' Statute and the CCNL TLC.

In particular, the SB - if the procedure has not been activated on the initiative of the HR Function - sends a report to the Head of the HR Function with:

- the details of the person responsible for the alleged violation;
- a description of the alleged conduct and the circumstances that led to its identification;
- an indication of the provisions of the 231 Model that have been violated;
- any documents and elements supporting the claim.

Following the receipt of the report of the SB, the Company, through the head of the HR Function or other employee of the same Function, having assessed the requirements for commencing disciplinary proceedings, sends the employee concerned a written notice of objection pursuant to Article 7 of the Workers' Statute containing:

- the precise indication of the alleged conduct;
- the provisions of the 231 Model that have been violated;
- notice of the right to provide make any deductions and/or justifications in writing;
- notice of the date of the hearing, which will be set within a reasonable period of time.

As regards any counterclaims made by the person concerned, sanctions, measures, operating procedures and deadlines, reference should be made to the provisions of the labour laws in force, the collective agreements applied and the Company's Operating Procedure "Management of disciplinary proceedings".

In particular, the competent HR Management Function, with the advisory support of the relevant local Trade Union Relations HR Function or the Litigation & Labour Law HR Function, collects all the elements required to circumstantiate the facts which are the subject of the disciplinary shortcoming.

As part of the procedure described above, the SB is to be informed by the Head of the HR Function or other employee of the same Function of the initiation of disciplinary proceedings if it has not been activated on the initiative of the SB.

The SB is constantly informed of the progress and outcome of disciplinary proceedings.

In the event that a conviction is issued, even at first instance, for one of the crimes relevant to Decree 231, the convicted employee must immediately inform the Head of the competent HR Management Function who, in turn, will report to the SB for the adoption of appropriate initiatives.

8.9.2 Disciplinary proceedings against employees with the status of executives

The procedure for ascertaining the violation by executives of the provisions contained in the 231 Model is carried out in compliance with the provisions of current regulations and collective labour agreements, where applicable.

Specifically, the SB sends a report to the Chairperson of the Board of Directors and to the *Chief Executive Officer* with:

- the details of the person responsible for the alleged violation;
- a description of the alleged conduct and the circumstances that led to its identification;
- an indication of the provisions of the 231 Model that have been violated;
- any documents and elements supporting the claim.

Following receipt of the SB's report, the Chief Executive Officer, through the Head of the HR Function or other employee of the same Function, having assessed the requirements for commencing disciplinary proceedings, summons the executive concerned by sending a written notice of the allegation pursuant to Article 7 of the Workers' Statute containing:

- the precise indication of the alleged conduct;
- the provisions of the 231 Model that have been violated;
- notice of the right to provide make any deductions and/or justifications in writing.

As regards any counterclaims made by the person concerned, sanctions, measures, operating procedures and deadlines, reference should be made to the provisions of the labour laws in force and the collective agreements applied.

If the person for whom the protest procedure has been activated holds a top-level position with delegated organisational powers or proxies and if, during the investigation, it is ascertained that the elements acquired are well-founded and that a more serious violation is attributable, the *Chief Executive Officer*, through the Head of the HR Function, may revoke, in whole or in part, the delegated organisational powers granted based on the nature of the assignment (if connected to the alleged violation or if deemed otherwise appropriate) and implement the related sanctioning procedure.

Based on the outcome of the investigation conducted, the *Chief Executive Officer* will assess the position of the person concerned, as well as the implementation of the relevant sanctioning procedure.

The SB is constantly informed of the progress and outcome of disciplinary proceedings.

Moreover, as part of the procedure described above, the SB is to be informed by the Head of the HRO Function of the initiation of disciplinary proceedings if it has not been activated on the initiative of the SB.

In the event that a conviction is issued, even at first instance, for one of the crimes relevant to Decree 231, the convicted employee must immediately inform the Head of the competent HR Function who, in turn, will report to the SB for the adoption of appropriate initiatives.

If the potential non-compliance with and/or breach of Model 231 is attributable to a manager who is also a Company Director, the investigation of the violation is conducted jointly by the Chairman of the BoD, the Chairman of the Board of Statutory Auditors and by the Chairman of the SB, who prepare a report that is sent to the Board of Directors, the Board of Statutory Auditors and the SB for the aspects for which they are responsible. Following receipt of the report, the Board of Directors commences the procedure for the assessment of the appropriate disciplinary measure.

If, at the end of the procedure provided for in this section, the sanction of dismissal is imposed, the Board of Directors will consider convening a Shareholders' Meeting to resolve on the removal of the Director from office.

8.9.3 The disciplinary proceeding against Directors not linked to the Company by an employment relationship, Statutory Auditors and SB members

If the SB, at the conclusion of their investigation, establish that Model 231 has been infringed by one or more persons who are company Directors - without being linked to the Company by any employment relationship⁶ - and/or Statutory Auditors and/or members of the SB, the SB Chairman (if he's not involved) transfers the results of the investigation to the Board of Directors, by preparing a specific report.

Following the receipt of the SB report, the Board of Directors convenes the Director against whom the violation is charged for a Board meeting, to be held within 30 calendar days of receipt of the report.

The call of the meeting, to be carried out in accordance with the procedures for convening the Board of Directors, must:

- precisely indicate the alleged conduct and the provisions of the 231 Model that have been violated;
- attach any documents proving the violation and/or other elements supporting the complaint.

The date of the meeting will be communicated to the person concerned, with notice of the right to make any remarks and/or deductions, both written and oral.

On the occasion of the meeting of the Board of Directors, at the presence of the Supervisory Body, the person concerned will be heard, any written deductions made by the latter will be submitted and any further checks deemed appropriate or necessary will be carried out.

The Board of Directors, with the abstention of any Director involved, assesses the truthfulness and validity of the facts reported and proceed directly with the imposition of the sanction deemed applicable to the case. If it is found that the elements acquired are well-founded and that a more serious violation by one or more Directors is attributable, such as to require the revocation of the appointment, the Board of Directors, with the exclusion of any Director concerned, shall convene the Shareholders' Meeting, proposing the measures deemed appropriate pursuant to Article 2383(3) of the Italian Civil Code, without prejudice to any further action to protect the interests of the TIM Group.

⁶ If the violation of the 231 Model is attributable to a Director linked to the Company by an employment relationship, the procedure provided for in paragraph 8.9.2 "Disciplinary proceedings against employees with the status of executives" will be initiated.

The procedure described above also applies if a member of the Board of Statutory Auditors and/or of the SB is found to have violated the 231 Model. In this case, having assessed the relevance and merits of the report, the Board of Directors shall:

in the event of violations such as to provide just cause for revocation of the appointment, convene the Shareholders' Meeting without delay in order to adopt the measures for which it is responsible, without prejudice to any further action to protect the interests of the TIM Group.

The decision of the Board of Directors (even if it is established that the facts reported are unfounded) and/or that of the Shareholders' Meeting, as the case may be, is communicated in writing by the Board of Directors to the Director and/or Statutory Auditor and/or member of the SB concerned as well as to the Chairman of the Board of Statutory Auditors and to the Chairman of the SB (or to the most senior member of their respective bodies in case of involvement of the relevant chairman) for appropriate evaluations.

If the SB, during the preliminary investigation found that the 231 Model has been infringed:

- by the entire Board of Directors or by the majority of Directors, the Board of Statutory Auditors shall convene the Shareholders' Meeting without delay for the appropriate measures.

In the event of violations of Model 231 by one or more members of the SB, the Chairman of the SB (if he is not himself the subject of the procedure) or, in the case, the most senior member of the SB, will immediately inform the Board Board of Directors of the Company which, upon notification of the violation and the granting of adequate defense instruments, will take the appropriate measures.

In the event of a conviction, including at first instance, for one of the crimes relevant to Decree 231, the convicted Director and/or Statutory Auditor/SB must immediately inform the Chairman of SB, which, in turn, will promptly report to the Chairperson of the Board of Directors , or to the most senior member of their respective bodies if the Chairperson herself is the subject of the proceedings, for the adoption of appropriate initiatives.

8.9.4 Proceeding against Third Parties

In order to allow the initiatives provided for by the contractual clauses stipulated with an external party to be taken, the SB sends, with the involvement of the Compliance Department, the Head of the owner function of the contractual relationship a report containing the following:

- the details of the person who is liable for non-compliance with the rules of conduct and principles contained in the 231 Model;
- the description of the alleged conduct;
- an indication of the provisions of the 231 Model that have been violated;
- any documents and elements supporting the claim.

The Head of the owner function of the contractual relationship, in agreement with the Procurement and Legal Functions as far as they are concerned, sends the external party concerned a written communication of the disputed conduct, the provisions of the 231 Model that are the subject of the violation, as well as an indication of the specific relevant contractual clauses, ensuring their application.

In cases to which the *Whistleblowing* Procedure applies, please refer to it.

The SB is constantly informed of the progress and outcome of proceedings.

The imposition of sanctions in accordance with the provisions of the specific contractual clauses also constitutes an impediment to the establishment of new contractual relations with the parties involved, unless otherwise justified by a decision of the owner function of the contractual relationship, in agreement with the Procurement, Legal and Compliance Departments.