



FOREIGN ORGANIZATIONAL MODEL

for Sparkle Group foreign companies

PURSUANT TO LEGISLATIVE DECREE 231/2001
V. 7.3
General Section

Approved by the Board of Directors on July-November 2024

Change history

Version #	Date approved	Main updates
7.3	<i>July-November /2024</i> TIS Israel 8 July 2024 TIS North America 9 July 2024 TIS America 9 July 2024 TIS Greece 8 October 2024 TIS France 5 November 2024 TIS Singapore 12 November 2024 TIS Turkey 18 November 2024	Update of the overall layout of the document with new sections General Part and Special Section and attachments New definition and update of processes and joining of operational and instrumental processes Update of the number code of Model 231 7.3 (vers. 7.3 including the updates referred to versions 7.1 and 7.2 of TIM's Organizational Model 231) compared to the latest version adopted (vers. 6.5.4)

Table of contents

1	SPARKLE: activity profiles and governance system	6
1.1	The Governance system: main aspects	7
1.2	The internal control and risk management system	8
2	The Code of Ethics and Conduct	9
3	Administrative liability of entities: Italian Decree 231/2001	10
3.1	Exemption from liability of an entity	11
4	Foreign Organizational Model	12
4.1	Purpose and structure	12
4.2	Addressees and scope	13
4.3	Approval, implementation and updating of Foreign Organizational Model: roles and responsibilities	13
5	Methodological approach and control principles	13
5.1	Introduction	13
5.1.1	General control principles and company procedures	14
5.2	Organisational responsibilities and powers	14
6	Model Training and diffusion	14
6.1	Training	14
7	Disciplinary System	15
7.1	Introduction	15
7.2	General principles on sanctions	16
7.3	Conduct subject to sanctions and measures against employees and executives	16
7.4	Measures against Third Parties	16

Annex 1. Code of Ethics and Conduct of the TIM Group

Annex 2. FOM Information Flows and Red Flags

GENERAL SECTION

Definitions

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

“TIS GROUP”: the companies of Telecom Italia Sparkle S.p.A.

“TIM”: the parent company of the TIM Group

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

“Company or Addressee”: the entity that adopts the Foreign Organizational Model

- TI SPARKLE FRANCE
- TI SPARKLE TURKEY
- TI SPARKLE ISRAEL
- TI SPARKLE GREECE
- TI SPARKLE SINGAPORE
- TI SPARKLE AMERICAS
- TI SPARKLE NORTH AMERICA

“Directors”: members of the SPARKLE’s Board of Directors

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

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

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

“Corporate Bodies”: SPARKLE’s Board of Directors and Board of Statutory Auditors

“Supervisory Body” or SB: Body of SPARKLE appointed by the BoD with autonomous powers of initiative and control which has the task of supervising the functioning and observance of Model 231 and of updating it

Compliance: is the Department that updates the Foreign Organizational Model, verifies and updates rules and regulations regarding the liability of entities; manages the risk assessment activity for the purposes of the FOM model, the definition of the annual control plan and monitors the information flows

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

“FCPA”: USA Foreign Corrupt Practices Act 1977

“UK Bribery Act 2010”: Anticorruption Law

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

“Foreign Organizational Model” or “FOM”: the organisation, management and control model adopted by SPARKLE’s Subsidiaries including the Code of Ethics. It constitutes an integral part of the Group anticorruption compliance program

“Code of Ethics and Conduct” or “Code of Ethics”: the document that outlines the founding values and the general principles to which the company is committed in conducting business adopted by TIM and its subsidiaries including TIS Group companies

ISO 37001 Anti-Corruption Management System: framework ISO that establishes the requirements for preventing, detecting and responding to the risk of corruption as well as for structuring an organization compliant with anti-corruption laws and voluntary requirements applicable to its activities

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

"At-risk Activities": activities within a crime potentially may be committed

"At Risk Processes": processes that regulate At-risk Activities

"FOM Officer: the figure appointed by the Board of Directors of the Companies with the task of supporting the Company, in coordination with TIS Compliance Department, in the adoption of FOM and committed to send Flows, Red Flags, training initiative and updating on Compliance matters.

Corporate Governance System: Policies, Procedures and other corporate regulations aimed at regulating the entire corporate organization

"Disciplinary System": sets out the penalties applicable in the event of violation of the FOM

"Top Management": Directors with executive powers

"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

"Subordinates": Persons subject to management or supervision of Senior Executives

"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, external audit and accounting control officers or other persons) who act on behalf of the Company within the scope of the activities governed by the FOM

"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)

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.

SPARKLE was born on January 1, 2003 and operates in the international Voice, Data and IP, Cloud and Data Center services market for business (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 also was realized. 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, Sparkle is a leading global service provider offering a full range of infrastructure and global connectivity services – capacity, IP, SD-WAN, colocation, IoT connectivity, roaming and voice - designed to meet the fast-changing needs of national and international Carriers, OTTs, ISPs, Media/Content Providers and multinational enterprises.

Sparkle Group is active in 33 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, SPARKLE owns and operates a global and technologically advanced proprietary network of over 600.000-km of fibre optic, as well as extended ownership in major international submarine cables, both as bilateral cables and through participation in cable consortia and / or partnerships.



The SPARKLE'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 (applications that define Routing and Price criteria);
- Business IP and Data platform: the offer portfolio is composed of the international connectivity services IP Transit 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 for connections requiring different levels of quality;
- Business Enterprise: 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 organisational structure of SPARKLE is shown on the Company organisation chart ("PAN European NW": European Subsidiaries), published in the Company Intranet Portal.

1.1 The Governance system: main aspects

TIM exercises management and coordination activities towards SPARKLE and its subsidiaries also through the promotion of homogeneous internal control and risk management systems.

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.

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.

SPARKLE has adopted an Anti-corruption Management System ("AMS", in accordance with ISO 37001) and an Anti-corruption Policy, in order to prevent, detect and respond to practices conducive to corruption, and ensure compliance with Anti-corruption Laws. Sparkle's Subsidiaries may adopt this Policy by defining their own policies in accordance with the principles set out in SPARKLE's Policy.

SPARKLE and the Subsidiaries implement 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 SPARKLE ("Foreign Organizational Model" or "FOM") is envisaged.

Foreign Organizational Model is to be considered as the guideline to which SPARKLE's Foreign Subsidiaries comply in structuring their organization, management and control model. FOM mainly regulates the processes by which decisions are taken, as well as the phases of *a priori* and *a posteriori* controls of the activities carried out and set forth behavioral rules on certain particularly sensitive operations. Foreign subsidiaries shall abide to guidelines set forth in the Foreign Organizational Model to the extent permitted under applicable local laws.

The Foreign Organizational Model constitutes an integral part of the Group anticorruption compliance program, in accordance with international applicable anti-corruption laws, including the USA Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act. It applies to SPARKLE's largest subsidiaries, which are:

- TI SPARKLE FRANCE
- TI SPARKLE GREECE
- TI SPARKLE TURKEY
- TI SPARKLE ISRAEL
- TI SPARKLE SINGAPORE
- TI SPARKLE AMERICAS
- TI SPARKLE NORTH AMERICA

1.2 The internal control and risk management system

SPARKLE adopts 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.

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 and necessary factors for the 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 adopts an Enterprise Risk Model (or ERM) introduced by TIM, 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 by means of countermeasures' adoptions and to provide reasonable assurance of the achievement of the corporate objectives.

Interfunctional Anti-Fraud Committee

SPARKLE adopts an Interfunctional Anti-Fraud Committee ("CIA") 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 and Subsidiaries adopt 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 TIM'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 an integral part of this Model (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 all 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 FOM (section "*Disciplinary System*").

3 Administrative liability of entities: Italian Decree 231/2001

Italian Decree No. 231 dated 8 June 2001, 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 management 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 apply to:

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

Are excluded from the regulation:

- 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 have been committed by persons linked in various ways to the entity.

A 231 crime indicates the perpetrators as:

- 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"* (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.

¹ The regulation was developed on the initiative of the European Union and the OECD, which have long 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.

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”.

The penalties that can be imposed on the entity are envisaged, in particular:

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

Pecuniary sanctions are applied for quotas 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.

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) 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, are applied in the most serious and applicable cases only if at least one of the following conditions applies:

- 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;
- interdiction 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.

3.1 Exemption from liability of an entity

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 oversight 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 oversight by the Supervisory Body.

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

4 Foreign Organizational Model

4.1 Purpose and structure

SPARKLE and the other Italian subsidiaries of TIM Group have adopted a model of organization and management to prevent criminal offences provided by Italian Legislative Decree No. 231/2001 following the guidelines of the organizational model of TIM and taking into account characteristics and nature of the activities carried out by each company as well as applicable legislation (hereinafter “the 231 Organizational Model”).

TIS Group has therefore defined an Organizational Model for foreign companies (“Foreign Organizational Model”) that shall be adopted by the foreign companies belonging to TIS Group, based on the 231 Organizational Model, in accordance with their characteristics and size and taking into account local laws on corporate liability applicable to the entity.

Foreign Organizational Model mainly regulates the processes by which decisions are taken, as well as the phases of a “priori” and a “posteriori” controls of the activities carried out and set forth behavioural rules on certain particularly sensitive operations. Foreign subsidiaries shall abide to guidelines set forth in the Foreign Organizational Model to the extent permitted under applicable local laws.

The aims of FOM, 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 potential 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 as well as to the procedures in force, including the Anticorruption Policy;
- raise the awareness of the Company's employees and Third Parties, so that in carrying out their activities, they adopt conduct to prevent crimes for which the liability of the legal person is envisaged.

FOM is composed of the following parts:

- the **General Section**, which describes the Company and governance system, refers to the Code of Ethics, the general characteristics of the Model, its methods of 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, the map of At-Risk Activities, the system of controls in place to monitor and protect these activities;
- **Annex 1) Code of Ethics and Conduct;**
- **Annex 2) FOM Information Flows and Red Flags;**

4.2 Addressees and scope

FOM is adopted by largest SPARKLE's foreign subsidiaries ("Addressees").

4.3 Approval, implementation and updating of Foreign Organizational Model: roles and responsibilities

The General Part and Special Part of the FOM are adopted by the Subsidiaries' Board of Directors by a specific resolution. The Code of Ethics is also adopted by resolution of the Company's Board of Directors.

FOM is a dynamic instrument, which affects the corporate operations, 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.

Compliance updates FOM, monitoring rules and regulations developments regarding the liability of entities. Moreover Compliance implements the risk assessment activity for the purposes of the FOM model, manages the definition of the annual control plan and monitors periodic information flows and Red Flags.

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 FOM and for the possible subsequent verification of the causes that made it possible to commit an offence.

In particular, the Addressees of the FOM must promptly send, through Sparkle's Compliance, information flows concerning the Model to the Supervisory Body with reference to:

- any violation, even potential, of the FOM and any other aspect potentially;
- 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 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, hygiene, health and safety and environmental.

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

5 Methodological approach and control principles

5.1 Introduction

The main objective of the FOM is to configure a compliance program structured and organic system of processes, procedures and control activities aimed at preventing, as far as possible, conduct constituting offences.

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;

- **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 Company has also deemed the safeguards set out in the principles of the Code of Ethics and Conduct, as well as in the procedures in force, including the Anticorruption Policy.

5.1.1 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.

- *“the checks carried out must be documented”.*

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

5.2 Organisational responsibilities and powers

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.

The system of delegated powers is governed by a specific Sparkle/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. These powers are subject to review/update periodically and in the event of variations.

6 Model Training and diffusion

6.1 Training

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

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 offence risk profile;
- the periodicity of training activities must take place in accordance with the regulatory updates;
- 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 FOM 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, both in terms of responsibilities set out within the scope of the FOM 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.

7 Disciplinary System

7.1 Introduction

The Disciplinary System adopted by SPARKLE is aimed at sanctioning non-compliance with the principles, measures and rules of conduct indicated in the FOM 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 SPARKLE is aimed at punishing any violation of the FOM, 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 Compliance Program 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;
- **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.

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

7.2 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 non-observance or 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 FOM 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 FOM (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 potential 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 procedures for reporting the infringement and the imposition of the sanction are diversified according to the category to which the agent belongs, as described in the following paragraphs 7.3 and 7.4.

7.3 Conduct subject to sanctions and measures against employees and executives

Violation by the Company's employees of the principles and individual rules of conduct provided for in this FOM constitutes a disciplinary offence.

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 Local Collective Labour Agreement for personnel employed by companies operating telecommunications according to the local SPARKLE's contract.

7.4 Measures against Third Parties

For Third Parties, violations of the principles and ethical and behavioural rules set out in the FOM 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 local Law in the most serious cases.

Annex 1. Code of Ethics and Conduct of the TIM Group

Annex 2. FOM Information Flows and Red Flags