



# ANTI-CORRUPTION POLICY OF SPARKLE

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## 1. INTRODUCTION

Sparkle carries out its activities in compliance with the values and principles outlined in the Code of Ethics and Conduct, in the belief that business should not disregard ethics.

SPARKLE acknowledges the importance of the Anti-corruption Laws and repudiates all forms of Corruption, rejecting and stigmatizing corrupt behaviors or, more generally, conducts that are unlawful or anyhow contrary to ethics, to achieve its business objectives.

To this end, SPARKLE has adopted an Anti-corruption Management System ("AMS") and the present Anti-corruption Policy ("Policy") as an integral part thereof, to prevent, detect and respond to practices conducive to Corruption, and ensure compliance with Anti-corruption Laws.

## 2. ADDRESSES AND SCOPE

This Policy is in line and in compliance with the principles set out in the Anti-Corruption Policy of the TIM Group. Purpose of the present Policy is to provide a systematic framework for the management of corruption risks, by setting forth the standards and rules of conduct by which all addressees shall abide to ensure compliance with the Anti-corruption Laws.

The Policy applies to SPARKLE S.p.A. ("SPARKLE" or "the Company"), to the members of its corporate bodies, to the employees and to external collaborators of the Company.

Sparkle's Subsidiaries may adopt this Policy by defining their own policies in accordance with the principles set out hereinbelow.

With regard to joint ventures/ consortiums and Participated Companies, SPARKLE exercises its influence, to the extent reasonable under the circumstances, to ensure that such companies and entities comply with the standards and rules of conduct set out in this Anti-corruption Policy.

The Policy will be communicated to:

- Employees, Management and members of corporate bodies of SPARKLE
- Controlled and/or Participated Companies
- Third Parties
- Certification Organisms.

Any doubts regarding the application of the present Policy must be addressed to the Compliance Department of SPARKLE.

## 3. OBJECTIVES

This document, in line with the Anti-corruption Policy of TIM's Group, has the following objectives:

- To manage the risk of Corruption on the basis of the 'zero tolerance' principle;
- To guarantee compliance with the Anti-corruption Laws;

- To protect the Company against the harmful consequences of non-compliance with the Anti-corruption Laws, also in case of damage to reputation and image of the Company;
- To encourage the use of tools to report acts of Corruption, including those of third parties that have business relationships with the Company;
- To strengthen awareness of the rules to ensure the proactive, conscious engagement of all addressees to achieve the objectives of the Anti-corruption Management System.

## 4. DEFINITIONS

In this document, the following terms and definitions apply:

- "Top Management" identified in the CEO of the company and in the HR, CCO and Compliance functions.
- "Sensitive Areas": refers to those operations, projects, activities or processes that are sensitive as they are potentially instrumental to the implementation of corruptive behaviors, instigation to corruption or in any other way prodromal to the achievement of corruptive agreements, with respect to which the Company adopt specific monitoring.
- "Business Partner": external entities/individuals belonging to the commercial network for which the Company has identified a higher risk of corruption.
- "BoD" or "Board of Directors": the Board of Directors of SPARKLE.
- "Conflicts of interest": situations in which commercial, economic, family, political or personal interests may interfere with the decision-making capacity of individuals during the performance of their duties for the Company.
- "Contributions": mean donations and/or contributions in cash, in kind or of receivables, as consideration for ownership interests in non-profit associations.
- "Corruption": offering, promising, granting, giving, or authorizing, soliciting, inducing, instigating the giving of (so-called active corruption), or accepting the promise or receiving (so-called passive corruption) - directly or indirectly and irrespective of where - money or Items of value or other Benefit, in order to obtain an undue advantage (including a non-economic benefits), as an incentive or consideration for a person to act, or having accomplished, or to fail to act, or having failed to act, to delay or having delayed, in relation to the performance of that person's duties, in breach of the Anti-corruption Laws.
- "Item of value" or "other benefit": any advantage or benefit that may be considered of value, including but not limited to, money or money equivalent, loans, contributions or donations, gifts, presents, travel/ accommodation/ meal or entertainment expenses, prizes, offers of employment, reimbursements, discounts, goods or services, that constitute, or derive from, funds or assets belonging to the Company or to third parties.
- "Due Diligence": the assessment of the risk of corruption in relation to specific operations, projects, activities, Third Parties or personnel.
- "Facilitation Payments": unofficial payments of modest value, made to expedite, favour or ensure routine activities of the public officer or private subject that has a relationship with Sparkle Group. Such payments are not permitted in Sparkle Group, as detailed in the following paragraphs.

- “Family members”: family member of a person means spouse, (if not legally separated), cohabiting partner, parents, sons and daughters, brothers and sisters and brothers-in-law - if not already included in the above cases - of that person and those of his/her spouse (if not legally separated) or cohabiting partner.
- “Public Officer”: any person exercising legislative, administrative or judicial functions in any State, whether appointed, elected or succeeded, or any person exercising public functions in any State, including the exercise of duties on behalf of public agencies or companies, or any officer or representative of public organizations, whether national or international, international parliaments, international courts, or any candidate for one of the aforementioned offices.
- “Anti-corruption Compliance Function” or “Anti-corruption Function”: the Sparkle Compliance Department nominated by the Top Management of SPARKLE.
- “SPARKLE GROUP” or “Group” or the “Company”: SPARKLE S.p.A.
- Subsidiaries: Controlled Companies by Sparkle
- “TIM Group”: or TIM S.p.a. and its Controlled Companies.
- “Anti-corruption Laws”: the anti-corruption laws and regulations of all the Countries in which SPARKLE carry out or will carry out business activities, including (but not limited to): (i) the anti-corruption provisions of the Italian Criminal Code, the Italian Civil Code and of any other national laws, including the anti-corruption laws in force, and (ii) the applicable international anti-corruption laws and agreements.
- “Management”: any employee of the Company whose roles and responsibilities are identified in the organizational chart.
- “231 Organizational Model” or “231 Model”: the organization, management and control models adopted by SPARKLE pursuant to Italian Legislative Decree no. 231/2001
- Foreign organizational Model (FOM): the organizational, management and control model adopted by the foreign subsidiaries in perimeter, consistent with Sparkle's Organizational Model 231.
- Governing Body identified in the Sparkle Board of Directors.
- “Significant Positions”: personnel of the Company with respect to which the Company has identified greater than low risk of corruption as indicated in section 9.3.
- Principles of conduct: the rules of conduct indicated in par. 8.
- “Public Administration” or “PA””: refers to the entities indicated in the list published on the ISTAT website at the following link: <https://www.istat.it/it/archivio/190748> and the foreign corresponding entities, if not already included in this list, as defined under the applicable laws.
- “Significant Relations”: the relationships exposed to the risk of corruption, as indicated in section 9.1.
- “Red Flag”: any element/indicator signaling potential critical issues in relation to the application of the AMS.
- “Anti-corruption Management System” or “AMS”: the management system for the prevention of Corruption according to the ISO 37001 standard that SPARKLE has adopted, which is an integral part of the Company's internal control system.

- “Controlled Company”: means any of the companies controlled by SPARKLE or subsidiaries.
- “Participated Company”: refers to all of the companies in which SPARKLE holds a significant interest that for the purposes of this Policy means an interest amounting to 20% or more of said company's share capital.
- “Private Subject”: means any person or entity different from the PA.
- “ISO Standard 37001”: the international standard ISO 37001:2016 for “Anti-bribery Management Systems” published on 15 October 2016 by the International Organization for Standardization.
- “Third Parties”: any legal or natural person outside the Company, that has a business relationship with SPARKLE.
- “Significant Third Parties” or “STR”: those Third Parties with respect to which the Company has identified greater risk of corruption, considering the characteristics or the activities carried out by those parties, as indicated in section 9.2

## 5. REGULATORY REFERENCES (EXTERNAL AND INTERNAL)

### External references

- International Standard ISO 37001 for “Anti-bribery Management Systems” published by the International Organization for Standardization
- Law 262-2005 - Provisions for the protection of savings and the regulation of financial markets (cod. DC-2018-00585)

The following is an indicative, but non-exhaustive list of Anti-corruption Laws:

- the Italian Criminal Code (DC-2018-00067) with specific reference to Articles 317 et seq.
- the Italian Civil Code (DC-2018-00049) with specific reference to Article 2635 (corruption between private individuals) and to Article 2635-bis (incitement to corruption between private individuals)
- Italian Legislative Decree 231-2001 – on the Administrative Liability of Legal Entities, Companies and Associations (DC-2018-00498)
- Italian Legislative Decree 38-2017 - Implementation of Council Framework Decision 2003-568-GAI on Combating Corruption in the Private Sector (DC-2019-00033)
- Italian Law 146-2006 - Ratification and Implementation of the UN Convention and Protocols on Transnational Organized Crime (DC-2019-00030)
- Italian Law 69-2015 - Regulation on Criminal Offences against the Public Administration, Mafia-type Criminal Organized Crimes, and Fraudulent Accounting Practices (DC-2018-00123)
- Italian Law 3-2019 - Measures to combat offences against the Public Administration, as well as regarding the prescription of offence and the transparency of political parties and movements (DC-2019-0004)
- Italian Law 300-2000 - Ratification and Implementation of the OECD Convention on Combating Bribery of Foreign Public Officers in International Business Transactions and

- of the Convention on Combating Corruption involving Officials of the European Communities or of the Member States of the European Union (DC-2018-00295)
- Italian Law 116-2009 - Ratification and Implementation of the UN Convention against Corruption (UNCAC) (DC-2019-00031)
  - Italian Law 110-2012 - Ratification and Implementation of the Criminal Law Convention on Corruption (DC-2019-00032)
  - US Foreign Corrupt Practices Act (FCPA) - of 19 December 1977 (DC-2018-00602)
  - UK Bribery Act - of 8 April 2010 (DC-2018-00034)
  - Legislative Decree No. 24 of 10 March 2023 - Implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law and on provisions concerning the protection of persons who report breaches of national laws (cod. DC-2024-00020)
  - Regulation 2016/679/EU on the protection of individuals with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation - GDPR). (DC-2018-00235)

#### Internal references

- Telecom Italia Group's Code of Ethics and conduct (2017-00134)
- Anti-Corruption Policy of the TIM Group (2012-00234)
- TIM Anti-Corruption Management System (2019-00125)
- Sparkle Anti-Corruption Management System (TIS 2023-00009)
- TIM 231 Organizational Model (including the Code of Ethics and Conduct) (2017-00133)
- SPARKLE 231 Organizational Model (including the Code of Ethics and Conduct) (2020-00025)
- SPARKLE Anti-Corruption Management System (TIS 2023-00009)
- Procedure on the management of conflicts of interest in the TIM Group (2017-00171)
- TIM Whistleblowing procedure (2019-00019), available on the institutional site at link <https://portalesignalazioni.telecomitalia.it/>
- Management of Resources in Relevant Positions of TIM (2021-00048)
- Management of Resources in Relevant Positions of Sparkle (TIS 2023-00008)
- Organizational Procedure: Validation of TLC TIS Customers/Service Providers (2020-00078)
- Definition and Formalization of Group Policy, Procedures and Operating Instructions (2014-00152)
- QHSEMS Manual 2023 (TIS-2021-00011)
- Operating Rules for carrying out transactions with related parties (2019-00012)
- TIM Group Internal Control and Risk Management System Guidelines (cod. 2023-00146)
- Anti-corruption Due Diligence Manual (cod. 2023-00006).

## 6. ROLES AND RESPONSIBILITIES

The present Policy is approved by the Board of Directors, subject to preliminary review by the Sparkle Top Management.

The Board of Directors has identified the Sparkle's Compliance Department as the Anti-corruption Compliance Function responsible for the prevention of Corruption, in charge of implementing and monitoring the AMS within the organization, and more generally the compliance of the AMS with the requirements of ISO Standard 37001:2016.

The Compliance Department has adequate resources, authority and independence needed for compliance responsibilities.

The Compliance Department/Anti-corruption Function supports the Management of SPARKLE in implementing the AMS, through the provision of the following, among others:

- assistance and consultancy on the application of the Anti-corruption Management System, Anti-corruption Policy and Anti-corruption Laws, as well as of all the other provisions on preventing Corruption;
- monitoring and implementation of the AMS and present Policy;
- supporting Due Diligence activities.

The Compliance Function is informed by the TIM Audit Department, to the extent of its competence, of any violations of the AMS. Every six months, Sparkle's Compliance Function and TIM's Compliance Department receive a summary report from the TIM Audit Department on the number and type of reports received relating to possible corrupt offenses concerning the Company, in compliance with the confidentiality guarantees established.

## 7. REVIEW, CONTINUAL IMPROVEMENT AND AMENDMENTS

The BoD, through the Top Management, periodically reviews the EMS of TIMSPARKLE, of which the Anti-Corruption Policy is an integral part.

The BoD reviews the Anti-Corruption Management System over time on the basis of the information received from the Top Management as well as the Compliance Department of Sparkle, as well as on the basis of any other information flow from the corporate functions concerned.

The Compliance Department assesses on a continual basis taking into account the results of monitoring activities whether the AMS is adequate to manage effectively the risks of corruption and whether it is working and effectively implemented. In this regard, the Compliance Department periodically reports to Top Management.

SPARKLE undertakes continual improvement of the suitability, adequacy and effectiveness of the AMS and Anti-corruption Policy.

Any amendments to the present Policy shall be approved by SPARKLE's Board of Directors.



## 8. PRINCIPLE OF CONDUCT

Without prejudice to compliance with the 231 Organizational Model, in SPARKLE Group all corruptive behaviors, incitement to corruptive practices or, in any other way, prodromal to the achievement of corruptive agreements are strictly forbidden, in particular:

- (i) offering, promising, granting, giving, authorizing, soliciting, inducing, instigating - directly or indirectly - money, Items of value or other Benefit to a Public Officer or a Private Subject (and/or the entity represented by it) and (ii) accepting the promise of or receiving - directly or indirectly - money, Items of value or other Benefit from a Public Official or Private Individual (and/or the entity represented by it), if such conduct may be construed as having the purpose of improperly influencing the relations between SPARKLE, or a Company of SPARKLE Group, and the Public Officer or Private Subject (and/or the entity represented by it), irrespective of whether it is pursued, also as the sole objective, the interest of, or the benefit to, SPARKLE or of the company of SPARKLE Group;
- (ii) exploiting, boasting existing or purported relations with a Public Official in order to unduly give, promise or cause to be given or promised, to oneself or to others, money, Items of value or other Benefit (i) as the price for mediating with such person or (ii) as the price for remunerating such person for the exercise of their functions or powers, regardless of the purpose of pursuing, even exclusively, the interest or advantage of SPARKLE or the companies of the SPARKLE Group.

No practice recognized as an act of Corruption or unlawful influence, will be accepted or tolerated even if it is a common practice in the business sector or the Country where the activity is carried out.

No service shall be requested or accepted if it can only be provided in violation of the values and principles of the Code of Ethics and Conduct or in breach of the applicable rules and procedures.

It is forbidden to pay or offer, directly or indirectly, any contributions, advantages or other Benefits, to any political parties or movements and/or foundations, associations, committees, bodies related to them, as well as trade-union organizations, or their representatives or candidates, subject to applicable laws.

No "Facilitation Payments" are permitted.

Gifts and entertainment expenses are allowed (including meal, travel and other entertainment expenses), provided that they are of modest value and to the extent allowed under customary business practices, and in any case in full compliance with the company procedures.

None of the recipients of this Policy shall be discriminated or subject to any form of retaliation, for having refused to commit an act of Corruption, an incitement to act of Corruption or in any other way prodromal to the achievement of corruptive agreements, even if such refusal has caused loss of profit or any other harmful consequence to the business.

SPARKLE Group adopts procedures and controls to ensure that each transaction is recorded and duly documented in the accounts in accordance with the applicable accounting standards.

In particular, all payments and expenses relating to transactions falling within the scope of this Policy, must be accurately and completely recorded in the accounts of each company of the SPARKLE Group.

Furthermore, each company of the SPARKLE Group shall set up and implement adequate and reasonable controls to ensure that:

- transactions are effective and carried out only with the previous authorization of the Management;
- transactions are recorded so that their nature and purpose is clearly reported and the financial statements are drafted in compliance with the applicable accounting standards;
- checks about the coherence of the value of assets reported in the financial statements with the inventories are made on a periodic basis and appropriate measures are taken in case of discrepancies.

It is prohibited to use personal funds or means with the purpose of circumventing application of the present Policy.

With respect to the “Sensitive Areas”, indicated in Section 11 below, it is also necessary to provide for:

- formal separation of duties for the different phases of the process and requirement of signatures according to the powers of attorney system of the Company;
- tracing of each phase of the process (supporting documentation, level of formalisation, modalities and timing of storage) to help to trace back responsibilities, grounds for decisions and sources of information;
- escalation mechanism in case of waivers to standard procedural requirements.

## 9. RELATIONSHIP WITH THIRD PARTIES

In carrying out its business activities, SPARKLE has different types of relationships with third parties Italian and foreign, which may entail risks of non-compliance with anti-corruption regulations.

Relations with any Third Party shall be conducted in accordance with principles of fairness so that said parties are not induced to act in breach of company rules and procedures.

Furthermore, all agreements with Third Parties that may generate corruption means or other Benefits that help commission of criminal offences, are drafted in accordance with the instructions set out in the relevant internal procedures and shall provide for the right of the Company to terminate the agreement in the event of any breach of, among other things, the Anti-corruption Laws and the present Policy.

Certain types of relationships with Third Parties pose higher risk of corruption. Such risk may derive from:

- type or nature of the relationship (**Significant Relations**), or
- characteristics of the Third Party or activities to be carried out by such party (**Significant Third Parties**).

### 9.1 Significant Relations

SPARKLE has identified the following types of relations that entail risks of corruption:

- **Relations with the PA:** such interactions specifically concern relations in which the PA act as client, for the obtainment of administrative or judicial orders, for the execution of controls and inspections, for the fulfillment of obligations or the granting of loans.
- **Relations with customers and suppliers:** such interactions relate to the Company's entire business cycle and are exposed to the risk of both active and passive corruption.
- **Relations with other private entities:** relations with any private entities that carry out institutional, professional or business activities in which SPARKLE may have an interest that may result in benefits or disadvantages to SPARKLE.

With regard to the Significant Relations, and in addition to what provided in the foregoing sections, Principles of Conduct and Relations of SPARKLE with Third Parties, SPARKLE has established the following rules:

- personnel responsible for the departments that have Significant Relations, shall:
  - o ensure that persons of the team comply with the operational rules of conduct, with reference to their commitment to respect the provisions of the Code of Ethics and Conduct and of the present Policy, as well as of the applicable procedural framework;
  - o guarantee that services are effectively rendered and any remuneration therefore is adequate;
  - o provide adequate systems to trace items in connection to relations with Third Parties;
- in the event that personnel of SPARKLE receive any requests or solicitations to make or promise undue payments or any other Benefit from a Third Party, they should:
  - o refuse to comply with the request;
  - o promptly inform their supervisor;
  - o use tools available in the Company to formally report such circumstances (the Whistleblowing channel).

## 9.2 Significant Third Parties

Third Parties that have business dealings with SPARKLE include certain specific categories in relation to which the Company has identified greater than low risk of corruption on the basis of the characteristics and activities of that party.

On the basis of the type of activities that are the object of the Company's business relations with Third Parties and the type of such relations, SPARKLE has identified the following Significant Third Parties:

- **Beneficiaries of sponsorships and Contributions:** these are the beneficiaries of sponsorship projects – sponsee, contributions free of charge generally provided for community projects, either in cash or in kind, or of receivables remunerated by the subscription of share capital/association fees;
- **Consultants and professional advisers, agents and brokers, Business Partners, independent collaborators:** suppliers of services, including sub-agents and other similar figures, used by SPARKLE in performing its business activities;
- **Suppliers of goods and services:** suppliers of goods and services, including sub-suppliers, other than those indicated in the preceding point;

- **International carriers:** these are customers and suppliers of international traffic services;
- **Third Parties involved in extraordinary operations:** target companies in extraordinary operations such as mergers or acquisitions that Sparkle could carry out in accordance with the internal regulation of the TIM Group;
- **Partners in joint ventures/ consortiums:** legal entities that are party to joint venture/ consortiums agreements entered into by the Company and/or that constitute permanent structured organizations for carrying out together a business activity or project that Sparkle could carry out by applying the internal regulation of the TIM Group;
- **Candidates for employment:** these are the figures subjected to evaluation in order to be included in the company staff.

### 9.3 Significant Positions

As part of the risk assessment activities carried out by SPARKLE, positions with a greater than low risk of Corruption (Significant Positions) are identified, relating in particular to:

- managers and other employees of the Company who represent or act on behalf of SPARKLE with reference to activities or relations with third parties who are at risk of Corruption;
- managers and other employees of the Company who are responsible for decision-making functions in processes that are at risk of Corruption.

Specifically, the Procedure for the Management of Significant Positions (TIS 2023-00008) identifies:

- Top Management and First Level Function Managers;
- Resources with formalized responsibilities in the organizational chart that have relations with third parties for the stipulation of contracts and have relations with the PA and private entities;
- Holders of company power;
- Persons who, by their mission, have the types of relations defined above on the basis of the outcome of the due diligence questionnaire.

The criteria and procedures for identification and the related aspects for the management of corporate personnel in a Significant Position, as well as the monitoring activities envisaged, are governed by specific Guidelines.

SPARKLE ensures that specific Anti-Corruption Due-Diligence activities are performed with respect to any relationship with Significant Third Party and/or personnel in a Significant Position (section 10).

## 10.DUE-DILIGENCE

As a result of the assessment of corruption risk, SPARKLE has identified a greater than low risk of corruption in relation to: (i) specific categories of transactions, projects or activities, (ii) actual or potential relations with Significant Third Parties or (iii) with specific categories of personnel (Significant Positions).

In order to help decision-making processes, the Due Diligence activities conducted by SPARKLE examine the extent and nature of the risks of corruption in relation to each of the above-mentioned categories. Such activities are described in specific procedures, that in particular provide for:

- a) escalating to the Compliance Department in the event of critical situations;
- b) risk mitigation actions (for example, contractual provisions).

Due Diligence activities are updated on a periodic basis according to the applicable procedure to adequately evaluate changes and new information, also in order to decide whether to include further categories at risk.

Generally, Due Diligence is designed to ascertain:

- the existence of a sound business reason for the transaction falling within the Sensitive Areas;
- the absence of any specific risk factors (Red Flags) in a relationship with a Significant Third Party or with personnel in a Significant Position.

Should the Due Diligence identify Red Flags that cannot be managed by the existing anti-corruption controls, the department responsible for the relationship, with the support of the Compliance Department, in order to mitigate the corruption risks identified shall:

- a) adopt appropriate safeguards to protect the Company, or measures to promptly suspend, interrupt or withdraw from the relationship, in case the relationship is in place;
- b) decide not to go ahead with the transaction or, if it is necessary to proceed despite an assessment to the contrary by the Compliance Department, adopt appropriate safeguards to protect the Company before conclusion, in case of new relationship.

#### Due-Diligence on Significant Third Parties

In managing relations with a Significant Third Party, SPARKLE guarantees that the following actions will be taken:

- in-depth checks on the Significant Third Party before starting a contractual relationship or carrying out any transaction with such Party (Anti-Corruption Due Diligence). To this purpose, it is implemented a process for validation of third party, during which the following circumstances are verified: (i) the reputation and reliability of such parties; (ii) the existence of any conflicts of interest, such as the presence of economic and financial interests in businesses of SPARKLE competitors; (iii) potential undue influence in relations with the Public Administration; (iv) judicial proceedings for Corruption or criminal offences against the Public Administration pending or past, and (v) knowledge of and commitment to adopt anti-corruption measures and adequate anti-corruption policies and procedures;
- monitoring the fulfillment of the obligations of the Significant Third Party to comply with the Anti-corruption Laws, as well as to comply with the Code of Ethics and Conduct, the 231 Organizational Model, the Principles of Conduct and the Anti-corruption Policy, by means of contractual clauses, that are addressed also to sub-suppliers and other similar figures, that provide for specific representations and warranties, and obligation to make new representations and warranties in the event of any change in the represented and warranted situation;
- awareness-raising/communication activities regarding the adoption by third parties of the principles set out in Sparkle's Anti-corruption Policy;

- refresh and regular review of the Due Diligence.

#### Due Diligence on Significant Positions

SPARKLE ensures that the following activities are carried out in respect of the personnel in a Significant Position:

- carrying out a Due Diligence check with reference to personnel who hold or are designed to hold a position identified as a Significant Position according to the Internal Guidelines (Management of Significant Positions). The check regards, among the other, the following aspects: (i) the reputation and reliability of such personnel; (ii) the existence of any conflicts of interest such as the presence of economic or financial interests in the activities of Third Parties; (iii) relations with the Public Administration; (iv) the position in the organization structure and the assignment of powers of attorney/proxies; (v) participation in training initiatives on anti-corruption matters, 231 Organizational Model and Code of Ethics and Conduct.

In this respect, the Due Diligence check is periodically updated, usually on a biennial basis or upon specific request/need.

## 11.SENSITIVE AREAS

As part of the risk assessment activity, SPARKLE identified the following Sensitive Areas:

- gifts and entertainment expenses;
- events and sponsorships;
- donations/memberships;
- purchasing of goods and services;
- International traffic management
- consultancy, intermediation, relationships with Business Partners;
- joint ventures/consortiums, acquisitions and disposal of assets;
- selection, hiring, management of personnel.

### 11.1 Gifts and entertainment expenses

#### **To Public Officers or Private Subjects**

Without prejudice to the general prohibition of undue influence on relations with Third Parties in connection with the business of SPARKLE Group, gifts and entertainment expenses (including meal, travel or other entertainment expenses) of Public Officers or Private Subjects:

- shall always: (a) be provided in relation to actual business purposes, (b) be reasonable and in good faith, (c) comply with the applicable procedures and rules, including the relevant authorization process, (d) be recorded and supported by appropriate documentation, and
- shall never be in cash.

Maximum expenditures and types of gift and entertainment expenses, as well as how such expenses shall be made and documented, are detailed in the relevant internal procedures.



### From Third Parties to employees and senior management

Gifts and entertainment expenses (including meal, travel or other entertainment expenses) offered by Third Parties to employees and senior managers of SPARKLE Group, shall also comply with the above-mentioned criteria.

Maximum expenditures and types of gifts and entertainment expenses, as well as how such expenses shall be made and recorded, are detailed in the relevant internal procedures, which are designed to provide for refund mechanism or donation to charities of gifts in case the above rules are not complied with and/or the maximum expenditure is exceeded (and in any case of uncertainty).

## 11.2 Events and sponsorship

Since acts of Corruption can be committed in the organization of events and the granting of sponsorship, it shall be ensured that such promotional initiatives are actually connected to business purposes to the extent allowed under the principles of reasonableness and good faith and the adherence to the planned budget, the relevant authorization process, the registration and documentation requirements as well as the maximum expenditures are observed, in compliance with the internal procedures.

With reference to the beneficiary entity of sponsorship initiatives, it is adopted a counterparty validation process– Anti-Corruption Due Diligence.

## 11.3 Donations/memberships

Contributions pose the risk that funds or things of value are used for personal benefit or benefit of Public Officers or Private Subjects.

All Contributions shall therefore be made in accordance with internal procedures and in any case meet the following minimum standards:

- they can only be made in favor of entities that have proven reliable and have good reputation of honesty and fairness;
- the prior authorization process requires the adequate description of type and purpose of the Contribution and lawfulness of the Contribution in accordance with the applicable laws;
- the adoption of a validation process on beneficiaries - Anti-Corruption Due Diligence;
- contributions shall be consistent with the budget drafted according to the standards of adequacy and reasonableness and approved in compliance with the authorization process established by internal procedures.

## 11.4 Purchasing of goods and services

The process of purchasing goods and services shall be carried out in accordance with the Governance system, internal procedures and organizational processes, and shall also provide for:

- formal segregation of duties and differentiation of roles in the single steps of the process;
- convenience, efficiency and correctness criteria for evaluation of the offer presented by suppliers, also considering specific benchmarking;
- transparency, competitiveness and equal treatment during the selection phase;

- adoption of a third-party validation process – Anti- Corruption Due Diligence;
- application of technical/economic criteria for selection of potential suppliers;
- authorization of the competent procurement department in case of subcontracting;
- the overall evaluation of the supplier (vendor rating).

## 11.5 Management of international traffic services

The process of purchasing and selling international traffic services must be carried out in compliance with the Governance system, internal procedures and organizational processes and must also include the principles of:

- formalized separation of roles and existence of different actors operating in the various phases of the process;
- adequacy of the minimum expected margin;
- transparency, competitiveness and equal treatment in the selection phases;
- adoption of the counterpart validation process - Anti-Corruption Due Diligence;
- existence of technical-economic criteria for choosing the supplier.

## 11.6 Consultancy, intermediation, relationships with Business Partners

The process of selecting consultants (including agents and mediators, intermediaries and Business Partners) shall be conducted according to internal procedures and include an adequate Anti-Corruption Due Diligence to verify reputation and reliability of the third party.

Moreover, SPARKLE adopts procedures to ensure that for the purposes of the engagement the third party meets the necessary technical/professional/organizational requirements and any sub-contracting is subject to the previous authorization of SPARKLE. The activities are monitored by Sparkle Group through instructions on the operations to be carried out and information flows transmitted by third parties.

## 11.7 Joint ventures/consortiums, acquisitions and disposal of assets

Joint ventures/consortiums, acquisitions (also through incorporation) and disposal of assets shall be implemented in accordance with the internal procedures. In any case, appropriate Anti-Corruption Due Diligence shall be carried out to identify the major corruption risk factors.

In case of acquisitions, it shall be set up a planning for compliance with the present Policy as an integral part of the post-closing plan.

## 11.8 Selection, hiring and management of personnel

The process of personnel selection, hiring and management entails the activities required to establish and manage the employment relationship between an individual and the Company. Such activities pose risk of corruption or undue influence over Third Parties by the person concerned.



The process of personnel selection, hiring and management shall comply with internal procedures and applicable laws, specifically with respect to assessment of reputational and conflicts of interest risks in the hiring stage. During the employment relationship it is ensured compliance with all applicable laws, in particular on aspects of compensation, including the design/assignment of bonus plans.

With regard to those roles in SPARKLE with respect to which it has been identified greater than low risk of corruption following the risk assessment (the Significant Positions), SPARKLE provides strengthened anti-corruption controls in addition to the aforementioned measures, in particular during the employment relationship:

- update of the Conflicts of interest assessment either on actual or potential situations, including personal relations with Public Officers;
- periodic self-declaration on compliance with the Anti-corruption Laws, the Code of Ethics and Conduct, the 231 Organizational Model, the Principles of Conduct and the Anti-corruption Policy as well as the FOM (Foreign Organizational Model);
- specific training activities/programmes.

## 12.REPORTING

SPARKLE has part of the TIM Group, adopted the Group Whistleblowing Procedure which, where not specifically forbidden by local laws in certain jurisdictions:

- a) encourages and allows employees and Third Parties in general to report on the basis of a reasonable belief (or in any event in good faith) attempted, suspected or actual act of Corruption or violation of the Anti-Corruption Policy and/or of the Code of Ethics and Conduct and/or of the 231 Organizational Model and/or of the AMS or, in general, of the internal control system, by contacting the TIM's Audit Department;
- b) requires to keep reports confidential to protect the identity of the whistleblower and of others involved or referred to in the report, except to the extent required to carry out investigations by the judicial authorities;
- c) permits anonymous reporting;
- d) guarantees confidentiality during the entire report handling process, from the receipt of reports through the preliminary investigation to the final stage;
- e) prohibits retaliatory or discriminatory acts and/or disciplinary actions against those who make the reports referred to in point (a).

SPARKLE ensures that all employees, corporate bodies and Third Parties are aware of the reporting procedures and can use reports fully aware of their rights and protections. Information on whistleblowing channels is available on the company's intranet and Internet sites.

## 13.DISCIPLINARY SYSTEM

Any breach of the rules of conduct contained in this Policy shall be penalized - in accordance with the procedures, the manner and the deadlines established by the provisions by law, collective agreements and contracts - promptly and immediately, by the application of disciplinary sanctions,

considering, in each case, the objective seriousness of the breach, the degree of blame, reiteration of the conduct, and any intentional nature of the act itself, without prejudice to the recognition in the application of the principle of proportionality for employees pursuant to Article 2106 of the Italian Civil Code.

Breaches by Third Parties shall in any case be considered as material breaches and shall entitle, according to specific provisions included in each contract, termination with immediate effect of the agreement pursuant to Article 1456 of the Italian Civil Code, without prejudice to the right to compensation for damages suffered by the Company.

## 14. TRAINING AND COMMUNICATION

SPARKLE provides on a periodic basis adequate, appropriate training/communication to management and employees that address not only to the application of the 231 Organizational Model, but also anti-corruption matters and in particular the Anti-corruption Policy and the related procedures, including the AMS and relevant applicable laws.

The Anti-corruption Policy, related procedures, Whistleblowing Procedure and Procedure for the management of conflicts of interest are all communicated to their respective recipients through their publication on specific websites or by means of tailored communication modalities.