



ANTICORRUPTION POLICY OF TELECOM ITALIA GROUP

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Premise

The Group companies base their business activities on the respect of the values and principles set out in the Code of Ethics and Conduct, in the belief that business conduct cannot prescind from ethics. Without exception, any practice of corrupt nature is prohibited.

In this regard, the Group Companies specifically must reject and stigmatize recourse to illegal and improper conduct, including corrupt practices of any kind, in order to achieve their business objectives.

1. Person to whom this policy is directed

The Persons to whom the Policy is directed are the members of the senior management¹ and the governing bodies of all Group companies, all the employees of the Telecom Italia Group and the collaborators and third parties in business relationships with the Group.

2. Purpose and scope

This document (the “Policy”) aims at providing a systematic framework to counter corrupt practices for the Telecom Italia Group.

The Policy is valid for the entire Telecom Italia Group.

For the purposes of the Policy:

- by a public subject we intend representative of the subjects listed by way of example in 231 Organisational Model and their foreign counterparts, if not already included in the aforementioned list, as defined by the applicable laws²;
- by a private subject we intend any other subject;
- by a subject's family member we intend his/her spouse, as long as he/she is not legally separated, domestic partner, parents, children, brothers and sisters and those of his/her spouse, as long as he/she is not legally separated or his/her domestic partner.

Interpretative doubts regarding the Policy should be directed to Compliance 231 Department of Telecom Italia.

¹ As defined in the 231 Organisational Model.

² As example:

- 📁 Any employee or person acting for or on behalf of a Government Official, agency, or enterprise performing a governmental function. This includes anyone working for or on behalf of local or central government or other public bodies;
- 📁 Any elected or appointed government official (e.g. Government Ministers; Members of Parliament; Local Councillors; any employee or member of an Authority; any elected Mayor; senior civil servants) and judges;
- 📁 Any political party, officer, employee, or person acting for or on behalf of a political party or candidate for public office (e.g. candidates for an election; members of any political party; and administrative staff employed by political parties);
- 📁 Any employee, consultant or person acting for or on behalf of a public international organization (examples of public international organizations: European Commission; United Nations; European Court of Justice; international civil servants; European Patent Office; Members of European Court of Justice; World Bank or International Monetary Fund (IMF)).

2.1 Business Process Framework of Telecom Italia

According to the scope of the new Business Process Framework for Telecom Italy, the Policy is part of the following area:

- L0 "Enterprise Management"
- L1 "Stakeholder & External Relations Management".

3. References

- [1] 231 Organisational Model of Telecom Italia Group (comprehensive of Code of Conduct and Ethics)
- [2] Procedure for managing conflict of interest cod. 2013-00154 v. 2.0
- [3] Whistleblowing Procedure (cod. 2015-00207)
- [4] Group Policy Business Process Management (cod. 2014-00151)
- [5] Development of Corporate Identity – The new Telecom Italia Values (cod. 2015-00155)
- [6] Definition and formalization of Policy, Procedures and Operative Instructions of the Group (cod. 2014-00152)
- [7] Italian Legislative Decree 231/2001 “Disciplina della responsabilità amministrativa delle persone giuridiche, delle società e delle associazioni anche prive di personalità giuridica”
- [8] Italian Law 190/2012 “Disposizioni per la prevenzione e la repressione della corruzione e dell’illegalità nella pubblica amministrazione”
- [9] US Foreign Corrupt Practices Act – FCPA (1977)
- [10] UK Bribery Act (2010)

4. Principles of conduct

Without prejudice to the rigorous respect of 231 Organisational Model it is specifically:

prohibited to receive, demand, give, offer or authorize any of the foregoing, directly or indirectly, compensation of any kind, gifts, economic or other benefit from, or to, a public or private subject and/or directly or indirectly represented that are likely to be interpreted as intended to improperly influence the relations between the Group Companies and the above-mentioned subject and/or the entity that directly or indirectly is represented, regardless of the purpose of pursuing, even exclusive, the individual Company or Group interest or advantage.

Gifts, entertainment and other benefits may be provided but only if they are of modest value and within the limits of reasonable courtesy and practice and in compliance with all applicable internal policies and procedures. Nevertheless, no practice qualified as corrupt in nature may be justified or tolerated, although it may be “habitual”, in the business sector or Country in which the activity is carried out.

It is not permitted to impose or accept any service, if it can be realized only compromising the values and principles of the Code of Ethics or in violation of the applicable regulations and procedures.

It is prohibited to give or offer contributions, grant advantages or give benefits of any kind, directly or indirectly, to political parties, political movements or trade unions, or to their representatives or candidates, except as required by applicable law and regulations.

Neither “facilitation payments” are allowed, i.e. payments not official of modest value, made in order to speed up, favour or ensure the execution of a routine or however planned activity as part of the duties of the public or private subject with which the Group companies have relations.

The facilities and products/services provided by Group Companies are offered, without exception, at the same terms and conditions applied to customers with the same characteristics. It is not allowed giving unfair advantages to third parties by the refund of total, or part, of the debt amounts due to the Group Companies.

The relationship with third parties must be based on principles of fairness and not to undertake actions in violation of the regulations and internal procedures.

None of the persons to whom this procedure is directed shall be discriminated against or punished in any way for having refused to carry out a corrupt or potentially corrupt act, even if this refusal has caused the loss of a business or other detrimental consequence for the business.

It is responsibility of the Group companies that each activity carried out in the sensitive areas must be correctly and accurately reflected in the accounting documents.

In particular, for any activity described in "sensitive areas", referred to paragraph 6, it is the responsibility of the Group Companies to prepare the financial reports that accurately, correctly, and with a reasonable detail reflect all its transactions, as well as to establish and carry out adequate controls to provide reasonable assurance that:

- the transactions are actual and carried out only with the authorization of the management; the transactions are recorded in order to allow the preparation of the financial reports in accordance with the relevant accounting standards;

- the records should clearly reflect the true nature and purpose of the relevant transactions;
- the value of the assets included in the financial reports is encountered, with reasonable frequency, with inventories and appropriate measures are taken with regard to the differences encountered.

The use of personal or guaranteed funds or means in order to circumvent the application of this Policy is strictly prohibited.

For the activities reported in the “sensitive area” referred to paragraph 6, should be assured:

- formalized segregation of duties in the single steps of the process consistently with corporate proxies;
- traceability of the single steps of the process (document evidences, level of formalization and storage) to allow the amenability of responsibilities, motivations and choices of information sources;
- formal and higher levels of authorisation (by escalation) in the case of “exceptions” to the aforesaid principles.

Contracts with third-party must be drafted in accordance with the instructions contained in the internal procedures and must provide for the right of the Group companies to terminate the relationship in case of violation, among others, of the applicable laws on countering corrupt practices. The management responsible for the relationship with third-party must verify that the goods/service has actually been carried out and the adequacy of the amount paid.

5. Assessment Third-parties: Due-Diligence

With reference to the third-parties involved in “sensitive area” referred to paragraph 6, an adequate process of third-party assessment should be adopted (*anti- corruption due diligence*).

The *anti- corruption due diligence* will regard the following aspects:

- reputation and reliability of the third-party;
- existence of any conflicts of interest, such as the presence of economic and financial interests in competition activities to the Telecom Italian Group;
- potential and/or effective undue influence in relations with the Public Authorities;
- nature of judicial proceedings in progress or concluded, with reference to the corruptive nature crime or against the Public Administration;
- the third party’s awareness of and commitment to anti-corruption concepts and practices and its implementation of appropriate anti-corruption policies and procedures.

6. Sensitive areas

The obligations and limits set out in this Policy apply with regard to the public and private subjects, and/or the entities they directly or indirectly represent with which the Group companies have or might have business relations. If economic or other benefits are assigned to relatives of the above mentioned subjects, or of the senior management or of the employees of Group companies, such benefits are considered potential indicators of activities of a corrupt nature, and are therefore prohibited, except as provided for by the internal procedures.

To counter corrupt practices a specific monitoring is required, in particular in the following sensitive areas:

- gifts and representation expenses;
- events and sponsorship;
- donations/membership fees/ non-profits;
- facilitate financing;
- purchasing of goods and services/suppliers;
- consulting, intermediation, relationships with business partner;
- joint venture, acquisitions and disposals.

Gifts and representation expenses

□ Offered to public or private subjects

Without prejudice to the general prohibition of undue influence on relations with third parties as regards Group business, gifts and representation expenses (including meals, travel or other entertainment) offered to public or private subjects:

- must, in any circumstance: (a) be carried out in relation to actual business purpose, (b) be reasonable and in good faith, (c) respect the applicable procedures and rules, including the specific authorization process, (d) be registered and supported by appropriate documentation, and
- may never consist of sums of money.

Regarding the economic limits and types of gifts and representation expenses, and the related manners for performing and recording them, please refer to relevant internal procedures.

With regard to travel on non-scheduled aircraft in favour of public or private subjects a prior authorisation by the Group Compliance Officer is required.

□ Offered to employees and to senior management

Gifts and representation expenses (including meals, trips or other entertainment) offered to Group companies employees and to senior management must respect the above mentioned criteria.

Regarding the economic limits and types of gifts and representation expenses and the related manners for performing and recording them, please refer to relevant internal procedures, which - in the case of non-compliance with the above and/or overcoming of the economic limits (and in any doubtful cases) - must also discipline the arrangements for returning gifts, or devolving them to charities.

Events and sponsorship

Since corrupt acts can be carried out through the organisation of events and the granting of sponsorship, in accordance with the relevant procedures, a real connection to the business purposes must however be preserved, within the criteria of reasonableness and good faith, as well as the respect for the specific authorisation process, the registration and documentation requirements and the specific economic limits, in compliance with internal procedures.

With reference to the beneficiary entity of sponsorship initiatives it is adopted validation process counterparts - anti-corruption due diligence.

Donations/membership fees/ non-profits

Donations, gifts and/or participation in charitable organizations, foundations, non-profit organisations (“contributions”) have the risk that funds or assets of value are diverted for personal use or benefit of public or private subjects.

All contributions must, therefore, be performed in accordance with internal procedures, however complying with the following minimum standards:

- can only be made in favour of institutions of proven reliability and recognised reputation for honesty and fair practices;
- the prior authorization process provides an adequate description of the nature and purpose of the contribution and a review of the legality of the contribution in accordance with the applicable laws;
- performing a validation process on the beneficiary institution - anti corruption due diligence;
- these contributions can be made as long as they are in accordance with a budget drawn up on the basis of cost-effectiveness and reasonableness and approved in accordance with the authorization process established by the internal procedures.

Facilitate financing

The granted loans refer to those activities carried out to acquire and manage the contributions, grants and loans from public entities (federal, state, regional or local), from lenders (by proxy or on behalf of public entities), or private institutions (foundations or associations) for the implementation of interventions, mostly in the construction of telecommunications infrastructure, technological innovation, research, training.

Management of the funding must be in accordance with the provisions of internal procedures, while observing the following minimum standards:

- existence of different actors operating in the single steps of the process ;
- traceability of business relations with the entity or the funder;
- completeness, accuracy and veracity of the documentation relating to the various stages of application and management of funding;
- implementation of regular monitoring of the financed project and verification of advancement accounting consistency than the physical.

The above principles should be in accordance with the applicable legislation and rules in case of public financing bid.

Purchasing of goods and services/suppliers

The purchasing process of goods and services must be performed in respect of Corporate Governance system, internal procedures and it should also be based on the qualifying elements of:

- segregation of duties and the existence of different actors in the single steps of the process;
- appropriateness evaluation of the offer submitted by suppliers, including benchmarking;
- evaluation based on objective and documentable criteria of the purchase alternatives;
- existence of mechanisms to verify/notice the counterparty on anti-corruption aspects ("due diligence");
- existence of technical/economic criteria for the selection of potential suppliers;
- suppliers overall evaluation (Vendor Rating) for the identified types of purchasing.

Consulting, intermediation, relationship with business partner

The process of selection of consultants (including agents, intermediaries, business partner) should be consistent with the internal procedures and must include an adequate anti-corruption due diligence to verify/notice the counterparty.

Besides, it should be adopted procedures to ensure that the consultant has the necessary technical/professional/organisational requirements and the potential to provide by himself the service.

Joint venture, acquisitions and disposals

Joint venture, acquisitions and disposals must be undertaken in accordance with the internal procedures. In any case, appropriate anti-corruption due diligence must be carried out in order to identify the main risk factors of corruption.

Whenever an acquisition is carried out, a plan for compliance with this Policy must be activated as an essential part of the post-acquisition integration plan.

7. Reporting

Any violations to the Policy should be reported by employees and third Parties according to the procedure " Whistleblowing" [Ref. #3].

Telecom Italy ensures protection for employees and third parties associates from any damaging effects that may result from reporting.

In particular, any negative consequence results in the hands of those who in good faith has issued an alert. In any case be kept confidential reporting population in accordance with specific internal procedures and subject to legal obligations.

They are made available on the company Intranet to the procedure and the appropriate reporting tools.

8. Disciplinary system

In case of violation of this Policy, of the internal procedures referred to herein and/or of the applicable law, sanctions are imposed against the responsible in accordance with the provisions by law, collective agreements and contracts.

9. Updating

Any changes to this Policy shall be subject to approval by the Board of Directors of Telecom Italia.

The adoption, adaptation and modification to the procedures referred to in this Policy are subject to the approval of senior management.