



TIM
PRODUCT AND SERVICE PURCHASING POLICY
ABSTRACT

OCTOBER 2020

Premise

TIM Group purchasing process is aimed at guaranteeing the supply of products and services in line with the needs and times expressed by TIM internal departments, to optimize the overall cost and, at the same time, the requirements of quality, safety and compliance of purchased products and services, in compliance with the regulatory and procedural framework in force. To ensure the best competitive advantage for the Group, the purchasing process is implemented by comparing technical / economic offers from qualified suppliers, according to TIM procedures valid at Group level, based, among others, on negotiation ethics, regulations and sustainable aspects.

The following abstract focuses on sustainable aspects.

Procurement's commitment to Sustainability

TIM Group is committed to taking into account and managing the environmental, social and economic impacts of its operations, through the implementation of sustainable solutions and to including these impacts among the decision-making factors considered by its staff and partners. Below follows a description of the approach to be followed in the defined purchasing process, in accordance with the principles of the TIM Group Code of Ethics and Conduct based on the results of a series of initiatives undertaken by TIM with suppliers, through the involvement of the parties concerned, which have led - inter alia - to the definition of the social and ethical principles to be applied in negotiations in relations between the TIM Group and suppliers and to fostering and updating the principles that characterise the circular economy in order to improve the assessment of the social and environmental impact of specific product categories.

Applicability of sustainability principles

The above applies to all purchases made by TIM and the companies of the TIM Group for the supply of commercial and non-commercial products/services (including network operations, support activities, logistics, maintenance, telecommunications equipment, etc.). It is aimed at direct suppliers who are responsible for transferring information, commitments and responsibilities to subcontractors to the extent of their involvement.

Application of sustainability principles in supplier selection and control processes

The level of compliance with the principles set out herein is assessed and measured in the supplier assessment/control processes and in the selection of services/products, with specific operating methods for each purchase/supplier category.

In particular, the details of the environmental requirements are set out in the specific procedures applicable to each product/service category, and the level of suitability of a supplier or product/service will also be assessed based on this assessment.

TIM will carry out checks, either directly or through external bodies on suppliers (including independent bodies):

- on the correspondence of the products/services acquired, with this policy and with the application and product procedures, during the validation phase of the prototype and based on samples for mass production.
- On suppliers, also in cooperation and through agreements with partners or other telecommunication operators, as in the framework of the Joint Audit Cooperation - JAC initiative (<http://jac-initiative.com>) of which TIM is a founding member. JAC is an association of telecommunications companies that aim to promote safe and fair working conditions and

responsible social and environmental.

If the checks are failed, appropriate corrective measures will be taken in accordance with the provisions of the contracts to ensure that the sustainability requirements set out in the JAC guidelines and protocol are met.

Promotion of sustainability best practices

TIM Group is committed to encouraging continuous research by suppliers of innovative technological solutions in the field of environmental sustainability, in addition to social and economic sustainability, promoting best practices and taking them into account in the Vendor Rating methodology.

In cases where these requirements are not adequately met by suppliers and/or partners, TIM: (i) indicate to them the area of improvement identified and request adjustment by the shared deadline; (ii) where appropriate, and without prejudice to the independent responsibility of the supplier/partner, may allow them access to specific training activities, with a view to a relationship of mutual cooperation.

The principles underlying the Procurement Commitment for Sustainability

TIM Group ensures the following main activities:

- encouraging and engaging suppliers in developing a proactive approach to sustainability issues and solutions;
- collaborating with TIM suppliers to continuously improve collective sustainability performance;
- identifying and reviewing the risks and impacts on sustainability of the purchased products and services;
 - integrating sustainability into tender documents ensuring that they are a proportionate part of the evaluation criteria for contracts with a significant impact, where applicable;
 - shaping and developing practical tools to raise awareness and improve knowledge and understanding of relevant sustainability issues;
 - requiring the timely and constant adoption of ethical behaviour in business relations throughout the supply chain;
 - considering and assessing the total life cycle costs (TCO) before purchase, where applicable;
 - minimising the use of energy and natural resources and maximising the use of renewable energy sources;
 - promoting solutions that enable significant reductions in greenhouse gas emissions in the supply chain;
 - using and disposing of products in an environmentally responsible manner, including reducing, replacing, reusing and recycling, as sustainable options;
 - collaborating with suppliers/partners to reduce the risk of safety incidents in all activities with the aim of zeroing them;
 - promoting fair working practices, including non-discrimination;
 - requiring suppliers to ensure the highest standards of health and safety in the workplace in order to effectively prevent and reduce risks and harm to their workers.

TIM Group recognises that continuous improvement in the purchasing process and a collaborative relationship with suppliers and partners, with specific regard to the social and environmental sustainability of suppliers, following Group's values, TIM demands of its suppliers and promotes, through them, respect for the following principles and provisions of law in force in the countries where these stakeholders operate.