WHISTLEBLOWING PROCEDURE

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Introduction

The term “whistleblowing” (hereinafter “Whistleblowing”) means any information regarding suspicious conduct not compliant with what is established in the Code of Ethics and of Conduct of the Telecom Italia Group, the Policy for Respect of Human Rights and in the 231 Organizational Model adopted by the Group, the internal procedures and the external rules and regulations however applicable to the Group, as well as allegations and complaints received by the Boards of Statutory Auditors of the national companies of the Telecom Italia Group for topics for which they are responsible. It is particularly noted that article 4 of the Code of Ethics of Telecom Italia defines the guidelines for requesting clarifications or for making whistleblowing reports regarding alleged violations of the aforesaid Code. No negative consequence shall derive for anyone who has blown the whistle in good faith. The confidentiality of the whistleblower’s identity shall be ensured1. In order to make these whistleblowing procedures easier, the “Whistleblowing Channel” (“Channel” in brief) described hereunder is operational.

1. Target audience

The target audience of this procedure is:

- top management and members of the corporate bodies of Telecom Italia and of the national companies of the Group and of the two subsidiaries established under San Marino law, Telecom Italia San Marino S.p.A. and Telefonia Mobile Sammarinese S.p.A.;
- all employees of Telecom Italia and of the national companies of the Group and of the two subsidiaries established under San Marino law, Telecom Italia San Marino S.p.A. and Telefonia Mobile Sammarinese S.p.A.;
- partners, customers, suppliers, consultants, contract workers, shareholders and, more in general, anyone who has a relationship of interest with the Telecom Italia Group (“Third Parties”).

2. Scope and area of application

This document (hereinafter “Procedure”), which applies to all unlisted national companies of the Telecom Italia Group and to the two subsidiaries established under San Marino law, Telecom Italia San Marino S.p.A. and Telefonia Mobile Sammarinese S.p.A. and which forms a reference for the listed national companies and for the foreign ones2, sets out to regulate the process of receiving, analysing and handling the allegations sent or transmitted by anyone, even in anonymous form. These Whistleblowing Reports specifically concern the following areas pertaining to the control system:

a) requests for clarification on correctness of behaviours, own or another’s, in order to fully comply with the Code of Ethics and of Conduct and with the values also mentioned in the Policy for Respect of Human Rights (e.g. violation of company prohibitions and provisions, controls over suppliers);

b) communications of alleged breaches, requests or incentives to breach laws or regulations, requirements of the Code of Ethics or internal procedures, with reference to the activities or services of Group interest (e.g. non-compliance with contractual clauses, defamation, threats, violation of privacy, fraud, improper use of company equipment);
c) alleged violations of the 231 Organizational Model - the direct responsibility of the Board of Statutory Auditors of Telecom Italia or of Group companies (also in their role of 231 Supervisory Board), or of single 231 Supervisory Bodies in some Group companies - also in the aftermath of conduct liable to the risk of crime and/or offence pursuant to the 231 Organizational Model;

d) communications coming from Third Parties regarding alleged matters, irregularities and reprehensible actions;

e) complaints regarding accounting, internal accounting control or auditing matters or financial statements or other disclosures coming from anyone and concerns (reports of doubts), submitted by employees of the Company and Group regarding questionable accounting or auditing matters of the direct and sole responsibility of the Board of Statutory Auditors of Telecom Italia (also acting as the Audit Committee).

Without prejudice to other company Policies or Procedures regulating employee notices not strictly related to the peculiar area of Whistleblowing, communications pertaining to the following are not included in the scope of this Procedure:

a) security topics, for which you are referred to the specific information channels already in use, i.e.:
   - ERMES to communicate security incidents regarding human resources, tangible and intangible (such as, for example, software malfunctions, failures of the company network, accidental loss or destruction of documents, ICT security incidents, theft);
   - Travel Security for the request for information and reports pertaining to transfers abroad;
   - online abuses to communicate conduct or events relating to cases of abuse in the use of network services Telecom Italia offers, such as SPAM, the spread of viruses and malware, cyber attacks, phishing and identity theft, publication or spread of dissemination of offensive, subversive or child pornography material, unless these offences are related to cases of interest for the 231 Organizational Model (in this case, they must consequently be handled as allegations governed by this Procedure);

b) commercial complaints for which reference is made to the 119, 187, 191 services, and to the in-house channel “Chiama Telecom Italia”, which employees can use for problems concerning customers of residential landline telephony only.

Any communication falling within the types listed above and transmitted over the Whistleblowing Channel are forwarded to the functions in charge (pursuant to the Policy or the relevant company Procedures) by the Audit Department, which however monitors their outcomes to detect any weaknesses in the internal control and risk management system. These communications are included in the periodic reports described in point 4.2.5 below.

3. References

- Group Code of Ethics (particularly article 4)
- Telecom Italia Group Policy for the Respect of Human Rights
- 231 Organizational Model
- Board of Statutory Auditors – Procedure for handling “whistleblowing reports” (version dated 15.7.2005)
- Procedure for handling conflicts of interests (code 2013 – 00154 – version 2.0 dated 10.03.2015)
- Italian Legislative Decree 196/03 and the related privacy laws
4. Description of the process and responsibilities

The process of handling Whistleblowing relating to the new Telecom Italia Business Process Framework, whose principles, responsibilities and activities are described in the paragraphs below, forms part of area L0 ENTERPRISE MANAGEMENT with the following reference: L1 Enterprise Risk Management, L2 Audit Management.

4.1 Responsibilities

The Head of Audit Department is responsible for handing the Whistleblowing allegations. If allegations concerning the Head of Audit Department or structures subordinate to him are received, the aforesaid allegations will be sent directly to the Board of Directors of Telecom Italia S.p.A. (in the person of the Director with the liaison function, if any, or, as an alternative, the Chairman of the aforesaid Board) as company body to which said Head reports.

4.2 Process

The process, which consists of the activities described below, is carried out by the Audit Department in full compliance with the principles established by the International Standards for the professional practice of Internal Audits and by the Code of Ethics issued by the Institute of Internal Auditors (IIA), and by the Code of Ethics of the Telecom Group.

4.2.1 Sending allegations

Employees, contract workers, consultants, workmen, shareholders and Third Parties shall send the allegations in line with the procedure explained below as soon as they become aware of the events that generated them. If an employee should receive an allegation from other parties (e.g. employees or third parties), he has the duty to send it immediately and exclusively following the procedure explained below, complete with any supporting documents received without keeping a copy of them and refraining from undertaking any independent analysis and/or in-depth study initiative. Failure to notify an allegation received constitutes a violation of this procedure (in addition to a violation of the Telecom Italia Group Code of Ethics), with application of the resulting disciplinary sanctions by the People Value Function of reference if said conduct found to be in bad faith.
4.2.2 Whistleblowing channel operation

The whistleblower must enter the allegation in the Whistleblowing Channel, which is available in the Intranet and Internet environments. When entering the information, the whistleblower is guided in choosing the specific type of whistleblowing report, consistent with the peculiarity of the information to be notified. There is a special Frequently Asked Questions (FAQ) section on the Channel containing the answers to the most frequently asked questions. For those allegations that do not fall within the types as defined above, instructions for proper reference are provided on the Channel. For those allegations pertaining to topics under the responsibility of the Boards of Statutory Auditors of Telecom Italia or of Group companies (also in their role of 231 Supervisory Board or of the 231 Supervisory Boards in some Group companies, in addition to the possibility to make entries on the Whistleblowing Channel, the e-mail addresses listed in Attachment 2 are active, to which the following postal address is added: Board of Statutory Auditors, Telecom Italia S.p.A., Via Gaetano Negri, 1, 20123 – Milan, Italy. Note that the allegations made to anyone verbally (in person or by phone) or in writing (external or in-house post, e-mail, fax) must be entered in the Whistleblowing Channel as quickly as possible by the recipient party. Regardless of the way in which they are received/entered, all allegations are recorded on the Whistleblowing Channel, which forms the summary database of both the basic data of these allegations and their handling (tracked by workflow). The filing of all attached documents and those produced or acquired during analysis is also ensured. The Channel does not gather information on the whistleblower or on the method of access (e.g. server, IP address, mac address) in any way, directly or indirectly, in order to guarantee total anonymity. The Channel assigns a unique ID code to each allegation entered, which allows each whistleblower to check its processing status in total anonymity. Likewise, if an allegation is not adequately described in detail, the Audit Department will have the possibility to request to the whistleblower additional details in order to perform an in-depth analysis of the case reported by using the Channel and its tools, always and only using said code. Every six months a check on completeness is performed by an Audit Department Function different than the one operationally handling the Whistleblowing Channel, in order to ascertain that all allegations received have been processed (including those referred to in foregoing paragraph 2, to be sent to the Functions in charge) and entered into the periodic reports according to what is provided for by this Procedure. Furthermore, the Chairmen of the Board of Statutory Auditors of Telecom Italia S.p.A. and of the national Group companies have access to the Whistleblowing Channel through a special read-only profile, with the possibility to consult the allegations relating to the companies they are responsible for, in order to verify traceability and completeness of the reports prepared by the Audit Department and described in point 4.2.5.

4.2.3 Preliminary analysis

All allegations undergo a preliminary analysis by the Audit Department in order to verify the presence of data and information helpful in allowing a preliminary assessment of the validity of the communication. In performing this analysis, the Audit Department will mostly avail itself of the support of People Value, Compliance and Legal Affairs Functions, according to their area of expertise, for specific aspects processed in the allegation and if deemed necessary. If upon conclusion of the preliminary analysis should emerge the absence of sufficiently detailed elements, or in any case the groundlessness of the events referred to in the allegation, the Audit Department will file it with the relevant grounds, without prejudice to what is provided for under e) in point 4.2.4 below. If upon conclusion of the preliminary analysis it emerges, on the other hand, that the allegation does not fall under the types for which Audit is in charge - as defined above - the Audit Department will forward it to the appropriate Functions, as previously indicated.
4.2.4 Specific in-depth analysis

With reference to each allegation, if upon conclusion of the preliminary analysis elements useful and sufficient for an assessment of the validity of the allegation should emerge and however be inferable, without prejudice to the right to defence of the accused party the Head of Audit Department will:

a) initiate specific analyses with the support of the Department structures involved (if necessary, also by audit activities), and by involving the company functions affected by the Whistleblowing Report;

b) conclude the preliminary investigation at any time if during the investigation if the groundlessness of the allegation is ascertained, without prejudice to what is provided for under e);

c) if necessary, utilize experts or consultants outside the Telecom Italia Group;

d) agree with the Management responsible for the Function involved in the allegation on any “action plan” necessary to remove the control weaknesses found according to the operating standards of the Audit Department, and also guarantee that its implementation is monitored;

e) agree with the Board of Statutory Auditors/Audit Committee involved in particular allegations, namely regarding topics concerning communications pursuant to Art. 2408 of the Italian Civil Code (reports made by shareholders) and/or significant communications pursuant to the USA Sarbanes Oxley Act of 2 July 2002, Section 301 (reports on accounting irregularities, internal controls, audit topics) - on initiatives, if any, to take before filing the allegation;

f) agree with the Legal Affairs Function (and/or with other Functions involved) on any initiatives to take to protect the interests of the Telecom Italia Group (e.g. legal actions, suspension/cancellation of vendors from the Telecom Italia Register);

g) in agreement with the People Value and/or Legal Affairs Functions, request that a disciplinary proceeding be started against the whistleblower if the allegation in connection with which bad faith of the whistleblower and/or purely slanderous intent have been ascertained, eventually also confirmed by the groundlessness of the allegation;

h) submit the results of the in-depth analysis of the allegation to the assessment of the People Value Function if it refers to employees and proves to be well-founded so that the most appropriate measures can be taken against the reported employees. People Value will promptly inform the Head of Audit Department of these measures.

4.2.5 Communication of results and reports

The Head of Audit Department communicates the results of the in-depth studies and verifications concerning the Whistleblowing to Top Management (if it is the original recipient of the allegation) and to the heads of the company structures that may be involved in the contents of the allegation. People Value will be responsible for notifying any measures to take against reported employees.

Every three months (unless otherwise requested) it sends to each Boards of Statutory Auditors of the national companies of the Group (or, for the 231 cases in point, the 231 Supervisory Bodies in some Group companies) a special summary report of the Whistleblowing submitted to the same Boards of Statutory Auditors or Supervisory Bodies, containing the results of the analyses, including the adoption (or non-adoption) of disciplinary measures.

It also supplies the Telecom Italia Control and Risk Committee with a summary report of all allegations received other than those addressed to and/or responsibility of each Boards of Statutory Auditors/231 Supervisory Bodies, again on a quarterly basis (unless otherwise requested).
4.2.6 Document Retention

The Head of Audit Department is responsible for preparing and updating all information regarding the Whistleblowing and ensures that all related supporting documents are filed for a period of 2 years from receipt of the allegation using the Channel and its computer equipment in order to guarantee management and traceability of the allegations and their relevant activities.
5 Attachments

Attachment 1: Data protection
Attachment 1 bis: Privacy policy
Attachment 2: E-mail addresses of the Boards of Statutory Auditors/231 Supervisory Bodies of the Telecom Italia Group companies

Attachment 1

Data protection

The information and all other personal data acquired are processed in compliance with the privacy legislation in force, also with regard to the Whistleblowing Channel (Italian Legislative Decree 196/03). More specifically, the Group Companies involved (the “Companies”) guarantee that the personal data is processed in observance of the basic rights and freedoms, and of the dignity of the parties involved, with particular reference to the confidentiality and security of the data and ensuring, among other things, the provisions stated below.

In accordance with and by effect of Art. 11 of Italian Legislative Decree 196/03, the personal data of which the Companies become aware in carrying out this procedure must be:

- restricted to those strictly and objectively necessary for verifying the validity of the whistleblowing report and for its handling;
- legitimately and fairly processed.

Moreover, it is mandatory that:

- all organizational functions/positions of the Telecom Italia Group and relevant subsidiaries involved in the direct receipt of the whistleblowing reports ensure absolute confidentiality of the whistleblowers. To this regard, it is stressed that pursuant to Art. 4 of the Telecom Italia Code of Ethics, no negative consequence arises for whoever has blown the whistle in good faith and the confidentiality of the identity of the whistleblowers is ensured;
- the privacy policy as set out in Attachment 1 bis, which forms an integral and substantial part of this procedure, is made available to the interested parties, also through the Portal;
- it is communicated to third parties that have no direct or indirect business relations with the company that their personal data are processed in connection with a whistleblowing report received by the Company only when there is no risk that communicating this information jeopardises the ability to successfully verify the validity of the whistleblowing report;
- no information on the identity of the whistle blower has been given to the accused party except in the case in which it is ascertained that the whistleblower has lied in bad faith;
- similar to what is provided for by Art. 54-bis of Italian Legislative Decree no. 165 of 30 March 2001 (Consolidate Law on Public Sector Employment), as part of the disciplinary proceeding that may be initiated against the reported party, the identity of the whistleblower cannot be revealed without his consent, provided that the claim of the disciplinary charge is based on distinct ascertainment in addition to the whistleblowing report. If the claim is based, either fully or in part, on the whistleblowing report, the identity may be revealed if its knowledge is absolutely necessary for the defence of the reported party.
As regards what is not explicitly provided for in this chapter with particular reference to any transfer of data abroad, please refer to the “System of rules for the application of Privacy Legislation in Telecom Italia Group” issued by the Privacy Function (code 2009-00048), which can also be consulted on the function’s Intranet site.

Attachment 1 bis

Privacy Policy

Pursuant to Art. 13 of the Personal Data Protection Code (Italian Legislative Decree 196/03), Telecom Italia S.p.A. supplies hereunder the policy on personal data processing of the whistleblowers, accused parties and any other third parties involved (“interested parties”) which it carries out in connection with handling whistleblowing reports governed by the “Whistleblowing procedure” issued by the Audit Department of Telecom Italia.

1. Purpose of the processing and mandatory supply of data

The personal data of the interested parties are processed for the purposes connected with application of the above-mentioned procedure and to fulfil the obligations provided for by the law, regulations or European Community legislation.

2. Processing methods and logic

The data processing is handled manually (for example as paper copies) and/or using automated tools (for example, using electronic procedures and supports), in accordance with principles that are congruous with the above-mentioned purposes and, in any case, with a view to ensuring the safety and confidentiality of the data.

3. Data Controller, Processors and categories of Officer

The personal data are processed by the Head of the Audit Department of Telecom Italia S.p.A. in the capacity of Processor, and by the competent Audit, Compliance, People Value, Legal Affairs, BSO/Security, Administration, Finance and Control Functions, the Committee for Internal Control and Corporate Governance, by the Boards of Statutory Auditors and by the Supervisory Bodies pursuant to the 231 Organizational Model.

The Data Controller of your personal data is Telecom Italia S.p.A., with registered office in Milan at Via Gaetano Negri, 1. The Processor is the Head of the Audit Department of Telecom Italia S.p.A.

4. Categories of third parties to whom the data might be disclosed in their capacity of Data Controllers or who might become aware of them in their capacity of Processors or Officers

In addition to the in-house parties listed in point 3) above, the personal data of the interested parties might also be processed by third parties, including the Telecom Italia Group companies. In this case, the same parties will be identified as independent Data Controllers or designated as Processors or Officers of the processing, in compliance with the legal provisions on privacy in force. In any case, Telecom Italia will give the Processors or Officers adequate operating instructions, with particular reference to the adoption of minimum security measures, in order to be able to guarantee the confidentiality and security of the data.

These parties, who in some cases may also be located abroad, fall within the following categories:

a) Consultants (Organization, Litigation, Law Firms, etc.)
b) Companies appointed the administration and management of personnel, the storage of the personal data of the employees, the development and/or operation of the information systems dedicated to it

c) Companies appointed to manage company files, including the personal data of past employees

d) Auditing Firms

e) Public Institutions and/or Authorities, Judicial Authorities, Police Forces, Investigation Agencies.

5. Right of access to personal data and other rights pursuant to Art. 7 of the Personal Data Protection Code (Italian Legislative Decree 196/03)

The interested party is entitled to access the data concerning him at any time - except for what is stated in Attachment 1 of the current procedure - and to exercise the other rights provided for by Art. 7 of the Privacy Law by contacting the Processor indicated in point 3) above. In the same way he may request the source of the data, their correction, the update or supplement of imprecise or incomplete data, or the deletion or blockage of those processed in violation of the law, or object to their use for legitimate reasons to be pointed out in the request.
Attachment 2

E-mail addresses of the boards of statutory Auditors/231 Supervisory Bodies of the Telecom Italia Group Companies

E-mail addresses of the Boards of Statutory Auditors/231 Supervisory Bodies of the Telecom Italia Group companies

Telecom Italia Board of Statutory Auditors            collegio.sindacale@telecomitalia.it
Telecom Italia Audit Committee                      audit.committee@telecomitalia.it
TIM Ventures Board of Statutory Auditors            timventures.cs@telecomitalia.it
4 G Retail Board of Statutory Auditors               4gr.cs@telecomitalia.it
Telecom Italia Sparkle Board of Statutory Auditors  tis.sparkle.cs@telecomitalia.it
Olivetti Board of Statutory Auditors                olivetti.cs@telecomitalia.it
Telecom Italia Digital Solutions Board of Statutory Auditors  tids.cs@telecomitalia.it
Telecontact Center Board of Statutory Auditors      tcc.cs@telecomitalia.it
Telenergia Board of Statutory Auditors               telenergia.cs@telecomitalia.it
Telecom Italia Information Technology Board of Statutory Auditors  tilt.cs@telecomitalia.it
Telsy Board of Statutory Auditors                    telsy.cs@telecomitalia.it
Telecom Italia Trust Technology Board of Statutory Auditors  ttt.cs@telecomitalia.it
H. R. Services Board of Statutory Auditors           hrs.cs@telecomitalia.it
Trentino NGN Board of Statutory Auditors             trentinongn.cs@telecomitalia.it
Mediterranean Nautilus Board of Statutory Auditors   mednautilus.cs@telecomitalia.it
Advanced Caring Services Board of Statutory Auditors acc.cs@telecomitalia.it
TIESSE Board of Statutory Auditors                   tiesse.cs@telecomitalia.it
Olivetti Multiservices Board of Statutory Auditors   oms.cs@telecomitalia.it
Persidera Board of Statutory Auditors                persidera.cs@telecomitalia.it
Fondazione Telecom Italia Board of Statutory Auditors fondazione.cs@telecomitalia.it
Telecom Italia San Marino Board of Statutory Auditors tism.cs@telecomitalia.it
Telefonia Mobile Sammarinese Board of Statutory Auditors  tms.cs@telecomitalia.it
BEIGUA Supervisory Body                               beiguo.odv@telecomitalia.it
TIM Tank srl Supervisory                              Body srltta.odv@telecomitalia.it