



SUPPLY CHAIN

Insight

TIM Group

June 2025



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1. The core values guiding our relationships with suppliers

Transparency, collaboration, fair competition, respect for human rights, and quality are the **core values guiding our relationship with suppliers**. In this spirit, we have embarked on a path toward a Sustainable Supply Chain, aiming to steadily increase the environmental, economic, and social value of this relationship over time.

We are committed to maintaining a zero-tolerance policy against any form of harassment: sexually coercive, threatening, offensive, abusive, or exploitative behavior in any form will never be tolerated. Such conduct represents a serious violation of ethical principles and fundamental human rights and will be addressed with the utmost severity.

To strengthen our commitment to a sustainable supply chain, we adopt solutions that minimize the use of energy and natural resources, promote the use of renewable energy sources, and reduce greenhouse gas emissions throughout the entire supply chain. Furthermore, we encourage responsible product use and disposal, reducing pollution through practices of reduction, reuse, and recycling, with the goal of achieving increasingly efficient resource utilization.

2. Supply Chain Numbers

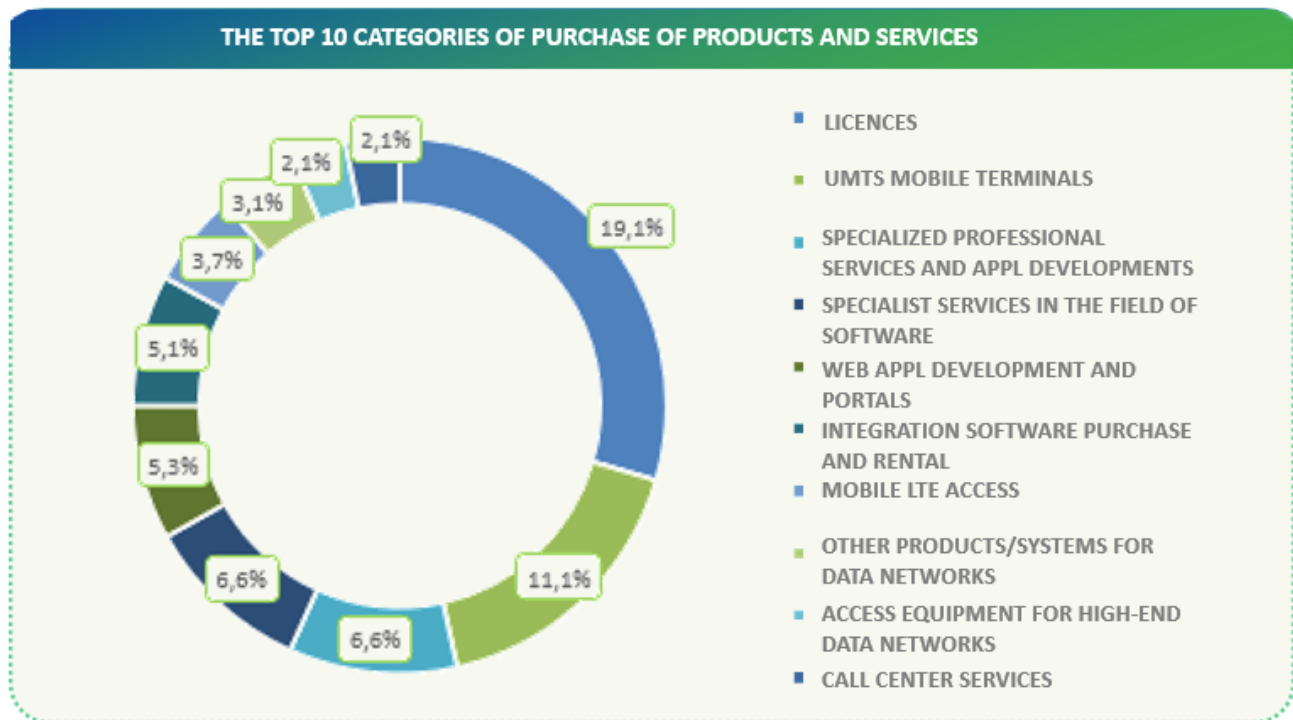
We identify significant suppliers based on their business relevance and aspects related to ESG dimensions (environmental, social, and governance), adopting methodologies grounded in specific risk factors related to the country, sector, and type of product or service.



SUPPLY CHAIN NUMBERS (ITALY)			
1.844 Total active suppliers ¹ (Tier 1)	745 Significant suppliers ²	of which Suppliers Tier 1 of which Suppliers not Tier 1 % TIM Spending toward Tier 1 (significant)	510 235 97%
136 New suppliers acquired in 2024	12.238 no.deeds of purchase	4.043 Mln€ Value of acquisitions	
694 Providers undergoing desk and on-site assessment	of which significant		38,6%
137 Suppliers assessed with actual/potential negative impacts	of which with adherence to corrective actions and improvement plans of which supported in the implementation of corrective plans cases of exclusion from the supplier register		100% 100% 0%
745 100%	Number of significant suppliers included in capacity building programs of significant sole providers in capacity building programs		

(1) Suppliers with ordered and expected delivery in 2024.

(2) Suppliers with ordered ≥€500,000 and sustainability risk >€250,000. Methodologies based on the specific risks related to country, sector, and product/service type were adopted to assess aspects related to ESG dimensions (environmental, social, and governance)



Funding
member since
2010



Value Chain
Partner
since 2022



The following are the **projected targets** for FY 2024:

- Total number of suppliers subjected to desk/on-site assessment: 680
- Number of significant suppliers with negative impacts supported in corrective action plan implementation: 137
- Number of significant suppliers included in capacity-building programs: 100%

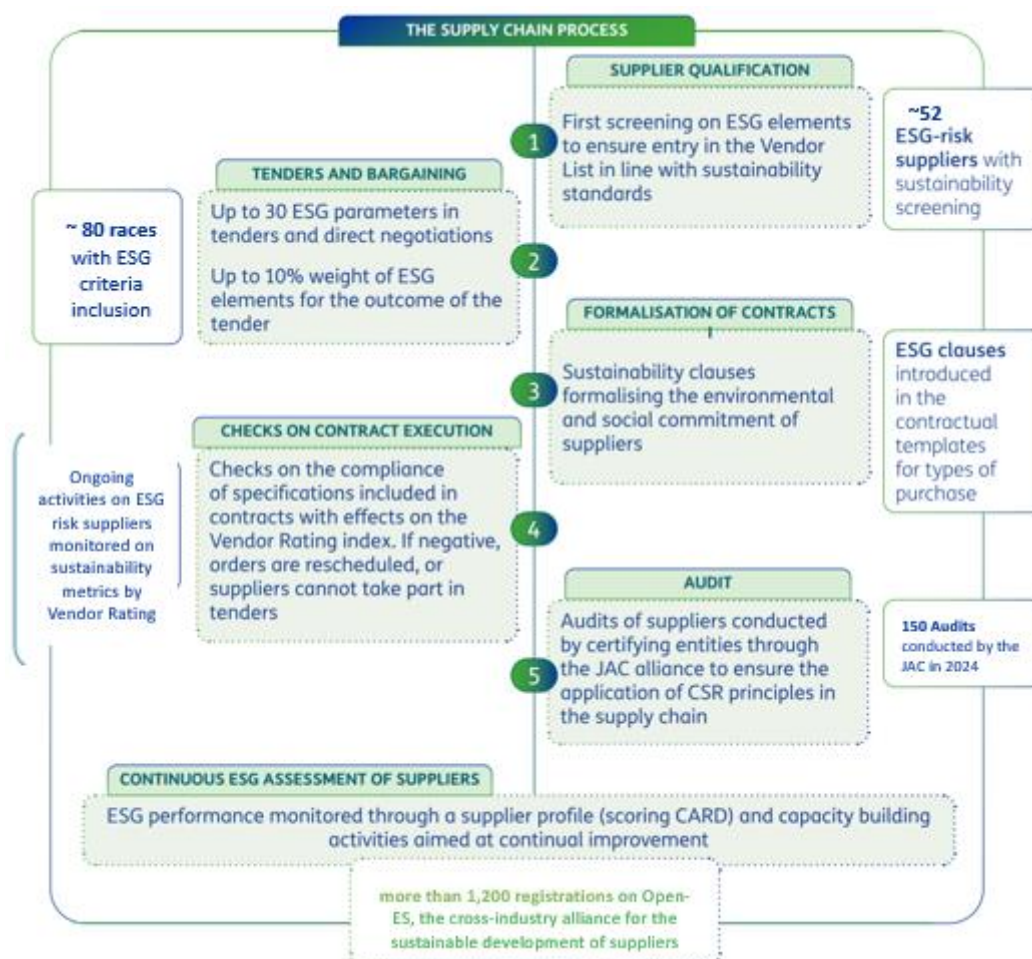
3. The Supply Chain Process

The sustainability of the supply chain enables a significant reduction of Scope 3 emissions, considering that **purchases account for over 80% of the company's total emissions**. At the same time, it contributes to improving market performance by encouraging suppliers to develop efficient, innovative, and low-emission solutions.



For this reason, we have integrated ESG control criteria into all stages of the purchasing process. The policies and programs aimed at building a sustainable supply chain are overseen by the Group Board and operationally managed by the Procurement Function, ensuring alignment between strategic vision and concrete implementation. Purchasing practices are periodically reviewed to guarantee compliance with our Code of Conduct and to prevent any conflicts with ESG requirements.

Furthermore, we support our supply chain in the continuous improvement of ESG topics by training internal stakeholders involved in the purchasing process, educating our suppliers on the Group's technical, ESG requirements and programs, conducting ESG benchmarking activities against peers and best practices, and implementing screening and assessment activities to build ESG competencies and carry out any corrective actions.





4. Supplier Qualification

During the supplier qualification phase, we require that their practices align with our corporate ESG principles and policies, as well as with our commitments regarding:

- **human rights and labor** (for example, forced labor and child labor, adequate working conditions, occupational health and safety, discrimination and harassment, freedom of association and collective bargaining);
- **environmental impact** (emissions, pollution prevention and waste management, protection and promotion of natural habitats, forest areas, biodiversity, and soil management);
- **corporate ethics** (anti-corruption and conflict of interest, anti-competitive practices).

For suppliers deemed at ESG risk—identified based on the geographical area in which they operate (Asia, Central and South America, North Africa, Eastern Europe)—we conduct an assessment based on the completion of a mandatory ESG questionnaire for access to our Supplier Register. This questionnaire evaluates potential violations concerning environmental matters, human rights, and working conditions.

ESG-risk suppliers: 52
% of total suppliers: 3%

5. Tenders and negotiations

In tenders and direct negotiations, we use a sustainability envelope weighted up to 10%, which involves applying a checklist of 30 parameters (eco standard guidelines) to the purchase of products and services. **In 2024, more than 12,200 purchase transactions were carried out**, with a total value exceeding 4 billion euros. Approximately 80 sustainability envelopes were applied.



6. Contract Formalization and Execution

We include standard clauses in contracts that require suppliers to comply with TIM's Code of Ethics. Additionally, we have started to include specific ESG clauses related to the purchased product or service.

To verify that the product/service performance complies with the requirements specified during the supplier selection phase, we conduct on-site inspections with our employees. These inspections help assess supplier performance and contribute to determining the "Vendor Rating" score.

Example of ESG Contractual Clauses on Electronic Waste

- *Requirement for EoW (End of Waste) certification, recyclability rate, and recycling report;*
- *Right to terminate the contract in case of breach of even a single environmental protection clause.*

We evaluate supplier performance through audits to verify the compliance of product technical specifications or service delivery. The results are summarized in Vendor Rating indicators which, if negative, may lead to order adjustments or exclusion from tender participation.

Example of ESG elements considered in the Vendor Rating

- *Contract for Access and Transport Network Works in copper and fiber optics: safety and environmental protection aspects are considered, followed by checks to verify energy consumption parameters.*

7. Audits

To promote sustainability throughout the entire value chain, we conduct on-site verification activities, including the involvement of third parties such as certification bodies or the **Joint Alliance for CSR (JAC)**. The goal is to assess our suppliers' compliance with key industry ESG



standards and methodologies, such as SA8000 and ISO 14001, and, if necessary, jointly identify corrective actions and improvement plans. The JAC, a multi-stakeholder initiative founded in 2010 by Orange, Deutsche Telekom, and TIM, brings together various telecommunications companies to promote safe and fair working conditions, as well as responsible management from economic, social, and environmental perspectives. When third-party audits reveal non-compliance with required standards or methodologies, we collaborate with the supplier to define a **Corrective Action Plan (CAP)**, committing the supplier to resolve the non-conformities within the agreed deadlines. While respecting the autonomy and responsibility of each supplier or partner, we offer opportunities to access specific training activities, fostering a collaborative approach focused on continuous improvement. For example, we provide access to the Open-es platform, which guides suppliers in defining a plan to enhance their ESG performance, as well as the JAC Academy project, a structured program designed to support them in developing competencies in environmental, social, and governance areas.

JAC's main activities

- Socio-environmental audits on the supply chain for common suppliers
- Working groups on Scope 3, zero waste, circular economy, and human rights to implement shared solutions
- Capacity building activities for suppliers

JAC's numbers

- **31** members
- **150** Audit conducted in 2024
- **661** corrective action plans

8. Continuous ESG Evaluation of Suppliers

We carry out ESG assessment activities both remotely (desk) and on-site, with the aim of verifying suppliers' compliance with the ESG requirements set by TIM. The evaluation is



based on a systematic request for documentary evidence, and failure to align within defined timeframes may result in exclusion from the supplier register.

In 2024, we conducted desk evaluations of over 680 significant suppliers, identifying some cases with actual or potential negative impacts. When necessary, we activate corrective actions and improvement plans, supporting suppliers throughout the implementation process, including remote and on-site assistance and the development of capacity-building programs.

During FY2024, no suppliers were excluded from the register, demonstrating the effectiveness of the dialogue and collaboration we maintain with our partners throughout the supply chain.

Since 2022, we have been a Value Chain Partner of the Open-es alliance, which, through a common platform and an ESG questionnaire based on international standards, allows us to carry out shared evaluations of suppliers' ESG performance.

TIM suppliers registered on Open-es with ESG questionnaire as of the end of 2024

Over 1.200