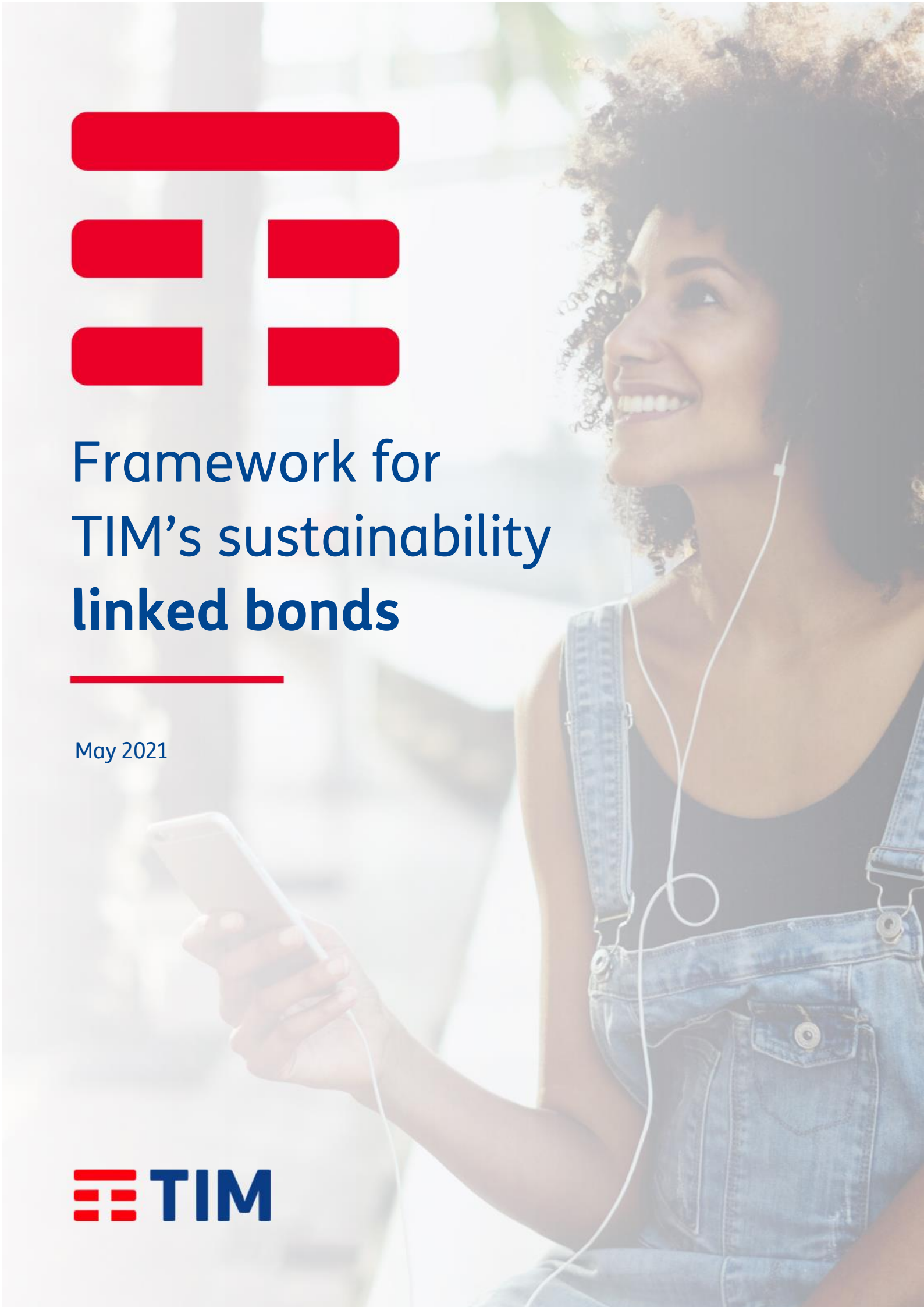




# Framework for TIM's sustainability linked bonds



May 2021



# Summary

Introduction .....	3
About <b>TIM</b> .....	3
A Model for <b>Sustainability</b> .....	3
2021-23 <b>ESG Plan</b> .....	5
Framework Rationale .....	9
Alignment with the .....	9
<b>Sustainability-Linked Bond Principles (SLBP)</b> .....	9
Selection of <b>Targets</b> and <b>Indicators</b> .....	10
Calibration of <b>sustainability performance</b> targets (SPTs) .....	11
Definition of characteristics of <b>sustainability-linked bonds</b> .....	13
Preparation of <b>verification assurance reports</b> .....	14
<b>External</b> Verification .....	15
Disclaimer .....	16

# Introduction

## About TIM

TIM is a member of the Telecom Italia Group (“GTI”), one of the world’s leaders in the telecommunications industry, featuring a history of over one hundred years. Through its subsidiaries, GTI provides customers with a whole range of advanced communication services, offering from fixed and mobile telephony and internet to breakthrough corporate and media systems and solutions.

GTI has been operating in Brazil since 1998 through TIM Brasil Serviços e Participações S.A. (“TIM Brazil”), a wholly-owned subsidiary of Telecom Italia Finance S.A.<sup>1</sup> TIM Brazil is currently one of the top mobile operators in Brazil, gaining recognition as the first company to operate in all Brazilian states through TIM S.A. (“TIM”).

Adopted in 2020, TIM’s new signature – “Imagine the possibilities” – invites all to positively see what lies ahead and keep in mind that the Company is on the customer’s side when it comes to new challenges, opening a whole new world of possibilities, and turning technology into a synonym of freedom. This new stance is linked to TIM’s new purpose as well: *“Evolving together with courage, transforming technology into freedom”* – To this end, one of the major transformation enablers of the Company is strengthening and consolidating its ESG proposal by advancing a positive transformation.

Since 2015 the Company has been the leader in 4G coverage in Brazil, acting as a benchmark for mobile and fixed ultra-broadband access. Over the course of recent years, TIM has modernized its equipment and carried out acquisitions – such as Intelig in 2009 and AES Atimus in 2011 – that underline its commitment to quality and accessibility.

Transparency is another paramount pillar to TIM. Currently a publicly-held company headquartered in the city of Rio de Janeiro, its shares are listed on the São Paulo stock exchange (B3) and its American Depositary Receipts (ADR) on the New York Stock Exchange (NYSE). TIM is the only telecommunications company listed on the B3’s New Market segment, recognized as the top corporate governance level, and has been for 13 consecutive years in the Business Sustainability Index (ISE) and the S&P/B3 Brazil ESG index since its launch in September 2020.

It is also the first and only telecommunications operator named as a *Pró-Ética* (pro-ethics) company by Brazil’s Office of the Federal Controller General (CGU). In March 2021 it achieved another top recognition, the ISO 37001 certification, that attests the security and efficiency of anti-bribery management systems. In addition to showing its engagement to achieve ESG Plan targets, TIM has become the first company to become ISO 37001 certified.

## A Model for Sustainability

TIM believes that its business should be run by considering the expectations of all its stakeholders, either external (such as customers, suppliers, competitors, civil society and environment organizations, communities and stockholders) or internal ones (employees). The Company understands that this is the secret to ensure business sustainability by always considering

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<sup>1</sup> Which, in turn, is a wholly-owned subsidiary of Telecom Itália S.p.A

economic, environmental, and social aspects at all times. Therefore, the Company has disclosed its sustainability performance since 2004 and, for 13 years now, its Sustainability Report, adding more transparency to communication and driving forward its Environmental, Social and Governance (ESG) strategy.

TIM carries out a regular structured materiality matrix update process. In 2020, it carried out a new stakeholder consultation process to revise its materiality against the impacts of the Covid-19 pandemic. After new interviews and studies, four material topics were supplemented and a new one came to light: the “Promotion of Diversity and Equal Opportunities”, as stated in the updated table (in **bold**) below:

Material Topic 102-47	Correlation with Sustainable Development Goals
 Ethics and governance in business	 SDG 16
 Operational and post-consumer waste management	 SDG 12
 Investment in infrastructure <b>and network reliability</b> *adjusted*	 SDG 9, SDG 11 and SDG 15
 Data protection, customer privacy <b>and cybernetic security</b> *adjusted*	 SDG 16
 Innovation applied to products and services	 SDG 9
 Customer experience and service quality	 SDG 12 and SDG 16
 Energy management	 SDG 7 and SDG 13
 <b>Health, well-being</b> and managing employees *adjusted*	 SDG 4 and SDG 8
 Strategic and responsible supplier management	 SDG 8 and SDG 12
 Digital inclusion <b>and access to connectivity</b> *adjusted*	 SDG 1 and SDG 9
 <b>Promoting diversity and equality of opportunities</b> *new*	 SDG 5 and SDG 8

TIM’s material topics have been defined based on qualitative and quantitative analyses to identify the significance of each topic to its stakeholders, bringing them into the core of the process. This procedure was in full compliance with the guidelines and recommendations of the Global Reporting Initiative (GRI).

TIM has set out a new, far-reaching target plan, named [ESG Plan for the 2021-23](#) cycle. Based on the far-reaching targets set in the latest Industrial Plan (2020-2022), the Company has submitted new goals in connection with a range of initiatives that are part of its strategy, contributing to a consistent interrelationship between ESG aspects, the business operation, and organizational accountability.

TIM believes that running a business is increasingly connected with the responsible management of aspects that go beyond mere finance and that also create positive and enduring value to society. Accordingly, these Company’s ambitious targets relate to UN’s Sustainable Development Goals (SDG) and its materiality matrix. Please see the evolution of the 2020-2022 Industrial Plan targets in the table as follows:

## Environmental

We want to be green

### Enablers

- Increasing **efficiency** and taking advantage of **green energy** cost reduction
- Developing **cloud data centers** to deliver more to our customers with less impact of operations
- Demobilizing obsolete technologies through **innovation and infrastructure sharing**
- Promoting efficient and responsible **solid waste** management

## Social

New capabilities are a key factor in maintaining leadership

- Promoting an **inclusive environment**, with **equal** opportunities, valuing **talents** and caring for the **health and integrity** of employees
- Developing **digital education** to support the demand for connectivity
- Keeping **Instituto TIM** as a reference in **ST&I and education projects**
- Extending access to **4G connectivity** to all municipalities in Brazil

## Governance

Efficient mechanisms to fairly balance the interests of all stakeholders

- Maintaining the recognition as a company with **the highest level of commitment** to transparency and corporate governance
- Disseminating **ESG principles to high-risk suppliers**
- Adopting best practices related to **compliance, information security, data protection and privacy**
- Promoting **customer empowerment** through **digital transformation**

TIM S.A. – Investor Relations  
Strategic Plan 2021-23

(1) Base year 2019.

Commitments	2020-22 Plan	2020 Results
Carbon neutral (tCO2e, scopes 1 and 2)	-100%	-27%
Eco-efficiency in data traffic <sup>1</sup> (bit/Joule)	+75%	+64%
Renewable energy		
Indirect emissions <sup>1</sup> (tCO2e, scope 2)	-70%	-30%
Solid waste recycling		
Employee Engagement (per year)	>MQ3	>MQ3
Black employees		
Women in leadership		
Employees trained in ESG culture	>95%	99%
Employees trained in digital skills	1,000	1,486
4G presence		
Customer complaints <sup>1</sup> (Regulatory agency)		
ISE, Novo Mercado and Pró-Ética	Maintain	Maintained
ISO 14001 and ISO 9001		
ISO 27001 and ISO 37001	Obtain	Ongoing

## 2021-23 ESG Plan

The ever-growing demands of society for transparency and accountability of non-financial information underline the significance of an increasingly responsible and efficient ESG management at TIM.

On this account, today the Company has a set of specific policies addressing different Sustainability<sup>2</sup> issues, providing them all with due publicity, as highlighted below:

### Environmental Pillar



#### Environmental

Recycle at least 95% of solid waste \*

Achieve 90% of energy consumption from renewable sources \*

+ 80% of energy efficiency in data traffic, in relation to 2019\*\*

- 70% of indirect emissions by 2025

Carbon neutral (carbon emissions) by 2030

2025

2030

<sup>2</sup> Today the Company has 15 different policies, as follows: Diversity and Inclusion; Private Social Investment; Social Responsibility in TIM Companies in Brazil; Environmental; Supplier Relations in TIM's Procurement Process; Marketing Communication; Conflicts of Interest; Engagement; Climate Change Management; Occupational Health and Safety; Related-Party Contracting; Corporate Risk Management; Donations to Non-Profit Entities; Anti-Corruption; Engagement of Independent Auditors; in addition to the Board Member Onboarding Program.

## Social Pillar



Have 40% of Black people in staff *	
Have 35% of women in leadership positions*	
Bring 4G connectivity to all Brazilian municipalities *	
Maintain employees' engagement level at a minimum 80%**	2023
+ 99% of employees trained in ESG culture **	
+ 5,000 employees trained in digital skills **	

## Governance Pillar



Reduce by 50% the number of customer complaints taken to ANATEL in relation to 2019*	
Maintain TIM on the New Market, Pró-Ética and ISE-B3**	2023
Hold on to ISO 14001 and ISO 9001 certifications*	
Achieve ISO 27001 and ISO 37001 certifications	2022

\*New targets

\*\*Augmented targets

It is worth mentioning that TIM has also assumed a number of public commitments and teamed up with top companies in the ESG ecosystem, strengthening its commitment to the ESG agenda:

**Global Compact:** TIM has been a signatory to the UN Global Compact since 2008, under which it develops SDG-connected projects.

**UN WEP:** TIM signed up to the Women's Empowerment Principles (WEP) in March 2021. Through this initiative, the Company wants to more effectively drive its way forward gender equality, in connection with the ESG Plan and the material topic Promotion of diversity and equal opportunities.

**Business Coalition for Race and Gender Equality:** In April 2021, TIM signed up to the 10 Principles of the initiative promoted by Instituto Ethos, the Center of Studies of Labor Relations and Inequalities (CEERT) and the Institute for Human Rights and Business (IHRB). Also supported by Brazil's Movimento Mulher 360, Instituto Carrefour, and the Inter-American Development Bank (IDB), this initiative aims to promoting debates, exchange of experiences and encouraging the implementation and improvement of public policies and business practices towards diversity and inclusion in organizations.

**Human Rights:** Since 2015 TIM has been a member of the Human Rights Working Group of the Global Compact, Brazil Chapter. The Company recognizes personal data privacy, secure internet, access to information and free speech, among others, as fundamental and non-negotiable rights.

**Climate Change:** Every year TIM reports to the Carbon Disclosure Project – CDP (the world’s largest climate change data base on volume of greenhouse gas (GHG) emissions). Furthermore, the Company also has an inventory of emissions, recording them with the Public Registration of Emissions of the Brazilian GHG Protocol Program, the platform that quantify and manage these data.

**Business Initiatives:** Since 2010, TIM has taken part of Business Initiatives, a network coordinated by the Center of Sustainability Studies of the Getúlio Vargas Foundation (FGVces), aimed at producing knowledge and fostering the exchange of experiences to advance sustainability agendas at companies.

**Indices:** TIM is the telecommunications company holding the record for most consecutive years (13) at B3’s Business Sustainability Index (ISE). The ISE recommends shares in companies recognized for their strong commitment to sustainability and corporate governance. Moreover, the Company makes up the Climate Resilience Index (CDPR) and the FTSE4Good (launched in 2001 by the FTSE Group) and looks forward to making up the Refinitiv and Dow Jones (DJSI – Dow Jones Sustainability Index) indices.

**MSCI:** TIM makes up the portfolio linked to the MSCI ESG Leaders Index – evidencing its commitment to business management linked to ESG-related management, caring for close and transparent stakeholder relations at all times. The MSCI has been performing governance assessments and E&S index analyses of over 6,000 publicly-held companies around the world for over 40 years.

**CGU Awards:** TIM is the first ever operator named as a Pró-Ética company by the Brazil’s Office of the Federal Controller General (CGU), an initiative that promotes a fairer, ethical and transparent corporate environment. To be worthy of this award, TIM’s Integrity Program has undergone a strict appraisal by a management committee composed of members of the CGU, Instituto Ethos, and the B3. In 2019, at its first participation, 373 companies were appraised, of which 26 were granted such recognition.

**Memberships:** TIM is a member of a number of associations that address the Company’s business-related topics. To name just a few, it is a member of (i) Brazilian Telecommunications Association (Telebrasil); (ii) GSM Association (GSMA); (iii) Brazilian Association of Telecommunications Resources (ABR Telecom); (iv) Brazil’s Union of Telephony and Mobile and Personal Service Companies (Conexis Brasil Digital), bringing the ESG agenda to be discussed larger forums; (v) ConectarAgro; and (vi) Brazil’s Association of Information Technology, Communication and Digital Technology Companies (Brasscom).

**Reporting:** TIM has disclosed its sustainability performance and published its sustainability reports since 2004 and 2008, respectively, in compliance with the requirements of the Global Reporting Initiative (GRI) and the CDP (a non-profit entity managing the global disclosure system for investors, companies, cities, states and regions to manage the environmental impacts of their operations).

And the initiatives taken up by the Company go further beyond. Today TIM is the recipient of a number of quality certifications, which just evidence its assertive initiatives. Please see the summary table as follows:

<b>Certification</b>	<b>Certified area</b>	<b>Scope</b>
<b>ISO 37001:2016</b> Anti-bribery Certification Certified since 2021	National Telecommunications Service: mobile (SMP), fixed (STFC), and broadband (SCM) of TIM S.A.	Nationwide
<b>ISO 9001:2015</b> Quality Certification - Certified since 2000	Management of TIM S.A. network	Nationwide. Operating Units where processes are run: Minas Gerais, Rio de Janeiro, São Paulo, Pará, Paraná, Pernambuco, and Brasília.
<b>ISO 9001:2015</b> Quality Certification - Certified since 2005	Management of postpaid and prepaid fixed and mobile service billing of TIM S.A. Operators.	Nationwide. Operating Units where processes are run: Rio de Janeiro and São Paulo.
<b>ISO 14001:2015</b> Environmental Certification - Certified since 2010	Management and operation of TIM S.A. network	Rio de Janeiro, São Paulo, and Espírito Santo.
<b>Portability ANATEL</b> Regulatory Certification - Certified since 2018	Provision of portability services (General Portability Regulation (RGP) – Attachment to Resolution 460/2007).	Nationwide. Operating Units where processes are run: Rio de Janeiro and São Paulo.

With respect to governance, TIM is managed by its Board of Directors, a joint decision-making body composed of at least five and at the most 19 members, elected, and subject to removal by the General Stockholders' Meeting, for a two-year term of office, reelection permitted. To be entitled for listing on B3's New Market, a company must have at least 20% of independent members at the Board of Directors, and today TIM has 40% of independent members, being aligned with the world's best companies in this regard. Furthermore, TIM is the only operator on the New Market (since 2011) counting with a Statutory Audit Committee since 2013.

To strengthen the ESG culture, in December 2020 TIM set up a ESG Committee to advise the Company's Board of Directors in environmental, social, and governance-related issues. Composed of Board members, its major responsibility is defining and monitoring the Company's strategic plan, ensuring and encouraging the achievement of predefined targets, in connection with all pillars under the ESG scope.

It is worth mentioning that TIM's corporate governance goes beyond the company, as it reaches other stakeholders and underlines social responsibility issues. Through Instituto TIM, created in 2013, the Company has already carried out initiatives in about 500 cities in 26 states and the Federal District, involving over 4,000 public schools, 16,000 teachers, and 500,000 students. Investing over R\$80 million in the period by way of projects and initiatives addressing science, mathematics, innovation and technology, Instituto TIM wants to advance the cause of democracy for all. To achieve this goal, the organization engages in private social investments<sup>3</sup> with focus on four fronts:

<sup>3</sup> TIM's social investments are carried out through donations, Instituto TIM projects, and sponsorships with social benefit, as stated in the Company's Sustainability Report.



(a) education, (b) applications, (c) work, and (d) inclusion. Among the projects carried out by Instituto TIM, we highlight:

- **Academic Working Capital (AWC):** An entrepreneurial education program supporting university students willing to turn their final papers into technology based business.
- **Scholarships, Instituto TIM – OBMEP:** For six years now, this program is providing scholarships to medal-winning students of the Brazilian Mathematical Olympiad for Public Schools (OBMEP) who have joined public universities and come from low-income families.
- **Garatúa:** This project encourages the learning of space sciences and handpicks Brazilian students to participate in the US Student Spaceflight Experiments Program (SSEP).
- **Instituto TIM Samba Percussion:** This initiative gathers together children, youngsters and adults, many of whom have some type of disability, for social integration through musical education. With about 50 members living in the city of Rio de Janeiro (State of Rio de Janeiro), the samba percussion initiative counts on the support of a conductor, some monitoring musicians, and a sign language interpreter.
- **TIM Tec:** A platform featuring 30 public free open-software courses focusing on work-based learning related to Information Technologies and Communication.

For further information on Instituto TIM please click on: [www.institutotim.org.br](http://www.institutotim.org.br)

## Framework Rationale

To boost TIM's performance in ESG fronts that are relevant and material to its business and contribute to positive changes in society, it is the Company's intention to issue sustainability-linked bonds.

To this end, the Company has designed this Framework to work as a guidance for the issuance of ESG securities/or funding in the capital or bilateral (banking, with multilateral and other capital providers) markets. This document is in line with TIM's business line and sustainability strategy, as stated in 2021-2023 ESG plan.

It should be noted that this Framework provides a wide approach for TIM's ESG funding, so that its capital providers (investors, banks and multilateral agencies, among others) should always consult the specific documentation for any transaction carried out based hereon.

## Alignment with the Sustainability-Linked Bond Principles (SLBP)

Set up by the International Capital Market Association ("ICMA") in June 2020<sup>4</sup>, the Sustainability-Linked Bonds Principles (SLBP) set forth the voluntary guidelines for financial instruments of the capital markets to integrate ESG aspects. Likewise, the Sustainability-Linked Loan Principles (SLLP),

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<sup>4</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/>

as developed by the Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA), and the Asia Pacific Loan Market Association (APLMA) in 2020<sup>5</sup>, also follow the same framework and are aimed at supporting the ESG-linked bond framework.

The objective of both SLBP and SLLP is to promote the best ESG practices and ensure the fair development of the sustainability-linked bond market (either capital or loan market). As the SLBP is more comprehensive than SLLP, TIM has used the former as a basis for preparing this Framework.

This Framework is in line with the top five components of the sustainability-linked bonds, as follows:

- (1) Selection of Targets and Indicators;
- (2) Calibration of Sustainability Performance Targets (SPTs);
- (3) Definition of characteristics of sustainability-linked bonds;
- (4) Preparation of verification assurance reports; and
- (5) External verification.

It is worth mentioning that sustainability-linked bonds may be any type of financing instrument, the financial and/or structure characteristics of which may vary according to the achievement (or not) of predefined sustainability targets. Accordingly, issuers of such securities agree to improving sustainability performance targets in the future that are relevant, essential and material to their business within a predefined timeline.

## Selection of Targets and Indicators

The SPTs handpicked by TIM are material and relevant, on the grounds that they have a direct impact on the successful business strategy of the Company and are aligned with long-term key performance indicators (KPIs), as stated in the Company's 2021-2023 ESG Plan.

These KPIs are used by TIM as transformational enablers and strengthen its sustainability performance targets. We present one of these SPTs and KPIs as follows:

Topic	Description of the SPT and the KPI Selected
Eco-efficiency	<p><b>Sustainability Performance Target (SPT):</b> Increase by eighty percent (80%) or more the Eco-efficiency in data traffic (bit/Joule) by December 2025 in relation to baseline 2019.</p> <p><b>Rationale:</b> This target enables TIM to measure how the Company's service growth is evolving and assess whether it is taking place in a sustainable way. That is, the Company's final goal is offering a better service with less energy consumption, which represents a great operational challenge.</p> <p><b>KPI Selected:</b> Eco-efficiency of data traffic (bit/Joule).</p>

<sup>5</sup> <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/#:~:text=Sustainability%20linked%20loans%20aim%20to%20facilitate%20and%20support,institutions%20active%20in%20the%20global%20syndicated%20loan%20markets.>

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**Description of the KPI:** An Energy Efficiency Indicator that sets the ratio of customer service offered (bits transmitted) to the company's impact on environment (joules of energy consumed). The factors comprising this indicator are the data and voice traffic of the fixed and mobile networks, and energy consumption.

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**Sustainability Performance Target (SPT):** Achieve ninety percent (90%) or more of renewable energy consumption by December 2025.

**Rationale:** This target enables TIM to foster the use of increasingly clean and renewable energy in its operations.

#### Renewable Energy

**KPI Selected:** Percentage (%) of renewable energy in total consumption.

**Description of the KPI:** It represents the ratio of energy consumed from renewable sources to total energy consumed by the Company, always considering (annualized) percentages at the year end.

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**Sustainability Performance Target (SPT):** Achieve one hundred percent (100%) of 4G coverage in Brazilian municipalities by December 2023.

**Rationale:** It is TIM's intention to bring 4G or higher technology mobile broadband (connectivity) to all Brazilian municipalities, which represents a major challenge. This challenge deals with criteria beyond those merely economic (profitability) and underlines the Company's commitment to addressing connectivity gaps already identified by government authorities (essentially a societal topic). Today TIM is the company featuring the largest presence (84%)<sup>6</sup>, but it intends to go even further, beyond its regulated coverage obligations, as it voluntarily raises its own bar.

#### 4G coverage expansion

**KPI selected:** Percentage (%) of 4G coverage.

**Description of the KPI:** It measures the total number of municipalities covered to the total number of Brazilian municipalities.

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## Calibration of sustainability performance targets (SPTs)

Aware of the significance of our commitments and the challenges we face to meet them, we have included the rationale for the calibration of each proposed target, as follows:

### Calibration of Target # 1

**Sustainability Performance Target (SPT):** Increase by eighty percent (80%) or more the eco-efficiency in data traffic (bit/Joule) on average/year by December 2025 in relation to baseline 2019.

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<sup>6</sup> <https://informacoes.anatel.gov.br/paineis/infraestrutura/panorama>

**SPT Trigger:** Increase equal to or higher than 80%, so that Eco-efficiency becomes equal to or higher than 17,689 bit/Joule

**SPT verification date:** December 2025

**Baseline used:** 2019, with value of 9,827 bit/Joule

**SPT calculation methodology:** Measuring data and voice traffic of fixed and mobile networks (in bits) in relation to the energy consumed (in joules) at the Verification Sites (as defined below).

**Verification Sites:** TIM will verify the achievement of the target at all its direct operations, existing (in the baseline), augmented organically or implemented.

**Factors that facilitate the achievement of the SPT:** Among the factors that may facilitate TIM's achieving the SPT, we highlight: (i) technology evolution (introduction of 5G technology); (ii) replacing obsolete or low-energy efficient equipment by other more efficient (decommissioning); (iii) shutting down networks that use older technology (2G); (iv) sharing access network infrastructure (Ran Sharing); (v) data center virtualization (Journey to Cloud); (vi) ongoing development of Energy Efficiency projects; and (vi) other projects that may be implemented by TIM from time to time and that may increase eco-efficiency of data traffic.

**Factors that pose risks to the achievement of the SPT:** Among the factors that may make TIM's achieving the SPT difficult, we highlight: (i) integration of obsolete or poor technology (acquisition of OI, in progress); (ii) commercial development of 5G ecosystem in Brazil (handsets, devices, etc.); (iii) extending the obsolete network maintenance term; and (iv) other operating, regulatory, infrastructure, economic and/or social events that may affect TIM's performance with respect to eco-efficiency and data traffic.

## Calibration of Target # 2

**Sustainability Performance Target (SPT):** Achieve ninety percent (90%) or more of renewable energy consumption by December 2025.

**SPT Trigger:** Percentage equal to or higher than 90%

**SPT verification date:** December 2025

**Baseline used:** 2019, with 50%

**SPT calculation methodology:** To calculate the renewable energy consumed, TIM will factor in the energy identified and managed through a tool named Energy Management System (EMS), obtained from natural sources able to regenerate and therefore virtually inexhaustible, such as, but not limited to, solar, wind, hydraulic (from rivers), biomass (organic matter), among other types of energy, (a) acquired through agreements executed with third parties for distributed energy generation projects and/or (b) energy acquired through bilateral agreements executed with energy generators and/or sellers under the deregulated energy purchasing scheme; and (c) the fraction of energy acquired under the regulated energy purchasing scheme derived from the Brazilian energy matrix. The renewable energy target will be achieved primarily through behavioral and operational adjustments made at TIM. It should be noted that the fraction of renewable energy offered in the regulated energy purchasing scheme, used for calculation purposes, is the one disclosed by the Energy Research Office (Brazil's Ministry of Mines and Energy). Additionally, total and renewable energy is calculated at the Verification Sites (as defined below), including the year's average.

**Excluded from Calculation:** The following situations will be excluded for target verification purposes: (i) energy consumed from nonrenewable sources due to disruptions to energy supply, either fully or partially, fluctuation in the network that impair the good operation of equipment at the sites; (ii) consumption required for the maintenance and execution of mandatory testing of the alternate energy system (generators) or *force majeure* events, or energy consumed because TIM was unable to access alternate renewable sources; and (iii) the impact of any significant change in any laws, regulations, rules, guidelines or policies applicable and/or related to the activities developed by TIM.

**Verification Sites:** TIM will verify whether the target was achieved at all its direct operations, not including any future mergers and acquisitions.

**Factors that facilitate the achievement of the SPT:** Among the factors that may facilitate TIM's achieving the SPT, we highlight: (i) expansion of the distributed generation plant; (ii) wider use of unplugged sites (use of solar energy); (iii) increase in the volume of energy purchased under the deregulated energy purchasing scheme; (iv) data center virtualization (Journey to Cloud); and (vi) other projects that may be implemented by TIM from time to time aimed at increasing the percentage of renewable energy consumed to total energy consumed.

**Factors that pose risks to the achievement of the SPT:** Among the factors that may make TIM's achieving the SPT difficult, we highlight: (i) changes to the regulatory framework associated to the deregulated energy purchasing scheme; (ii) changes to the Brazilian energy balance due to climate factors (use of thermal electrical power plants); (iii) delays in the activation of power plants for distributed generation purposes; (iv) integration of obsolete or poor technology (acquisition of OI, in progress); (v) consumption of service far higher than planned with respect to grid-connected network elements; and (iv) other operating, regulatory, infrastructure, economic and/or social events that may affect TIM's performance with respect to the increase in energy consumed from renewable sources.

### Calibration of Target # 3

**Sustainability Performance Target (SPT):** Achieve one hundred percent (100%) of 4G coverage in Brazilian municipalities by December 2023.

**SPT Trigger:** Percentage equal to 100%, with coverage in all Brazilian municipalities.

**SPT verification date:** December 2023

**Baseline used:** 2019, with coverage of 62% of municipalities.

**SPT calculation methodology:** Indicator calculated based on the ratio of number of municipalities covered by TIM's 4G technology to total Brazilian municipalities in December 2023. For information on the number of existing Brazilian municipalities, the Company may consult the official list disclosed on the Brazilian Institute of Geography and Statistics (IBGE) and the government's official websites. It should be noted that the methodology adopted took into account the criteria of the National Agency of Telecommunications (ANATEL) setting that a municipality will be considered covered whenever the coverage area comprises at least 80% of the urban area of the municipality's head district.

**Excluded from Calculation:** Locations not formally recognized as municipalities and those not holding an IBGE code will be excluded for target verification purposes.

**Factors that facilitate the achievement of the SPT:** Among the factors that may facilitate TIM's achieving the SPT, we highlight: (i) public policies stating priority regions that require mobile broadband (PERT) investments; (ii) regulatory analyses pointing out municipalities with no RG technology coverage; (iii) interest of communities to have mobile broadband service for internet access; (iv) broadband internet as an enabler of social development of the local economy; and (v) other initiatives (either public or private) that may be implemented from time to time aimed at improving data and/or voice connectivity.

**Factors that pose risks to the achievement of the SPT:** Among the factors that may make TIM's achieving the SPT difficult, we highlight: (i) complex environmental, urban laws and restrictions in environmental protection areas; (ii) lack of supporting infrastructure (transmission, electricity and urban planning, among others); (iii) complex logistics (forest areas, waterways, remote sites and local geography, among others); and (iv) other operating, regulatory, infrastructure, economic and/or social events that may affect TIM's performance with respect to the increase in the number of municipalities covered.

## Definition of characteristics of sustainability-linked bonds

As stated above, this Framework will work as a guidance for TIM to issue sustainability-linked bonds or raise capital in the capital or banking market.

Accordingly, upon structuring each of its capital raising, the Company will define which characteristics of these securities must be adjusted based on the achievement (or not) of the selected SPT. These characteristics may include, but are not limited to, any adjustment to rates, terms, volume, repurchase conditions and/or collateral and obligations related to each security.

To calculate SPTs and KPIs selected, TIM may exclude the effects of certain events, such as (i) mergers and acquisitions; (ii) significant changes in applicable laws or regulations that include, but are not limited to, those issued by ANATEL, ANEEL and/or that impact environmental and urban permits upon implementation of new sites or network modernization; (iii) significant changes in the dynamics of the telecommunications sector; (iv) introduction of new technologies; (v) more climate events requiring greater consumption of diesel from generators, expanding fleet and higher consumption of fuels in the post-pandemic period; and higher energy demand with growth of 4G network and implementation of 5G network, and administrative or judicial decisions preventing the execution of projects essential for achieving targets, among others.

Noteworthy is that, in any case, the calculation of selected KPIs and monitoring of predefined targets will always be duly informed in detail to the Company's capital providers and be in conformity with this Framework. Likewise, TIM will endeavor its best efforts to share information on SPTs and KPIs as soon as it becomes available.

## Preparation of **verification assurance reports**

TIM commits itself to prepare every year verification assurance reports in connection with the SPTs and KPIs described in this Framework. These reports may be prepared either as a report of its own or be included in the Company's ESG report or be included in the annual financial report.

In every and each case, these reports will be verified by an independent third party and published on TIM's investor relations website. These reports should include data on each sustainability-linked bonds structured under this Framework, including at least the following:

- (i) Updated information on the performance of selected KPIs, including their baselines;
- (ii) External verification of the selected SPT, showing TIM's performance against it, the impact generated, the timing of such impact, and any practical effects on each of the sustainability-linked bonds used;
- (iii) Any material information that enables capital providers to follow up the progress of the SPT in question.

Whenever feasible and possible, information may also include:

- (iv) Qualitative and/or quantitative clarifications on any factors contributing to the progress of the performance of the selected KPI;
- (v) Any positive impacts generated; and
- (vi) Data on any required reassessments of KPIs, SPTs and/or baselines.

## External Verification

TIM has engaged an expert ESG consulting firm to provide a second party opinion (SPO) on the sustainable benefits of this Framework, as well as on its alignment with material principles. This SPO will remain available on the Company's investor relations website. To access it, please click on <https://ri.tim.com.br>

Furthermore, TIM agrees to engage every year an external verifier to certify the information on SPTs and KPIs to be included in its annual reports, as stated in the prior section. This verification will likewise be publicly available to the Company's capital providers.

This Framework is in force up to December 2023, providing it is not subject to material changes to the items related to proposed KPIs and/or SPTs and no material changes are made to TIM's governance that imply modifications in the Company's sustainability strategy.

## Disclaimer

This Framework does not constitute a recommendation of any securities of TIM or any of its affiliates. This Framework is not, does not contain and may not be deemed as an offer to sell or a request for any offer to purchase any securities issued by TIM or any of its affiliates. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction where it is illegal to do so, except for under circumstances that will result in compliance with any applicable laws and regulations. Any person in possession of these documents should become aware of and comply with all restrictions applicable to the distribution thereof. Any debt instruments that may be issued by TIM and/or any of its affiliates from time to time, including any sustainability-linked bonds, should be offered through a separate prospectus or offering document in accordance with all applicable laws. Accordingly, any decision to purchase such securities should be made exclusively based on the information contained in such prospectus or offering document provided in connection with the offering of such securities, rather than based on this Framework.

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This Framework does not give rise to any legally enforceable obligation against TIM; any legally enforceable obligations with respect to any sustainability-linked bonds are limited to those expressly stated in the legal documentation that governs each of these debt instruments. Therefore, unless expressly stated in such legal documentation, TIM’s failure to adhere to or comply with any of the terms of this Framework, including, without limitation, any failure to achieve any sustainability targets or other targets set herein, shall not constitute an event of default or violation of contractual obligations under the terms and conditions of any of these debt instruments. Factors that may affect TIM’s capacity to achieve any of the sustainability targets or goals set herein include (but are not limited to) market, political and economic conditions, changes in government policy (either with the continuity of the government or a changed composition of the government), changes in laws, rules or regulations, and other challenges accordingly.