

TAX STRATEGY

The Tax Strategy defines the general purposes and the guidelines adopted by TIM S.A. and its subsidiaries in managing the tax affairs of the company. Such Tax Strategy is submitted to the Board of Directors and made available to all the stakeholders in compliance with the corporate regulations.

In general terms, TIM S.A. believes that full transparency towards financial administration is part of their duty as a taxpayer, also in terms of social responsibility.

The commitment to transparency is reflected in all the operations conducted by TIM S.A. regarding fiscal matters. TIM S.A., in the respect of and under autonomous management choices, wishes to pursue a tax strategy based on the principles of honesty, accuracy and compliance with tax laws, characterized by a cooperative and transparent behavior towards the tax authorities and third parties, in order to reduce any significant impact in terms of tax risk.

At the same time, TIM S.A. believes that full compliance with tax obligations is not only the duty of all taxpayers, but also a necessary condition for consolidating a context of fair competition among companies that confront each other and compete on the same markets.

Specifically, TIM S.A. is committed to:

- act in accordance with principles of honesty, fairness and compliance with tax law, taking cooperative and transparent behavior towards the Financial Administration and third parties, in order to minimize any material impact in terms of tax risk;
- spread, from the Top Management to all the involved employees, the aforementioned values and codes of conduct relating to tax matters, stimulating and adequately acknowledging the virtuous behavior and sanctioning the recognized violations, continually reporting the results to the Top Management, according to the “tone at the top” principle;
- always operate in compliance with the spirit, as well as the letter of the tax laws and regulations in the country it operates, ensuring an effective oversight of the tax position through monitoring legislative developments, handling its application and regular information and the necessary corporate training to spread its knowledge at all levels through a periodic and systematic deployment;
- ensure a continuous monitoring of corporate activities and processes to guarantee their accordance with the compliance standards required by the

current tax regulations, involving all bodies and functions responsible for the internal and the external controls;

- define its own tolerance to tax risks (tax risk appetite) in order to achieve the early solution of the potential controversies, still reserving the possibility of not adhering to the tax authorities' positions when the Company's reasons appear adequately supported;
- define appropriate control and monitoring instruments to achieve the selected risk level;
- implement transfer pricing policies to avoid tax base erosion; the alignment between the location of taxable income and the place where economic activity is exercised and compliance with the arm's length principle;
- refrain from setting up companies in tax havens;
- refrain from adopting aggressive tax planning schemes and/or tax schemes based upon form, without commercial substance;
- refrain from transferring value created to low tax jurisdictions; to this end, it is committed to pay tax where revenues are generated and in accordance with the tax laws and regulations in the country it operates;
- adjust, based on the needs and according to criteria of rationality and adequacy, the organizational structures, the corporate systems and the processes interested by law changes and related controls.

TAX RISK APPETITE

TIM S.A., considering the objective of minimizing the tax risk:

- does not perform operations with the main purpose of obtaining a tax advantage, without sound business reasons, or "artificial" operations put in place for the sole purpose of decreasing the tax burden;
- does not achieve acquisitions or investments in states or countries having a privileged tax regime, except when they are functional to the corporate commercial purposes and be aimed to the development of the business activities included in the corporate business purpose;
- sets up cross-borders intra-group transactions according to the arm's length principle regarding Transfer Pricing Brazilian Guidelines;



TAX GOVERNANCE

CFO - Administrative & Tax Services function is responsible for ensuring that all tax related transactions under its responsibility are carried out in accordance with current tax laws and best practices.

From a tax perspective, the Company's governance is structured in such a way that management is duly informed about the tax impacts related to all operational and extraordinary transactions, planned and future, in order to ensure that each decision made in tax matters is consistent with TIM S.A.'s Tax Strategy.

The objective is for the CFO - Administrative & Tax Services function to be the area responsible for the study and preparation of plans, supported by tax legal opinions and opinions of external consultants for relevant topics and, following the risk tolerance criteria defined above, lead communications and monitoring with the CFO.

In addition, the CFO - Administrative & Tax Services function is also responsible for handling all matters relating to TIM's tax litigation, whether active or passive, at the administrative or judicial level.

The CFO is responsible for directing the risk and mapped impacts, for information and decision-making purposes of TIM S.A.'s tax strategy. There is also communication to the Board for the purpose of follow up and monitor the Tax Strategy.

TAX BEHAVIOR

TIM S.A. employees and management at all the levels, are bound to inspire their behavior to the “general principles” established by the Code of Ethics, such as honesty, accuracy, transparency, confidentiality, impartiality, diligence, integrity and mutual respect.

The non-compliance to such principles may lead to bring legal proceedings and other measures towards the recipients, according to what is established by the Code of Ethics.

The Top Management informs the managers and all the involved employees about said values and codes of conduct embedded in the tax context, encouraging and conveniently recognizing the virtuous behavior and sanctioning the recognized violations, according to the mentioned “tone at the top” principle.

TRAINING

TIM S.A. trains and supports all employees involved in tax activities, not only restricted to the staff specifically assigned to Tax Department, in order to guarantee that such employees achieve the right competence and experience to facing up to



their responsibilities. In order to achieve the aforementioned purpose, TIM S.A. invests in the employees' professional growth even through specific formation plans.

RELATIONSHIPS WITH TAX AUTHORITIES

TIM S.A. undertakes to establish with the tax authorities relationships inspired to the full transparency and collaboration. In particular, TIM S.A. undertakes to:

- promote a corporate culture inspired by the principles of honesty, precision and respect for tax regulations, ensuring completeness and reliability, as well as knowledge at all levels of the Company.
- provide correct, accurate and precise information and promptly reply to requests and information requests by the Internal Revenue Services;
- promptly solve eventual uncertain tax positions before filing tax returns and, in the event of problems identified later on, adjust the referred tax returns within the period established by the tax authorities.

Finally, reinforcing the commitment to transparency in all the operations conducted by TIM S.A. regarding tax matters, the Company regularly reports on its tax activities and expenses in its Annual Reports, in the following sections:

- Statement of Cash Flows >> Income tax and social contribution paid
- Statements of Income >> Net Revenue, Operating Income, Income before income tax and social contribution
- Statements of Income and/or Notes to the Financial Statements >> Income tax and social contribution
- Notes to the Financial Statements