



July 2022

**BUREAU VERITAS CERTIFICATION**  
**POST-ISSUANCE VERIFICATION STATEMENT**  
**SECOND PARTY OPINION**

**TIM S.A.**

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## INTRODUCTION

Bureau Veritas Certification Brasil ("Bureau Veritas") was engaged by TIM S.A. (TIM) to conduct a verification in the post-issuance phase of a Bond for a defined period in accordance with the requirements demonstrated below.

The technical basis used for this verification was the International Capital Market Association (ICMA) Guideline entitled Sustainability Linked Bond Principles (SLBP), Voluntary Process Guidelines, June 2020.

The scope of the verification is restricted to TIM's business, with the geographic scope being Brazil, as detailed in this Statement.

## CONCLUSION

Based on the verification conducted by us and the evidence gathered, it is our opinion that TIM has demonstrated its ability to generate reliable data regarding its KPIs and SPTs and meets ICMA's Sustainability Linked Bond Principles.

We have concluded that the Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs), described in TIM's Sustainability Linked Bond Framework, are properly managed and perform satisfactorily in relation to the commitments undertaken in the financial transaction, as described in this Statement. TIM has met the Disclosure and Verification requirements defined in ICMA's Guidelines.

## 1. SUSTAINABILITY LINKED BONDS PRINCIPLES (SLBP)

As mentioned in this Statement, our Verification was conducted against KPIs and SPTs, established in the bond issuance, and are aligned with the ICMA Guideline - Sustainability Linked Bond Principles (SLBP).

According to ICMA, Sustainability Linked Bonds (SLBs) are any type of bond instrument whose financial and/or structural characteristics may vary depending on whether the issuer achieves pre-defined Sustainability/ESG targets. In that regard, issuers expressly commit (including in the bond documentation) to future improvements in sustainability outcome(s) within a predefined timeframe. SLBs are a future performance-based instrument.

These targets are (i) measured using pre-defined Key Performance Indicators ("KPIs") and (ii) evaluated against pre-defined Sustainability Performance Targets ("SPTs").

The components checked by us were:

- ✓ Sustainability Performance Indicators and Targets;
- ✓ Disclosure;
- ✓ Verification.

### 1.1 ON THE ISSUANCE OF SUSTAINABILITY LINKED BONDS

To enhance TIM's performance in ESG fronts that are relevant and material to its business and to contribute to positive transformations in society, the Company has contracted private loan operations and/or issued bonds in capital markets (local or international) that are aligned with its sustainability targets.

The first transaction conducted by TIM in this regard was an issue of Debentures for an amount of R\$ 1,600,000,000.00 (one billion and six hundred million reais) with a 7-year term and final maturity in June 2028. This issue specifically contemplated the compliance with two of the SPTs presented in the Framework regarding **(i) data Eco-efficiency and (ii) expansion of 4G coverage**, as per Annex III of the Deed. In the event the company complies with the SPTs on the agreed schedule, rate reductions will apply, which may cumulatively not exceed 0.25% (twenty-five hundredths percent).

## 1.2 ABOUT KPIs and SPTs

TIM has defined the following KPIs and respective SPTs as part of its Framework:

### 1.2.1 Eco-efficiency

The Eco-efficiency KPI in data traffic (bit/Joule) has as a target (SPT) to **increase by 80%** (eighty percent) the Eco-efficiency in data traffic, (bit/Joule) on average/year, by December 2025, compared to 2019 (Baseline).

The ambition was defined in terms of measuring the data and voice traffic of the fixed and mobile networks ( bit) compared to the energy consumption (joule), in all of its existing direct operations ( at baseline), according to the KPI calculated in the year 2019. The scope for the calculation of Eco-efficiency in TIM's data traffic is national.

The Framework defined some relevant exclusion/expurgation situations from the calculation.

### 1.2.2 4G Coverage Expansion

The KPI Expansion of 4G Coverage aims to reach 100% 4G presence in Brazilian municipalities by December 2023.

The ambition was defined in absolute terms, based on the count of municipalities with 4G coverage provided by TIM by the end of 2023 (the metric considers ANATEL's criterion which establishes that a municipality will be considered supplied when the coverage area reaches at least 80% of the urban area of the municipality's main district).

### 1.2.3 Renewable Energy

The Renewable Energy KPI had an associated target of reaching a percentage of 90% renewable energy consumption by December 2025. In 2022 the target was increased to maintain 100% of energy consumption from renewable sources by 2025. The baseline used for the analysis was the year 2019. The ambition was defined in absolute terms (percentage of renewable energy in total energy consumption) for the year of measurement. The scope for TIM's energy consumption is national, taking into account the energy consumption from renewable sources and any I-REC certificates acquired in relation to the total energy consumed by the company, always considering percentages (annualized) at the end of the year.

Although this target was not part of the financial transaction, as described in item 1.3, it was noted that the percentage of 90% of renewable energy consumption was changed for the better, with a target of 100% for the same period (2025) which, in our point of view, is an adequate ambition given the required adequacy of the current energy matrix, proportionally reducing the participation of the energy acquired from the captive market.

## 2. SCOPE AND METHODOLOGY

The scope of this verification covered the analysis of:

- Defined KPIs: Management and performance control against the indicators;
- Application of methodology/metrics for the reliability of KPIs;
- Available resources to meet the established targets;
- Traceability of the data that is included in the targets (accuracy of the data that is included in the KPIs);
- Disclosure of information about the SLB (performance against the targets and the related impact on the financial and/or structural characteristics of the bond).

The review of the performance of the KPIs described in the Company's Framework and attributed to the referred TIM debenture issue, was a key aspect of our verification.

The scope of this verification was Limited, according to the Bureau Veritas internal protocol for verification of Sustainability Bonds. This scope differs from the Reasonable scope because it emphasizes the verification of the adopted systems that allow the generation of reliable data.

## 2.1 TIM AND BUREAU VERITAS' LIABILITIES

The collection of the data analyzed by our team is entirely responsibility of TIM's management. Bureau Veritas is responsible for providing an independent opinion to TIM, in accordance with the scope of work defined in this statement.

## 2.2 LIMITATIONS AND EXCLUSIONS

This verification is restricted to the reliability analysis of the indicators and targets (SPTs) described in this Statement, and there is no analytical responsibility for the other data and indicators presented in TIM's Framework.

It was excluded from this verification any information assessment related to

- ✓ Activities outside the period covered in this Statement;
- ✓ Activities not corresponding to the current scope of the verification.

The verification process brings, due to its Limited scope, some restrictions regarding the identification of mistakes.

Due to the characteristics of the operations and the SLB Principles, we clarify that relevant facts of the company regarding ESG topics, either in the regulatory sphere or in its relationship with stakeholders, do not interfere in our Opinion, since the commitments assumed in SLB operations represent a scope restricted to certain topics that were reviewed by us, which were duly associated with the indicators and targets selected for the financial transaction.

## 2.3 TECHNICAL OPINION

### 2.3.1 Sustainability Performance Indicators and Targets

Regarding the management of KPIs included in the financial transaction, we found that the current system in use by the company was implemented in 2020 and is managed by an independent function competent to do so. The governance of the process is robust, as demonstrated by the ESG indicator system, with a clear definition of those responsible and routines for the collection, consolidation, evaluation, validation and approval of the information processed.

#### ECO-EFFICIENCY :

Regarding the reliability of the data presented by TIM, we found that the information collected to monitor the eco-efficiency target is incorporated into the company's ESG indicator management system, with the raw data of energy consumption (both scope 2-Energy purchased, and scope 1 - Energy from generators and fuel consumption by the operational fleet) recorded by the local units, aggregated through an application developed by the company and then consolidated in the Power Apps - ESG Ambitions Plan system, developed to provide an overview of the monitoring of the ESG plan in a managerial way, along with the results, targets and methodology. This system is powered by the ESG indicator system and the eco-efficiency KPI is automatically calculated from the primary KPIs for energy and data traffic. Additionally, as a double check, the Eco-efficiency spreadsheet was verified, which also converts the information from different sources into the metrics defined for the indicator

We have evidenced the traffic information that is automatically collected through counters of the mobile network elements (voice measured in Erlangs and data in Bytes) and the CDRs for the fixed network (measured in Bytes), managed by the MicroStrategy tool and consolidated by the responsible area, enabling the conversion of the units and sum of the measurements into Gbits.

It can be noted, as shown in the table below, that TIM has already reached the defined target and has even exceeded the 80% increase planned for 2025. The start of 5G network operations brings a performance maintenance challenge, since conceptually 5G networks require higher energy consumption. On the other hand, a significant increase in data traffic is expected, which will be favorable for the performance of this indicator.



It is our understanding that TIM should keep its modernization plan in place focusing on decommissioning the 2G network, sharing infrastructure and consolidating platforms aiming at simplifying architectures.

### KPI ANNUAL PERFORMANCE CHART

KPI / SPT	2019 (baseline)	Result 2021	Target 2025
Eco-efficiency ( <i>bit/Joule</i> )	9.827	19.271* 96%**	>=17.689 (80% increase)

\* checked in TIM indicator system

\*\* published on page 52 of the 2021 ESG Report

#### 4G PRESENCE:

The source of the information to calculate the indicator related to the massification of **4G presence** (determined by the ratio between the number of municipalities served by TIM with 4G technology and the total number of Brazilian municipalities) originates from data released by Anatel on 4G coverage. The number of existing Brazilian municipalities is published on official government and IBGE websites (in 2022 there are 5,570 municipalities in Brazil: Source <https://cidades.ibge.gov.br/brasil/panorama>). Like the other indicators, this one is consolidated by an independent and competent function, and periodically disclosed by the company.

The entire system of data calculation and consolidation was verified in order to consider that there is a robust and reliable data management.

The consideration of the coverage area for new projects is based on the equipment installed and its capabilities. The demonstration can be done by the "coverage area" indicated in GUITAR (modeling system).

For the new projects that are being implemented, there is a registration in the NetFlow system and PMO portal, in order to consider the sites that come into operation and their capacity to serve the municipalities already mapped.

We have verified the update database of the municipalities, demonstrating the project parameterization and the clearance / qualification of the municipalities from the activation of the sites eligible for monthly increments.

This control is consolidated in a report (Municípios TIM Brasil) where it is possible to manage the number of municipalities cleared and the data generation for that particular KPI.

Finally, this is a subject that can be verified from ANATEL's point of view, being linked to the compliance with regulatory requirements.

As shown in the table below, TIM's KPI target has evolved year by year. It is our opinion that the progress made so far, associated with the implementation model and project management, provides assurance regarding the ability to achieve the final goal.

#### ANNUAL PERFORMANCE CHART OF KPI Expansion of 4G Coverage

KPIs	2017	2018	2019	2020	2021	2023***
4G Coverage (Municipality)	3003	3272	3477	3877	4715*	5570
% Coverage	54%	59%	62%	70%	85%**	100%

\* checked in TIM indicator system

\*\*published on page 58 of the 2021 ESG Report

\*\*\* target committed in the Debenture transaction

### 2.3.2 Bonds Characteristics

The first transaction conducted under the Framework was an issue of simple, non-convertible, unsecured debentures in a single series of TIM S/A ("Debentures") that provides for a rate adjustment of up to 25bps if the issuer meets two of the three KPIs and SPTs presented in the Framework, as per the Annex of such document.

We have evidenced that the calculation of the selected SPTs (targets) may exclude the effects of certain material changes in applicable laws or regulations or atypical activities of the company, which may be analyzed in each relevant situation, according to the terms and conditions of the bond.

### 2.3.3 Disclosure

According to TIM's statement in its Framework, the disclosure of KPIs and SPTs will be made through the ESG Report and other company media channels.

It was verified in the 2021 ESG Report published on April 1 on TIM's IR website, the disclosure of the performance in the period, referencing the KPIs and SPTs. The ESG Report was verified in Limited Scope by independent verification company.

### 2.3.4 Verification

TIM has stated in its Framework that it will submit the KPIs/SPTs to independent verification on an annual basis until the end of the Debenture transaction. This verification is the first post-issuance performance review of the indicators and targets associated with the Debenture transaction.



## 2.4 DECLARATION OF INDEPENDENCE AND IMPARTIALITY

Bureau Veritas is an independent professional services company expert in Quality, Environmental and Sustainability management systems, among others, with more than 85 years of experience in independent verification services.

Bureau Veritas has a quality management system, certified by a third party, according to which it keeps documented policies and procedures for compliance with ethical, professional and legal requirements.

The verification team has no link whatsoever with TIM and is conducting this verification independently.

Bureau Veritas has implemented and applies a Code of Ethics throughout its business to ensure that its employees meet the highest standards of ethics, integrity, objectivity, confidentiality and professional competence/behavior in their day-to-day activities

## CONTACT

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