

CLIMATE CHANGE MANAGEMENT

PREMISE

The TIM Group in Brazil considers the climate change issue strategic to the business continuity and value creation. The company monitors its greenhouse gases (GHGs) emissions, through its GHGs inventory, seeking to anticipate the challenges that the theme brings and the growing demand of society for a more sustainable position. The inventory can be understood as a management tool of the company's emissions that allows to understand the emissions profile and its polluting main sources. The climate change management issue in the business sphere, besides being a best practice, can identify risks and opportunities for adaptation to extreme climatic events and encourage the creation of solutions that seek to mitigate GHG emissions and improve the company's efficiency and its customers.

ADDRESSEE

The document applies to all companies of the TIM Group in Brazil, including the Instituto TIM (TIM's Institute).

OBJECTIVE AND SCOPE

Establish principles to be applied in the activities of the companies of the TIM Group in Brazil with the objective of promoting the proper and efficient management of its greenhouse gases emissions, especially regarding climate change, in accordance with current legislation, regulatory agencies and the guidelines of the Telecom Italia Group.

GENERAL DESCRIPTION OF PROCESS AND RESPONSIBILITIES

In pursuit of responsible and more sustainable management, TIM is engaged to combat climate change and is committed to the following principles:

- Ensuring legal compliance;
- Pursuit for energy efficiency and use of renewable energy sources, whenever economically viable;
- Pursuit for efficiency use of network resources through sharing agreements and energy efficiency initiatives;
- Research and Development (R&D) Incentives and technological innovation;
- Pursuit for more efficient services;
- Continuous improvements in emissions management;
- Pursuit for process optimization and efficiency in use of resources;

- Development of a company's Emission Compensation Strategy to carry out studies and project selection to compensate GHG emissions through the purchase of carbon credits;
- Training and engagement internal and in the supply chain;
- Analysis of GHG emissions in the selection and development of suppliers and service providers;
- Regular disclosure of information about the corporate management of climate change;
- Conduct studies of climate risks and vulnerabilities to the company's activities to assess adaptation and mitigation scenarios to climate change and identify business opportunities;
- Establishment of variable remuneration associated to the management or reduction of GHG emissions.

TIM recognizes its contribution share to the global impacts and, that its operations and business lines are exposed to risks arising from climate change. At various stages of its activities – equipment operation, transportation of products, employees' commuting – there is fuel and energy consumption, which consequently emits, directly or indirectly, greenhouse gases (GHG).

TIM therefore considers the issue of climate change as strategic for business continuity and value creation, being essential for the well-being of society to implement mitigation and adaptation measures. As part of its commitment to society in the combat climate change, TIM performs periodic mapping the sources emitting its activities and is also engaged to giving transparency in the reporting of its emissions and initiatives, to continue seeking improvements in the mapping of its emissions, direct and indirect, concentrating its efforts on strengthening the relationship and engagement with its employees and suppliers.

TIM believes its employees play a central role in effectively managing the company's emissions and efficient use of resources, enabling the company to offer its customers innovative, high-quality services joint with reducing its impact on the environment.

TIM also seeks to engage its suppliers in combat climate change with the objective of raising awareness and encouraging them in the mapping and management of their emissions, contributing to a more detailed quantification of their indirect emissions, a carbon footprint reduction associated with its service and to find innovative and less emission-intensive solutions. In addition, the company seeks participation in forums and external discussion groups that have the objective of discussing and proposing best practices regarding climate change.

The theme of climate change is the responsibility of the Regulatory, Institut. And Press Relations - Environmental, Social & Governance – Corporate Social Responsibility, which has the attribution of monitoring and general orientation of the topics related to Sustainability in TIM.

GLOSSARY

- **Adaptation:** initiatives and measures to reduce the vulnerability of natural and human systems to the current and expected effects of climate change.
- **Compensation:** aims to minimize the impact of emissions generated by the production of inputs and/or services that could not be reduced or avoided. Compensation can be made through the purchase of credits in the carbon market (mandatory or voluntary). Can be considered projects to reduce emissions outside the organization's operations (E.g.: landfill gas recovery or avoided deforestation (REDD) or carbon sequestration projects (E.g.: reforestation projects in own or third-party areas).
- **Companies of the TIM Group in Brazil:** TIM Participações S.A. ("TPART" or "Company") and company controlled by TPART, TIM S.A.
- **Greenhouse gases (GHG):** set of gases designated as responsible for climate change and which gather the following gases: Carbon dioxide (CO₂); Methane (CH₄); Nitrous oxide (N₂O); Hydrofluorocarbons (HFCs); Perfluorocarbons (PFCs); Sulfur hexafluoride (SF₆); Nitrogen trifluoride (NF₃).
- **Macro process:** set of high-level processes that the company adopts to organize its business, to achieve its purpose and reach its strategic objectives, aiming at obtaining and maintaining a competitive advantage.
- **Mitigation:** human intervention to reduce emission sources or strengthen sinks of greenhouse gases.
- **Climate Change:** it can be directly or indirectly attributed to human activity in altering the composition of the atmosphere and that is added to that caused by the natural climatic variability observed over comparable periods. In this policy we deal with climate changes caused by anthropic (human) actions. The increase in greenhouse gases concentrations in the atmosphere causes an increase in the global temperature at the Earth's surface, which contributes to the occurrence of extreme weather phenomena and other consequences (heavy rains, floods, melting of the polar caps, rising sea levels, others) or climate changes.
- **Carbon Footprint:** is a greatness that presents the specific emissions of greenhouse gases (GHG) of a product or service throughout its life cycle. Calculating the Carbon Footprint of a product or service means knowing all the GHG emissions in its macro processes that consider customers, partners, suppliers, among others involved, that is, the emissions that have occurred since the extraction, production and transportation of the raw materials, energy used, transportation of the product, storage and finally disposal (in dumping ground, landfills or incinerators).