

Management Remuneration Policy

TIM S.A

TIM S.A. MANAGEMENT REMUNERATION POLICY

I. INTRODUCTION

TIM SA's Management Remuneration Policy is an instrument that aims to establish the rules and principles to define and evolve the compensation of the members of the Board of Directors, Advisory Committees, Fiscal Council and Statutory Board in a competitive way and in accordance with market practices, in order to attract, engage, recognize and retain the human resources necessary to achieve the Company's strategic objectives, always respecting the corporate governance requirements for companies listed in the stock exchange in Brazil.

The resulting remuneration architecture must balance the remuneration (fixed and variable) and enhance the benefits system, aiming at long-term sustainable results to TIM S.A.

II. ROLES AND RESPONSIBILITIES

In the organizational structure of TIM SA, and in the form of the Internal Regulation of the Board of Directors approved on July 29, 2020 and updated on September 28, 2020, there is a specific committee to deal with the topic of remuneration of the Company's Management, the Compensation Committee, which is composed of 3 effective members of the Board of Directors. This Committee is not statutory, but it has a permanent character and, as main competences, the following:

- a) prepare for the Board of Directors the proposal the distribution of the annual global amount of compensation established by the Company's Shareholders Meeting among the Company's Directors;
- b) submit a proposal to the Board of Directors for the remuneration of the Directors in a way that ensures its alignment with the objective of creating value for the Company's shareholders over time;
- c) periodically evaluate the remuneration criteria of the Company's Directors and top executives and, after consulting the Chief Executive Officer, formulate recommendations to the Board;
- d) monitor the application of the decisions taken by the competent organs and the Company's policies regarding the remuneration of top executives; and
- e) analyze other matters related to the remuneration of the Company's members, as delegated by the Board.

Also, in the form of the Internal Regulation, the Committee must report to the Board of Directors on its monitoring and evaluation activity and also, in relation to items (a) and (b) above, the Committee must report to the Board, before the Meeting of the Board of Directors held after the Annual Shareholders' Meeting.

The Management's compensation programs and levels are suggested to the Compensation Committee by the Human Resources & Organization Officer, based on the current compensation strategy. When making its recommendations, the Human Resources & Organization Officer takes into account the Company's challenges, individual performance, market compensation surveys and the competitive context, as well as other aspects such as retention risks, skills and knowledge, experience and potential of each executive. The Human Resources & Organization Officer may occasionally use specialized external consultants to support technical issues.

In addition to the powers set forth above, such Compensation Committee may also assist the Board of Directors in relation to the functions delegated to it.

TIM SA has its Compensation Practices (Long-Term Incentive Plan, Short-Term Incentive Program – MBO “Management By Objectives”, and Management Compensation) approved annually by the Board of Directors, after having been examined and recommended by the Compensation Committee.

It is a responsibility of the Board of Directors to forward the proposal for the maximum global management compensation for approval at the Company's Shareholders Meeting, as well as to define the distribution of the annual global budget approved for the Directors of the different bodies and for the Chief Executive Officer, who is responsible for the distribution of the annual global budget approved for the other Statutory Directors, with the support of the Human Resources & Organization Officer.

III. REMUNERATION COMPOSITION

III.1. Board of Directors

The compensation practice includes the payment of fixed monthly fees, with no direct and indirect benefits or short and long-term incentives being applied.

The members of the Board of Directors do not have different fees among themselves for exercising this position, with the exception of the Chairman of the Board. It is also noteworthy that Board members may have their total remuneration at the Company differentiated according to their participation or not in advisory committees, which have a specific monthly remuneration, described below.

The compensation of the Board of Directors is revised annually, through comparative analysis with market practices, supported by specialized surveys. Based on the result of these analyses, a compensation adjustment is proposed or not by the *Human Resources & Organization Officer*, which is first presented to the Compensation Committee which, after its evaluation, recommends the adjustment to the Board of Directors, always respecting the maximum limits approved at the Shareholders' Meeting.

III.2. Board of Directors Committees

The Company has specialized committees, which report to the Board of Directors, namely: Compensation Committee, Control and Risk Committee, Statutory Audit Committee and ESG (Environmental, Social & Governance) Committee.

Fixed monthly remuneration is provided for effective members participating in committees, which is also revised annually as part of the process described above. Fees for participating in committees are defined based on market practices and may differ between committees and according to the role of the Board member (Coordinator or Member of the Committee).

III.3. Fiscal Council

The compensation practice includes the payment of fixed monthly fees, with no direct and indirect benefits or short and long-term incentives being applicable.

The members of the Fiscal Council do not have different fees among themselves for exercising this position, with the exception of the Chairman of the Board.

The remuneration is revised annually, through comparative analysis with market practices, supported by specialized surveys. Based on the result of these analyses, a compensation adjustment is proposed or not by the *Human Resources & Organization Officer*, which is first presented to the Compensation Committee which, after its evaluation, recommends the adjustment to the Board of Directors, always respecting the maximum limits approved at the Shareholders' Meeting.

III.4. Statutory Board:

The total compensation of the Statutory Board is composed of five elements:

III.4.1. Fixed Remuneration:

Its purpose is to recognize and reflect the breadth of scope and the value of the position internally and externally, as well as the executive's individual performance, experience, education and knowledge.

III.4.2. Benefits:

Its objective is to offer products and services that increase the well-being of individuals and their families in economic and social terms, reflecting over the value perceived by executives, aiming to attract and retain them in the Company.

III.4.3. Variable Compensation:

Reward the achievement and overcoming of the Company's goals, in line with the budget, strategic planning and market practices.

Through this instrument, the goal is to reach/exceed the organization's targets and objectives defined in the three-year industrial plan presented to the market.

The variable component is subdivided into three groups, namely:

III.4.3.1. Short Term Incentive

The MBO – Management By Objectives – is a short-term variable compensation program, based on the concept of profit sharing, linked to strategic indicators for the Company's business, containing both corporate and functional goals and objectives (for each department).

III.4.3.2. Bonus (una tantum)

The Bonus is an instrument based on valuing individual performance, which can be used to recognize the executive's outstanding performance, as well as reward initiatives results and specific and relevant projects to the Company.

III.4.3.3. Long Term Incentive

TIM S.A.'s long-term incentive plan is based on shares and aims to: (i) align the interests of top management with the interests of shareholders, through participation in the business risk; (ii) implement an integrated incentive system, in order to balance the time horizon and the nature of the objectives; (iii) increase the competitiveness of the recognition package and (iv) operate as an instrument to retain key people for the Company.

III.4.4. Hiring/Retention Bonus

The company, when analyzing the market conditions, context and business challenges and in order to ensure business continuity and achievement of the strategic plan, may offer the payment of one-off bonuses to ensure the hiring and/or retention of key executives. In the specific case of hiring bonuses, this modality aims to enable the realization of more attractive offers to external candidates and to minimize occasional losses that may exist in the transition between companies.

III.4.5. Severance Payment

Refers to amounts and conditions, of a legal or complementary nature, to be paid in the event of the end of the term or termination of the employment relationship with the Company.

IV. DEFINITION OF REMUNERATION LEVELS

The definition of the structure and remuneration amounts is supported by the analysis of market practices, mainly in the high technology and telecommunications market, as well as

companies that have similar size and governance characteristics (they are part of the Novo Mercado of Brazil's Stock Exchange, or listed on the New York Stock Exchange, etc.) being updated annually in line with market movements and the Company's strategic planning.

The methodology foresees the analysis of the remuneration practiced by the market (whether fixed, variable, benefits, remuneration for participation in committees, etc.), considering reference companies and surveys carried out by companies specialized in remuneration (Korn Ferry Hay Group, Willis Towers Watson, etc). The comparisons take into account the different statistics available (median, mean, 3rd quartile, etc).

The Total Compensation considers the importance of the occupant's role within the organizational structure, based on the market parameters, identified in specialized market surveys. The Fixed Remuneration, Variable Remuneration and Benefits elements are weighted by the job evaluation and matching of the positions.

IV.1. Fixed Remuneration

Fixed remuneration consists of the payment of 12 annual installments, plus the 13th salary and vacation for the Statutory Officers who are governed by the CLT (Brazilian type of employment contract).

The definition of the fixed reference remuneration to support the definition of the individual remuneration of each member of the Executive Board is based on the "weight" of the position, according to the Hay methodology.

The definition of individual remuneration, as well as its periodic adjustment, mainly take into account its previous remuneration, the criticality of the position, the performance and the achievement of established goals, the need to retain, the internal equity (including that of gender and race) and the comparative analysis with the market, through salary surveys conducted by specialized consultants and the competitive context.

IV.2. Benefits

The benefits package for each member of Top Management considers the importance of the occupant's role within the organizational structure, based on the Total Compensation market parameters identified in specialized market surveys.

The Company seeks to offer a package of benefits to Top Management that is broad and capable of covering the different dimensions of well-being, with eligibility criteria that can be specific or related to the grade and position of the occupant. The benefits evolve according to market practices and Collective Labour Agreement (Brazilian legal work document), as well as the evolution of people's expectations and needs. Some examples of benefits offered by the Company are: private pension, extended maternity, extended paternity and marriage leave, health plan, dental plan, life insurance, childcare assistance, and food/meal voucher.

The Company also offers executives the opportunity to customize their benefits package in a way that best meets their needs through a flexible benefits platform.

IV.3. Variable Compensation

IV.3.1. Short Term Incentive

For each MBO – Management By Objectives - participant, a target value is defined based on a salary multiple and its amount considers the importance of the occupant's role within the organizational structure, based on the Total Compensation market parameters, identified in the specialized surveys market.

The program structure is divided into Corporate Objectives and Functional Objectives that have the following definition:

- **Corporate Objectives:** macro-objectives of the Company, with high strategic relevance, which depend on the collective efforts of all Company employees to achieve them.

These objectives are proposed annually by the Company's management, in accordance with the challenges of the Industrial Plan, and approved by the Board of Directors, upon recommendation by the Compensation Committee.

The performance indicators that are taken into account in determining the incentive plan's corporate objectives are the main financial and operational indicators and ESG indicators, reassessed and validated annually, always in line with the objectives presented to shareholders for the Triennial Plan.

- **Functional Objectives:** specific objectives of one or more departments, whose results depend heavily on teams involved. They must directly contribute to the achievement of corporate targets.

After defining the Corporate Objectives, the Chief Executive Officer approves the Functional objectives of each department that will support the achievement of corporate objectives. Examples of Functional, objectives such as: Opex of Responsibility, Net Adds, Bad Debt, Customer Satisfaction Indexes, delivery of various projects (systemic implementations, expansion of telecommunication network, etc), among others.

Each objective is assigned a weight and three target levels, which correspond to 3 pay levels (currently set at 50%, 100%, and 150%). All goals are paid individually and eligibility triggers may apply.

Objectives that do not reach the 50% minimum target do not generate payment and those that reach more than the maximum target have their payout limited to 150%.

IV.3.2. Bonus (una tantum)

The application of this instrument is defined in a salary multiple, whose payment amount may vary according to the individual's performance level or according to the financial/qualitative return for the company from strategic projects and initiatives,

weighting by the degree of relevance of the participation/contribution of the executive to its results.

IV.3.3. Long Term Incentive

For each participant, a target value is defined based on a salary multiple, which is converted into a target number of shares. Its amount considers the importance of the occupant's role within the organizational structure, based on the Total Compensation market parameters, identified in the specialized market surveys.

The Long-Term Incentive Plan establishes general terms and conditions for the granting of shares of the Company, by top managers and those employees who occupy key positions in the Company, as approved by the Board of Directors and recommended by the Compensation Committee, based on the proposal of the CEO and the Human Resources & Organization Officer.

The Long-Term Incentive Plan ("Plan") mix the combination of two modalities: Restricted Shares, subject to the participant's permanence in the Company, for a certain period, and Performance Shares, subject to the achievement of specific objectives and the permanence of the participant in the Company for a certain period. Performance objectives are linked to economic/financial indicators and/or stock performance metrics (example: Total Shareholder Return). The number of shares may vary, up or down, as a result of performance and eventually the granting of dividends, considering the criteria provided for in each Grant.

The Incentive Plan is valid for 3 years and is governed by a specific regulation approved at the Shareholders' Meeting. Prior to submitting the analysis and approval of a new Plan, a market analysis is carried out to assess the need to update the current rules, considering the Plan's typology, eligibility criteria, general rules and the impact

The shares granted under the terms of the Plan, including those already granted or not, and discounted those canceled, are limited to a percentage of the total number of shares issued by the Company during the term of the Plan, defined in the Plan's regulation and approved by the Shareholders' Meeting. The administration of the Plan is incumbent upon the Board of Directors, which may delegate the attributions it specifies to the Compensation Committee, subject to the terms of the Plan and the limits provided for by law and in the Company's Bylaws.

IV.4. Hiring/Retention Bonus

The bonus amount is defined as an number of annual salaries, in line with market practices and proportional to the required retention period. In the case of contract bonuses, it may also vary depending on the particularities and specific conditions involved in the negotiation between the parties.

IV.5. Severance Payment

The severance payments of a legal nature are calculated and paid by the company in accordance with current and applicable legislation for each type of termination. Any additional amounts and severance conditions are defined based on market practices, considering the different termination modalities. Factors that affect this definition are also the position involved, the Executive's time in the Company, the context and conditions under which terminations are being carried out.