

2015 SUSTAINABILITY REPORT



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OUR PROFILE

[G4-3, G4-4, G4-5, G4-6, G4-7, G4-8, G4-9]

As the first operator in Brazil to have a nationwide presence, innovation is in TIM's DNA. The company has always driven changes and will continue along this path, as evidenced by its new portfolio launched at the end of 2015. TIM was the first to invest in new offer formats, such as charging for the use of voice and mobile Internet on a per day basis or through monthly plans paid with credit card. The company also took the lead by eliminating the differentiated charging of calls to other operators. TIM will continue working towards the expansion and improvement of its network, to provide more quality to individual and corporate customers, in addition to increasing benefits and offering more affordable rates.

TIM Participações S.A. is a holding company, with shares traded on BM&FBovespa (São Paulo's stock exchange) and on NYSE (New York Stock Exchange). TIM is the only company in the telecommunications industry listed on BM&FBovespa's "Novo Mercado" – considered the highest level of corporate governance – and is also part of the Corporate Sustainability Index (ISE) and the Carbon Efficient Index (ICO2).

TIM is based in Rio de Janeiro and employs 13.7 thousand people in all regions of Brazil. Its quality-oriented services include mobile, fixed and long distance communication, as well as data transmission. The company achieved the leadership in 4G coverage in Brazil. TIM also provides extensive data coverage in the country, based on a robust 3G network reaching more than 82% of Brazilian urban population. Our customers can count on more than 450 network agreements for international roaming available in almost every country across the six continents.

In a conjuncture influenced by a series of macroeconomic challenges that affect growth,



**Leadership in
4G coverage**



+82%

**of the urban population
with 3G coverage**



13.7

thousand

**employees in all
regions of Brazil**

unemployment and inflation, TIM generated R\$ 25.8 billion in gross revenues, with annual negative variation of 12.1%. The company's net equity was R\$ 16.9 billion and the amounts of current and non-current liabilities totaled R\$ 2.3 million and R\$ 5.6 million, respectively. Read more information about TIM's economic performance in Taking care of business.

**For the eight year in a row,
TIM integrates the Corporate
Sustainability Index (ISE)
created by BM&FBovespa.**

CHAIRMAN'S LETTER

[G4-1]

EVOLVING IS DOING THINGS DIFFERENTLY

The year 2015 saw a macroeconomic conjuncture in continuous deterioration, affecting the exchange rate, inflation and growth, both for the company and the industry. Total customer base dropped for the first time after years of continued growth. We also saw the accelerated replacement of voice service by the use of data, an increase in the use of messaging applications and reduced use of multiple chips and the community effect by customers in the prepaid segment.

Faced with this scenario, we focused on the implementation of our planning to protect TIM's financial position, despite a year of lower revenues and operating margin. We reduced the mobile device sales volume, and eliminated the differentiation between calls from our network to others. In addition, we reversed the numerical portability balance with other operators, which became positive in all offer segments. Except for interconnection revenues, which further declined due to regulated fees, we managed to stabilize the revenues generated by our customers.

As the telecommunications industry and the country go through a transition period, we intend to redefine our relationship with customers, with fewer promises and more facts: we want to hear from consumers and provide honest and reliable answers. From this view of the future, TIM repositioned its brand and renewed its purpose as a company with regard to quality, offer innovation and customer experience.

For the 2016-2018 period, we have planned the same level of investment of the previous plan, which amounted to R\$ 14 billion. Our focus on infrastructure and efficient development is determinant to achieve growth and improve customer experience. We attained leadership in 4G coverage and featured voice and data performance indicators above the quality goals set by Anatel¹.

²Brazilian Telecommunications regulatory agency.

We led the process of sharing mobile communications infrastructures in Brazil, bringing efficiency gains from investments, deadlines for network development, sustainability to the industry and environmental preservation, reducing the need to build new towers.

Our work on sustainable development and social responsibility was recognized by the inclusion of TIM for the eighth year in a row in the BM&FBovespa's Corporate Sustainability Index and, for the sixth consecutive year, in the Carbon Efficient Index (ICO2).

Our Social and Environmental Responsibility Policies are based on the ten principles of the UN's Global Compact, commitment to which TIM has been signatory since 2008. We also reinforced the principles set out in the Code of Ethics and Conduct and in the Anti-Corruption Policy. As such, this report serves as the company's Communication on Progress (COP) regarding the application of those principles.

This set of commitments and policies is part of our corporate governance structure, based on a culture of responsibility, control and accountability that has made TIM the only telecommunications operator listed on the BM&FBovespa's Novo Mercado.

I invite everyone to learn about TIM's sustainability goals and achievements described in this report. I thank our collaborators and partners who have worked hard to achieve these results.

Franco Bertone
Chairman TIM Brasil

"We want to hear from consumers and provide honest and reliable answers."

ABOUT THIS REPORT

[G4-17, G4-28, G4-29, G4-30, G4-31, G4-32, G4-33]

This is TIM's eighth sustainability report, developed according to the guidelines of the Global Reporting Initiative (GRI), version G4, Core option. For the period of 2015 (January 1 to December 31), the reporting of indicators comprises activities of TIM Participações S.A. in Brazil, including its two subsidiaries – TIM Celular S.A. and Intelig Telecomunicações Ltda.

Throughout this report, TIM seeks to be accountable to society for its actions, results and commitments in the economic, social and environmental aspects for the year 2015 and, where applicable and for comparison purposes, presents the historical series of the previous year. We demonstrate our performance through the 46 indicators reported and through our management practices. The last report for the year 2014, published in 2015, comprised 65 indicators. The decrease in the number of indicators reflects the effort to provide a more concise report, in line with the GRI G4 Guidelines, with increased focus on material topics to the business and our stakeholders.

TIM discloses the sustainability report on an annual basis, as part of its sustainability practices. TIM believes that this practice strengthens its mission of connecting and caring about each one so that everyone is able to achieve more. As in previous years, [Our values](#) served as a basis for structuring this report.

To learn more about our sustainability initiatives, go to www.tim.com.br/sustentabilidade. Queries, suggestions or comments on the content of this report can be sent to respsocialcorp@timbrasil.com.br.

The information contained in this publication has been audited by KPMG, based on limited assurance, according to statement on page 76.



“Throughout this report, TIM aims to be accountable to society for its actions, results and commitments within economic, social and environmental aspects.”

MATERIALITY

[G4-18, G4-19, G4-22, G4-27]

The company's first materiality test was undertaken in 2008, and since then we're working on improving the process of building our materiality, which involves identifying critical topics that are essential for managing the company, its corporate strategy and its positioning on sustainability. The second materiality test was undertaken in 2011. This included the company's first stakeholder panel, which involved consultations with representatives of the main stakeholder groups at TIM (employees, suppliers, commercial partners, customers and public authorities). The material topics compiled in this consultation guided the communication of the company's progress in social, environmental and economic affairs. The following year, with the introduction of the Engagement Policy, the company defined principles for dialogue with and involvement of its stakeholders.

At the beginning of 2014, a third materiality test was conducted based on GRI guidelines version G4. As internal perspectives, the 2014 TIM materiality matrix took into account: consultations with employees via face-to-face dynamics and online surveys; face-to-face interviews with senior executives; and the analysis of strategic internal documents (policies and guidelines). The 'Relations and impacts' face to face dynamics involved the participation of key personnel of 11 areas of the company, and its main outcome was the Stakeholder Map, presenting TIM's stakeholder groups and their impacts on the business. From this map, TIM selected stakeholders to participate in the external perspective stage, which included online consultations with customers, commercial partners and suppliers, and an interview with a representative of the Ministry of Communications. The process also counted with the analysis of internal policies and procedures, as well as comparative studies with other companies in the industry.



The list below features the nine topics considered material, which are addressed in this report and taken into account for managing sustainability.

- **Customer satisfaction and service quality**
- **Incentives for innovation applied to products and services**
- **Transparency and accountability to stakeholders**
- **Ethical conduct in business**
- **Digital inclusion**
- **Dialogue and communication with stakeholder groups***
- **Managing electronic products***
- **Investment in infrastructure and development of new technologies**

**For better understanding of the material topics, TIM joined "Communication between the company and its stakeholder groups" and "Dialogue with stakeholder groups." In the topic described as "Managing electronic products," the term "waste" was substituted with "products."*

In addition to the aspects related to the topics above, the company kept monitoring and reporting other GRI aspects and indicators considered relevant to accountability and aligned with its culture of transparency.

IMPACTS WITHIN AND OUTSIDE THE COMPANY

[G4-20, G4-21]

MATERIAL TOPICS	GRI G4 ASPECTS	INDICATOR LIMITS	LEARN MORE IN
Customer satisfaction and quality services	Customer privacy Product and Service Labeling	Internal and External	Taking care of customers
Incentives to innovation applied to products and services	Energy	Internal and External	Taking care of the environment
Transparency and accountability to stakeholders	Materials Water Emissions, Effluents and Waste Procurement Practices Labor practices and decent work Human rights Local communities Biodiversity Indirect economic impacts	Internal and External	Taking care of people Taking care of society Taking care of the environment
Ethical conduct in business	Compliance Anti-competitive behavior Anti-corruption Public Policy	Internal and External	Corporate Governance Taking care of the environment
Digital inclusion		External	Taking care of society
Dialogue and communication with stakeholder groups	Marketing communications Stakeholder engagement	Internal and External	Taking care of society Legal compliance
Electronic product management	Products and Services	External	Taking care of the environment
Investment in infrastructure and development of new technologies	Economic Performance	Internal and External	Taking care of business

COMMITMENT

Our goals
Corporate Governance

The telecommunications industry and the country are going through a new transition period that requires new approaches to overcome its challenges. The telecommunications industry and the country go through a new transition period that requires new approaches to overcome its challenges. TIM aims to redefine the relationship between customers and operators: with fewer promises and more facts, by hearing the consumer's desires and wishes and responding with honesty and truth.

To this end, the company realized the need to reposition its brand based on this new context. For TIM, quality, offer innovation and customer experience were the main drivers of this change, which led the company to restate its vision of the future and renew its Purpose with regard to people.

OUR MISSION

Connecting and caring about each one, so that everyone is able to achieve more.

OUR VISION

- We are constantly evolving and innovating in all aspects.
- We fulfill our promises.
- We take care of our customers respectfully and efficiently.
- We make continuous investments in a competitive and up-to-date infrastructure.
- We offer user-friendly and quality services and plans.
- We lead the transformations in the industry.
- We are sustainable and add value to our shareholders, customers, collaborators and stakeholders.

OUR VALUES

Customer care

- We ask legitimate questions to find out what customers truly want.
- We listen carefully and curiously to what customers have to say.
- Our decision making process takes heavily into account our customer's experience.
- We are proud to have a positive impact on the lives of our customers.

Transparency

- We establish clear and true relationships with everyone.
- Transparency and integrity in our actions build trust.

Innovation

- We innovate by finding new ways to do things.

- We rely on creativity to go further.

Commitment

- We are responsible.
- We recognize we are part of a broader common project.
- We collaborate by investing our talent and effort in each and every action.

Agility

- We make "more", "better" and "faster" in an increasingly complex and dynamic world.
- We plan decide and execute quickly, making things easier for everyone around us.

PRINCIPLES OF SUSTAINABILITY

TIM believes its strategies, goals and results should be aligned with its stakeholders' expectations, in order to ensure business longevity. The company groups its stakeholders in eight categories: customers, suppliers, competitors, institutions, the environment, community, human resources and shareholders.

Based on the concept of the triple bottom line, TIM manages sustainability in the following three dimensions:

Economic Sustainability

Is aimed at maintaining and increasing capital, balancing value generation with societal demands.

Environmental Sustainability

Requires responsible management of natural resources (raw materials and energy) and the waste generated by company production processes in order to ensure balance in the ecosystems.

Social Sustainability

Seeks to ensure fairness and equality between people by respecting human and civil rights, ensuring access to development opportunities and participation in decision making. This is related to both current needs and those of future generations.

POLICIES

In addition to these principles, TIM counts on a set of regulatory policies and documents, such as the Code of Ethics and Conduct, which guide the company's practices and actions on different subjects. TIM believes that complying with such tools to fulfill the commitments undertaken with its stakeholders translates into responsible management. The full versions of some of the policies highlighted below can be found on the [investor relations](#) site.

Social Responsibility Policy

Reports our guidelines on matters such as health and safety, diversity, child labor and slave or forced labor, freedom of association and the right to collective bargaining, discrimination, psychological and sexual harassment, working hours and remuneration.

Environmental Sustainability

Establishes principles aimed at fostering continuous improvement in environmental performance. This includes compliance with existing legislation, with the requirements of regulatory authorities and with the directives of the Telecom Italia Group, reinforcing the company's commitment to sustainable development.

Climate Change Management Policy

Comprises principles to be applied to TIM's activities with the goal of promoting proper, efficient management of greenhouse gas (GHG) emissions, complying with existing legislations, regulatory authorities, and the guidelines of the Telecom Italia Group.

Safety and Occupational Health Policy

Establishes principles to be applied to all our activities in Brazil, aimed at promoting continuous performance improvement in safety and occupational health initiatives, in compliance with existing legislations, regulatory authorities, and the guidelines of the Telecom Italia Group, reinforcing TIM's commitment

to preventing occupational diseases and accidents in its companies in Brazil.

Free Market Defense Policy

This document is aimed at informing employees and workers of the principles concerning fair competition in Brazil. Thus, professionals, in particular those who deal with external stakeholders, are apprised of antitrust legislation and of the activities of the authorities responsible for its application in Brazil, being able to identify and avoid breaches of laws and standards.

Related-Party Transaction Policy

Established in 2013, this policy sets forth the guidelines and procedures to be followed by TIM companies in Brazil with respect to transactions with related parties. The policy prohibits transactions between private individuals or companies that have any link with each other that may characterize a relationship of dependence or control. In accordance with the law, no special favors may be granted in these operations.

Relations with Suppliers in a TIM Purchasing Process

In Brazil TIM adopted measures to establish a more efficient purchasing process, aimed at reducing costs, while maintaining quality and excellence and ensuring social and environmental responsibility in the goods and services acquired. Additionally, purchases should be made within technical specifications, should involve supplier qualification assessments and should be priced competitively. Similarly, suppliers are expected to behave ethically, respecting freedom of association, the right to collective bargaining and diversity, combating discrimination and harassment, as well as having proper monitoring and control systems in place.

Engagement Policy

This policy is aimed at guiding and encouraging company employees to stimulate dialogue and increase the involvement of TIM's main stakeholders, promoting engagement initiatives and encouraging the multiplication of these actions in their spheres of influence.

Marketing Communication Policy

Aims to align TIM's marketing communication actions and projects with its Purpose and sustainability principles. This process should be conducted responsibly and transparently, minimizing risks in the company's commercial activities and respecting the self-regulatory codes of the industry and the legislation, as well as incorporating guidance from recognized and respected authorities.

Corporate Risk Management Policy

Published in 2013, this document is aimed at defining a methodology to enable production of a standardized process for risk management, as a reference for the analysis, assessment, treatment and provision of information on risks in the company.

Anti-corruption Policy

Approved by the Board of Directors in 2013, the Anti-corruption policy includes global anti-bribery rules that prohibit offering, paying, asking for or accepting advantages or favors of any nature, and ensuring employees are aware of how they should act in such situations. Learn the mechanisms to control and apply the policy in [Ethics and transparency](#).

Conflict of Interest Management Policy

Approved by the Board of Directors in 2013, the policy is aimed at preventing and managing situations involving conflicts of interest, in order to avoid or contain impacts that are detrimental to the interests of the company and to support and protect the persons involved, of whom impeccable, transparent behavior is expected. This policy applies to all TIM employees and to the areas involved in managing potential cases of conflicts of interest.

Intangible Asset Management Policy

This policy aims to establish the main guidelines that serve as the basis for an efficient and effective management of intangible assets (those assets that are not physical or financial in nature and originate from innovation, organizational practices and human resources) in TIM Companies in Brazil.

INSTITUTIONAL PARTNERSHIPS

[G4-15, G4-16]

TIM reaffirms its commitment to social, environmental and ethical demands by taking part in several global treaties and initiatives. TIM believes that engaging in this resolutions will not only broaden the visibility of important subjects for society, but will also allow the company to keep pace with the best practices in the market and incorporate more efficient actions to its management. Learn the company's key initiatives below.

In addition, TIM is an active member of entities in the telecommunications industry, such as the National Union of Fixed and Mobile Telecom Companies of Brazil (SindiTelebrasil), the Brazilian Association of Competitive Telecommunications Service Providers (Telcomp) and the Inter-American Association of Telecommunications (Asiet). Read more on [Public policies](#).

Global Compact

The Global Compact is a United Nations (UN) initiative aimed at mobilizing the corporate community to adopt, in their business practices, essential and internationally accepted values in the areas of human rights, work relations, environment and anti-corruption. TIM has been a signatory since 2008 and has incorporated the ten principles of the Global Compact in its strategy, culture and daily operations.

Global Reporting Initiative (GRI)

In 2008, TIM adopted GRI's international sustainability reporting guidelines, an important tool to assess results and reflect on actions taken within the three pillars of sustainability (economic, social and environmental), identifying gaps and points for improvement.

Corporate Sustainability Index (ISE)

For the 8th year in a row, TIM integrates the Corporate Sustainability Index (in Portuguese, Índice de Sustentabilidade Empresarial - ISE) created by BM&FBovespa. ISE was designed as a reference for socially responsible investments. Rated for fomenting good practices and encouraging the implementation of new actions each year, the index is composed of shares of companies renowned for their commitment to corporate and social sustainability.

Companies for the Climate (EPC)

Since 2010, TIM has participated in the Companies for Climate (Empresas Pelo Clima, in Portuguese). This voluntary initiative – coordinated by the Center of Sustainability Studies of FGV (GVces) – is a permanent corporate platform, whose goals are to mobilize, raise awareness and articulate corporate leaders towards

management and reduction of GHG emissions, climate risk management and the proposition of public policies and positive incentives in the context of climate change. Read more on [Climate change](#).

Carbon Disclosure Project (CDP)

CDP is a non-governmental organization that has built the largest global database of corporate information about climate change, queried by investors, government agencies, legislators, the academic community, and society. Since 2007, the company has answered the CDP questionnaire about its GHG (Greenhouse Gas) emissions and its strategy regarding climate change.

Carbon Efficient Index (ICO2)

In January 2016, TIM was selected for the sixth consecutive year to join BM&FBovespa's Carbon Efficient Index, with the commitment to measure, disclose and monitor its GHG emissions. The company develops the inventory of emissions according to the guidelines of the Greenhouse Gas Protocol (GHG Protocol), a globally used methodology that enables mapping improvement points in emission management, allowing identification of the main emission sources.

MSCI Global Sustainability Index

Since June 2015, TIM integrates the MSCI ESG (Environmental, Social and Governance) Research Global sustainability index. MSCI (Morgan Stanley Capital International) is an independent organization with 40 years of experience in governance assessments and analyzes of social and environmental indexes for the global investor community, covering more than 5,700 open capital companies throughout the world.

OUR GOALS

To move forward with its Corporate Social Responsibility program, TIM sets out annual performance goals in specific subjects, based on goals and outcomes recorded in the previous year. The table below displays the performance in 2015 and the targets for 2016.

SUBJECT	INDICATOR	UNIT OF MEASURE	2015 TARGET	OUTCOME	2016 TARGET
Volunteering	One working day allowed for the employee who voluntarily participates in the Citizens Without Borders program.	% (own staff)	2	1.4 	1.5
Training	Training (total hours: in the classroom + online + on the job).	N° of hours (own staff and third party) ²	900,000	1,085,614 	820,000
Training	New employees trained in sustainability issues.	% (own staff)	90	90 	90
Environment / Batteries	Collection of end-of-life mobile phones, batteries and other accessories for recycling.	Tons	2	1.2 	2
Environment / Waste	Recycling of waste generated in the office.	%	68%	19% 	25%
Environment / Water	Limit of increase in water consumption in the offices.	%	10%	4% ⁵ reduction 	Reduce water consumption in the offices by 1%
Energy / Network	Limit of increase in the mobile network power consumption.	%	21% ⁶	16% 	22% ⁷
Management of suppliers	Suppliers evaluated on sustainability issues.	N° of suppliers	60	357 	200



Achieved



Not achieved

¹The Citizen Without Borders Program is undergoing a revitalization process, in line with TIM's Key strategic pillar.

²TIM's resellers and outsourced call center staff.

³The company is redesigning this process.

⁴The goal could not be achieved due to service interruption caused by change of supplier.

⁵The 2015 goal was intended to limit the water consumption increase by 10% (due to construction works and increase in the number of employees). However, the company obtained a 4% reduction - see more on TIM's initiatives for saving this natural resource in the [water](#) chapter.

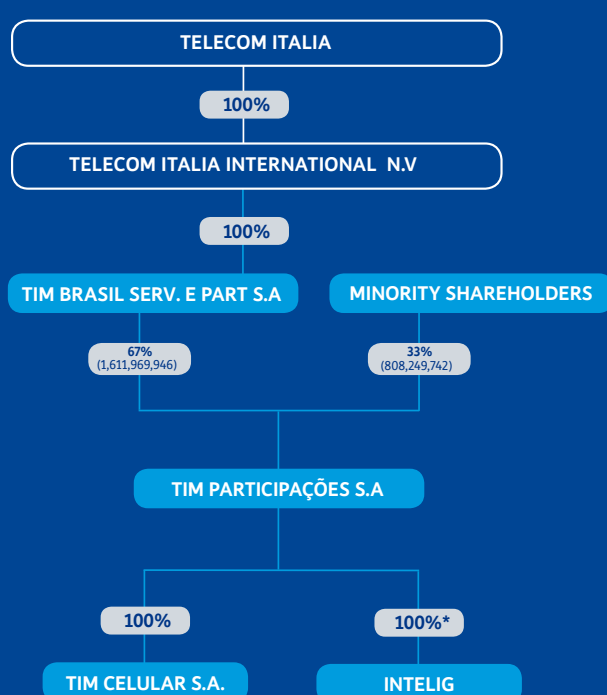
⁶Based on the network infrastructure expansion, the expected increase in power consumption was 23% for 2015. Our target was to limit the increase in power consumption by 21% compared to 2014.

⁷Based on the network infrastructure expansion, TIM estimates the power consumption will increase by 24% in 2016. The established target for 2016 is to limit the increase in power consumption by 22% compared to 2015.

CORPORATE GOVERNANCE

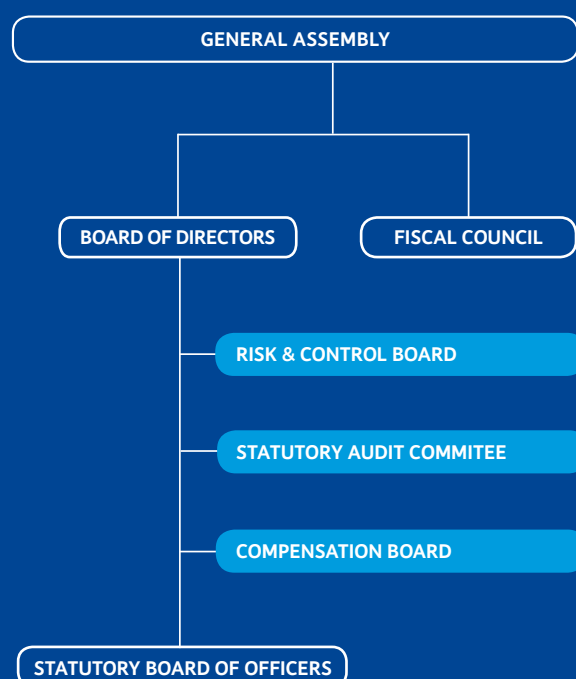
[G4-34]

OWNERSHIP STRUCTURE



*TIM Celular S.A. owns one share of Intelig Telecomunicações Ltda.

TIM PARTICIPAÇÕES' GOVERNANCE STRUCTURE



TIM's Board of Directors is a joint deliberative body responsible for the senior management of the company. It consists of at least five and at most 19 members, who may be elected and removed by the General Assembly. They serve a term of two years, with re-election permitted.

The Board currently comprises ten members, three of whom are independent, in compliance with the rules of the "Novo Mercado" index that establishes the Board must have at least five members, of which at least 20% must be independent. It is up to the members of the Board to choose their president, and it is forbidden for a person to accumulate the positions of Chairman and CEO or main executive of the company.

To increase its corporate performance, the Board counts on three specialized committees with defined goals: Control and Risk Board, Statutory Audit Committee and Compensation Board. The Statutory Audit Committee currently consists of three independent members, appointed for a mandate of two years, which coincides with the mandate of members of the Board of Directors, with their indication being allowed for a maximum

period of ten years. The Control and Risk Board has five members and the Compensation Board, three. The Board of Directors chooses all members of these specialized committees, and each committee appoints its chairman/coordinator. The mandate of the Control and Risk Board and Compensation Board members will coincide with the mandate of the Board of Directors, i.e. two years, and reelection or dismissal by the Board is permitted at any time.

MANAGEMENT STRUCTURE

BODY	COMPOSITION AND ATTRIBUTIONS
Board of Directors	TIM's Board of Directors consists of ten members, who may be elected and removed by the General Assembly. They serve a term of two years, with re-election permitted. Three members are independent. The board is responsible for the overall administration of the company.
Statutory Audit Committee	Comprising at least three and at most five members, indicated by the Board of directors. Attributions include oversight of internal and external audit processes, as well as efficiency, quality and integrity of internal control systems. Plays the role of the Audit Committee of the company for purposes of the Sarbanes Oxley Act and evaluates contracts between related parties to determine if they meet market conditions.
Compensation Board	Consisting of three members elected from the Board of Directors, who report to such body, making assessments and recommendations related to compensation.
Control and Risk Board	Comprising up to five members of the Board of Directors (two of whom must be independent). This committee evaluates controls and risks (including social responsibility regarding sustainability subjects addressed in meetings), making recommendations to the Board of Directors.
Statutory Board of Officers	The CEO and executive directors are selected by the Board of Directors and are responsible for the executive management of the company.
Fiscal Council	Comprising at least three and at most five independent professionals, and an equal number of alternates. The body oversees company management and provides information to shareholders.

The Investor Relations area offers the Fale com RI (Speak to IR) channel. Another way to contact the company is the Whistleblower Channel, which aims to receive reports of violations or suspicious acts of non-compliance and any existing irregularity, from any person, including employees. The complaint is submitted to the company's Internal Audit department, which then submits it to the responsible areas and subsequently to the Statutory Audit Committee.

The compensation for the Board of Directors and Executive Board is recorded in the Minutes of the Ordinary and Extraordinary Shareholders' Meeting of the Organization, held on April 14, 2015 (available on the site www.tim.com.br/ri). The compensation for members of the Board of Directors is not linked with TIM's social, economic and environmental performance.

The Code of Ethics and Conduct applies to all corporate bodies, directors and executives, service providers from all TIM companies, as well as employees and anyone doing business with TIM.

It is worth emphasizing that Telecom Italia is a signatory and encourages all companies in the group to adhere to the UN's Global Compact, enforcing this institutional commitment through the implementation of social and environmental initiatives. Based on the Italian legislative Decree 231/01, TIM adopts an organizational model that comprises the Code of Ethics and Conduct, the General Principles of Internal Control, Principles of Behavior towards Public Administration and Internal Control Structures. All these documents detail the guidelines and establish the to avoid frauds and corruption.

This model also prevents the personal responsibility of those committing crimes described in the law from extending to the corporation. This contributes to guide an ethical and responsible management that strives to preserve business feasibility and minimize exposure to risks that may compromise its longevity.

“TIM has adopted an organizational model that details guidelines and lays down procedures to avoid fraud and corruption”



Unified Whistleblower Channel for internal and external stakeholders.



is the percentage of completion of online training on the Code of Ethics and Conduct.



In 2015, TIM created the internal Ethics and Compliance Channel.

More information on TIM's governance model, on the composition of the Board of Directors, as well as the Internal Rules of this management body are available on the website www.tim.com.br/ri.

ETHICS AND TRANSPARENCY

According to TIM's anti-corruption policy, ethics is paramount for conducting the business. The values and principles of the Code of Ethics and Conduct are the foundation of its activities. TIM rejects and condemns unlawful and improper behaviors (including acts of corruption of any kind) aimed at attaining economic goals.

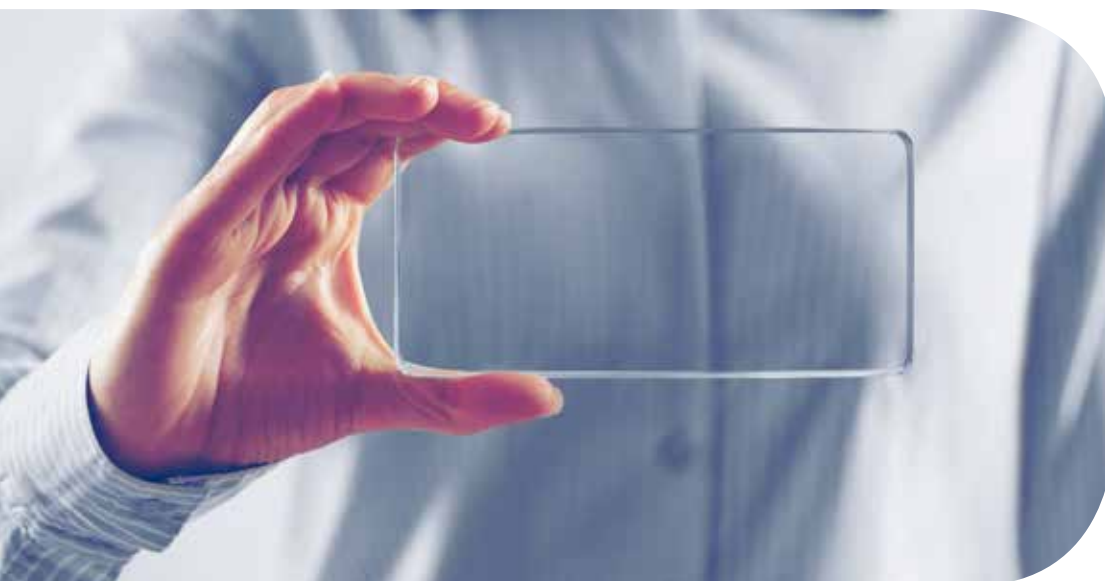
Its Anti-Corruption Policy applies to corporate bodies, directors, executives, employees and anyone doing business with TIM.

TIM created the Ethics and Compliance Channel with the aim to promote an environment where internal stakeholders can share information they found in the media, including through police/judicial authorities, relating to illegal and/or criminal activities that may bring potential risks for the company, as well as to solve doubts about subjects and rules related to the Anti-corruption Program. This channel does not address reporting of complaints; it is rather intended to support collaborators and ensure our processes will comply with internal guidelines.

The company also offers the Unified Whistleblower Channel, through which internal or external

stakeholders can report complaints concerning the violation of any rule or conduct described in TIM's Code of Ethics and Conduct, such as discrimination, moral and sexual harassment, human rights, unlawful or illegal behavior, conflict of interests, corruption, and fraud, among others. Available on the website www.tim.com.br/ri, the user of the channel has their identity preserved and the information received is treated with confidentiality. Through this channel, TIM received two fraud complaints. Both were duly forwarded and appropriately addressed (the main facts are confidential). No cases of corruption were brought against the company or its employees during the reporting period. [\[G4-S05\]](#)

The Anti-Corruption Program comprises risk assessment activities, which contemplate monitoring and assessment of processes involving sensitive subjects, such as the acceptance of gifts, donations and sponsorships. TIM also applies due diligence questionnaires to its suppliers and analyzes complaints received in the Whistleblower Channel and queries from the Ethics and Compliance Channel. Through the Program, TIM was able to map third parties related to government agencies and improve its contracting process, including the determination of potential conflicts of interests.



TIM is strengthening its measures with suppliers in alignment with its Transparency value, in an effort to build trust through integrity. The company has made improvements to compliance clauses in contracts, and applies a due diligence questionnaire to identify suppliers who may pose any risks to the company. From this diagnosis, specific training sessions are conducted to reinforce anti-corruption policy guidelines. One example was the course designed to the law firms hired by the company, held in 2015. There was a need to reinforce the program with these stakeholders, especially for conducting activities related to government agencies on behalf of TIM.

Internally, TIM also conducted a workshop for 200 collaborators, among leaders and professionals directly related to government agencies. The event was intended to address the impacts of the Anti-corruption Act and its decree on internal processes, and stimulate discussions about the importance to raise awareness to transparency, ethics, small day-to-day attitudes and work relations.

In December 2015, TIM also started an online training on the intranet, which was completed by 50% of employees just after two months from its launching. In addition to this tool – available to all employees – TIM plans to hold its face-to-face meetings on an annual basis. [\[G4-SO4\]](#)

The company continuously monitors compliance with its Code of Ethics and Conduct, well as the completion of online training. This is to ensure that all employees are aware of its guidelines, including expected attitudes and non-accepted illegal or improper behavior (including acts of corruption of any kind). The percentage of completion of the course is 96%, divided as follows:



ONLINE TRAINING

CODE OF ETHICS AND CONDUCT

Position	Number of participants
Directors	51
Managers	348
Other collaborators	12,155
Total	12,554

Additionally, TIM collaborators receive the ‘Ser e Estar Compliance’ [Be Compliant] training, which emphasizes topics such as ethics, anti-corruption, conflict of interests, and the benefits of the Whistleblower Channel.

PUBLIC POLICIES

The telecommunications sector has conducted major debates that gave rise to important public policies for the society. The 2015 agenda comprised subjects such as the Civil Rights Framework for Internet Use (in Brazil) and the New Regulatory Model for Telecommunications.

TIM recognizes the importance of engaging in dialogue with government agencies, actively participating in these and other discussions as a member of the National Union of Fixed and Mobile Telecom Companies of Brazil (SindiTelebrasil) and the Brazilian Association of Competitive Telecommunications Service Providers (Telcomp). Internationally, TIM also integrates industry associations, such as the GSM Association, and the Inter-American Association of Telecommunications Companies (Asiet), which bring together Latin American companies to take part in discussion forums. The company is a corporate partner of International Telecommunications Society (ITS) and participates in meetings, events and debates of the International Institute of Communications (IIC). All entities seek to contribute for the regulation of the industry using a constructive and ethical approach.

TIM performs its activities based on international laws of corporate governance, on Brazilian and North-American anti-corruption laws, on the Code of Ethics and Conduct and on internal transparency and efficiency policies. One of the great challenges the telecommunications industry faces when developing public policies is to align the rapid technological evolution to long-term laws and regulations. There are many examples of standards that no longer reflect the reality of the industry after they are approved.

The subjects TIM has been considering as priority in these debates include high tax burden, restrictive legislation related to the implementation of the telecom infrastructure, coverage expansion, competition in the industry, service quality and customer service. Activities include participation in public hearings in the National Congress, in legislative assemblies and city councils. Some of the topics addressed include standard of services – especially in the northern region –, taxation, the Parliamentary Commission of Inquiry on

Cybercrimes, the Chamber of Deputies' Special Telecommunications Commission, Consumer Protection Commission and Science and Technology Commission, Parliamentary Commissions of Inquiry on Telecommunications in legislative assemblies and city councils regarding the quality of services and rural coverage.

Antenna Law (Law nº 13.116/2015)

Signed in April 2015, this law sets out general standards for deployment and sharing of telecommunications infrastructure. TIM believes this new law means a considerable progress for the industry, as it is the first key step within the federal framework to overcome the over 250 state and municipal regulations for deployment of infrastructure and antennas. Through Sinditelebrasil and Telcomp, the company made proactive interventions and contributions, issuing opinions that supported the legal and technical discussions around the subject with the National Congress until such bill was finally approved.

In relation to political-party activities, TIM's Code of Ethics and Conduct prohibits any kind of contribution to politicians, political parties or related institutes. [\[G4-SO6\]](#)

“TIM performs its activities based on international laws of corporate governance, Brazilian and North-American anti-corruption laws, on the Code of Ethics and Conduct and on internal transparency and efficiency policies.”

CONNECTING AND CARING ABOUT EACH ONE

Taking care of business
Taking care of customers
Taking care of people
Taking care of society
Taking care of the environment



R\$ 14 billion
in investments in the
2016-2018 period



+500
new cities gained
3G coverage



+70 thousand
kilometers of
own fiber optics



R\$ 2.7 billion
invested in information
technology and network

TAKING CARE OF BUSINESS

Economic performance

The year 2015 saw a conjuncture influenced by a series of macroeconomic challenges that brought a negative impact on growth, inflation and unemployment in the country. Faced with this scenario, TIM focused on the implementation of its strategic plan and goals for the medium and long term, particularly the heavy investments on infrastructure. For the 2016-2018 period, the company is holding the same level of investment of the previous plan, which amounted to R\$ 14 billion, and quickly repositioned its portfolio to match the structural changes in the industry. TIM enhanced efficiency measures, which helped to protect the financial results of the company and, despite a year of lower revenues, expanded its operational margin and the EBITDA² margin (to a lesser extent).

Despite short-term challenges, TIM kept its vision towards the strategic importance of developing a robust infrastructure for data growth, focusing particularly on 4G technology, which provides better quality of service and more cost-efficient networks. With this vision, TIM achieved the mark of R\$ 4.7 billion in investments during the year, not just reaching, but also surpassing its goals for infrastructure development in 2015, even with the significant exchange rate depreciation of the Brazilian currency.

These investments allowed TIM to end the year with 411 cities covered with 4G, that is, 59% of the country's urban population. TIM became the leader in 4G coverage in Brazil, both in the number of cities served and the percentage of the urban population covered. In addition, the company brought the 3G coverage to more than 500 new cities, implementing over 70 thousand kilometers of its own fiber optics, which will enable a rapid growth in its high capacity data infrastructure – critical for current and future competitive positioning. Also worthy of note is the fact that, from the total investments made in 2015, TIM allocated R\$ 2.7 billion to information technology and network alone, in order to expand coverage and capacity to support the growth of voice and data traffic. The company also carried on energy efficiency initiatives, such as RAN Sharing, which brought approximately R\$ 68 million in savings (Opex). Learn more on [Energy](#).

For 2016, TIM will focus on three main pillars:

- **Investments in infrastructure and 4G leadership**
- **Development and generation of positive outcomes from our new portfolio and offerings launched in the end of 2015**
- **Ongoing reinforcement of efficiency actions that will allow TIM to keep increasing its operating margin**

²Earnings Before Interest, Taxes, Depreciation and Amortization.

TIM firmly believes that these guidelines, added to the growing use of data services and the evolution of its positioning in quality/offers/user experience will lead the company to end 2016 in an ascending path with continuous improvement of results.

VALUE GENERATION (IN THOUSAND REAIS) [G4-EC1]	2014	2015
(A) Revenues	25,973,031	23,156,529
(B) Goods and services acquired from third parties	10,906,860	7,526,175
Costs related to services rendered and goods sold	7,232,375	5,167,254
Materials, energy, third-party services and others	3,674,485	2,358,921
(C) Gross added value (A - B)	15,066,171	15,630,354
(D) Retentions (depreciation and amortization)	3,052,579	3,361,971
(E) Net added value (C - D)	12,013,592	12,268,383
(F) Transfers	1,003,425	1,996,752
(G) Added value for distribution (E + F)	13,017,017	14,265,135

DISTRIBUTION OF ADDED VALUE (DVA – IN THOUSAND REAIS)	2014	2015
Personnel and charges	782,589	850,362
Salaries	446,788	498,148
Social security contributions	63,398	70,207
Private pensions	15,030	18,325
Benefits	139,576	159,978
Profit sharing	117,797	103,704
Government	8,843,917	8,441,124
Taxes, charges and contributions, deducting allowances (exemptions)	8,843,917	8,441,124
Financiers	1,844,092	2,902,504
Interest and rents	1,844,092	2,902,504
Shareholders	367,274	468,616
Interest on own equity and dividends	367,274	468,616
Retained	1,179,145	1,602,529
Profit/loss in the year	1,179,145	1,602,529

Total financial benefits received from the government (thousands of R\$)

[G4-EC4]

2014

2015

Tax and charge reductions

137,192

93,123

Grants and incentives for investments, research and development and other types

13,283

18,670

Economic profit

Every year, TIM calculates and tracks its economic profit³, which is a financial indicator that takes into account the opportunity cost in the businesses, calculated based on the net operating profit after tax (Nopat⁴) and the cost of capital invested. In 2015, the economic profit was minus R\$ 73.4 million compared to minus R\$ 18.2 million in the previous year. This performance is explained by two main factors: strong acceleration in the average capital invested – a result of successive increases in infrastructure investments – and an increased cost of capital due to poorer performance of economic indicators, which affected its composition.

The improvement of Nopat – already considering the earnings with the divestment of non-strategic assets held throughout the year – was not sufficient to counterbalance all these negative factors combined.

Economic targets

In TIM's strategic plan for the 2015-2017 period, the amount of investment (Capex⁵) was updated and the net revenue and EBITDA⁶ growth targets became qualitative, in line with Telecom Italia group's new strategic plan and reflecting the changes in the Brazilian macroeconomic environment. In August 2015, in response to the deepening economic crisis in the country, TIM disclosed a new guidance, with focus on operational efficiency and cost reduction.

At the end of 2015, the company's net revenue was R\$ 17.1 billion, with negative annual growth of 12.1%, strongly affected by the drop in the interconnection tariff and by the macroeconomic environment. The EBITDA performance experienced a slight drop of 2.6%, totaling R\$ 5.4 billion, demonstrating the positive impacts of efforts to reduce costs and expenses – approximately R\$ 350 million derived from the Efficiency Plan. The investments, disregarding the acquisition of licenses, totaled R\$ 4.7 billion.

³Economic profit = operating profit after income tax in the period - (average capital invested in the period x cost of capital).

⁴Net Operating Profit After Tax

⁵Capital expenditure

⁶Earnings Before Interest, Taxes, Depreciation and Amortization.

INDICATOR	DEFINITION	MEASURE	MEASURE HORIZON	GUIDANCE	RESULTS
Continuous Net Revenue Total	Evolution in revenues after payment of taxes, sales returns and discounts in services.	n/a	2015, 2016 and 2017	Continuous Growth	n/a
EBITDA Growth	Evolution in earnings before interest, tax, depreciation and amortization: Total net revenues minus costs and expenses, which represents the company's cash generation	n/a	2015, 2016 and 2017	Continuous Growth	n/a
Investments (Capex)	Mid to long-term investments in the purchase, improvement, development or extension of infrastructure, equipment, systems and properties. Excluding amounts invested in the acquisition of frequency licenses.	R\$	2015, 2016 and 2017	Sum for the three year period surpassing R\$ 14 billion*	R\$ 4.7 billion in 2015
Opex Efficiency⁷	Savings in operating costs and expenses, excluding interconnection effects.	R\$	2015, 2016 and 2017	R\$ 1 billion in savings for the sum of the three-year period. In 2015, achievement of approximately 35% of the total savings	Achievement, in 2015, of approximately 35% of the total savings

*Not considering acquisitions of frequency licenses.

⁷Operational expenditure.

Following the annual planning of the group, in February 2016, TIM disclosed the updated strategic plan, with new indications for the market. Indicators received some adjustments to fit to the new goals of the company and the Brazilian macroeconomic reality. The Efficiency Plan indicator was the only indicator that kept its original measure horizon, unlike the others that began to be measured under the new three-year period, starting in 2016.



INDICATOR	DEFINITION	MEASURE	MEASURE HORIZON	GUIDANCE
Net Revenue from Services	Revenues after payment of taxes, sales returns and accounting of discounts in services.	n/a	2016, 2017 and 2018	Data as the main revenue component as of 2016, focus on revenue share.
EBITDA Margin	Earnings before interest, taxes, depreciation and amortization (EBITDA) on the Total Net Revenue.	n/a	2016, 2017 and 2018	Margin expansion in all the years between 2016 and 2018.
Capex	Medium and long-term investments in purchase, improvement, development or expansion of infrastructure, equipment, systems and properties. Excluding the amounts invested in the acquisition of frequency licenses.	R\$	2016, 2017 and 2018	Sum of the three-year period is less than R\$ 14 billion*.
Opex Efficiency	Savings in Operating Costs and Expenses, excluding interconnection effects.	R\$	2015, 2016 and 2017	Savings of over R\$ 1 billion in the sum of the three-year period.

*Not considering acquisitions of frequency licenses

More information about TIM's financial performance can be found on www.tim.com.br/ri.





TAKING CARE OF CUSTOMERS

Transparent communication

The main asset of TIM's business is its customer base, which totaled 66 million customers by the end of 2015. TIM invested in 4G with the aim to offer innovation and quality service, and managed to end the year with the broadest national coverage with this technology. The company seeks to understand its customers' needs, embrace their opinions and solve any issues. Customer experience not only is one of TIM's values, but will also be at the core of its new positioning. TIM believes that no other operator have stood out for providing satisfactory customer experience. TIM wants and must take that position.

In 2015, customers, consumer protections organizations and telecommunications regulatory agencies started questioning our company and other mobile telecommunications providers regarding the decision to limit the mobile Internet access to the data package chosen, avoiding reduced speed. This triggered a broad discussion, particularly within the communication aspect, and exposed the need to build an industry-wide campaign to help consumers understand the concepts related to data service and the impacts the voice-to-data service migration has caused on telecommunications.

The main concept is that the data network is shared among users; therefore, the amount of data traffic consumed by one customer corresponds to the space they occupy in this environment. In this scenario, a large amount of users connected in low speed after the data package was consumed hinders

the access to other users that would still be using their data package, leading them to perceive the service provided as one of bad quality.

New technologies often require new communications and, as a leading company, TIM has the role of promoting this industry-wide debate and searching clear and transparent ways to communicate with customers.

The Telecommunications Industry is also seeking to improve the communication of mobile Internet offers, as part of the public commitment undertaken in April 2015 by TIM and other mobile telecommunications operators, alongside the Ministry of Communications, the National Consumer Secretariat of the Ministry of Justice of Brazil (Senacon, in Portuguese) and Anatel. Some of the initiatives are:

- ***Development of an education campaign addressing the features of the service***
- ***Creation of a Code of Conduct for the Communication of Mobile Internet Offers***
- ***Refining information about TIM plans***
- ***Improvement and disclosure of tools that enable consumers to track their mobile data package consumption***

On the www.tim.com.br website, users can access the page "Entenda o consumo da internet" (Internet consumption query) to learn how the mobile Internet works, through a series of tutorials and tips about data package usage.



Customer service channels

In order to improve service, TIM conducts periodic satisfaction surveys with its own customers, applied by external research institutes, providing a space to customers voice their opinions. In 2015, the overall average score for the satisfaction survey was 7.29. TIM resolved 100% of complaints submitted to its channels, 92.5% of which addressed within 5 days, and 97.75% solved in Anatel.

In addition, the company remained in the fifth position in the ranking of complaints registered by Procon agencies with Sindec (the National System of Information on Consumer's Defense). Tim has the best ranking compared to the other companies in the industry. 52.2 thousand complaints were registered in 2014. In 2015, there were 72.6 thousand complaints, 64% less than the operator ranked first for complaints. In most cases, complaints were related to bills. To minimize the problems identified by customers, TIM developed "Meu TIM" (My TIM) – a service channel where customers can check their minute package – and started sending information via SMS to those who have consumed 80 to 100% of their minutes, among other measures.

Other service channels, such as chat, the Content Portal *144# and the Customer Relationship Centers

(CRC) also helped the company to map some critical points and carry out the necessary improvements. Tim has four CRCs located in the city of Curitiba, São Paulo, Rio de Janeiro e Recife, and counts on another seven owned by third parties. The Customer Relationship Management (CRM) system records all contacts made and, when the call requires a more specific analysis, answers are provided online within five working days.

Contact is also possible through letter or emails (submitted to the www.tim.com.br/Fale com a TIM website) and at TIM stores. Telephone access can be made via the Portal *144# – which uses Unstructured Supplementary Service Data (USSD) technology to activate diverse services automatically from the mobile. Self-service is also available via an Audible Response Unit, for options such as the blocking or unblocking lines and requesting copies of bills.

TIM employees may air doubts and problems reported by customers using the Fale pelo Cliente (Speak for the Customer) channel, which uses the company intranet to ask the questions directly to the CRM area. Finally, TIM provides three online channels for direct real time customer service: the Twitter profile @TIMAjuda, chat online, and Facebook.

Customer service information [G4-PR5]	2014	2015
Total numbers of calls answered by Call Center	137,078,489	147,454,650
Total Ombudsman contacts	5,479	4,993
Total complaints received		
In the company	6,175,552	6,924,976
In Anatel	345,067	493,724
In court	94,630	152,316
Total complaints and criticisms solved		
In the company	99.94%	100%
In Anatel	91.69%	99%
In court	106.51%	86.34%
Customer satisfaction survey – on a scale from zero to 10		
Overall average satisfaction score - individual customer	7.54	7.29
Average satisfaction rating with CRC service for individual customers	7.30	7.25

From August 2014 throughout 2015, there was a substantial increase of lawsuits with complaints of undue VAS (Value Added Services) charge (mainly TIM Recado, TIM Protect and interactivity services). These cases specifically took place in the regions using the Area Codes 43 and 44, and in the state of Paraná. In the end of 2015, TIM received favorable decisions against moral damages in lawsuits, which led to a decrease of new cases.

Customer data privacy

With its Customer Data Privacy Policy, TIM seeks to protect the personal information of its users and prevent unauthorized access and unwarranted use of this information. The company guarantees that access to customer registration and communication data is permitted only to employees who require such

information in the course of their professional duties. TIM conducts its activities based on ISO 27001 – the international standard that describes best practices for information security management – although the company has not yet acquired its certification.

When a client brings a privacy violation complaint, TIM will assess the situation and provide clarifications in order to solve any potential problems. Clients have access to data privacy practices when signing up for its plans, under the terms and conditions of the contract. In 2015, there were no cases of loss of privacy recorded. [G4-PR8]

Customer registration and telephone communication data is provided to authorities only to the extent required by law.



TAKING CARE OF PEOPLE

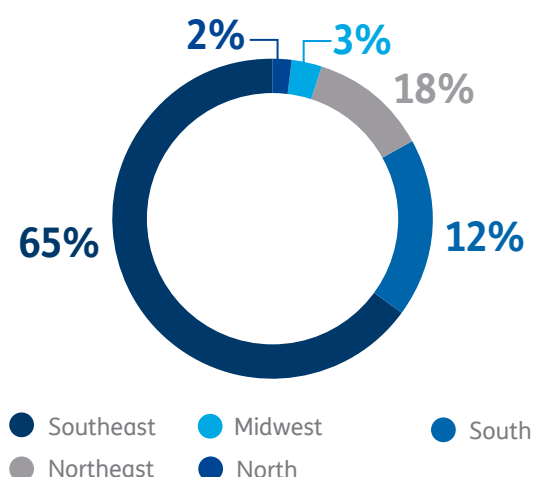
Managing our human capital

TIM believes that achieving growth across the company requires the development of its main capital – the people. The human resource department (People Value) has the task of ensuring productivity and performance improvement, by continuously helping our collaborators develop their skills, enhancing their talents and creating an inspiring and challenging work environment.

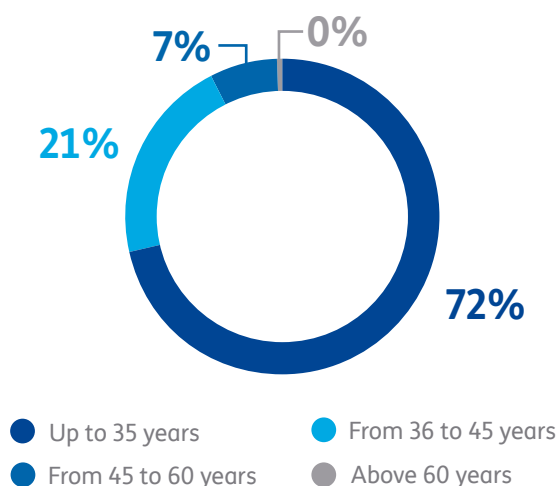
In 2015, TIM's workforce comprised 13.7 thousand employees – 54% women and 46% men – most predominantly in the Southeast region. The total number of employees remained stable, compared to the previous year.

[G4-10]

DISTRIBUTION OF EMPLOYEES, BY REGION



BREAKDOWN OF EMPLOYEES BY AGE GROUP



EMPLOYEES BY TYPE OF EMPLOYMENT

	2014	2015
Employees	12,860	13,062
Trainees	276	278
Apprentices	415	402
TOTAL	13,551	13,742

EMPLOYEES BY TYPE OF CONTRACT

	2014	2015
Permanent contract	12,860	13,062
Fixed term contract*	691	680

*Interns and apprentices.

One of People Value's management cornerstone is to enable the self-development of collaborators through training programs. The area plays a major role in encouraging employees to seek success, motivating them to achieve their goals. To get everyone aligned with the company's strategy, TIM offers integrated communication, fostering the organizational culture, in addition to recognizing every collaborator's dedication and performance.

Yet the search for balance among people's expectations, the needs of the business and market conditions represent the main challenges for TIM's human resources department. The turnover rate was 28.5%, a reduction of 6.7 percentage points compared to 2014.

[G4-LA1]

TURNOVER

	2014	2015
Overall	35.2%	28.5%
By Gender		
Men	29.9%	26.5%
Women	39.6%	30.2%

Salary Policy

There is no discrimination in TIM's salary policy, which reflects market behavior. In 2015, the decrease in the difference between men and women's average salary remained the same.

[G4-LA13]

PROPORTION OF MEN'S TO WOMEN'S SALARIES, BY FUNCTIONAL CATEGORY*

	2014	2015
Directors	1.56	1.17
Managers	1.13	1.13
Professionals	1.11	1.12
Sales Force / Stores	1.08	1.11
Relationship consultants (CRCs)	1.10	1.07

*The average compensation amount indicated corresponds to the following calculation: (men's salary / women's salary). The amount indicates how much more men received, based on the base salary, compared with women, in the years presented, by functional category.

With regard to the ratio between the highest and lowest compensation paid by the company, this variation increased from 50 to 53.5 between 2014 and 2015.

Conexão TIM (Tim Connection)

Training at TIM is managed through the Conexão TIM system (TIM Connection), which contains all types of capacity-building and training courses, seminars and actions that will contribute to the professional development of its employees, in the classroom or online. Education goals are aligned with TIM's Training Policy guidelines and with its strategic goals, competence models, purposes and values. At TIM, employees receive training throughout their employment cycle,

[G4-LA9]

ranging from institutional to technical and behavioral programs to help professionals excel in their job tasks. In 2015, TIM invested 11,336 thousand reais in education – a 21% reduction compared to the previous year. The migration of classroom course contents to online platforms has enabled a reduction in investments and contributed to the company's plan to increase efficiency in costs, processes, systems and enhancements being implemented.

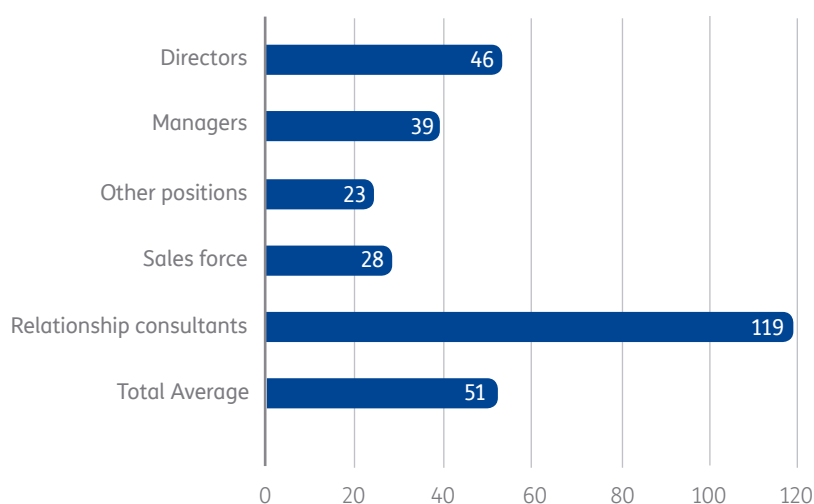
FUNCTIONAL CATEGORY

HOURS TRAINING*

	2014	2015
Directors	1,320	2,537
Managers	42,222	31,768
Other positions	105,453	130,852
Sales Force	216,720	112,155
Relationship consultants (CRCs)	721,499	630,349
TOTAL	1,087,215	907,662

*Hours spent on training and development (technical, management, specific and others). Does not include coaching by supervisors in the company, nor hours of financed formal education.

**AVERAGE NUMBER OF HOURS SPENT ON TRAINING PER YEAR
PER EMPLOYEE, BROKEN DOWN BY FUNCTIONAL CATEGORY (H)**



FUNCTIONAL CATEGORY

**NUMBER OF EMPLOYEES IN FORMAL EDUCATION
COURSES FINANCED BY THE COMPANY**

	2014	2015
Directors	1	2
Managers	10	4
Other positions	48	53
Sales Force	2	1
Relationship consultants (CRCs)	72	75
TOTAL	133	135



TIM also supports the development of young talent, allowing them to experiment different areas within the company, acquire new knowledge and further develop in such a dynamic and booming market. As a result, trainees and interns are eligible to undertake important positions in the company.

New Skills

TIM undertakes a performance appraisal of its employees on an annual basis. In 2015, 96% of employees and 100% of the relationship consultants (CRCs) were evaluated⁹. One important change in this process was the evolution of behavioral skills, which in addition to evaluating new attributes, became the same for the leadership and professional stakeholders. The new model follows the Telecom Italia group standard, based on the concept of self-leadership, where employees should become their own leader and the main actor of their professional growth.

Aligned these new skill set, TIM also made progress on the program targeted to change its organizational culture. These two actions are believed to be the cornerstones that will drive greater productivity and better management of costs, in addition to encouraging a discussion about which aspects really add to the business. [\[G4-LA11\]](#)

The Leadership Development Program is aimed at current and future TIM managers, and comprises four stages of leadership: Operational, Team, Managers and Strategic. The total training comprised 19.8 thousand hours, and 82% of participation. The company also implemented improvements to the communication flow, reviewed tracks and created new training modules.

Relationship consultants (CRCs) are appraised on a monthly basis via the Five Star Consultant program. Linked to the technical evaluation of the consultant, it generates opportunities for reviewing content and enhancing learning, and is directly connected to variable remuneration. About 3.9 thousand consultants were assessed each month, almost 50% achieved all the service goals expected and 30% have reached the 5-star level, being promoted at least once during the year.

⁹The percentage displayed refers to the employees who received performance appraisals compared to the total number of employees who are eligible to such appraisal. The eligibility criteria include, among other specific factors, the employee's length of service in the company.

The three key concepts are:

Leading the future

It is possible to build and lead the future.

Living value

Value comes to life and is created by people and their daily actions.

Linking networks

We can multiply our value by being connected.

EMPLOYEES RECEIVING PERFORMANCE APPRAISAL

Per functional category	2015
Directors	47.8%
Managers	82.2%
Supervisors	96.0%
(CRCs) Experts	93.4%
Analysts and Advisors	91.4%
Assistants	85.6%

By Gender	2015
Men	91.1%
Women	89.6%

85%

of participation in the 2015
Organizational Climate
Survey. 12 percentage
points higher than in 2014



Organizational Climate Survey

The TIM Brasil 2015 Organizational Climate Survey had a record of participation, with adherence of 85% of employees compared with 73% in the previous year. The methodology identifies the factors influencing employee engagement and organizational support - one as a lever to the other - to reflect on the effectiveness of the professionals of the company. The results highlighted a favorability index (level of employee satisfaction) of 64%, an increase of three points in relation to 2014.

Comparing the results of two years of research, and despite the country's challenging economic situation, those who were unfavorable and neutrals became favorable. There was a major change in the aspects of clarity and direction regarding company goals, which increased seven points from one year to the next, showing that employees are placing more trust in their leaders and in the future of the company. For TIM, this achievement was inspired by the strategic breakdown implemented in 2014.

Despite these significant developments, the company still faces the challenge of promoting actions to further increase productivity among its collaborators. The question "At TIM, are the plans implemented within the deadlines?" scored 46 points, compared to 41 points in 2014, still way below the market average of 59 points. In addition, the factor that evaluates whether the work conditions contribute to the employee's productivity received 53 points, six below the overall average.

The second stage of the Climate Management cycle starts with the planning of improvement measures that prioritize the critical topics raised, and subsequent development of action plans. The high rate of participation revealed that TIM employees are increasingly committed to the future of the company.

Diversity

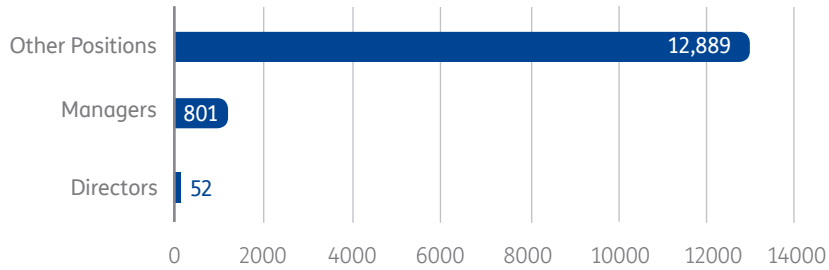
TIM recognizes the importance of promoting diversity in all its relationships, both as a value and a practice. As described in its Social Responsibility Policy, the company does not allow any expression or form of discrimination, whether based on sexual orientation; ethnic origin; gender; disability; age, among others. TIM believes that an attitude of respect and appreciation for diversity is the way to promote a healthy work environment and bring competitive advantage to the company.

With its Human Resources Policy and internal selection and recruitment standards, TIM sets out 100 guidelines to emphasize this subject. The group responsible for corporate governance (see composition in [Management Structure](#)) comprises 20 white members, 18 men, two women, of which ten belong to the 30 to 50 year age group and 10 are over 50 years old. The following charts display the current portrait of diversity at TIM. TIM recognizes the need to make continuous efforts in order to create an increasingly heterogeneous work environment.

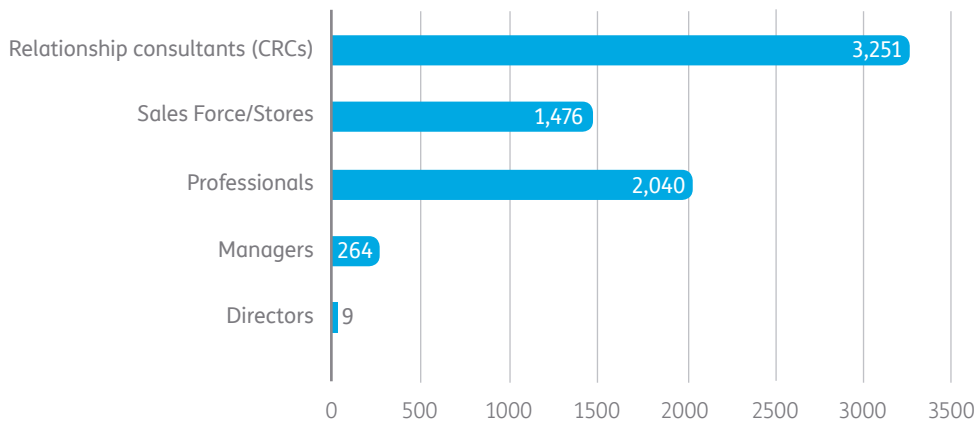
[G4-LA3, G4-LA12]



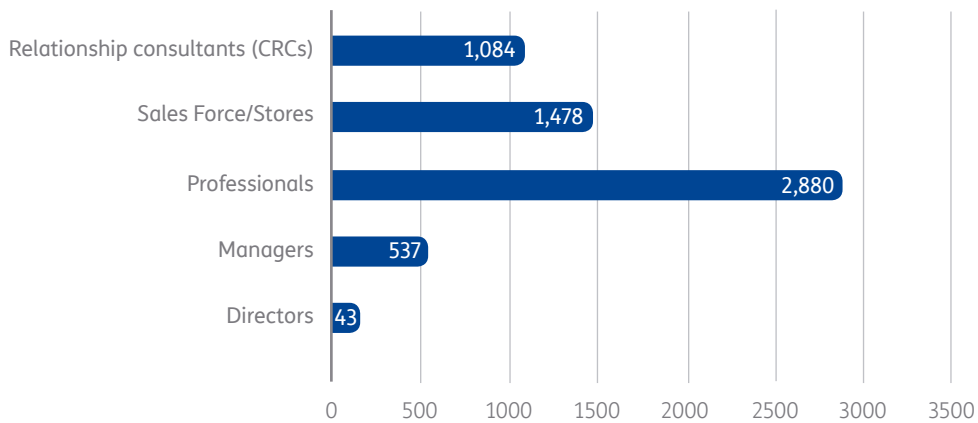
EMPLOYEES BY FUNCTIONAL CATEGORY



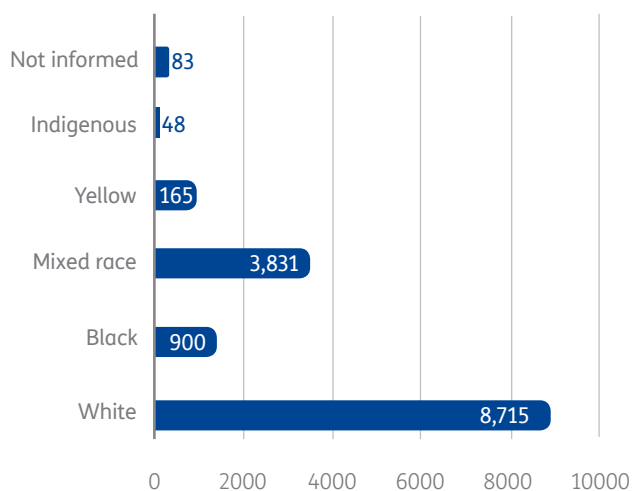
BREAKDOWN OF EMPLOYEES BY GENDER - WOMEN



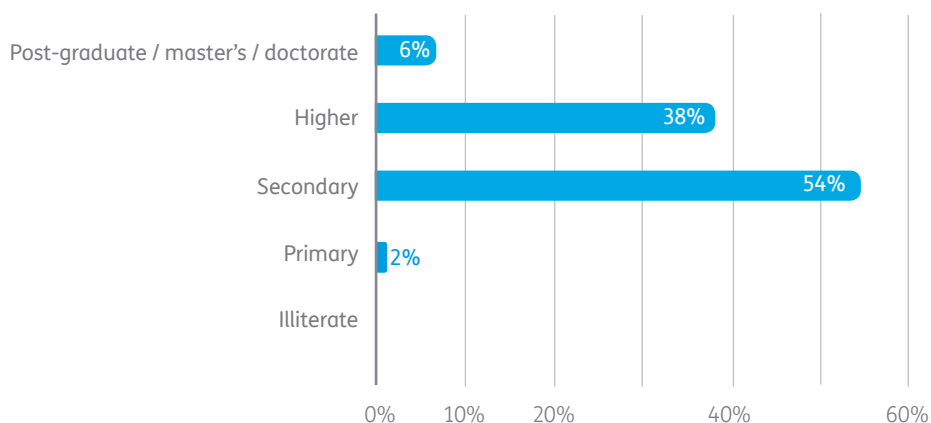
BREAKDOWN OF EMPLOYEES BY GENDER - MEN



BREAKDOWN OF EMPLOYEES BY COLOR/RACE



LEVEL OF EDUCATION



Note: Illiterate - including functional illiteracy - person who has learned to read, write and count, however does not have reading comprehension, writing and arithmetic skills.

Empresa Cidadã (Corporate Citizen Program)

TIM was one of the first companies to join the Empresa Cidadã program (Corporate Citizen program), which extends the maternity leave in 60 days, in addition to the 120 already foreseen in Law, allowing mothers to take up to six months to stay at home with their children.

The extension of this right is reflected in improved health for both mother and baby, enabling the mother to breastfeed for at least six months. TIM also allow all its male collaborators to take up to ten consecutive days of paternity leave, starting from the first working day after the child is born, i.e., five days longer than provided by law.

Inclusion and human rights

To promote the inclusion of people with disabilities (PCD) in the company, TIM developed the PCD program (People with Disabilities Program), aiming to ensure that the available positions are also accessible to this group. The company has implemented several actions towards this goal, including workshops, disclosing information on specific websites and trade fairs and even carrying out adaptations in its facilities. In 2015, TIM employed 105 professionals with disabilities, in compliance with the Conduct Adjustment Agreement, signed with the Brazilian Public Prosecutor's Office (Law No. 8213/91, which establishes the quota system).

Customers with hearing disabilities also count on specialized text communication service. The service is free and operates 24/7. To access it, customers must call 0800 741 2580.

As explained before, TIM does not tolerate any form of discrimination or harassment. In addition to the Whistleblower Channel (read more on [Ethics and Transparency](#)), TIM collaborators can count on the Fale com People Value channel (Speak to People Value), available on the corporate intranet. The latter was designed to open the communication and relationship between all employees and the HR, through submission of suggestions, queries, compliments or complaints.

To disseminate the subject of human rights, the company carries out two half-yearly diversity awareness campaigns in its internal communication channels. The Diversidade na Empresa Workshop (Diversity in the Company Workshop) guides employees on how to approach the relationship between people with disabilities and the labor market, and how to interact in a diverse workplace. This training also addresses the Quota Law.

All employees can access the Code of Ethics and Conduct (available on TIM's intranet and on the website), and attend a specific training with cases and practical situations that will help them learn, apply and duplicate the instructions and guidelines of the Code in the workplace. New collaborators also receive this training at the time of admission. All attendees are required to sign a declaration of acceptance to seal the commitment with the Code guidelines. In 2015, there were no cases of discrimination against employees in labor suits concerning the company.

[G4-LA16, G4-HR3, G4-HR12]

Health & Safety

TIM's priority is to foster ongoing performance improvement in all its safety and occupational health and initiatives. Safety & Occupational Health and Social Responsibility Policies guide the company's activities and commitment to managing any potential risks to the physical safety and health of its collaborators, contractors and visitors in the workplace. TIM has also implemented mandatory measures for prevention of work-related accidents and occupational diseases in all its operations.

Its units have emergency plans in place designed to remedy and minimize damages arising out of potential work accidents and fire incidents. In addition, periodic audit or inspections are conducted to assess the efficiency of preventive measures in work processes and facilities, targeting the continuous development of health and safety conditions.

Currently, TIM has 13 Internal Commissions for Prevention of Work Accidents (Cipas) distributed across company units with over 50 collaborators. These commissions are formed by collaborators appointed by the company's management body and the by employees chosen by their peers, in a 50-50% ratio. For units that do not reach the minimum level of 50 collaborators to form a Cipa, training is provided to one employee, who will be the person responsible for performing those activities.



To prevent work-related illnesses and accidents, Cipas operate according to the Regulatory Standard (“NR”)-05 issued by the Ministry of Labor and Employment. Actions are developed in conjunction with the Specialized Service in Safety Engineering and Labor Medicine (“SESMT”) or with the company’s Labor Safety representative. The percentage of employees represented by health and safety committees in 2015 was 58%, compared to 60% in 2014. [\[G4-LA5\]](#)

All work accident cases are filed with the Brazilian Social Security Institute (INSS) through the Occupational Accident Communication System (CAT), and are subject to analysis and investigation, in line with the procedures set forth in the OHSM System Assessment Method. All incident records are available in each responsible area. Employees have access to the Work Accident Communication

policy via the company intranet. No serious accidents were registered in 2015. [\[G4-LA6\]](#)

Although TIM employees do not perform activities with high incidence or risk of specific occupational diseases, the company conducts inspections in all facilities, identifying potential risks and establishing control measures, through the annual Program for Medical Control of Occupational Health (PCMSO) and the annual Environmental Risk Prevention Program (PPRA). In addition to these initiatives, TIM also holds an Internal Week for Prevention of Work Accidents (SIPAT), and develops the Qualidade de Vida TIM Program (TIM Life Quality Program), counting on the Cipas’ support to implement flu vaccination campaigns and stimulate healthy habits among the employees, by disclosing information via intranet. [\[G4-LA7\]](#)

OCCUPATIONAL SAFETY INDICATORS [\[G4-LA6\]](#)

		2014	2015
Total Number of Employees		12,860	13,062
Number of accidents without leave registered in the CAT (Work Accident Communication System)	No.	1	3
Number of accidents with leave registered in the CAT (Work Accident Communication System)	No.	23	29
Frequency rate - Number of accidents with leave per million man-hours worked	Number	0.4	0.4
Severity rate - Number of days lost due to accidents per million man-hours worked	Rate	3.99	5.92
Number of days lost	No.	216	395



TAKING CARE OF SOCIETY

Generating value

For TIM, companies create and distribute value through its activities, but also can cause indirect impacts on the economy. The Brazilian telecommunications industry accounts for 5 to 6% of the GDP, generating significant municipal, state and federal tax revenues. In this scenario, TIM believes its activities contribute towards the country's economic growth, and that its services are critical to society. TIM was the first operator to adopt affordable rates for unlimited on-net calls (TIM to TIM calls), allowing the inclusion of low-income citizens and access to connectivity and information, and introduced innovation once again by eliminating charges for calls between different operators. Its business also help corporate and industrial clients to seek technological innovations, providing increased efficiency and competitiveness, in addition to enabling the creation of new jobs.

In 2015, the company launched the TIM Multibank Caixa¹⁰ service, in partnership with Caixa Econômica Federal and MasterCard. Through this service, users can pay bills, transfer money to other users, buy credits for their phones, shop in MasterCard-accredited merchants, and deposit and withdrawal money in lottery outlets, using a prepaid account from Caixa Econômica accessed via TIM mobile phone. To sign up, users do not need to have bank account or proof of income.

TIM also makes efforts to foster and open access to technological solutions through Instituto TIM (TIM Institute). Learn more about the initiatives of this organization in the following page. [\[G4-EC8\]](#)

Benefits to the population

TIM maintained its partnership with the Ministry of Science, Technology and Innovation (MCTI, in Portuguese) for the installation of Rainfall Data Collection Platforms (PCDs, in Portuguese). The Technical Cooperation Agreement was signed in 2013 in an effort to help monitoring rainfalls and droughts. The Ministry received free-of-charge access to data, infrastructure, and antennas for installation of equipment and connection signal.

The rainfall meters placed in TIM's Radio Base Stations (RBS) are able to measure rainfall conditions every 5 minutes, using the TIM mobile communication network. TIM also provided 400 Sim Cards to be installed in the platforms, enabling data connection between rainfall meters and the disaster-monitoring center Cemaden (Brazilian Center for Monitoring and Early Warning of Natural Disasters).

By the end of 2015, approximately 3,000 automatic rainfall meters had been installed nationwide, covering 886 municipalities and most part of the priority regions.

All data collected by this equipment is available at Cemaden's website, allowing municipalities, states, partner organizations and other users to share the information used for the local natural disaster risk management. This is a permanent project and does not involve transfer of funds among partners; therefore each one shall bear all costs and expenses arising out of their respective obligations. [\[G4-EC7\]](#)

¹⁰Service available in the states of Paraná, Santa Catarina, Minas Gerais, Rio de Janeiro, Rio Grande do Norte, Ceará, Paraíba, Pernambuco, Piauí, Alagoas, Bahia and Sergipe, in May 2016.

Instituto TIM

Instituto TIM (TIM Institute) is committed to creating and strengthening resources and strategies for democratization of science and innovation that promote human development in Brazil, with mobile technology as one of the main facilitators. The institute operates in four dimensions:

Education

Creating and democratizing resources and strategies for teaching science and math.

Applications

Investing in technological solutions that will improve people's lives.

Work

Creating and democratizing teaching resources and strategies to foster a productive technological inclusion of young people.

Inclusion

Disseminating new information and communication technologies that will help spread this knowledge.

Since 2013, the Institute has implemented actions in 350 cities, in 26 states and the Federal District, mobilizing 49 education departments, three ministries – the Ministry of Education (MEC), the Ministry of Science, Technology and Innovation (MCT) and the Ministry of Culture (MinC) – and over two thousand public schools, benefiting 8,900 teachers and 383,000 students.

PRINCIPLES AND STRATEGIES



The Math Circle Brazil

ZUP

TIM Tec

Fora da Escola Não Pode!

TIM Does Science

Cultural Maps

Academic Working Capital

Transformation Agents

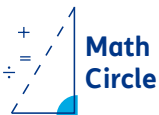
Instituto TIM Scholarship
- OBMEP

Support to Science and
Technology Museums and Centers

2015 MAP OF ACTIVITY



Some of the main projects developed by Instituto TIM (TIM Institute) are:



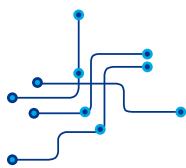
In an effort to change the paradigm that Math is too difficult, this project brings to the country the Math Circle approach, created by Harvard professors Robert and Ellen Kaplan, according to which, student participation and reflection are essential elements in order to build up mathematical knowledge and skills. The idea is to work on the concept: “tell me and I’ll forget, ask me and I’ll find out.”

Targeting students from 2nd and 4th grades of public elementary schools located in underprivileged areas, the project offers Math Circle sessions as an after school activity and also provides teacher training. In 2014, the mathematics skills of the participating students increased by 7.3%, compared to 5.7% in 2013. UNESCO recognized the success of the project in 2016, and launched a partnership to implement the initiative in Brazil.



This project was developed to disseminate basic scientific concepts in this challenging area of education in Brazil. Carried out in partnership with Municipal Departments of Education, TIM Faz Ciência provides public schools with teaching materials, videos and other aids, and conducts training sessions with teachers, who also receive support from a relationship center throughout the school year. The program materials can be downloaded for free on the TIM Faz Ciência website, and can be used by any teacher, in any school in the Country. Since its creation, 44 municipal education departments have adopted the program, training over 6.4 thousand teachers and benefiting 194,000 students between 2014 and 2015.

TIM Tec



Aiming at the expansion of vocational and technological education in Brazil, the project is based on three pillars: courses, free software development and support to public education institutions that intend to install and use the software. TIM Tec offers free online courses in line with the Pronatec's Technology Axis: Information and Communication. It has become the MOOC (Massive Open Online Courses) platform whose technology and content are being shared with public education institutes from Rede e-Tec Brasil, with support from the Department of Professional and Technological Education of the Ministry of Education (Setec/MEC).

Eight Federal Institutes have already launched their platforms created from TIM Tec software, and other six are in the installation phase. In addition to offering the courses developed by the project, Institutions can add their own courses to the tool. Between 2013 and 2015, 17 courses were created and 18.8 thousand students registered in the platforms.

Cultural Maps



Instituto TIM (TIM Institute) engaged in the construction of a platform for collaborative mapping and culture management, to enable cultural agents, administrators and the society to learn, share and manage the cultural production of a region in Brazil. Mapas Culturais (Cultural Maps) is a software that allows the mapping and dissemination of cultural activities, enabling the development of networks, promoting access and visibility to the general population, the government and the market.

A cooperation agreement signed in 2015 between the Instituto TIM (TIM Institute) and the Ministry of Culture (MinC) will take the platform to a national level. In two years of existence, platforms were created and implemented in the states of Ceará, Rio Grande do Sul, Tocantins, Mato Grosso and São Paulo, and the cities of Blumenau (SC) and João Pessoa (PB). Almost two thousand projects and 53.8 thousand agents have been registered.

ZUP: Zeladoria Urbana Participativa



ZUP - Zeladoria Urbana Participativa (Participatory Urban Governance) is a free software created to help public administrators and citizens participate in urban governance activities and operations. The initiative is aligned with the guidelines of the Brazilian Digital Government Policy, which guides public managers to interact with citizens, improve the internal management and integrate with partners and suppliers.

ZUP is an important management tool that can be used by any municipality that has an interest in managing their public services in a more efficient and participatory manner. It comprises four modules: ZUP Cidadão (ZUP Citizen), ZUP Gestão (ZUP Management), ZUP Inventários (ZUP Inventories) and ZUP Fiscal (Fiscal ZUP), through which administrators are able to collect, analyze, organize, share and monitor information about their cities. In addition, the tool automates document flows and allows the management of inventories and services provided by partner companies, among other features. All information contained in the system are stored in a database, enabling the analysis of information and facilitating decision-making.

Awards

Winner of the 2015 Governarte contest for two categories: *Cities and Big Data*. *Eduardo Campos Award*: the ZUP platform VcSBC application developed by Instituto TIM (TIM Institute) competed with other 94 initiatives. Targeting public administrators and citizen participation, the initiative was considered one of the best and most innovative public management practices in municipal governments of Latin America and the Caribbean. The awards ceremony took place in April 2016 in Washington, D.C., in the United States, in an event sponsored by the Inter-American Development Bank (IDB).

Private Social Investment

The company's social investment initiatives comprise donations, projects developed by the Instituto TIM (TIM Institute) and sponsorship of cultural and sports actions carried out in communities. In 2015, TIM provided donations to the following institutions: Casa de Passagem, Instituto Ronald McDonald, Escola Técnica Redentorista, Instituto Ayrton Senna and Fundação Amazonas Sustentável.

PRIVATE SOCIAL INVESTMENT	2014 (R\$)	2015 (R\$)
Donations	1,933,354	686,281
Instituto TIM's projects^{1,2}	15,291,709	13,859,339
Education	4,663,916	7,194,606
Applications	1,570,685	1,305,838
Work	2,202,000	3,329,385
Inclusion	1,960,000	927,160
Others	4,895,108	1,102,350
Initiatives in the community³	23,919,30	18,967,342
Sports sponsorships	1,112,300	3,749,475
Cultural sponsorships	22,806,930	15,217,867

Learn about other projects and initiatives developed by Instituto TIM on institutotim.org.br

¹In 2015, Instituto TIM has invested R\$ 12.9 million as a mandatory social contribution to the credit granted by the Brazilian Social and Economic Development Bank (BNDES, in Portuguese) to TIM Celular S.A. (mediated by TIM Participações S.A.). The credit was opened in December 2013.

²In 2015, TIM reviewed the classifications and decided to start considering only the projects developed by Instituto TIM (TIM Institute) in this category. Projects with return on image were reclassified in the category of Initiatives in the community.

³Tax incentives are included in the total amounts invested in that category and, in 2015, accounted for 46% of the investment in initiatives in the community.

Digital inclusion

TIM was the first operator to enable the digital inclusion of low-income groups, offering services that allowed these customers to increase the use of voice and data. For example, the introduction, in 2009, of the billing model for customers in the pay-as-you-go segment, and the creation of the Infinity Plan, where customers making TIM to TIM calls would be charged per call, not per minute.

In 2015, TIM was the first company to include calls to other operators in a pre-paid plan, and launched a new portfolio of plans for all segments. For customers of the pre-paid segment, the package combines data (150 MB), voice calls to all operators, including long distance calls (100 minutes) and unlimited SMS, for a reasonable value.

Throughout 2015, TIM also held workshops free-of-charge to the population. The Café com Android initiative, carried out in partnership with LG, had several editions in different cities of Brazil. The meetings were conducted for 1.5 hours at TIM stores, where participants learned how to install applications, listen to music and watch movies through streaming, and make video calls, among other tips on the use of smartphones.

Suppliers

Business ethics, transparency and commitment towards sustainability comprise the guidelines for Relations with Suppliers in a TIM Purchase Process. To strengthen such commitments, all agreements include clauses requiring compliance and fulfillment of TIM's Code of Ethics and Conduct and the Principles of the Global Compact, such as respect to labor and human rights, environmental protection and anti-corruption.

The company's value chain comprises suppliers of telecommunications network equipment and products (mobile phones, modem, etc.), technology service providers, electric utilities, as well as providers of services to other areas that support TIM's business purposes, such as consulting firms, audit companies, communication agencies, among others. [\[G4-12\]](#)



TIM makes use of competitive methods to select its suppliers -- equally, without preferences --, always seeking the best commercial agreement and the best technical service quality. By local supplier, the company means one that is located in the same country of TIM's headquarters. Although its purchasing procedures and policies do not contain guidelines for prioritizing local suppliers, TIM seeks to build relationships with those located in Brazil, whenever possible.

All suppliers with contracts over one million reais are subjected to social and environmental assessments during the qualification stage, within social, environmental, and occupational health and safety aspects. Suppliers considered critical in any aspect will undergo a supplementary profile assessment. At the end of that stage, the reviewers will issue an opinion indicating the level of compliance with the criteria addressed. Those who are still considered critical shall commit to implement an action plan.



Assessment and monitoring

TIM monitors supplier performance through its own performance evaluation methodology (*Vendor Rating*), using a specific questionnaire to support penalties set out in contractual clauses and in general terms of delivery of purchase orders. To control compliance with labor rights, the company checks the suppliers' reputation on the *websites* of the Business Pact for Integrity and Against Corruption and the Brazil's National Pact for the Eradication of Slave Labor. Suppliers that appear in any of the two lists may not be qualified. All TIM suppliers also sign a declaration stating their commitment to comply with the company's Code of Ethics and Conduct and its sustainable development principles.

Those registered under procurement and which joined the company from November 2015 onwards

are required to fill out a due diligence questionnaire, used to collect information exclusively for the purpose of verifying compliance with Brazilian and international anti-corruption laws, as well as with internal standards.

TIM also requires its suppliers to comply with a specific clause under the terms and conditions of the purchase order, providing that no products purchased by TIM contain conflict minerals. In the document, the supplier agrees to abide by the rules and regulations established by the Securities and Exchange Commission¹¹, and adopt a reasonable and appropriate due diligence conduct to ensure their products do not contain these minerals.

[G4-EC9]

¹¹The Securities and Exchange Commission of the United States created by the U.S. Congress to regulate the securities markets and protect investors.

SPENDING ON LOCAL AND INTERNATIONAL SUPPLIERS

2014

2015

Local suppliers	9,458,859.74	8,226,002.31
Network Infrastructure	2,999,020.86	3,239,382.96
Trade products	3,557,420.02	2,154,926.00
Information technology	698,211.49	761,615.82
Professional technical services	1,762,406.19	1,632,133.53
Energy purchase	127,888.18	137,739.00
Others	313,913.00	300,205.00
International suppliers	140,074.26	146,120.69
Network Infrastructure	30,293.14	32,721.04
Trade products	3,560.98	0,00
Information technology	93,411.51	101,894.18
Professional technical services	12,423.81	11,505.47
Energy purchase	384.82	0.00
Others	0.00	0.00
Total	9,598,934.00	8,372,123.00

Among the suppliers who responded to the social and environmental questionnaire, the company did not identify possible risks for occurrence of forced, slave or child labor.

[G4-SO9, G4-LA14, G4-HR5, G4-HR6, G4-HR10]

Stakeholder Engagement

[G4-24, G4-25, G4-26]

The company addresses the need to engage stakeholders and their concerns in the company's activities and decision-making processes through the principles set forth in its Engagement Policy, which guides and encourages participative relations among its collaborators. It also promotes the debate and greater involvement with the company's key stakeholder groups, seeking to create, maintain and strengthen trustworthy, inclusive, ethical and mutually beneficial bonds.

Our stakeholders

- Employees
- Service providers
- Consumers/customers
- Suppliers
- Shareholders
- Financial institutions
- Unions
- Consumer protection and defense organizations
- Community
- Government
- Regulatory agencies
- Competitors
- Society

In addition to the initiatives to maintain contact and develop relationships described throughout this report, TIM has permanent channels to engage and communicate with stakeholders.

STAKEHOLDERS	FORMS OF ENGAGEMENT
Customers	<ul style="list-style-type: none"> • Customer Service via the Customer Relationship Center (CRC), MeuTIM, Portal *144# and Audible Response Units (URA) for requests, queries to accounts and balances, doubts, complaints and changes in data • Social Networks: Facebook and Twitter (@TIM_Ajuda); • Monthly satisfaction surveys • Fale pelo Cliente (Speak for the Customer), used by employees to address customer requests • Portas Abertas website (http://portasabertas.tim.com.br), a relationship portal through which customers may keep track of antenna deployment, and network and coverage expansion.
Suppliers	<ul style="list-style-type: none"> • Social and environmental questionnaire (assessment and identification of improvement opportunities) • TIM Commerce website (www.timcommerce.com.br), for registration and information.
Competitors	<ul style="list-style-type: none"> • Cooperation and collaboration with various associations and working groups aimed at advancing the industry as a whole • Fair Competition Information Guide (aimed at TIM employees).
Environmental regulatory agencies	<ul style="list-style-type: none"> • Regular contact with bodies associated with the relevant state and municipal authorities and with the Brazilian Institute of Environment and Renewable Natural Resources (Ibama) • Environment and Climate Change channel: ssma@timbrasil.com.br (questions and suggestions).
Community and civil society organizations	<ul style="list-style-type: none"> • Contact with the communities via e-mail (respsocialcorp@timbrasil.com.br, projetosocial@timbrasil.com.br and ssma@timbrasil.com.br) and in the regional offices • Donation and volunteer work campaigns, investments in specific causes and social action projects • Support for social, environmental, cultural and educational initiatives.
Employees	<ul style="list-style-type: none"> • Corporate Intranet • Internal corporate TV • E-mails with newsletters • Safety and Occupational Health Channel (ssma@timbrasil.com.br); • Induction week for new employees • Organizational Climate Survey • Speak to People Value Channel • Ethics and Compliance Channel.
Shareholders	<ul style="list-style-type: none"> • IR Site (www.tim.com.br/ri) with relevant information and integrated and complementary services • Speak to IR channel, to resolve doubts and provide information.
Business partners	<ul style="list-style-type: none"> • Information about offers and campaigns via Mundo TIM (intranet), Sales Business Newsletter (e-mail), SMS messaging and email marketing.
All stakeholders	<ul style="list-style-type: none"> • Unified Whistleblower Channel



TAKING CARE OF THE ENVIRONMENT

Impact management

The environmental impacts linked to our business are considered impacts of low magnitude. They relate to the implementation and operation of Radio Base Stations (RBS or antennas) connecting client mobile phones to TIM's fixed stations. There are two types of RBS – Greenfield, which is installed on the ground, and Rooftop, a tower built on the roof of the buildings.

All RBS premises have urban and environmental licenses, where applicable. In the case of potential environmental impacts, TIM carries out reparations as required in the environmental licensing process, which may include the replanting of trees to compensate for the vegetation removed for the installation of RBS. Antennas emit noise and non-ionizing radiation¹² as they come into operation.

In Brazil, the National Telecommunications Agency (Anatel) is the regulator of radio frequency bands for mobile telephony, also responsible for regulating the limits of exposure to electromagnetic fields according to Resolution No. 303 and the Law No. 11934 of 2009. Both the resolution and the law provide for reference standards listed in the guidelines of the International Commission on Non-Ionizing Radiation Protection (ICNIRP), and endorsed by the World Health Organization (WHO).

In order to minimize environmental risks, TIM is committed to monitor the operational aspects

of the sites, ensuring compliance with internal standards, legal and regulatory requirements, as set forth in its Environmental Policy. TIM monitors and analyzes its RBS electromagnetic emissions based on Ruling No. 303 methods, remaining within the limits established. This procedure also extends to the structures shared with other operators.

Noise emissions are measured upon the installation of new antennas, for licensing purposes and upon the request of the municipal government, government agencies, the Public Prosecutor's office, the local community and as required by law, although no federal regulation directly addresses this procedure. In 2015, the percentage of TIM sites that received electromagnetic emission and noise emission measurements were 27% and 1% respectively. Compared with 2014, the measurement of electromagnetic emissions decreased by 22 percentage points, due to a smaller demand for this type of measurement by the relevant environmental authorities.

Given its nationwide presence, TIM has RBSs installed in 152 preservation areas, such as hilltops and Conservation Units, and uses the same procedures applied to urban areas to conduct periodic monitoring in these antennas, ensuring its activities will not bring impacts to biodiversity.

[\[G4-SO2, G4-EN12, G4-EN27\]](#)

¹²Radiation emitted by radio waves used in mobile telephony. Do not pose risks to health, causing only increase of temperature or thermal effect.

Stay connected!

According to the World Health Organization studies, there is insufficient evidence to show that the use of mobile phones and emissions from antennas are harmful to health, as long as limits and precautionary standards are observed. Other recent studies also have shown that exposure to RF signal from RBS sites varies from 0.002% to 2% of the levels set out in international guidelines, depending on factors such as the proximity to the antenna and the environment around you. These levels are lower or comparable to the exposure to radio or TV transmitters.

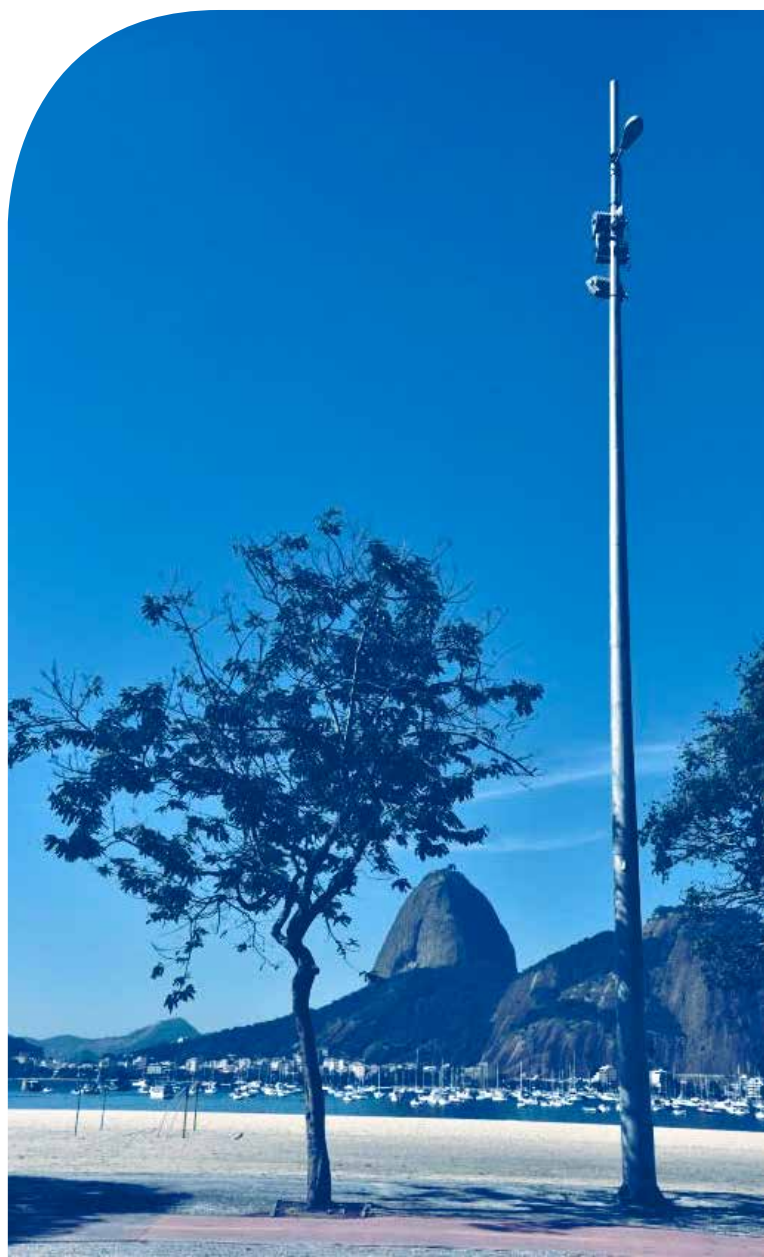
RBS also has advantages, such as reduced energy consumption and a fixture structure that uses 99% less steel than the traditional base stations.

TIM installed the first biosite in Curitiba, the state capital of Paraná, in June 2014, and more than 100 other sites throughout the country. The company also plans to install 300 new biosites in the city of Rio de Janeiro until the 2016 Olympics. The fact that this antenna is built as a lighting pole streamlines its licensing process, for it is qualified as urban furniture when installed in public area. The next stage of the project will be the installation of biosites in private areas such as condominiums, shopping malls, parking lots, aimed at providing better customer experience with less visual pollution in the urban landscape.

Optimizing Assets

TIM made changes to its infrastructure management model to align it to the market trend and to its plan for greater cost efficiency. In 2015, the company sold 5.4 thousand towers, which corresponds to approximately 30% of the total. In relation to urban and environmental licensing procedures (when required by law), this responsibility will be undertaken by the tower owner. TIM will be responsible for licensing antennas and measuring electromagnetic and noise emissions, which in some cases are a pre-requirement for obtaining such licenses. This monitoring is also conducted upon requests received through the communication channels (read more about these channels in [Forms of engagement](#)).

With a cost of installation three times smaller than the towers, the biosite is a structure similar to a pole that mimics the antennas of the operator and may accommodate all telecommunications equipment (2G, 3G and 4G), as well as urban furniture, such as public lighting and security cameras. This unprecedented technology can significantly reduce the visual impact and help harmonize the urban infrastructure and the environment. From an environmental perspective,





Search for excellence

Always searching for continuous improvement of its internal processes and services, TIM has expanded its Environmental Management System (EMS) and implemented the Safety & Occupational Health (SGSST) system in administrative offices and sites in the states of Bahia, Minas Gerais, Pará, Paraná, Pernambuco, Rio de Janeiro, Espírito Santo, Rio Grande do Sul, São Paulo and the Federal District. In addition, the company maintains important certifications, as shown in the following table:

CERTIFICATION	AREA CERTIFIED	SCOPE
ISO 9001:2008 Quality Management Certification Acquisition: since 2000	Management of the TIM Celular Network	National. Operational Units where the processes are carried out: Minas Gerais, Rio de Janeiro, São Paulo, Pará, Paraná, Pernambuco and Brasília.
ISO 9001:2008 Quality Management Certification Acquisition: since 2005	Management of the GSM pay-as-you-go and postpaid billing of TIM Celular	National. Operational Units where the processes are carried out: Rio de Janeiro and São Paulo
ISO 14001:2004 Environmental Certification Acquisition: since 2010	Management and Operation of the TIM Celular Network	Rio de Janeiro, São Paulo and Espírito Santo
Anatel SMP Regulatory Certification Acquisition: since 2004	Method for collection, consolidation and reporting of quality indicators of the Personal Mobile Service - SMP	National
Anatel STFC Regulatory certification Acquisition: from 2014	Method for collection, consolidation and reporting of quality indicators of the Switched Fixed Telephone Service - STFC	National
Anatel SCM Regulatory certification Acquisition: Sept. 2015	Method for collection, consolidation and reporting of quality indicators of the Multimedia Communication Service - SCM	National

Energy

Electric power is TIM's primary input, crucial for the operation of its Radio Base Stations (RBS). The company seeks competitive advantage by investing in new power sources and increasing efficiency. At TIM, this matter is managed by two areas, one responsible for the administrative department and the other for the sites, whose main target is to reduce energy consumption without compromising the company's growth.

TIM achieved savings of 1,760 MWh, as a result of initiatives to drive energy efficiency, which were reinforced in 2015. One example is the RAN sharing agreement for the 4G network, which consists of sharing the RBS with other operators. In addition to reducing costs (that will be divided among the operators), sharing infrastructure has a positive impact on the environment, as it eliminates the need to build new stations. The initiative won the *Global Mobile Awards ("Glomo")* in the category *Best Mobile Technology - Broadband for all: Outstanding LTE contribution*. TIM and Oi were the first signatories of the agreement, and will be joined by Vivo in 2016.

[G4-EN6]

Considering that around 4,500 stations were shared between TIM and Oi at the end of 2015, there was an estimated electricity saving of around 120,000 MWh, corresponding to cost savings of approximately R\$ 68 million (Opex). This saving also generates an environmental gain, given that about 15,000 tCO₂e of atmospheric emissions were avoided due to this electricity saving.

TIM believes that the initiative is paramount to the development of telecommunications in the country. The sharing of infrastructure promotes greater efficiency in the use of radiofrequency, reduces urban impacts as well as energy consumption. In addition, the joint construction increases the speed of deployment of networks and generates savings of financial resources, which can be reverted to other projects – a proof that sharing also works in the infrastructure sector.

TIM maintained other two projects in operation: the biosite and freecooling. The first, as already

mentioned, is an innovative type of antenna embedded in a lightning pole that consumes less energy, among other benefits. The FreeCooling Project consists of a ventilation system for equipment containers, where a cooler is installed in shelter-type sites (enclosures) in the South and Southeast regions to reduce the use of energy and refrigerant gases in air conditioning equipment. With this initiative, TIM achieved savings of 1.12 GWh, corresponding to approximately 140 tCO₂e of emissions avoided.

Within the guidelines to drive energy efficiency, TIM is conducting the 2G network swap (exchange of equipment) to continue offering the same performance, but with reduced electricity consumption. By the end of 2015, the company managed to reduce consumption by 0.64 GWh, corresponding to approximately 80 tCO₂e of emissions avoided.

Even with the 16% increase in energy consumption caused by the business expansion, the company met the target set to a maximum of 21%. Referring exclusively to the mobile network of TIM Celular, which accounts for 80% of the total energy consumed in the company, the goal for 2016 is to limit the consumption in 22%, considering the implementation of measures to optimize power consumption.

For 2016, TIM will invest in a new *software* for the telecommunication network that will optimize the system, by controlling equipment operation according to demand. During off-peak hours, when there is no need to keep all equipment connected, the program will make intelligent use of the network, turning off idle devices. Such measure is expected to bring excellent results.

The company maintained its commitment to reducing energy consumption in the administrative offices, through employee awareness measures, including internal newsletters. The company also followed-up its building maintenance actions, such as reducing the hours of operation of air conditioners and lifts, replacing energy-consuming appliances for others more efficient, and intensifying maintenance routines.

TOTAL ENERGY CONSUMED, DISCRIMINATED BY SOURCE [G4-EN3]

EN3	ENERGY CONSUMPTION IN THE COMPANY	2014	2015
Gasoline	L	1,489,469	1,291,170
Ethanol	L	*	65,773
Diesel – Vehicles	L	33,149	43,061
Diesel – Generators	L	165,451	222,169
Electricity	MWh	483,934	562,952
GJ			
Gasoline	GJ	44,664	30,559
Diesel – Vehicles	GJ	1,174	1,422
Diesel – Generators	GJ	5,857	7,335
Biofuel	GJ	*	9,697
Electricity	GJ	1,742,161	2,026,627
Total energy used (GJ)	GJ	1,793,855	2,075,640

*In 2014, the consumption of biofuels was reported in conjunction with the consumption of fossil fuels.

Solar Power

Aware of the potential of Brazilian renewable energy sources, TIM set targets to install photovoltaic panels in 50 RBSs in 2016, in the Northeast and Southeast regions of the country. The company intends to invest and operate in the energy generation market, providing a sustainable model that will secure prices.

In addition to these benefits, the panels will bring more stability to the network, compensating for potential power outages in the utility company. TIM will use the power generated by the solar panel during daytime, after which the power consumed will come from the utility. The battery already installed on the site will be available for power shortage incidents. If the energy generated by the photovoltaic plates is not completely consumed, TIM may release it to the public network and receive credits from the utility company, which can be deducted from the energy bill at another site in the same federative unit. Two years ago, TIM developed a pilot initiative in Duque de Caxias (RJ) with positive outcomes.

Considering the relevance of energy resource management at TIM, the company recognizes there is room for improvement, but firmly believes to be in the right path. The investments and efficiency actions underway will leverage the company's competitiveness, in addition to mitigating impacts on the environment.

Water

Even though TIM's activities do not involve heavy use of water – the largest consumption takes place in its headquarters – the company developed several initiatives to reduce consumption of this dwindling resource. TIM's efforts have produced results as the company managed to reduce water intake by 22%. The water consumed at TIM comes mainly from the urban supply networks, but the São Paulo office also consumes water from an artesian well.

In view of the hydric collapse that struck the southeast region, mainly affecting the states of São Paulo and Rio de Janeiro, the office courtyard stopped being washed. TIM continued implementing measures to reduce water consumption in 2015, such as inspections in bathrooms and pantries to detect leaks and the installation of tap timers and close coupled toilets.

Another initiative developed in the office of Santo André (SP) captures rainwater from the roofs and rainwater galleries, and includes physical-chemical treatment of water for reuse in toilets, with a total storage capacity of 620 thousand liters of water. Since its implementation, in April 2015, TIM obtained savings of 4% in water consumption. In the unit located in the neighborhood of São Cristóvão, Rio de Janeiro, the company reused water from the air-conditioning water (condensation) through a box with capacity to store 1000 liters, which can be also used for cleaning patios, irrigating gardens and for sanitary facilities. [\[G4-EN10\]](#)

Regarding effluents from the buildings, all the volume produced by the company goes to public sanitation grids, responsible for controlling the effluent treatment process. It is worth noting that the company does not perform disposal with high environmental impact and that the effluents generated at TIM significantly affect no water body.



Stay connected!

If only two people in each house in the metropolitan area of São Paulo reduced the time spent with the shower open by five minutes, the water saved in just twenty-seven days could be supplied to a population of 2.9 million inhabitants for one entire month.

Fonte: Instituto Akatu (Akatu Institute)

TOTAL WATER CONSUMED, DISCRIMINATED BY SOURCE (m³) [G4-EN8]

	2014	2015
Groundwater extraction (internal extraction)	22,475	27,108
Water supplied by the municipal grid or other companies	228,725	167,855
TOTAL	251,200	194,963
Percentage of the volume extracted compared to the previous	+9%	-22%

Efficient use of natural resources

TIM is permanently committed with the mitigation of waste produced in its operations and with an efficient use of resources. Its Environmental Policy is guided by the continuous improvement and prevention of pollution. TIM is constantly seeking to evolve its process and activities, aiming not only at a proactive approach and greater efficiency, but also at the consequent reduction of impacts on the environment.

Thus, the company maintained the measures adopted to reduce the internal consumption of paper and their respective costs, and replaced independent printers, scanners, fax e copy machines

for multi-functional devices that centralize all those tasks. TIM reduced paper consumption in the billing area by 56% due to several initiatives, such as the incentives for online billing and summarized invoices for unlimited voice and data services. The marketing department, however, increased its paper consumption by 68%, mainly due to production of promotional materials for new plans. Likewise, the use of cardboard has increased 131% due to marketing actions implemented in 2015.

Since 2014, 100% of the paper for internal use is certified by the *Forest Stewardship Council* (FSC).

TOTAL MATERIALS USED BY WEIGHT (kg) [G4-EN1]

	2014	2015
Paper - Billing	1,348,029	592,020
Paper - Internal Use	43,907	37,579
Paper - Marketing	1,114,592	1,877,527
Cardboard - Packaging	77,112	178,425
TOTAL	2,583,640	2,685,551

Waste management has become a major challenge for many societies. Population increase drives increase in consumption, which generates more trash, causing several environmental impacts. TIM is committed to minimizing waste production and encouraging differentiated collection, recovery and recycling initiatives.

Its Waste Management Program includes awareness campaigns across the company, as well as the selective collection of paper, cardboard, plastic, aluminum and non-recyclable material (organic waste) in the administrative headquarters and industrial buildings. In 2015, 19% of waste generated in the offices were recycled. Aware of the importance of increasing this percentage, the company expects to reach 25% in 2016. The main waste generated in its operations are end-of-life batteries from network equipment and lubricating oil, while in the administrative areas, organic waste represents the largest volume.

A Solid Waste Policy was created in Brazil in 2010, providing for shared responsibility among several players in the production chain, like consumers, public authorities, cooperatives, recyclers and industry.

Aligned with this guideline, TIM implemented selective collection, and started collecting disused devices, batteries and accessories through the initiative Programa Recarregue o Planeta (Recharge the Planet Program), which also encourages customers to place disused mobile handsets, batteries, cables and other accessories into special bins and send them to proper disposal sites. TIM plans to intensify campaigns to raise awareness on this issue during 2016.

In 2015, 1.192 Kg of appliances and accessories were recycled, representing an increase of 13 percentage points compared to the previous year, but still below the target of 2 tons. For 2016, the target remains at 2 tons, and the company will conduct collections both at TIM stores and at the administrative headquarters, increasing the participation of visitors and employees. [\[G4-EN28\]](#)

For the disposal of burned bulbs, TIM hired appropriate waste collection and disposal companies. At the administrative headquarters, the organic waste is selected and made available for public collection carried out by municipal bodies or suppliers authorized by the City Government. The recyclable waste is sent to cooperatives or vendors that are qualified to provide this service.

TOTAL WASTE GENERATED, BY TYPE, BY METHOD OF DISPOSAL, BY WEIGHT (t) [G4-EN23]

	2014	2015		2014	2015
Generated			Recycling		
Hazardous waste	11.43	223.88	Hazardous waste		
Non-hazardous waste	428.15	560.14	Administrative buildings	3.75	5.53
TOTAL	439.58	784.02	Network	5.09	202.95
Offices			Non-hazardous waste		
Hazardous waste	3.75	5.53	Administrative buildings	157.77	93.55
Non-hazardous waste	412.73	518.12	Network	10.13	40.11
TOTAL	416.49	523.65	Sanitary landfill		
Networks			Non-hazardous waste		
Hazardous waste	7.68	218.35	Administrative Buildings	254.97	424.58
Non-hazardous waste	15.42	42.02	Network	5.29	1.91
TOTAL	23.10	260.37	Others		
			Hazardous waste	2.60	15.40

The increase in the volume of hazardous waste sent for recycling corresponds mainly to network equipment batteries. The disposal of this material is periodic, as a minimum amount needs be accumulated to be collected by the supplier. In addition, a higher volume of this type of waste was disposed in the regional office in São Paulo due to replacement of low-autonomy batteries. In the case of the Northern regional office, the increase in the volume of hazardous waste disposed was caused by a preventive maintenance of generators, resulting in the disposal of lubricating oil and oil filter.

Climate change

As stated in the company's Climate Change Management Policy, TIM recognizes its share of contribution to global impacts. Several stages of TIM's activities – operation of equipment, transport of products and commuting – involve power and fuel consumption, which consequently result in direct or indirect Greenhouse Gas (GHG) emissions. For TIM, this is a strategic issue for business longevity and value creation, while the implementation of mitigation and adaptation measures is vital for social welfare.

It is worth noting that the discussions of sustainability topics are conducted by our Board of Directors, through the Control & Risk Committee, which among its tasks should supervise and follow up social responsibility issues pertaining to the company and subsidiaries.

As part of its commitment to society in addressing climate change, TIM conducts periodic mapping of the sources of emissions in its activities. The company manages this issue through the Greenhouse Gas (GHG) Inventory, prepared annually in accordance with the guidelines of the GHG Protocol (which sets the global standard for how to measure, manage, and report greenhouse gas emissions), and also refers to the guidelines and emission factors published by the International Panel for Climate Change (IPCC). The results of the emissions inventory are disclosed through a number of channels, including the CDP, Brazil's Public Emissions Registry, and TIM's website, as well as in the Sustainability Report.

The sources of direct GHG emissions (Scope 1) identified at TIM are power generators (diesel),



executive, administrative and security vehicle fleets, in addition to the fugitive emissions from with air-conditioning and fire-fighting equipment.

The company also mapped the indirect emissions related to the purchase of electric power (scope 2) used in its facilities and the following categories under the scope 3: production of inputs purchased; production of energy inputs (fuels); losses due to transmission and distribution of electricity; transport and distribution (upstream); waste disposal; business trips (air companies and taxis); employee commuting and transport and distribution (downstream).

The increase in TIM's emissions under scope 1 was due to the emissions related to the use of gaseous fire-fighting equipment with high global warming potential.

[\[G4-EN15, G4-EN16, G4-EN17\]](#)

SCOPE	TYPE OF EMISSION
Scope 1 (Direct emissions)	1) Consumption of fuel in own fleet. 2) Consumption of diesel oil to generate energy. 3) Fugitive emissions from gases used in refrigeration and fire-fighting equipment.
Scope 2 (Indirect emissions associated with energy generation)	Consumption of purchased energy.
Scope 3 (other direct emissions)	1) Fuel consumed in: <ul style="list-style-type: none"> • employee air travel • employee commuting between work and home • third-party fleet and sales consultants' vehicles • cargo transported by air 2) Waste management.

EMISSIONS	2014	2015
Scope 1	2,195 tCO ₂ e	10,152 tCO ₂ e
Scope 2	483,934 MWh 65,565 tCO ₂ e	562,952 MWh 70,055 tCO ₂ e

EMISSIONS DISCRIMINATED BY SCOPE AND TYPE (tCO ₂ e)		
	2014	2015
Scope 1	2,195	10,152
Own fleet	737	867
Generators	370	546
Fugitive emissions - Coolants	1,088	1,512
Fugitive emissions - Fire extinguishers	-	7,227
Scope 2		
Electricity consumption ¹	65,565	70,055
Scope 1 and 2	67,760	80,207
Scope 3	39,606	42,266
Production of inputs purchased (Cat. 1)	-	2,97 ²
Production and transportation of energy inputs (Cat. 3a)	-	384 ²
Loss from transmission and distribution (Cat. 3c)	-	14,779 ²
Air travel (Cat. 6)	5,080	4,178
Taxi trips (Cat. 6)	-	315 ²
Employee commuting (Commuting - Cat. 7)	7,373	7,367
Third-party fleet - Logistics (section Cat.9) ³	23,714	9,221
Third-party fleet - Others (Cat. 4 + section Cat.9) ⁴	1,613	1,044
Sales reps commuting (section Cat.9)	1,786	1,463
Waste management	40	848 ⁵

¹Emissions from electricity consumption remained in line with the 2014 emissions. The national grid emission factor supplied by the Ministry of Science and Technology, which takes into account the Brazilian energy matrix and its supply via the Sistema Interligado Nacional (SIN) experienced a slight drop of 8% (emission factors: 2014 – 0.1355 tCO₂/MWh; 2015 – 0.1244 tCO₂/MWh). During the same period, there was a 16% increase in the total consumption of electricity imported from the SIN.

²New indirect emission sources calculated as an expansion in scope 3, aimed at improving carbon management.

³The decrease in this source is due to the reduction in the transport of commercial products, both by road and by air.

⁴E This line refers to emissions associated with outsourced transport of network equipment, selective collection and collection of equipment, batteries and accessories. A decrease in the transport of network equipment was observed between 2014 and 2015, reflecting the reduction in emissions related to this source.

⁵The increase in emissions from waste management is justified by both an increased amount of waste produced, as well as the change in the methodology used to calculate these emissions.

Although TIM is still not subject to any national, regional or industrial legislation on emissions, Climate change is considered strategic for its business longevity and value generation. TIM believes that, in the short-term, the voluntary measurement of emissions will become a mandatory measure through national or state legislation. In this context, companies that already have an emission inventory in place will gain competitive edge in the market.

In addition to having quantified and published its GHG emissions annually since 2008, being part of the CDP database since 2007 and having participated in the Empresas pelo Clima platform since 2010, TIM wants to anticipate the challenges arising from this issue and the society's increasing demand for a more sustainable approach. Its target to reduce GHG emissions is indirectly connected with the energy target. In 2013, the company purchased carbon credits in the voluntary carbon market to compensate its direct emissions, and, in 2015 undertook a new purchase totaling 6,000 tCO₂e of carbon credits to offset its direct emissions under scope 1. The REED+Jari Amapá (Reducing Emissions from Deforestation and Forest Degradation) project is a partnership between Grupo Jari and Biofilica, and is located in Vale do Rio Jari, in the state of Amapá. The project generates carbon credit through the deforestation avoided, based on the standing forest economic development. Direct emissions in 2013 and 2014 were fully compensated. The remaining credits from the REDD+Jari Amapá project (4,374 tCO₂e) have been used to compensate direct emissions from TIM's own vehicle fleet, generators and fugitive emissions from refrigerant gas in 2015, which helped neutralize 29% of emissions under scope 1.

INITIATIVES TO REDUCE GHG EMISSIONS [G4-EN19]



Efficient use of network equipment through continuation and expansion of the network sharing agreement (**RAN Sharing**)



Project for reducing and containing energy consumption and compensating direct emissions (scope 1)



Several energy efficiency initiatives, such as **freecooling**



Actions to encourage the use of online bill (reducing print and paper waste)



TIM PDV Program (online recharge system for prepaid cards, without using the physical card)

Engagement actions

AT TIM, suppliers and employees are encouraged to engage in climate change initiatives. The company holds internal workshops that are also attended by transport suppliers, with the aim to raise awareness of the issue and promote mapping and management of emissions. TIM also seeks to contribute to a more detailed and quantified reporting of indirect emissions, to reduce the carbon footprint related to supplier services and find innovative yet less polluting solutions. In addition, TIM participates in external forums and discussion groups to debate and propose good practices concerning the topic.

For TIM, employee participation is critical to an efficient use of resources and management of emissions in the company. They are encouraged to develop innovative and quality services for customers, while reducing the impacts on the environment.

Risks and opportunities arising from climate change

Opportunities

For the telecommunications sector, the opportunities arising from climate change are mainly related to the development of solutions to mitigate emissions from operators and their customers, and solutions for better adaptation to severe climate change. One example is the partnership agreements signed with the Ministry of Science, Technology and Innovation (MCTI) for the installation of [rainfall data collection platforms](#) at Radio Base Stations (RBS) located near areas with a risk of natural disasters.

Meanwhile, to prevent a scenario of scarcity in energy offering, caused by long periods without rain, TIM promotes initiatives aimed at reducing consumption of electricity in its services and installations. (More information on [Energy](#)).

The company believes that strategic carbon management combined with transparent practices is an opportunity to attain more customers in an



increasingly demanding consumer market. In this context, TIM has the advantage of offering more efficient products and services, with reduced energy consumption or use of alternative energy sources.

The company also considers that its telecommunication services may be used to reduce emissions resulting from people commuting. In addition to being a base for optimization of production processes and logistic flows in various sectors, they help customers reduce their emissions as well.

Similarly, climate change influence the behavior of investors, who prioritize companies that are open about how they manage their emissions. In this sense, in November 2015, TIM was confirmed for the eighth year in a row as part of the Corporate Sustainability Index (ISE), and in January 2016, for the sixth year, was selected to be part of the Carbon Efficient Index (ICO2), both portfolios of BM&FBovespa.

Additionally, the composition of ICO2 is based on the efficiency of corporate GHG emissions, which means a lower rate of emissions will represent higher liquidity, and therefore a higher value for negotiated securities. TIM has participated in CDP Investors since 2007 and responds to the CDP Supply Chain questionnaire upon customer request. With this, TIM also provides information that contributes to sustainable development of its value chain.

Risks

The National Policy on Climate Change (PNMC), established through Law 12187 from December 2009, and regulated by Decree #7390, dated December 9, 2010, confirms Brazil's alignment with international initiatives aimed at reducing the impact of climate change.

The 21th Climate Conference held in December 2015, in Paris, gave rise to the Paris Agreement, a new global agreement proposed to limit the average temperature increase by 2°C (threshold beyond which climate change risks would become unacceptably high). This new agreement – currently under ratification and set to be concluded on April 22, 2017 – has been approved by 195 countries, including Brazil. To meet the final targets set by said Agreement, countries undertake to achieve their own goals, based on the so-called Nationally Determined Contributions (NDC). The Brazilian NDC aims at the absolute reduction of 37% of emissions below the 2005 levels for the year 2025.

At the state level, there is a trend for even stronger restrictions on emissions. In São Paulo and Rio de Janeiro, the two states that are most relevant for our business, specific legislation on climate change issues are already in place for sectors with the biggest carbon footprint.

A major part of GHG emissions quantified in TIM's inventory is associated to energy consumption (particularly by the network infrastructure). Therefore, policies that apply to the energy sector tend to raise the operating costs of services, causing the energy price increase to be passed on to consumers, and influencing TIM's operating costs. Similarly, rules that impact TIM's suppliers, such as having emissions and carbon footprints regulated in the future, may result in increased cost for products and services contracted by the company. This is particularly valid when considering suppliers of electronic equipment and infrastructure. The removal of subsidies incident on the price of fossil fuels and/or the imposition of emission reduction targets in this sector can also affect TIM adversely.

Most of the domestic electricity supply comes from hydroelectric generation - 65.2%, according to the Brazilian Energy Balance from 2015, base year 2014 (BEN, 2015). In 2014, the hydroelectric power generation was reduced by five percentage points

compared to the previous year, due to droughts in the period. Any change in the rainfall extremes and long periods without rain can also end up compromising the water level at reservoirs and affecting the national energy offer. In this case, TIM might be affected by energy rationing measures and oscillations in the average price of kWh due to the effect of climate change.

In addition, a higher frequency and strength of storms could damage transmission towers, increasing company expenses on the acquisition of new equipment and maintenance of existing equipment. This could also lead to an increase in insurance costs for goods susceptible to such events, and interruption or loss of quality in the signal of mobile telephone and other telecommunications services. Changes in air humidity and salinity can decrease the use life of mobile devices.

In the event of increase in the average temperature, electronic appliances whose performance is directly related to their temperature of operation could lead to higher consumption of electricity, for the purposes of cooling.

TIM also believes that weather variations and the frequent occurrence of floods could also increase costs due to absence and medical leaves for employees, as well as higher difficulty in transportation, which can affect the company's performance.

The evaluation of opportunities and risks according to climate changes is performed on an annual basis ([available on the CDP website](#)).

A new risk study was started in 2015 to complement the first held in 2013. In the new one, the company chose the Southeast region as scope of work, for it is the geographic region where most of its assets are concentrated.

[G4-EC2]

TRANSPARENCY

Legal Compliance



LEGAL COMPLIANCE

TIM has implemented tools for monitoring and following-up legal requirements. With regard to the enforcement of environmental laws relating to its Radio Base Stations (RBS), the company counts with an interdisciplinary team within the Network area, backed by representatives of Legal, Institutional, Quality and Compliance. Its Environmental Management System includes a tool that tracks the issuance or amendment of existing legislation, and forwards the matters to internal areas.

Within public policies, TIM engages in discussions related to the telecommunications industry as a member of working groups at SindiTelebrasil, where laws are identified and assessed in conjunction with the other operators. More information about TIM's activities in [public policies](#).

With respect to processes of a collective nature, our legal board constantly gives advice on the business model that is being created by other internal areas of the company, with the aim of mitigating possible impacts and non-compliance with legal requirements.

If any legal non-compliance is identified, the board is contacted to assess potential risks and communicate the guidelines to be adopted. The other areas involved in the issue are contacted to help solve the problem and/or minimize the risks. The legal department receives orders for compliance or penalties arising from audits carried out by public agencies, in the event of non-compliance with any requirement, law or conduct.

To prevent new non-compliance events from occurring, TIM has a licensing committee composed of various areas of the company, responsible for addressing environmental legislation matters and evaluating compliance issues to mitigate and resolve any problems. In the other cases, the area responsible for the breach of conduct or law is instructed and required to adjust the practice pursuant to the laws concerned.

At the end of 2015, there were 861 active administrative proceedings relating to antenna environmental licensing issues, involving regularization of structures and equipment (as shown in the following table). For non-compliance

with laws and regulations relating to the provision and use of products and services, TIM paid fines that amounted to a total of R\$ 427,500.00. The proceedings brought to court referred to non-fulfillment of quality goals defined by Anatel for the provision of Personal Mobile Services (SMP) during 2009; specific shortcomings related to the full compliance with Resolution no. 477/2007 (inspection conducted in 2008) and an interruption in the provision of SMP occurred in the State of Amazonas, in June 2011.

TIM was prohibited from commercializing data and voice services during 2014, as a result of fluctuations in network quality in these areas. In 2015, the company managed to reverse

the interruption in one of them, but remained suspended in the following locations: Itiruço (BA), Tabatinga (AM), Paraíba (MA), Paulo Ramos (MA) and Marajá da Sena (MA). In addition, TIM's services were also suspended in Santo Antônio dos Lopes (MA), Governador Archer (MA), Aquiraz (CE) and municipalities of southwestern region of Bahia (Area Code 77), but the company was able to resume commercialization in the last two locations. TIM has adopted all applicable judicial measures to reverse the decisions and resume sales in those locations.

The company ensures transparent communication in cases of non-compliance by providing information as required by the relevant regulatory agencies.

[G4-PR9, G4-EN29]

FINES AND NON-MONETARY SANCTIONS RELATED TO THE ENVIRONMENT [G4-EN29]

	2014	2015
Number of fines	71	54
Total sum of fines (thousands of R\$)	4,344.16 ¹	499.69
Total number of infraction notifications	154	89
Conduct adjustment agreements relating to environmental aspects (number of TACs)		
Total TACs initiated in the period	0	0
Total TACs in place	5	5
Total TACs ended in the period	0	0
Environmental-related lawsuits and proceedings (number of cases)		
Administrative proceedings (Active)	683	861
Administrative proceedings (Filed)	163	131
Lawsuits (Active)	37	41
Lawsuits (Filed)	1	5

¹In December 2014, the Altamira (PA) Municipal Environment Department issued a notification related to the alleged installation and operation of a radio base station in the municipality without an appropriate environmental license, with a fine of R\$ 4 million TIM presented its defense in the administrative proceedings and paid a fine amounting to R\$ 100,000.00

Conduct Adjustment Agreement (TAC)

A conduct adjustment agreement (TAC) is a legal instrument used by government bodies to get companies to commit to modifying certain processes in line with legal requirements. In December 2015, TIM had five TACs in place related to the following cases:

- **Ananindeua (PA)** – A TAC between TIM Celular and the city government giving the company time to regularize the environmental licensing processes of all the unlicensed RBSs installed in the municipality and extinguishing unpaid associated fines. Underway.
- **Fortaleza (CE)** – TAC between TIM Celular and the state environmental authority Semace for the company to present all the documentation concerning 135 proceedings underway for the radio base stations installed in the state of Ceará. Underway.
- **Ipueiras (CE)** – TAC between TIM Celular and the Public Prosecution Service related to the relocation and regularization of a RBS. TIM obligations: rectify ownership of the plot of land on which the tower is located and move the tower. TAC finalized, awaiting signature of prosecutor to conclude the case.
- **Manaus (AM)** – TAC between TIM Celular and the city government due to the irregular installation of RBSs in the municipality. There was a reduction in the fines applied by the municipality and TIM was obliged to license the radio base stations. Underway.
- **Boa Vista (RO)** – TAC between TIM Celular and the local government to regularize the urban licenses of all the RBSs installed in the municipality, with a reduction in the penalties. Underway.

Anti-competitive practices

TIM condemns any practices involving anti-competitive behavior, creation of monopoly or any other conduct that can be characterized as trust. For this reason, the company takes several measures to ensure compliance with the competition guidelines, as set out in its Free Market Defense Policy (available on TIM's intranet). TIM also complies with guidelines from regulatory bodies aimed at securing a competitive market and respect for consumers.

All employees (regardless of position) are apprised of anti-trust legislation through face-to-face training courses, such as the Antitrust lecture, which is held on an annual basis. Through the Whistleblower channel, any person (employee or not) can report breaches or suspicions of non-compliance with TIM's Code of Ethics and Conduct, internal policies and laws. Learn more in [Ethics and transparency](#).

TIM's contract management tool contains a questionnaire, which, according to the responses sent to the area responsible for the document, engages the team responsible for the antitrust assessment, in order to verify whether that partnership must be notified to the antitrust agency - CADE.

In relation to advertising, TIM recognizes the national advertising self-regulatory council CONAR as a competent body to oversee ethics in Brazilian advertising, and follows the country's Advertising Self-Regulatory Code, as well as the Consumer Defense Code.

To ensure compliance with these standards and regulations, all communications developed by the Marketing and Advertising teams are evaluated, and in case of potential risks, the advertising material shall be adapted according to the recommendations made.

One of TIM's best practices is to make its disclosures available for assessment and assurance through

other sources and materials. Its ads must contain accurate information, expressed in clear and understandable language, to avoid leading consumers to misinterpretations or false conclusions.

In 2015, five representations were made against the company, four of which were made by competitors and one by Conar. All were concluded. In addition, a representation filed in 2014 had its final judgment in 2015. All were dismissed.

[\[G4-PR7\]](#)

Seventeen lawsuits related to anticompetitive practices had been filed against TIM by the end of 2014; Three were concluded in 2015. No cases related to anti-competitive practices were brought in 2015. [\[G4-SO7\]](#)

In the administrative sphere, overseen by the antitrust agency CADE (Conselho Administrativo de Defesa Econômica), no proceedings involving anticompetitive actions were brought against the company.



INNOVATION AND AGILITY



One of the cornerstones of TIM's new positioning, innovation will remain a top priority for the company, whether addressing new plans, offers, partnerships or technologies. TIM operates in an ever-evolving industry, and keeping up with this evolution requires the development of new technologies and devices, as well as strategic guidelines and partnerships that will leverage new business models aligned with the company's strategic plan.

In 2016, its commitment was reinforced with the creation of the Innovation & Business Development department, which aims to ensure the construction of an ecosystem of partners, including startups, encouraging entrepreneurship and strengthening the internal environment to foster new solutions and new business models.

On the infrastructure side, the company developed the Innovation Lab – a development-oriented and multi-functional test environment – capable of ensuring the

assessment of innovative technologies, products and services, attesting to their functional efficiency and performance requirements. The Innovation Lab plays a strategic role by collaborating with leading technology suppliers and partners, sharing knowledge, promoting innovation activities and establishing partnerships with universities and research institutes.

TIM's budgetary plan for 2016-2018 provides for the investment of R\$ 30 million in the area of innovation, including the construction of an Innovation Center in the state of Rio de Janeiro. This site will offer support to engineers and researchers and will operate as a space for innovation open to new opportunities, aiming to become a national reference for the telecommunications market in Brazil. TIM intends to build the place in accordance with the LEED certification (U.S Green Building Council) and with other sustainable initiatives, such as water reuse, alternative energy sources and cooling solutions.

Among the partnerships developed in area of innovation, the Company highlights:

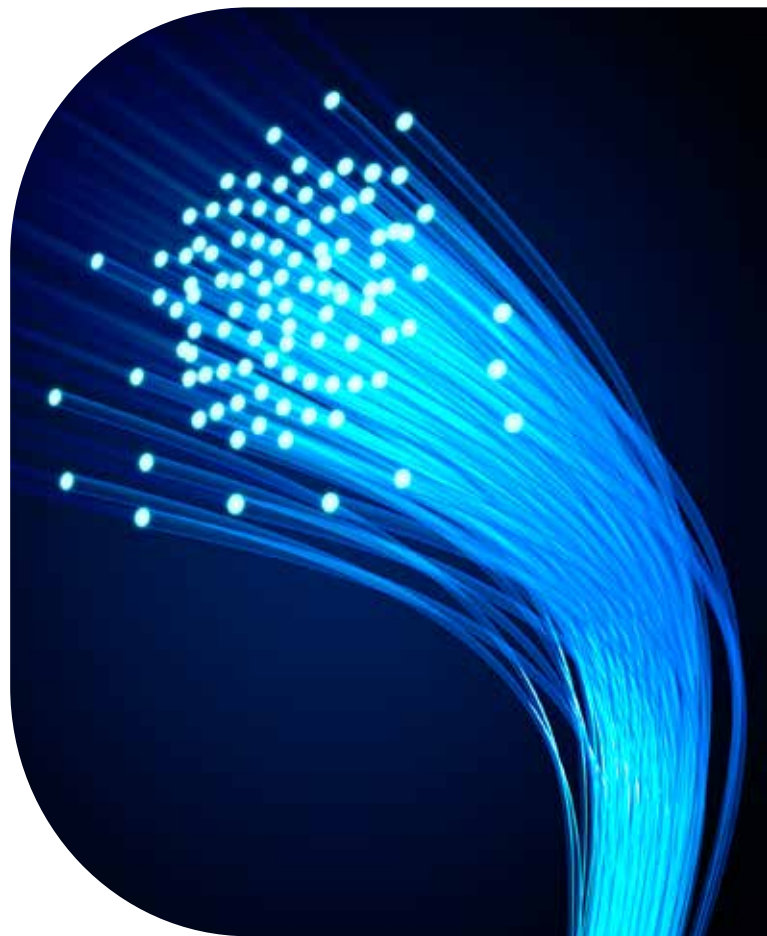
- **Huawei** – a partnership developed through the Joint Innovation Lab agreement to promote a strategic collaboration between TIM and Huawei, which are committed to develop opportunities aimed at improving quality of service and coverage density. This initiative supports the study and validation of new technologies, equipment and services, such as M2M/Internet of things, LTE-A, LLN / SDN, VIMS, vEPC, BB Cloud, Broadband RF, Cloud Computing, intelligent cities, among others.
- **ZTE** – This partnership focuses on fixed wireless access technologies, such as GPON and GFAST development services, in addition to exploring new possibilities for customization of these technologies for the Brazilian market.
- **Ministry of Science, Technology and Innovation (MCTI)** – support for installation of the [Rainfall Data Collection Platform \(PCDs\)](#) in TIMs Radio Base Stations (RBS) for monitoring rainfall.

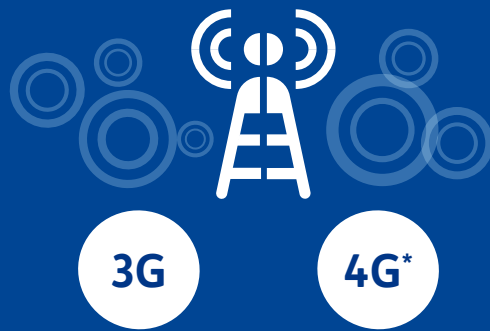
The refarming of the 1800MHz band from 2G to 4G is bringing significant competitive advantages for the company: reduced costs to implement LTE, increase of the LTE coverage area and improved indoor coverage. In addition to coverage expansion, using the 1800 MHz band can increase the capacity in cities already covered by 4G at the 2.6GHz frequency, with low added cost. Since 70% of the current 4G terminal devices can already support both frequencies (1800MHz e 2600MHz), the 4G implementation in the 1800MHz band enables a high penetration of mobile devices, and better customer experience.

The number of 4G sites more than doubled between 2014 and 2015, totaling 7.7 thousand and covering 411 cities, and have made TIM the leader of this technology in the country. The growth of the 3G network was less significant, reaching 12.4 thousand sites, an increase of 19% over the previous year.

The mobile broadband project – focused on improving high-speed data transmission – reached 194 cities, an increase of 55% compared to the previous period.

Investments in infrastructure enabled the fiber optic network to expand 70,000 km (long distance and metropolitan regions) by the end of 2015. Live TIM – the company's broadband Internet service – reached the milestone of 232 thousand customers, an increase of 78% compared to 2014, occupying the 1st place in Netflix's speed ranking.





3G

4G*



**Fiber
optic
network**



**Mobile
broadband**

2014

10.4k

3.7k

**55,000
km**

**125
cities**

2015

12.4k

7.7k

**70,000
km**

**194
cities**

** Including Ran SHARING (OI and VIVO) sites*

Academic Working Capital Program

Created by Instituto TIM (TIM Institute) with the aim to foster technological innovation, the Academic Working Capital Program provides support to college students who wish to design their business based on their final college projects in the end of their undergraduate studies. In 2015, 11 projects participated in the program and seven were selected finalists. The selected college students attended classroom workshops and received remote support from tutors on how to structure business models, prototyping and presentation. At the end of the program, the products were introduced to investors, entrepreneurs and experts in an Investment Trade Fair.



GRI G4 CONTENT INDEX - CORE OPTION

GENERAL STANDARD DISCLOSURES

Description	Page	External assurance
G4-1 Message from the CEO	6	
ORGANIZACIONAL PROFILE		
G4-3 Organization name	5	
G4-4 Main brands, products and/or services	5	
G4-5 Location of organization headquarters	5	
G4-6 Countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	5	
G4-7 Type and legal nature of the property	5	
G4-8 Covered markets	5	
G4-9 Organization size	5	
G4-10 Profile of collaborators	31	✓
G4-11 Percentage of employees covered by collective bargaining agreements	100% of collaborators at TIM are covered by collective bargaining agreements.	
G4-12 Description of the organization's supply chain	46	
G4-13 Significant changes regarding the organization's size, structure, ownership, or its supply chain	There were no significant changes during the reporting period.	
G4-14 Explanation of how the precautionary approach or principle is addressed by the organization	By participating in pertinent trade unions and other associations, and interacting with society through public hearings, seminars and workshops.	
G4-15 Letters, principles and other initiatives	14	
G4-16 Memberships of associations and organizations	14	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17 Entities included in consolidated financial statements and entities not covered by this report	7	
G4-18 Process for defining report content	8	
G4-19 List of all material aspects	8	
G4-20 For each material aspect, aspect boundary within the organization	9	
G4-21 For each material aspect, aspect boundary outside the organization	9	
G4-22 Restatements of information provided in previous reports	8	
G4-23 Significant changes from previous reporting periods in the scope and aspect boundaries	There were no significant changes during the reporting period.	

Description	Page	External assurance
STAKEHOLDER ENGAGEMENT		
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G4-25 Basis for identification and selection of stakeholders with whom to engage	48	
G4-26 Approach to stakeholder engagement	48	
G4-27 Key topics and concerns that have been raised through stakeholder engagement, by stakeholder group	8	
REPORT PROFILE		
G4-28 Reporting period	7	
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G4-31 Contact point for questions regarding the report or its contents	7	
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G4-33 Policy and current practice with regard to seeking external assurance for the report	7	
GOVERNANCE		
G4-34 The organization's governance structure	16	
ETHICS AND INTEGRITY		
G4-56 The organization's values, principles, standards and norms of behavior	11 to 13	

SPECIFIC STANDARD DISCLOSURES

Material aspects	Indicators and disclosures on management approach	Page	External assurance	Global Compact
CATEGORY: ECONOMIC				
Economic performance	G4-DMA	23 to 25 / 61 to 62	✓	7 and 8
	G4-EC1	24		
	G4-EC2	62		
	G4-EC4	25		
Indirect economic impacts	G4-DMA	41	✓	
	G4-EC7	41		
	G4-EC8	41		
Procurement practices	DMA	47		1, 2 and 4
	G4-EC9	47		
CATEGORY: SOCIAL SUBCATEGORIES LABOR PRACTICES AND DECENT WORK				
Employment	G4-DMA	31 to 40	✓	6
	G4-LA1	32		
	G4-LA3	36		

Material aspects	Indicators and disclosures on management approach	Page	External assurance	Global Compact	
Health and occupational safety	G4-DMA	39	✓	1, 2 and 3	
	G4-LA5	40			
	G4-LA6*	40			
	G4-LA7	40			
Training and education	G4-DMA	31 to 35		6	
	G4-LA9	33			
	G4-LA11	35			
Diversity and equal opportunities	G4-DMA	36 to 39		1 and 3	
	G4-LA12	36			
Equal remuneration for women and men	G4-DMA	31 to 36		1, 2 and 3	
	G4-LA13	33			
Supplier assessment for labor practices	G4-DMA	46 to 49		3, 4, 5 and 6	
	G4-LA14	48			
Labor practices grievance mechanisms	G4-DMA	39		3, 4, 5 and 6	
	G4-LA16	39			
SUBCATEGORY: HUMAN RIGHTS					
Non-discrimination	G4-DMA	39	✓	1, 2 and 3	
	G4-HR3	39			
Child labor	G4-DMA	46 to 48		1, 2, 3 and 5	
	G4-HR5	48			
Forced or slave labor	G4-DMA	46 to 48		1, 2, 3 and 4	
	G4-HR6	48			
Supplier human rights assessment	G4-DMA	46 to 48		1, 2, 3, 5 and 6	
	G4-HR10	48			
Human rights grievance mechanisms	G4-DMA	39		1, 2 and 6	
	G4-HR12	39			
SUBCATEGORY: SOCIETY					
Local communities	G4-DMA	50	✓	1 and 2	
	G4-SO2	50			
Anti-corruption	G4-DMA	19 to 20		10	
	G4-SO4	20			
	G4-SO5	19			
Public policies	G4-DMA	21		10	
	G4-SO6	21			
Anti-competitive behavior	G4-DMA	66 to 67		✓	
	G4-SO7	67			
Supplier assessment for impacts on socitey	G4-DMA	47 to 48		1, 2 and 3	
	G4-SO9	48			
SUBCATEGORY: PRODUCT RESPONSIBILITY					
Product and service labeling	G4-DMA	30		✓	
	G4-PR5	30			
Marketing communications	G4-DMA	66 to 67			
	G4-PR7	67			
Costumer data privacy	G4-DMA	30			
	G4-PR8	30			
Compliance	G4-DMA	64 to 66	✓		
	G4-PR9	65			

Material aspects	Indicators and disclosures on management approach	Page	External assurance	Global Compact
CATEGORY: ENVIRONMENTAL				
Materials	G4-DMA	56 to 58		
	G4-EN1	56		7 and 8
Energy	G4-DMA	53 to 54		
	G4-EN3	54	✓	7 and 8
	G4-EN6	53		7, 8 and 9
Water	G4-DMA	55 to 56		
	G4-EN8	56		7, 8, and 9
	G4-EN10	55		7, 8, and 9
Biodiversity	G4-DMA	50		
	G4-EN12	50	✓	7, 8 and 9
Emissions	G4-DMA	58 to 60		
	G4-EN15	58		8
	G4-EN16	58	✓	8
	G4-EN17	58	✓	8
	G4-EN19*	60		7, 8 and 9
Effluents and Waste	G4-DMA	57		
	G4-EN23	57		8
Products and services	G4-DMA	50	✓	
	G4-EN27	50	✓	7, 8 and 9
	G4-EN28*	57		8 and 9
Compliance	G4-DMA	64 to 66		
	G4-EN29	65	✓	8

*Partial indicator

LIMITED ASSURANCE REPORT ISSUED BY INDEPENDENT AUDITORS

To the Board of Directors, Shareholders and Stakeholders
TIM Participações S.A.
Rio de Janeiro - RJ

INTRODUCTION

We have been engaged by TIM Participações S.A. (TIM or “Company”) to apply limited assurance procedures on the sustainability information disclosed in the 2015 Sustainability Report of TIM Participações S.A. and its subsidiaries TIM Celular S.A. and Intelig Telecomunicações Ltda., related to the year ended December 31st, 2015.

RESPONSIBILITIES OF TIM’S MANAGEMENT

The Management of TIM is responsible for adequately preparing and presenting the sustainability information in the Sustainability Report 2015 in accordance with the *Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (GRI-G4)*, as well as the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

INDEPENDENT AUDITORS’ RESPONSIBILITY

Our responsibility is to express a conclusion about the information in the Sustainability Report 2015 based on a limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council – CFC and equivalent to international standard ISAE 3000, issued by the International Federation of Accountants and applicable to Non-Financial Historical Information. These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the TIM’s Sustainability Report 2015, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of TIM and other professionals of the Company involved in the preparation of the information disclosed in the Sustainability Report 2015 and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the Sustainability Report 2015 taken as a whole could present material misstatement.

The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the Sustainability Report 2015, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

(a) Engagement planning: considering the material aspects for TIM’s activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the TIM’s Sustainability Report 2015. This analysis defined the indicators to be checked in details:

- *Economic: EC1, EC7*
- *Environmental EN3, EN12, EN15, EN16, EN27, EN28, EN29*
- *Labor Practices and Decent Work: G410, LA1, LA9*
- *Human Rights: HR5, HR6*
- *Society: SO4, SO5, SO7*
- *Product Responsibility: PR5, PR9*

(b) Understanding and analysis of disclosed information related to material aspects management;

(c) Analysis of preparation processes of the Sustainability Report 2015 and its structure and content, based on the *Principles do Defining Report Content and Quality of the Global Reporting Initiative – GRI (GRI – G4)*;

(d) Evaluation of non financial indicators selected:

- *Understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;*
- *Application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the Sustainability Report 2015;*
- *Analysis of evidence supporting the disclosed information;*
- *Visits to TIM's operations and offices for application of these producers, and items (b) and (c);*

(e) Analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company;

(f) Comparison of financial indicators with the financial statements and/or accounting records.

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

SCOPE AND LIMITATIONS

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the Sustainability Report 2015.

Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.

CONCLUSION

Based on the procedures carried out, described earlier in this report, we have not identified any relevant information that leads us to believe that the information in TIM's Sustainability Report 2015 is not fairly stated in all material aspects in accordance with the *Global Reporting Initiative – GRI (GRI – G4)*, as well as its source records and files.

São Paulo, June 9th, 2016.

KPMG Financial Risk &
Actuarial Services Ltda.



Ricardo Algis Zibas
Director

KPMG Assessores Ltda.
CRC 2SP034262/0-4 F-SP



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