



**TIM**

SUSTAINABILITY REPORT **2018**



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# MESSAGE FROM THE CEO



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# MESSAGE FROM THE CEO 102-14



Pietro Labriola

I stepped up as CEO of TIM Brazil in April 2019 in a still-challenging business environment, with the country experiencing a political and institutional transition and economic uncertainty. Yet TIM Brazil continued to deliver on our strategic plan and achieved strong performance across many fronts, including the highest annual EBITDA in our history at R\$ 6,563 million, an increase of 10.3%.

Our management approach is focused on providing innovative solutions while doing business with integrity and transparency, upholding the high standards of governance required by the B3 *Novo Mercado* listing rules, and adhering to best environmental and social sustainability practices.

We remain the market leader for 4G coverage thanks to strong investment in infrastructure. TIM ended the year with fourth generation technology coverage in 3,272 cities, benefiting 93% of Brazil's urban population. And as a company with industry leadership in its DNA, we are already building for the future with pilot 5G projects now underway.



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We are proud to have pioneered distributed generation in the telecommunications industry, with power supply sourced from hydro-power plants in Minas Gerais. Toward the end of 2018, TIM Brazil organized a competitive bidding procedure for power supply to another 11,000 antennas using the distributed-generation model. This will not only provide electricity cost savings, but will also mitigate environmental impact and support continued adoption of renewable energy, in line with the principles of sustainability and the Sustainable Development Goals (SDGs).

We were also listed on the São Paulo Stock Exchange (B3) Corporate Sustainability Index for the 11<sup>th</sup> consecutive year, and remain the longest-listed company in the telecommunications industry. As a signatory of the United Nations Global Compact since 2008, we reiterate our commitment to applying the ten principles of the Compact in our Code of Ethics and Business Conduct and Corporate Social Responsibility Policy.

Instituto TIM has, since inception in 2013, continued to support initiatives providing more democratic access to science, technology and innovation in Brazil. Significant Institute programs include Academic Working Capital—a program that supports entrepreneurship at universities—and the Instituto IT-OBMEP Scholarships Program, which supports Brazilian Mathematical Olympiad medalists in pursuing undergraduate studies.

My mission as CEO is to take TIM Brazil to the next level on this journey, and in doing so I am confident of our employees' innovative capabilities and our ability as a company to carry through our commitment to sustainable development and best-practice corporate governance.

I hope you find this report useful and informative.

**Pietro Labriola**  
CEO

*We were also listed on the São Paulo Stock Exchange (B3) Corporate Sustainability Index for the eleventh consecutive year, and are the longest-listed company in the telecommunications industry.*





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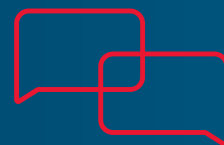
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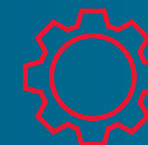
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# ABOUT THIS REPORT



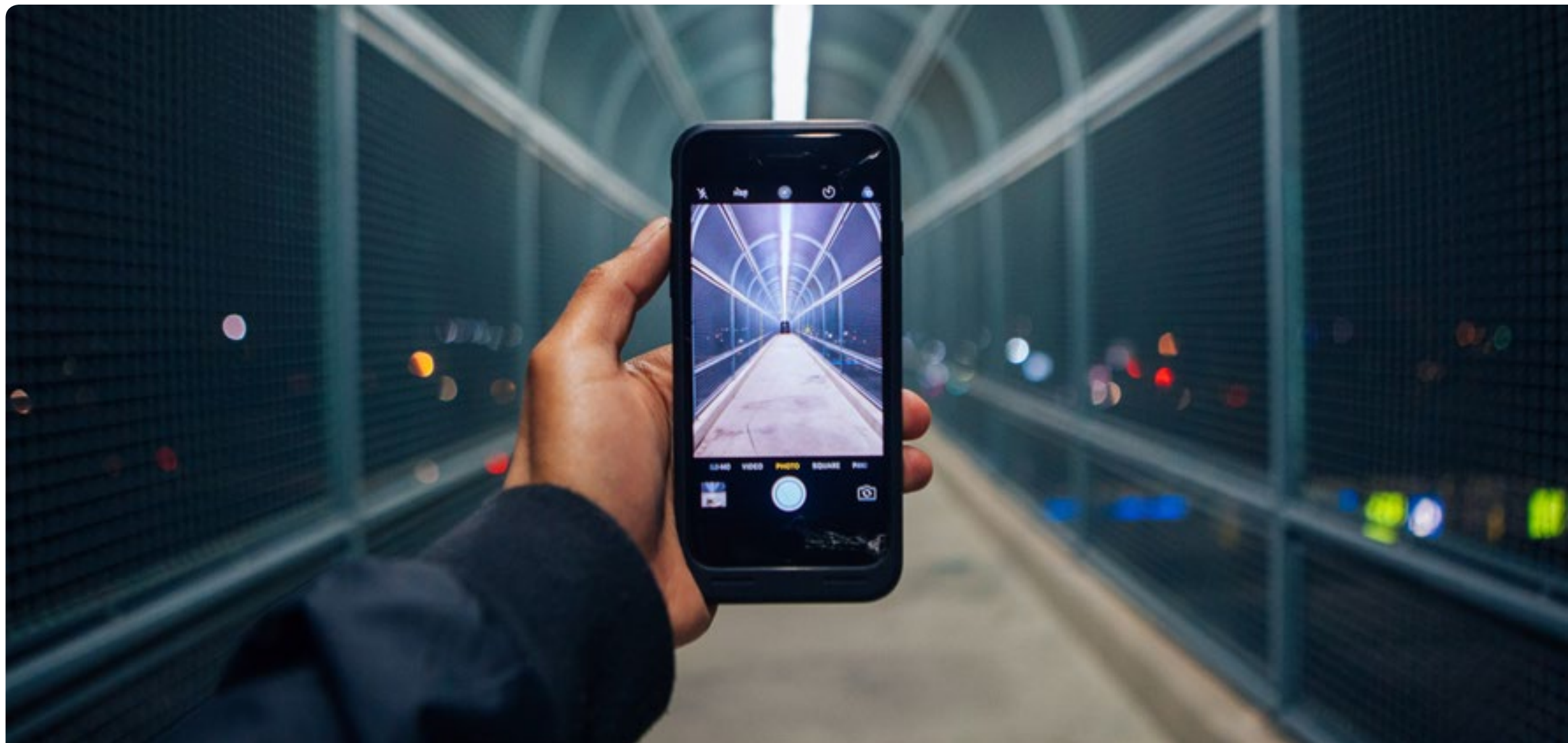
## Continued communication on performance

This is TIM Brazil's 11<sup>th</sup> GRI-compliant report.



## Strategic topics

Customer satisfaction  
and quality of service are  
priority topics.





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# ABOUT THIS REPORT

TIM Participações S.A. publishes Sustainability Reports annually with information on our results of operations and other topics that are material to our business model and approach to sustainability. The information in this edition is for the period January 1 to December 31, 2018 and refers to TIM Participações S.A. and its subsidiary TIM S.A., a company with a country-wide presence in Brazil's mobile, landline, long-distance and data transmission markets, and in the ultrabroadband market in several states. [102-45](#) [102-50](#) [102-51](#) [102-52](#)

This, our 11<sup>th</sup> GRI (Global Reporting Initiative)-compliant report, has been prepared in accordance with the GRI Standards—Core option and has been subject to a limited assurance review by PricewaterhouseCoopers (PwC). [102-54](#) [102-56](#)

## Contact information

Please submit any questions about our Sustainability Report 2018 by email to [respsocialcorp@timbrasil.com.br](mailto:respsocialcorp@timbrasil.com.br). To learn more about TIM Brazil's sustainability initiatives, visit [www.tim.com.br/sustentabilidade](http://www.tim.com.br/sustentabilidade). [102-53](#)



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OUR MATERIAL TOPICS [102-40](#), [102-42](#), [102-44](#), [102-46](#), [102-47](#)

TIM Brazil conducted its first materiality process in 2008. The second process, in 2011, drew inputs from our first stakeholder panel, a group of representatives of key stakeholders—employees, suppliers, business partners, customers and governments.

Our third materiality process in 2014 elicited inputs from external stakeholders—customers, business partners and suppliers—through an online questionnaire, and from key personnel at 11 functions through in-person “Relationships and Impacts” sessions, which informed the development of a Stakeholder Map describing how our stakeholders affect the business. The materiality process also included a review of internal documents (policies and procedures), three benchmarking studies and interviews with representatives from the Brazilian Ministry of Communications. [102-43](#)

The topics identified in the 2014 materiality process were then updated in 2015, 2016 and 2019 based on benchmarking studies and inputs from senior leadership. Our current materiality topics are:



Customer satisfaction and quality of service



Driving innovation in products and services



Transparency and accountability to stakeholders



Business ethics



Digital inclusion



Stakeholder engagement and communication



Managing electronic products



Investing in infrastructure and developing new technologies





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# ABOUT TIM



## An innovative portfolio

4G leadership and extensive  
data coverage country-wide



## Connected to the present

TIM supports and endorses  
important causes around  
ethics, environmental and  
social issues.





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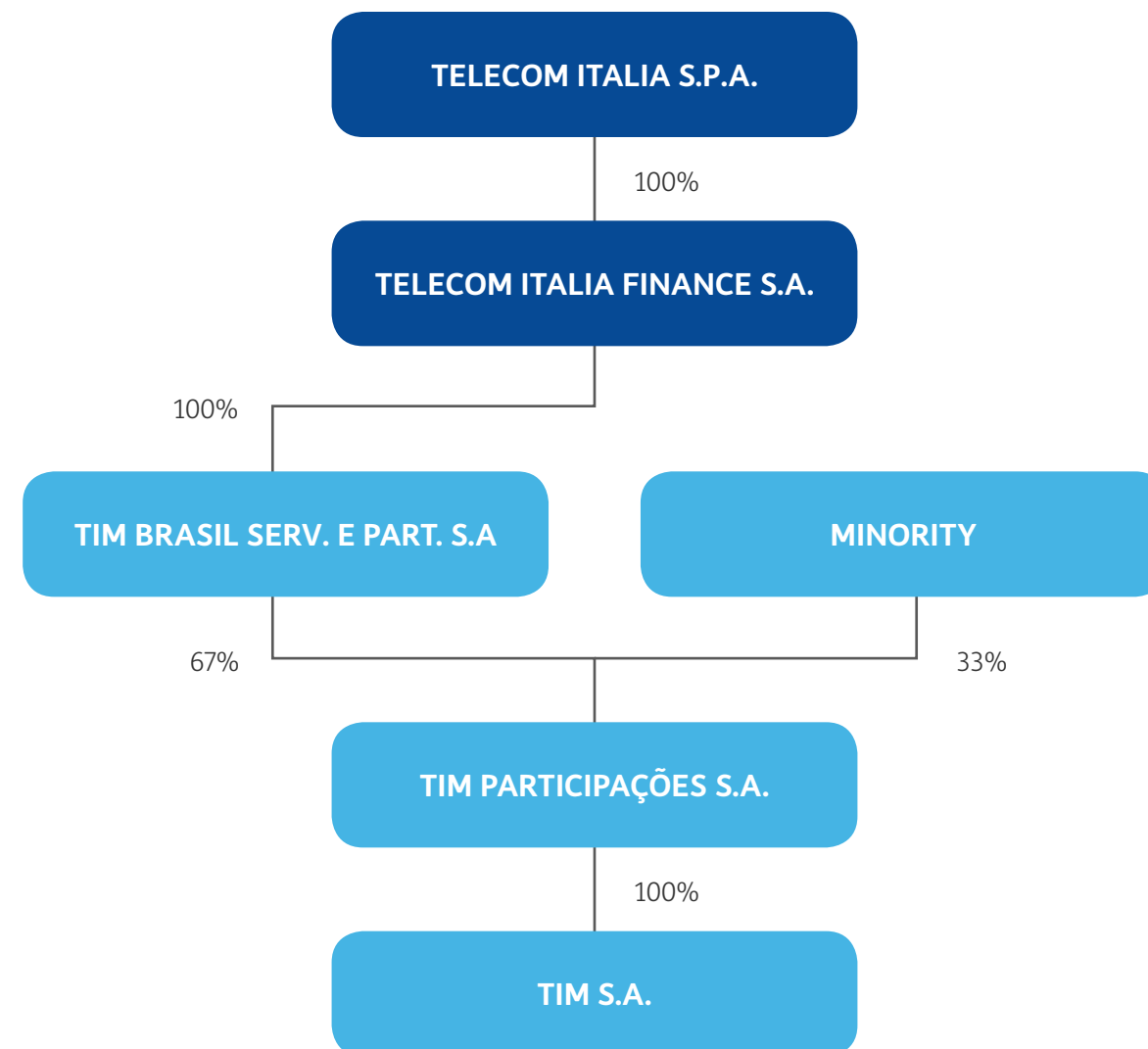
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# ABOUT TIM 102-2

TIM Participações S.A. is a publicly traded corporation headquartered in Rio de Janeiro (RJ), Brazil, with shares listed on the São Paulo Stock Exchange (B3, formerly BM&F/ Bovespa), and ADRs (American Depositary Receipts) listed on the New York Stock Exchange (NYSE). [102-1](#) [102-3](#) [102-5](#)

TIM Participações is majority owned by TIM Brasil Serviços e Participações S.A., a Telecom Italia subsidiary with an equity interest of 67% in TIM Participações, with the remaining 33% held by minority shareholders.

TIM Celular S.A. was merged into TIM S.A. (formerly Intelig Telecomunicações Ltda.) on October 31, 2018 for the primary purpose of reducing operating costs, leveraging synergies and improving execution of core business activities across the two companies.



## PURPOSE 102-16

Connecting and caring for people so they can achieve more.

## OUR VISION

- To be Brazil's number one choice for communications and data services.
- Because we are constantly evolving and innovating in everything we do.
- Because we deliver on our promises.
- Because we provide respectful and efficient customer care.
- Because we continually invest in competitive, state-of-the-art infrastructure.
- Because we offer user-friendly and high-quality services and packages.
- Because we are thought leaders in our industry.
- Because we are sustainable and create value for our shareholders, customers, employees and stakeholders.

## OUR VALUES 102-16

- CUSTOMER CARE
  - We ask our customers meaningful questions to identify their needs.
  - We listen to our customers with genuine interest.
  - We factor the customer experience into every decision.
  - We pride ourselves on bettering life for our customers.
- INNOVATION
  - We innovate by creating new ways of doing things.
  - We leverage creativity to achieve more.
- TRANSPARENCY
  - We establish open and transparent relationships with all stakeholders.
  - We build trust through integrity and transparency in everything we do.
- COMMITMENT
  - We are accountable.
  - We recognize each other as part of a common purpose.
  - We collaborate and put talent and effort into everything we do.
- AGILITY
  - We do more, better and faster in an increasingly complex and fast-changing world.
  - We plan, decide and execute quickly, making life easier for people.

*Our strategy is focused on creating innovation in our industry and delivering affordable benefits to consumers. 102-2*

## AN INNOVATIVE PORTFOLIO 102-4 102-6 102-7

### 4G LEADERSHIP AND EXTENSIVE DATA COVERAGE COUNTRY-WIDE



Mobile and fixed telecommunications



**An expanding**

fiber-optic network spanning more than **90,000 KILOMETERS**, covering around **600 CITIES**



**600 networks**

providing voice coverage in more than **200 COUNTRIES**



4.5G

**internet access**

Investment in **5G-ready network infrastructure**

Coverage of approximately **95% OF BRAZIL'S URBAN POPULATION**, with a presence in around **3,500 cities** in Brazil



INTERNATIONAL ROAMING AGREEMENTS ACROSS THE

**6 continents**, including Antarctica

**Partnerships**

WITH AIRLINES AND CRUISE LINES to provide TIM customers with coverage when traveling

Data coverage in

**151 destinations**

through **413 NETWORKS**

*TIM was the first carrier in Brazil to launch new offerings such as pay-per-call and pay-per-day voice and mobile internet packages, and credit-card payment of monthly invoices.*

### TIM LIVE:

### FIXED ULTRA-BROADBAND INTERNET



**SETTING THE STANDARD FOR QUALITY**



**THE MOST SATISFIED CUSTOMERS IN BRAZIL**

More than 1 million homes covered by FTTH technology and 3.5 million by FTTC technology



**THE FASTEST NETFLIX SPEEDS IN THE INDUSTRY**



**A PRESENCE IN 14 CITIES**

including 5 state capitals





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TIM-SUPPORTED AGENDAS AND INITIATIVES 102-12

TIM supports and endorses important agendas around current ethics, environmental and social issues, and we incorporate industry best-practice in our approach to governance. We have subscribed to global treaties and initiatives as part of our management approach, and we raise awareness around these issues among both internal and external stakeholders.

GLOBAL COMPACT AND SDGS

TIM has been a signatory of the United Nations (UN) Global Compact since 2008, and has implemented initiatives supporting the Sustainable Development Goals (SDGs), helping to create value across areas such as human rights, employment, the environment and anti-bribery (read more at <http://pactoglobal.org.br/10-principios/>).

CLIMATE CHANGE 103-201

TIM annually responds to emissions and climate management questionnaires from CDP—the world’s largest database on climate change for investors, government agencies, policymakers and academia. The GHG Protocol is a tool used to understand, quantify and manage greenhouse gas (GHG) emissions.

Since 2010, TIM has been an active member of Business for Climate (EPC), an initiative led by the Fundação Getulio Vargas Center for Sustainability Studies (FGVces) that engages business leaders in managing and reducing GHG emissions, managing climate risks and advocating for related public policy and incentives.

HUMAN RIGHTS

TIM has been a member of the Human Rights Working Group set up by the Global Compact Network Brazil since 2015, and we recognize that rights such as data privacy, internet security, access to information and free speech should be respected (read more in Respecting Human Rights on Page 85).

TIM-SUPPORTED AGENDAS AND INITIATIVES 102-12

INSTITUTIONAL PARTNERSHIPS AND IN-DEX MEMBERSHIP

Corporate Sustainability Index (ISE)

We were listed for the 11<sup>th</sup> consecutive year on the B3 Corporate Sustainability Index (ISE)—a stock index comprising companies recognized for their commitment to corporate social responsibility and sustainability—and are the longest-listed company in the telecommunications industry.

Morgan Stanley Capital International (MSCI) Environmental, Social and Governance (ESG) Research

TIM's listing on the MSCI ESG Leaders Index recognizes our commitment to business sustainability, adherence to best-practice corporate governance and quality in our relations with employees and customers. For more than 40 years, MSCI has assessed governance performance and published social and environmental indexes covering more than 6,000 publicly traded companies globally.

*TIM was named to the B3 Corporate Sustainability Index (ISE) for the 11<sup>th</sup> consecutive year in 2018.*

Carbon Efficient Index (ICO2)

In January 2019, TIM was named to the B3 Carbon Efficient Index (ICO2) for the seventh consecutive year, in recognition of our commitment to monitoring and reporting on greenhouse gas emissions.



MEMBERSHIP OF ASSOCIATIONS 102-13

**BRAZILIAN UNION OF FIXED AND MOBILE TELECOMMUNICATIONS CARRIERS (SINDITELEBRASIL)**

SindiTelebrasil formally represents landline and mobile telecommunications carriers authorized by the Brazilian telecommunications regulator, ANATEL, to operate in Brazil. TIM is a member of the organization’s Governance Board.

**BRAZILIAN ASSOCIATION OF COMPETITIVE TELECOMMUNICATIONS CARRIERS (TELCOMP)**

TELCOMP promotes fair competition in the provision of telecommunications services by engaging in constructive and ethical policy advocacy in the industry and encouraging corporate social responsibility and citizenship among members. TIM is a member of the organization’s Governance Board.

**BRAZILIAN TELECOMMUNICATIONS ASSOCIATION (TELEBRASIL)**

A private, nonprofit organization that advocates for the interests and development of information and communications services providers and carriers operating in Brazil.

**BRAZILIAN NATIONAL CONFEDERATION OF INFORMATION AND COMMUNICATIONS TECHNOLOGY (CONTIC)**

CONTIC contributes to building a competitive and productive economy by promoting improved connectivity among cities, businesses, people and things.

**GSM ASSOCIATION (GSMA)**

GSMA represents the interests of member mobile operators and supports the development of technology in the mobile communications industry worldwide.

**BRAZILIAN ASSOCIATION OF TELECOMMUNICATIONS RESOURCES (ABR TELECOM)**

ABR Telecom promotes, operates and manages shared technical solutions supporting compliance with regulatory requirements such as number portability and requirements established by the Quality Assessment Institute (EAQ).

***Institutional Investor – Best ESG/SRI Practices***

*In 2018, Institutional Investor—an international business publisher that annually benchmarks best practices in investor relations—launched a new assessment category called “Best ESG/SRI Metrics”. TIM tied with Telefônica Brasil in first place among Technology, Media & Telecommunications companies, in a ranking developed by investors and market analysts.*



- Management framework: transparency and compliance
- Ethics in relations with internal and external stakeholders

## GOVERNANCE 102-18



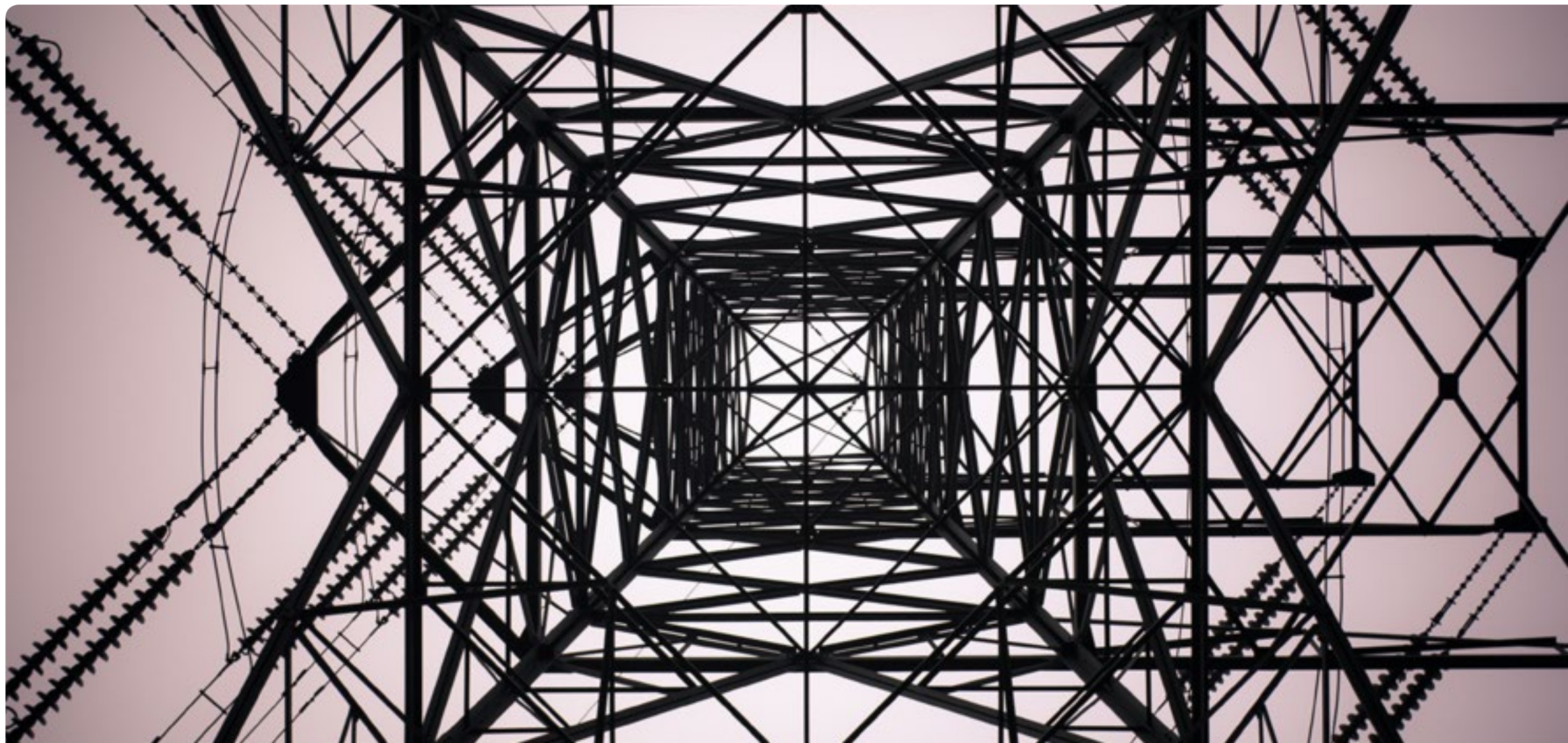
### Good governance practices

A management approach focused on business sustainability guides decision-making at TIM.



### Risk management

Anti-bribery, occupational health & safety, and environmental risks in our operations are some of the primary risks we monitor.





- Management framework: transparency and compliance
- Ethics in relations with internal and external stakeholders

# MANAGEMENT FRAMEWORK: TRANSPARENCY AND COMPLIANCE

102-18

Decision making at TIM is underpinned by good governance practices and a focus on business sustainability, and our risk management practices are aligned with a sustainability agenda that is guided by our material topics (read more on page 8).

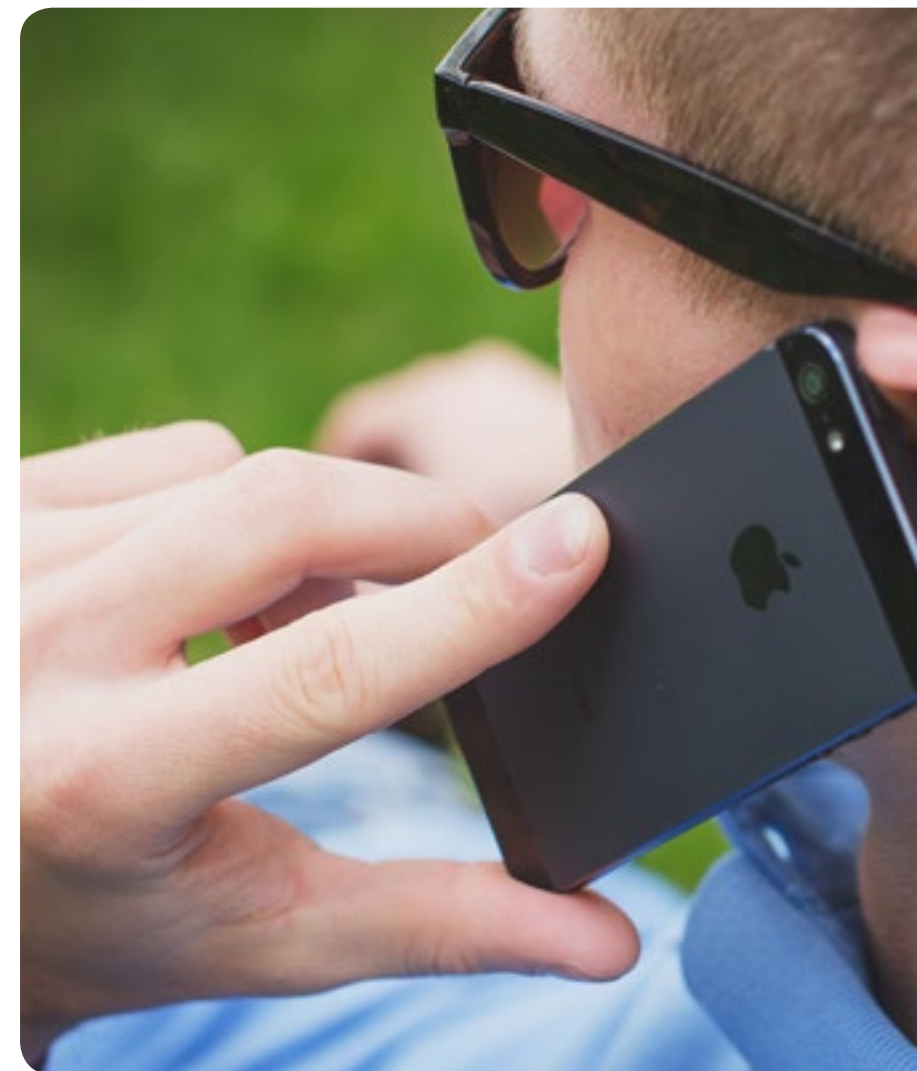
The Board of Directors of TIM Participações S.A. is our highest decision-making body and has the following composition:

- A minimum of five and a maximum of 19 members, who are appointed and may be removed by the General Meeting, and serve a renewable term of two years.
- Composition at December 31, 2018: ten members, of which three are independent members pursuant to the B3 *Novo Mercado* Listing Rules (at least 20% of directors are required to be independent members) and nine are non-executive members (not serving in an executive position).

## DUTIES

Members of the Board of Directors appoint the Chairman of the Board, who may not concurrently serve as Chief Executive pursuant to the *Novo Mercado* Listing Rules and the Company's Bylaws (read more at [www.tim.com.br/ri](http://www.tim.com.br/ri)).

The Minutes of the Annual and Extraordinary General Meeting held on April 19, 2018, with resolutions on compensation for members of the Board of Directors and Executive Board, are also available on our investor relations website. [102-35](#)



Governance

- Management framework: transparency and compliance
- Ethics in relations with internal and external stakeholders

COMMITTEES ADVISING THE BOARD OF DIRECTORS

Members serve a term of two years concurrently with members of the Board of Directors, and can be reappointed or removed from their position prior to completing their term of office.

STATUTORY AUDIT COMMITTEE (SAC)

The Statutory Audit Committee is a permanent advisory body with three members reporting directly to the Board of Directors. It operates in accordance with rules of procedure that are compliant with standards and regulations issued by capital-market regulators. The duties and activities of SAC members are described in the Company’s Bylaws and Rules of Procedure, and all members are independent.

COMPENSATION COMMITTEE (CC) AND RISK & CONTROLS COMMITTEE (RCC)

These committees report to, and are comprised of members from, the Board of Directors. Each committee is composed of respectively three and five members. Their duties and composition are outlined in their respective Rules of Procedure. The RCC oversees and monitors corporate social responsibility activities and initiatives in support of TIM’s sustainable development.

Audit Board

The audit board is a permanent body responsible for exercising oversight of Company management and information reported to shareholders. It is composed of reputable, independent professionals with no other links to or interests in TIM.

Further information about the composition of our governance bodies, about the Board of Directors’ rules of procedure, and about Board committees is available at [ri.tim.com.br](https://ri.tim.com.br) under governance > management.

- Management framework: transparency and compliance
- Ethics in relations with internal and external stakeholders

## CONFLICTS OF INTEREST 102-25

All transactions at TIM, including transactions with related parties, are preceded by an assessment of whether the transaction conditions are strictly in the interest of the Company.

Under the Brazilian Corporations Act, directors and officers are forbidden from:

- Using Company assets to obtain any free service;
- Receiving any form of personal advantage from third parties, whether directly or indirectly, in connection with their position unless otherwise permitted by the Company's by-laws or authorized in a general meeting ; or
- Participating in any corporate decisions in which they have a conflict of interests with the Company or with any other board members.

Under TIM's Bylaws (article 29(VII)), the Statutory Audit Committee is responsible for reviewing, assessing and expressing an opinion on any contracts concluded between TIM or its subsidiaries and its controlling shareholder or its affiliates (including all entities under common control with or with a controlling interest in TIM's controlling shareholder or which are otherwise related parties), to ensure that they meet arm's length requirements.

Conflict-of-interest matters are also managed and monitored on a continuing basis via Related-Party Conflict of Interest Questionnaires, a channel for updating conflict-of-interest reporting information, and as part of the recruiting and selection process to mitigate the risk of conflicts of interests arising from new hires.

## How we assess the performance of members of the Board of Directors 102-28

Board of Directors members complete a self-assessment questionnaire that is submitted for review by the Board. The questionnaire covers aspects including Board performance, the member's position in the organizational structure, and the procedures the Company uses to continually perfect its management processes in general and to implement best-practice corporate governance.

Completed questionnaires are reviewed and compared against previous questionnaires, and opportunities for improvement are identified and addressed.

In 2018, the Board of Directors assessed business performance to an appropriate level of detail, as well as the integrity of the Company's financial statements and compliance with accounting, tax, legal and regulatory requirements and the Board's rules of procedure.

Suggested areas for improvement included adequately addressing matters identified by Board members as important.

**Governance**

- Management framework: transparency and compliance
- Ethics in relations with internal and external stakeholders

*Diversity of governance bodies and workforce* 405-1

*Individuals within the organization's governance bodies, by gender* 405-1

2016	Men	16
	Women	1
	<b>Total</b>	<b>17</b>
2017	Men	17
	Women	2
	<b>Total</b>	<b>19</b>
2018	Men	16
	Women	0
	<b>Total</b>	<b>16</b>

*Individuals within the organization's governance bodies, by age group* 405-1

2016	< 30	0
	30 to 50	8
	> 50	9
	<b>Total</b>	<b>17</b>
2017	< 30	0
	30 to 50	11
	> 50	8
	<b>Total</b>	<b>19</b>
2018	under 30	0
	30 to 50	7
	over 50	9
	<b>Total</b>	<b>16</b>



- Management framework: transparency and compliance
- Ethics in relations with internal and external stakeholders

## POLICIES

TIM's governance model is underpinned by a set of policies and standards that govern our internal processes in line with the principles laid down in our Code of Ethics and Business Conduct. This ensures we adopt a responsible management approach as a commitment to our stakeholders. Some of these policies are publicly available at [www.ri.tim.com.br](http://www.ri.tim.com.br).

*We have policies providing guidance on managing risks and conflicts of interest, anti-bribery and communications with stakeholders.*

### **SOCIAL RESPONSIBILITY**

This policy contains guidelines on health and safety, valuing diversity, child and forced or compulsory labor, freedom of association and collective bargaining rights, nondiscrimination and psychological and sexual harassment, working hours, and compensation. [103-408](#)

### **ENVIRONMENTAL**

This policy supports the continual improvement of our environmental performance and compliance with applicable regulations, regulatory requirements and TIM Italia Group guidelines, reinforcing our commitment to sustainable development.

### **OCCUPATIONAL HEALTH AND SAFETY**

This policy sets out principles applicable to all activities within the company and aims to promote continual improvement in workplace health and safety and ensure compliance with related laws and regulations and TIM Italia Group guidelines, helping to deliver on our commitment to preventing workplace accidents and diseases at TIM Group companies in Brazil.

### **SUPPLIER RELATIONS AND PROCUREMENT**

This policy sets out procurement guidelines that support improved efficiency, quality, excellence and cost savings in procurement, as well as addressing issues such as child and forced or compulsory labor and other social and environmental responsibility issues relating to procurement.

### **CORPORATE RISK MANAGEMENT** [102-11](#)

This policy establishes a standardized approach to identifying and managing risks and providing a reliable basis for decision-making and planning within the Company. It also helps to ensure that our risk management activities support strategic objectives such as increasing risk management awareness, improving our ability to identify threats and opportunities, building public trust and preventing or mitigating social, environmental or reputational risks. TIM Brazil's Corporate Risk Management policy is aligned with TIM Italia Group guidelines and takes inspiration from international standards (COSO)<sup>1</sup>. [102-11 205-1](#)

Governance

- Management framework: transparency and compliance
- Ethics in relations with internal and external stakeholders

MANAGEMENT OF INTANGIBLE ASSETS

Our guidelines on managing intangible assets address our five capitals: Human, Intellectual, Natural, Social and Relationship capital. As defined in this policy, intangible assets are assets other than industrial and financial (tangible) assets and include innovation, organizational practices, human resources, reputation, know-how, individual expertise, customer bases and interaction with the environment.

ANTI-BRIBERY

This policy is based on our global anti-bribery policies, which prohibit employees from offering, giving, requesting or accepting anything of value. It also provides guidance on dealing with situations involving one or more of the above. This policy applies to all employees, directors and senior managers.

MANAGING CONFLICTS OF INTEREST

This policy sets out guidelines on preventing and managing conflicts of interest, in order to prevent or mitigate adverse impacts on the company. It also supports and provides safeguards for parties involved in conflicts of interest, who are expected to be open and transparent in these matters. This policy applies to all employees, directors and senior managers.

RELATED-PARTY TRANSACTIONS

This policy establishes guidelines and procedures on transactions with individuals and entities considered to be related parties under applicable regulations, and prohibits any favorable treatment in these transactions.

<sup>1</sup> The US-based Committee of Sponsoring Organizations of the Treadway Commission (COSO) is a not-for-profit organization that provides guidance on preventing fraud in internal procedures and processes. These guidelines are regarded as a global gold standard.



- Management framework: transparency and compliance
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## ETHICS IN RELATIONS WITH INTERNAL AND EXTERNAL STAKEHOLDERS

TIM's approach to doing business is guided by the legislation of the countries in which we operate and by universally accepted ethics principles inspired by transparency, honesty and fairness. To disseminate our guiding principles, values and expected behaviors, we have introduced corporate standards—among them our Code of Ethics, Anti-bribery Policy and Organizational Model—that are in line with industry best practice and the principles set out in the UN Global Compact, which TIM formally subscribed to in 2008. The Global Compact Provides guidance on promoting sustainable development and social well-being through responsible and innovative business practices.

Our Code of Ethics and Business Conduct is applicable to all members of governance bodies (audit board and board of directors), executives, employees, contractors, business partners, suppliers and service providers, agents and representatives across TIM Brazil Group companies. An internal procedure re-

quires all contracts at the Company to include compliance provisions.

TIM's Code of Ethics and Business Conduct also requires us to disseminate these standards to those required to observe them. We accordingly publish our policies and standards on our corporate intranet and on the TIM website (<https://www.tim.com.br/rj/sobre-a-tim/institucional/codigo-de-etica>) and provide mandatory training for employees, directors and executives so they have a sound understanding of our principles and values. Executives and employees are also required to take mandatory training on the TIM Participações Anti-Bribery Policy.

TIM's Code of Ethics and Business Conduct, Organizational Model and Donation Policy for nonprofit organizations forbid us from providing, whether directly or indirectly, any contributions or anything of value to political parties, movements, agents or candidates and/or unions other than as permitted or required by law. 415-1.

Compliance with our internal processes, principles, values and expected conduct is monitored on a quarterly basis as part of the TIM Participações Organizational Model, which was developed based on a review of processes and interactions with private or public organizations that are subject to anti-bribery regulations such as Federal Act 12846/2013, which imposes civil and administrative liability on legal entities for any anti-bribery violations involving public or private, domestic or foreign entities. This Organizational Model is an integral part of the TIM Italia Group Compliance Program and is compliant with Legislative Decree No.

*An Ethics & Compliance Channel is available to internal stakeholders to submit questions and suggestions relating to our Code of Ethics and compliance processes.*

Governance

- Management framework: transparency and compliance
- Ethics in relations with internal and external stakeholders

231/01 of Italy, the Brazilian Anti-Bribery Act and international standards on anti-corruption, such as the Foreign Corrupt Practices Act and the UK Bribery Act. The 19 processes in our Organizational Model are reported on to senior management and the Board of Directors, which monitor progress on controls and action plans to improve internal processes in order to ensure that corruption risks in our business environment are optimally controlled, prevented and mitigated. In addition to bribery risks, our Compliance Department provides guidance on and monitors matters related to supplier due diligence, conflicts of interest and related party transactions. [103-205](#) [205-1](#) [103-206](#)

TIM recognizes the National Advertising Self-Regulatory Council (CONAR) as an authority with powers to provide ethics oversight over advertising in Brazil in accordance with the Brazilian Self-Regulatory Advertising Code and the Consumer Protection Code.

TIM was party to a single CONAR proceeding in 2018 based on a consumer complaint. The complaint was ultimately dismissed in a unanimous decision. [417-3](#)

We engage with our key stakeholders through our customer service channels, our Users Committee and social media channels (read more on page 46).

In the regulatory environment, 12 cases involving user rights and base-station irregularities resulted in fines amounting to a total (principal) of R\$ 566,692.71 as of December 2018.[419-1](#)

In terms of legal actions for anti-competitive behavior, a total of ten proceedings brought in previous years were pending in 2018, one of which reached a court-approved settlement between the parties in the year. [206-1](#)





- Management framework: transparency and compliance
- Ethics in relations with internal and external stakeholders

TRAINING

Employees take mandatory e-learning and classroom-based training on compliance-related subjects as part of our *Pertencer* Program, and our sales force attends in-person training on anti-bribery. Newly hired employees take mandatory training and sign an affirmation of our Code of Ethics, which is also provided to employees, directors and senior management.

Our Compliance Department also organizes internal events for focal points, directors and senior management in order to consistently disseminate our culture of ethics and anti-bribery, as well as workshops for business partners to mitigate strategic risks and strengthen our anti-bribery culture.

Attendance at e-learning training is monitored by the Compliance Department and reported on to senior management, which is also involved in approving anti-bribery and conflict-of-interest policies.

TIM aims to ensure that all employees are familiar with TIM guidelines, including expected behaviors and our zero-tolerance approach to unlawful practices or other misconduct (including acts of bribery in any form). In 2018, 95% of employees completed online training

on our Anti-Bribery Policy. The following table shows the percentages of employees who participated in online training on our Code of Ethics and Business Conduct in 2018, by employee category.

Online training on our Code of Ethics and Business Conduct (number and percentage of participants) 205-2

	2016		2017		2018	
Audience*	Number	%	Number	%	Number	%
Executives	53	100	45	82	56	93
Managers	671	99	644	96	636	95
Other employees	9,214	96	8,430	94	8,449	94
Total	9,938	96	9,119	94	9,141	94

\*Active employees only.

## Governance

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- Management framework: transparency and compliance
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[www.tim.com.br/ri](http://www.tim.com.br/ri):  
*This channel is available to all stakeholders to report cases of discrimination, harassment, fraud, bribery involving government officials, conflicts of interest or any other unlawful acts or violations involving internal or external stakeholders.*

### **WHISTLEBLOWING CHANNEL**

A Reporting Channel available to internal and external stakeholders, in both Portuguese and English, helps to strengthen our corporate governance framework in line with the principles of transparency and confidentiality. The channel can be accessed on the corporate intranet or the TIM website ([www.tim.com.br](http://www.tim.com.br) > investor relations > governance > whistleblower channel).

There are no adverse consequences for a person making a report in good faith on any violations of our internal policies and standards or any laws or regulations, and the identity of whistleblowers is kept confidential unless otherwise provided by law. This does not, however, prevent the Company from taking disciplinary action and terminating employment for other reasons as part of our people management process.

After submitting a whistleblowing report, the whistleblower receives a case number that they can use to track the status of their report and any developments.

Governance

- Management framework: transparency and compliance
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Three cases involving noncompliance with environmental regulations were reported through the channel, one of which was deemed to be substantiated (and resulted in the relevant service provider being notified) and two were dismissed for insufficient evidence.

The Audit function is responsible for conducting preliminary investigations on all whistleblowing reports, and for managing the Whistleblowing Channel and handling reports. The Audit function is also responsible for monitoring investigation findings to identify any weaknesses in our internal controls and risk management processes. A managerial report on whistleblowing cases received and handled is presented during periodic Statutory Audit Committee (SAC) and Risk & Controls Committee (RCC) meetings.

# RISK MANAGEMENT 102-11

TIM’s risk management framework provides a reliable foundation for decision-making and planning; the framework aligns with TIM Italia Group guidelines and takes inspiration from international standards (COSO).

Risk management processes are focused on strategic objectives such as increasing risk management awareness, improving our ability to identify threats and opportunities, building public trust and preventing or mitigating social, environmental or reputational risks.

Increasing risk management awareness and improving our ability to identify threats and opportunities are a focus of our risk management processes.



- Management framework: transparency and compliance
- Ethics in relations with internal and external stakeholders

## PRIMARY MANAGED RISKS 102-15

TIM's risk management processes cover financial and business risks as well as risks related to ethics, compliance, environmental, health and safety, and reputational issues.

### **BUSINESS CONTINUITY**

In a fast-changing and disruptive industry, TIM is subject to risks that can affect the continuity and operation of the business, such as new technology and telecommunications trends, increased competition and cybersecurity. In addition, political and economic conditions in Brazil, and legal and regulatory developments, can also affect our business performance as a Company.

### **ANTI-BRIBERY**

As part of our Anti-Bribery Program, we assess and monitor bribery risks and, in particular, processes involving sensitive matters such as gifts, donations and sponsorship. In addition, we investigate bribery concerns reported through our Whistleblowing Channel, and re-

spond to queries via our Ethics & Compliance Channel. The Program also identifies third parties interacting with government officials to support improvements to our procurement processes. This includes addressing potential conflicts of interest.

### **OCCUPATIONAL HEALTH & SAFETY**

TIM Brazil's operations are covered by an Environmental Risk Prevention Program (PPRA) that is compliant with regulatory requirements. The program comprises in-field safety inspections to identify risks and inform actions to prevent and mitigate impacts.

An Occupational Health & Safety Program (PCMSO) is also in place in which employees receive instructions on the medical examinations required depending on workplace risks. Employees also undergo medical examinations when newly hired, when returning from leave, when transferring to a new role, and on termination.

### **ENVIRONMENTAL RISKS**

TIM's operations are exposed to a variety of environmental risks. These are addressed through measures to prevent, manage and mitigate impacts using TIM's Corporate Risk Management methodology.

Risk management at TIM is supported by an Environmental Management System based on ISO 14001 best-practice requirements, which helps to improve our environmental performance and the quality, efficiency and safety of our operations.



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**Governance**

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- Management framework: transparency and compliance
- Ethics in relations with internal and external stakeholders



Our Environmental Management System provides a structured platform for environmental protection, while enabling us to balance our response to climate change with social and economic needs. It also supports continual improvement of our organizational performance and conformity to our Environmental Policy, including TIM's commitment under the Policy to complying with applicable laws and regulations.

A multidisciplinary Licensing Committee assesses issues surrounding compliance, risk prevention and mitigating impacts, and works to prevent situations of noncompliance.

*A multidisciplinary Licensing Committee assesses issues surrounding compliance, risk prevention and mitigating impacts.*

**REPUTATIONAL**

Our ability and agility to expand while maintaining and improving quality of service and customer experience is another area of focus at TIM.

For further information about risk management, refer to our Reference Form and Form 20-F 2018 at <https://ri.tim.com.br/>



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## FINANCIAL PERFORMANCE



**55.9**  
**million**  
mobile customers



Net income  
**R\$ 2.5**  
**billion**





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## SUSTAINED 4G LEADERSHIP <sup>102-7</sup>

In 2018, strong execution enabled us to navigate the challenges created by heavy competition and slower-than-expected growth in Brazil. Our focus on execution led to the highest EBITDA levels in our history as a Company in the fourth quarter.

TIM also invested in efforts to increase exposure to the postpaid segment. The result was a 13.7% expansion of our postpaid customer base. In response to strong competition, at year-end we launched a new prepaid concept to simplify our offering. **TIM Pré Top**, as it is called, builds on an ongoing up-selling process and will be launched on the market in 2019.

**TIM Live**, which recorded 38.4% growth in 2018, accounted for a significant share of more than 50% of fixed-line telecommunications revenues in the last quarter of the year. TIM's fixed broadband customer base grew in tandem by 19% in the year to a total of 467,000 connections.

TIM Live led the Netflix internet provider ranking over the three last months of the year. TIM has topped the list in 53 of the previous 56 months. The ranking is based on Netflix's prime-time performance with the use of different internet providers globally.

## Valor Inovação

TIM ranked 44<sup>th</sup> this year in the **Valor Inovação** ranking, which measures the consistency and maturity of corporate innovation processes, climbing five positions from last year. The list draws attention to TIM's presence in the Telecom Infra Project (TIP), our launch of VoLTE (voice over LTE) and our foray into machine learning. It also highlights senior management's engagement around innovation in Innovation Steering Committee meetings, and our innovation partnerships with Cubo, Inatel and PUC Rio.





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**10,076**

**EMPLOYEES**

9,661 employees, 180 interns  
and 235 young apprentices



Net Income

**R\$ 2.5 billion**

Total Net Revenue

**R\$ 17.1 billion**

Equity

**R\$ 19.8 billion**

**THE HIGHEST NORMALIZED  
EBITDA<sup>1</sup> IN OUR HISTORY:**

**R\$ 6.6 bn**

up 10.4% YoY

**THE HIGHEST NORMALIZED  
EBITDA MARGIN IN OUR  
HISTORY:**

**41.7%**

in the fourth quarter

**38.5%**

in 2018



**MOBILE TELECOMMUNICATIONS CUSTOMERS**

**55.9 million**

active lines at period-end 4T18

**POSTPAID**

**20.2 million**

customers – a 13.7% expansion  
year on year

**PREPAID**

**35.7 million**

customers at period-end 4T18



**FIXED TELEPHONY CUSTOMER BASE**

**897,000**

**TIM LIVE CUSTOMERS**

**467,000**

accesses in 2018, a year-on-year  
**INCREASE OF 19.1%.**

<sup>1</sup> EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) adjusted for extraordinary RBS sale transactions, temporary human resources expenses and general and administrative (G&A) expenses.



## Direct economic value generated (R\$ '000) 201-1

Generated	2016	2017	2018
(A) Net revenue (not including losses on doubtful accounts and discounts, returns and other related items)	21,045,857	20,944,978	21,600,245
(B) Goods and services purchased from third parties	-7,149,576	-7,135,728	-7,167,332
Costs of services rendered and goods sold	-4,174,051	-4,035,789	-3,929,961
Material, electricity, outsourced services and other	-2,975,525	-3,099,939	-3,237,371
(C) Gross added value (A - B)	13,896,281	13,809,250	14,432,913
(D) Amounts withheld (depreciation and amortization)	-3,785,172	-4,013,671	-3,954,321
(E) Net added value (C - D)	10,111,109	9,795,579	10,478,592
(F) Transfers	2,449,495	942,583	510,265
(G) Added value for distribution (E + F)	12,560,604	10,738,162	10,988,857
Salaries	462,338	375,876	435,861
Social security charges	101,102	117,732	149,832
Pension plan	11,556	13,749	14,947
Benefits	166,386	150,569	163,960
Profit sharing	86,019	123,162	78,119
Taxes, charges and contributions, less allowances (exemptions)	7,413,798	6,530,582	5,761,129
Interest and rent	3,566,262	2,186,971	1,835,271
Interest on equity and dividends	148,664	265,072	849,994
Net income/loss for the year	601,763	969,435	1,695,107
Private social investment	2,716	5,014	4,637

## Financial assistance received from government (R\$) 201-4

	2016	2017	2018
Tax and duty reductions	118,250	112,493	146,455
Investment, research and development and other significant grants and incentives	28,133	28,722	25,305

## ECONOMIC PROFIT

TIM annually calculates and reports on economic profit, a financial indicator that takes into account the opportunity cost for the business. Economic profit is calculated based on net operating profit after tax (NOPAT) and the cost of capital invested.

While improving on 2017, economic profit was negative R\$ 536 million at year-end compared to negative R\$ 971 million in the previous year. The improvement is explained by higher NOPAT (+25.0% YoY)

combined with sustained average operating capital levels (-0.7%) and the long cycle of infrastructure investment.

The significant increase in NOPAT is primarily explained by higher EBIT (+26.0% YoY) which in turn reflects solid growth in EBITDA. The higher EBITDA was driven by: (i) rising Mobile Service Revenue, with higher contribution margins, (ii) increased revenue from fixed services, and (iii) cost control.

*Contribution margin on Mobile Sales Revenue improved in 2018.*



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*TIM continued on a path of growth, with revenue expansion and improved profitability.*

## ECONOMIC TARGETS

In February 2018 TIM announced its strategic plan for the three-year period 2018-2020, projecting solid growth over the plan horizon. The plan provided guidance for (i) service revenue, (ii) EBITDA, (iii) CAPEX and (iv) (EBITDA – CAPEX), including short and long-term targets.

At year end 2018, TIM reported (i) a continued growth trend as indicated by revenue expansion, (ii) a significant gain in profitability, denoted by strong improvement in EBITDA, EBITDA Margin and (CAPEX – EBITDA), and (iii) solid operating and network performance as illustrated by 13.7% growth in our postpaid customer base, 19% growth in our ultrabroadband customer base, and sustained leadership for 4G coverage.

Value capture from our customer-base transformation, competitive advantage supported by infrastructure development, a digital transformation driving efficiencies and an enhanced customer experience, and the strong expansion of our **TIM Live** business all contributed to successful delivery on the short-term targets in our 2018-2020 industrial plan, supporting revenue growth, stringent cost control and record levels of profitability.



- Sustained 4G leadership
- Strategic plan 2019-2020

## Service revenue 2018



**R\$ 16.6 bn**  
(+ 4.7% YoY)

## MSR



**R\$ 15.3 bn**  
(+ 4.5% YoY)

## TIM Live revenue



**R\$ 392 mn**  
(+ 38.4% YoY)

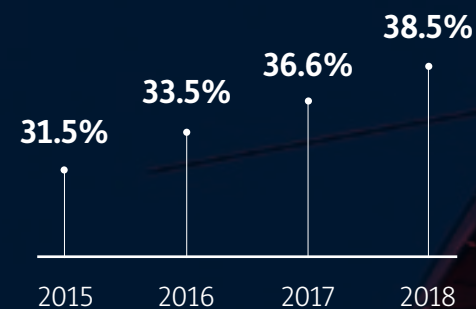
## EBITDA<sup>1</sup> 2018

**R\$ 6.6 bn**  
(+ 10.3% YoY)



**MARGIN 38.5%**  
(+ 1.8 pp YoY)

## Margin improvement



1. Normalized EBITDA and Net Income

## Customer base Dec '18

POSTPAID

**20.2 mn**  
(+ 13.7% YoY)  
36% of  
customer base



4G USERS

**34.5 mn**  
(+ 25% YoY)  
62% of  
customer base

## Fixed broadband



**467,000**  
(+ 19% YoY)



## Industrial Plan 2018-2020

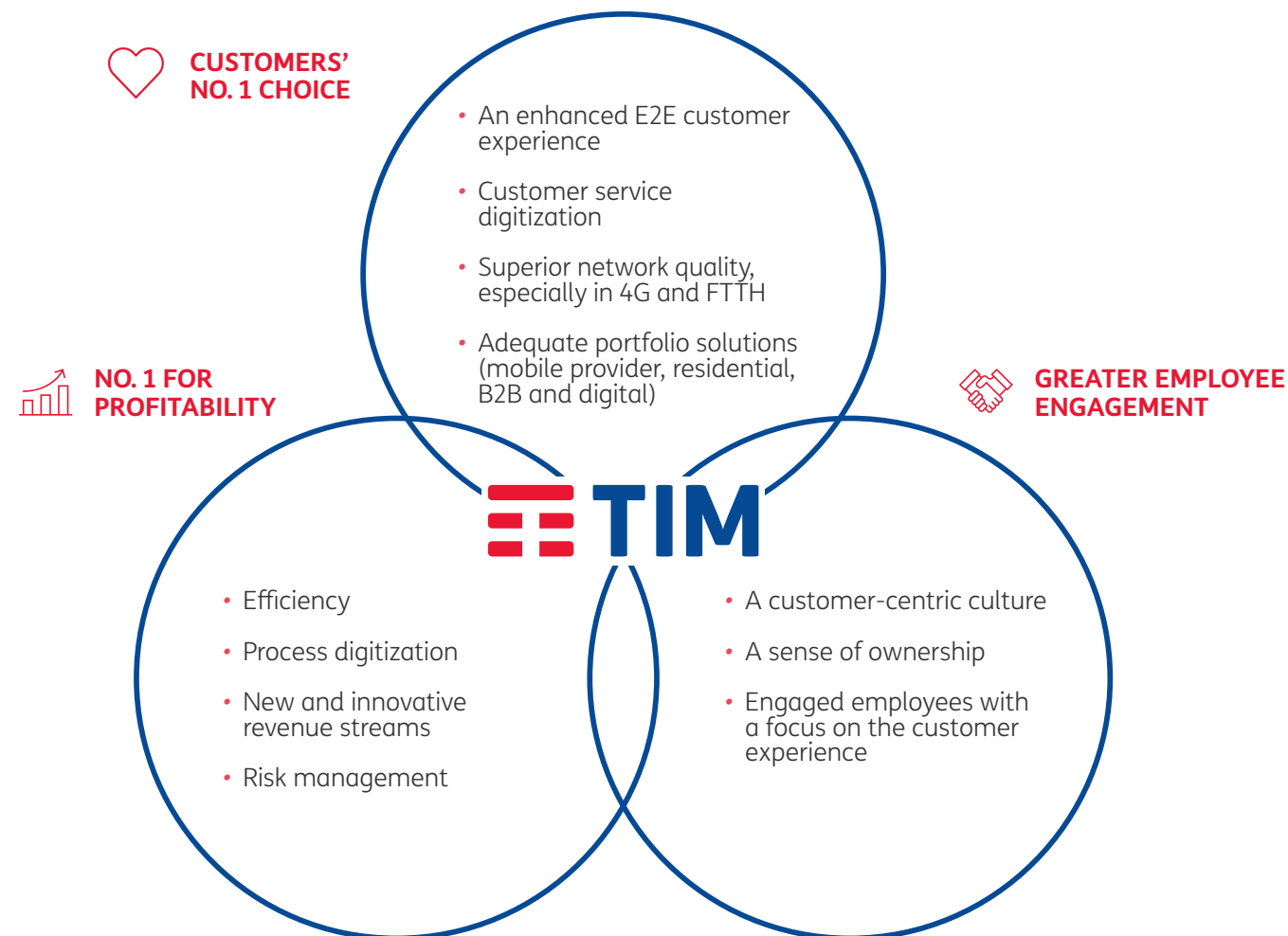
Indicator	Definition	Unit	Horizon	Short-Term Target	Long-Term Target	2018 Results
<b>Net Mobile Service Revenue</b>	Revenue after taxes, sales returns and discounts on mobile services.	n/a	2018, 2019 and 2020	Positive performance in all quarters of 2017	Mobile Services with approx. 25% share in Net Revenue in 2019	+ 4,7%
<b>EBITDA Margin</b>	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) on Total Net Revenue.	%	2018, 2019 and 2020	Positive performance in all quarters of 2017	EBITDA Margin greater than 36% in 2019	+10.3% EBITDA 38.5% EBITDA Margin
<b>CAPEX</b>	Medium and long-term expenditure on the acquisition, improvement, development or expansion of infrastructure, equipment, systems and properties, excluding expenditure on the acquisition of frequency licenses.	R\$	2018, 2019 and 2020	Approximately R\$ 4 billion in 2017	CAPEX lower than R\$ 12 billion in the three-year period	R\$ 4 billion
<b>EBITDA - CAPEX</b>	EBITDA less CAPEX, measured as a percentage of revenue.	%	2018, 2019 and 2020	Between 6.7% and 9.9% in 2017	Greater than 15% of revenue in 2019	15.2%

## STRATEGIC PLAN 2019-2021

In March 2019 we updated our strategic plan for the three-year period 2019-2021, providing projections for investment (CAPEX) and short- and long-term targets for net service revenue and EBITDA. Our new strategic plan is aligned with TIM Italia Group and our vision of leading the transformation of the Brazilian telecommunications market.

TIM's strategic plan is for the following three-year period and is designed to accelerate our digital transformation and improve the customer experience through superior quality and an enhanced value proposition. Our strategic positioning is focused on our key stakeholders and spans across three fronts.

*TIM's strategic positioning is focused on our key stakeholders*



## TIM Brazil's targets for 2019-2021

### GOALS

#### Deliver sustained revenue growth

#### Increase profitability

#### Expand infrastructure

#### Expand cash generation

### LEVERS

- Additional mobile ARPU expansion
- Expand contribution margin on residential broadband revenue
- Capture B2B opportunities

- Accelerate digitization efficiencies
- Maintain zero-based approach and traditional initiatives
- Improve risk management framework

- Additional CAPEX in fiber expansion and improved mobile capabilities

- Increase operational cash flow
- Debt and tax optimization

### SHORT-TERM GOALS/KPIs

Service revenue growth  
**3% - 5% (YoY)**

EBITDA Growth  
**Mid to high single digit growth (YoY)**

CAPEX on revenues  
**Low 20s**

EBITDA-CAPEX on revenue:  
**>15%**

### LONG-TERM GOALS/KPIs

Service revenue growth  
**Mid single digit (CAGR2018-2021)**

EBITDA Margin:  
**≥ 40% in 2020**

CAPEX  
**~R\$ 12.5 bn (Σ 2019-2021)**

EBITDA-CAPEX on revenue  
**≥ 20% in 2021**

Indicator	Definition	Unit	Horizon	Short-Term Target	Long-Term Target
<b>Net Service Revenue</b>	Revenue after taxes, sales returns and discounts on services.	n/a	2019, 2020 and 2021	3% to 5% growth in 2019	Mid single digit CAGR '18-'21
<b>EBITDA Margin</b>	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) on Total Net Revenue.	%	2019, 2020 and 2021	Mid to high single digit EBITDA growth	EBITDA Margin greater than 40% in 2020
<b>CAPEX</b>	Medium and long-term expenditure on the acquisition, improvement, development or expansion of infrastructure, equipment, systems and properties, excluding expenditure on the acquisition of frequency licenses.	R\$	2019, 2020 and 2021	Approx. 20% on revenue	Approx. R\$12.5 bn (2019-2021)
<b>EBITDA - CAPEX</b>	EBITDA less CAPEX, measured as a percentage of revenue.	%	2018, 2019 and 2020	Greater than 15%	Greater than or equal to 20% in 2021





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## CUSTOMERS



### Increased time spent on 4G

TIM users spent 78.6% of their time on LTE (Long Term Evolution, or 4G) technology.



### 1 Terabyte in content

In the last six years, our internet traffic increased 20-fold.



- Service channels: a superior customer experience

## CUSTOMERS 102-2 102-7

TIM attaches high importance to delivering a positive product and service experience. Customers are at the core of our business strategy and their needs are what primarily drive our investment in products and services, innovation-centric solutions, quality and expanding our lifecycle.

TIM has continued to sustain its leadership for

4G coverage, which at year-end was available in 3,272 cities, covering 93% of Brazil's urban population and 34 million users. This came as a result of refarming the 1.8 GHz and 2.1 GHz frequencies and deployment of the 700 MHz frequency band, which in the fourth quarter was present in 1,426 cities. In addition, VoLTE coverage reached 2,500 cities in 2018, improving the voice experience for users.

Our quality of service was recognized in the year by several accolades. An Opensignal report released in January 2019 placed TIM in the top position as having the most available 4G network. TIM users spent 78.6% of their time on LTE (Long Term Evolution, or 4G) technology—this metric indicates the time customers spend on the 4G network, and reflects well on TIM's mobile network coverage. TIM retained market leadership in important regions such as São Paulo (SP), Rio de Janeiro (RJ) and Belo Horizonte (MG).

In another survey, consulting firm P3 Network Analytics ranked TIM as having the best mobile network in Brazil in its latest Benchmark Brazil Audit Report. The survey assessed the data and voice performance of Brazil's leading operators in major cities in Brazil—São Paulo, Rio de Janeiro and Brasília—through approximately 9,000 km of drive testing.

This positive performance has been corroborated by ANATEL's Quality Improvement Plan (PMQ) status report, in which TIM was found to have the smallest number of cities with technical indicators below the ANATEL Criticality Level in the three last quarters of 2018. In the fourth quarter, only 34 of 3,700 covered cities had violations and, of these, 18 have already been normalized.

*Data and voice, FTTH (Fiber to the Home) and WTT (Wireless to the x): products and solutions for personal customers and small, medium and large-sized businesses.*

## QUALITY AND USER EXPERIENCE

TIM has seen improved results from digitization initiatives as a consequence of our strategy of focusing on customers' real needs and redesigning processes to achieve impact across the entire lifecycle.

To achieve these goals, our efforts have been targeted to three strategic pillars:

- Building offerings based on customers' individual needs;
- Expanding and improving our network infrastructure;
- Achieving efficiency through integrated sales and service channels.

Sales through digital channels, a key lever in TIM's up-selling strategy, grew by 28% year on year in the postpaid segment and 32% year on year in the prepaid segment in 2018.

Electronic top-ups gained an increasing share in our sales channels, growing by 5 p.p. in 2018.

Our Mobile App and modernized VRU (voice response unit) have proven fundamental to improving the customer experience. Nonhuman interactions overall saw a 26% increase in the year. The number of individual users of the "**Meu TIM**" app more than doubled, while VRU retention increased 3 p.p., reducing human Call Center interactions by 6% at year-end 2018.

Invoice delivery through digital channels doubled in the year, with digital penetration increasing to more than 50% at year-end 2018. The number of customers paying their invoices through digital channels grew by 32.6% year on year.

## 1 TERABYTE IN CONTENT

In the last six years, our internet traffic increased 20-fold. TIM's distribution and direct connection to leading content providers, and deployment of the 700 Mhz spectrum and FTH (Fiber to Home)—delivering an enhanced user experience—were some of the highlights in the year. TIM currently offers 1 terabyte of content to customers in the mobile, fixed and corporate segments.

*Quality and the user experience are among our strategic priorities at TIM.*



- Service channels: a superior customer experience



## Consistent development of network infrastructure

### 4G leadership:

3,272 cities, covering 93% of the urban population in Brazil in 4Q18.

**90,100 KM OF FIBER-OPTIC** backbone and backhaul infrastructure – 5.7% year-on-year expansion at 4Q18.

**AN ENHANCED VOICE EXPERIENCE:** VoLTE technology available in 2,500 cities.

**4.3 MILLION HOMES COVERED BY FTTH AND FTTC TECHNOLOGY** in 14 cities – as of December 2018.



## Another year of customer base transformation towards higher added value

### Postpaid:

36.2% of total customer base – 13.7% growth in the year.

### TIM Live (UBL):

19.1% growth in the year – 467,000 connections in total.

### TIM Live (ARPU):

13.9% growth in the year, reaching R\$ 76.00.

### Mobile (ARPU):

8.4% improvement in the year, reaching R\$ 22.40.



- Service channels: a superior customer experience

**FIFTH-GENERATION MOBILE TECHNOLOGY IS THE NEXT MILESTONE**

TIM believes the upcoming 5G spectrum auction will help to keep the Brazilian market in step with international developments and drive innovation and knowledge creation. Fifth-generation mobile technology will deliver increased data transmission speeds for smart phones and tablets, and our current network investments already include 5G-enabled equipment. 5G technology will also create the infrastructure required to make the Internet of Things a reality. In 2019, TIM's goal is to work with strategic partners in discussions on aspects involving deployment of 5G technology in Brazil.

**RESIDENTIAL COVERAGE FOR 1 MILLION HOMES**

In terms of fiber expansion, our FTTH (Fiber to the Home) coverage exceeded 1 million homes in 11 cities—the number of addressable households increased to 4.3 million in the year.

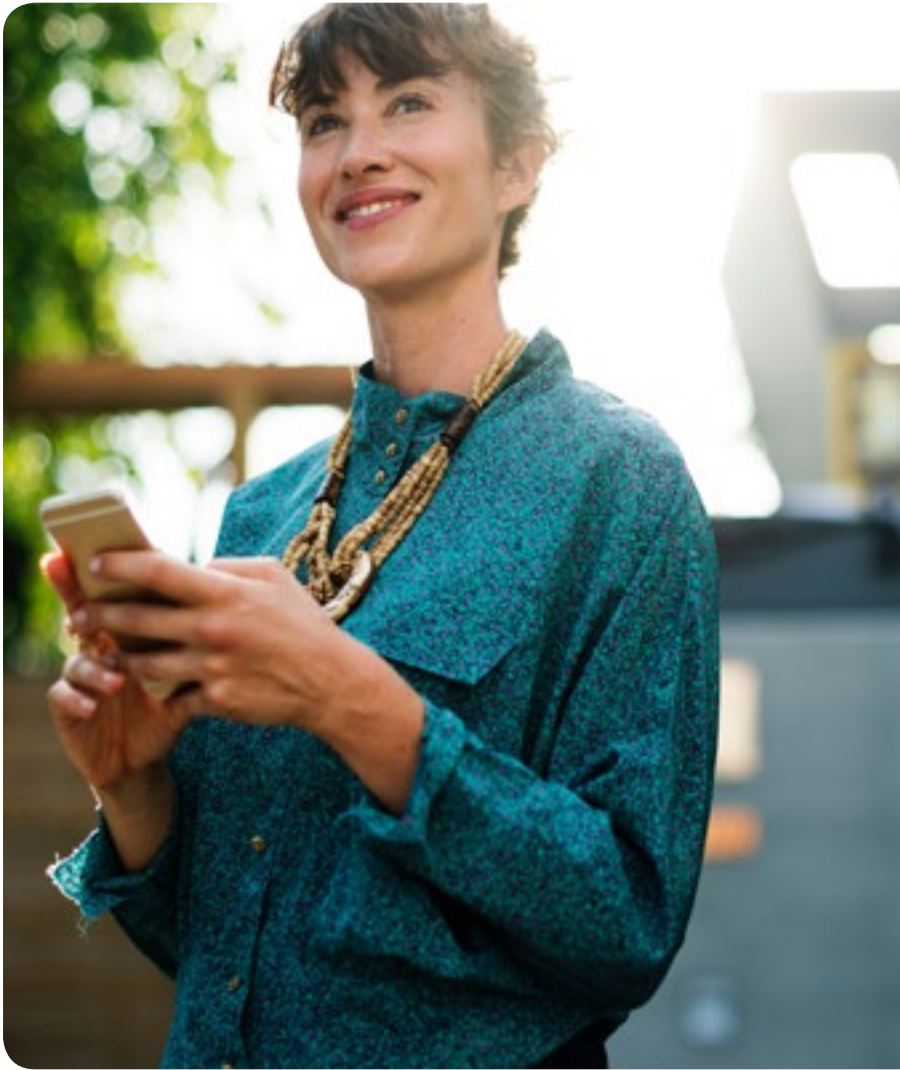
**TIM CONTROLE**

In 2018 we completed a number of customer experience (CX) initiatives to improve deliv-

ery of customer solutions. Examples of these efforts include improvements to our *TIM Controle* plans, an initiative prioritized by our Customer Experience Committee. This integrated initiative improved plan mechanics by mapping out the customer journey with a focus on use patterns and preferences to address problems resulting in a lower quality customer experience, while also improving the *TIM Controle* offering.

**USER-FRIENDLY TOP-UPS**

TIM has partnered with banks to provide users with in-app top-up functionality using debit cards. Customers can also recharge using credit cards. TIM also implemented fast in-store cash desks where sales consultants themselves process payments.



- Service channels: a superior customer experience

## SERVICE CHANNELS: A SUPERIOR CUSTOMER EXPERIENCE 103-2 103-43

TIM offers greater convenience to customers by providing a variety of physical and digital service channels. Feedback provided by customers through these channels informs improvements in our services and processes. Surveys are also performed and any systemic issues are monitored.

### **VRU (VOICE RESPONSE UNIT) AND CHAT**

Customer service is enhanced by artificial intelligence and speech-to-text, which translates customers' speech into text that can be processed by a customer service robot. Artificial intelligence is also used in our chat service.

### **MOBILE-FRIENDLY WEBSITE**

In 2018 we upgraded the TIM website to make it more responsive on smart phones and tablets. Customers can use the website to manage their services, check their balance and data consumption, and top up.

### **SOCIAL MEDIA**

TIM operates two Twitter accounts (@TIM-Brasil—755,000 followers and @TIM\_ajuda—276,000 followers) and a Facebook account (facebook.com/timbrasil – 2,813,502 likes). Customers can use these channels to submit questions related to our services from Monday to Friday, 9 a.m. to 6 p.m.

### **\*144**

This customer service number for mobile phones, or 1056 for landlines, is available 24 hours per day, seven days a week.

### **PROCON AND CONSUMIDOR.GOV**

TIM also participates in consumer protection channels for dispute resolution.

*All services and channels are available from the Service section of the TIM website.*

## **Satisfaction and quality survey**

As a regulatory requirement in the Brazilian telecommunications industry, TIM conducts regular satisfaction and quality surveys through telephone interviews. These surveys measure the level of consumer satisfaction and the quality of our services. ANATEL's Perceived Satisfaction Survey has also indicated improving levels of customer satisfaction with our prepaid and postpaid plans.

TIM has implemented structured customer experience (CX) monitoring in which we track customer interactions through dashboards and satisfaction indicators. These data are then used as inputs to improve the user experience. For example, TIM is able to track recurring cases for the same reason and similar cases in terms of the customer profile, age group and time with the Company.

The Users Committee is another initiative that helps to improve the quality of our data and telephony services. This ANATEL-led initiative brings operators, mobile users and consumer protection organizations together to increase societal participation in improving operator services.

## Customer service information

	2016	2017	2018
Total calls handled by our Call Center	123,381,955	113,681,710	105,472,045
Total Ombudsman cases	5,501	4,860	5,379
<b>Total complaints received</b>			
At the company	11,554,589	17,393,892	16,431,689
At ANATEL	563,790	590,865	644,904
In court	113,559	69,785	88,919
<b>Total complaints and grievances resolved</b>			
At the company	101.31%*	99.91%	101.60%
At ANATEL	99.82%	99.65%	97.66%
In court	119%*	140%*	90.88%
<b>Customer satisfaction surveys – on a scale of 0 to 10</b>			
Average satisfaction rating for individual customers	7.3	6.95	7.08
Average satisfaction rating for CRC service for individual customers	7.31	7.81	7.05
Average ANATEL Quality Satisfaction Rating for Prepaid Services	6.73	6.82	7.11
Average ANATEL Quality Satisfaction Rating for Postpaid Services	6.81	7.16	7.36

\*The percentage refers to cases from prior periods resolved throughout the current year.

## CUSTOMER DATA PRIVACY POLICY

TIM has adopted best practices conforming to ISO 27001, an international standard on information security management systems, although we are yet to obtain certification.

Our Customer Data Privacy Policy establishes that:

- Only authorized employees are allowed to access customer details and communications data, and only in specific situations.
- Suppliers, including Value Added Service (VAS) providers, are required to sign contracts containing customer data privacy provisions.
- Customer details and telephone communications are only shared with authorities when this is required by Brazilian law or by a wire tapping order from a court.

In 2018, TIM was party to 195 judicial proceedings for breaches of data privacy (unauthorized

use of information by third parties following SIM card swaps resulting in material and/or personal damages). Of these proceedings, 132 are pending adjudication and 63 have been concluded, with 19 ruled in favor of TIM and 44 resulting in awards for damages. [418-1](#)

In conformity to the Brazilian General Data Protection Act (Act 3709/2018) and in line with Telecom Itália Group guidelines on personal data protection, TIM Brazil has appointed a Data Protection Officer at TIM Participações to liaise between the company, data subjects and the competent authorities.

A Data Privacy Committee comprising representatives from other functions involved at the company, led by the Data Protection Officer, monitors regulatory developments, establishes corporate guidelines on data privacy, implements improvements within our operations and assesses related impacts.





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# OPERATION



**Environmental risk management processes**  
Measures to prevent and mitigate impacts improve the quality, safety and efficiency of our operations.



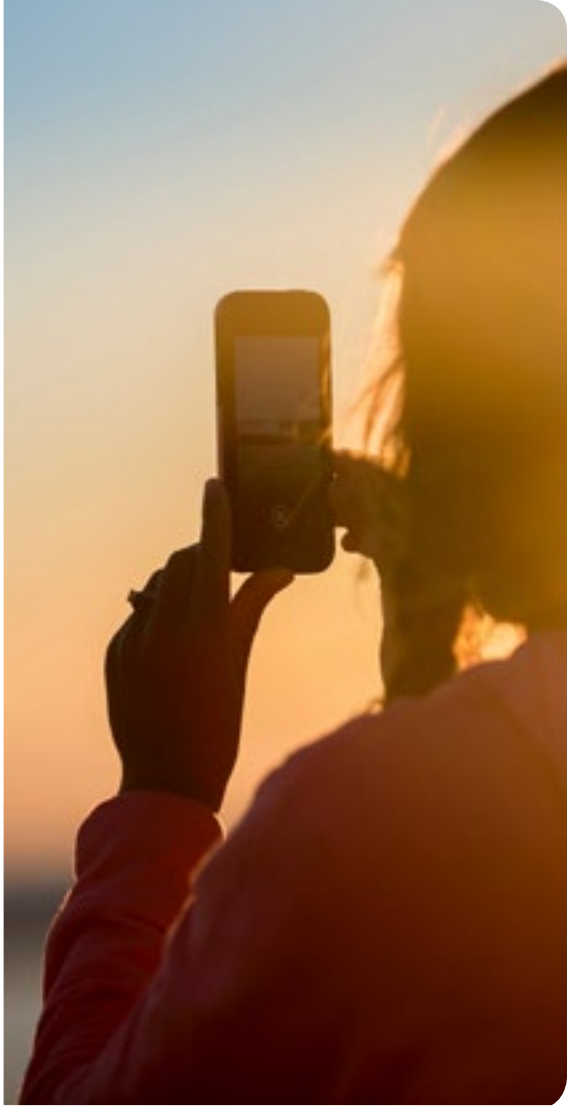
**Environmental impact**  
Electricity, water and waste are among the aspects we monitor.



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# OPERATION HIGHLIGHTS

103-301 103-302 103-303 103-305 103-307



TIM has environmental risk management processes in place that include measures to prevent and mitigate impacts and improve the quality, safety and efficiency of our operations.

As described in our Environmental Policy, TIM is committed to mitigating operational impacts at our sites and ensuring compliance with internal standards and legal and regulatory requirements in order to reduce environmental risks to a minimum. A Licensing Committee, composed of personnel from strategic functions at the Company, assesses compliance issues to prevent risks or mitigate impacts, and to prevent instances of noncompliance.

Electromagnetic emissions from our radio base stations (RBSs) are assessed and monitored using methods established by ANATEL resolutions, and are kept within established limits. In 2018, electromagnetic emissions levels were measured at 23.6% of our sites.

Given our nationwide coverage, TIM has RBSs within 147 protected areas, often on hilltops or in conservation units, which are periodically monitored to ensure our operations have no adverse impacts on biodiversity.

At year-end 2018, TIM had more than 800 active biosites within the network. Biosites are structures that significantly reduce visual and landscape impact. In addition to telecommunications transmission equipment, biosites also incorporate street lighting and security cameras.

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# MANAGEMENT FOR IMPROVED EFFICIENCY

TIM's processes conform to international certification requirements to ensure the continual improvement of our services. TIM has also identified opportunities to achieve higher standards of excellence by implementing Environmental Management Systems (EMS) and Occupational Health & Safety Management Systems (OHSMS) at our offices and operations in Rio de Janeiro (Rio de Janeiro), São Paulo (São Paulo), Belo Horizonte (Minas Gerais), Curitiba (Paraná), Recife (Pernambuco), Brasília (Distrito Federal) and Belém (Pará).

Certification	Certified function	Scope
<b>ISO 9001:2015</b> Quality Since: 2000	Network management at TIM S.A.	Nationwide. Operating Units where the relevant processes have been implemented: Minas Gerais, Rio de Janeiro, São Paulo, Pará, Paraná, Pernambuco and Brasília.
<b>ISO 9001:2015</b> Quality Since: 2005	Management of pay-as-you-go and postpaid billing for fixed and mobile accounts at TIM S.A.	Nationwide. Operating Units where the relevant processes have been implemented: Rio de Janeiro and São Paulo.
<b>ISO 14001:2015</b> Environmental Certification Since: 2010	Network management and operation at TIM S.A.	Rio de Janeiro, São Paulo and Espírito Santo.
<b>PMS Quality</b> Regulatory Certification Since: 2004	Method of compiling, consolidating and reporting on quality indicators for Personal Mobile Service (PMS).	Nationwide.
<b>STFC Quality</b> Regulatory Certification Since: 2014	Method of compiling, consolidating and reporting on quality indicators for Switched Fixed Telephone Service (SFTS).	Nationwide.
<b>MCS Quality</b> Regulatory Certification Since: 2015	Method of compiling, consolidating and reporting on quality indicators for Multimedia Communications Service (MCS).	Nationwide.

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# PREVENTING AND MITIGATING IMPACTS FROM CLIMATE CHANGE 103-201

TIM’s direct-source emissions increased in 2018 compared with the previous year as a result of the increased use of refrigerant gases (for preventive and corrective maintenance) and fire extinguishing gases, both of which have high global warming potential. Indirect emissions from purchased electricity declined by 17% compared with 2017. The grid emission factor published by the Ministry of Science and Technology—which is based on Brazil’s energy mix and its distribution across the National Grid—decreased by 20%. Total electricity consumption rose by approximately 4% in the period. [305-2](#) [305-5](#)

Scope <a href="#">305-2</a> <a href="#">305-3</a>	Type of emissions
Scope 1 (direct emissions)	1) Fossil fuel combustion by Company fleets. 2) Diesel combustion for power generation. 3) Fugitive emissions from gases used in refrigeration and fire protection equipment.
Scope 2 (indirect emissions from purchased electricity)	Consumption of purchased electricity.
Scope 3 (other direct emissions)	1) Fuel combustion in connection with: <ul style="list-style-type: none"><li>• Employee air travel;</li><li>• Employee commuting;</li><li>• Third-party fleets and sales representative vehicles;</li><li>• Air freight.</li></ul> 2) Waste management. 3) Production of purchased inputs. 4) Production of energy inputs (fuels). 5) Electricity transmission and distribution losses.



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Total direct and indirect emissions of significant greenhouse gases, by weight. 305-1 305-2

Emissions	2016	2017	2018
Scope 1	4,992 tCO <sub>2</sub> e	4,719 tCO <sub>2</sub> e	13,973 tCO <sub>2</sub> e
Scope 2	619,930 MWh	718,359 MWh	702,681 MWh
	50,638 tCO <sub>2</sub> e	66,616 tCO <sub>2</sub> e	51,987 tCO <sub>2</sub> e
Scope 3	32,173 tCO <sub>2</sub> e	35,513 tCO <sub>2</sub> e	37,803 tCO <sub>2</sub> e

Year 2018 305-4	EMISSIONS PER CUSTOMER (kgCO <sub>2</sub> e/Customer)	EMISSIONS PER EMPLOYEE (kgCO <sub>2</sub> e/ Customer)	EMISSIONS PER UNIT OF NET OPERATING REVENUE (kgCO <sub>2</sub> e/R\$ '000)
Scope 1	0.29	1,623.83	757.49
Scope 2	0.98	5,461.66	2,547.76
Scope 3	0.62	3,440.76	1,605.05



In 2018, we completed our fourth purchase of carbon credits amounting to 10,000 tCO<sub>2</sub> from a wind farm in Rio Grande do Sul, southern Brazil (read more at <https://cdm.unfccc.int/Projects/DB/RWTUV1351861126.92/view>). Out of our total scope 1 emissions, TIM offset emissions from mobile sources (company fleet), stationary sources (diesel generators) and fugitive emissions from refrigerant gases, totaling 7,378.86 tCO<sub>2</sub>e. With the remaining balance of carbon credits from 2017 (5,280.96 tCO<sub>2</sub> e) and current-year offsets, a residual balance of 7,902.10 tCO<sub>2</sub> remains to be offset in future years. Learn more about our historical offsets of GHG emissions at TIM at: <https://www.tim.com.br/sp/sobre-a-tim/sustentabilidade/ambiental>

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Emissions by scope and by type 305-3

Emissions by scope and by type of source (tCO <sub>2</sub> e)	2016	2017	2018
Scope 1	4,992	4,719	13,973
Company fleet	634	566	477
Generators	770	550	981
Fugitive emissions - refrigerants	1,834	1,620	3,790
Fugitive emissions - fire extinguishers	1,754	1,983	8,725
Scope 2	50,638	66,616	51,987
Electricity consumption <sup>1</sup>	50,638	66,616	51,987
Scope 1 and 2	55,630	71,335	65,959
Scope 3	32,173	35,513	37,803
Cat. 1 - Production of purchased inputs	820	838	841
Cat. 3 - Production of energy inputs	348	426	564
Cat. 3 - T&D losses	12,739	15,956	12,346
Cat. 4 - Transportation and distribution (upstream)	9,442	10,103	15,255
Cat. 5 - Waste disposal	732	593	619
Cat. 6 - Air travel + taxi rides	1,925	1,947	2,536
Cat. 7 - Employee commuting	6,073	5,573	5,564
Cat. 9 - Transportation and distribution (downstream)	94	77	78

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# FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE 201-2

TIM's business model, operations and processes are subject to the following risks and opportunities due to climate change:

## LOW-CARBON ECONOMY

Strategic carbon management, and transparency around these practices, can be a competitive differentiator in an industry in which customers are increasingly aware and demanding of environmental performance, creating opportunities for expansion of market share, users and products and services.

Telecommunications services can also support emissions reductions by enabling remote communication and reducing the need for travel to assemble people in one location for personal or business reasons, as well as creating opportunities in manufacturing and logistics across different industries.

Climate change is also tangibly factored into the decisions of investors, who now prefer to invest in companies that are transparent around how they manage emissions.

## LAWS AND REGULATIONS

Regulatory developments can increase the costs of TIM's products and services.

## FUEL PRICES

The absence of fossil fuel subsidies and emissions reduction targets can have economic impacts on the business.

## OPPORTUNITIES FOR THE TELECOMMUNICATIONS INDUSTRY FROM CLIMATE CHANGE

There are opportunities to create solutions to mitigate emissions at both TIM companies and our customers, and to improve our ability to adapt our operations and practices to extreme weather events.

## ENERGY SHORTAGES

To increase preparedness for potential electricity shortages as a result of prolonged droughts, TIM has invested in projects to reduce electricity consumption in our services and at our facilities.

*A low-carbon economy is part of the response to the financial implications of climate change.*

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# ENERGY 302-1

TIM has invested in renewable energy sources through distributed generation projects—including five hydropower plants in the state of Minas Gerais—and by purchasing electricity in the free market. In 2018, electricity from renewable sources accounted for more than 20% of our electricity consumption. By 2020, we plan to expand the share of renewable-source electricity to 60%.

For our mobile network, which accounts for 80% of total electricity consumption at TIM, our goal for 2018 was to limit the year-on-year increase in consumption to 11%. At year-end 2018, electricity consumption in our mobile network had grown by 14.85% as a result of the deployment of more robust technologies with increased data capacity. The electricity consumption of our RBSs increased by 13.5% over the same period. Beginning in 2019, TIM will adopt a new metric that weights electricity consumption in proportion to data traffic. Our goal is now to reduce the ratio of electricity consumption to traffic by 1% from a 2018 baseline of 0.68 MWh/GB by

purchasing more efficient equipment and developing projects to improve energy efficiency.

The energy efficiency initiatives we implemented in 2018 included temporarily or permanently shutting down idle equipment; freecooling, a heat exchange arrangement for

equipment containers that involves installing a cooler at shelter-type sites (enclosures) to reduce the use of energy and refrigerant gases in air conditioning equipment; and Decommissioning—shutting down or removing equipment from a site for energy savings and to free up space for new projects. [302-4](#)

## Energy consumption within the organization (GJ) 302-1

	2016	2017	2018
Gasoline	27,012	26,115	21,249
Hydrous ethanol	736	164	5,377*
Diesel-Vehicles	1,096	1,088	896
Diesel-Generators	11,131	7,941	14,594
Electricity	2,231,750	2,597,960	2,529,651
<b>Total</b>	<b>2,271,724</b>	<b>2,633,105</b>	<b>2,571,767</b>

*\*Includes ethanol combustion by salesforce vehicles based on gasoline combustion volumes in previous years. In addition, salesforce fuel combustion increased due to an increase in the sales force headcount and distances covered.*



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# WATER 303-1

Water consumption is also managed for increased efficiency. At our operation in Rio de Janeiro (RJ)—in the district of São Cristóvão—we are developing a project to capture condensate from HVAC systems. A 1,000 liter water tank was installed to collect and store air conditioning condensate, which is then used for plant watering, yard washing and toilet flushing.

A rainwater harvesting system at our São Paulo (SP) office collects stormwater from roof gutters and storm water drains, which is then treated for reuse in yard washing and irrigation.

Sewage from our office buildings is discharged into the municipal sewage system and treated in accordance with municipal regulations under the responsibility of the local water utilities. No environmentally harmful wastewater is discharged into the environment, and there are no significant impacts on water bodies from water withdrawal or disposal. [306-1](#)

We had set a target of reducing water consumption by 1% at our offices in 2018, and succeeded in consuming 5% less water than

in the previous year. We have maintained our 1% water savings target for 2019 from a 2018 baseline.

## Water withdrawal by source (m³) 303-1

	2016	2017	2018
Water from other sources (artesian wells, tank trucks and recycled water)	36,823	24,454	29,974
Municipal or other utility water supply	154,117	125,761	108,874
<b>Total</b>	<b>190,940</b>	<b>150,215</b>	<b>138,548</b>
Change in water consumption compared with the previous year (%)	- 2%	-21%	-8%

## Water recycled and reused 303-3

	2017	2018
Water recycled and reused by the organization (m³)	8,677	11,327
Water withdrawal (m³)	150,215	127,221
% of water recycled and reused	6%	8%

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# WASTE 301-3 306-2

TIM has a Waste Management System in place and works to reduce risks to the environment. In addition, our Environmental Policy establishes waste management principles to minimize the amounts of waste we produce, and encourages waste segregation, recovery and recycling in our Network operations.

Solid and liquid waste disposal is handled by qualified service providers in accordance with our internal standards, and waste disposal processes are verified for compliance by internal and independent audits (ISO 14001). Data is monitored and reported to our headquarters for review and control purposes.

In Brazilian states where environmental authorities have control mechanisms in place to measure and monitor waste disposal, such as the INEA Waste Manifest System in Rio de Janeiro, TIM ensures those procedures are followed.

In 2018 we recycled 12.23% of waste materials at our administrative offices, a volume closely approaching our target of 13%. We have maintained our target of recycling 13% of waste materials at our offices in 2019.

## Hazardous waste disposal (t) 306-2

	2016	2017	2018
Recycling	48.58	8.62	550.15*
Other	25.67	0.58	0.0
<b>Total</b>	<b>74.25</b>	<b>9.20</b>	<b>550.15</b>

*\*The higher volumes of hazardous waste sent for recycling in 2018 are due to the final disposal of batteries that had accumulated awaiting compliant disposal.*

## Nonhazardous waste disposal (t) 306-2

	2016	2017	2018
Recycling	99.75	64.33	43.02
Landfill	371.53	298.40	308.81
<b>Total</b>	<b>471.28</b>	<b>362.73</b>	<b>351.83</b>

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### **REVERSE LOGISTICS**

Our *Recarregue o Planeta* (“Recharge the Planet”) program provides special bins at TIM stores where customers can turn in the smart phones, batteries, power supplies and accessories they no longer use. We were unable to meet our target of collecting one metric ton of smart phones and accessories in 2018. The program is currently being reformulated for 2019 with a goal of collecting 500 kg of smart phones and accessories for recycling. [301-3](#)

### **TIM TROCA SMART**

Every 12 months, TIM customers can trade in their old smart phones for a discount on a new one. The initiative encourages customers to properly dispose of their used smart phones, which TIM then sends for recycling. As part of the service, customers are also offered insurance, loans and other benefits. Read more at <https://www.tim.com.br/sp/para-voce/servicos-tim/facilidades/tim-troca-smart>

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MATERIALS 306-2

Electronic and other waste is among the impacts generated by our operations. These include batteries used in network equipment, lubricants used in generator sets, associated packaging, and organic waste generated at our offices, which accounts for the bulk of waste volumes.

Waste materials are managed in accordance with the Brazilian National Solid Waste Management Policy, which informs TIM's Waste Management Plan. Our Environmental Policy establishes waste management principles to minimize the amounts of waste we produce, and encourages waste segregation, recovery and recycling. Solid and liquid waste disposal is handled by qualified service providers that are assessed for process compliance via internal and independent audits (ISO 14001).

Recyclable and reusable materials are sent to recycling cooperatives or companies, and organic waste is collected by the municipal waste collection service in each city. Burnt lamps are collected by partner companies and sent for compliant disposal.

Materials used by weight or volume (by kg) 301-1

	2016	2017	2018
Paper – invoices	526,870	615,074	637,581
Paper – internal use	22,678	20,310	20,341
Paper – marketing	22,678	42,537	48,120
Cardboard	194,758	141,757	109,770
Total	766,506	819,678	815,812

Note: 100% of the paper we use is FSC-certified.



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## NON-IONIZING RADIATION

Building and operating radio base stations entails two primary environmental impacts: non-ionizing radiation and construction proper. These impacts are monitored through internal controls. Our RBSs have ANATEL licenses providing the right to operate, as well as rules on the operation of, the base stations. Theoretical and practical compliance reports provide assurance that the non-ionizing radiation emitted by our RBSs is within the limits permitted by the WHO—ANATEL’s prescribed limits are based on WHO recommendations. It is also our policy to build base stations only at sites that have been authorized by the appropriate local authorities under planning and environmental licenses, where applicable.

[304-2](#)





Message from the CEO

About this report

About TIM

Governance

Financial performance

Customers

Operation

**People**

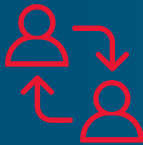
• People management

Community

GRI information published  
in this report

Credits

# PEOPLE



Climate survey  
**95%**  
response  
rate



**Capacity building**  
TIM provides employees with  
training that builds skills and  
enhances employability.



# PEOPLE MANAGEMENT

TIM believes that diversity provides the right environment for sharing ideas and for equal opportunity. We value and recognize talent and the potential of a diverse and multidisciplinary team, with people from different backgrounds and with different cultural repertoires, belief systems and world views. We also value each individual’s experience and strengths, and encourage innovative thinking.

Our Code of Ethics recognizes that diversity provides the right environment for sharing ideas and for equal opportunity.

In July 2018 TIM created a diversity committee (**Elo Diversidade**) to help ensure our diversity initiatives are increasingly effective. The mission of the multidisciplinary group is to propose new ideas, improve accessibility, build a welcoming environment and develop new sources of talent.

TIM values the talent, diversity of experience and different strengths of each employee as

a way of stimulating innovative thinking. Our Internal Opportunities Program is among our most important initiatives supporting employees in their development and careers. Through the program, employees can apply for job vacancies within the Company before they are offered to external candidates.

TIM has initiatives in place to support employees in preparing for retirement, and our collective bargaining agreement contains provisions requiring employees to be provided with a period of 15 months of pre-retirement job stability, provided the employee notifies the company at least 90 days in advance of the 12-month countdown to retirement.

TIM employees have benefits designed to improve their quality of life at the workplace, such as Flex Time, a program granting employees flexible working hours, and Flex Office, a work-from-home program. Our Gympass benefit provides an incentive for employees to regularly exercise.

We also offer reimbursements for dependents and people with disabilities, a daycare allowance, a nutrition allowance for employees’ children, and maternity leave of up to 180 days and paternity leave extended to 20 days. [401-3](#)

*TIM recognizes that diversity provides the right environment for sharing ideas and for equal opportunity.*

## COMMUNICATION AND ENGAGEMENT

To provide greater clarity and a sense of direction for the business, a series of meetings involving the CEO and senior leadership were held to address strategic challenges and results, and to give our teams line of sight to common goals.

As part of efforts to engage employees around our culture of collaboration, accountability and customer focus, in 2018 we organized communications campaigns such as: **Nossa TIM** (“Our TIM” — TIM’s strategy and values); Customer Experience (guidelines on our new approach to customers); TIM 20 Years (a story written by people); and Digital Transformation (evolving our mindset for new digital challenges).

Employees were encouraged to engage in these campaigns as champions, providing an increased sense of ownership and cooperation.

An Organizational Climate Survey was conducted to measure people’s perceptions and identify aspects affecting the work environment. The survey covered 95% of employees in 2018, exceeding the response rate in 2017 by four percentage points.

The overall favorability rating was 75%, exceeding the previous year’s figure by four percentage points, an indication of improvement in employee engagement.

*Our 2018 Climate Survey  
drew a 95% response rate*





## Workforce by category [102-8](#)

	2016	2017	2018
Executives	53	55	60
Managers	679	681	673
Professionals	4,059	4,123	4,158
Salesforce	491	482	417
Stores	2,127	2,042	2,178
Call Centers	2,454	2,136	2,121
Interns	264	300	180
Young Apprentices	247	274	235
<b>Total</b>	<b>10,374</b>	<b>10,093</b>	<b>10,076</b>

## Members of governance bodies [102-8](#)

	2016	2017	2018
Board of Directors	20	17	19

## Workforce by employment contract [102-8](#)

Contract type	2016	2017	2018
Fixed term	511	574	415
Indefinite term	9,863	9,519	9,661
<b>Total</b>	<b>10,374</b>	<b>10,093</b>	<b>10,076</b>

\*Interns and young apprentices.

## Workforce by region [102-8](#)

Region	2016	2017	2018
North	285	258	273
Northeast	540	506	709
Midwest	332	366	370
Southeast	7,862	8,099	7,878
South	844	864	846
<b>Total</b>	<b>9,863</b>	<b>10,093</b>	<b>10,076</b>

## Workforce by age group [102-8](#)

	2016		2017		2018	
Up to 35	6,799	65.5%	6,169	61.1%	5,743	57.0%
36 to 45	2,646	25.5%	2,906	28.8%	3,195	31.7%
45 to 60	897	8.6%	980	9.7%	1,092	10.8%
Over 60	32	0.3%	38	0.4%	46	0.5%
<b>Total</b>	<b>10,374</b>	<b>100%</b>	<b>10,093</b>	<b>100%</b>	<b>10,076</b>	<b>100%</b>

## Turnover by gender [401-1](#)

	2016		2017		2018	
	No.	Rate	No.	Rate	No.	Rate
Men	1,991	40.8	1,160	24.1	1,230	25.3
Women	3,130	62.7	1,269	26.9	1,189	25.2
<b>Total</b>	<b>5,121</b>	<b>51.8</b>	<b>2,429</b>	<b>25.5</b>	<b>2,419</b>	<b>25.2</b>

## Workforce by category and gender [405-1](#)

	2016		2017		2018	
	Men	Women	Men	Women	Men	Women
Executives	47	6	47	8	50	10
Managers	455	224	443	238	433	240
Professionals	2,476	1,583	2,509	1,614	2,553	1,605
Salesforce	300	191	293	189	293	178
Stores	987	1,140	937	1,105	1,004	1,174
Call Centers	609	1,845	576	1,560	566	1,555
Interns	133	131	140	160	87	93
Young Apprentices	100	147	96	178	81	154
<b>Total</b>	<b>5,107</b>	<b>5,267</b>	<b>5,041</b>	<b>5,052</b>	<b>5,067</b>	<b>5,009</b>

Workforce by race/color 405-1

	2016		2017		2018	
	No.	%	No.	%	No.	%
White	6,842	66	6,623	65.6	6,538	65
Black	651	6.3	605	6.0	716	7
Mixed race	2,630	25.4	2,627	26	2,562	25
Asian	116	1.1	122	1.2	136	1
Indigenous	39	0.4	34	0.3	21	0.2
Not available	96	0.9	82	0.8	103	1
<b>Total</b>	<b>10,374</b>	<b>100</b>	<b>10,093</b>	<b>100</b>	<b>10,076</b>	<b>100</b>

Note: Employees self-identify their color/race in a questionnaire when they are hired.

Ratio of basic salary and remuneration of women to men by employee category 405-2

	2016	2017	2018
Executives	0.99	1.35	1.54
Managers	1.17	1.12	1.14
Professionals	1.06	1.07	1.07
Salesforce	1.03	1.04	1.03
Stores	1.00	0.99	0.99
Call Centers	1.13	1.14	1.18
<b>Total</b>	<b>1.04</b>	<b>1.23</b>	<b>1.33</b>

Note 1: The ratio of basic salary of women to men is the ratio of average salaries for men to those for women. A ratio of 1 indicates that women have equal pay to men. A value greater than 1 indicates that men have higher average salaries than women.  
Note 2: The figures are for employees only.  
Note 3: In 2018, the ratio\* considering variable compensation, between the highest compensation paid by the company and the average salary of all other employees was 149.77 (In 2017 was 89.4).

\* The ratio between the highest total annual compensation paid by the company and the average total annual salary of all other employees, excluding the highest paid employee.



## TRAINING AND KNOWLEDGE SHARING 404-2

TIM provides employees with training that builds skills and supports the professional development of our employees. TIM employees participate in programs and initiatives for continual development, with a focus on technical skills, competencies and differentiators that are aligned with business needs.

In 2018 we designed a new Development Plan that delivers a new learning experience with a focus on knowledge, learning and development for leaders, professionals, sales teams and customer service teams.

Our learning model promotes knowledge sharing through understudy arrangements in which employees learn about how others perform tasks; through feedback; and through discussion forums and communities. Employees also attend formal training, courses, conferences, lectures, and workshops, both in person and online, and complete reading assignments.

### **CAREER WORKSHOPS**

Internal facilitators address career planning in courses that help employees to reflect about and actively engage in managing their careers. These courses help employees be proactive in their personal development, build self-awareness and develop career plans and Individual Development Plans.

### **DEVELOPMENT PLAN**

Our new Competencies Model provides guidance on Individual Development Plans (IDP) and stresses each employee's responsibility in their own professional and career development. Each employee builds their own IDP under the mentorship of their leader, with a focus on career goals and challenges and their professional aspirations.



## LEARNING

In TIM's learning model, employees derive 70% of their knowledge from on-the-job learning, 20% from interaction with others and 10% from formal learning. Each employee's professional development activities are informed by their Individual Development Plan.

## MULTIPLYING IDEAS PROGRAM

This employee-led program supports knowledge sharing across both technical and behavior skills, helping to develop our human capital and improve knowledge management. Program activities have been enhanced and the scope of the program has been extended to technical areas at TIM.

## PERFORMANCE ASSESSMENT

This process tracks and provides guidance on professional development based on individual performance assessments. Employees are assessed on results and the extent to which they demonstrate expected behaviors.

## TIM TALKS

A week dedicated to employee development, featuring lectures and workshops with experts and online courses on culture, careers, digital transformation, design thinking, finances, time management, diversity, and other subjects.

**The goal of the event is to provide employees with the opportunity to learn and gain insight about the business, our organizational culture and careers, and encourage them to own their development.**

The program is co-developed by multiple functions across the Company, and features both internal and external guest speakers. TIM Talks provides democratic access to knowledge and supports diversity by providing open access to all employees with no distinction of any nature.

Annual average hours of training by employee category <sup>404-1</sup>

	2016	2017	2018
Executives	33	27	18
Managers	24	26	24
Professionals	15	16	17
Salesforce	14	16	20
Stores	31	38	35
Call Centers	155	64	61
Interns	16	20	12
Young Apprentices	7	4	6

*Innovation Forum: TIM executives and business partners participate in debates about current issues in the telecommunications industry.*

**Innovation Forum**

The seventh edition of the TIM Innovation Forum, an event in support of employee development, brought together 600 participants in Rio de Janeiro, including delegates from other industry players, suppliers and academia.

TIM executives and business partners participated in debates about current issues in the telecommunications industry, such as digital transformation, customer experience, network development, innovation, IoT, Big Data and new business.

In Santo André (SP), approximately 400 participants in the field of Information Technology attended panels and seminars on topics such as cloud storage, cognitive services, artificial intelligence, analytics, and accountability.

## Employees receiving performance reviews by employee category (%) <sup>404-3</sup>

	2016	2017	2018
Executives	53	71	63
Managers	85	96	92
Supervisor (CRCs)	97	100	100
Specialists	99	100	99
Analysts & Consultants	97	100	99
Assistants	94	100	99
<b>Total</b>	<b>94</b>	<b>94.5</b>	<b>98</b>

## Percentage of employees receiving regular performance reviews, by gender <sup>404-3</sup>

	2016	2017	2018
Men	95	99	97
Women	93	99	96

TIM uses two different indicators for training, as shown in the table below. One measures total hours of training provided by the Company and the other the percentage of employees trained on sustainability topics. The total number of training hours increased substantially in 2018 in connection with basic training provided to new business partners.

Subject	Indicator	Unit	2018 Target	Dec '18 (completed)	2019 Target
Training	Training (total hours: classroom-based + online + on the job).	No. of hours (direct employees, interns and third-party employees)	764,544	1,246,695	613,581
Training	New hires trained on sustainability topics.	% (direct employees and interns)	90	91	90



## HEALTH & SAFETY

Health and safety management at TIM is an ongoing process that addresses activities with an increased risk for or incidence of occupational diseases, such as customer service positions, activities involving cognitive risks (mental, emotional and psychomotor aspects related to perception, attention, memory and decision-making). Good cognitive health increases both individual satisfaction and professional motivation. Ergonomics assessments, workplace exercise, quick massages in decompression rooms and other health and safety initiatives in place in our operations help to prevent adverse health effects on employees. [403-3](#)

All regional operations at TIM Brazil have Internal Accident Prevention Committees (CIPA) as required by Regulatory Standard 5 (Directive 3214/78). These committees promote safe work and help to protect the integrity and health of our employees. CIPA members include both employer and employee representatives; the latter are elected by secret vote and the employer's representative is appointed directly. CIPA activities are conducted jointly with the Occupational Health & Safety and Environment (HSE) Department. [403-1](#)

*In 2018, 76% of employees were represented on formal health and safety committees within CIPA, compared with 92% in 2017 and 75% in 2016.*  
[403-1](#)



Other health and safety management activities include: [403-2](#) [403-3](#)

**RISK PREVENTION**

Each year, on-site inspections as part of our Workplace Risk Prevention Program (PPRA)—a requirement under Regulatory Standard 9—are performed at 100% of our operations at TIM Brazil to identify risks at the workplace and inform preventive and/or mitigation measures.

**INTERNAL ACCIDENT PREVENTION WEEK**

Our annual Internal Occupational Accident Prevention Week (SIPAT) helps to raise employee awareness about workplace risks and control measures through activities, workshops and skits on the subjects of health, safety and the environment.

**WORKPLACE ERGONOMICS ASSESSMENTS**

On-site Workplace Ergonomics Assessments (AET)—a requirement under Regulatory Standard 17—are performed at our operations at TIM Brazil to identify risks at the workplace and inform preventive and/or mitigation measures.

**FIRE PREVENTION AND PROTECTION**

Our premises are all equipped with both portable and fixed fire prevention and protection systems (extinguishers, hydrants, FM 200, smoke detectors, etc.).

**MEDICAL EXAMINATIONS**

TIM's Occupational Health & Safety Program (PCMSO), a requirement under Regulatory Standard 7, identifies any occupational health examinations required depending on workplace risks identified within our PPRA, as a tool for monitoring employee health.

These exams are performed for all employees who have been newly hired, are returning to work, have been terminated, as part of routine health checkups, and when transferring to a new role.

**VACCINATION**

Other health and safety initiatives include flu vaccination campaigns, health and dental insurance plans for employees, special content on the intranet supporting better quality of life, and initiatives at our offices as part of the TIM Quality of Life program.



Occupational safety indicators 403-2

	2016	2017	2018
Total workforce	9,863	9,519	9,661
Number of no lost time injuries – lost time recorded in the CAT (Occupational Injury Reporting) system	2	1	1
Number of lost-time injuries – lost time recorded in the CAT (Occupational Injury Reporting) system	13	11	13
Injury frequency rate – number of lost-time injuries per million man-hours worked	0.7	0.7	0.82
Injury severity rate – number of lost days per million man-hours worked	6.01	8.48	9.9
Number of lost days	111	138	168

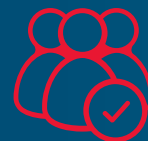
Note 1: Not including interns and apprentices.  
Note 2: There were no severe injuries in 2018.  
Note 3: There were no recorded cases of occupational diseases.

Reporting injuries and incidence or high risk for disease

No serious injuries occurred in 2018. All occupational injuries are reported to the Brazilian Social Security Institute (INSS) using an online tool (CAT system). Cases are reviewed and investigated based on available documents in accordance with our Occupational Injury Reporting Policy, which is available on our corporate intranet. TIM has programs covering education, training, counseling, prevention, risk management and treatment of serious diseases. No employees perform tasks involving a high incidence of or a high risk for diseases. 403-3

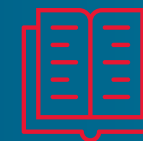
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## SOCIETY



### Public policy

TIM Brazil seeks to contribute to the development of public policy surrounding the telecommunications industry.



### Instituto TIM

Technological innovation supporting human development and access to science education for all children and adolescents.



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## SOCIETY 203-1

Digital technologies can usher in major societal transformation by supporting education, providing access to information, creating income opportunities, and promoting social inclusion.

TIM provides internet access to low income communities, unlimited on-network calls, and flat rates for calls to different operators. This enables our customers to increasingly access data and voice services at affordable rates.

[203-1](#) [203-2](#) [103-1](#) [103-2](#)

## PUBLIC POLICY

TIM advocates for telecommunications policy that is legally sound, economically sustainable and, above all, coherent and harmonious, enabling us to provide society with digital inclusion within a competitive environment. We achieve this through position papers addressed to policymakers and by providing inputs into any public consultations organized by government authorities.

In 2018 the Brazilian Federal Government proposed a number of public policies with the potential to cause significant indirect economic impact on TIM and the broader telecommunications industry:

### TELECOMMUNICATIONS POLICY DECREE

Brazil's current regulatory framework for telecommunications requires reform to accommodate a new cycle of investment, development

and inclusion. It is TIM's view that improvement is needed not only in technology but also in associated legislation, regulations, public policy, case law, definitions and principles.

TIM provided inputs into the draft Telecommunications Policy Decree that stressed the need for efficient use of regulatory instruments originally available to the Federal Government such as regulatory acts in general, migration from a concession to an authorization model, extension of radiofrequency authorizations, and obligations under Terms of Adjustment of Conduct (TAC), in order to maximize benefits for society and reduce social and regional inequalities through digital inclusion in a competitive environment.

### NATIONAL IOT PLAN

In 2017 the Federal Government released a study on more than 70 policy proposals for the Internet of Things (IoT) over a horizon span-



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ning from 2018 to 2022, including proposals focused on identified priorities such as health, smart cities, manufacturing and agriculture.

The potential impact from and relevance of IoT for Brazil is evident in the proposals in the study, such as proposed support for pilot projects in these prioritized areas. Examples include initiatives like “Hospital 4.0”, a project to reduce waiting queues, operating costs, infections and other problems at hospitals.

In agriculture, significant initiatives include “*Fazenda Tropical 4.0*”, a project to increase the productivity and quality of Brazilian produce using data, for example, for high-precision monitoring of biological assets.

In manufacturing, IoT deployment in small and medium manufacturing businesses can improve productivity by enabling more efficient and flexible manufacturing processes, increasing supply chain integration, and supporting value added products and business models.

#### **4G, IOT AND AGRIBUSINESS**

As part of our open innovation program, which develops partnerships with companies that have mutually complementary interests, TIM has invested in IoT (Internet of Things) in agriculture through services and solutions to improve productivity and growth across Brazil’s most important crops and in livestock farming.

In 2018 we sponsored the second edition of “Ideas for Milk”, an event organized by the Brazilian Agricultural Research Corporation (EMBRAPA) in Juiz de Fora. This national competition for entrepreneurs recognizes innovative ideas for business models, products, processes or services based on web software, mobile apps and/or hardware solutions, including the Internet of Things (IoT).

TIM was the first operator in Latin America to deploy NB-IoT (Narrow Band IoT), a 4G network for the Internet of things, launched in Santa Rita do Sapucaí (MG). The solution has applications in smart cities, agriculture and manufacturing.

Another agribusiness initiative, called **4G TIM no Campo**, is supporting the adoption of open, comprehensive solutions designed for people and machines, and addressing one of the biggest challenges currently facing agricultural automation: connectivity. We expect to provide 4G connectivity across 5 million hectares of farmland by year-end 2019, supporting agribusiness growth in Brazil.

#### **EDUCAÇÃO CONECTADA INNOVATION POLICY**

Brazil’s *Educação Conectada* Innovation Policy integrates with other public policies and the objectives of Brazil’s National Education Plan (PNE). A key focus of the plan is secondary education, for which the Federal Government has set a target of having 85% of high school-age teenagers enrolled in secondary education by 2024.

Technology will be essential in giving students in this age group greater autonomy in their studies, especially given Brazil’s new national curriculum. The Brazilian Ministry of Educa-

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tion (MEC) plans to launch digital resources to support learning and interaction across public school networks.

The MEC's new Integrated Digital Educational Resource Platform will feature a range of digital assets either already developed by MEC or produced by other partners. This is expected to entail providing broadband to at least 22,400 public schools, serving more than 12 million students, in the initial phase of implementation.

In addition to expanded internet connectivity, the *Educação Conectada* Innovation Policy also provides technical guidelines on implementing wireless networks (WiFi) to expand Internet connectivity across public schools, preferably in all classrooms.

#### **INTERNET FOR ALL PROGRAM**

This program aims to take internet access to approximately 40,000 unserved locations. A total of around 500 municipalities have cur-

rently joined the program . The registration process for companies interested in participating in the program began in February 2018.

As part of the program, antennas will be installed to provide broadband internet coverage to currently unserved municipal districts at affordable prices. Cities joining the program are required to meet certain conditions, such as providing land to build infrastructure, providing local security, defraying electricity costs, and granting state and municipal tax exemption.

#### **REFORMULATION OF THE BRAZILIAN TELECOMMUNICATIONS ACT (PLC – 79/2016)**

A new Bill of Law (PLC 79/2016) is currently being discussed in Brazilian Congress that will amend Act 9472/1997 (the “General Communications Act”) to allow ANATEL to modify the telecommunications framework, replacing the concession system with an authorization system. The Agency is responsible for attesting that the requirements for

“effective competition” and “support for universalization goals for Switched Fixed Telephone Service (SFTS)” are met.

The bill is currently pending passage by the Senate, and will also amend the radiofrequency license rules to allow an unlimited number of renewals for periods of up to 20 years. It will also introduce a Secondary Spectrum Market for underutilized spectrum.

*The Internet for All Program aims to take internet access to 40,000 unserved locations.*

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# INSTITUTO TIM 103-2 103-3

Instituto TIM believes that technological innovation should be for the benefit of human development, and that every child and youth has a right to science and math education that reflects the current state of knowledge in these fields. We believe that people have the right to learn about new information and communications technologies and about how they affect their day-to-day lives. Learn more about Instituto TIM at <https://institutotim.org.br>. 103-3

In 2018 Instituto TIM continued to support projects aligned with its mission to create and strengthen resources and strategies for the democratization of science, technology and innovation that promote human development in Brazil—with mobile technology as a primary enabler. Instituto TIM works across four fronts: 103-2



- EDUCATION – Developing and providing democratic access to educational approaches and resources that support science and math education.
- APPLICATIONS – Investing in technology solutions contributing to human development.
- EMPLOYMENT – Creating and democratizing teaching strategies to foster the technological inclusion of youth.
- INCLUSION – Supporting civic engagement and the dissemination of knowledge.

700,000+ people have been engaged in Instituto TIM projects.



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Since its foundation in 2013, Instituto TIM has run initiatives in approximately 500 cities across Brazil's 26 states and the Federal District, involving around 70 municipal and state departments and three ministries—the Ministry of Education (MEC), the Ministry of Science, Technology, Innovation and Communications (MCTIC) and the former Ministry of Culture (MinC). These initiatives have benefited more than 4,000 public schools, 16,000 teachers and 500,000 students. Since inception, more than 700,000 people have been involved in Instituto TIM projects, including the following:

### IT-OBMEP Scholarships Program

The Brazilian Public School Mathematics Olympiad (OBMEP) was launched in 2015 by the Brazilian National Institute for Pure and Applied Mathematics (IMPA) with support from the Ministry of Science, Technology, Innovation and Communications (MCTIC). In 2015, Instituto TIM partnered with IMPA to create the IT-OBMEP Scholarships Program, which offers monthly scholarships of R\$ 1,200.00 for a period of 12 months, renew-

able on an annual basis for up to 48 months. Scholarships are offered to medalists enrolling in public universities to study Astronomy, Biology, Computer Science, Economics, Engineering, Statistics, Physics, Mathematics, Medicine and Chemical Engineering. Between 2015 and 2018, approximately 200 students were selected as scholarship recipients. In 2018, the first group of scholarship recipients completed their four-year degree programs, in which they received scholarship aid throughout.

### Academic Working Capital

Academic Working Capital is an entrepreneurship education program that supports students looking to transform their senior research projects into a technology-based business. The program offers financial support and mentorship for developing prototypes.

Throughout the year, students attend workshops and meetings to help them develop their business. At the end of the year, students pitch the products they have developed within the program to specialists and investors at an Investment Fair.

*The program supported more than 100 projects up to 2018.*

### Garatea-ISS

**Garatea-ISS** is an initiative that supports Brazilian students participating in the Student Spaceflight Experiments Program (SSEP), providing an incentive to study space science. As part of the program, students from schools throughout Brazil develop proposed experiments to be flown in space. The best experiments are flown in orbit on the International Space Station (ISS) along with other winners in the US and Canada, and are also given the opportunity to fly aboard a NASA (National Aeronautics and Space Administration) rocket.

Instituto TIM is among the sponsors of the program, an initiative of Missão Garatea—Brazil's largest space consortium—in partnership with the University of São Paulo (USP) and the Physics and Chemistry Foundation (FAFQ).



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Robolab

Robolab is an educational program in computational thinking and robotics that is designed to mesh with the regular public school curriculum. Program activities utilize devices connected over a high-speed internet network supplied by Instituto TIM in partnership with TIM.

Participating schools have access to a laboratory with robotics kits and other equipment. Teachers also attend training and then transmit what they have learned to students through workshops using Problem Based Learning methodology.

The best robotics prototypes from each school—which are developed by students throughout the year—are selected to participate in a fair in which the winners receive prizes.

Robolab is a Qualcomm initiative in partnership with Instituto TIM and Grupo + Unidos, in collaboration with the São Paulo State Department of Education, and with educational support from Instituto Crescer.

O Círculo da Matemática do Brasil

This project aims to change the mental conditioning that math is difficult through **The Math Circle**, an approach created by Harvard professors Bob and Ellen Kaplan. The program is addressed to 2<sup>nd</sup> to 4<sup>th</sup> grade primary education students and is based around the concept: “Tell me and I forget. Ask me and I discover”.

UNESCO recognized the success of the project in 2016 and launched a partnership to implement the initiative in Brazil, supporting training for teachers and the production of a book about the project’s best practices over the past years.

In early 2018, the findings from a survey developed as part of the project in 2017, titled “Math for Children and Parents,” made news throughout Brazil. The study showed that parents’ knowledge about mathematics, their attitudes towards math and their engagement with their children’s school work has an effect on school achievement. Among other findings, the study showed that the impact

from parents’ knowledge is equivalent to as much as a year and a half of classes for children. This year, a news article titled “*Children get a one year head start when their parents know math*,” by journalist Paulo Saldanha (*Folha de S.Paulo*), based on the findings from the Instituto TIM study, was a finalist for the IMPA-SBM Journalism Awards.





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TIM Tec

The TIM Tec platform—developed by Instituto TIM using open-access software—offers free courses as a way of democratizing access to vocational and technology education.

The project was a winner of the ARede Educa Awards 2016, which recognized successful public and private initiatives to incorporate new technologies into the education environment. Through a collaboration with the Ministry of Education’s Department of Vocational and Technology Education (SETEC/ MEC), TIM Tec became the official MOOC (*Massive Open Online Courses*) platform for e-Tec Brazil, a network of institutions offering distance-learning programs with support from MEC.

More than 60,000 people are currently registered on the platform, which has an offering of 30 programs related to Information & Communications Technology (ICT).

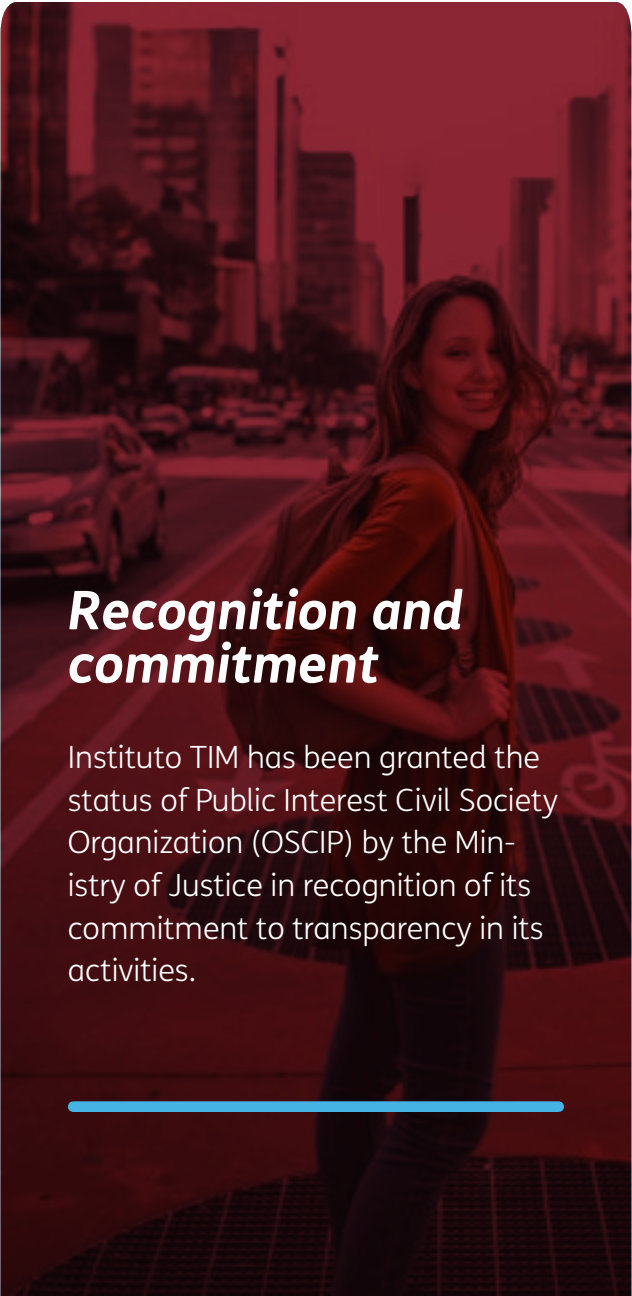


No children out of school

Instituto TIM and the United Nations Children's Fund (UNICEF) partnered together to develop an Active Dropout Search solution to support municipalities in actively locating approximately 3 million children and adolescents who are out of school. The goal is to offer government officials an innovative approach to actively search for school dropouts using Information & Communications Technology (ICT).

In 2018, more than 2,000 municipalities joined the Active Dropout Search program. Municipalities that join the initiative build local teams of professionals from different areas within the municipal government (healthcare professionals, social workers, educators, etc.), child protection services, NGOs and other institutions to help locate and bring children back to school. To learn more about the Active Dropout Search program, visit: [www.buscativaescolar.org.br](http://www.buscativaescolar.org.br).

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**Recognition and commitment**

Instituto TIM has been granted the status of Public Interest Civil Society Organization (OSCIP) by the Ministry of Justice in recognition of its commitment to transparency in its activities.



PRIVATE SOCIAL INVESTMENT

TIM’s social investment activities include donations, Instituto TIM projects and sponsorship for projects providing social benefits, as shown in the table below. In 2018 the following institutions received support in the form of donations: Casa de Passagem and the Institute for Pure and Applied Mathematics. [103-413](#)

Private Social Investment (R\$ ‘000)<sup>1</sup>

	2016	2017	2018
<b>Donations</b>	<b>487</b>	<b>230</b>	<b>73</b>
<b>Instituto TIM projects</b>	<b>18,199</b>	<b>3,855</b>	<b>3,703</b>
Education	9,358	1,713	2,071
Applications	2,904	506	188
Employment	2,156	849	600
Inclusion	1,557	257	190
Other	2,224	530	654
<b>Community initiatives<sup>2</sup></b>	<b>1,278</b>	<b>1,063</b>	<b>4,760</b>
Sports sponsorship	80	809	-
Cultural sponsorship	698	134	4,760
Other	500	120	-
<b>Total</b>	<b>19,964</b>	<b>5,148</b>	<b>8,536</b>

<sup>1</sup> The amount of Private Social Investment in 2018 (R\$ 8.5 million) differs from the amount reported in the Statement of Added Value (R\$ 4.6 million), which includes only investments with Company funding.

<sup>2</sup> Tax-deducted funding is included in total investment in this category, and in 2018 accounted for approximately 80% of total investment in Community Initiatives – Sponsorship (compared with 13% in 2017 and 48% in 2016).



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# RESPECTING HUMAN RIGHTS 103-418

As a signatory of the Global Compact since 2008, we believe that as a company we are responsible for promoting and ensuring respect for human rights. TIM has been a member of the Human Rights Working Group set up by the Global Compact Network Brazil since 2015. Within our business, TIM recognizes that rights such as data privacy, internet security, access to information and free speech should be respected. [102-12](#)

This commitment is underpinned by related internal standards such as the TIM Italia Group Human Rights Policy, our Code of Ethics and Business Conduct, our Social Responsibility Policy and our Supplier Policy, which governs our procurement practices.

TIM's human rights due diligence process, which we work to continually improve, assesses human-rights impacts, integration, action, communication and reporting based on the UN's Framework on Business and Human Rights (the John Ruggie framework).

As part of the due diligence process, we use the Human Rights Capacity Diagnostic (HRCDD) questionnaire developed by the German Global Compact Network to assess the level of human rights engagement and management at relevant functions. In 2018, a new self-assessment was conducted on aspects such as discrimination and equal opportunity, working conditions in our supply chain, and data privacy. The process involved meetings with TIM departments and a review of existing policies and initiatives to identify potential impacts and areas for improvement. [103-2](#)

We believe the stakeholders most vulnerable to these impacts remain the same: children and adolescents; women; people with disabilities; and the elderly.





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In addition to running diversity campaigns through our internal communications channels (intranet, TVs, emails), in 2018 our Human Resources department organized TIM Talks with an agenda addressing topics such as diversity and its challenges in a corporate setting, and the importance of reducing gender barriers in society, especially in the corporate world, to improve organizations’ performance through an inclusive and diversity-centric policy (read more on page 88).

TIM also attended the *Cultura + Diversidade* forum in Rio de Janeiro to discuss a roadmap for a more inclusive employment market for women, people of color, people with disabilities, the LGBTI community, and the elderly. Panels discussed issues such as diversity as a factor for growth, inclusive initiatives, good practices, innovative models and challenges in the job market. TIM’s booth at the event accepted resumes from talents and provided information on job opportunities.

In addition to these initiatives, in 2018 TIM launched an online human rights training course to expand employees’ knowledge about and engagement around the issue, and leaders were asked to encourage their teams to take the course. The training program is available to all employees on the “*Conexão TIM*” platform. At year-end, over 1,000 employees had taken the course. [103-2](#)

TIM also has a Whistleblowing Channel available to internal and external stakeholders, in both Portuguese and English, on the corporate intranet and at [www.tim.com.br](http://www.tim.com.br) (under investor relations > governance > whistleblower channel). The channel can be used to report complaints and concerns about human rights, and the identity of whistleblowers is kept confidential unless otherwise provided by law. Whistleblowers can also submit reports anonymously.

In 2018, TIM received eight complaints relating to human rights through our whistleblowing channel, of which one was found to be substantiated (resulting in the termination of the relevant employee), four were dismissed, one was inconclusive and two lacked sufficient evidence for a decision (read more about our Whistleblowing Channel on page 26). [103-2 406-1](#)



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## SUPPLIER MANAGEMENT <sup>102-9</sup>

Our supply chain comprises suppliers of network equipment and telecommunications products (smart phones, modems, etc.), IT services, electric utilities, and companies providing non-core supporting services (e.g. advisory, audits, advertising).

As part of our supplier screening process, suppliers answer a due-diligence questionnaire to identify suppliers that could potentially expose the Company to risks.

In 2018 a number of improvements were implemented within the due diligence process to improve our ability to detect risks. The compliance provisions in our draft contracts have also been refined, and measures have been taken to mitigate legal and reputational risks for the Company.

### *Proportion of spending on locally-based suppliers* <sup>204-1</sup>

Local sourcing - R\$ '000	2016	2017	2018
Local sourcing	R\$ 6,624,563	R\$ 6,494,324	R\$ 5,896,711
Network infrastructure	R\$ 3,166,998	R\$ 2,969,974	R\$ 2,565,553
Commercial products	R\$ 1,133,742	R\$ 986,893	R\$ 1,072,139
Information technology	R\$ 811,678	R\$ 716,052	R\$ 805,078
Technical and professional services	R\$ 1,118,046	R\$ 1,070,856	R\$ 821,862
Purchased electricity	R\$ 141,383	R\$ 123,413	R\$ 116,360
Other	R\$ 252,716	R\$ 627,137	R\$ 515,718
Foreign suppliers	R\$ 134,002	R\$ 111,163	R\$ 47,633
Network infrastructure	R\$ 45,335	R\$ 9,950	R\$ 6,915
Information technology	R\$ 82,226	R\$ 47,170	R\$ 9,764
Technical and professional services	R\$ 6,441	R\$ 54,044	R\$ 30,954
<b>Total</b>	<b>R\$ 6,758,565</b>	<b>R\$ 6,605,488</b>	<b>R\$ 5,944,344</b>
<b>Percentage of budget spent on local suppliers</b>	<b>98%</b>	<b>98%</b>	<b>99%</b>

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## SOCIAL AND ENVIRONMENTAL ASPECTS IN THE SUPPLY CHAIN 204-1 414-1 409-1

TIM's Supplier and Procurement Policy addresses social and environmental responsibility requirements for goods and services, and provides guidance on continual improvement of supplier relations. Products are sourced from local suppliers to the extent practicable.

As part of our supplier onboarding process, suppliers sign a statement acknowledging that TIM Italia Group, and consequently TIM Brazil, are committed to doing business in accordance with the TIM Code of Ethics and the principles of the UN Global Compact, and expect suppliers to similarly commit to observe and disseminate those principles and values in their own activities and supply chain.

All contracts and purchase orders contain provisions requiring suppliers to observe the TIM Code of Ethics and the Global Compact principles—including respect for labor and human rights, environmental protection, anti-corruption, and child and forced labor.

These commitments are also included in statements that all suppliers are required to sign as part of the onboarding process.

Our key suppliers are assessed on aspects such as ethics, child and forced labor, Occupational Health & Safety, freedom of association and collective bargaining rights, discrimination, harassment, diversity and environmental impact management.

TIM screens suppliers for compliance with labor laws by determining whether they are blacklisted on the websites operated by the Business Pact for Integrity and Against Corruption and the Brazilian National Pact to Eradicate Slave Labor. A potential supplier that is blacklisted due to violations or child or forced labor is disqualified from providing services or supplying products to the Company. In 2018, no suppliers responding to TIM's social and environmental questionnaire were found to pose any risk for child, slave or forced labor. 408-1

*In 2018, 71% of suppliers were screened against environmental, labor and human rights criteria, compared with 39% in 2017.*  
308-1 414-1

### 2018

- Our target of screening 350 suppliers on sustainability was exceeded, at 831 screened suppliers.

### 2019

- Supplier assessments using social and environmental questionnaires will be replaced by a due diligence questionnaire which includes items related to ethics and conflict of interest.
- 85% of onboarded suppliers were required to answer the questionnaire in the year.



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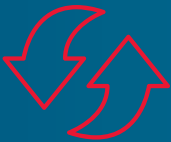
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# GRI INFORMATION PUBLISHED IN THIS REPORT



**GRI Content Index**  
The disclosures in this report are aligned with our material topics and focused on sustainability management.





# GRI INFORMATION PUBLISHED IN THIS REPORT:

## GRI CONTENT INDEX<sup>102-55</sup>

### General disclosures

#### GRI 101: FOUNDATION 2016

	GRI 101 contains no disclosures			
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#### ORGANIZATIONAL PROFILE

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 102: General disclosures 2016	102-1 Name of the organization	10		
	102-2 Activities, brands, products, and services	10, 11 and 42		
	102-3 Location of headquarters	10		
	102-4 Location of operations	12		
	102-5 Ownership and legal form	10		
	102-6 Markets served	12		
	102-7 Scale of the organization	12		
	102-8 Information on employees and other workers	65		8
	102-9 Supply chain	86		
	102-10 Significant changes to the organization and its supply chain	None		
	102-11 Precautionary principle or approach	21, 22 and 27		
	102-12 External initiatives	13, 14 and 84		
	102-13 Membership of associations	15		

**STRATEGY**

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 102: General disclosures 2016	102-14 Statement from senior decision-maker	4		

**ETHICS AND INTEGRITY**

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 102: General disclosures 2016	102-16 Values, principles, standards, and norms of behavior	11		16

**GOVERNANCE**

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 102: General disclosures 2016	102-18 Governance structure	16 and 17		

**STAKEHOLDER ENGAGEMENT**

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 102: General disclosures 2016	102-40 List of stakeholder groups	8		
	102-41 Collective bargaining agreements	All employees are covered by collective bargaining agreements.		8
	102-42 Identifying and selecting stakeholders	8		
	102-43 Approach to stakeholder engagement	8		
	102-44 Key topics and concerns raised	8		



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**REPORTING PRACTICES**

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
<b>GRI 102: General disclosures 2016</b>	<b>102-45</b> Entities included in the consolidated financial statements	7		
	<b>102-46</b> Defining report content and topic Boundaries	8		
	<b>102-47</b> List of material topics	8		
	<b>102-48</b> Restatements of information	None		
	<b>102-49</b> Changes in reporting	None		
	<b>102-50</b> Reporting period	7		
	<b>102-51</b> Date of most recent report	7		
	<b>102-52</b> Reporting cycle	7		
	<b>102-53</b> Contact point for questions regarding the report	7		
	<b>102-54</b> Claims of reporting in accordance with the GRI Standards	7		
	<b>102-55</b> GRI Content Index	89		
	<b>102-56</b> External assurance	7		

Material topics

ECONOMIC PERFORMANCE				
GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	33, 34 and 55		
	103-2 The management approach and its components	33, 34 and 55		1, 5, 8, 16
	103-3 Evaluation of the management approach	33, 34 and 55		
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	33		2, 5, 7, 8, 9
	201-2 Financial implications and other risks and opportunities due to climate change	55		13
	201-4 Financial assistance received from government	34		
INDIRECT ECONOMIC IMPACTS				
GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	76		
	103-2 The management approach and its components	76		
	103-3 Evaluation of the management approach	76		
GRI 203: Indirect economic impacts 2016	203-1 Development and impact of infrastructure investments and services supported	76		2, 5, 7, 9, 11
	203-2 Significant indirect economic impacts	76		1, 2, 3, 8, 10, 17



PROCUREMENT PRACTICES

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	86		
	103-2 The management approach and its components	86		
	103-3 Evaluation of the management approach	86		
GRI 204: Procurement practices 2016	204-1 Proportion of spending on locally-based suppliers at significant locations of operation	86		12

ANTI-CORRUPTION

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	22, 24 and 25		
	103-2 The management approach and its components	22, 24 and 25		
	103-3 Evaluation of the management approach	22, 24 and 25		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	22 and 24		16
	205-2 Communication and training on anti-corruption policies and procedures	25		16
	205-3 Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption in the year.		16

ANTI-COMPETITIVE BEHAVIOR

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	23 and 27		
	103-2 The management approach and its components	23 and 27		
	103-3 Evaluation of the management approach	23 and 27		
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	24		16

MATERIALS

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	58, 59 and 60		
	103-2 The management approach and its components	58, 59 and 60		
	103-3 Evaluation of the management approach	58, 59 and 60		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	60		8, 12
	301-3 Reclaimed products and their packaging materials	58 and 59		8, 12

ENERGY

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	56		
	103-2 The management approach and its components	56		
	103-3 Evaluation of the management approach	56		



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GRI 302: Energy 2016	302-1 Energy consumption within the organization	56		7, 8, 12, 13
	302-4 Reduction of energy consumption	56		7, 8, 12, 13

**WATER**

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	57		
	103-2 The management approach and its components	57		
	103-3 Evaluation of the management approach	57		
GRI 303: Water 2016	303-1 Water withdrawal by source	57		6, 7
	303-3 Percentage and total volume of water recycled and reused	57		6, 8, 12

**BIODIVERSITY**

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	61		
	103-2 The management approach and its components	95		
	103-3 Evaluation of the management approach	61		



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<b>GRI 304: Biodiversity 2016</b>	<b>304-2</b> Significant impacts of activities, products, and services on biodiversity	61		6, 14, 15
<b>EMISSIONS</b>				
<b>GRI Standard</b>	<b>Disclosure</b>	<b>Page/URL</b>	<b>Omission</b>	<b>Sustainable Development Goals</b>
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b> Explanation of the material topic and its Boundary	52		
	<b>103-2</b> The management approach and its components	96		
	<b>103-3</b> Evaluation of the management approach	52		
<b>GRI 305: Emissions 2016</b>	<b>305-1</b> Direct (Scope 1) GHG emissions	53		3, 12, 13, 14, 15
	<b>305-2</b> Indirect (Scope 2) GHG emissions	52 and 53		3, 12, 13, 14, 15
	<b>305-3</b> Other indirect (Scope 3) GHG emissions	52 and 54		3, 12, 13, 14, 15
	<b>305-4</b> GHG emissions intensity	53		13, 14, 15
	<b>305-5</b> Reduction of GHG emissions	52		13, 14, 15
<b>EFFLUENTS AND WASTE</b>				
<b>GRI Standard</b>	<b>Disclosure</b>	<b>Page/URL</b>	<b>Omission</b>	<b>Sustainable Development Goals</b>
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b> Explanation of the material topic and its Boundary	57, 58 and 60		
	<b>103-2</b> The management approach and its components	57, 58 and 60		
	<b>103-3</b> Evaluation of the management approach	96		
<b>GRI 306: Effluents and waste 2016</b>	<b>306-1</b> Water discharge by quality and destination	57		3, 6, 12, 14
	<b>306-2</b> Waste by type and disposal method	58 and 60		3, 6, 12





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ENVIRONMENTAL COMPLIANCE				
GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27		
	103-2 The management approach and its components	27		
	103-3 Evaluation of the management approach	27		
GRI 307: Environmental compliance 2016		Fines incurred in the year were mostly related to the absence of environmental licenses or failure to submit documentation required to obtain a license.  <b>Notice No. 002/17/PJMA/1ºTIT/MP/RR – Environmental Prosecution Service</b> – Roraima. This notice required a representative of the Company to appear and provide information in person regarding violation notices 9401, 9402, 9403, 9404, 9405, 9406, 9407, 9408, 9409 and 9410, issued by the Municipal Department of Environmental Management and Indigenous Affairs in Boa Vista/RR.		
	307-1 Non-compliance with environmental laws and regulations	These notices alleged that the company had installed and operated a cellular antenna without an appropriate environmental license in violation of article 3(III ad VII) and article 66(I) of Federal Decree 6514/08 and article 9 of Municipal Act 513/00.  On 8/29/2017 a settlement was signed containing the following obligations for the Company: (i) A sum of R\$ 20,000 will be paid to the Municipal Environment Fund of São Luiz do Anauá (RR). (ii) A sum of R\$ 30,000 will be paid to the Municipal Environment Fund of Boa Vista (RR). (iii) All required RBS licenses will be produced to the appropriate authority via the Prosecution Service within 180 days.		12, 13, 14, 15, 16



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		<p>On 9/29/2017 the company made the relevant payments under (i) and (ii) above, but at the time of writing had not yet completed the licensing process for the sites concerned in the Violation Notice (i.e. the Company had not yet complied with item (iii) above). All required licenses were secured in 2018 and are valid for a period of 4 years.</p> <p><b>Terms of Adjustment of Conduct (TAC)</b> Terms of Adjustment of Conduct (TAC) were concluded between TIM Celular and the State Department for the Environment (SEMACE – Fortaleza) requiring the company to submit all documentation relating to 135 proceedings pending at SEMACE in relation to RBSs constructed in the state of Ceará. The case is currently pending.</p> <p>Terms of Adjustment of Conduct (TAC) were concluded between TIM Celular S.A. and the municipal government of Manaus (AM) in relation to non-compliant RBSs within the municipality. The fines were later reduced by the municipal government, and TIM expects to secure the licenses for the relevant RBSs. The case is currently pending.</p> <p>Terms of Adjustment of Conduct (TAC) were concluded between TIM Celular S.A. and the municipal government of Boa Vista (RO) requiring the Company to obtain planning licenses for all RBSs within the municipality. Securing these licenses enabled the Company to reduce the fines that had been imposed. The case is currently pending.</p>		
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SUPPLIER ENVIRONMENTAL ASSESSMENT

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	87		
	103-2 The management approach and its components	87		
	103-3 Evaluation of the management approach	87		



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<b>GRI 308: Supplier environmental assessment 2016</b>	<b>308-1</b> New suppliers that were screened using environmental criteria	87		
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**EMPLOYMENT**

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b> Explanation of the material topic and its Boundary	66		
	<b>103-2</b> The management approach and its components	99		
	<b>103-3</b> Evaluation of the management approach	99		
<b>GRI 401: Employment 2016</b>	<b>401-1</b> New employee hires and employee turnover	66		5, 8
	<b>401-3</b> Parental leave	63		5, 8

**OCCUPATIONAL HEALTH AND SAFETY**

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b> Explanation of the material topic and its Boundary	72, 73 and 74		
	<b>103-2</b> The management approach and its components	99		
	<b>103-3</b> Evaluation of the management approach	99		
<b>GRI 403: Occupational health and safety 2016</b>	<b>403-1</b> Workers representation in formal joint management-worker health and safety committees	72		8
	<b>403-2</b> Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	73 and 74		3, 8
	<b>403-3</b> Workers with high incidence or high risk of diseases related to their occupation	72 and 73		3, 8

**TRAINING AND EDUCATION**

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b> Explanation of the material topic and its Boundary	70 and 71		
	<b>103-2</b> The management approach and its components	70 and 71		
	<b>103-3</b> Evaluation of the management approach	100		
<b>GRI 404: Training and education 2016</b>	<b>404-1</b> Average hours of training per year per employee	70		4, 5, 8
	<b>404-2</b> Programs for upgrading employee skills and transition assistance programs	68		8
	<b>404-3</b> Percentage of employees receiving regular performance and career development reviews	71		5, 8

**DIVERSITY AND EQUAL OPPORTUNITY**

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b> Explanation of the material topic and its Boundary	20, 66 and 67		
	<b>103-2</b> The management approach and its components	20, 66 and 67		
	<b>103-3</b> Evaluation of the management approach	20, 66 and 67		
<b>GRI 405: Diversity and equal opportunities 2016</b>	<b>405-1</b> Diversity of governance bodies and employees	20, 66 and 67		5, 8
	<b>405-2</b> Ratio of basic salary and remuneration of women to men	67		5, 8, 10

**NON-DISCRIMINATION**

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b> Explanation of the material topic and its Boundary	85		
	<b>103-2</b> The management approach and its components	85		
	<b>103-3</b> Evaluation of the management approach	85		
<b>GRI 406: Non-discrimination 2016</b>	<b>406-1</b> Incidents of discrimination and corrective actions taken	85		5, 8, 16

**CHILD LABOR**

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b> Explanation of the material topic and its Boundary	87		
	<b>103-2</b> The management approach and its components	101		
	<b>103-3</b> Evaluation of the management approach	87		
<b>GRI 408: Child labor (2016)</b>	<b>408-1</b> Operations and suppliers at significant risk for incidents of child labor	87		8, 16

**FORCED OR COMPULSORY LABOR**

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b> Explanation of the material topic and its Boundary	101		
	<b>103-2</b> The management approach and its components	87		
	<b>103-3</b> Evaluation of the management approach	87		
<b>GRI 409: Forced or compulsory labor 2016</b>	<b>409-1</b> Operations and suppliers at significant risk for incidents of forced or compulsory labor	87		8



LOCAL COMMUNITIES

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	76		
	103-2 The management approach and its components	76		
	103-3 Evaluation of the management approach	76		
GRI 413: Local communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	TIM is unaware of any significant actual or potential negative impacts on local communities.		1, 2

SUPPLIER SOCIAL ASSESSMENT

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	102		
	103-2 The management approach and its components	87		
	103-3 Evaluation of the management approach	102		
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	87		

PUBLIC POLICY

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	23		
	103-2 The management approach and its components	23		
	103-3 Evaluation of the management approach	23		

PUBLIC POLICY

GRI 415: Public policy 2016	415-1 Political contributions	23		16
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MARKETING AND LABELING

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	103		
	103-2 The management approach and its components	27		
	103-3 Evaluation of the management approach	27		
GRI 417: Marketing and labeling 2016	417-3 Incidents of non-compliance concerning marketing communications	<p>TIM recognizes the National Advertising Self-Regulatory Council (CONAR) as an authority with powers to provide ethics oversight over advertising in Brazil in accordance with the Brazilian Self-Regulatory Advertising Code and the Consumer Protection Code.</p> <p>TIM was party to a single CONAR proceeding in 2018 based on a consumer complaint. The proceeding was related to a “<i>TIM Aparelho Protegido</i>” (insurance) ad on the TIM website. The consumer complained that the website failed to state that the insurance was only available for devices purchased from TIM and that he had been unable to purchase the insurance at a TIM store. The complaint was ultimately dismissed in a unanimous decision.</p> <p>We engage with our key stakeholders through our customer service channels, our Users Committee and social media channels (read more on page 48).</p> <p>TIM was also summoned to provide clarification on the quality of services provided in four Brazilian municipalities. In May 2018 and August 2018, public meetings were held at the city councils of São Sebastião do Paraíso (MG) and Belo Horizonte (MG) to address the quality of mobile telephony services in those municipalities.</p>		



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		TIM presented an overview of investments made in the last years and an investment plan for 2018. In August 2018 and November 2018 TIM attended public meetings at the city councils of Bauru (SP) and Porto Alegre (RS) to discuss regulatory changes relating to the construction of radio base stations, and to provide clarification on the impact from exposure to electromagnetic radiation, and on the quality of mobile telephony services in those cities.		
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CUSTOMER PRIVACY

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	48		
	103-2 The management approach and its components	104		
	103-3 Evaluation of the management approach	48		
GRI 418: Customer privacy 2016	418-1 Substantiated complaints regarding breaches of customer privacy and losses of customer data	48		16

SOCIAL AND ECONOMIC COMPLIANCE

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24		
	103-2 The management approach and its components	24		
	103-3 Evaluation of the management approach	24		
GRI 419: Social and economic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	24		16



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# Sustainable Development Goals

- 1. No poverty
- 2. Zero hunger
- 3. Good health and well-being
- 4. Quality education
- 5. Gender equality
- 6. Clean water and sanitation
- 7. Affordable and clean energy
- 8. Decent work and economic growth
- 9. Industry, innovation and infrastructure
- 10. Reduced inequalities
- 11. Sustainable cities and communities
- 12. Responsible consumption and production
- 13. Climate action
- 14. Life below water
- 15. Life on land
- 16. Peace, justice and strong institutions
- 17. Partnerships for the goals

- Public policy
- Instituto TIM
- Private social investment
- Respecting human rights
- Supplier management

# INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON SUSTAINABILITY INFORMATION CONTAINED IN THE 2018 SUSTAINABILITY REPORT

The Board of Directors and Shareholders of  
TIM Participações S.A.  
Rio de Janeiro - RJ

## INTRODUCTION

We have been engaged by TIM Participações S.A. (“TIM” or “Company”) to present our limited assurance report on the compilation of the sustainability information contained in the TIM Sustainability Report 2018 (“Report”) for the year ended December 31, 2018.

## RESPONSIBILITIES OF COMPANY MANAGEMENT

Company management is responsible for the preparation and fair presentation of the sustainability information disclosed in the Report in accordance with the Global Reporting Initiative standards (“GRI Standards”), and for the internal controls necessary to ensure this

information is free from material misstatement, whether due to fraud or error.

## INDEPENDENT AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the sustainability information contained in the Report based on our limited assurance engagement carried out in accordance with Technical Communication CTO 01 - “Issuance of an Assurance Report related to Sustainability and Social Responsibility”, issued by the Federal Accounting Board (CFC), based on the Brazilian standard NBC TO 3000 - “Assurance Engagements Other than Audit and Review”, also issued by the CFC, which is equivalent to the international standard ISAE 3000 - “As-

urance engagements other than audits or reviews of historical financial information”, issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply with ethical and independence requirements and other responsibilities, including in relation to the application of the Brazilian Standard on Quality Control (NBC PA 01) and the maintenance of a comprehensive quality control system, including documented policies and procedures regarding compliance with applicable ethical requirements, professional standards and legal and regulatory requirements.



- Public policy
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Moreover, the aforementioned standards require that our work be planned and performed to obtain limited assurance that the information included in the Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 and ISAE 3000 primarily consists of making inquiries to Company management and other employees involved in preparing the information in the Report and applying analytical procedures to obtain evidence that permits us to make a limited assurance conclusion about the information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor learns of issues which lead them to believe that the information taken as a whole could present material misstatement.

Selected procedures were based on our understanding of aspects relative to the compilation and presentation of the sustainability information in the Report, as well as other engagement circumstances and our considerations about areas in which material misstatement could exist. Our procedures consisted of:

- (a) planning the engagement, considering materiality, the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the sustainability information disclosed in the Report;
- (b) understanding the calculation method and procedures used to compile disclosures through interviews with the managers in charge of preparing the information;
- (c) applying analytical procedures to the quantitative information and inquiries about the qualitative information and how it relates to the sustainability disclosures contained in the Report;
- (d) comparing financial figures against the financial statements and/or accounting records.

Our limited assurance engagement also included the application of procedures to assess compliance with those requirements in the GRI Standards that are applicable in the preparation of the sustainability information contained in the Report.

We believe that the evidence obtained in our engagement is sufficient and appropriate to provide a basis for our limited assurance conclusion.

**SCOPE AND LIMITATIONS**

The procedures applied in a limited assurance engagement are substantially less in extent than those applied in a reasonable assurance engagement for the purpose of issuing an opinion on the sustainability information contained in the Report. Consequently, we are not able to obtain reasonable assurance that we would become aware of all significant matters that would be identified in a reasonable assurance engagement, the objective of which is to issue an opinion. Had we conducted a reasonable assurance engagement, we might have identified other issues and possible misstatements in the Report. Therefore, we do not express an opinion on this information.

Non-financial 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 this data. Qualitative interpretations of the data's



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## Community

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materiality and accuracy are subject to individual assumptions and judgments. Furthermore, we did not perform any procedures on any data provided for prior periods, or on any future projections.

Sustainability indicators were prepared and are presented in accordance with GRI Standards and are not for the purpose of assuring compliance with any social, economic, environmental or engineering laws or regulations. Those standards require, however, that any violations of such regulations be disclosed where any significant fines or sanctions have been imposed. Our assurance report should be read and understood in this context, which is inherent to the criteria selected (GRI Standards).

## CONCLUSION

Based on the procedures described herein, no matter has come to our attention that causes us to believe that the sustainability information in the Report was not compiled, in all material respects, in accordance with the Global Reporting Initiative Standards.

Rio de Janeiro, June 28, 2019

**PricewaterhouseCoopers**  
Auditores Independentes  
CRC 2SP000160/O-5

**Aníbal Manoel Gonçalves de Oliveira**  
Accountant CRC 1RJ056588/O-4





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**Credits**

## CONTACT INFORMATION

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