



2015 ANNUAL SUSTAINABILITY REPORT

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SUMMARY

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INTRODUCTION

This publication contains information about our operations, policies, practices, performance and management in 2015. It describes the main points that served as guidelines for our relationships and initiatives during the year to create value for our stakeholders and the environment and to foster long-term sustainability.

This report covers all our operations in Brazil–Oi S.A. and its subsidiaries–between January 1 and December 31, 2015 and follows the GRI [Global Reporting Initiative] guidelines, thus allowing its users to compare our profile and economic, social and environmental performance over the last six years in which we have adopted those guidelines. **G4-3, G4-7, G4-28**

We also present data from previous years throughout the report to contextualize this year’s information, as well as future prospects and goals to provide readers with an overview of the path and business model we are planning to follow.

Material Topics

G4-2, G4-18, G4-25, G4-26

In line with the GRI guidelines, we consulted our stakeholders to find out what issues they considered material to the sustainability of our business–as far as their relationship with Oi is concerned–and ultimately prepare a strategic, objective report. This consultation process, as well as the findings outlining the material topics presented in the report, is described below.

This report has been prepared ‘In accordance’ with GRI’s G4 Guidelines’ Core option. It also considers the ABRASCA [*Associação Brasileira das Companhias Abertas*, or Brazilian Association of Public Companies] Criteria for Preparing Annual Reports, the Ibase Social Report, NBCT 15 [*Norma Brasileira de Contabilidade Técnica 15*, or Brazilian Accounting Standard 15], CPC [*Comitê de Pronunciamentos Contábeis*, or Brazilian Accounting Standards Committee] and CODIM [*Comitê de Orientação para Divulgação de Informações ao Mercado*, or Guidance Committee for the Disclosure of Information to the Market]. Accounting data follow the IFRS [International Financial Reporting Standards], as recommended by the CVM [*Comissão de Valores Mobiliários*, or Brazilian Securities Commission]. **G4-32, G4-15**

LEARN MORE AT THE END OF THIS PUBLICATION

- The GRI Index sets out the indicators reported and their locations in this document, thus making it easier to find information.
- The Progress Achieved box describes our initiatives in line with the commitments we took on by subscribing to the UN Global Compact to achieve the Sustainable Development Goals.

Consultations with Stakeholder

Industry survey

Rating the issues considered material to sustainability according to:

Our 2014 Sustainability Report

Three peers from the Brazilian market

Key industry performance indicators of the European Federation of Financial Analysts Societies (EFFAS)

The Governance & Accountability Institute’s global study “Sustainability - What Matters for the Telecommunications Industry



Online consultation with stakeholders G4-24

We conducted an online opinion survey with our stakeholders to find out which of the topics determined in the previous step they considered material to Oi’s sustainability. We obtained 333 responses from the following stakeholders:

- Clients from all segments
- Administrative service providers
- Operational service providers
- Direct employees
- Independent contractors
- Financial agents
- Shareholders, investors or market analysts

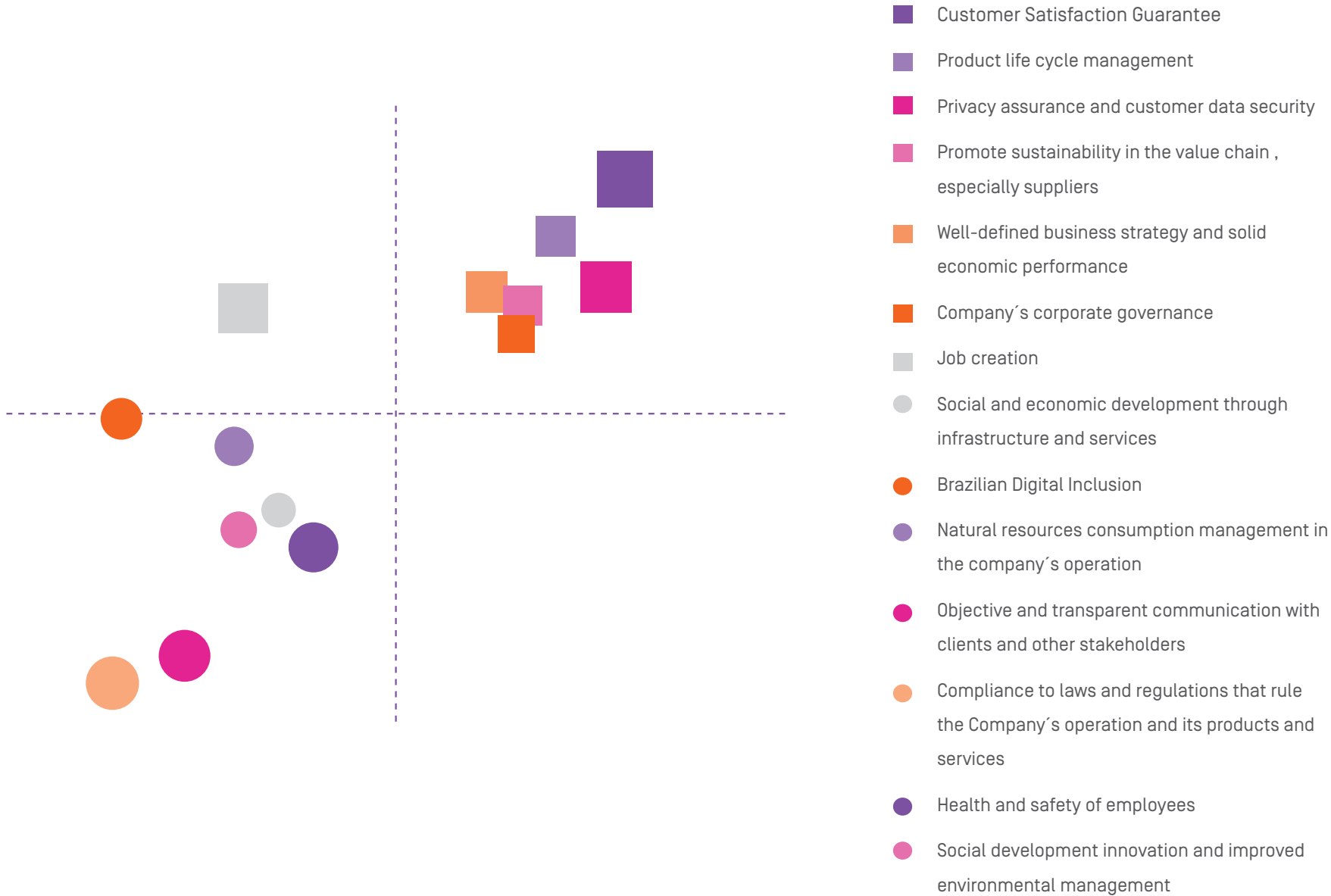
- Members of the Legislative or Executive Branches
- Representatives of social entities
- Representatives of environmental entities
- Representatives of other telcos
- Representatives of universities

Material topics

G4-19, G4-20, G4-21, G4-27

Consolidation of findings and matrix of material topics:

Material subjects for Oi's sustainability in 2015



Senior management's priorities

We interviewed 20 members of Oi's senior management, including the CEO and the Chairman of the Board of Directors, and conducted a prioritization test, based on the topics determined in the first step, to find those material to our sustainability strategy in the short term.

About the matrix: the topics in the upper fields are considered material since our stakeholders believe they are more relevant to Oi's sustainability at present. As such, they are addressed in greater detail throughout this report.

Open channel

Our Investor Relations and Sustainability Officer [Corporate Financial Officer] can be contacted at pp-sustentabilidade@oi.net.br or invest@oi.net.br for questions or suggestions. **G4-31**

MESSAGE FROM MANAGEMENT

G4-1

2015 was marked by management's focus on Oi's operational issues in order to strengthen the Brazilian operations and enable the transformation of the business in a challenging macroeconomic environment.

We defined a plan based on operational efficiency, with an emphasis on strict cost control and the efficient allocation of available funds. We implemented more than 300 initiatives focusing on increasing productivity and improving operations, including renegotiation of agreements, inventory optimization, waste reduction, portfolio simplification, and optimization of the channel mix and human resources, by either simplifying the organizational structure or increasing productivity.

From a cost-reduction standpoint, we have already obtained substantial results: an 8.5% annual reduction in the Brazilian operations' routine costs and expenses despite exchange rate pressures and the increase in electricity tariffs and inflation, which reached 10.7% as measured by the IPCA index, the highest level in 13 years. This result was equivalent to a real reduction of over 17% in opex in 2015. We also achieved our 2015 guidance, with routine EBITDA of R\$ 7,230 million and an operating cash flow improvement of R\$ 1,644 million, both above the mid-point of the range.

Still in the context of transformation, we launched innovative offers focusing on customers' current needs. We launched *Oi Livre*, *Oi Total*, *Oi Mais*, *Oi Mais Controle* and *Oi Mais Empresas*, all with the same objective: to simplify our clients' lives and improve our service use experience.

These new offers were accompanied by intensive efforts to improve efficiency and service quality. We invested in increasing the transport network's capacity and expanding the mobile and broadband networks, and managed to improve voice and mobile data traffic and access quality indicators, as

well as reduce mobile and broadband network congestion, while meeting the growing demand for data traffic.

In addition to the proven operational improvement, we participated in important discussions with ANATEL and the government about the country's regulatory framework in order to develop a more positive regulatory environment. In the first half of the year, we filed with ANATEL a list of corrective measure projects to be included within the scope of the Conduct Adjustment Term (TAC), which is being analysed by the agency and will represent an important step for the telecommunications sector, enabling investments in the business in order to improve the services provided to customers.

In 2015, we also made significant progress in terms of corporate governance, becoming a company without a defined controlling shareholder, with the highest corporate governance standards, an independent board of directors and bylaws in line with Novo Mercado requirements.

From the financial standpoint, in order to improve our capital structure, we hired a financial advisor specialized in this issue, who will help us study financial and strategic alternatives for optimizing liquidity and the debt profile.

In this context of transformation, we have reviewed many aspects of the business, but maintained our commitment to several global initiatives that promote sustainability in order to generate value for all interested parties.

We have been signatories of the Global Compact since 2009; we publish our emissions inventory in the Public Registry of the Brazilian Program of the GHG Protocol and report it to the Carbon

Disclosure Project; we are members of the Business for the Climate [EPC] platform and the Innovation and Sustainability in the Value Chain [ISCV] project, among other initiatives.

With strong values and an active participation in the Sustainability Executive Group, which in 2015 worked on 249 points for improvement, we were selected to be part of the BM&FBovespa's Corporate Sustainability Index [ISE] for the seventh time and were among the nine Brazilian companies listed in the Euronext Vigeo Emerging Markets 70 index of this European stock exchange, in addition to remaining in the Dow Jones Sustainability Index of the New York Stock Exchange [DJSI], in the Emerging Markets category, and in the portfolio of the BM&FBovespa's Efficient Carbon Index [IC02].

In 2016, we will innovate once again, with a new Oi identity, reflecting the digital world and culture, based on a clear need to evolve in line with new consumer habits and behaviors. We will continue to execute projects with discipline, develop and launch offers that meet our customers' needs and strengthen our commercial strategy focusing on convergence, data availability and the development of our future based on the digitization of business processes and

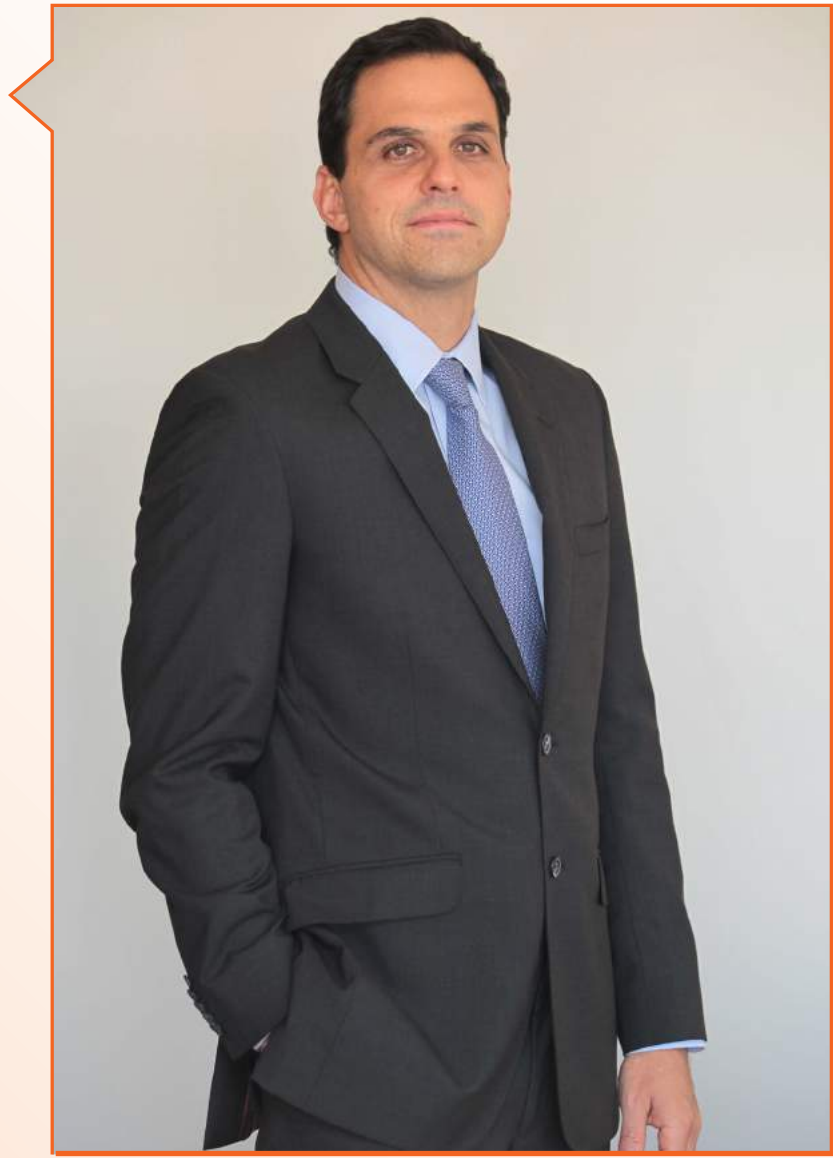
customer relations. At the same time, we will continue advancing our discussions with ANATEL and the government in the pursuit of a more constructive regulatory environment, capable of generating more value for the sector and Brazilian society as a whole.

For all these reasons, Oi and its employees believe in this business transformation movement and we are working to maintain and expand what we have achieved so far. This publication brings details about the intense work developed by all of us.

Enjoy your reading!

José Mauro Mettrau Carneiro da Cunha
Chairman of the Board of Directors

Bayard Gontijo
Chief Executive Officer



Bayard Gontijo | Chief Executive Officer



ABOUT OI

Purpose and values

Core business

A history of innovation



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PURPOSE AND VALUES

Strategic Opportunities

“Being an organization recognized for outdoing itself constantly to offer remarkable experiences and connection solutions. Accordingly, we improve people’s everyday lives, thus promoting stakeholders’ sustainable growth driven by true connections.”

Purpose

“Boosting connections that drive people”

Being connected allows people to reach further, be more relevant, access more information, find satisfaction and happiness. We believe our role is to develop any and all solutions to bring together people, objects and institutions—solutions that create new possibilities and make everyday life better. That means fostering a prosperous environment for Brazilians to develop themselves, realize their dreams and conquer the world.

Values

A sense of opportunity

We know we must be constantly aware of society’s trends and demands to create connections that promote change in a world evolving faster than ever.

Good ideas always prevail at Oi, regardless of badges or departments. They may come from inside or outside the organization.

Commitment to evolution

We are aware our role is to boost connections that drive people because we know society is driven by people. We seek to promote collaborative environments, encourage an entrepreneurial spirit and help people develop themselves in everything we do.

Focus on results

Having a focus means looking straight at a goal, knowing where we want to get, making choices and setting priorities.

It brings people together around a shared purpose and helps us see new opportunities more clearly. It allows us to do everything more effectively.

Credibility must be earned

We believe we must be honest in everything we do—from the connections we create to the way in which we execute our processes.

That is how we have gained trust and built sound, lasting and serious relationships and business.

Oi is each one of us

Oi is the pulse and vibe of each one of us, whether or not we are at work. We walk and we grow together in the same direction.

We know our every gesture, action or decision represents the entire organization. Therefore, we act as part of the whole, always in search of the best.

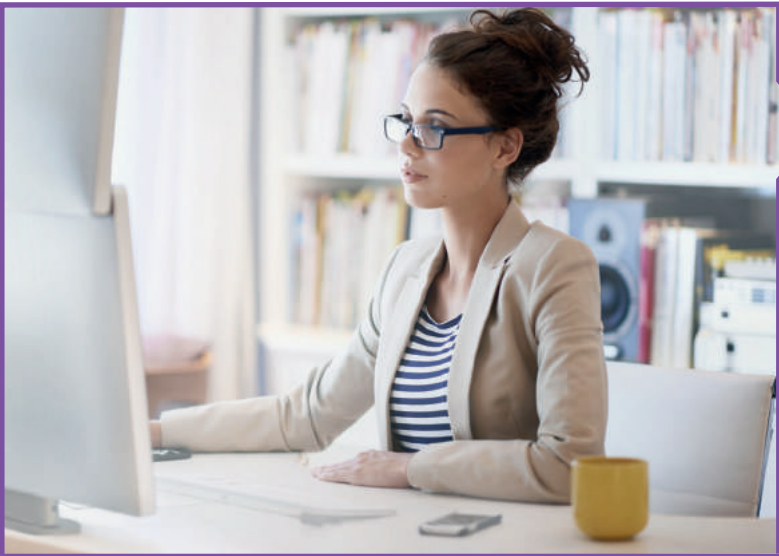
CORE BUSINESS

G4-4, G4-8, G4-9

We are a telecommunications utility and offer mobile phone, landline phone, broadband, cable TV and public telephone services, as well as Information and Communication Technology (ICT) solutions.

Headquartered in Rio de Janeiro, we offer services throughout Brazil by means of a structure of 16,557 direct employees and 125,816 contractors who serve 70 million Revenue Generating Units (RGUs). In addition, we have assets in Asia and Africa for sale.

G4-5, G4-6



Revenue and RGUs per segment

Residential – TV, landline phone and broadband services

37.0% of revenue and 16.3 million RGUs

Corporate/SMEs – Landline phone, broadband, TV, mobile phone, data network and Oi solutions

30.1% of revenue and 7.2 million RGUs

Personal Mobility

30.5% of revenue and 45.9 million RGUs

Learn more about our offering on page 37.

A HISTORY OF INNOVATION

For over a decade, we have been innovating and changing the way Brazilians communicate by breaking market paradigms and providing an offering that effectively meets our clients' needs, in a client-oriented culture that is in our DNA. Learn about our history since inception on <http://ri.oi.com.br/>. Below are some of our main innovations in the last few years.



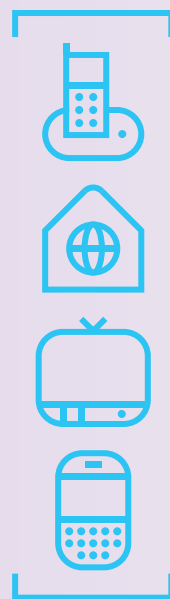
2004

We became Brazil's first GSM carrier and modernized the market with the Pula-Pula [Pogo Stick] system, in which clients get credits for incoming calls.



2007

We were the first to sell unlocked mobile phones.



2008

With the launch of Oi TV, we were the first carrier to offer quad play, a package with four integrated landline phone, mobile phone, internet and TV solutions.




2009

We innovated again by eliminating the fine for changing carriers.



2015

We offered clients the possibility of using their minutes to talk to mobile phones of any carrier, thus eliminating the need to use multiple SIM cards to talk to phones of different carriers for free.



VALUE CREATION MODEL

Strategic priorities
Risk management

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STRATEGIC PRIORITIES

G4-13

In 2015, we developed our strategic plan and redefined our strategic priorities, based on three primary goals pursued by all our teams. In addition, we continued achieving significant results. See below our strategic priorities and the initiatives we introduced during the year to achieve our goals, which will be continued in 2016 to consolidate our new sustainable client-oriented value-creating business model.

Strategic priorities

- Operational improvement
- Capital structure and a more constructive regulatory environment
- Adopting the best corporate governance practices

Operational improvement

Creating the office of transformation

Throughout 2015, we developed Projeto Transformação [Transformation project], designed primarily to boost operational efficiency and, consequently, profitability and service quality.

Overall, we undertook 87% of the 372 initiatives comprising the project in 2015. As a result, we generated R\$3.8 billion in value—R\$2.2 billion of which in recurring value with two major goals: reducing expenses and costs, and increasing revenue.

In the first half of the year, we focused mainly on reducing costs. To that end, we examined our routines and the dedication of our teams thoroughly to identify weaknesses and boost efficiency with no need for further investments.

We continued the initiatives in the second half of the year—and will proceed with them during 2016—to achieve our ultimate goal at this time of change: adopting a client-oriented attitude that creates satisfaction and meets clients' needs.

Having addressed the priorities established in 2015, we proceeded to develop our long-term vision in a three-year (2016-2018) Strategic Plan—reflected in the 2016 Budget—which provides for the continuation of our process of change, as well as an improvement in our market positioning and profitable growth, based on the following priorities:

- Increasing convergence in our positioning, offering and channel strategy.
- Speeding up the transfer of revenues from voice to data services and bundling more IT/IS solutions.
- Improving client experience through digitalization, automation of the delivery chain, communication clarity and predictability

To achieve those goals and bring our business to a whole new level of excellence, we created the Business Strategy and Transformation Division, which will address the priorities across the Company by focusing on digitalization, convergence, cost management and the introduction of a new mental model to strengthen the organizational culture.

Costs and expense reduction – main projects:

CUTTING DOWN ON OVERTIME AND ON-CALL TIME:

Savings of approximately

R\$ 70 million

Renegotiating TV content prices:

**About R\$100
million saved.**

Renegotiating satellite
bandwidth prices:

**About R\$100
million saved.**

Using technology assets more efficiently:

**About R\$100
million saved.**

Cross-cutting projects to boost efficiency –main projects:

Improving client satisfaction: We set up a care forum with all our leaders directly related to service quality and client service to monitor client satisfaction indicators twice a month. This gives us a comprehensive view—instead of a narrow one—of all the points of attention to ensure quality and satisfaction.

Increasing revenue: examining overcharge claims more thoroughly so we can charge the fair, correct amount and creating a dedicated service team for clients who want to downgrade to a different plan.

Legal projects: examining lawsuits in Special Civil Courts more efficiently to enhance the problem-prevention and -solving mechanisms, and creating a contingency committee involving different company departments to develop action plans and deal primarily with the problems that could lead to lawsuits.



Recovering operational quality

In 1Q15, our Field Operation Officer implemented an emergency project to recover quality quickly by improving stability of the network, as well as reducing interruptions of service by means of a more intelligent logistics and operational system for about 30,000 field technicians.

In addition, we began preparations to achieve the major quality improvement we propose in a Consent Decree pending signature, currently under consideration at ANATEL (learn more on page 19).

To that end, we developed an Improvement Plan intended to improve quality perception, operational efficiency and network availability.

**30,000 FIELD
TECHNICIANS**

Our services are affected by factors beyond our control, such as storms and floods. We have emergency action plans in place to mitigate the impacts of those incidents on clients and restore telephone services as soon as possible. For example, we have improved the deployment of our operational team and set up a coordination room for its activities. Now we map the whole situation, organize the logistics process and set service priorities to monitor the operation until the incident is solved.



Investing in technology, infrastructure and job training

In line with our goal of improving overall service quality, we invested in the following initiatives throughout the year to improve our infrastructure and have more modern, efficient technology at our disposal.

Business intelligence:

We entered into a strategic partnership with Chinese Huawei to share experiences and new business opportunities in the fields of big data and business intelligence technologies.

Job training and knowledge sharing:

Debates and knowledge sharing: We held the 3rd Integrated Technology and Information Forum, in which around 500 employees engaged in discussions with experts from the largest technology companies.

Ao todo, a estrutura de Data Center da Oi tem 15 petabytes de capacidade, o equivalente a 37.500 computadores pessoais, que têm, em média, 400 GB de armazenamento.

Train and multiply: We launched the Master in Quality Program, designed to create multipliers. The first class attended 727 training sessions in five categories, with a total of 20,728 hours. The 27 technicians trained in different states now have the challenge of sharing their newly-acquired knowledge with their teams. Our goal for 2016 is to have around 2,000 training sessions in 56,000 hours and at least six new categories.

IoT Lab: In 2016, we will be opening a laboratory to develop IoT (Internet of Things) projects, such as connected cars, homes and smart cities, among others, jointly with Nokia Networks. We expect to have solutions ready for commercial launch as early as 2016.

Upgrading internal systems:

Data Center efficiency: We are upgrading our Data Centers and have virtualized 47% of our servers already, which allowed us to relocate our Data Center from Belo Horizonte to Brasília.

Therefore, we need less space and use less electricity.

¹Agência Nacional de Telecomunicações or Brazilian National Telecommunications Agency

Integrating management processes and systems:

Centralizing the client database: We were the first carrier in Brazil to introduce a new architecture (User Data Convergence [UDC]) that centralizes the mobile client base, thus facilitating operation and maintenance, increasing network capacity and providing greater availability for clients. Overall, 9.6 million clients have been migrated, and the project is expected to be completed in 2017.

Creating a unified CRM Cloud: We are bringing our CRM (Client Relationship Management) software into a single platform. This will allow us to fulfill clients' requests more quickly.

Unifica [Unify] Project: We are standardizing practices and models by unifying landline phone and broadband systems and processes in all Brazilian regions.

Upgrading networks:

Data network architecture: We pioneered the use of Single Edge equipment in Latin America by implementing it in all Brazilian states. Single Edge equipment provides a new simpler data network architecture that is closer to Clients and can be expanded more quickly. It also allows us to reduce energy consumption and repair costs; operate and maintain it more efficiently; and train the Engineering and Operations teams more easily.



Click: We completed the first implementation phase of the tool, which allows us to manage field work more efficiently by reaching about 18,000 Client Service technicians and 4,000 back-office operators, and performing 3 million activities per month. As a result, we increased average productivity by 12% and made 80% of the scheduled installation visits, a 10 p.p. improvement.

Upgrading the mobile network: The partnership we established with Huawei includes upgrading our 2G, 3G and 4G mobile network to the Single RAN (Radio Access Network) technology, which allows us to manage the three networks with a single piece of equipment, thus providing the operational and efficiency gains needed to prepare the network for the 5G technology.

Increasing capacity:

Barreiras [Barriers] Project: We installed 700km of optical fiber cables in Western Bahia state. This benefited 12 cities and towns with a reliable network to offer faster broadband services and expand the 3G coverage, thus meeting the high local demand for telecommunications services.

Backbone Norte [North Backbone] Project: We implemented the PTN (Packet Transmission Network) technology, which provides higher speed, better quality services and greater availability to expand voice and broadband services and meet the demand of 11 cities in Amazonas, Pará and Amapá states. The project will be completed in 2016 and also involves installing optical fiber cables in around 2,400 km.

Improving data transmission technology: implementation of data transmission [Optical Transport Network (OTN)] equipment to increase our traffic capacity by as much as 57-fold and expand our voice, broadband and mobile data services, for both the Retail and the Corporate markets, through an optical fiber connection of 100 Gigabps circuits forming a 30,000 km network in 12 capitals.

We will be the first carrier in Latin America to have an OTN network totally made up of 100 Gigabps circuits. As a result, we will have greater resilience to dual network failures—if there are problems in a given path, the network has at least two other traffic options—and expand our data transmission capacity to 5.58Tbps (terabytes per second).

Each terabyte (a byte has eight bits) is a volume of data corresponding to over 270,000 high-resolution photos or 213 DVDs. All that data could be transferred in just two seconds with the capacity of Oi's optical fiber network.

Capital structure and a more constructive regulatory environment

Improving oi's liquidity and debt profile

We are still pursuing our strategy of improving our balance sheet by selling assets. Entering into the contract to sell PT Portugal was a major step toward important reducing our leverage ratio significantly, strengthening our financial flexibility and allowing Oi to benefit from a possible trend toward consolidation in the Brazilian telecommunications industry.

To improve our capital structure, we agreed in October 2015 to grant the LetterOne investment group exclusive rights until May 2016 regarding business combinations involving telecommunications companies or assets in Brazil. We have always believed this would be a positive move, with great value creation potential in that it creates synergies and scale gains, and allows us to boost investments and advance the digital agenda in Brazil. In addition, it provides greater penetration and improved services. However, LetterOne published a notice to the market in February 2016 stating it had been informed TIM had no interest in further negotiations about the possibility of a business combination in Brazil and explaining it could not proceed with the operation as previously planned without the participation of TIM.



In light of this information, our Executive Board and Board of Directors have been assessing and discussing possible financial and strategic alternatives to improve our liquidity and debt profile. We have recently hired PJT Partners as a financial advisor to help us with this assessment.

In addition, we continue seeking negotiations and opportunities to monetize non-strategic assets to improve our balance sheet and maximize value for our stakeholders.

Concerning operations, we have been showing our ability to change and deliver results amid an extremely challenging situation. In addition, we will continue undertaking projects in a disciplined manner, developing and launching offerings that meet our clients' needs, and strengthening our business strategy by focusing on data convergence and availability.

A more constructive regulatory environment

We participate actively in discussions with the industry and the regulatory body to make improvements in issues critical to the advancement of telecommunications services in Brazil.

Those discussions focus, among others, on revising the current concession model and adopting one that meets the population's new demands for telecommunications services effectively. This revision is important so that we can target efforts and resources to those new demands, thus benefiting the consumer market and avoiding obsolete projects that offer low return on capital and can be detrimental to the longevity of our landline phone business.



Consent decree

In addition to the discussions about the change in the regulatory framework for the telecommunications industry, it is worth mentioning we proposed to ANATEL a conciliatory solution to the evidence of irregularities that gave rise to many of the administrative proceedings being processed by the agency after the rules for executing and monitoring the Consent Decree approved by Resolution 629, dated 12.16.13, was published, in line with the adoption of measures intended for greater business sustainability.

We filed with ANATEL a list of proposed corrective measures to be included in the Consent Decree in the first half of 2015. The regulatory body has been evaluating and discussing the proposal in accordance with its formal procedures since then.

We believe the execution of the Consent Decree will also bring greater benefits for users of telecommunications services and, consequently, greater stakeholder satisfaction. We hope to continue the discussions in 2016 and possibly work together to develop a more sustainable model that creates more value for the company and society.

The Consent Decree provides for the conversion of the fines from our lawsuits at the regulatory body 11,000 violations and 1,345 lawsuits into investments in four large areas: Universal Access, Quality, Consumer and Inspections, with action plans to correct the irregularities and improve service quality. There are 150 sets of proposals totaling 500 service and infrastructure improvement initiatives.

General regulation revision plan

ANATEL published Resolution 658, which canceled the General Regulation Revision Plan, in December 2015. The Plan was replaced by the 2015/2024 Strategic Plan, established by Administrative Rule 174, dated February 11, 2015.

ANATEL set its priorities for the period between the second half of 2015 and the second half of 2016 by publishing its Regulatory Agenda, which contains 31 initiatives to be undertaken

- Preparing a proposal to serve as a basis for the executive order governing the network neutrality provided for in Marco Civil da Internet [Civil Internet Framework] (initiative 1)
- Revising the concession agreements for landline phone services (initiative 3)
- Reviewing the regulations on infrastructure sharing between telecommunications utilities (initiative 4)
- Developing a proposal for the revision of the general target plan for the universal access to landline phone services (initiative 5)
- Reviewing the telecom service quality management model (initiative 10)
- Reviewing the regulations on the control of reversible assets (initiative 19)
- Reviewing the regulations on relevant markets (initiative 24)

Adopting the best corporate governance practices

We made significant strides in corporate governance and shareholder relations in 2015. Until then, we had a controlling group with several members and pension funds and Telemar Participações as the controlling shareholders. As a result, several shareholders' agreements had to be complied with.

However, TelemarPart was merged into Oi in September so that there have been no controlling and minority shareholders since then, a situation in which all shareholders are representative of their interests in our capital stock.

In addition, the meetings with the former majority shareholders held before Extraordinary General Meetings to streamline the decision-making process are no longer needed. The new **Board of Directors is now independent** and has no veto power, and decisions are made by shareholder vote during General Meetings. Another major advance is that we have had a female Director since 2015, which increased diversity in senior management.

We also gave preferred shareholders—with no voting rights—some time to convert their shares into voting common shares. Two thirds of the eligible shareholders accepted the offer.

Those were essential changes for us to strengthen our commitment to creating value for, and serving the interests of, shareholders, as well as to speed up the decision-making process and make it more representative of shareholders, crucial efforts in the period of change we are going through.

Oi's Best Governance Practice

- Simultaneous, immediate and fair disclosure of material information
- Publication of the Annual Management Report
- Ombudsman and Grievance Mechanisms in place
- Adoption of International Financial Reporting Standards (IFRS)
- Unrestricted adoption of principles of conduct
- Adoption of Information Disclosure and Securities Trading Policies
- Promotion of sustainable practices, such as publishing the Company's Sustainability Policy and Annual Sustainability Report
- Commitment to corporate social responsibility through the Oi Futuro investments
- Separation between the chairman of the Board of Directors and chief executive officer positions

For further information about Oi's governance structure, bodies and policies, please go to: <http://ir.oi.com.br> > The Company > Boards and Committees and Executive Board.

G4-34, G4-38

Sustainability governance

G4-2

We acknowledge the importance of the balance between achieving economic and financial profitability and promoting social inclusion and the efficient use of resources, which is reflected in reputation, efficiency and risk management gains. As a result, the Executive Sustainability Group held meetings with different departments to develop and implement the 2015 Action Plan as part of our corporate governance and sustainability policies. We mapped 249 areas of improvement to be addressed in 121 action plans designed to make our processes, practices and policies more sustainable with no need for further investments or costs.

As a result of this effort, we were included in BM&FBOVESPA's Corporate Sustainability Index (ISE) for the seventh time. Since we have been adopting the best practices in sustainability over the years, we were one of the nine Brazilian companies listed in the Euronext Vigeo EM 70 index in 2015. We are also listed in the New York Stock Exchange's Dow Jones Sustainability Index (DJSI), in the Emerging Markets category, and in BM&FBovespa's Carbon Efficient Index (IC02).

We have also been a signatory to the UN Global Compact (UNGC) since 2009 and, as such, we undertook a series of initiatives related to the UNGC principles and the Millennium Development Goals [learn about the connection between the information in this report and the UNGC principles on page 24].

In this regard, we were involved in different national and international sustainability initiatives. We disclose information to the Carbon Disclosure Project (CDP) voluntarily, publish our inventory of greenhouse gas (GHG) emissions in the Public Emissions Registry of the Brazilian GHG Protocol Program every year and are members of the EPC [Empresas Pelo Clima, or Companies for Climate] initiative, which seeks to develop a low-carbon economy by supporting companies' GHG management strategies and proposing public policies for the country.

In addition, we are involved in activities with small and medium-sized companies under the ISCV [Inovação e Sustentabilidade na Cadeia de Valor, or Innovation and Sustainability in the Value Chain] project, created by Fundação Getúlio Vargas' Center for Sustainability Studies (GVces) in 2011.

We also undertook initiatives related to Termo de Mútua Cooperação contra a Pedofilia [Mutual Cooperation Agreement Against Pedophilia], which brings together telcos, the Federal Public Attorney's Office, the Brazilian Federal Police and the Safernet Brasil organization to prevent and stop crimes against children and adolescents over the internet.

Our goal for next year is to make our sustainable practices increasingly consistent and extend them to all business segments by assigning one or two material topics to each officer so they can be addressed in a more efficient and responsible manner.

G4-35, G4-42, G4-43, G4-46, G4-49, G4-50

We have a number of internal committees and committees responding directly to the Board of Directors to manage sustainability issues:

- Executive Sustainability Group: an executive group that advises the Company's Management Committee in the adoption of sustainable practices.
- Management Committee (CDG): a high-level internal committee formed by N1 officers that monitors issues material to the Company and makes decisions related to them.
- Ethics Committee: an internal Committee formed by executives appointed by the Executive Committee, it is responsible for constantly reviewing the Code of Ethics and managing issues related to it. It examines and deliberates on violations of the Code of Ethics and decides on the sanctions to be imposed, which are reported to the Executive Committee and posted on the Decisions Board.
- Anti-Fraud and Anti-Corruption Committee: an internal Committee composed of executives responsible for deliberating on serious incidents of fraud and corruption.
- Corporate Governance and Finance Committee: This Committee is composed of independent members appointed by the Board of Directors, to which it reports directly. It is responsible for ensuring the best corporate governance and business conduct practices are adopted continuously.
- Risks and Contingencies Committee: This Committee is composed of independent members appointed by the Board of Directors, to which it reports directly. It oversees contingency management and control and ensures the Company's management and inspection bodies work in a coordinated manner. **G4-48**

In addition, the results of the 2015 Sustainability Action Plan were presented on those forums late in the year. **G4-45**



















Global Compact Principles



















- 1 - Businesses should support and respect the protection of internationally proclaimed human rights.
- 2 - Businesses should make sure that they are not complicit in human rights abuses.
- 3 - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- 4 - Businesses should uphold the elimination of all forms of forced and compulsory labour.
- 5 - Businesses should uphold the effective abolition of child labour.
- 6 - Businesses should uphold the elimination of discrimination in respect of employment and occupation.
- 7 - Businesses should support a precautionary approach to environmental challenges.
- 8 - Businesses should undertake initiatives to promote greater environmental responsibility.
- 9 - Businesses should encourage the development and diffusion of environmentally friendly Technologies.
- 10 - Businesses should work against corruption in all its forms, including extortion and bribery.





















Millennium Development Goals

1. Eradicate Extreme Hunger and Poverty
2. Achieve Universal Primary Education
3. Promote Gender Equality and Empower Women
4. Reduce Child Mortality
5. Improve Maternal Health
6. Combat HIV/AIDS, Malaria and other Diseases
7. Ensure Environmental Sustainability
8. Develop a Global Partnership for Development

ACTIONS/INITIATIVES	CORRELATION WITH THE GLOBAL COMPACT PRINCIPLES										CORRELATION WITH MILLENNIUM DEVELOPMENT GOALS								PAGE
																			
Sustainability Policy	X	X	X	X	X	X	X	X	X	X	X	X	X				X	X	20;35
Environment, Occupational Health and Safety Policy	X	X					X	X	X								X		35
Stakeholder Engagement Policy							X			X									35
Code of Ethics	X	X		X	X	X	X	X		X		X	X				X	X	35
Climate Change Policy	X						X	X	X								X		35
Internal Ombudsman Channel	X	X		X	X	X	X	X		X		X	X				X	X	20
Ethics Committee Operations	X	X	X	X	X	X				X									22
Online ethics training (e-learning)	X	X		X	X	X	X	X		X			X				X	X	113;114
Master in Quality									X										16
Sustainability in the Supply Chain	X	X		X	X		X	X		X			X				X	X	48
IoT Laboratory	X	X		X	X		X	X		X			X				X	X	16
Internal Audit Operations		X	X	X	X	X				X									27;114
Supplier Training		X	X	X	X	X				X								X	48
GHG [Greenhouse Gas] Emissions Inventory	X	X					X	X	X								X		104;105
Annual information for the Carbon Disclosure Project [CDP]								X	X								X		21
NAVE – Advanced Education Center	X	X			X				X		X	X						X	52
<i>Oi Kabum!</i> - Art and Technology Schools	X	X			X						X	X						X	52
<i>Oi Novos Brasis</i>	X	X			X		X	X	X		X	X	X				X	X	53
Childhood and Adolescence Fund (FIA)	X	X			X									X					54
Subsidized Sports Sponsorship	X	X			X				X									X	54
Cultural Centers									X			X						X	53
Telecommunications Museum									X			X						X	53
Donation of "Art & Technology" Collection Books									X			X						X	53
Support to the Rio de Janeiro Student Games												X							54

ACTIONS/INITIATIVES	CORRELATION WITH THE GLOBAL COMPACT PRINCIPLES										CORRELATION WITH MILLENNIUM DEVELOPMENT GOALS								PAGE
																			
Freedom of Association with Unions, Collective Bargaining, Collective Labor Agreements and Workload Agreements	X	X	X	X														X	47;113
Adherence to the Business for the Climate platform (EPC).							X	X	X								X	X	103
Waste/Solid Waste Management Program							X	X	X								X	X	105;106
<i>Ecompensa</i> Program						X	X	X									X		60
<i>Soldado Cidadão</i> [Citizen Soldier] Program									X										50
Selective waste collection in the main administrative buildings							X	X	X								X	X	105
Ombudsman channel on the website	X	X	X	X														X	36
Actions to reduce GHG emissions							X	X	X								X		35;60
Collection and special disposal of batteries and mobile phones							X	X	X								X		106
Own fleet management							X	X	X								X		105;106
Use of reusable envelopes							X	X	X								X		101
Term of Mutual Cooperation Against Pedophilia	X	X											X	X			X		21
Mapping of corporate risks							X			X									27
Executive Sustainability Group										X							X	X	21;22

AÇÕES/INICIATIVAS	CORRELAÇÃO COM OS PRINCÍPIOS DO PACTO GLOBAL										CORRELAÇÃO COM OS OBJETIVOS DO MILÊNIO								PAGINA
																			
Programa Oi Para Todos/Programa da Diversidade	X	X				X													45
Convênio Marinha do Brasil - Base Antártica								X				X						X	50
Inclusão Digital - Programa Nacional de Banda Larga [PNBL]								X				X						X	50
Inclusão Digital - Programa Banda Larga nas Escolas [PBLE]	X				X						X	X						X	50
Inclusão Digital - Plano Geral de Metas de Universalização [PGMU]	X				X						X	X						X	50
Inclusão Digital - Backhaul	X				X						X	X						X	50
Divulgação pública de Relatórios, Resultados, Atas, Atos, Fatos Relevantes, Comunicados e Arquivamentos.										X								X	20
Ambiente de Controles internos adequado para a Certificação Sarbanes-Oxley										X									27
Programa Trilhas em Sustentabilidade	X		X	X		X	X	X	X	X			X					X	45
Adesão à plataforma empresarial Inovação e Sustentabilidade na Cadeia de Valor	X	X		X	X		X	X	X								X	X	7

RISK MANAGEMENT

G4-2, G4-45, G4-46

Our Risk Management and Internal Control processes are monitored and overseen by the Management Committee, which reports to the Fiscal Committee and the Board of Directors.

We have a risk management and internal controls system based on internationally recognized models such as: the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013), Control Objectives for Information and Related Technology (COBIT) and ABNT NBR ISO 31000 – Risk Management.

In compliance with the Sarbanes-Oxley Act, the Risks & Internal Controls team, as well as an independent auditor, reviews the processes of Oi's most relevant companies, which account for 91% of its consolidated assets, on a yearly basis. In addition, the Risks & Internal Controls and the Internal Audit teams are involved in all processes, regardless of their materiality.

In keeping with the best corporate governance practices, we created the Compliance Division, composed of the Anti-Corruption Compliance, Process Management and Corporate Risk Management teams. The purpose is to provide support for our Internal Controls System by mitigating risks, in line with the complexity of our business deals, as well as extend our anti-corruption stance and culture of processes and controls throughout Oi, in accordance with the current laws and regulations.

Below are the main risks to which our business may be exposed.

Please refer to sections 4 and 5 of our Reference Form, available on www.oi.com.br/ri, for a detailed description of all the risks identified and the management strategies adopted for each of them.

In 2015, we set up a Compliance division to improve our corporate risk mitigation structure and anti-corruption mechanisms, and to optimize business processes in keeping with market's requirements regarding transparency of operations.

Operational risks

Connected with:

- process soundness;
- reliability of internal systems;
- client default;
- network security; and
- dependence on strategic suppliers.

Market risks

Connected with changes in:

- exchange rates;
- liquidity;
- interest rates; and
- credit supply.

We manage our market risks by following our Financial Risk Management Policy, which imposes strict a discipline regarding controls, hedging instruments and temporary cash investments, as well as a continuous effort to reduce debt.

ENVIRONMENT AND RESULTS

Environment
Operating results
Economic and financial results

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[MENU](#)

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ENVIRONMENT

Economic Environment

In Brazil, 2015 will be remembered as the year in which the political crisis helped deepen the economic crisis. The economic fundamentals deteriorated more than expected, which increased the challenges for Brazilian companies, mainly those dependent on credit and consumer spending. By the close of the year, we had high unemployment rates, double-digit inflation and one of the highest interest rates worldwide (14.25%). In addition, we had lost the investment grade assigned by the top international ratings agencies, the purchasing power of our currency had shrunk and the Brazilian Gross Domestic Product (GDP) had slumped by around 4%. In the political scene, the Rousseff administration's ability to react was greatly affected because a series of corruption scandals emerged, the President's approval ratings hit a record low and Congress did not approve the fiscal adjustment measures, thus leading to a scenario of uncertainty for 2016.

Industry environment

ANATEL² reports that access lines in Brazil amounted to 346.0 million—43.6 million landline phones in service, 257.8 million mobile users, 25.6 million broadband internet connections (Multimedia Communication Service—MCS) and 19.0 million cable TV users—in December 2015. The year-over-year drop of 6.3%, or 23.2 million access lines, was mainly led by a significant decrease in the prepaid mobile segment, a whopping 28.4 million.

Landline phone services

There were 43.6 million landline phone lines in service in Brazil in Dec. 2015 according to ANATEL, down 3.2% on Dec. 2014. This is a mature market since there is a global trend for landline traffic to migrate to mobile networks. Landline phone companies accounted for 58.4% of all landline access lines in service in 2015.

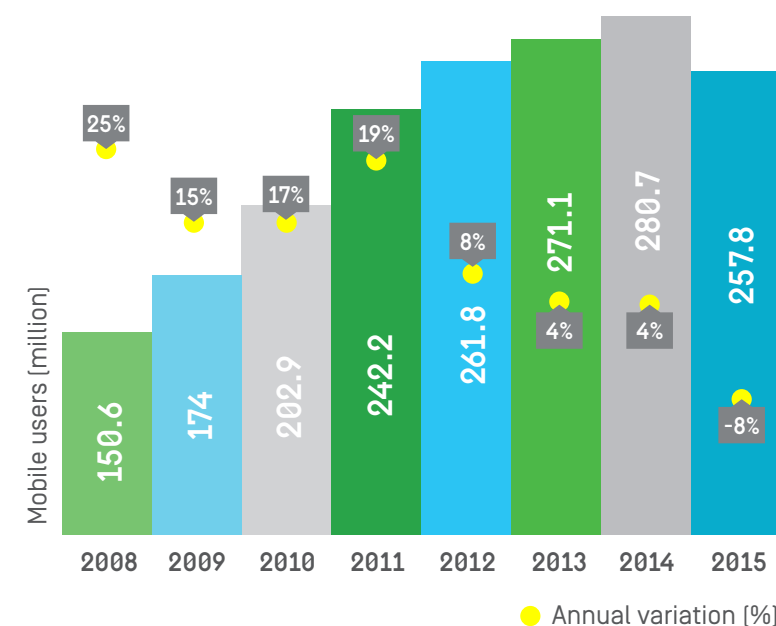
Mobile phone services

There were 257.8 million mobile users in Brazil, with a teledensity of 125.7% of the population, in December 2015. There was a net drop of 22.9 million access lines, or 8.2%, year-over-year. The prepaid segment accounted for 71.6% of all mobile users in December 2015 (vs. 75.8% in 2014) whereas postpaid users comprised the remaining 28.4%.

Broadband

According to ANATEL, fixed broadband (MCS) was—once again—one of the drivers of growth in the industry in 2015. By the close of the year, the user base amounted to 25.6 million connections, up 6.7%, or 1.6 million new users, year-over-year.

Evolution of the mobile telephony market



Pay television

Our pay TV user base shrank by 0.5 million in 2015, a 2.4% decrease year-over-year (vs. an 8.3% increase in 2014). At the close of December 2014, we had 19.0 million pay TV subscribers. The penetration rate stood at 28.7% of total households (vs. 29.8% in 2014), which shows the growth potential of this market in Brazil.

Access through the DTH (Direct-to-Home) technology accounted for 58.3% of all subscriptions (annual loss of user base in the market), followed by the cable technology at 40.7%. It is worth noting new market entrants, such as Oi, use the DTH technology.

OPERATING RESULTS

We closed the year with 70.0 million Revenue Generating Units (RGUs) – 16,297 thousand in the Residential segment, 45,860 thousand in the Personal Mobility segment and 7,241 thousand in the Corporate/SME segment, in addition to 651,000 public phones.

Residential

We had 16,297 thousand RGUs in the residential segment at the close of 2015 – 10,019 thousand landline phone lines, 5,109 thousand fixed broadband connections and 1,169 thousand pay TV subscriptions.

We have been achieving positive results in terms of revenue per client and net additions of landline, broadband and mainly pay TV products by focusing on bundling products and on selling more RGUs and higher value services to current and new clients.

Learn more about our innovative product and service for this segment in 2015 on page 39.

Personal Mobility

At the close of 2015, we had 45,860 thousand UGRs in the Personal Mobility segment, a year-over-year fall of 5.4% or 2,603 thousand UGRs – 2,254 thousand prepaid RGUs and 348 thousand postpaid RGUs.

Learn more about our innovative product and service for this segment in 2015 on page 37.

Business/Corporate

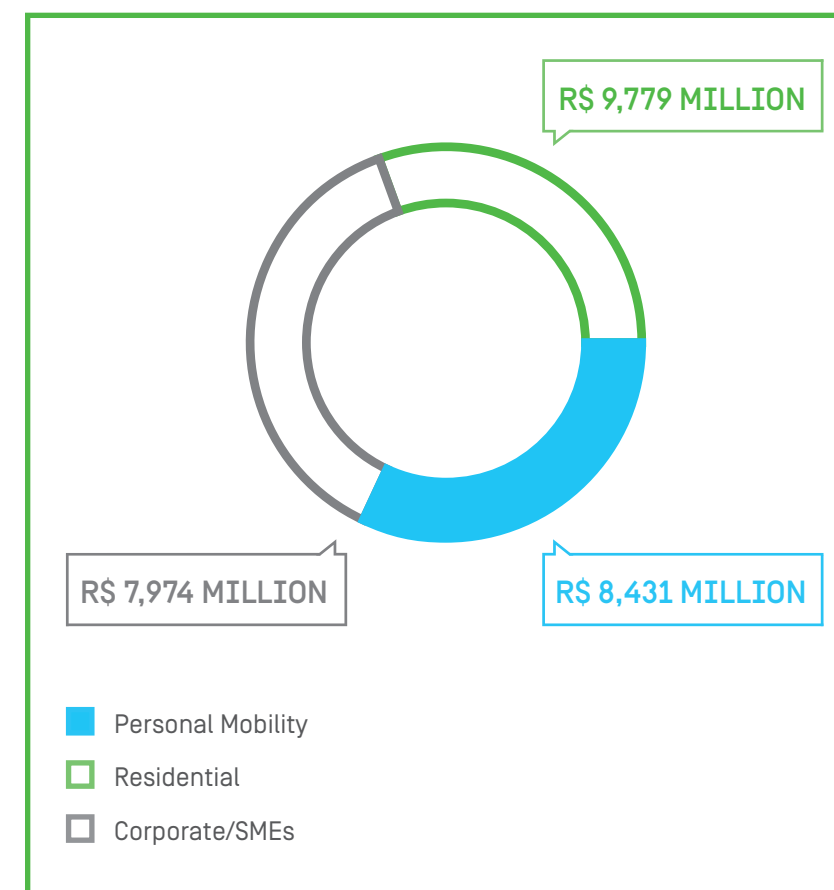
We closed 2015 with 7,241 thousand RGUs in the Corporate/Business segments, an annual fall of 8.5%, led mainly by the economic slowdown in Brazil.

Learn more about our innovative product and service for this segment in 2015 on page 38.

Economic and Financial Results

G4-9

Consolidated net revenue amounted to R\$27,354 million in 2015, R\$9,779 million from the Residential segment, R\$8,431 million from Personal Mobility and R\$7,974 million from Corporate/SMEs.



Despite the year-over-year decline in net revenue, the broadband and Oi TV products stood out in 2015. They cushioned the drop in revenue from landline products and contributed to the increase in the number of households with bundled packages, thus leading to a rise in ARPU (Average Revenue per User) and greater client loyalty in the Residential segment. In addition, they provided a significant increase in net revenue from prepaid data, SMS and SVA packages in the Personal Mobility segment.

Operating costs and expenses (not including depreciation and amortization) amounted to R\$19,560 million in 2015, broken down as follows: R\$6,317 million in third-party services, R\$3,600 million in rent and insurance, R\$2,720 million in personnel, R\$1,902 million in network maintenance services and R\$1,809 million in interconnection costs. Operating costs were also impacted by non-recurring costs totaling R\$189 million in 2015.

OPERATING COSTS AND EXPENSES (PRO-FORMA - R\$ MM)	2015	2014	VARIATION
Brazil	19,211	21,001	-8.5%
Personnel	2,618	2,749	-4.8%
Interconnection	1,757	2,675	-34.3%
Third-party services	6,155	6,202	-0.8%
Network maintenance services	1,861	1,907	2.4%
Appliances and others	227	702	-67.7%
Advertising and publicity	380	651	-41.7%
Rent and insurance	3,554	3,096	14.8%
Provisions for contingences	860	779	10.4%
Allowance for doubtful accounts	693	629	10.2%
Taxes and other income/expenses	1,107	1,611	-31.3%
Others	537	429	25.3%
Routine OPEX	19,748	21,430	-7.8%

EBITDA came to R\$7,794 million, with 28.5% margin, in 2015. We recorded a net loss of R\$5,348 million in the year ended December 31, 2015 primarily due to higher financial expenses.



Value Added Distribution (VAD)

In 2015, Oi distributed R\$22,718 million in value added, up 34.5% year-over-year, to:

G4-EC1 VALUE ADDED DISTRIBUTION	2013		2014		2015	
	Total [R\$ mil]	[%]	Total [R\$ mil]	[%]	Total [R\$ mil]	[%]
Employees	2,223	10.8%	2,540	15.0%	2,443	10.8%
Government	10,277	50.1%	9,915	58.7%	8,672	38.2%
Independent contractors	6,517	31.8%	8,837	52.3%	16,951	74.6%
Shareholders	-	-	1	0.0%	-413	-1.8%
Retained	1,493	7.3%	-4408	-26.1%	-4935	-21.7%

Debt

Consolidated gross debt stood at R\$54,981 million, a rise of 24.5% from the close of September 2015 and 65.13% from the close of December 31, 2014. It is worth noting subsidiary Portugal Telecom International Finance's (PTIF) assets and liabilities were classified as "discontinued operations"—and, as such, not included in our Consolidated Debt in 4Q14—since we intended to sell PT Portugal to Altice S.A.. With the effective sale of PT Portugal, it was decided that PTIF should remain in the sphere of Oi so that its debt was consolidated into our balance sheet, in addition to the cash received for that sale.

We paid US\$632.5 million to CDB (China Development Bank) in December, with two more installments of US\$600 million and US\$32.5 million falling due in 2020 and in 2025 respectively. Those payments are connected with debt refinanced and investments made by Oi S.A., and help extend the average debt maturity. In the year-over-year comparison, PTIF's debts accounted for R\$19,182 million of consolidated gross debt. Payments totaled around R\$5,200 million in 2015 whereas the total amortized, including prepayments of debts and bond and debenture buybacks, amounted to R\$15,070 million.

Foreign currency debt accounted for 78.49% of total consolidated debt in the period. It was fully hedged against exchange rate changes through swap contracts, NDFs and offshore cash [natural hedge] at the close of 4Q15.

The average consolidated debt maturity stood at 3.52 years at the close of the year, still impacted by the short-term debts Oi S.A.'s and PTIF's, mainly Eurobonds 2016 (February 2016), 9.75% BRL Bonds (September 2016) and Revolver Bonds in USD (October 2016).

R\$ MILLION	2015	2014
Debt		
Short-Term	13,192	4,647
Long-term	41,789	28,648
Total debt	54,981	33,295
In R\$	12,922	21,068
In foreign currency	46,935	14,781
<i>Swap</i>	[4,876]	[2,555]
(-) Cash	[16,826]	[2,732]
(=) NET DEBT	38,155	30,563

Capital Expenditures

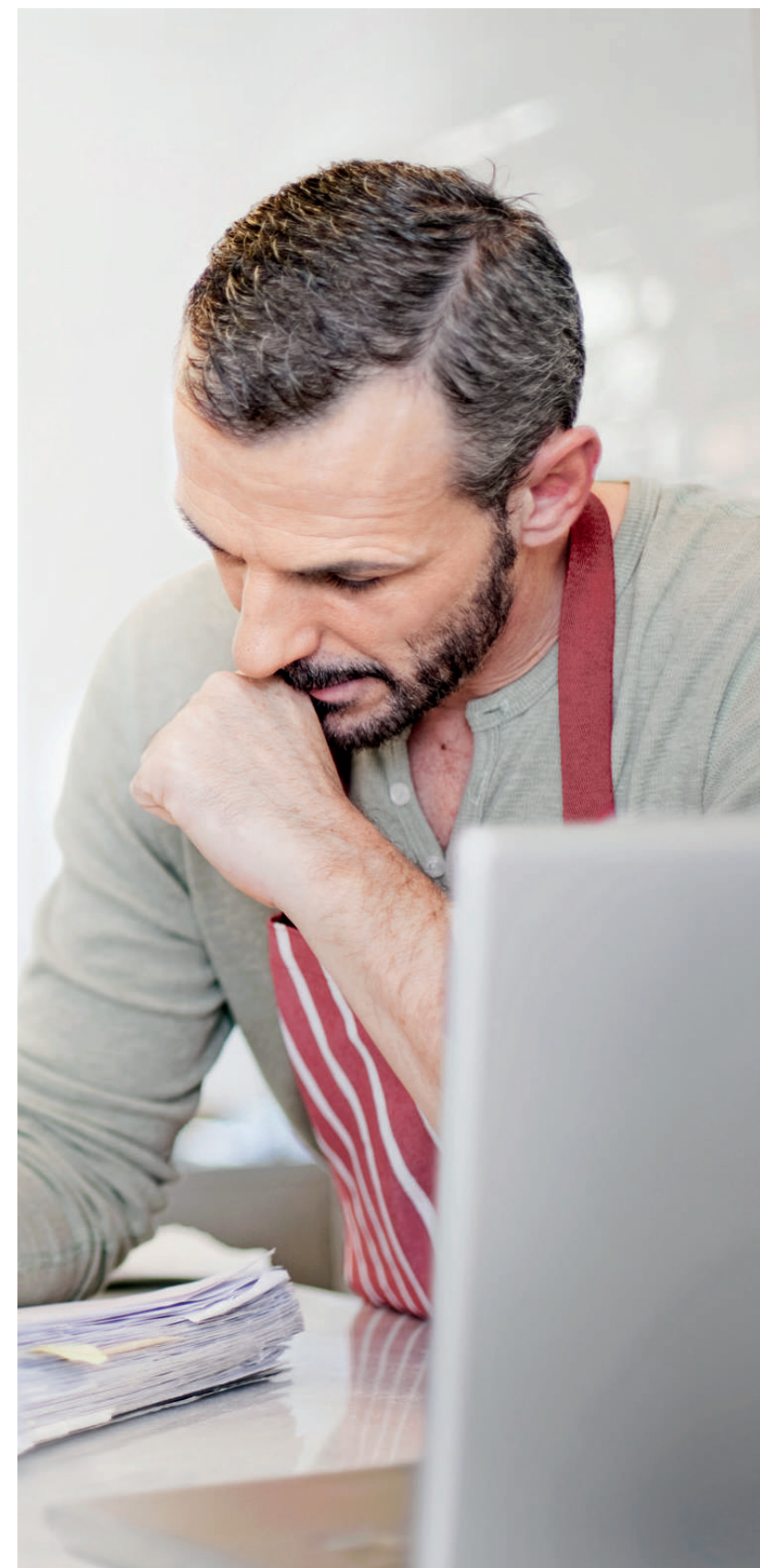
We invested R\$4,048 million in 2015, 20.2% down on 2014. This shows the conservative financial polity we have adopted to rationalize the use of our funds by using more granular analyses, setting investment priorities and introducing new policies to hire suppliers.

Of that amount, 87.1% [R\$3.5 billion] was invested mainly in improving the quality of the 3G mobile network and of the landline network for broadband services, in optimizing the Oi TV platform and in implementing and expanding the 4G network.

R&D Investments

We have been seeking to stand out and maintain our leading position in the Brazilian market, by means of innovative initiatives and attitudes, since inception. To achieve our innovation goals in 2015, we increased the number of technological partners in Programa Inova [Innovate Program]. As a result, we are prospecting more actively for innovative services to perform innovation and R&D activities.

In 2015, we invested around R\$110 million in 35 innovation and R&D projects, 26 of which undertaken jointly with Science and Technology Institutes and incubated companies.



HIGH-VALUE RELATIONSHIPS

Ethical and responsible relationships
Client satisfaction
Employee engagement
Supply chain responsibilitys
Social development
Shareholder and investor relations
Industry relations



ETHICAL AND RESPONSIBLE RELATIONSHIPS

G4-56, G4-57, G4-58

Transparency and constant dialogue are key elements of our relationship with different stakeholders. We seek to be close to society, suppliers, clients and investors at all times in order to anticipate their needs, engage in discussions about public policies and provide any clarification that may be needed.

We believe we must be ethical and responsible with the environment and our stakeholders to ensure the longevity of our business. Therefore, we adopted principles and policies governing the everyday conduct of our direct and indirect employees, as representatives of Oi, considering our wide reach through thousands of employees, suppliers and millions of clients nationwide. The idea is to ensure ethical and responsible decisions and initiatives at all times.

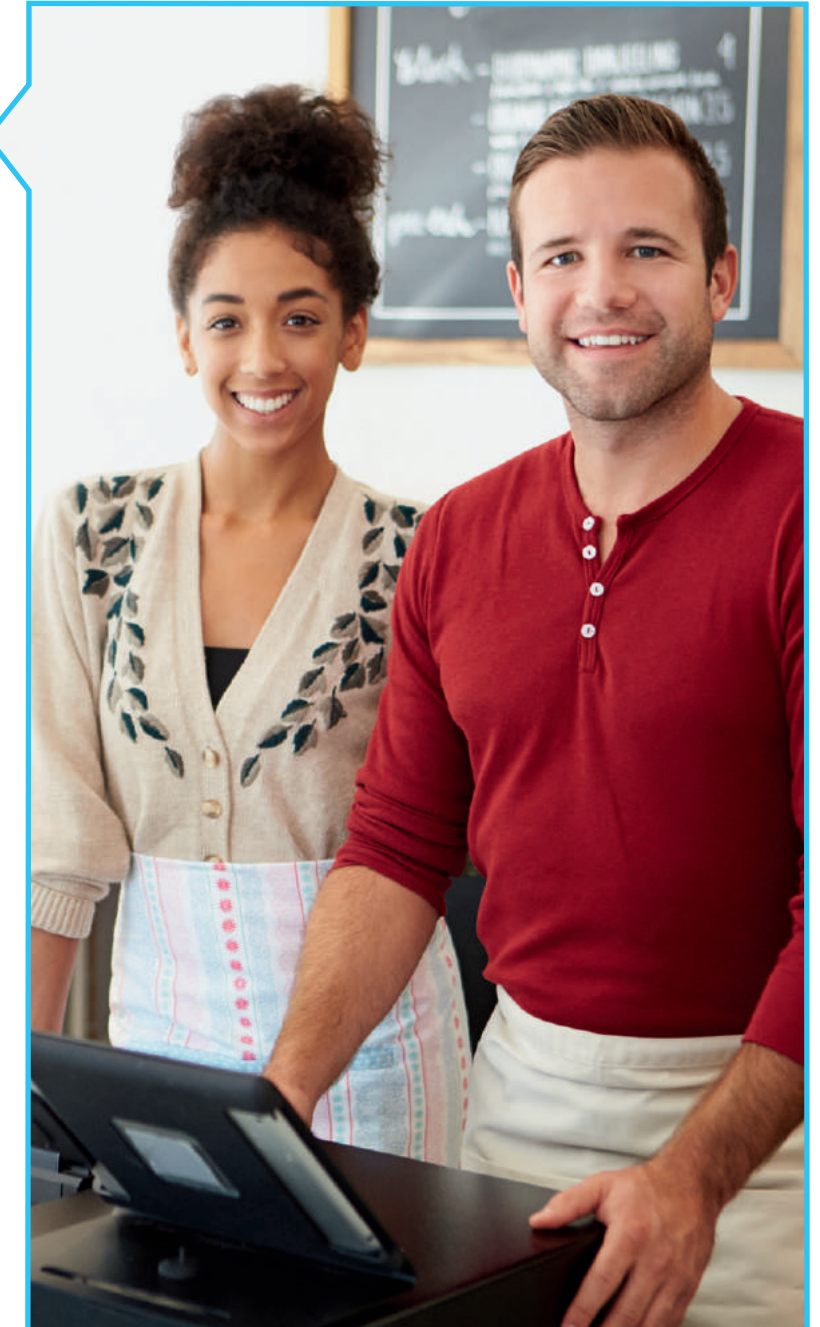
Code of Ethics - Our Code of Ethics sets principles and values that govern employees' conduct with peers, partners, clients and suppliers. It contains recommendations about respecting diversity, using assets and resources properly, handling confidential information, dealing with government bodies, media, investors, clients and suppliers, as well as the principles of social and environmental responsibility, among others. An audio version is also available so people with visual impairment can also have access to our Code of Ethics.

Sustainability Policy - Our Sustainability Policy consists of 27 principles governing business practices to ensure economic and financial profitability with social and environmental responsibility.

Environmental, Health and Safety Policy - This policy describes management's and employees' duty to promote the highest degree of physical, mental and social well-being for the whole staff by maintaining a healthy and safe working environment, based on health, safety and environmental risks management.

Stakeholder Engagement Policy - This policy governs decision-making processes related to Stakeholder Engagement by setting guidelines for all employees in their relationship with our different stakeholders. The purpose is to build sound relationships that create sustainability value.

Climate Change Policy - This Policy describes our climate governance strategy to manage the risks and impacts of greenhouse gas emissions and provide a basis for developing mitigation or adaptation mechanisms that ensure the Company's longevity in a low-carbon economy.



CLIENT SATISFACTION

We conducted extensive market research throughout 2015 to listen to our clients and get to know their expectations, desires and frustrations, from getting an Oi plan through their experience with it to the post-sale phase. The idea was to obtain the information we need to improve client satisfaction, one of our key strategic goals.

Therefore, we undertook several projects and initiatives to design a clear, simple offering, with no “catches”, with distinct features that meet clients’ expectations, as well as provide closer, quicker and better quality client service that brings benefits for both clients and the Company.

Below are the main highlights in 2015 of the projects we undertook to improve our offering, user experience and client service.

Confidential mechanism for filing grievances about violations of the Code of Ethics:

- Interactive [internal stakeholders]
- 0800 282 2088 [only calls in Brazil]
- On Oi’s website: <https://www.canalconfidencial.com.br/oi/>

All incidents reported are examined by the Fraud Investigation Board to determine the appropriate course of action.

We have a Consumer Intelligence division whose purpose is to gain insights into consumers and the telecom market, and translate them into strategic recommendations and tactical guidelines.

Among other activities, this division keeps track of the reasons why clients get and cancel our products through continuous surveys, which gives us an understanding of the relationship between those clients and our products.

We also conduct ethnographic [qualitative] research to identify our clients’ actual needs and then propose services that create value for consumers. We looked into the habits of telecom service users thoroughly before launching new mobile plans aligned with new consumer habits. In fact, consumers increasingly need to access the internet and use only one SIM card to communicate with all carriers.

Below are the main highlights in 2015 of the projects we undertook to improve our offering, user experience and client service.

***Please go to our RI website >
The company > Sustainability
for our Policies***



Improved offering and user experience

We presented a series of client-oriented offerings in 2015. They provide service quality and simplicity – such as plans with fixed prices and no incomprehensible clauses –, thus giving clients what they really want. In fact, our goals were to reintroduce the innovative offering we are known for, increase our client base and improve satisfaction with our services.

Another great novelty we introduced in 2015 was bundled packages, which offer more advantages to clients getting different services, in addition to special, streamlined client service.

Learn about the main highlights of our offering in 2015 below.

We launched Oi Total in 2015 to offer our clients all the main telecom services with a distinct feature: one transaction, one scheduled visit, one installation and a single bill for all services. This gives Oi's Clients an improved use and service experience, and a better cost-benefit ratio since getting a bundled package costs less than getting different services individually.

Learn more on: <http://www.oi.com.br/combo/>

Personal mobility

Oi livre, Oi mais and Oi mais controle

We innovated in 2015 by launching a new, unique billing model for mobile phone services. Consequently, Oi's clients no longer have to get SIM cards of different carriers or even limit their mobile phone use because we now offer plans with free voice minutes to call any carrier and much larger data sets. Although a unique offering in Brazil, that is already a global trend in markets such as the U.S. and European countries.

This client-oriented trend tends to lead to the end of the networks and communities of clients of the same carrier while allowing users to save money and communicate with whoever they want regardless of their carriers. Moreover, it will increase market competition.

Learn more about the Oi Livre, Oi Mais and Oi Mais Controle plans on: <http://www.oi.com.br/celular/>

Oi's Clients also have the largest Wi-Fi network in Latin America, with over two million access points to which they can connect for free.

To develop our new offerings, we conducted a ten-month study about the habits of users of telecommunications services in Brazil, based on quantitative and qualitative ethnographic research, in which an anthropological approach is used to gather information about consumer behavior. The study involved over 6,000 interviews throughout the period

B2B³

Oi mais empresas

Lançado em 2015, o Oi Mais Empresas é nossa plataforma para pequenas e médias empresas, única no mercado, que tem em um aplicativo exclusivo atendimento unificado e flexível, facilitando a gestão dos serviços por parte das empresas clientes.

With Oi Mais Empresas, it is easier to:

Get a plan

Fixed bill
Streamlined offering
Larger number of sales channels

Use your device

Free voice minutes to talk to any landline or mobile phone in Brazil
Simplified invoice
Application providing 24/7 client support

Contact us

Innovative client service app
Business owners have more time for their businesses.

Lear more on: <http://wap.oi.com.br/m/oimaisempresas/>

³Business-to-Business



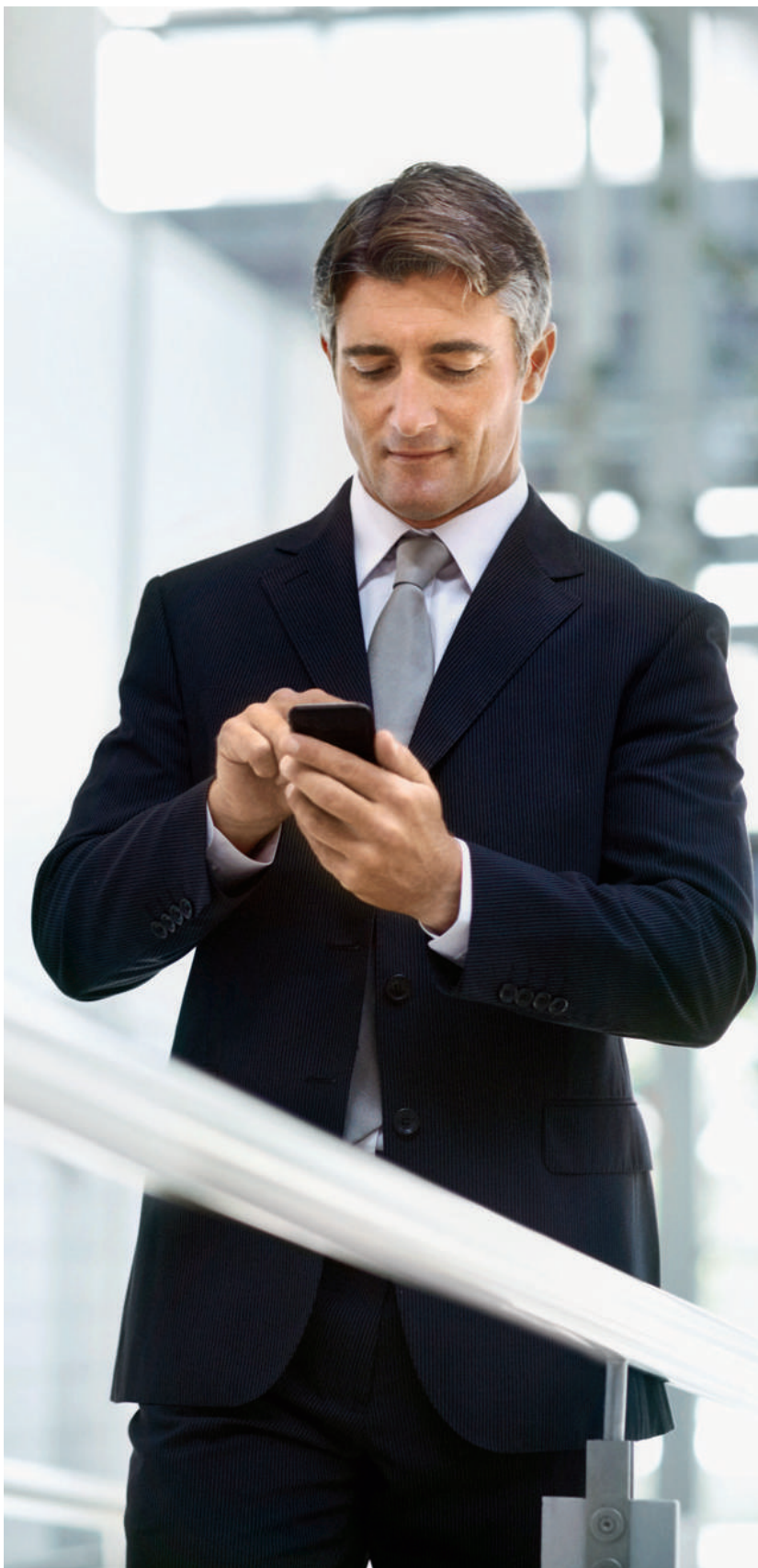
Oi Smart Office

G4-2

We want to keep pace with the global telecommuting trend, which provides greater efficiency, lower consumption of natural resources and improved urban mobility, and fosters business sustainability. Therefore, we launched in late 2014 Oi Smart Office, a safe fully virtual end-to-end technology solution designed to make it easier for large companies to manage telecommuters. It allows clients to:

- Monitor working hours and productivity through a biometric feature;
- Comply with labor legislation (CLT–Consolidação das Leis do Trabalho, or Brazilian Labor Act);
- Use an internet-based solution, with 3G or 4G redundancy connectivity;
- Offer telecommuters a secure connection between their home offices and the corporate network;
- Use a single communication feature [chat, voice, video, conferencing and document sharing];
- Use cloud-based corporate applications, such as Office 365;
- Access integrated client service and be billed in a single invoice.

Lear more on: <http://www.oismartoffice.com.br/>



Oi SmartCloud

This solution allows corporate clients to store data online; as a result, they do not have to pay for a server. Oi SmartCloud also features services tailored to the specific needs of each client's business. Learn more on: loja.oismartcloud.com.br

Cyber security services

We have extensive expertise in cyber security since we have to protect our network and systems from attacks. This allows us to offer security solutions developed, tested and validated in major events involving technology, such as Rock in Rio 2015, in which we offered open internet access and managed to deal with all the problems.

Residential

Landline Phone Services

We worked on launching packages with unlimited calls from landlines to Oi mobiles and free minutes to other carriers, in offerings in which the per-minute rate is significantly lower. Learn more on: <http://www.oi.com.br/fixo/>

HD TV

Throughout 2015, we developed a full HD TV product with the largest channel lineup—and the largest number of HD channels—in the market, in addition to movie rental and DVR digital recording services, for a competitive price. As a result, Oi TV provides the best cost-benefit ratio in Brazil.

We also optimized our new portfolio, which comprises only three options that can be tailored to different consumer profiles, fitting each client's convenience.

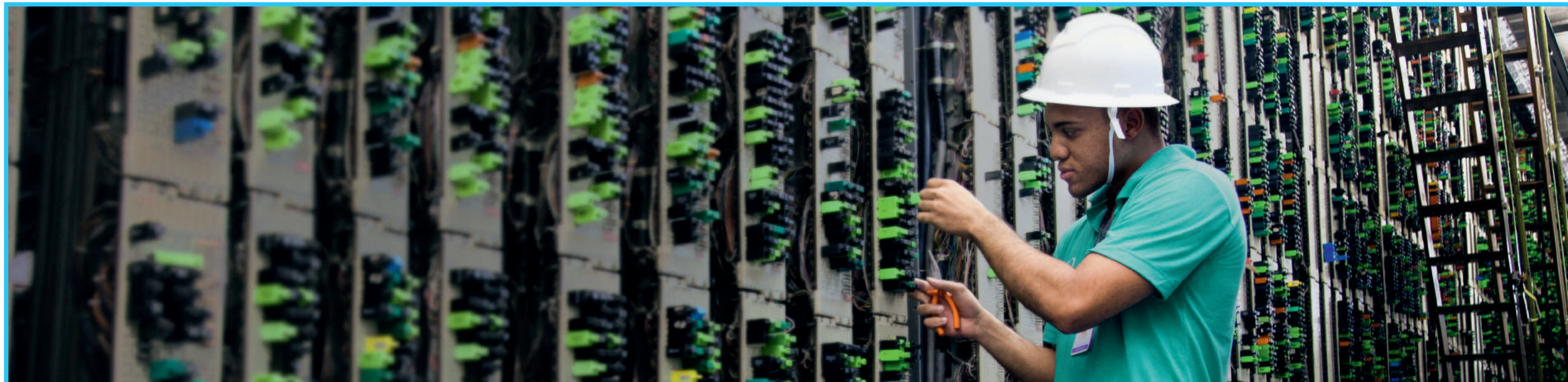
Learn more on: <http://www.oi.com.br/tv-hd/>

Broadband

In 2015, we expanded our broadband portfolio to offer new 20, 25 and 35 Mbps products in 564 cities and towns throughout Brazil (except in São Paulo state). We are the only carrier offering broadband products in 353 cities and towns. This shows the soundness and wide coverage of our network, and underscores our commitment to helping expand access to telecommunications services in Brazil.

Learn more on: <http://www.oi.com.br/internet/#!banda-larga>

Clients want to watch TV less and less in a linear manner and more and more in multiple devices. Therefore, we have adapted our TV products to their expectations by offering this differential with products such as Oi Play, which allows our clients to view live or on-demand content on any device connected to the internet.



Service Improvement

We improved client service by undertaking initiatives that provide for clients a better experience with our communication channels.

We invested in and trained our operational staff after assessing our clients' preferences in, and expectations about, our service and by focusing on offering increasingly efficient digital contact channels that can help us meet our Clients' requests quickly.

Those initiatives led to a decrease in the number of service requests, as well as an increase in the use and effectiveness of self-service, in 2015. Due to this strategy, we won *Prêmio Consumidor Moderno de Excelência em Serviços ao Cliente 2015* [2015 Modern Consumer Award for Excellent Client Services], in the Fixed Convergence (landline phone and fixed broadband services) category, in recognition of how we structured our service channel and conducted "surprise tests" on our different communication channels with consumers: telephone, online and social media.

To continue improving our service, we conduct an outbound phone survey to assess the satisfaction level of clients contacting our Client Service Center (CSC) one business day after the contact at most. Those clients are asked by a voice message to rate their latest contact from 0 to 10.

This survey allows us to monitor satisfaction on a daily basis, use the results to make decisions related to products or partners and take corrective action whenever we detect significant problems. The phone surveys conducted by the Client Service Center showed an overall satisfaction rate of 6.1 in 2015. Our target for 2016 is 7.0 on average.

Billing disputes are some of the main issues our client service center deals with. We launched a credit simulator for interruptions of service to reach a more assertive solution quickly. It allows attendants to check information about interruptions of landline and broadband services easily and shows the correct amount to be refunded to the Client automatically.

G4-PR5 Client Satisfaction Rate	Mobile		Residential	
	2014	2015	2014	2015
Amapá, Piauí, Pará and Ceará states, and city of Macapá	NA	5.42	NA	6.02
Federal District; Amazonas, Mato Grosso do Sul, Rondônia, Roraima, Goiás, Acre, Mato Grosso and Tocantins states	NA	5.74	NA	6.92
Minas Gerais and Espírito Santo states	5.78	5.31	6.34	6.35
Rio Grande do Norte, Paraíba, Bahia, Alagoas, Pernambuco and Sergipe states	NA	5.43	NA	6.21
Rio de Janeiro state	6.17	5.63	6.35	6.17
São Paulo state	NA	5.26	NA	5.96
Paraná, Rio Grande do Sul and Santa Catarina states	6.01	5.86	6.77	6.75
ND – The indicators for these locations used to be monitored in different regional groups; therefore, this information is not available in the same group monitored in 2015.				

Main points of our strategy to improve client service

Introducing unified residential client service

This allows landline, broadband and TV clients to solve their problems in a single contact with no need to put calls through.

Introducing a client service team dedicated to billing matters

We trained our teams and gave them autonomy to address those issues while serving clients. This provides greater flexibility and convenience.

Training the workforce

We created laboratories with technical workbenches so that attendants can get to know the equipment. By facing real

situations experienced by clients, they will learn to detect problems more accurately.

Designing a new IVR system that permits a more streamlined, direct interaction

This provided a more humanized and contextualized service tailored to each client's profile. Consequently, the use of self-service features rose by 50%.

In 2015, we launched our new modern, user-friendly portal in line with the trend toward service convergence. Our goal is to provide greater freedom for clients through a self-service feature, which allows them to learn more about our products and services and get them.

All those initiatives have been producing observable results, such as a significant fall in the number of client complaints, which decreased by 14% year-over-year in 2015. In comparison to 2013, it slumped by 44%.

Call center performance indicators [%]	2013	2014	2015
Complaints received/client base	0.90	0.58	0.50
Complaints handled within five business days	85.44	91.06	90.10

All our telecom services comply with Law 9472/97 (*Lei Geral de Telecomunicações*, or General Telecommunications Act); RGC (*Regulamento Geral dos Direitos do Consumidor dos Serviços de Telecomunicações*, or General Regulations on the Rights of Telecommunications Service Consumers), approved by ANATEL (*Agência Nacional de Telecomunicações*, or Brazilian National Telecommunications Agency) Resolution 632/2014; and ANATEL's specific regulations on each service. In the specific case of the Conditioned Access Service, we also comply with Law 12.485/2011 and ANCINE's (*Agência Nacional de Cinema*, or Brazilian National Cinema Agency) standards. Therefore, there are specific definitions and requirements for the features and provision of each service.

RGC is concerned with users' and carriers' rights and obligations. For example, users have the right to receive an invoice with a detailed description of the services used, as well as the respective charges and taxes. One of the duties of service providers is to handle users' queries, complaints, compliments, etc.

In this regard, we have a 24/7 client service call center and contact channels at our stores or on our website. In addition, we are working to offer more and more digital channels to speed up client service.





Client data security

Our initiatives to ensure the security of client information flowing internally comply with the applicable legal standards. They are intended to give us a basis to develop innovative products and services, set technology standards for our network and raise staff's awareness, mainly in the fields of business, information technology and engineering.

Access to that information requires a series of approvals, granted only after an assessment of whether the user really needs that information. Information security management ensures the minimum security requirements are complied with in product R&D and in the testing phase, prior to production. It is also necessary whenever client information is disclosed or stored externally.

Access to the information systems of the Business Intelligence (BI) division requires password authentication and all operations are recorded (logged). BI also issues reports containing client data, such as Individual Taxpayer Number (CPF) and call log. Those reports are examined to provide a basis for business decisions.

We seek to improve our internal processes constantly to increase the client data security.

In 2015, we received 1,617 complaints about the misuse of personal data, 29% from broadband clients, 41% from landline phone clients, 27% from mobile phone clients and 3% from pay TV clients.

G4-PR8 Complaints about misuse of personal data	2015	2014*	2013*
Personal mobility	439	91	846
Landline phone services	656	107	880
Pay television	46	13	33
Broadband	476	NA	NA
TOTAL	1.617	211	1759

*ANATEL started including this type of complaint in a single category in January 2015 and discontinued the classification system we used in the 2014 report.

ND – Data for previous years is not provided because Oi did not use to offer this service

EMPLOYEE ENGAGEMENT

Workforce profile

G4-9, G4-10 EMPLOYEES BY POSITION	2015			2014			2013		
	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE
Executive Board	114	99	15	113	100	13	118	107	11
Managers	883	641	242	924	679	245	960	713	247
Supervisors/coordinators	923	584	339	996	633	363	907	620	287
Staff	14,637	9,198	5,439	16,262	10,460	5,802	16,962	11,090	5,872
Total workforce¹	16,557	10,522	6,035	18,295	11,872	6,423	18,947	12,530	6,417
Contractors ²	125,816	-	-	159,277	-	-	148,298	-	-
Apprentices ³	101	40	61	150	78	72	116	51	65
Interns ⁴	346	189	157	670	414	256	419	243	176
TOTAL	142,373	10,751	6,253	177,572	12,364	6,751	167,245	12,824	6,658

1. All employees are permanent in accordance with CLT (Brazilian Labor Act) and work full time.

2. All contractors are hired in accordance with CLT. The term of their contracts and working hours are determined by the Company. Oi does not monitor contractors' data; therefore, it cannot show their breakdown by gender.

3. All apprentices are on a fixed-term contract in accordance CLT and work 4 hours a day.

4. Interns are on a fixed-term contract, governed by Lei do Estágio [Internship Act], and work 4 or 6 hours a day.

EMPLOYEES BY LOCATION	2015			2014			2013*		
	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE
South	1,817	1,342	475	2,159	1,596	563	2,398	1,777	621
Southeast	9,606	5,929	3,677	10,676	6,615	4,061	10,807	6,836	3,971
Center-West	1,331	954	377	1,563	1,118	445	1,666	1,183	483
Northeast	3,022	1,776	1,246	2,962	1,929	1,033	2,970	2,012	958
North	781	521	260	935	614	321	1,029	671	358
TOTAL	16,557	10,522	6,035	18,295	11,872	6,423	18,870	12,479	6,391

* In 2013, there were also 77 employees in international operations (United States, Colombia, Bermuda and Venezuela), discontinued in 2014.

Diversity – *Oi para todos*

We greatly value diversity, respect and equality among our employees; therefore, we developed our *Programa da Diversidade* [Diversity Program], a series of inclusion, diversity appreciation and non-discrimination initiatives.

The Program—which focuses on issues like disabilities, gender, race, culture and sexual orientation—taps into the experience of different benchmark organizations in this regard. It comprises an action plan and campaigns to highlight the importance of equality and diversity more and more.

We celebrated Oi Diversity Day in December 2015 to reaffirm our commitment to promoting diversity internally.

One of the highlights of *Oi Para Todos* is the inclusion of employees with disabilities in its workforce. Nine groups have completed the program since its inception in 2012 and the 93 professionals trained by the initiative were hired by the Company. Selection processes for people with disabilities are developed in partnership with *Centro de Vida Independente do Rio de Janeiro* and through Special Opportunities Stands of the consulting firm *Armazém de Ideias*. In 2015, Oi's 355 employees with disabilities represented 2.1% of the workforce, 3.2% more than in the previous year.

Engagement for sustainability

All our employees have access to *Trilha da Sustentabilidade* [Sustainability Trail], a 6-hour 3-module online training program addressing issues such as the Impacts of Unsustainable Actions, Sustainability, and Innovation & Climate change. In 2015, 334 employees completed the training program.



Corporate Culture and Development

We are aware that our ability to change is directly connected with our employees' motivation and performance and that we have a duty to promote the development of thousands of professionals; accordingly, we created *Programa de Gente e Gestão* [People and

Management Program], designed to engage and empower our teams in this process of change, provide support for the development of our employees and, ultimately, achieve the goals set in our 2015 Plan.

We believe the Program will foster a cultural change in keeping with the development of our business, with employees trained in, committed to and inspired by our client-oriented culture, which is the foundation of our business model.

PEOPLE AND
MANAGEMENT
PROGRAM

People and Management Program

Leadership

Goal:

to promote the development of our executives, the agents of change supposed to inspire their teams.

Initiatives and results:

- 23,552 hours of training in the Trilha de Liderança [Leadership Trail] program
- Over 850 participants in 2015
- Issues addressed: Influence, Communication, Coaching, Managing Effective Meetings and Trust

Management model

Goal:

managing routines through the PDCA (Plan-Do-Check-Act) model to improve continuously and achieve the goals set for the year.

Initiatives and results:

- Definição de metas bem estruturadas, alinhadas aos objetivos do negócio e desdobradas com os times desde o início do ano

Performance analysis

Goal:

giving employees support for professional development by fostering an environment conducive to it and its recognition

Initiatives and results:

- 12,436 individual assessments with feedback validated by Managers (75% of all employees)
- 3,225 employees attended talks about the Performance Analysis Cycle

Internal opinion survey

Goal:

engaging in a dialogue with respondents to obtain information we need to develop initiatives to improve occupational health and strengthen Oi's culture

Initiatives and results:

- 15,000 participants (80% of all employees)
- 91% of Oi's employees say they are willing to go the extra mile so Oi will succeed.
- 76% believe Oi has the capabilities it needs to achieve its goals

Health and safety

G4-LA5, G4-LA7, G4-LA8

We greatly value our employees' health and safety. Consequently, we seek to identify all possible risks inherent in our business and manage them in a proactive and careful manner.

The activities performed by our employees are considered to involve low risk for occupational diseases. Nevertheless, we have Internal Accident Prevention Committees, which comprise 62% of all employees, as

well as Volunteer Fire Fighting and Prevention Brigades, with 37% of all employees.

We also manage occupational safety actively and carefully to maintain a culture of prevention, mainly in field activities, thus mitigating all possible risks.

We also provide employees with Personal Protective Equipment (PPE) and Collective Protective Equipment (EPC), in compliance with legis-

lation. In addition, we provide medical, hospital and dental care, and drugstore discounts for employees and their dependents in accordance with collective bargaining agreements.

In 2015, we updated our Emergency Response Plan for building units, which sets out the measures to be taken in emergencies, resources needed, and investigation and correction procedures for irregularities. The purpose is to preserve the physical integrity of people, property and the environment.

Health and Safety Indicators

G4-LA6								
INJURY RATE BY GENDER AND REGION*	NORTH	CENTER-WEST	NORTHEAST	SOUTH	SOUTHEAST	2015 TOTAL	2014 TOTAL	2013 TOTAL
Male	0.57	0.10	0.16	0.36	0.15	0.19	0.08	nd
Female	0.00	0.47	0.08	0.20	0.13	0.14	0.35	nd
Total	0.37	0.20	0.13	0.32	0.14	0.18	0.18	0.14
Independent Contractors	1.80	0.66	1.83	1.17	0.91	1.11	1.59	1.08

*Does not include minor injuries (first aid)

TOTAL LOST WORKDAYS*	NORTH	CENTER-WEST	NORTHEAST	SOUTH	SOUTHEAST	2015 TOTAL	2014 TOTAL	2013 TOTAL
Male	28.30	2.20	1.79	3.68	4.40	4.84	3.24	NA
Female	0.00	6.78	2.27	3.01	2.05	2.40	3.02	NA
Total	18.32	3.53	1.99	3.51	3.49	3.94	3.16	34.25
Independent Contractors	12.71	13.09	65.73	61.20	22.82	33.48	75.63	80.52

*Considering 250 working days in 2014

TOTAL ABSENTEEISM*	NORTH	CENTER-WEST	NORTHEAST	SOUTH	SOUTHEAST	2015 TOTAL	2014 TOTAL	2013 TOTAL
Owned	1.53	1.44	1.25	1.23	1.54	1.40	356.90	278.57

*Oi does not monitor contractors' absenteeism. **The 2014 and 2013 numbers were miscalculated. As a result, there is a discrepancy between the numbers recorded in comparison to 2015.

Learn more about our health and safety indicators in the additional indicators annex, available on 69.

SUPPLY CHAIN RESPONSIBILITY

G4-9, G4-12, G4-HR10

Supplier chain profile

We had a total of 1,755 suppliers in 2015. We paid them around R\$9.8 billion, 99.7% of which to Brazilian companies.

Our suppliers are mainly Network Service Providers (NSPs), call center companies and technology and equipment providers, which account for about 50% of total payments to suppliers. They work in key points for our operational quality and service excellence.

- NSPs: implementation and maintenance of the external plant, optical fiber infrastructure and specialized licensing and site acquisition services.
- Technology and equipment companies: mobile network equipment, equipment for clients (data, satellite and voice), switching, transmission (radios and backbones), technical support, platforms and specific equipment for the digital TV segment.
- Call center: handling calls from and to clients of all our segments.

Sharing good practices and job training

Among the initiatives we developed in 2015 to improve supplier management, we reviewed our Procurement Policy, operational regulations and instructions; classified groups of critical suppliers; and implemented social and environmental criteria to procure suppliers.

Good practices

We request all suppliers we select and contract to accept our Sustainability Policy and Code of Ethics, as well as meet the requirements set out in the social and environmental annex, which addresses health, safety, environmental and human rights issues.

The Third Party Management Division and the Health, Safety and Environment Division monitor supplier compliance by auditing the Supplier Qualification Index (IQF).



They used the new sustainability criteria to assess 188 (14.9%) of all the suppliers they audited in 2015. Our diversified criteria to select and contract suppliers cover issues such as occupational, environmental and social impacts; compliance with legal requirements; social and environmental responsibility, among others.

Training

In 2015, we trained 80 Brazilian suppliers so they would be able to serve our regional units more efficiently to ensure they offer quality we expect from our suppliers.

In addition, we have been assessing and monitoring the sustainable practices of suppliers critical to the longevity of our business, as well as those of suppliers considered relevant by the social and environmental criteria, such as NSPs and call center companies, actively and continuously. We conducted 21 IQF assessments of those suppliers in 2015. We focused mainly on HR and Occupational Health and Safety (OHS) management.

A specific committee monitors this process through regular preventive economic, financial, social and environmental assessments of critical suppliers. Our supplier selection process includes governance, ethics and sustainability requirements, such as a commitment to human rights, labor rights and environmental protection.

In addition, we check CEIS (Cadastro Nacional de Empresas Inidôneas e Suspensas, or Brazilian National Registry of Dishonest and Ineligible Companies), a database maintained by the Office of the Comptroller General of Brazil intended to identify companies that have suffered sanctions barring them from participating in public tenders or entering into contracts with government bodies.

All contracts are based on standardized drafts with clauses about respecting human rights and preventing slave labor.

SOCIAL DEVELOPMENT

G4-15

We seek to create value through our activities to further social development in two manners: by increasing access to telecom services and digital inclusion, and targeting our corporate social investment to educational, culture, social and environmental initiatives through the Oi Futuro projects.

Learn more about the main initiatives we undertook in 2015 below.

G4-PR1, G4-PR2

As part of our social development goal based on access to telecommunications, we also promote the responsible use of technology and telecommunications by engaging users and raising awareness of situations that may bring risks to society.

In 2015, we participated once again in the *Parada – um pacto pela vida* [Stop – A Pact for Life] campaign, which brought together governments, businesses and the population around awareness-raising initiatives focused on traffic education undertaken throughout the year.

Our Safety division prepared activities and talks for employees with tips about minor behavior changes that make a difference for traffic safety. One of the main points was using mobile phones behind the wheel, which can cause serious accidents.

It is worth mentioning our activity does not pose risks to clients' health and safety. Electromagnetic radiation from our cell sites is within the limits prescribed by law and is much less energetic than that from radio and TV stations. The coverage of our cell sites ranges from tens of meters to around five kilometers. Noise levels are also within the limits prescribed by federal law.

We monitor those levels continuously, submit regular reports to ANATEL about the intensity of those radiation fields and adopt measures to reduce noise levels.

Access to telecom services and digital inclusion

G4-EC7

Plano nacional de banda larga [PNBL]

We implemented PNBL [*Plano Nacional de Banda Larga*, or Brazilian National Broadband Plan] in 4,687 cities and towns, thus helping to increase access to broadband internet connection, promote digital inclusion, and reduce social and regional gaps in Brazil.

Programa banda larga nas escolas [PBLE]

In late 2015, we provided broadband internet access for 52,378 schools, a total investment of R\$7.9 million in the year. The PBLE [*Programa Banda Larga nas Escolas*, or Broadband at Schools Program] is designed to provide 2MB internet access for all public schools indicated by the MEC [Ministério da Educação e Cultura, or Ministry of Education and Culture] by 2025.

Plano geral de metas de universalização [PGMU]

We are involved in PGMU [*Plano Geral de Metas de Universalização*, or General Target Plan for Universal Access], intended to increase access to landline phone services. We invested over R\$36 million in 2015 in 581 locations.

Backhaul

In 2015, we invested R\$326,520.00 in the Backhaul project to expand broadband services to more cities and towns, at no cost for clients, and upgrade speeds provided. At present, the Backhaul project is present in over 3,100 Brazilian cities and towns.

Services for the Brazilian army

We provide telecom services for the Brazilian Army to help it protect Brazilian borders, thus contributing to national security. Overall, we are present at 66 points in ten Brazilian states. In 2015, we were recognized with the title of *Amigo do Centro de Telemática do Exército* [Friend of the Army's Telematics Center] at the Headquarters of the North Military Command, in Belém, Pará state.

Outside of Brazil, we installed new telecom antennas at the Brazilian Navy's Comandante Ferraz Antarctic Station in 2015 to provide TV, internet and mobile phone services for the base.

We also developed the *Soldado Cidadão* [Citizen Soldier] project, jointly with the Army, to offer job training to young men in the mandatory military service so they can join the labor market more easily when returning to civilian life. In 2015, the Program was offered in Salvador, Bahia state; the Federal District; and Belo Horizonte, Minas Gerais state.

Social Investment

G4-EC8, G4-S01

We invested our own and incentive funds in social projects through the Sponsorship and Events division and Oi Futuro, our CSR institute.

Oi Futuro develops and supports Educational, Cultural and Sustainability programs and projects designed to promote change and social inclusion through technology. It has been working

to expand access to knowledge and narrow social and regional gaps, benefiting mainly young people, since 2001.

Read below about the main investments and projects of Oi Futuro and the Sponsorship and Events division in 2015.



G4-EC4	2012	2013	2014	2015
INVESTMENT IN PROJECTS WITH INCENTIVE FUNDS (R\$ THOUSAND)				
Education	-	-	-	-
Culture	39,249,470	37,209,005	38,677,124	43,014,764
Sustainability	2,695,358	1,200,000	850,000	1,010,000
Sports	15,050,168	6,860,600	19,780,890	24,462,709
Oi Futuro's administrative structure	-	-	-	-
TOTAL	56,994,996	45,269,605	59,308,014	68,487,473

G4-EC4	2012	2013	2014	2015
INVESTMENT IN PROJECTS WITH OI'S OWN FUNDS (R\$ THOUSAND)				
Education	17,089,255	14,828,654	17,748,406	16,478,242
Culture	10,959,770	13,517,991	13,830,021	14,106,960
Sustainability	4,287,585	3,595,575	4,476,162	3,976,839
Sports	2,388,902	1,120,000	3,404,822	4,520,320
Oi Futuro's administrative structure	4,821,037	4,503,187	4,401,795	4,160,759
TOTAL	39,546,550	37,565,407	43,861,206	43,243,120

[*]Considering trade-offs in projects with ICMS [State VAT] incentive funds

EDUCATION

NAVE [*Núcleo Avançado em Educação, or Advance Education Group*] Program:

In Rio de Janeiro, Rio de Janeiro state, and Recife, Pernambuco state, Oi offers vocational courses in Digital Games, Multimedia and Scripts for Digital Media at public schools where the state government is responsible for regular curricula. Around 900 students from both schools and 80 educators are currently involved in this project.

The Program has been gaining recognition continuously throughout Brazil and internationally. The main highlights in 2015 are as follows.

- Microsoft has recognized the Program since 2009 as having one of the most innovative schools worldwide.
- The Program is part of PASEM's [Programa de Apoio ao Setor Educacional do Mercosul, or Support Program for Education at the MERCOSUR] Bank of Innovative Experiences in Teacher Training and Professional Development Practices.
- The NAVE won the Rio+Empreendedor [Rio+Entrepreneur] Award, in the Education & Training category, in recognition of the Institute's contribution to the social and economic development of Rio de Janeiro state.

- The Program students stand out consistently on ENEM [Exame Nacional do Ensino Médio, or Brazilian National Secondary Education Examination]. Over the past four years, those of José Leite Lopes State School (NAVE Rio) have ranked first in the whole public school system and those of Cícero Dias State Vocational School (NAVE Recife) have ranked first among the vocational public schools connected with the Pernambuco State Department of Education.
- 75% of the Program graduates interviewed are in college.

Lear more on: <http://www.oifuturo.org.br/en/education/nave/>

Oi Kabum!: Kabum! School of Arts and Technology offers creative economy courses—photography, graphic design, video, web design and computer graphics—to youth from low-income urban communities, students or public school graduates in four cities: Belo Horizonte, Minas Gerais state; Recife, Pernambuco state; Rio de Janeiro, Rio de Janeiro state; and Salvador, Bahia state. In 2015, Oi Kabum!'s activities were continuously promoted, expanded and recognized:

- Ações Multiplicadoras [Multiplier Initiatives], a systematic art and technology teaching and learning initiative, with over 100 educational activities, involving public authorities and community leaders and benefiting over 3,000 people.
- Four collective art exhibitions with projects from all four schools to celebrate the 12th anniversary of the program, visited by around 14,000 people.

- Launch of Arquivo Oi Kabum! 12 anos – juventudes, experiências e aprendizados em arte e tecnologia [Oi Kabum! 12-Year Archive–Youth, Experiences and Learning in Art and Technology], a book describing the concepts and lessons the participants learned, as well as their experiences and creations.
- Recognition by the Ministry of Education as an example of innovation and creativity in basic education.

Lear more on: <http://www.oifuturo.org.br/en/education/oi-kabum/>

We held the NAVE de *Portas Abertas* [NAVE with Open Doors] event to promote the program. Students were able to participate in debates and present their projects to around 1,300 visitors in both cities. We also held *Decola* [Take Off], an event designed to introduce the technology market, including our New Business division, to senior year students, share innovations and open the doors to the labor market.

In 2015, the program launched the first issue of the NAVE Magazine, based on research by teachers from both schools. The publication is designed to foster debate and disseminating teaching practices and methodologies, thus encouraging new ways to view, understand and do Education. Learn more o: <http://migre.me/sOuoQ>

Culture

Programa Oi de Patrocínios Culturais Incentivados [Oi Sponsorship Program for Cultural Projects Receiving Incentives]: This is a support program for projects in all Brazilian regions selected through calls for proposals, thus reaffirming Oi's and Oi Futuro's commitment to Brazilian artistic production.

A total of 84 film, TV, music, performing arts, technology, new media, mobile art, visual arts, dance, intermedia and popular culture projects in 11 Brazilian states were selected in 2015.

We also launched Futuroteca, a digital platform with information about shows, concerts, festivals and seminars sponsored by the Program to promote those cultural initiatives.

Cultural centers: part of the cultural projects supported were undertaken in both Cultural Centers sponsored by Oi in Rio de Janeiro, Oi Futuro Flamengo and Oi Futuro Ipanema. The Oi Futuro spaces have their own curators, and their mission is to further and disseminate new artistic languages by investing in the combination of art, technology and science.

In 2015, Oi Futuro won the Visconde de Mauá Award, recognizing Oi as one of the great promoters of culture in the state of Rio de Janeiro.

In 2015, we also celebrated the 10th anniversary of Oi Futuro Flamengo with a schedule of activities recognized by O Globo newspaper as one of the Top 10. In addition, we also undertook the Teatro Acessível [Affordable Theater] project, with fully inclusive sessions for children and adults with disabilities. Learn more on: <http://www.oifuturo.org.br/en/culture/>

Telecommunications Museum: a permanent attraction of Oi Futuro Flamengo, the Museum has a unique collection of over 100,000 items. Its mission is to preserve and disseminate the history of telecommunications in Brazil. The Museum's Educational Program made great strides in terms of accessibility and diversity in 2015, and now caters to people with disabilities, as well as transgendered and young people, in its social and educational initiatives.

In 2015, over 28 thousand people visited the Museum. Learn more on: <http://www.oifuturo.org.br/en/culture/telecommunications-museum/>

Coleção Arte e Tecnologia [Art and Technology Collection]: The collection reached the mark of 100 books published and was awarded by ABERJE [Associação Brasileira de Comunicação Empresarial, or Brazilian Association of Business Communication] in the Special Publication category. The collection focuses on the exhibitions held at Oi Futuro's cultural centers and helps promote contemporary Brazilian and international art.

Sustainability

Oi Novos Brasis [Oi New Brazils]: the program reaffirms the Institute's commitment to sustainability by supporting and developing social and environmental projects jointly with not-for-profit organizations designed to implement innovative ideas through the use of technology.

In 2015, we supported 32 projects in 20 states and benefited over 8,800 vulnerable people directly. Among the results, it is worth noting over 5,000 hours of educational and training activities, 114,000 kg of organic waste collected, around 1,000 m² of green areas recovered, over 1,000 seedlings planted to create nurseries and seed banks, and around 300 partnerships established with community associations, NGOs, public authorities and schools among others.

We also received important certifications and awards in 2015: four initiatives were certified as social technologies, i.e., recognized as applicable to other locations; Cáritas Brasileira's Ceará state Chapter's Rede Bodega [Grocery Store Network] project won *Prêmio BNDES de Boas Práticas em Economia Solidária* [BNDES [Banco Nacional de Desenvolvimento Econômico e Social, or Brazilian National Bank for Economic and Social Development] Award for Good Solidarity Economy Practices]; and Biotrópicos' *Sustentabilidade na Vereda* [Sustainability in the Vereda, wet grasslands typical of the Cerrado region, in Central Brazil] project received *Prêmio Von Martius de Sustentabilidade* [Von Martius Sustainability Award].

Learn more about the projects supported by Oi Novos Brasis, its goals and results on: <http://www.oifuturo.org.br/en/sustainability/oi-novos-brasis/>

FIA [*Fundo da infância e da Adolescência*, or Fund for Children and Adolescents]

Through the FIA, Oi Futuro supports projects of Local, State and National Councils for the Rights of Children and Adolescents. As a result, it helps consolidate public policies designed to protect those rights and foster the development of children and adolescents at social risk.

In 2015, Oi Futuro supported 13 initiatives focusing on the development of children and adolescents at social risk in Ceará, Espírito Santo, Maranhão, Minas Gerais, Pernambuco, Rio de Janeiro, Rio Grande do Sul, Santa Catarina and São Paulo states.

Lear more on: <http://www.oifuturo.org.br/en/sustainability/fia/>

Programa Oi de Patrocínio Esportivo Incentivado [Oi Sponsorship Program for Sports Projects Receiving Incentives]:

Oi Futuro supports sports and parasports projects intended to improve life quality and health, and promote accessibility and diversity as means to social change. Oi has received the Ministry of Sports' Prêmio Empresário Amigo do Esporte [Friend-of-Sports Entrepreneur Award] as a major sponsor of Brazilian sports for five straight years.

Lear more on: <http://www.oifuturo.org.br/en/sustainability/sports/>

Other projects

Our Sponsorship and Events division organized support for different social projects in 2015, such as:

Rio de Janeiro Student Games: We supported the project, in which education and sports serve as agents of cultural change and human development for children and adolescents from the state, for the second straight year. Over 6,000 students participated in the games, which lasted three months, created jobs for around 1,500 people and had a direct impact on over 12,000 people.

Acampamento Farroupilha [Farroupilha Camp]:

Considered the largest event celebrating Rio Grande do Sul state's traditional culture and folklore, the project received a million visitors who attended concerts and participated in activities designed to strengthen and disseminate the local culture, thus bringing them closer to the state's traditions and folklore.

Surf e Praia para todos [Surf and Beach for All]: This project, undertaken in ten cities in São Paulo state, offered free surfing lessons and lent surf gear, such as surfboards, wetsuits and safety items to over 3,000 students.

Toque Brasileiro [Brazilian Touch]: This project, designed to promote Popular Brazilian Music, held three concerts—with tickets at discount prices—that drew an audience of 4,631 people.

SHAREHOLDER AND INVESTOR RELATIONS

Relationship

We have a dedicated Investor Relations (IR) team that organizes events, meetings and conference calls with Brazilian and foreign investors; APIMEC (*Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais*, or Association of Capital Market Analysts and Investment Professionals) public meetings; and Oi's participation in conferences and road shows in Brazil and other countries, as well as in conferences for investment and capital markets professionals. The purpose is to ensure the Company will provide information for the market in a responsive and assertive manner.

The missions of our IR department are to develop and implement an appropriate and consistent transparency and information disclosure policy; build a close relationship with analysts and investors; and be the main communication channel with Brazilian and international capital market agents.

IR issues announcements and posts information about the Company through the official channels indicated by the regulatory bodies of the capital markets in which the Company is listed, our IR website [which has a mobile version] and the Oi RI [Oi IR] application for tablets.

Our shareholder relations policies follow the best corporate governance practices, one of the major commitments in our business turnaround plan. Learn more on page 20.

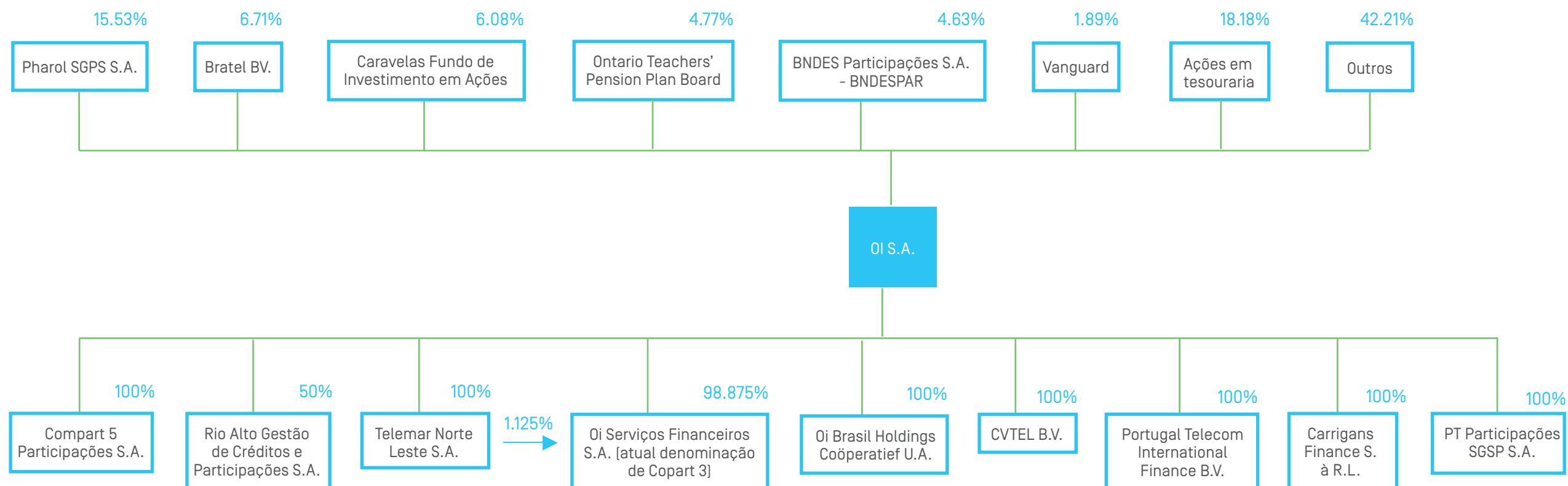
Shareholding and corporate structure

In March 2015, following approval at the Extraordinary General Meeting, Portugal Telecom SGPS delivered to Oi 47,434,872 common shares [OIBR3] and 94,869,744 preferred shares [OIBR4], all held in Treasury; in turn, we transferred Rio Forte Investments S.A. shares worth a principal total of €897 million to Portugal Telecom SGPS.

In October 2015, the Board of Directors approved the voluntary conversion of preferred shares into Oi common shares, the effective conversion of the preferred shares with which the conversion announcements at BM&FBOVESPA and Banco do Brasil were concerned, and the conversion requests submitted by holders of American Depositary Shares representing preferred shares.

During the time limit for the voluntary conversion of preferred shares into common shares issued by Oi and the offer to exchange American Depositary Shares representing preferred stock ("Preferred ADSs") for American Depositary Shares representing common shares ("Offer to Exchan, ended October 1, 2015, a total of 314,250,655 of our Oi preferred shares (including those represented by Preferred ADSs), or 66.84% of non-Treasury preferred shares, were either converted by order of preferred shareholders or involved in the Offer to Exchange.

As a result, our capital was represented by about 826 million shares – 668 million common shares and around 158 million preferred shares – by the close of 2015. Treasury then held 148 million common shares and approximately 2 million preferred shares.



Stock Performance

Our shares are traded on BM&FBOVESPA (Brazilian Securities, Commodities and Futures Exchange) under ticker symbols OIBR3 [common shares] and OIBR4 [preferred shares]. We also have an American Depositary Receipts (ADR) program in the U.S. market, traded under the symbols OIBR'C [common] and OIBR [preferred] on the New York Stock Exchange (NYSE).

At BM&FBOVESPA, OiBR3 closed the year at R\$2.40 and OiBR4 at R\$1.95, thus falling by 73.8% and 77.4% respectively in 2015. In turn, the Ibovespa Index stood at 43,349 points at the close of 2015, down 13.3% year-over-year.

At NYSE, our OIBR.C [common] ADRs fell by 81.8% and OIBR [preferred] ADRs by 85.6% in 2015.

The average daily trading volume of our common shares [OIBR3] came to R\$4.646 million and of our preferred shares [OIBR4] to R\$19.423 million in 2015, falling by 49.3% and 71.3% respectively. In the same period, the average daily volume of our ADRs stood at US\$403 thousand [OIBR'C] and US\$4,057 thousand [OIBR].

RELATIONSHIP WITH THE INDUSTRY

G4-S06, G4-EC7

We greatly value cooperation in industry – for example, in infrastructure sharing – and participate actively in discussions about key issues for the consolidation of telecommunications in Brazil.

Our Regulatory and Institutional Affairs department represents us before regulatory bodies—mainly ANATEL, the Ministry of Communications and ANCINE—and the Local, State and Federal Legislative and Executive branches of government. The department follows the guidelines set by our Institutional Relationship Guide, Code of Ethics and Policy for the Institutional Activities of Oi Companies to ensure an ethical relationship.

Our CAPLE (*Comitê de Acompanhamento das Proposições Legislativas*, or Legislative Monitoring Committee) monitors and examines Bills floating in Local, State and Federal Legislatures concerned with issues related to the telecommunications industry.

In 2015, it met nine times to discuss and follow up on 113 bills. Created in 2009, the CAPLE has examined 1,245 bills either with a direct impact on the telecommunications business or of general interests to the private sector in Brazil.

In compliance with Law 9504/1997, we do not support or contribute to political parties or related institutions because we are a public utility. **G4-S06**

In 2015, it met nine times to discuss and follow up on 113 bills

State and local legislation on the telecommunications industry

Some of the issues we discussed with local and state political leaders were:

- Laws regarding the installation and expansion of mobile phone services.
- Urban and environmental licensing for telecommunications infrastructure.
- Land Use Legislation.
- Right-of-way on state highways.
- Laws against the theft of cables and batteries.
- Undergrounding in urban areas.
- CONFAZ [Conselho Nacional Fazendário, or National Finance Policy Council] Agreement 56/2012.
- CONFAZ Agreement 102/2013 or implementation of a law that allows using ICMS. credits to pay expenses on telecom services hired by the states.
- Rules for shutting off service for lack of payment.
- Incentive laws for cultural activities and sports.



Federal legislation on the telecommunications industry

G4-14, G4-16

Some important issues related to the Brazilian federal legislation on the telecommunications industry were discussed in 2015. We participated jointly with SindiTelebrasil (*Sindicato Nacional das Empresas de Telefonia e de Serviço Móvel Celular e Pessoal*, or Brazilian National Association of Telephone and Cellular and Personal Mobile Service Companies) in discussions about different federal bills, including about whether the Executive branch should sanction the so-called Law of Antennas (Federal Law 13116/2015), which sets overall (mainly urban) criteria applicable to all Brazilian states and municipalities for installing antennas and other telecom infrastructure items.

Below are other important pending bills:

- PL (Projeto de Lei, or Bill) 5476/2001 on the termination of the Basic Subscription Rate.
- PL 6025/2010, amending the Brazilian Code of Civil Procedure, already sanctioned and made into Federal Law 13105/2015.
- PL 7415/2012, concerned with alterations in the prepaid credit validity period for mobile phones.
- PL 4330/2004, establishing rules on outsourcing services, approved by the Chamber of Deputies in 2015 and floating in the Senate (PLC 30/2015).
- PL 6789/2013, intended to establish a new regulatory framework for telecom services in Brazil.
- Several Provisional Measures of interest to the telecommunications industry, mainly those dealing with tax matters.

ENVIRONMENTAL MANAGEMENT

Impact mitigation



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IMPACT MITIGATION

We continued consolidating our environmental management policy, introduced in 2014 when we created our Health, Safety and Environment [HSE] department. In 2015, we took a step further and implemented Environmental Management at the Company, which focuses on mitigating the environmental impact of our operations and increasing awareness among all employees of the importance of reducing the use of resources and minimizing waste in our business routines.

The main operational highlight of our environmental management policy in 2015 was the progress we made in our plans to reduce energy consumption and, consequently, greenhouse gas [GHG] emissions.

In July, we created the Energy Division to improve energy efficiency and increase the share of renewable sources significantly in our energy mix in the next few years, thus lessening our environmental impact and GHG emissions from energy consumption, and reducing our energy costs significantly.

During 4Q15, our first initiatives led to a drop in consumption of 4% to 6%, a significant result since consumption naturally increases by about 2% from one year to the next due to expansion of the operation. This was possible mainly due to three initiatives:

- Setting standard business hours for Oi's administrative units, from 7:00 a.m. at 7:00 p.m., as part of the program to reduce overtime and owing to the guidelines designed to reduce overall power consumption in our units.
- Raising awareness of the need to reduce consumption among employees through our office newsletters and internal communications.
- Executive Board's Strategic Plan, which provides for different initiatives to reduce energy consumption and develop a cleaner, renewable energy mix, as shown below:

G4-PR1

We also mitigate the indirect environmental impact of our operations by placing boxes for clients to dispose of cell phones, batteries and accessories in our stores. In addition, we collection batteries in our administrative facilities. In 2015, that waste was stored temporarily since we were having a bidding process to hire a provider of logistics and disposal services and wanted to prevent impacts on the environment and human health.

In parallel, we undertook the ECOMPENSA pilot project in our administrative facilities. By providing waste collection boxes, we managed to increase the total amount of waste collected approximately fivefold. As a result, 739 items were disposed of in just 11 days.

Lower energy consumption

Energy efficiency

Projects to be developed in 2016, investments and goals:

Energy use awareness and habits:

- Engaging employees for more efficient energy use by means of internal communication and reminders on the premises, and
- Mapping supply processes so that procurement decisions will take energy efficiency into account.

Structuring projects

- We are going to replace low-efficiency light bulbs by LED bulbs, up to 50% more economical, in the units with the highest energy consumption.
- We will also be overhauling air conditioning systems in critical units and expect savings of around 20% in the energy consumed by that type of equipment in the coming years.

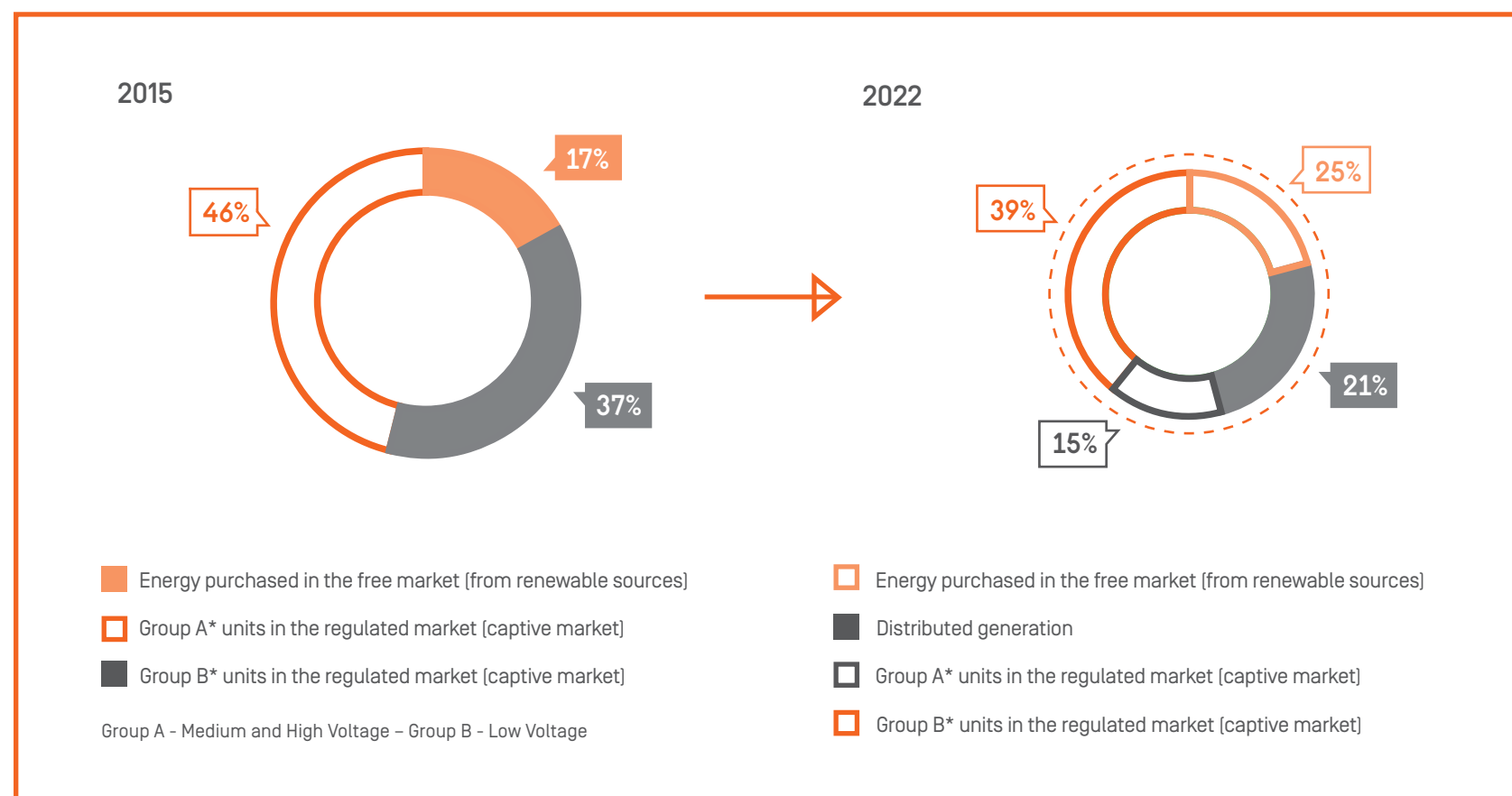
Oi Energy Generation Project

Projects under study for development:

Distributed Generation Solutions

- Concerning Distributed Generation, Oi is going to encourage power generation from renewable sources, such as solar, wind and cogeneration among others.

Oi's energy consumption mix



The graph shows that in 2022 Oi intends to reduce the purchase of energy in the regulated market through the implementation of distributed generation projects and increased energy purchases in the free market. This change will allow the use of cleaner energy.

Find out more about other environmental aspects related to the business and our performance in 2015 in the annex to this publication, on page 101.



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SOCIAL REPORT

1 – BASIS OF CALCULATION	2015 – R\$ THOUSAND	2014 – R\$ THOUSAND
Net Revenue (NR)	27,353,765	28,422,147
Operating Result (OR)	5,700,704	2,012,169
Gross Payroll (GP)	2,442,570	2,222,372
Total Value Added (TVA)	22,717,734	20,509,138

2 – INTERNAL SOCIAL INDICATORS	2015				2014			
	R\$ THOUSAND	% OF	% OF	% OF	R\$ THOUSAND	% OF	% OF	% OF
		GP	NR	TVA		GP	NR	TVA
Meals	188.518	7.72%	0.69%	0.83%	176.821	6.96%	0.63%	1.05%
Payroll taxes and benefits	493.396	20.20%	1.80%	2.17%	480.851	18.93%	1.70%	2.85%
Private pension plan	58.286	2.39%	0.21%	0.26%	60.253	2.37%	0.21%	0.36%
Health	146.424	5.99%	0.54%	0.64%	134.120	5.28%	0.47%	0.79%
Occupational health and safety	13.463	0.55%	0.05%	0.06%	11.912	0.47%	0.04%	0.07%
Education	0	0.00%	0.00%	0.00%	0	-	-	-
Culture	0	0.00%	0.00%	0.00%	0	-	-	-
Professional training and development	4.261	0.17%	0.02%	0.02%	8.326	0.33%	0.03%	0.05%
Daycare or daycare assistance	11.723	0.48%	0.04%	0.05%	11.572	0.46%	0.04%	0.07%
Sports	0	0.00%	0.00%	0.00%	0	-	-	-
Profit sharing	214.375	8.78%	0.78%	0.94%	287.764	11.33%	1.02%	1.70%
Transport	42.506	1.74%	0.16%	0.19%	45.537	1.79%	0.16%	0.27%
Other	12.172	0.50%	0.04%	0.05%	28.792	1.13%	0.10%	0.17%
TOTAL – INTERNAL SOCIAL INDICATORS	1.185.125	48.52%	4.33%	5.22%	1.245.948	49.06%	4.41%	7.38%

3 – EXTERNAL SOCIAL INDICATORS	2015				2014			
	R\$ THOUSAND	% OF	% OF	% OF	R\$ THOUSAND	% OF	% OF	% OF
		OR	NR	TVA		OR	NR	TVA
Education	16,478	0.29%	0.06%	0.07%	17,748	1.57	0.06	0.11
Culture	57,122	1.00%	0.21%	0.25%	53,212	4.72	0.19	0.32
Health and sanitation	126	0.00%	0.00%	0.00%	141	0.01	0.00	0.00
Sports	28,983	0.51%	0.11%	0.13%	22,481	1.99	0.08	0.13
Combating hunger and supporting food security	486	0.01%	0.00%	0.00%	334	0.03	0.00	0.00
Sector indicator	-	-	-	-				
Other	8,536	0.15%	0.03%	0.04%	9,252	0.82	0.03	0.05
Total contributions to society	111,731	1.96%	0.41%	0.49%	103,168	9.15	0.37	0.61
Taxes (excluding social contributions)	8,384,978	147.09%	30.65%	36.91%	9,619,746	852.76	34.06	56.97
TOTAL – EXTERNAL SOCIAL INDICATORS	8,608,439	151.01%	31.47%	37.89%	9,722,914	861.90	34.42	57.58

4 – ENVIRONMENTAL INDICATORS	2015				2014			
	R\$ THOUSAND	% OF	% OF	% OF	R\$ THOUSAND	% OF	% OF	% OF
		OR	NR	TVA		OR	NR	TVA
4.1 - Investments related to the company's production/operations								
Land expropriation	0	0	0	0	0	0.00	0.00	0.00
Environmental liabilities and contingencies	0	0	0	0	0	0.00	0.00	0.00
Technological and industrial development program	729,149	12.79%	2.67%	3.21%	286,500	25.40	1.01	1.70
Energy conservation	892,310	15.65%	3.26%	3.93%	15,535,313	1377.15	55.00	92.01
Environmental education	0	0	0	0	0	0	0	0
Sector indicator	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
TOTAL INVESTMENTS RELATED TO THE COMPANY'S PRODUCTION/OPERATIONS	1,621,459	28.44%	5.93%	7.14%	15,821,813	1402.55	56.01	93.71

[Continue](#)

4 – ENVIRONMENTAL INDICATORS	2015				2014			
4.2 – Investments in external programs and/or projects								
Community environmental education projects	738	0.01%	0.00%	0.00%	780	0.07	0.00	0.00
Preservation and/or recovery of degraded environments	0	0.00%	0.000%	0.000%	915	0.08	0.00	0.01
Other	0	0.00%	0.000%	0.000%	133	0.01	0.00	0.00
Total investments in external programs and/or projects	738	0.00%	0.00%	0.00%	1,828	0.16	0.01	0.01
TOTAL INVESTMENTS IN THE ENVIRONMENT (4.1 + 4.2)	1,622,197	28.46%	5.93%	7.14%	15,823,641	1402.71	56.02	93.72

	2015		2014	
Distribution of investments in the environment	R\$ thousand	% of the total	R\$ thousand	% of the total
Total investments in environmental prevention initiatives	R\$ 127,148.00	0.00	0	0.00
Total investments in environmental maintenance initiatives	0	0.00	0	0.00
Total investments in environmental compensation initiatives	R\$ 764,651.35	0.00	0	0.00
Number of environmental, administrative and court proceedings files against the entity:	Administrative proceedings		276	
Amount of the fines and indemnifications related to environmental issues resulting from administrative and/or court proceedings:	Not reported		29,607,00	
Regarding the establishment of annual targets for minimizing waste and consumption in general during production/operations in order to increase effectiveness in the use of natural resources, the company:	<input type="checkbox"/> has no targets <input type="checkbox"/> meets from 0% to 50% <input type="checkbox"/> meets from 51% to 75% <input checked="" type="checkbox"/> meets from 76% to 100%		<input type="checkbox"/> has no targets <input type="checkbox"/> meets from 0% to 50% <input checked="" type="checkbox"/> meets from 51% to 75% <input type="checkbox"/> meets from 76% to 100%	

5 – WORKFORCE INDICATORS	2015	2014
	IN UNITS	IN UNITS
Number of employees at the end of the period	16,557	18,295
Number of employees hired in the period	2,497	4,339
Number of employees departed in the period	4,272	5,116
Number of outsourced employees	125,816	159,277
Number of interns	346	670
Number of employees over 45 years old	3,886	3,981
Number of employees by age:		
Under 18 years old	0	0
Between 18 and 35 years old	7,095	8,751
Between 36 and 45 years old	5,589	5,562
Between 46 and 60 years old	3,432	3,641
Over 60 years old	441	341
Number of employees by level of education:		
Illiterates	0	0
Middle school	25	95
High school/vocational education	7,564	8,752
College degree	7,277	7,578
Postgraduate degree	1,691	1,870
Number of women working at the company	6,035	6,423
Percentage of senior positions held by women	27%	25%
Number of men working at the company	10,522	11,872
Percentage of senior positions held by men	73%	75%
Number of black people working at the company	Not reported	Not reported
Percentage of senior positions held by black people	Not reported	Not reported
Number of employees with disabilities or special needs	355	344
Gross remuneration divided by:		
Employees	Not reported	Not reported
Members of management	Not reported	Not reported
Difference between the lowest salary paid by the company and the (national or regional) inimum wage:		
Difference between the lowest salary paid by the company and the minimum wage	72	135
Source	FPW payroll	FPW payroll

6 – RELEVANT INFORMATION REGARDING THE EXERCISE OF CORPORATE CITIZENSHIP	2015		2014	
Ratio between the company's highest and lowest compensation	Not reported		Not reported	
Total number of occupational accidents	84		145	
The social and environmental projects developed by the company were developed by:	<input type="checkbox"/> Senior management <input checked="" type="checkbox"/> Senior and mid-level management <input type="checkbox"/> All employees		<input type="checkbox"/> Senior management <input checked="" type="checkbox"/> Senior and mid-level management <input type="checkbox"/> All employees	
The health and safety standards in the workplace were defined by:	<input type="checkbox"/> Senior management <input type="checkbox"/> Senior and mid-level management <input checked="" type="checkbox"/> All employees <input type="checkbox"/> All + CIPA (Internal Accident Prevention Committee)		<input type="checkbox"/> Senior management <input checked="" type="checkbox"/> Senior and mid-level management <input type="checkbox"/> All employees <input type="checkbox"/> All + CIPA (Internal Accident Prevention Committee)	
Regarding freedom of association, the right to collective bargaining and internal representation of workers, the company:	<input checked="" type="checkbox"/> Does not get involved <input type="checkbox"/> Follows ILO standards <input type="checkbox"/> Encourages and follows ILO standards		<input checked="" type="checkbox"/> Does not get involved <input type="checkbox"/> Follows ILO standards <input type="checkbox"/> Encourages and follows ILO standards	
Private pension applies to:	<input type="checkbox"/> Senior management <input type="checkbox"/> Senior and mid-level management <input checked="" type="checkbox"/> All employees		<input type="checkbox"/> Senior management <input type="checkbox"/> Senior and mid-level management <input checked="" type="checkbox"/> All employees	
Profit sharing applies to:	<input type="checkbox"/> Senior management <input type="checkbox"/> Senior and mid-level management <input checked="" type="checkbox"/> All employees		<input type="checkbox"/> Senior management <input type="checkbox"/> Senior and mid-level management <input checked="" type="checkbox"/> All employees	
In the selection of suppliers, the same ethics and social and environmental responsibility standards adopted by the company	<input type="checkbox"/> Are not taken into account <input type="checkbox"/> Are suggested <input checked="" type="checkbox"/> Are required		<input type="checkbox"/> Are not taken into account <input type="checkbox"/> Are suggested <input checked="" type="checkbox"/> Are required	
Regarding employees' participation in volunteering programs, the company:	<input type="checkbox"/> Does not get involved <input type="checkbox"/> Supports <input checked="" type="checkbox"/> Organizes and encourages		<input type="checkbox"/> Does not get involved <input checked="" type="checkbox"/> Supports <input type="checkbox"/> Organizes and encourages	
Number of customer complaints and criticisms:	At the company	Not reported	At the company	Not reported
	At Procon	Not reported	At Procon	366.723
	In court	Not reported	In court	254.124
Percentage of resolved complaints and criticisms:	At the company	Not reported	At the company	Not reported
	At Procon	Not reported	At Procon	Not reported
	In court	Not reported	In court	Not reported
Total fines and indemnifications to clients as a result of orders by courts or consumer protection or defense agencies:	At Procon	Not reported	At Procon	Not reported
	In court	Not reported	In court	Not reported

Continue

Measures taken by the entity to solve or minimize the causes of complaints:				
Number of labor lawsuits:				
Filed against the entity	43,394		42,981	
Upheld	ND*		ND*	
Dismissed	ND*		ND*	
Total fines and indemnifications paid as a result of court orders:	Not available		Not available	
Total value added to distribute (R\$ thousand):	22,718		16,884	
Distribution of Value Added (DVA):	R\$ thousand	% of the total	R\$ thousand	% of the total
Government	8,672	38.2	9,914,338	58.72
Employees	2,443	10.8	2,539,835	15.04
Shareholders	-413	-1.8	1,290	0.01
Third Parties	16,951	74.6	8,836,888	52.34
Retained	-4,935	-21.7	-4,407,711	-26.10

7 – OTHER INFORMATION (2015)

In item 3 “Others”, we considered the Sustainability line (support for Community Development projects and Environment and Biodiversity). The Administrative Structure of Oi Futuro was also considered – support areas (Communication, HR, Finance, Planning, Assets and Sponsorship Processing). In “Number of black people and %” of item 5, Oi does not collect the information according to IBGE’s criterion (self-declaration) in the system.

In item 6 “Total number of accidents” – We will not disclose the numbers as a management/strategic decision. In item 4.2 “Number of environmental, administrative, and court proceedings filed against the company”, only the ADMINISTRATIVE proceedings are informed. The COURT proceedings will not be reported due to a Management/Strategic decision. Regarding item 6*, more specifically in relation to the number of cases considered “upheld”/“dismissed”, it is not possible to provide this information because the absolute majority of the proceedings are “partly upheld”.

GRI Content Index

INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
GENERAL STANDARD DISCLOSURES					
Strategy and Analysis					
G4-1	Message from the CEO	Page 6 of the Report			Immaterial
G4-2	Description of impacts, risks and opportunities	Pages 3, 21, 27 e 38 of the Report			Material
Perfil Organizacional					
G4-3	Name of the Organization	Page 3 of the Report			Immaterial
G4-4	Primary brands, products and/or services	Page 10 of the Report			Material
G4-5	Location of the organization's Headquarters	Page 10 of the Report			Immaterial
G4-6	Countries where the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Page 10 of the Report			Immaterial
G4-7	Nature of ownership and legal form of the organization	Page 3 of the Report			Immaterial
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Page 10 of the Report			Material
G4-9	Scale of the reporting organization	Pages 10, 30, 44 e 48 of the Report			Material
G4-10	Employees' profile	Page 44 of the Report			Material
G4-11	Percentage of total employees covered by collective bargaining agreements	All employees are covered by collective bargaining agreements.			Immaterial

INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
GENERAL STANDARD DISCLOSURES					
G4-12	Description of the organization's supply chain	Page 48 of the Report			Material
G4-13	Significant changes regarding the organization's size, structure, ownership and supply chain.	Page 13 of the Report			Material
G4-14	Description of how the precautionary approach or principle is addressed by the organization	Page 58 of the Report			Immaterial
G4-15	Externally developed charters, principles and other initiatives	Pages 3 e 49 of the Report			Immaterial
G4-16	Membership of national or international associations and organizations	Page 58 of the Report			Immaterial
Material aspects identified and limits					
G4-17	Entities included in the consolidated financial statements and entities not covered by the report	The Report and the Financial Statements cover OI S.A. and its subsidiaries; however, the social and environmental indicators are related only to the Parent Company since those aspects are not managed by its subsidiaries.			Immaterial
G4-18	Process for defining the report content and the Aspect Boundaries	Page 3 of the Report			Immaterial
G4-19	Material aspects identified in the process for defining report content	Page 5 of the Report			Immaterial

Indicator		Information reported on page	Connection w/ Global Compact Commitment	Omissions	Materiality of Aspects
G4-20	Aspect Boundary within the organization	Page 5 of the Report			Immaterial
G4-21	Boundary of material Aspect outside the organization	Page 5 of the Report			Immaterial
G4-22	Restatements of information provided in previous reports	Restatements are contextualized and explained in the respective indicators.			Immaterial
G4-23	Significant changes in scope and boundaries of material Aspects in relation to earlier reports	There were no significant changes in scope and boundaries of material Aspects in relation to previous years.			Immaterial
Stakeholder engagement					
G4-24	List of stakeholder groups engaged by the organization	Page 4 of the Report			Immaterial
G4-25	Basis for identification and selection of stakeholders with whom to engage	Page 3 of the Report			Immaterial
G4-26	Approach to, and frequency of, stakeholder engagement	The approach is described in the “Introduction” section, and the frequency varies according to the Company’s strategy.			Immaterial
G4-27	Key topics and concerns raised through stakeholder engagement	Page 5 of the Report			Immaterial
Report profile					
G4-28	Reporting period for information provided	Page 3 of the Report			Immaterial

INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
G4-29	Date of most recent previous report	2014			Immaterial
G4-30	Reporting cycle	Annual			Immaterial
G4-31	Contact point for questions regarding the report or its contents	Page 5 of the Report			Immaterial
G4-32	'In accordance' option (core or comprehensive) the organization has chosen	Core			Immaterial
G4-33	Policy and current practice with regard to seeking external assurance for the report	Report was not externally assured.			Immaterial
Governance					
G4-34	Governance structure of the organization, including committees under the highest governance body	Page 20 of the Report			Material
G4-35	Process whereby the highest governance body delegates authority for economic, environmental and social topics	Page 22 of the Report			Immaterial
G4-36	Executive-level position or positions with responsibility for economic, environmental and social topics	Investor Relations and Sustainability Officer			Immaterial

Indicator		Information reported on page	Connection w/ Global Compact Commitment	Omissions	Materiality of Aspects
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	Stakeholders can access the highest governance body through the Ombudsman's Office and the grievance mechanisms since the Committees that manage the contacts of those channels have access and report directly to the Board of Directors.			Material
G4-38	Composition of the highest governance body and its committees	Page 20 of the Report			Material
G4-39	Indication of whether the Chair of the highest governance body is also an executive officer	The Chairman of the Board of Directors is not an Executive Officer.			Material
G4-40	Selection criteria and nomination processes for the highest governance body and its committees	The members of the Board of Directors are elected at an Annual General Meeting (AGO), and the Board elects the members of its advisory committees.			Material
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	The Company's Bylaws and the Internal Rules and Regulations of the Board of Directors establish criteria to prevent the election of a member of the Board with interests in conflict with those of the Company and define Board members' duties to take action against any perceived conflicts.			Material



INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
G4-42	The highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	Page 22 of the Report			Material
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	Page 22 of the Report			Material
G4-44	Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.	In 2016, the Board of Directors' Advisory Committees will be examining a proposed form for implementing a self-assessment process for the Board of Directors for the first time. Once approved, the goal is, in the same year, implement the self-evaluation process.			Material

INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
G4-45	The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities, and in the implementation of due diligence processes.	Pages 22 and 27 of the Report			Material
G4-46	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	Pages 22 and 27 of the Report			Material
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities	The Company reports its earnings results to the market and the Board reviews Oi's risks and opportunities at least on a quarterly basis.			Material
G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	Page 22 of the Report			Material



INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
G4-49	Process for communicating critical concerns to the highest governance body	Page 22 of the Report			Material
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	Page 22 of the Report			Material
Ethics and integrity					
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Page 35 of the Report	10		Material
G4-57	Internal and external mechanisms for reporting concerns about unethical behaviors	Page 35 of the Report			Material
G4-58	Internal and external mechanisms adopted by the organization for reporting concerns about unethical or unlawful behavior	Page 35 of the Report			Material

INDICATOR	INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
SPECIFIC STANDARD DISCLOSURES				
ECONOMIC CATEGORY				

Aspect: Economic Performance

G4-DMA	Disclosures on Management Approach	Pages 28 and 33 of the Report			Material
G4-EC1	Direct economic value generated and distributed	Page 32 of the Report			Material
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Page 99 of the Annex	7		Immaterial
G4-EC3	Coverage of the organization's defined benefit plan obligations	Page 99 of the Annex			Immaterial
G4-EC4	Financial assistance received from government	Page 51 of the Report			Immaterial

Aspect: Market Presence

G4-DMA	Disclosures on Management Approach	Pages 78 and 100 Of the Report			
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Indicator		Information reported on page	Connection w/ Global Compact Commitment	Omissions	Materiality of Aspects
Specific Standard Disclosures					
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	The purpose of Oi’s selection process is to identify and hire the best candidate, regardless of the company’s unit and the hierarchy level of the position. Learn more on pages 100 and 101.	6		Immaterial
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	Oi’s goal in all its recruitment and selection processes is to find and hire the best applicants regardless of the vacant position and the unit.	6		Immaterial
Aspect: Indirect Economic Impacts					
G4-DMA	Disclosures on Management Approach	Pages 50 to 54, 57 and 58 of the Report			
G4-EC7	Development and impact of infrastructure investments and services supported	Pages 50 and 57 of the Report			Immaterial
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Page 51 of the Report			Immaterial

INDICATOR	INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
SPECIFIC STANDARD DISCLOSURES				

Aspect: Procurement Practices

G4-DMA	Disclosures on Management Approach	Page 48 of the Report			
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Page 101 of the Annex			Immaterial

Category: Environmental

Aspect: Materials

G4-DMA	Disclosures on Management Approach	Page 60 of the Report			
G4-EN1	Materials used by weight or volume	Page 101 of the Annex	7 and 8		Immaterial
G4-EN2	Percentage of materials used that are recycled input materials	Page 102 of the Annex	8		Immaterial

Aspecto Energia

G4-DMA	Disclosures on Management Approach	Page 60 and 61 of the Report			
G4-EN3	Energy consumption within the organization	Page 102 of the Annex	8		Immaterial
G4-EN5	Energy Intensity	Page 102 of the Annex	8		Immaterial

INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
SPECIFIC STANDARD DISCLOSURES					
G4-EN6	Reduction of energy consumption	Page 102 of the Annex	8		Immaterial
G4-EN7	Reductions in energy requirements of products and services	Page 103 of the Annex	8 and 9	We report no reductions specifically related to each product or service, but overall numbers, because we make no separate measurements. We have no scheduled date for publication of that information.	Immaterial
Aspect: Water					
G4-DMA	Disclosures on Management Approach	Pages 60 and 103 of the Report			
G4-EN8	Total water withdrawal by source.	Page 103 of the Annex	7 and 8		Immaterial
Aspect: Biodiversity					
G4-DMA	Disclosures on Management Approach	Page 60 of the Report			
G4-EN13	Habitats protected or restored	Page 103 of the Annex	7 and 8		Immaterial
Aspect: Emissions					
G4-DMA	Disclosures on Management Approach	Pages 60, 61, 103 and 104 of the Report			

Indicator		Information reported on page	Connection w/ Global Compact Commitment	Omissions	Materiality of Aspects
Specific Standard Disclosures					
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Pages 103 and 104 of the Annex	7 and 8		Immaterial
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Pages 103 and 104 of the Annex	8		Immaterial
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	Pages 103 and 104 of the Annex	8		Immaterial
G4-EN18	Greenhouse gas (GHG) emissions intensity	Page 104 of the Annex	8		Immaterial
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Page 104 of the Annex	8 and 9		Immaterial
G4-EN20	Emissions of ozone-depleting substances (ODS)	Page 104 of the Annex	8		Immaterial
Aspect: Effluents and Waste					
G4-DMA	Disclosures on Management Approach	Pages 60 and 105 of the Report			
G4-EN23	Total weight of waste by type and disposal method.	Page 105 of the Annex	8		Immaterial
G4-EN24	Total number and volume of significant spills	Page 105 of the Annex	8		Immaterial

INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
SPECIFIC STANDARD DISCLOSURES					
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Page 105 of the Annex	8		Immaterial
Aspect: Products and Services					
G4-DMA	Disclosures on Management Approach	Pages 60 and 105 of the Report			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Page 105 of the Annex	7, 8 and 9		Immaterial
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by product category	Page 106 of the Annex	8	We do not report the percentage in relation to all products because we have no information about products reclaimed other than Oi TV decoders. We have no scheduled date for publication of that information.	Immaterial
Aspect: Compliance					
G4-DMA	Disclosures on Management Approach	Page 106 of the Report			

INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
SPECIFIC STANDARD DISCLOSURES					
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Page 106 of the Annex	8	That information is confidential; therefore, it is neither published nor scheduled to be published.	Immaterial
Aspect: Transport					
G4-DMA	Disclosures on Management Approach	Pages 60 and 106 of the Report			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Page 106 of the Annex	7, 8 and 9		Immaterial
Aspect: Overall					
G4-DMA	Disclosures on Management Approach	Pages 60 and 106 of the Report			
G4-EN31	Total environmental protection expenditures and investments by type	Page 106 of the Annex	7		Immaterial

INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
SPECIFIC STANDARD DISCLOSURES					
Aspect: Environmental Grievance Mechanisms					
G4-DMA	Disclosures on Management Approach	Page 106 of the Report			
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Page 106 of the Annex	8		Immaterial
Category: Social Labor Practices and Decent Work					
Aspects: Employment					
G4-DMA	Disclosures on Management Approach	Pages 107 and 108 of the Report			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Page 107 of the Annex	6		Immaterial
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Page 108 of the Annex			Immaterial
Aspect: Labor/Management Relations					
G4-DMA	Disclosures on Management Approach	Page 108 of the Report			

INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
SPECIFIC STANDARD DISCLOSURES					
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Page 108 of the Annex	3		Immaterial
Aspect: Occupational Health and Safety					
G4-DMA	Disclosures on Management Approach	Page 47 of the Report			
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Page 47 of the Report			Material
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Pages 47 and 109 of the Annex		We do not monitor absenteeism of third parties; therefore, this information is not reported and is not scheduled to be reported.	Material
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Page 47 of the Report			Material
G4-LA8	Health and safety topics covered in formal agreements with trade unions	Page 47 of the Report			Material

INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
SPECIFIC STANDARD DISCLOSURES					
Aspecto Treinamento e Educação					
G4-DMA	Disclosures on Management Approach	Pages 109 and 110 of the Report			
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Page 109 do Anexo	6	Average hours of training by employee category is not reported because this information is not monitored by Oi and is not relevant to day-to-day training management. Therefore, it is not scheduled to be reported.	Immaterial
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Page 110 do Anexo	6		Immaterial
Aspect: Diversity and Equal Opportunity					
G4-DMA	Disclosures on Management Approach	Page 110 of the Report			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Page 110 do Anexo	6		Immaterial

Indicator		Information reported on page	Connection w/ Global Compact Commitment	Omissions	Materiality of Aspects
Specific Standard Disclosures					
Aspect: Equal Remuneration for Women and Men					
G4-DMA	Disclosures on Management Approach	Page 111 of the Report			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Page 111 of the Annex	6		Immaterial
Aspecto Mecanismos de queixas e reclamações relacionadas a práticas trabalhistas					
G4-DMA	Disclosures on Management Approach	Page 112 of the Report			
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Page 112 of the Annex	1, 2,4, 5 and 6		Immaterial
Category: Social Human Rights					
Aspect: Investment and Procurement Practices					
G4-DMA	Disclosures on Management Approach	Page 87 of the Report			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Oi does not submit its investment contracts to human rights screening.	2		Immaterial

INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
SPECIFIC STANDARD DISCLOSURES					
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Page113 of the Annex	1		Immaterial
Aspect: Non-discrimination					
G4-DMA	Disclosures on Management Approach	Page113 of the Report			
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Page113 of the Annex			
Aspect: Freedom of Association and Collective Bargaining					
G4-DMA	Disclosures on Management Approach	Pages 48 and 113 of the Report			
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Page113 of the Annex	3		Immaterial



INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
SPECIFIC STANDARD DISCLOSURES					
Aspect: Child Labor					
G4-DMA	Disclosures on Management Approach	Pages 48 and 113 do Relatório			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Page 113 of the Annex	5		Immaterial
Aspect: Forced or Compulsory Labor					
G4-DMA	Disclosures on Management Approach	Pages 48 and 113 do Relatório			
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Page 113 of the Annex	4		Immaterial
Aspect: Security Practices					
G4-DMA	Disclosures on Management Approach	Pages 48 and 113 do Relatório			

Indicator		Information reported on page	Connection w/ Global Compact Commitment	Omissions	Materiality of Aspects
Specific Standard Disclosures					
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Page 113 of the Annex	1 and 2		Immaterial
Aspect: Indigenous Rights					
G4-DMA	Disclosures on Management Approach	Pages 48 and 113 of the Report			
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Page 113 of the Annex	1 and 2		Immaterial
Aspect: Supplier Human Rights Assessment					
G4-DMA	Disclosures on Management Approach	Págins 48 and 113 of the Report			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Page 48 of the Report	1 and 2		Immaterial
Aspect: Human Rights Grievance Mechanisms					
G4-DMA	Disclosures on Management Approach	Page 113 of the Report	1 and 2		Immaterial

Indicator		Information reported on page	Connection w/ Global Compact Commitment	Omissions	Materiality of Aspects
Specific Standard Disclosures					
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Page 113 of the Annex	1 and 2		Immaterial
Category: Social Society					
Aspect: Local Communities					
G4-DMA	Disclosures on Management Approach	Pages 49 to 54 of the Report			
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Page 51 of the Report	1	The percentage of operations is not specifically published. The Company is considering monitoring and reporting this information, but has no scheduled date to start.	Immaterial
G4-S02	Operations with significant actual and potential negative impacts on local communities	The Company's operations are considered to have no significant negative impacts.	1		Immaterial
Aspect: Anti-corruption					
G4-DMA	Disclosures on Management Approach	Page 114 of the Report			
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Page 114 of the Annex	10		Immaterial



INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
SPECIFIC STANDARD DISCLOSURES					
G4-S04	Communication and training on anti-corruption policies and procedures	Page 114 of the Annex	10		Immaterial
G4-S05	Confirmed incidents of corruption and actions taken	Page 114 of the Annex	10		Immaterial
Aspect: Public Policy					
G4-DMA	Disclosures on Management Approach	Page 57 of the Repor			
G4-S06	Total value of political contributions by country and recipient/beneficiary	Page 57 of the Repor	10		Immaterial
Aspect: Anti-competitive Behavior					
G4-DMA	Disclosures on Management Approach	Page 114 of the Report			
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Page 114 of the Annex			Immaterial
Aspect: Compliance					
G4-DMA	Disclosures on Management Approach	Page 114 of the Report			

INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
SPECIFIC STANDARD DISCLOSURES					
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Page 114 of the Annex			Immaterial
Aspect: Grievance Mechanisms for Impacts on Society					
G4-DMA	Disclosures on Management Approach	Page 114 of the Report			
G4-S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Page 114 of the Annex			Immaterial
Category: Social Product Responsibility					
Aspect: Customer Health and Safety					
G4-DMA	Disclosures on Management Approach	Pages 41,49 and 60 of the Report			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Pages 49 and 60 of the Report			Immaterial

Indicator		Information reported on page	Connection w/ Global Compact Commitment	Omissions	Materiality of Aspects
Specific Standard Disclosures					
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Page 49 of the Report			Immaterial
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	In 2015, we received a fine of R\$47,981.36—in proceedings initiated in 2012 and tried in 2015—in connection with improper billing and violation of users’ rights.			Material
G4-PR5	Results of surveys measuring customer satisfaction	Page 41 of the Report			Material
Aspect: Marketing Communications					
G4-DMA	Disclosures on Management Approach	Page 95 of the Report			

INDICATOR		INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
SPECIFIC STANDARD DISCLOSURES					
G4-PR6	Sale of banned or disputed products	Oi sells no banned products. The industry is tightly regulated, and ANATEL is strict with carriers.			Material
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Throughout 2015, the Company complied with CONAR's (Conselho Nacional de Autorregulamentação Publicitária, or Brazilian National Council for Advertising Self-Regulation) Code of Ethics in its promotion and advertising, as well as the principles of honesty and transparency toward consumers. Therefore, only one complaint against Oi was filed and subsequently dismissed whereas Oi filed a complaint against another carrier.			Material
Aspecto Privacidade do Cliente					
G4-DMA	Disclosures on Management Approach	Page 43 of the Report			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Page 43 of the Report			Material

INDICATOR	INFORMATION REPORTED ON PAGE	CONNECTION W/ GLOBAL COMPACT COMMITMENT	OMISSIONS	MATERIALITY OF ASPECTS
SPECIFIC STANDARD DISCLOSURES				

Aspecto Conformidade

G4-DMA	Disclosures on Management Approach	Page 96 of the Report			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	In 2015, we proceeded with the negotiations about a Consent Decree with ANATEL. As a result, the proceedings remained suspended throughout the year, and Oi received no significant fines.			Material

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Stock Exchange

BM&FBOVESPA (Bolsa de Valores, Mercadorias & Futuros,
 or Brazilian Securities, Commodities & Futures Exchange)
 Ticker symbols: Oi S/A | OIBR3 and OIBR4 (on December 31, 2014)
 New York Stock Exchange [NYSE] in the U.S.
 ADR symbols: OIBR.C and OIBR (on December 31, 2014)

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Credits

Coordination and text
 Chief Financial Officer | Institutional Relations and Sustainability
 Officer | Sustainability Division

GRI Consulting, text and editing

RICCA RI

Graphic design

MZ Group

Independent auditors

[on December 31, 2015]

KPMG Auditores Independentes | SEC and CVM

External assurance of the GHG Inventory

Green Domus, accredited by INMETRO

ANNEX I – ADDITIONAL INDICATORS

This document, an integral part of Oi's Annual Sustainability Report, presents indicators reported previously as complementary information to the material topics covered in the main publication.

Below are our performance indicators based on GRI's G4 guidelines. They bring information about our and our subsidiaries' operations from January 1, 2015 to December 31, 2015.

To learn more about Oi and the aspects most relevant to our current sustainability strategy, read our Annual Sustainability Report, available on: <http://ir.oi.com.br>

ECONOMIC DIMENSION

G4-EC2 – Financial implications and other risks and opportunities for the organization's activities due to climate change.

Operational risks:

- Physical damage to networks, power stations, towers, telecommunications antennas and administrative facilities caused by heavy rains, flooding, landslides, wind, hurricanes, tornadoes or lightning
- Decreased useful life of equipment due to the likelihood of increased moisture and air salt
- Delays or interruptions of service in the event of network or equipment damage or failure force majeure
- Decreased productivity in the Company's processes due to the possibility of lost workdays resulting from employee illness or epidemics related to the climate
- Water scarcity and its impact on Oi's operations and its units' water supply should be taken into account in the current water situation.

Financial risks:

- Lack of coverage for certain assets and increased costs, both relating to insurance for equipment and facility damage due to force majeure
- Increased water and power consumption as a result of higher average temperatures in the areas where Oi is present
- Impact of water scarcity on two areas: Scarcity of water for consumption and use in the company's processes, and the impact on power generation in Brazil, thus leading to more frequent use of thermal plants and an ensuing rise in energy prices.

Strategic risks:

- Possible loss of clients and damage to the Company's image owing to failures, delays and service interruptions caused by force majeure
- Possible restrictions on the development and expansion of Oi's network due to water scarcity resulting from climate change
- Passing higher energy prices on to consumers, thus affecting our client base.

Compliance risks :

- Possible imposition of significant regulatory penalties (including fines or a loss of the concession) due to an alleged failure to meet the minimum service quality and continuity targets, or a lack of clear monitoring criteria.

G4-EC3 – Coverage of the organization's defined benefit plan obligations

We offer our employees retirement benefit plans administered by two foundations: Fundação Atlântico, which administers the BrTPREV, TCSPREV, TelemarPrev and PBS-Telemar plans and Fundação Sistel, which administers the PBS-A, PBS-TNCP and CELPREV plans. Currently, the BrTPREV defined benefit plan is the only

plan whose obligations are directly covered by the Company. The other plans produce a surplus and no obligation is booked. The BrTPREV obligation was estimated at R\$R\$544 million on December 31, 2015.

The percentage for the plans administered by Fundação Atlântico varies according to the participant's age and choice on the salary base: BrTPREV's ranges from 3% to 8%; TCSPREV's from 3% to

8%; Telemarprev's from 0.5% to 3%; and PBSTelemar's from 0.5% to 1.5%. Concerning the plans administered by Fundação Sistel, the PBS-A plan is currently intended for participants who were receiving a benefit. The cost of the PBSTNCP plan is determined based on the capitalization system and the contribution due. In turn, the cost of the CELPREV plan is 0% to 2% of the salary base.

G4-EC5 - Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.

In 2015, our wage floor was set at R\$989.00, or 25.5% above the Brazilian national minimum wage.

STATE	2015			COMPARISON OF THE CONSOLIDATED PERCENTAGE (IN PERCENTAGE POINTS) IN RELATION TO:	
	MALE	FEMALE	CONSOLIDATED	2014	2013
Acre	114%	101%	101%	-37	-24
Amazonas	106%	115%	106%	-20	-7
Rondônia	146%	101%	101%	-37	-31
Roraima	149%	101%	101%	-18	-10
Pará	101%	107%	101%	-24	-12
Amapá	164%	114%	114%	-5	+3
Tocantins	120%	120%	120%	-18	-5
Maranhão	106%	113%	106%	-19	-10
Piauí	121%	113%	113%	-13	-14
Ceará	100%	113%	100%	-19	-16
Rio Grande do Norte	101%	114%	101%	-18	-15
Paraíba	114%	113%	113%	-12	-3
Pernambuco	100%	100%	100%	-19	-19
Alagoas	129%	121%	121%	-4	-44
Sergipe	113%	122%	113%	-13	-3
Bahia	100%	100%	100%	-25	-19
Distrito Federal	104%	126%	104%	-34	-21
Mato Grosso	106%	106%	106%	-33	-21
Mato Grosso do Sul	112%	119%	112%	-26	-13
Goiás	106%	125%	106%	-19	-26
Minas Gerais	100%	100%	100%	-26	-19
Espírito Santo	114%	113%	113%	-14	-14
Rio de Janeiro	104%	101%	101%	-27	-19
São Paulo	109%	109%	109%	-23	-23
Paraná	112%	106%	106%	-26	-26
Santa Catarina	106%	112%	106%	-32	-26
Rio Grande do Sul	101%	119%	101%	-31	-21

Explanation about the table: A ratio of 150% means that the lowest wage is 50% higher than the Brazilian national minimum wage. We are present throughout Brazil; therefore, we do not use the classification “important units” and present the information by state. The difference in the current consolidated percentage in relation to 2014 and 2013 shows historical data; for example, if the current ratio in a given state is 101% and the difference in relation to 2014 is -15 percentage points, this means that this ratio stood at 116% in 2014.

G4-EC5 - Proportion of senior management hired from the local community at significant locations of operation

The goal of all our recruitment and selection processes is to find and hire the best applicants regardless of the vacant position and the unit.

G4-EC9 - Proportion of spending on local suppliers at significant locations of operation

Brazilian suppliers accounted for 99.7% of all our purchases in 2015.

Environmental Dimension

G4-EN1 - Materials used by weight or volume

MATERIALS USED BY TYPE	2013	2014	2015
PACKAGING MATERIALS			
Bags purchased for use in store sales (in units)	308,940	467,500	112,000
Interoffice mail envelopes (in units)	394,791	60,000	0*
Cardboard boxes for shipping products and coils of corrugated cardboard (in units)	417,659	480,400	7,909
MATERIALS USED IN OPERATIONS			
Metal cables (in meters)	9,342,892	583,953	10,788,446
Optical cables (in meters)	10,347,696	12,065,311	11,240,147
Splice closure (in units)	219,787	218,051	294,437
Wires (in meters)	221,023,489	186,834,000	123,946,511
Terminals (in units)	170,321	2,024,819	1,173,535

*We purchased no such envelopes in 2015 as we had purchased a large number of them in 2014 and they have a long useful life.

G4-EN2 Percentage of materials used that are recycled input materials.

VOLUME OF RECYCLED MATERIALS USED	2013	2014	2015
Metal cables [in meters]*	286,825	3,051,336	2,127,525,08
Optical cables [in meters]	1,075,766	1,383,682	235,000,00
Splice closure [in units]	232,415	181/133	N,A
Wires [in meters]	158,776,000	147,014,815	189,261,00
Terminals [in units]	141,550	109,841	N,A
Seam set [in units]	219,787	218,051	294,437
Wire [in meters]	221,023,489	186,834,000	123,946,511
Terminals [in units]	170,321	2,024,819	1,173,535

*The large amount of metal cable scrap sold is explained by the fact that none was sold in 2014 due to a lack of ANATEL approval..

This number refers to scrap sold to partners in 2015.

G4-EN3 - Energy consumption within the organization.

DIRECT ENERGY PURCHASED AND	2013	2014	2015
Local power grid	5,142,694	5,247,375	4,924,414
Free market	1,040,097	1,019,130	1,006,249
Total energy purchased	6,182,791	6,266,504	5,930,663

The energy consumed by Oi is broken down into energy purchased from utilities, which accounts for around 83% of total energy consumed, and energy purchased from the Free Market. We consumed 1,644,684 MWh in 2015. Our goal is to reduce energy consumption by 3.5% in 2016.

G4-EN5 - Energy intensity

The Energy Division started monitoring the energy intensity indicator in 2015, based initially on the ratio between energy consumption and the number of employees.

The result was 9MWh consumed per employee on average per month; however, we noticed by examining the data that changes in the number of employees do not have a direct impact on consumption since equipment accounts for most of our energy consumption. Thus, we have to work on this indicator to be able to set effective goals.

G4-EN6 - Reduction of energy consumption.

The initiatives we undertook in 2015 led to a year-on-year fall of 5.53% in energy consumption.

In 2014, we created the CICE [Comissão Interna para Conservação de Energia, or Internal Committee for Energy Conservation], which works to slow down energy consumption growth at Oi. During 2015, the CICE grew to become Sala de Guerra [War Room], comprised of executives from the Operational and Energy area. Sala de Guerra has the mission of undertaking initiatives to reduce consumption and promote the rational use of electric energy in our units. It meets on a weekly basis and reports directly to the Transformation Project Officer.

The primary main focus is on shutting down equipment and sites during idle time and using natural light and ventilation more effectively.

The secondary focus is on turning on equipment automatically on a local scale by installing timers and thermostats.

In 2015, we created the Energy Department with the following objectives:

- To reduce energy costs.
- To plan and control energy consumption.
- To improve and optimize processes.
- To introduce management procedures for processes and results related to energy consumption.
- To implement energy projects.
- To create a culture of energy rationalization at the Company.
- To build closer ties with utilities.

G4-EN7 - REDUCTIONS IN ENERGY REQUIREMENTS OF PRODUCTS AND SERVICES.

We do not have separate measurements of those reductions due to the difficulty in obtaining related data. We have no strategy or scheduled date to disclose tentative results yet. In fact, we are going to study energy intensity indicators used in our industry to develop an action plan.

G4-EN8 - Total water withdrawal by source.

CONSUMPTION (M³)	2013	2014	2015
Groundwater	2,376	44,477	67,967
Rainwater	527	85	25,088
Municipal water supplies or other water utilities	1,716,325	992,938	3,592,977
TOTAL	1,719,228	1,037,500	3,686,032

The year-over-year difference in volume reflects the growing scope of monitoring. In 2013, only Mato Grosso state was monitored. Acre, Mato Grosso do Sul, Rondônia and Roraima states were included in 2014. In turn, rainwater use was monitored by our subsidiaries in Acre, Mato Grosso do Sul, Rondônia, Alagoas, Minas Gerais and Espírito Santo states, and groundwater use started being monitored in Rondônia, Mato Grosso do Sul, Amazonas, Sergipe, Rio Grande do Sul and Minas Gerais states in 2015.

In 2016, we are going to seek to increase our employees' awareness and continue introducing practices intended to reduce water consumption, such as checking for leaks on a daily basis, exploring new cleaning alternatives and decreasing water flow in restrooms, among others. Our goal is to reduce water consumption by 5% at our headquarters.

G4-EN13 - Habitats protected or restored

We started the initiatives set out in the PRAD (*Plano de Recuperação de Área Degradada*, or Damaged Land Recovery Plan), agreed upon with IBAMA (*Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis*, or Brazilian Institute of Environment and Renewable Natural Resources), in the Manaus-Boa Vista Backbone area in 2015. In 2016, we will be submitting the PRAD for the Oiapoque-Calçoene Backbone project, in Amapá state.

G4-EN15 – Direct greenhouse gas (GHG) emissions [scope 1]

G4-EN16 – Energy indirect greenhouse gas (GHG) emissions [scope 2]

G4-EN17 – Other indirect greenhouse gas (GHG) emissions [scope 3]

Since 2009, we have been mapping our direct and indirect emissions in an annual inventory of GHG emissions, filed voluntarily with the public registry of emissions of the Brazil GHG Protocol Program (the methodology used to prepare the inventory) and the Carbon Disclosure Project (CDP).

In addition to prioritizing the transparent disclosure of information, we are involved actively in discussions and initiatives related to climate change. Accordingly, we are members of the EPC (*Empresas Pelo Clima*, or Companies for Climate) initiative, a forum of companies that develops ideas to reduce emissions and help Brazil in the move toward a low-carbon economy. It also discusses solutions and contributions to legislation on this issue.

We also participate in the SCE (*Simulação de Comércio de Emissões*, or Emissions Trading Simulation), an EPC initiative that simulates a cap-and-trade GHG emissions market, that is, designed to put a limit on GHG emissions from an industry or the economy of an area or country.

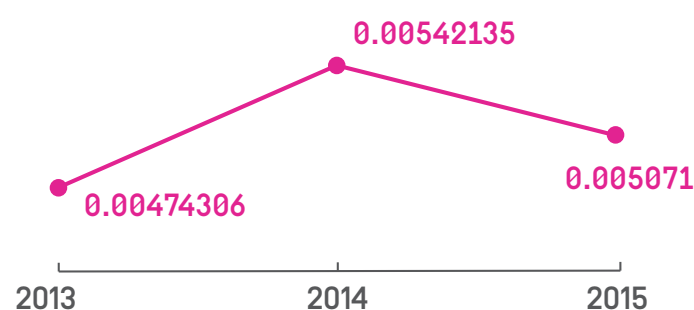
G4-EN15, G4-EN16			
DIRECT AND INDIRECT EMISSIONS –			
SCOPES 1 AND 2 (TCO₂E)	2015	2014	2013
Scope 1 [generators, own fleet and cooling gases]	47,040.64	41,108.47	24,413.22
Scope 2 [electricity purchased and consumed]	203,105.17	235,131.25	174,855.14
TOTAL	250,145.82	276,239.72	199,268.37
G4-EN17			
INDIRECT EMISSIONS - SCOPE 3 (TCO₂E)	2015	2014	2013
Goods and services purchased	79,113.46	75,066.90	122,627.30
Activities related to fuel and energy not included in Scopes 1 and 2	1,887.90.	-	-
Transportation and upstream distribution	4,956.80	35,789.24	9,733.61
Business travel	4,771.10	5,513.12	12,016.78
Commuting	14,375.51	11,251.72	9,550.46
TOTAL	105,104.76	127,620.98	153,928.16

*Related to energy consumption from condominium apportionment

G4-EN18 - GHG emission intensity

In 2013, we developed a specific indicator for the telecommunications industry—emissions [tonnes of CO₂e] per Revenue Generating Unit—jointly with other telcos. In 2015, emission intensity totaled 0.005065 tonnes of CO₂e per RGU, 6.6% lower than in the previous year.

Intensity of GHG emissions [tCO₂e/UGR]



G4-EN20 - Emissions of ozone-depleting substances [ODS].

EMISSIONS OF OZONE-DEPLETING SUBSTANCES			
(TCFC11E)	2015	2014	2013
HCFC 22 ¹	2.0295	2.3654	1.759
HCFC 141b ²	0.2311	0.8336	0.3827

¹ Considering an ODP [ozone depletion potential] of 0.055; absolute consumption came to 43.00 and 31.98 tonnes respectively in 2014 and 2013..

² Considering an ODP [ozone depletion potential] of 0.11; absolute consumption came to 7.58 and 3.48 tonnes respectively in 2014 and 2013.

G4-EN19 – Reduction of GHG emissions

The numbers for our GHG emissions in 2015 show our progress regarding Climate Change. Developing and publishing our new Climate Change Policy, in keeping with our strong commitment to reducing overall costs, was crucial for the results achieved.

The slight increase in scope 1 emissions of the inventory is basically due to our decision to report emissions from the fire extinguishers in our facilities. Scope 2 emissions dropped by 13% as a result of the 6% fall in electric energy consumption, coupled with the 8% decrease in the emission factor of the SIN [*Sistema Interligado Nacional*, or Interconnected National System] in relation to 2014.

There was a small 4% increase in scope 3 emissions and some significant falls, such as in business travel, with emissions from taxicabs, vans and air travel falling by 40%, 25% and 10%, respectively, due to initiatives such as encouraging the use of videoconferencing, which leads to a decrease in the number of trips and integrates teams from different states more closely. There was a 46% decrease in the Transportation and upstream distribution category, where we report emissions from logistics operations, due to a strategic change in our equipment purchase and resale model, no longer operated by the Company in much of the Retail segment.

EN23 - Total weight of waste by type and disposal method.

NON-HAZARDOUS WASTE BY TYPE AND DISPOSAL METHOD	2015	2014	2013
Landfill (in tonnes)	590	985	511
Recycling through selective waste collection in administrative facilities (in tonnes)	1,362	4,982	4,592
Recycling through scrap sale (in tonnes)	16,950	2,756	6,497
Recycling of handsets, accessories and batteries (in items)	5,834	3,151	16,086
Recycling of light bulbs (in items)	22,680	21,912	67,672
Miscellaneous waste sold for auction (in items)	57,770	146,361	69,454

G4-EN24 - Total number and volume of significant spills.

We often monitor activities and operations involving a risk of spills. In 2015, we recorded only one case. Since we responded promptly and mitigated it, there was no impact on the environment.

G4-EN25: Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annexes I, II, III, and VIII, and percentage of transported waste shipped internationally.

TOTAL WEIGHT OF HAZARDOUS WASTE (T)*	2013	2014	2015
Waste shipped	1,373	987	2,546,615

*Stationary batteries account for almost all hazardous waste.

The hazardous material transported by Oi is comprised of stationary batteries, which are carried between stations, sites and the central warehouse in each state. There was a drop in the amount shipped (in tonnes) due to a lack of ANATEL approval in 2014. In 2015, ANATEL approved selling the whole amount, as well as the returns during the year. In fact, Oi was stricter about aspects such as origin and documents, including the FDSR (*Ficha com Dados de Segurança dos Resíduos*, or Waste Safety Data Sheet) when transporting materials that year.

G4-EN27 - Extent of impact mitigation of environmental impacts of products and services.

We were the first carrier in Brazil to launch the Chip Triplo Corte [Triple Cut SIM Card], or Regular-, Micro- and Nano-sized SIM cards, offered in the Oi Galera package. This leads to a decrease in the use of materials and, as a result, reduces our environmental impact.

We also mitigated the environmental impact of our products by recycling 6.6 thousand tons of scrap material—including copper, aluminum and iron; batteries; telephone cables; computer waste and parts of public telephones, among others—in 2015. The year-over-year increase in waste disposal in 2015 is mainly due to the authorization we obtained from ANATEL in this regard. Another important move in 2015 was the implementation of our Waste Management Plan. As a result, we started tracking waste throughout disposal, a practice that helps us mitigate the environmental impacts of our operational processes.

One of those impacts is emissions from our own and third parties' fleets, a total of 35,000 vehicles. Therefore, we introduced in 2014 a fleet management system, which optimized the performance of those vehicles. The module we implemented in 2015, fuel control, allowed us to improve driver efficiency and reduce consumption by up to 25% in the nearly 10,000 vehicles involved in the first phase of the project.

The system puts the whole activity record of each vehicle in a user-friendly interface for the fleet manager. This allows us to improve in aspects such as aggressive driving, preventive maintenance and use of more efficient routes. Oi's Fleet Management platform sprang from the innovation investment in a solution developed by an incubated company and has already aroused interest among corporate clients as an ICT solution.

G4-EN28 - Percentage of products sold and their packaging materials that are reclaimed by category.

We reclaimed decoders—equipment required for using Oi TV—for reuse after clients' contracts were terminated. In 2015, we collected 210,190 units, 186,035 [88.5%] of which were refurbished and reused, thus leading to savings of R\$26.5 million. Our target for 2016 is to reclaim 47.6% more decoders.

G4-EN29 – Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

This is confidential, strategic information, and we would rather not disclose the amount of the fines we received in 2015 in this report.

In fact, disclosing it while the legislation applicable to us is being reviewed is contrary to our responsible management policy.

G4-EN30 - Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.

We mitigate the environmental impact in question, GHG emissions from vehicles used by employees at work, through Oi's Fleet Management platform [learn more on the previous page].

AIR TRAVEL (KM)	2015	2014	Δ[%]
Short distance [up to 500 km]	4,000,494.94	5,102,429.81	-22%
Medium distance [500 km to 3,700 km]	16,890,674.11	15,798,908.86	7%
Long distance [over 3,700 km]	5,208,851.48	7,169,915.64	-27%

Concerning the impacts from different means of transportation, we conduct an annual survey with employees to find out what means of transportation they use in commuting, how far they travel and what kind of fuel they use. The latest survey, conducted in February 2016, was taken by 1,806 employees [16% of all active employees on that date]. The findings allowed us to identify the main profiles and calculate their respective GHG emissions, reported under scope 3 of the GHG Emissions Inventory.

Business travel, also monitored, decreased considerably year-over-year in 2015.

G4-EN31 - Total environmental protection expenditures and investments by type.

ENVIRONMENTAL PROTECTION EXPENDITURES AND INVESTMENTS	2015
Treatment and disposal of waste [fixed collection points + dumpsters]	R\$ 1,201,359.1
Disposal of batteries, appliances and accessories collected at Oi stores	0.
Environmental licensing costs	R\$ 1,181,186.5
Issuance of radiometric reports, used to monitor the quality of radio signals, and prove it to ANATEL and government bodies in general	R\$ 342,000.0
Solid waste transportation and storage costs	R\$ 400,000.0
External assurance for the GHG inventory	R\$ 19,124.00
Environmental prevention and management costs	R\$ 31,717.0
TOTAL	R\$ 3,156,262.6

* In 2015, we had no expenses on "Disposal of batteries, appliances and accessories collected at Oi stores." The volume of those items came to only 23.8 kg in 2015. Much of that waste was stored temporarily since the Company was having a bidding process to hire a provider of logistics and disposal services. The service provider has been hired.

G4-EN34 - Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.

No such grievances were filed in 2015.

Social Dimension

Labor Practices and Decent Work

G4-LA1 - Total number and rates of new employee hires and employee turnover by age group, gender and region.

NEW HIRES	2013	2014	2015
By gender			
Male	6.290	2.403	1.161
Female	2.164	1.936	1.336
By age group			
Under 30	2.925	2.399	1.358
Between 30 and 50	4.510	1.876	1.096
Over 50	1.019	64	43
By region			
South	1.344	535	142
Southeast	4.216	2.400	1.299
Central-West	801	347	140
Northeast	1.555	879	823
North	525	178	93
TURNOVER RATE [%]			
By gender			
Male	25.67	14.83	10.89
Female	12.33	10.51	9.17
By age group			
Under 30	14.74	12.45	8.13
Between 30 and 50	19.60	11.89	10.19
Over 50	3.65	0.99	1.72
By region			
South	5.50	3.53	1.90
Southeast	20.22	13.68	10.88
Central-West	3.76	2.16	1.58

Continue

TAXA DE ROTATIVIDADE [%]			
Por região			
Northeast	6,33	4,76	4,70
North	2,11	1,21	0,99
NUMBER OF TERMINATIONS			
By gender			
Male	2,599	3,130	2,514
Female	2,105	1,986	1,758
By age group			
Under 30	2,181	2,249	1,388
Between 30 and 50	2,277	2,561	2,345
Over 50	246	306	539
By region			
South	541	783	499
Southeast	2,852	2,706	2,374
Central-West	488	458	393
Northeast	615	896	764
North	198	273	242

G4-LA2 – Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.

We offer all employees food allowance, transit passes, life insurance, health plan, dental plan, maternity/paternity leave and private pension plan. We also give them the possibility of joining the voluntary plan—with variable contributions–, which offers retirement pensions, as well as illness and death benefits.

G4-LA4 – Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.

There are no such periods, but Oi's employees, as well as their representatives and union, are duly notified of any significant operational changes.

G4-LA6 – Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.

INDICADORES DETALHADOS DE SAÚDE E SEGURANÇA POR GÊNERO E REGIÃO																		
DIRECT EMPLOYEES	NORTH			CENTRAL-WEST			NORTHEAST			SOUTH			SOUTHEAST			2015 TOTAL		
	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total
Injury Rate	0,57	0	0,37	0,10	0,47	0,20	0,16	0,08	0,13	0,36	0,20	0,32	0,15	0,13	0,14	0,19	0,14	0,18
Occupational disease rate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lost workdays	28,30	0	18,32	2,20	6,78	3,53	1,79	2,27	1,99	3,68	3,01	3,51	4,40	2,05	3,49	4,84	2,40	3,94
Absenteeism	-	-	1,53	-	-	1,44	-	-	1,25	-	-	1,23	-	-	1,54	-	-	1,40
Fatalities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CONTRACTORS	NORTH			CENTRAL-WEST			NORTHEAST			SOUTH			SOUTHEAST			2015 TOTAL		
	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total
Injury Rate ¹	-	-	1.80	-	-	0.66	-	-	1.83	-	-	1.17	-	-	0.91	-	-	1.11
Occupational disease rate	-	-	0	-	-	0	-	-	0.04	-	-	0.01	-	-	0	-	-	0.008
Lost workdays ²	-	-	12.71	-	-	13.09	-	-	65.73	-	-	61.20	-	-	22.82	-	-	33.48
Absenteeism	Oi does not compile this information. which is. therefore. not available,																	
Fatalities	2	0	2	1	0	1	0	0	0	1	0	1	2	0	2	6	0	6

¹Does not include minor injuries (first aid)

²Considering 250 workdays in 2015

G4-LA9 – Average hours of training per year per employee by gender and by employee category.

TRAINING HOURS	2014		2015	
	TOTAL	PER CAPITA	TOTAL	PER CAPITA
Male	223,205	19	142,368	14
Female	47,140	7	44,056	9
TOTAL	270,345	15	186,424	12

The lower number of hours was due to a decrease in the number of employees during the year, coupled with a large number of training hours in 2014 due to the approximately 4,500 employees insourced. It is worth noting the share of women in training hours increased from 17% to 24% in 2015, indicating a trend toward the gender equality we have been seeking by promoting diversity. Our goal for 2016 is to increase total training hours by 70% by introducing a training management platform to improve our course management capacity and course offering.

G4-LA10 – Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

We have training programs for different employee categories, thus creating an environment conducive to the intellectual and technical growth and ongoing development of our teams. Some of the main programs are:

Trilhas de Liderança [Leadership Trails] – These are training programs for the Company's leaders. The idea is to allow them to perform their activities in an excellence manner, based on the best management practices.

Multiplicadores de Qualidade [Quality multipliers] - Program for creating and training Multipliers in different areas by tapping into technical experience and expertise already available, acquired through training. Participants also work on their communication and multiplication skills.

Certificação em Normas Regulamentadoras [Certification in Regulatory Standards] – The goal of this program is for employees to be certified in the regulatory standards needed to perform technical activities essential for the job market in general.

Outplacement – We invested R\$109,000 in 2015 in our executive outplacement program, designed to enable those professionals

to identify and hone their skills, and focus on what they really need to return to the labor market.

Our goal for 2016 is to expand our offering of training programs focused on leadership from 5 to 8 and those focused on the dissemination of technical expertise from 5 to 12.

G4-LA12 – Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.

GENDER DIVERSITY BY LEVEL OF STAFF (AS A % OF TOTAL STAFF)	2013		2014		2015	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Executive Board	0.60	0.10	0.5	0.1	0.6	0.1
Managers	3.80	1.30	3.7	1.3	3.9	1.5
Supervisors/coordinators	3.30	1.50	3.5	2	3.5	2.0
Staff	58.50	31.00	57.2	31.7	55.6	32.9
TOTAL	66.10	33.90	64.9	35.1	63.6	36.4

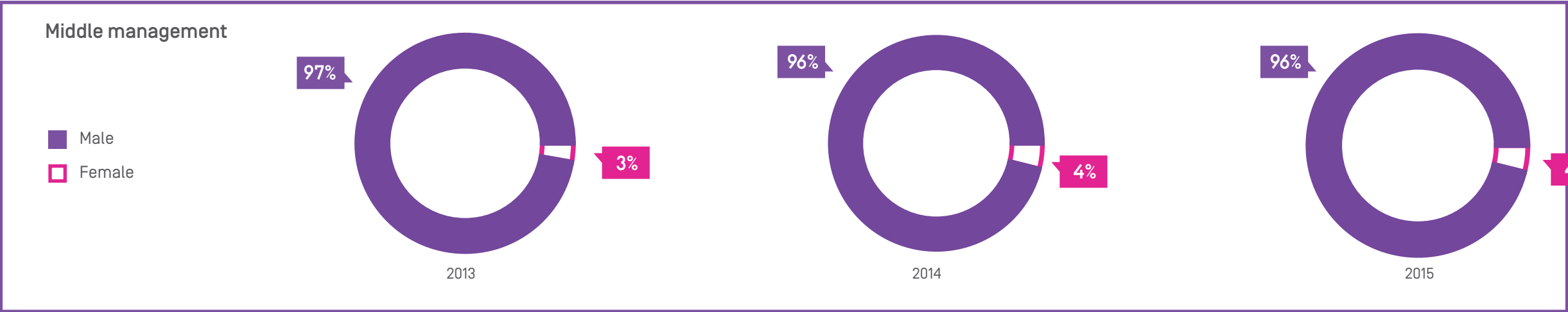
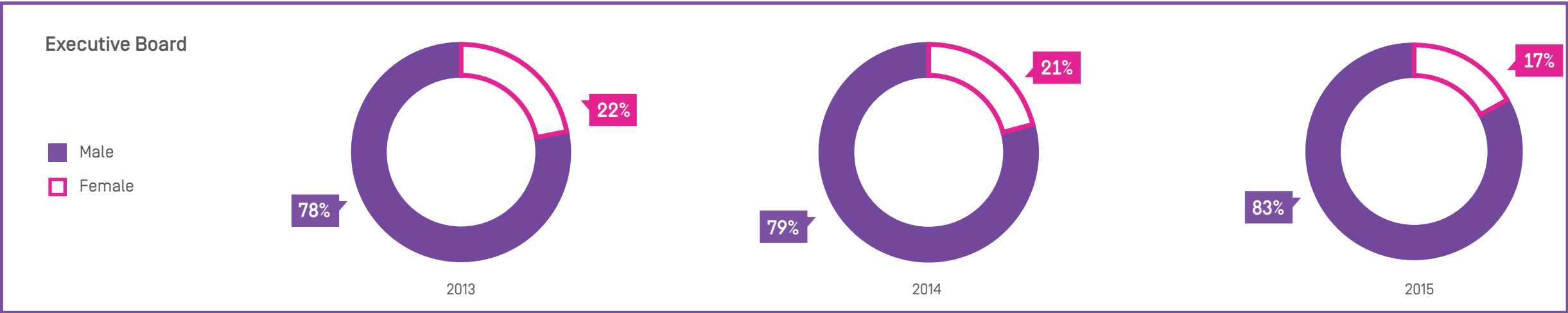
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AGE GROUP DIVERSITY OF LEVEL OF STAFF [%]	2013			2014			2015		
	UNDER 30	30 TO 50	OVER 50	UNDER 30	30 TO 50	OVER 50	UNDER 30	30 TO 50	OVER 50
Executive Board	0.0	75.0	25.0	0.0	71.7	28.3	0	72	28
Managers	2.0	88.0	10.0	1.5	86.6	11.9	1	85	14
Supervisors/coordinators	19.0	72.0	9.0	24.8	66.0	9.2	25	64	10
Staff	26.0	60.0	14.0	24.1	61.3	14.6	22	63	15
TOTAL	25.0	62.0	13.0	22.8	62.9	14.2	21	64	15

G4-LA13 – Ratio of basic salary and remuneration of women to men by employee category and relevant operating units.

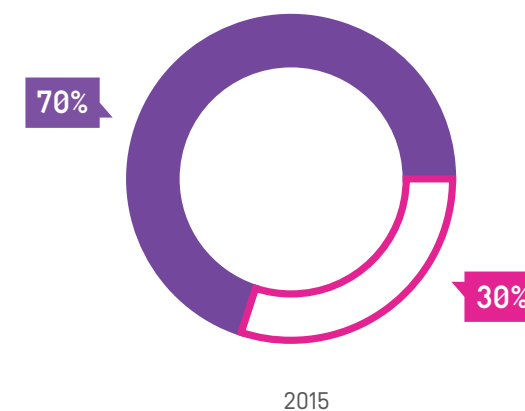
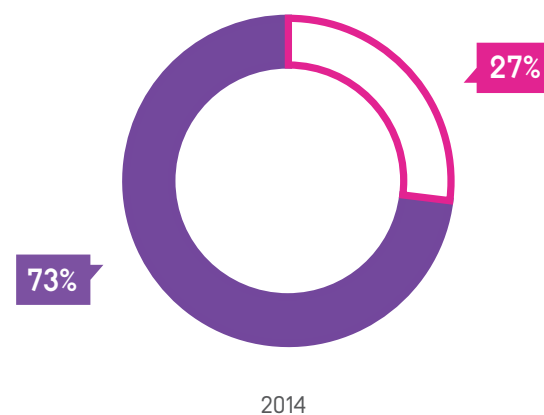
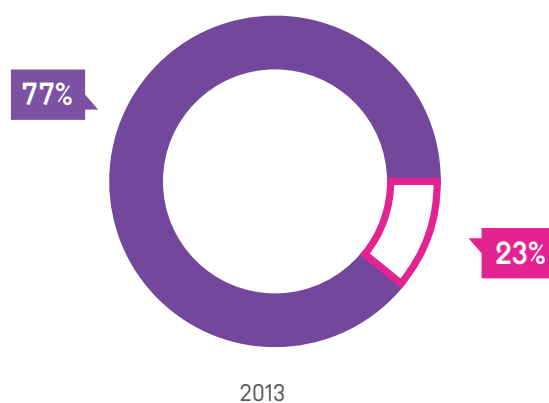
Ratio of women’s to men’s compensation [%]

Our policy for positions and salaries does not establish gender discrimination. The differences in average salaries between men and women are explained by different professional development levels and length of service.



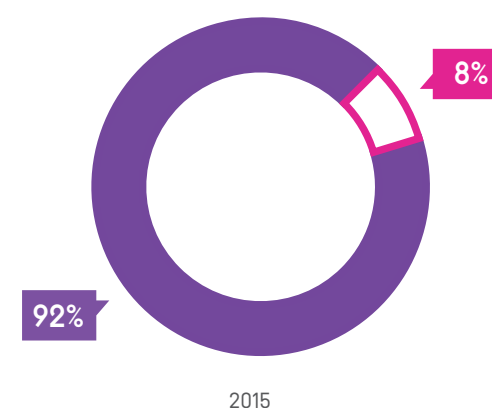
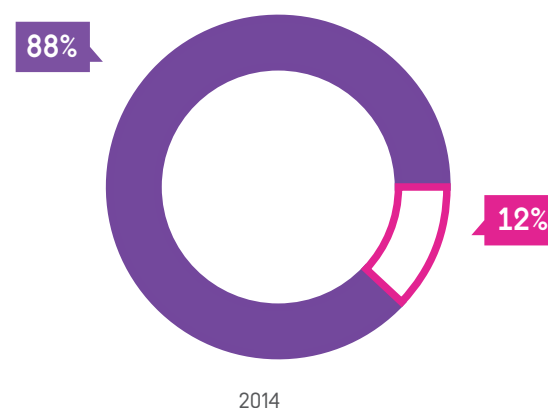
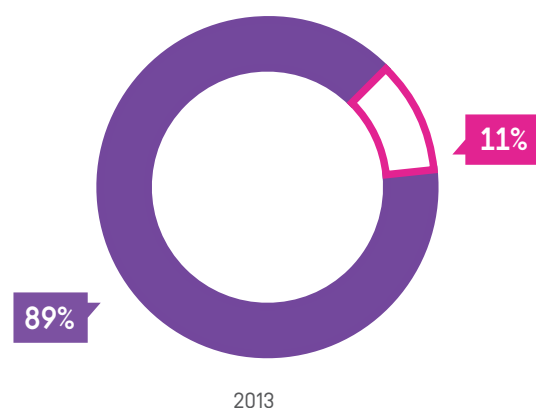
Supervisors/coordinators

■ Male
■ Female



Staff

■ Male
■ Female



AVERAGE COMPENSATION BY EMPLOYEE CATEGORY IN 2015 (R\$)	MALE	FEMALE	RATIO M/H (%)
Executive Board	37,402.71	31,072.00	83
Middle management	14,015.50	13,426.53	96
Supervisors/coordinators	5,477.68	3,857.34	70
Staff	3,924.86	3,629.32	92

G4-EN16 – Number of grievances about labor practices filed, addressed, and resolved through.

No such grievances were filed in 2015.

Human Rights

G4-HR2 – Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

In 2015, our online course on Ethics and Anti-Corruption Policy was taken by 1,058 employees in 1,314 hours. A total of 8,527 employees—around 40% of our workforce—have taken it since June 2014.

G4-HR3 – Total number of incidents of discrimination and corrective actions taken.

No such grievances were filed in 2015.

G4-HR4 – Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.

We guarantee our employees' right of association, which is at risk in none of our operations. All employees are covered by collective agreements, which contain clauses concerned with working hours, occupational health & safety, benefits and profit sharing.

G4-HR5 – Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.

G4-HR6 – Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.

We do not accept child, forced or compulsory labor, and all our supplier contracts provide for the duty and commitment to curb such practices. In addition, we audit suppliers critical to our business regularly to check for compliance with those legal and contractual requirements.

G4-HR7 – Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.

Our whole security personnel—third-party employees that work in surveillance activities, lobbies and reception areas—were trained in human rights to prevent discrimination against people accessing our facilities. Some of the topics covered were keeping emotional control under pressure; treating people with patience and politeness; having the proper behavior and attitude regarding Human Rights; approaching people with using force; and behaving in crisis situations. Our goal for this year is to continue training 100% of our security personnel.

G4-HR8 - Total number of incidents of violations involving rights of indigenous peoples and actions taken.

We recorded no incidents of violations involving rights of indigenous people. However, we engage continuously with FUNAI (Fundação Nacional do Índio, or Brazilian National Indian Foundation)

to mitigate the impact of our operations. In 2015, we entered into an Instrument of Commitment with FUNAI to adopt compensatory measures for installing a telephone repeater in the Maraiwatse-de Indigenous Reservation (Mato Grosso state), in addition to a compensation plan with FUNAI and with the Oiapoque Indigenous Peoples association for using part of indigenous lands. We are also negotiating a deal with FUNAI to repair cables that cross the Rio Pindaré Indigenous Reservation (Pará state).

Finally, we provide access to landline phone services and broadband Internet access for those indigenous communities.

G4-HR12 - Number of grievances about human rights impacts filed, addressed, and resolved.

No such grievances were filed in 2015.

Society

G4-S03 – Total number of operations assessed for risks related to corruption and the significant risks identified.

Our processes are reviewed annually by an independent auditor, according to the materiality principle, in compliance with the Sarbanes-Oxley Act. This process is conducted in the group's most important companies, which account for 91% of our consolidated assets. In parallel, the internal audit department checks all processes regardless of their materiality.

The main critical risks related to corruption identified and monitored are found in our relations with public officials; tenders and contracts with suppliers; management of payments and taxes; and management of financial information to be disclosed to the market.

G4-S04 – Communication and training on anti-corruption policies and procedures.

In 2015, our online course on Ethics and Anti-Corruption was taken by 1,048 employees in 1,314 hours. A total of 8,527 employees (around 40% of our workforce) have taken it since June 2014. We also launched an institutional video reaffirming our commitment to fighting corruption on International Anti-Corruption Day in 2015.

Next year, we will be introducing a new on-site training program throughout Brazil and creating the position of Compliance Officer, who will be heading and strengthening Oi's ethics management and anti-corruption policy.

G4-S05 – Confirmed incidents of corruption and actions taken.

No such grievances were filed in 2015.

G4-S07 – Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.

No such legal actions were recorded in 2015.

G4-S08 – Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

There were 43,394 labor lawsuits in progress at the close of 2015. Provisions related to them totaled around R\$850 million.

G4-HR11 - Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.

No such grievances were filed in 2015.