

# COMPLIANCE MANUAL



REVISED VERSION  
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# 1. DEFINITION OF COMPLIANCE

Fulfill an obligation. It involves achieving standards and being subject to both internal and external rules and regulations whether voluntarily followed by the organization or imposed by reason of the company's activities.

## 2. SCOPE

This document applies to Oi S.A. and its subsidiaries Telemar Norte Leste S.A., Oi Móvel S.A., Brasil Telecom Comunicação Multimídia Ltda., BrT Card Serviço Financeiro Ltda., Copart 4 Participações S.A., Copart 5 Participações S.A., Dommo empreendimentos Imobiliários S.A., Oi Internet S.A., Oi Paraguay Multimedia Comunicaciones SRL., Oi Serviços Financeiros S.A., Paggo Administradora de Crédito Ltda., Bryophita SP Participações S.A., Paggo Empreendimentos S.A., Pointer Networks S.A. and Subsidiaries, CVTEL B.V., Carrigans Finance S.à.r.l., Portugal Telecom Internacional Finance B.V. and Oi Brasil Holdings Cooperatief U.A. collectively referred to as “Oi” or “Company”.

Oi S.A.'s subsidiaries, which have specific operational procedures, should have their own Compliance Manuals, which shall cover these specificities and be subject to the general guidelines and principles contained in this manual under supervision of the Office of Compliance.

This manual shall be adhered to by all those that maintain a relationship with the company, such as: collaborators, regardless of their hierarchical level, including members of the Board of Directors, Officers, Interns and Minor Trainees.

### **3. OBJECTIVE OF THIS MANUAL**

We understand that building sustainable growth is also grounded on ethics, conduct, risk management and compliance pillars. The conduction of our businesses based on initiatives that may ensure adherence to these pillars creates value for all stakeholders.

The creation of this manual aims to render clear Compliance's role within the organization, thus aiding in the assimilation of each employee's and respectively each business area's participation within the context of formation of a culture of compliance. Additionally, we believe that the principles described in this manual facilitate the implementation and execution of the Compliance program within the company.

### **4. OFFICE OF COMPLIANCE'S MISSION**

Ensure the adoption of standards of conformity for compliance with rules, internal and external regulations and best business practices, thus promoting efficiency of processes and strengthening a culture of ethics, integrity, sustainability and risk management culture in each one of the collaborators and sections of Oi with a view to preserving the company's image, reputation and sustainable continuance.

## 5. RISK OF COMPLIANCE

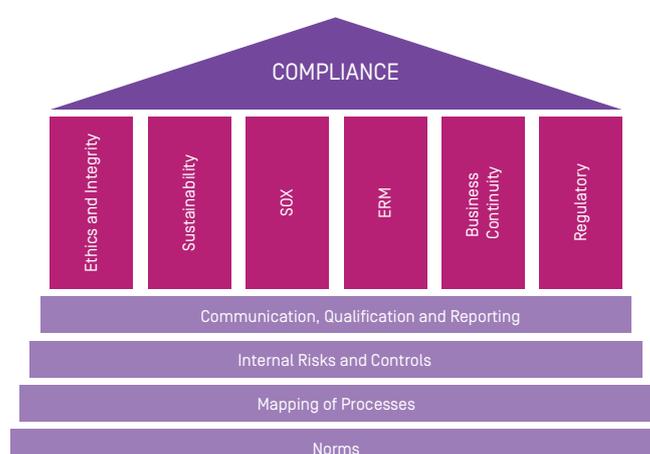
Possibility of occurrence of legal or regulatory sanctions, financial losses, damages to image or interruption of operations, resulting from failure to comply with and adhere to regulatory requirements, internal or external regulations, best market practices, public commitments assumed by the company or by reason of inefficiency in internal processes.

## 6. ROLE OF COMPLIANCE AT OI

Compliance is the role of each employee in his/her day-to-day activities when performing his/her duties and in interfaces with customers, suppliers, shareholders, regulators and other stakeholders.

The Office of Compliance is the body encharged by the Board of Directors with the execution of all points provided in the Compliance program, disseminating the concepts and processes associated with the theme throughout the company with the final objective of mitigating the Risk of Compliance.

The area's scope of operation at Oi is structured on the following pillars:



## **PILLAR 1**

### **ETHICS AND INTEGRITY**

Execution of Oi Integrity program, considering all foreseen dimensions and areas of activity.

## **PILLAR 2**

### **SUSTAINABILITY**

Coordination and follow-up of the sustainability initiatives conducted through the company, which potentially impact the business, its partners, customers, suppliers and other stakeholders, with a view to improving economic and social-environmental performance.

## **PILLAR 3**

### **SOX**

Coordination of the structuring of processes that ensure compliance with the Sarbanes-Oxley Act, through maintenance of an adequate environment of controls, with a view to safety, integrity and transparency in the conduction of business, financial administration, bookkeeping and management and disclosure of information.

## **PILLAR 4**

### **ENTERPRISE RISK MANAGEMENT - ERM**

Coordination of the process of identification, evaluation and reporting of risks inherent to the business processes, establishing control activities in each of the processes to address the main weaknesses identified and to report opportunities for improvement.

## **PILLAR 5**

### **BUSINESS CONTINUITY**

Coordinator and fosterer of the activities of preparation and monitoring of the actions performed by Oi's executive boards, with the objective of ensuring business continuity.

## **PILLAR 6**

### **REGULATORY**

Support to the Board of Regulation and Institutional Affairs in the process of verification of compliance with regulations, conducted by the business areas, by reason of the demands, inspections, normative changes or penalties from regulatory bodies.

The 6 previously defined pillars are supported by 4 main activities that help in the conduction, monitoring and formalization of the scope of operation, namely:

#### **Communication, Qualification and Reporting:**

- a. Development and enhancement of training programs and internal communication campaigns that address issues of sustainability, integrity, risks and processes, in addition to the review and dissemination of the Code of Ethics, with a view to the qualification and engagement of all collaborators, including managers and senior management.
  
- b. Reporting of information and indicators that support and allow for decision-making, within a permanent, frequent reporting agenda, including senior management and the relevant committees.

c. Establishment of mechanisms of accounting and dialogue with stakeholders, adhering to principles of balance, benchmarking, reliability and accuracy. Including the processes of participation of the company in market indexes and initiatives connected with integrity and sustainability.

d. Promotion and support of initiatives for implementation of procedures and practices referring to integrity, sustainability and reputation of suppliers, partners, related companies and subsidiaries.

### Risks and Internal Controls:

Ensure, together with the other areas, the adequacy, strengthening and conformity of Internal Controls Environment, seeking to mitigate the risks in accordance with the complexity of their businesses, as well as to disseminate a culture of Internal Control to ensure compliance with laws and regulations applicable to the company.

### Mapping of Processes:

Organize and implement management by processes, ensuring that the objectives of the processes and the compliance of its legal and regulatory obligations are identified and formalized. Thus, improvement of processes in an integrated and aligned manner is ensured, favoring their efficiency and the mitigation/control of the inherent risks, consequently enhancing performance and agility in responding to changes.

## Norms:

Normalize and systematize processes and procedures, ensuring discipline in following the processes and plan for continuous update to maintain its integrity and allow for its transformation, promoting the management of knowledge, resources and technology with a view to achieving better results for the business.

## 7. MAIN NORMATIVE DOCUMENTS ASSOCIATED WITH THE COMPLIANCE PROGRAM

Oi has a series of policies and regulations that are applied in the course of its business. Under the responsibility of different business areas, these internal normative documents are designed to establish parameters and to guide all parties involved in each of the processes, with the correct way of execution and measurement.

Some of these documents are directly related to the Compliance program and are listed below. Considering that the company's business environment is very dynamic and consequently always changes, this is a non-exhaustive list and other items may from time to time be associated with the program.

### A. CODE OF ETHICS

Guides the company's approach in aspects related to ethics and integrity in the conduction of business and the role of each collaborator in achieving the objectives, whether in or outside Oi.

## **B. POLICY OF TRANSACTIONS WITH STAKEHOLDERS AND SITUATIONS INVOLVING CONFLICTS OF INTEREST**

Establishes rules and consolidates the procedures for transactions of this nature, preserving transparency of the process, so that decisions are always made subject to the best practices of corporate governance, avoiding the abuse and improper use of the company's assets.

## **C. ANTI-CORRUPTION POLICY**

Establishes rules and guidelines that should be obligatorily fulfilled and complied with in order to ensure conformity between the activities conducted by the Company and the regulatory anti-corruption requirements.

## **D. SECURITY TRADING POLICY**

Establishes guidelines and procedures for the trading of securities, to be observed by: [i] Managers, [ii] the Controlling Partners, [iii] by the shareholders who elect members of the company's board of directors or advisory board, [iv] members of the Advisory Board, [v] the collaborators and executives having access to confidential information, [vi] members of the other bodies holding technical and consulting functions whether then existing or to be created and [vii] whoever, by reason of his/her job or position in the company, Parents or Related Companies, has knowledge of non-public material information about the company.

## **E. INFORMATION DISCLOSURE POLICY**

Establishes high standards of ethics and transparency concerning the disclosure of information, to be complied with by the Managers, Controlling Shareholders, shareholders electing members of the company's board of directors or advisory board, members of the Advisory Board, collaborators

and executives having access to confidential information, members or the other bodies holding technical and consulting duties whether existing at the time or to be created and by whoever, by reason of his job or position in the company, Parents or Related Companies, has knowledge of non-public material information about the company.

#### **F. PURCHASING AND CONTRACTING POLICY**

Establishes strategic directives and guides decisions relative to purchasing and contracting, seeking increases in quality and reductions in costs, highlighting ethical behavior, with a view to full satisfaction of Oi's customers.

#### **G. RISK MANAGEMENT AND INTERNAL CONTROLS POLICY**

Establishes the strategic guidance required for the identification, evaluation and addressing of corporate risks and respective control activities, with a view to ensuring efficiency of the control environment of the Oi S.A. group companies.

#### **H. DONATION POLICY**

Establishes technical and strategic guidance for any decisions related to the donation of Oi company assets, in addition to establishing internal procedures for formalization and performance of the donation.

#### **I. INSTITUTIONAL POLICY**

Aims to: [i] define the Institutional Scope of Operation; [ii] disseminate the Institutional Mission e Institutional Vision; [iii] establish Oi S.A.'s representation guidelines, including its wholly and partially-owned subsidiaries before External Entities, [iv] establish parameters based on the institutional transparency of acts of Oi

executives, collaborators or representatives, in their interactions with Public Agents and/or representatives of governmental bodies and [v] preserve Oi's image and reputation in its institutional relationships.

#### **J. GIFTS, PRESENTS AND OTHER HOSPITALITIES POLICY**

Defines specific rules and guidance on offering and receiving gifts, presents, meals, travel, entertainment and other hospitalities.

#### **K. SUSTAINABILITY POLICY**

Establishes the strategic direction and guides the decisions relative to Sustainability that drive the creation of mechanisms intended for business continuity and management of social and environmental aspects and impacts.

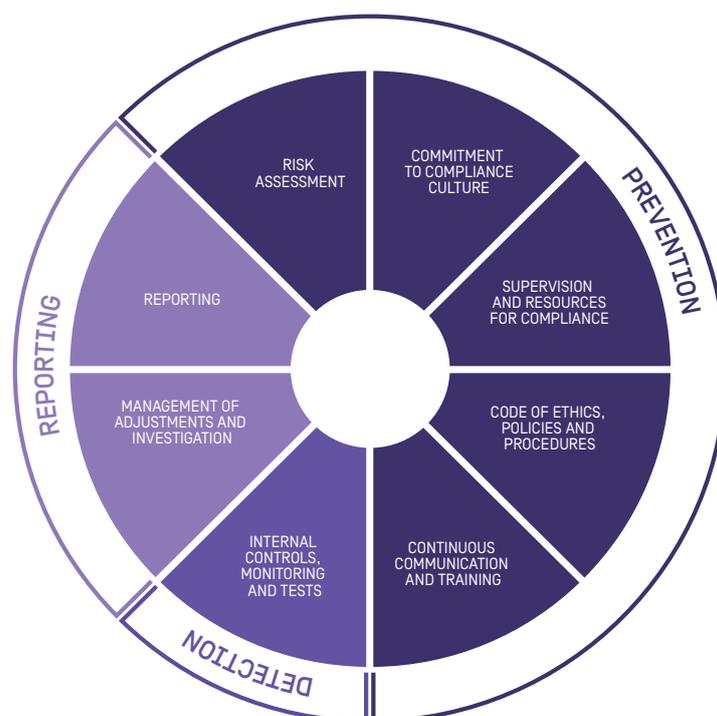
#### **L. PROCESS MANAGEMENT POLICY**

Establishes the principles and rules for the Process Governance Model with the stages to be completed, standardized documents to be used to ensure compliance of registration, defined roles and responsibilities, as well as a system for creation, organization, standardization, approval and disclosure of all documentation relative to the processes - iBPMS.

## 8. COMPLIANCE PROGRAM

### A. OBJECTIVE

The Compliance program is a set of actions implemented across the company to mitigate the risk of Compliance, as well as to fulfill the mission of the Compliance area.



### B. COMPONENTS

#### I. Risk Assessment

The creation of an effective Compliance program includes the mapping of the company's processes and subsequent identification of the inherent risks, associated controls, indicators for follow-up of the program's performance and identification of residual risks resulting from this process.

The business context in which Oi is inserted in and its relationship with customers, suppliers, regulators, public agents and other stakeholders, should also be part of this evaluation.

In this scope, the identification and addressing of risks and processes directed at the Company's Business Continuity, which shall be addressed by the Business Continuity Plan, where Office of Compliance is inserted in the governance of the theme.

Finally, through the Processes Management, the Office of Compliance works to optimize and identify opportunities for gains in efficiency in the company's processes, seeking to minimize the risk of losses, fines, penalties and other consequences arising from inefficiency in corporate processes.

## II. Commitment to the Culture of Compliance

The top-down approach should necessarily guide the actions of Compliance at Oi, associated to a culture where everyone feels to be an integral and fundamental part in the execution of the program.

Senior management should be permanently engaged with the theme, promoting related actions and always leading by example.

## III. Supervision and Resources for Compliance

The area of Compliance should have independence and autonomy to perform the actions, as well to report the identified results. To this regard, it is fundamental that the role of Compliance have a direct line of reporting of the program's indicators to senior management and receive from the latter a permanent alignment with the company's business strategy and model.

#### IV. Code of Ethics, Policies and Procedures

The company's normative structure should have clear, concise and accessible rules for all collaborators, mainly in programs that are more sensitive from the point of view of Compliance. Both the Code of Ethics and the policies and regulations should guide the operation of the different areas, staff and other stakeholders in their relationships with Oi. To this effect, the behaviors accepted and not accepted at all levels of relationship with / from Oi should be clear for all these players.

It is important to highlight that these documents are 'living organisms' that should undergo a periodical process of updating and evaluation of adherence to the company's operating context and business model to prevent discrepancy between the contents of our normative framework and Oi's business practice.

#### V. Continuous Communication and Training

The formation of a culture of ethics and compliance highly depends on the effectiveness of a communication and training plan for all levels of the company, making clear the program's goals and stressing the organization's commitment to the theme.

The communication and training process should reach all collaborators and address at some point its suppliers, business partners, managers and other stakeholders. It should be prepared with a language that is adequate to the various publics, in order to have the expected reach and effectiveness, and mechanisms should be established to ensure that the culture of Compliance is being absorbed

by the entire organization with the concepts actually internalized in each of these players, whether internal or external.

## VI. Internal Controls, Monitoring and Tests

Program execution is based on the implementation of controls in various processes and levels of the organization, for Compliance to be able to ensure that the identified risks are duly controlled. The measurement of the effectiveness of these controls is performed through monitoring indicators, establishment of key controls and periodic tests, which are designed to measure the effectiveness of the application and allow for adjustments in the program itself.

Considering the vision of specific processes for compliance with the Sarbanes-Oxley [SOx] Act, this scope is already covered by a periodic risks and controls evaluation methodology, also considering third-party support to execute management tests, with subsequent certification by the Independent Audit.

For the other processes, classified as Non-Sox, the methodology considers that from the Corporate Risk Matrix, a system for the assessment of inherent risks and associated controls through Control Self-Assessment [CSA] should be established, where the manager him/herself of the area evaluates its controls. Subsequently, as per criteria defined by Compliance and possibly using inputs from other areas of the company, specific controls are defined for the performance of tests and measurement of residual risks.

For the other processes/areas of the Company where Compliance operates, specific controls and indicators are established to mitigate the risk of Compliance.

### VII. Management of Adjustments and Investigations

The follow-up of non-conformities and opportunities for improvement identified during execution should be the basis for continuous improvement of the program. Follow-up and generation of indicators arising from the Denouncement Channel and reports generated by Internal Audit, should serve as a basis for enhancement of the program and the role of Compliance.

### VIII. Reporting

The reporting activity aims to ensure that all results found from permanent execution of the Compliance program are addressed to senior management, as well as all other forums and bodies directly or indirectly involved in the execution of the program. Follow-up of action plans derived from non-conformities or opportunities for improvement found and other indicators of the program should serve as a basis for the production of a consolidated Compliance report, which is capable of providing visibility and continuity to the actions.

## 9. ROLE OF ETHICS AGENTS

The ethics agent aids in strengthening the culture of Compliance in the company, acting as a focal point and primordial instrument in the dissemination of the culture and provision of guidance to other Oi collaborators.

Being an ethics agent is a voluntary activity. The duty of the selected collaborator is to provide support to the Ethics Committee and Office of Compliance in the management of the culture of culture and in decision-making, ensuring uniformity in the transfer of corporate instructions.

### Competencies of the Ethics Agent:

- Unbiased listening;
- Be able to understand different approaches to the same context;
- Influence his/her interlocutors in consolidation of the organizational values and ethics guidelines;
- Have conciliation and mediation characteristics to seek fair solutions;
- Have good communication and inter-personal relationship skills;
- Be able to act in critical scenarios;
- Have never suffered any administrative penalty at Oi;
- Good knowledge of Oi;
- Team work to achieve the best result for Oi.

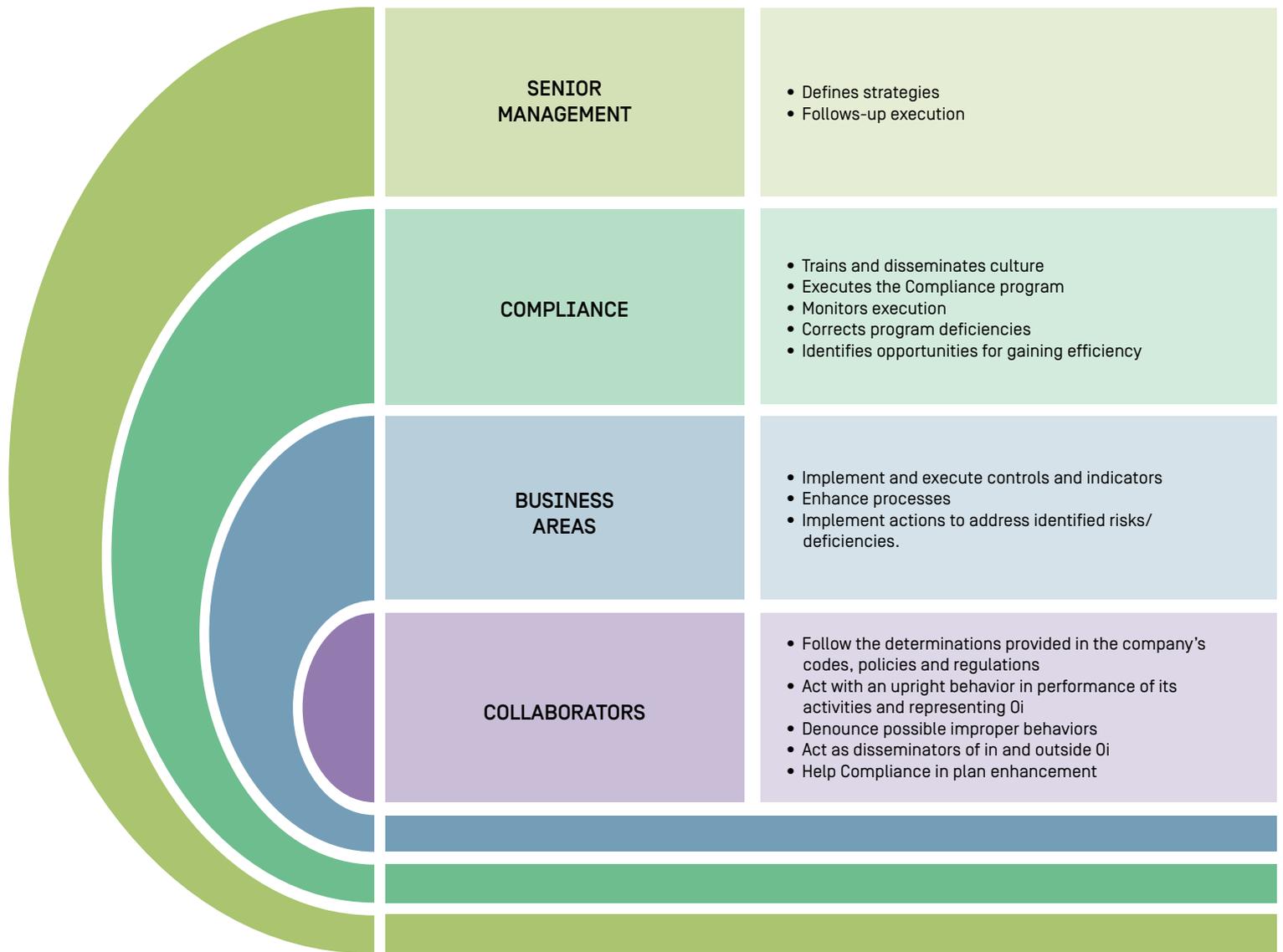
### Duties of the Ethics Agent:

- Provide support to the Ethics Committee in management of the culture of Ethics at Oi;
- Spread ethics values, stimulating dialogue and promoting a good organizational atmosphere;
- Provide guidance on the formalization of denouncements when consulted by Collaborators;
- Participate in the initiatives promoted by Compliance;

- Act as focal point in the receipt of questions related to the Compliance Program, directing them to the Office of Compliance;
- Disseminate the rules and controls related to the Compliance program;
- Disseminate the rules, subjects and actions related to sustainability.

## 10. INTERFACE BETWEEN COMPLIANCE AND OTHER BUSINESS AREAS

Although all areas of Oi are subject to the Compliance program, certain areas have a closer interaction with Compliance. During execution of the activities and in cases where each collaborator represents Oi before various forums and audiences of different natures, it is everyone's role to perform the role of Compliance, as we can see below:



Below we list the areas having greater interface in the execution of the program:

## INTERNAL AUDIT

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### Compliance

- Send relevant identified risks and non-conformities
- Report the status of the Compliance risk matrix
- Monitor action plans for adjustment of non-conformities impacting the Compliance program

### Internal Audit

- Inform new risks applicable to the Compliance program
- Use the Compliance indicators in planning the audits
- Send the audit reports to Compliance for identification of risks and program enhancement
- Audit the Compliance program

## REGULATORY

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### Compliance

- Support initiatives of implementation of controls in the business areas to comply with regulatory requirements
- Resolve doubts on interfaces with public agents
- Monitor action plans for adequacy to regulatory requirements

### Regulatory

- Record and disclose interactions with public agents
- Communicate relevant regulatory changes
- Communicate possible exceptions to the gifts, presents and entertainment policies
- Internalize and require compliance with all regulatory demands from Anatel

### Compliance

- Support in the process of monitoring laws/standardizing documents
- Support in implementation of specific controls in the business areas
- Support in discussions relative to disciplinary measures applicable to cases of non-compliance

### Legal

- Preparation of contracts with anti-corruption clause
- Support in preparation of Compliance area documentation
- Support in understanding the impacts of possible disciplinary measures
- Monitoring of laws/standardizing documents

## 11. GOVERNANCE OF THE COMPLIANCE PROGRAM

Based on the guidance provided by the company's Board of Directors, the Office of Compliance is responsible for the execution, monitoring and enhancement of the program. Subordinated to Corporate Finance, the area is independent to act across all the company's areas/processes, including those of the very board it is subordinated to.

To establish a communication channel with the Board of Directors, the Office of Compliance has a direct reporting channel with the Executive Board, Board of Directors and the Advisory Board, which are bodies responsible for guiding, following up and evaluating the activities of the Office of Compliance.

