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WELCOME TO THE TIM SUSTAINABILITY REPORT 2011

For TIM, 2011 was a year of striking structural growth, both in organic terms and via acquisitions. In addition, the year saw the company recapture second place in Brazil's mobile telephone market, strengthening its position as the fastest-growing operator in the country, both in terms of customers and revenue.

The acquisition of AES Atimus (now called TIM Fiber), in addition to raising the company's market value, represents an important expansion to its fiber optic network, enabling it to offer high-quality broad band in the cities of Rio de Janeiro and São Paulo, adding further potential to the lives of its users. Hand in hand with the organic investments in infrastructure development, these demonstrate TIM's commitment to better quality of service, in addition to new prospects for the sustained development of the business.

In order to raise customer satisfaction in relation to the services provided and minimize possible environmental impacts, TIM has remained focused on improving the quality of the network. In 2011 alone R\$ 2.1 billion were invested in this area. By modernizing the network, technology substitution and sharing sites with other operators – among other measures – TIM has successfully optimized land occupation, without increasing energy consumption and greenhouse gas emissions in the same proportion to the growth of the network infrastructure.

The company also enhanced its emissions inventory, and for the first time since 2008, it commissioned an assurance of the survey, which ensures a transparent and reliable process.

The manner in which the company met its economic objectives reveals that it is on the right path, and from this point of view 2011 was a year full of successes: gross revenue rose by 22% (the fastest growth in the industry), while for the second consecutive year, TIM led in incremental market share, with growth of 33%. Gross additions stood at 39.8 million, while the net figure was a historical letter of 13.1 million new lines.

As a result, the company reached the mark of 64.1 million users, growth of 25.6% in the client base in relation to 2010, a combination of higher volume and a healthier bottom line. TIM has put much effort into this aspect, in the search for democratic access to mobile telephony and internet through innovative offerings and low prices, as always, in the unlimited usage format that gives the consumer greater freedom. Also with this purpose in mind, an agreement was reached with Telebrás for the use of the TIM mobile network to contribute to the National Broad Band Program, or PNBL, a Brazilian government initiative to universalize internet access throughout the country. This is how TIM is betting on a huge, growing market, with increasing inclusion.

The TIM social and environmental responsibility policies are based on the UN Global Compact, a commitment to which TIM has been a signatory since 2008. The purpose of this report is both the Communiqué of Progress (COP) made by the company in the ten principles comprising the Global Compact, and its accountability within the framework of the Global Reporting Initiative (GRI).

Another important guideline as to how TIM operates was the dialog undertaken in 2011 with stakeholder representatives, so as to identify material topics for the organization. This process will ensure greater consistency and legitimacy for sustainability management within the company.

Lastly, TIM's commitment to good corporate governance was also evident during 2011, with the company joining the *Novo Mercado* segment of the Brazilian Stock and Commodities and Futures Exchange (BM&FBovespa), the segment of the exchange that brings together companies with the most advanced practices in the field. The migration ensures better alignment of the interests of the majority and minority shareholders, providing this public with a greater say in the management of the company.

For 2012, new targets have been established, which implies new challenges. TIM has built a solid infrastructure and the investments it has made will form a consistent base for the stages to come. Now, having defined the way forward, the time has come to continue the job and move ahead.

ABOUT TIM

INNOVATION AND QUALITY

Present in Brazil since 1998, TIM Participações S.A. is Brazil's second-largest mobile telephony operator, with a nationwide presence, and whose market value exceeds R\$ 28 billion. The subscriber base now exceeds 64 million lines, a market share of 26.5%. Controlled by TIM Brasil Serviços e Participações S.A. (a subsidiary of the Telecom Italia Group) and headquartered in Rio de Janeiro (RJ), TIM operates in Brazil through TIM Celular S.A. and Intelig Telecomunicações Ltda.

The company invests extensively in innovation and quality, so that customers can communicate with each other any-time, anywhere, with no frontiers. This positioning reflects the early-mover philosophy which has been the hallmark of operations in Brazil. TIM was responsible for introducing innovative concepts into the Brazilian telecommunications market, such as substituting per-minute charging with the pay-per-call system, while offering unlimited internet and text message services, also unlimited, which are only charged as and when they are used.

The company will also be the first to make ultra-broad band available in Brazil: with the acquisition of the fiber optic network of AES Atimus, which led to the creation of TIM Fiber, customers in 21 cities in the states of Rio de Janeiro and São Paulo will now enjoy internet connection speeds of 100 Mbps beginning in 2012.

COMMITMENT TO SUSTAINABILITY

The sustainable nature of operations is the bedrock of the company's strategic roadmap, reiterating economic, social and environmental commitments to stakeholders and society in general.

In 2011, for example, TIM closed a contract with Telebras to participate in the National Broad Band Program (PNBL), thereby contributing to the universalization of internet access in Brazil. And its alliance with the LT Amazonas consortium will take web access to small towns and communities in the states of Amazonas, Pará and Amapá, in northern Brazil, with a highly resistant and available infrastructure, in order to ensure economically sustainable social services.

**TIM IS THE ONLY
COMPANY IN THE
TELECOMMUNICATIONS
INDUSTRY
BELONGING TO
NOVO MERCADO, THE
SEGMENT OF THE
BM&FBOVESPA THAT
HOSTS THE SHARES
OF COMPANIES WITH
THE MOST ADVANCED
CORPORATE
GOVERNANCE
PRACTICES**

ENVIRONMENTALLY RESPONSIBLE COMMUNICATION

With a view to reducing the impacts of this Sustainability Report, TIM has opted to disclose its progress in this area in 2011 in a different manner. This time, we have focused our efforts on launching a much bolder, more interactive site, as well as this PDF file. While obviously producing less impact than if published on paper, the layout project of this document was totally designed so that, in case it is printed, the consumption of printer ink will be much lower.

In tandem with this guideline, in the environmental field TIM has sought dialog, encouraging infrastructure sharing with the telecommunications market and companies providing public utility services. Shared use of fiber optics, cables, ducts and sites is vital for ensuring that the industry uses its resources in an efficient and rational manner, so as to contribute to optimizing land occupation while reducing energy consumption.

In the same vein, TIM also promotes energy efficiency and monitors greenhouse gas emissions, reporting these to the Carbon Disclosure Project (CDP).

In line with its own growth, TIM consistently invests in network quality. This concern has made the company the leader in achieving targets in this field, according to the National Telecommunications Agency (Anatel).

An exchange-quoted holding company, TIM is the only company in the telecommunications industry belonging to *Novo Mercado*, the segment of the BM&FBovespa that hosts the shares of companies with the most advanced corporate governance practices. On the Brazilian exchange the company is listed on the Corporate Sustainability Index, or ISE, and the Carbon Efficient Index (ICO2) for the fourth consecutive year.

The TIM cellular telephony network structure is based on GSM TECHNOLOGY. In 2011, the company attained national coverage exceeding 94% of Brazil's urban population, with a presence in approximately 3,300 municipalities. It also has extensive nationwide data coverage using 100% GPRS and 80% Edge technology, besides a sophisticated 3G network available to over 64% of Brazil's urban population.

TIM IN FIGURES

- 64.1 million customers – growth of 25.6% for the year
- 13.1 million new lines added in 2011
- 10,814 employees
- 94.4% of Brazil's urban population covered by GSM technology in 3,294 towns and cities
- 64% of Brazil's urban population covered by 3G technology
- 100% data coverage using GPRS¹ and 80% by Edge²
- 527 international roaming networks available in over 200 countries on six continents, for voice use
- 16,000 kilometers of long-distance networks and 7,500 kilometers in metropolitan networks (fiber optics)
- Market leader in network quality, according to Anatel indicators for the last 12 months

To find out more about the area covered by TIM, visit the company's website and check out the map in the section on "cover and roaming".

¹ General Packet Radio Service: technology that increases data transfer rates and is measured in kilobits per second.

² Enhanced Data rates for GSM Evolution (EDGE). Digital cell phone technology for better data transmission and reliability.

TIM COMPANIES IN BRAZIL

COMPANY	SERVICES
TIM Celular	Nationwide mobile telephony operator in Brazil and early mover in launching a series of products here.
TIM Fiber	Provides high-performance communication and infrastructure services in the major cities and metropolitan regions of Rio de Janeiro and São Paulo, covering a potential market of around 8 million households and 550,000 companies in 21 cities, via a 5,500 kilometer-long fiber optic network.
Intelig	A provider of land line, long-distance telephony and data transmission in Brazil, the company provides integrated and customized solutions to the residential and corporate markets, the government and operators with domestic and international cover. With a 100% digital network, the company has installed fiber optics in Brazil from north to south, in addition to central telephone exchanges, satellite stations, connections to large international networks and capacity on the major submarine cable systems.

HOW TIM WORKS

Offering innovative connectivity possibilities is part of TIM strategy. TIM operates with ear tuned to customers' communication behavior and requirements, in the search for new technologies to provide them with simple, practical and efficient services. That is why the manner in which TIM operates is underpinned by transparency, loyalty and excellence, always with sustainable development as its goal.

MISSION, VISION AND VALUES

Mission – To be close to customers, offering innovative connectivity possibilities and focusing on their diverse expectations and requirements, in order to contribute as an agent for social change through sustainable management.

Vision – To be the number 1 choice for our customers by providing them with high-quality innovative services, while becoming the benchmark for profitability in the Brazilian telecommunications market.

Values

- A proactive approach
- Transparency
- Speed
- Professional experience
- Innovation
- Entrepreneurial spirit
- Customer-focused
- Team spirit

TIM BELIEVES IN

- Unlimited, borderless communication that brings people together, increasing their ability to relate with the world
- Mobility, both human and functional
- Freedom and each man's desire to continually evolve and search for new ideas and new ways of doing things
- Access to technology
- Far-reaching democratic communication and transparent and real relations, free of subterfuge, so as to raise the mobility of each and every one

TIM'S DUTIES, AS EXPRESSED IN ITS CODE OF ETHICS

- Transparency in business dealings
- Fostering fair competition
- Seeking excellence and a competitive position in the market
- Attending to the well-being and growth of the communities where it operates
- Valuing its human resources
- Having sustainable development as its goal

WHO HELPS MAKE TIM WHAT IT IS

Every day, many people and stakeholders help to build TIM through their collaborations, demands, suggestions and opinions.

The company believes that listening to and understanding the expectations of stakeholders is essential for the continuity of the business and for better management. That is why it is investing in the continuous improvement of this relationship, while seeking always to keep channels open for dialog and a constant spirit of partnership and respect.

TIM STAKEHOLDERS

External

- Customers
- Suppliers
- Competitors
- Civil society organizations
- The environment (Environmental regulatory bodies)
- Community
- Government
- Business Partners

Internal

- Employees
- Shareholders

HOW TIM ENGAGES WITH ITS STAKEHOLDERS

TIM has been increasingly seeking to listen to and engage with its stakeholders in striving for the sustainable growth of the organization. In 2009, a stakeholder survey was carried out by telephone and e-mail. In 2011, one of most important steps in this process was the stakeholder panel, which enabled the company to raise subject matters of importance to its strategic sustainability planning, while providing guidance on accountability through the sustainability report and other communication channels.

The company believes that by communicating with its stakeholders, the engagement process is established and

strengthened. This dialog results in new demands which TIM seeks to address, whether via ad hoc actions, or more extensive changes.

The box below shows the different channels by which TIM communicates and engages with its stakeholders.

COMMUNICATION AND RELATIONSHIP CHANNELS

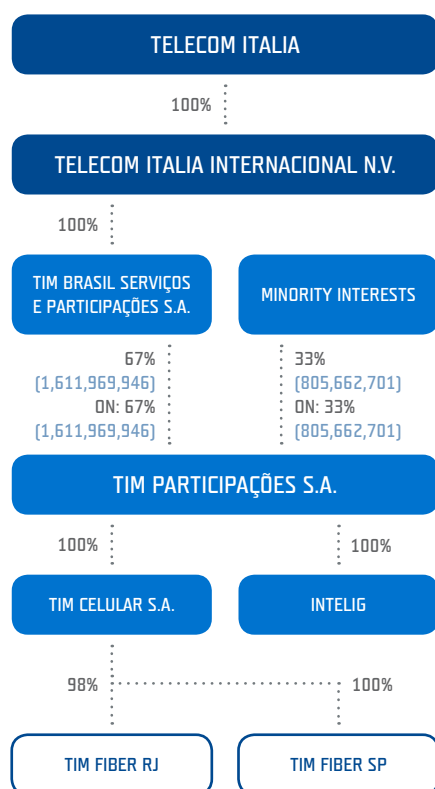
RELATIONSHIP ACTIONS/MEANS	PURPOSE
Customers	
Client Relationship Center (CRC)	To receive requests, doubts and complaints, while allowing customers to amend their data on line. Available 24 hours a day, seven days a week, via e-mail, fax, telephone or letter
Exclusive (self-service) area on the site	To activate and deactivate services and account enquiries
Portal *144#	Access via cell phone for information and to clarify doubts
Twitter – "TIMTIM por TIMTIM" (www.twitter.com/TimtimporTIMTIM)	To make commercial and institutional information available
On-line monitoring of social networks, such as blogs, websites and networks	To identify themes that matter to stakeholders and which do not appear through formal channels
Satisfaction surveys	Monthly evaluation of satisfaction regarding the CRC; six-monthly survey of overall client satisfaction with the company, identifying opportunities for improvement
URA (Audible Response Unit)	Enables consumer self-service, including blocking and unblocking of lines and requests for second copies of invoices
Speaking for customers	Enables consumer self-service, including blocking and unblocking of lines and requests for second copies of invoices
Suppliers	
Sustainability evaluation	To evaluate suppliers in matters involving sustainability, helping them to identify opportunities for improvement
Website www.timcommerce.com.br.	To provide an exclusive channel for dialoging with suppliers regarding registration, clarification of doubts and suggestions
Competitors	
Participation in several class associations, for example, the National Union of Telephone, Cell Phone and Personal Mobile Service Telephone Companies (SindiTelebrasil), and in study groups involving technical themes of the industry	To maintain a relationship of cooperation, contributing to the development of the sector
Fair Competition Information Manual	To make TIM employees aware of the importance of complying with competition laws
Environmental regulatory bodies	
Contact with the main environmental regulatory bodies, such as state and local departments of the environment, public works and urbanism, and the Brazilian Environment and Natural Resources Institute (Ibama)	Continuous improvement of the environmental performance
Communities and civil society organizations	
Permanent channels for TIM to engage with the community via e-mails (Sustainability@timbrasil.com.br, projetosocial@timbrasil.com.br e ssma@timbrasil.com.br) or through the regional offices and/or the Department of Press Relations and Sustainability	To support social, cultural and educational initiatives that seek to improve people's quality of life.
Donations (intermittent support for specific good causes)	To clear up doubts, receive suggestions and provide clarification about the environment and climate change.
Investments in social action projects with long-term involvement	To contribute to the well-being of the community
Employees	
Corporate intranet; SMS for employees; TIM News (internal corporate TV, broadcast in areas with extensive movement of people); Internal communication e-mails with the major highlights	To inform employees and present the new developments within the company
New employee induction week	To encourage employees to put their ideas forward and share their experiences through suggestions of subjects to be addressed
Organizational climate survey	To help employees adapt to the company
Shareholders	
Website (www.tim.com.br/ri)	To disclose information of interest to investors, such as results, relevant fact notices, quotations and analyses in accordance with the criteria of honesty, clarity and equality of access to information
IR Contact	To address the doubts of (current and potential) investors, as well as those of analysts
RI 2.0 (Web 2.0 services integrated with the Investor Relations website). Tools available: Slideshare (all presentations to investors are available for consultation): www.slideshare.net/ritim; Twitter: www.twitter.com/tim_ri; Mobile (version of the IR website for cell phones): tim.riweb.com.br/ mobile; RSS, a language standard that enables disclosure of news and information in summary form on websites and blogs	To extend the reach of the information and transparency
Business partners	
TIM World (intranet)	Introduces offers and administrative procedures
Sales Business Bulletin (e-mail)	Contains offers, procedures and incentive programs
Text messaging	Messages reiterating offers and advertising sales incentive campaigns
E-mail marketing	E-mails to back up incentive campaigns

SHAREHOLDER STRUCTURE

In 2011, three major events affected the company and its shareholders.

The first was the company joining the *Novo Mercado* segment, with the conversion of preferred shares to common shares. The second was the public offering of shares by issuing 200,258,368 common shares, at R\$ 8.60 per share, making a total of R\$ 1,722,221,964.80. The company's capital stock closed 2011 totaling R\$ 9,886,886,593.46. In line with the bylaws of TIM Participações, the company must distribute a mandatory dividend of 25% of its adjusted net income. These two events led to changes in the shareholding structure.

The third event was the acquisition of AES Communications Rio de Janeiro S.A. ("AES Com Rio") and Eletropaulo Telecomunicações Ltda. ("AES Telecom EP") by the full subsidiary TIM Celular S.A.

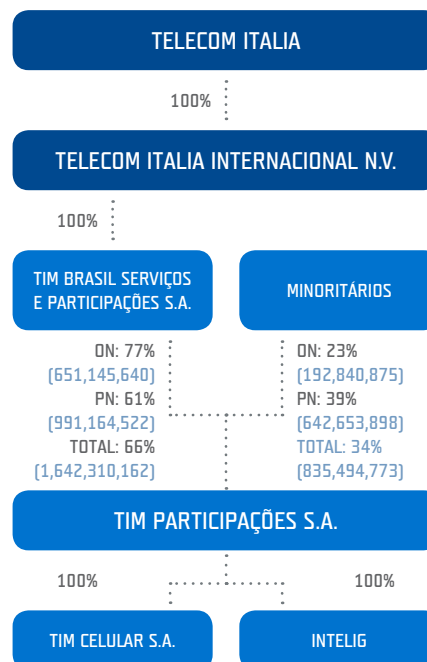


Current shareholder structure of TIM Participações, following the acquisition of AES Communications Rio de Janeiro S.A., whose name was changed to TIM Fiber RJ S.A., and Eletropaulo Telecomunicações Ltda., currently TIM Fiber SP Ltda.

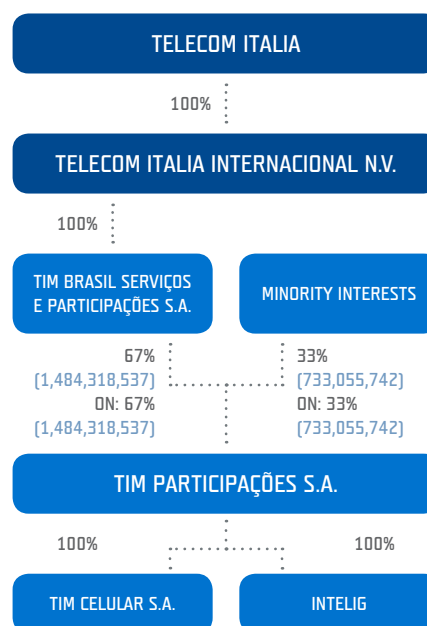
See below the changes to our shareholder structure resulting from the migration to the Novo Mercado segment:

KEY TO THE FIGURES:

BEFORE MIGRATION TO THE
NOVO MERCADO SEGMENT

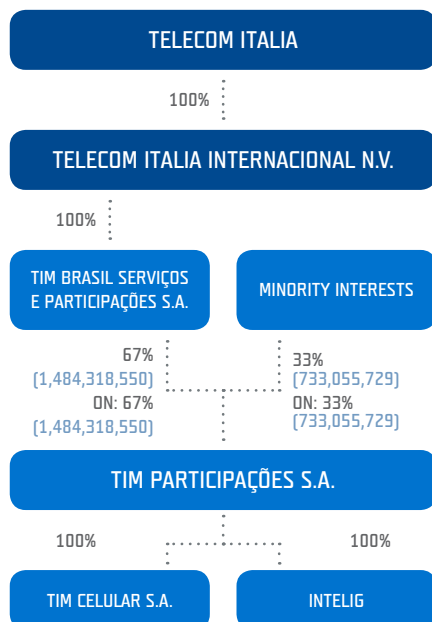


AFTER MIGRATION TO THE
NOVO MERCADO SEGMENT

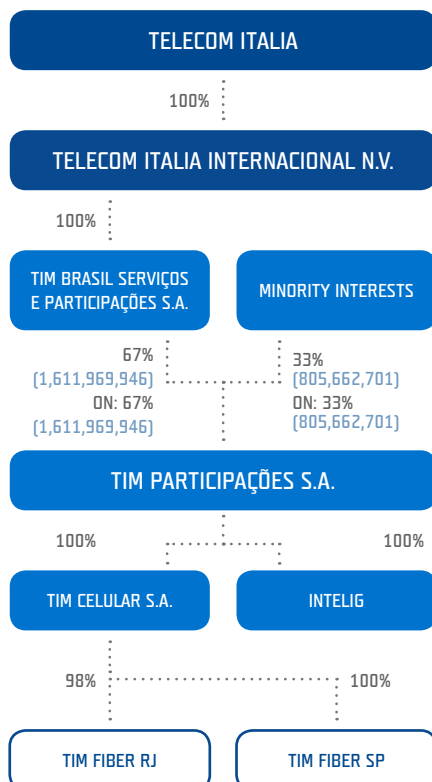


KEY TO THE FIGURES

PRIOR TO THE OFFERING AND
CLOSURE OF THE AES ATIMUS DEAL



AFTER THE OFFERING AND
CLOSURE OF THE AES ATIMUS DEAL



Other information about the shareholder structure of TIM can be found in the TIM 2011 Annual Report

THE NOVO MERCADO SEGMENT

This is a special listing segment of the BM&FBovespa, comprising companies committed to adopting measures to reflect the highest level of corporate governance.

Following the migration, all preferred shares were converted to common shares, eliminating the difference between share classes, with all TIM shareholders thereafter enjoying the same rights, including voting rights.

Besides converting preferred shares to common shares, the following rules imposed by the regulations of *Novo Mercado* are worthy of note: (i) in the event shareholder control is relinquished, minority shareholders are entitled to receive for their shares the same amount paid for the shares of the controlling shareholders (100% tag along); (ii) at least 20% of the company's board of directors must be independent members; (iii) the company must maintain at least 25% of its shares in free float; and (iv) more complete disclosure of financial data, including quarterly reports showing cash flow statements and consolidated reports reviewed by an independent auditor, among others.

These measures taken together align the interests of the controlling shareholders with those of minority interests, providing greater security to those wishing to invest in the company.

TIM FIBER

In line with the business strategy of expanding its activities and strengthening its infrastructure, in 2011 TIM acquired the 5,000-limometer network of fiber optic cables of AES Atimus, which then became known as TIM Fiber.

Serving the main municipalities in the metropolitan areas in the states of Rio de Janeiro and São Paulo, TIM Fiber covers a potential market of approximately 8 million homes and 550,000 companies in 21 cities, using a fiber optic network 5,500 kilometers in length.

Through TIM Fiber, TIM intends to offer, as of 2012, internet access at speeds of up to 100 Mbps in cities of Rio de Janeiro and São Paulo. This is what is known as ultra-broad band.

PUBLIC OFFERING

In September 2011, TIM made a global public offering consisting of 190,796,858 common shares, at R\$ 8.60 per share, raising a total of R\$ 1.64 billion. Additionally, in October the company made available an over-allotment of 9,461,510 common shares (totaling R\$ 81.4 million), for the sole purpose of attending to the excess demand detected in the public offering. In all TIM raised R\$ 1.722 billion, issuing 200,258,368 common shares.

For more information about Novo Mercado and TIM Fiber, see the 2011 Annual Report.

COMMITMENTS BY TIM

GLOBAL COMPACT

Since 2008, TIM Brasil has been a signatory to the UN Global Compact initiative that brings together companies committed to including in their business practices ten basic principles in the fields of human rights, labor relations, the environment and combating corruption.

TIM strives to inculcate these principles in daily operations and in relationships with all out stakeholders. The actions taken by TIM involving the principles of the compact are described throughout this report.

GRI

The Global Reporting Initiative (GRI) is an independent organization that encourages companies to report on their social, environmental and economic performance. With help from companies and partners worldwide, the GRI has established a standard for reporting on sustainability which is today the most accepted worldwide and which TIM has adopted.

More than anything else, the GRI directives are an important tool for measuring results and reflecting on actions taken within the three pillars of sustainability (economic, social and environmental), identifying gaps and pointing the way to improvements.

Discover more in About the report.

CARBON DISCLOSURE PROJECT

Since 2007, TIM has responded to the Carbon Disclosure Project (CDP) questionnaire about the greenhouse gases it emits and its strategy in regard to climate change. The CDP is an independent organization comprising the largest global data base of corporate information on climate change, which is consulted by investors, government entities, legislatures, the academic community and the public in general. More than 3,000 companies worldwide currently measure and disclose their emissions in the CDP.

CORPORATE SUSTAINABILITY INDEX (LOCAL ACRONYM, ISE)

Created by the BM&FBovespa jointly with entities such as *Instituto Ethos* and the Ministry of the Environment, the purpose of the ISE is to benchmark socially responsible investments. It comprises shares of companies acknowledged for their commitment to social responsibility and corporate sustainability, selected once a year based on an extensive questionnaire that evaluates how they include sustainability in management. TIM has been a member of this group for four years.

THE TEN PRINCIPLES OF THE GLOBAL COMPACT: HUMAN RIGHTS:

- 1 Business must support and respect the protection of internationally proclaimed human rights; and
- 2 Make sure they are not complicit in human rights abuses.

LABOR

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 The elimination of all forms of forced and compulsory labor;
- 5 The effective abolition of child labor; and
- 6 The elimination of discrimination in respect of employment and occupation.

THE ENVIRONMENT

- 7 Businesses should support a precautionary approach to environmental challenges;
- 8 Undertakes initiatives to promote greater environmental responsibility; and
- 9 Encourage the development and diffusion of environmentally friendly technologies.

CORRUPTION

- 10 Companies should work against corruption in all its forms, including extortion and bribery.



This is our **Communication on Progress** in implementing the principles of the United Nations Global Compact.

We welcome feedback on its contents.

CARBON EFFICIENT INDEX (ICO2)

A joint initiative between the BM&FBovespa and the National Economic and Social Development Bank (BNDES), the Carbon Efficient Index (ICO2) comprises shares of companies that adopt transparent practices in regard to their greenhouse gas emissions (GHG), encouraging a low-carbon economy. For the second consecutive year, TIM has been a member of the index launched in 2010.

CORPORATE GOVERNANCE

TIM is committed to the highest corporate governance practices at local and international level. In addition to complying with the requisites of section 404 of the Sarbanes-Oxley Law, in 2011 TIM joined the *Novo Mercado* segment of the BM&FBovespa, the maximum level of corporate governance in Brazil, becoming the only telecommunications operator to have its shares traded in this segment.

CODES, PRINCIPLES AND POLICIES

The ten principles established by the Global Compact have inspired the codes and policies adopted by the Telecom Italia Group and by TIM. These documents strengthen the commitment to matters regarding human rights, protection of the environment, labor conditions and combating corruption.

CODE OF ETHICS

As the basis for TIM organizational model, the Code of Ethics expresses the fundamental values underlying the relationship between employees and suppliers, customers, consumers and the community, such as transparency, honesty and loyalty, including for example, a ban on contributions to political parties or related institutions. It is available to all employees on the intranet, as well as on the company's website.

BUSINESS CODE OF CONDUCT

This establishes the criteria for relations with suppliers, customers, consumers and the community, preventing situations that are potentially damaging to the company's interests, while seeking fair and equitable relations with the market and the business environment.

THE TIM SOCIAL RESPONSIBILITY POLICY

This describes the guidelines to be followed by the company in matters concerning health and safety, valuing of diversity, child and forced labor, freedom of association, discrimination and harassment.

ENVIRONMENTAL POLICY

This establishes the principles that aim to foster continuous improvement in environmental performance, as well as sustainable and responsible management. These principles include: lower production of waste, encouraging selective collection and the recovery and recycling of garbage, in addition to unconditional compliance with current environmental legislation. Available on TIM's website.

SUPPLIER RELATIONS POLICY

Transparency, integrity, respect for workers' rights and commitment to sustainability are several of the principles enshrined in this policy and which govern TIM relations with its suppliers. Available on the TIM website.

COMMUNICATION AND MARKETING POLICY

The purpose is to ensure that marketing communication actions and projects are aligned with its mission and sustainability-related principles. In the document, the company agrees to abide by current legislation and the self-regulation codes of the industry, in addition to disclosing correct, clear and complete information when advertising its products and services. Available on the TIM website.

231 ORGANIZATIONAL MODEL

Based on Italian law 231/2001 dealing with corruption in relations with the government and establishing severe sanctions against crimes committed by managers, employees and staffers, TIM has adopted the 231 organizational model of the Telecom Italia Group. This principle prevents the personal responsibility of those who commit crimes covered by the law from affecting companies, in addition to being a necessary instrument for controlling internal processes. The 231 organizational model is composed of the Code of Ethics, the General Principles of Internal Control, the Principles of Behavior with Government Entities and the Internal Control Schemes. These documents provide details on the directives and establish the processes for preventing fraud and corruption.

OTHER GUIDELINES

SARBANES-OXLEY LAW

TIM abides by the provisions required under section 404 of the Sarbanes-Oxley (SOx) Law concerning the reliability of the information disclosed by companies.

SOx applies to US and foreign companies whose shares are registered with the Securities and Exchange Commission (SEC), the Brazilian equivalent of the CVM. In order to prevent fraud, the law enables companies to set up audit and security procedures, in addition to establishing rules whereby the committees responsible for supervising their activities and operations may partially comprise independent members.

ISO 14001:2004 CERTIFICATION

This lays down the directives for handling environmental matters within the company. TIM was Brazil's first mobile telephone operator to be awarded this certification for its Network Quality and Performance Information Monitoring Management activities at its operational units in Rio de Janeiro (RJ) and Santo André (SP).

ISO 9001:2008 CERTIFICATION

The network management process is certified for the states of Minas Gerais, Bahia, Sergipe, Rio de Janeiro, Espírito Santo and São Paulo. The units in Rio de Janeiro and São Paulo are also certified for the GSM Accounts Billings Management process of the TIM Celular operators.

The Fiscal Council, which also fulfills the role of Audit Committee, receives complaints via e-mail, the complaints channel or by post. These complaints are forwarded to the internal audit team, which investigates the matter while preserving the anonymity of the accusing party, and submits the results of the investigation to the Fiscal Council which will decide on the steps to be taken.

**IN 2011, TIM JOINED
THE NOVO MERCADO
SEGMENT OF THE
BM&FBOVESPA,
THE SEGMENT
REPRESENTING THE
HIGHEST LEVEL
OF CORPORATE
GOVERNANCE
AMONG BRAZILIAN
COMPANIES.**

ANTI-CORRUPTION PRACTICES

In 2011, the company organized an on-line course on ethics, which was taken by 2.03% of managers and 8.52% of non-management staff, amounting to 872 hours. Additional training regarding corruption deals with the SOx law, which takes a more direct approach to financial matters. In all, there were 884 hours of anti-corruption training.

TIM fights corruption and takes the necessary measures when such events are identified, but does not undertake risk assessments on this issue at its units. In 2011, there was a case of a staff member involved in compromising customer information and improper substitution of SIM cards. In this and other cases, when appropriate, the facts are investigated and the appropriate measures taken, such as dismissing the employee.

GOVERNANCE STRUCTURE

The governance structure at TIM is composed of the following bodies: the Board of Directors and its committees, the Executive Board and the Fiscal Council, which also functions as the Audit Committee (Fiscal Council/Audit Committee).

The compensation of the members of the board of directors and the other executives bears no relation to TIM's social and environmental performance.

Accusations from anyone, anonymous or otherwise, concerning the accounts, internal accounting controls or audit matters can be forwarded to the Fiscal Council/Audit Committee via e-mail to comitedeauditoria@timbrasil.com.br or by post to the following address: Comitê de Auditoria/Auditoria Interna, Av. das Américas, 3.434, Bloco 1, 7º andar, Barra da Tijuca, CEP 22640-102 – Rio de Janeiro/RJ.

COMPOSITION	ATTRIBUTIONS
Board of Directors	
The Board of Directors of TIM is currently composed of nine members who are elected to a two-year term of office by the general meeting, which can also remove them from office. Reelection is permitted, and three of them must be independent members, under the terms of the Regulations of <i>Novo Mercado</i> . It is the members of the board who choose their president, and it is forbidden to accumulate the positions of chairman of the board and chief executive officer of the company. The structure of the Board of Directors is available on the website www.tim.com.br/ir . The company employs no processes for determining the qualifications and knowledge of the members or for the self-evaluation of the performance of the Board of Directors	Responsible for management of the company at the highest level
Compensation Committee and Internal Control and Corporate Governance Committee	
Each committee has three members elected by the Board of Directors from among the members	Responsible for evaluating matters falling within its terms of reference and making recommendations to the Board of Directors, the body to which it is accountable
Executive Board	
Nine officers elected by the Board of Directors for a two-year term of office	Executive management of the company
Fiscal Council/Audit Committee	
Composed of at least three and at the most five independent members with no links to the company, elected for a term of office of one year by the general meeting, which can also remove them from office. The structure of the Fiscal Council can be consulted on website www.tim.com.br/ir	As the Fiscal Council it supervises the acts of the company's management and shareholder information. As the Audit Committee, its work is to make recommendations and issue opinions about the company's internal and external audit processes

PUBLIC POLICIES

Since 2010, TIM has participated in the discussions of the Digital Inclusion Program Management Committee (CG-PID), via the Brazilian Association of Competitive Telecommunication Service Providers (Telcomp) and SindiTelebras (the National Union of Telephone, Mobile Cellular and Personal Services Companies), whose purpose is to assist in building the National Broad Band Program (PNBL), a Brazilian government initiative to universalize internet access in Brazil.

TIM and Telebras have reached an agreement for the use of the operator's nationwide mobile network to foster mobile broad band access on PC's and laptop computers using modems. The initiative offers web connection at a speed of up to 1 Mbps for a monthly charge of R\$ 35.

2011 HIGHLIGHTS AND GOALS

Between the previous goals set for 2011 and the new goals for 2012, one can find below the progress of TIM's major commitments for the year:

TOPIC	INDICATOR	UNIT OF MEASUREMENT	DEC 2010	2011 GOAL	DEC 2011	RESULTS	FOR 2012
Volunteerism	One day off for employees who volunteer to take part in the <i>Programa Cidadão sem Fronteiras</i> (Citizens without Borders Program)	% (company's own staff)	1.6	1	1	Reached	1
Training	Training (total hours: in the classroom + on line + on the job)	Number of hours (own staff, interns and contractors)	897,954	715,000	636,202	Not reached	600,000
	Sustainability (number of people taking part in at least one training course on sustainability)	% (own staff, interns and contractors)	35		34	Reached	30
The environment/ batteries	Collection of old cell phones, batteries and other accessories for recycling	metric tons	14.65	12	16	Reached	13
The environment/ waste	Percentage of office-generated waste recycled	%	60	55	55	Reached	58
The environment/ waste	Ratio of plastic cups recycled to total plastic cups purchased in 2012, in the administration offices	%	N/A	N/A	N/A	N/A	Goal included for 2012: 40%
The environment/ Energy/ offices	Reduction in electrical energy consumption in the offices	kWh	759,752	300,000	-931,161	Not reached**	For 2012, TIM will replace the office energy goals with the network energy goal, as this is the most significant energy-consuming business
Energy/ Network	Reduction from 7.02% to 3.5% in the expected increase in energy consumption in 2012 in comparison with the previous year, of the TIM Cellular mobile network	% (limit on the increase in electrical energy consumption in 2012)	N/A	N/A	N/A	N/A	Goal included for 2012: 3.5
Supplier management	Number of suppliers assessed on sustainability-related issues	Aggregate total as of 2009	74	140	140	Reached	180

*In 2011, the company opted to give priority to the on-line training model for the operations level, which accounts for the largest group of employees. This migration from classroom to on-line courses at this level, the most representative in terms of headcount, resulted in a reduction in the absolute number of training hours. The courses were optimized to adapt them to the on-line environment, so as to reduce the period during which employees are available for certain training courses.

**Although the measures described in the action plan for achieving the energy goal in the office were reached, there was a significant increase in electricity consumption. The main reason was the substitution, in one of the regional offices, of the use of generators at peak time by electricity. This decision was taken on account of the option to use energy with a lower environmental impact, as the Brazilian energy matrix is heavily weighted to water sources, while generators burn diesel oil. Other causes include higher circulation of people in the buildings (employees and visitors) and the need for them to remain at their desks for longer periods on account of overtime, primarily at Headquarter, which not only prevented energy equipment from being switched off at the scheduled time, but also required this equipment to function during overtime. That is why instead of saving 300,000 kWh, the company's consumption rose by 931,161 kWh.

A BORDERLESS WORLD

TIM products and services enable millions of people throughout Brazil to communicate. The plans are structured based on the concepts of fair price, unlimited use and simple offers. Aware of its customers' behavior and requirements, the company invests so that people can talk more and use the internet more without having to worry about limitations like cost and time.

These are the features of the two principal services platforms TIM offers: Infinity (pay-as-you-go) and TIM Liberty (monthly account). They have enabled the company to introduce innovative concepts into the market, such as unlimited call charges – rather than charging by the minute – in local calls and long-distance calls using code 41 for TIM numbers and in local calls to land lines, in the case of *Infinity*, and the possibility of unlimited use in local calls and code 41 long-distance calls to any TIM number for a fixed monthly charge in TIM *Liberty* plans. The proof that these offers are precisely what customers want can be found in the size of the subscriber base: *Liberty* users now exceed 3 million, while *Infinity* prepaid customers now exceed the significant 53 million mark.

TIM customer base is also growing thanks to the efforts to provide other social strata with telephone services through innovative proposals and lower tariffs. In 2011, the company introduced fixed daily tariffs for text messaging and data traffic, making the service cheaper for consumers, while ensuring more transparent monitoring of expenditures arising from using these facilities.

In regard to handsets, following the strategy of encouraging access to the mobile internet through higher penetration of smartphones and web phones, TIM reached an agreement with its suppliers which enabled it to partly reduce the price of its portfolio.

For more information about TIM products and services, check out the Annual Report and website.

INFINITY PRÉ

Charging for unlimited calls, rather than per-minute, on calls to TIM numbers:

- R\$ 0.25 on local calls and long-distance calls using code 41 to any TIM number;
- R\$ 0.50 on local calls to any land line.
- Unlimited internet and text messaging to any cell phone within Brazil, at R\$ 0.50 for each day used.
- There is no joining fee or requirement to register.

TIM LIBERTY

Unlimited local calls and long-distant calls using code 41 to any TIM number for a fixed monthly charge.

Unlimited internet and text messaging to any cell phone within Brazil for a fixed price, in the month when these are used.

Unlimited calls received on trips in Brazil, for a fixed amount in the month of use.

RELIABLE NETWORK

In order to support the growth in data and voice traffic and ensure the quality of the network and signal coverage, TIM has made massive investments. In 2011 alone R\$ 2.1 billion were invested. For the three years from 2011 to 2013, TIM will invest a further R\$ 7 billion in infrastructure.

Here are some of the projects under development:

- Installation of a new generation of routers, with an individual capacity of up to 4.5 terabits per second, 14 times greater than those previously used by TIM Brasil and up to three times greater than other technologies existing in the market.

TIM HAS INCREASINGLY INVESTED IN CONTINUOUS IMPROVEMENT AND STRUCTURAL CHANGE, SEEKING TO OFFER ITS CUSTOMERS QUALITY SERVICES

- Prepping of the network infrastructure for the IPV6 internet protocol version, which will bring immediate economies of scale for routing and data transmission, especially in video and IPTV services.
- Higher mobile access network capacity for voice, using new-generation technology.
- An increase of over 100% in the active TRX base (the network component responsible for adding traffic capacity to an antenna).
- Installation of 1,800 new BTS (the network component responsible for extended and enhanced cover) and substitution of 8,300 BTS, or 75% of the current 2G structure, by other more modern technology, so as to renovate installation facilities.

INNOVATION IN THE MILITARY GAMES

Intelig was the telecommunications services provider for the World Military Games, held in July 2011 in Rio de Janeiro. Responsible for the entire data traffic infrastructure used during the event, the company innovated by using laser optics equipment – unprecedented technology in sporting events in Brazil – thereby overcoming the geographical difficulties of the state. In order to overcome the challenges, base transceiver stations (BTS) were used. Network connection points were distributed at the competition venues, the press and operations centers and in the accommodation buildings. The competition brought together about 6,000 athletes from 100 countries.

CUSTOMER SERVICE

To serve more and more customers well. This is TIM's goal and major challenge. In 2011, the customer base grew by 25.6%, reaching the 64 million customer mark. This includes 13.1 million new lines, an all-time record for the company. TIM's service structure includes 4 in-house and 7 outsourced sites.

Every month, TIM carries out customer satisfaction surveys regarding customer service, while every six months two satisfaction surveys are carried out regarding all areas of the company. In 2011, average satisfaction with service was 7.80 and general customer satisfaction, 8.05. In 2010, these figures were 7.68 for satisfactory service and 8.08 for overall satisfaction.¹

TIM seeks to offer its customers quality services and support. That is why it has invested in enhancing its processes, structural changes and network quality.

The company has adopted a preventive posture, making its offers simpler and more transparent, while simplifying processes so that customers do not have to call the Customer Service Unit in search of clarification.

TIM has also invested in training the attendants and in monitoring in greater depth the observations of consumers, using qualitative surveys and monitoring studies. The compensation paid to call center partners is linked to the quality of the service customers receive. Under this model, those partners rated highly by users and who deal with their requests quickly and effectively earn bonuses.

In order to sustain the rapid growth in voice traffic and the acceleration in data traffic, TIM has been investing heavily in network quality, replacing equipment, installing more antennae and increasing traffic capacity.

In 2011, TIM received 20,174 complaints through the consumer protection agency – Procon -, an increase of 5.9% in relation to 2010. This happened because in 2011, in addition to growth in customer base, it began taking into account complaints against Intelig. However, the volume of matters raised fell by 24% during the year (comparing the first quarter with the fourth).

¹ The scores shown refer to the averages in the surveys carried out during the year.

The figures for 2010 were amended in relation to those published in the Sustainability Report 2010, as that report showed the average of the last survey carried out in 2010.

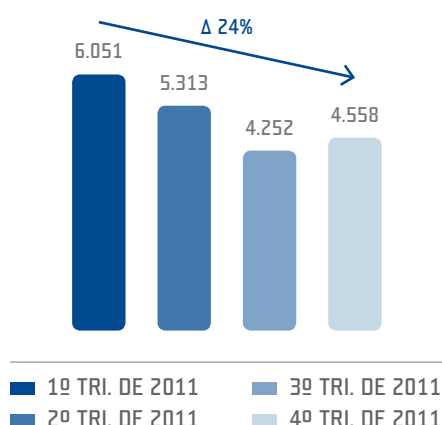
In spite of the higher number of complaints in relation to 2010, there was also a significant increase in the number of cases resolved, so that the volume of cases resolved matched that of new complaints.

TOTAL COMPLAINTS RECEIVED	2010	2011
At the company	10,247,904	10,645,858
At Procon and other consumer protection bodies	19,050	20,174
At Anatel	211,209	263,400
At the courts	48,165	63,796

TOTAL COMPLAINTS AND CRITICISMS RESOLVED	2010	2011
At the company	99.9%	92%
At Procon and other consumer protection bodies	100%	100%
At Anatel	97.9%	99.31%
At the courts	96%	92%

NEW COMPLAINTS TO CONSUMER PROTECTION ENTITIES

TOTAL FOR THE YEAR: 20.174



The Service Performance Rating (local acronym, IDA) published by Anatel evaluates, among other indicators, complaints received, complaints resolved and the rate of reopened complaints. In 2011, TIM managed to improve its performance, achieving an IDA of 95.05 in the month of December.

Since August 2010, the company has achieved 100% of the customer service and sales targets of the Anatel General Quality Targets Plan. Good results were also obtained in the case of internal indicators of customer complaints and their satisfaction with the service received.

MARKETING POLICY

TIM's marketing and advertising practices abide by the principles established by the National Council for Advertising Self-Regulation (Conar), the entity responsible for supervising ethics in advertising in Brazil.

The company also has a specific policy – the Marketing Communication Policy – which establishes the guidelines to be followed in advertisements, in point-of-sale merchandising, in direct marketing and events. The tenets described in the document are as follows:

- The company must be certain that the information about products and services appearing in advertisements and at points of sale is correct, clear and complete;
- The specific literature on promotions at TIM points of sale must contain the regulations and information in full;
- The advertisements must favor a simple and direct approach, so that the public for which they are intended can easily understand them;
- TIM must not attribute to its services elements that cannot be proven;
- Advertisement content must not disparage positive social values or encourage socially objectionable behavior.

In 2011, TIM was party to three lawsuits on account of unfair competition.

PROTECTING CUSTOMER DATA

TIM prevents unauthorized access to and improper use of its customers' personal information. The Customer Data Privacy Policy ensures that access to users' information files and communication data is restricted only to employees and contractors who require access to this information within the scope of their work.

In all cases, internal and external disclosure of information is prohibited, with permission granted only in cases where data are forwarded to other telecommunication services companies (Anatel Resolution 343/2003) and to the courts, subject to guidance from the competent internal department.

The company closed 2011 with two lawsuits by customers referring to violation of privacy.

MOBILITY

For TIM, the concept of mobility transcends the technical and functional aspects. It is a human value.

In a technology-dominated world, investments in mobility mean providing new ways of working and of social relationships. TIM strives to offer its customers unlimited communication, so that they can be fully mobile through voice and data connections. That is why one of the major hallmarks is innovation. For TIM, innovation is not just about offering new techniques and technologies. More than this, it is about important and efficient solutions that enhance each customer's ability to relate with the world.

Over recent years TIM has played an important leading role in the process of cheaper calls and data access through cell phones. As a result, more people throughout Brazil have been able to enhance their productivity, relate with their friends and obtain information and entertainment by telephone.

MAXIMUM CONNECTIVITY

Downloading a video of more than 2 GB, depending on the connection, can take as long as the trip from Rio de Janeiro to São Paulo: almost six hours. Imagining downloading this video in only three minutes would appear to be something from which only future generations will benefit. But beginning in 2012, this will now become a reality for future customers of TIM Fiber.

The connection speed will mean that those images of homes where everything is connected and remotely controlled – from the lights to the locks, including the kid's video game – may become reality much sooner than imagined. Workplace applications may also change the concept of the home office. For example, videoconferencing will be easier. TIM's objective is to provide fast ultra-broad band, with its partners offering services such as home and office automation, video on demand and applications for TV.

TIM is seeking to innovate in the connectivity-mobility relationship. In 2011, it launched the TIM Edition MobileCare, an application for doctors which enables them to remotely access information in their field, meaning more rapid response in treating their patients. The system also contains a reference library and medical calculators, as well as enabling doctors to send reminders about appointment times via text messaging to patients with TIM cell phones.

Another initiative was the “*Vestibular 24 Horas*” (24-hour University Entrance Examination) portal, jointly with the

THE ADVENT OF ULTRA-BROAD BAND IN 2012 MEANS THAT TIM IS INNOVATING IN THE CONNECTIVITY- MOBILITY RELATIONSHIP

“*Escola 24 Horas*” (24-Hour School) site. The purpose of the portal is to help customers enrolled in university entrance examinations and in the National High School Level Examination (*Enem*), by publishing content, mock exams and news about the examinations.

You can read more about the acquisition of the AES Atimus network in the Annual Report.

CASE

CELL PHONES REDUCING DISTANCES

The case of 32-year old Wemerson Trindade is no different from that of countless rural laborers who leave their homes to work the sugarcane harvests in Brazil's southeastern region. Three years ago, Wemerson left Penalva, a little town located some 393 kilometers from São Luís, the capital of Maranhão state, and worked the sugarcane cutting season in General Salgado, in the state of São Paulo. During this period, Wemerson, a TIM customer, calls his wife and children every day in order to tell them how much he misses them. “Before, it was hard to talk to the family because I had to look for a public telephone. Now with the cell phone it's so much easier. I can call them from anywhere, at any time, without worrying about the duration of the call”, the sugarcane cutter concludes.

As a result, Wemerson is not only in the statistics of General Salgado, but of Anatel, too: people working in one state, with family in friends in another are increasing domestic long-distant traffic, which means that operators have to create solutions that address this demand.

SUSTAINABILITY

Since 2010, sustainability-related themes have been part of the meetings of the Internal Control and Corporate Governance Committee, directly subordinated to the company's Board of Directors. Implementing sustainability as an across-the-board theme within the company is the responsibility of the Press Relations and Sustainability executive management team.

The company's commitment to sustainable development-focused management is reflected in the fact that it still figures in the Sustainability Index (ISE) for the fourth consecutive year, and in the Carbon Efficient Index (ICO2) for the second year in a row – both pertaining to the BM&FBovespa.

HOW TIM'S BUSINESS INFLUENCES THE PUBLIC

TIM's business directly impacts the economy by enhancing the development prospects of entire regions through taxes paid, generating financial resources for its business partners and, more directly, by creating jobs: although no defined policy on this subject yet exists, TIM usually prefers to hire staff living in the locations where the vacancy is created, and involves the local community in advertising work positions at the company's call centers. Furthermore, TIM products and services help to increase the productivity of local companies and the inclusion of people in terms of access to the internet and the telephone.

The expansion of the fiber optic network to sparsely-populated areas in the north of Brazil, a joint initiative with LT Amazonas, for example, has the potential to take quality internet access to townships within the project's influence in the states of Pará, Amazonas and Amapá. The project will make use of energy transmission lines and sub-stations, enabling a one hundred-fold increase in voice and data transmission capacity in the region. This means more people connected, exchanging experiences, researching new solutions for their region and more opportunities for

TIM INNOVATES BY INSTALLING A WI-FI NETWORK IN THE ROCINHA

In 2011, TIM launched an innovative project for high-speed, wireless internet access in the Rocinha, a community located on the south side of Rio de Janeiro. The TIM Wi-Fi project, which involves a fiber optic network from TIM Fiber, will begin to serve the community in 2012, covering the Via Ápia and Largo do Boiadeiro areas in the pilot set-up phase.

Using a two-pronged approach, the TIM Wi-Fi project involves private access that will provide TIM customers with high-extremely high-speed browsing, and public access for any user with a Wi-Fi-capable device.

In order to enhance the quality of the service, TIM has also installed antennae that distribute mobile broad band of up to 54 Mbps to the entire community, functioning as a point of access for wireless connections while boosting data transmission capacity using fiber optics. After installing the system in the Rocinha, TIM is planning to expand ultra-high-speed internet to other densely-populated areas, such as universities and airports.

growth. It also means better conditions for creating new businesses, injecting life into local economies and increasing the generation of income.

Given the characteristics of the project, it will also be possible to offer mobile broad band connectivity and products to the corporate market at a lower costs structure than that to be found in the region, which will help boost consumption.

COMMITMENT TO THE ENVIRONMENT

In its search to continually improve its performance in environment-related issues, TIM abides by the principles enshrined in the Global Compact and in its Environmental Policy. The ISO 14001 environmental standard is also an important bearing point. Today, the TIM Network Quality and Performance Information Monitoring Management activities at its operational units in Rio de Janeiro (RJ) and Santo André (SP) enjoy this certification.

In 2011, TIM invested R\$ 211,000 in operational process maintenance for improving the environment, R\$ 6,400 in process assessments and R\$ 12,200 auditing the Environmental Management System and in maintaining ISO 14001 certification. R\$ 5,900 were invested in educating staff about environmental issues. The company is now preparing to extend this certification to other activities and operational units.

TIM's commitments:

- Continuous improvement and prevention of pollution – To consistently advance in its work processes, based on reducing its environmental footprint and on the search for efficient work practices and the adoption of a pro-active approach to achieving these results.
- Waste management – To promote minimal production of waste, while encouraging selective collection, recovery and recycling.
- To seek to prevent post-consumption damage by developing programs for the collection and environmentally correct final disposal of products and inputs with a potential impact on the environment.
- Electromagnetic emissions – To control the operational aspects of its units, ensuring that they comply with internal standards and with legal and regulatory requirements, so as to keep environmental risks to a minimum.
- Legal compliance – Unconditional compliance with current environmental legislation.
- Consumption of natural resources – To take measures aimed at reducing wasted energy and materials, so as to ensure sustainable use of natural resources.
- Technological innovations – To foster research into technologies that keep the adverse impacts of services and products to a minimum.
- Disclosure – To disclose the directives and encourage staff and stakeholders to participate in awareness actions and campaigns, fostering a responsible attitude to the environment.

CLIMATE CHANGE

TIM considers climate change a strategic issue for the continuity of its business, so it monitors its greenhouse gas emissions in order to remain one step ahead of the challenges this matter raises and the growing demand from society.

This response is partly reflected in participation in Brazilian and international initiatives like the Carbon Disclosure Project (CDP) – a global system for reporting information about emissions and the risks and opportunities involving climate change – in addition to corporate actions associated with this issue.

TIM is also a component of the Carbon Efficient Index (ICO2) of the BM&FBovespa and the BNDES, and is part of the Businesses for Climate Platform coordinated by the Center for Sustainability Studies of the Getulio Vargas Foundation (GVCes). This group brings together industry leaders to discuss initiatives and propose corporate guidelines regarding the inclusion of climate as a variable in business strategies, and is one of the main benchmarks in Brazil for a low-carbon scenario.

In addition, TIM also promotes the issue internally among its employees, making them aware of the importance of reducing energy consumption and selective garbage collection.

TIM'S GHG INVENTORY

The GHG inventory of an organization is an important internal management tool, insofar as it enables the company to identify emission sources and to quantify its influence on increasing climate change, thereby clearly indicating the paths to adopting corporate policies involving this issue.

In line with these precepts, since 2008 TIM has prepared its GHG inventory, retroactive to 2007, based on the most widely accepted Brazilian and international guidelines regarding the quantification and disclosure of GHG emissions, such as the GHG Protocol and the guidelines of the Intergovernmental Panel on Climate Change (IPCC).

In 2011, besides the support of ICF International in developing the inventory, for the first time TIM undertook an assurance survey to ensure more transparent and reliable information.

Under the directives of the GHG Protocol, the most globally adopted methodology for accounting for, preparing and publishing GHG inventories, TIM declares its emissions according to a division by scope, namely:

SCOPE 1 – DIRECT EMISSIONS

- The fuel consumed by its own fleet;
- Burning of diesel to produce energy;
- Emissions from leaking gases used in refrigeration equipment.

SCOPE 2 – INDIRECT EMISSIONS ASSOCIATED WITH PRODUCING IMPORTED ENERGY

- Consumption of electricity purchased.

SCOPE 3 – OTHER INDIRECT EMISSIONS

- Burning of fuel resulting from employee air travel;
- Fuel burned by employees in their daily commuting to the office;
- Fuel burned by the contracted fleet and the vehicles of sales consultants;
- Waste management.

The results for 2011 can be seen in the following table.

SCOPE 1		
2010*	1,512	tCO ₂ e
2011	2,555	tCO ₂ e
SCOPE 2**		
2010	286,304.5	MWh
	14,680.3	tCO ₂ e
2011	346,305.1	MWh
	10,130.3	tCO ₂ e

	2010		2011	
	EMISSION (TCO ₂ E)	FACTORS	EMISSION (TCO ₂ E)	FACTORS
SCOPE 1	1,512		2,555	
Own fleet	739	2006 IPCC Guidelines for National Greenhouse Gases Inventories	732	2006 IPCC Guidelines for National Greenhouse Gases Inventories
Generators	548	2006 IPCC Guidelines for National Greenhouse Gases Inventories	752	2006 IPCC Guidelines for National Greenhouse Gases Inventories
Leaking gas emissions	225	IPCC Second Assessment Report: Climate Change, 1995 (HFC-134a) ASHRAE Standard 34, 1997 (R407-c)	1,071	IPCC Second Assessment Report: Climate Change, 1995 (HFC-134a) ASHRAE Standard 34, 1997 (R407-a)
SCOPE 2**	14,680		10,130	
Electricity consumption	14,680	MCT – National grid emission factor for 2010	10,130	MCT – National grid emission factor for 2011
SCOPES 1 AND 2	16,192		12,685	
SCOPE 3	19,992		24,427	
Air travel	2,355	2008 Guidelines to Defra's GHG Conversion Factors; 2006 IPCC Guidelines for National Greenhouse Gases Inventories	4,878	2010 Guidelines to Defra/ DECC's GHG Conversion Factors for Company Reporting
Employee commuting	14,520	2006 IPCC Guidelines for National Greenhouse Gases Inventories (cars and buses); MCT – National grid emission factor for 2010 (train and subway)	3,675	2006 IPCC Guidelines for National Greenhouse Gases Inventories (cars and buses); MCT – National grid emission factor for 2011 (train and subway)
Contracted fleet – Logistics	1,369	2006 IPCC Guidelines for National Greenhouse Gases Inventories	13,001	2006 IPCC Guidelines for National Greenhouse Gases Inventories
Contracted fleet – Others	-	-	1,211	2006 IPCC Guidelines for National Greenhouse Gases Inventories
Sales consultants*	1,748	2006 IPCC Guidelines for National Greenhouse Gases Inventories	1,576	2006 IPCC Guidelines for National Greenhouse Gases Inventories
Waste management	-	-	86	2006 IPCC Guidelines for National Greenhouse Gases Inventories

*The emissions by the fleet of TIM sales consultants shown in the 2010 publication in scope 1 (own fleet) were reallocated to scope 3 (in "Sales consultants") for the purposes of comparison with the 2011 inventory.

**Emissions from electricity consumption showed a significant reduction of 31% on account of the reduction in the national grid emission factor informed by the Ministry of Science and Technology, which takes into account the Brazilian energy matrix and supply through the National Interconnected System (SIN) (emission factors: 2011 – 0.0292 tCO₂/MWh; 2012 – 0.0512 tCO₂/mWh). Therefore, although the company's electricity consumption rose by 20%, the emissions associated with generating this energy were lower than those estimated for 2010.

In regard to scope 3 emissions, TIM has extended the coverage limits, with considerable improvement in the breakdown of the mapping of contracted transportation activities (product distribution, collection of batteries and discarded handsets and transportation of waste and network equipment), in addition to having carried out a far-reaching survey among its employees regarding commuting from home to the office and having enhanced the process for collecting employee travel-related data. These initiatives have been fundamental in improving the reliability of the final results from indirect emissions.

EMISSIONS OF OZONE LAYER-DEPLETING SUBSTANCES

In addition to accounting for GHG emissions from its business activities, TIM has quantified its emissions of ozone layer-depleting substances:

		2010	2011	UNIT
Emissions of ozone layer-depleting substances	R-22	0.159	0.990	t
	R-141 b	0.016	-	
	R-22	0.01	0.05	t of CFC-11 equivalent
	R-141 b	0.002	-	

RISKS AND OPPORTUNITIES

The company does an annual evaluation of climate change-related risks and opportunities, making this evaluation available to the public on the website of the Carbon Disclosure Project (CDP): www.cdproject.net.

OPPORTUNITIES

Sectorial plans for a low-carbon economy may require companies to reduce employee deployments through greater use of video conferencing and home office. This may lead to higher demand for telecommunication and broad band services, resulting in opportunities for TIM, as this business will make it possible to reduce emissions in other sectors through the use of information and communications technology.

In addition, electronic reloads, whose prime example is the TIM POS, enabling on-line reloads via specific cell phones contribute to reducing consumption of raw materials and natural resources and the disposal of cards. This system means a reduction in emissions of CO₂ from transporting the cards, reduces the risk of theft, increases product availability and customer satisfaction and takes leading-edge technology to the market. Electronic reloads currently account for 97% of all reloads, and for 2012 the company intends to achieve 100%.

The TIM "Chip Avulso" (Over-the-Counter SIM Card) is another service giving customers the option of acquiring just the SIM card, without having to buy new handsets. Avoiding the unnecessary exchange of handsets reduces the volume of electronic garbage generated from disposing of handsets, batteries and accessories.

EXISTING RISKS

The principal risks identified are of a regulatory nature, the possibility of higher maintenance and operating costs and their direct implications on the business, summarized below.

Although it has identified those aspects it considers as having a greater influence on the business, TIM has not yet quantified these risks in financial terms:

Regulatory: sectorial plans established as a result of the National Policy on Climate Change may also affect the telecommunications sector.

Physical: climatic events may interfere in business activities, causing:

- higher consumption of energy to maintain network equipment at the appropriate temperature;
- higher costs and rationing of energy on account of the fact that the lion's share of energy generated in Brazil is water-powered;
- shortage of renewable energy sources;
- influence of humidity and salinity on the useful life of the equipment;
- adverse impact on mobile telephone signals in the event of higher rainfall;
- adverse financial impact on account of higher insurance prices involving natural catastrophes;
- impact on employee health and well-being;
- loss of income by consumers;
- interruptions or deterioration in telecommunication services due to possible environmental catastrophes affecting the network infrastructure;
- changes in consumer behavior: loss of income and the resulting reduction in the ability to purchase services. The financial implications of this scenario have not been calculated.

ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES

Base Transceiver Stations (BTS), the structures required for mobile telephone services to function, have several impacts, including the installation work itself and electromagnetic radiation emissions. According to the Acel publication, *Telefonia Celular – Conheça Bem essa Tecnologia* (Cell Phones – Understanding this technology well), whose preparation was based on the study *Sistemas de Telefonia Celular: Atendendo ao Chamado da Razão* (Cell Phone Systems: Responding to the Call of Reason) prepared by the Department of Electrical Energy of the University of Brasília, studies carried out by the World Health Organization (WHO) show there are no sufficient indications that the use of cell phones represents a health risk, provided limits and standards are respected. Also according to the Acel publication, radiation can be ionizing or non-ionizing. The non-ionizing type emitted by the radio waves used in cell phones does not have sufficient energy to damage human body tissue, causing only a rise in temperature, or thermal effect.

According to the publication, the antennae installed on towers or masts emit insignificant amounts of radiation, even under conditions of prolonged exposure. In fact, the level of radiation to which the population is exposed (caused by radio waves emitted by antennae) is 50 to 1000 times less than the safety level stipulated in Anatel regulations. Anatel Resolution 303/2002 establishes limits on exposure to electromagnetic fields in the radiofrequency range used by cell phones.

The leaflet explains that the safety level is determined by the specific absorption rate (SAR), which indicates the average rate of absorption of radiation by the human body per kilogram (Watts/kg). To ensure customer safety, the cell phones available in the market are submitted to SAR (Specific Absorption Rate) testing before being sold, and show levels well below the established limits.

Since 1996, the WHO has carried out the International Electromagnetic Fields Project (EMF Project), whose purpose is to provide an internationally coordinated response to the doubts existing in this field. The WHO estimates that over US\$ 250 million were spent in research on this issue worldwide, and an additional US\$ 130 million will be spent in 2014.

TIM constantly monitors the radiation emitted from its BTSs, so as to ensure that these structures are safe for public. The calculations and measurements take into account the cases of shared BTS, where the technical parameters of the transceivers and antennae of other operators are evaluated.

Thus all the company's BTS have Anatel approval. The license functions as a network directive, so that all sites are installed in locations permitted by the local authority responsible, with planning and environmental permits issued when applicable.

TIM has a BTS and a data transmission antenna within the Permanent Preservation Area (APP) located on the Pico de Jabre mountain in the Paraíba state, and two other stations in similar areas: one protected by the municipality, at Morro do Cristo Redentor, at São Cristovão, in Sergipe state, and one by the National Historical Heritage Institute (Iphan) at Lençóis, in Bahia state.

A further impact brought on by operations is noise emissions. In this case the emissions are usually monitored under (state and local) legislation, or at the request of government bodies. To obtain an operating permit for a Base Transceiver Station (BTS), measurements also have to be taken. In 2011, TIM measured electromagnetic emissions at 1,539 sites (139% more than in 2010) and noise levels at 71 sites (six in 2010).

VIOLATIONS OF ENVIRONMENTAL LAWS

In 2011, TIM was fined a total of R\$ 10.1 million, referring to 70 fines for violation of environmental laws. Records also show 125 assessments, 208 on-going administrative processes, 49 lawsuits and three Consent Decrees (local acronym, TAC) which are still on-going.

Two TACs were filed in Goiás state and one in Pará state regarding the regularization of base transceiver stations (BTS). Under the terms of the agreements, TIM has agreed to pay environmental set-off measures, make donations, purchase equipment and undertake training to maintain these sites.

ENVIRONMENT-RELATED PROCEEDINGS		2010	2011
(On-going) administrative proceedings	No.	129	208
(New) administrative proceedings	No.	12	11
(On-going) legal proceedings	No.	50	49
(New) legal proceedings	No.	2	2

ENERGY

The energy consumed at TIM is essentially obtained from the electricity grid, which accounts for 95% of the total. The remaining energy is consumed by own fleet and by power generators.

DIRECT ENERGY CONSUMPTION (GJ) ¹	2010	2011
Gasoline	41,054	38,380
Diesel – Vehicles	1,277	1,110
Diesel – Generators	7,383	10,434
Total	49,714	49,924
INDIRECT ENERGY CONSUMPTION (GJ) ¹	2010	2011
Electricity	1,030,696	1,246,698
Total energy used	1,080,410	1,296,622

¹The conversion values of the 2011 National Energy Balance Sheet were used to calculate the consumption in gigajoules.

The base transceiver stations (BTS) have generators to ensure that the services function in case of blackouts. In 2011, the use of diesel in these generators (direct energy) rose, as they were employed in cases of blackouts and for network equipment maintenance. The growth in indirect energy consumption arose primarily from the inclusion in 2011 of consumption data for Intelig and new industrial buildings, sites and network equipment.

TIM's objective is to eliminate wastage in energy consumption. The company has invested in restructuring processes and in technology, so as to achieve maximum energy efficiency. With this in mind, 2011 saw the network area implement the Modernization and Swap Project, substituting access equipment (BTS) with more modern, less energy-hungry models. During the year, 2,955 access points were modernized, with swaps at 1,223, making total savings of 4.6 million kW for the year.

The eco-efficiency indicator in energy is an important means for TIM Celular to monitor energy consumption. This indicator lists the quantity of bits transmitted (voice and data traffic) with the energy consumed (fossil fuels and electricity consumed in delivering these services). In relation to the last quarter of 2010, this indicator showed growth of approximately 50%, representing gains in eco-efficiency.

MATERIALS

TIM monitors paper consumption on four fronts: internal use, bags, marketing and bills. Of this total, 90.3% is Forest Stewardship Council (FSC)-certified paper, 9.4% recycled paper, while less than 1% is plain white paper.

The billings department is the largest consumer of paper, as invoices are sent to customers: in 2011, this department consumed 1,068 metric tons of paper. To reduce this consumption, TIM began a campaign to encourage subscribers to accept the summarized invoice format. Text messaging, the Customer Relationship Center and the website are all used to request customers to reduce wastage of paper, advising them that by opting for the summarized model, all the information available on the full invoice can be consulted in the exclusive area of the website. The number of summary invoices rose by 405% between 2010 and 2011.

TIM has a policy for reducing consumption and the cost of paper since 2006. This policy aims to substitute printers, fax machines, scanners and photocopiers with multi-functional equipment. At the end of 2011, all branches had implemented this policy. Internally, the company is pursuing an awareness campaign in favor of the rational use and disposal of paper, including a printing policy – printing on both sides and in black and white. By applying this measure at all branches, it saved on paper and toner.

PAPER CONSUMPTION

MATERIAL	2010		2011	
	TOTAL CONSUMED (KG)	RATIO OF RECYCLED MATERIAL TO THE TOTAL	TOTAL CONSUMED (KG)	RATIO OF RECYCLED MATERIAL TO THE TOTAL
Recycled paper	283,878	18.23%	197,240,70	9.4%
FSC paper	1,272,061	81.72%	1,894,640,92	90.3%
White paper	753	0.05%	6,313,29	0.3%
Total	1,556,692	100%	2,098,194,91	100%

WASTE MANAGEMENT

TIM strives for minimal production of waste, while encouraging selective collection, recovery and recycling in activities. The company is also active in preventing post-consumption damage by developing programs for the collection and environmentally correct final disposal of products and inputs with a potential impact on the environment.

WASTE GENERATED

TOTAL WASTE GENERATED	2010	2011
Hazardous	238.16	176.44
Non-hazardous	864.20	748.06
Total	1.102.36	924.50

In 2011, the company generated 924.5 metric tons of waste, of which 176.44 were hazardous and 748.6 non-hazardous waste.

The administrative buildings employ selective collection, separating organic garbage which is allocated for public collection under the responsibility of the municipalities. Re-usable and recyclable garbage is shipped to cooperatives, companies or the public collection company registered with the regional office.

In 2011, TIM recycled 55% of office-generated waste, meeting the established target. For 2012, the commitment is to recycle 58% of the total volume, besides recycling 40% of the plastic cups used at these locations. Hazardous waste produced at the administrative office is for the most part returned to the manufacturers or forwarded to contractors for proper disposal. Hazardous waste produced by the network, such as batteries and items of equipment, is returned to the manufacturers.

The lower volume of hazardous waste can be attributed to changing the batteries of the TIM network antennae, which occurs from time to time and varies according to the life cycle of these batteries. In 2011, insufficient quantities of these items of equipment were accumulated for return to the manufacturers. Thus, TIM expects to eliminate this material in 2012.

Non-hazardous network waste is the result of garbage produced during building work at the sites (locations where base transceiver stations and network monitoring centrals are concentrated). There was a reduction in the volume of non-hazardous waste produced during this period, since the building work is in the final stages, generating a lower volume of waste.

TIM operates in an industry responsible for generating a considerable volume of electronic garbage. That is why developed the “*Recarregue o Planeta*” (Recharging the Planet) and the “*Papa-pilhas*” (Used Battery Drop-Off) programs (the latter in partnership with Banco Santander), whose purpose is to collect discarded batteries and handsets and other accessories. In 2010, TIM collected 16 metric tons of electronic garbage, exceeding the target of 12 metric tons. For 2012, the target is to collect 13 metric tons. Of the material collected, 827 kilos were exported to Belgium, where companies ensure proper disposal.

WATER AND EFFLUENTS

The activities at TIM are not water-intensive. Therefore water consumption has no major impact on the availability of this resource. TIM draws water primarily from the urban supply network, while an insignificant portion is captured from rainwater.

Nevertheless, the company engages in initiatives to reduce water consumption in its operations through measures such as adaptation works and constant monitoring and inspection of bathrooms and pantries, so as to avoid water leaks, in addition to installing more efficient equipment in bathrooms (taps with timers and toilets with tanks attached). Also in 2011 TIM carried out programs to raise employee awareness of the rational consumption of water resources.

Total water consumption rose by 5.14% between 2010 and 2011. The volume of water stored under the rainwater capture project at the office in Rio de Janeiro also rose in relation to the previous year (106.43%). This variance was due to higher volumes of rainfall in the city. TIM has a project to capture rainwater for re-use in the gardens, in flush toilets and cleaning the yard. But there is no initiative for treating effluents for subsequent use.

WATER CONSUMPTION (M³)

	2010	2011
Captured from own sources ¹	272	562
Supply networks	170,066	178,535
Total	170,338	179,097

¹Volume captured at the regional office of TIM RJ, at São Cristóvão (RJ) (rainwater).

In the case of effluents, the entire volume produced by TIM is channeled to the public sewage network in the cities where TIM operates, who are responsible for treating effluents. TIM does not engage in disposals with a high environmental impact, and no water course is significantly affected. In 2011 there were no reports of any kind of significant spillages.

ECONOMIC PERFORMANCE

In spite of the acquisition of TIM Fiber, in November 2011, subscriber base-related information and the statement of income for the year refer only to the operations of TIM and Intelig. The value added statements, however, include TIM Fiber data.

The TIM subscriber base rose to 64.1 million users in 2011, growth of 56% in relation to 2009 and 25.6% in relation to 2010. Gross additions amounted to 39.8 million, with the net figure setting an all-time record of 13.1 million new users.

Furthermore, revenues at TIM have risen by 25% over the last three years, justifying the position as the fastest-growing company in the industry. Net revenues for 2011 stood at R\$ 17.1 billion, annual growth of 18%. Net income was R\$ 1.285 billion, 66% higher than the organic income for 2010.

One of the highlights of the period was the sharp increase in profitability, amid intense commercial and marketing activity. As a result, Ebitda stood at R\$ 4,628 million, an increase of 10.4% or the year. The Ebitda margin was 27.1%.

VALUE ADDED STATEMENTS (INCLUDING TIM FIBER, IN 2011)

VALUE GENERATED	2010 (R\$ THOUSANDS)	2011 (R\$ THOUSANDS)
(A) Revenue	18,622,780	22,239,785
(B) Goods and services acquired from third parties	(8,059,261)	(9,951,053)
Costs of services rendered and goods sold	(4,982,366)	(6,544,679)
Materials, energy, outsourced services and others	(3,076,895)	(3,406,374)
(C) Gross value added (A - B)	10,563,519	12,288,732
(D) Retentions (depreciation and amortization)	(2,993,461)	(2,569,767)
(E) Net value added (C - D)	7,570,058	9,718,965
(F) Transfers Equity pick-up Income from equity interests Financial revenues	698,519	874,010
(G) Value added to be distributed (E+F)	8,268,577	10,592,975

DISTRIBUTION OF VALUE ADDED	2010 (R\$ THOUSANDS)	2011 (R\$ THOUSANDS)
Personnel and charges	503,543	519,302
Salaries	318,093	350,613
Social security charges	35,850	36,945
Private pension scheme	7,542	-796
Benefits	108,396	97,833
Profit sharing	33,662	34,707
Government	4,297,729	7,371,006
Taxes, fees and contribution taxes, net of subsidies (exemptions)	4,297,729	7,371,006
Financing	1,255,590	1,421,439
Interest and leases	1,255,590	1,421,439
Shareholders	496,611	304,292
Interest on shareholders equity and dividends	496,611	304,292
Retentions	1,715,104	976,936
Earnings retained for the six-month period	1,715,104	976,936
Value added to be distributed (G)	8,268,577	10,592,975

FINANCIAL BENEFITS RECEIVED FROM THE GOVERNMENT

CATEGORY	2010 (R\$ THOUSANDS)	2011 (R\$ THOUSANDS)
Rebates on taxes and fees	36,663	142,039

Further information about the TIM shareholder structure can be found in the TIM Annual Report 2011"

STAFF PROFILE

TIM not only seeks to enhance the opportunities for customers, but also those of the entire staff complement. TIM strives to encourage professional development by fostering talent and maintaining a health working environment open to new ideas based on respect, trust and transparency.

The company ensures respect for the rights of freedom of association and collective bargaining, in line with current Brazilian legislation, while the hallmarks of how it operates in terms of labor relations include the principles of the Global Compact, the arrangements of the International Labor Organization (ILO), ratified by Brazil, and the TIM Social Responsibility Policy. All employees are covered by collective bargaining agreements.

At the close of 2011, the staff complement at TIM stood at 10,832, of whom 10,266 were employees, 270 apprentices, 278 interns and 18 outsourced administration personnel.

Around 75% of staff have been with the company for less than five years, while approximately 8% have been with the company for more than ten years.

TOTAL EMPLOYEES BY TYPE OF INVOLVEMENT WITH THE COMPANY

	2010	2011
Employees ¹	10,138	10,266
Interns	177	278
Apprentices	218	270
Total number of staff	10,533	10,814
Outsourced personnel – Administration	26	18
Total employees	10,559	10,832

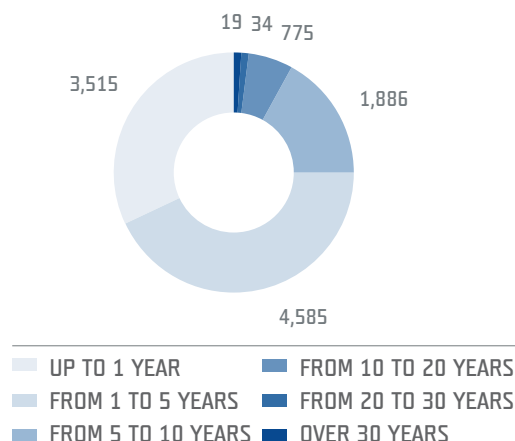
¹Data representing total of employees with indeterminate period contracts.

EMPLOYEES BY REGION	2010	2011
PA, AM, MA, AP and RR	240	236
DF, GO, TO, MT, MS, RO and AC	304	283
PE, AL, PB, RN, CE and PI	1,860	1,869
MG, BA and SE	401	413
SP, RJ and ES	5,866	6,105
PR, SC and RS	1,467	1,360
Total	10,138	10,266

All company employees enjoy a full working day.

EMPLOYEE PER TIME OF SERVICE WITH THE COMPANY

TOTAL: 10,814



TURNOVER RATE ¹	2010	2011
Voluntary	15.7%	23.5%
Involuntary	13.5%	19.3%
Total	29.2%	42.8%

¹ Calculation based on the number of dismissals for the period, divided by the total number of employees from the previous year.

In 2011, 4,394 employees left the company. Resignations were responsible for 54% of this total. The same period saw 4,522 hires, the majority being persons of up to 35 years of age (91.6%) and women (63.7%).

In December 2011, TIM was party to 8,156 on-going labor lawsuits. During the year, 1,890 cases were closed, of which 1,663 at no cost to the company and 227 accounting for expenditures of R\$ 798,000.

SALARIES

The lowest salary paid by TIM is defined on a regional basis, according to collective bargaining agreements as shown in the following table.

	LOCAL MINIMUM SALARY	LOWEST SALARY PAID	PERCENTAGE OF EMPLOYEES RECEIVING THE LOWEST SALARY	RATIO IN RELATION TO THE LOCAL MINIMUM
SP	R\$ 622.00*	R\$ 661.00	22.8%	6%
RJ	R\$ 731.43	R\$ 615.00	13.9%	-16%
ES	R\$ 622.00*	R\$ 865.00	5.9%	39%
PR	R\$ 736.00	R\$ 596.00	24.5%	-19%
SC	R\$ 660.00	R\$ 816.00	1.3%	24%
RS	R\$ 622.00*	R\$ 835.00	4.9%	34%
DF, GO, TO, MT, MS, RO and AC	R\$ 622.00*	R\$ 835.00	1.1%	34%
MG, BA and SE	R\$ 622.00*	R\$ 785.00	0.7%	26%
PE, AL, PB, RN, CE and PI	R\$ 622.00*	R\$ 582.00	33.2%	-6%
PA, AM, MA, AP and RR	R\$ 622.00*	R\$ 699.00	0.8%	12%

*National minimum salary.

As TIM is signatory to collective agreements in every region, no employee is subject to the local minimum salary, as this amount is only applicable in locations where no collective agreement exists. Therefore the salary parameter to be taken into account is the local salary floor (the amount agreed under collective bargaining), and under these conditions TIM has no employees receiving less than the salary floor.

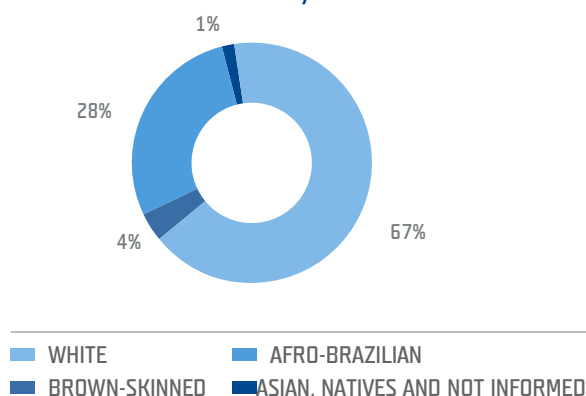
Internally, the difference between the highest and the lowest salaries paid by the company is 57.86 times, taking into account the average compensation among the executive officers. This represents a reduction of 7% over the previous year.

RESPECT FOR DIVERSITY AND ANTI-DISCRIMINATION MEASURES

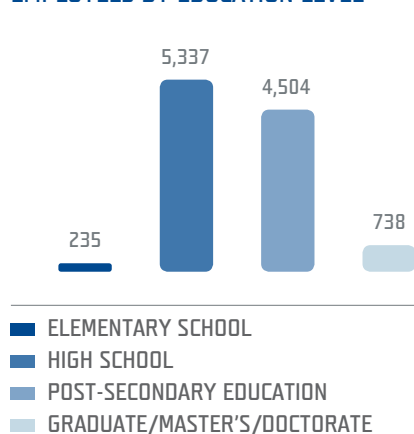
TIM considers diversity a value to be fostered as a means of encouraging innovative thinking, while creating equal opportunities for everyone. That is why the company condemns any form of negative or embarrassing discrimination in the work environment. In 2011, the company began an intranet and internal television campaign to raise employee awareness about the importance of maintaining a diversified staff complement. Most of the employees at TIM are white Caucasian. Non-white employees (Afro-Brazilians + brown-skinned) account for 32% of staff. This information is gathered from personal statements when the employee is hired.

EMPLOYEES BY GENDER	MEN	WOMEN
Officers	41	3
Managers	429	217
Professionals	1,926	1,613
Relationship/fraud consultants	968	3,068
Sales force/store employees	964	1,037
Interns	156	122
Apprentices	89	181
Total	4,573	6,241

EMPLOYEES BY SKIN COLOR/RACE



EMPLOYEES BY EDUCATION LEVEL



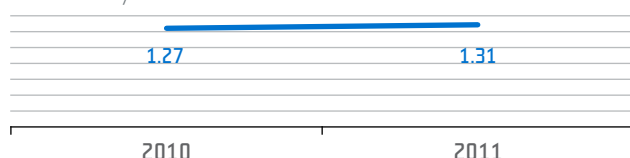
The salary policy at TIM reflects prevailing market practices. The company is also working to reduce the difference in earnings between men and women. For example: the salary ratio between male and female officers and managers was reduced in the CRC, remaining the same in the case of professionals.

At Headquarter and the regional offices, there was a slight reduction between the salaries of male and female professionals, and a slightly higher difference in salaries among managerial staff (managers and officers), where the number of male professionals is still greater.

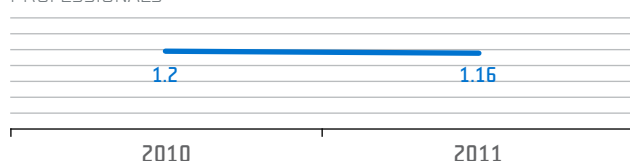
RATIO OF NOMINAL MALE AND FEMALE SALARIES

HOLDING COMPANIES AND REGIONAL OFFICES

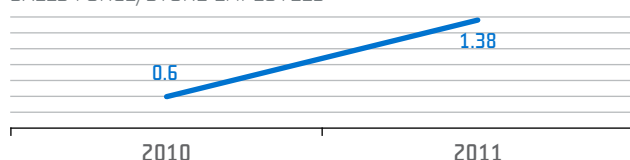
EXECUTIVES/MANAGERS



PROFESSIONALS

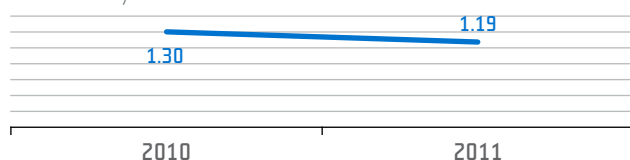


SALES FORCE/STORE EMPLOYEES

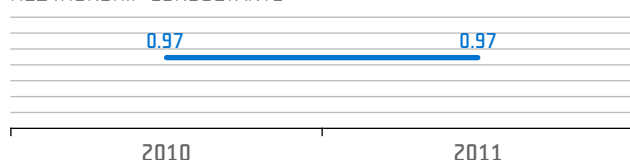


CRC

EXECUTIVES/MANAGERS



RELATIONSHIP CONSULTANTS



FINAL RATIO		
CRC	2010	2011
Executives/Managers	1.30	1.19
Relationship consultants	0.97	0.97

HOLDING COMPANIES AND REGIONAL OFFICES

Executives/Managers	1.27	1.31
Professionals	1.2	1.16
Sales force/store employees	0.6	1.38

Note. 1: nominal salary is the fixed amount paid to an employee for performing their duties. This does not include additional compensation, such as time of service, overtime, bonuses, benefit payments or any other additional allowances.

Note. 2: amounts higher than 1 indicate that male salaries are higher than female. Amounts of less than 1 indicate the opposite: women have higher salaries

BENEFITS

TIM provides employees with an extensive range of benefits. Regardless of the operational unit where they work, the list includes medical and dental assistance, life insurance, a private pension scheme, meal/food vouchers, public transport vouchers, daycare center allowances and a cell phone with an employee voice and data plan.

Officers and managers are also entitled to an international medical assistance plan, while senior executives are entitled to a vehicle and fuel, in addition to participating in the Stock Options Program (long-term incentive plan). Everyone participates in the company's profit-sharing plan, with officers, managers and coordinator receiving the MBO (Management by Objectives) and the other employees the PLR (profit sharing)

PRIVATE PENSION SCHEME

TIM offers all employees a private pension scheme structured around a defined contribution plan. This plan is managed by Itaú, and all employees are eligible for participation. The contribution is 1% of salary, up to R\$ 2,620.00, paid in full by TIM. Where the employees receives a higher salary, 1% of R\$ 2,620.00 is paid. Thereafter, 6.6% is paid, shared equally between the employee and TIM. Employees are also free to make additional contributions, if they so desire.

Besides the plan mentioned above, TIM has negotiated with employees to maintain the pension plans initiated at the companies it has acquired or taken over.

TRAINING AND DEVELOPMENT

TIM is committed to the development of its staff, which is the mainstay for being a creative, modern company focused on good customer service. In line with the skills development planning coordinated by the Human Resources department, in addition to performance appraisals, TIM has provided its employees with 542 different courses for enhancing their specific skills.

In 2011 TIM invested R\$ 1,088,428.32 in financing formal staff education and R\$ 7,565,937.18 in corporate training.

PRINCIPAL PROGRAMS

- On-line undergraduate course
- International Training Program
- Workshops
- Technical qualifications training
- E-learning courses for customer service teams
- Excellence in Consultancy Program, designed for Customer Relationship Center employees
- Discount arrangements with universities, language courses and other teaching institutions

The company reached a total of 636,202 hours of training, but failed to meet the target of 715,000 training hours in 2011. This happened because the classroom model was replaced by the on-line model, making lower demands in terms of employee availability.

TRAINING – HOURS PER EMPLOYEE

FUNCTIONAL CATEGORY	2010	2011
Executive Board	13.08	14.9
Management	31.23	13.1
Sales force	18.14	21.9
Relationship consultants	71.65	85.5
Other positions*	14.90	18.8
Total	149	154.2

*Including assistants, consultants, analysts and specialists.

In 2011, 80% of TIM employees received performance reviews based on their individually established activities and objectives. Managers and employees hold feedback sessions and reach a consensus on the skills, targets and the objectives to be achieved for the following year. This consensus serves as the basis for an Individual Development Plan.

Relationship consultants have monthly appraisals under the Consultants of Excellence Program, which provides indicators (quality, productivity and behavior) for the *Crescer* (Growth) Program, which aims to foster their professional enhancement.

A BORDERLESS TOMORROW

In 2011, TIM launched the *Amanhã sem Fronteiras* (Borderless Tomorrow) project to assist employees' children and young apprentices in choosing a profession. Participants take lectures and chat to professionals from the fields of production engineering, telecommunications, administration, law and communication. The project began in Rio de Janeiro, and the company intends to extend it to other units.

SUPPLIERS

According to the Supplier Relations Policy, the procurement process of TIM companies in Brazil is intended to provide products and services that enable us to optimize global costs, while ensuring the requisites of competitiveness, quality, safety and socioenvironmental responsibility of the goods purchased, in addition to continuous improvement in the companies' relations with their suppliers. Supplier selection criteria include price, payment terms and compliance with existing specifications and legislation (including environmental, if applicable), quality and warranties.

TIM's expenditures with local suppliers usually exceed those of other suppliers, although the company has no predefined policies or practices in favor of the former. In 2011, purchases rose by 11% over the previous year. They amounted to R\$ 6,370,229,510.34, with R\$ 270,955,713.86 spent with non-local suppliers.

All recent supplier agreements contain a clause that ensures compliance with the TIM Code of Ethics and the principles of the Global Compact involving the issues of human rights, the fight against corruption and the socioenvironmental responsibility of the goods and services. However, TIM does not evaluate compliance with these clauses. Likewise, agreements at TIM include clauses forbidding child or forced and/or compulsory labor in its suppliers' operations, although the company has no specific procedures for identifying this risk.

EVALUATING SUSTAINABILITY

TIM strives for open dialog with suppliers and encourages them to improve the socioenvironmental performance in terms of management and the products and services they offer.

Since 2009, the company has engaged in evaluations of suppliers on sustainability issues, so as to strengthen the mutual commitments under the Supplier Relations Policy within the procurement process, while identifying opportunities for joint progress. This policy, which also serves as a dialog channel for bringing suppliers closer to the policies at TIM, establishes the procurement directives and includes the socioenvironmental requisites for the goods and services purchased. Between 2009 and 2011 140 suppliers were evaluated. The target for 2012 is to reach 180.

Since 2010, TIM has adopted the sustainability aspect as a tie-break criterion in cases where suppliers submit identical technical and commercial terms and conditions. This evaluation uses a questionnaire to identify the supplier's practices, such as environmental policies and certifications, child and forced labor prevention measures, freedom of association, compliance with legislation etc.

Also, in the Procedure for Registering Suppliers and Lessors, the company makes prior enquiries through the websites of the National Agreement for Integrity and against Corruption and the National Agreement for the Eradication of Forced Labor. The purpose of this measure is to avoid TIM entering business relations with companies that fail to comply with the directives on respect for human rights included in commercial agreements.

PRIVATE SOCIAL INVESTMENT

Generally speaking, the criteria adopted for regulating private social investment at TIM involve promoting the inclusion of deprived groups in Brazil, primarily children and adolescents, through investments in educational projects that strengthen the "borderless" concept within the social sphere.

In 2011, TIM began focusing on work and investments in actions that best mirror its core business, giving priority to digital inclusion. Nevertheless, the company will continue supporting actions and events it considers representative.

An adjustment was made to the amounts shown as investment in community-related projects, in relation to 2010. Last year, sponsorships and private social investments were reported jointly.

INVESTIMENTO SOCIAL PRIVADO	AMOUNT (R\$)
Education	3,489,089.05
Culture	-
Health and sanitation	102,059.04
Sport	10,000.00
Hunger and food safety campaign	-
Outros	1,061,478.73
Total	4,662,626.82

NB: The above amount includes tax relief, representing at least 19% of these investments.

PATROCÍNIOS	AMOUNT (R\$)
Culture	12,264,873.10
Sport	5,687,848.01
Total	17,952,721.11

NB: The above amount includes tax relief, representing at least 51% of these investments.

TIM MÚSICA NAS ESCOLAS (MUSIC IN SCHOOLS)

The company has sustained the TIM *Música nas Escolas* project for nine years which, as envisaged when it was launched, came full circle in December 2011. In this the final year, the project experienced an intense schedule. In Rio de Janeiro (RJ), 23 shows were held at different locations, and 14 workshops on musical education for public school pupils between the ages of 7 and 10. Workshops were also held for over 3,000 students at eight state-run schools. In partnership with the Viva Rio NGO, the TIM *Música nas Escolas* project brought a little happiness to the Tasso da Silveira Municipal School, in the Realengo district, following the violent episode there that shook the country. Several musicalization workshops were held, involving 19 groups and 450 students.

In Belo Horizonte (MG), the project put on ten shows. The students in the orchestra recorded the first CD with songs inspired in regional folklore. This is to be launched at a performance scheduled for 2012. In the cities of Belém (PA) and Porto Alegre (RS), the students launched the CD at the shows held in 2011.

The focus of the project, created in 2003, was the students in the public school network. It involved holding music workshops and the creation of six Brazilian orchestras comprising students chosen by the project. The project has attended to over 20,000 students in 13 Brazilian cities.

Although now at an end, in 2012 TIM will support one of the drum sections created within the project, comprising deaf students. The learning process used by this drum section involves repetition and bodily sensations. To do so, the workshops take place with the help of a special stage and tables with rubber sheets. The repertoire being developed is dedicated to the diverse rhythms of the Rio de Janeiro samba schools.

TIM ARTEEDUCACION

Ten years on the road in the state of Minas Gerais, in 2011 the program saw the participation of more than 4,000 young people in 11 cities across the state. With the support of the *Humanizarte* NGO, the initiative sets up partnerships with the local government in the cities involved, seeking to encourage the development of the self-esteem and social inclusion of young people through workshops in music, theater, dancing, story telling, *capoeira* (an indigenous foot-fighting dance) and other forms of artistic expression.

Over the ten-year period, more than 50,000 public school students have participated in these artistic and pedagogical workshops. During 2011, artistic workshops were held in Araxá, Barbacena, Governador Valadares, Lavras, Montes Claros, Poços de Caldas, Ubá, Uberaba, Uberlândia, Varginha and Viçosa.

THE TIM UFMG KNOWLEDGE SPACE

This project is part of the *Praça da Liberdade Cultural Circuit*, which is the major initiative of the current State Governor of Minas Gerais in the cultural field. Designed to receive 300,000 visitors annually, the space is home to a modern planetarium, the only one in the state, and four exhibition levels with temporary exhibits and interactive experiments involving the sciences, the arts and technologies dealing with human evolution.

VOLUNTEERISM

Through the Citizens without Borders program, TIM supports its employees in their volunteerism initiatives, encouraging them through projects intended for this area, including recreation, cultural activities and the distribution of toys and food.

Created in 2010, the program stipulates that every employee can dedicate one working day a year to volunteer activities. During 2011, TIM employees were involved in volunteer actions throughout Brazil. In Rio de Janeiro, 71 volunteers took part in the project and 132 employees in São Paulo. In the Northeastern Region, ten volunteers were involved, and six in the south of Brazil.

TIM SOCIAL AND CULTURAL SUPPORT PROGRAMS

SOCIAL AND ENVIRONMENTAL SUPPORT PROGRAMS	
Planet Hour (WWF Network)	In its second year of support for this world movement, TIM sponsored the event and became involved through its actions on the website, Twitter, intranet, corporate TV, the WAP portal, advertisements in newspapers and on the radio, text messages to customers and turning off advertisement lighting in several states. The company distributed folders and turned off the lights in the stores for 60 minutes on March 26, the date of the event
National Vaccination Campaign against Poliomyelitis and Measles	In partnership with the Ministry of Health, TIM helped in disseminating the vaccination campaign by sending text messages to its customer base
Help for the victims of the earthquakes and tsunamis in Japan	During a ten-day period TIM offered free calls to Japan, in solidarity with Brazilians who had relatives or friends in that country, with no need to sign up or take out any plan, and with no limits on the duration of calls
Help for the victims of the rains in the mountainous region of Rio de Janeiro	TIM granted free credits, extended the maturity dates of invoices and distributed telephones and SIM cards to customers in the region whose handsets were damaged or lost. The company also undertook a campaign to encourage support for the victims, raising funds through its employees
CULTURAL SUPPORT PROGRAMS	
PercPan	TIM sponsored the world's largest percussion festival, the benchmark in the genre. In 2011, the festival benefited the Paraisópolis community (São Paulo), with percussion workshops for the community
A Study on Beauty	Performed free of charge in the Cinelândia district of Rio de Janeiro, the show involved the official opening of the Italy-Brazil Moment
Carnaval in Bahia	To commemorate the Year of Percussion in Salvador, TIM brought together the artistes Carlinhos Brown, Blue Man Group and 300 percussionists of the Afro groups <i>Cortejo Afro</i> , <i>Olodum</i> , <i>Didá</i> , <i>Timbalada</i> and <i>Filhos de Gandhi</i>
TIM na Estrada (On the Road)	A festival of shows involving top country music artistes in the cities of Jaguariúna (SP), São José dos Campos (SP), Brasília (DF) and Ribeirão Preto (SP)
Farroupilha Week	A cultural identity event held in the "Gaúcho" region in the south of Brazil. The company was present through the TIM Picket, with 15 days of typical activities, including " <i>chimarrão</i> " groups (where people consume maté passed around in special gourd-like receptacles), accordion players, workshops and traditional dancing.
Venetian Cinema	Sponsorship of the Italian film festival exhibited in six Brazilian cities

HUMANRIGHTS

As signatory to the Global Compact, TIM is involved in promoting and defending human rights, in addition to encouraging this attitude in its production chain.

Clauses regarding respect for human rights and labor legislation are part of all agreements and purchase orders. These require contractors to acknowledge the company's positioning and their agreement to disseminate the same principles and values through their business network in an ethical and socially responsible manner. Furthermore, before proceeding to register a supplier, TIM makes prior enquiries through the websites of the National Agreement for Integrity and against Corruption and the National Agreement for the Eradication of Forced Labor.

The company expresses its commitment to the struggle against all kinds of discrimination, seeking to ensure that its operations and business network engage in no form of harassment, child or forced labor. These principles are dealt with directly in the company's Social Responsibility Policy available on the website and on the intranet.

This issue is part of the policies and principles that govern how the company operates, and are familiar to all employees. Although employees, including security personnel, receive no specific training involving human rights, the issue is dealt with in the on-line training on ethics, in which 872 employees participated in 2011.

In addition, the TIM corporate intranet carries articles about discrimination and other human rights-related issues. In 2011 there were no reports of any cases of discrimination within the company.

AWARDS RECEIVED IN 2011

TIM received several awards in 2011, the highlights being:

- 1 The "Tela Viva Móvel" Award: 2010 Operator, Public Utility/Social Service;
- 2 The 2011 Modern Consumer Award for Excellence in Customer Services – Relationships (mobile telephony);
- 3 5th Citizens of the World Award – second place in the Third Sector Organizations category;
- 4 Top in Marketing and Top Social – both organized by the Association of Sales and Marketing Executives of Brazil, Pará Section (ADVB/PA).

ABOUT THE REPORT

Maintaining the annual frequency, TIM is publishing its report in accordance with the directives of the Global Reporting Initiative (GRI) for the fourth consecutive time, reinforcing the company's commitment to transparency with its stakeholders. The period described in this document runs from January to December 2011 (the previous report refers to 2010). Here the company is reporting 57 indicators, of which 39 are essential and 18 additional.

The contents of this report refer to the activities of TIM Participações S.A. in Brazil, including its two subsidiaries, TIM Celular S.A. and Intelig Telecomunicações Ltda., with limitations on scope. Only the financial performance data, when so indicated, include information about TIM Fiber. There have also been changes in the presentation of private social investment data in relation to previous years.

In addition to the Sustainability Report, TIM is publishing its Annual Report (AR). The two documents are complementary, and in several parts of this report there are references and links to issues dealt with in depth in the AR.

To contact the company for further clarifications about the contents of this publication, send an e-mail to sustentabilidade@timbrasil.com.br.

APPLICATION LEVEL

This report attains GRI application level / B+, self-declared. This application level requires reporting of all profile items, information about the management and at least 20 performance indicators, including at least one of the following areas: economic, environmental, human rights, labor practices, society and product responsibility.

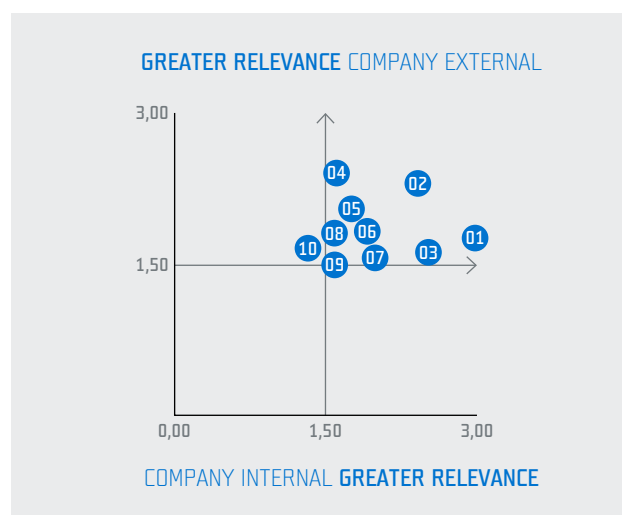
MATERIALITY

The materiality matrix of this report is the result of a process involving almost one hundred people, for the purpose of determining and organizing critical issues for preparing the report, such as communication and sustainability management, in the company's view and that of its priority stakeholders.

Defining these issues takes into account what different stakeholders think, in addition to the organization's own perception as to the impact of its products, services and operations. This process will enable TIM to focus the contents of the sustainability report on those issues of interest to the stakeholders, improving the relationships with them, in addition to managing the more critical issues through targets and action plans.

For the first time, the company held a multistakeholder panel, a live meeting to which it invited its principal stakeholders, from the company's own point of view, in addition to the presence of employees, suppliers, distributors, NGOs and competitors. The event took place at the company's head office in Rio de Janeiro (RJ), in December 2011.

In addition to this meeting, TIM interviewed employees and consumers via on-line surveys, and made use of internal documents and reports of other companies in the industry as a reference. At the end of the process, ten issues were identified involving the principal social, environmental, economic and governance impacts of TIM, according to the following list:



1. Ethics in business
2. Solid waste management, selective collection and recycling of handsets, batteries, electronic components, etc.
3. Initiatives for reducing the environmental impacts of products and services
4. Consumer satisfaction and quality of customer support and services
5. Compliance with environmental laws and regulations
6. Employee development, training and education
7. Transparency and accountability
8. Prevention and combating bribery and corruption, including monitoring mechanisms
9. Encouraging suppliers to be socioenvironmentally responsible
10. Policies and practices for fostering local development

LETTER OF ASSURANCE

[A FREE TRANSLATION OF THE ORIGINAL IN PORTUGUESE]

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT

ON THE SUSTAINABILITY REPORT FOR 2011

TO THE BOARD OF DIRECTORS – TIM PARTICIPAÇÕES S.A. – RIO DE JANEIRO – RJ

We have been engaged to perform a limited assurance engagement on the accompanying Sustainability Report for 2011 of TIM Participações S.A. for the year ended December 31, 2011.

MANAGEMENT'S RESPONSIBILITY FOR THE SUSTAINABILITY REPORT FOR 2011

The management of TIM Participações S.A. is responsible for the preparation and presentation of the Sustainability Report for 2011, in accordance with the criteria and guidelines for sustainability reports of the Global Reporting Initiative (GRI-G3). This responsibility includes designing, implementing and maintaining internal control relevant to the proper preparation and presentation of the Sustainability Report for 2011.

RESPONSIBILITY OF THE INDEPENDENT AUDITOR

Our responsibility is to express a conclusion on the information disclosed in the Sustainability Report of TIM Participações S.A. for the year ended December 31, 2011, based on the work performed.

We conducted our work in accordance with the Brazilian Accounting Standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", issued by the Federal Accounting Council (CFC). This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance whether any matters come to our attention that cause us to believe that the Sustainability Report for 2011 of TIM Participações S.A. does not comply with the criteria and guidelines for sustainability reports of the Global Reporting Initiative (GRI-G3), in all material respects.

In a limited assurance engagement the evidence-gathering procedures are more limited than in a reasonable assurance engagement and, therefore, less assurance is obtained than in a reasonable assurance engagement. Consequently, we were unable to express, and we do not express, a reasonable assurance opinion on the annual Sustainability Report which was the object of our work. The procedures selected depend on the independent auditor's judgment, including the assessment of the risks of material noncompliance of the Sustainability Report for 2011 with the criteria and guidelines for sustainability reports of the Global Reporting Initiative (GRI-G3).

Within the scope of our work, the procedures conducted included the following, among others:

- (i) planning the work, taking into consideration the relevance and the volume of information presented in the Sustainability Report for 2011;
- (ii) obtaining an understanding of the internal controls;
- (iii) examining, on a test basis, evidence that supports the quantitative and qualitative data of the indicators in the Sustainability Report for 2011;
- (iv) understanding the procedures and calculation methodology for consolidation of the indicators;
- (v) comparing, on a sampling basis, the indicators disclosed in the Sustainability Report for 2011 with the qualitative and quantitative information;
- (vi) interviewing the members of management responsible for the information during visits to the Company's administrative unit;
- (vii) comparing financial information with accounting records.

INHERENT LIMITATIONS

The objective of our work was to evaluate whether the data included in the Sustainability Report for 2011 of TIM Participações S.A., with respect to obtaining qualitative information and measuring and calculating quantitative information, are presented in accordance with the criteria and guidelines for sustainability reports of the Global Reporting Initiative (GRI-G3). Opinions, historical information, descriptive information and information resulting from subjective evaluations and evaluation of legal compliance of the information included in the Sustainability Report for 2011 were not included in the scope of the work performed. Also, information related to certain indicators that present technical measures can show variations, since precision depends on the nature of the indicator and the method used for reference.

CONCLUSION

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the Sustainability Report for 2011 of TIM Participações S.A., for the year ended December 31, 2011, does not comply, in all material respects, with the criteria and guidelines of the Global Reporting Initiative (GRI-G3).

Rio de Janeiro, June 12, 2012.

PricewaterhouseCoopers – Auditores Independentes
CRC 2SP000160/O-5 "F" RJ

Sérgio Eduardo Zamora
Contador CRC 1SP168728/O-4 "S" RJ

ANNUAL SOCIAL ACCOUNTING

1 - CALCULATION BASIS	2011 AMOUNT R\$ (THOUSANDS)			2010 AMOUNT R\$ (THOUSANDS)		
Net revenue (NR)			17,085,977			14,457,450
Operating Income (OI)			2,067,442			1,200,134
Gross payroll (GP)			626,616			587,159
2 - INTERNAL SOCIAL INDICATORS	AMOUNTS (THOUSANDS)	% OF GP	% OF NR	AMOUNTS (THOUSANDS)	% OF GP	% OF NR
Meals	48,245	7.70%	0.28%	43,461	7.40%	0.30%
Mandatory social charges	229,425	36.61%	1.34%	117,536	20.02%	0.81%
Private pension scheme	-796	-0.13%	0.00%	8,520	1.45%	0.06%
Health	39,294	6.27%	0.23%	39,552	6.74%	0.27%
Occupational health and safety	2,747	0.44%	0.02%	2,574	0.44%	0.02%
Education	1,088	0.17%	0.01%	2,375	0.40%	0.02%
Culture	0	0.00%	0.00%	0	0.00%	0.00%
Training and professional development	6,626	1.06%	0.04%	5,500	0.94%	0.04%
Daycare and day care allowances	2,738	0.44%	0.02%	1,824	0.31%	0.01%
Profit sharing	66,719	10.65%	0.39%	54,736	9.32%	0.38%
Others	14,740	2.35%	0.09%	11,245	1.92%	0.08%
Total – Internal social indicators	410,827	65.56%	2.40%	287,323	48.93%	1.99%
3 - EXTERNAL SOCIAL INDICATORS	AMOUNTS (THOUSANDS)	% ON OI	% OF NR	AMOUNTS (THOUSANDS)	% ON OI	% OF NR
Education	3,489	0.17%	0.02%	7,102	0.59%	0.05%
Culture	0	0.00%	0.00%	2,359	0.20%	0.02%
Health and sanitation	102	0.00%	0.00%	251	0.02%	0.00%
Sport	10	0.00%	0.00%	163	0.01%	0.00%
Hunger and food safety campaign	0	0.00%	0.00%	2	0.00%	0.00%
Others	1,061	0.05%	0.01%	439	0.04%	0.00%
Total contributions to society	4,662	0.23%	0.03%	10,316	0.86%	0.07%
Taxes (excluding social charges)	7,257,481	351.04%	42.48%	4,214,550	351.17%	29.15%
Total – External social indicators	7,280,036	352.13%	42.61%	4,224,866	352.03%	29.22%
4 - ENVIRONMENTAL INDICATORS	AMOUNTS (THOUSANDS)	% ON OI	% OF NR	AMOUNTS (THOUSANDS)	% ON OI	% OF NR
Company operations/production-related investments	241	0.01%	0.00%	275	0.02%	0.00%
Investments in external programs and/or projects	14	0.00%	0.00%	0	0.00%	0.00%
Total investments in the environment	255	0.01%	0.00%	275	0.02%	0.00%
Regarding establishment of "annual targets" for minimizing waste, general consumption in production/ operations and for increasing efficiency in the use of natural resources, the company	() has no targets () fulfills 51% to 75% () fulfills 0% to 50% (x) fulfills 76% to 100%			() não possui metas () cumpre de 51 a 75% () cumpre de 0 a 50% (x) cumpre de 76 a 100%		

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5 - STAFF COMPLEMENT INDICATORS	2011			2010		
Number of employees at end of period	10,266			10,138		
Number of hires during the period	4,522			3,220		
Number of outsourced employees	18			26		
Number of interns	278			177		
Number of employees over 45 years of age	667			635		
Number of women working at the company	5,938			6,121		
% of managerial positions occupied by women	32.00%			32.00%		
Number of Afro-Brazilians working at the company	3,239			2,773		
% of managerial positions occupied by Afro-Brazilians	7.40%			5.55%		
Number of persons with disabilities or special needs	36			42		
6 - IMPORTANT INFORMATION ABOUT THE EXERCISE OF CORPORATE CITIZENSHIP	2011 AMOUNT R\$ (THOUSANDS)			2012 TARGETS		
Ratio of the highest to the lowest company salaries	58			n.d.		
Total number of work-related accidents	41			n.d.		
The social and environmental programs developed by the company were defined by:	() senior management	(x) senior management and line managers	() all employees	() senior management	(x) senior management and line managers	() all employees
The standards of safety and salubrity in the work environment were defined by:	(x) senior management and line managers	() all employees	() all of these + Cipa	(x) senior management and line managers	() all employees	() all of these + Cipa
Regarding freedom of union association, right to collective negotiation and internal worker representation, the company:	() does not get involved	(x) follows ILO rules	() encourages and follows the ILO rules	() does not get involved	(x) follows ILO rules	() encourages and follows the ILO rules
The private pension plan includes:	() senior management	() senior management and line managers	(x) all employees	() senior management	() senior management and line managers	(x) all employees
Profit sharing includes:	() senior management	() senior management and line managers	(x) all employees	() senior management	() senior management and line managers	(x) all employees
When choosing suppliers, the same standards of ethics and of social and environmental responsibility adopted by the company:	() are not taken into account	(x) are suggested	() are required	() are not taken into account	(x) are suggested	() are required
Regarding employee participation in volunteer work programs, the company:	() does not get involved	(x) supports	() organizes and encourages	() does not get involved	(x) supports	() organizes and encourages
Total number of complaints and criticisms by consumers:	at the company 10,645,858	at Procon 20,174	in court 63,796	at the company 10,247,904	at Procon 19,050	in court 48,165
% of complaints and criticisms addressed or resolved:	at the company 92%	at Procon 100%	In court 92%	at the company 99.88%	at Procon 100%	in court 96.26%
Total value added to be distributed (in thousands of R\$):	In 2011:			In 2010:		
Distribution of value added (DVA):	69.58% government 2.87% shareholders	4.90% employees 13.42% third parties 9.22% retained		51.98% government 6.01% shareholders	6.09% employees 15.19% third parties 20.74% retained	

GRI INDEX

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LA	Social and Labor Performance 24
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PERFORMANCE INDICATORS

ECONOMIC PERFORMANCE

INDICATOR	DESCRIPTION	PAGE	GLOBAL COMPACT
EC1 Essential	Direct economic value generated and distributed	24	-
EC2 Essential	Financial implications and other risks and opportunities because of climate change	18 and 20	7 and 8
EC3 Essential	Cover for obligations under the benefit pension plan	27	-
EC4 Essential	Significant financial assistance received from government.	24	-

MARKET PRESENCE

EC5 Additional	Range of ratios of standard entry level wage compared to local minimum wage	26	6
EC6 Essential	Policies, practices and proportion of spending on locally-based suppliers	28	-
EC7 Essential	Local hiring of employees	17	6

INDIRECT ECONOMIC IMPACTS

EC8 Essential	Impact of infrastructure investments for public benefit.	2 and 17	-
EC9 Additional	Description of significant, direct economic impacts	17	-

ENVIRONMENTAL PERFORMANCE INDICATORS

MATERIALS

EN1 Essential	Materials used by weight or volume	22	8
EN2 Essential	Percentage of materials used that are recycled input materials	22	8 and 9

ENERGY

EN3 Essential	Direct energy consumption by primary energy source	22	8
EN4 Essential	Indirect energy consumption by primary energy source	22	8
EN5 Additional	Energy saved due to conservation and efficiency improvements	22	7, 8 and 9
EN6 Additional	Initiatives to supply low-energy consumption products and services	20 and 22	7, 8 and 9

WATER

EN8 Essential	Total water withdrawal by source	23	8
EN9 Additional	Water sources significantly affected by withdrawal of water	23	8
EN10 Additional	Percentage and total volume of water recycled and reused	23	-

BIODIVERSITY

EN11 Essential	Location and size of the land owned	21	-
EN12 Essential	Significant impacts of activities, products and services on biodiversity	21	-

EMISSIONS, EFFLUENTS, AND WASTE

EN16 Essential	Total direct and indirect greenhouse gas emissions	19	8
EN17 Essential	Other relevant indirect greenhouse gas emissions	19	8
EN18 Additional	Initiatives for reducing greenhouse gas emissions and the reductions obtained	20	7, 8 and 9
EN19 Essential	Emissions of ozone-depleting substances	20	8
EN21 Essential	Total water discharge by quality and destination	23	8
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EN23 Essential	Total number and volume of significant spills.	23	8
EN24 Additional	Weight of transported waste considered hazardous	23	8

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EN26 Essential	Initiatives for mitigating environmental impacts of products and services	21, 22 and 23	7, 8 and 9
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CONFORMIDADE

EN28 Essential	Monetary value of significant fines and total number of sanctions for non-compliance with environmental laws	21	8
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OVERALL

EN30 Additional	Total environmental protection expenditures and investments.	18	7, 8 and 9
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PERFORMANCE INDICATORS - LABOR PRACTICES AND DECENT WORK			
INDICATOR	DESCRIPTION	PAGE	GLOBAL COMPACT
EMPLOYMENT			
LA1 Essential	Total work force by employment type, employment contract and region.	25	-
LA2 Essential	Total number and rate of employee turnover by age group, gender and region.	25	6
LA3 Additional	Benefits provided to full-time employees that are not provided to temporary employees	27	-
LABOR/MANAGEMENT RELATIONS			
LA4 Essential	Percentage of employees covered by collective bargaining agreements	25	1 and 3
TRAINING AND EDUCATION			
LA10 Essential	Average hours of training per year	28	-
LA11 Additional	Programs for skills management and lifelong learning and retirement	28	-
LA12 Additional	Percentage of employees receiving performance reviews	28	-
DIVERSITY AND EQUAL OPPORTUNITY			
LA13 Essential	Composition of senior management and the committees and breakdown by group and gender	26	1 and 6
LA14 Essential	Ratio of basic salary of men to women by employee category	27	1
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HR2 Essential	Hired companies submitted to human rights-related screening	28	1, 2, 4, 5 and 6
HR3 Additional	Policies for evaluating and dealing with human rights performance	31	1, 2, 4, 5 and 6
NON-DISCRIMINATION			
HR4 Essential	Total number of discrimination incidents and corrective actions taken	31	1 and 6
CHILD LABOR			
HR6 Essential	Measures taken to contribute to the abolition of child labor	28	1, 4 and 5
FORCED/COMPULSORY LABOR			
HR7 Essential	Measures taken to contribute to the elimination of forced labor	28 and 29	1, 4 and 5
SECURITY PRACTICES			
HR8 Additional	Human rights training policies for security personnel	31	1 and 2

SOCIETY			
INDICATOR	DESCRIPTION	PAGE	GLOBAL COMPACT
LOCAL COMMUNITY			
SO1 Essential	Programs and practices that assess and manage the impacts of the operations on the communities.	16, 17, 23, 29 and 30	-
CORRUPTION			
SO2 Essential	Units analyzed for corruption-related risks.	10	10
SO3 Essential	Percentage of employees trained in anti-corruption policies and procedures	10	10
SO4 Essential	Actions taken in response to incidents of corruption	10	10
PUBLIC POLICY			
SO5 Essential	Public policy positions	11	10
SO6 Additional	Policies on financial contributions to political parties, politicians or institutions	9	10
SO7 Additional	Number of legal actions for anti-competitive behavior	15	-
COMPLIANCE			
SO8 Essential	Description of significant fines and total number of non-monetary sanctions	25	-
PRODUCT RESPONSIBILITY			
PRODUCT AND SERVICE LABELING			
PR5 Additional	Practices related to customer satisfaction, including results of surveys	5 and 14	-
COMMUNICATION AND MARKETING			
PR6 Essential	Programs for adherence to laws, standards and voluntary codes	15	-
PR8 Additional	Substantiated complaints regarding breaches of customer privacy	15	-

CREDITS

COORDINATION

TIM Participações – Communications and Sustainability Department

GRI CONSULTANCY, DRAFTING AND EDITING

Report Comunicação

TRANSLATED TEXT

Vértice Translate

GRAPHICS AND LAYOUT PROJECT

Report Comunicação

TYPEFACE

Teuton, František Štorm, 2005

Helvetica, Max Miedinger and Eduard Hoffmann, 1957