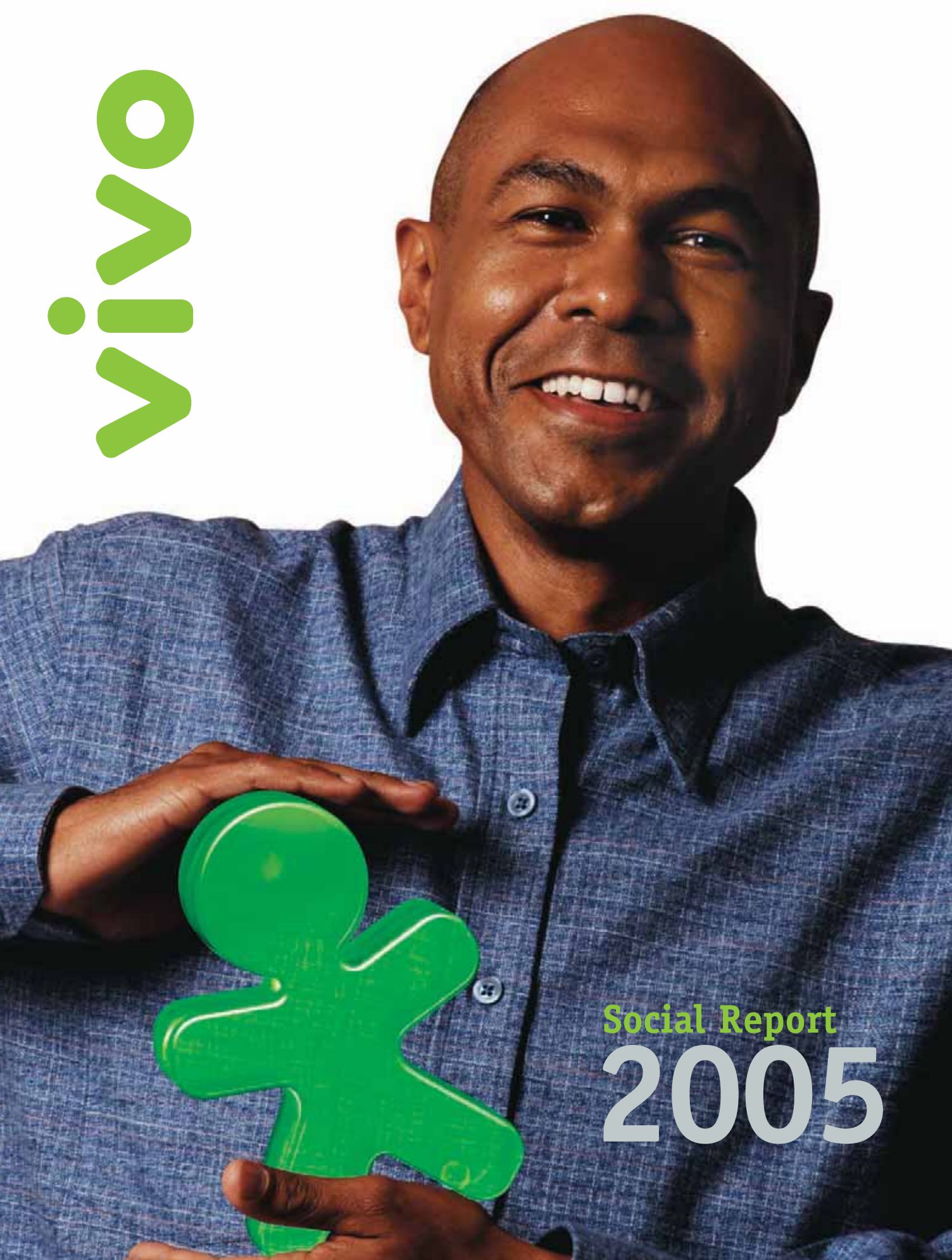


vivo














Social Report
2005

Social Report 2005



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*The Ibase Social Performance Indicators are available from the Internet, at Instituto Vivo website (www.institutovivo.org.br)



VIVO Social Report 2005

- Leader in cellular telephony in Brazil with a 34.5% share of the Brazilian market.
- Approximately 30 million customers at the end of 2005.
- 100% digitalized network.
- Coverage of 100% of the municipalities in the State São Paulo.
- The greatest coverage in Brazil: over 2,200 municipal areas served.
- Over 7,600 points of sale, both owned and third party.
- Pioneer in third generation services in Brazil by launching CDMA EV-DO technology in the country's major capitals (São Paulo, Rio de Janeiro, Florianópolis, Curitiba, Porto Alegre, Salvador, Vitória and Brasília).
- 11th most valuable brand in the country according to the Interbrand ranking, valued at US\$ 218 million.
- 41 social projects are given support by the VIVO Institute, with investments exceeding R\$ 10 million.



VIVO Social Report 2005

MISSION, VISION AND VALUES

MISSION

To be the best choice in mobile communication.

VALUES AND PRINCIPLES

Ethics

To respect the principles, policies, and procedures defined by the company and regulated by law and by society, working with honesty, professionalism, and transparency.

Social Responsibility

To contribute to society's conscientious and sustained development with a view to promoting the full exercise of citizenship and respect for the environment.

Commitment

To operate in a planned and integrated manner, based on a systemic view, encouraging team work, promoting the sharing of responsibility, and ensuring the achievement of profitability goals and leadership sustainability.

Commitment to Customers

To identify and fulfill present and future customer needs, offering products and services that exceed expectations, with high quality standards and service, responsibly guaranteeing only what we are capable of providing.

Humanization

To encourage co-workers' ongoing professional and personal growth, working with enthusiasm, passion and joy, practicing fairness, building up and maintaining relations that feature trust, loyalty, and transparency with customers, shareholders, co-workers, suppliers, and the market.



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Innovation

To encourage creativity and be the leader in making cutting edge technology available to customers, in implementing differentiated solutions, in being the first to launch new products and services, ensuring competitiveness.

VISION OF THE FUTURE

To be a leader and innovator in mobile solutions for communication, data, and entertainment, committed to generating value for customers, co-workers, shareholders, and the community.



VIVO Social Report 2005

HISTORY

2002

The National Telecommunications Agency (Agência Nacional de Telecomunicações) approved the proposed joint venture between Portugal Telecom and Telefónica Móviles.

2003

In April, VIVO announced the acquisition of the controlling interest in Tele Centro-Oeste Participações S.A.

In the same month the VIVO brand was officially launched. It closed the year with 20.6 million customers and had already established itself as the largest mobile telephony brand in the Southern Hemisphere.

2004

The brand was *Top of Mind* in the mobile telephony industry.

In July, the VIVO Institute was founded and began to manage investments in the social area.

VIVO Localiza was launched, a solution which allows the cell phone to be used to locate people or establishments.

VIVO ended the year with 26 million customers and a 51.3% market share in its operating area.

2005

VIVO brought the third generation CDMA EV-DO network to Brazil.

The Vivo Play 3G service was launched.

VIVO's network cover reached all cities in the State of São Paulo.

Roberto Lima became CEO.



VIVO Social Report 2005

VIVO announced its corporate restructuring objective to absorb the five component holding companies in Telesp Celular Participações S.A., whose name was changed into VIVO Participações S.A.

At the end of the year, there were approximately 30 million customers.



MESSAGE

VIVO Social Report 2005

Brazil closed year 2005 with 86.2 million users of cellular phones, of which more than 29 million are Vivo customers. In relation to last year, the global customer base grew 30%. These figures reflect much more than just a dynamic business industry. On the track of this globalization process, mobile communication has been spreading deep social and economic transformations, which are not visible in our market statistical data.

Several of these million people have made the cellular handset the tool which allowed them to change their life. They are citizens who live at nameless streets in the slums and in the poor suburbs of our cities or at far-distant locations of our country. They are the “addressless”, “mailless” and many other “less” to whom new opportunities for inclusion in the labor market and general society were open. From the moment a person owns a cellular handset, he/she can be accessed, has an address and an identity and is able to closely interact with the society. A pre-paid cellular phone allows a painter, a plumber, a sweet confectioner, a craftswoman, and several other professionals to be quickly contacted by customers who need their services or products. In brief: a person who owns a cellular handset becomes an economically active citizen.

Just a few activities are so much able to promote social inclusion as mobile telephone communication does. This is a fascinating dimension of our business and means an extra incentive for Vivo’s determination to carry out its activities in synergy with the corporate social responsibilities requirements. For us, this means effective management of our business, keeping an ethical and transparent relationship with all our counterparts – employees, customers, suppliers, society, government, shareholders – and respect towards the environment. It means to contribute, out of our activities, for the development of all the elements of this network, playing our role as a corporation in building a better and most fair world.

Social projects

Brazil is a country of contrasts, and we are aware that our products and services are able to reduce distances between the ends of the social pyramids. However, a huge abyss does exist. And going farther is a must. We do so through the activities carried out by Instituto Vivo, an agency which manages our relationship with the community, institutions and social projects, providing support to initiatives that are able to contribute towards



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social development. In the last 18 months, we invested more than R\$ 10 million in 41 projects benefiting around 500 thousand Brazilians. Most of these actions are focused on education, in addition to some actions turned to environmental matters. In 2005, we have implemented a few internal changes, having organized an Advisory Council, comprised of Vivo employees, with the purpose of addressing matters related to corporate social responsibility. The goal is not only providing strategic guidance to the work carried out by Instituto Vivo specifically, but also to practices related to corporate social responsibility within the organization as a whole.

Social responsibility is a value our employees also support. This can be evidenced by the significant number of employees engaged in activities under the Vivo Voluntary Program which, within the scope of Instituto Vivo, emphasizes education actions turned to visually disabled people. They are professionals who contribute their knowledge and part of their time to preparing books and texts transcribed into Braille language and recording audio books. Such work was given a key support infrastructure in 2005, with the opening of Vivo Voluntary Spaces in São Paulo (with capacity to produce 10 thousand pages/month of Braille texts) and in Rio de Janeiro (for audio books recording). Donation campaigns, which benefited institutions located in all the states served by Vivo, are also included in our volunteers' agenda.

Internal public

Activities such as those carried out by Instituto Vivo, particularly the Vivo Voluntary Program, are part of a more comprehensive context within the exercise of corporate social responsibility, which encompasses several other relationship fronts and interfaces. As regards the internal public, for instance, we have invested not only in developing our professionals (R\$ 7.4 million were invested in training in 2005), but also in devices that allow deeper company-employees dialogue. One of these instruments is the Employee Satisfaction Research, which makes possible the identification of aspects to be improved within the organization environment. The 2005 edition of said research counted on the expressive participation of 82.5% of our head count. For the beginning of 2006, we have scheduled a similar study covering professionals who work at call centers, owned stores and retail stores, in an effort to get closer to third parties who, as much as our employees do, make up Vivo's present and future, besides several other partners and suppliers.

Straitening our relations



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We have also been deeply engaged in stimulating the whole organization towards the search of customer satisfaction, through permanent improvement of our services quality, customer assistance and a closer relationship with the 30 million Brazilians community which selected Vivo as their carrier.

We have also made efforts towards cultivating a transparent relationship with the shareholders and the general society, by providing open communication channels and using resources such as periodic meetings with the capital market, at which we clearly and accurately present our results, as well as issue publications such as the Annual Report and this Social Balance Report, which are disclosed now.

Environmental matters are also contemplated within the performance of our activities. Within the company, we do so, for instance, through the Waste Management Program, which regulates recycling or adequate disposition of discarded materials – from paper and plastic glasses to batteries of our Radio Base Stations (ERBs). And we do it externally, by stimulating consumers to deliver their used batteries at our points of collection, for them to be properly disposed of.

Preparing the future

Our challenge, for 2006, is to move forward in all these fronts, since exercising corporate social responsibility is a permanent task. As far as Instituto Vivo is concerned, we wish to concentrate efforts towards one sole cause: the young, focusing on opportunity-generating education. We will do that by sponsoring projects which contribute to social inclusion. After all, this is a field that has much to do with our business, once cellular communication network provided mobility to the internet, enhancing the use of computer as a tool for remote access to information and education devices. By investing in the young, we are working in the present and preparing the future generations; by selecting education, we are seeding one of the key base for the progress of any society.

We also intend to intensify a cross ethical thought within all the company's practices. We have already adopted and will enhance the use of the Balanced Score Card tool in our strategic planning, going forward in the responsible business management, with an integrated approach that involves economic, social and environmental aspects.

In brief, Vivo wishes to be successful in its business, to be an excellent place to work at, to be a company with satisfied customers, an ethical organization committed with the society and the environment, a player that makes the difference within the market where it acts. Some people may deem it to be an ambitious project.



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However, ideals are converted into reality when we are determined to pursue them. A company is not an isolated world. It is part of the world. The greater its dedication and competence in the fulfillment of all its roles is, the greater its contribution towards building a better future is and most sound its foundations will be for itself to develop and grow on a sustainable basis.

Roberto Oliveira de Lima, Vivo's chief executive officer



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FIELD OF ACTIVITY

VIVO provides Personal Mobile Services which, in Brazil at the end of 2005, had 86.2 million subscribers, 31.4% more than in the end of 2004. Today, for each group of 100 Brazilians there are 46.58 cell phone lines in operation, which reveals the commitment to universal access to telecommunications services. With this number of terminals in operation, in accordance with the Computer Industry Almanac's estimates, Brazil closed the year with over 86 million cell phones and held fifth position in the industry's world ranking, behind China, the United States, Russia and Japan.

Cellular telephony arrived in the country in 1990, but there was a huge jump in the quality and quantity of services provided after telecommunications were privatized in July 1998. The industry is regulated by the National Telecommunications Agency (Anatel), which was set up in 1997 and has the mission of "promoting telecommunications development in the country so as to establish a modern and efficient telecommunications infrastructure which is able to provide society with suitable, diversified and fairly-priced services throughout the national territory".

The Brazilian cellular telephony market is highly competitive. There are eight economic groups (brands) which compete for consumers' preference: VIVO, Claro, Tim, Oi, CTBC, Sercomtel, Telemig Celular, Amazônia Celular and BrT/Brasil Telecom GSM. They operate in three regions which are subdivided into ten areas – each of which served by three or four players. The fight for market share was one of the factors which caused the industry's rapid expansion in the country, as a result of the elimination of barriers to the entry of consumers. Although there are still prospects of significant growth in the number of cell phone customers in 2006, some operators are beginning to direct their strategy away from gaining new customers and towards retaining and consolidating their brand loyalty.

At the end of 2005, the Personal Mobile Service operators in the country had the capacity to provide services to 88.5% of the Brazilian population which lives in 3,100 municipal



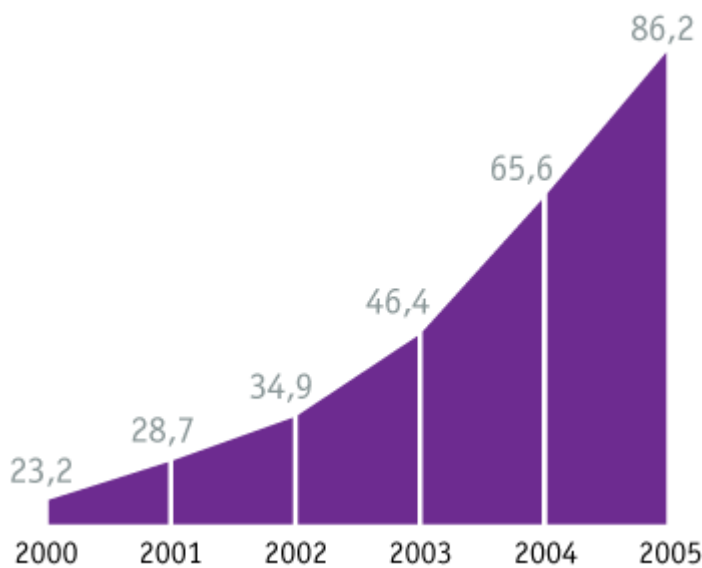
VIVO Social Report 2005

areas covered by the Personal Mobile Service. The number of localities covered has also developed significantly, in that cellular telephony companies already serve 55.7% of these.

Among the eight cellular telephony brands available to customers, VIVO is the only one which employs CDMA technology and this was used by 24 million active customers (27.9%) at the end of 2005. The remaining customers chose GSM, whose share of the total lines in operation at the end of 2005 was 51.7% or, that is, 44.6 million cell phones. The TDMA technology continues to be offered by some other companies and, although it is losing ground year by year, it is still used by 20.2% of active lines.

THE GROWTH OF CELL PHONES IN BRAZIL

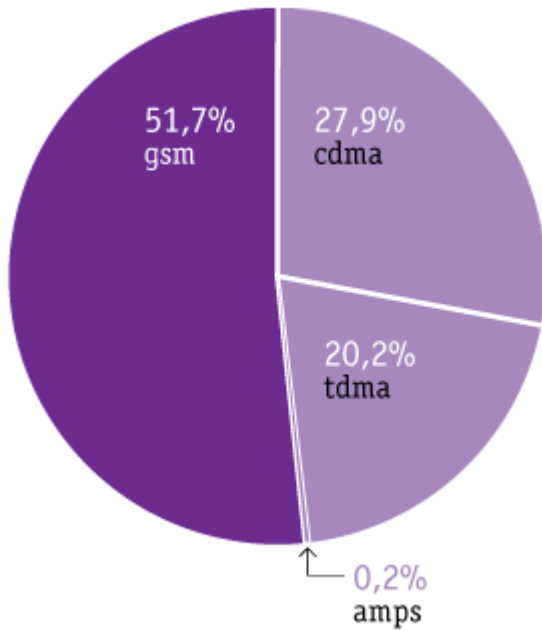
(in millions of units)





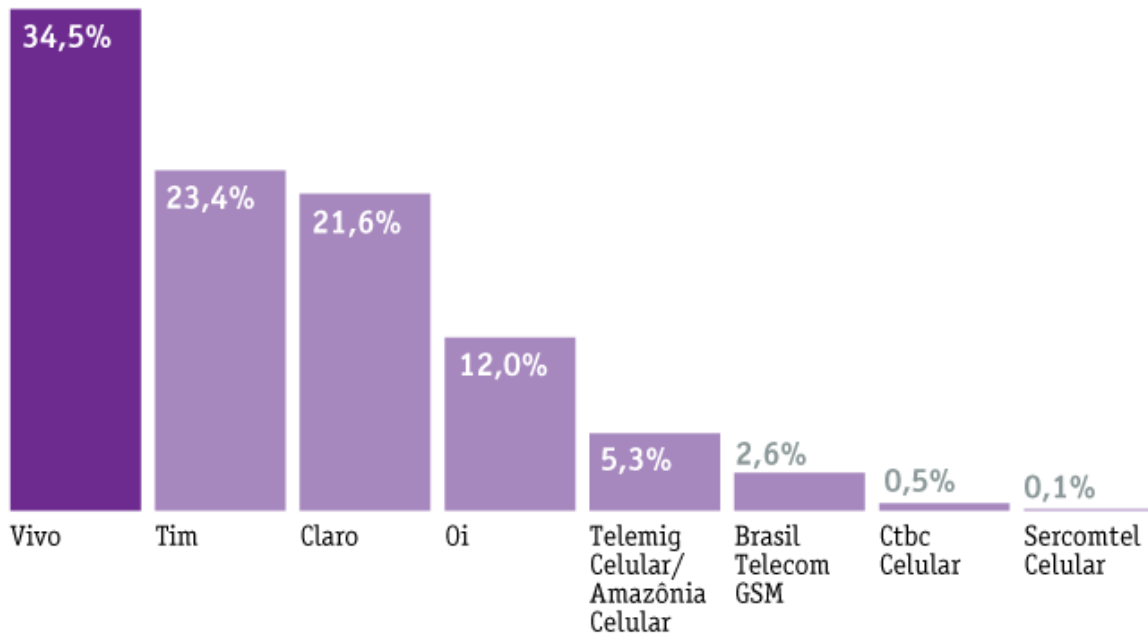
VIVO Social Report 2005

TECHNOLOGY SHARE



MARKET SHARE FOR EACH OPERATOR

DECEMBER 2005 (source: Anatel)





VIVO is the brand for the Brasil Cel *joint venture*, which was set up by the merger of Portugal Telecom and Telefónica Móviles cellular telephone assets in Brazil, officially confirmed in December 2002. The company is comprised of 5 holding companies which, in turn, control 14 operating companies which provide personal mobile services throughout the country.

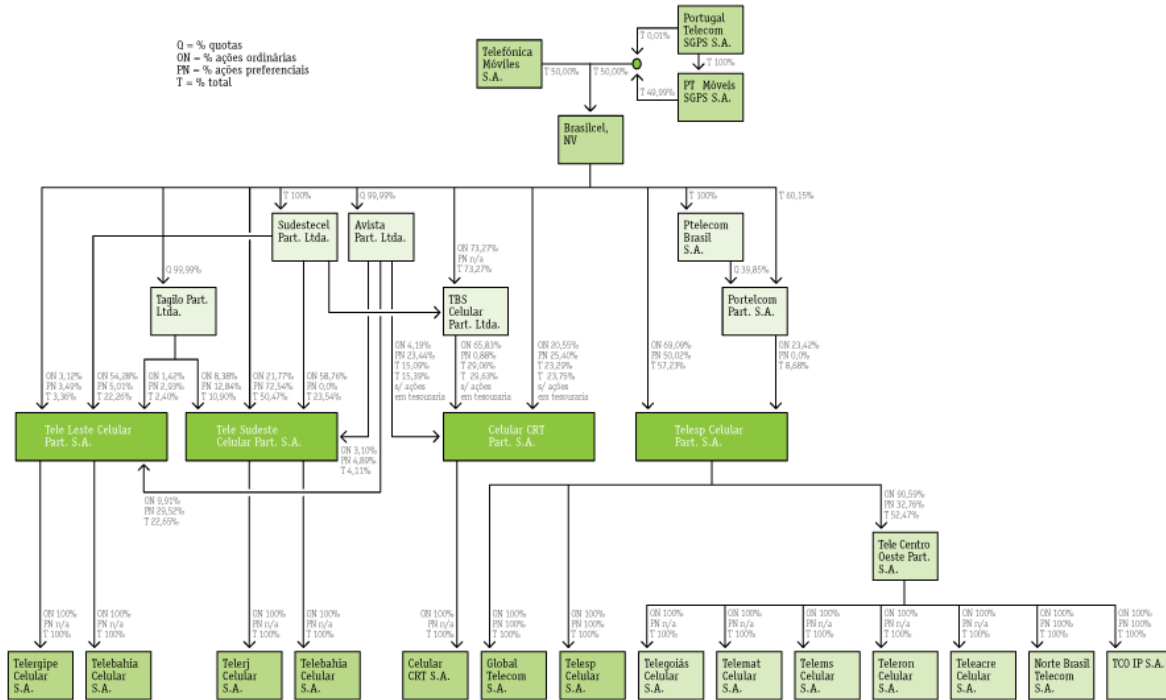
Telefónica Móviles is one of the companies in the Telefónica Group, and is the leader in Spanish and Portuguese speaking markets, with operations in 15 countries on three continents. The number of customers exceeds 89 million people.

Portugal Telecom is the leader in Portugal, and is the Portuguese company with the best-known image internationally. It has a diversified business portfolio, which includes all segments in the telecommunications industry: fixed, mobile, multimedia, data and business solutions telephony. It is present in countries such as Morocco, Guinea-Bissau Cape Verde, Mozambique, Timor, Angola, Kenya, China and São Tomé e Príncipe. The Portugal Telecom Group services more than 38 million customers.



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CORPORATE STRUCTURE ORGANIZATION



The holding companies which comprise VIVO are managed by their own Boards of Directors and an Executive Committees, whose members are appointed for 3-year terms of office and who may be re-elected.

Board of Directors

The Board of Directors is comprised of at least 3 and at most 12 members who are all shareholders in the holding companies, who are elected and may be dismissed by the General Meeting of Shareholders and are charged with nominating a chairman and vice-chairman for this body. They meet ordinarily once every half-year and extraordinarily when a meeting is called by the chairman.

Executive Committee

There are eight Executive Officers – either shareholders or not, resident in the country and elected by the Board of Directors. They hold the positions of: chief executive officer; executive vice-president for Operations; executive vice-president for Finance, Planning and Control; executive vice-president for Marketing and Innovation; vice-president for



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Technology and Networks; vice-president for Compliance and Institutional Relations; general manager for Information Systems; and vice-president for Customers. It is the Executive Officers responsibility to carry out all such acts as may be necessary or convenient for managing corporate businesses, and resolutions which they propose are approved by a simple majority of votes. The same person may hold more than one executive officer position simultaneously.

Under the terms of the Shareholders' Agreement between Portugal Telecom and Telefónica Móviles, the former is responsible for nominating the chief executive officer, while the latter nominates the chief financial director.

In 2005, the Board of Directors chose new executive officers. Roberto Oliveira de Lima was nominated for the position of chief executive officer, in substitution for Francisco José Azevedo Padinha.

Statutory Audit Committee

The permanent Statutory Audit Committee of each of the holding companies is comprised of three permanent members and a similar number of substitute members. They are elected by the General Meeting with terms of office of one year, reelection being permitted. Their members meet ordinarily once every three months and extraordinarily whenever necessary.

Disclosure Committee

VIVO established the Disclosure Committee in 2004. This body's main responsibility is to assist the CEO and CFO in reviewing information that is to be disclosed. There are eight executive officers from the operating companies, a general secretary and a legal affairs officer on the Committee which is coordinated by the Investor Relations Officer. Among other activities it is the committee's responsibility to review, supervise and formally implement procedures for preparing disclosure reports; take steps to ensure that the various areas submit timely reports so that the information they contain may be adequately evaluated as to suitability for disclosure; to identify information required by shareholders and the market as well as that required under relevant legislation which should be disclosed. The Disclosure Committee evaluates the need to call on external advisers



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(auditors, lawyers, and other external consultants) to assure adequate support for the disclosure process.

Audit Committee

In 2005, as a means of further adapting the holding companies to the requirements established by US Sarbanes-Oxley Law, VIVO chose to set up Audit Committees in the Group companies.

This body's principal attributes are to review management systems to ensure the trustworthiness and integrity of accounting policies, financial reports and disclosure practices; manage and maintain processes to certify that the companies proceed in accordance with legislation, applicable regulations and corporate policies; review the administration and maintenance of procedures to certify that the internal control is functional; review annual and quarterly reports before filing and prior to dividend distributions; and the performance of independent auditors, making recommendations to the Board of Directors regarding the hiring and termination of independent auditors services, considering for approval any non-auditing service proposed to be rendered by independent auditors; and review the Corporation's policies regarding transactions with related parties. The Audit Committee has the power to investigate any aspect which comes to its attention within the scope of its attributes and to advise the Corporation when necessary. Further, it is responsible for preparing the Audit Committee's reports in accordance with prevailing legislation and applicable regulations. The Committee is made up of three independent members. They are Luiz Kaufmann, Henry Philippe Reichstul and António Gonçalves de Oliveira.

POLICIES

Conduct and Ethics Policy



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The objective of the Code of Ethics is to promote compliance with the policies, regulations and further applicable rules, on a honest, precise and ethical basis, and is applicable to all levels of management (President, Vice-presidents, Managing Directors, Divisional and Sectional Directors and Managers) and/or people exercising similar functions within the Corporation.

VIVO executives undertake to comply with orders from their superiors, the rules, policies, directives and current legislation and ensure that their subordinates also comply with these, taking responsibility for the necessary clarification and communication so that the principles and values expressed in the code are effectively enforced by all staff members.

Disclosure Policy

VIVO component holding companies have a Policy for Disclosing Relevant Facts which is also available to members of the Board of Directors, the Executive Committee, the Statutory Audit Committee and to any other body which has technical or advisory functions or people who have access to acts or facts that are deemed relevant.



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STRATEGY AND MANAGEMENT

VIVO redirected its strategy in 2005 with the aim of maintaining leadership in the domestic cellular telephony market as well as ensuring good financial performance. This was based on three directives: quality, development and profitability.

Focusing on the customer, VIVO's priority is on satisfying and serving the person who has already chosen this brand, making quality of services its major differential. Thus, the irrational price war to conquer new consumers was ignored in favor of establishing a closer and more durable relationship with current customers, without however discarding obtaining new users for its customer base, through the support of campaigns and attitudes which highlight competitive differentials, such as technology and the all-embracing nature of the services.

The strategy's fundamental directives are to seek for and maintain:

- * **Quality** – VIVO believes that the quality of its services is, and will continue to be, its main competitive differential. Hence, it invests in extending quality and coverage available to corporate and individual customers and in updating its systems so that the user may be assured that: he will be able to use its services at the time and in the location that he wishes; is charged on time for the services rendered and in the correct amount; and, when he needs to contact VIVO, receives highly qualified customer service which makes the experience a positive one for him.
- * **Development** – VIVO occupies a leading position in the industry and has already made third generation cell phone services available to its customers. Thus, it places priority on improving its services and extending their use among consumers, without relinquishing the need to invest in innovative services.
- * **Profitability** – The increase in profitability is related to maintaining higher value customers and, in parallel, reducing operating costs and increasing the efficiency of processes. One of the most important ingredients is to conclude the structural projects for unifying all the VIVO component operators' processes. In addition, internal campaigns were developed to rationalize resources consumption and undertake careful analyses of investments. To support these three strategic pillars



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and guarantee their application, VIVO uses the Balance Scorecard (BSC) concept, which is well-known in the companies and is used as a means of verifying the progress of action plans and the necessity to adjust them or not, to achieve objectives or bring them into line with corporate strategy. BSC considers four perspectives: financial, customers, internal processes and growth and learning. Each area is responsible for preparing and carrying out projects that are aligned with corporate strategy so as to add value to businesses, to customers and to shareholders.

Social Responsibility Management

Instituto VIVO is responsible for carrying out social actions undertaken by the brand, using criteria defined for selecting initiatives that will be given support. It is further responsible for coordinating the VIVO Voluntário project – which mobilizes hundreds of members of staff and encourages involvement in activities which benefit visually impaired people – and heightening awareness of social responsibility at VIVO.

Environmental Management

VIVO has established environmental directives and is structuring a Management System for the area. Activities related to the environment are handled by a specific management area which is responsible for adopting measures that ensure compliance with legislation and communication of conservation concepts and with the rational use of resources. A series of environmental education projects receive support through the Instituto VIVO, contributing to heightening awareness on the topic.

Customer Management

VIVO constantly invests in extending and improving the qualification of its service network, as well as in its information systems, as a means of guaranteeing customers the best in quality and of winning their preference. Further, it invests in developing personnel and technology in its customer service centers so that each contact a customer has with VIVO is an outstandingly positive experience. It constantly monitors customers' demands and complaints using this information as an input for formulating policies and processes to improve its operation and customer satisfaction.



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Innovation & Brand Management

VIVO continuously promotes the launching and improvement of solutions which add value to corporate clients businesses and to the daily routine of its almost 30 million customers. The offer of differentiated services – which already includes some of a third generation – places it at the forefront in the domestic market and reinforces the attributes which it wishes to see linked to be its brand which, according to the Interbrand survey, is the 11th most valuable in the country. A monthly survey is made to check the brand's strength with the public, and annually a nationwide survey is carried out to adjust marketing strategies and contribute to understanding communities' expectations.



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DIALOGUE WITH THE INTERNAL PUBLIC

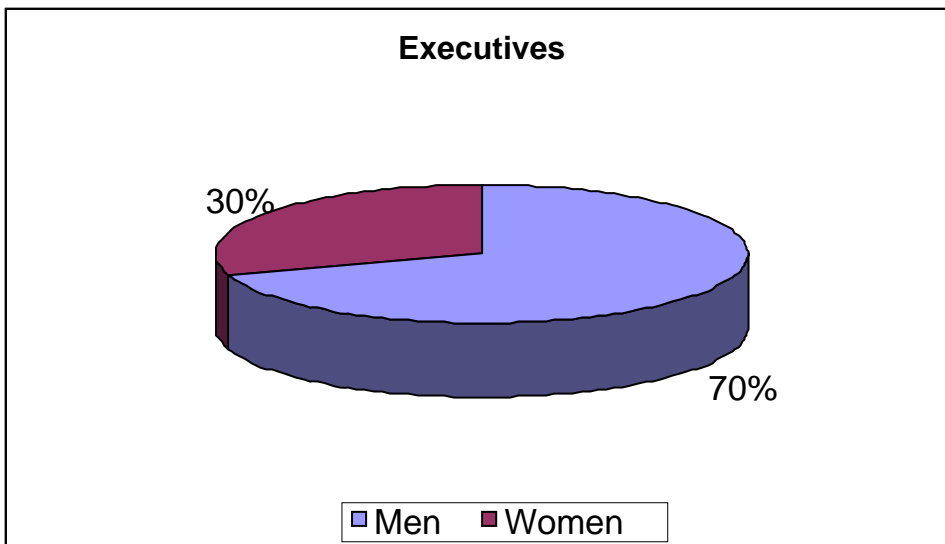
VIVO employs 6,084 members of staff and its main focus is on developing human resources, in professional and personal aspects. The brand considers staff performance fundamental to the business's success in that it is the staff who idealize and put into practice actions which guarantee qualitative and quantitative advancement and create value for shareholders and customers.

One of the year's highlights was the introduction and communication of the Ethics and Conduct Policy. This establishes the behavioral standards expected from all members of staff in internal relations and with the publics with which they interact.

Profile

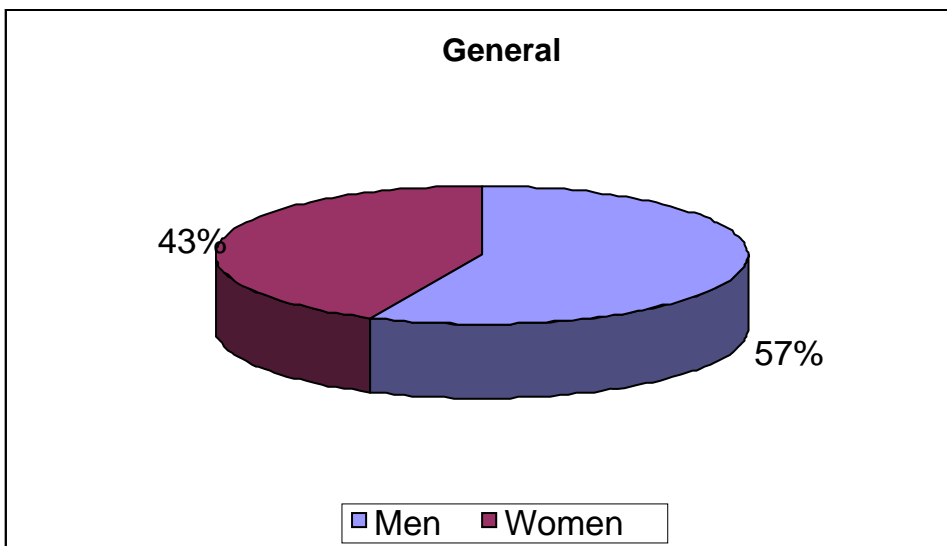
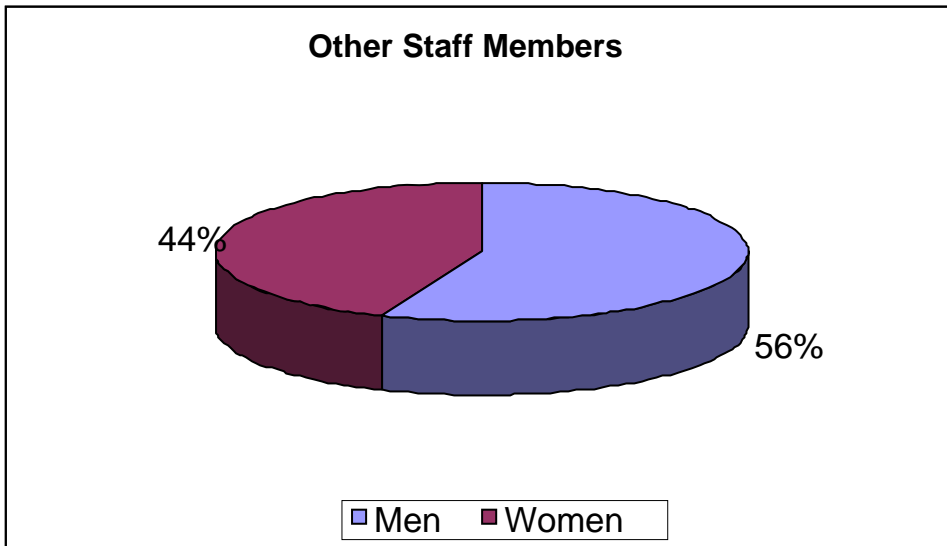
The average age of VIVO staff members is 33 years old, and 63% are university graduates (some with graduate degrees). The average time they have been employed is six years. In 2005, 43% of the staff was women and 57% men.

Members of staff by sex:





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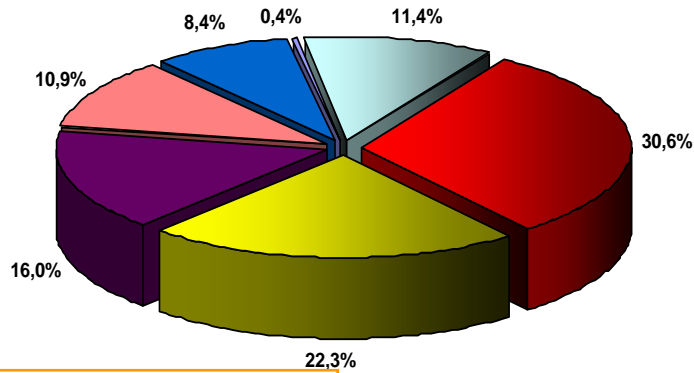




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Age of Executives

565 Incumbents

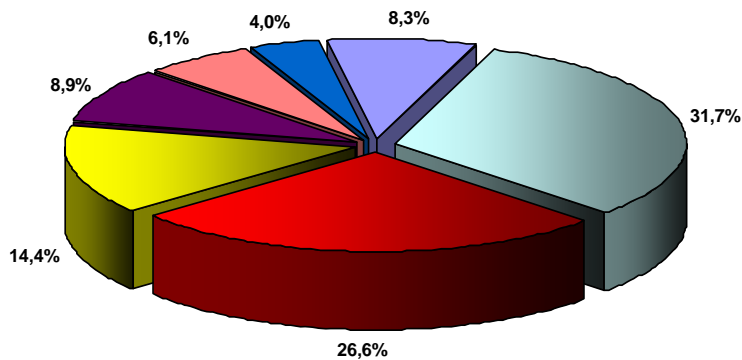


Average Age 38 years

- under 25
- 26 to 30
- 31 to 35
- 36 to 40
- 41 to 45
- 46 to 50
- Over 50

Age of other staff members

5.519 Incumbents

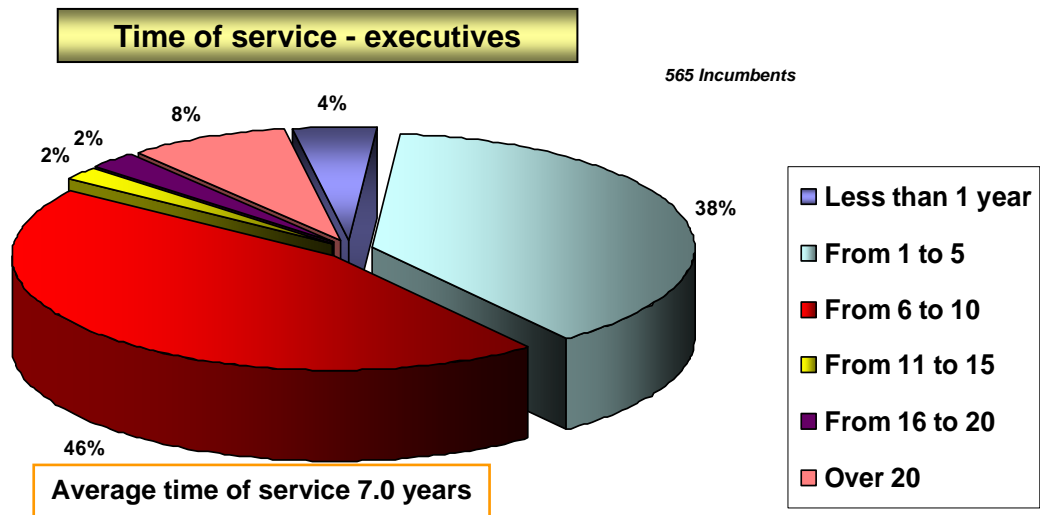
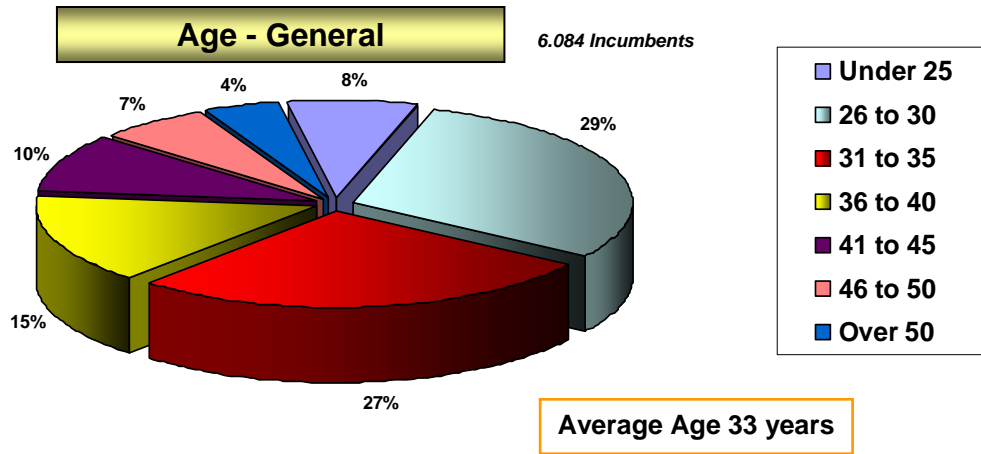


Average Age 33 years

- Under 25
- 26 to 30
- 31 to 35
- 36 to 40
- 41 to 45
- 46 to 50
- Over 50



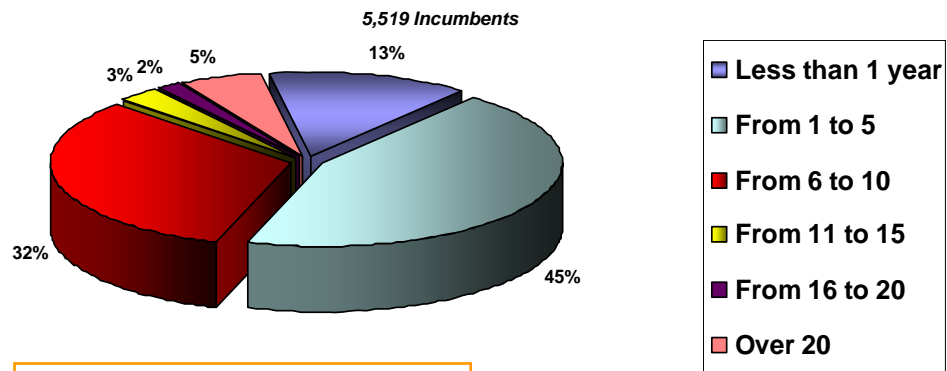
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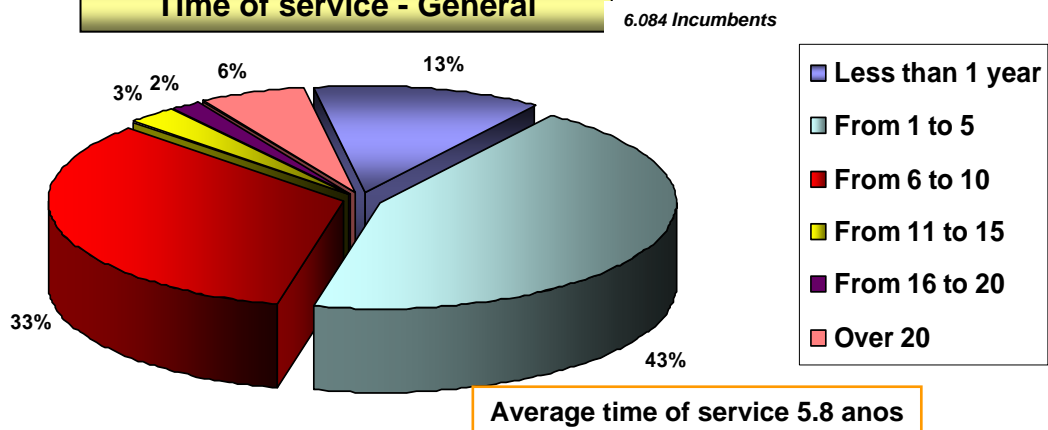


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Other members of staff time of service



Time of service - General

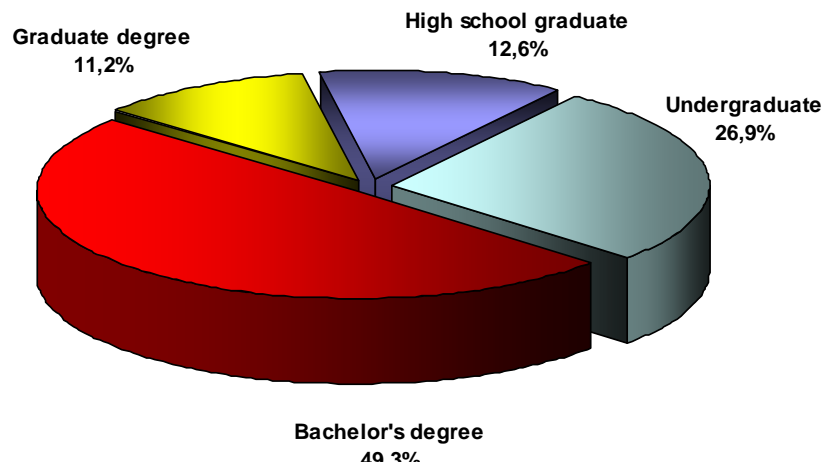




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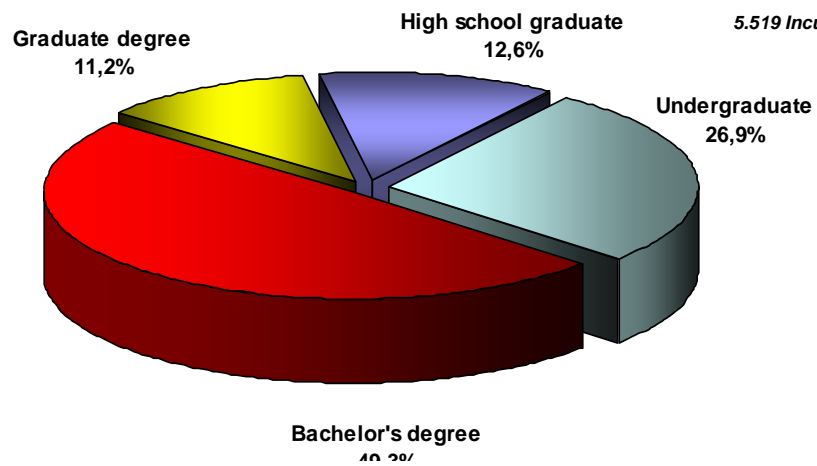
Executives Education Level

565 Incumbents



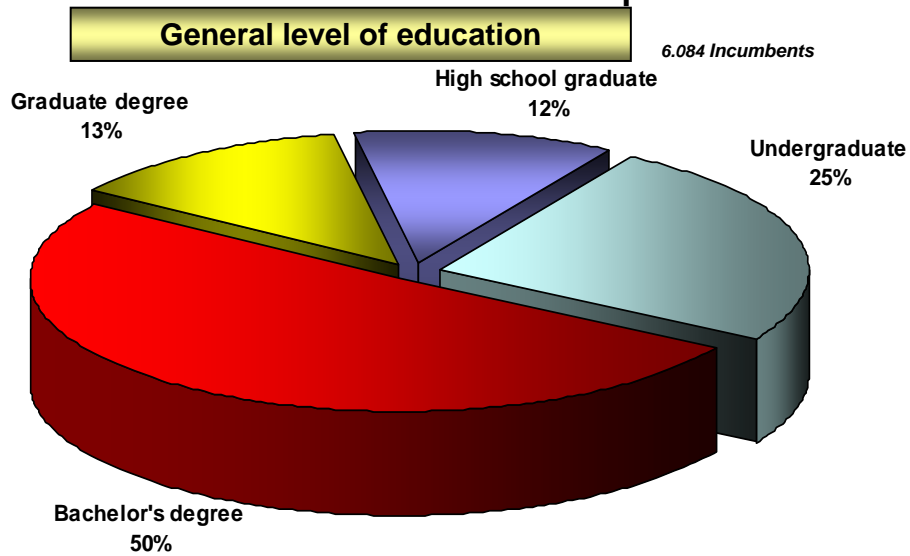
Other staff members' education level

5.519 Incumbents





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DEVELOPING AND RETAINING PROFESSIONALS

In 2005, VIVO invested R\$ 7.4 million in training – an increase of over 10% in comparison with the previous year – which reflects the brand's concern with its professionals' development.

In 2005, VIVO developed the fourth edition of its Trainee Program which opens the door to discovering new talent, as well as investing in high potential young people, who are capable of acting in an enterprising fashion, proactively with regard to organizational changes. There were 16,519 candidates enrolled in the 2005/2006 edition of the selection process, from which 14 were selected.

To retain talent, actions such as the Coaching Program were introduced. This is undertaken with a group of executives in key positions to develop organizational and people management competencies. International training programs for key staff was also provided, through techno-cultural integration between the two shareholder groups – Portugal Telecom and Telefónica Móviles. Attainment of performance levels is shared by variable remuneration programs and participation in the results which, for all the companies which operate under the VIVO brand, amounted to about R\$ 52.2 million in 2005, referring to the 2004 financial year.



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New Talents

Apart from the Trainee Program, VIVO invested in a further two programs which focused on attracting new talent: the Internship and Young Apprentice Programs.

The Internship Program recruits students in their last or penultimate year of study for a bachelor's degree. The Young Apprentice program is one directed at youngsters 14 to 16 years of age. It found jobs for 52 people in 2005.

Performance Management

The Performance Management System is a management tool which stimulates staff members' professional development based on competencies defined by VIVO, that aims to recognize individual performance and offer opportunities for training and learning. It also allows investment in training to be directed more precisely by using the Individual Development Plan (PDI). In 2005, the Performance Management System used the 360° evaluation model, which involves four stages: Team Feedback, Evaluation between Areas, Self-evaluation and Manager's Evaluation.

VIVO Aprendendo (VIVO Learning)

VIVO Aprendendo is a program which creates conditions for professionals to develop and improve competencies considered fundamental for the business, by participating in lectures, by videoconferences and by distance learning, via the Internet.

In 2005, about 1,000 members of staff from different levels participated in specialist courses such as negotiation, project management, people management, services marketing, communication etc. Which represented 18,144 participant hours of training.

EXTENSION COURSES AND EXCHANGES

MBA in Company – A program aimed at strategic managers. In 2005, two classes were formed, for a course of 372 hours of study. It was held over 18 months and 73 members of staff from Brasília and São Paulo participated.



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VIVO also encourages and co-sponsors staff members to study for an MBA or graduate degree which focuses on business or a relevant area of activity. The portion of the cost of study paid by the brand varies from 40% to 70% of the monthly fee, in accordance with the staff member's remuneration.

Exchanges

Professionals also have access to training overseas, in group companies, which facilitates contact with other cultures and business practices.

ROAD SHOWS

Along the year, Vivo carried out road shows which took its main executive officers to the regional companies. The first of them, held in June, was attended both by Francisco Padinha and Roberto Lima, former and new CEO, respectively, with the purpose of explaining how the transition would be effected and which changes it would entail to the company's business, allowing questions to be made by the employees. The related events had the intent of ensuring a transparent transition for the professionals. Other two road shows were carried out with the attendance of Roberto Lima and other executive officers of Vivo at all the regional companies.

SALARY AND BENEFITS POLICY

In 2005, the payroll system was unified and started using a single database, applying the same procedures and criteria to processing documents from the 20 regions in which VIVO operates. This process involved consolidating approximately 6 payroll systems into a single system - an innovation which reduced costs and increased the degree of precision, as well as refining processes.

Each year, all members of staff also receive a share in profits and results, calculated in line with VIVO's results.

Managers receive variable remuneration under the Annual Program of Commitment to Organizational Targets (Pacto), a bonus is established in accordance with achievement of corporate and business unit's objectives and performance evaluation.

With regard to benefits, VIVO offers: a special level of medical assistance to all members of staff, extending to their dependents; grants of cellular telephones; special discounts in several institutions, ranging from educational to leisure and physical activities; these are in



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addition to the conventional benefits such as group life insurance, meal tickets and food stamps, assistance with crèche/childcare.

It also provides the possibility for members of staff to join a private retirement fund and matches 100% amounts set aside by the professionals. Another differential is the dental care plan which, in 2005 was extended to cover prosthetics and orthodontics.

Severance

When a member of staff is dismissed involuntarily, VIVO offers some advantageous conditions such as maintaining medical assistance for at least three months, outplacement - both for members of technical staff and for executives - and indemnification in addition to statutory severance payment, with the number of salaries paid being in accordance with time of service.

INTERNAL COMMUNICATIONS

In a large organization which is present in various states, like VIVO, internal communication, regarding strategies, activities and businesses, plays a vital role in sharing information between all professionals.

Existing communication vehicles were revised and adapted based on studies carried out over several months which led to creating an Internal Communication Plan as well as the introduction of new media. One of the main innovations was the installation of LCD monitors in the elevators at headquarters in São Paulo. This innovation in internal communication gradually will be extended to all regions. Information on VIVO (internal actions, businesses), and other information of a general interest is provided using the monitors.

In addition to notice boards, brochures, information sheets, folders, e-mails, marketing, stickers, banners, posters, used for communication, the following vehicles stand out:



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- **HR Connection** – A portal which allows staff members to access Human Resources personnel information. This is available for access in all the operators. Using the HR Connection, employees have the possibility of updating their curriculum vitae, submitting their candidature for internal opportunities, participating in the Performance Management program, altering registry details or even printing out their pay slips.
- **Intranet** – An electronic portal with information on the whole organization, such as policies and procedures for various areas, tools and systems which are useful in the members of staff daily routine, external and internal actions and events, and by others. The electronic newspaper *Ao Vivo* presents on-line updates, an advisory notice section and specific information on each operator.
- **Encontro VIVO Newspaper** – Presents information regarding all the regional offices, VIVO's achievements and activities. In 2005, two pages were set aside in the newspaper section known as *Encontrando Você* (Finding You). Information from the Human Resources area is presented in this section.

Internal Events and Celebrations

Internal integration events and celebrations were held that aimed at integrating teams and aligning VIVO's strategy in the various areas. Among the most significant were the end-of-year parties, June festival celebrations (both celebrated nationwide) and the internal launch of Vivo Play 3G.

ORGANIZATIONAL CLIMATE

One of the main tools for measuring actions to improve the work environment and conditions for human and professional development is the Internal Climate Survey. This survey is carried out annually and members of staff give points on topics such as the Corporation, Professional Expectations, Leadership, Communication and Integration, the Environment Life/Work, Products and Services and Processes.

The response to the survey in 2005 was significant: 82.5% of members of staff or, that is, 4,971 of the 6,084 professionals at VIVO took part in it. One of the most important



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indicators is that regarding qualitative responses: 72% of participants consulted made comments, for a total of 17,000 opinions.

The result of the investigation showed a uniform understanding by staff with regard to the differentials and items that needed improvement. There was also great understanding of the brand's new strategic direction and willingness to carry out the fundamental actions for change. In the final analysis, members of staff gave VIVO a score of 6.7 points.

INCLUDING PHYSICALLY DISABLED PEOPLE

VIVO continued the work started in 2004 together with other companies regarding inclusion of physically disabled people: it led the formation of a permanent forum for the Economic Inclusion of Physically Disabled People, coordinated by the Instituto Paradigma and whose Executive Committee is formed by representatives from VIVO, Editora Abril, Visanet and PricewaterhouseCoopers. HP Brasil and Shering do Brasil also participated in launching the initiative. The forum aims to promote a permanent debate, an exchange of experiences and lessons learnt to facilitate initiatives for economic inclusion and compliance with the Quota Law - *Lei de Cotas* (Federal Law nº 8.213/91).

RELATIONSHIPS WITH THE UNIONS

VIVO maintains harmonious relations with the unions, within guidelines determined for complying with legal requirements in the labor relations field.

The brand has relationships with 19 unions in Brazil that are affiliated to two large central unions. In 2005, negotiations to renew the Collective Work Agreements focused on economic conditions which represented adjustments both to employees' salaries and benefits.

HEALTH, INSURANCE AND QUALITY OF LIFE

VIVO complies with all the Ministry of Labor's determinations regarding employees' health and safety.



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The health service model adopted is a trend and reference worldwide and is based on Shared Management. This consists of promoting VIVO's technical participation in monitoring staff or their dependents in cases where there is a potential clinical risk which could result in high costs in health charges. Vivo's medical staff acts on a proactive basis, providing a differentiated assistance in these cases. If an employee suffers an accident or is placed in hospital, for example, the medical staff is actuated in order to inform the sick person and his family members about the most adequate medical centers for assistance in the case. In 2005, 1.5 thousand cases were assisted in this manner.

In 2005, a blood donation program was also undertaken. This included lectures by professional people from blood banks on the topic, to stimulate volunteers. Another initiative promoting members of staff's well-being is the *CelClube* which until 2005 was limited to São Paulo but should be extended to other regions in 2006. This is a virtual club which allows members of staff to access services which contribute to better quality of life.

Sport

The men's and women's VIVO Society Soccer Cups were held for the third consecutive year. This event promotes integration between members of staff from all regions and gives an incentive to playing sports. The eliminating rounds take place in each state and the final round is held in São Paulo. There were a total of 171 teams and 1,700 athletes involved, including outsourced workers.

1. Work Safety Indicators

	2005
Number of employees (year average)	6,114
Man-hours worked	12,913,684
Accidents with leave of absence	27
Accidents without leave of absence	14
Total number of accidents	41
Days lost	7,411
Days debited	-
Total days	7,411
Frequency rate of accidents (TFA)	3.17
Degree of Seriousness (TG)	573.89



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Seriousness Frequency Rate (TFG)	-
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DIALOGUE WITH SHAREHOLDERS

INVESTOR RELATIONS

VIVO, through Investor Relations makes it possible for the five holding companies' shareholders to access clear and precise information on the businesses. For this, it maintains a series of communication channels.

Investor Relations focuses on perfecting the distribution of information to analysts as a means of maintaining a close relationship with the market and supplying the material needed for pricing shares and assigning a fair value to the companies. In this regard, during 2005, four meetings were held with the Association of Capital Market Analysts and Investment Professionals (Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais - Apimec), in addition to road shows in Rio de Janeiro and in São Paulo. Investor Relations also participated in events abroad.

The main fact during the year was the proposal for corporate restructuring, which was made public in December 2005.

Communication

Among the communication channels used by Investor Relations is the site (www.vivo.com.br/ir), on which all reports presented by the holding companies to the regulatory agencies in Brazil and overseas can be accessed, together with press releases, minutes of general meetings of shareholders, communiqués etc. This channel also allows messages to be sent to Investor Relations.

Apart from this, investors may request information using a telephone number that is made available. The Annual Report is another important channel of communication and has been published since 2003 when the VIVO brand was launched. The document reports on the brand's principal activities and its performance during the year, presenting details on topics such as strategy, investments, economic and operating performance.

Investor Relations is responsible for preparing the documents delivered to the CVM and to the SEC, which in some cases are submitted before the legally stipulated due date.



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Sarbannes-Oxley Law

In 2005, VIVO stressed the work of adapting to the Sarbannes-Oxley Law (SOX), by constituting an Audit Committee, comprised of three independent councilors.

This legislation applies to companies whose shares are traded on the US market.

In this regard, the company is taking the necessary steps to comply with its requirements.



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DIALOGUE WITH SUPPLIERS

VIVO seeks a transparent relationship with its over 10,000 suppliers and encourages them constantly to improve their social and business practices. With this in mind, it set up the Suppliers Portal which, apart from ensuring a more timely response and transparency in the purchasing process, constitutes an important relationship channel.

The Portal facilitates increasing two-way integration and access to information. Apart from receiving information for registration, renovation and financial analysis, suppliers receive orientation on how to access information from the financial area in order to check the settlement of their invoices.

Interactive forms are used on the channel so that internal clients in various areas of VIVO can evaluate the performance of supplier and service providers who take part in the purchasing process. Points awarded to them provide a basis for selection and are linked to technical opinions on each purchasing process. A fall in points scored is a warning for VIVO to contact the supplier and seek an explanation for the fall in quality. This process can result in experiences being shared so that the supply company is able to redeem its qualitative status.

In 2005, VIVO also intensified its use of the B2B system, which allows standardization and simplification of the materials, goods and services purchasing system, and better use of both human and material resources in Purchasing through improved response. In this way, it is able to dedicate more time to developing strategic partnerships and contacts with new suppliers. The system brings together suppliers and customers, profoundly changing the logistics chain allowing requisitions to be attended with zero lead time.

Another tool introduced in 2005 which adds value is the e-sourcing platform. Using this, VIVO delivers – and ensures receipt of – documents relating to purchases and tenders, as well as clarifying suppliers' doubts via the Internet. The system guarantees simultaneous sharing of information and provides even more transparency in relationships. Participating on the platform allows suppliers the benefit of participating in competitive bids called for by VIVO and other companies in Brazil and overseas, because many companies use it as a commercial relationship channel with the supply market.

Purchasing has invested in new interfaces to promote the integration of VIVO's purchasing system with those of its parent companies Portugal Telecom (Portugal) and Telefónica



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Móviles (Spain). In 2005, VIVO's purchasing system was integrated with the international corporate purchasing system, known as Filón, which provided a significant improvement in the time and form in which purchasing processes were managed and carried out.

Classification

Suppliers are classified considering two dimensions. The first defines the range of a supplier/service provider's activities (local, regional, national or corporate) and the second identifies the group of products/services (purchasing classification in accordance with the model used by Telefónica Móviles and Portugal Telecom) for which the supplier/service provider is approved.

Selection of suppliers

Together with the areas requisitioning the resources, the Purchasing Division carries out a critical analysis of the purchase specifications as a means of guaranteeing that the ethical and legal precepts in any and all purchase agreements are always observed and to prevent contracting/subcontracting school-age minors. During the registration process, the supplier must sign a document which establishes the General Contracting Conditions.

During the first half of 2006, all registered suppliers or those in the process for registration will receive the VIVO's Suppliers Relationship Manual, which will present instructions on desirable conduct as regards social responsibility.

Within VIVO, the management areas are responsible for monitoring, measuring and ensuring compliance with purchase specifications and with all the terms of the contract. To check social criteria before making a payment, VIVO requires presentation of a list of the supply company's employees and proof of Social Security (INSS) payments. As a complement to this, during the registration/re-registration process, Purchasing requests delivery of the INSS clearance certificates which guarantee that the company is not involved in any legal proceedings or investigation for using child labor.

In selecting suppliers, VIVO also takes into account, ethical behavior regarding confidential information and the guarantee that materials purchased are neither the result of counterfeiting, piracy or are stolen goods and nor are they produced by slave labor.

The possibility is presently being studied of requiring that suppliers produce specific environmental certificates indicating whether they hold environmental licenses or not and whether they are under investigation for environmental damages.



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Local suppliers

During the period in which the contract is in force, VIVO carries out periodic evaluations of suppliers which allow it to identify deficiencies and recommend corrective actions. This analysis, together with the Local Suppliers Development Policy, has contributed to improving suppliers, indicating specific requirements VIVO operators demanded to provide local solutions. A specific registration model was created, with adapted demands, so that smaller size companies will be able to work with VIVO on regional supply contracts.

VIVO considers local suppliers those whose maximum supply/contract is below R\$ 50,000 and whose activities are restricted to only one of the brand's operators. The policy for developing these suppliers encourages them to service other operators and provides guidance on the requirements demanded by each location.

System

VIVO's Purchasing System allows electronic access to all documentation and information regarding compliance in each process step. The system is also available to Investor Relations so that shareholders have a more transparent view of transactions realized. Applying IT to the processes eliminated paper consumption with positive reflections on the environment.



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Purchasing Management

The first step consists of the manager from the area issuing the requisition or hiring the supplier, sending details of his requirements. This is done electronically. The information is sent directly to a purchase agent who analyses it and benchmarks the purchase, reviewing the VIVO data bank for information on the last similar transactions and to identify possible suppliers.

A strategic purchasing matrix is used, which considers the product to be purchased and its value. Information on the cost of the product and its importance for the businesses and market statistics are compared to provide guidance in defining the commercial strategy and establishing a negotiating objective.

With this information, a Purchasing Table is held in which representatives from Purchasing, the manager for the contracting area and the manager of the Purchasing process are present. In this meeting, the details on the survey are presented and a negotiating target is defined. Suppliers are only consulted after this process is concluded and they then present their proposals electronically and always simultaneously. Even if one supplier should send information before the stipulated final due date, this will not be reviewed before proposals from the other companies are received.

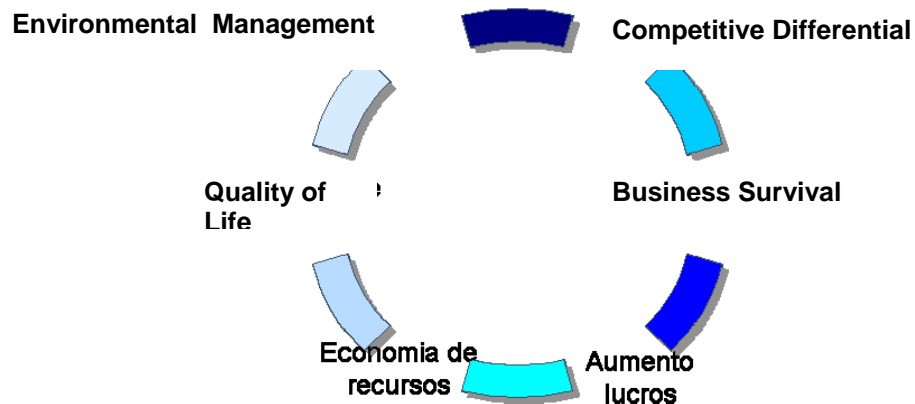
When the round of negotiations is concluded, Purchasing once again meets with the area interested in contracting the service and, in more sensitive negotiations, with representatives from the legal area. The Purchasing agent presents the results of the competitive bid, the strategy and target and the decision on which supplier will then be contracted must be unanimous.



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RESPECT FOR THE ENVIRONMENT

Responsible activity in the environmental area is understood as fundamental for carrying out VIVO's business strategy, which aims for the brand to be recognized as the one providing the best services to the consumer. Thus, environmental measures which exceed legal requirements are adopted to enhance the population's quality of life - which is essential for business continuity – and to economize and increase profits, consequences of the rational use of resources.



VIVO has an Environmental Management area to communicate these concepts and put a series of associated actions into practice. This area undertakes the mission of transforming VIVO into a model of environmental responsibility with the aim of creating a competitive differential, mainly by executing projects that encourage commitment to, and promotion of, environmental education. The area is responsible for gradually establishing objectives and achievements for the Environmental Management System which is presently being structured. Three basic directives have guided these activities and have been applied since 2004:



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VIVO's impact on the Environment

- Policies and Procedures – Shape the commitment to develop and apply policies and procedures which seek to minimize risks and heighten the participating population's sensitivity.
- Waste Management – Create tools to evaluate waste resulting from operations and define the most suitable means of collection and destination, as well as actions to minimize generation through programs to heighten awareness, specific initiatives and surveys.

VIVO's Contribution to the Environment

- Environmental Education – Promote campaigns and internal and external events, aimed at heightening environmental awareness among staff members, customers, communities and shareholders. Develop creativity and perceptiveness in environmental management, as a competitive differential factor.

Commitment to the Community and Government Electromagnetic Emissions – Provide education and information to the community and take part in discussions regarding legal aspects with regulatory agencies and create tools for updating technical research on the subject and comply with the National Telecommunications Agency Resolution (Anatel) 303/02 which establishes limits for exposure to electromagnetic fields.

INVESTMENTS

	2003	2004	2005	Goals 2006
Total invested in programs and projects to improve the environment (in reais)	1,048,000.00	827,000.00	1,308,764.86	1,995,270.00
Percentage of gross income spent on programs and projects to improve the environment	0.008%	0.006%	0.008%	0.013%

Radio Base Stations (Erbs)



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In July 2002, Anatel issued Resolution 303, which establishes limits for exposure to magnetic fields and uses as parameters the indicators suggested by the International Commission for Protection Against Non-Ionizing Radiation (ICNIRP). The electromagnetic radio emissions sources in the cellular telephony industry are the handsets and the Basic Radio Stations. A maximum emission limit of two watts per kg was set. The terminals should be certified by Anatel in order to be sold. The measurement is made by the CPqD. (Center for Telecommunications Research and Development).

With regard to the Radio Base Stations, operators must prove by theoretical calculations and physical measurements, that the antenna exclusion area (the point of departures from which there no health risk) is within the limits established by the ICNIR, of 4.5 watts per square meter, at a frequency of 900 MHz; of 4 watts per square meter at 800 MHz and of 9 watts per square meter at 1.8 MHz. The measurement may be made by universities or specialized institutions, such as the Brazilian Association of Electromagnetic Compatibility. These indicators are monitored by Anatel and VIVO maintains all its Erbs within the standards.

With regard to collecting batteries, a 1999 resolution of the National Environmental Council determines that they should be returned to manufacturers, sellers or technical assistance networks. Manufacturers of terminals are responsible for receiving material collected and for recycling. The newer terminals are already equipped with lithium ion batteries, which are less damaging to the environment than the nickel-cadmium variety.

The visual impact caused by the Radio Base Stations is another environmental concern and, in this respect, sharing structures between operators is an important advance.

It also takes part in the discussions on environmental matters with the government and the community on joint activities with other operators, through the National Association of Cell Phone Operators (ACEL) and the Brazilian Association of Competitive Telecommunication Service Providers – Telcomp. In 2005, it took part in discussions on municipal and state legislation in approximately 90 locations.

Apart from this, it promotes lectures on the environment among the community to strengthen commitment to and involvement with environmental agencies.



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Waste Management

VIVO has adopted the Waste Management Program, which aims at prevention, reduction, reutilization and recycling to reduce the negative impact caused by operations and services, as well as costs associated with these.

The action includes the suitable handling, collection, transportation and destination of waste products produced in offices, warehouses and outpatient clinics which exist in all regions. The objective is to manage correctly all materials that are discarded or produced as a result of VIVO's activities or services and to promote environmental education and the application of the 3R concept, namely, Reduce, Reuse and Recycle.

In 2005, under the Program, 46,994 cell phone batteries units were collected in outlets as well as 6,509 battery units from the Radio Base Stations, which provided the sum of R\$ 120,922.42 that was donated to Instituto VIVO and invested in socio-environmental projects. In December, VIVO returned to manufacturers 60,000 batteries that were stored in its Distribution Centers during 2004 and 2005, a task coordinated within the Logistics area.

In March, the cell phone and Erbs battery Storage area at the Curitiba Distribution Center in Paraná was licensed by the Paraná Environmental Institute – IAP, becoming a reference standard for battery storage areas.

In Goiânia, VIVO's authorized resellers began receiving returned cellular batteries which previously had only been received in the brand's own stores. To highlight the novelty, collection bins were sent to the resellers and brochures and posters prepared and exhibited in all the units, both owned and resellers. Additionally, in the State of Goiás, a campaign in all publicity material related to the sale of cell phones was started for the return of cellular batteries, in which the following message appeared: "Incorrect disposal of batteries causes damage to the environment. Return your old cell phone battery to the VIVO store or reseller."

During 2005, VIVO also collected and suitably disposed of 4,217 fluorescent lamps, a larger number than those disposed of in 2004 which was 2,284 units. In addition, 190 tons of recyclable waste was collected and sold, which resulted in an amount of R\$ 28,380.00 being raised and sent to socio-environmental institutions and projects.

With the aim of further reducing the use of natural resources and extending environmental awareness, the Brand Division established the possibility of using the brand on recycled paper used in all internal publicity and office materials. Previously, this was restricted to



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the Environmental area and the Instituto VIVO. The material used for external communications on old cellular battery collection in stores is now also made from recycled paper.

A bio-degradable plastic courier-pack for storing old cell phone batteries in stores and in some regional offices was adopted and, during 2006, this measure will be extended to all VIVO-owned stores throughout Brazil.

Today, environmental licensing and a certificate for destroying relevant materials is required to collect and transport cell phone and Erbs batteries, to sign an agreement for providing services to collect healthcare wastes and to collect recyclable materials. Funds raised from the sale of Erbs batteries and selective waste recycled materials is also sent to socio-environmental projects, as shown in the table below :

REGIONAL AREA	AMOUNT RAISED	INSTITUTION BENEFITED
São Paulo	R\$ 22,900.00	Lamara – Associação Brasileira de Assistência ao Deficiente Visual
Rio de Janeiro	R\$ 54,990.00	Associação de Amigos dos Enfermos da Casa Maria de Magdala e Instituição Evangélica de Assistência Social e Cultural – TEAR
Paraná	R\$ 10,330.42	Transformando com Arte a Vida
CO/N	R\$ 32,704.00	Instituição Evangélica de Assistência Social e Cultural – TEAR

Environmental Impacts Management

	2003	2004	2005	Aims 2006
Improvements introduced into existing operating processes, with the aim of preventing, minimizing, or eliminating potential air, water or soil pollutants.	NA	Waste Management Program	Waste Management Program and Training Programs	Waste Management Program and Training Programs
Adequate disposal of total quantity of waste products (batteries, solvents, heavy	N/A	<ul style="list-style-type: none"> • Hospital waste - 0.109 tons • Cell phone batteries 	<ul style="list-style-type: none"> • Hospital waste - 0.06 tons • Cell phone batteries - 	Standardization of procedures in the Dangerous Waste Management



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metals, agricultural chemicals packaging, oils)		<ul style="list-style-type: none"> - 32727 units • Erbs batteries - 8969 units • Cartridges and toners - 4836 units • Fluorescent lamps - 2284 units 	<ul style="list-style-type: none"> 46994 units • Erbs batteries - 6509 units • Cartridges and toners - 332 units • Fluorescent lamps - 4217 units 	Program increased the correct collection, packaging and destination by 30%.
Annual average volume of CO2 and other greenhouse gases released into the atmosphere (in tons)	N/A	N/A	Survey of refrigeration gases with regard to the Montreal Protocol .	Prepare the responsible areas for IBAMA registration.
Annual quantity (in tons) of solid waste (rubbish, discarded material, rubble, etc.)	N/A	Recyclable materials (paper/plastic) - 208 tons	Recyclable materials (paper/plastic metal/glass) - 190 tons	Improve the Waste Management Program. Reduce production of ordinary waste.

Gas emission

In line with the Montreal Protocol, as part of the process to reduce release of noxious gases - such as CFC - into the ozone layer, in 2005 VIVO made a survey of the types of refrigeration gases it uses. In 2006, Environmental Management will provide guidance and written fact sheets to prepare the responsible areas to complete the Ibama registration process.

VIVO is also concerned with the emission of gases by its fleet of vehicles. In this regard, it has chosen to use renewable and less environmental-harmful fuels, such as ethanol. Annually, the brand has a fleet of 783 vehicles of which 14% are ethanol or bio-fuel driven units.

Energy Saving

To reduce the consumption of electric power, VIVO introduced the Forced Ventilation System in Technical Sites at 742 Erbs, which reduce the need for air-conditioning,



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substituting it by external air. The air-conditioning systems at CCC Tatuapé were also improved, which represented a 23% cut in power consumption.

VIVO has also rationalized the use of air-conditioning in administration buildings and has programmed elevator operation to restrain power consumption. Further, sensors were also installed in the Administration area which automatically turn off lights in areas where there are no people working.

In 2006, VIVO will hire a specialized company, which is an associate of the Instituto Efort, an Instituto VIVO partner, which uses physically disabled labor to undertake studies for improving the use of electric power on a national scale, to obtain an estimated 5% reduction in the use of resources at current sites, at an estimated cost of R\$ 22,000.

In spite of the efforts to minimize electrical power consumption, there was a small increase in 2005 of 3.4% over the previous year. Recorded consumption was 531,781MW.

Year	2003	2004	2005
Consumption*	555,705MW	514,506MW	531,781MW

* Data on MW consumed are approximate.

Environmental education – members of staff

The Continued Environmental Education Program was developed to make members of staff aware of the existence of Environmental Management at VIVO, of the environmental directives established for the brand's component operators and show that matters relating to the environment permeate all areas. Projects undertaken aim at promoting environmental commitment and corporate social responsibility and at showing the importance of management's participation for the projects to obtain national coverage. The quality of actions carried out was such that VIVO was mentioned, in 2005, in Exame's Guide to Good Corporate Citizenship (*Guia Exame de Boa Cidadania Corporativa*), which highlighted risk and environmental impacts management. Apart from this, the brand received the Valor Social Award 2005, sponsored by the *Valor Econômico* newspaper, in the Respect for the Environment category, voted by a Popular Jury that selected the cell phone battery collection and Erbs batteries sales case as the winner.

One of the projects included in VIVO's Continued Environmental Education Program involves members of staff, both of its own organization and operating companies' third party workers. The pilot version of this activity was run in November, in Vargem Grande



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(RJ), and brought together managers, members of staff and consultants. In 2006 this action, which intends communicating concepts and values for protecting and concerning the environment, by developing attitudes and philosophies which motivate participation in programs VIVO has already embraced, will be extended.

Another project that was developed is *Sentindo a Floresta*, (Sensing the Forest) which seeks to use the 5 senses to stimulate perception of the environment and facilitate better professional performance. The first initiative took place in November in which 40 members of staff from the Paraná Regional office participated in the Rosy Cheeked Parrot Expedition to islands off the coast of Paraná. The idea was to give all the professionals - direct and indirect - the experience of spending a day in the Forest, learning to make better use of their senses and in this way improve their work's quality and productivity , as well as stimulating their creativity and ability to innovate.

A further high point in the year was the *1st VIVO Environment Week - Environmental Management in the Business World*, an event held to celebrate World Environment Day on June 5. During the event lectures, exhibitions, interactive games/quizzes with prizes on the intranet, distribution of prizes, shows, theatrical sketches and other initiatives with environmental content were held.

The project Recycling Minds (*Reciclando Mentas*) – which was included in VIVO's Continued Environmental Education Program – was aimed at changing staff members behavior with regard to environmental questions and stimulating the development of actions which are in line with HR training policy and Environment Management's directives. The idea is to provide employees with the opportunity of a learning experience in the environmental area which has an interface with their operating area, through the use of specific courses, lectures, seminars, fairs, events, symposiums etc.

From August to November 2005, over 700 members of staff and guests from outside the company participated in lectures on electromagnetic emissions presented by Environment Management, in the Rio Grande do Sul, São Paulo/SPI, Rio de Janeiro and West-Central /Northern regions, as part of the Recycling Minds project. Folders containing explanatory notes were distributed to participants.



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One of the initiatives to improve waste collection is the project *Coloring the VIVO Environment (Colorindo o Ambiente VIVO)*, which has already being held in the the Rio de Janeiro/Espírito Santo, Paraná/Santa Catarina and São Paulo Regions and is gradually being adopted by the remaining regions. It involves a series of educational activities and furnishing information, such as notes and material available on the Intranet, which stimulate VIVO's internal public's interest to collect in a suitable fashion.

The *VIVO Consciente* project was launched with the aim of reducing the volume of waste and economizing natural resources. The project originated from a partnership between Resources, Integration and Improvement, Human and Organizational Development and Regulatory and External Relations. Topics such as the rational use of water and electric power are covered in communication material, to promote changes in habits relating to natural resources.

Environmental Education – external

Through its West-Central/Northern Region, VIVO participated in the *Global Action* promoted by SESI (Social Service in Industry) and the Rede Globo television group, in association with companies and institutions from both the public and private sectors, which involved 15,800 visitors. The brand provided support for activities in Campo Grande (MS), which sought to raise users' awareness of the importance of proper battery disposal for environmental conservation. Folders containing replies to the most frequent doubts on the topic were distributed and there were interactive reading sessions every 30 minutes for the children.

VIVO was also present at events such as the *II Environmental Education Show (II Mostra de Educação Ambiental)*, held in the Iguazu National Park Convention Centre (PR), where the brand's stand provided a base for battery collectors and where information was given on electromagnetic emissions. Over 1000 people per day visited the event, which aimed to bring together environmental projects by teachers in municipal areas that are neighbors to the Iguazu National Park and who took part In the Course/Laboratory held in 2005 by the Escola Parque do Iguazu, with support from the Instituto VIVO.

Education and Environmental Awareness

	2003	2004	2005	Objectives 2006
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Number of employees trained in environmental education programs	N.A.	N.A.	985	50% of total staff members
Number of campaigns carried out to strengthen environmental education in society.	N.A.	N.A.	Nine internal campaigns run by Environmental Management	Ten internal campaigns.



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DIALOGUE WITH CUSTOMERS AND CONSUMERS

VIVO, which has the largest customer base in Brazil, obtained thanks to the qualified and wide range of services it offers, pays special attention to relationships with consumers who use its solutions. This posture is in line with businesses strategy, which prioritizes retaining those who chose the brand and high value customers, winning their loyalty, irrespective of whether they are in the pre-paid or post-paid segments. In this regard, several channels are kept open for dialogue with consumers as a means of refining information system and improving performance by teams which contact customers.

CALL CENTER

To respond to its clients requests - which, for example, include complaints and providing clarification on solutions, products and campaigns, VIVO has four Call Center structures.

- * **Call Center Salvador:** services Bahia, Sergipe, Rio de Janeiro and Espírito Santo;
- * **Call Center Campinas:** services the whole of the State of São Paulo;
- * **Call Center Londrina:** Santa Catarina, Paraná and the interior of São Paulo;
- * **Call Center Goiânia:** servies customers in Rio Grande do Sul and states in the West-Central/Northern Region where VIVO provides services.

Apart from these Call Center structures, VIVO has a back office in São Paulo to which all requests that cannot be solved by agents in the Call Center in a first contact are relayed. Previously, this was divided between two units in the São Paulo state capital but the structure hands been centralized in a single building in the Barra Funda district.



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VIVO CUSTOMER PROJECT

In 2005, the VIVO Customer Project started. This project aims to minimize the causes of customer complaints and has made it possible to reduce the number of cases passed to the back office by 15%.

The work is coordinated by Integration and Improvement and is carried out in an association between several areas in the company so that consumers' requests may be analyzed by professionals from the areas involved in each complaint.

The information supplied by Customer Relationships aids in consolidating and monitoring the indicators which are shared between all those involved in the project. Details on the impact the problems mentioned have on the cost of responding to customers are also presented.

Each month meetings are held by the members of the Customers Complaints Committee, apart from periodic meetings with back office management representatives.

As part of the VIVO Customer Project, in 2005 an association between Integration and Improvement, Customer Relationships and Technology and Networks areas resulted in a portal being set up, which updates customers' complaints relayed to the back office on a daily basis. Before the portal was set up, data was calculated by Customer Relationships and circulated once a month. The information supplied to the portal is obtained directly from customer service systems throughout the country and apart from allowing analysis of problems, also facilitates making plans for correction, prevention or, even identification of opportunities for improvement. Apart from the speed of forwarding information, the portal facilitates access to details (it is possible to have details on a specific complaint), as well as based on different criteria, as for example, the type of complaint, the region in which it was made, etc. As the process is further automated, there will be even greater credibility, precision and elimination of the risks and problems that arise in consolidating data.

NATIONAL NUCLEUS OF INDIVIDUAL BUSINESS OPERATIONS

In 2005, the National Nucleus of Individual Business Operations which focuses on activities aimed at acquisitions, profitability, retention and creating loyalty, was consolidated in Customers. The Nucleus has an infrastructure comprised of 1,500 Service



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Stations which on average, makes 2,300,000 outgoing contacts/ month, as well as the retention and loyalty reception centers (Save Team) .

The Save Team recorded an improvement of 8.4 p.p. in the year, achieving an 84.6% retention index, resulting from gradually substituting bonus offers by shielding offers (handsets and plans), guaranteeing greater retention quality and physical centralization of operations in São Paulo which contributed to introducing management aligned with the objectives.

PROJECT FOR REDUCING TRANSFERS

In 2005, VIVO started a project which aims to reduce the transfer of customers' calls to another service area. The result was a 4.5% reduction in the indicator.

QUALIFICATION

VIVO constantly invests to improve its Customer Service quality. A series of actions were launched with this objective in 2005. One of the main advances during the year was the consolidation of the front officers solutions in São Paulo, Rio Grande do Sul and Paraná regions. This is part of the project to adopt a single system between operators. Name as Christened VIVONet, it was developed in accordance with VIVO specifications and allows sharing of client information on a single database.

This feature has qualitative advantages, such as the possibility of transferring calls between different call centers should one of them be overloaded. As they use the same interface, staff in the service centers can undergo standardized training and are able to attend consumers from all over Brazil with the same efficiency and quality. The front office reduces the time needed for the service call and for accessing information.

Customer registry data in a register of over 12 million consumers was standardized by eliminating or including information.

Another innovation was the introduction of a Virtual Agent in all the regions which eliminated a feature that customers disliked when they contacted a Call Center, namely the need to choose between various options offered by the Audio Response Unit (URA). Now, the subscriber indicates his/her telephone number vocally and requests the desired



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service. If incoming calls are overloaded, VIVO can re-activate the URA to promote customer service.

Worthy of note was the expansion of pre-paid promotion and registration URA, intensification of use of the *7000 recharge channel, reformulation of the Bradesco recharge URA, nationwide introduction of the recharge URA through the Banco 24 Horas, and the extension of VIVO self-service terminals in own stores.

With the aim of facilitating customers access to its service centers, VIVO also chose a single number for accessing the Call Center by cell phone which is *VIVO (*8486).

Service islands for own stores were also set up to provide support for staff working at the point-of-sale, providing solutions for possible problem.

A further advancement was recording 100% of calls. In this way, VIVO has recourse to registered calls to solve doubts arising in contacts with customers. In each call to the call center, the customer is advised that at the end of the call he/she may give rating points for the service provided. In addition to this, VIVO can use surveys that it has commissioned by the specialist company, Indicator GFK.

Prominent also is charting each service agents' performance. Monitoring individual indicators, such as service time, problems solved, make it possible to identify operators who require recycling and training courses and send them on these. Measures were also taken to reduce turnover, in that retained operators have better knowledge about the business and quality of response. This is achieved in various ways, among which giving support to continue studying, by subsidizing part of the monthly fee for courses - as in the case of bachelor's degree courses.

In 2005 the relationship consultant position was created to attend high-value and post-paid customers. The relationship consultant works full-time to solve possible problems raised by these customers, in the shortest time possible. When subscribers with this profile contact VIVO, they are attended by an exclusive consultant.

The National Division of Corporate Customers was established in 2005 with the aim of improving service to the corporate segment. This section, which combines back office operations, customer relations, retention, CRI, data and critical mission at a single site, contributed to improving corporate area results.



CRM/CLM

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Information stored in the customer relationship management system (CRM) provides assistance for formulating policies and strategies to acquire or retain customers on the base or to offer products and services which are suitable for these customers' user profile.

VIVO employs client life cycle management (CLM), developing segmented campaigns of an experimental nature, which later can be extended to other consumers. This enabled gains of over R\$ 150 million to be made in the year. A total of 350 ideas were evaluated, of which 111 were launched and 60 were taken public. To get an idea of CLM results, over 150 lists of clients to be approached are prepared monthly.

RISK

In 2005, the VIVO Score tool, used for customer service, was introduced. It allows the risk of a subscriber defaulting to be evaluated and provides solutions in line with his/her profile which have contributed to reducing frauds and the level of bad debt provisions.

SERVING PEOPLE WITH DISABILITIES

Special Call Centers to attend people with auditory impairments were established in São Paulo and Rio de Janeiro in 2005. It is expected that this benefit will be extended to the other regions over the next years. Connections with people who have this profile are made using TDD (*telephone device for deaf*) units to a 0800 number that is made available by the operator and automatically transferred to the internal TDD, where a text communication with the subscriber is established. Staffers who attend auditory impaired people receive special training for the job.

Another initiative aimed at serving customers with special needs is introducing to the market models which accept voice commands, to facilitate use by visually impaired people.



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CUSTOMER PRIVACY MANAGEMENT

When they join the company, Call Center operators attend a lecture on Information Security and Trust, given by the supplier companies' security area. All the information and procedures are in line with the VIVO Ethics and Conduct Policy and, after training, the staffer signs a Record of Ethical Norms and Conduct. Apart from this, by means of the Internal Control of Processes (CIP) Customers maintains a code of conduct on the Service Portal, as a reminder of procedures and care needed regarding consumer service and information passwords.

HEALTH

During training, operators receive information regarding electromagnetic emissions and their relationship with health. Further, there is a sheet containing questions and answers on the topic published on the Service Portal.

VIVO ESCUTA (VIVO LISTENING)

The VIVO Escuta site was created to allow direct contact with customers and complaints. It allows directors, managers and staffers in areas involved in situations which affect consumer satisfaction to hear, in real time, calls received by the Call Center, to understand the size of the problem and to look for solutions in the shortest possible time.

RELATIONSHIP CHANNELS

Apart from the service centers for consumers' calls, VIVO maintains other channels for communication, providing access to a series of services and information.

- **Internet** – The VIVO Portal on the World Wide Web (www.vivo.com.br) is one of the most visited sites in the world, with 5 million hits a month, on average. The page offers ample information on services, technology, solutions, promotions etc., as well as being a channel to *hotsites* of interest to consumers and customers. For example, it allows access to the Virtual Store, where it is possible to purchase cell phones and accessories. Another area on the site is VIVO On-line (VOL), the web



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service channel, which registered over 1.5 million services performed each month during 2005.

- **SMS/Telemensagem (Tele-messages)** – The company sends text or voice messages to customers, highlighting promotional and emergency actions, providing information on bill collection, amounts and dates due, etc.
- **TAV (Self-service terminals)** – At the end of 2005, self-service terminals had been installed throughout the country. These allow customers to access a broad portfolio of services, including payment of bills and recharging cell phones and information on their situation vis-à-vis the operator and the plans currently offered.

Other tools employed to communicate with the customer also serve as a channel for the company to share social responsibility concepts with consumers. This is effected by means of communication elements such as VIVO Pra Você (VIVO For You), an insert sent to post-paid customers together with their bills to publicize the United Nation's Organization's Eight Millennium Goals.

VIVO VANTAGENS (VIVO ADVANTAGES)

Since 2004 the VIVO Vantagens loyalty program, aimed at post-paid consumers throughout Brazil, has been in operation. They benefit from the Advantages Club – this provides exclusive privileges and benefits in various partner establishments throughout Brazil, such as cinemas, bars and restaurants – and they participate in the Points Program which may be used to purchase a new cell phone.

The program's site was reformulated in 2005, to facilitate navigation and access to information. The data bank and a search system were introduced to allow the clients to see the operator's partners and the promotions in each regional area.



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DIALOGUE WITH THE COMMUNITY

The Instituto VIVO was created in July 2004, and centralizes management of support actions and financing for VIVO component operators' social projects, assisting in refining their relationships with the community. Its mission is "to promote citizenship, sharing values and experience with society".

During its 18 months of existence, the entity has already matured greatly and is involved in 41 social projects which benefit almost 500,000 Brazilians. In 2005, it concentrated on defining its focus of activity: Education, with some actions in favor of the Environment. In 2006 it intends working in an even more strategic fashion, using VIVO's vocation for social action, emphasizing its mission, vision and values. Further, it also wants to act in such a way that it uses the technology and services that VIVO offers, to jump-start the work developed in the area of education for young people.

In this way, the Instituto Vivo and VIVO will seek to develop continually on the route adopted by companies effectively committed to social responsibility which presupposes permanent activity.

Stage 1

Philanthropy →

Stage 2

Support for projects →

Stage 3

Definition of the focus of activity →

Stage 4

Professional approach to activities →

Stage 5

Support for Public Policies

The Instituto VIVO also stimulates voluntary work by the brand's members of staff through the VIVO *Voluntário (Volunteer)* program, created in 2004. In addition, during the year, the road shows were continued which showed the main initiatives developed and the application of strategic directives, such as how to extend coverage for the country, always respecting regional realities. The events included meeting with staff members, collective interviews and meetings with authorities and partners.

The Instituto also underwent a change in its system of governance. An executive specialized in social responsibility was hired to coordinate the actions and a Consultative







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Council was instituted. This will begin working in 2006 and is made up of VIVO executives who give their opinions regarding the direction the entity should take.

Project selection

In selecting projects that will receive Instituto VIVO support in 2005, the following four criteria were considered:

-  Topic: education and environment;
-  Poverty indicator: Human Development Index (HDI) in the affected region, giving priority to those with lower indicators;
-  Importance of the region for VIVO businesses;
-  The project's appeal.

Prospects for 2006 are of continuity in the process of constructing Instituto VIVO's identity and selecting projects which are completely aligned with topics the brand considers strategic. The tendency is to support initiatives which have objectives that create opportunities for young people, through education, and which have a link with technology or with a VIVO business. The projects will be grouped together in a particular Instituto VIVO program and executed by partners who have expertise in the proposed areas.

Another 2006 objective is to set up an internal consultancy for Corporate Responsibility so that VIVO can internalize practices which demonstrate its obligation to society. This work aims to stimulate the various areas in VIVO to search for a healthy, ethical and transparent relationship with its stakeholders.



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SOCIAL PROJECTS

In 2005, VIVO gave support to six new projects and continued supporting a further 35. In this regard, it invested over R\$10 million during the year bringing benefit to almost 500,000 people.

EDUCATION PROJECTS

SuperAção Jovem (Youth Super Action)

Where: São Paulo, Santa Catarina, Mato Grosso do Sul, Federal District and Pará.

What: By using a game, known as SuperAção, teenagers and young people are encouraged to prepare strategies and formulate projects to solve problems which affect the school and the community in their surroundings.

How: It is carried out in public schools by using interactive and dynamic teaching activities. The youngsters are grouped together in teams of ten or more members, they choose a problem to be faced, prepare a project and enroll in the SuperAção Game. This is an initiative of the Ayrton Senna Institute.

Objective: Awaken interest in developing leadership among young people, education in values and matters regarding work – the Program's three teaching mainstays – by means of structuring and applying projects.

Period: Since 2003.

Investment: R\$ 1,550,329.46 in 2004 and R\$ 346,170.00 in 2005.

Incentive: UPF-OSCIP.

Results: Until the end of 2005, SuperAção had reached 194,000 young people in 2,230 schools from 492 municipal areas in five states and been implemented by 9,175 teachers. As a direct result of the Youth Super Action Project, the São Paulo state schools in which participants are enrolled cut murders to 0 and reduced drug trafficking (85.7%), carrying weapons (62.9%) and theft (42.2%), as well as vandalism, which fell 43%, and spray-painted graffiti, reduced by 33%.



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Acelera Brasil, Se Liga Brasil e Circuito Campeão

(Accelerate Brazil, Be in Touch Brazil, and Champion Circuit)

Where: Tocantins, Goiás, Pará, Maranhão and Amazonas.

What: Program to combat illiteracy and provide age/grade catch-up classes. O *Circuito Campeão* introduces policies for literacy and monitoring results in the first four grades of Basic Education.

How: In *Acelera* and *Se Liga*, students from 9 to 14 years old can catch up lost school progress (age/grade) in one year depending on how much they take advantage of the opportunity, thanks to a methodology which includes specific teaching material, teacher training, personalized teacher/student relations, permanent evaluation, family involvement etc. On the other hand *Circuito Campeão* applies the *Se Liga* literacy and *Acelera Brasil* accelerated learning programs management methodology in schools, municipal and state education secretariats. This is an initiative of the Ayrton Senna Institute.

Objective: The *Se Liga* program aims to guarantee a sufficiently high level of reading and writing skills to allow the student to continue having a successful school career; the *Acelera* program combats the poor quality of teaching by means of an effective management culture, which focuses on low levels of learning, on repeating classes and on age/grade distortion; and the *Circuito Campeão* program intends improving teaching quality and eradicating illiteracy and grade repetition.

Period: In Goiás, *Acelera* and *Se Liga* have existed since 1999; in Tocantins, since 2004; in Pará, Maranhão and in Manaus, *Acelera* was introduced in 2005.

Partnership: State governments.

Investment: R\$ 3,150,058.00 in 2005

Incentive: UFP-OSCIP.



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Results Vivo -IAS Alliance: From January to October 2005, 350,168 children and young people benefited directly and 17,307 teachers were trained in 1,297 Brazilian municipal areas.

PROGRAM	STATE	MUNICIPAL AREAS	SCHOOLS	TEACHERS	CHILDREN & YOUNGSTERS
SUPERAÇÃO JOVEM	SP	479	2,102	8,798	150,000
	PA	3	35	93	3,000
	DF	5	24	120	24,000
	MS	1	21	42	2,000
	SC	4	48	122	15,000
TOTAL SUPERAÇÃO		492	2,230	9,175	194,000
ACELERA	GO	93	172	286	3,823
SE LIGA	GO	94	239	358	5,077
CIRCUITO CAMPEÃO	GO	177	908	4,536	116,142
ACELERA	TO	76	112	272	2,560
SE LIGA	TO	103	165	427	5,927
CIRCUITO CAMPEÃO	TO	258	238	2,160	21,052
SE LIGA / ACELERA MUNICIPAL AREAS*	PA MA AM	4	46	93	1,587
GENERAL TOTAL	9	1,297	4,110	17,307	350,168



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Portuguese Language Museum (Museu da Língua Portuguesa) (previously known as Estação Luz da Nossa Língua)

Where: São Paulo.

What: The Luz Station, a train station inaugurated in 1901, was transformed into a world reference center for the Portuguese language. The inauguration was in March 2006, and the main objectives of this project are: to revitalize and restore one of the main historic monuments in the city of São Paulo and create an environment that values and celebrates the Portuguese language in all its forms of expression with the aim of creating an awareness in society that language is a fundamental cultural element.

How: Holding cultural events, permanent training for teachers and making awards for the day-to-day use of the language in literature, by journalists, in the theatre, in the cinema and on television. A web site for the Portuguese language will also be created, with diversified content which will serve as a source of reference for communities in Angola, Brazil, Cabo Verde, Guiné Bissau, Mozambique, Portugal, São Tomé e Príncipe and East Timor, countries in which Portuguese is the official language.

Partnership: Vivo, São Paulo State Government, IBM do Brasil, Brazilian Post Office, Globo TV Network, The National Bank for Economic and Social Development (Banco Nacional de Desenvolvimento Econômico e Social - BNDES), Votorantim, Petrobrás and the Roberto Marinho Foundation.

Investment: R\$ 500,000.00 in 2002, R\$ 1.000,000.00 in 2003, R\$1,000,000.00 in 2004, and R\$ 260,000.00 in 2006.

Incentives: Rouanet Law.

Public Served: Commuters on the train and subway systems who pass through the Luz Station, teachers, students and tourists. It is expected that 3,000 people per day will be served.

Results: The facade work was inaugurated on the anniversary of the city of São Paulo, on January 25 2004.



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São Paulo: A State of Readers

Where: São Paulo.

What: Support the foundation of three libraries, in the Santa Salete, Vitória Brasil and Santana da Ponte Pensa municipal areas. These libraries are part of the *São Paulo: Um Estado de Leitores*, (São Paulo: A State of Readers) program set up in 2003 by the State Secretariat for Culture.

How: The Instituto Vivo supplied a computer and a basic collection of 600 or 1000 titles (depending on the number of inhabitants in the municipality), defined on a list made by the State Secretariat for Culture. The State Secretariat for Culture is responsible for training municipal employees and for activities that stimulate reading. The municipal authorities have to make areas available for installing the units, as well as providing professional staff to operate them.

Objective: To provide all municipal areas in São Paulo with public libraries, contributing to more widespread reading.

Period: 2005

Partnership: Instituto Vivo, State Secretariat for Culture and municipal authorities.

Investment: R\$ 60,000.00 in 2005.

Results: Since launching the program, various companies have donated collections of books to the municipalities. Reducing the number of municipal areas in the state without libraries to zero was one of the most important objectives achieved by the project in 2005.

MAM Educação (Museum of Modern Art - Education)

Where: Rio de Janeiro

What: Guided tours for teachers, senior citizens, people with physical disabilities and underprivileged communities, from Tuesday to Friday.

How: There are two tours per day, each one lasting an hour and a half. Two guides accompany each group, comprised of 20 people. Once a month, the project also offers an exclusive activity for intermediate level students, which is known as Multiple Visits.

Objective: Introduce art to the public.

Period: 2005 to 2006

Partnership: Instituto VIVO and the Friends of MAM Association.

Investment: R\$ 270,175.00 in 2005.

Incentive: ICMS.



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Results: The MAM Education project was created in 1999. In 2005, 7,375 people (37% of the Museum's public) were attended in six months, especially students from state schools, which represent 53% of the public. Until then the project had benefited 16,480 visitors.

Selo Escola Solidária (Solidarity School Stamp)

Where: All Brazilian states.

What: It was created in 2003 by the Instituto Faça Parte (Join Up Institute) and is held every two years to recognize Brazilian schools which develop voluntary education and citizenship projects. VIVO's support made it possible to systematize the project which culminates in the delivery of the Solidarity School Stamp, for which manuals, certificates and posters are prepared.

How: Basic education schools, both state and private, enrolled to participate in the Solidarity School Stamp and were given guidance by the Stamp's manual. They forwarded information on actions to be developed, such as fronts to reduce illiteracy, which are evaluated by technicians from the Instituto Faça Parte, who select the institutions that are in a condition to receive the distinction.

Objective: To recognize schools that are committed to turning their students into citizens.

Period: 2003 and 2005.

Partnership: Faça Parte – Instituto Brasil Voluntário and Instituto Vivo.

Support: Ministry of Education, National Council of Education Secretaries, National Union of Municipal Education Directors and the United Nation's Organization for Education.

Investment: R\$ 264,706.00, in 2003 and R\$ 279,400.00 in 2005.

Result: In 2005, over 100,000 schools enrolled and 14,310 qualified to receive the *Selo Escola Solidária*. On the other hand in 2003, about 8,000 were selected.

VIVO no Teatro (VIVO in the Theatre)

Where: São Paulo.

What: The program takes students and teachers from schools listed by Municipal Education Secretaries to the theatre. In 2005, the play presented was "O Santo e a Porca", an adaptation of work by Ariano Suassuna.

How: The shows are always mounted using young and accessible language and stimulate debate about the work and the author at the end of the presentation. The play is preceded by a video on the history of communication produced by VIVO.



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Period: From June to November 2005.

Investment: R\$ 51,526.00 in 2004 and R\$ 49,732.20 in 2005.

Public targeted: Teenagers over 12 years of age from institutions and state schools in São Paulo, teachers and VIVO members of staff.

Results: In 2005, 3,825 people from over 20 different institutions benefited from the program.

Uma Nova Visão de Desenvolvimento (A New Vision of Development)

Where: All of Brazil

What: A project to produce knowledge conducted by the NGOs Comunitas and RedeSol.

How: Involves holding seminars regarding the project, its objectives, forms of activity and types of participation with the set of programs comprising the RedeSol, in addition to defining the topics covered in the texts, to be debated in the regional seminars. In addition it is necessary to prepare texts for debate, a preliminary discussion regarding the objectives and the format for regional seminars, preparing a preliminary list of host cities for the events and making an initial list of invited strategic partners.

Objective: To produce and communicate knowledge, proposals and tools for action to strengthen and expand investment in human and social capital.

Period: October 2004 to April 2006.

Partnership: Comunitas, Instituto VIVO, Deutsche Bank, Camargo Correa, Grupo Orsa, Sagatiba, Alcoa, Votorantim, Gerdau, Bradesco Foundation, Embraer, JPMorgan, Cosan, Holcim, Santander, Telefonica, Itaú Foundation, Corporate Citizenship Institute SP, Telemar and the WCF Institute.

Investment: R\$ 36,000.00.

Public targeted: NGOs, institutes, foundations, corporations, the media, universities and governments.

Results: Meeting in São Paulo with civil society leaders, parliamentarians and the media to discuss the proposals in progress in the National Congress to review the legal and regulatory status of the third sector in Brazil, and opening a dialogue with the America Network to prepare a project for integrated action in the social area in various municipal areas in the country. Provided consulting services to companies to analyze their social responsibility policies and held 5 seminars.



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O Fantástico Redutor de Moléculas (The Fantastic Molecule Reducer)

Where: Federal District, Mato Grosso do Sul and Acre.

What: A child's book written by the medical doctor Ronaldo Gomes de Almeida and by advertising executive Humberto de Faria Junqueira, which focuses on preventing diseases.

How: The book tells the story of a group of friends who are hit by a reducing ray and swallowed by a domestic servant in the house. In her body, they learn to discover, prevent and take care of illnesses caused by viruses.

Objective: Contribute to promote preventive health in schools.

Period: 2004 to 2005.

Partnership: Instituto Vivo, Ministry of Culture and the Government of the Federal District

Investment: R\$ 337,210.00 in 2004.

Incentive: Rouanet Law.

Results: The books were distributed to state schools in the Federal District and in Mato Grosso do Sul – a state in which the institutions also receive a Braille version produced by Espaço Vivo Voluntário.

Pequenos Talentos (Small Talents)

Where: Espírito Santo

What: Teaches classical ballet to underprivileged children and teenagers or those in a risk situation.

How: Classes are held twice a week in nuclei formed within state schools and social institutions, located in six communities within Greater Vitória.

Objective: Democratize culture, the formation of values and perception of the body.

Period: 2005 to 2006

Partnership: VIVO, Companhia Siderúrgica Tubarão (CST), Exporters Association (Sindicato dos Exportadores - Sindiex) and the Honorary Consul for Germany.

Investment: R\$ 21,268.00 in 2004 and R\$ 23,000.00 in 2005.

Incentive: UPF-OSCIP.

Undertaken by: Espírito Santo Community Action (Ação Comunitária do Espírito Santo - ACES).

Public targeted: Children and teenagers from seven to 17 years of age.



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Results: In 2005, 32 children and teenagers were cared for. Each year, all the nucleuses finish their activities with a show. In 2005, various students took part in the *Joinville Dance Festival*, the biggest in Latin America. Two participants in the project were outstanding: Polyana Sena, who won first place in the main solo category and Jeferson Souza, who won the second place, in the men's category.

Tele-centers

Where: São Paulo (SP).

What: These are spaces which contain computers that are freely accessible to the population and are part of the program, *Inclusão Digital do Governo Eletrônico* (Digital Inclusion for Electronic Government), created by the São Paulo Municipal Authority. VIVO helps to build and equip the tele-centers in Cangaíba, Jardim Ingá, Santa Cecília, Anhangabaú and the Instituto Efort. The Instituto Efort tele-center was totally adapted for people with physical disabilities in 2005, thanks to support from Instituto VIVO.

How: Each tele-center has about 20 computers, with freeware operating systems. Users may surf the Internet under guidance by two specially trained monitors and participate in IT courses, in site creation workshops and in community journalism.

Objective: To reduce digital and social exclusion indices in local communities, contributing to professional training and regenerate the space surrounding the unit by increasing the flow of people in roads in the region.

Period: From December 2002 to December 2006.

Partnership: São Paulo Municipal Authority.

Investment: R\$ 63,520 in 2002, R\$ 479,802.57 in 2003, R\$ 199,867.31 in 2004, and R\$ 137,300.00 in 2005 – Efort Tele-center.

Incentive: OSCIP (2004).

Results: There are almost 19,000 people registered in the Tele-centers that were built with VIVO support. Each tele-center has on average 3,000 users per month.



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Children's Pastoral (Pastoral da Criança)

Where: Maranhão, Pará, Goiás, Rondônia, Amazonas, Tocantins, Mato Grosso and Mato Grosso do Sul.

What: Teach Children's Pastoral leaders, mothers and relations of the children, basic literacy skills so that they have access to the Pastoral's educational material.

How: The literacy course covers 9 modules of 40 hours/class for a total of 360 hours. The monitors and supervisors are salaried.

Public served: Each monitor is responsible for 05 to 20 students in their classrooms.

Objective: Reduce infant mortality and offer an education directed at exercising citizenship in underprivileged communities.

Period: 2003 to 2005.

Investment: R\$ 400,000.00 in 2004 and R\$ 561,520.93 in 2005.

Incentive: UFP/OSCIP.

Result: In 2005, there were 471 registered classes, having 3,520 students. The book used by the Pastoral was revised and a new one prepared, *Aprendendo e Ensinando, Ensinando e Aprendendo, (Learning and Teaching, Teaching and Learning)* and three national meetings were held with Young People and Adult Education multipliers to whom the EJA book was presented and the teaching part was strengthened.

Abriço João Paulo II (John Paul II shelter)

Where: Pará.

What: The John Paul II Special Shelter Unit (Unidade Especial Abrigo João Paulo II) belongs to the Executive Health Secretary who in cooperation with the Society of Poor Servants of Divine Providence offers shelter to Hansen's disease patients.

How: Basic literacy skills and learning for senior citizens, art workshop and physical activities as motivation for improved quality of life (for people with physical disabilities), demonstration classes, group dynamics, reflective discussions, course work and going on walks for integration, etc.

Objective: Social reintegration for older Hansen's disease patients, providing better quality of life through social projects.

Period: 2004 to 2005.

Partnerships: Society of Poor Servants of Divine Providence and SESPA – Public Health Executive Secretariat.



VIVO Social Report 2005

Investment: R\$ 18,000.00 in 2004 and R\$ 14,873.83 in 2005.

Public targeted: 50 elderly patients who have special needs and Hansen's disease patients who have been abandoned by their families and rejected by society.

Results The Shelter projects increase patients self-esteem and promote reintegration into society. The artistic pieces produced are sold.

Associação Carente São Benedito do Bairro de Fátima (ACSBBF)

(Saint Benedict Charitable Association in the Fátima Neighborhood)

Where: Maranhão

What: An educational project undertaken by the ACSBBF, providing supplemental schooling, a crèche, capoeira (martial arts dance) and silk-screen courses, courses on vegetable gardening, personnel department, office assistant, telemarketing, telephone operator, sales techniques, secretarial, receptionist, Spanish courses and basic literacy for adults.

How: Classes for children using recreation as an incentive to reading, sport and painting activities. Young people and adults are offered training courses that prepare them to enter the labor market and provide basic literacy.

Objective: Give support to mothers who have less than ideal conditions to care for their children and promote social inclusion for teenagers and elderly people.

Period: 2004 to 2005.

Partnerships: The Secretary for Social Action in the State of Maranhão, local community, Rotary Club and Alumar.

Investment: R\$ 25,090.88 in 2004 and R\$ 17,312.32 in 2005.

Results: There were 172 children, 420 teenagers and 40 elderly people cared for and courses teaching a trade for teenagers and a community vegetable garden were provided. The children's quality of life improved as did the teenagers' and older people's self-esteem and criminality fell in the neighborhood.

Minhas Crianças (My Children)

Where: Maranhão.

What: The project offers basic education to teenagers from the outskirts of the city.

How: Catch-up classes for underprivileged children together with meals and recreation.



VIVO Social Report 2005

Objective: Promote citizenship and improve the quality of life for children from low-income families.

Period: 2004 to 2005.

Partnership: VIVO and the Batuque Brasil Shows establishment.

Investment: R\$ 25,090.88 in 2004 and R\$ 17,293.30 in 2005.

Public targeted: children from low-income families between 7 and 13 years old.

Results: About 300 children were cared for.

Associação Cultural Canarinhos da Amazônia (ASCCAM)

Where: Boa Vista (RR).

What: Musical education for underprivileged children.

How: Musical techniques are taught by specialists from the area at the Associação Cultural dos Canarinhos da Amazônia. There is a musical initiation course for new members and monthly and weekly meetings for planning, education and evaluation by specific professionals. Family members are in touch with their children and regularly participate in meetings, rehearsals, evaluations and events.

Objectives: Offer young people a musical education.

Period: 2003 to 2005.

Investment: R\$ 67,000.00 in 2004 and R\$ 59,130.08 in 2005.

Public targeted: 85 youngsters between 6 and 13 years old.

Results: Social inclusion for the children who are more participative and attentive students at school, and for their families who become more active in charity campaigns and more sensitive to social problems.

Guri Project

Where: Sorocaba, São José dos Campos and Santos (SP).

What: Since its inception, the Guri Project has developed sociability, self-esteem and a sense of citizenship among children and teenagers from 8 to 18 years of age promoting social inclusion by means of collectively teaching music. Currently, there are over 25,000 students who participate in courses for the violin, viola, cello, double bass, guitar, ukulele, percussion instruments, saxophone, clarinet, flute and trumpet, trombone and choral singing.



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How: Children or teenagers do not need any previous musical knowledge to join the Guri Project. There is also no selection process; it is merely necessary for there to be a vacancy. The only requirement is that the student studies and goes to school regularly. To reduce the number of dropouts, musical teaching starts from the practical, advancing to the theoretical, while adapting to the students' affinity to the instruments.

Objective: Provide children and teenagers from culturally underprivileged regions with a musical education and the means of developing musical talent.

Period: 2004 and 2005.

Partnership: Association of the Friends of the Guri Project.

Investment: R\$ 300,998.40 in 2004 and R\$ 200,000.00 in 2005.

Incentive: R\$ 90,000.00 – UFP/OSCIP and R\$ 210,998.40 – Rouanet Law in 2004.

Public targeted: Children and teenagers from 8 to 18 years of age.

Results: The centers were restructured to adjust the number of vacancies to demand, because student turnover is high. The participants are already making public presentations. The number of students enrolled in the three cities has reached 638.

Ler é Saber (Reading is Knowing)

Where: São Paulo.

What: Establishing and maintaining a library for the benefit of the Jardim Irene community.

Objective: To stimulate cultural life in the region and contribute to accessing citizenship.

Period: 2004 and 2005.

Partnership: Fundação Cafu, Instituto Brasil Leitor and VIVO.

Investment: R\$ 105,215.00 in 2004 and R\$ 75,000.00 in 2005.

Incentive: R\$ 103,380.00 – Rouanet Law (2004).

Public targeted: Children and teenagers from 7 to 17 years of age, living in Jardim Irene, and the community in general.

Result: The system for consulting the collection of 2,500 books was introduced and there are 500 people registered (there is flow of 2,000 people per month). Storytelling sessions are held for 130 children per session.

Instituto Laura Vicuña

Where: Rondônia.

What: A non-profit civil society that focuses on education and social assistance.



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How: Supplementary schooling, courses and recreational activities.

Objective: To provide introductory trade courses for children, teenagers, young people and adults as well as to promote actions which protect the family, childhood and adolescence.

Period: 2004 to 2005.

Investment: R\$ 150,545.29 in 2004 and R\$ 101,074.79 in 2005.

Results: Since 2004, 430 children and 540 families benefited from this project. It promotes young people's reintegration into society with their commitment to return to studying and gives them an incentive to enter the labor market. VIVO's support made it possible to improve the location's infrastructure and extend the courses.

EDUCATION + SPORT

Caravana do Esporte (Sports Caravan)

Where: Maranhão, Pará, Mato Grosso do Sul, Amazonas, Bahia, Goiás, Alagoas and Piauí.

What: Sports workshops for children in 10 Brazilian cities which have low Human Development Indices (HDI) and qualifying courses for teachers in the state education network.

How: Well-known athletes such as Ana Moser, Jackeline Silva, Raí and Sócrates, together with teachers and teaching coordinators from the Sports and Education Institute (Instituto Esporte e Educação) - headed by Ana Moser - over a ten month period traveled to ten cities selected by Unicef - United Nation's Children's Fund to hold workshops. They developed sports activities for children and held a 40-hour training course for teachers from the state education network, preparing them to continue the project. Mini-libraries were also created and educational films and videotape shown, 500 dental hygiene sets were distributed in the community, workshops were held on making nets, tennis rackets and balls from easily acquired materials and there were workshops using recycled materials.

Objective: To educate through sport in 10 Brazilian cities where there is a low Human Development index is (HDI).

Period: 2005.



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Partnerships and alliances: Instituto VIVO, Instituto Brasil Leitor, Peugeot, TAM Viagens, Plastbrinq, Kappa, Brudden Náutica, UNICEF e Instituto Esporte e Educação.

Investment: R\$ 300,000.00 in 2005.

Results: In November 2005, the project was presented at the Sport and Human Development International Congress, sponsored by the Instituto Ayrton Senna, and the documentaries produced during the *Caravana do Esporte* project received an Honorable Mention in the 4th edition of the Iberian-American Awards for Communicating Children's Rights (Prêmios Ibero-americanos de Comunicação pelos Direitos da Infância), organized by UNICEF, by UNICEF's Spanish Committee and by the EFE News. An audience of 8,000 children and teenagers and 1,000 teachers from the state system benefited from the project.

Novo Glicério (New Glicério)

Where: São Paulo (SP).

What: Maintaining the Novo Glicério NGO's activities.

How: A trainer from the Association of Christ's Athletes coordinates daily training on a field in the neighborhood. On Mondays, the training sessions are held at the headquarters of the Jockey Club's Little Ones Club (Clube Pequeninos do Jockey).

Objective: Give young people in the community the opportunity to play football, taking them off the streets.

Period: Since April 2003.

Partnership: Novo Glicério NGO, Christ's Athletes Association and Jockey Club's Little Ones Club.

Investment: R\$ 30,846.80 in 2003, R\$ 54,760.00 in 2004 and R\$ 213,250.00 in 2005, of which R\$ 150.000 resulted from a partnership with the Banco Luso-Brasileiro, to build headquarters for the NGO and R\$ 150.000 invested in the Jockey Club's Little Ones Club

Results: Some 1,120 children and teenagers aged 6 to 20 years old were cared for, 820 of which at the Jockey Club's Little Ones Club. Three girls and the boy Glicério became athletes for the Clube Atlético Juventus. A sports complex on 87,000 sq m plot of land in the Dom Pedro Park is nearing completion.



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Projeto de Esporte na Ilha Criança (Sports Project on Children's Island)

Where: Santa Catarina.

What: The Instituto Guga Kuerten's project offers tennis lessons to children and teenagers.

How: The activities take place on the Catarinense Tennis Federation (FCT) courts.

Objective: To join sports activities with basic education offering young people the opportunity of working on the emotions, developing limits, possibilities, discussing strategies, etc. Another objective is to offer introductory lessons in IT and access to the Internet.

Period: 2001 to 2005.

Partnerships: Vivo, Instituto Guga Kuerten (IGK), Florianópolis Municipal Authority and the Catarinense Tennis Federation (FCT).

Investment: R\$ 55,363.00 in 2003, R\$ 64,448.00 in 2004 and R\$ 40,425.00 in 2005.

Incentive: UFP/OSCIP.

Public targeted: Young people enrolled in eight educational programs in Florianópolis.

Results: Around 480 young people benefited from tennis lessons and IT workshops.

Projeto de Tênis Vanessa Menga (Vanessa Menga Tennis Project)

Where: São Paulo.

What: Vanessa Menga, the tennis player, gives tennis lessons to children in the City School Apprentice project (*Cidade Escola Aprendiz*), run by the Gol de Letra Foundation and the Fundação José Gaspar Foundation.

How: The children are given lessons during the week by a team of instructors comprised of four specialized teachers supervised by the tennis player Vanessa Menga.

Period: 2004 and 2005.

Partnerships: VIVO, Vanessa Menga, NGO's Cidade Escola Aprendiz and José Gaspar Foundation.

Investment: R\$ 87,600.00 in 2004 and R\$ 139,000.00 in 2005.

Incentive: R\$ 7,200.00 UFP/OSCIP (2004)

Public targeted: Children and teenagers from 6 to 15 years old from the Cidade Escola Aprendiz and José Gaspar Foundation NGOs.

Results: 210 are being cared for.



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EDUCATION + ENVIRONMENT

Escola Parque (Park School)

Where: Paraná.

What: Maintain the activities of Park School of the Iguazu National Park.

How: Environmental education is the tool used by the Park School to inform and heighten awareness among the population of the surrounding municipal areas. Activities such as the Course/Laboratory on Environmental Education in the Educational Process are held there every year for 200 teachers from the state education system. The Park School is visited every day by about 80 people who attend lectures and see theatrical presentations and educational games. The visit ends with a walk on a path to the Falls.

Objective: Encourage environmental conservation and reduce the impact on the environment throughout the region surrounding the Iguazu National Park.

Period: 2004 to 2007.

Partnership: Instituto VIVO and the Brazilian Institute for the Environment and Renewable Natural Resources (Ibama).

Investment: R\$ 650,000.00 over four years, of which R\$ 198,485,00 in 2005.

Public targeted: Communities in the vicinity and 200 teachers per year.

Results: The school was refurbished in 2004 and attended about 24,000 people. In 2005, there were 20,000 visitors and two support bases were set up to promote greater integration with local communities. The first is in Matelândia and serves teachers from the municipal area as well as those from Medianeira, Ramilândia, Santa Terezinha de Itaipu, São Miguel do Iguazu, Céu Azul and Vera Cruz do Oeste. The second is in Capanema and serves teachers from that municipal area and from Santa Lúcia, Santa Tereza do Oeste, Capitão Leônidas Marques and Lindoeste.

CD-ROM Environmental Education –The Trash Cycle

Where: Paraná.

What: Distribution of technical educational material on environmental topics.

How: Publicize the CD to all the Paraná state system school directors in presentations which show its didactic content and how it should be navigated.



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Objective: Through the school directors, supply teachers in the state public educational system with technical educational material to help in planning subjects related to the environmental area and form multiplier agents involving different areas.

Period: Seminars were held in 2004 in the cities of Foz do Iguaçu, Maringá and Paranaguá.

Partnership: Paraná State Education Secretariat and 3R's – Environmental Education

Investment: R\$ 35,700.00 in 2004 and R\$ 14,000.00 in 2005.

Public targeted: The 2,700 directors of Paraná state public education institutions and participants at the *II Environmental Education Exhibition and the II Environmental Education Seminar* which were held in Foz do Iguaçu.

Results: Production of 2,000 CDs in 2005, of which 1,600 reached all the public network state and municipal schools in Foz do Iguaçu. The rest are being used as support material in courses given to teachers at the Iguaçu National Park School. Since the program began, a further 3,700 were distributed

Zoomóvel (Mobile Zoo)

Where: Rio de Janeiro.

What: A motor coach equipped with multimedia facilities for showing scenes and providing information relating to biodiversity in Brazil.

How: The coach visits schools and the students are given virtual walks through Brazilian ecosystems. The public also receives programs, postcards, brochures and a variety of printed material referring to fauna, flora and ecosystems.

Objective: To promote environmental awareness, show scientific practices employed and communicate the knowledge and values regarding national biodiversity, giving value to the national heritage.

Period: Since September 30, 2005.

Partnership: Rio de Janeiro Municipal Authority, Coach Companies Association and the RIOZOO Foundation.

Investment: R\$161,600.00 in 2004.

Incentive: UFP/OSCIP

Public targeted: Students, teachers and the general public.

Results: With support from the Instituto VIVO, in September 2005 the latest version of the coach, containing new equipment and with a new appearance, was presented. Visits to



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schools started in November. Since the project began in 1995, 85,000 people have used the facilities offered.

Minizôo (Mini Zoo)

Where: Rio Grande do Sul.

What: Adopting the Mini-zoo in the Farroupilha Park, located in the central area of Porto Alegre.

How: Improvements to infrastructure, produce a brochure on the Mini-zoo, for distribution to visitors and also to schools in Porto Alegre.

Objective: Promote environmental awareness, jointly with leisure, education, research and conservation; giving the community the opportunity to see *in loco* species of regional fauna and the spread knowledge regarding the natural heritage.

Period: 2005.

Partnership: Porto Alegre Municipal Authority, through the Municipal Environmental Secretariat.

Investment: R\$ 30,000.00 in 2004 and R\$ 40,000.00 in 2005.

Public targeted: Students, teachers and the general public.

Results: The Mini-zoo is visited by students for extra curricular activities on the environment and also by the general public. Some weekends, the number of visitors exceeds 6,000. In October 2005, the Instituto VIVO distributed the brochure *Getting to know the Palmira Gobbi Dias Mini-zoo* to over 500 public and private schools in Porto Alegre and to children who were in the Park on Children's Day.

XX Environmental Education Course

Where: Rio de Janeiro.

What: The course is a pre-qualification for Ibama staff to be able to work in the institution's Environmental Education Program. In the 19 previous editions, 697 instructors were trained. This pioneering experience in Brazil approximates the educational process of the social group directly involved, such as farmers, fishermen, community groups affected by environmental and technological risks with environmental management activities.

How: In the 20th edition of the course, sponsored by the Instituto VIVO, students were trained in classes in which took part and had to prepare a final production.



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Objective: To train technicians from Ibama and other partner institutions, among them the Instituto VIVO, to act collectively in environmental management activities in Rio de Janeiro conservation areas.

Period: August 2005.

Investment: R\$ 200,000.00 in 2005.

Public targeted: 43 technicians from Ibama and partner institutions.

Results: Train managers and educators to act in the conception, formulation and application of policies and actions related to the environment, broadening and deepening concepts of environmental education in the management process and exchanging experiences between all participants in the course to facilitate learning.

A Água Nossa de Cada Dia (Our Daily Water)

Where: Brazilian coast.

What: Sponsor the insert *A Água Nossa de Cada Dia*, signed by the writer and artist Ziraldo, as part of the *VIVO Summer Project (Projeto Verão VIVO)* to heighten environmental awareness.

How: The *VIVO Summer Project* took a series of promotional events to the coast between December 2004 and February 2005 and the Instituto VIVO sponsored the production of 25,000 copies of an insert which was distributed to summer holiday-makers on the main beaches in Brazil.

Objective: To raise community awareness on the importance of conserving water and keeping it clean.

Period: December 2004 to February 2005.

Partnership: *Revista Náutica*. (Magazine)

Investment: R\$ 150,900.52 in 2005.

Public targeted: Children and adults, holiday-makers on Brazil's main beaches.

Results: Apart from the circulation of the insert in the magazine *Náutica*, specially trained promoters distributed copies to people visiting Brazilian beaches as well as plastic bags containing information regarding the decomposition times for each type of discarded material.



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OTHER PROJECTS

Serviço de Transplante de Medula Óssea (Bone Marrow Transplant Service)

Where: Paraná.

What: Collaborate with the Alírio Pfiffer Association for the Support of Bone Marrow Transplants, which donates equipment and covers the expenses for research and training professionals for the Bone Transplant Service at the Hospital de Clínicas of the Federal University of Paraná (UFPR).

Objective: Give support to the Bone Transplant Service.

Period: 2003 to 2005.

Investment: R\$ 10,000.00 in 2003, R\$ 65,000.00 in 2004 and R\$ 120,000.00 in 2005.

Incentive: UFP/OSCIP.

Results: Maintain the bone transplant unit at the UFPR 4C. Cover the expenses with scholarships, research, equipment and basic items to support patients' families. By June 2005, 1,681 transplants had been performed. The average number of medical consultations per month is 900 and 300 cases are attended. About 80,000 different procedures are carried out each year.

Associação Via Láctea (Via Lactea Association)

Where: Mato Grosso.

What: This covers breast-feeding, nutrition alternatives and children's health.

How: Workshops with group discussion on breast feeding are held over a three month period. An action plan is drawn up that aims at home visits and other activities that contribute to reinstating breast feeding and improving the living conditions of women and children in the region.

Objective: Reduce the mortality of premature babies in the State of Mato Grosso.

Period: 2004 and 2005.

Investment: R\$ 52,272.69 in 2004 and R\$ 64,000.00 in 2005.

Public targeted: Premature babies and children from low-income families.

Results: 213 premature babies and children were attended and the indices for premature baby mortality and under-nourishment of children over one year old fell, because alternative nutrition was used (multimix) .



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Associação de Combate ao Câncer em Goiás

(Association for Fighting Cancer in Goiás)

Where: Goiás.

What: The Association is a charitable organization.

How: The project aims at prevention, at control, at treatment and combating cancer and promoting teaching, research and technical-scientific advancement, in partnership with government authorities and private institutions.

Objective: Refurbish and upgrade the inpatients wing, by building a semi-intensive treatment unit and a wing for out-patient services.

Period: 2004 to 2005.

Investment: R\$ 147,744.34 in 2004 and R\$ 46,669.00 in 2005.

Results: The semi-intensive unit refurbishment and upgrading has already been completed, and there are a further 9 beds. The project for refurbishment and building to attend out-patients is still to be concluded.

Associação Amigos do Peito (Amigos do Peito Association)

Where: Acre.

What: A non-profit organization whose objective is to provide information, support services and social assistance to people who suffer from malignant neoplasia, and their families.

How: Creating Solidarity Accommodation and a pharmacy with expensive medicines. Extending the Viva Bem Program (*Programa Viva Bem*), which gives a minimum salary to patients from low-income families who are outside their domicile areas.

Objective: Expand the social activities that are presently available and create new actions in the social, psychological, outpatient clinic and pharmaceutical areas.

Period: 2004 and 2005.

Partnership: Acre Oncological Control Center. (CECON).

Investment: R\$ 73,222.64 in 2004 and R\$ 50,596.07 in 2005.

Public targeted: Patients from all neighborhoods in the state's capital and interior.

Results: Some 180 patients, both children and elderly people were attended, from all neighborhoods in the state's capital and interior.

Associação de Apoio a Portadores de AIDS Esperança do Senhor (AAPAES)



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(Association for the Support of Aids Patients - Hope in the Lord)

Where: Mato Grosso do Sul.

What: The AAPAES (Home for Children with AIDS) provides shelter and support for HIV-positive and AIDs patients from the whole State of Mato Grosso do Sul, promoting social and family reintegration for these people.

How: Training, presentations, meetings and attending not only the patient but the children as well (up to an age of 12 years old), in cases where the parents do not have the financial or emotional means to bring them up and educate them.

Objective: Contribute to building a multiple-use hall in the center of the entity to be used for health, leisure, integration and training activities.

Period: 2004 and 2005.

Investment: R\$ 104,545.34 in 2004 and R\$ 72,136.27 in 2005.

Results: 30 children were full- time boarders.

The hall was used for talks to the 100 families receiving assistance (each family has an average of five members), delivery of basic foodstuffs baskets to the families, providing guidance and a place for meeting with the relations of the 26 children who board at the Lar and other entertainment events for the children, volunteers and family members. There is a project to extend events to the community in general to increase awareness through educational campaigns.

Grupo de Apoio à Criança com Câncer do Amazonas (GAAC-AM)

(Amazonia Group for the Support of Children with Cancer)

Where: Amazonia.

What: GAAC maintains the Home for Cancer Children, which shelters children and teenagers who are attended by the CECOM Foundation, the only reference center in the Northern Region.

How: Children and those responsible for them, receive psychological, learning, educational and recreational assistance. The home can house 25 children. In addition, 225 patients registered with GAAC received basic food baskets, supplementary foodstuffs, and clothing, among other items.

Objective: To provide assistance services for children and teenagers who have cancer and/or hematological diseases and their families.

Period: 2004 and 2005.



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Investment: R\$ 125,454.41 in 2004 and R\$ 86,506.83 in 2005.

Results: Between 250 and 300 people of ages up to 20 years, from the interior of Amazonia and neighboring states, are attended. Even after the treatment has finished, patients remain under the institution's care for a further ten years. There has been a notable fall in the mortality rate.

Cooperativa de Costureiras de São Bartolomeu

(São Bartolomeu Seamstress Co-operative)

Where: Bahia

What: Gives support to the project Citizenship, Social Valorisation and Work Generation and Income on Associative Bases for Low-income Women in the State of Bahia (*Cidadania, Valorização Social e Geração de Trabalho e Renda em Bases Associativistas para Mulheres de Baixa Renda do Estado da Bahia*), run by the Pangea NGO.

Objective: Contribute to consolidating the sustainability of the São Bartolomeu Seamstress Co-operative.

Partnerships: Telefonica Foundation and the Pangea NGO.

Investment: R\$ 113,555.00 in 2004 and R\$ 100,000.00 in 2005.

Public targeted: 35 women between 20 and 70 years of age.

Results: In 2003, VIVO sponsored a fashion parade at the Lapa Shopping Center in Salvador, to promote a collection created by the São Bartolomeu seamstresses. For Mother's Day in 2003 and 2004, VIVO acquired gifts from the Co-operative for members of staff and, in October 2004, promoted a Solidarity Afternoon (*Tarde Solidária*), when sponsors for the trademark (celebrities in Bahia) presented the seamstresses' summer collection to friends and relations.

Cozinheiras Comunitárias (Community Cookers)

Where: Rio de Janeiro.

What: Set up and maintain three of the project's units, which offers popularly priced meals prepared by the cookers' cooperative.

How: The first step was to evaluate and elect communities for the three new units in the project – Praia da Rosa, Caju and Providência – in which about 200 meals are served



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daily at a unit price of R\$ 1.50. The funds raised by the sale of meals are used to pay the cooks' salaries.

Objectives: Provide low-income workers in the community with their first meal of the day, because frequently they begin working without any breakfast.

Period: September 2004 to July 2005.

Partnerships: Instituto VIVO, Rio de Janeiro Municipal Authority and the City of Rio de Janeiro Social Work.

Investment: R\$170,400.00 in 2004.

Incentive: UFP/OSCIP.

Results: The public served is about 200 people from low-income families who, apart from the cooks, are attended to daily. Since October 2004, 111,618 meals have been served representing an income of R\$ 156,731.10.

Associação dos Renais Crônicos e Transplantados

(Chronic Kidney Disease and Transplant Association)

Where: Pará.

What: The Association undertakes to communicate and clarify the general public with regard to aspects that are involved in chronic kidney insufficiency. Apart from this, it supports institutions which directly or indirectly have a relationship with those who suffer from this disease, trains low-income youngsters from among those in Pará who have chronic kidney disease or have undergone a transplant, with the aim of educating them and helping them to earn an income.

How: The project is divided into Basic (group dynamics, leisure activities, readings, drafting texts, exclamatory and practical lessons, visits to historical monuments, sensitivity, ethics and work safety, monitored visits) and Specific modules (workshop in which ceramic mosaics are applied on wood, on paper and on rubber).

Objective: Contribute to completing the training of those involved so that they become active elements in the labor market.

Period: 2004 and 2005.

Partnerships: VIVO, the Special State Secretariat for Social Protection's Integrated Service Centre for Special Needs (Centro Integrado de Serviço para Necessidades



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Especiais - CISNE, da Secretaria Especial de Estado de Proteção Social - SEEPS), and Castanheira Shopping Center.

Investment: R\$ 19,940.00 in 2004 and R\$ 14,888.39 in 2005.

Public targeted: 42 teenagers, patients and family members who suffer from chronic kidney disease or have undergone a transplant.

Results: One workshop a month was held with six patients per workshop, from June to December. The young people are reintegrated into society and resume their studies and enter the labor market.

Associação Gente Nova do Brasil (Association of New Brazilian People)

Where: Federal District.

What: This is a NGO founded by young people which aims to promote human and moral values.

How: By mobilizing the population in events which involve hundreds of volunteers, communication vehicles, civil society and welfare institutions:

Objective: Make the Association's mobilization actions feasible.

Period: 2004 to 2005.

Partnerships: VIVO (Support the campaign to collect clothing, food, toys and to heighten awareness), Rádio Transamérica, Giovanni, FCB, Gráfica Coronário, *Jornal do Brasil*, *Gazeta Mercantil*, Rádio Transamérica, Estúdio Audiotech, Sebrae Nacional, Bancorbrás, Grupo Paulo Octávio, Blue Tree Park, Editora Abril, Cinemark, Office, Full Design, Sepex-DF, AB Produções, Omni Vídeo and Nicolau El Moor.

Investment: R\$ 143,364.70 in 2004 and 144,389.82 in 2005.

Public targeted: 3,000 young volunteer university students from 17 to 30 years of age, society in general, reached by general campaigns to raise awareness, children from 2 to 10 years old, from orphanages and welfare institutions, and young people, adults and elderly people from low-income families.

Results: In 2005 the National Congress "Difference: Your signal to change the world" (*Seu sinal para mudar o mundo*), was held in México, in which 700 young people participated, 80 volunteers, seven speakers (national) and eight panelists. The Solidarity Adventure (*Aventura Solidária*) involved 20,000 people, 33 volunteers and collected 2.5 tons of foodstuffs to send to 28 institutions; and Keep Dreaming (*Seguir Sonhando*) benefited 140 old people in five institutions.



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VIVO VOLUNTEERS

The program's main objective is to encourage the VIVO staff members to dedicate time and talent to the communities in which the brand is present.

When it was launched in October 2004, it elected visually impaired people, of whom there are 16.5 million in Brazil, as its priority public. According to data received from the IBGE - Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística), in 2004 only 3,845 visually impaired people were following Basic Education course of studies and there were a mere 128 textbooks and quasi-textbooks available in Braille.

Hence, the aim of the work undertaken by the over 600 volunteers who signed up for the program is to contribute to helping this group enter society. They give their time typing books and texts that are to be transcribed into Braille and to recording audio books.

In January 2005, the VIVO Volunteers Space was inaugurated in São Paulo. Material in Braille and two printers which have the capacity to produce 10,000 pages of text per month are located here. In November, the VIVO Volunteers Space was inaugurated in Rio de Janeiro; this is a station for recording educational material for visually impaired people. In the Rio unit, volunteers record educational content in audio, after being trained by the Audioteca Sal e Luz for these tasks.

The transcribed or recorded material is selected by the visually impaired people and requests from institutions which attend people with deficiencies throughout Brazil are also received. These range from works of literature to university entrance exam study materials.

VIVO's investment in the program since 2004 already amounts to R\$ 1,008,075.99. Up to December 2005, 27,941 pages of Braille had been printed, resulting in 322 books (92 in different titles), which were sent to institutions in São Paulo, Rio de Janeiro, Maranhão, Rondônia, Rio Grande do Sul, Paraná, Bahia and Mato Grosso do Sul. Further, to celebrate the Instituto VIVO's first anniversary in 2005, 20 mobile audio libraries containing children's stories and music, were created. Each state in which VIVO operates received one of these through partner institutions in the VIVO Volunteers program.

There is an annual gathering of volunteer leadership at which all regional leaders (multipliers of social concepts and practices) meet to plan activities for each period. About 50 volunteer leaders are present at the meeting which is held during a weekend.



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Donations

Another activity undertaken by the volunteers are the donation campaigns for warm clothing and Christmas. The first collected 8,050 pieces of general and warm clothing in all the states in which VIVO operates. The second campaign, which comprises of donating bags containing clothes, shoes and toys to children in institutions in the areas which VIVO covers, benefited 6,200 youngsters who were receiving assistance from approximately 40 institutions. The volume means on average almost 1 bag donated per VIVO staff member throughout the country.



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CULTURAL SPONSORSHIP AND SUPPORT

As a means of contributing to public access to popular, artistic, cultural and sporting events as well as strengthening its brand in the community, using its own funds and making use of federal, state and municipal incentives, VIVO sponsors and/or supports a series of events throughout the country.

Music

- Megarock by Wizard and VIVO – brought together eight bands, outstanding among which were Detonautas and Pato Fu, in Palmas (TO)
- Los Hermanos - show in the Trama Universitária project, with support from VIVO and other companies in Curitiba (PR)
- Gazeta Show – a program of Brazilian Popular Music shows in Espírito Santo, which united artists such as Paulinho da Viola and Almir Sater;
- Morena Music - festival which brought together Jota Quest e Skank in Campo Grande, Mato Grosso do Sul
- Pato Fu - show by the band at the Opinião bar, in Porto Alegre (RS)
- Ira! E Marcelo D2 - shows in Porto Alegre (RS)
- Papas da Língua - shows for the launch of the CD and DVD
- Zubin Mehta – a presentation at which the conductor directed the Israeli Symphony Orchestra in Curitiba (PR)
- GO Music – an event which brought together Rappa, Ira!, Marcelo D2 and Cacke, among other artists, in Goiânia (GO);
- Planeta Atlântida – a music festival that took place at the beach in Rio Grande do Sul and in Santa Catarina, which was attended by approximately 150,000 people, in 2005.
- Maria Rita – a show by the vocalist on the coast in Sergipe.
- Salvador Summer Festival – presence at the festival which brought together artists such as Babado Novo and Araketu.



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- Guarujá Summer Festival (SP) - VIVO sponsored the event, which included attractions such as Capital Inicial, Gilberto Gil and Daniela Mercury over a nine day period.
- Project VIVO on the Lagoa - shows with Luiz Melodia and Ed Motta
- Shows in Maranhão – recording a DVD with the Forrozão Tropykalia band, presentation of the Calypso band and various shows held in the Concha Musical, in São Luis (MA)
- Diana Krall and Maria Bethânia – the Canadian vocalist had two shows in São Paulo, Maria Bethânia had shows in São Paulo, in Rio de Janeiro, Brasília, Salvador and Sergipe, in the VIVO project “Divas da Música”.
- Summer Fest - event in which the artists Jota Quest, Margareth Menezes, etc. participated;
- Cubana Night - show with the Cuban singer Omara Portuondo, in Brasília (DF);

Exhibitions/Seminars

- Agricultural Show in Volta Redonda (RJ) and North Fluminense Agricultural and Industrial Exhibition, in Campos, Rio de Janeiro.
- Executives Meeting CIO Meeting Brazil – organized by Editora Abril (BA)
- Transport Businessmen’s Meeting, in Goiânia (GO)
- Casa Cor – sponsored the event in Bahia and also participated in the version held in Espírito Santo.
- 10th International Meeting - Cancun – a meeting of special guests, politicians and journalists.

Celebrations /Events

- Summer/2005 - VIVO sponsored a series of activities in the main cities on the Brazilian coast.
- Carnaval – sponsored the celebration and carried out marketing activities in Rio de Janeiro, in Bahia, in Manaus, in Caldas Novas (GO) e and various cities in Mato Grosso;



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- Porto Alegria – Out of season carnival in Rondônia, with animation provided by the bands Chiclete com Banana, Asa de Águia, Araketu and Cheiro de Amor;
- São João da Vila do Forró Chapéu do Couro – Event held in Sergipe, where over a 50-day period there are regional dances – forró and quadrilhas -, fireworks displays and shows;
- VIVO Next Level – electronic music festival held in Porto Alegre (RS) and Curitiba (PR);
- Kokum Kaya – Party at which well-known DJs were present in Curitiba (PR);
- Garota WCT – contest promoted during the biggest surfing event in South America, in Florianópolis (SC)
- 2ª Balada do Metrô – The festival is held at the Trensurb Market Station, in Porto Alegre (RS);
- Porto Alegre's Anniversary – The program included shows and activities in the Farroupilha Park, in the Rio Grande do Sul capital. VIVO adopted the local mini-zoo in the Park.
- “Esse é Meu” - Reality show in the Amazonas Shopping Center in Manaus, in which nine randomly-chosen contestants competed to win a car: the winner was the last to take his/her hand off the car.
- 451 - São Paulo and its people – An event integrating the commemoration of São Paulo's anniversary, including parades in the Ibirapuera Park and a presentation of Samba schools, ethnic group shows and a concert by the Municipal Orchestra.
- Carioca Parade – An event mixing samba, sound trucks, joy and solidarity for over 100,000 people.
- VIVO in Rio – Free shows on the Ipanema beach with numbers presented by Tony Garrido and Fernanda Abreu, at which there was an audience of 30,000 people.
- III Lavagem das Baianas – The festival which includes a procession through the streets in the Pelourinho district which ends with washing the steps. The “Associação das Baianas de Acarajé e Mingau do Estado da Bahia” was sponsored for the third successive year, in Salvador (BA).
- Micareta – The event presented by Ivete Sangalo had an audience of 20,000 people in Vitória (ES).



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- Salão Nacional de Arte de GO – Brought together 60 works by 30 artists, 5 of which became the core of the Lourival Louza Collection, at the Goiás Museum of Contemporary Art.
- Rodeio – Was present at the Rio Preto Rodeo Country Bulls, in São José do Rio Preto (SP)
- Flamboyant Fashion – Supported the event at which the leading fashion labels in the country were on parade, in Goiânia (GO)
- Expointer - Participated in the event held in Esteio (RS) with a big stand and sponsored the final of the “Freio de Ouro”, one of the leading events for creole horses in Latin America, which was attended by 15,00 people.
- Campo Grande Anniversary – Sponsored the “Megagincana” which raised donations of 1,400 tons of food in the Mato Grosso do Sul state capital.

Sport

- Brazilian Football Team – valid until 2015
- Robinho – Sponsor the athlete for two years
- Torben Grael and Marcelo Ferreira – Sponsor the two Brazilian yachtsmen.
- Brasil 1 – Sponsor the Brazilian yacht that is a participant in the Volvo Ocean Race, skippered by Torben Grael.
- Arena Cross - Sponsored 11 stages of the event which took place in cities in the State of São Paulo.
- State Motocross Championship (RO) – The six stages were seen by about 100,000 people.
- Stock car - VIVO Companies sponsored the drivers Christian Fittipaldi and Otávio Mesquita and set up a reception booth for some of the stages the competition.
- Ecomotion Pro/2005 – Biggest adventure contest in Latin America, which passes through six cities in Rio Grande do Sul and Santa Catarina.
- Match Race 2005 - VIVO Companies sponsored the yacht regatta that is held in three venues in Brazil (Salvador, Ilhabela and Rio de Janeiro).
- Il VIVO Horsemanship Cup – The event is held in eight stages, and serves to qualify participants in the Sociedade Hípica Paranaense ranking;



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- Golf Tournament - VIVO co-sponsored the LG VIVO Championship (RJ), Business Circuit Golf (SP), the Mercedes Trophy (SP), IV MS Invitational (MS) VIVO Open Golf (ES).
- 3rd VIVO Tennis Tournament in Porto Alegre - VIVO Companies sponsored the event which is worth points in the ATP ranking
- VII Tennis Classic Rio Quente – The event was sponsored by VIVO Companies in Rio Quente (GO)
- 2^o VIVO Rally in the Jungle – The event was held in Rio Preto da Eva (AM).

Culture

- VIVO Open Air - VIVO held the second edition of the event in São Paulo, Rio de Janeiro and Brasília;
- Photographic Walk – An event conceived by the Centro Luterano de Palmas (TO) Photographic Technology Course which brings together students and residents who take photographs of the region that are subsequently entered in the exhibition;
- Fifth VIVO in the Cinema – A promotion in partnership with the Cine João Paulo, in Rio Branco (AC), in which a discount on the entrance fee is given to anyone presenting the VIVO recharge or VIVO Vantagens card;
- Carmem Miranda forEver – A show-exhibition held at the Rio de Janeiro Museum of Modern Art, to honor the film star who died 50 years ago;
- Sala Cecília Meireles Anniversary - VIVO sponsored the celebration of the 40th anniversary of the “Sala”, which included free presentations by school bands, military bands and jazz bands, etc;
- 14th Theater Festival in Curitiba (PR) – The event attracted over 40,000 people and the program included over 200 plays;
- International Cinema Summer Festival – held in Porto Alegre and another 6 cities in Rio Grande do Sul, exhibited 34 films from 17 countries;
- 33^o Gramado Cinema Festival - VIVO sponsored the most important film festival in Latin America for the seventh consecutive year;
- Nossa Senhora do Caravaggio - VIVO sponsored Fábio Barreto’s film, in which Cristiane Oliveira and Luciano Szafir starred;



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- Casa de Areia - VIVO was the sponsor for the film which includes Fernanda Montenegro and Fernanda Torres in the cast;
- A Selva - VIVO sponsored the production in which Maitê Proença is the leading lady;
- Joinville Dance Festival – The largest event of the type in the world, in which 5,000 ballerinas take part and which is seen by over 50,000 people, in Joinville (SC);
- The Wizard of Oz - VIVO sponsored the play which has a cast of 11 actors and a choir of 15 member, put on in Belém (PA), before audiences of over 2,500 people;
- Marília Pêra sings Carmem Miranda – The musical in which Marília Pêra starred, was sponsored by VIVO as a tribute to the film star who died 50 years ago;
- Êxodos Exhibition – An exhibition of 60 photographs by Sebastião Salgado in the Shopping Center Vitória (ES), which was seen by over 5,000 visitors;
- VII Book Bienal in Bahia – The event attracts over 300,000 visitors annually ;
- VIVO Cultural Circuit – Held in Campo Grande (MS), in 2005 it promoted the staging of plays such as *Cócegas* (with Heloiza Perissé and Ingrid Guimarães), *A Primeira Noite de um Homem* (with Vera Fischer), *Tangos e Tragédias*, *Qualquer gato vira-lata tem uma vida mais sadia que a nossa* (with Juca de Oliveira and directed by Bibi Ferreira), etc.



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DIALOGUE WITH THE GOVERNMENT AND INSTITUTIONS

The cellular telephone industry is regulated by the National Telecommunications Agency (Anatel), a special government body, which is administratively independent and is financially autonomous and not subordinate to any other government agency.

VIVO's relationship with the agency is through its Regulatory and External Relations, which is responsible for following the adoption of measures relating to the cellular telephony industry, representing the brand's interests and, if necessary, promoting its defense in cases in which its operators are alleged to have responsibility in relation to regulations applicable to the industry.

Regulatory and External Relations is also responsible for ensuring that VIVO complies fully with the mobile telephony regulatory standards in the country. For example, Environmental Management is directly subordinate to it, and this area is responsible for monitoring compliance with the limits on electromagnetic emissions stipulated by Anatel.

Acel

VIVO is a member of the Cell Phone Operators Association (Acel). This entity represents its associates before public or private institutions, both domestic and foreign, the Executive, Legislative and Judiciary powers, state and municipal authorities and other entities connected with the social objectives and its members' common interests. Among its tasks is the responsibility to keep up with parameters established by the regulatory agency as well as preparing an overview of new services and technological advances, by monitoring trends and changes on the domestic scene which affect the mobile services rendered by its associates.

Institutional Relations

VIVO's Institutional Relations is responsible for relations with government authorities (federal, state and municipal) and with other entities and private associations; it also coordinates the National Ombudsman and the Instituto VIVO. During the year it was also responsible for following public hearings on the telecommunications industry, such as those held in the National Congress in 2005, called for by the Consumer Defense



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Commission and the Social Communication Commission, as well as hearings held by Legislative Assemblies in various states.

Ombudsman

VIVO's Ombudsman was established in 2004 with the intention of maintaining an institutional dialogue with consumer defense agencies. It visits these agencies, maintains a canal for permanent dialogue, monitors complaints made by customers and promotes the discussion of processes and internal policies improvements, in accordance with the legislation.

Tax Incentives Committee

This has the objectives of coordinating the analysis and approval of projects which can be financed through tax incentives offered by federal, state and municipal governments. This route is used rationally, in line with the brand's strategic positioning, and aims to support the greatest number of projects while reducing disbursement. The committee is coordinated by Institutional Relations and has members representing Marketing and Innovation, Operations, Institutional Communication and from Istituto VIVO.



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AWARDS AND RECOGNITION

OPERATIONS

- **Exame Maiores e Melhores** –*Exame Maiores e Melhores* Award, for operations in São Paulo and in Rio Grande do Sul.
- **Valor 1000 Award** – Tele Centro-Oeste Celular received the Highlight of the Year award (Destaque do Ano) in the telecommunications area from the newspaper *Valor Econômico*
- **Info 200 Award** – Largest Brazilian Employer, in São Paulo, and Largest Profit, in Rio Grande do Sul.
- **InfoExame** –The VIVO Localiza service received the award for being the most innovative.
- **Top RH ADVB** – Distinction given by the Association of Brazilian Sales and Marketing Managers (Associação dos Dirigentes de Vendas e Marketing do Brasil), for the VIVO Aprendendo projects.
- **Top de Marketing ADVB** –Award for the *VIVO Encontra* and *Gisele Bündchen* cases.
- **E – Finance** – Award champion, with the Download Banking service in São Paulo.
- **Consumidor Moderno** – Award from the magazine *Consumidor Moderno*, for quality in customer service and as the telephone company which most respected its customers in 2005.
- **Fala Consumidor** – Award granted by TV Atalaia, in Sergipe, to companies which stand out for consumer relationships.
- **Aberje 2005** –*Encontro VIVO* was chosen as the best company in-house newspaper in São Paulo, by the Brazilian Association of Business Communication (Associação Brasileira de Comunicação Empresarial).
- **Anuário Telecom Award – CO/N** –The Superação Jovem (a program supported by the Instituto VIVO) and the VIVO Volunteers received the Social Responsibility Award.



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The West-central/Northeastern Region was elected as the outstanding company of the year among the mobile service operators.

- **3rd Brazilian Environmental Benchmarking – PR/SC** –The project *Transformando Arte em Vida*, which ran in Paraná and Santa Catarina, won the award for the best socio-environmental initiative.
- **B2B** – The magazine B2B gave awards for the *VIVO Play e Serviço* cases, developed for the Banco do Brasil.
- **DCI Award** –The most admired company, according to the São Paulo *DCI* newspaper's readers.
- **Top de Marketing RS** – Award for the case *VIVO é você em 1º lugar* and, in the Cultural Marketing category, for the case *VIVO o Cinema*, in an event organized by the Rio Grande do Sul regional chapter of the Association of Brazilian Sales and Marketing Managers.
- **XVI Upis Tourism Award** – Given for the VIVO Open event, in the Federal District which contributed to local and national tourism development.
- **Os Maiores do ICMS-ISS – DF** – Award to the largest ICMS-ISS taxpayers – Good Hearted Businessman, for being one of the companies that makes the largest contribution to development in the Federal District, through taxes paid.
- **ICMS Award** –Largest ICMS taxpayers, given by the newspaper *O Popular* and by the Treasury Secretary in the State of Goiás.
- **Highlight 2004** –Highlight Award 2004 of the newspaper *O Anápolis*.

BRAND

- **Pop List Award – GO** –Most remembered brand by consumers in Goiás, according to the newspaper *O Popular*.
- **Top of Mind – AM** – The most remembered cell phone operator by local inhabitants, according to the survey made by *Correio Amazonense* e Rádio CBN.
- **Marcas de Sucesso – AM** – Successful Brands Award, given by Rede Amazônica.



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- **Advertiser of the Year – SP** –São Paulo Columnists Award as the Advertiser of the Year.
- **Trusted Brands** – Number 1, in the Telephony Operators category, in the Trusted Brands survey made by the magazine *Seleções*
- **Recall 2005** – Best recalled brand in Espírito Santo
- **Top of Business** – Best recalled brand in the industry by consumers in Ribeirão Preto, according to the Institute Senha Brasil.
- **Tribuna de Santos** – Best recalled brand in the industry by consumers in the Santos area, according to the newspaper *Tribuna de Santos*.
- **Brand of whom Decides** – Best recalled and preferred brand in the industry, according to businessman, executives and self-employed professionals interviewed by the newspaper *Jornal do Comércio*, in Rio Grande do Sul.
- **Top Correio Award – SE** – For the fifth consecutive year, the Top Correio winner, of the newspaper *Correio de Sergipe*, with the best remembered brand in the industry.
- **Top of Mind Revista Amanhã** –Best remembered brand in the industry in Rio Grande do Sul, according to readers of the magazine *Amanhã*.

PROFESSIONAL

- **Abraforte** – The VIVO Voluntário program received the award from the Brazilian Association for Encouraging Businesses on Telecommunication Networks (Associação Brasileira para Fomento de Negócios em Redes de Telecomunicações) for its initiative in the Social Responsibility area.
- **Marketing Professionals** – Luiz Avelar, vice-president for Marketing until December 2005, was recognized in an event organized by the Propaganda e Marketing magazine.
- **Plano Editorial** –The magazine *Plano Editorial* paid tribute to Luis Beato, the Director General for Technological Solutions.
- **Business Leader Award** – Run by TV Vitória, the public chose the regional manager in Espírito Santo as the best manager in the mobile telephony industry.



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Quality Award – The Promotion and Merchandising team in the State of São Paulo received the Quality Award for services rendered.



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9 – SOCIAL BALANCE STATEMENT

* The IBASE Table of Social Performance Indicators is available from the Internet, in the Instituto Vivo website (www.institutovivo.org.br)

Performance Indicators – GRI

Economic		Pages
EC2	Regional market analysis For each product or product line, provide its domestic market share, in case it is 25% or more	6 - 9
EC10	Donations to the community, civil society and other groups, either in cash or in kind, broken-down by type and group	89 – 95
Environmental		Pages
EN3	Direct power consumption	52
EN14	Significant environmental impacts of main products and services Describe and indicate how significant	48 – 49
EN15	Recoverable percentage of products sold at the end of their useful life and actually recovered percentage Recoverable refers to recycling or reuse of materials or product components	51



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Social Performance

Pages

LA7	Typical injuries, days missed, absence rate and number of work-related deaths (including outsourced workers)	40
HR2	Evidence of consideration of impacts on human rights as part of the investments and purchase decision-making processes, including selection of suppliers or hired staff	43 – 45
HR3	Description of policies and procedures for evaluation and analysis in human rights performance in the suppliers and hired staff chain, including monitoring systems and results	43 – 45
HR6	Description of policies that exclude children work, as defined in ILO Convention 138, and determination and visible application of such policy, as well as description of procedures or programs addressing this issue, including monitoring systems and monitoring results	43 – 45
HR7	Description of policies for preventing forced and compulsory work, and the extent to which such policies are visibly established and applied,	43 – 45



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as well as description of procedures or programs addressing this issue, including monitoring systems and monitoring results

See Article 2 of ILO Convention 29

SO1	Description of policies designed to manage impacts over communities living in areas affected by the company's activities, as well description of procedures or programs addressing this issue, including monitoring systems and monitoring results	62 – 89
SO2	Political bribery and corruption	26
PR3	Description of policies, procedures, management systems and devices for respecting consumer's privacy	60



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GLOSSARY

Anatel – The National Telecommunications Agency (Agência Nacional de Telecomunicações). An organ of the Ministry Communications which regulates and monitors telecommunication regulations in Brazil.

Operating area – Corresponds to the Concession area which is a geographical area delimited by Anatel in which the operator should exploit the service within the terms of the Concession Agreement, while complying with pertinent regulations.

Coverage area – The coverage area is a geographical areas in which the signal emitted by the RBS or set of RBS can be detected. Within this area cellular communications services are established. Whenever you leave this area, your cell phone operates in a roaming mode. The coverage area may reach different mobility areas.

(CDMA) Code Division Multiple Access – A technique (or method) of digitally transmitting signals which allows operators to serve a greater number of users in the same frequency range.

CDMA2000 1xRTT – Wireless air interface standard, administered by CDG (CDMA Development Group), in 2.5 generation cellular telephone networks based on CDMA technology. 1xRTT is a step forward in the evolution of the CDMA1 (IS-95) standard towards the 3rd generation. Its main features is the increase in capacity of voice and data transmission channels by using packages at a velocity of 144 Kbps.

Radio Base Station (RBS) – A fixed Mobile Cellular Service station used for radiofrequency communication with mobile stations. Used in the TDMA system and known popularly as a “cell phone tower”.

Post-Paid – A service plan in which the customer pays for using the service after a specified time, as defined in the contract. The same as plans with a telephone bill.



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Pre-paid - A service plan in which the customer pays in advance for using the personal mobile service, purchasing credits in the local currency (reais).

Roaming – Is the name given to changes from one service area to another. Roaming allows the use of a Vivo authorized cell phones outside its concession area.

Automatic roaming – This is a change from one service area to another without assistance by the telephone company, enabling the cell phone to be used outside its registration area or normal service area.

Personal Mobile Service – Characterizes telephone companies authorized to operate cellular mobile services in areas defined by Anatel.



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