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We are presenting the Sustainability Report 2017 with information about the Algar group, its business, governance, strategy and performance. This document was prepared based on the guidelines of the **Global Reporting Initiative** (GRI) for the seventh consecutive year – according to the “GRI Standards”, “core” reporting option – the methodology that confers on the report **relevance, transparency and comparability**.

The content covers the performance of the eight subsidiary companies of the Algar group: in the Information and Communication Technology (ICT) sector, Algar Telecom and Algar Tech; in the farming segment (known as Agribusiness), Algar Agro and Algar Farming; in Services, Algar Segurança and Comtec; in Tourism, Rio Quente Resorts; and in innovation, Algar Ventures, responsible for the acceleration of Alsol Energias Renováveis. The information refers to the period between January 1 and December 31, 2017. In the case of Algar Segurança, data up to November 2017 were considered, the month in which it was divested to the parent company *Árvore S/A Empreendimentos e Participações*. When applicable, the indicators are shown with a historical reference to the previous two years to enable a comparison of the results between different periods.

The financial information presented abide by the **International Financial Reporting Standards** (IFRS) and were audited by E&Y. The social and environmental performance indicators were ascertained and validated internally, and were not submitted to external assurance.

The report is available on the [site](#) of the Algar Group, where we also have an evaluation section. We encourage readers to send us suggestions, criticisms and considerations about the content and format of the report.



How did we select the topics for the report?

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We want this report to be relevant for our strategic stakeholders. That is why we invited these stakeholders to assist us in defining which topics were to be covered in the publication. In 2014, using an on-line questionnaire, we polled the opinion of employees, clients and suppliers about which impacts most affected our business and our relations with society and the environment. Internally, we carried out the same analysis among the Company's senior management. They all had to choose from 46 topics those they considered most relevant. The results are mapped in the materiality matrix.

Materiality matrix

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The figures shown next to the icons refer to the topics mentioned in the poll questionnaire. In the upper right-hand quadrant are the **ten most relevant topics** in the Company's view and that of its strategic stakeholders and which, therefore, were given priority for inclusion in this report. In addition to these ten priority topics, the Algar group will present another 34 GRI standard content topics, as well as information about how the indicators are managed.

MATERIALITY MATRIX



ECONOMIC TOPICS

1. Economic performance

- 2. Market presence
- 3. Indirect economic impacts
- 4. Procurement practices



ENVIRONMENTAL TOPICS

- 5. Use of materials and recycling
- 6. Energy consumption
- 7. Water resources e reuse of water
- 8. Management and impact on biodiversity

9. Greenhouse Gas Emissions (GHG)

- 10. Control of effluents and waste
- 11. Environmental impact of the use of products and packaging
- 12. Compliance with laws and regulations and relationship channels**
- 13. Significant environmental impacts of transportation
- 14. Environmental investments and expenditures
- 15. Environmental assessment of suppliers
- 16. Complaint mechanisms related to environmental impacts



SOCIAL TOPICS

17. Employment

- 18. Labor relations
- 19. Occupational health and safety**
- 20. Training and education**
- 21. Diversity and equal opportunity
- 22. Equal remuneration for men and women
- 23. Assessment of labor practices of suppliers
- 24. Complaint mechanisms related to labor practices
- 25. Investments
- 26. Non-discrimination

