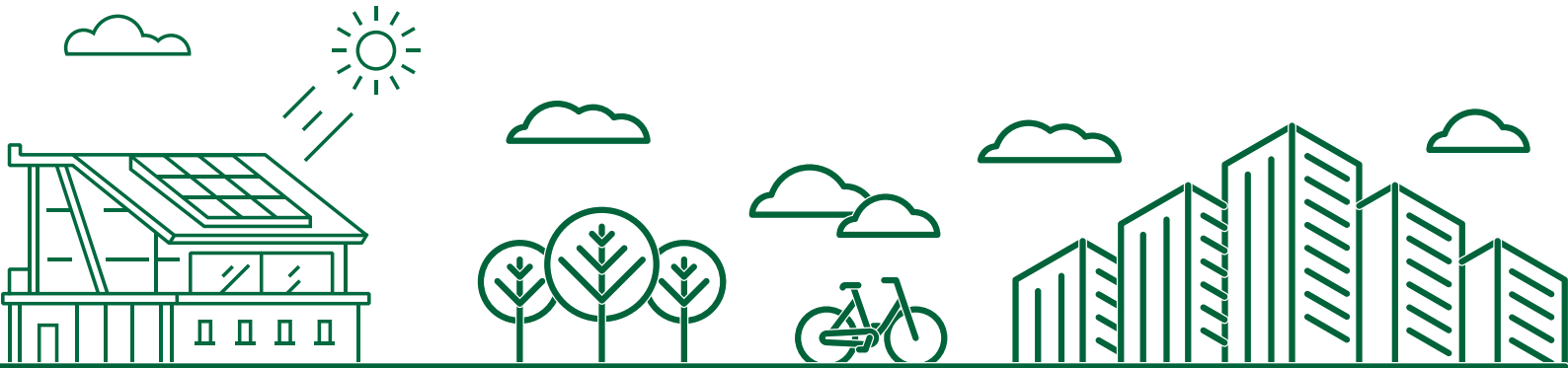




2017
Sustainability
Report

MRV



2017
SUSTAINABILITY
REPORT

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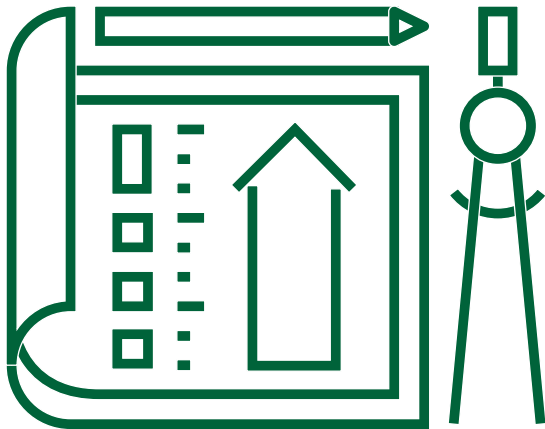
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ABOUT THE REPORT

GRI guidelines
are the basis of
the content of
this document

For the seventh consecutive year, MRV publishes its sustainability report to present to all stakeholders the results, achievements and challenges in economic, financial, social and environmental dimensions. This document, concerning the performance in 2017, is structured according to the guidelines of the Global Reporting Initiative (GRI) in its latest model, Standards; and, in relation to the previous report published in June 2017, does not include reformulation of information or changes to scope and limits. **102-48 | 102-49 | 102-50 | 102-51 | 102-52 | 102-54**

Its content refers to the business operations in Brazil and, when indicated, also reports consolidated data for Prime and MRL Engenharia (Log Commercial Products, a company of the MRV Group, discloses its information in its own document). This report was not subjected to external verification. The determination was made based on the process of reviewing the Materiality Matrix which resulted in the determination of ten relevant subjects, grouped in five major blocks: Ethics, transparency and integrity in business; Decent work and human rights in the value chain; Quality and environmental solutions of enterprises; Customer relations and satisfaction; and Supplier management. **102-45 | 102-56**

To submit comments and doubts about the document, MRV makes the following channels available:

Website: www.mrv.com.br

E-mail: comunicacao@mrv.com.br

Telephone: (31) 3615-7100 **102-53**



MATERIALITY MATRIX 102-46 | 103-1 | 102-42 | 102-43

The materiality review process, in 2017, included review of secondary sources and primary consultations with stakeholders. The secondary sources studied were internal documents that reflect the guidance for sustainability issues in the company, such as Sustainability Report 2016, material subjects 2015 and Risk Management, Climate Change, Sustainability and Supplier Relations Policies, as well as research with customers. At the same stage, a review of sector-specific studies was also carried out, which seeks to identify priority subjects, trends and sustainability context in the segment of operation, in addition to a sectoral benchmarking that identified the main sustainability subjects addressed in the most recent reports made available by three other companies.

The primary sources consulted were nine MRV leaders, interviewed at the company's headquarters in Belo Horizonte (MG), and ten priority stakeholders, interviewed remotely, in the categories: suppliers, shareholders, sector associations, capital providers, NGOs and customers. Furthermore, an online questionnaire was made available in October 2017 at the MRV/Sustainability website and on social networks LinkedIn and Facebook. The objective

was to detect and prioritize sustainability subjects based on participation and involvement of various categories of stakeholders. A prior list of the subjects identified was provided based on internal interviews, document analysis and previous materiality. The questionnaire received 118 interactions, of which 52 contained complete answers – which were considered as input for materiality review. 102-46 | 103-1

Process result, three material subjects of 2015 were disregarded: User health and well-being, which the company understands is inserted in the context of customer relations; Impact and investments for the neighborhood of enterprises, considered important for planning and construction; and Training and qualification of workers, mentioned only in a few answers. Two other subjects were included in the review: Ethics, transparency and integrity in business; and Energy consumption. 102-49

With these changes, the following material subjects were established, correlated with GRI aspects and indicators, as shown in the second image, and with the Sustainable Development Goals – SDGs (third image).

MATERIAL SUBJECTS 102-15 | 102-44 | 102-47 | 103-1

| | | | |
|----------------------|-----------------|--|--|
| ENVIRONMENTAL | SUBJECTS | <p>Waste generation and management*</p> <p>● ●</p> <p>Water management</p> <p>● ● ●</p> <p>Reduction and optimization of materials consumption</p> <p>● ●</p> <p>Energy consumption</p> <p>● ●</p> | <p>Quality and environmental solutions of the developments</p> <p>417 – Marketing and labeling</p> <p>417-1 – Requirements for information and labeling of products and services</p> <p>G4-CRE8 – Type and number of sustainability certification, classification and schemes labeling for new construction, management, occupation and rehabilitation</p> |
|----------------------|-----------------|--|--|

* The topic with greater prominence was the “Generation and Management of Waste” prioritized in more than 70% of the reference sources in both axes analyzed.

| | | | |
|--------------------|-----------------|--|--|
| TRANSVERSAL | SUBJECTS | <p>Ethics, transparency and integrity in business</p> <p>● ● ● ● ●</p> <p>Supplier management</p> <p>●</p> <p>Quality and environmental solutions of the enterprises</p> <p>● ●</p> | <p>Suppliers management</p> <p>204 – Purchase practices</p> <p>204-1 – Proportion of expenses with local suppliers</p> <p>308 – Environmental evaluation of suppliers</p> <p>308-1 – New suppliers selected based on environmental criteria</p> <p>308-2 – Negative environmental impacts in the supply chain and actions taken</p> <p>414 – Social evaluation of suppliers</p> <p>414-1 – New suppliers selected based on social criteria</p> <p>414-2 – Negative social impacts in the supply chain and actions taken.</p> |
|--------------------|-----------------|--|--|

| | | | |
|---------------|-----------------|---|--|
| SOCIAL | SUBJECTS | <p>Decent work and human rights in value chain</p> <p>● ●</p> <p>Customer relations and satisfaction</p> <p>● ●</p> | <p>Ethics, transparency and integrity in business</p> <p>Items for general disclosure, ethics and integrity</p> <p>102-16 – Values, principles, standards and behavior rules</p> <p>102-17 – Mechanisms for counseling and worries about ethics</p> <p>205 – Anti-corruption</p> <p>205-1 – Operations evaluated for risks related to corruption</p> <p>205-2 – Communication and training on anti-corruption policies and procedures</p> <p>205-3 – Confirmed corruption cases and actions taken</p> |
|---------------|-----------------|---|--|

Publics affected

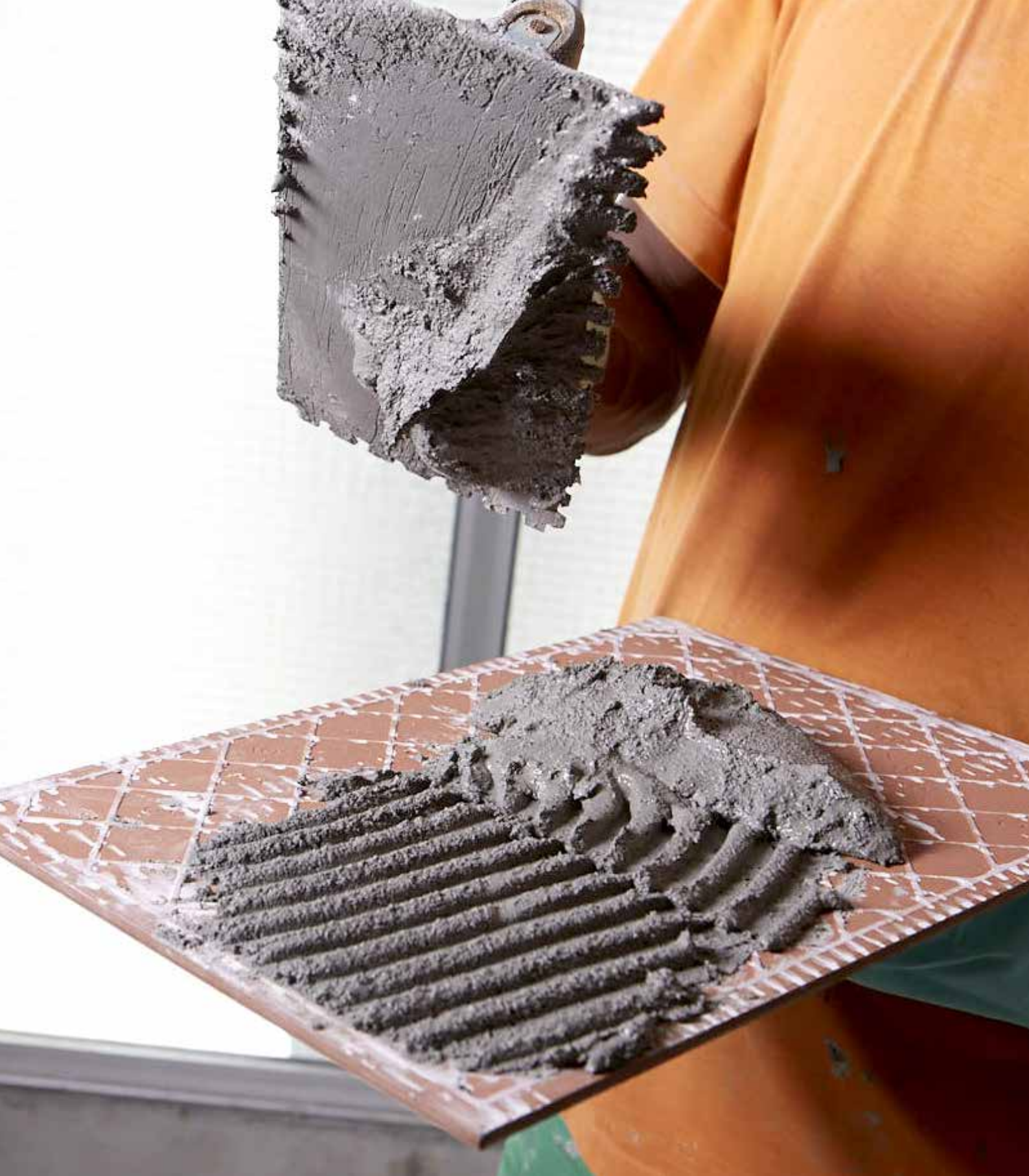
- Suppliers
- Communities near the developments
- Clients
- Shareholders
- Investors
- Collaborators
- Employees

CORRELATION WITH SDG

| | | |
|--|--|--|
| <p>1. Eradication of poverty</p> | <p>7. Clean and accessible energy</p> <ul style="list-style-type: none"> • Quality and environmental solutions of the developments • Electricity consumption | <p>13. Action against global climate change</p> <ul style="list-style-type: none"> • Energy consumption |
| <p>2. Zero hunger and sustainable agriculture</p> | <p>8. Decent job and economic growth</p> <ul style="list-style-type: none"> • Decent job and human rights in the value chain • Suppliers management | <p>14. Water life</p> <ul style="list-style-type: none"> • Management of water resources • Waste generation and management |
| <p>3. Health and well-being</p> <ul style="list-style-type: none"> • Decent job and human rights in the value chain | <p>9. Industry, innovation and infrastructure</p> <ul style="list-style-type: none"> • Reduction and optimization of material consumption • Quality and environmental solutions of the developments | <p>15. Terrestrial life</p> <ul style="list-style-type: none"> • Management of water resources • Waste generation and management |
| <p>4. Education and quality</p> <ul style="list-style-type: none"> • Decent job and human rights in the value chain | <p>10. Reduction of inequalities</p> <ul style="list-style-type: none"> • Decent job and human rights in the value chain • Ethics, transparency and integrity in business | <p>16. Peace, justice and effective institutions</p> <ul style="list-style-type: none"> • Decent job and human rights in the value chain • Client relationship and satisfaction • Ethics, transparency and business integrity |
| <p>5. Gender equality</p> <ul style="list-style-type: none"> • Decent job and human rights in the value chain • Ethics, transparency and integrity in business | <p>11. Sustainable cities and communities</p> <ul style="list-style-type: none"> • Reduction and optimization of material consumption • Management of water resources • Waste generation and management • Client relationship and satisfaction • Quality and environmental solutions of developments | <p>17. Partnerships and implementation means</p> <ul style="list-style-type: none"> • Reduction and optimization of material consumption • Management of water resources • Waste generation and management • Decent job and human rights in the value chain • Quality and environmental solutions of developments • Suppliers management • Ethics, transparency and business integrity • Energy consumption |
| <p>6. Drinkable water and sanitation</p> <ul style="list-style-type: none"> • Management of water resources • Quality and environmental solutions of the developments | <p>12. Responsible consumption and production</p> <ul style="list-style-type: none"> • Reduction and optimization of material consumption • Waste generation and management • Suppliers management | |

✓ mrv has potential for indirect influence

✓ mrv has potential for direct influence





MESSAGE FROM THE PRESIDENTS 102-14

Our success is
due to operation
focused on
sustainability

In a challenging year, which had a strong impact in the construction market, we had a lot of success at the MRV. This is due mainly because of real property shortage in Brazil, especially for low income communities – our public – who have a demand much higher than the offer. And since our performance strategy is to work with economic real estate financed primarily by the FGTS (Government Severance Indemnity Fund), which grants financing to this portion of the population at balanced costs, with initial rates of 5% per year.

We have a different approach with strong investment in sustainability that has been permeating our areas and operations for a long time, and, now, sustainability is included in all our practices. Some of the examples that attest the adoption of the most advanced sustainable practices and governance in our company is our presence for the second consecutive year in Bovespa's ISE (Corporate Sustainability Index) portfolio, and we are also the signatories of the UN's Global Compact. We invest in the constant improvement of the surroundings of our developments as a way to ensure more quality of life and comfort for the residents of the cities where we have our business. Our goal with this infrastructure investment is to transform the areas next to our developments in islands of excellence when it comes to urbanization and quality of life for the population.

Innovation is another essential aspect for us to remain one step ahead in a traditionally conservative sector. We have been consolidating ourselves as an innovative company, strategically investing more and more in innovation. In the past years, we have invested about 1% of our net revenue in Research and Development, and the trend for the next years is to, at least, keep the same investment level.

10



MESSAGE FROM THE PRESIDENTS

When planning the developments, we try to consider all sustainability dimensions: economic, social and environmental. By implementing the photovoltaic solar energy, we contribute to reduce the costs of our clients' electricity bills, since we enable them the access to technology and give them the sense of pride for having bought a property that is in the vanguard of environmental actions, with sustainable energy generation.

We act this way to ensure the constant presence of our company, facing all challenges of a ten-year business cycle, that initiates with the search and purchase of land, goes through project approval, construction, delivery, and another more five years of guarantee to our clients. In this period, we have to align experiences, changes and life goals of the future residents, so as, at the end, they feel satisfied with the dream of having their own house coming true.

We are purpose-driven! Four years ago, we started an engagement movement with our team, which now is reflected in team engagement and motivation. We were able to attract and retain the best talents so that they have a dedicated, challenging and happy career. We take part, in a sustainable manner, of the improvement progress of the cities where we act, contributing to transform society for the better.

Internally, the number of professionals that act as volunteers in the social actions promoted by the MRV Institute is bigger and bigger. In three years of

existence, the Institute has spectacular numbers: more than 1,900 volunteers working in the program and 219 thousand kids and teenagers benefited.

Our clients are our priority. After all, 1 in every 200 Brazilians live in a property built by us, which means that about 1 million people evaluate us, and to whom we have to deliver the best product possible and benefits that they will not find in any other company. The real-estate purchase process is complex, and we have to be prepared to understand the client, who will stay with us for many years, in different stages. Many times, these clients assume their most important financial commitment of their lives – that is why we have to always listen to them and pay more attention to their needs and desires.



MESSAGE FROM THE PRESIDENTS

At the end of 2017, we announced to the market our plan to invest R\$50 billion in the construction of economic properties across the country until 2028. This volume shows the relevance not only of our businesses, but the construction sector, which is a huge job and tax generator.

We keep this optimism especially because we count on a team of collaborators engaged and passionate, who identifies with our values. They form what we call the “green team” and they are treated with respect to their skills, differences, capacities, virtues and difficulties. The commitment degree is the most important, since it guarantees that, when we are no longer here, everything we are building now will continue and remain to the benefit of society.

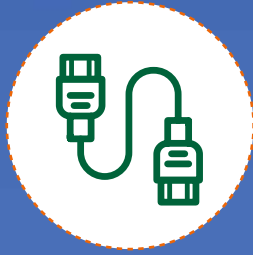
Eduardo Fischer
Co-President

Rafael Menin
Co-President

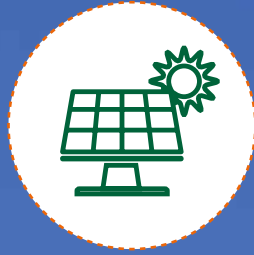


**WI-FI IN
COMMON AREAS**





**USB POWER
PLUGS**



**GENERATION OF
PHOTOVOLTAIC
ENERGY**



**BICYCLES AND
BICYCLE RACK**



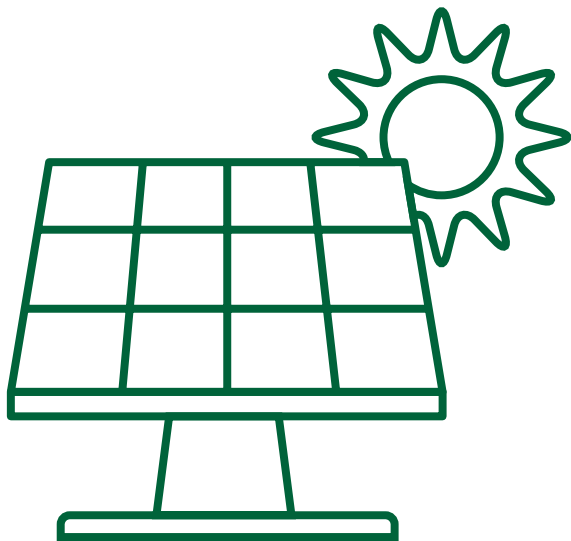
**RECYCLING BINS
FOR RESIDENTS**



Ethics,
transparency
and integrity
in business







A publicly held corporation, its shares are distributed according to the following composition: 33.6% Rubens Menin Teixeira de Souza; 0.6% treasury shares; 58.6% other shareholders; 5.1% Prudention Plc; and 2.1% Board of Directors and Executive Board. The company is part of the New Market (Novo Mercado) segment of B3 S.A. – Brasil, Bolsa, Balcão (B3), the São Paulo stock exchange, under the ticker symbol MRVE3, that attests its commitment to the adoption of the most advanced corporate governance practices. It has also been part of the Enterprise Sustainability Index (ISE) portfolio of the same organization for two years and trades American Depositary Receipts (ADRs) in the OTC PINK of the Over the Counter Market (MRVNY code). It is also a signatory to the United Nations (UN) Global Compact and maintains initiatives aligned with the Sustainable Development Goals (SDGs). **102-5**

The company, headquartered in the capital of Minas Gerais, Belo Horizonte, has stood out for the adoption of sustainable solutions in its buildings, in particular photovoltaic solar energy on a large scale. It is also author of the seals MRV + Green, for certification of enterprises that meet 17 recommendations related to sustainable practices, and MRV Green Works, specific for worksites that meet ten criteria on the same aspect, such as waste management, use of certified wood, reuse of water and priority adoption of natural lighting. Both seals are attested by Bureau Veritas Certification (BVQI). **102-3**

In the end of 2017, with 14,273 direct employees, and other 8,048 outsourced workers the company had a historical record of sales, over 40,000 units, and net operating revenue of R\$4,660 million, which means growth of 19% and 12%, respectively, in relation to the previous year. **102-7**

PROFILE

Historical sales record in the year

Operating for 38 years in the real estate market, MRV Engenharia e Participações S.A. (MRV) is the largest residential construction company in Latin America and, in Brazil, it leads the segment of popular real estate, in addition to being the only one to market units in more than 150 cities of 21 states and in the Federal District. **102-1 | 102-2 | 102-6**

Business

**DEVELOPMENT,
CONSTRUCTION
AND SALE OF
HOUSING UNITS.**

Mission

**MAKE THE DREAM OF OWNING A
HOME COME TRUE , OFFERING
REAL ESTATE WITH THE BEST
PERFORMANCE IN A COST-BENEFIT
ANALYSIS FOR CUSTOMERS.**

Vision

**BE THE BEST COMPANY IN
DEVELOPMENT, CONSTRUCTION
AND SALE OF POPULAR REAL
ESTATE DEVELOPMENTS IN BRAZIL.**

Values 102-16

- ETHICS AND TRANSPARENCY
- THINK AS THE CUSTOMER DOES
- GENERATION OF VALUE FOR SHAREHOLDERS
- COMMITTED TEAM
- SHARE SUCCESS
- SUSTAINABILITY

Scope 102-4 | 102-6



North

Amazonas – Manaus

Tocantins – Palmas

Northeast

Alagoas – Maceió

Bahia – Camaçari, Feira de Santana, Lauro de Freitas, Salvador and Vitória da Conquista

Ceará – Eusébio, Fortaleza and Maracanaú

Maranhão – São José do Ribamar and São Luís

Sergipe – Aracaju and Barra dos Coqueiros

Piauí – Teresina

Pernambuco – Cabo de Santo Agostinho, Camaragibe, Caruaru, Jaboatão dos Guararapes, Olinda, Paulista and Recife

Paraíba – Cabedelo, Campina Grande and João Pessoa

Rio Grande do Norte – Natal and Parnamirim

South

Paraná – Arapongas, Araucária, Cambé, Campo Largo, Colombo, Curitiba, Londrina, Maringá, Ponta Grossa, São José dos Pinhais and Sarandi

Rio Grande do Sul – Canoas, Caxias do Sul, Gravataí, Novo Hamburgo, Porto Alegre, São Leopoldo, Sapucaia do Sul and Viamão

Santa Catarina – Blumenau, Itajaí, Jaraguá do Sul, Joinville, Palhoça and São José

Southeast

Espírito Santo – Cariacica, Serra, Viana, Vila Velha and Vitória

Minas Gerais – Belo Horizonte, Betim, Contagem, Juiz de Fora, Lagoa Santa, Montes Claros, Nova Lima, Santa Maria, Santa Luzia, Sete Lagoas, Uberaba, Uberlândia and Vespasiano

São Paulo – Americana, Aparecida, Araçatuba, Araraquara, Araras, Barretos, Bauru, Birigui, Botucatu, Cajamar, Campinas, Campo Limpo Paulista, Catanduva, Cotia, Ferraz de Vasconcelos, Franca, Guarulhos, Hortolândia, Indaiatuba, Itapevi, Itaquaquecetuba, Itatiba, Itu, Jacareí, Jundiaí, Limeira, Marília, Mauá, Mirassol, Mogi das Cruzes, Mogi Guaçu, Mogi Mirim, Osasco, Ourinhos, Paulínia, Pindamonhangaba, Piracicaba, Poá, Presidente Prudente, Ribeirão Preto, Rio Claro, Salto, Santa Bárbara D'Oeste, Santo André, São Bernardo do Campo, São Carlos, São José do Rio Preto, São José dos Campos, São Paulo, Sertãozinho, Sorocaba, Sumaré, Suzano, Tatuí, Taubaté and Votorantim

Rio de Janeiro – Belford Roxo, Campos dos Goytacazes, Duque de Caxias, Itaboraí, Macaé, Niterói, Resende, Rio das Ostras, Rio de Janeiro, São Gonçalo and Volta Redonda

Midwest

Distrito Federal – Águas Claras, Ceilândia, Gama, Planaltina, Santa Maria and Taguatinga

Goiás – Aparecida de Goiânia, Goiânia and Valparaíso de Goiás

Mato Grosso – Cuiabá and Várzea Grande

Mato Grosso do Sul – Campo Grande

Highlights 2017 102-7

PART OF THE ISE INDEX OF THE
SÃO PAULO STOCK EXCHANGE (B3)



INVESTMENT OF
R\$5,646,923.18 IN ACTIONS
CONDUCTED BY THE MRV INSTITUTE



INVESTMENT OF
R\$223,360,660.00 IN
INFRASTRUCTURE WORKS IN THE
NEIGHBORHOODS AND MUNICIPALITIES
WHERE THE ENTERPRISES ARE



LAUNCH OF MORE THAN
17,000 UNITS WITH
PHOTOVOLTAIC SOLAR ENERGY



ANNOUNCEMENT OF
R\$50 BILLION
INVESTMENT IN THE CONSTRUCTION
OF POPULAR REAL ESTATE BY 2028



CONCLUSION OF
38,140 HOUSING
UNITS



OVER
300,000 CUSTOMERS
THROUGHOUT BRAZIL

| MRV's numbers | 2015 | 2016 | 2017 |
|---------------------------|-------------|-------------|-------------|
| Number of employees | 16,550 | 14,673 | 14,273 |
| Net revenue (R\$ million) | 4,763 | 4,249 | 4,760 |
| Ebitda (R\$ million) | 669 | 637 | 892 |
| Ebitda margin (%) | 14 | 15 | 19 |
| Net profit (R\$ million) | 548 | 557 | 653 |
| Taxes paid (R\$ million) | 397 | 384 | 408 |
| Indebtedness index (%) | 10.4 | 5.4 | 6.5 |
| Added value (R\$ million) | 2,072 | 1,902 | 2,140 |
| Sales hired (R\$ million) | 5,497 | 5,259 | 6,055 |
| Sales hired (units) | 35,782 | 34,082 | 40,512 |
| Releases (R\$ million) | 4,705 | 3,987 | 5,627 |
| Releases (units) | 31,871 | 26,366 | 37,155 |
| Units concluded | 37,540 | 37,459 | 38,140 |
| Works in progress | 223 | 214 | 206 |

Recognition

In 2017, MRV received prizes and awards that attest its good practices in all dimensions of sustainability.

PINI Best in Construction Award | First place in the award granted by PINI, a company that operates in the construction market with focus on the development of software, education and publications, following the technical performance and demands of the entire production chain of the sector.

Plus Brands | First placed in its category, in all regions of the country in the ranking organized by the newspaper *O Estado de S. Paulo*.

Iconic Brands | MRV was among the brands most recalled by consumers in the state of Espírito Santo and was included in the *Iconic Brands* magazine, of the newspaper *Folha Vitória*.

ITC Ranking | In a ranking of the 100 Largest Construction Companies in Brazil, organized by ITC, which specializes in the development of engineering and technology solutions for various markets, MRV achieved the first place.

Most Value Produced (MVP) | Ranking prepared by *Consumidor Moderno* magazine, which placed the company in the leadership among those that generate most value in the Engineering and Construction segment.

Exame Largest and Best | The ranking published by *Exame* magazine positioned MRV at the first place among companies that grew the most in Brazil in the last five years.

National Innovation Award | An initiative by Mobilização Empresarial da Inovação (MEI), the National Confederation of Industry (CNI) and Sebrae, it recognized MRV as the most innovative company in the industrial sector.

Época 360° Award |

The construction company achieved first place in the Innovation Capacity category, in the Construction sector, a recognition by *Época* magazine.

Top Real Estate

Award | MRV was ranked as the third best construction company and the fourth best developer in the São Paulo market, in an award organized by the newspaper *O Estado de S. Paulo*.

Minas Award – Business Performance – Best and Largest Companies |

Offered by *Mercado Comum*, a national publication on economics, finance and business.

Hugo Werneck Award of Sustainability & Love to Nature |

Granted to the founder and chairman of MRV's Board of Directors, Rubens Menin, by the Ecological Group, as recognition of people, projects and institutions that develop sustainable practices.

Most Admired Executives in Brazil |

An event by *Análise Editorial*, it highlighted executive Maria Fernanda Menin among the most admired executives in the Legal Area.

Conarec Award | The award results from a study developed by the Standard Intelligence Centre (CIP), and MRV stood out in the Customer Relations criterion in the construction and development segment.

The 100 most innovative companies

in the use of IT | Offered in partnership with PricewaterhouseCoopers (PwC), it contextualizes innovation governed by the largest companies in the country and placed MRV as leader in the engineering and construction industry.

Occupational Safety Sinduscon

MG Seconci – MG | Leader in two categories – Prevention Company and Standout Company in Living Area – in the 19th edition of the award, promoted by Sinduscon and Seconci as recognition of good management of occupational safety in the field of construction.

Environmentally-friendly Company |

Seal granted by the City Hall of Fortaleza (CE), by means of the Department for the Environment, based on environmental education programs, adequate waste treatment and the afforestation program.

Companies that best communicate with journalists |

Offered, for the second consecutive year, by the Center for Communications Studies (Cecom) and by the *Negócios da Comunicação* magazine, in the Civil Construction category. The award recognizes quality of the relationship of companies with journalists and the market.

Entrepreneur of the Year |

The award was granted to the founder and chairman of the Board of Directors, Rubens Menin, by consulting firm Ernst & Young. Highlight in the Master category, the executive will represent Brazilian entrepreneurship in the worldwide stage of the Award – EY World Entrepreneur Of The Year™ – which will be held in Monte Carlo, in the Principality of Monaco, in June 2018.

Friend of the Judiciary

Company | Gold Seal granted by the Court of Justice (TJ) of the Federal District by virtue of campaigns held in several cities to seek conciliation with plaintiffs of lawsuits involving the company.

ISO-14001 and OHSAS-18001 |

Both certifications were renewed in the year.

Carbon Disclosure Program (CDP) |

International non-profit organization that represents the main initiative of the financial sector for transparency and corporate communication on risks and opportunities related to climate change, water management and preservation of forests and biodiversity. The program works as a global disclosure system that measures, discloses, manages and shares information about sustainable management of companies, cities, states and regions, as well as combines the most complete set of self-reported environmental data in the world. Such information allows investors, companies and governments to understand the impacts that they cause on the environment, seek mitigation measures and identify opportunities to act more responsibly. With a network of investors and buyers that represents more than US\$100 trillion, the relevance of the program for the market is evident. Currently, 50 partners and more than 5,600 organizations report their climate data.

Caixa Blue House Seal |

Sustainability classification instrument for housing development projects, which seeks to recognize more efficient actions applied to construction, use, occupancy and maintenance of buildings, in order to encourage rational use of natural resources and improvement of the quality of housing and areas in their vicinity.



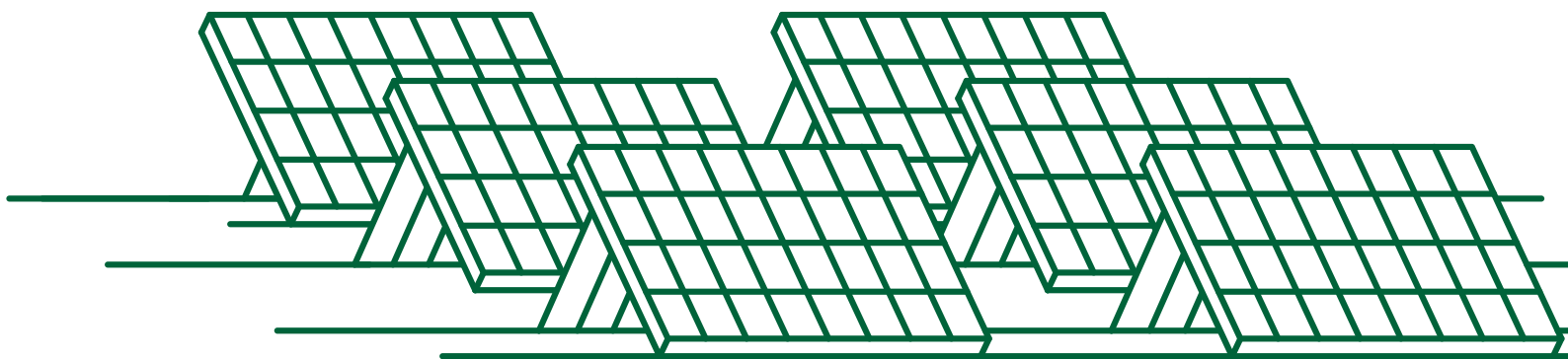
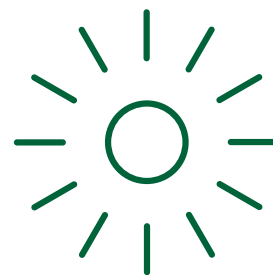
STRATEGY AND MANAGEMENT

When it went public, in 2007, MRV built approximately 4,000 units annually. Almost five years later, in 2012, this volume had been multiplied by ten and, in 2017, maintaining this level, the company concluded 38,140 units. One of the factors that provide such stability is the company's strategy, announced three years ago, focused on introducing the concept of micro regions for land purchase and launches, which contributed to improving the balance of land bank in each location; increased volume of launches in capitals and metropolitan regions; and adaptation of Selling, General and Administrator Expenses – SG&A to absorb the new growth plan.

The company also stands out in its sector for having competitive advantages such as operating in a similar way to the retail model. The idea of intensifying its presence in markets in which it already operates and of which it knows the dynamics, such as prices of land, regions and locations with the most demand and type of unit that meets the needs of each consumer group, among other characteristics, came from such model.

In view of the growing engagement of customers, the company has been able to show two other important features: innovation, expressed in solutions to facilitate, both in products and services, and sustainability, which permeates its entire operation. Both aspects have been intensively worked on internally and externally.

At the same time, MRV remains attentive to optimization of costs. This is the focus of the Austerity Program, a management tool applied since 2017, in which some accounts are selected by the Office of the Chairman for close monitoring of the managers of the areas – who should propose procedural or operational solutions for cost reduction and render accounts of the results achieved.



Sustainability 103-2 | 103-3: Diversity and equal opportunities | Child labor | Forced labor or labor analogous to slavery

The commitment to sustainable development and the performance of its activities in a balanced and responsible manner, in the various cities in which it operates, is expressed by MRV in its Sustainability Policy. Directed to all employees, partners, suppliers and other relationship groups, such as shareholders, investors, customers, real estate agents, accredited brokers, public authorities, representatives of regulators and representatives of private entities, the document establishes the following guidelines:

- Promote, implement and disseminate sustainable development measures.
 - Respect diversity, combating discrimination, moral and sexual harassment and corruption in all forms.
 - Ensure adequate working conditions and the well-being of employees.
 - Respect customers.
 - Seek new construction technologies and use of economically feasible raw materials and improve engineering processes in order to minimize impacts on the environment.
 - Use water and energy in a conscious way, with control and management, adopting measures to replace obsolete equipment to better use resources.
 - Reduce, reuse and recycle waste, whenever possible.
- Disclose sustainability practices and indicators.
 - Establish sustainability targets on an annual basis for leaders of the entire MRV Group.
 - Promote the leadership's commitment to the development of the subject matter in the MRV Group.
 - Promote and encourage technological innovation, investment in Research & Development (R&D) and design of projects and products in a sustainable way, which also contributes to reducing emissions of Greenhouse Gases (GHG), mitigating its effects on the climate, in accordance with the MRV Group's Climate Change Policy.
 - Emphasize the importance of the Code of Conduct and its application in the main decisions of the MRV Group.
 - Engage and raise awareness of all employees with respect to sustainability.
 - Influence the supply chain in the development of more sustainable products and designs.
 - Seek reduction of impact in the vicinity of works and strengthen this commitment with the residents of the region.
 - Ensure customers' satisfaction, complying with agreements entered into between the parties and offering socio-environmental solutions and innovation for products.

CORPORATE GOVERNANCE

Although MRV already had a corporate governance structure and compliance measures – Risk and Internal Audit area, Confidential Channel, among others, – in 2017 the Board of Directors formalized the Compliance and Governance Structure area, after three months of intense work, supported by an international consulting firm. Activities included the preparation of a diagnosis that determined, based on the business model, the bodies that establish relations with public authorities, the risks to be mitigated and monitored and the activities necessary for such purpose. It also provided goals on several fronts, such as training, creation and restructuring of specific policies and construction of performance indicators. **102-15 | 102-17**

Thus, the pillars of an effective Integrity Program were established, prepared in accordance with Act No. 12,846/2013 (Anti-corruption Act) and Decree No. 8,420/2015. By means of such program, employees, suppliers and partners undertake a commitment to transparency, ethics and combating corruption, in the search for effective measures to prevent, detect and remedy harmful acts against public administration and private and foreign entities.

The creation of the area and policies is aligned with the structuring phase of processes which MRV is undergoing, which already includes practices provided for in the New Market (Novo Mercado) regulation, such as restructuring of the Board's advisory committees, among others. The new organization chart resulting from this work will be completed in the second half of 2018 and will strengthen the corporate governance structure, as well as internal controls and the company's security.

The current Risk Matrix, managed by the Risk and Internal Audit area, has significant relevance in the management of the business' risks. It maps the risks inherent in the activities, as well as mitigation

measures and contingency plans, and is reviewed on a semi-annual basis. Furthermore, in order to maintain high corporate governance standards and ensure that misconducts are properly addressed, the company has a Confidential Channel, by means of which Internal Audit may receive complaints that affect internal guidelines and laws in force.

Commitments 103-2 | 103-3: Anticorruption

To support its relationship with stakeholders (employees, suppliers, customers, investors, contractors and neighborhood) and to honor one of its corporate values, Ethics and Transparency, MRV maintains a series of formal policies (see table below), in addition to the Code of Conduct and the Code of Conduct for Works. **102-40 | 102-42**

The first is applicable to all employees, regardless of hierarchical level, and to relationship groups referred to, such as partners and suppliers. It expresses the standards that shall be adopted, as well as unacceptable behavior in relation to the work environment, occupational health and safety, company's assets and resources, use of social networks, conflicts of interest, gifts and relationships (with partners, customers, real estate agencies and accredited professionals, press, community, contractors, suppliers, suppliers, environment, public entities, competition and labor unions). Information on misconduct in relation to guidelines may be sent via the Confidential Channel (www.canalconfidencial.com.br/mrv) using the e-mail address canalconfidencialmrv@br.ictsglobal.com or telephone 0800 888 2833. Both monitoring of compliance with the Code and review and treatment of complaints received are under the responsibility of the Governance, Ethics and Sustainability Committee. **102-17 | 102-34 | 205-3**

The Code of Conduct for Works, in turn, is a brief version of the full document, with language and layout accessible to the public to which it is intended.

In addition to maintaining these tools, MRV now inserts anti-corruption clauses in all contracts and increased its concern about establishing evidence that attests its commitments with compliance in the relationship with stakeholders. **205-1 | 205-2**

Externally, it voluntarily adheres to a series of initiatives, including the UN's Global Compact, the Center for Studies in Sustainability, of Fundação Getulio Vargas (GVCes); the Ethos Institute; the Programa Brasileiro GHG Protocol; the CDP; and the Blue House Seal, of Caixa Econômica Federal. **102-12**



Anticorruption – Reinforce the MRV Group's commitment to maintaining the highest standards of integrity, ethics and governance in conducting its business by establishing guidelines for combating corruption both in relation to public institutions and private companies.



No retaliation of whistleblowers – Establish protection rules for those involved in internal investigations and to whistleblowers who, in good faith, report conducts or facts that violate the guidelines of the Code of Conduct or the laws in force.



Gifts and hospitalities – Guide and assist the conduct of employees with respect to receiving or offering gifts, presents, hospitalities and other benefits, having in view the need to avoid actual, potential or perceived conflicts of interests and situations that may characterize bribery or corruption.



Relationship with suppliers, service providers and intermediaries – Direct the relations between the Supplies area with suppliers, service providers and intermediaries and provide general, sustainability and integrity criteria used in an integrated manner in the process of procurement of materials, services and equipment.



Conflict of interest – Establish guidelines and guide in identification, declaration and resolution of situations that may present actual, potential or apparent conflicts of interest.



Government relations – Reaffirm its stance of integrity and transparency in the relationship with governments and ensure adherence of its employees' conduct to the legislation in force, corporate policies and the Code of Conduct. It aims at preventing unlawful situations, conduct and acts against the Public Administration that may be characterized as corrupt practices, in particular under the Brazilian Anti-corruption Act.



Risk management – Express the guidelines adopted by the MRV Group and its controlled companies in the identification, evaluation, communication and treatment of risks and opportunities generated as a result of its operation.



Sustainability – Reveal the commitment to sustainable development and the need to perform activities in a balanced and responsible manner in the various cities in which it operates. Establish principles and guidelines to be applied in activities throughout the country to promote sustainable management in its three main pillars: social, governance and environmental.



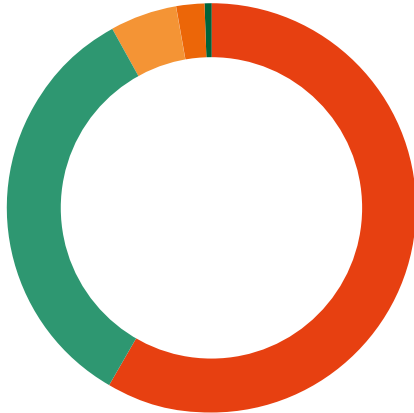
Climate change – Demonstrate the company's commitment to sustainable development, climate change and the need to perform activities in a balanced and responsible manner in the various cities in which it operates. Establish principles and guidelines to be applied in activities throughout the country, with the objective of promoting adequate and efficient management with respect to its GHG emissions.



Donations and sponsorship – Establish guidelines for donations and sponsorship in order to ensure that they occur with the highest standard of transparency, integrity and legality.

Governance structure 102-18

Shareholding structure



| | | |
|-------|---|--------------------------------|
| 58,6% | ● | Others |
| 33,6% | ● | Rubens Menin Teixeira de Souza |
| 5,1% | ● | Prudential Plc. |
| 2,1% | ● | Executives and Board Members |
| 0,6% | ● | Treasury shares |

Board of Directors 102-22 | 102-26

Responsible for determining the company's general and commercial strategic policies and for the election of officers and oversight of their management, among other tasks. Composed of seven members,

four of them being independent members, all over 51 years of age, one of them being a woman, elected in the Annual General Meeting for unified terms of office of two years, until April 28, 2019, reelection being allowed. The Board of Directors meets regularly every three months and extraordinarily whenever called by any of its members and they examine, among other subjects, the economic, social and environmental topics inherent in the company's operation. Moreover, they receive communication of critical and/or sensitive concerns for discussion and deliberation, from leaders and managers. [102-33](#) | [102-31](#) | [102-19](#) | [405-1](#)

Composition 102-23

Rubens Menin Teixeira de Souza – Chairman

Marcos Alberto Cabaleiro Fernandez – Vice-Chairman

Sinai Waisberg – Independent Director

Betania Tanure de Barros – Independent Director

Marco Aurélio de Vasconcelos Caçado – Independent Director

Paulo Eduardo Rocha Brant – Independent Director

Rafael Nazareth Menin Teixeira de Souza – Director

Audit Committee

MRV's Bylaws establishes the non-permanent nature of the Audit Committee, elected only at the request of shareholders in the General Meeting. In 2017 the body was not installed.

Executive Board

The officers are responsible for the daily executive management of the company, with individual duties established by the Bylaws and by the Board of Directors. The Executive Board may be composed of up to 12 executives (in 2017 there were ten, two of them women), elected by the Board of Directors for a unified term of office of two years, until April 28, 2019, reelection being allowed. The Company's Bylaws does not determine an age for compulsory retirement of its officers, who may be removed by the Board of Directors, at any time, before the end of their term of office.

Composition 102-23

Rafael Nazareth Menin Teixeira de Souza – Chief Executive Officer Region I

Eduardo Fischer Teixeira de Souza – Chief Executive Officer Region II

Leonardo Guimarães Corrêa – Chief Financial and Investor Relations Officer

Eduardo Paes Barretto – Chief Commercial Officer

Homero Aguiar Paiva – Chief Production Officer

Júnia Maria de Sousa Lima Galvão – Chief Management and Shared Services Center Officer

José Adib Tomé Simão – Chief Real Estate Credit Officer

Hudson Gonçalves de Andrade – Chief Real Estate Development Officer

Maria Fernanda Nazareth Menin Teixeira de Souza – Chief Legal Officer

Committees established in the company's bylaws

MRV has six internal committees that support the Board of Directors, whose members have knowledge about finance, accounting and legislation applied to the capital market, to assist and propose solutions to increase the effectiveness of decisions.

Investor relations

In a turbulent year for the construction market and also volatile in the FGTS, MRV sought to narrow its contact with investors – who held 58.6% of the company's shares – establishing its position particularly in relation to anti-corruption policies. The company operates in levels 1,5; 2; and 3 of the My House My Life Program (PMCMV), with less reliance on the treasure, but, even so, it reinforced its ethical values and standards in operations. The demand in this sense is recurring, mainly by Asian and European investors, who value aspects such as governance, labor relations, compliance, personnel and security.

The company maintains a series of communication channels with this public, including the Investors tab on its corporate website, where annual and quarterly reports and information about the progress of the business are available. It also promotes conferences, meetings and visits in which it discloses clear information, in accordance with the rules governing the financial market.

In recent years, the company has been strengthening its relationship with sustainability consultants for the capital market, including abroad, providing them with reports and action plans capable of offering a basis for investors who use them to obtain information about the company's reputation and business.

For the second consecutive year, MRV was part, in 2017, of B3's ISE and was the only one in the industry to be part of the portfolio, which seeks to allow a comparative analysis of the companies listed in the São Paulo stock exchange under the sustainability aspect, based on economic efficiency, environmental balance, social justice and corporate governance.

Government relations

By means of the Brazilian Association of Real Estate Developers (Abrainc), MRV participates in the main discussions related to its operations, in particular about labor legislation and financing with FGTS funds. It also maintains a healthy and cordial relationship with state and federal governmental bodies relevant to its operations, such as banks, governments and ministries (Finance, Planning, Cities, etc.) and interacts with these bodies through other entities, such as the Civil Construction Industry Trade Association (Sinduscon) and the Brazilian Chamber of the Construction Industry (CBIC). In the municipal scope, the subjects are addressed directly with city halls, based on ethical principles established in the Code of Conduct. **102-13**

In its Government Relations Policy, the Company establishes as a general guideline the prohibition and intolerance with respect to any acts of corruption and bribery in the relationship with public officials or third parties related to them. Thus, all employees, third parties and partners who act on their own behalf are prohibited from

receiving, promising, offering and/or giving, directly or indirectly, by means of third parties, any undue advantage to a public official or to any individual or legal entity related to a public official; finance, fund, sponsor or in any way contribute to the practice of harmful acts to the public administration; and use representatives to hide or conceal their actual interests or the identity of beneficiaries of the acts carried out.



ETHICS, TRANSPARENCY AND INTEGRITY IN BUSINESS



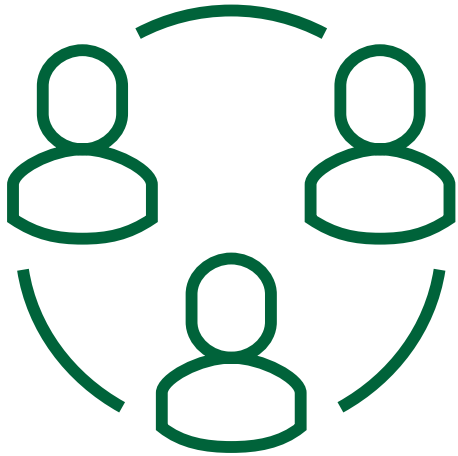
MRV
Engenharia
mrv.com.br

MRV

Decent work and human rights in value chain







Pension plan reinforced the benefit package

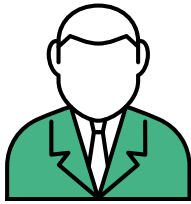
PEOPLE MANAGEMENT 103-2 | 103-3: Employment

At the end of 2017, MRV had 14,273 employees and 8,048 outsourced personnel. By virtue of operating in an industry whose activities are predominantly performed by male employees, 74.8%

of the personnel was male. However, in the last eight years, until 2017, women's participation in worksites and administrative sectors has increased 168.3%, from 1,285 employees in 2009 to 3,448, including apprentices and trainees. **102-8**



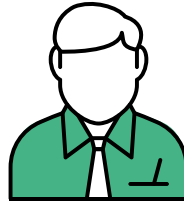
Employees by functional category and gender 405-1



Senior Management

44

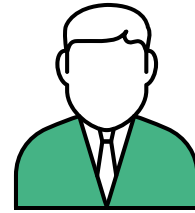
Men **41** (93%)
Women **3** (7%)



Management

175

Men **131** (75%)
Women **44** (25%)



Leadership
(coordinator, engineer, shop manager)

727

Men **727** (65%)
Women **257** (35%)



Professionals
(analyst, lawyer, engineer)

1,351

Men **654** (48%)
Women **697** (53%)



Operational
(administrative)

2,241

Men **1,003** (45%)
Women **1,238** (55%)



Operational
(construction works)

8,759

Men **8,058** (92%)
Women **701** (8%)



Apprentices
and trainees

976

Men **468** (48%)
Women **508** (52%)

TOTAL
14,273



MEN
10,825
(74.8%)



WOMEN
3,448
(25.2%)

Employees by professional category and age group 405-1

| Category | Age | Total | Percentage |
|--|--------------------------------|---------------|------------|
| Senior Management | Less than 30 years of age | 0 | 0 |
| | Between 31 and 50 years of age | 28 | 64 |
| | Over 51 years of age | 16 | 36 |
| Management | Less than 30 years of age | 8 | 5 |
| | Between 31 and 50 years of age | 150 | 85 |
| | Over 51 years of age | 17 | 10 |
| Leadership (coordinator, engineer, shop manager) | Less than 30 years of age | 123 | 17 |
| | Between 31 and 50 years of age | 590 | 81 |
| | Over 51 years of age | 14 | 2 |
| Professionals (analyst, lawyer, engineer) | Less than 30 years of age | 690 | 51 |
| | Between 31 and 50 years of age | 646 | 48 |
| | Over 51 years of age | 15 | 1 |
| Operational (administrative) | Less than 30 years of age | 1,110 | 50 |
| | Between 31 and 50 years of age | 1,026 | 45 |
| | Over 51 years of age | 105 | 5 |
| Operational (construction works) | Less than 30 years of age | 2,660 | 30 |
| | Between 31 and 50 years of age | 4,594 | 53 |
| | Over 51 years of age | 1,505 | 17 |
| Apprentices and trainees | Less than 30 years of age | 955 | 98 |
| | Between 31 and 50 years of age | 21 | 2 |
| | Over 51 years of age | 0 | 0 |
| Total | | 14,273 | x |

All are governed by a compensation policy based on the Hay Group methodology, which aligns the positions and their respective duties to earnings, and enjoy a package of benefits that include health insurance, profit sharing, among others. [102-35](#) | [102-36](#) | [401-2](#)

In 2017, the package was reinforced with the launch of the **MRV Prev private pension plan**, intended for all employees in two groups: 1 – with salary equal to or higher than a Reference Unit (RU, which was equivalent to R\$5,531.31); and 2 – with salary lower than one RU. The monthly Participant

Contribution of Group 1 varies from 1% to 4% of the salary. MRV matches the Participant Contribution by making a Company Contribution in accordance with the position held, plus an accelerator percentage based on time of service. [201-3](#)

Another action created in the year was the program for valuing time of service, which honored 42 professionals with more than 20 years at MRV with announcements, gifts and an event of recognition.

In order to attract and retain talent, the company maintains internship programs, which at the end of the period had more than 500 participants

in the performance of works; and Trainee Program, reformulated to include behavioral aspects related to innovation, entrepreneurship, leadership, among others. 13 Trainees participated in the program, working in the areas of Information Technology, Real Estate Development, Commercial, Supplies and Controllershship.

All employees have access to the e-mail address of the Communications area (comunicacaoexterna@mrvc.com.br) to send suggestions or doubts and also have the Confidential Channel to send complaints of misconduct.

Development and training

103-2 | 103-3: Training and education

In order to maintain the qualification of its professionals, MRV invests in various initiatives, such as the Leaders Academy, a leadership development program that, in 2017, in its second class, involved 31 people of different management levels in approaches related to looking at the future and innovation and leadership, in addition to organizational and financial matters.

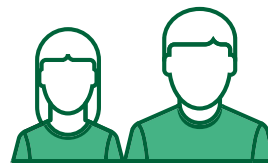
Another action implemented was the People Management Cycle for the coordination level, for management decision-making, such as promotions, movements and merits. The initiative included three stages: self-assessment of participants in accordance with the established competencies, together with the line manager; discussions between the evaluators' peers, to align perceptions of the assessed; and analysis of results in the scope of the Career Committee. The entire process, which involved 367 people, supports the preparation of Individual Development Plans (IDP) and contributes to decision-making on internal movements with lower costs and risks.

In order to face the challenge of managing a team distributed across more than 150 cities in Brazil,

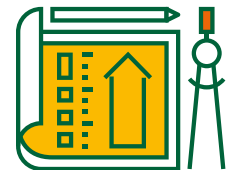
the company also adopted a new remote development tool. It identified one of the three most renowned global talent management platforms and has already implemented, in the year, two modules: development, and recruitment and selection. The new platform also made it possible to make available content that was until then concentrated in specific areas.

Dedicated specifically to the sales force and to the result of partnership of the Commercial and Human Development areas, the MRV Acelera program was also conducted in the year, which replaced the Management Training Program. The objective was to explain in detail the management process, tools and the sales approach in order to enhance the team's competencies, which are fundamental for the success of business. Focused on the entire sales force, from Senior Management to Management, the initiative included six meetings and reached approximately 500 employees and over 3,000 self-employed real estate agents.

Average number of training hours per year per employee 404-1



11,317
PERSONS
TRAINED



95 **ON-SITE**
COURSES AND
TRAINING

8.0 THOUS.
8.8 HOURS

(ON-SITE + DISTANCE LEARNING)

OF DISTANCE
LEARNING COURSES
OF TRAINING

In order to stimulate innovation, the company also has the Ideas Marathon, an internal competition in which employees sign up and submit their suggestions for improvements of efficiency, cost reduction and other contributions to business. The ideas undergo evaluation phases and the five best are adopted; their authors are awarded financial prizes from R\$10 thousand to R\$50 thousand. There are also awards by categories, such as Best Customer Experience and Best Cost Reduction Project.

A similar initiative occurs in construction works, with focus on efficiency. It is called On the Way to the Top (Rumo ao Topo), which recognizes the works delivered at lowest cost and shortest term. The regional manager and the coordinator are awarded with one car each, and the control team of the three works that stood out the most receive financial prizes. At the operational level, there is the Works Supervisor contest, which evaluates efficiency criteria and awards the professionals at construction works that have the best results.

Another program developed by the company, which has already been recognized by the Federation of

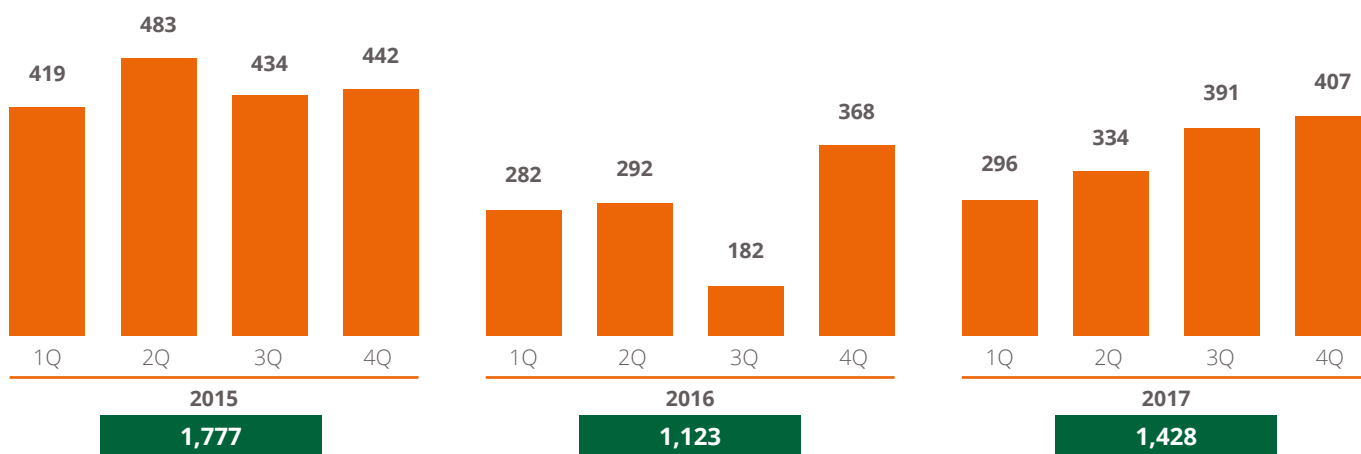
Industries of the State of São Paulo (Fiesp) in the Socio-environmental Responsibility category, is Grade **10 School (Escola Nota 10), implemented since 2011, which seeks to reduce illiteracy and promote the qualification of workers in worksites.** The initiative is part of the managers' targets, who should have at least one school under their management in the year. In 2017, MRV reached a record in the number of schools: 23 active, with 60 classes and 921 students served. Since the start of the program, there have been more than 170 schools installed in 80 cities of the country and 3,000 people benefitted. With total investment of more than R\$3 million, Grade 10 School has already **contributed to a 25% reduction of turnover in construction sites.**

Safety, health and well-being

103-2 | 103-3: Occupational health and safety

MRV maintains a robust safety management team, composed of 638 employees of the Quality, Occupational Safety, Occupational Medicine, Corporate HSE, Environment, Sustainability and Employee Support Departments.

Investment in safety training (R\$)



| 403-2 | | 2015 | 2016 | 2017 |
|--------------------|--------|------------------|-----------|------------|
| Regional | Gender | Lost time (days) | | |
| Northeast | Female | 1 | 3 | - |
| | Male | 8 | 8 | 30 |
| Southeast | Female | 11 | 3 | 9 |
| | Male | 95 | 72 | 88 |
| South | Male | 39 | - | 8 |
| Midwest | Female | - | - | 3 |
| | Male | 9 | 2 | 7 |
| Grand total | | 163 | 88 | 145 |

Note:
 Absenteeism: the rate is zero, as the number of active employees is much higher than the number of lost days.
 The main types of injuries were contusions, sprains, trauma, wounds and fractures, in their majority in the hands or feet.
 There was a case of 2015, which occurred in the Southeast, which caused 159 lost days of an employee. There is an ongoing dispute at the National Institute of Social Security (INSS) as it is not an occupational disease.

In 2017, the company invested R\$1,428 million – 27% increase from the previous year – in training focused on safety, which involved 100% of its employees. It also promoted talks and campaigns on healthy nutrition, climate change, awareness about breast and prostate cancer, heart diseases, SDGs, diversity, ergonomics, World Water Day, among others.

Health, Safety and Environment Dialogues (DSSMA) and other activities were held to intensify the subject, such as the Safety Championship, which awards the three works with exemplary performance in compliance with Regulatory Standards. Evaluations are conducted on a monthly basis, by internal audits, and works that have less than 85% score are subjected to immediate action plans to remedy non-conformities.

The Internal Weeks for Prevention of Work Accidents (Sipat), in turn, are held regionally by the Internal Committees for Accident Prevention (Cipa).

All these initiatives have contributed to increase quality and efficiency. According to an internal measurement, known as Quality Lighthouse

(Farol da Qualidade), the conformity percentage was increased from 98% in 2016 to 99% in 2017. According to the Lighthouse of the MRV + Green Seal, the conformity increase with respect to efficiency was 9 percentage points in the same comparison: from 88% to 97%.

The number of accidents remained stable in relation to the previous period, with an **Accident-Free Production Index of 99.3%**. The percentage is positive and considers a greater number of employees involved in the new construction process (“concrete wall”) which has resulted in changes of routines and procedures so far not monitored. There were no deaths in the year.

Another advance of the company was the reduction, by 36%, of the average of professionals lodged in its worksites, which contributes to minimization of operating risks and to the development of the localities where MRV is present, by means of the generation of employment and income. In 2016, of the total workforce in worksites, 23% was lodged in worksites; in 2017 this percentage fell to 10.78% because of the intensification of hiring of local labor.

The commitment to direct hiring was signed by MRV between 2013 and 2014 by means of the Conduct Adjustment Instrument (TAC) with the Public Prosecution Service and, since then, the measure has been adopted and has resulted in increased productivity and cost reduction.

| Period | Lodged (average) | Total work force (average) | Percentage of work force lodged |
|------------|------------------|----------------------------|---------------------------------|
| 2016 | 3,431 | 16,820 | 20 |
| 2017 | 2,184 | 15,671 | 14 |
| Percentage | (36) | (7) | (32) |

Two other initiatives favor the health and well-being of workers. One of them is the Active Life (Vida Ativa) program, coordinated by the Communication area, which, in addition to encouraging physical activities, combines actions such as Health Week, held in the year in Belo Horizonte (MG), Curitiba (PR), São Paulo (SP), Campinas (SP) and Rio de Janeiro (RJ), which included quick massage, weighing in the bioimpedance scale, informative lectures, blood pressure and glucose measurement, among others. The project also raises awareness as it discloses news stories on the intranet and news on Corporate TV, as well as e-mail marketing on issues such as stress, ergonomics and sleep quality. The My Doctor (Meu Doutor) program is a channel with the company Teg Saúde – formed by doctors, nurses, physiotherapists and other professionals in the area – by means of which medical doubts can be clarified. Doubts may be sent to the email address meudoutor@tegsaude.com.br.

Perspectives

Already structured, the program Our MRV Closer (Nosso MRV Mais Perto) will start in 2018, which aims at promoting greater approximation of administrative teams with the company's business. The idea is to bring employees to the construction worksites, so that they follow the evolution and the construction method used, and to sales units, where they can get to know the decorated apartments and become familiar with commercial approaches. The initiative is expected to evolve into an induction program, in which newly-hired employees connect with activities that are the company's core purpose.

The recognition program will also be expanded to honor and offer gifts to employees who have one year or more of time of service. As for its recognition as one of the best companies to work in, MRV has been surveying the best management practices at state (Minas Gerais) and national levels.

Another action already designed to start in 2018 is the Purpose Project (Projeto Propósito), for intensification of employees' engagement to align practices with the company's purposes and the reflection on the legacy that the team wishes to leave for society.

Another stage of the Leadership Development Program is also projected, in which 170 professionals will be prepared to face the challenges of transforming MRV in the best, and not just largest, construction company in Latin America.

MRV INSTITUTE

MRV's social arm, and maintained by MRV by annual allocation of 1% of its net profit, the MRV Institute completed three years of operation in 2017 with a series of achievements. Focused on the area of education, it benefits especially children and adolescents from various regions of the country. Its operations contributed to leading MRV to be recognized by the Abrinq Foundation, as a Friend of Children Company for committing to: not using child labor and not allowing such practice in its production chain; promoting professional training and access to protected employment for adolescents; and conducting social actions for the benefit of children and adolescents.

MRV Volunteers

In the scope of MRV Volunteers, the entity's first program, which brings together company professionals in the development of social actions, 2017 ended with 1,909 employees registered in the online tool dedicated to managing the initiative. They can freely use four monthly working hours to participate in the initiatives of the MRV Institute. The operation, with an educational focus, in accordance with the purpose of the Institute, has gradually outgrown the nature of an assistance program to consolidate as transformative, capable of

leaving an important legacy for teachers, students and volunteers themselves.

One of the actions is Avante, whose purpose is to awaken the entrepreneurial spirit of young people, still at school, stimulating personal development and providing them with a clear view of the business world, in order to facilitate access to the labor market. Avante was promoted in the year in Belo Horizonte (MG) and Curitiba (PR), with participation of 43 volunteers, which impacted 429 public schools students with the subjects: Our planet, Our home; Our Community; Introduction to the business world; The advantages of staying in school; among others.

The MRV Volunteer Day included the installation of libraries at Espaço Criança Esperança, in Belo Horizonte, which was attended by 49 volunteers and benefitted 5,300 children. There were also three editions of Living Library (Biblioteca Viva), also at Espaço Criança Esperança, in which 39 volunteers were trained to conduct playful workshops on the universe of libraries, which involved 130 participants.

In another initiative, called Knowledge to Care (Conhecer para Cuidar), which aims at raising the population's interest in memory and care with historical and cultural heritage, 70 volunteers were involved in the construction of models of iconic buildings of the national architecture in paper miniatures, used in workshops offered to 163 children of the projects



| Project | City | Objective |
|---|---------------------------|---|
| Opportunity to Shine (Oportunidade para Brilhar) | Nova Contagem (MG) | Contribute to the protection of rights of children and adolescents exposed to social vulnerability by means of sports activities performed outside school hours. |
| Gaia+Education | Piracicaba (SP) | Working with supplementary education in order to enable students to achieve their maximum potential by means of education and sport. |
| Swim to Develop (Nadar para Desenvolver) | Rio de Janeiro (RJ) | Promote rehabilitation and social and educational inclusion of children and adolescents with disabilities by means of aquatic activities. |
| Living Nature Solidary Network (Rede Solidária Natureza Viva) | Governador Valadares (MG) | Work with environmental education in schools and propose the organization of a solidarity network to support the Association of Collectors of Recyclable Materials Natureza Viva, with a view to the expansion and improvement of selective waste collection in the city. |
| Number of people directly impacted | | 17,372 |

Espaço Criança Esperança, Obras Sociais Pavonianas and Querubins, in the capital of Minas Gerais.

Participants of MRV Volunteers also conducted, in the year, commemorative activities, history telling, book reading, children’s godfather/godmother initiative, among others, in the scope of Children’s Day, Do Good Day and Solidary Christmas, promoted in 20 cities of 12 states.

Education for Transformation

Another front of the MRV Institute is the Education for Transformation (Educar para Transformar) program, an annual public call for transformative projects, presented by non-profit entities and by individuals over 18 years of age, of which four are selected, funded, capacitated, and put into practice.

In 2017, the second public call had 845 proposals entered, which were assessed by an internal commission of 31 volunteers and then submitted to popular vote on the MRV Institute’s website. The winners (see below) received R\$70,000 each, in addition to monitoring and guidance related to management, sustainability and innovation, in the course of six months.

Earth’s Heart (Coração da Terra)

Another project developed by the MRV Institute is Earth’s Heart, which aims at training young people to develop manufacturing by means of natural sources from obtaining raw material to the execution of the final product. Thus, it allows significant change in quality of life and self-esteem of those involved.

The initiative was taken, in 2017, to the Miguilim Program, which for over 20 years has been a reference in assistance to children and adolescents in street situations, in Belo Horizonte (MG), involved in resocialization actions that contribute to their return to the family environment. Nine workshops with related subjects were held – mini garden, terrarium, ecological soap, composting, organic orchard, earth paint, bioconstruction and ceramics – and, at the end, an exhibition was held with all the work of the 140 young participants.

The MRV Institute also operates by means of partnerships with other institutions, support, sponsorship and donations – always with its own resources. See below the main actions on these fronts:

PARTNERSHIPS

| Project/action | Partner | Description |
|--|--|--|
| Educa Esporte | Basketball Federation of Minas Gerais | Serves the Querubins Project and benefits 160 children and adolescents from Vila Acaba Mundo and 86 of the Espaço Criança Esperança, in Belo Horizonte, with actions that combine education and sport. |
| Science and art workshops | Catalyzer Institute (Instituto Catalisador) | Conducted with state schools Silvio Xavier Antunes and Carlos Frederico Werneck Lacerda, in Pirituba, they impact 2,000 students. |
| Reuse action | Shredding | Transformation of uniforms used by MRV employees in school backpacks, which will be distributed in the Pirituba region in 2018. |
| Órbi Conecta | Banco Inter and Localiza | A collaborative space promoting innovation and entrepreneurship, in Belo Horizonte. |
| Reconstruction Project (Projeto Reconstruir) | Seconci and Cyrela Institute | Workshops on entrepreneurship, financial education and business plan to professionals who were made redundant from the construction industry, which impacted 225 people in Rio de Janeiro. |
| Fostering artistic production | Inimá de Paula Foundation | It seeks to insert Belo Horizonte in the national scene of major exhibitions and to enable educational visits for thousands of children. |
| Solidary Day | State of Minas Gerais | Serving institutions that work with children with a view to providing better quality of life and better teaching and learning conditions. |
| Support | Minas for Peace Institute (Instituto Minas pela Paz) | Maintenance of the Complaint Call Center service and execution of the Minas for Peace Football, of sports activity for adolescents outside school hours. |
| Knowledge to Care (Conhecer para Cuidar) and Come with us (Vem com a gente) Projects | Asas Produções | Made it possible for more than 9,000 young people and adults to develop an interest in knowing and caring for the Cultural Heritage of Humanity in Belo Horizonte and Pirituba. |
| Support | Adopt Institute (Instituto Adotar) | Lease of space for service of the support center for adoption and educational activities. |
| Support | Liberta Institute | Support for dissemination, in social networks, of actions to combat sexual exploitation of children and adolescents. |
| Human development | Oscip Mestres de Obras | Implementation of art workshops in worksites, with work done with waste in São Paulo. |

PATRONAGE

| Project/action | Beneficiaries | Description |
|-----------------------------|---|---|
| Improvement Actions | Leonardo Fernandes Franco Childcare Center (Creche Leonardo Fernandes Franco) | Renovation and expansion of the institution, which serves 200 children. |
| Pirituba Affective Adoption | Department of Education of the State of São Paulo | Renovation of State School Prof. Silvio Xavier Antunes, in Pirituba, benefitting 650 students. |
| Querubins Association | Servas | Consulting work focused on sustainable management and support in educational demands of the institution. |
| Renovation of facilities | Baleia Hospital | Replacement of the roof of the Maria Ambrosina unit, where the administrative headquarters, hemodialysis and dermatology of the health institution are located, which benefit approximately 600 people. |

SPONSORSHIP

| Beneficiaries | Description |
|------------------------------|--|
| Friends of Baleia | Fund-raiser dinner for improvement of the conditions of service to people admitted to the hospital. |
| Endeavor | Maintenance of the entity, with the objective of multiplying the number of high performance entrepreneurs and creating a better business environment for Brazil. |
| Brazil Foundation | Dinner to bring together donors and partners to support institutions and projects that benefit the Rio Doce region. |
| Santa Casa de Belo Horizonte | Fund-raiser dinner for improvement of the conditions of service to people admitted. |
| Ethos Institute | Holding the organization's conference in São Paulo. |

DONATIONS

| Beneficiaries | Place |
|--|---------------------|
| Cidade dos Meninos São Vicente de Paulo | Belo Horizonte (MG) |
| Recanto do Menor Child Care Center (Creche Recanto do Menor) | Belo Horizonte (MG) |
| Pirituba Sports Center | São Paulo (SP) |
| Tiradentes Cooperative | Tiradentes (MG) |

Benefits that are also internal

The MRV Institute also conducts two programs dedicated to the company's internal public. One of them is Right to Know (Direito de Saber), which offers legal guidance to professionals of the administrative office and worksites. Nine actions were carried out in 2017 with the participation of 18 volunteer lawyers, which benefitted 114 employees. The other one is called You son, Our future (Seu filho, Nosso futuro) which offers school material kits to the children of employees aged 6-14 years; in the year, it impacted more than 3,300 children and adolescents. Furthermore, the organization encourages professionals to adopt Solidary Lift (Carona Solidária), which was done, in 2017, by 82 people who, by offering lifts to colleagues, contributed to reducing the impacts of climate change.

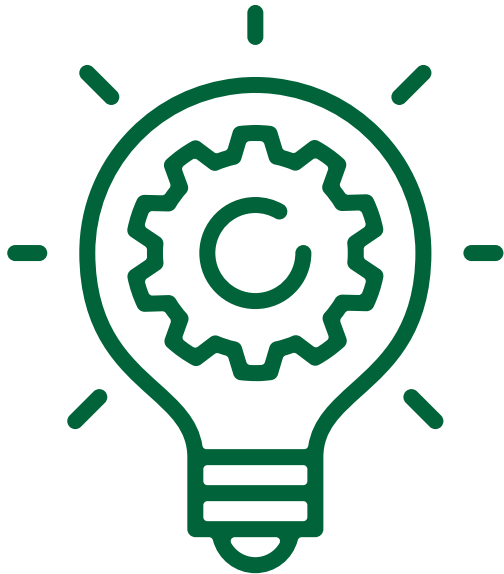




Quality and
environmental
solutions of the
enterprises







INNOVATION

Technological
and smart
solutions in the
developments

Innovation, at MRV, is directed at two fronts: improving customer experience and increasing productivity. The company researches and develops new materials and processes based on replication of best practices identified in worksites. The idea is also to automate procedures, wherever possible, for cost reduction, time gain and supply of qualified and sustainable products.

As examples we have the launches, in 2017, of the Eco, Bio and Premium lines, which added unprecedented solutions in the real estate sector. With sustainability as their essence, the residential units innovate in the type of construction finishing of real estate, in technological and intelligent solutions and in connectivity in common spaces, prepared to receive Wi-Fi and equipped with USB port, security system and photovoltaic energy generation. The design is also differentiated, with modern colors in the facades and sentry box with an ecological granite finish.

The concern also extends to reduction of consumption of natural resources by future residents. Buildings are provided with close-coupled toilet and dual flush system, which allow savings of up to 17 liters per use; boxes for reuse of rain water, which may be used in flushing for the party hall and reception or in irrigation of gardens; LED light bulbs, which are more economical; water flow reducing valve; bike storage stand; appropriate locations for selective waste collection; and presence sensors, that ensure energy savings, among other alternatives.

In 2017, 30% of all MRV projects were delivered with photovoltaic energy. The company's goal is to have 100% of the real estate units with the solution in five years. To highlight its investments in this aspect, the company launched

in the year the MRV campaign: Our Message (Nosso Recado), a video displayed on closed TV and on social media that shows focus on clean, infinite and abundant energy throughout the country. The campaign places the construction company as the first in Latin America to invest in photovoltaic solar energy on a large scale.

The belief in this solution is expressed in the installation of the photovoltaic solar energy tree – the second in the country – in the entrance to the company’s headquarters, in Belo Horizonte. Similar to a palm tree, the tree is capable of recharging cell phones and provides free Wi-Fi signal to the public by means of a technique that captures solar radiation and transforms it into electricity.

In order to develop its business in a way that provides the **best experience to the customer**, MRV has a series of perception surveys and **considers the megatrends** indicated in committees in which it participates and in national and international trips for exchange of experiences. Thus, the fact **that most customers are young encourages the company to invest in connectivity, the greater longevity of Brazilians leads to study specific solutions, such as the installation of railings in bathrooms**, the use of sustainable resources seeks to ensure more quality for future generations and so on. The purpose is not to make a product for the customer, but the product the customer wants, which is another competitive advantage pursued by the company.

Building Information Modeling

MRV seeks to adopt innovative projects also in the planning and programming phase of works. One of them is Building Information Modeling – BIM, which should be fully installed by the end of 2019. BIM is a software program that works with 3D projects, closer



to the original than those usually designed, in 2D, and allows compatibility of all needs of works – electrical, structural, hydraulic, etc. – and detection of any problems still in the virtual phase.

Another advantage of the system is bringing closer planning and budget control, making it more agile and allowing the optimization of resources, which results in more efficiency and more assertive works. The first 100% BIM designs will be prepared in 2018 based on computerization of the entire stage of planning and control, in addition to other processes and delivery of keys – whose inspection and scheduling phases will be made by tablet.

Construction method

In addition to the corporate Innovation Committee, MRV has regional bodies for the same end, such as in Bahia, and also in the scope of the Building Technology Centre (CTE), in partnership with other companies. Thus, it seeks to be at the forefront of its industry, identifying new solutions, including abroad, to be added.

One example is the **concrete wall constructive method**. Adopted more intensely in the last few

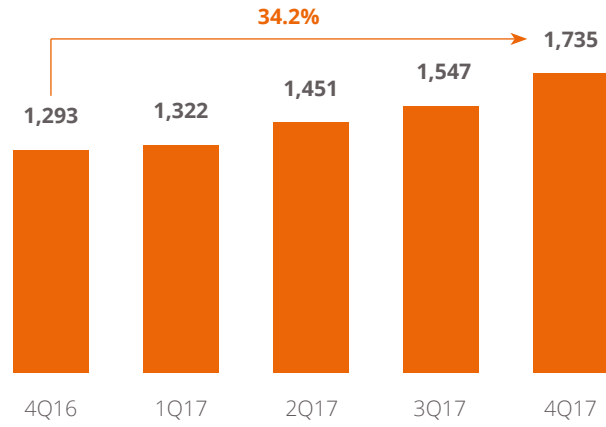
years, this method was used in 69% of the projects – 31% in structural masonry at the end of 2017, and by 2018 should be in 86% of the projects. In addition to **generating less waste**, the system **makes construction more agile and reduces mobilization of labor**: in 2007, 11 workers were needed to build an apartment/month, which number decreased, in 2017, to six (using the masonry method) and to three (“concrete wall” method). This allows the company to invest in a more specialized team and eliminate risks related to maintenance of large numbers of people in worksites, including lodged personnel. So much so that the intention is to reach a Productivity Index (PI) of 2.5 in the “concrete wall” construction method. The indicator shows how many people are needed to produce one unit, i.e. the lower the better. With respect to the methodology’s cost, after initial investment in molds, organization of appropriate logistics and labor training, it is even more competitive than the traditional format.

OPERATING PERFORMANCE

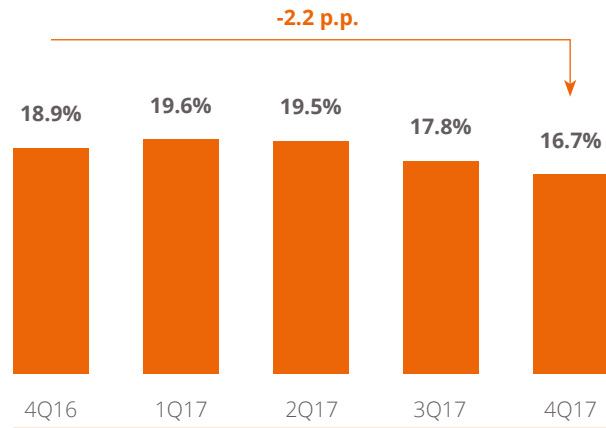
The year 2017 was marked by continuous growth of launches and sales, which reached, respectively, R\$5.6 billion and R\$6.1 billion. The results reflect the company’s ability to execute its strategy.

As a consequence, net profit reached R\$653 million, 17.3% higher than in 2016. In the fourth quarter of the year, the company reached the highest level of Return on Equity (ROE) of the last three years, driven by increased revenue, improvement of gross margin and dilution of SG&A expenses. It reached the fifth consecutive year of cash generation, maintaining investment in land and low level of indebtedness.

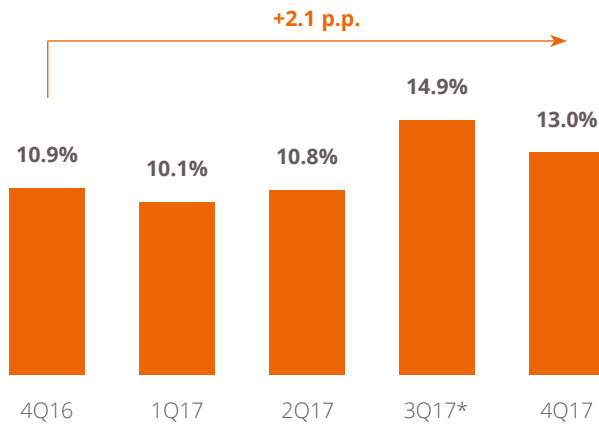
Gross sales (R\$ million)



SG&A/Net revenue



ROE (annualized)



* 3Q17: INCLUDES EARNINGS OF R\$46.5 MILLION DUE TO CAPITALIZATION DA LOG.

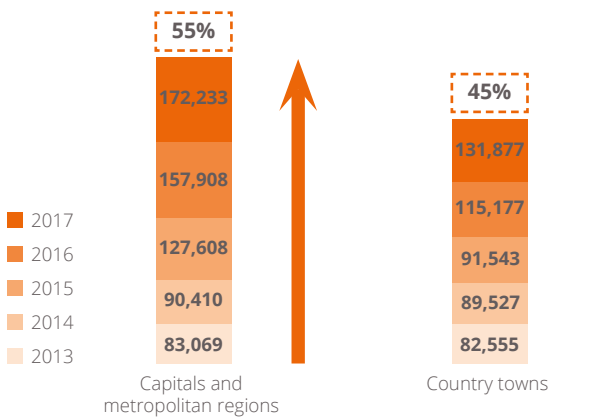


Investment in land bank

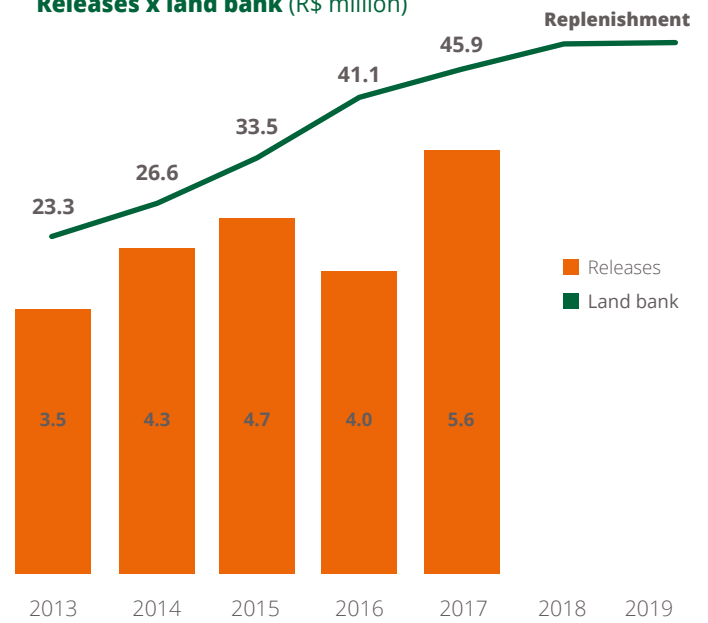
The volume, quality and dispersion of land bank provide the company with a greater competitive advantage, which, in 2017, increased its presence in capitals and metropolitan regions where most of the housing demand and low supply are concentrated. The growth of investment in land bank was accompanied by an increase in launches and sales. The process of

legalization of this portfolio continues to advance and increase the potential of launches.

Evolution of land bank in capitals and MRs (units)



Releases x land bank (R\$ million)

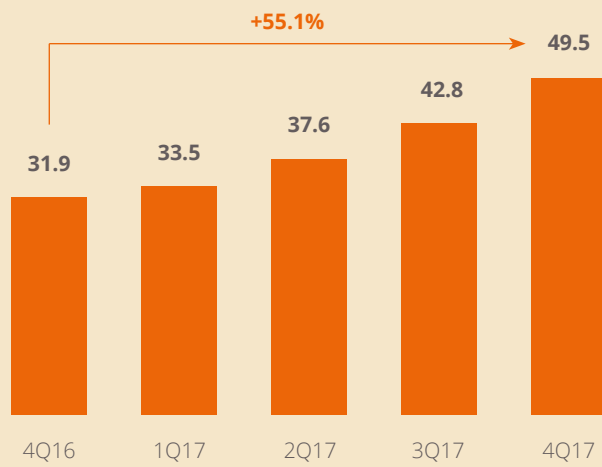


Project 50,000

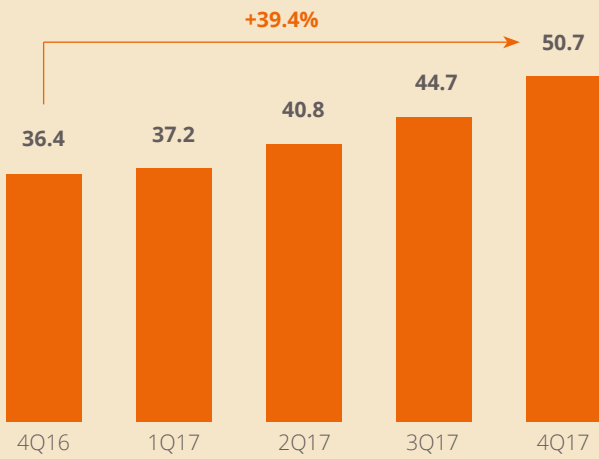
As projected, MRV reached annual amounts of sales and launches at the level of 50,000 units, and was able to expand operations efficiently, with increasing gross margin, dilution of SG&A expenses, investments in land, technology and back office dimensioning, maintaining cash generation and low level of indebtedness.

Project 50,000 (100% - units)

Releases (annualized)

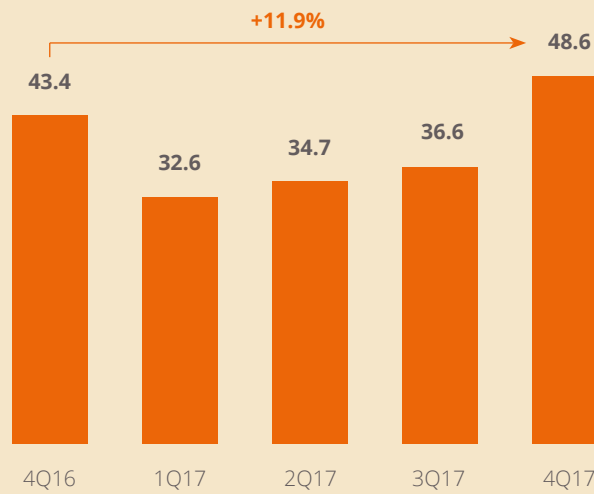


Sales (annualized)



Project 50,000 (100% - units)

Units concluded (annualized)



ECONOMIC AND FINANCIAL RESULTS

103-2 | 103-3: Economic performance

The year ended with gross margin of 33.9%, an increase of 1.1 percentage point compared to the previous period. The performance of projects is at an appropriate level and with low discrepancy among them, which will contribute to maintenance of margins.

The higher efficiency in SG&A expenses was also maintained, which contributed to dilution. The nominal increase of commercial expenses was a reflex of the higher volume of sales and payment of commissions, while the increase in SG&A expenses translates the adjustment of provision of Profit Sharing (PLR) resulting from the achievement of targets.

The 40% increase of Ebitda, in turn, stems from evolution of the company's operating income, with gross margin elevation, higher level of revenue and control of SG&A expenses.

At the end of 2017, MRV's indebtedness was R\$3,472 million, fully denominated in Brazilian Reais, indexed mainly based on the variation of the Interbank Deposit Certificate and the reference

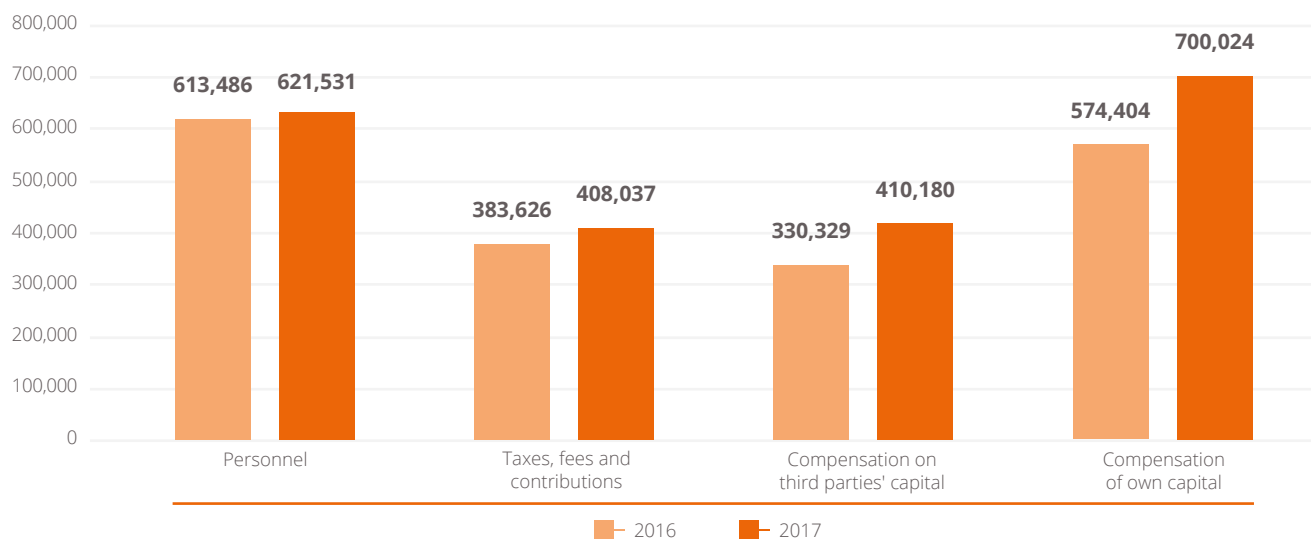
rate. The company actively seeks the elongation of the debt profile and, in due course, it may make issuances with longer maturities and adequate costs.

| Financial indicators (R\$ million) | 4Q17 | 3Q17 | 4Q16 | Var. 4Q17 x 3Q16 | Var. 4Q17 x 4Q16 | 2017 | 2016 | Var. 2017 x 2016 |
|--|--------------|--------------|--------------|------------------------|------------------------|--------------|--------------|------------------------|
| Net operating revenue | 1,350 | 1,212 | 1,046 | 11.4% ↑ | 29.1% ↑ | 4,669 | 4,167 | 12.0% ↑ |
| Financial income allocated to net revenue | 22 | 33 | 21 | 32.9% ↓ | 6.7% ↑ | 91 | 82 | 10.7% ↑ |
| Total net operating revenue | 1,372 | 1,245 | 1,067 | 10.2% ↑ | 28.7% ↑ | 4,760 | 4,249 | 12.0% ↑ |
| Financial cost allocated to CVM | 55 | 45 | 35 | 21.7% ↑ | 58.3% ↑ | 176 | 140 | 25.4% ↑ |
| Gross profit | 462 | 424 | 357 | 8.9% ↑ | 29.6% ↑ | 1,612 | 1,393 | 15.7% ↑ |
| Gross margin (%) | 33.7 | 34.1 | 33.4 | 0.4 p,p, ↓ | 0.2 p,p, ↑ | 33.9 | 32.8 | 1.1 p,p, ↑ |
| Commercial expenses | (144) | (139) | (133) | 3.6% ↑ | 8.3% ↑ | (550) | (499) | 10.3% ↑ |
| Commercial expenses/ROL (%) | 10.5 | 11.2 | 12.5 | 0.7 p,p, ↓ | 2.0 p,p, ↓ | 11.6 | 11.7 | 0.2 p,p, ↓ |
| Commercial expenses/Sales contracted (%) | 8.3 | 9.0 | 10.3 | 0.7 p,p, ↓ | 2.0 p,p, ↓ | 9.1 | 9.5 | 0.4 p,p, ↓ |
| General and administrative expenses | (85) | (82) | (69) | 4.4% ↑ | 23.0% ↑ | (320) | (287) | 11.2% ↑ |
| G&A expenses/ROL (%) | 6.2 | 6.6 | 6.5 | 0.3 p,p, ↓ | 0.3 p,p, ↓ | 6.7 | 6.8 | 0.0 p,p, ↓ |
| G&A expenses/Sales contracted | 4.9 | 5.3 | 5.4 | 0.4 p,p, ↓ | 0.4 p,p, ↓ | 5.3 | 5.5 | 0.2 p,p, ↓ |
| Equity method | (3) | (12) | (16) | 78.7% ↓ | 84.6% ↓ | (33) | (63) | 47.9% ↓ |
| Ebitda | 269 | 273 | 160 | 1.3% ↓ | 68.2% ↑ | 892 | 637 | 40.0% ↑ |
| Ebitda margin (%) | 19.6 | 21.9 | 15.0 | 2.3 p,p, ↓ | 4.6 p,p, ↑ | 18.7 | 15.0 | 3.7 p,p, ↑ |
| Net profit | 180 | 202 | 142 | 10.9% ↓ | 27.1% ↑ | 653 | 557 | 17.3% ↑ |
| Net margin (%) | 13.1 | 16.2 | 13.3 | 3.1 p,p, ↓ | 0.2 p,p, ↓ | 13.7 | 13.1 | 0.6 p,p, ↑ |
| Profit per share (R\$) | 0.408 | 0.458 | 0.321 | 10.9% ↓ | 27.0% ↑ | 1.48 | 1.26 | 17.2% ↑ |
| ROE (12 months) | 12.2 | 11.7 | 11.1 | 0.6 p,p, ↑ | 1.1 p,p, ↑ | 12.2 | 11.1 | 1.1 p,p, ↑ |
| ROE (annualized) | 13.0 | 14.9 | 10.9 | 1.9 p,p, ↓ | 2.1 p,p, ↑ | 13.0 | 10.9 | 2.1 p,p, ↑ |
| Gross revenue of sales to be appropriated | 2,416 | 2,177 | 2,059 | 11.0% ↑ | 17.3% ↑ | 2,416 | 2,059 | 17.3% ↑ |
| (-) Cost of units sold to be appropriated | (1,395) | (1,252) | (1,225) | 11.4% ↑ | 13.9% ↑ | (1,395) | (1,225) | 13.9% ↑ |
| Income to be appropriated | 1,021 | 925 | 834 | 10.4% ↑ | 22.4% ↑ | 1,021 | 834 | 22.4% ↑ |
| Margin of income to be appropriated (%) | 42.3 | 42.5 | 40.5 | 0.2 p,p, ↓ | 1.7 p,p, ↑ | 42.3 | 40.5 | 1.7 p,p, ↑ |
| Cash generation | 38 | 116 | 147 | 67.5% ↓ | 74.4% ↓ | 327 | 511 | 36.0% ↓ |
| Net debt (net cash) | 378 | 353 | 293 | 7.0% ↑ | 29.2% ↑ | 378 | 293 | 29.2% ↑ |
| Net debt/Total shareholders' equity | 6.5 | 6.1 | 5.4 | 0.4 p,p, ↑ | 1.1 p,p, ↑ | 6.5 | 5.4 | 1.1 p,p, ↑ |
| Net debt/Ebitda 12 months | 0.42x | 0.45x | 0.46x | 6.1% ↓ | 8.3% ↓ | 0.42x | 0.46x | 8.3% ↓ |

201-1

| Value Added Statement (VAS) | Consolidated (R\$ thousand) | |
|---|-----------------------------|-------------|
| | 2016 | 2017 |
| | Resubmitted | - |
| Revenue | 4,389,427 | 4,916,558 |
| Inputs acquired from third parties* | (2,668,043) | (2,986,604) |
| Gross value added | 1,721,384 | 1,929,954 |
| Depreciation and amortization | (41,577) | (49,186) |
| Net and produced value added | 1,679,807 | 1,880,768 |
| Value added received in transfer | | |
| Result of the equity method (a) | (63,407) | (33,049) |
| Financial revenues | 285,445 | 292,053 |
| Value added to distribute | 1,901,845 | 2,139,772 |
| Distribution of value added | 2016 | 2017 |
| Personnel | 613,486 | 621,531 |
| Taxes, fees and contributions | 383,626 | 408,037 |
| Compensation on third parties' capital | 330,329 | 410,180 |
| Compensation of own capital | 574,404 | 700,024 |
| Value added distributed | 1,901,845 | 2,139,772 |

* In the consolidated financial statements: (i) reclassification of capitalized interest balances, concerning affiliated and controlled entities together with the Company, from the "Real estate held for trading" account to "Investments", in accordance with OCPC 01 – Real Estate Development Entities, item 6, in the amount of R\$13,212 on December 31, 2016 (R\$11,438 on January 1, 2016); and (ii) reclassification of capitalized interest between short and long terms, in the amount of R\$228,139 on December 31, 2016 (R\$153,282 on January 1, 2016).



Compensation of third-party equity – amounts paid or credited to external equity financiers.
 Compensation of equity – amounts related to the compensation attributed to members and shareholders.



COMMUNITY BENEFITS

103-2 | 103-3: Indirect economic impacts |
Local communities 413-1 | 413-2

Various **resources adopted by MRV directly benefit residents of its residential complexes**, in accordance with the **concept of sustainable housing**. An example is **photovoltaic solar power** – already installed in 17,000 enterprises – and **Green IPTU**, in which the company seeks, by means of partnerships with city halls, exemption of part of the real estate tax of its customers as compensation.

Negotiations to this purpose were conducted in 22 cities, in which the enterprises must comply with municipal legislation, which varies for each municipality, but it has factors in common as a principle, such as sustainable water management, energy efficiency and alternatives, sustainable design, reduction of Greenhouse Gas (GHG) emissions, among others. The benefit must be renewed annually, and the amount of the discount varies according to compliance with the requirements requested. In Curitiba (PR), the discount is already in force at Parque Challet, whose residents have a 50% discount in the tax due to maintenance by the company of a preserved forest area.

Another initiative that the company intends to extend to its residential enterprises is the installation of photovoltaic power trees for charging of mobile phones. The next tree is planned to be installed at Reserva Paulista’s square, an enterprise located in Pirituba.

The neighbors of works and municipalities in which the company operates are also benefitted by the actions of MRV, which, in 2017, **invested more than R\$223 million in urbanization projects**, of which around 62 million in **infrastructure and street paving services**. Examples of such investment are Complexo Cachoeira, in Betim, where R\$9.6 million were invested in construction of bridges and streets; the construction of roads in Urbanização dos Cantos II, in Campinas, which required

R\$6.2 million; and road paving at Urbanização Reserva Real, in Ribeirão Preto, which involved R\$5.4 million.

MRV also invests in water, **sewage and drainage networks** (more than R\$61.8 million in 2017, 55% of works concentrated in the State of São Paulo) and in school units and **child care centers**, whose executions amounted to R\$6.9 million in the year. See the balance of investments in the tables below: **203-1**

| Investment by State | Amounts recorded (R\$) |
|---------------------|------------------------|
| São Paulo | 107,673,419 |
| Minas Gerais | 32,816,810 |
| Rio de Janeiro | 23,903,468 |
| Bahia | 12,808,809 |
| Paraná | 12,397,100 |
| Rio Grande do Sul | 7,231,313 |
| Mato Grosso | 4,594,855 |
| Goiás | 3,976,470 |
| Santa Catarina | 3,529,910 |
| Espírito Santo | 3,499,063 |
| Ceará | 3,198,899 |
| Pernambuco | 2,442,106 |
| Maranhão | 1,661,815 |
| Mato Grosso do Sul | 1,324,553 |
| Rio Grande do Norte | 751,517 |
| Alagoas | 531,034 |
| Piauí | 373,949 |
| Paraíba | 358,016 |
| Sergipe | 287,554 |
| Total | 223,360,660 |

Also in the year, in partnership with Seconci-Rio, MRV developed the Solare Vizinho do Bem project with the objective of improving the quality of life of communities surrounding the Reserva Solare enterprise, which is being built in São Gonçalo, in Rio de Janeiro. After the communication process with residents of the region started, digital inclusion workshops, known as the Muro Limpo project, training for professional painters and socio-educational campaigns, in addition to installation of library, were conducted.



In line with its commitment with proximity to customers, MRV also offers the benefit called Rewarded Referral [Indicação Premiada], in which, for each referral of a new buyer made by a customer, the customer receives a credit in the amount of up to R\$1,000 in the Sodexo card.

Works are required to be preceded by volunteer investment in the neighborhood, by MRV, in road infrastructure, landscaping and sanitation. The sector responsible for these actions is the Commercial sector.

There are funds allocated for the implementation of sustainable actions in the neighbourhood in all works. Allocated in the scope of PEP Sustainability, the funds are used in projects such as Dengue Day (vaccination campaign), Environment Week (tree planting and beach cleaning). There is also a communication channel with the community and neighbours, published in the sustainability report and in social networks: comunidade@mrv.com.br // sustentabilidade@mrv.com.br // confidential channel.

ENVIRONMENTAL BENEFITS

A demonstration of MRV's commitment with reduction of GHG emissions was the achievement of the A- grade in the Carbon Disclosure Program (CDP)

for performance and transparency in relation to climate change. The company was the only one in its industry to receive this score, together with seven other Brazilian companies, among 4,500 companies registered. There was also a case on training and management in the small suppliers chain by means of the Uniethos program, presented at the Ethos 360 Conference, held in Rio de Janeiro, and MRV presented a panel at the entity's event in São Paulo on the photovoltaic power project in its enterprises.

In order to narrow ties with academy, the company optimized the Open Doors (Portas Abertas) action, in which students participate in guided visits to worksites to learn about not only the production processes, but also the focus on sustainability, which covers environment, innovation, waste management, climate change and sustainability seals contemplated by the company.

In 2017, the action promoted the planting of 181,366 trees, which means 66,000 (or 58%) above the target provided for the period, which was 115,000. Since 2010, 1 million trees have been planted by the company, a total of 550 thousand tons of CO₂ removed from the atmosphere, which corresponds to:

- CO₂ emissions of 1,695,656 passengers flying between Rio and São Paulo.
- CO₂ emissions to drive 529,679,622 km by car.
- CO₂ emissions of 1,378 car trips equivalent to the distance between Earth and the Moon.
- CO₂ emissions of 94,976 car trips between Oiapoque (northernmost point in Brazil) and Chuí (southernmost point in Brazil).
- CO₂ volume absorbed by trees in an Atlantic Forest area of the size of 28 football fields.

The company also adopted Climas, a management platform for environmental indicators, such as GHG, waste, water and energy. The idea is to

use technology to control eco-efficiency management, as the tool facilitates data governance, allows automation of calculations and provides strategic information for operation aligned with sustainability.

Reduction and optimization of materials consumption 103-2 | 103-3: Materials

Despite adopting, in its works, some materials from recycling, such as ecological granite, MRV focuses on reuse. It maintains partnerships with six recycling entities in various municipalities to adequately allocate materials that can no longer be used. One of such entities is Coorlas, in Rio Grande do Sul, which, with only four months of partnership, resulted in a 40% reduction in the cost with dumpsters and disposal, in the Alameda dos Cristais enterprise.

All sites are equipped with boxes for storage of waste and in some of them there are bags to facilitate transportation of the material to partner cooperatives.

Moreover, the company makes efforts to have its large suppliers commit to the practice of reverse logistics. As a result of this work, it has entered into a contract, which is in force nationally, with companies that provide toners. In some municipalities, such as São Paulo, the practice is also applied to blocks waste – that return to production – and wood pallets in good state, reused for transportation of material.

The Sustainable Business Network [Rede de Negócios Sustentáveis] project, launched as a pilot in the previous year to allow the offer on online platform of material resulting from works, was replaced in 2017 by agreements with dumpsters suppliers so that they buy reusable or recyclable materials, such as carton, at a price lower than market price. In this system, the company no longer pays the cost of collection and also receives for the material discarded. The supplier, in turn, is benefited in so far as it pays less for the material and resells it, subsequently, at market value.

Materials used by weight/volume 301-1

| Nature | Description | Measurement unit | Amount |
|---------------|---------------------------|------------------|---------------|
| Non-renewable | Sand | Cubic meter | 283,160.22 |
| Non-renewable | Mortar | Kilogram | 26,703,863.97 |
| Non-renewable | Ceramic tile | Square meter | 933,852.34 |
| Non-renewable | Concrete block | Unit | 29,949,90.18 |
| Non-renewable | Cement | Ton | 30,785.06 |
| Non-renewable | Ready-mix concrete | Cubic meter | 758,674.70 |
| Non-renewable | Sanitary appliances | Unit | 162,555.72 |
| Non-renewable | Crushed rock | Ton | 478,031.64 |
| Non-renewable | Ceramic floor | Square meter | 992,798.36 |
| Non-renewable | Electricity meter boxes | Unit | 24,502.57 |
| Non-renewable | Fibro cement roofing tile | Kilogram | 4,938,513.67 |

| Nature | Description | Measurement unit | Amount |
|---------------|---------------------------------------|------------------|---------------|
| Non-renewable | Texture | Kilogram | 8,256,113.01 |
| Non-renewable | Tube, stave and precast concrete ring | Meter | 70,357.14 |
| Non-renewable | Normal sewage PVC pipe/connection | Unit | 3,390,466.78 |
| Renewable | Electrical cable | Meter | 16,933,776.97 |
| Renewable | Aluminum window | Unit | 175,775.25 |
| Renewable | Laminated floor | Square meter | 453,004.65 |
| Renewable | Door | Unit | 184,341.90 |
| Renewable | Steel rod/screen | Kilogram | 20,372,907.66 |

Waste generation and management 103-2 | 103-3: : Effluents and waste

The “concrete wall” construction method, expanded in 2017 to about 69% of the enterprises, impacted strongly and positively the generation of waste – an aspect that has been monitored for more than three years by the company. Only in 2018 will it be possible to segregate the size of this impact in relation to measures that have already been adopted in the same direction.

| 306-2 – Total waste weight, broken down by type and method of disposal | | | | |
|--|------|------------------------------|------------------------|--|
| | 2015 | 2016 | 2017 | Waste type |
| Reuse | - | - | 614 m ³ | Clean debris (concrete and cement), wood floor, metal, paper and plastic |
| Recycling | - | - | 93,562 m ³ | |
| Landfill | - | 372,020 m ³ | 251,300 m ³ | |
| Others (specify) | | 0 | 11,009 m ³ | Reverse logistics |
| Total volume | | 345,994 m³ | | |

| Hazardous waste weight by method of disposal | | | | |
|--|------|----------------------------|----------------------|---------------------|
| | 2015 | 2016 | 2017 | Waste type |
| Landfill | | | 4,450 m ³ | Industrial landfill |
| Total weight | | 4,450 m³ | | |

MRV generates a small quantity of Class D waste (hazardous), informed in the Civil Construction Waste Management Program (PGRCC), in progress in each worksite, which includes estimation of waste generation at the beginning of works.

Water management 103-2 | 103-3: Water

Water consumption is one of the aspects that integrate the Austerity Program, controlled directly by the Office of the Chairman, whose indicator considers the book cost, excluding taxes and fees, divided by the number of units produced. In 2017, the result reached 362.11, 27% higher than the 292.03 obtained in the previous year, i.e. contrary to the 2% reduction target of consumption per unit. As the production index remained at the same level, in comparison, the explanation comes from tariff adjustments applied by various concessionaires in the country. From 2018, the company should have established a system for calculation of the water consumed by volume. **CRE-2**

The volume of water withdrawn by source totaled, in the year, 23,709,028 m³, 19.8% higher than in the previous year, because the information from water trucks and reused water was only recorded in 2017.

| Total volume of water withdrawn by source (m³) 303-1 | | |
|---|-------------------|-------------------|
| | 2016 | 2017 |
| Surface waters, including wetlands, rivers, lakes and oceans | 9,595,140 | 10,562,619 |
| Rainwater collected daily and stored by the company* | - | 742,698 |
| Municipal water supply or other public or private water supply services | 10,189,573 | 12,403,711 |
| Total | 19,784,713 | 23,709,028 |

* ACCOUNTING STARTED IN 2017.

Energy consumption 103-2 | 103-3: Energy

As is the case with water consumption, electricity consumption is calculated at cost, which, in the year, decreased by 7% (from R\$7.8 million in

2016 to R\$7.3 million), with a 2% target, because of owned generators installed in large part of works due to the long time it takes concessionaires to open negotiations for the marketing of electricity in regional groupings (macros). The 2018 target is to reduce the amount by 2% not only with the continuity of installation of generators in locations where the costs are more significant, but also by means of agreements with the largest power concessionaires with which the company works, within the scope of the Distributed Generation Project, still in structuring phase. **302-1**

GHG emissions 103-2 | 103-3: Emissions

The goal of reducing GHG emissions by 1% in the year, compared with 2016, was not achieved precisely due to the fact that the company adopted generators in some worksites, which are diesel-powered – which directly impacts emissions of scope 1.

Emissions control is made by specific software, automatically integrated every month to MRV's computerized management system. The process allowed improvement of the flow of information and accounting of built units and helped in reduction of errors, which impacted the database and the result in relation to the target.

Furthermore, managers and professionals in various areas, such as Commercial, use fuel vouchers to fuel their vehicles and, in the year, based on quality comparative analysis, the voucher prioritized use of a higher percentage of gasoline, whose price was higher. The company has already been promoting a study to replace fuel with biodiesel or ethanol, but this involves complex cost surveying work in different regions of the country, which may make change in 2018 difficult.

305-1 – Direct emissions of Greenhouse Gases – Scope 1

Direct gross emissions (Scope 1) in metric tons of CO₂ equivalent

| Direct gross emissions (Scope 1) | 2016 | 2017 |
|---|------------------|------------------|
| CO ₂ | 7,898.86 | 17,118.38 |
| CH ₄ | 4,672.63 | 4,542.30 |
| N ₂ O | 343.08 | 2,719.12 |
| HFCs | 1,882.27 | |
| Total | 14,796.85 | 24,379.81 |

305-2 – Indirect emissions of Greenhouse Gases – Scope 2

Indirect gross emissions (Scope 2) in metric tons of CO₂ equivalent

| Indirect gross emissions (Scope 2) | 2016 | 2017 |
|---|-----------------|-----------------|
| CO ₂ | 3,252.26 | 2,556.78 |
| Total | 3,252.26 | 2,556.78 |

305-3 – Other indirect emissions of Greenhouse Gases – Scope 3

Indirect gross emissions (Scope 1) in metric tons of CO₂ equivalent

| Other gross emissions of Greenhouse Gases in metric tons of CO₂ equivalent (Scope 3) | 2016 | 2017 |
|--|-------------------|-------------------|
| CO ₂ | 180,963.19 | 206,272.20 |
| CH ₄ | 332.96 | 0.26 |
| N ₂ O | 1.20 | 11.04 |
| Total | 181,297.35 | 206,283.51 |

305-5 – Reduction of Greenhouse Gases emissions

| Emission reduction targets in tCO₂ | Total amount 2016 | Reduction target for 2017 (%) | Total amount in 2017 | Reduction target for 2018 (%) |
|--|--------------------------|--------------------------------------|-----------------------------|--------------------------------------|
| Scope 1 | 14,796.94 | 1 | 24,379.81 | 1 |
| Scope 2 | 3,252.26 | 2 | 2,556.78 | 2 |
| Scope 3 | 181,297.36 | None | 206,283.51 | None |



Customer relations and satisfaction







103-2 | 103-3: Customer health and safety | Labeling of products and services

In 2017, with 300,000 customers in its portfolio, MRV started a change in its positioning, from a company that has a relationship with customers to a company focused on customer experience. Internally, the new behavior was disseminated by means of engagement actions, such as the Executive Service Program, in which leaders visit customers to live part of their experience and identify gaps that may provide bases for improvements in processes. (Read more below, in Service Channels.)

Another movement in the same direction was the development of the My MRV (Meu MRV) application, which allowed customers to participate in the design since conception by means of one of the most current and innovative product and service methodologies, Design Thinking. Its content was developed based on field work in which a multidisciplinary team, supported by a consulting firm, approached customers and heard their needs, desires and perceptions. In a second stage, customers were brought together, and their accounts served as bases for the conception of the application, whose prototype was also tested with another group of customers and improved until launch. Through the application, My MRV, customers interact with Maria Rosa, a virtual assistant that uses artificial intelligence, and may clarify their doubts. From the end of April, when it was launched, to the end of December, there were more than 55,000 interactions with the robot, which led the company to plan the insertion of the same chat on Facebook in 2018. The channel strengthens the company's service network and serves one of its purposes, of 24/7 availability, which eliminates waiting lines that exist in common chats. In the process of searching for an identity for Maria Rosa, the objective was to have a bot with a more human language, going beyond presentation of segmented options for service.



CUSTOMERS

Customer's experience is the new positioning

The preparation of the design for planning of the macro-projects planned for the coming years was also innovative. The work, also supported by a partner company, involved more than 30 employees – from officers to assistants – of different profiles, who interviewed the presidents of the company and executives of the Commercial, Production, Shared Services, Marketing and Legal areas to identify the group's vision on MRV. Customers were involved for the company to once again hear about their experience from the time of purchase until after receipt of keys.

By means of the Viver MRV app, the technical assistance team is also closer to the building managers, who have several services to facilitate their management and will benefit from the inclusion of other features, such as scheduling of preventive maintenance for conservation of condominiums.

SERVICE CHANNELS

In 2017, MRV conducted the third stage of the Executive Service Program, whose objective is to promote engagement of senior leadership in the search for continuous improvements of processes, in order to offer the best experience to customers. Started in 2015, the initiative had already involved more than 130 company leaders, and other 129 executives signed up to participate in the new phase in the year.

The program started with executives answering calls in the company's call center. In 2016, they started to deliver keys to new residents and, in the third stage, officers and managers visited houses of customers who, for some reason, called for technical assistance in the last six months and had their demands resolved.



Another initiative for specific interaction is MRV Family Day, promoted in 2017 in three locations: Fortaleza (CE), Natal (NR) and Cuiabá (MT). This is a fraternization event in the leisure area of condominiums that includes both guidance on how to use spaces in an adequate manner and moments of fun and games with children.

The call center received 513,726 calls in the year, of which 96.57% were answered. Of the total, 83.17% corresponded to requests for information, and 77.8% of complaints received were addressed within five working days.

There is also MRV Answers (MRV Responde), available on the company's Facebook page, by means of which the public can send messages requesting information on products and services and check out the actions promoted by the company.

Two applications also reinforce the company's relationship: Viver MRV, with tips and guidance for building managers, and My MRV, which allows access to all progress of the works, payment slips, statements and other useful information.

CONVENIENCES 417-1

Improving customer experience includes offering benefits that strengthen the assertiveness of their choice for an MRV enterprise. Accordingly, the company promotes the Delivery of Dreams, a fraternization event among residents, who receive the Basic Manual for Homeowners, get to know the On-Line Manual, available in the Relationship Portal, on the company's website, and have access to the Sustainable Resident booklet, with information on recycling, water management, energy and sustainable actions. At the end of the event, they answer a satisfaction survey that serves as basis for improvement of processes, service and relationship actions.

Another solution is the My Decorated (Meu Decorado) project, available in the Relationship Portal, by means of which customers can rely on creative and sustainable decoration designs to inspire themselves, created by students and professionals from all over Brazil.

In 2017, the company launched MRV Plus [MRV Mais], which brings together, at the company's Relationship Portal (<http://relacionamento.mrv.com.br>), services such as MRV Decora, with decoration tips; My Decorated, with designs that can be replicated; and Mão na Roda, a platform that allows residents to offer their products

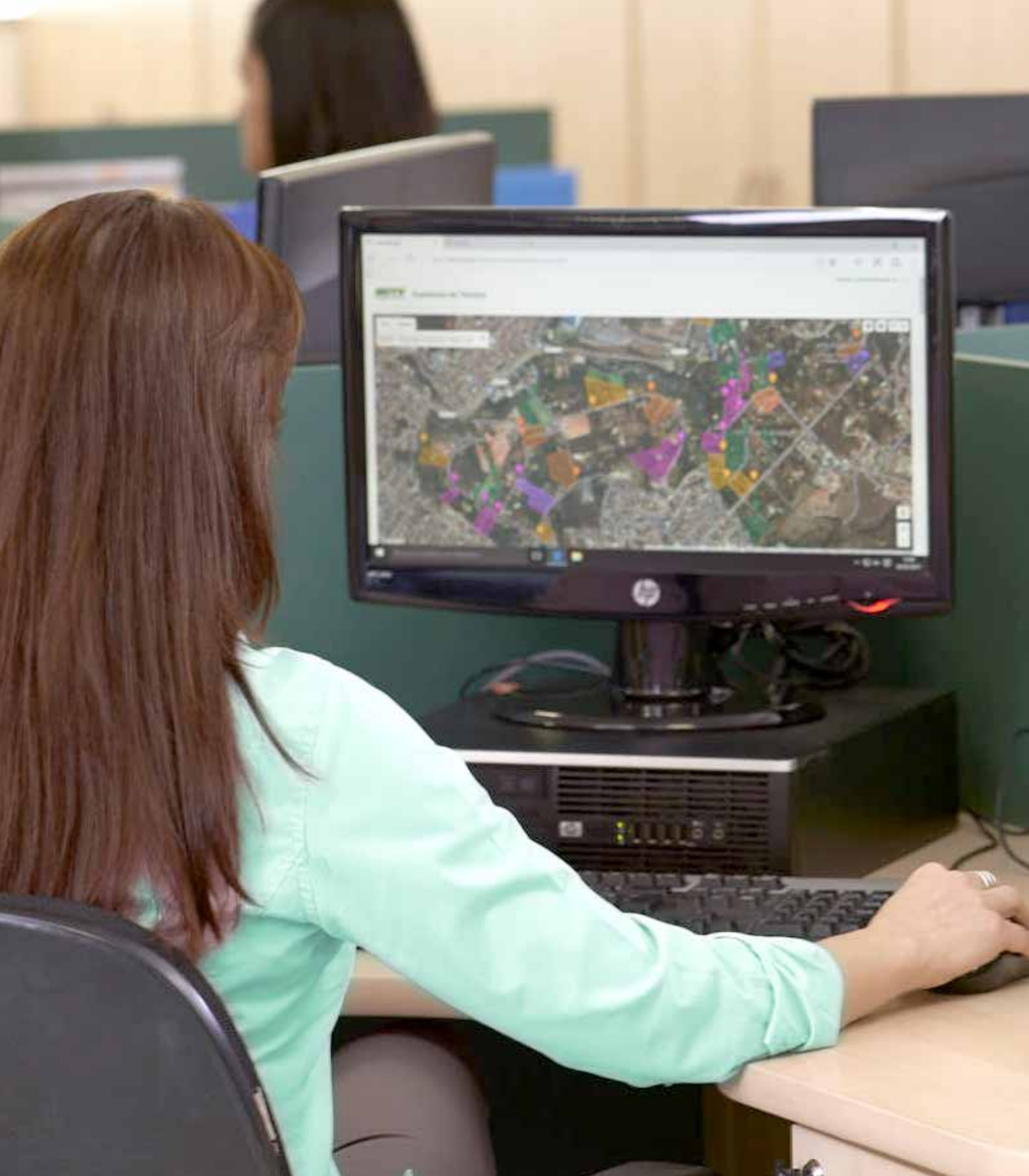
and services to neighbors, which facilitates life in shared spaces and helps in supplementation of income. One of the main attractions of the program, however, is the MRV Advantages Club (Clube de Vantagens MRV), an online shop that presents the best brands in the market, by means of which it is possible to acquire from appliances to furniture for apartments, with exclusive discounts.

CUSTOMER EXPERIENCE

There are several tools that allow MRV to verify the **level of satisfaction** of its customers. One of them is the survey conducted in the call center, which obtained **8.29** satisfaction score by people who were served and attributed a score at the end of the contact.

The surveys promoted with new residents at the time when they receive keys to the property, in turn, had an **89.91% index among those who, being satisfied, would recommend MRV to other people.**

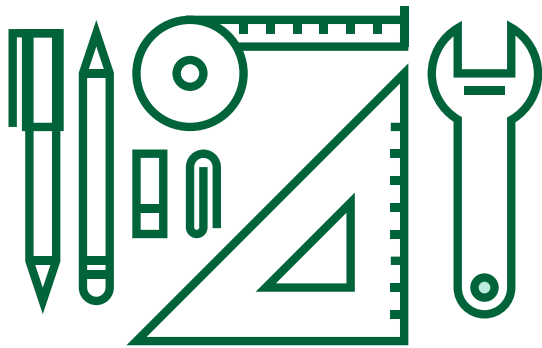
To minimize any conflict that may compromise the company's image and interfere with the satisfaction indices of its customers, the Legal area prioritizes conciliation in the scope of ongoing lawsuits. Accordingly, in 2017 it promoted 25 settlement campaigns with its customers in several states of the country, which resulted in satisfactory closure, for both parties, of 842 settlement. The initiative led the company to receive the Golden Seal of Company Friend of the Judiciary, from the Court of Justice (TJ) of the Federal District. For 2018, the great challenge is the achievement of the Pro-Ethics Seal, from the Ministry of Transparency and the Federal Comptroller General.



Supplier management







SUPPLIERS CHAIN

Good practices are encouraged throughout the production cycle

102-9 | 103-2 | 103-3: Procurement practices | Environmental evaluation of suppliers | Diversity and equal opportunities | Human rights evaluation | Social evaluation in suppliers

In 2017, MRV allocated R\$1.7 billion to 8.5 thousand suppliers of materials and services for worksites and administrative areas. From the total amount, 73% were directed to companies based on the same states in which the enterprises are located, which has been contributing to regional development. **204-1**

In order for suppliers to comply with the technical and legal requirements demanded by the company, several actions are undertaken. In the approval process, all are required to submit documents that demonstrate compliance with labor and environmental requirements, as well as compliance with specific qualification standards, which vary based on the services to be performed. In the qualification process, several training courses are promoted to reinforce the importance of meeting requirements and important clarifications are made as to the procedures for operation in worksites.

MRV's Code of Conduct is widely disclosed to suppliers, from the beginning of the relationship, and is described in contracts and available on the company's website. The contracts contain specific clauses regarding the Code of Conduct, the Anti-corruption Act, prohibition of child labor or labor analogous to slavery, among others related to human rights. **412-1**

On a monthly basis, suppliers receive a newsletter that seeks to disseminate and stimulate good practices related to sustainability. Since 2017, the information has also been sent to suppliers of suppliers, which reinforces the company's objective of expanding knowledge of sustainable practices throughout the supply chain.

SUPPLIER MANAGEMENT

A direct communication channel with the Supplies area (e-mail: sup.sustentavel@mrv.com.br) is also made available to send suggestions, comments or complaints that contribute to the improvement of business and the appropriate management of the environment.

Technology and innovation are aspects encouraged among suppliers, which often results in **positive joint experiences**. An example is what occurred in the city of São Paulo, **where some waste from the worksite**, such as dry mortar, concrete and concrete blocks, which would be deposited in dumpsters, started to be accumulated in specific containers of a

block supplier, who **returned them to its factory for reprocessing and reuse in the production process**. MRV obtained a reduction of costs with the lease of fewer dumpsters, and the supplier reduced its expenses with inputs, which also benefited the environment.

To ensure integrity in all stages of the relationship with suppliers, the Supplies area acts in close synergy with the Risk Management area, both in identifying procedural and documentary failures and any misconduct. In this case, joint investigations are conducted to clarify the facts and identify those involved and subsequent action.



At the same time, processes are constantly reviewed and improved to mitigate possible failures, not only within the scope of the Supplies area, but also involving all those that interact with suppliers and service providers. As a reinforcement of these practices, there is a system of accesses segregated by areas and functions, in which requests for services and materials go through different bodies for approval.

Furthermore, among employees in the Supplies area there is rotation in procurement portfolios, so that everyone can acquire experience in negotiation and procurement of materials and services and avoid excessive familiarity with suppliers. Suppliers, in turn, are encouraged to resort to the company's Confidential Channel whenever there is the slightest indication of an attempt to obtain advantages by any employee, of any area.

The process of qualification of services and materials includes the qualification of suppliers in environmental legal requirements during the selection process, with application of HSE qualification tables. They determine the environmental legal requirements applicable to the supplier and indicate their situation of compliance. These are the minimum requirements for the supplier to work with MRV. However, not all products and services are qualified, only those that have significant environmental aspects for the company's activity. In 2017, 76% of suppliers were covered by the qualifications of legal requirements. For the other 24%, environmental requirements do not apply. As to materials that demand environmental legal requirements, 100% of suppliers are served. **308-1**

MRV will begin next year the CDP Supply Chain Program, which allows companies to meet the demand for environmental information from different stakeholders by means of a single questionnaire, which avoids duplicity of efforts through a standardized

process of collection and systemization of information and evaluation and construction of indicators that guide investment decision and risk management. This project helps both customers and suppliers to expand knowledge and experiences in relation to climate change, management of water resources and deforestation.

On average, more than 50% of companies' emissions come from their value chain. In sectors such as retail and information technology, impacts are even more distributed, so that suppliers may represent more than 60% of the carbon emissions of an organization. Thus, emissions management throughout the value chain is necessary to protect and generate value for the business. The Supply Chain Program allows us to design strategies for engagement of suppliers by means of analysis of risks and opportunities associated with climate change and management of GHG emissions. It also provides a collaborative and innovative approach that contributes to the sustainable development of the value chain, an assistance to customers and suppliers to expand knowledge and experiences in relation to climate change and water management.



Another program, the Forest Stewardship Council (FSC), aims at presenting the set of actions coordinated by FSC Brazil that will support the development of suppliers with FSC certification in strategic locations for MRV with a view to reducing the risk of consumption of products without guaranteed origin. The company has a corporate policy for management of suppliers to ensure respect for human rights and compliance with environmental laws for wood products. To ensure compliance with this policy, targets for consumption of products with certified origin were established.

FSC Brazil submits the proposal to support the achievement of MRV's targets with respect to consumption of certified origin materials, acting in the development of suppliers that are capable of providing certification to the company as a guarantee of origin and responsible management. The institution will conduct the mapping, engagement and technical support so that suppliers may obtain FSC certification in the Chain of Custody category, which happens after forest management and involves the entire processing of the material until its final origin. At the company's request, FSC presents a proposal to support its objective, with mapping and engagement of suppliers, as well as a diagnosis of strategic locations. Thus, it promotes certification in the regions identified by MRV, in addition to aligning employees with respect to compliance with requirements and validation in purchases, which ensures responsible consumption indicated in the targets.

SUSTAINABLE PROCESSES

The initiatives and procedures of sustainable nature, as well as the stimulus to their multiplication, are disclosed by MRV in the Sustainable MRV section of its website (www.mrv.com.br). In dealing with suppliers, in addition to disclosing the channel, employees seek to stimulate the exchange of experiences.

In this direction, in 2017 the largest suppliers with national operation were surveyed regarding the manner in which they control their consumption of water, energy and fuel and what actions are adopted to reduce such consumption. From the descriptions, best practices were identified and disseminated among companies, in addition to awarding those who stood out in the aspects of sustainability: economic, social and environmental. The initiative will continue in 2018 and will also involve medium-sized and small-sized suppliers.

Another action in 2017 reached five service providers in São Paulo, involved in awareness-raising on subjects such as financial management, strategy and fight against corruption.

With the creation of the Compliance area, in the year, MRV sought to identify some risks related to the integrity of its suppliers, subjected to completion of a questionnaire that serves as basis for their classification based on risks: low, medium and high.

Suppliers classified with a high risk go through an integrity due diligence process that aims to seek evidence to serve as basis for MRV's level of exposure when maintaining commercial relations with them and allow the company to make a decision to discontinue dealings between the parties. As a result of this procedure, a large supplier was removed from the register for being politically exposed and for having in its management an officer indicted for corruption practices.

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|-----------------------------------|---|--------------|------------------|-------------|--------------|
| Anti-corruption | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 28 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 28 | | | |
| GRI 205: Anti-corruption 2016 | 205-1: Operations assessed for risks related to corruption | 29 | | 10 | 16 |
| | 205-2: Communication and training about anti-corruption policies and procedures | 29 | | 10 | 16 |
| | 205-3: Confirmed incidents of corruption and actions taken | 28 | | 10 | 16 |
| Environmental standards | | | | | |
| Materials | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 59 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 59 | | | |
| GRI 301: Materials 2016 | 301-1: Materials used by weight or volume | 59 | | 7, 8 | 8, 12 |
| Energy | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 61 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 61 | | | |
| GRI 302: Energy 2016 | 302-1: Energy consumption within the organization | 61 | | 7, 8 | 7, 8, 12, 13 |
| Water | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 61 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 61 | | | |
| GRI 303: Water 2016 | 303-1: Water withdrawal by source | 61 | | 7, 8 | 6 |

| Environmental standards | Standard | Pages | Omissions | UNGC | SDG |
|---|--|--------------|------------------|-------------|-------------------|
| Emissions | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 61 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 61 | | | |
| GRI 305: Emissions 2016 | 305-1: Direct (Scope 1) GHG emissions | 62 | | 7, 8 | 3, 12, 13, 14, 15 |
| | 305-2: Energy indirect (Scope 2) GHG emissions | 62 | | 7, 8 | 3, 12, 13, 14, 15 |
| | 305-3: Other indirect (Scope 3) GHG emissions | 62 | | 7, 8 | 3, 12, 13, 14, 15 |
| | 305-5: Reduction of GHG emissions | 62 | | 8, 9 | 13, 14, 15 |
| Effluents and waste | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 60 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 60 | | | |
| GRI 306: Effluents and waste 2016 | 306-2: Waste by type and disposal method | 60 | | 8 | 3, 6, 12 |
| Supplier environmental assessment | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 72 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 72 | | | |
| GRI 308: Supplier environmental assessment 2016 | 308-1: New suppliers that were screened using environmental criteria | 74 | | 8 | |
| Employment | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 36 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 36 | | | |

| Social standards | Standard | Pages | Omissions | UNGC | SDG |
|--|--|--------------|------------------|-------------|-------------|
| Employment | | | | | |
| GRI 401: Employment 2016 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 38 | | | |
| Labor/Management relations | | | | | |
| | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| GRI 103: Management approach 2016 | 103-2: The management approach and its components | 27 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 27 | | | |
| Occupational health and safety | | | | | |
| | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| GRI 103: Management approach 2016 | 103-2: The management approach and its components | 40 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 40 | | | |
| GRI 403: Occupational health and safety 2016 | 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | 41 | | | 3, 8 |
| Training and education | | | | | |
| | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| GRI 103: Management approach 2016 | 103-2: The management approach and its components | 39 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 39 | | | |
| GRI 404: Training and education 2016 | 404-1: Average hours of training per year per employee | 39 | | 6 | 4, 5, 8 |

| Social standards | Standard | Pages | Omissions | UNGC | SDG |
|---|--|--------------|---|-------------|-------------|
| Diversity and equal opportunity | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 27 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 27 | | | |
| GRI 405: Diversity and equal opportunity 2016 | 405-1: Diversity of governance bodies and employees | 30, 37, 38 | | 6 | 5, 8 |
| | 405-2: Ratio of basic salary and remuneration of women to men | | Compensation and benefits are granted in accordance with guidelines of the sector. There is no difference in salary by virtue of gender. | 6 | 5, 8, 10 |
| Freedom of association and collective bargaining | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 27 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 27 | | | |
| Child labor | | | | | |
| GRI 408: Child labor 2016 | 408-1: Operations and suppliers at significant risk for incidents of child labor | | The selection of suppliers follows legal criteria, such as prohibition of discriminatory practices, slave labor or child labor. Another determination provides that the company's employees and outsourced workers shall have the same working conditions, including food, accommodation and access to careful management of health and safety. In case of failure to comply with the law, contracts provide for penalties that include termination of the contract. In 2017, no violation of human rights or negative occurrence in relation to work practices was registered. | 5 | 8, 16 |

| Social standards | Standard | Pages | Omissions | UNGC | SDG |
|--|---|--------------|---|-------------|-------------|
| Forced or compulsory labor | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 27 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 27 | | | |
| GRI 409: Forced or compulsory labor 2016 | 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor | | The selection of suppliers follows legal criteria, such as prohibition of discriminatory practices, slave labor or child labor. Another determination provides that the company's employees and outsourced workers shall have the same working conditions, including food, accommodation and access to careful management of health and safety. In case of failure to comply with the law, contracts provide for penalties that include termination of the contract. In 2017, no violation of human rights or negative occurrence in relation to work practices was registered. | 4 | 8 |
| Human rights assessment | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 72 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 72 | | | |
| GRI 412: Human rights assessment 2016 | 412-1: Operations that have been subject to human rights reviews or impact assessments | 72 | | 1 | |
| Local communities | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 57 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 57 | | | |
| GRI 413: Local communities 2016 | 413-1: Operations with local community engagement, impact assessments, and development programs | 57 | | 1 | |
| | 413-2: Operations with significant actual and potential negative impacts on local communities | 57 | | 1 | 1, 2 |

| Social standards | Standard | Pages | Omissions | UNGC | SDG |
|--|--|--------------|--|-------------|-------------|
| Supplier social assessment | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 72 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 72 | | | |
| GRI 414: Supplier social assessment 2016 | 414-1: New suppliers that were screened using social criteria | | The social criteria guide the general conditions of supply signed by all suppliers. Furthermore, all requests for purchase issued refer, by means of a link, to such general conditions of supply. | 2 | 6, 8, 16 |
| Customer health and safety | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 66 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 66 | | | |
| GRI 416: Customer health and safety 2016 | 416-1: Assessment of the health and safety impacts of product and service categories | 100%. | | | |
| Marketing and labeling | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 66 | | 1, 8 | 1, 5, 8, 16 |
| | 103-3: Evaluation of the management approach | 66 | | | |
| GRI 417: Marketing and labeling 2016 | 417-1: Requirements for product and service information and labeling | 68 | | | 12, 16 |

| Social standards | Standard | Pages | Omissions | UNGC | SDG |
|--|---|--------------|---|-------------|------------|
| Sector disclosures – construction and real estate | | | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 61 | | | |
| | 103-3: Evaluation of the management approach | 61 | | | |
| CRE 2 | Building water intensity | 61 | | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 40 | | | |
| | 103-3: Evaluation of the management approach | 40 | | | |
| CRE 6 | Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system | | MRV has a Health and Safety Management System certified under the OHSAS 18001:2007 standard, scope "execution of construction works of buildings", which involves works throughout the national territory and the headquarters building and 100% of the workforce. The certification body Rina, Inmetro, conducts annual external audits for maintenance of the system. | | |
| GRI 103: Management approach 2016 | 103-1: Explanation of the material topic and its boundary | 6, 7 | | | |
| | 103-2: The management approach and its components | 50 | | | |
| | 103-3: Evaluation of the management approach | 50 | | | |
| CRE 8 | Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment | | Greenhouse Gases Emissions Inventory, audited externally by the Totum Institute (company accredited by Inmetro); report to the Brazilian GHG Protocol Program; report to ICQ2 B3; Report to the CDP, ISO 9001; ISO 14001; PBQP-H; OHSAS 18001; SA 8000 (to be implemented); MRV Green Works Seal; MRV + Green Seal; and Blue House Seal. | | |

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