



SUSTAINABILITY
REPORT

2017

INDEX

3 MESSAGE FROM THE PRESIDENT

5 AMAGGI

- 10 2017 Highlights
- 14 Global Positioning for Sustainability and 2025 Plan
- 16 Value chain
- 19 Certifications
- 23 Institutional commitments
- 30 Internal public
- 33 André and Lucia Maggi Foundation

35 BUSINESS AREAS

- 36 AMAGGI Commodities
- 39 AMAGGI Agro
- 42 AMAGGI Logistics and Operations
- 44 AMAGGI Energy

46 MATERIAL THEMES

- 54 Corporate Governance
- 60 Economic viability and shared value
- 63 Promoting sustainable agriculture in the grain chain
- 67 Logistics for grain outflow
- 71 Climate changes
- 77 Combating deforestation and biodiversity protection
- 80 Human capital development
- 87 Fair work practices, occupational safety and health and welfare
- 94 Supplier chain Management
- 99 Development of regions where it operates

105 ABOUT THE REPORT

- 106 GRI Content Index
- 111 Attachments
- 112 Credits

MESSAGE

from the President

GRI 102-14

We have many reasons to consider 2017 as a special period for AMAGGI.

It was when we celebrated our 40 years, passing from a company that was born small, in the state of Paraná, to one of the biggest companies of the Brazilian agribusiness. By the same time, we completed 20 years of the André and Lucia Maggi Foundation, a non-profit institution that coordinates AMAGGI's social investment, and 20 years of the Northwest Export Corridor, an enterprise that diversified and transformed our business by establishing a logistics route, connecting highways and waterways of Madeira and Amazonas rivers.

The year was also marked by the transition process in the top management of the company, based on our strategic plan: Waldemir Ival Loto, then AMAGGI CEO, was invited to compose the company's Board of Directors, leaving me the honor to take his place. After thirty years working for AMAGGI, I am proud to take the responsibility of leading this company and continuing its success story.

Among the challenges faced last year, one of the main important was to fulfill our business plan. With the market imposing lower margins in sales, besides the logistic conditions still far below



ideal, we find a very challenging scenario to maintain our plan, profitability and results. But AMAGGI has always worked with good strategic planning, with a cohesive team, engaged and focused on results. Even in the most difficult years, we seek alternatives to grow. In 2017 this was not different, and we were able to beat our volume goals.

Another important news in 2017 was the start-up of our credit and investment company, AMAGGI Serviços Financeiros (AMAGGI Financial Services), the first Mato Grosso financial institution in the segment. Although it has an independent organizational structure, it was born based on the same values that guided AMAGGI development throughout its 40 years.

For 2018 we have projected growth in our business plan, both in terms of sales volume and the use of second crop arable land to increase cotton production – a product that has expanded its importance inside AMAGGI over the last two decades.

The solidity of our business and the quality of our management allow us to celebrate achievements and face the challenges that arise in our journey. Regarding the tension that has occurred in the Brazilian economic and political scenarios, more and more organizations are being called to position themselves in front of issues of interest to society.

All things considered, we are pleased to share the actions carried out in the last year, continuing our mission of contributing to the development of agribusiness, respecting the environment and improving the lives of people and communities where AMAGGI is present.

To close this message, I cannot fail to thank all those who, directly or indirectly, have been contributing to us on this journey. In particular, I thank our employees whose work is the basis of our pursuit on business objectives and sustainable development.

GOOD READING!

Judiney Carvalho
CEO | AMAGGI



2017 was a special year for AMAGGI, which celebrated its 40th anniversary. To commemorate this milestone, the company launched several initiatives of engagement, developing a commemorative stamp that integrated all its pieces of communication throughout the year. The 20 years of the André and Lucia Maggi Foundation and the Northwest Export Corridor were also a reason for celebration, winning their own commemorative stamps.

All of AMAGGI's communications materials launched in 2017, including the 2016 Sustainability Report, had their layout guided by the company's anniversary celebrations. In July, the magazine Contato com a AMAGGI (Contact with AMAGGI) launched a commemorative edition, with special material telling the life of the employees who, throughout these decades, have been participating in the company story.

The celebrations marked April in a special way, when the posthumous tribute to AMAGGI founder takes place, with the exhibition of a video about the company's 40 years. From an extensive research work of the company's Corporate Memory sector, unpublished images from AMAGGI first years were rescued and shared with the public.

To conclude the year, the video Conquistas (Achievements) brought the motto "40 reasons to celebrate", inviting employees to highlight the most significant achievements of the company throughout 2017.



GRI 102-1, GRI 102-4

Founded in 1977, AMAGGI has been expanding its operations over the last four decades to all regions of Brazil, and today it has crossed national boundaries, with presence in Argentina, Paraguay, the Netherlands, Norway, Switzerland and China. Through four business areas – Commodities, Agro, Logistics and Operations, and Energy – it operates in an integrated and synergistic manner throughout the agribusiness chain: from the origination and commercialization of grains and inputs to port fluvial transport operations, through production and commercialization of electric energy.

AMAGGI is also structured in the social area, with a Private Social Investment Policy that guides the application of resources in the localities where it operates. Always in accordance with the provisions of this policy, the company makes the transfer of financial resources so that the André and Lucia Maggi Foundation can manage its projects, guided by the vision of “transforming people and communities for sustainable development.”

Through its operations, AMAGGI not only confirms its position among the main exporters in Brazil, but also highlights the fact that it has won this place with responsibility, respect for its partners and communities where it is present. Thus, it assumes its role as a company that grows along with society, working for sustainable development.





IN BRAZIL

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|--|---|---|---|
| <ul style="list-style-type: none"> A Brasnorte B Diamantino C Ipiranga do Norte D Matupá E Novo Horizonte F Nova Mutum G Nova Ubiratã H Paranatinga I Primavera do Leste J Santa Rita do Trivelato K São José do Xingu L Tapurah M Vera | <ul style="list-style-type: none"> N São Félix do Araguaia O Campos de Júlio/AGD P Sapezal | <ul style="list-style-type: none"> Q Rondonópolis R Sorriso S Água Boa T Confresa U Tangará da Serra V Comodoro | <ul style="list-style-type: none"> Headquarters Plant Joint Venture Commercial Office Farm Warehouse Port Terminal Shipyard Small Hydroelectric Power ISO 14001 Certification Fluvial Corridor Highway Railroad |
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INTERNATIONAL PRESENCE



GRI 102-16

MISSION

Contribute to the development of agribusiness, adding values, respecting the environment and improving the life of communities.

VISION

Be a reference company in sustainable development.

VALUES



INTEGRITY
Be ethical, fair and consistent with what you think, talk and do.



RESPECT FOR THE ENVIRONMENT
Be a reference in socio-environmental management.



SIMPLICITY
Concentrate on the essential, encouraging agility and bureaucracy.



HUMILITY
Demonstrate respect for all people while maintaining common sense in professional and personal relationships.



PARTICIPATIVE MANAGEMENT
Encourage participation by promoting recognition and professional growth by engaging people in key business processes.



COMMITMENT
"Vestir a camisa" (Wear the shirt). To have passion and pride for the work and to strive for the success of the company.



INNOVATION AND ENTREPRENEURSHIP
Keep in the organization creative, participative, daring, talented and enthusiastic people that make the difference in the competitive market.



RESPECT FOR PARTNERS
Cultivate good commercial relations, keeping the commitment to be a company admired and respected by all.

Articulating with the Company’s Mission, Vision and Values, AMAGGI has developed its Global Sustainability Positioning. Detailed in the chapter “Global Positioning of Sustainability and 2025 Plan”, with it the company seeks to unify its socio-environmental performance and deepen the synergy of its operations around the world.


HIGHLIGHTS

2017




US\$ 384 million in asset investment¹.

1 – AMAGGI considered in this calculation only the units of which it has full shareholding control.



US\$ 4,43 billion annual revenue.



Succession in the presidency - Waldemir Ival Lotus handed over the Executive Presidency to Vice President Judiney Carvalho.



AMAGGI's 40th anniversary celebration.



Creation of the **Compliance Program**, approval of the **Integrity Policy** and review of the **Donations and Sponsorship Policy**.



Launching of the **Social and Environmental Policy**, replacing the Environmental Policy and integrating social aspects (NBR 16.001:2012), environmental (ISO 14.001:2015).



Official disclosure of the **Global Positioning of Sustainability**, in an online platform, accessible to all stakeholders.



Rural properties and certified producers

- **AMAGGI Responsible Soy Standard (A.R.S.)** – 168 thousand tons of AMAGGI Agro; 315 thousand tons of AMAGGI Commodities, from 64 farms of partner producers.
- **Round Table on Responsible Soy (RTRS)** – 429 thousand tons of soybean (book and claim) from AMAGGI Agro; 334 thousand tons of soybeans (mass balance) and 182 thousand tons of soy (book and claim) from AMAGGI Commodities, from 38 rural properties of partner producers.
- **ProTerra Standard** – 830 thousand tons of soybean, AMAGGI Agro and AMAGGI Commodities, from 341 partner producers.





More than **2,000 participants** in the second edition of the Technological Circuit, covering approximately **2 million hectares** of productive area (an increase of more than 60% compared to 2016).



28 municipalities operated by the André and Lucia Maggi Foundation in the states of Mato Grosso, Rondônia, Amazonas, Paraná and Rio Grande do Sul.



104 thousand hours of training, involving own and outsourced employees.



Reduction of 23% of the rate of gravity and **15%** of the rate of frequency of accidents at work.



AWARDS AND RECOGNITIONS

★ **The 500 Best Agribusiness Companies**
12th place in the ranking of the magazine Dinheiro Rural.

★ **Value 1000**
47th largest company in Brazil, according to the newspaper Valor Econômico.

★ **The Most Admired HRs in Brazil**
Among the 10 most admired HRs in Brasil 2017 and in the 25 Marcas Mais Admiradas do Brasil 2017; **RH Highlights of the Midwest Region.**

★ **MAIORES & MELHORES (TOP & BEST)**
AMAGGI Commodities ranked 44th among the largest companies in net sales in the Exame Magazine's Maiores & Melhores de 2017 ranking.

★ **Época Negócios 360°**
2nd best on Social and Environmental Responsibility among Agribusiness representatives;
9th best overall score of the Midwest region;
46th among the 500 largest companies, by net revenue;
141st among the 300 best companies in the country, by overall score.

★ **ESTADÃO EMPRESAS MAIS**
National leader in Agriculture and Livestock.

★ **GE POWER & WATER AWARD**
Plant in Itacoatiara, Amazonas, awarded by GE Water & Process Technologies, which recognizes innovative initiatives for water saving.

★ **NA MÃO CERTA PROGRAM AWARD**
Special recognition of Childhood Brasil for supporting and sponsoring the development of the Na Mão Certa Program (In the Right-Hand Program) to combat the sexual exploitation of children and adolescents on highways.

★ **LEGISLATIVE ASSEMBLY OF MATO GROSSO**
Certificate of Social Responsibility and contribution to the development of the state.

GLOBAL POSITIONING

for Sustainability and Plan 2025

Throughout its 40-year history, AMAGGI has always sought to grow responsibly, identifying market opportunities and challenges. In an effort to further integrate sustainability into its expansion strategy, the company has been building a comprehensive and company-wide approach over the last few years and extending its value chain to national, regional and local levels.

It is in this context that the creation of AMAGGI's Global Positioning for Sustainability makes sense, in the construction of which were considered the questionings of the main stakeholders, as well as discussion with all the directors and consultations with the board. It was a great work that the company had the satisfaction of officially publishing in June of 2017, with wide publicity for its varied publics.

In addition to unifying the social and environmental performance of the company, Positioning aims to give clarity to AMAGGI's sustainability strategy, prioritizing themes that may reveal the evolution, over the years, of its quest for sustainable development.

In order to integrate the company's business strategies for the next years into AMAGGI's Global Positioning for Sustainability, the Sustainability Plan with Vision until 2025 was created. Organized in four strategic blocks, it presents actions for each theme, covering all business areas of the company and also the André and Lucia Maggi Foundation. The actions were organized according to each block, target audience and priority, and deadlines were established (short, until 2019; medium until 2022; and long, until 2025).

To promote the dialogue and participation of its stakeholders on how AMAGGI proposes to conduct its business, the company has created an online platform that invites the public to leave comments, critiques, suggestions and ideas regarding each strategic block of the Plan of Sustainability with Vision until 2025.



“ One of our biggest challenges over the last few years has been the time it takes to complete AMAGGI’s Global Positioning. At the same time that we would like to launch it faster, we wanted to make sure that it was structured in the best way, that it really took care of what the company and our stakeholders considered important. We wanted to make sure it was clear that people would understand our purpose. But we were pleased because after the release we had a positive response, much greater than we imagined. We had partner companies and competitors, as well as NGOs congratulating us on our approach, for having been broad and for having had the peace of mind to say that we do not have answers to everything now. In addition, many people have made themselves available to help build, and this is very positive.”

JULIANA LOPES – DIRECTOR OF SUSTAINABILITY, COMMUNICATION AND COMPLIANCE, AND EXECUTIVE SECRETARY OF THE ANDRÉ AND LUCIA MAGGI FOUNDATION



Value CHAIN

GRI 203-2

FOR AMAGGI, THE CONSTRUCTION OF SOLUTIONS TO THE MOST COMPLEX SOCIAL, ENVIRONMENTAL AND HUMAN CHALLENGES CAN ONLY BE ACHIEVED THROUGH A JOINT, PARTICIPATORY AND STRUCTURED PROCESS WITH ALL THE ACTORS OF ITS VALUE CHAIN, AS PROVIDED FOR IN ITS SOCIAL AND ENVIRONMENTAL POLICY. THIS EFFORT INVOLVES INVESTMENTS IN MORE EFFICIENT AND SUSTAINABLE PRODUCTION SYSTEMS, CONTRIBUTING TO THE DEVELOPMENT OF THE ENTIRE AGRIBUSINESS SECTOR, OF WHICH IT IS A PART.

The direct and indirect positive economic impacts generated by AMAGGI in the development of agribusiness throughout its chain are already widely recognized. At regional and local level, the company generates direct and indirect jobs, as well as contributing to leverage new businesses and stimulate the development of the regions, through the dynamization of the local and regional economy. AMAGGI has also played a key role in expanding grain transportation modes in the country.

The company is responsible for coordinating the Thematic Group on Food and Agriculture of the Brazil Network of the United Nations Global Compact. The group – which includes producers, traders, retailers, investors, financial institutions, institutional partners and governments, non-governmental organizations (NGOs), among others – works to promote the six Business Principles for Food and Agriculture (PEAA) focused on food safety and respect for the environment among others, as well as the achievement of the Sustainable Development Goals.

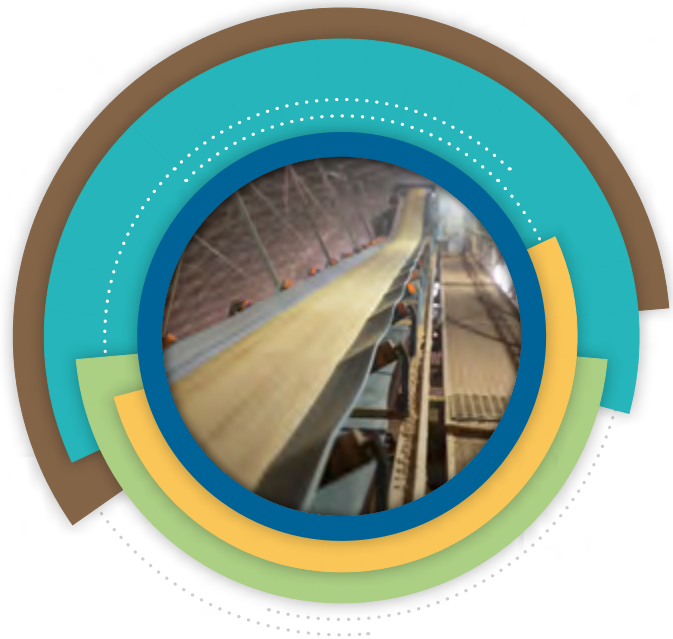
AMAGGI GRAIN CHAIN

AMAGGI's Grain Chain involves the purchase of grain (soybean and maize) and inputs from different suppliers, product storage, processing, transportation and waterway, up to its commercialization in the foreign and domestic markets.

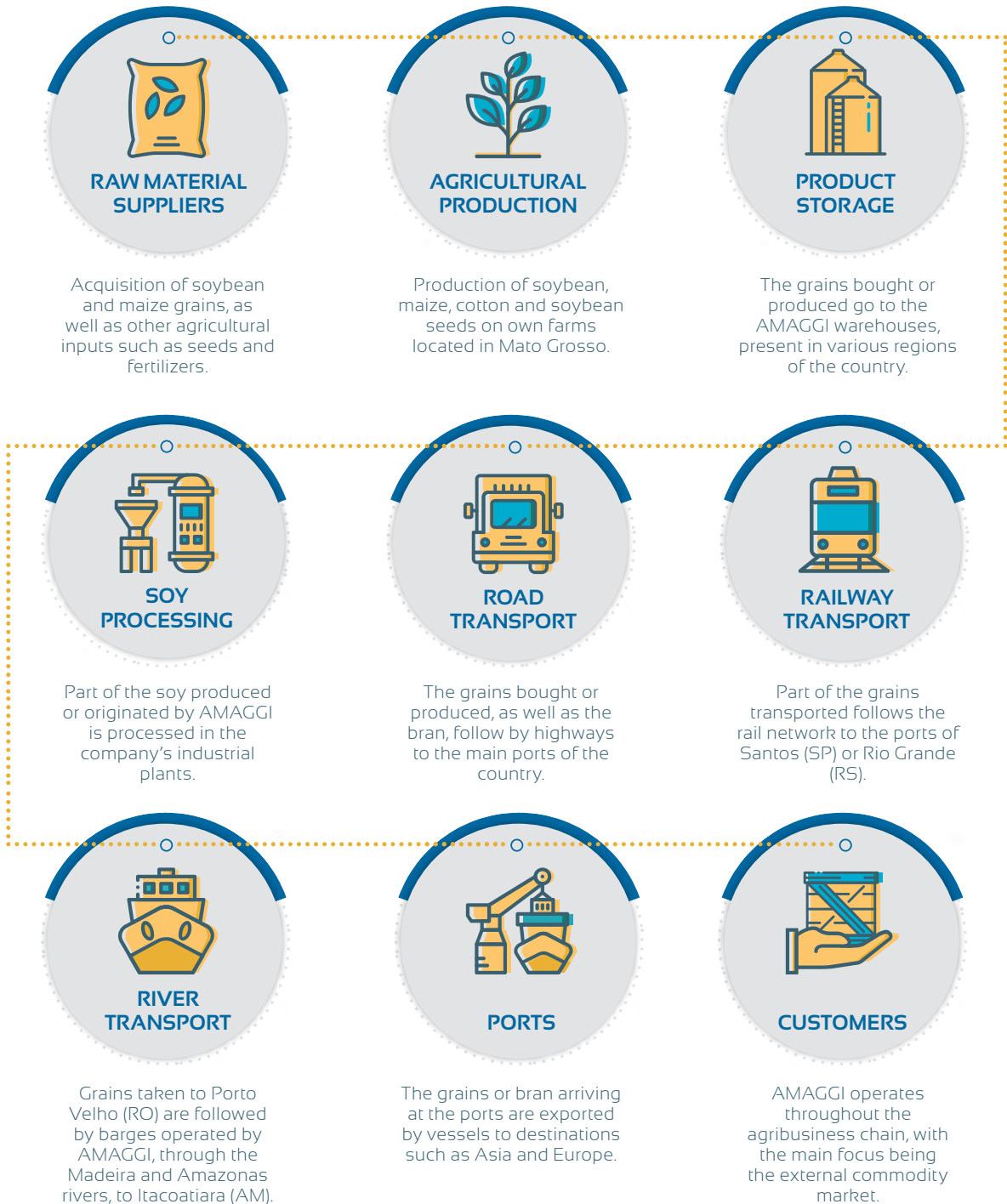
AMAGGI originates grains in Brazil and in its international units in South America. In 2017 about 80% of the volume originated in Brazil was exported, as well as the entire volume originated in the international units, destined for Asia, Europe and Africa.

In addition to the sale of grains, the company has facilities in Brazil and Norway for the processing of transgenic and non-transgenic soybeans respectively, producing bran and oil for domestic and international markets. The company also maintains commercial offices in countries such as Argentina, Paraguay, China, Switzerland and the Netherlands.

With a grain chain that continues to evolve in terms of product quality and socio-environmental responsibility, AMAGGI is able to serve markets as strict as the European one, which consumes predominantly in natura products and derivatives of conventional soy. The demand of the foreign market has driven Brazil to be increasingly responsible socio-environmentally, and rigorous regarding compliance with legal requirements. The commitments and certifications of AMAGGI and its chain meet this demand and attest to its performance always focused on sustainability (for more information, see chapter "Certifications").



Our grain **CHAIN**



CERTIFICATIONS

AMAGGI values certifications as a tool that attests to its commitment to responsible production, guaranteeing the fulfillment of social and environmental criteria, both in internal processes and in its production chain.

Over the years the company has worked intensively to implement and maintain the socio-environmental certifications Round Table on Responsible Soy (RTRS), ProTerra Standard and AMAGGI Responsible Soy Standard (A.R.S.), which will be presented in detail throughout this chapter.

In 2017, motivated by the implementation of the new version of ISO 14001:2015, the company understood to be a good time for renewing the guidelines of its Environmental Policy, launching AMAGGI's Socio-Environmental Policy, which highlights social and environmental questions in an integrated way, as well as importance of the interested parties and the value chain. With this procedure, the Environmental Management System (EMS), also evolved, being called the AMAGGI Socio-Environmental Management (GSA).

Integrating the ISO 14001:2015 (environment) and NBR 16001:2012 (social responsibility) standards, as well as the A.R.S, RTRS and ProTerra certifications, the GSA was structured to meet the company's new Social and Environmental Policy, which, besides reaffirming the commitment of a socially just, environmentally responsible and economically viable, is based on environmental protection, the minimization of socio-environmental risks and the search for continuous improvement, respecting the needs and expectations of the interested parties.

These changes reflect the evolution of AMAGGI's socio-environmental management, which, after reviewing and improving procedures and processes, has broadened its focus not only on environmental issues, but also on social matters related to its activities and operations.



In 2017 it is also worth highlighting the continuity of the Sustainability Multipliers training initiative, which seeks to support the socio-environmental management of each AMAGGI unit so that it develops in the form of good results for the company, proud to employees for being part of a company aligned with its values and achieving the vision of being a reference in sustainable development. Since the program's inception in 2015, 187 multipliers have been trained internally, of which about 68 are working in AMAGGI units.

AMAGGI also invests in product quality certifications, guaranteeing to its public the excellence of what it produces. This is the case of the Food Safety Management System (FSSC 22000) and GMP + Feed Safety Assurance (FSA) certificates, which since 2015 and 2002, respectively, attest international level the safety and quality of food produced by AMAGGI. The company also responds to market demands for specific certifications such as the non-GMO Cert ID seal, which guarantees the consumer a product free of genetically modified organisms, and Kosher certification, which meets the specific demands of the orthodox Jewish diet and is synonymous of quality around the world.

ACHIEVEMENTS IN 2017



First integrated internal audit of ISO 14001:2015, NBR 16001:2012, RTRS, ProTerra and A.R.S. Sixty AMAGGI units² participated in this audit, with the specific scope of certification;

2 – 27 grain warehouses distributed in the states of Mato Grosso and Rondônia; 13 farms of planting grains, livestock and reforestation in the state of Mato Grosso; 8 grain commercial offices and Matrix; 4 small hydroelectric plants in Mato Grosso; 3 port terminals for transshipment of grains and fertilizers in the states of Amazonas and Rondônia; 1 shipyard and fleet in Itacoatiara, Amazonas; 2 soybeans crushers in the states of Amazonas and Mato Grosso; 1 fertilizer mixer in Comodoro, Mato Grosso; 1 sowing in Sapezal, Mato Grosso.



Integrated external audits to check compliance³ with ISO 14001:2015, RTRS, A.R.S. and the National Environment Council (CONAMA), in a sample form. Twelve AMAGGI units participated in this audit, having a specific scope of certification, covering the Agro, Commodities and Logistics and Operations business areas;

3 – Six nonconformities were identified in the GSA in total. With the presentation of satisfactory action plans for the certifiers, it was recommended that the certifications be maintained.



Diagnosis completed for GSA deployment on carriers.

SOCIAL AND ENVIRONMENTAL CERTIFICATIONS⁴



ISO14001

AMAGGI is ISO 14001 certified in 22 units, including farms, warehouses, factories, ports, shipyards and offices. The units that do not have it, have the same socioenvironmental management system in place and are subject to internal compliance audits every year.



PROTERRA STANDARD

The ProTerra Standard seal ensures that the certified product meets environmental and social requirements and is not genetically modified (GM). Their certification audits verify that production is carried out in a sustainable manner, respecting human rights and legislation, and apply quality controls to ensure that the grain is conventional (non-GM) throughout the production chain - cultivation, handling and transport.

In 2017 AMAGGI was certified its Água Quente, Itamarati, Tanguro and Tucunaré farms. The warehouses of Brasnorte, Campos de Júlio, Campo Novo do Parecis, Sapezal were also certified; the ports of Itacoatiara and Porto Velho; besides the crushing soybean in Itacoatiara. In 2017 AMAGGI certified about 830 thousand tons of ProTerra soybeans.

For the 341 partner producers that commercialized conventional soybeans with AMAGGI in 2017, the company continued to carry out auditing samples of verification of service to ProTerra (learn more in the chapter "Promoting Sustainable Agriculture in the Grain Chain").



ROUND TABLE ON RESPONSIBLE SOY (RTRS)

AMAGGI was the first company in the world certified by RTRS, a civil society organization that involves the main representatives of the global soybean value chain, from producers, industry, financial institutions and the consumer market to governments, NGOs and associations.

In 2017 approximately 23% of the world's RTRS soybeans were certified by AMAGGI (physical modality and credit). AMAGGI Agro certified 429 thousand tons of soybean in book and claim, in the Tucunaré, Tanguro and Itamarati farms. Meanwhile, AMAGGI Commodities certified 334,000 tons of soybeans mass balance and 182,000 tons of soybean book and claim from 38 partner farms⁵.

There are also in the scope of certification: 15 warehouses (Ana Terra, Campos de Júlio, Barreiro, Brasnorte, Campo Novo do Parecis, Campos de Júlio, Ipiranga do Norte, Novo Horizonte, Santa Rita do Trivelato, Sapezal, Sinop, Tapurah, Teixeira Junior, Vera and Vilhena); 5 port terminals, of which 2 are in Porto Velho and the remaining in Itacoatiara, Guarujá Grain Terminal (TGG) and Miritiba-Barcarena Complex; and 2 soybean crushers located in Lucas do Rio Verde and Itacoatiara.

4 – In May 2017 AMAGGI opted for the cancellation of the ISCC certification due to the low market demand. The scope to date was maintained as in 2016.

5 – Terms "book and claim" and "mass balance" refer to technical issues related to the RTRS soybean chain standard. To learn more, go to www.responsablesoy.org

Furthermore, in 2017 a group of 38 rural farms from AMAGGI's partner producers also received the certification (learn more in the chapter "Promoting Sustainable Agriculture in the Grain Chain").



AMAGGI RESPONSIBLE SOY STANDARD (A.R.S.)

Since 2016 AMAGGI has its own certification standard in the area, the A.R.S, recognized by the European Federation of Food Manufacturers (Fefac). The initiative aims to contribute to sustainable processes in the production chain, aiming to meet the requirements of the European market, which allows AMAGGI to achieve an even more competitive position in grain marketing.

In 2017, A.R.S. certification reached new properties located in Brasnorte, Campos de Júlio, Campo Novo do Parecis and Sapezal. Thus, the company has certified 64 farms (in 2016 were 46) of partner producers, totaling more than 183 thousand hectares of productive area (156 thousand ha in 2016), resulting in 315 thousand tons of A.R.S. certified soybean (learn more in the chapter "Promoting Sustainable Agriculture in the Grain Chain").

PRODUCT AND PROCESS QUALITY CERTIFICATIONS



FOOD SAFETY MANAGEMENT SYSTEM (FSSC 22000)

The FSSC 22000 certification provides a framework for effectively managing food safety and quality responsibilities. AMAGGI has had this certification since 2015. Counting with FSSC 22000 means that a company has a robust and effective food safety management system to meet the requirements of food regulators, business customers and consumers.



GOOD MANUFACTURING PRACTICES (GMP+ FSA)

GMP + FSA certification has been developed to ensure food safety and reassure consumers about the way they produce, benefit, market, store and transport animal feed products. Safety requirements are set out in GMP + standards, based on legislation and additional stakeholder requirements. AMAGGI has been certified since 2002. In 2017, GMP + has adopted ISO 9001:2015 and ISO 22000:2006 standards.



NON-GMO STANDARD CERT ID

Since 2005 AMAGGI has been granted the Non-GMO (Non-Genetically Modified Organism) certification and the Non-GMO Cert ID seal, which establish an easy identification of products that do not have genetically modified components.

The most important critical control points are constituted and controlled through the Preserved Identity and Traceability Program (Hard IP) in the different steps of the process, ranging from seed production, crop, harvest and soybean acquisition to the delivery of these products to customers.



KOSHER

Since 2014 AMAGGI has Kosher certificate, which is issued after the evaluation of the manufacturing process, attesting that the products comply with the specific norms that govern the orthodox Jewish diet. It is world renowned and considered synonymous with maximum quality control.

Institutional COMMITMENTS

GRI 102-12

In 2017 AMAGGI maintained all the institutional commitments already made, carrying out various actions to pursue and deepen its objectives. This is the case of its engagement in the UN Global Compact: in the last year, the Global Compact Brazil Network invited the signatory companies to choose their level of engagement for the next year. Like the other companies that make up the Brazilian Global Compact Committee (CBPG), AMAGGI is considered a benchmark in sustainability and corporate citizenship, thus confirming its commitment as an active participant in the Pact. Information on compliance with the Pact by AMAGGI is available on the company profile page on the Global Compact website.

Another highlight of the last year was the creation, in partnership with Childhood Brasil, of a workshop with the AMAGGI Matrix employees to form new focal points of the Business Pact Program against the Sexual Exploitation of Children and Adolescents on Brazilian Highways - Na Mão Certa Program.



AMAGGI also continued, in 2017, to integrate the Sustainable Development Goals into its main sustainability planning and management processes. With this purpose, since 2011 the company has carried out internal Sustainability Dialogues, which promote strategic discussions on themes and initiatives that generate value for the company and the whole society. Up to 2017, 289 of them were carried out, and an internal survey found that 95% of the participants consider Sustainability Dialogues important in disseminating AMAGGI values, norms and procedures, and that 70% of them put into practice the learning promoted in the company and outside it. Since 2012 the company has also held the Annual Sustainability Dialogue (DAS), which already involved more than 11,000 participants in the Matrix and company units, contributing to strengthen the sustainability concept adopted by AMAGGI, as well as promoting its application in personal and professional life of employees. In 2017 the DAS encouraged employees to plan their future, using the Sustainable Development Goals as a support and adherence tool. There was a presentation of the video *Donos dos Amanhã*, with scenes of children relatives of AMAGGI employees and testimonies about what they dream for themselves and for the world when they are adults.

Still among the highlights of 2017, the Food and Agriculture Working Group of the Brazil Network of the Global Compact, coordinated by AMAGGI, promoted the first group to train multipliers in Brazilian food and agriculture companies on practices in accordance with the UN Sustainable Development Goals.

In the last year AMAGGI underwent a new external audit to evaluate its commitment to the Soy Moratorium of the Amazon biome, verifying the commercialization of the 2016/2017 harvest. Once again it has been proven that the company applies its socio-environmental criteria, reinforcing its commitment to the principles of the Moratorium.

Finally, in 2017 AMAGGI participated in the strategic review and planning of the actions of the National Pact Institute for the Eradication of Slave Labor (InPacto) until 2024.

VOLUNTARY INSTITUTIONAL COMMITMENTS MADE BY AMAGGI



NATIONAL PACT INSTITUTE FOR THE ERADICATION OF SLAVE LABOR

In 2005 AMAGGI adhered to the National Pact for the Eradication of Slave Labor, committing itself to the defense of human rights and the elimination of any form of work analogous to the slave in its productive chain.



SOY MORATORIUM

Commitment established by the industries and exporters affiliated to the Brazilian Association of Vegetable Oil Industries (Abiove) and the National Association of Exporters of Grains (Anec) not to commercialize soybeans from the deforested areas of the Amazonian biome after 2008. AMAGGI joins the commitment since 2006.



SUSTAINABLE DEVELOPMENT GOALS

UN initiative dedicated to engaging signatory countries to work in crucial areas to global sustainable development. AMAGGI supports and disseminates the Sustainable Development Goals to its employees and main stakeholders since 2015.



BUSINESS PACT AGAINST THE SEXUAL EXPLOITATION OF CHILDREN AND ADOLESCENTS ON BRAZILIAN HIGHWAYS – NA MÃO CERTA PROGRAM

In 2014 AMAGGI assumed a commitment to the Na Mão Certa Program, organized by the NGO Childhood Brasil. The program seeks to mobilize companies and entities to confront the sexual exploitation of children and adolescents on Brazilian roads.



BUSINESS PACT FOR INTEGRITY AND AGAINST CORRUPTION

Since 2009 AMAGGI is part of the Pact, organized by the Ethos Institute of Companies and Social Responsibility, with the objective of promoting a more upstanding and ethical market, and eradicating bribery and corruption.



UN GLOBAL COMPACT

In 2009 AMAGGI adhered to the UN Global Compact, an international commitment made by companies to adopt, in their practices, principles related to human rights, labor relations, the environment and the fight against corruption.



BUSINESS PRINCIPLES FOR FOOD AND AGRICULTURE

Launched in 2014 by the Global Compact, the commitment is to contribute to the design and delivery of efficient and practical solutions to make food systems safer and agriculture more sustainable. Along with 20 other organizations from the private sector worldwide, AMAGGI was present in all stages of the project, being the only Brazilian company invited to participate in the elaboration process.



CHILD FRIENDLY COMPANY PROGRAM

Since 2009 AMAGGI has participated in the Child Friendly Company Program, created by Abrinq Foundation with the objective of mobilizing companies for a social action for the benefit of children and adolescents in Brazil.

PARTNERSHIPS AND INITIATIVES

GRI 102-13

Believing in the importance of working together for a sustainable performance, in 2017 AMAGGI maintained initiatives and partnerships of great value, as described below.



ALIANÇA DA TERRA AND IDH

Partnership established through the André and Lucia Maggi Foundation, with the objective of offering the necessary technical support to the rural producers for socio-environmental adaptation and good agricultural practices, aiming at attending the company's own certification (A.R.S.). The partnership also developed the restoration of Areas of Permanent Preservation Degraded (APPD), performing the distribution of seedlings to some producers who had this need, guiding them in the best management practices for planting and recovery of these areas. The work included visits and diagnosis with guidelines to 56 rural producers to comply with current legislation and socio-environmental criteria of the A.R.S., totaling 64 rural properties served.



GETÚLIO VARGAS FOUNDATION'S SUSTAINABILITY CENTER (GVCES)

AMAGGI participates in working groups with the GVCes, such as the Business Climate Platform (EPC), GHG Protocol, Trends in Ecosystem Services (TESE) and Applied Life Cycle (CiViA).



BRAZIL CLIMATE, FORESTS AND AGRICULTURE COALITION

A multi-sectoral movement composed of entities that lead agribusiness in Brazil, the main civil organizations in the area of environment and climate, prominent representatives of the academic area, sector associations and leading companies in the areas of wood, cosmetics, steel, paper and cellulose, among others. It seeks to articulate and facilitate actions for Brazil to promote a new model of economic development based on the low carbon economy, thus being able to respond to the challenges of climate change.



SUSTAINABLE MATOPIBA COALITION

The Partnership for Good Development, known as the Matopiba Coalition⁶, is an initiative aimed at developing a more sustainable and inclusive agricultural model in the agricultural frontier region, promoting the conservation of natural resources and expanding food production.

⁶ – "Matopiba" is an acronym formed with the initials of the states of Maranhão, Tocantins, Piauí and Bahia, designates a geographical extension that partially covers the territories of these four states



SUSTAINABILITY COMMITTEE OF THE BRAZILIAN ASSOCIATION OF VEGETABLE OIL INDUSTRIES (ABIOVE)

As a member of the Commission, AMAGGI adheres to the objective of discussing and implementing, jointly with the associated companies, sustainability projects for the soybean production sector.



BRAZILIAN BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (CEBDS)

AMAGGI participates in several thematic chambers of CEBDS, such as CTClima, CTBio and CTSocial, seeking together with other companies' continuous improvement in the management of emissions, biodiversity, water and local development.



THEMATIC COUNCIL OF THE ENVIRONMENT (CONTEMA) OF THE FEDERATION OF INDUSTRIES IN THE STATE OF MATO GROSSO (FIEMT)

Formed by industrial entrepreneurs and representatives of entities, it aims to discuss, act and propose measures to comply with environmental legislation, as well as the evolution of the sustainability of the industries of the state of Mato Grosso.



BRAZILIAN BAR ASSOCIATION (OAB) OF MATO GROSSO

Through its professionals, AMAGGI contributes to debate on environmental legislation in Mato Grosso state.



EARTH INNOVATION INSTITUTE

AMAGGI is a partner of the Earth Innovation Institute, an international reference in matters such as food security, protection of tropical forests and climate change. The partnership aims to discuss issues related to territorial performance and financial and market mechanisms to combat deforestation, in a jurisdictional way.



MT STRATEGY: PRODUCE, PRESERVE AND INCLUDE (PCI)

AMAGGI is a member and private sector representative of the MT Strategy: Produce, Preserve and Include project, whose main objectives are to eliminate illegal deforestation in the state until 2020; replacing 6 million hectares of degraded pastures with high productivity crops up to 2030; to recover 1 million hectares (100%) of Permanent Preservation Areas (APP) degraded until 2030; conserve the native area of the state, now estimated at 60% of its territory; and increase the share of family agriculture in the internal food market from 20% to 70%.

In 2015 the company participated in the Conference of the Parties (COP) to the United Nations Climate Convention, an international treaty that seeks to combat climate change caused by human actions. In 2017 AMAGGI contributed with an important initiative to the MT Strategy, discussing all its governance structure and communication processes, such as the elaboration of the project website and the definition of strategies to achieve the goals defined by the program, towards sustainable development of the state.



SOYBEAN WORKING GROUP (GTS)

The company also maintained its commitment to combating deforestation through integrated action with the Soybean Working Group, made up of civil society organizations, companies and government agencies, both for the Amazon biome, through the Soy Matorium, and for the Cerrado (savanna) biome, initiating a discussion on how to combat deforestation and accelerate sustainable development.



AMAZON ENVIRONMENTAL RESEARCH INSTITUTE (IPAM)

In 2017 the first phase of the Querência + Project: Sustainable Landscapes, developed since 2015 by the Amazon Environmental Research Institute (IPAM) and by the Socio-Environmental Institute (ISA), in partnership with AMAGGI, The Sustainable Trade Initiative (IDH) and other institutions, with the objective of increasing the sustainability of the landscape of Querência municipality, involving several local groups. In the last year great achievements have been achieved, ranging from the implementation of 85 hectares of restoration in several properties, to the strengthening of socio-environmental governance, through the reactivation of the Municipal Environmental Council and the creation of the Multisectoral Querência Forum.

Another initiative in partnership with IPAM is the development of scientific research projects related to environmental preservation, within the Tanguro Farm (more information in the chapter "Combating deforestation and biodiversity protection").



ROUND TABLE ON RESPONSIBLE SOY (RTRS)

Since 2005 AMAGGI has participated in the discussions on the principles and criteria that cover the environmental, economic and social aspects of a responsible soybean, as well as the process of formalization and institution of RTRS, which occurred in 2006. Demonstrating its commitment to responsible production it was elected in 2007 to the first composition of the RTRS Executive Committee, a position that holds until today.

RTRS counts on Task Force Brasil, the Brazilian group of the entity that meets periodically to develop projects dedicated to promoting and improving the market and the own certification process in the country. A report with the results of this work was published in 2017.



SOYBEAN PLUS

AMAGGI supports the Soja Plus Program, an initiative led by the Association of Mato Grosso Soybean and Mato Grosso Producers (Aprosoja) and Abiove, for free training of the rural producer in improving the management of his farm with the distribution of materials, promotion of courses on health and safety at work, adaptation of rural buildings, environmental regularization, field days and technical visits to monitor performance indicators.



THE NATURE CONSERVANCY (TNC)

Last year the partnership with The Nature Conservancy (TNC) for the Sustainable Landscapes of Mato Grosso project was also renewed, and it is dedicated to accelerating the environmental and productive adequacy of rural properties in priority regions for the conservation of biodiversity and water resources. The initiative has a major focus on strengthening the environmental regulation of the Alto Teles Pires region, in addition to working in the Environmental Regulation Program (PRA) in Lucas do Rio Verde and promoting technical assistance to Nova Mutum, all municipalities in Mato Grosso.

In addition to the maintenance of these partnerships, in 2017 AMAGGI contributed to the development of the Agroideal platform for the Cerrado (savanna), an interactive analysis platform created by TNC and actors in the soybean sector that, through data and tools, allows the user to evaluate economic opportunities in a territory and socio-environmental risks associated, from the perspective of a socio-environmental commitment. In addition to having spatial information, the system generates reports, maps, tables and worksheets that assist in the territorial planning of sustainable expansion and intensification of soybean production in Brazil. In 2018 AMAGGI will continue to participate in the improvement of the system, which intends to include important information for the soybean sector related to the Amazon biome.

INTERNAL PUBLIC GRI 102-8, GRI 102-41, GRI 405-1

AMAGGI ended 2017 with a staff of 5,360 employees and 806 outsourced employees. These figures show an increase of around 8% in the number of employees compared to the previous year (in 2016 there were 4,993 own employees and 720 outsourced employees). Most of AMAGGI's own employees are concentrated in the Midwest (75%) and in the Agrobusiness (52%). They are divided into 84% of men and 16% of women, mostly included in the age group of 30 to 50 years. All own employees are covered by collective bargaining agreements with trade unions of the respective categories. In relation to outsourced employees, they are mostly in operational positions and distributed in the Midwest (72%) and North (28%) regions. AMAGGI does not have the complete mapping of outsourced employees' data, so this report does not detail the situation of this public regarding the working regime, type of work contract and gender.

7 – AMAGGI does not have the complete mapping of outsourced employees' data, so this report does not detail the situation of this public regarding the working regime, type of work contract and gender.



OWN EMPLOYEES, BY TYPE OF WORK CONTRACT AND GENDER (GRI 102-8)

	2015		2016		2017	
	Undetermined period	Determined period	Undetermined period	Determined period	Undetermined period	Determined period
Male	3,358	705	3,566	646	3,732	776
Female	674	111	699	82	701	151
Total	4,032	816	4,265	728	4,433	927

OWN EMPLOYEES, BY WORKING HOURS AND GENDER (GRI 102-8)

	2015		2016		2017	
	Full time	Part time	Full time	Part time	Full time	Part time
Male	4,010	53	4,171	41	4,452	56
Female	742	43	746	35	810	42
Total	4,752	96	4,917	76	5,262	98

OWN EMPLOYEES, BY FUNCTIONAL CATEGORY AND GENDER (GRI 102-8)

	2015		2016		2017	
	Male	Female	Male	Female	Male	Female
Administrative	520	445	549	435	551	463
Apprentice	61	35	41	32	56	39
Counselor	2	2	2	2	2	2
Board of Directors	11	1	11	1	11	1
Trainees	4	4	3	4	3	3
Managers	362	50	366	49	369	61
Young Talents	7	8	6	8	15	6
Operational	3,040	222	3,185	232	3,450	258
Technicians	56	18	49	18	51	19
Total	4,063	785	4,212	781	4,508	852

OWN EMPLOYEES, BY EMPLOYMENT CONTRACT AND REGION * (GRI 102-8)

	2015	2016	2017	
			Undetermined period	Determined period
	-	-		
Midwest	3,457	3,682	3,215	828
North	1,366	1,290	1,197	99
South	25	21	21	0
Total	4,848	4,993	5,360	

* In its previous reports AMAGGI related the total number of employees by region and gender. This year, in order to meet the requirements of the GRI 102-8 indicator, the company reported the total number of employees by employment contract and region, which will be maintained in the coming years, in accordance with the GRI Standards.

OWN EMPLOYEES, BY TYPE OF BUSINESS (GRI 102-8)

	2015		2016		2017	
	Male	Female	Male	Female	Male	Female
Commodities	887	214	787	194	819	218
Agro	2,036	228	2,219	231	2,494	287
Navegation	887	139	863	136	865	126
Energy	58	11	52	10	46	9
Matrix	195	193	291	210	284	212

**PERCENTAGE OF OWN EMPLOYEES, BY FUNCTIONAL CATEGORY,
BY GENDER AND AGE GROUP (GRI 405-1)**

	Adminis- trative	Appren- tice	Counselor	Board of Directors	Trainee	Managers	Young Talents	Operacio- nal	Techni- cians
Gender									
Male	54%	59%	50%	92%	50%	86%	71%	93%	73%
Female	46%	41%	50%	8%	50%	14%	29%	7%	27%
Age group									
<30	55%	100%	0%	0%	100%	19%	90%	43%	40%
30 to 50	42%	0%	0%	42%	0%	68%	10%	49%	54%
>50	2%	0%	100%	58%	0%	13%	0%	8%	6%

**PERCENTAGE OF MEMBERS OF THE BOARD OF DIRECTORS,
BY GENDER AND AGE GROUP (GRI 405-1)**

Gender	
Male	62,5%
Female	37,5%
Age group	
<30	0%
30 to 50	12,5%
>50	87,5%

For more information on AMAGGI initiatives for the internal public, see the chapters "Human capital development" and "Fair practices for work, safety and occupational health and welfare".

André and Lucia Maggi FOUNDATION

GRI 102-2, GRI 102-7



Since 1997 all AMAGGI's private social investment actions have been coordinated by the André and Lucia Maggi Foundation, a non-profit institution of federal public utility.

In 2017, the André and Lucia Maggi Foundation celebrated 20 years of existence. To commemorate these two decades acting in favor of society, the entity launched a special campaign in its channels of communication, with the theme "20 years creating development stories". It presented a commemorative stamp and was illustrated with characters that helped and help to build this story.



“ We have a great challenge in the Foundation for the coming years, as we will have to make a new strategic review ahead of schedule. But for a great reason! Many of the results we envisioned only reaching in 2018 have come before, so we need to get organized to be ready for the next cycles. In our governance review it was clear that an important challenge of the Foundation is to sustain a rather scattered performance, because we operate in the various regions of the country where AMAGGI is present, and we do not have enough resources to serve everyone and all regions. That’s why we have the challenge of thinking about how to multiply our resources in an amplified performance.”

JULIANA LOPES – DIRECTOR OF SUSTAINABILITY,
COMMUNICATION AND COMPLIANCE, AND EXECUTIVE
SECRETARY OF THE ANDRÉ AND LUCIA MAGGI FOUNDATION



HIGHLIGHTS OF THE YEAR



Investment **R\$ 5,675,606.98**



32,311 thousand people directly impacted



28 municipalities operated by the André and Lucia Maggi Foundation in the states of Mato Grosso, Rondônia, Amazonas, Paraná and Rio Grande do Sul.



AMAGGI business areas



AMAGGI
COMMODITIES



AMAGGI
AGRO



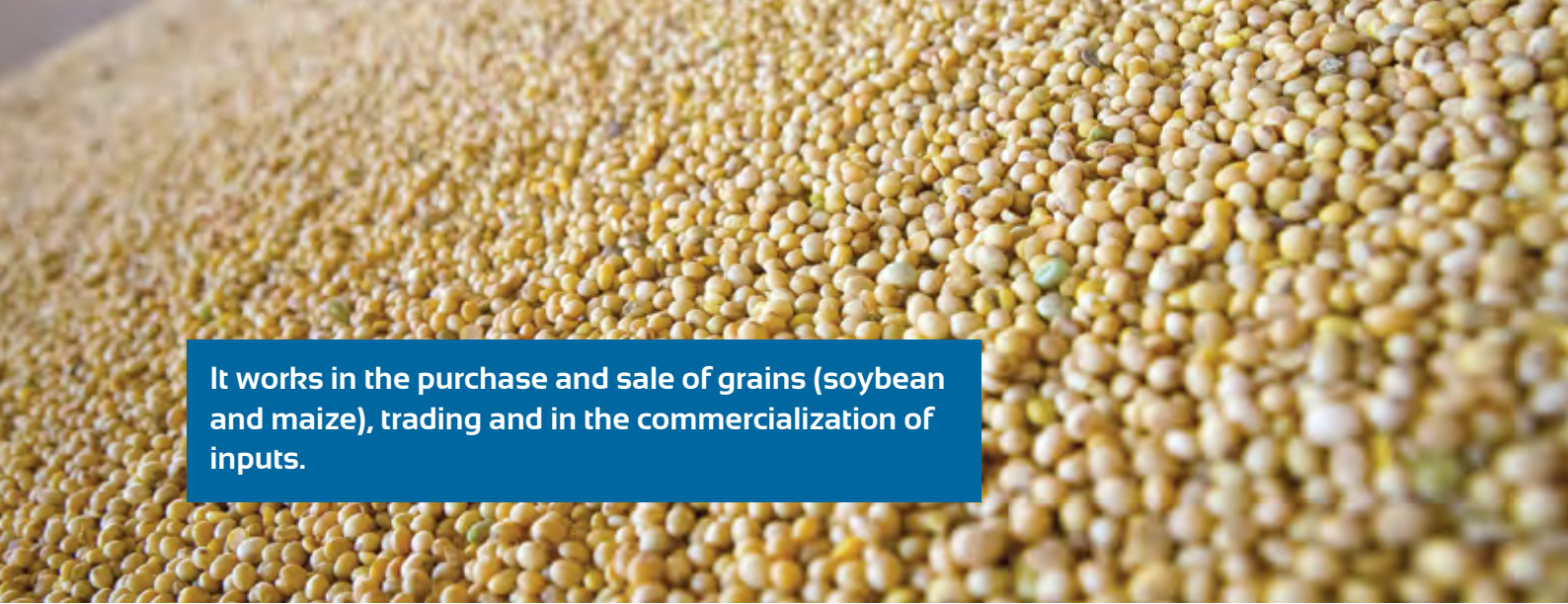
AMAGGI
**LOGISTICS AND
OPERATIONS**



AMAGGI
ENERGY

AMAGGI COMMODITIES

GRI 102-2, GRI 102-7



It works in the purchase and sale of grains (soybean and maize), trading and in the commercialization of inputs.

In a process that began in 2017 and will be consolidated in 2018, the activities of grain storage and fertilizer production (mixer), hitherto carried out by AMAGGI Commodities, will become part of the Logistics and Operations Board.

The main challenge of AMAGGI Commodities in 2017 was to ensure profitability and results in a very adverse scenario, since the year presented one of the most difficult contexts already faced by the company, both in terms of competition and margins in the chain of business.



“AMAGGI is a pioneer in the sustainable production segment. Since the beginning of the 2000s we have been working very hard on sustainability, especially with the producer. An important example of this work is our certifications, such as RTRS, ProTerra and A.R.S., created by AMAGGI itself. Far beyond stamps, these certifications are one of our instruments to get closer to the producer and show that improvements focused on sustainable agriculture are necessary and important for their own growth. This undoubtedly highlights us: the work that AMAGGI does, and continues doing with the producers, is quite important. We are very pleased to develop several projects through the partnership between the Sustainability and Origination areas. Thus, we can increasingly improve our supply chain and count on producers who, like us, have a sustainable vision.”

CLAUDINEI ZENATTI – AMAGGI
COMMODITIES ORIGINATION DIRECTOR



COMMODITIES IN NUMBERS



1.8 million tons of grain storage capacity



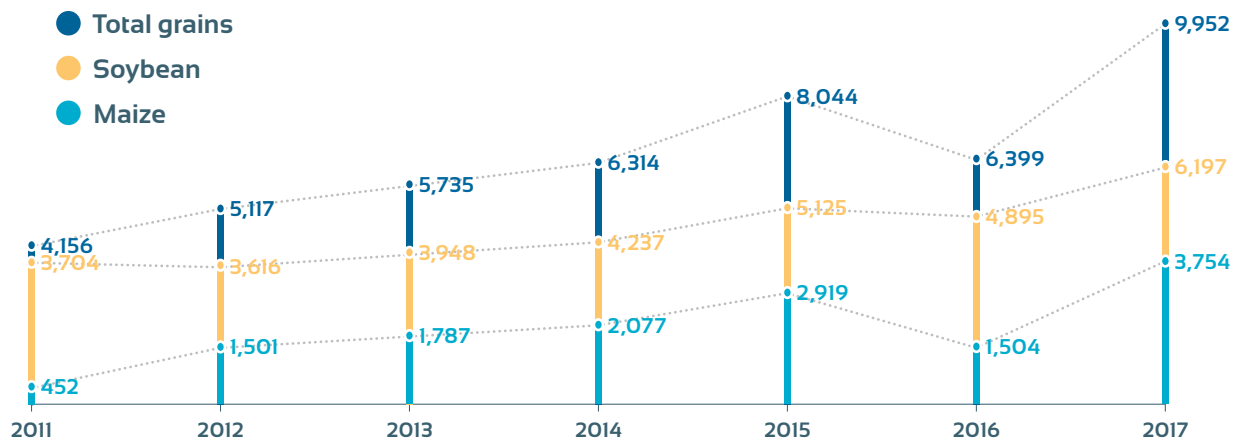
Approximately **10 million tons** of grains originated in Brazil



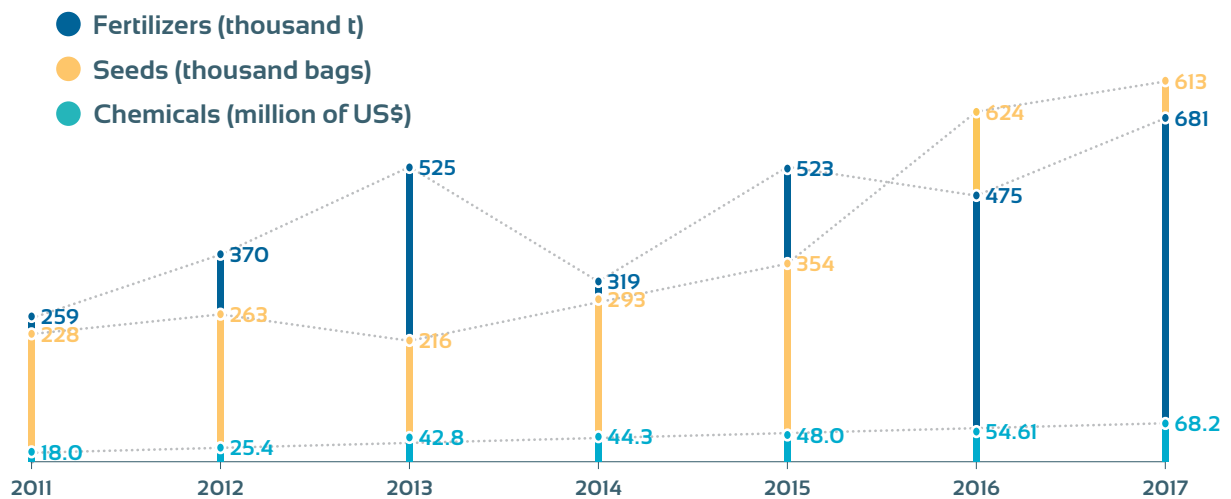
25 storage units

Origination of grains by AMAGGI in Brazil

(volume in thousand tons)



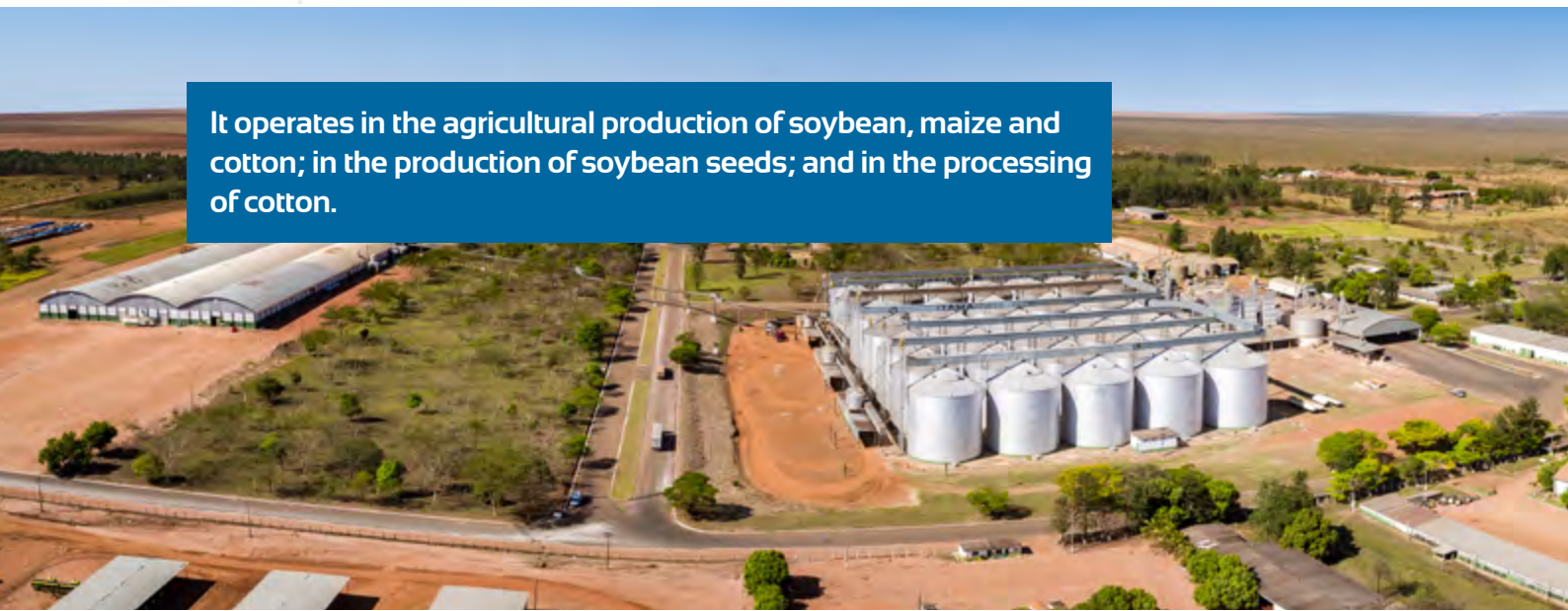
Commercialization of inputs



AMAGGI AGRO

GRI 102-2, GRI 102-7

It operates in the agricultural production of soybean, maize and cotton; in the production of soybean seeds; and in the processing of cotton.



The activities are carried out in six production units of AMAGGI, all of them located in Mato Grosso: Água Quente and Tucunaré, in Sapezal; Itamarati, in Campo Novo do Parecis; Vale do Araguaia, in São Félix do Araguaia; Tanguro, in Querência; and SM 01, in Itiquira.

All properties are in compliance with the Brazilian Forest Code and other environmental laws of the country. The company does not convert native forests to agricultural production and carries out all its productive activities outside the limits of Conservation Units or any other areas protected by law.

In order to expand its production areas, the company favors the acquisition of properties already converted and consolidated, and invests in its recovery, undertaking analyzes not only of land, but also of all socio-environmental legal issues and obligations.



“ In terms of agricultural production, 2017 was a very good year for AMAGGI. We broke the record for cotton production, a crop that has expanded its importance over the last two decades and accelerated its second crop area gain - even without opening new agricultural areas, taking advantage of second crop lands only. We also had a good performance in the production of soybeans and maize, and we managed to close the year with a yield of 58.11 bags per hectare of commercial soybeans and 94.20 bags per hectare of maize. In 2018 we are going to reduce the area of maize planting a bit and expand the planting of second-crop cotton, but we have a very good productivity perspective for soybean. ”

PEDRO VALENTE – AMAGGI AGRO DIRECTOR



AGRO IN NUMBERS



Agricultural production:

569,017 t of soybeans

357,484 t of maize

233,171 t of cotton

20,362 t of soybean seed

Storage capacity in farms:

605 thousand t of grains

SOYBEAN

Crop	Area (thousand ha)	Productivity (bags/ha)	Volume (t)
2012/2013	129,033	53.32	412,779
2013/2014	139,429	53.46	447,191
2014/2015	160,873	53.61	517,431
2015/2016	155,550	56.57	527,838
2016/2017	163,211	58.11	569,017
Average productivity 5 years		55.12 bags/ha	

SOYBEAN SEED

Crop	Area (thousand ha)	Productivity (bags/ha)	Volume (t)
2012/2013	10,054	37.62	22,692
2013/2014	11,534	26.97	18,666
2014/2015	10,121	45.07	27,369
2015/2016	8,063	39.11	18,922
2016/2017	10,206	33.25	20,362
Average productivity 5 years		36.02 bags/ha	

MAIZE

Crop	Area (thousand ha)	Productivity (bags/ha)	Volume (t)
2012/2013	73,958	101.98	452,518
2013/2014	64,878	95.78	372,837
2014/2015	58,275	113.19	395,777
2015/2016	66,245	78.27	311,119
2016/2017	63,246	94.20	357,484
Average productivity 5 years		96.43 bags/ha	

COTTON

Crop	Area (thousand ha)	Productivity (@/ha)	Volume (t)
2012/2013	10,415	278.76	43,549
2013/2014	30,279	257.36	116,888
2014/2015	30,082	294.13	132,719
2015/2016	52,460	251.55	197,498
2016/2017	52,694	295.00	233,171
Average productivity 5 years		274.28 @/ha	

AMAGGI LOGISTICS AND OPERATIONS

GRI 102-2, GRI 102-7

The operations of AMAGGI Logistics and Operations encompasses warehouses, factories, road, railway and fluvial navigation in the Madeira Corridor (Northwest Export Corridor), through which grain is drained from the northwestern regions of Mato Grosso and south of Rondônia.



Although 2017 was a positive year for AMAGGI in terms of grain supply, the shipping area, especially for the Madeira Corridor, faced challenges, especially in the second semester, due to the reduction in the level of the river. The road modal also brought challenges, with the bad conditions of the federal highway BR-163 in the unpaved stretches and the excess of rains, that directly impacted the trafficability of the trucks.

Seeking to work together with other players to improve the conditions of logistics activity in the country, AMAGGI is part of the logistics group of ABIOVE (Brazilian Association of Vegetable Oil Industries), which promotes discussions on the conditions of the highways. The company is also one of the founders of the Ferrogrão project, designed by the trading, as an alternative to transport the soybean by the North region of the country (more information in the chapter "Logistics for grain disposal").



“ At AMAGGI we know that in our business opportunities always come with great challenges. To remain competitive, we need dedication, market knowledge and innovation capacity, and we must seek to add value to the entire chain. It is important not to lose the perspective of the whole, to have a better chance of growing. It is with this foundation that we continue in our work, facing each challenge. This also means valuing each of the people who are part of our company or who are impacted by it. That is why we give the highest value to the health and safety of our employees, and we are always attentive to the communities where we operate. AMAGGI work is always based on improving the lives of people, since we know that they are the fundamental element that allows the generation of wealth and the growth of the company.”

SÉRGIO LUIZ PIZZATTO – AMAGGI
LOGISTICS AND OPERATIONS DIRECTOR



LOGISTICS AND OPERATIONS IN NUMBERS



3 soybean crushing units: Lucas do Rio Verde (MT), Itacoatiara (AM) and Denofa, in Norway



1 mixer unit: Comodoro (MT)



Madeira Corridor (Northwest Export Corridor)

162 grain barges

21 operating pushers (19 own and 2 chartered)

4.3 million tons of grain transported

2013: 2.8 | 2014: 2.7 | 2015: 3.5 | 2016: 3.7 | 2017: 4.3 (million tons)

AMAGGI ENERGY

GRI 102-2, GRI 102-7

AMAGGI Energy operates in the generation of electric energy, through small hydroelectric plants located in the state of Mato Grosso and integrated to the National Interconnected System.



As in recent years, the main challenges for AMAGGI Energy in 2017 have been related to external factors, such as the free market accounting, where negative impacts occur due to the fact that the energy tanks remain low, even with the decrease in the rhythm growth in consumption.

At the end of 2016 and early 2017, AMAGGI Energy carried out the migration of six units from Agropecuária Maggi (Tucunará, Tanguro and Água Quente farms; Sapezal and Itamarati cotton industries; and Itamarati dryer) from the captive⁸ market to the free⁹ energy market, being able to put its own power generation at the service of these units. With this initiative, most of the energy consumed in these units came from the company itself, which has reduced energy costs.

8 – Captive market: environment of contracting electric energy in which the role of the consumer is totally passive. The energy is supplied exclusively by the local distributor, with the price and other conditions of supply regulated by the National Electric Energy Agency (ANEEL).

9 – Free market: environment in which the consumer can buy amounts of energy from traders and / or generators under conditions freely agreed between the parties. It allows the negotiation of customized products, with deadlines, volumes, prices and indexes of readjustment that meet the expectations of the buyer.



ENERGY IN NUMBERS



5 small hydropower plants, located in Mato Grosso: 4 in the Juruena river, in the municipality of Sapezal, and 1 in the Formiga river, in the municipality of Campos Júlio

Approximately **70 MW** of installed power

MATERIAL themes

MATERIALITY

GRI 102-40, GRI 102-42, GRI 102-46

One of the main objectives of the Sustainability Report is to follow and promote improvements in the sustainability management of organizations. To achieve this, it is imperative to identify pertinent and strategic issues that contribute to minimize the negative impacts caused by the activities of the organization. Thus, the topics included in the report are defined by applying the principle of inclusion of stakeholders' interests and expectations and the principle of materiality.



AMAGGI reviews its materiality every two or three years, or when there are significant changes to the business. The process normally occurs in four main stages, ranging from the identification of themes and stakeholders to the prioritization, analysis and validation of material themes.

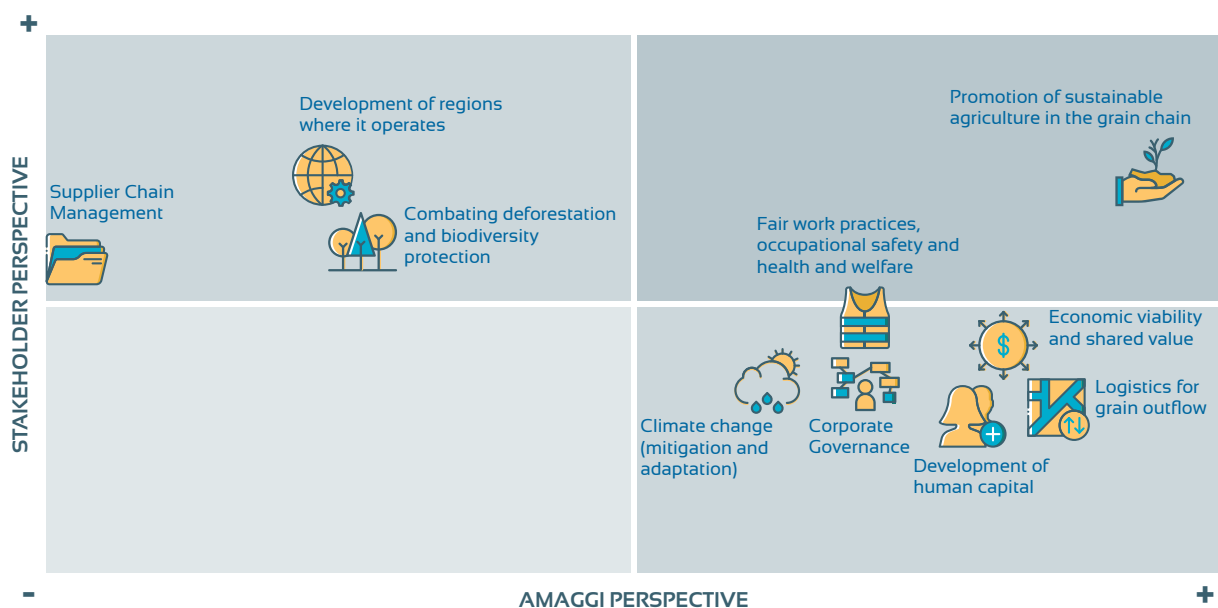
The whole process is developed considering the views of the stakeholders to define whether a particular theme is material or not. The stakeholder engagement processes serve as a tool to understand their expectations and interests, as well as their information needs.

AMAGGI's latest materiality review was conducted in 2016, with the participation of approximately 550 stakeholders. Audiences engaged in the reporting process included representatives from financial institutions, experts, institutional partners, government, press, employees, senior management, local communities, rural producers, trade unions and associations, consumers and clients. In this process, ten substantive topics were defined for AMAGGI, which are presented below.

The entire content of this report has been validated by managers in the relevant areas and reviewed by senior management, including responses to GRI Standards – the Global Reporting Initiative (GRI) standard – and the forms of management of material themes.

MATRIX OF MATERIALITY

GRI 102-44, GRI 102-47



MATERIAL THEMES

In the table below, we can observe the detailed description of each theme; the indication of where the impacts related to each of them occur; as well as the correlation between each theme and the GRI Standards, the Global Compact, the Sustainable Development Goals and the strategic blocks that structure AMAGGI's Global Positioning for Sustainability.

<div data-bbox="424 750 545 873" data-label="Image"> </div> <div data-bbox="248 904 724 965" data-label="Section-Header"> <h2>PROMOTING SUSTAINABLE AGRICULTURE IN THE GRAIN CHAIN</h2> </div> <div data-bbox="411 1001 560 1030" data-label="Section-Header"> <h3>Description</h3> </div> <div data-bbox="217 1034 756 1189" data-label="Text"> <p>Support to producers for socioenvironmental improvement; economic stability of the activity in the field; crop diversification; project development; responsible production</p> </div> <div data-bbox="319 1225 654 1254" data-label="Section-Header"> <h3>Where it occurs (GRI 103-1)</h3> </div> <div data-bbox="217 1258 756 1382" data-label="Text"> <p>Employees and senior management Rural producers Local communities Consumers and customers Financial Institutions Institutional partners</p> </div> <div data-bbox="293 1417 681 1447" data-label="Section-Header"> <h3>Correlation with GRI Standards</h3> </div> <div data-bbox="312 1451 660 1480" data-label="Text"> <p>GRI 103-2, GRI 103-3, GRI FPI</p> </div> <div data-bbox="312 1516 660 1545" data-label="Section-Header"> <h3>Global Compact Correlation</h3> </div> <div data-bbox="459 1550 512 1579" data-label="Text"> <p>N/A</p> </div> <div data-bbox="285 1610 689 1671" data-label="Section-Header"> <h3>Sustainable Development Goals Correlation</h3> </div> <div data-bbox="258 1675 715 1736" data-label="Text"> <p>ODS 2: Zero Hunger and Sustainable Agriculture</p> </div> <div data-bbox="237 1771 735 1832" data-label="Section-Header"> <h3>Strategic blocks of AMAGGI Positioning Correlation</h3> </div> <div data-bbox="258 1836 715 1897" data-label="Text"> <p>Promoting a sustainable value chain Debating the present and the future</p> </div>	<div data-bbox="1043 750 1165 873" data-label="Image"> </div> <div data-bbox="865 904 1347 965" data-label="Section-Header"> <h2>ECONOMIC VIABILITY AND SHARED VALUE</h2> </div> <div data-bbox="1031 1001 1179 1030" data-label="Section-Header"> <h3>Description</h3> </div> <div data-bbox="839 1034 1375 1220" data-label="Text"> <p>Economic and financial performance of the business; access to credit and private and public financing; productivity; growth; competitiveness; new business; generation of shared value; and engagement with stakeholders</p> </div> <div data-bbox="938 1256 1273 1285" data-label="Section-Header"> <h3>Where it occurs (GRI 103-1)</h3> </div> <div data-bbox="839 1290 1375 1382" data-label="Text"> <p>Employees and senior management Local communities Institutional partners Trade Unions and associations Government</p> </div> <div data-bbox="911 1417 1299 1447" data-label="Section-Header"> <h3>Correlation with GRI Standards</h3> </div> <div data-bbox="920 1451 1291 1480" data-label="Text"> <p>GRI 103-2, GRI 103-3, GRI 201-1</p> </div> <div data-bbox="930 1516 1278 1545" data-label="Section-Header"> <h3>Global Compact Correlation</h3> </div> <div data-bbox="1077 1550 1129 1579" data-label="Text"> <p>N/A</p> </div> <div data-bbox="903 1610 1307 1671" data-label="Section-Header"> <h3>Sustainable Development Goals Correlation</h3> </div> <div data-bbox="885 1675 1326 1736" data-label="Text"> <p>ODS 16: Peace, Justice and Effective Institutions</p> </div> <div data-bbox="855 1771 1353 1832" data-label="Section-Header"> <h3>Strategic blocks of AMAGGI Positioning Correlation</h3> </div> <div data-bbox="855 1836 1358 1865" data-label="Text"> <p>Improving governance and management</p> </div>
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FAIR WORK PRACTICES, OCCUPATIONAL SAFETY AND HEALTH AND WELFARE

Description

Fundamental principles and Rights at work; work relationships; migrant workers; occupational health and safety; transport safety; promotion of employee welfare

Where it occurs (GRI 103-1)

Employees and senior management | Institutional partners

Correlation with GRI Standards

GRI 103-1, GRI 103-2, GRI 103-3, GRI 403-2

Global Compact Correlation

1,2,3, 4,5 and 6

Sustainable Development Goals Correlation

ODS 8: Decent Work and Economic Growth

Strategic blocks of AMAGGI Positioning Correlation

Improving governance and management



LOGISTICS FOR GRAIN OUTFLOW

Description

Port administration; intermodally (road, rail and inland waterway transport); management of claims, outflow of production; and transport efficiency

Where it occurs (GRI 103-1)

Employees and senior management | Local communities | Financial Institution | Government | Institutional partners | Trade Unions and associations

Correlation with GRI Standards

GRI 103-2, GRI 103-3, GRI 306-3

Global Compact Correlation

N/A

Sustainable Development Goals Correlation

ODS 11: Reducing Inequalities

Strategic blocks of AMAGGI Positioning Correlation

Promoting a sustainable value chain



DEVELOPMENT OF HUMAN CAPITAL

Description

Knowledge and talent management; training, courses, specialization of labor; valuing diversity

Where it occurs (GRI 103-1)

Employees and senior management

Correlation with GRI Standards

GRI 103-2, GRI 103-3, GRI 202-1, GRI 404-1

Global Compact Correlation

1, 2, 4, 5 and 6

Sustainable Development Goals Correlation

ODS 4: Quality Education

Strategic blocks of AMAGGI Positioning Correlation

Improving governance and management



**CLIMATE CHANGE
(MITIGATION AND ADAPTATION)**

Description

Impact of climate change on operations; emission of pollutants and greenhouse gases; temperature increase; modification of the rainfall regime; prolonged droughts (agricultural production, processing and inland and river transport of grains)

Where it occurs (GRI 103-1)

Collaborators and senior management | Consumers and customers | Institutional partners

Correlation with GRI Standards

GRI 103-2, GRI 103-3, GRI 201-2

Global Compact Correlation

7

Sustainable Development Goals Correlation

ODS 13: Action against Global Climate Change

Strategic blocks of AMAGGI Positioning Correlation

Debating the present and the future



DEVELOPMENT OF REGIONS WHERE IT OPERATES

Description

Local development; private social investment; engagement with the community; job creation, income and local economy movement; partnerships with civil society and local governments; socioeconomic impact; and encouraging education and culture in the cities where it operates

Where it occurs (GRI 103-1)

Local communities | Government | Institutional partners

Correlation with GRI Standards

GRI 103-2, GRI 103-3, GRI 203-1, GRI 203-2, GRI 413-1

Global Compact Correlation

N/A

Sustainable Development Goals Correlation

ODS 11: Reducing Inequalities

Strategic blocks of AMAGGI Positioning Correlation

Growing with the site



CORPORATE GOVERNANCE

Description

Good governance; transparency; risk management; ethics, legal compliance and anti-corruption practices

Where it occurs (GRI 103-1)

Employees and senior management

Correlation with GRI Standards

GRI 102-11, GRI 102-16, GRI 102-18, GRI 103-2, GRI 103-3, GRI 205-2

Global Compact Correlation

10

Sustainable Development Goals Correlation

ODS 16: Peace, Justice and Effective Institutions

Strategic blocks of AMAGGI Positioning Correlation

Improving governance and management



COMBATING DEFORESTATION AND BIODIVERSITY PROTECTION

Description

Land conversion; right and use of the soil; preservation of protected areas and biodiversity

Where it occurs (GRI 103-1)

Employees and senior management | Rural producers | Local communities

Correlation with GRI Standards

GRI 103-2, GRI 103-3, GRI 304-2

Global Compact Correlation

7 and 8

Sustainable Development Goals Correlation

ODS 15: Earth Life

Strategic blocks of AMAGGI Positioning Correlation

Debating the present and the future



SUPPLIER CHAIN MANAGEMENT

Description

Management of the supply chain of products and services, including development of local suppliers, purchasing practices, criteria for socio-environmental evaluation of grain supply, inputs, supplies and transportation

Where it occurs (GRI 103-1)

Employees and senior management Rural producers | Local communities | Suppliers

Correlation with GRI Standards

GRI 102-9, GRI 103-2, GRI 103-3, GRI 308-2, GRI 414-2

Global Compact Correlation

1, 2, 4 and 5

Sustainable Development Goals Correlation

ODS 12: Sustainable Consumption and Production

Strategic blocks of AMAGGI Positioning Correlation

Promoting a sustainable value chain

STAKEHOLDERS ENGAGEMENT

GRI 102-43, GRI 102-44

Stakeholders engagement is one of the most effective ways to strengthen an organization, identify opportunities, and contribute to achieving its goals. Aware of this, AMAGGI includes the engagement of stakeholders among the themes of the 2025 Sustainability Plan, in the strategic block “Improving governance and management”.

AMAGGI considers the construction of the Sustainability Report an opportunity for engagement. Thus, in order to prepare this report, it has made further direct consultations with the company’s senior management, seeking to identify, in each business area, the main challenges and results achieved in 2017 and the priorities for 2018, regarding sustainability management. In addition, it conducted an on-line survey with all managers to evaluate the 2016 Sustainability Report, in order to ascertain their perception about the document and possible improvements to the present report.

In addition to the Sustainability Report, the company uses several means dedicated to engaging the priority stakeholders in its activities and operations, through the planning of continuous actions.

In 2017 AMAGGI restructured its Stakeholder Engagement Plan, with actions to be implemented in 2018 and 2019. This restructuring was based on the current materiality, the Map of Socio-Environmental Impacts and the 2025 Plan (see more in the chapter “Global Positioning of Sustainability and 2025 Plan”). The last update of the engagement plan had been made in 2015, but it should be noted that it regularly goes through an annual review, which allows identifying new aspects related to possible changes and evolution of scenarios for the next reports.

Among the actions contemplated for the period 2018/2019, is the implementation of the Communication and Transparency Program with the local community and all relevant local stakeholders. The program will help AMAGGI strengthen its relationships with local stakeholders by transparently approaching its concerns, expectations, issues related to the impacts of the company’s activities, prevention and mitigation initiatives, and other relevant issues.

Another action proposed in the 2018/2019 Plan, but already started in 2017, is an engagement survey specifically aimed at rural producers, with the purpose of understanding the best way to engage this public in sustainability issues. The survey will be completed in early 2018.

In addition to updating the Engagement Plan, in 2017 several actions designed in the previous cycle were implemented, which integrated more organically to the processes established in the company.



MAP OF SOCIO-ENVIRONMENTAL IMPACTS GRI 413-2

In 2016 AMAGGI began a process to identify impacts, risks and opportunities related to its business in the short, medium and long term, with the central objective of better managing its social and environmental impacts. Once these impacts were identified, through consultations with stakeholders, experts and field visits, they were correlated to the company's material themes and the indicators of the Sustainable Development Goals.

This work revealed that among the items raised, positive impacts and opportunities predominate, with a positive influence on the Sustainable Development Goals of "Decent Jobs and Economic Growth", "Sustainable Consumption and Production" and "Sustainable Cities and Communities".

It was also found that the positive and negative impacts caused by AMAGGI's activities are predominantly related to the material themes "Development of the regions where it operates" and "Promotion of sustainable agriculture in the grain chain".

After all this mapping, in 2017 AMAGGI began work on the internalization of negative impacts and socio-environmental risks in its Socio-Environmental Management, with the objective of establishing action plans and creating controls to minimize or mitigate them. By business area of the company already can be observed initiatives that are working to fulfill this objective, such as the Action Plan, presented in 2017, for the implementation of the Responsible Logistics Program, which, among other objectives, aims at preventing and reduce road accidents and increase the welfare of transport service providers.

Throughout the next chapters, on the material themes, the positive impacts and opportunities generated from the AMAGGI business will be presented.




Corporate **GOVERNANCE**

GRI 102-18, GRI 103-2, GRI 103-3



In 2017 AMAGGI created the **Compliance Program** and approved its **Integrity Policy**. In the same year, the **Social-Environmental Policy** was introduced, integrating aspects according to NBR 16.001:2012 and ISO 14.001:2015.



In the last year, the outsourcing of the service by the **Reporting Channel** was carried out, which brought **more transparency to the process and more security** for those who wish to make the denunciations without being identified. The Channel has been updated and now has an international service, in English and Spanish, in addition to Portuguese.

Implanted in 2011, AMAGGI's governance model is in permanent process of improvement, through the training of counselors by the Brazilian Institute of Corporate Governance (IBGC) and the ongoing work of its respective committees. It has a Matrix of Responsibilities that clearly defines the financial and non-financial allocations of the Board of Directors and their respective counselors, as well as the Board of Executive Officers.

This structure has an opportunity to align expectations and agreements on the management model necessary for the present and future of AMAGGI, with a simpler decision-making process and convergence of interests between the Board of Directors, chairman and officers, as transparency and rigorous accountability, within the organization and for the market, are cultural values and cultural attributes of the company.



Aroeira – management model

Today consolidated, the Aroeira project, created in 2011, constitutes the management model of AMAGGI itself. It ensures the best decisions in the formulation and successful execution of the company's strategy, and the continuity for the next generations. Its business plan is prepared in a participatory manner and has actions defined until 2025.

Succession Program

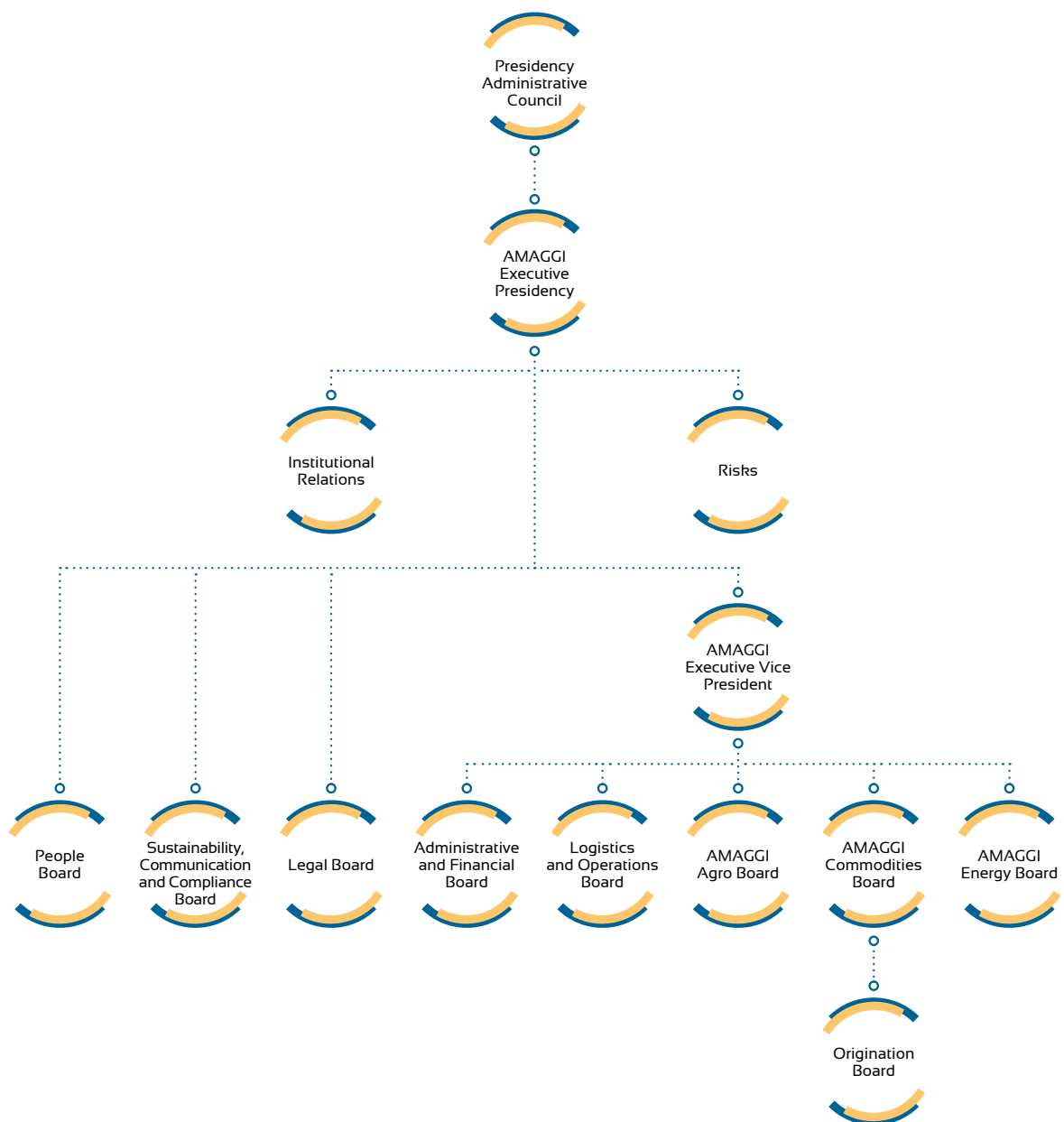
Care for succession is part of AMAGGI's governance agenda, which includes a full mapping of the profile and potential of its leadership through the Leadership School. Through the Nine Box¹⁰ tool, calibrated by the People Committee, the company seeks to support individual development and maximize individual potential in preparation for future internal opportunities. Currently, 100% of the opportunities for positions on AMAGGI's Executive Board and 95% of those in leadership positions are filled internally.

In 2017 AMAGGI completed the transition process in the position of president of the company, which was assumed by an internal talent. All the opportunities that arose as a result of this movement were also filled with internal talents.

10 - The performance and potential matrix known as Nine Box is a simple and effective tool used to assess talent in organizations. Its function is to evaluate individuals in two dimensions: performance and skills.

ORGANIZATIONAL STRUCTURE

AMAGGI has a Board of Directors appointed by the shareholders, which reports to the Chief Executive Officer and its Directors – AMAGGI Commodities General Director, AMAGGI Energia General Director, AMAGGI Agro General Director, Administrative and Financial Director, Institutional Relations Director, Legal Director, Sustainability and Communication and Compliance Director, Logistics and Operations Director, People Director and Origination Director.



In addition to this structure, there are committees formed by members of the Board and the Board of Directors in order to exercise management focused on specific aspects:

- Central Committee for Occupational Health and Safety;
- Ethics and Conduct Committee;
- Tax Committee;
- Tax Governance Committee;
- Fiscal Tax Committee;
- Internal Audit Committee;
- People Committee;
- Risk Management Committee;
- Strategic Committee.

IN 2017 AMAGGI OPTED NOT TO RETAKE A SUSTAINABILITY COMMITTEE STRUCTURE, INSERTING QUESTIONS RELATED TO THIS ISSUE TRANSVERSALLY ACROSS ALL OTHER COMPANY COMMITTEES.

RISK MANAGEMENT

GRI 102-II

AMAGGI's risk management is based on the Corporate Risk Management Policy, launched in 2015, and acts to mitigate financial, strategic, operational and regulatory risks. In addition to presenting the company's risk management guidelines, the document also defines the tools allowed to carry out mitigation of commercial and financial exposure risks.

The company adopts some principles that guide its risk management, the first one being that this management is a process, not an isolated event, so it must involve all areas of the company. The others are those whose implementation should be led by the Board of Directors, the chairman and the Board of Directors of each business area, as well as requiring the dissemination of knowledge culture and risk mitigation, with the routine participation of all employees.

The strategic risks are always followed directly by the directors, in different subjects such as corporate governance, business model, external environment, financing and regulations. Operational risks are usually monitored by area managers and can be followed by one of the directors if it is considered of greater potential. In 2017 the Administrative Council and the Board of Directors of AMAGGI met to talk about corporate risks.

The risk management process goes through some stages, such as risk factors assessment and measurement; preliminary analysis of risk factors and assessment of mitigation alternatives; implementation of mitigation alternatives; communication of strategies implemented; and, finally, control and monitoring of



actions. This process is conducted by the Risk Management Committee, which assesses the full compliance with the Corporate Risk Management Policy and proposes applicable alternatives. The committee also has the power to veto proposals for operations that, under its view, are not appropriate to the company.

AMAGGI also has other corporate committees in charge of preventive management, as already presented. One of its responsibilities is to identify and regularly measure the main financial, environmental and social risks to which the company is exposed, as well as to define prevention and mitigation measures and procedures. In 2017 the company carried out some actions with employees to disseminate knowledge culture and risk mitigation, such as risk management workshops with areas that deal with this need on a daily basis.

In the last year AMAGGI also started, through the Internal Controls area, a process aimed at its compliance management, defining a procedure for mapping processes of the areas and associated risks, and establishing a tool that standardizes this process so that each area can manage the risks related to its scope. In line with this normalization of internal control concepts and tools, the Social-Environmental Policy was introduced, integrating social aspects (according to NBR 16.001:2012) and environmental aspects (as updated by ISO 14.001:2015).

Priority was given to actions to implement the Social and Environmental Policy, such as the revision of the identification and classification of environmental aspects and impacts, including social aspects, and the mapping of impacts, risks and opportunities through consultation with internal and external stakeholders. These actions supported AMAGGI's strategy to address the negative, positive and local risks of the subsidiaries, while the joint impacts of the subsidiaries as well as the strategic risks and opportunities linked to the viability of the business are addressed by the corporate management of socio-environmental risks.

The criteria and procedures for the implementation of this strategy are in progress and are expected to begin in 2018.

COMPLIANCE PROGRAM

In 2017 both, the Compliance Program and the Integrity Policy, were designed. This one, approved at the end of 2017 and scheduled to launch in January 2018, covers topics such as prevention of corruption; structure and responsibility of the Compliance area, with the creation of the Sustainability, Communication and Compliance Board; relationship with government entities; hiring employees; gifts and hospitality; transparency of accounting records; restructuring of the donation and sponsorship policy; and supplier policy.

In 2017 AMAGGI did not conduct training on the Compliance Program but will conduct this training for all employees in 2018. GRI 205-2

CODE OF ETHICS AND CONDUCT

GRI 102-16

In 2006 AMAGGI developed its Code of Ethics and Conduct, defining and clearly disseminating, since then, the ethical principles pursued by the company. It guides all those who act on behalf of AMAGGI regarding the expectations of behavior to be followed in conducting business, daily activities and responsibilities, and in relationships with stakeholders.

In 2017 the Code of Ethics and Conduct was updated and reached its fourth edition, after revisions already made in 2009 and 2013. The updated edition, more complete and with versions in English and Spanish, in addition to Portuguese, incorporated suggestions for improvements presented by employees.

The preparation and management of the document are the responsibility of the Ethics and Conduct Committee of AMAGGI, made up of managers of the company. The Code is formally presented and delivered to new employees on their first day of work during the integration process and is permanently available on the Intranet and on the company's website, with access available to all interested parties.

Since 2016 AMAGGI has maintained an outsourced Reporting Channel to receive reports of nonconformities regarding its Code of Ethics and Conduct or other company policies and regulations. In 2017 it has been updated, with an international service in English and Spanish, in addition to Portuguese, and specific dial numbers for each country where AMAGGI has an office.

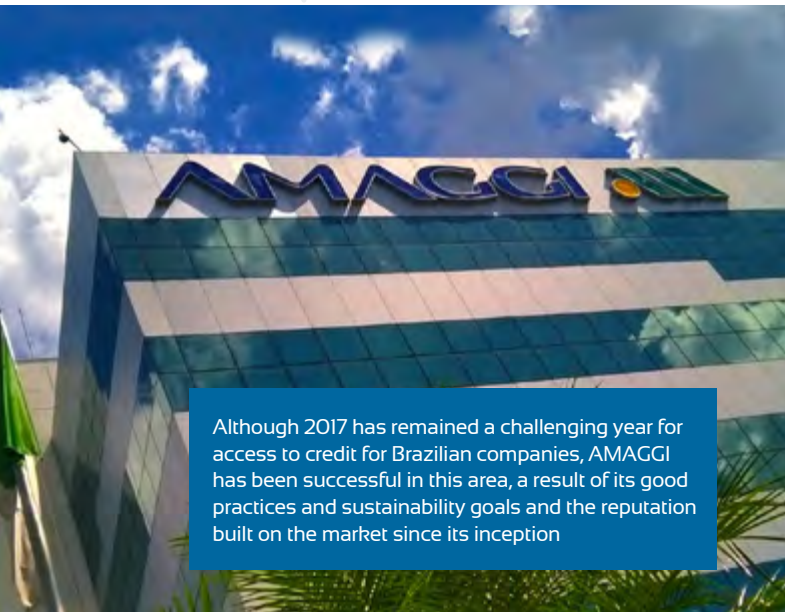
In the last year the Reporting Channel recorded a record of denunciations and complaints, with a total of 300 reports received. This considerable increase is the result of two initiatives carried out in 2017: the outsourcing of service, which brought more transparency to the process and more security for those who wish to make the denunciations without being identified, and a large publicity campaign for the channel, focused mainly on truck drivers and company employees. In 2018 AMAGGI will expand this campaign to surrounding communities and other stakeholders in the regions where the company is present. Of the 300 reports received in the last year, 290 were finalized by December 2017, and 10 are being verified.



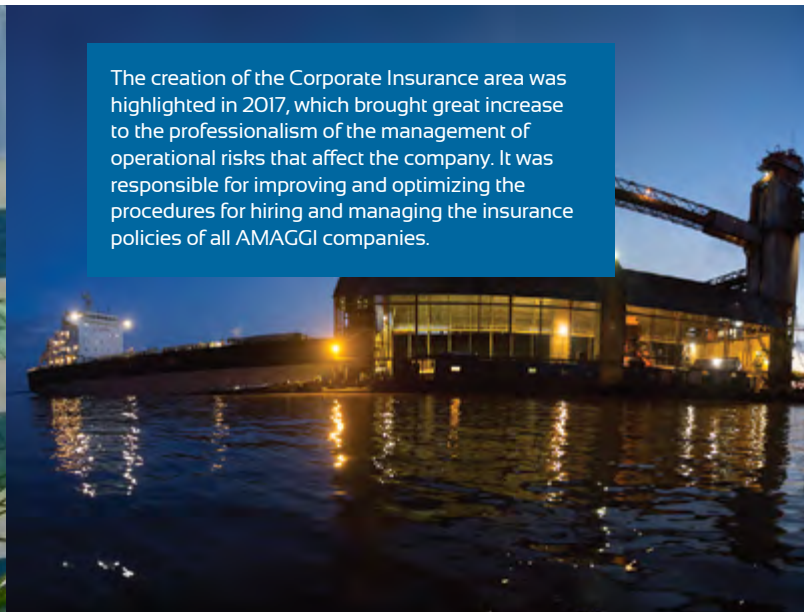
ECONOMIC VIABILITY

and shared value

GRI 103-2, GRI 103-3



Although 2017 has remained a challenging year for access to credit for Brazilian companies, AMAGGI has been successful in this area, a result of its good practices and sustainability goals and the reputation built on the market since its inception



The creation of the Corporate Insurance area was highlighted in 2017, which brought great increase to the professionalism of the management of operational risks that affect the company. It was responsible for improving and optimizing the procedures for hiring and managing the insurance policies of all AMAGGI companies.

By the end of 2017, the company was associated with 49 financial institutions between public and private, Brazilian and foreign, that provide resources in the form of loans and financial services rendering. The requirements imposed by these institutions, including a series of legal, fiscal, labor, social and environmental commitments, among others, are already integrated into the regular practice of AMAGGI.

Although 2017 has remained a challenging year for access to credit for Brazilian companies, AMAGGI has been successful in this area, a result of its good practices and sustainability goals and the reputation built on the market since its inception.



The company took more than US\$1,4 billion and settled another US\$1,4 billion in working capital loans in a loan portfolio that reached the end of the year with a balance of US\$1,94 billion (including working capital and financing for property, plant and equipment).

2017 was also a year of intensification of the competitive environment, as several competitors chose, like AMAGGI, to invest in logistics assets, which brought additional challenges to the company, with a lean and efficient cost structure. Thus, its work with financial institutions mainly sought to defend adequate cost conditions of the financing lines made available. In addition, efforts have been made to review processes and restructure personnel in order to optimize corporate costs and gain efficiency.

In this sense, the creation of the Corporate Insurance area was highlighted in 2017, which brought great increase to the professionalism of the management of operational risks that affect the company. It was responsible for improving and optimizing the procedures for hiring and managing the insurance policies of all AMAGGI companies.

Another highlight of the last year in terms of value generation and process efficiency was the maturation of the Shared Services Center (CSC)¹¹. The CSC area had two major structuring in 2017, with the incorporation of the tax area in the first semester of the year and, in the second semester, the beginning of financial processes, bringing greater efficiency and reliability to administrative, financial and fiscal processes, as well as good opportunities for cost optimization.

Some other similar initiatives were carried out by AMAGGI in 2017, such as the improvement and automation of covenants¹² controls and non-financial obligations of the company's financial contracts; the modernization of the credit assessment and approval system for suppliers and customers, with the incorporation of indexes and tools that have made the process more agile; and the systematization of the calculation of the mark-to-market of grain purchase contracts, allowing the calculation of its value at any time.

These initiatives are recognized by stakeholders as continuous improvement practices in AMAGGI's business and administrative processes – a recognition captured by the company in the form of better and cheaper transaction modalities and contracts.

11 – A management tool that allows one to rationalize processes, bringing speed to operations and gains in competitiveness. It consists of centralizing the support functions of the business units (such as finance, controllership, human resources, supplies, administration and systems) in a services office that starts to process all supporting activities, freeing business units to focus on their core business.

12 – Items of the contracts of the loans and financings created to protect the interest of the creditor. They establish conditions that cannot be disregarded, or the lender may require the early maturity of the debt.

“ In the financial area our main challenge is always to ensure that AMAGGI has access to banking resources, because it is in the nature of our business to have the majority of the capital structure supported by these sources. In 2017 banks were very focused on compliance issues, including raising questions related to the political scenario, because AMAGGI counts on one person among its shareholders who is dedicated to public career. So, we strive to show the professionalism of our company and the transparency used in our relations with all our stakeholders, including the government, with great tranquility, making it clear that we have governance instruments to guarantee high financial and ethical standards”.

DANTE POZZI – ADMINISTRATIVE AND FINANCIAL DIRECTOR



DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (GRI 201-I)

	2015	2016	2017
Direct economic value generated – revenues (in thousand Reais)	R\$ 13,597,426.00	R\$ 12,303,986,611.62	R\$ 14,500,525,133.23
Distributed economic value	R\$ 1,842,420,893.78	R\$ 2,287,321,902.90	R\$ 2,111,705,171.72
Shareholders (compensation of shareholders' equity)	2.15%	6.25%	3.54%
Employees (compensation, benefits, employee charges)	20.86%	20.26%	22.36%
Government (taxes, fees, contributions)	26.87%	33.65%	17.29%
Retained earnings / loss for the year	10.71%	7.43%	21.77%
Interest and rents (remuneration of third-party capital)	39.41%	32.11%	34.83%
Investments in the community	–	0.30%*	0.21%
Total	100%	100%	100%
Economic value withheld (R\$) ("direct economic value generated" minus "distributed economic value") **	R\$ 0.00	R\$ 0.00	R\$ 0.00

* As of 2016, AMAGGI started to report the percentage allocated to the André and Lucia Maggi Foundation, so other investments made directly by the business areas are not included here.

** AMAGGI understands that all the value generated has been distributed, even if part of the profit or loss for the period has been allocated to the profit reserve for possible distribution in subsequent periods. Amounts allocated for retained earnings / loss for the year: 2017 – R\$ 459,744,067.89; 2016 – R\$ 169,888,585.18; 2015 – R\$ 167,889,000.00.

PROMOTING

sustainable agriculture in the grain chain

GRI 103-2, GRI 103-3



AMAGGI ended 2017 with **102 certified rural properties**, 64 of which by A.R.S. and 38 by RTRS, in addition to 341 ProTerra Standard certified partner producers.



In its second edition, the **AMAGGI Technology Circuit** expanded its area of coverage in 2017, bringing innovative information and solutions to an even larger number of rural producers. The project covered approximately **2 million hectares** of productive area, an increase of more than **60%** in comparison to 2016.

AMAGGI is determined to support the development of a more sustainable agriculture that respects the environment, people and the life of local communities, contributing to the social, environmental and economic development of the production chain.

Thus, each year the company seeks to strengthen the partnership with its grain suppliers, conducting the guidance of rural producers to the socio-environmental adequacy of their properties. In order to achieve this, AMAGGI maintains in its Sustainability Board a Responsible Management of the Chain of Grains nucleus, which specifically acts in the development of activities and projects aimed at supporting a better socio-environmental performance of rural producers.



To ensure a responsible purchase of grains, AMAGGI evaluates its suppliers based on established socio-environmental criteria, which are minimum sustainability principles to be met:



Areas embargoed by the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA): AMAGGI prohibits the commercialization of grains from areas that are on the list of embargoes for illegal deforestation;



Areas embargoed by the Mato Grosso State Secretariat of Environment (Sema-MT): AMAGGI does not commercialize grains from areas that are on the list of embargoes in the state of Mato Grosso due to illegal deforestation;



Indigenous Lands and Conservation Units: AMAGGI does not commercialize with producers whose productive areas concern Indigenous Lands and Conservation Units;



Deforested areas in the Amazon biome after 2008: through the Soy Moratorium, AMAGGI undertakes not to acquire soybeans from deforested areas after 2008 in the Amazon biome. Since 2016 the Soybean Working Group (GTS), which brings together industry, civil society and government, has decided to maintain this commitment indefinitely. Periodically, there is an analysis of the deforested areas after 2008 in the Amazon Biome and the activities implemented there – if it is confirmed that the area is producing soy, AMAGGI does not purchase the product. Annually, the company receives an external audit to certify compliance with the Pact;



Dirty List of Slave Labor of the Ministry of Labor and Employment: AMAGGI does not commercialize with any person or company that integrates the Dirty List of Slave Labor. In addition to following the list update, the company signed the Pact for the Eradication of Slave Labor, which further strengthens the commitment. AMAGGI is also part of InPacto, an institution dedicated to strengthening and expanding actions under the National Pact for the Eradication of Slave Labor.

At AMAGGI, 100% of the supply chain must meet these socio-environmental criteria. Suppliers who present any of the restrictions above have their registration blocked, being prevented from commercializing with the company until they regularize their situation or prove that there are no irregularities in the area of origin of the grains, meeting in full the criteria established by the company. In these cases, the Sustainability area carries out a risk analysis of the socio-environmental conditions of that rural property and may veto the commercialization. GRI FPI

In the last year the company had 44 commercialization processes vetoed by the area of Sustainability, since they offer risks related to the socio-environmental criteria adopted.

For producers commercializing in the form of an advance due to price, AMAGGI has a specific evaluation. In addition to evaluating the socio-environmental criteria, the branch team that directly deals with the producer conducts surveys in loco, evaluating environmental, infrastructure, labor and social issues, which integrate a socio-environmental record to be validated by the Sustainability team. The area of the property is also analyzed by means of satellite images, in order to guarantee that the origin of the grain meets all socio-environmental criteria of AMAGGI. In this form of commercialization, 667 operations were analyzed in 2017.

SUSTAINABILITY IN THE ORIGINATION OF GRAINS

One of AMAGGI main tools to ensure sustainability in the origination of its grains is the **ORIGINAR** – Origination AMAGGI Responsible platform, developed through Agrottools technology, one of the most advanced in the sector. With it, it is possible to analyze in a more precise and detailed way the areas with which the company commercializes, generating a social -environmental extract of the property and the producer, that is generated after the crossing with the data of the social-environmental criteria.



AMAGGI TECHNOLOGY CIRCUIT

In 2017, the second year of AMAGGI Technology Circuit, the initiative expanded its area of coverage, bringing innovative information and solutions to an even larger number of rural producers in the states of Mato Grosso and Rondônia. With events in 25 locations (22 in Mato Grosso and 3 in Rondônia), between January 13 and February 18, 2017, the Circuit covered approximately 2 million hectares of productive area, an increase of more than 60% in comparison to 2016.

The events, held in farms of partner producers, provided the participating public with exchanges of experiences, access to information and guidance on disease and pest control, and clarification on sustainable management and socio-environmental certifications. In 2017 events attracted more than 2,000 participants, of which 639 are rural producers (an increase of more than 30% compared to 2016), exceeding expectations and confirming to be a powerful tool of relationship with the rural producer – one of the main partners of the company.



SOCIOENVIRONMENTAL CERTIFICATIONS OF RURAL PROPERTIES

Seeking to affirm its commitment to the sustainable development of the grain chain, in 2017 AMAGGI maintained certifications to meet social and environmental criteria and quality. They stimulate a better socio-environmental and economic performance of the agribusiness sector, contributing to the conservation of natural resources and to the establishment of fair conditions and welfare for workers and communities close to rural properties.


AMAGGI ended 2017 with 102 certified rural properties, 64 of which by A.R.S. and 38 by RTRS, in addition to 341 ProTerra Standard certified partner producers. For more information on socio-environmental certifications, please go to the "Certifications" chapter.



LOGISTICS

for grain outflow

GRI 103-2, GRI 103-3



In the last year AMAGGI had the opportunity to reveal its preparation to handle a **soybean and maize crop of proportions never seen in Brazil**. The company stood out mainly for its previous investments in capacity expansion and also counted on the increase of assets in the Madeira Corridor.



In 2017 AMAGGI expanded the flow of cotton plume into a multimodal route, using the railroad to take the product from Rondonópolis to the Port of Santos.

With increasing competitiveness in Brazilian agribusiness, the logistics of harvesting and transportation of inputs are becoming increasingly important, becoming a central point of the business. Since its foundation, AMAGGI has invested in efficient and competitive logistics, standing out for the pioneering in the construction and development of the North Corridor. Celebrating the two decades of founding of Hermasa Navegation in 2017, AMAGGI is today one of the largest river navigation companies in the world.

Intermodal, AMAGGI's logistics network combines road, river and rail transport, which guarantees speed and efficiency. This entire structure is fully connected to AMAGGI's business platforms, allowing the company to transport its product at the lowest cost, in a more efficient way and with the least possible impact on the environment.



Observing all the pillars of sustainability and establishing policies and challenges in the medium and long term, the company achieved worldwide respect in the sector.

In 2016 AMAGGI created the Logistics and Operations Board, which increased the synergy between the logistics areas. The gain of agility in the flow of information and decision making are a big difference in the daily life and in the results of the company. In 2017 this was reflected in its ability to address the enormous challenges posed to the industry as a whole. As an important agent of the Brazilian agribusiness chain, AMAGGI has great responsibility with customers, suppliers and society in general, and meeting deadlines and commitments is at its core.

Thus, in the last year AMAGGI had the opportunity to reveal its preparation to handle a soybean and maize crop of proportions never seen in Brazil. The company stood out mainly for its previous investments in capacity expansion and also counted on the increase of assets in the Madeira Corridor, which increased its capacity to sell around 10%.

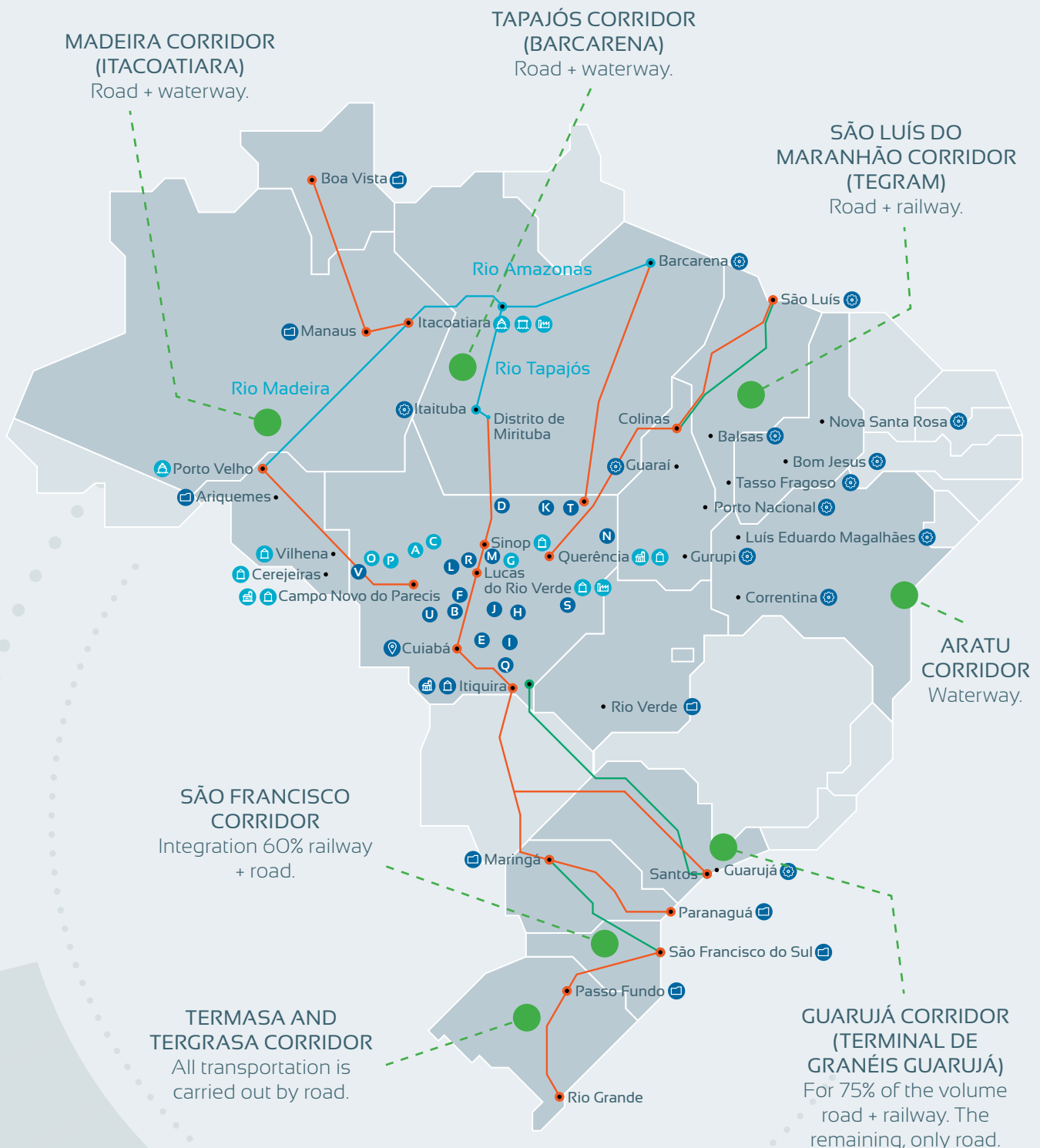
In 2017 AMAGGI expanded the flow of cotton plume into a multimodal route, using the railroad to take the product from Rondonópolis to the Port of Santos. Formerly done 100% by road, the expectation for 2018 is that the outflow of cotton has 15% to 20% of its volume done in this new multimodal format.

For more information on business results in 2017, please go to the chapter "AMAGGI Logistics and Operations".

RUNNING CORRIDORS

AMAGGI operates in all the country's export corridors, listed below:

- Itacoatiara, in the state of Amazonas, with its own capital;
- Barcarena, in Pará, in partnership with Bunge Alimentos;
- São Luís do Maranhão, at the Grain Terminal of Maranhão (TEGRAM), in partnership with Louis Dreyfus Company and ALZ;
- Aratu, in Bahia, with the export of the entire product via AMAGGI & Louis Dreyfus Company joint venture;
- Guarujá (TGG), the most efficient bulk terminal in the country, on the coast of the State of São Paulo, in a joint venture with ALL and Bunge;
- São Francisco do Sul, in Santa Catarina, together with a commercial partner;
- Rio Grande do Sul, through the Termasa Port Complex (Luiz Fogliatto Maritime Terminal) and the Graneleiro S/A Terminal (Tergrasa).



EVENTS MANAGEMENT

GRI 306-3

AMAGGI has internal procedures to prevent and deal with incidents of environmental accidents and road accidents. Each of the company's units has an Individual Emergency Plan, which presents the different emergency scenarios mapped to each type of activity.

In 2017, 157 road accidents were recorded, 55 of which had environmental assistance (activation of AMAGGI environmental area, even if only for final destination of waste or evaluation of the situation of the accident), equivalent to 35% of the total.

The number of environmental accidents in 2017 was 35, of which 2 were not significant leaks (6%), and the majority were fires (55%), concentrated during the dry season. There were no accidents with oil impact on water.

For AMAGGI, significant spills are those that result in environmental impact related to the incidence of liabilities or direct losses to society.

In 2017 all environmental accidents (35) and road accidents with environmental assistance (55) were promptly acted by specialized internal and outsourced personnel in the treatment and remediation, whose actions were effective, and no harm was caused to society and the environment.

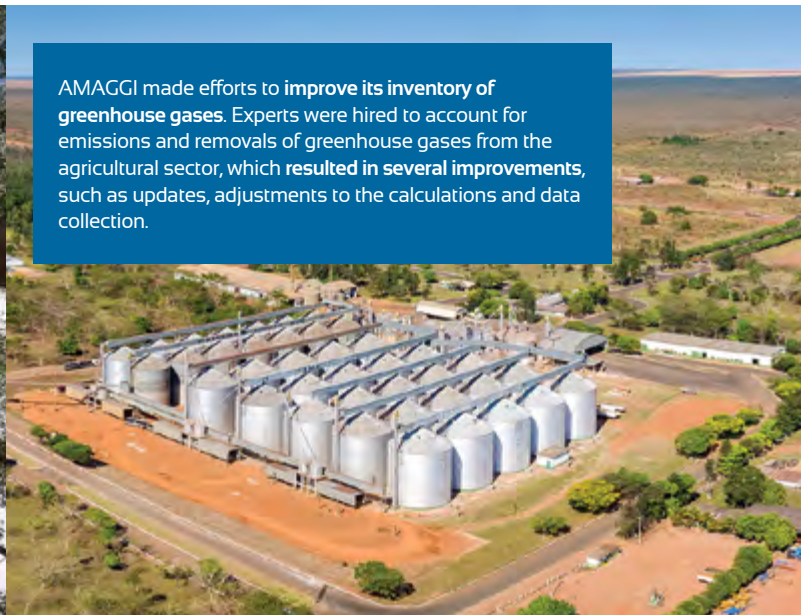


CLIMATE changes

GRI 103-2, GRI 103-3,



In 2017 more than **310 thousand tCO₂** were removed from the atmosphere by planting commercial forests of eucalyptus, rubber tree and acacia - which in the future will serve for energetic use within the company itself.



AMAGGI made efforts to **improve its inventory of greenhouse gases**. Experts were hired to account for emissions and removals of greenhouse gases from the agricultural sector, which **resulted in several improvements**, such as updates, adjustments to the calculations and data collection.

In 2017 AMAGGI made efforts to improve its inventory of greenhouse gases – covering AMAGGI Agro, AMAGGI Commodities, AMAGGI Logística e Operações and AMAGGI Energia – as emissions are a material theme for the company.

Experts were hired to account for emissions and removals of greenhouse gases from the agricultural sector, which resulted in several improvements, such as updates, adjustments to the calculations and data collection. The proposal is in line with AMAGGI's strategy to solve all remaining possible problems, so that in 2018 the reduction targets can be revised up to 2025.



Climate change:

droughts, floods, changes in rainfall, rising temperatures, etc.

Effects of global climate change impact AMAGGI operations.

What can we do?

Analyze the new scenario (projections) and establish plans to adapt new operations.



AMAGGI Operations

Our operations have absorption and emission of greenhouse gases that contribute (positively and negatively) to climate changes.

What can we do?

Analyze history and growth plans and set goals to reduce new emissions.

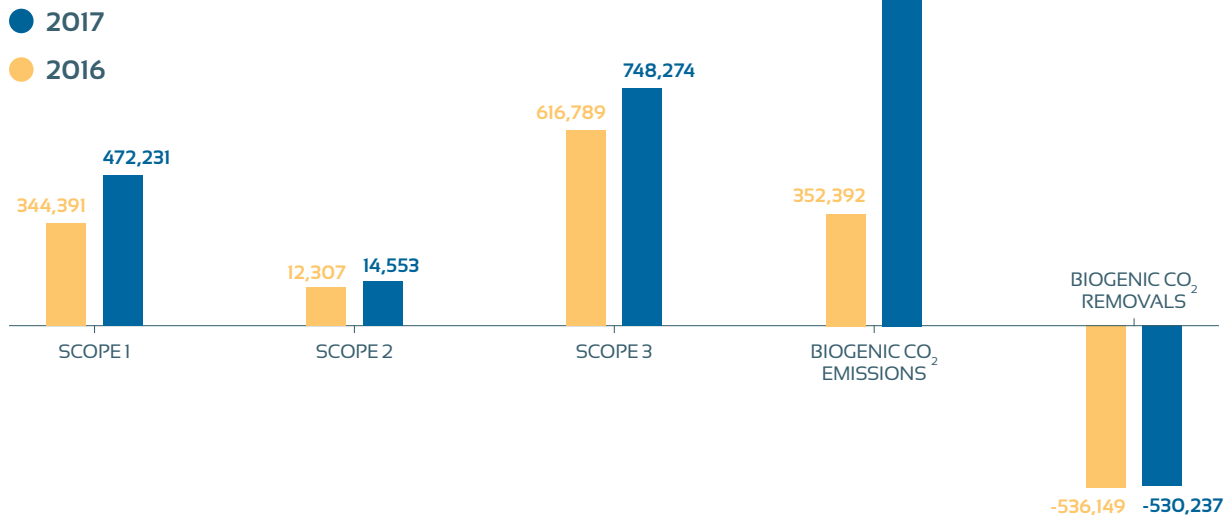
Among the improvements applied to the inventory in 2017, the adjustments in the accounting of emissions by the use of nitrogen fertilizers and urea are highlighted: before the review, the total amount of these inputs was considered, thus overestimating the company's emissions; to adapt to internationally recognized calculation methods and achieve more reliable results, in the last year AMAGGI began to consider in its calculations only the percentage of nitrogen that makes up these inputs. It should be noted that this improvement was also applied to the 2016 inventory, which was recalculated following the new method.

This adjustment has produced significant changes to the Scope 1 data, previously disclosed by AMAGGI: in the 2016 inventory, Scope 1 emissions were recorded for at 798,011 tCO₂e; after recalculation, they fell to 344,391 tCO₂e.

In addition, data on crop residues, such as the maize straw left on the soil after harvest, were entered in the 2016 and 2017 inventory calculations. This new source of emissions represented an increase of an average of 20% of the emissions of Scope 1 of the inventories of both years, as will be detailed later.

The results of the inventories of greenhouse gas emissions for 2017 and 2016, already recalculated according to the new method, are presented below.

GREENHOUSE GASES EMISSIONS (tCO₂e)



The details and justifications for variations of each Scope (1, 2 and 3), as well as the biogenic CO₂ emissions and removals, are described below.

VARIATION SCOPE 1

In Scope 1 the emissions related to the operation of each of the four AMAGGI business areas are recorded for. The variations between 2016 and 2017 reflect the increase in productivity obtained by the company from one year to the next, as AMAGGI Agro grew 18% in cotton production, 15% in maize production and 8% in soybean production, which significantly increased fertilizer consumption. Meanwhile, AMAGGI Logística e Operações increased the volume of grain transported in 16%, which has a direct impact on the consumption of diesel by the vessels operated by the company. All this growth demanded higher consumption of fuels, used by machinery and vessels, and inputs in general. Diesel oil consumed, for example, increased 11% from 2017 to 2016.

The change in land use was also important for increasing Scope 1 emissions in 2017, as AMAGGI converted an area equivalent to 4,529 hectares of commercial plantation of rubber trees for cultivation of other crops. This issue represented 51 thousand tCO₂e, corresponding to 11% of the company's total Scope 1.

Another adjustment introduced in the 2017 inventory was the inclusion of the N₂O and CH₄ gas accounting for the percentage of biodiesel present in Brazilian diesel; this gap in the 2016 inventory may represent approximately 3% growth in Scope 1 emissions for that year.

VARIATION SCOPE 2

In Scope 2 only the emissions referring to the consumption of electricity by the four AMAGGI business areas are reported. In this scope there was an increase of around 18% in CO₂e emissions, caused mainly due to the productivity growth of all the company's business areas, but especially for the expansion of the crushing plant grains in Lucas do Rio Verde. AMAGGI's total electricity consumption was 79,907 MWh in 2016 and 93,848 MWh in 2017. It is worth mentioning that the emission factor was also updated, according to data released by the Ministério da Ciência, Tecnologia, Inovações e Comunicações (MCTI) (Ministry of Science, Technology, Innovations and Communications). The emissions of AMAGGI units located in Itacoatiara have also been recalculated, since the region in which this municipality is located is not linked to the country's Sistema Interligado Nacional (SIN) (National Interconnected System), with an isolated power supply system, whose origin is thermoelectric.

AMAGGI also has five small hydroelectric plants which, in 2017, generated 427,406 MWh of renewable energy, which were inserted in the Brazilian grid.

VARIATION SCOPE 3

In Scope 3 indirect emissions are recorded, that is, those caused by third parties due to the provision of services to AMAGGI.

In 2017 the company considered in Scope 3 of its inventory the main sources of emissions from its value chain, and emissions were recorded by the production of the main agricultural inputs (fertilizers, urea, seeds, limestone, among others), as well as emissions from air travel and also from transport for product disposal.

There was an increase of more than 20% compared to 2016, mainly due to the growth of grain production and origination in 2017, as well as the increase in fertilizer production at the AMAGGI mixing plant in Comodoro - Mato Grosso, which demanded more trucks and trains for the disposal of products. All transportation carried by highways and railways are outsourced and go to internal consumers or even ports for shipping to the international market. Transport emissions alone amount to about 600 thousand tCO₂e of Scope 3.

In order to minimize this impact, AMAGGI relies on logistics intelligence, which has been increasingly seeking sustainable solutions for its business, such as intensifying the use of the rail modal and river transport as alternatives, which has allowed it to increase significantly without impacting the emission of greenhouse gases, which are more affected by the road. It can be observed that AMAGGI has its own barges and pushers for river transportation, as well as owns and operates ports at strategic points in the country, whose emissions are recorded for in AMAGGI Scope 1, related to direct emissions from the company's operation.

VARIATIONS IN BIOGENIC EMISSIONS

Biogenic emissions are those derived from the combustion of biomass (such as eucalyptus or soybean and rice husks) and biofuels (such as ethanol or sugarcane biodiesel, among other sources). These biomasses come from a short biological cycle and their emissions are considered neutral because the CO₂ released into the atmosphere during their burning is equivalent to that taken from the atmosphere during the process of photosynthesis throughout the growing period of the plant.

The use of these renewable fuels reveals AMAGGI's commitment to sustainability, as they replace fossil fuels.

However, it is important to point out the conversion of 4,529 hectares of rubber trees in the farm SM3 B, where 100% of the emitted CO₂ was counted as biogenic, resulting in a significant increase in the scope. In addition, the CH₄ and N₂O gases have been recorded among the Scope 1 emissions of CO₂e.

VARIATIONS IN CARBON BIOGENIC REMOVAL

In this scope the carbon flux removed from the atmosphere and directly related to AMAGGI activities is calculated. For the inventory, the following sources of removal are considered: growing forest areas, counting the biomass above and below the ground; incorporation of carbon in the soil from the improvement of agricultural practices and management.

In 2017 more than 310 thousand tCO₂ were removed from the atmosphere by planting commercial forests of eucalyptus, rubber tree and acacia - which in the future will serve for energetic use within the company itself.

In the last year the incorporations of carbon in the soil represented approximately 220 thousand tCO₂ removed from the atmosphere - a result obtained mainly by the practice of direct planting, which consists of maintaining the straw in the post-harvest area for cover and protection of the soil, instead of conventional planting.

CARBON STOCK

AMAGGI maintains on its properties, whether owned or leased, permanent preservation areas and reserves of native forest, which represent 97,849.84 hectares.

The carbon stock related to these areas reaches about 50 million tCO₂ stockpiled, reflecting AMAGGI's commitment to keeping its business focused on sustainability.

RISK MANAGEMENT OF CLIMATE CHANGE

GRI 201-2

Climate change affects agricultural production in different ways. Changes in temperatures can cause extreme events like drought or rain, which also contributes to multiplying pests and diseases. In addition, the increase of carbon dioxide (CO₂) in the atmosphere influences the volume of production and changes the intensity of the harvest.

Another risk related to climate change is the change in the rainfall regime, which impacts on river operations and in the generation of energy. The volume of the river is fundamental for small hydroelectric plants (PCHs) and for river transport. Prolonged drought makes it difficult to load the rafts. Excessive elevation of the river level may facilitate tree trunks falls, damaging the vessels. In industries, during periods of heavy rain, the consumption of biomass and energy increases. Grain storage is also influenced by climate. As the ambient temperature increases, the fans in the warehouse must be activated to prevent the soybean from "burning", which also raises energy costs.

Reduced productivity impacts sales and, as a consequence, economic results. In addition, as AMAGGI operates with commodities, the result of the harvest from other countries may also represent risks or opportunities arising from the oscillation of the product price in the market.

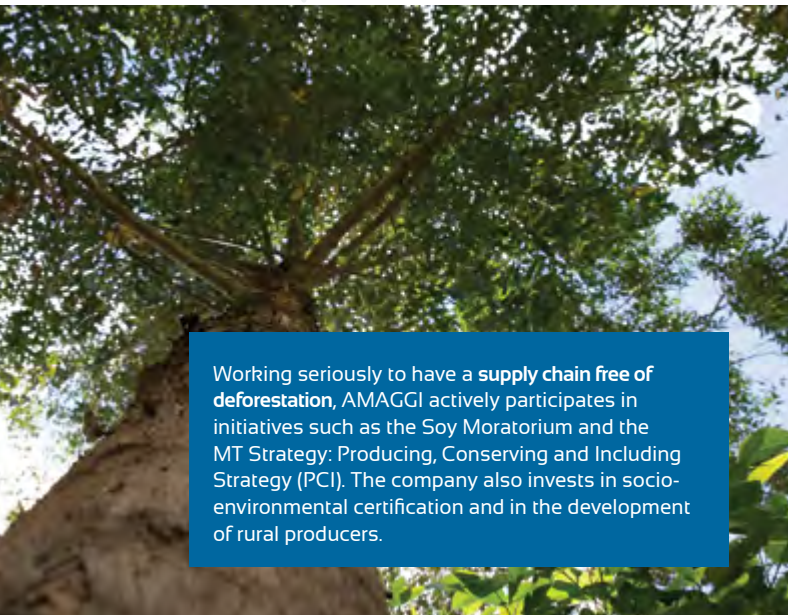
To manage these risks and improve productivity, AMAGGI has invested in the generation of knowledge and new technologies. Production has also been adapted with the use of better seeds and more effective control of pests. By identifying and mitigating these risks, the company increases its operational efficiency, turning risk into a competitive advantage.



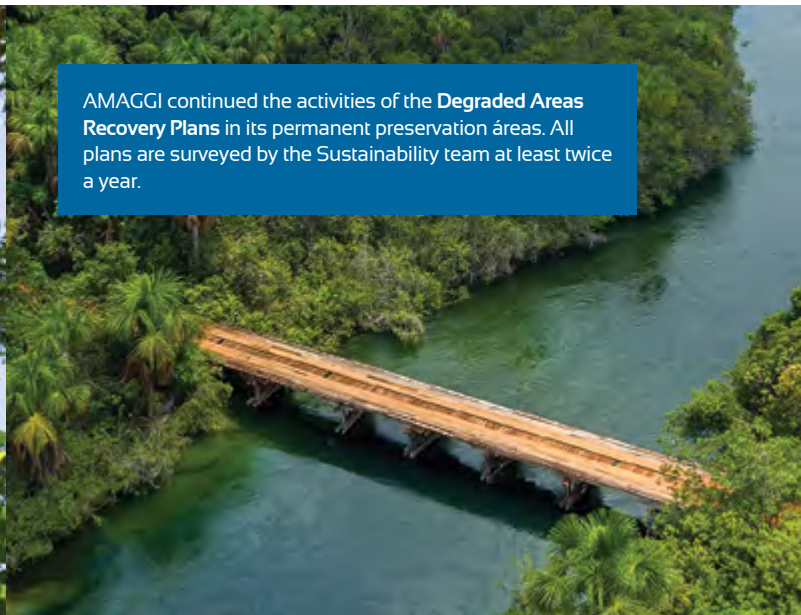
COMBATING DEFORESTATION

and biodiversity protection

GRI 103-2, GRI 103-3, GRI 304-2



Working seriously to have a **supply chain free of deforestation**, AMAGGI actively participates in initiatives such as the Soy Moratorium and the MT Strategy: Producing, Conserving and Including Strategy (PCI). The company also invests in socio-environmental certification and in the development of rural producers.



AMAGGI continued the activities of the **Degraded Areas Recovery Plans** in its permanent preservation areas. All plans are surveyed by the Sustainability team at least twice a year.

AMAGGI maintains all its properties in compliance with the Brazilian Forest Code and other environmental laws of the country, carrying out all its productive activities outside the limits of Conservation Units or any other areas protected by law. In order to expand its production areas, the company favors the acquisition of properties already converted and consolidated, and invests in its recovery, undertaking analyzes not only of land, but also of all socio-environmental legal issues and obligations. Details on AMAGGI properties, such as size and geographic location, among others, are available in the Attachments of this report.

Since 2013 the company has adopted, in some of its properties, the integration between farming and livestock, which constitutes a more sustainable production strategy.



In these areas, agricultural, livestock and forestry activities are carried out in a consortium, which includes environmental adequacy, community valuation and economic viability.

In 2017 AMAGGI continued the activities of the Degraded Areas Recovery Plans in its permanent preservation areas, using, above all, the techniques of direct planting of the seedlings. Also conducts to natural regeneration, because some areas get good responses in this way. All plans are surveyed by the Sustainability team at least twice a year, determining the technical instructions and activities to be carried out; in subsequent visits, the performance and effectiveness of the activities are verified. The team prepares annual monitoring reports, which are presented to the relevant environmental agencies. The corporate team also performs the licensing of rural property, guides the recovery of degraded areas and conducts local surveys as needed.

In 2017 the fencing of Dois Córregos Farm was carried out, located in Lucas do Rio Verde, in Mato Grosso. This area was prone to invasion and consequent deforestation. In addition, some areas in the Itacoatiara region, in the state of Amazonas, are already monitored by means of watchmen who monthly check the local situation. Legal Reserve clearing areas that have not yet been donated/released to the State are monitored by plane overfly or even with periodic visits by employees.

In addition to these measures, AMAGGI carries out actions to raise awareness of employees and partners; adopts the use of warning signs, prohibition of hunting and fishing and extraction; maintenance of fire extinguishers; and construction of fences for insulation.

AMAGGI's small hydroelectric power plants benefit from the use of natural resources, such as rivers. Therefore, the company adopts environmental monitoring and control plans, such as those of fauna, ichthyofauna and hydro sediment, in addition to waste management; recovery plan for degraded areas in the implementation of the project; and water quality control. These actions allow mitigation of significant negative impacts.

All the ports located on the banks of the rivers and that use the navigation to develop their activity count on Individual Emergency Plan, in order to organize the attendance of eventual occurrences that can cause damages to the environment.

In 2017 there was a transformation of the landscape on the farm SM3B, in Itiquira, by means of the exploration and burning of the rubber tree with the proper authorization for the cutting and burning of the trees and attendance of all the constraints required by the environmental body, guaranteeing the minimization of the impacts of the activity.

DEFORESTATION-FREE CHAIN

AMAGGI has been working seriously to have a supply chain free of deforestation. For this, it actively participates in initiatives such as the Soy Moratorium and the MT Strategy: Producing, Conserving and Including (PCI), invests in socio-environmental certification and in the development of rural producers as a way to stimulate environmental regularization and combat deforestation (learn more in the chapter “Certifications”). Through the ORIGINAR – Responsible AMAGGI Origination platform (learn more in the chapter “Promotion of sustainable agriculture in the grain chain”), the company can carry out precise analyzes of the areas from which it acquires grain, avoiding to carry out operations with all those that do not meet its socio-environmental requirements.

AMAGGI has been combating forest fires with the construction of firebreaks and cleaning of areas of easement, both internal and external to its farms. The company’s units have trained “brigadistas” (fire brigades) and equipment to act in these situations, which assert themselves during periods of drought.

TANGURO PROJECT

Began in 2004, after a partnership between AMAGGI and Ipam, this project brings together a group of scientists and students from different countries, with the objective of investigating the direct impacts of agriculture on biodiversity, forest health, aquatic environments and the dynamics of nutrients. In 2018 AMAGGI will renew this partnership for another five years.

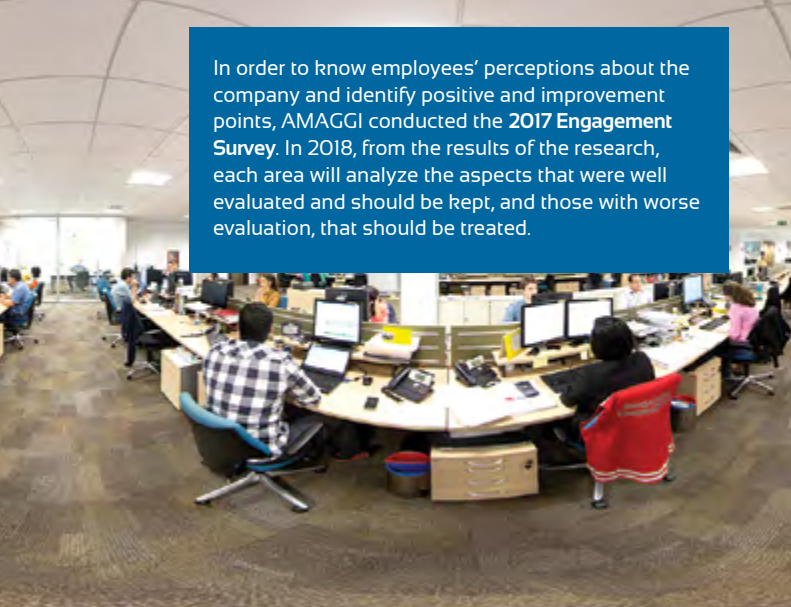
In 2017 the Tanguro Project was at the center of an international debate held by Ipam to discuss how to reconcile food production, environmental integrity and climate change, and students from a partner university spent a week at the Tanguro Farm to understand the effects of deforestation in the Amazon and to create practical recommendations for the Brazilian government.




DEVELOPMENT

of human capital

GRI 103-2, GRI 103-3



In order to know employees' perceptions about the company and identify positive and improvement points, AMAGGI conducted the **2017 Engagement Survey**. In 2018, from the results of the research, each area will analyze the aspects that were well evaluated and should be kept, and those with worse evaluation, that should be treated.



In the last year AMAGGI invested **R\$681,420.00** in the **Education Allowance program**, reaching **240 employees**. That same year, **39 employees** graduated from the courses supported by the Education-Aid, and **75 employees** linked to it were promoted.

AMAGGI conducts its Human Organizational Development (DHO) management through the work of the areas of Attraction and Selection, Organizational Development, Corporate Education and Compensation. Its focus is to provide conditions for employees to achieve their personal and professional goals, generating sustainable business results, necessary to the perennial and success of AMAGGI.

The main projects of the area are highlighted below.



ATTRACTION AND SELECTION

The Attraction and Selection Area seeks to ensure the attraction of talents in line with AMAGGI's strategies, as well as to assist in its development and retention, through the application of the best market practices in recruitment and selection.

Employer Branding

Started five years ago, the goal of the program is to attract professionals who have values aligned with those of the company, and competencies that ensure business continuity.

In 2017 there were over 33,000 new applicants enrolled on the program's website, which has a base of 97,508 resumes. There were 16 lectures in universities in Mato Grosso and other states, 1 technical visit of university students to the Porto Velho unit and 1 Career Fair, reaching 1,980 academics of various courses.

Cultivar Program

Acting as an extension and enhancement of the integration of new AMAGGI employees, the program monitors the newcomer by an area tutor, in meetings with partner areas and on-the-job training. In 2017, 13 units participated in the program, with 9,946 hours dedicated.

ORGANIZATIONAL DEVELOPMENT

The Organizational Development area strongly acts on the identification of development opportunities and monitors the entire organizational transformation, supporting the quality of people management decisions.

Acting in partnership with the other Human Resources areas, it promotes and facilitates the elaboration and implementation of solutions for the main challenges of people in the organization: attraction, retention and development of people.

Assessment

The Assessment process is the first step for the employee to participate in the AMAGGI Leadership School, since he will have in hand valuable information about his profile and suggestions on how to develop the identified improvement points. In 2017, 195 employees went through the Assessment, among them managers, supervisors, coordinators, waterways leaders, young talents and specialists. 780 hours were invested in this process.

Young Talents Program

In order to train and develop professionals with the potential to take on future work positions at AMAGGI, the program offers a complete training to young talent in the company. In 2017, 21 young people were hired to join the Young Talent Program in Sales, Origination, Inputs, Agro and Navigation areas.

Engagement Research

In order to know employees' perceptions about the company and identify positive and improvement points, the AMAGGI Organizational Development area, led by the consultancy Korn Ferry / Hay Group, conducted the 2017 Engagement Survey. The established indicators will guide plans of action and development for the whole company.

In 2018, from the results of the research, each area will analyze the aspects that were well evaluated and should be kept, and those with worse evaluation, that should be treated. This work aims to achieve in each area an ever-increasing level of engagement.

CORPORATIVE EDUCATION

AMAGGI Corporate Education area is guided by the motto “Transforming is what makes us grow.” Its objective is to guarantee the culture of continuous learning, by managing and multiplying individual and organizational knowledge, providing the skills.

In 2017 AMAGGI carried out, through the Corporate Education area and demanding training areas, about 104 thousand hours of training, reaching 8,288 participations, and one person could have participated in more than one training. This number includes own and outsourced employees.

Regarding our own employees, approximately 95 thousand hours were accomplished, resulting in an average of approximately 18 hours of training per employee. GRI 404-1

AVERAGE OF OWN EMPLOYEES TRAINING HOURS, BY FUNCTIONAL CATEGORY

Functional category	Number of employees	Number of hours	Average training hours
Administrative	1,014	13,622.58	13.43
Apprentice	95	1,275.50	13.43
Counselor	4	0.00	0.00
Board of Directors	12	714.00	59.50
Trainee	6	123.83	20.64
Managers	430	15,652.58	36.40
Young Talents	21	501.50	23.88
Operational	3,708	61,944.50	16.71
Technicians	70	1,306.67	18.67
Total	5,360	95,141.16	17.75

AVERAGE OF OWN EMPLOYEES TRAINING HOURS, BY GENDER

Functional category	Number of employees	Number of hours	Average training hours
Male	4,508	83,842.58	18.60
Female	852	11,298.58	13.26
Total	5,360	95,141.16	17.75

AVERAGE HOURS OF OUTSOURCED TRAINING

	Number of employees	Number of hours	Average training hours
Outsourced	2,928	9,039.00	3.09

Education Allowance

The program offers subsidy to cover the participation of employees in technical or academic training courses, assuming between 10% and 50% of their payment.

In 2017 the Educational Aid went through an improvement of management, with the whole process being done through the system, from the employee registration to the approvals of the managers. In addition to ensuring more agility and security, this process allows the maintenance of an integrated history of information.

In the last year AMAGGI invested R\$681,420.00 in the program, reaching 240 employees. That same year, 39 employees graduated from the courses supported by the Education-Aid, and 75 employees linked to it were promoted.

Learning Tracks

In line with the strategic plan of AMAGGI's business areas, the Learning Tracks are a tool for developing technical and behavioral skills necessary for the maintenance and growth of each area, through the improvement of employees' performance.

In 2017 the methodology of track construction was consolidated with the support of the managers and team members of the areas. In that year, a track was completed, with the Supply area, with 43 themes identified. There are also other tracks under construction: in the factories of Lucas do Rio Verde and Itacoatiara; in the areas of Inputs and Origination; in the Warehouse; and in the Logistics area.

School of Leaders

Through the School of Leaders, implemented in 2012, AMAGGI seeks to ensure that its managers have the necessary skills to execute strategies and pursue the continuity of the business. The program can be accessed through Assessment, a self-knowledge tool that opens the way for participation in all program modules.

In 2017 AMAGGI made available all the modules that were already offered annually, as well as a new module, with the theme Strategic Thinking. Through the use of games, the new module provides the leader with an understanding of how their activities and responsibilities contribute to the achievement of AMAGGI's goals, objectives, strategic plan and sustainability.

Talent School

Focused on non-managerial employees, the Talent School aims to promote its technical and behavioral development, through the provision of tools and training.

In 2017 the program continued to offer all employees of the professional axis professional and specialists and specialists¹³ the training of self-knowledge, whose focus is to enable self-knowledge to reach its fluency and welfare; improve their relationship and their communication with the manager, team and peers; besides having autonomy and protagonist attitudes, understanding the importance of their activities.

The program also offered, in the last year, the Knowledge Disseminator training, whose objective is to contribute to the management of knowledge, making it more accessible and thus allowing better use of the intellectual capital of AMAGGI for the continuity of its business and values. In this way, it also allows the company to optimize its investments with training in the workplace, managing its methods of sharing

13 - The Talent School is a training school for the public's professional axis and experts, which is the public that has no staff (not managers).

Automation process of the Corporate Education area

In 2017 the Corporate Education area began the process of implementing the training and distance learning management system, with the aim of bringing greater clarity, autonomy and protagonism in learning.

OTHER PROGRAMS MAINTAINED IN 2017

Share Program

Implemented in 2014 with the aim of developing knowledge management among AMAGGI's employees, the Share Program promotes monthly meetings for a collaborator to present a congress theme or seminar he has participated in. In 2015 the program expanded its public, previously restricted to the Human Resources area, to all employees of the Matrix. In 2017 all employees in the Corporate area were also able to propose new topics and conduct the meetings. In total, the meetings dealt with 12 different topics.

Strengthening Our Roots

The Strengthening of Our Roots project was implemented in 2015, starting from a work begun in 2013, when the People Board met leaders to reflect on institutional values, identifying a coherence between what the organization records and disseminates and what is perceived. Thus, from 2015, meetings began to be organized between executives and employees of the units, in which managers tell their trajectory and the ways for employees to identify with AMAGGI's culture. The meetings have already been held in several locations and in 2017, 360 employees participated in the various units of the company, including international ones.

REMUNERATION

AMAGGI's remuneration management is based on the needs of its business, being in accordance with its culture and with the best practices of the national and international market. Its main objective is to encourage the overcoming of organizational results and reward employees with programs aligned with these guidelines.

The Profit Sharing Program reinforces AMAGGI's culture of rewarding employees according to their contributions to the company's bottom line. Since 2016 all employees (managers or not) began to contribute collectively to the achievement of the goals and can be evaluated according to their individual contributions.

In order to ensure consistency in the process, the individual results achieved by each person, area and unit, together with the justifications of the performance achieved, are presented by the Remuneration Committee to the Executive Board and then to the Board of Directors for analysis and validation.

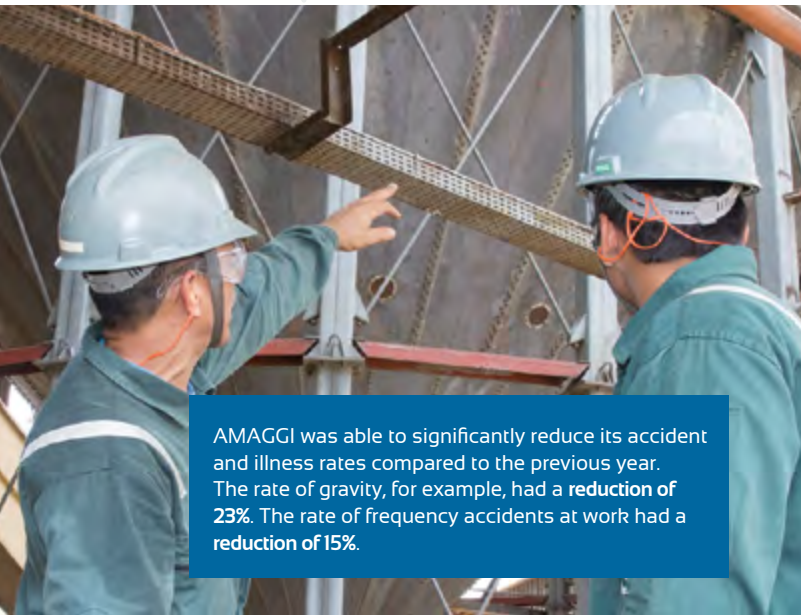
AMAGGI hires all its employees under the terms of the Consolidation of Labor Laws (CLT). Offering remunerations above the minimum wage (R\$937,00), the company has its lowest salary for men and women in the amount of R\$1.010,85 – a ratio of 1.08 in relation to the national minimum wage. GRI 202-1

In addition, in order to evaluate market practices related to fixed and variable remuneration and benefits, in Brazil and abroad, AMAGGI participates in researches with the support of specialized consultancies.



FAIR WORK PRACTICES, occupational safety and health and welfare

GRI 103-2, GRI 103-3



AMAGGI was able to significantly reduce its accident and illness rates compared to the previous year. The rate of gravity, for example, had a **reduction of 23%**. The rate of frequency accidents at work had a **reduction of 15%**.



With **Living Better Children Project**, AMAGGI seeks to value education in the process of training employees' children, contributing to the professionals of the future. In its second edition, the program reached **1,482 employees** (in 2016 were 593).

OCCUPATIONAL HEALTH AND SAFETY

Ensuring the preservation of the health and physical integrity of all those involved in its operations is the main pillar of the AMAGGI Occupational Health and Safety Policy. Always with a preventive vision, the company concentrates efforts to provide means for the permanent development of a safe and healthy working environment, believing in the importance of a constant improvement of the actions directed to the safe behavior to raise the maturity in health and safety occupational.



Thus, AMAGGI works to develop and consolidate the following basic fundamentals:

- **Operational discipline:** performance of activities according to specific procedures and practices, doing right every time;
- **Ownership concept:** each person must act as responsible for what happens in their area of action regarding the safety and health of employees, outsourced or visitors;
- **Leadership by example:** Leaders adopt safe procedures and practices to encourage their teams to do the same;
- **Line responsibility:** responsibility for safety and health is first assigned to the leader of each area, as is the case with production and quality, using the Occupational Health and Safety area as technical support.

These fundamentals are present in the practices adopted throughout the company, always assuming that security should be part of the processes every day, and not be treated as a separate process.

AMAGGI also adopts the principle of anticipation, seeking to implement the new guidelines even before its mandatory, adopting the position that legal guideline is not an obstacle, but an ally in the implementation of new technologies and knowledge to improve results, safeguarding integrity of employees. The company does not restrict such care to its own employees and extends it to partner service companies as well.

In addition to its health and safety programs, in 2017 AMAGGI carried out several health campaigns, addressing issues such as defensive driving, vaccination, hypertension, obesity, diabetes, sexually transmitted diseases and AIDS, dengue, breast and skin cancer, health men, drugs and smoking, among others. Campaigns were conducted in all units, providing guidance and information through educational lectures, posters and distribution of materials, such as folders.

Occupational Health and Safety Management System (OSHS)

With the objective of preserving the employees' health, as well as preventing and reducing accidents at work, AMAGGI invests in tools and technologies in this area, with emphasis on the Occupational Health and Safety Management System (SGSSO), aiming at the standardization of activities and the continuous improvement of the process.

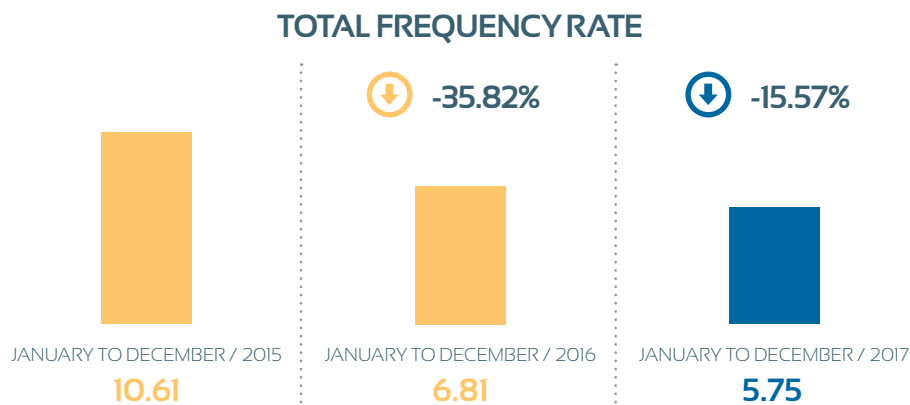
Currently, AMAGGI's SGSSO consists of 36 tools, which serve as a foundation for the evolution of cultural maturity in Occupational Health and Safety of the company.

Behavioral Safety Program

Since 2013 AMAGGI has a Behavioral Safety Program that integrates the action plan of its Occupational Health and Safety area. Initially piloted in three farms of AMAGGI Agro – Água Quente and Tucunaré in Sapezal and Itamarati in Campo Novo do Parecis, it was expanded in 2015 to the Tanguro farm in Querência and Vale do Araguaia farm in São Félix de Araguaia, and in 2017 for the Porto Velho units and other units located in the South region (Itiquira Warehouse, SMI and SM2 Farm).

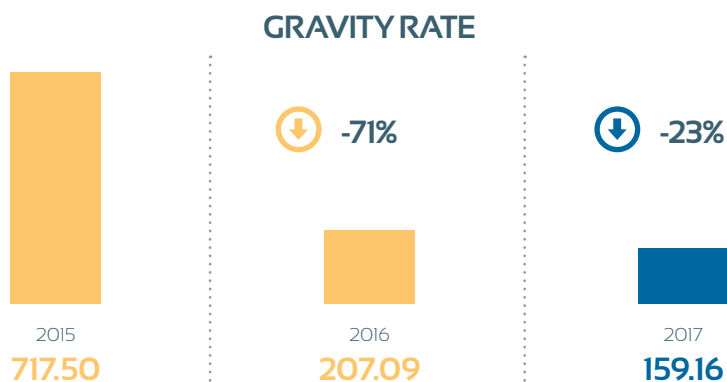
Since its implementation, the program has contributed to a significant reduction in the frequency of accidents at work, which represents the number of accidents per million of man hours of exposure to risk over a determined period. In 2016 the reduction was 35.82%, in 2017, of 15.57%. However, rather than reducing this rate, its challenge is to develop the prevention culture, through the awareness and consequent change of behavior of employees, with the involvement of all managers of the units.

AMAGGI is working to extend the Behavioral Security Program to all its units in the coming years, having already defined the implementation in Itacoatiara units.



Health and safety in numbers

In 2017 AMAGGI was able to significantly reduce its accident and illness rates compared to the previous year. The rate of gravity, for example, had a reduction of 23%.



OWN EMPLOYEES HEALTH AND SAFETY* (GRI 403-2)

	2015	2016	2017
Injury rate **	7.81	6.92	6.44
Occupational disease rate	0.16	0.15	0.07
Gravity rate ***	717.50	207.09	159.16
Absenteeism rate	0.19	0.17	0.12
Total deaths	1	0	0

* AMAGGI follows NRB 14.280 – Occupational Accident Register, Occupational Safety & Health Administration (OSHAS), as well as social security and labor legislation. This year it was not possible to respond to the gender indicators, but the implementation of the SAP system was started, which will contribute to the improvement of responses to indicators in the coming years.

** The main lesions were first and second-degree burns, excoriation, trauma, contusion, injuries, conjunctival lesion, fracture, distension, torsion, tendon rupture and dislocation.

*** In accordance with NBR 14.280, travel accidents and outsourced employees were not computed for the calculation of lost rates and days.

OWN EMPLOYEES HEALTH AND SAFETY, BY REGION (GRI 403-2)

	2015			2016			2017		
	Midwest	North	South	Midwest	North	South	Midwest	North	South
Injury rate	8.27	6.48	0	6.35	8.90	0	5.44	10.26	0
Occupational disease rate	0.11	0.34	0	0.10	0.33	0	0.00	0.33	0
Gravity rate	812.99	427.93	0	197.32	242.64	0	85.59	429.41	0
Absenteeism rate	0.14	0.36	0	0.16	0.21	0	0.05	0.36	0
Total deaths	1	0	0	0	0	0	0	0	0

SUPPORT FOR PEOPLE

Customer service and guidance

In addition to health and safety, AMAGGI also takes care of the welfare of its employees. So that they can contribute in the accomplishment of the mission of the company, they need to be well in the various aspects of their life. With that vision, since 2015 AMAGGI offers personal support to its employees and family.

The work of personal support seeks to stimulate the protagonism of each one, by means of individual orientations and actions that allow the reflection and the change of behavior towards an increasingly better life. In 2017 the great advance of this work was its implementation in the units of the region of Alto Araguaia, in Mato Grosso, Amazon and Rondônia. So, 1,339 employees and family members were assisted in orientations ranging from financial planning to preparing for retirement.



ASSISTANCE HELD IN 2017

Assisted	Quantity
Employee	1,269
Family	64
Others	6
Type of assistance	Quantity
Social security	323
Retirement	45
Financial	151
Assistance	295
Health	525

Living Better Children

With Living Better Children Project, AMAGGI seeks to value education in the process of training employees' children, contributing to the professionals of the future. Investing in education, the company helps to develop critical awareness and the ability to make healthier and more sustainable choices.

In 2017 the project had its second edition, reflecting on the family legacy, which favors the strengthening of the family bond, family dialogue and support for children's development. The program reached an audience of 1,482 employees (in 2016 were 593). All the employees invited to participate in the project had their children contemplated with the Knowledge Kit – personalized school material to which the subject of citizenship was worked. In 2017 were delivered 520 children's kits and 1,747 juveniles.



PERSONNEL MANAGEMENT

SAP System Deployment

To provide efficient SAP system deployment, in 2016 the company carried out integration tests and corporate training in the Matrix and in the Human Resources areas of its units. In February 2017, deepening this process, created the Technical Working Group, with the participation in loco of employees of the Human Resources area of the main units. In May 2017 the tool was officially deployed, with the preparation of the first official payroll by the system.

The implementation of the SAP payroll and the electronic point, with integration to the enterprise management system SAP ERP, brought to AMAGGI an efficient and safe management of the financial routines, accounting and tax, as well as payroll information.



eSocial

Since 2013 AMAGGI participates in the working group of the pilot companies for elaboration of eSocial – computerized system of public administration that intends to simplify and unify the delivery of labor obligations, social security and tax regulations throughout the country, increasing efficiency and lowering the cost of this process, integrating the forums held in Brasilia along with governmental entities such as the Federal Revenue Service, Caixa Econômica, Social Security and the Ministry of Labor and Employment.

In 2017 AMAGGI began to implement eSocial just after the SAP payroll, with a schedule already established for the entire year 2018. The use of eSocial brings benefits to the company, facilitating compliance with monthly and annual labor routines. As challenges, the company foresees the need for greater planning of labor routines, in addition to an important engagement of the leaders.

In 2018, by legal requirement, AMAGGI will initiate the eSocial implementation process in the area of Occupational Health and Safety (SSO). The official implementation is scheduled for January 2019.


Labor Reform

In 2017 Brazil underwent important debates regarding the country's labor legislation, as well as changes in this area, called Labor Reform. AMAGGI, through HR and Legal areas, monitored and studied these changes, taking into account the impacts on their operations. The company has also begun talks with unions representing its workforce to address changes in the next Collective Agreements.


SUPPLIER CHAIN

management

GRI 102-9, GRI 103-2, GRI 103-3



For the next year, AMAGGI planned the deployment of a **web portal especially for suppliers**, which will provide the supply area with a direct channel of communication with this public.



In 2017 AMAGGI carried out the **orientation of 33 suppliers** for its environmental regularization, and in 2018 the company plans to follow up on this group.

AMAGGI always seeks to contribute to the development of the regions where it operates, maintaining a purchasing practice that prioritizes the hiring of local and regional suppliers, besides encouraging the adequacy of its suppliers through contractual requirements and support initiatives.

The management of all company inputs suppliers is based on internal standards and procedures approved by the Board of Executive Officers. All supply contracts have specific clauses respecting human rights, such as the non-exploitation of child labor, degrading or in a condition analogous to the slave, in addition to a specific anticorruption clause.



They also include clauses on labor and social security obligations, health and safety of the professional, such as the use of personal protective equipment (PPE) and training and awareness raising practices on these issues.

Currently, the highest risk of occurrences of this nature is in Mato Grosso, where most of the company's units are located.

In 2017 AMAGGI planned the deployment, scheduled for 2018, of a web portal especially for suppliers. The tool will provide the supply area with a direct channel of communication with suppliers. In the portal it will be possible to keep the suppliers' records updated in the company's database and assistance will also be provided in clarifying potential doubts with other potential suppliers.

SUPPLIER CHAIN MAPPING

ORIGINAÇÃO – Rural Producers

In AMAGGI's supply chain the rural producers - about 4 thousand, including purchasers of inputs - are strategic partners for the company's growth plans. That is why the company offers several actions to support this public, based on its Social and Environmental Policy and its Global Positioning of Sustainability. Such initiatives seek to promote responsible agricultural production, contribute to the socio-environmental development of rural properties and improve the quality of life of communities living in the areas where the properties are located.

Accomplishing actions in this Direction, the AMAGGI Responsible Chain Management Program establishes veto criteria that prevent the company from marketing with non-aligned producers to its minimum requirements, besides to preverse two principles that promote sustainability: encouraging sustainable agriculture and combating illegal deforestation. So, projects and partnerships to encourage responsible producer production are signed annually, in order to promote the Business Principles for Food and Agriculture, of the UN Global Compact, as well as the fight against illegal deforestation.

Since the implementation of the platform ORIGINAR - Origination AMAGGI Responsible, in 2016, AMAGGI is supplying its grain suppliers' database and training managers and buyers for their use. Customizations are also being made so the system can better meet the needs of the company. The tool is intended for socio-environmental management of rural properties registered in AMAGGI's grain suppliers' database.

Input Suppliers

In 2017 AMAGGI hired 5,560 suppliers of inputs, which are organized according to the categories of products and places of operation (local, regional, national and international) and included in the following subgroups:

- **Builders of civil works:** companies contracted mainly for the construction and / or renovation of warehouses, small hydroelectric plants, factories, ports and other industrial facilities;
- **Shipyards:** companies contracted for construction or repair of vessels and barges;
- **Service providers:** companies contracted to provide services in general (transport, customs clearance, maintenance, cleaning, leasing, etc.);
- **Equipment suppliers:** companies that provide dryers for warehouses, furnaces, silos and materials for vessels (motor, propulsion, housing, communications, kitchen) and for small hydropower plants (turbines, electric motors, etc.), being a large part of imported products;
- **Other:** suppliers of stationery, hygiene, cleaning and feeding.

Among the categories of suppliers above, contracts were signed with 1,231 of them, all containing the standard AMAGGI clauses with socio-environmental requirements.

Transportation Suppliers - Logistics

AMAGGI Commodities has approximately 2.9 thousand contracts for the transportation of maize and soybeans, with transport companies of all sizes. The company's relationship with these suppliers is organized from the size of the companies:

- Large and medium-sized companies: the relationship is directly with the AMAGGI Matrix Transportation area;
- Small and micro-enterprises: they are contracted in offices or transportation offices in Rondonópolis, Lucas do Rio Verde, Confresa, Primavera do Leste, Matupá and Itiquira, in Mato Grosso; Vilhena in Rondônia; Paranaguá and Maringá in Paraná; and Passo Fundo in Rio Grande do Sul.

Critical Suppliers

AMAGGI has an internal procedure that guides the classification of its commercial partners as socially and / or environmentally critical. The groups included in this classification are suppliers related to:

- Biomass and wood of native or exotic origin;
- Seedlings;
- Grains and cattle;
- Products of mineral origin;
- Phytosanitary and fuel products;
- Builders and contractors;
- Waste processors;
- Environmental laboratory analysis services.

SUPPLIERS EVALUATION

GRI 308-2, GRI 414-2

To prospect and evaluate possible suppliers, AMAGGI counts with its Supplies area, in charge of researching potential partners for the type of product and / or service demanded by each area, as well as contacting them and requesting all the necessary documentation for the evaluation processes. In the case of socio-environmentally critical suppliers, AMAGGI adopts criteria that are evaluated jointly by the areas of Supply and Sustainability. The criteria and description of the required documentation requested for each type of product or service provided are publicly available on the company's website; in the case of grain suppliers, the evaluation criteria for acquisition can be read in the chapter "Promotion of sustainable agriculture in the grain chain".

The socio-environmental evaluation of the suppliers considered critical in AMAGGI chain necessarily includes the consultation of Ibama's public lists of embargoes and the slave labor of the Ministry of Labor and Employment and checking all supporting documentation in accordance with relevant legislation.

In 2017 the company recorded a reduction of 30.4% in relation to 2016, in the number of evaluations of suppliers considered critical from the socio-environmental point of view, and an accumulated reduction of 42.6% compared to 2015. Part of this decline was motivated by the lower need to purchase biomass, because in 2015 the AMAGGI carried out a strong work in the identification of new suppliers of biomass, followed by large purchases that generated inventory for 2015-2016 and 2016/2017 crops, with the objective of lowering the costs of this input.

On the last year, the supply area requested the evaluation of 295 suppliers considered environmentally or socially critical (100 suppliers of treatment and disposal of waste, 169 of biomass supply, and 26 related to new projects). Among the evaluated, 29 were not enabled because they did not present all the supporting documentation pertinent to the type of activity developed – this number is equivalent to 10% of the total suppliers evaluated, which represents a reduction of 85% in relation to 2016 of the number of suppliers that have been disabled. Besides that, the contract was terminated with 4 suppliers: 1 for lack of document for contractual renewal; 1 for checking improper working conditions during routine inspection; and 2 due to lack of a valid operating license for processing recyclable waste.

One of the main difficulties still faced by AMAGGI for contracting of suppliers, that meet all its requirements, is the non-regularization of these potential partners before the environmental agencies. In 2017 AMAGGI carried out the orientation of 33 suppliers for its environmental regularization, and in 2018 the company plans to follow up on this group.



DEVELOPMENT

of regions where it operates

GRI 103-2, GRI 103-3, GRI 203-2, GRI 413-1



In 2017 the Foundation's actions reached **70%** of the entire territory of AMAGGI, which covers **40 municipalities**.



The AMAGGI's Socio-environmental Education Program (PESA) aims to raise socio-environmental awareness, especially about the importance of selective collection. In its first edition, in 2017 the program worked with the residents of Vila Itanorte, at Fazenda Itamarati, in Mato Grosso.

SOCIAL PROJECTS CARRIED OUT BY ANDRÉ AND LUCIA MAGGI FOUNDATION

Aligned to AMAGGI business, André and Lucia Maggi Foundation (FALM), an institution with no economic purpose, operates in strategic regions where the company is present. It is responsible for the strategic management of AMAGGI Private Social Investment. In 2017 the Foundation's actions reached 70% of the entire territory of AMAGGI, which covers 40 municipalities.

The projects seek to contribute to local development, the engagement of social leaders, the training of social institutions and the development of citizens through art-education.

Potencializa (Potentiates)

Potentiates Project, created in 2015, promotes community involvement and engagement based on local assets and potential. It is carried out in the municipalities of Campo Novo do Parecis, Mato Grosso, Lucas do Rio Verde and Querência, regions where AMAGGI is present.

In 2017 the project consolidated the activities in Campo Novo do Parecis, in its third year of operation in the locality, in the municipality, with the implementation of the Movimento Nossa Campo Novo do Parecis, which aims at monitoring public policies and disseminating information to the general population. This year, training workshops were held for members of the movement and specific training for municipal councilors. Besides that, a movement support fund was created, in order to foster their autonomy.

In Lucas do Rio Verde and Querência, 2017 was the second year of project activity, which managed to form interest groups on topics relevant to the municipalities, such as social assistance, education and agriculture and elaborate a local development agenda.

In 2018 the Potencializa Project will be maintained in the cities of Querência, Lucas do Rio Verde and Campo Novo do Parecis, and will start in the city of Porto Velho.



Transformar (To transform)

Since 2015 the André and Lucia Maggi Foundation has carried out the Transform Project, which promotes online virtual training and free individual counseling for social organizations and / or initiatives in AMAGGI municipalities, in order to strengthen its management of social impact projects.

In 2017 Wheels of Conversations were made, meetings dedicated to discuss the scenarios of the third sector and to divulge the inscriptions of Transformar Project. They were carried out in the cities of Cuiabá (MT), Rondonópolis (MT), Confresa (MT), Sapezal (MT), Sinop (MT), Itacoatiara (AM) and Porto Velho (RO).



In 2017 the project achieved important results:

- 26 participating municipalities (in 2016 there were 16 participating municipalities);
- 50 social organizations involved (in 2016 there were 38 organizations);
- 18 hours of online training, 12 e-books and 12 short videos on themes related to the management of social projects;
- 117 hours of individual counseling;
- 15 D Days Transform made by organizations (D-Day is an event dedicated to the dissemination of the project to partners and other organizations).

In 2017, in addition to training, the André and Lucia Maggi Foundation held interviews with the organizations to determine if the goal of strengthening their management and social initiatives was achieved. The result was that 75% of them went through organizational transformation processes and relevant process improvements. Fifty percent of the enrolled organizations participated in the survey.

Casa Maggica (Magical House)

The Magical House Project was created in 2009, with the aim of contributing to citizen education, acting in the after/before school through art-education and integrative practices. Actions are geared toward partner schools and the Community, in the municipality of Rondonópolis, in the state of Mato Grosso.

In 2017 the project had good results, 240 children and adolescents were enrolled, from 38 public schools, with a dropout rate of 27%. Families participated effectively, with an average of 80% of presence in the planned actions. The plan of articulation between the André and Lucia Maggi Foundation and the partner schools was fully implemented, resulting in the continuity of the partnership for 2018.

Regarding the development of children and adolescents attended, these young people perceived improvements in attitudes and behaviors. For the schools, the main gain was improvement in skill development.

In 2018 the project will be expanded to Cuiabá, where it will initially attend 300 children and adolescents, mainly students between 11 and 16 years enrolled in the public school system and in a situation of high social vulnerability.



Centro Cultural Velha Serpa (Old Serpa Cultural Center)

Located in Itacoatiara (AM), the Old Serpa Cultural Center is a space dedicated to the development of cultural and educational activities. The activities offered are free and organized from the publication of public call for tenders of occupation.

In 2017 the André and Lucia Maggi Foundation received 10 work proposals for the Cultural Center, which were analyzed by a committee formed by members of the Foundation itself and the Itacoatiara Municipal Culture Secretariat, with the selection of 5 of them: 3 themed workshops and 2 shows, with an audience of 500 participants.

Through the Old Serpa Cultural Center, the Culture Project in the School is developed, which counts on the partnership of schools of the public network in the realization of workshops and cultural activities for the students, thus stimulating the preservation of Itacoatiara's cultural heritage. In 2017 there were 6 partner schools, which had 180 students participating in 9 workshops and another 712 students participating in the final project activity.

Besides that, the Old Serpa Cultural Center acts through the provision of space, having performed 18 of them in 2017. According to criteria established in the public notice, the activities carried out were mainly education and culture, reaching 4,108 participants.

In total, the events held by Centro Cultural Velha Serpa in 2017 had the participation of more than 7 thousand people.



André and Lucia Maggi Foundation Award

Created in 2016, the André and Lucia Maggi Foundation Award seeks to recognize social organizations that contribute to sustainable local development in the municipalities where AMAGGI operates.

In 2017 the number of institutions registered was higher than in the previous year, because the application process, which was restricted to the state of Mato Grosso, was expanded to all AMAGGI cities. So, there were more competitors and winners, coming from the states of Rondônia, Goiás, Paraná, Amazonas, besides Mato Grosso.



In 2017 the Foundation made a technical visit to the 2016 award-winning institutions, besides the Immersion Week, which consists of training the winners on themes that can contribute to broaden their social impact, with the elaboration of the use plan of the premium resource. Upon receipt of the financial incentive, virtual mentoring was carried out at the award-winning institutions, for general guidelines and visit of resource use verification.

Falm investments in infrastructure and services

GRI 203-1

In 2017 the André and Lucia Maggi Foundation made some investments¹⁴ in infrastructure and services in the regions where it operates.

- Construction of the headquarters of the Argeu Augusto de Moraes State School, located in Itamarati Farm, in Campo Novo do Parecis, to expand its structure, which serves the children and adolescents residing on the farm and region. The work began in 2015 and was delivered in April 2017, totaling an investment of R\$ 2,912,713.98.
- Acquisition of furniture for the Tanguro School, located in Tanguro Farm, in Querência. with an investment of R\$89,768.60 in 2017.
- Investments in infrastructure for the installation of the Casa Maggica Cuiabá Project. which will be inaugurated in 2018, with investment, in 2017, of R\$288,756.36.

¹⁴ – All the investments made are of a commercial nature, since the Foundation has directly contracted services, materials, equipment and other modalities for the realization of investments.



SOCIO-ENVIRONMENTAL PROJECTS CARRIED OUT BY AMAGGI

In addition to FALM works, AMAGGI, through its Corporate Sustainability area, implemented in 2017 some socio-environmental initiatives that aim at a greater engagement of its units and the local population in the prevention and mitigation of socio-environmental risks and impacts.

MATERIAL

Themes



Socio-environmental Education Program

In 2017 AMAGGI started the Socio-environmental Education Program (PESA) with the residents of Vila Itanorte, in the Itamarati Farm, in the municipality of Campo Novo do Parecis, Mato Grosso. Dedicated to social and environmental awareness, especially on the importance of selective collection, it seeks to produce a change of behavior and allow the appropriation of values of sustainability.



The program started with a socio-environmental diagnosis, involving about 200 Vila Itanorte residents. Next, alignment meetings were held with community leaders, installation of kits of selective collection to attend all the houses of the neighborhood and distribution of materials of social-environmental awareness, delivered to the entire community on the day of program launch.

In 2018 AMAGGI will maintain the program, through socio-environmental education actions with local schools and sustainability workshops for the population.

Responsible Logistics Program

AMAGGI knows the importance of the truck drivers to the whole of its logistics activity, and acts to offer more and more comfort and safety to this public. In 2017, after making structural improvements in its units – such as availability of toilets, construction of covered areas, among others - , the company recorded a reduction of about 80% of the complaints from this public. In addition, although in the last year the company has chosen not to carry out actions on the field with the truck drivers, it was possible to observe in the period the positive effects of the awareness actions carried out in 2016.



In 2018 the Sustainability area, in partnership with Financial Engineering, Logistics and Operations and Corporate Security, intends to continue the actions of engagement with the truck drivers, in addition to extending these initiatives to its Waterway professionals. The Responsible Truck Driver Program, is now called the Responsible Logistics Program, and foresees the engagement of this public in actions aimed at the prevention of accidents and reduction of accidents, to increase welfare at work and to combat the sexual exploitation of children and adolescents on highways and waterways.

Communication and Transparency Program

In 2017 AMAGGI also structured its Communication and Transparency Program, aimed at communities and other local stakeholders. Its main objective is to build and maintain dialogue and good relationship with its stakeholders on social questions and issues, promoting greater transparency regarding the activities and operations of the company in the municipalities where it operates. The first actions of the program, including the creation of the visual identity of the Program, are planned for 2018.

About the REPORT

GRI 102-45, GRI 102-50, GRI 102-51,
GRI 102-52, GRI 102-54, GRI 102-56

In this Sustainability Report, AMAGGI presents an overview of the main activities of its units installed in Brazil, from January 1 to December 31, 2017. With the annual emission cycle, the last report published by the company covered the year 2016.

The publication reports the operations of the units located in the Brazilian territory (see the chapter "AMAGGI", which provides a map of operations in Brazil) and on which AMAGGI has full control, including leased ones. Quantitative data are not reported for companies not fully controlled, such as joint ventures. AMAGGI Financial Services is not part of the scope of this report, which does not contain GRI information and indicators on this area of the company.

This report has been prepared in accordance with the GRI Standards: core option.

The company chose not to perform external verification.

The information reported here was associated with the principles of the Global Compact, Sustainable Development Goals of the United Nations Organization and the strategic blocks that structure the Global Positioning of Sustainability of AMAGGI.



GRI Content Index

GRI 102-55

GRI STANDARDS	DISCLOSURE	COMMENTS AND REPORT PAGE	OMISSION																				
GRI 101: FOUNDATION 2016																							
GENERAL CONTENTS																							
ORGANIZATIONAL PROFILE																							
	O2-1	Name of the organization	6																				
	GRI 102-2	Activities, brands, products and services.	33, 36, 39, 42, 44																				
	GRI 102-3	Location of headquarters.	112																				
	GRI 102-4	Location of operations.	6																				
	GRI 102-5	Ownership and legal form	The companies that make up AMAGGI are: André Maggi Participações S.A.; AMAGGI Exportação e Importação Ltda.; Agropecuária Maggi Ltda.; Hermosa Navegação da Amazônia S.A.; Maggi Energia S.A.; Divisa Energia S.A.; Ilha Comprida Energia S.A.; Segredo Energia S.A. The others are international companies or joint ventures. Their information is not reported from the financial and socio-environmental point of view. Are they: Unidas Tapajós (joint venture); AMAGGI International BVI; AMAGGI Argentina; AMAGGI Paraguay; AMAGGI Europe BV; Denofa S.A.; AMAGGI S.A.; Terminal Granéis S.A TCG; AMAGGI e Louis Dreyfus Commodities S.A (joint venture); AMAGGI e Louis Dreyfus Terminais Portuários S.A (joint venture).																				
GRI 102: GENERAL DISCLOSURES 2016																							
	GRI 102-6	Markets served	<table border="1"> <thead> <tr> <th>Business areas</th> <th>Scope</th> <th>Sectors served</th> <th>Customers / beneficiaries</th> </tr> </thead> <tbody> <tr> <td>Commodities</td> <td>Mato Grosso, Amazonas, Goiás, Paraná, Santa Catarina, Rio Grande do Sul, Rondônia, Roraima and international units</td> <td>Origination and sale of grains (soybean and maize) – Import and marketing of agricultural inputs</td> <td>Consumer Dealer</td> </tr> <tr> <td>Agro</td> <td>Mato Grosso</td> <td>Agricultural</td> <td>Consumer Dealer</td> </tr> <tr> <td>Logistics and Operations *</td> <td>Mato Grosso, Amazonas, Goiás, Paraná, Santa Catarina, Rio Grande do Sul, Rondônia, Roraima, Pará, Maranhão and international units</td> <td>River Navigation Port Administration Grain storage and fertilizer production (mixer)</td> <td>Consumer Dealer</td> </tr> <tr> <td>Energy **</td> <td>Mato Grosso</td> <td>Energetic</td> <td>Consumer Dealer</td> </tr> </tbody> </table>	Business areas	Scope	Sectors served	Customers / beneficiaries	Commodities	Mato Grosso, Amazonas, Goiás, Paraná, Santa Catarina, Rio Grande do Sul, Rondônia, Roraima and international units	Origination and sale of grains (soybean and maize) – Import and marketing of agricultural inputs	Consumer Dealer	Agro	Mato Grosso	Agricultural	Consumer Dealer	Logistics and Operations *	Mato Grosso, Amazonas, Goiás, Paraná, Santa Catarina, Rio Grande do Sul, Rondônia, Roraima, Pará, Maranhão and international units	River Navigation Port Administration Grain storage and fertilizer production (mixer)	Consumer Dealer	Energy **	Mato Grosso	Energetic	Consumer Dealer
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Commodities	Mato Grosso, Amazonas, Goiás, Paraná, Santa Catarina, Rio Grande do Sul, Rondônia, Roraima and international units	Origination and sale of grains (soybean and maize) – Import and marketing of agricultural inputs	Consumer Dealer																				
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Energy **	Mato Grosso	Energetic	Consumer Dealer																				
			* The ports located in Miritituba and Barcarena, in Pará, are part of the corridor operated by the Port Terminal Fronteira Norte (Terfron), a joint venture formed by AMAGGI and another company in the agribusiness sector. ** The energy produced in small hydroelectric plants is directed to the national grid; part is consumed by AMAGGI, and part is sold.																				

GRI STANDARDS	DISCLOSURE	COMMENTS AND REPORT PAGE	OMISSION	
GRI 102: GENERAL DISCLOSURES 2016	GRI 102-7	Precautionary Principle or approach	33, 36, 39, 42, 44	
	GRI 102-8	External initiatives.	30, 31	
	GRI 102-9	Significant changes to the organization and its supply chain	94	
	GRI 102-10	Precautionary Principle or approach	Opening of Commercialization Office in Boa Vista (RR); – Entry of Zen-Noh Grain Brasil into the joint venture previously formed with Louis Dreyfus Company (ALDC), with equal participation of the current three members. – In 2017 the company began the process of acquiring part of the assets of Parecis Agricultural Company (Ciapar), among them Itamarati Norte Farm, leased since 2002 to Agropecuária AMAGGI.	
	GRI 102-11	External initiatives.	57	
	GRI 102-12	Membership of associations	23	
	GRI 102-13	Affiliations to associations.	26	
	STRATEGY			
	GRI 102-14	Statement from senior decision-maker	3	
	ETHICS AND INTEGRITY			
	GRI 102-16	Values, principles, standards and norms of behavior.	9, 59	
	GOVERNANCE			
	GRI 102-18	Governance structure.	54	
	STAKEHOLDERS ENGAGEMENT			
	GRI 102-40	List of stakeholder groups	46	
	GRI 102-41	Collective bargaining agreements.	30	
GRI 102-42	Identifying and selecting stakeholders	46		
GRI 102-43	Approach to stakeholder engagement	52		
GRI 102-44	Key topics and concerns raised	47, 52		
PRACTICES OF REPORT				
GRI 102-45	Entities included in the consolidated financial statements.	105		
GRI 102-46	Defining report content and topic Boundaries	46		
GRI 102-47	List of material topics.	47		
GRI 102-48	Reformulations of information.	No reformulations of information were carried out.		
GRI 102-49	Changes in reporting.	There were no changes to the material topics covered in the report and their coverage.		
GRI 102-50	Reporting period	105		
GRI 102-51	Date of most recent report	105		
GRI 102-52	Reporting cycle.	105		
GRI 102-53	Contact point for questions regarding the report	112		
GRI 102-54	Claims of reporting in accordance with the GRI Standards	105		
GRI 102-55	GRI content index	106		
GRI 102-56	External assurance	105		

GRI STANDARDS	DISCLOSURE	COMMENTS AND REPORT PAGE	OMISSION
MATERIAL THEMES			
PROMOTION OF SUSTAINABLE AGRICULTURE IN THE GRAIN CHAIN			
GRI 103: MANAGEMENT APPROACH 2016	GRI 103-1	Explanation of the material topic and its Boundary	48
	GRI 103-2	The management approach and its components	63
	GRI 103-3	Evaluation of the management approach.	63
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	GRI 203-2	Significant indirect economic impacts	99
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	GRI 308-2	Negative environmental impacts in the supply chain and actions taken.	98
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	GRI 414-2	Negative social impacts on the supply chain and actions taken.	98
SECTORS FOOD - PURCHASING PRACTICES 2016	FPI	Percentage of volume purchased from suppliers in accordance with the company's purchasing practices policy.	64
ECONOMIC FEASIBILITY AND SHARED VALUE			
GRI 103: MANAGEMENT APPROACH 2016	GRI 103-1	Explanation of the material topic and its Boundary	48
	GRI 103-2	The management approach and its components	60
	GRI 103-3	Evaluation of the management approach.	60
GRI 201: ECONOMIC PERFORMANCE 2016	GRI 201-1	Direct economic value generated and distributed. Financial assistance received from government.	62 In 2017 AMAGGI received R\$41,918,632.48 in tax incentives.
FAIR WORK PRACTICES, SAFETY AND OCCUPATIONAL HEALTH AND WELFARE			
GRI 103: MANAGEMENT APPROACH 2016	GRI 103-1	Explanation of the material topic and its Boundary	49
	GRI 103-2	The management approach and its components	87
	GRI 103-3	Evaluation of the management approach.	87
GRI 202: MARKET PRESENCE 2016	GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage.	86
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016	GRI 403-2	Types and rates of injuries, occupational diseases, days lost, absenteeism and number of deaths.	90
			AMAGGI did not report rates by gender but started implementing the SAP system in the Occupational Health and Safety (SSO) area, which will contribute to improving responses to indicators in the coming years. – AMAGGI does not have the information of the hours worked by outsourced employees, reason why it is not possible to calculate the rates.

GRI STANDARDS	DISCLOSURE	COMMENTS AND REPORT PAGE	OMISSION
GRAIN OUTFLOW LOGISTICS			
GRI 103: MANAGEMENT APPROACH 2016	GRI 103-1	Explanation of the material topic and its Boundary	49
	GRI 103-2	The management approach and its components	67
	GRI 103-3	Evaluation of the management approach.	67
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	GRI 203-1	Infrastructure investments and services supported.	103
GRI 306: EFFLUENTS AND WASTE 2016	GRI 306-3	Significant spills.	70
DEVELOPMENT OF HUMAN CAPITAL			
GRI 103: MANAGEMENT APPROACH 2016	GRI 103-1	Explanation of the material topic and its Boundary	49
	GRI 103-2	The management approach and its components	80
	GRI 103-3	Evaluation of the management approach	80
GRI 404: TRAINING AND EDUCATION 2016	GRI 404-1	Average hours of training per year per employee.	83
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	GRI 405-1	Diversity of governance bodies and employees.	30, 32
CORPORATE GOVERNANCE			
GRI 103: MANAGEMENT APPROACH 2016	GRI 103-1	Explanation of the material topic and its Boundary	50
	GRI 103-2	The management approach and its components	54
	GRI 103-3	Evaluation of the management approach.	54
GRI 205: ANTI-CORRUPTION 2016	GRI 205-2	Communication and training on anticorruption policies and procedures.	58
GRI 419: SOCIOECONOMIC COMPLIANCE 2016	GRI 419-1	Non-compliance with laws and regulations in the social and economic area.	In 2017 AMAGGI received no significant fines and / or non-monetary sanctions arising from non-compliance with laws and regulations, considering as significant fines that, individually or jointly, in case they relate to the same matter, reach at least 1% of revenues of the company and, cumulatively, whose administrative and / or legal defenses and remedies have been exhausted.
DEVELOPMENT OF REGIONS WHERE IT OPERATES			
GRI 103: MANAGEMENT APPROACH 2016	GRI 103-1	Explanation of the material topic and its Boundary	50
	GRI 103-2	The management approach and its components	99
	GRI 103-3	Evaluation of the management approach.	99
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	GRI 203-2	Significant indirect economic impacts	99
GRI 413: LOCAL COMMUNITIES 2016	GRI 413-1	Operations with local community engagement, impact assessments, and development programs	In 2017 there were continuity of the Foundation's projects and an action plan was set up to implement the Communication and Transparency Program with local stakeholders.

GRI STANDARDS	DISCLOSURE	COMMENTS AND REPORT PAGE	OMISSION
CLIMATE CHANGE (MITIGATION AND ADAPTATION)			
	GRI 103-1	Explanation of the material topic and its Boundary	50
GRI 103: MANAGEMENT APPROACH 2016	GRI 103-2	The management approach and its components	71
	GRI 103-3	Evaluation of the management approach.	71
	GRI 201: ECONOMIC PERFORMANCE 2016	GRI 201-2	Financial implications and other risks and opportunities due to climate change
		The risks related to Climate Change in AMAGGI are classified as physical and inherent to the business.	Information on the costs of measures taken to manage the risk or opportunity is not available at the moment.
COMBATING DEFORESTATION AND PROTECTION OF BIODIVERSITY			
	GRI 103-1	Explanation of the material topic and its Boundary	51
GRI 103: MANAGEMENT APPROACH 2016	GRI 103-2	The management approach and its components	77
	GRI 103-3	Evaluation of the management approach.	77
	GRI 304: BIODIVERSITY 2016	GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
GRI 304-2		Significant impacts of activities, products and services on biodiversity.	77
GRI 304-3		Habitats protected or restored.	To view the contents of this indicator, access: http://rs2017amaggi.tempsite.ws/attachments/
GRI 413: LOCAL COMMUNITIES 2016	GRI 413-2	Operations with significant actual and potential negative impacts on local communities	53
SUPPLIER CHAIN MANAGEMENT			
	GRI 103-1	Explanation of the material topic and its Boundary	51
GRI 103: MANAGEMENT APPROACH 2016	GRI 103-2	The management approach and its components	94
	GRI 103-3	Evaluation of the management approach.	94
	GRI 203: INDIRECT ECONOMIC IMPACTS 2016	GRI 203-2	Significant indirect economic impacts
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	GRI 308-2	Negative environmental impacts in the supply chain and actions taken.	98
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	GRI 414-2	Negative social impacts on the supply chain and actions taken.	98

ATTACHMENTS

To view the contents of this chapter, access:
www.amaggi.com.br/relatorio2017.

CREDITS

GENERAL COORDINATION

Juliana de Lavor Lopes
Sustainability, Communication
and Compliance Directory

Fabiana Reguero
Social and Environmental
Management

EXECUTIVE COORDINATION

Heloisa Torres
Social Responsibility
Supervision

Daniel Escobar
Corporate Communication
Supervision

INDICATORS

Daniele Paulo
Social and Environmental
Analyst

Renê Rodrigues
Corporate Communication
Analyst

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GRI TECHNICAL CONTENT AND WRITING

Visão Sustentável
www.visaosustentavel.com.br

José Pascowitch, Andrea Fumo,
Luiza Silva and Carolina de Paula

GRAPHIC AND DIGITAL DESIGN

S+G Comunicação
www.smaisg.com.br

PHOTOS

Acervo AMAGGI

THIS PUBLISHING IS OF AMAGGI'S RESPONSIBILITY

GRI 102-3, GRI 102-53

For information, suggestions, criticisms or comments, please send an e-mail to: Sustainability team (sustentabilidade@amaggi.com.br) or Corporate Communication.

DID YOU SEE SOMETHING WRONG?

AMAGGI Reporting Channel: www.canaldedenuncia.com.br/amaggi or 0800 647 0004.

This is an exclusive AMAGGI channel for secure and, if so desired, anonymous communication of conduct considered to be unethical or violating the company's ethical principles and standards of conduct and / or current legislation.



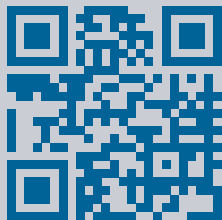


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