

April 12, 2017
013/2017-DP

EXTERNAL COMMUNICATION

To: B3 Market Participants – Equity and Derivatives Segments – Listed Companies

Re: **Proposal for Listed Companies to “Report or Explain for the Sustainable Development Goals”.**

As part of its commitment to developing and enhancing the capital markets in Brazil, B3 seeks to encourage best practice in transparency and management by means of several strategies, among the most important of which is “Report or Explain for Sustainability or Integrated Reporting”, launched in 2012.

This initiative, which set a very important example for the sustainability agenda, recommended that listed companies state in the Reference Form (item 7.8 – “Description of the company’s relevant long-term relationships not elsewhere described”) whether they published regular sustainability or integrated reports and where these were available, or explain why not.

In this format “Report or Explain” remained in force until 2015. In 2016 the Securities and Exchange Commission of Brazil (CVM) made item 7.8 exclusive for social and environmental information in revising the Reference Form and in addition to its existing practices.

In light of the model’s positive results, B3 is launching “Report or Explain for the Sustainable Development Goals (SDGs)” along similar lines to the previous initiative, and now recommends that from 2017 listed companies state annually whether they publish a sustainability or integrated report taking the SDGs into account. If they do not, B3 requests they explain why by choosing one of the options supplied. For this purpose, they will be asked this year to complete a short electronic survey, which will be sent to their IR departments in the week beginning July 24 and should be returned by August 14.

B3 believes this initiative will foster a better understanding of the SDGs and promote their gradual incorporation into corporate strategies.

As in the first version of “Report or Explain”, Global Reporting Initiative (GRI) will partner with us and will interact with companies (through training workshops, for

example) to assist them in the process of understanding the SDGs and putting them into practice.

Brazilian companies have advanced significantly in their sustainability actions, which are increasingly perceived as variables with a business impact.

B3 is aware of its responsibility as a synergy point between companies, intermediaries, analysts and investors, and of its capacity to help implement and expand this agenda. We therefore ask companies to consider this new initiative, which aims to contribute to the steady progress of the Brazilian capital markets toward a more sustainable society.

Edemir Pinto
Chief Executive Officer