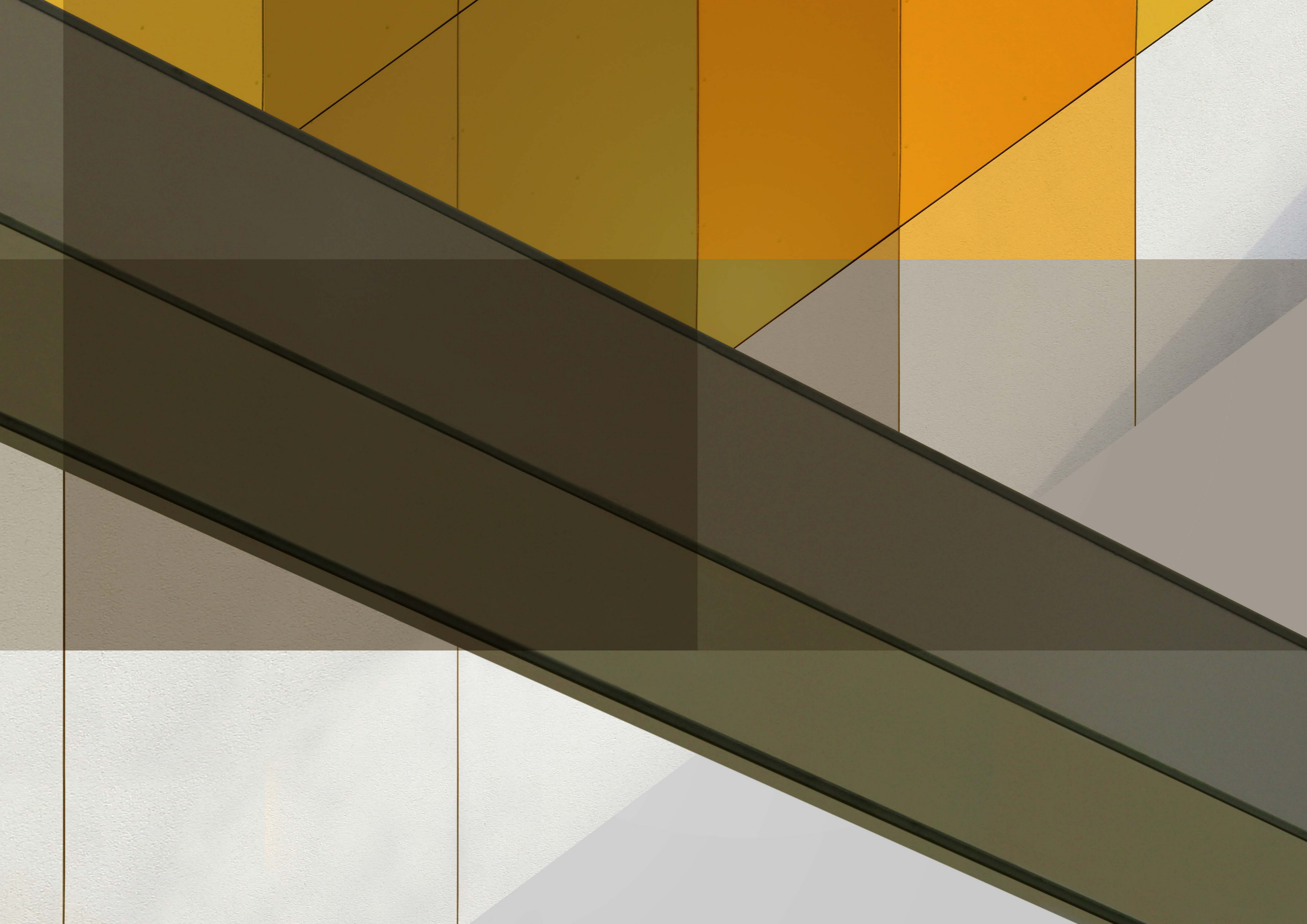


# ANNUAL REPORT

ENGINEER AND  
CONSTRUCTION  
**2016**

**ODEBRECHT**



ANNUAL  
REPORT  
OEC 2016

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Cambambe  
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## A Message from the Presidents

Inflection, change, restoration, a new chapter begun, overcoming difficulties, renewal: many words may be used to express an alteration in conduct. However, none of them, when used by itself, is capable of completely conveying the transformation that Odebrecht Engineer and Construction (OEC) underwent in 2016.

Following upon the awareness and the public recognition of the illegal acts committed and the arduous experience of facing the resulting consequences for its reputation, OEC has performed a complete review of its governance structure as well as a thoroughgoing renovation of its directive boards and has adopted standards of conduct inflexibly guided by ethics, integrity, and transparency in its business performance.

This process has included the adoption of a robust Compliance System, which will be explained in detail in this document, and the unification of the Company's two administrative boards under one body, as a deliberative instance by excellence, diverse, plural and independent, which we will also clarify in this Report.

The year 2016 was not defined solely by the reputation issue, which culminated in the leniency agreements — our inflection point — reached in Brazil, the United States, and Switzerland. It was also a year of recession in many markets, where clients were submitted to liquidity reduction linked to the price fall of several commodities, most notably oil.

At the same time, it was a period of important deliveries. Complex Projects, frequently carried out under critical conditions, were successfully completed. Among them we may highlight the infrastructure Projects built for the Rio de Janeiro Olympic Games, which improved the quality of life in the city, and the delivery of Etileno XXI, in Mexico, which has permanently expanded the country's chemical industry. Also important were the partial deliveries of such large Projects as the hydroelectric plants in Angola and the thermoelectric plant in the Dominican Republic.

Although we faced one of the biggest crises in our history in 2016, we achieved good generation of operational flow, as we kept our productivity up and rigorously met deadlines with clients. Additionally, by maintaining our quality standards we received recognition in Brazil and abroad. In 2016, we received some of the main awards in our industry, and OEC was once again ranked as one of the 10 Dream Companies of Young Professionals according to a survey promoted by Cia. de Talentos and the NextView People.

The adverse economic context, the reputational crisis, and the substantial number of completed works resulted in a significant process of demobilization of employees. A company workforce of more than 75,000 people in 2015 was reduced to approximately 37,000 by the end of 2016. The cutback in staff, uncharacteristic for a company that normally aims at the qualification and recruitment of people, was accompanied by very careful planning. The process included private meetings with employees, and senior employees received special attention. In 2016, nineteen new leaders were appointed, all of them coming from our People Development Programs — an upward flow of talent that ratifies our commitment to education through work.

2016's scenario, which unfortunately will not be reversed in 2017, required the rationalization of our administrative structures and the reduction of indirect costs while also demanding an increase in productivity. Therefore, in 2018, we will be a lighter and more productive Company focused on offering engineering services — our main vocation — and we will be ready to serve society with absolute respect for the competitive environment.

We have turned a page and are preparing to meet our goal of 30% growth by 2019, to gradually recover our backlog, and to work on what is undoubtedly the most important matter: the rebuilding of our reputation. In this period, we will increase our efficiency and seek strategic partnerships, and we will be ready to join the capital market in three years.

Inflection, change, restoration, a new chapter begun, overcoming difficulties, renewal. We are working so that these words, all of them, can be perceived by society as synonyms for our brand, and may contribute to the recovery of a positive reputation, in the path of perpetuity. [102-14]



Fabio Januário  
Business Leader at  
OEC Infrastructure

Flávio Faria  
Business Leader at  
OEC Industrial

## About This Report

This is the first publication of the Odebrecht Engineering and Construction (OEC) Annual Report, created by the Company to inform its main interested parties about its social, environmental, and economic performance, in order to account for its activities in a transparent manner.

[102-48] [102-49] [102-51] [102-52] [102-54]

The Report was written according to the Global Reporting Initiative (GRI) Standards guidelines, serving the Essential "agreement" option. GRI is an independent international organization that helps companies, governments, and other organizations communicate the impact of their business through sustainability performance indicators (please learn more at [www.globalreporting.org](http://www.globalreporting.org)).

The information included in this Report reflects the period from January 1<sup>st</sup> to December 31<sup>st</sup>, 2016, and may also display updates from 2017 whenever relevant. The content to be presented was defined based on themes resulting from the materiality survey conducted at the beginning of 2017, and includes performance information from all OEC's subsidiaries, located in Brazil and abroad. [102-50]

The chapters that follow present information about the Company's profile, its commitment to sustainability, corporate governance, economic-financial performance, local development, and operational efficiency.

This Report is available for download at [www.odebrecht.com](http://www.odebrecht.com).

Any questions, comments, suggestions, or criticism should be sent to: [relatorio.anual.oec@odebrecht.com](mailto:relatorio.anual.oec@odebrecht.com). [102-53]

# Leniency agreements celebrated in **Brazil, United States, Switzerland,** and Panama

Approval of the Policy on Compliance in Acting Ethically with Integrity and **Transparency**

## 40 delivered projects and 8 new achievements

OEC Global:

 employees of more than **50 nationalities**  
37,363

 Operations in **25 countries**

Representativeness: **14%** of LEADERSHIP roles performed by **WOMEN**

LEADERSHIP RENOVATION: **21 new appointed LEADERS** FROM INTERNAL PEOPLE DEVELOPMENT PROGRAMS

REGISTRATION OF **43,143 YOUNG PROFESSIONALS** IN THE VACATION INTERNSHIP PROGRAM IN BRAZIL

 **DECLINE** in injury, severity, and absence rates

**10.9 million hours** of training in Safety in the Workplace, Health, Environment, and Social Responsibility

 **More than 75,000 hours** of training in policies and procedures related to the promotion of human rights

**48%** reduction of greenhouse gas emissions

**38%** reduction of water consumption

**21%** of wastewater was recycled by OEC in its processes

# COMPANY PROFILE



*Subway - 4th Southern line,  
Rio de Janeiro - Brazil*



Grand Parkway - United States

1.1. About Odebrecht

Odebrecht S.A. is a group that originated in Brazil and that celebrates a permanent commitment to client satisfaction, the generation of value for shareholders, development of the communities where it operates, and the satisfaction of its employees.

Present in Brazil since the 1940s and operating in 25 other countries, the Group works in the engineering and construction, industrial, and real estate sectors. It also develops and operates infrastructure and energy projects, creating integrated, innovative, and relevant solutions for both clients and communities.

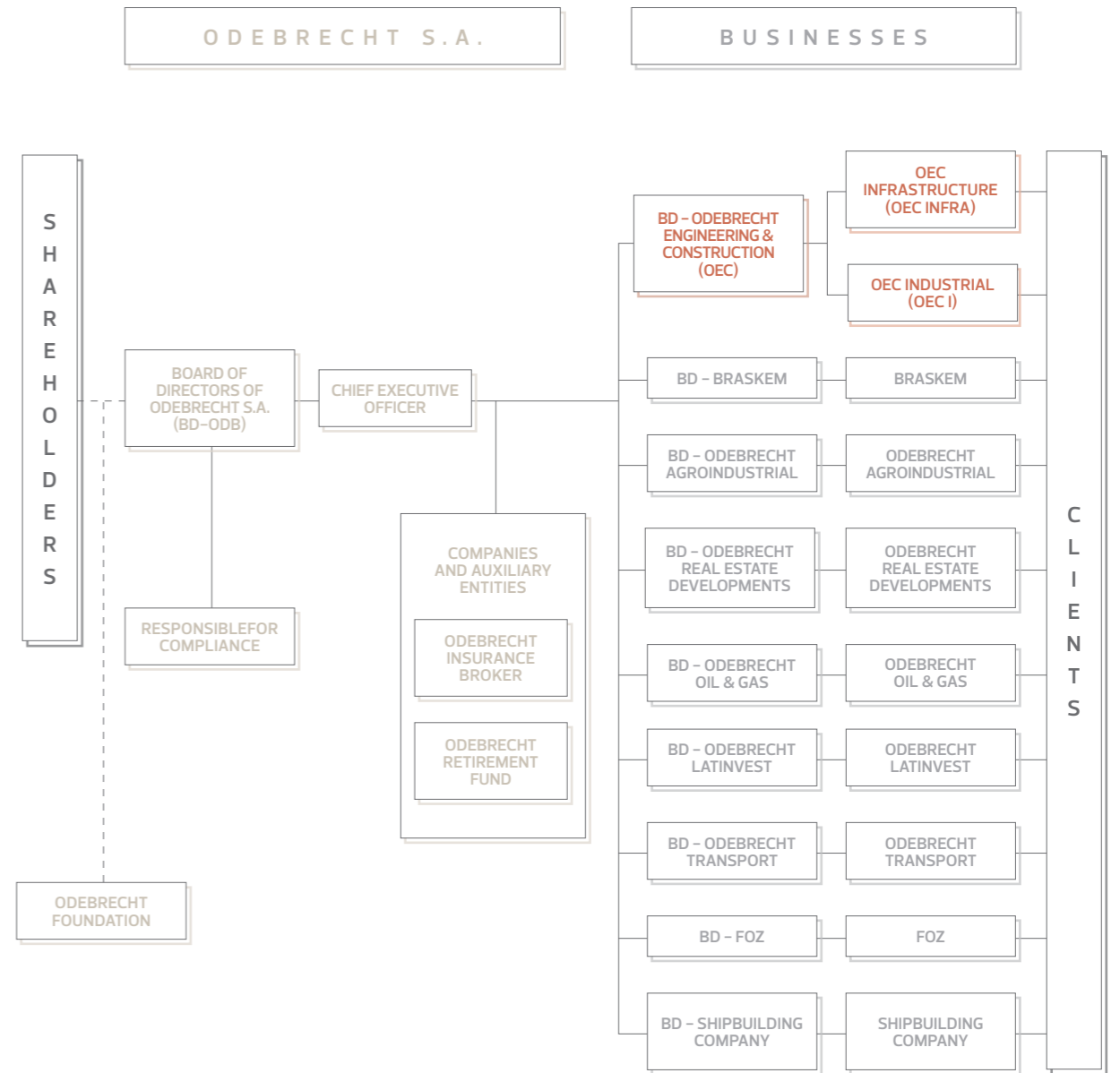
In 2016, the Group benefited from the collaboration of more than 120,000 professionals of about 70 different nationalities, and exported products and services to more than 70 countries. Each day, 20 million users can rely on the services offered to their companies, generating US\$ 24.5 billion in gross revenue this year.

Its members are guided by Odebrecht Entrepreneurial Technology (OET), a values statement that keeps them united on the pathway toward the perpetuation of the Group's activities.

1.1.1 Odebrecht Entrepreneurial Technology

Odebrecht Entrepreneurial Technology (OET) is a set of principles, concepts, and criteria focusing on education through work that provides the foundation for the actions of the company's members. It encourages internal entrepreneurship and recognizes potential in everyone, such as willingness to serve and the ability and desire to develop and to exceed results. OET is the foundation of the Odebrecht Group's culture and, with the help of a planned delegation process based on trust and partnerships between leaders and team members, it guides the actions of all members in the various Businesses, countries, and cultural environments where the Group operates.

Odebrecht S.A.'s main Businesses and their organizational structure



Odebrecht Group's Macrostructure

## 1.2 Odebrecht Engineering and Construction

### 1.2.1 History

Odebrecht Engineering and Construction (OEC) was founded in 1944 and since then has been recognized for its innovative use of advanced construction methods. Its first project was the Itacaré Pier, in the South of Bahia.

In the 1970s, OEC started its national expansion and delivered large-scale projects. Already during that period, the company celebrated more than 500 Contracts all over Brazil and worked to qualify for the application of special technologies such as the ones required for the construction of subway lines, nuclear plants, large airports, and bridges. The main highlights from that time are the Antonio Carlos Jobim International Airport (Galeão) – RJ, the Federal University of Rio de Janeiro – RJ, the Colombo Salles Bridge – SC, the Deputado Darcy Castello de Mendonça Bridge (Third Bridge) – ES, and the renovation of the Amazonas Theatre – AM. During that period, OEC started the expansion of its processes, its business diversification, and its internationalization.

In 1981, OEC merged with the São Paulo company CBPO – Companhia Brasileira de Projetos e Obras, becoming one of the main construction companies in the country. In 1986, the Técnica Nacional de Engenharia (TENENGE) was incorporated, increasing its ability to offer integrated engineering, construction, and industrial assembly services.

### 1.2.2 Internationalization

After working for more than thirty years in the Brazilian Market, in 1979 OEC began its international operations with the construction of the Charcani V, a hydroelectric plant in Peru, and progressively expanded its operations into other countries. In 1984, it began its activities in Angola, Africa. In 1988 it began operating in European countries such as Portugal and in 1991 in the United States.

The expansion in Latin America started in Argentina (1986) and in the following years the company reached Ecuador (1987), Venezuela (1992), Mexico (1992), and Colombia (1993). In the 2000s, it started operating in the Dominican Republic (2002), Panama (2004), Cuba (2010), and Guatemala (2013).

In 37 years of internationalization, OEC has also operated in South Africa, Bolivia, Botswana, Chile, Costa Rica, the United Arab Emirates, the Republic of Djibouti, Gabon, Ghana, Guinea, Kuwait, Liberia, Libya, Mozambique, Paraguay, and Uruguay.



Antonio Carlos Jobim  
International Airport (Galeão),  
Rio de Janeiro – Brazil

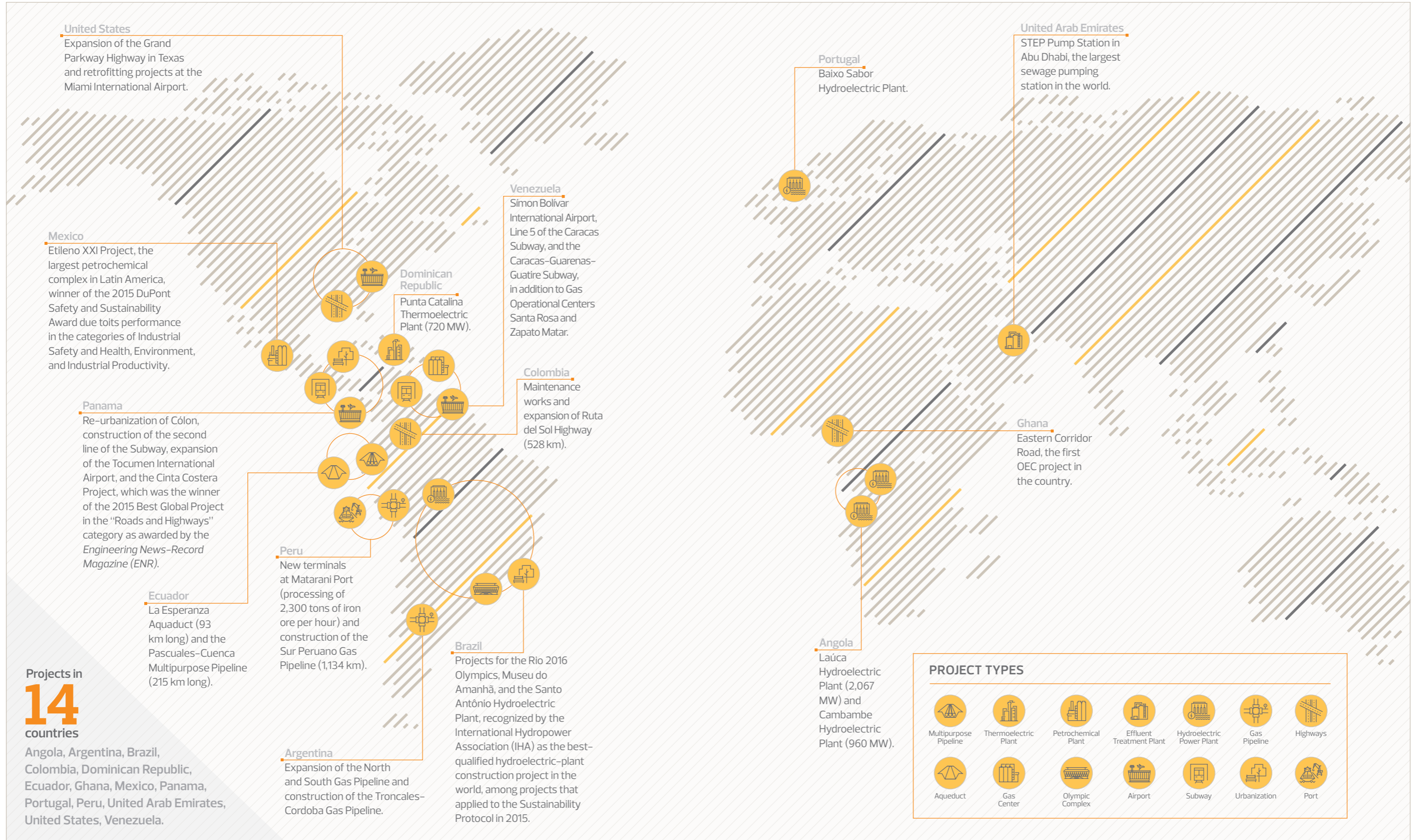
### 1.2.3 OEC Today

Although the Group started its operations in the engineering and construction sector in the 1940s, Odebrecht Engineering & Construction S.A. was founded only on January 27, 2014. Its corporate name was changed on February 2, 2015. Today, OEC is a privately held entity, part of Odebrecht S.A., based in São Paulo. OEC is an integral subsidiary of Odebrecht S.A., and on March 31, 2015 became the direct controller of Construtora Norberto Odebrecht S.A. (CNO) and Odebrecht Engineering and Construction International (OEI), formerly known as Odebrecht Global S.A. (ODB Global).

[102-1] [102-3] [102-5]

OEC operated and developed projects in more than 30 countries through the branch offices and subsidiaries of its controlled companies. In 2016, the Company held 104 active Contracts and 40 Projects were completed. That year also brought 8 achievements among new Projects and contractual amendments.

# OEC Operations in the World Highlights



Projects in  
**14**  
countries

Angola, Argentina, Brazil, Colombia, Dominican Republic, Ecuador, Ghana, Mexico, Panama, Portugal, Peru, United Arab Emirates, United States, Venezuela.

1.2.3.1 OEC Infrastructure

OEC Infrastructure operates in the heavy construction segment. Its directly and indirectly controlled companies develop construction projects for highways, railways, hydroelectric, thermoelectric, and nuclear plants; port and airport facilities; and dams, as well as other infrastructure, urban-mobility, and city-logistics projects. By serving public and private clients, OEC Infrastructure strengthens the production capacity of the countries where it operates.

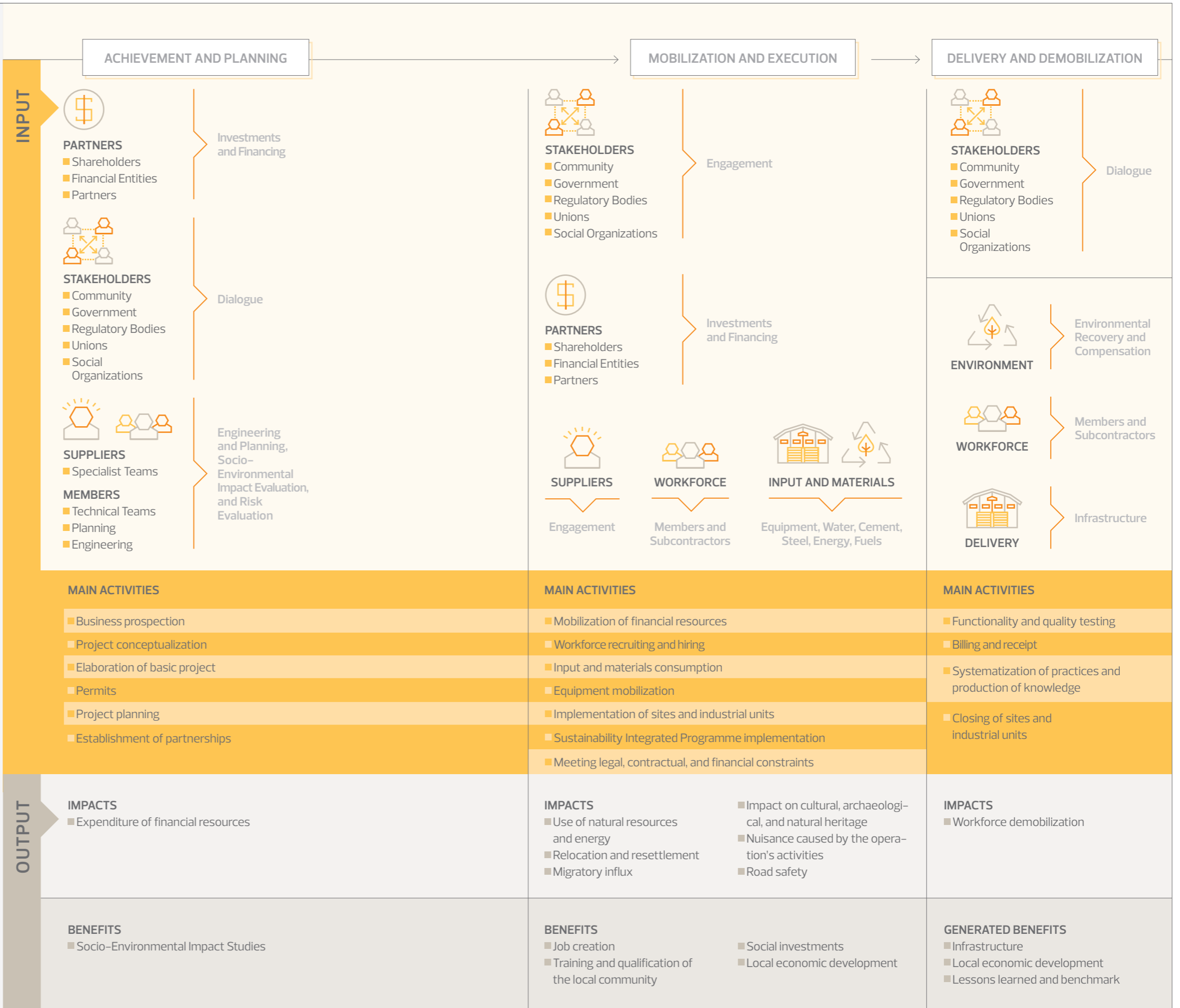
[102-2] [102-6] [102-7]

1.2.3.2 OEC Industrial

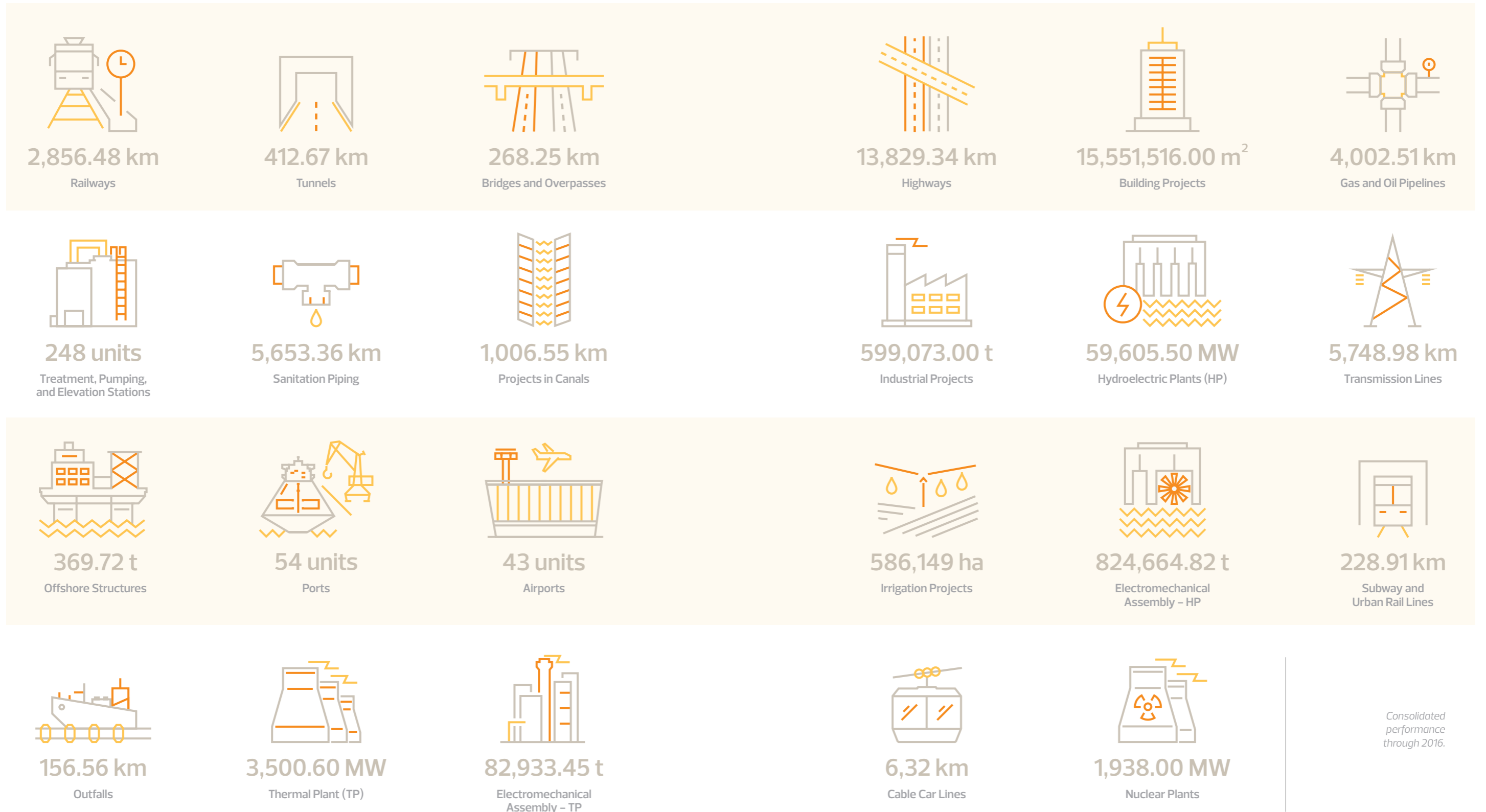
OEC Industrial operates in the construction, assembly, and maintenance of industrial ventures, especially in the management of Engineering, Procurement, and Construction (EPC) projects. Its portfolio of integrated solutions encompasses engineering, supply, construction, commissioning, testing and pre-operation services, maintenance, and project management. The Business uses cutting-edge technology in the oil and gas, chemicals and petrochemicals, bioenergy, fertilizers, paper and cellulose, metallurgy, mining, and thermoelectricity sectors.

[102-2] [102-6] [102-7]

Business Model



THE RESULT OF OEC'S OPERATION IN ACCORDANCE WITH ITS BUSINESS MODEL COMES TO LIFE IN THE BENEFITS SHOWN BELOW.





Tubular Solar Lighting, Jardim Oceânico Station, Rio de Janeiro - Brazil

1.3 External Commitments [102-12]

Open Letter to Brazil on Climate Change

In 2009, OEC signed the Carta Aberta ao Brasil sobre Mudanças Climáticas [Open Letter to Brazil on Climate Change], joining the movement in which companies take on commitments with the government and Brazilian society regarding the climate agenda. In 2015, it ratified its position and remained a signatory of the document's revised version, which updated and expanded the commitments made by companies in the original letter.

Global Compact

This initiative was developed by the United Nations (UN), aiming at mobilizing the international corporate community to adopt values in their business practices that are fundamentally and internationally accepted regarding human rights, work relations, the environment, and the fight against corruption. These values are reflected in ten principles.

Odebrecht Engineering and Construction joined the Global Compact local networks in the Dominican Republic (2010), Angola (2014), and Brazil (2015). In 2017, Odebrecht S.A. requested the suspension of OEC's participation in these territories, as otherwise agreed with the Global Compact's head office in New York, United States.

GHG Protocol Brazilian Program

The GHG Protocol was originally developed in the United States by the World Resources Institute (WRI, 1998) to encourage corporate culture to elaborate and publish an Inventory of Greenhouse Gas Emissions (GGE). The GHG Protocol methodology was adapted for the Brazilian context in 2008 in a joint effort by the Center for Sustainability Studies of Getulio Vargas Foundation (GVces, Brazil), the WRI, the Brazilian Business Council for Sustainable Development (CEBDS), and the World Business Council for Sustainable Development (WBSCD). OEC has made an inventory of its emission sources in accordance with the Scope 1, 2, and 3 categories since 2010, and its reports undergo external verification.












Lima Subway - Peru

The certifications received by OEC in 2016 are listed below.

Certifications and Recertifications	REGISTRATION YEAR	CERTIFICATION	TYPE	OBSERVATIONS	
	2016	ISO 14001:2004 OHSAS 18001:2007	Recertification Audit conducted by Bureau Veritas Certification (BVC)	100% compliance for all verified items in Punta Catalina. The result is a milestone for OEC, as it is the first verification of corporate certifications (multi-site) outside Brazil.	
	Huella Social de la Empresa Responsable para la Prevención y Erradicación del Trabajo Infantil	Certification	Certification valid through February 2018.		


















The following table lists the main sector associations and entities in which OEC is included, by country, with details of its participation in governance bodies. [102-13]

Participation in Sector Associations and Entities

 REGISTRATION YEAR	 NAME OF ASSOCIATION	 PARTICIPATION IN THE GOVERNANCE BOARD	 PARTICIPATION IN PROJECTS OR COMMISSIONS	
2014	Associação Brasileira da Infraestrutura de Base (ABDIB)	Sustainability	Highway Committee	
1970	Associação Brasileira de Engenharia Industrial (Abemi)	Human Resources	Various Committee	
1961	Sindicato Nacional da Indústria da Construção Pesada (Sinicon)	Board of Directors	Various Committees	 Brazil
1969	Sindicato da Indústria da Construção Pesada do Estado de São Paulo (Sinicesp)	Senior Board	Various Committees	
1986	Sindicato das Empresas de Engenharia de Montagem e Manutenção Industrial do Estado do Rio de Janeiro (Sindemon)	Board of Directors	Labor Relations	
2007	Fundação Eduardo dos Santos	General Assembly	No	 Angola
2008	Grupo Brasil – Asociación de Empresas Argentino – Brasileñas	Secretary	Human Resources, Communication, and Foreign Trade	
2008	Camara de Comercio Argentino – Brasileña (CAMBRAS)	Regular Member	Sustainability	
2013	Fundación Capital	No	No	
2006	Cámara Argentina de la Construcción (Camarco)	No	Tax and Labor Relations	 Argentina
2006	Cámara Argentina de Ingenieros	No	No	
2011	Instituto para el Desarrollo Empresarial de Argentina (Idea)	No	Human Resources and Communication	
2014	Cámara Mexicana de la Industria de la Construcción (CMIC)	No	No	 Mexico
2007	Centro Mexicano para la Filantropía	No	No	
2009	Cámara de Comercio	No	Observatorio de Seguridad	
2009	Cámara de la Construcción	No	Comisión de Seguridad Ocupacional	
2010	Sumarse	No	Mesa de Seguridad Vial e Mesa de Voluntariado	
2009	Asociación de Ejecutivos de Empresas	No	Comisión de Ética, Civismo y Responsabilidad Social, de Urbanismo e de Deporte	 Panama
2009	Cámara Americana	No	Comisión de Responsabilidad Social Empresarial	
2009	Consejo Nacional de la Empresa Privada	No	Cinta Roja Empresarial	
2010	Sindicato de Industriales	No	Benefactorado	

The main awards and recognitions received by OEC in 2016 are listed below.

Awards and Recognitions

AWARD NAME	GIVEN BY	OBSERVATIONS	
Mipim International Award	Mipim Awards	The Museu do Amanhã came in first place in the Most Innovative Green Construction category.	
ITA Tunnelling Award	International Tunnelling and Underground Association (ITA)	Award granted for the excellence on engineering and the uniqueness of the excavation technique applied.	
ENR Best Global Projects	Engineering News-Record Magazine	Honor and Merit Award in the Airports category, for the Miami Airport project.	
Best Project in Infrastructure	U.S. National Council for Public-Private Partnerships (NCPMP)	Grand Parkway Project.	
ENR Best Global Projects	Engineering News-Record Magazine	Honor and Merit Award in the Airports category, for the Nacala Airport Project.	
Ghana CSR Excellence Awards	Centre for Corporate Social Responsibility – CSR West Africa	CSR West Africa – CSR Engineering Company of the Year.	
Honor and Merit Award	International Finance Corporation	Recognition for the Nuevas Oportunidades Program, which was implemented during the demobilization of Etileno XXI.	
RoSPA Gold Achievement Award for Health and Safety	Royal Society for the Prevention of Accidents (RoSPA)	Award given to the client Abu Dhabi Sewerage Services Company (ADSSC) for the results in Work Safety achieved by the STEP – Pump Station project.	
Excellens Civitas Award	Fundação Eduardo dos Santos (Fesa) in partnership with PricewaterhouseCoopers (PwC)	Recognition awarded to the companies most successful in the application of corporate responsibility and sustainability policies.	
Empresa Parceira da Natureza	Angolan Ministry of Environment	Recognition awarded to companies that show commitment and responsibility toward socio-environmental issues, economic growth, and environmental preservation.	
Mérito ao Programa de Preservação e Revalorização do Património Histórico, Arqueológico e Cultural de Kambambe	Angolan Ministry of Environment	Recognition for the Kambambe Fortress Rehabilitation Project for strengthening the culture, local tourism, and the revival of local history, which added value to the Kwanza Corridor Project.	
Las Mejores Empresas para Trabajar® en México	Great Place to Work	70th place in the Las Mejores Empresas para Trabajar® en México list, in the 500 a 5,000 Colaboradores y Multinacionales [500 to 5,000 Employees and Global Players] category.	
Premio Obras Cemex	Cementos Mexicanos	1st place in the Social Value category for the Cincuentenario Avenue Road Improvement Project.	
Premio Obras Cemex	Cementos Mexicanos	2nd place in the Infrastructure category for the Cincuentenario Avenue Road Improvement Project.	
Premio Pacífico	Pacífico Seguros	Recognition of the Chavimochic Construction Consortium for its commitment to the safety and health of its employees.	
IPLOCA International Award	Pipeline & Offshore Contractors Association (IPLOCA)	The Sur Peruano Gas Pipeline received honorable mention in the Premios de Salud y Seguridad Ocupacional [Occupational Safety and Health Awards] 2016.	
Prémio Secil Engenharia Civil 2014	Secil and Ordem dos Engenheiros	Recognition of the Baixo Sabor Hydroelectric Plant as the most significant civil engineering project of the year.	
X Salón Malaussena 2016 de Arquitectura y Urbanismo	X Salón Malaussena 2016 de Arquitectura y Urbanismo	Certificate of Special Mention for the Estación La Dolorita (Metro Cable Mariche) Project, in the Social Architectural Design category, for its positive integration into the local context, promoting urban mobility.	



# COMMITMENT TO SUSTAINABILITY



Laúca Hydroelectric  
Plant - Angola

OEC is committed to contributing to the sustainable development of the societies in which it operates by delivering useful and high-quality products whose production processes must respect cultural heritage, value diversity, promote the conservation of natural resources, emphasize community growth within their areas of influence, and secure good health and safety conditions for people.

The commitment accepted by OEC is guided by the principles of valuing and improvement of people's living conditions, reduction of environmental impact, control over process hazards and risks, and use of technologies to reduce the consumption of natural resources.

**2.1 Sustainability Policy**

Odebrecht S.A.'s Sustainability Policy conveys the Group's commitment to the theme, establishing references for its member companies' positioning before society and defining the strategic foundation for the achievement of a sustainable development model.

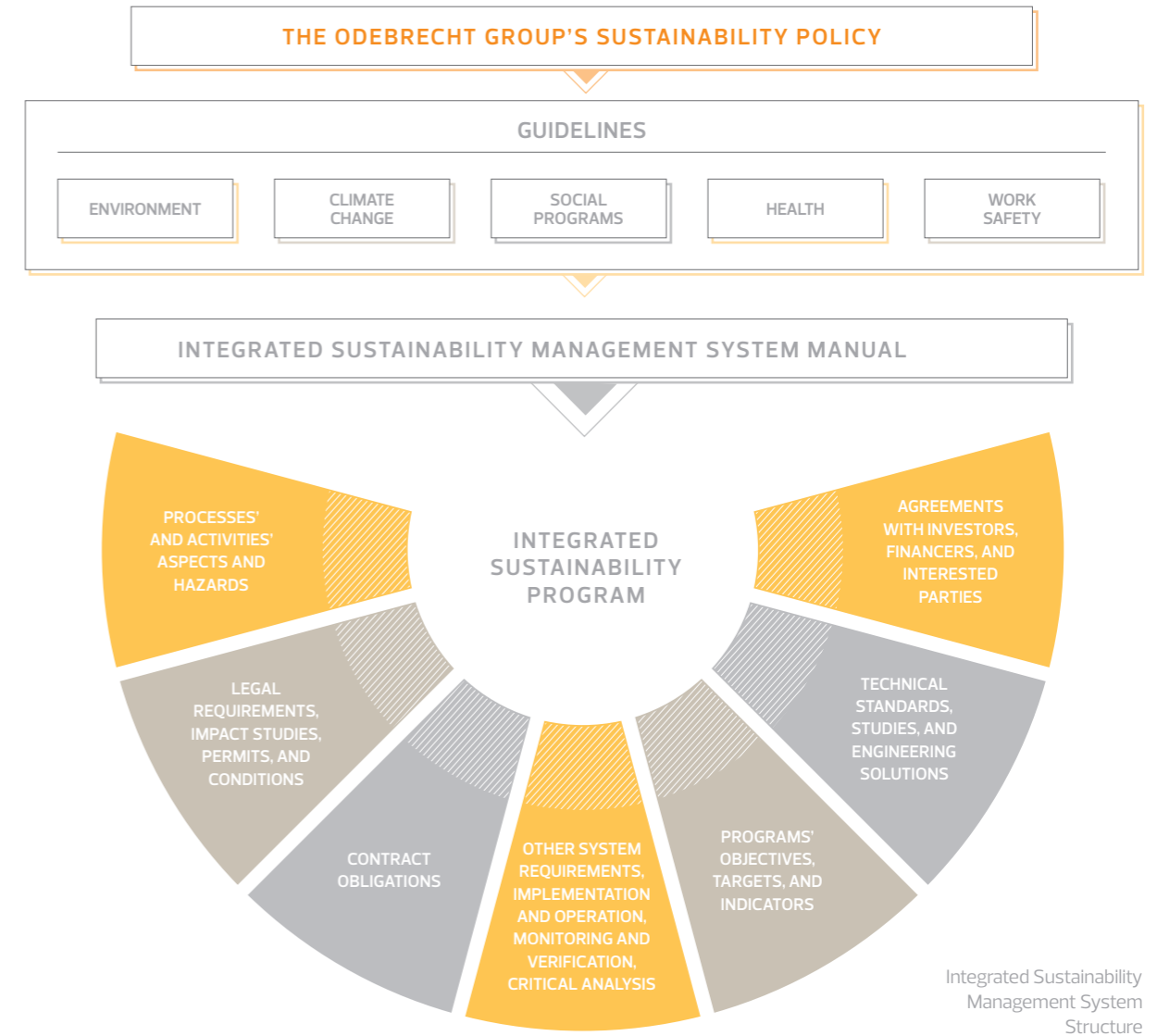
By following this Policy, OEC reinforces its concern with its activities' resultant and inherent impact. This commitment is reaffirmed by OET's principles and values and by the corporate practices of the Contracts, which, transversely, deliver results while being conscientious of their responsibility to future generations regarding the right to use natural resources.

<sup>2</sup>United Nations  
<sup>3</sup>The United Nations Educational, Scientific, and Cultural Organization  
<sup>4</sup>International Labor Organization  
<sup>5</sup>World Health Organization  
<sup>6</sup>Organisation for Economic Cooperation and Development  
<sup>7</sup>International Finance Corporation

**2.2 Guidelines and Integrated Sustainability Program**

According to OET and Odebrecht S.A.'s Sustainability Policy, OEC has defined specific Guidelines for its Business that have been grouped under five themes: Environment, Climate Change, Social Programs, Health, and Work Safety. This set of Guidelines, which must be followed by all Projects, incorporates performance standards, principles and policies from the UN<sup>2</sup>, UNESCO<sup>3</sup>, the ILO<sup>4</sup>, the WHO<sup>5</sup>, the OECD<sup>6</sup>, and the IFC<sup>7</sup>, policies that have been adopted by multilateral institutions, the Equator Principles, and international certification standards (ISO 14001:2004, 26000:2010, and OHSAS 18001:2007).

Detailed information on the use of these Guidelines is presented in the Integrated Sustainability Management System Manual, which, through procedures, instructions, and indicators, conducts the preparation of the Integrated Sustainability Program (ISP). The program is customized for each Contract and promotes balance among economic, environmental, and social results.



The Integrated Sustainability Program is based on the PDCA cycle concept (Plan – Do – Check – Act), which allows the identification of limitations and obstacles for a process's satisfactory performance, the planning and implementation of solutions, the verification of its efficiency and effectiveness, and the continuous improvement of results.

In this way, the commitment to the Sustainability Policy is demonstrated by indicators that evidence the Company's view of sustainable operation, and that will be included as targets in the evaluation of the Leaders' performance in the Contracts. These indicators consider:

- the project's suitability for its optimization regarding environmental and social aspects (such as social inclusion);
- the operation's efficiency in the control and mitigation of adverse impacts and the enhancement of environmental benefits;
- the development of products and services which in themselves benefit society and increase the Company's competitiveness;
- the quality of the work environment, people's health and safety, and their satisfaction and motivation in that environment;
- the appreciation of culture, harmony, and the integration of people from distinct cultures into the Company, its knowledge, and its activities.

The performance standard required by OEC will allow the Company to be evaluated for its deliveries in any of the territories where it operates, and is in alignment with the Group's Sustainability Policy. It is also included in the Action Program (AP) of all Company Leaders (please, know more about AP in Commitment to People, page 73).

The goals for 2017 are shown on the next page:



Baixo Sabor Hydroelectric Plant - Portugal

### 2.3 Sustainability Goals

With the new OEC governance structure, implemented in 2016, the sustainability goals that used to be divided into five large groups (distinct for each Business environment), now have been consolidated in a single set. Additionally, the Company sought out external references to establish these goals, including consolidated indicators for the Civil Engineering Industry as presented in the Construction Industry Institute (CII) annual reports.

### Work Safety

Goals	DAFR	SR	%TrH	Serious Events	PréVer
	0.14	3.6	1.5	Zero	100%

Days Away Frequency Rate (DAFR): (number of injury with lost days + number of serious events) x 200,000 / man-hours worked (excluding accidents en route).

Severity Rate (SR): (number of lost days + transported days) x 200,000 / man-hours worked (excluding debited days).

%TrH: minimum percentage of training hours in ST (induction HHS and TDTs excluded). 1.5% of man-hours of work are equivalent to 36 man-hours / person per year.

Serious Event: fatality, permanent disability, or total permanent disability.

PréVer (Serious Events Prevention Program): 100% of Contracts reporting to the Program, according to their conceptual bases.

### Health

Goals	OIRF	NOIFR	TrH	MSDR
	0.72	10	0.25	Up to 1/3 of CID M and S total absenteeism

Occupational Illnesses Frequency Rate (OIFR): total of man-hours of work missed due to work-related conditions and occupational illnesses x 1,000 / total of man-hours worked (members).

Non Occupational Illnesses Frequency Rate (NOIFR): total of man-hours of work missed due to non-work-related conditions and occupational illnesses x 1,000 / total of man-hours worked (members).

% TrHSO: minimum percentage of training in health (man-hours worked in induction and TDTs excluded).

Musculoskeletal Disorders Rate (MSDR): total of days lost due to CID M + total of days lost due CID S / total of days lost x 100.

### Environment

- The reuse of water will be registered in 100% of the Contracts.
- Recycling or reuse of 50% of generated waste will be registered in 100% of the Contracts.

### Social Responsibility

- 100% of the Contracts will operate Suggestion and Complaint Channels, to be implemented based on Relationship Programs.
- Social Programs will be implemented in 100% of the Contracts in which Impact Studies identify social vulnerability in their area of influence.
- Self-declaration documentation will be issued by 100% of the hired companies regarding the non-violation of human rights, especially regarding work similar to slave labor and child labor.

### Socio-environmental

- Socio-environmental compliance to be met in 100% of the Contracts (permit conditions and legal requirements)

### Climate Change

- Reduction of 15% of the total greenhouse-gas emissions by 2020, considering 2010 as the base year (OEC's first GGE inventory). The monitored indicator is the ratio between the total of Scope 1 and 2 emissions and OEC's gross income in reais (g CO2e / BRL).

### 2.4 Engagement with Stakeholders

As a sustainability strategy, Odebrecht Engineering and Construction aims at meeting the expectations of its main interest groups.

The relationship strategy is defined by Contracts for the dynamics of their operation. Additionally, it is focused on the convergence of interests and, generally, prioritizes stakeholders who are impacted more directly. Most interactions and evaluations take place in this scenario. [102-40][102-43]

## Engagement with Stakeholders

SHAREHOLDERS	
Engagement Type	Engagement Frequency
Board of Directors	Permanent
Action Plan	Permanent
Performance Monitoring	Permanent
Sustainability Report	Annual
Ethics Line	Permanent

POTENTIAL BUSINESS PARTNERS*	
Engagement Type	Engagement Frequency
Direct Meeting	On Demand
Attendance at Events	On Demand
Publications and Press Releases	Permanent
Sustainability Report	Annual
Participation in Sector Entities	Permanent
Ethics Line	Permanent

ACADEMIC COMMUNITY	
Engagement Type	Engagement Frequency
Attendance at Events	On Demand
Sustainability Report	Annual
Publications and Press Releases	Permanent
Programa Estágio de Férias [Vacation Internship Program]	Biannual
Prêmio Odebrecht para o Desenvolvimento Sustentável Award	Annual
Ethics Line	Permanent

CIVIL SOCIETY ORGANIZATIONS	
Engagement Type	Engagement Frequency
Attendance at Events	Permanent
Direct Meeting	On Demand and as part of a relationship strategy with the community
Publications and Press Releases	Permanent
Ethics Line	Permanent
Sustainability Report	Annual

COMMUNITY	
Engagement Type	Engagement Frequency
Public Consultation	During the licensing process and always it is applicable
Relationship Programs	Permanent
Social Programs	Permanent
Attendance at Events	On Demand
Direct Meeting	On Demand
Publications and Press Releases	Permanent
Sustainability Report	Annual
Ethics Line	Permanent

MEDIA	
Engagement Type	Engagement Frequency
Publications and Press Releases	Permanent
Sustainability Report	Annual
Ethics Line	Permanent

FINANCIAL ENTITIES	
Engagement Type	Engagement Frequency
Attendance at Events	Permanent
Sustainability Report	Annual
Publications and Press Releases	Permanent
Direct Meeting	On Demand
Ethics Line	Permanent

GOVERNMENT AND REGULATORY AGENCIES	
Engagement Type	Engagement Frequency
Attendance at Events	On Demand
Direct Meeting	On Demand
Sustainability Report	Annual
Publications and Press Releases	Permanent
Ethics Line	Permanent

MEMBERS	
Engagement Type	Engagement Frequency
Direct Meeting	On Demand
Satisfaction Survey (Rep Track)	Annual
Action Program	Permanente
Programa Jovem Parceiro [Young Partner Program]	Annual
Publications and Press Releases	Permanent
Sustainability Report	Annual
Prêmio Destaque Odebrecht Award	Annual
Odebrecht TV	Permanent
Ethics Line	Permanent

CLIENTS	
Engagement Type	Engagement Frequency
Direct Meeting	On Demand
Sustainability Report	Annual
Publications and Press Releases	Permanent
Ethics Line	Permanent

SUPPLIERS AND SERVICE PROVIDERS	
Engagement Type	Engagement Frequency
Attendance at Events	On Demand
Sustainability Report	Annual
Publications and Press Releases	Permanent
Direct Meeting	On Demand
Compliance Due Diligence	On Demand
Ethics Line	Permanent

UNIONS	
Engagement Type	Engagement Frequency
Assembly	On Demand
Attendance at Events	Permanent
Direct Meeting	Permanent
Sustainability Report	Annual
Publications and Press Releases	Permanent
Ethics Line	Permanent

\*Potential Business Partners: engineering and construction companies that in some cases are competitors and, in others, partners, and may work cooperatively on the development of consortiums.



Odebrecht Award - Angola



OEC promotes the Prêmio Odebrecht para o Desenvolvimento Sustentável Award, a voluntary initiative sponsored and organized by the Group to encourage young college students who major in Agronomy, Architecture, and Engineering to think about current sustainability demands.

Created in 2008 for students in Brazil, the Award promotes innovation, as recommended by Odebrecht's Sustainability Policy. By recognizing the best solutions, it awards the students authors, the supervising professors, and the universities. This award competition takes place in ten other countries in addition to Brazil. Learn more at <http://www.premioodebrecht.com/brasil/>.

## 2.5 Materiality

The approach and methodology of this report is grounded on the premise that sustainability management, based on Global Reporting Initiative (GRI) guidelines and principles, is a process that must be aligned to the OEC strategy and to the structure of operational controls that affect its economic-financial, social, and environmental performance.

The Annual Report is an essential instrument in this process. Its elaboration is part of a continuous engagement cycle that benefits the understanding, analysis, and improvement of internal processes, while also supporting performance monitoring and communication.

According to the GRI Materiality Principle, the report must address significant aspects that reflect Odebrecht Engineering and Construction's economic, environmental, and social impacts or that may substantially influence stakeholders' evaluations and decisions.

The prioritization of themes is essential to guide efforts, to guarantee results, and to optimize resources as well as to communicate the organizational performance concisely and objectively. The goal of Materiality is to guide the management and prioritization of strategic themes as much for the Business as for its interested parties.

With the intention of defining the most relevant themes, at the start of 2017 a Definition of Materiality process was conducted that, in four steps, considered the points of view and expectations of internal and external stakeholders in the Company:



### 2.5.1 Theme Identification

In this step, the relevant themes for OEC and its stakeholders were identified based on the analysis of Business strategy according to OEC and the Odebrecht Group's perspectives, in order to capture the themes that will help anticipate and reduce risks and that may maximize value generation. The analyzed material included:

- OEC and Odebrecht S.A. internal documents, such as Policies of Compliance, Communication, People, and Sustainability; gender equality survey; results of the sustainability and people indicators; Business Leaders' Goals; awards and recognition received; and public declarations to the press (especially those about the Company's involvement in Operation Car Wash), among others;
- materials regarding Materiality Processes conducted by Odebrecht S.A. and by some countries where OEC operates (Brazil, Peru, Angola, and Dominican Republic);
- external materials, such as the report published by the Construction Industry Institute (CII), KPMG's publication about the sector's risks, GRI's sectorial guide on civil engineering, and corporate responsibility bulletins for the construction industry;
- materials published by construction companies (sector benchmark) as annual and sustainability reports.

The main facts in these documents were related to GRI Standards Topics and therefore were scored according to frequency. By using a point average, the 23 most relevant themes were listed. They were then applied to the consultation directed at the OEC internal audience.

### 2.5.2. Consultation

Consultation aimed at prioritizing material themes for OEC based on its audiences' perspectives. The consultations with the internal audience were done using online questionnaires sent to members with a corporate email address (@odebrecht.com) and to Contract Managers (CM) who are responsible for the Projects. Additionally, face-to-face interviews were conducted with Regional Directors (RD), who are responsible for different Contracts in the countries where OEC operates. In total, 1,374 answers were received in response to the online questionnaires for members and 64 answers were received through the online consultation to Contract Managers and support team Leaders (30% and 38% adherence, respectively). 11 Regional Directors participated in the face-to-face interviews

### 2.5.3. Prioritization

At the end of the consultations, weight was attributed to the tabulated results that were related to the Global Compact Principles. The themes were plotted on the Materiality Matrix, taking into consideration their degree of relevance. In this step, twelve themes stood out and were considered material.

### 2.5.4 Validation

In this stage, OEC leadership (Business Leaders and their support teams) validated the identified themes. The evaluation of the context and impacts of the Business revealed six themes that had not initially been listed. These themes were added to the Materiality Matrix.

The defined material themes are presented in five groups, and the GRI topics and their impact limits are already related to them.

Please see the Table of Material Themes related to GRI Topics on the next page. [102-46][102-47]

MATERIAL THEMES	GRI STANDARDS TOPICS	TOPIC'S BOUNDARY (WHERE IMPACT IS GENERATED)	STAKEHOLDERS WHO ARE DIRECTLY AFFECTED BY THE IMPACT
<b>Ethics, Integrity, and Transparency</b>			
Anticorruption, unfair competition, public policies	Anticorruption	Inside the Company Outside the Company: government, clients, and business partners	Society
	Unfair Competition	Inside the Company Outside the Company: government, clients, and business partners	Society and competitors
	Public Policies	Inside the Company Outside the Company: government and public entities	Society
Environmental and socio-economical compliance	Environmental Compliance	Inside the Company	Local community, government, members, shareholders, and clients
	Socio-Economic Compliance	Inside the Company	Local community, government, members, shareholders, and clients
<b>Commitment to People</b>			
Members' development	Training and Education	Inside the Company	Members
Members' health and safety	Health and Safety at Work	Inside the Company	Members and subcontractors
		Outside the Company: subcontractors and suppliers	
Job generation and talent retention	Jobs	Inside the Company	Members, subcontractors, and local community
		Outside the Company: subcontractors and suppliers	
Diversity, equality of opportunity and non-discrimination	Diversity, Equality of Opportunity	Inside the Company	Members
	Non-Discrimination	Inside the Company	Members
Human rights	Child Labor	Inside the Company Outside the Company: subcontractors and suppliers	Members, subcontractors, and local community
	Forced Labor Similar to Slave Labor	Inside the Company Outside the Company: subcontractors and suppliers	Members, subcontractors, and local community
	Human Rights Evaluation	Inside the Company Outside the Company: subcontractors and suppliers	Members, subcontractors, and local community
<b>Operational Efficiency</b>			
Atmospheric emissions and climate change	Emissions	Inside the Company	Local community and society
		Outside the Company: subcontractors and suppliers	
Conscientious and efficient use of water	Water	Inside the Company	Local community and society
		Outside the Company: material and input suppliers	
Biodiversity	Biodiversity	Inside the Company	Local community and society
Conscientious use of materials and inputs	Materials	Inside the Company	Local community and society
		Outside the Company: material and input suppliers	
Energy (efficient use and adoption of renewable energy sources)	Energy	Inside the Company	Local community and society
		Outside the Company: material and input suppliers	
Safety and quality of products and delivered services	Customer Health and Safety	Inside the Company	Clients and society
Management of waste and effluents generated by the Operation	Waste and Effluents	Inside the Company	Local community and society
		Outside the Company: material and input suppliers	
Innovation*	*There are no GRI-specific topics	Inside the Company	Clients and Competitors
Project management and operational excellence*		Inside the Company	Clients
<b>Local Development</b>			
Local community development and generated socio-economic impacts	Local Community	Inside the Company Outside the Company: material and input suppliers	Communities
	Indirect Economic Impacts	Inside the Company Outside the Company: material and input suppliers	
<b>Economic-Financial Performance</b>			
Economic performance of the Business	Economic Performance	Inside the Company	Shareholders, members, and business partners

**GRI Definitions – Topic limit:** refers to the description of where the impacts occur for each material topic and the company's involvement with these impacts. Organizations may be involved with the impacts through their own activities or as a result of their business relations. When describing "where the impact occurs," the company will identify the entities where impact is verified. They may be internal to the company or

external, as companies with which it has commercial relations in its value chain. The entities may be grouped according to their attributes, such as type, locality, or position in the value chain. Examples include clients using equipment made by the company, suppliers of chemical products from a certain region, and the company's commercial subsidiaries.

# 3

## CORPORATE GOVERNANCE



*Parque Olímpico,  
Rio de Janeiro – Brazil*

In 2016, OEC adopted a new business structure for its operations in Brazil and abroad. At the end of that year, Engineering and Construction, which until then had been directed by five Business Leaders, was consolidated into two divisions (Odebrecht Engineering and Construction Infrastructure and Odebrecht Engineering and Construction Industrial), both operating globally.

Similarly, the five support areas to the operations were consolidated into one Dynamic Organization (DO). This new structure serves Business in an integrated manner. This move led to benefits to the Company's governance and productivity gains.

OEC consists of Odebrecht Engineering and Construction Infrastructure (OEC Infra) and Odebrecht Engineering and Construction Industrial (OEC I). OEC is aware its governance should continue evolving, with increasingly productive Businesses, and has decided Flavio Faria should continue to lead Industrial Engineering, while OEC Infrastructure now has a new Leader, Fabio Januário. [102-10]

Since 2016, OEC has only one Board of Directors. The unification of this deliberative body helps board members have a consolidated view of the Business. This year, OEC has also structured Advisory Committees, which support the Board of Directors' activities. [102-18]



Odebrecht Members - Brazil



**President:**  
Luciano Nitrini Guidolin

**Advisors:**  
André Amaro da Silveira  
Aluizo da Rocha Coelho Neto  
Carla Gouveia Barreto  
Daniel Bezerra Villar  
Marcela Drehmer Andrade  
Roberto Lopes Pontes Simões  
Roberto Prisco Paraíso Ramos

**Independent Advisor:**  
João Pinheiro Nogueira Batista

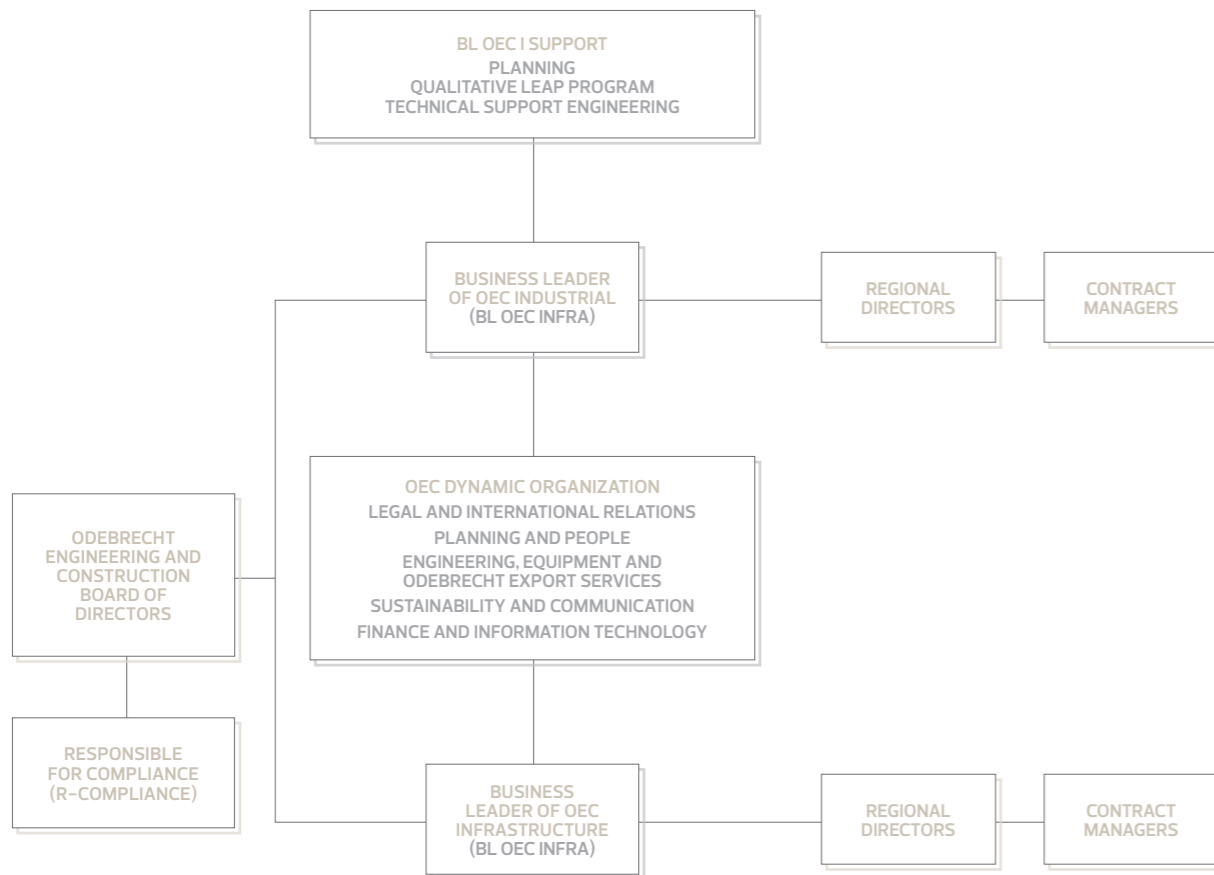
In 2017, at least one more independent advisor will join the Board. Independent Advisors will reinforce transparency and the ability to judge the BD's deliberative processes, including compliance issues. With ten full members, the Board's goal is to be more dynamic and diversified regarding gender, specialties and independence in relation to the Company.

### 3.1 Board of Directors

The constitution of a Board of Directors (BD) for OEC represented one of the most significant changes in the Company's governance in 2016. Currently, BD comprises nine members: one President, seven Internal Advisors and one Independent Advisor. Women represent 22% of the Board and they range between 46 and 60 years old. Among the men, 33% range between 31 and 45 years old, 11% range between 46 and 60 years old and 33% are over 61 years of age.

The advisors are elected by general assembly and their term of office is two years (re-election is permitted). The members of the Board do not have surrogates, a decision that follows the market's best practices and accounts for a higher level of engagement from the advisors.

OEC BD conformation was defined by the Group's CEO and aims at plurality among its members. The selection of advisors took into consideration people who could contribute in a strategic manner to OEC, who had experience in the Business, or who displayed verified knowledge in engineering, people and planning.



OEC's Governance Model.

The Board gathers in six annual meetings, however, there may be extraordinary meetings. The BD-OEC's main responsibilities include: maintenance of Odebrecht Entrepreneurial Technology (OET)'s principles and concepts as organizational culture; definition of Policies to guide OEC practices; monitoring and evaluation of the Business Leaders Action Program (AP) and the care towards the effective application of the Compliance System.

The BD is OEC's superior body and has deliberative function. The communication between OEC and Odebrecht S.A. is carried out exclusively by the Board of Directors, granting more transparency and independence to this relationship.

OEC's executive group, formed by Business Leaders (BL – Infrastructure and BL- Industrial) reports exclusively to the BD through the Action Program (AP). AP's results are monitored by indicators (which include environmental, social, economic and compliance aspects), periodically evaluated. This format grants more formality and discipline to the Board, especially regarding its members' roles and responsibilities.

In 2016, three Advisory Committees were also instituted, with a consultative role to analyse matters which support the Board's decisions. The Committees are not deliberative and consider specific agendas: People and Organization, Finance and Compliance. The Committees comprise three or four advisors and they meet bimonthly or extraordinarily whenever it is required.



#### PEOPLE AND ORGANIZATION COMMITTEE

This Committee supports the Board in the monitoring and analysis of issues regarding People and the Organization; it evaluates changes in the macrostructure and the fulfilment of goals regarding guidelines and policies related to remuneration and benefits; identification, development, evaluation and integration of people, sustainability; culture program; succession and diversity; among other responsibilities.

##### Members

###### Coordinator:

Daniel Bezerra Villar

###### Advisors:

André Amaro da Silveira

Carla Gouveia Barreto

###### Independent Advisor:

To be determined



#### FINANCE COMMITTEE

The Finance Committee supports BD members in the analysis of financial-related issues for the Company and its controlled companies. This Committee monitors and analyses matters regarding financial, guarantee and insurance issues; it evaluates the Directors' Annual Report and the Financial Demonstrations; it analyses fiscal matters and financial operations; it discusses the premises for the BL's AP, which include financial strategy, plans and projects and leverage goals, among others attributions.

##### Members

###### Coordinator:

João Pinheiro Nogueira Batista (Independent)

###### Advisor:

Marcela Aparecida Drehmer Andrade

###### Advisor:

Aluizio da Rocha Coelho Neto



#### COMPLIANCE COMMITTEE

The Compliance Committee supports the Board in implementing the Commitment to Ethics, Integrity and Transparency. This Committee's key role is to supervise internal controls, monitor risk exposure and oversee the auditing processes of financial reports. If necessary, the Committee will also carry out or authorize investigations of compliance-related issues.

##### Members

###### Coordinator:

André Amaro da Silveira

###### Advisor:

Aluizio da Rocha Coelho Neto

###### Independent Advisor:

João Pinheiro Nogueira Batista

The OEC-BD is in full operation in 2017, as well as its Committees, with more independence, offering support to executives while conducting Business.

Complementary, OEC takes part in Transversal Forums, which have been created by the Odebrecht Group to share best practices among its Businesses. At the end of 2016, the Sustainability Forum was already active and, in March 2017, the People Transversal Forum began. At these monthly meetings, the performance of macro indicators periodically reported are discussed. The analysis raise subjects of common interest that are relevant for the propagation and establishment of sustainable practices which are applicable to the Businesses. [102-18]

### 3.2 Ethics, Integrity and Transparency

[103-1][103-2][103-3][205-3][DMA Anti-corruption, Non-Competitive Behaviour and Public Policies]

The themes Ethics, Integrity and Transparency defined the year of 2016 for Odebrecht Engineering and Construction, and have been consolidated among the guiding principles and concepts of the Company's practices.

After a public commitment made by the Group's BD President, in March 2016, regarding the fight against corruption, significant changes, which had already been initiated in previous years, have been consolidated with the improvement of the Compliance System, controls and audits.

[205-3]

Still in 2015, two important evaluations of OEC's compliance practices were carried out: the first one evaluated corruption risks; the second one investigated compliance practices that had been implemented internally and evaluated the maturity level of the existing Compliance Program. The two evaluations were done by independent companies and now are the foundation for the elaboration of OEC's new Compliance System<sup>8</sup>.

In 2016, the Odebrecht Group recognized its participation in unsuitable practices in its corporate activity and admitted the mistakes which had violated its own established principles and values of honesty and ethics. Therefore, it decided to evolve.

<sup>8</sup>The practices evaluation was done by KPMG and Clifford Chance.



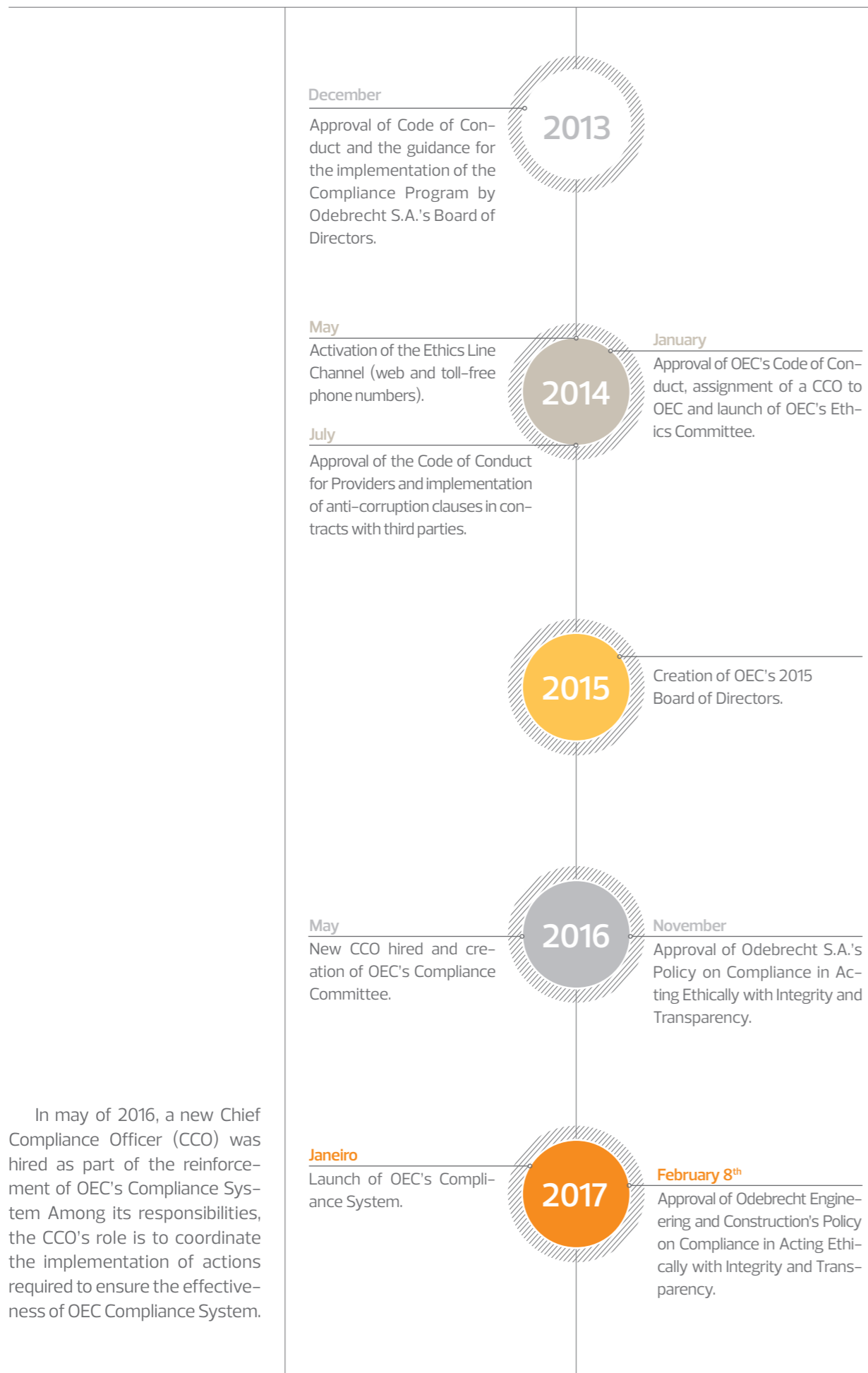
Etileno XXI - Mexico

The Group launched the Odebrecht Commitment to acting ethically, with integrity and transparency, which was immediately implemented by all its Businesses, including OEC, in every country where it operates. Since then, the Commitment has become a key reference and has been adopted by all Odebrecht's members as a guide for the Company's perspective of future.

## The Odebrecht Commitment to acting ethically, with integrity and transparency

This Commitment is aligned with Odebrecht Entrepreneurial Technology and will be carried out convincingly, responsibly and unrestrictedly by the whole Odebrecht Group, without any exemptions or flexibility. The Commitment is ruled by ten Principles: [102-16]

- 1 Fight and not tolerate of corruption in all its forms, including extortion and bribery.
- 2 Say "no" firmly and determinedly to business opportunities that conflict with this Commitment.
- 3 Adopt principles firmly grounded on ethics, integrity and transparency in relations with public and private agents.
- 4 Never rely on cultural or customary market conditions as a justification for illicit actions.
- 5 Ensure transparency in information about Odebrecht, which should be accurate, comprehensive and accessible, and published on a regular basis.
- 6 Be aware that misconduct, whether by action or omission or disregard, is harmful to society, breaks laws and destroys the image and reputation of the Odebrecht Group as a whole.
- 7 Ensure that Odebrecht practices the Compliance System throughout the Businesses' value chain, always up to date with the best benchmarks.
- 8 Individually and collectively contribute to necessary changes in the markets and settings where misconduct may be induced.
- 9 Incorporate performance evaluations into members' Action Programs to follow the Compliance System.
- 10 Have the conviction that this commitment will keep Odebrecht on the path of survival, growth and perpetuity.



In December 2016, Odebrecht S.A. announced the signature of a new agreement with the Brazilian Federal Prosecution Service (FPS), the United States Department of Justice (DoJ) and the Office of the General Attorney of Switzerland for the resolution of the investigation on the participation of the Group's companies in illicit acts.

As part of the agreement, Odebrecht S.A. consented to reveal information gathered in an internal investigation on illicit acts practiced in Brazil and abroad, and admitted its responsibility for violating both Brazilian and Swiss laws and, more specifically, the US anti-corruption law (Foreign Corrupt Practices Act, FCPA). Additionally, 53 executives involved, no longer work for the Company.

Odebrecht S.A. will pay a US\$ 2.6 billion fine to Brazilian, American and Swiss authorities. The amount will be paid over 23 years and the sum of the instalments will be readjusted according to the rates of the Special System for Settlement and Custody (Selic) in Brazil. [419-1]

The amount that must be paid was defined considering the "ability to pay" concept, that is that the payment of the fines will be made feasible by the continuity of the business and by cash flow generated in ongoing operations. The authorities establish the fines considering Company full cooperation with the investigations and broad remedial measures adopted by Odebrecht to correct potential compliance flaws.



Punta Catalina  
Thermoelectric Plant –  
Dominican Republic

Odebrecht S.A. has agreed with FPS and DoJ to undergo external and independent monitoring. During that period, Odebrecht will continue improving its Compliance System, in addition to broadening the remedial measures that had been adopted and recognized by the signatory authorities.

In Brazil, the agreement was ratified by the Brazilian Federal Prosecution Service in May 2017. Odebrecht S.A and OEC will continue to fully cooperate with the Brazilian entities and with the investigations which are being carried out in the countries where the Company operate. The Company has already celebrated agreements with the governments of the Dominican Republic, Ecuador and Panama and it has not been prevented, at any moment, to continue its operations in these countries, or in the United States. [206-1]

### 3.3 Structure and Governance of OEC's Compliance System

OEC's Compliance System comprised ten integrated preventive, detection and remedial measures. The System teaches and reinforces the commitment of all members, specially the Leaders, to achieve its implementation and practice. The Business Leader is responsible for the Compliance System, and its implementation must be aligned with the Compliance Committee guidelines and the Compliance Responsible orientations, being systemically monitored by the Board of Directors. The practice of the Compliance System is everyone's responsibility and it is integrated to the planning cycle and the Action Program.

#### The Ten Compliance Elements:



- ① **GOVERNANCE:** Board of Director's Compliance Committee establishment, mobilization of experienced CCO and structuring of a new Compliance Area.
- ② **POLICIES, GUIDELINES AND PROCEDURES:** approval of Odebrecht's Engineering and Construction's Policy on Compliance in Acting Ethically with Integrity and Transparency and of detailed guidelines of the Program's elements.

- ③ **RISK EVALUATION:** risk evaluations being carried out with third specialized parties.
- ④ **COMMUNICATION AND TRAINING:** detailing and implementation of the Communication and Training Plan.
- ⑤ **THIRD PARTY COMPLIANCE:** implementation of a robust third party due diligence process.
- ⑥ **ENGAGEMENT IN COLLECTIVE ACTIONS:** engagement with the Organisation for Economic Co-operation and Development (OECD) and the Ethos Institute's Corporate Pact for Integrity, in Brazil.
- ⑦ **ETHICS LINE:** global implementation of the Ethics Line Channel.
- ⑧ **RISK AND CONTROL MONITORING AND MANAGEMENT:** efficiency evaluation and control suitability for risk mitigation through internal audits and ongoing evaluation of risk indicators.
- ⑨ **REMEDY RISKS AND STRENGTHEN CONTROL SETTING:** an answer to exposure situations to risks which were approached with an ongoing effort in alignment with corporate goals.
- ⑩ **DISCIPLINARY MEASURES:** adoção de medidas importantes e significativas contra pessoas envolvidas em irregularidades.



Compliance Training - Angola

With the goal of making the Compliance System even more effective, the OEC Compliance Website was developed in 2016. The Website is available on the Company's intranet and may be accessed by all its members. There they can find Compliance System reference material, processes, forms and procedures in Portuguese, Spanish and English.

OEC aims at having the Compliance System perceived and recognized as reference in the engineering and construction sector by its clients, members, partners, financial institutions, government agents, suppliers and the specialized media.

The implementation of the required elements to ensure the Compliance System's effectiveness is a priority for OEC in 2017. The goals have been voluntarily established, as follows:

## Goals for 2017



Complete fulfilment of the Compliance System's due diligence requirements.



At least 90% of trained members, according to the plan defined by the OEC Compliance Program.



Complete fulfilment of the procedures for Gifts, Entertainment and Hospitality.



Inclusion of Anti-Corruption Clauses in 100% of new contracts with subcontractors and suppliers.



Inclusion of Anti-Corruption Clauses in 100% of new consortium and joint venture agreements.

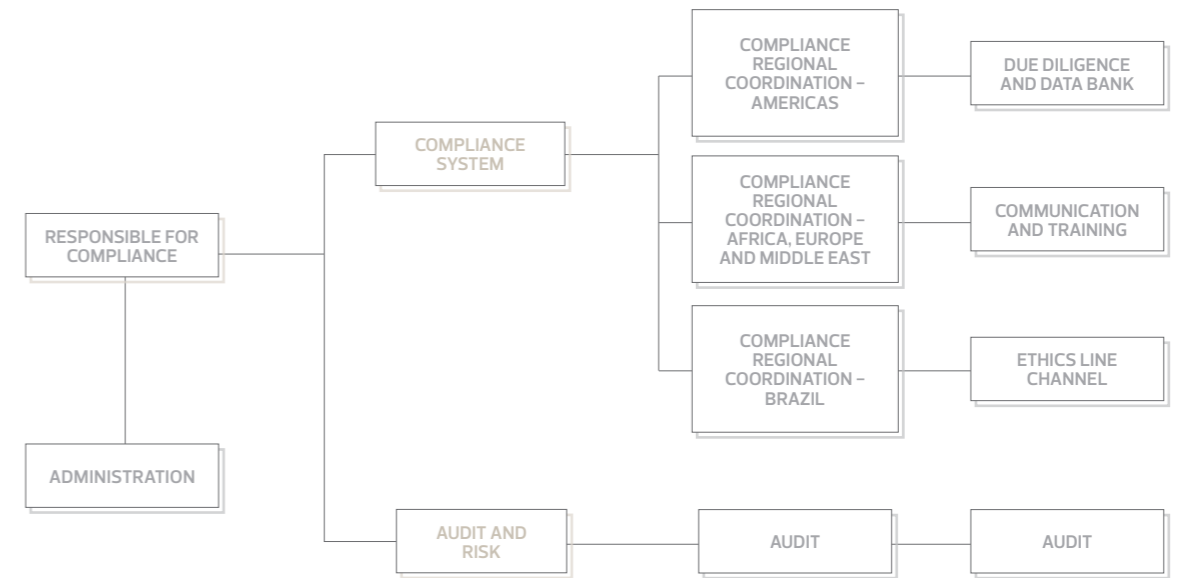


Compliance Training - Brazil

The Compliance System Audit and Monitoring Program started being implemented on the second semester of 2017. The efficiency and suitability of the System's procedures and requirements are monitored and evaluated based on a formal structure of ongoing improvement. Training and certification records are evaluated, as well as those of processes applied in Contracts with height level of risk, according annual audit plan. The Program promotes specific periodical audits and risk evaluations, as well as the verification of third parties with global reach.

OEC has a Compliance-dedicated team which is responsible for managing the System and providing ongoing support to the Business in Brazil and abroad. The compliant structure in 2016 is led by the Chief Compliance Officer (CCO, R-Compliance). The team comprises Compliance Regional Coordinators (CRC), who operate as an extension of the CCO in their respective regions (Brazil, Americas – except Brazil, and Africa, Europe and Middle East), and by a support team which operates the System and manages trainings and the Ethics Line Channel. Additionally, Compliance Focal Points operate locally, supporting the activation and monitoring of the Compliance System in each country where the Company operates.

The OEC compliance macro-structure also relies on the Ethic Committee. The Committee was created to offer support to the BD Compliance Committee (BDCC) in matters regarding alleged violations of the Compliance Policy and it is responsible for evaluating and deliberating about them in an impartial manner. The Ethic Committee meets trimonthly or extraordinarily, whenever required by its coordinator or any of its members. The Business Leaders and the CCO are responsible for the appointment of its members. Currently, its members is complied by the Dynamic Organization Leaders in the supporting areas of People and Organization, Sustainability and Communication, Law and Finance.



OEC's Compliance Macrostructure .

### 3.4 Training and Communication

The understanding of compliance demands much more than strict-sensu training. It is necessary to promote a mobilization for the fight against corruption and, consequently, of its negative impacts on society. Therefore, the development of this consciousness is a priority for OEC.

The training of members for acting ethically, with integrity and transparency happens mainly by education through work and by the dialogue between Leaders and the people who are led, which seals the commitment of all in the cycle of planning, agreement, monitoring, evaluation and judgment. The Compliance Communication Guideline determines a clear and simple relation which is focused on the engagement of the upper leadership.

In 2016, an intense dialogue process with OEC Leaders promoted the alignment on the Compliance System, its importance, philosophy, Policy and Guidelines, thus facilitating its implementation and communication. There were 31 meetings held in various countries where OEC operates, gathering 676 top management members.

In 2016 there were also 33 meetings held to publicize the Compliance System processes. These training sessions included guidelines, procedures and data base of the System's main elements: Governance and Structure, Ethics Line Channel, Due Diligence and Hospitality. These meetings were attended by 1,289 members, including Leaders and members responsible for processes.

In total, in 2016, 1,435 Leaders and members received training for Compliance Policy and its procedures. A Training and Communication Plan has been prepared for 2017, and it comprises several types of training (in-house, webinars and e-learning) and the use of several communication tools (videos, electronic and printed media). The Plan will be regionalized and adapted to each location's particularities. The Plan will promote members training, from new employees to top management Leaders, including governance body members. [205-2]

### 3.5 OEC's Policy on Compliance in Acting Ethically with Integrity and Transparency [102-16]

Aiming at being in alignment with the Odebrecht Group's Policy on Compliance in Acting Ethically with Integrity and Transparency, the OEC Board of Directors approved its own Compliance Policy on February 2017. This Policy replaced the Code of Conduct in force since 2013.

The guidelines of this new Policy were elaborated based on the dialogue among OEC, its Controller Odebrecht S.A. and the other Businesses in the Odebrecht Group. Additionally, it was enriched based on external interlocutions which aggregated experiences, learning and references of people, companies and institutions in Brazil and abroad and in an international scope. The definitions of this Policy also took into consideration the unfolding of OET's principles, which are constituted as common ethical and moral standards and allow all OEC members to work in a united and coherent manner.

The Policy guides the corporate actions of OEC Leaders and members, independently of hierarchy, and takes its internal and external relations into consideration for an ethical, fair and transparent operation. This performance must contribute individual and collectively for the Compliance System improvement, promoting necessary changes in markets and settings in which the Company operates, including the inhibition of deviations from conduct.

The document formalizes the Compliance System and its governance and presents conduct Guidelines and orientations which comprise themes related to work conditions, safety and health, diversity and harassment, relationship with stakeholders (clients, suppliers, shareholders and investors), free competition and fight against corruption. The Policy defines specific Guidelines regarding prevention, money laundering, receiving and offering of complimentary items and gifts, entertainment and hospitality, charitable contributions, sponsorships, accounting records and conflicts of interest. Specific guideline documentation is being produced for each one of those themes. Currently, ten guideline documents are available in the Compliance Website.

The Policy forbids contributions made in the name of OEC to political parties or candidates to public office, of financial nature or not, direct or indirectly, in the countries where they are forbidden by law. In the countries where they are legally permitted, the contributions must be authorized with prior approval by the Business Board of Directors and must be widely publicized to all audiences. In 2016, there were no contributions of that nature. [415-1]

The Compliance Policy is applicable to all members and any person who may represent OEC. In case of deviation of conduct, the Policy foresees disciplinary measures which are proportional to the type of violation and degree of responsibility of the people involved.

In addition to the ten goals of Odebrecht S.A.'s Commitment to Acting Ethically, with Integrity and Transparency, OEC's Compliance Policy outlines some important guidelines, as follows: [102-16]

1 OEC will not allow or tolerate any inuendo or prejudice of any nature, threats, moral or sexual harassment of any kind, forced labor or in similar conditions, child labor, sexual exploitation or traffic of human beings in OEC's activities, or in the activities of agents or business partners in its value chain.

2 Work environments must promote diversity and respect different gender identities and sexual orientations, looks, religions, cultures, nationalities, social classes, ages and physical characteristics.

3 Individual health, the safety of the operations and environmental preservation must be promoted in the communities where OEC operates. Members must know and comply with requirements regarding environmental protection, safety at work and promotion of their own health and of the other workers (OEC employees and subcontractors) and of other people directly involved in the Company's activities.

4 It is not allowed to promise, offer or give, directly or indirectly, advantages, favours, gifts, entertainment or anything else of value to employees or people who represent OEC's clients with the purpose of influencing, assuring or rewarding them for a decision which is in the interest of OEC or for obtaining undue advantage.

5 It is not allowed to hire, keep or renew a contractual relationship or not with people or third parties who disrespect the commitments defined by OEC's Compliance Policy.

6 OEC will not tolerate any kind of anti-ethical, oppressive or unscrupulous activities which may harm competitors, clients or suppliers, including but not limited to misleading advertising and practices such as the deprecation of another company's products, harassment of clients, bribery and illicit commercial fees, the use of misleading sales and advertising practices and the theft of confidential information or lists of clients.

7 The law and standards must be strictly observed regarding the preservation of free competition. Practices or actions which aim at frustrating or violating the competitive process are forbidden.

8 In all OEC's Contracts with third parties, there must be included an anti-corruption clause, through which the parts must fully commit and fulfil the applicable anti-corruption standards and laws, including those of the jurisdiction where they are registered and where the Contract in question take place (if they are not the same).

9 Third party actions in name of the Company are Company's responsibility, as well as the actions of its members. Therefore, the Leaders who are responsible for hiring and registering third parties at OEC must implement and formalize an evaluation and diligence process of said third parties.


Policy on Compliance in Acting Ethically with Integrity and Transparency is available at [http://www.odebrecht.com/sites/default/files/politicassobre\\_conformidade\\_oec\\_ptbr.pdf](http://www.odebrecht.com/sites/default/files/politicassobre_conformidade_oec_ptbr.pdf).


### 3.6 Ethics Line

OEC's Ethics Line Channel is broadly publicized so that its members, third parties, suppliers, clients and communities may report any violation regarding the Company's commitment to acting ethically, with integrity and transparency. Those may be reported via website [www.odebrecht.com](http://www.odebrecht.com), intranet or phone (toll-free direct line), in the language of the countries where OEC operates (21 voice channels in three languages – Portuguese, English and Spanish).


Every allegation will be taken seriously and objectively evaluated by OEC. All allegations are investigated with impartiality, methodology and, when necessary, legal assistance. All complaints are registered and analysed in an objective and confidential manner to ensure the person's anonymity, and any form of retaliation against said person is strictly forbidden. The steps of the process are described in detail in the Ethics Line Channel Guideline, which is available to all members on Intranet.

## Steps of the Process

1  Complaint analysis

2  Investigation plan: R-Compliance and Compliance Committee and, whenever applicable, Legal Department

3  Investigation report and suitable deliberations

4  Alignment between R-Compliance and Leaders and, whenever applicable, the OEC's Board of Directors

5  Systematization of agreed actions, steps to follow and improvement opportunities in the Process



Etileno XXI – Mexico

Since May 2017, in order to comply with the best practices in the market, the management of Ethics Line Channel first step started being carried out by an independent third party, allowing the received information to be qualified and people to feel encouraged for reporting an issue.

In 2016, the Ethics Line Channel received 899 complaints which, after evaluation, unfolded into 56 investigations regarding disrespect to the Code of Conduct that was still standing. After the complaints' inquiry, five members were fired for inappropriate conduct. Suspension of contracts or block of suppliers have not been registered as a result of the investigations. 102-10



92  
2014

127  
2015

56  
2016



864  
2014

1,045  
2015

899  
2016

More information about the Ethics Line Channel is available at <http://www.odebrecht.com/pt-br-linha-de-etica>.



# ECONOMIC- FINANCIAL PERFORMANCE



*Shipyards Project,  
Rio de Janeiro - Brazil*

The year 2016, as mentioned before, was characterized by a strong downturn in the heavy civil engineering and industrial assembly sectors, OEC's main markets of operation. During that year, relevant countries for the Company's operation were heavily affected by political and economic crisis and by the drop in oil prices. The investigations that were conducted regarding Operation Car Wash, in Brazil, and their unfolding in other countries involving the Odebrecht Group and their controlled companies also played a relevant role that affected OEC's performance negatively in 2016.

Once underway, the crisis influenced the Company's performance in three of its largest markets (Brazil, Angola, and Venezuela) and was reflected in the quality of its portfolio, as it negatively affected its backlog recovery, which declined in 2016. Additionally, a significant part of OEC's Projects was concluded in 2016, and other relevant Projects that were still in execution suffered an impact to their funding.

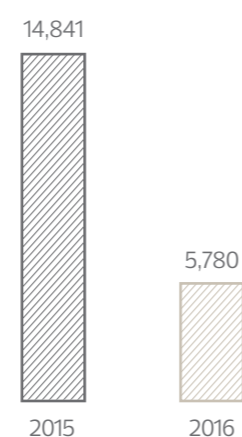
In this context, OEC had its global credit ratings lowered by risk agencies and is currently classified as Caa2 by Moody's, as CCC+ by S&P, and as CC by Fitch, all with negative outlook.

Despite this context, OEC honored its Contracts and kept its Projects going, achieving important deliveries in 2016. The Company also worked on the prospection of new Projects. Recovering the trust of the market and its clients and investors is a priority, and OEC has already shown progress by establishing leniency agreements and implementing a new and robust Compliance System.

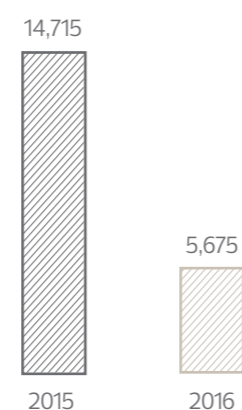
#### 4.1 Results

At the end of 2016, Odebrecht Engineering and Construction had a net income of BRL US\$ 5.7 billion, a result that was 61% lower than that consolidated in 2015. The decline reflects the market's downturn, the currency depreciation in Venezuela, and the diminished production under Contracts in its portfolio.

#### Gross Income (US\$ millions)

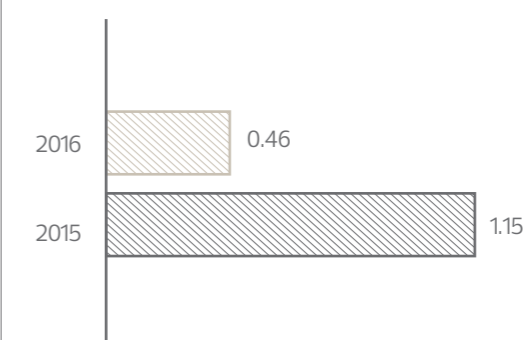


#### Net Income (US\$ millions)



OEC's EBITDA (margin of earnings before interest, tax, depreciation, and amortization) in 2016 was negative by US\$ 0.7 billion. This result reflects agreements that had already been celebrated with the institutions as well as the provisions for those agreements coming to an end. Adjustments from previous exercises were also taken into consideration. Therefore, the impact on the results for 2016 amounted to US\$ 1.2 billion. If this effect were to be set aside, the Company's EBITDA would amount to US\$ 0.4 billion. However, the registered income is still relevant and suffices to keep the Company among the main Brazilian corporate groups.

#### EBITDA\* (US\$ billions)



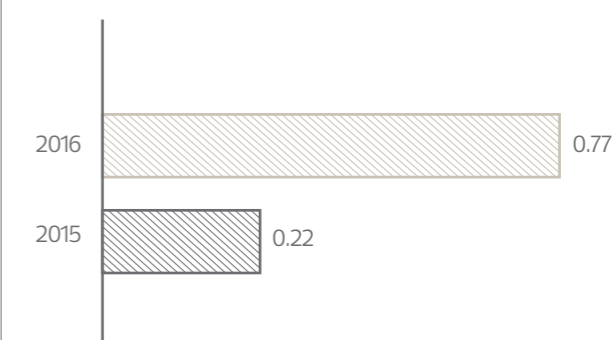
\*EBTIDA disregarding extraordinary events.

If those extraordinary events were to be ignored, in 2016 OEC would have registered a US\$ 0.7 billion profit resulting from its operational performance and favorable currency exchange rates. However, in 2016 the Company reported a loss of US\$ 0.6 billion.

The negative result that was consolidated in 2016 was influenced by the review of the value of assets, by provisions derived from leniency agreements, and by the direct reduction of the net equity in the represented result for 2015 (minus US\$ 0.4 billion) in connection with the accession to the Brazilian Federal Government's Tax Regularization Program. In 2016, the Company's net equity amounted to US\$ 1.8 billion.

The accounting demonstrations register a provision of US\$ 0.9 billion that has been constituted mostly to honor ongoing leniency agreements and those that have already come to an end. The estimates in the countries where the negotiations are still taking place have taken into consideration the payment ability of each operation. Payments will be made in installments and over a long term. The leniency agreements with Brazil, the United States, and Switzerland were negotiated entirely by Odebrecht S.A.

#### Net Profit (US\$ billions)



\*Net Profit disregarding extraordinary events.

At the end of 2016, OEC's Contract Portfolio was worth US\$ 16.7 billion, a reduction of almost 41% when compared to 2015. From this total, 72% of the Contracts were abroad. In the last quarter of 2016, OEC lost approximately US\$ 3.6 billion in Contracts that accounted for 20% of its backlog due to stalled Projects and by the lack of reposition (new Projects) to compensate for those losses. The most relevant stalled Project was in Peru: a Contract for the construction of a South-Peruvian Gas Pipeline that represented one third of the reduction for that period.

The value of the Project portfolio is a relevant indicator, as it represents the Company's future income-generation ability. OEC is focused on establishing agreements in Latin America and Africa that will facilitate the achievement of new Contracts.

#### 4.2 Value-Added Analysis [201-1]

Value-added analysis sets forth the wealth distribution among the sectors that are involved in a company's production process. From the consolidated total in 2016, 21% was distributed among the members through salaries and benefits, 3% was assigned to financial institutions and 6% to the payments to governments.

		2015	2016
		US\$ million	US\$ million
<b>Value Added</b>			
<b>Direct Generated Economic Value</b>			
Gross income		14,841,840	5,780,167
<b>Distributed Economic Value</b>			
Operational costs		9,980,342	5,001,473
Employees' salaries and benefits		3,463,816	1,491,366
<b>Payments to capital providers</b>	Dividends paid to shareholders	-	-
	Interest payments to financial institutions	108,952	194,326
Payments to government		360,413	448,085
Other costs (incomes)		706,615	(737,677)
<b>Retained Economic Value</b>		221,702	(617,406)
Net income		14,716,014	5,675,135
Net sales		14,716,014	5,675,135
Net profit		221,702	(617,406)
Net debt		(2,033,075)	(992,532)
Net equity		2,928,951	1,770,997
EBITDA		1,487,742	(700,624)



Muelle  
Minerales - Peru

OEC's balance in 2016 corroborated the proposed fresh start and the restructuring proposal by incorporating important adjustments that will bring the current stage to an end, granting stability to accounting for the start of a new cycle.

These changes will contribute to the Company's suitability for new associations and help it move towards the public offering of shares in the near future.

#### 4.3 Outlook and Business Equity

OEC has begun an intense restructuring process, which has been presented in this document. As part of this process, the Company has implemented a new Governance model and a robust Compliance System, which reinforce OEC's commitment with an ethical, incorrupt, and transparent operation. Additionally, adjustments have been made to the Company's structure to make it more competitive, with optimized processes, as well as to increase efficiency and productivity.



# COMMITMENT TO PEOPLE



*Trans Olympic Road,  
Rio de Janeiro - Brazil*



Odebrecht  
Members - Angola

People are the foundation of all of the Odebrecht Group's values. According to the principles defined by the Odebrecht Entrepreneurial Technology (OET), OEC values people's potential as well as their disposition to serve, their ability and desire to evolve, and the will to surpass previous results in a planned delegation process based on trust and partnership between Leaders and the people who are being led.

The relationships among OEC's employees are based on cordiality, discipline, respect, and trust; on influencing and being influenced; and on the search for what is right. Therefore certain characteristics may be identified among OEC's employees, such as the spirit to serve, driving ambition, objectivity and determination, creativity and innovation, flexibility of behavior, and a positive and constructive spirit.

Throughout its history, OEC has trained professionals for the construction sector, creating job opportunities in remote regions that have actively contributed to the development of the communities involved.

However, today OEC is going through a transformation due to external and internal factors that demand a strong adaptive move from the Company.

Among the external factors that contributed to this transformation are the economic crisis associated with the decline in the commercial value of several commodities, especially oil; growth decline in many countries; and the economic stagnation in Brazil. As an internal factor, there is the deep crisis of the Company's reputation. The starting point for the Company's repositioning was the leniency agreement signed in Brazil with the Federal Prosecution Service (FPS), in the United States with the Department of Justice (DoJ), and with the Attorney General of Switzerland.

These factors imposed the closure and interruption of some Contracts that, when added to the deliveries that were expected for that period, triggered an important reduction in OEC's staff. The Company had 75,411 employees at the end of 2015 and 37,363 at the end of 2016, a scenario that will be presented in detail in this chapter.

The year 2016 was characterized by deep organizational restructuring as the Company adjusted to a new reality. The adjustments aimed at being able to survive, and they were carried out with care and attention to the employees, who have undoubtedly contributed to OEC's growth in the past few years.

Before this scenario, the main strategy adopted by OEC was focused on the training of the remainder teams, on celebrating local professionals, and on the reinforcement of the cultural unit. In part this plan aimed at:

- celebrating Leaders who were committed to the active practice of education by work;
- selecting people based on the profile necessary for the requirements of current and future scenarios, taking the diversity agenda into consideration;
- identifying, developing, and promoting local Leaders with determination, boldness, and focus, and thus approaching expatriation as an exception;
- strengthening the commitment, motivation and pride, especially through the relationship between Leaders and those who are led.

Between the end of 2016 and the beginning of 2017, 19 new Leaders, called Regional Directors, were appointed. OEC Infrastructure named 5 Leaders in Brazil and 11 abroad, while OEC Industrial formalized 3 new leaderships.

The new Leaders are part of OEC's People Development Program. Many of them originally come from Programs such as Jovem Parceiro [Young Partner Program], have developed and grown with the Company, and today are fundamental players on this new stage (please see more about the Jovem Parceiro Program [Young Partner Program] on page 74).

OEC is restructuring itself with the support of new leadership and of all its employees, offering development and growth opportunities for those who are ready to help transform the Company and overcome the challenges raised by this current moment.



Etileno XXI Project - Mexico



Etileno XXI Project, which was developed by OEC in Mexico, participated in the 2016 International Finance Corporation (IFC) Sustainability Exchange. The event recognizes successful management and shares the results of projects that were financed by the institution.

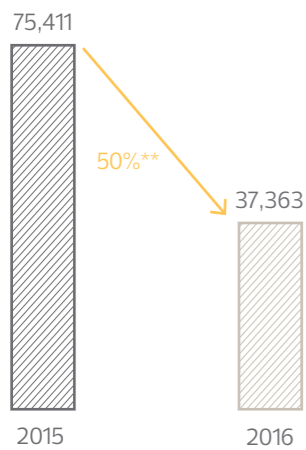
OEC presented a human resources management model applied by the Project, which registered no interruptions caused by strikes even though it hired more than 26,000 people during the Contract. The event especially highlighted the results of the Programa Nuevas Oportunidades [New Opportunities Program], which supported the process of demobilization, facilitating the placement of more than 7,000 employees.

### 5.1 Employee Profile

[DMA Jobs] [102-8]

At the end of 2016, OEC had 37,363 employees, of which 4,812 were female (13%) and 32,551 male (87%). This result represents a 50% reduction of its staff when compared to 2015, when the Company had 75,411 employees in total.

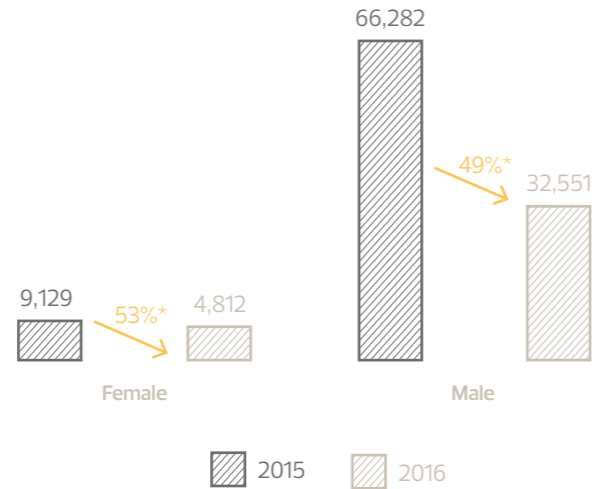
#### Total Employees\*



\*The chart includes employees with a work contract for an indefinite period, as well as temporary employees.  
\*\* Percentage of staff reduction between the periods.

After the reduction process, the Company's female employees represent 13% of the workforce, a higher percentage than that registered in 2015 (12%).

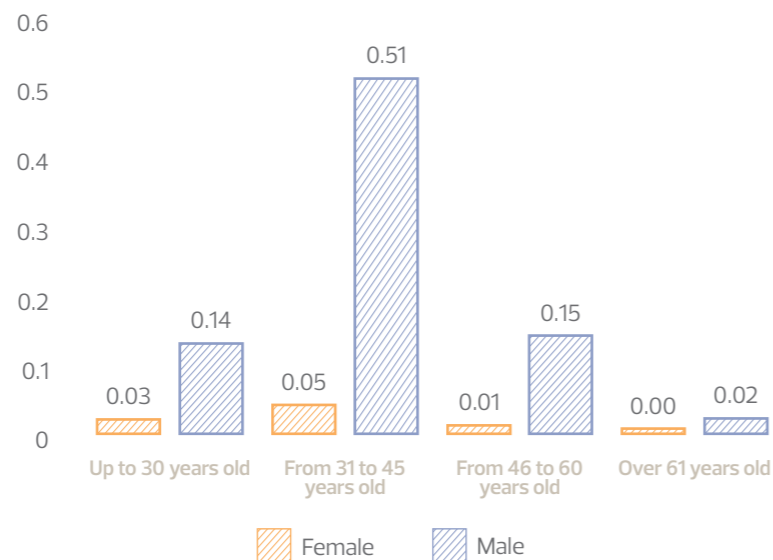
#### Employees by Gender



\*Percentage of staff reduction between the periods.

The changes faced by OEC and the delivery of 40 Contracts resulted in a turnover rate of 0.89. This rate takes into consideration the number of hires and dismissals and is represented on the chart below. The highest turnover rate was observed among male workers between 31 and 45 years old. [401-1]

#### Turnover Rate\* by Age Group and Gender - 2016



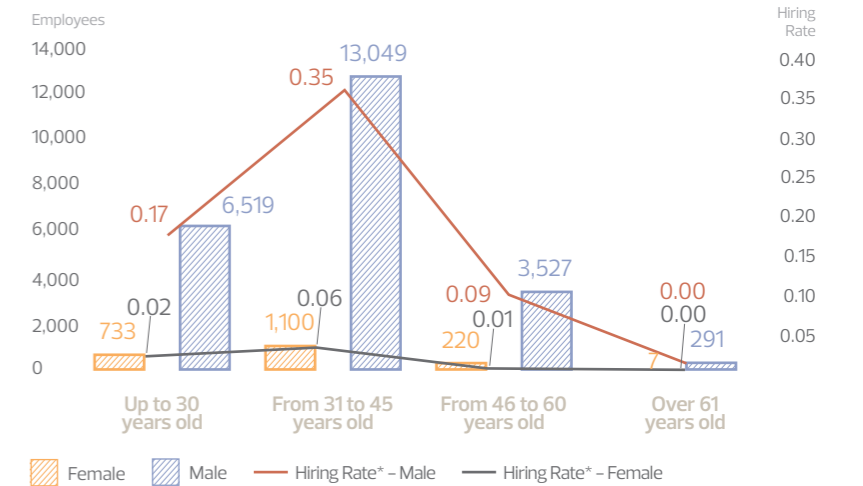
\*The turnover rate considered the total number of employees as a denominator.

In 2016, there were 41,768 dismissals and 25,446 hires in all the OEC operation. The highest recruiting rate happened among professionals from 31 to 45 years old, for both men and women. The hiring consolidated rates were 0.34 for male employees and 0.02 for female employees. The overall hiring rate, when taking age groups and gender into consideration, resulted in 0.68.



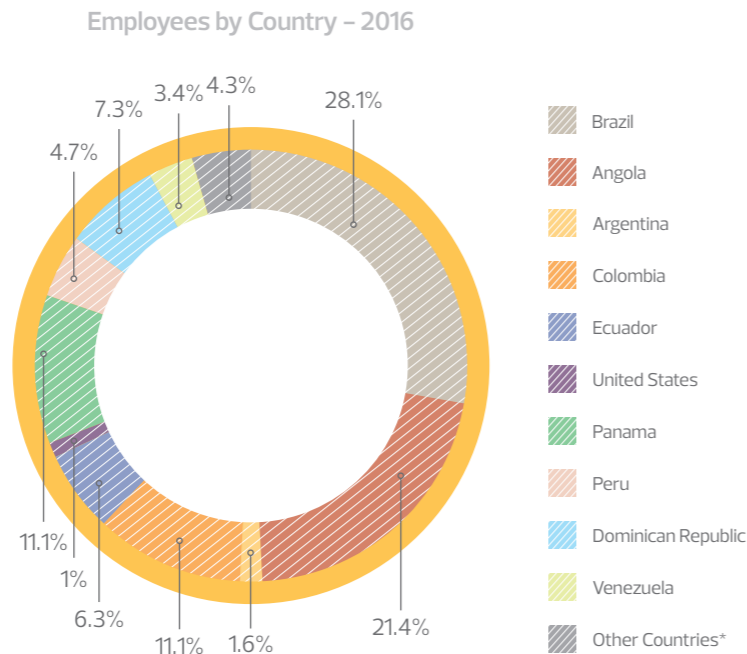
Acreditar Program - Brazil

#### New Hires by Age Group - 2016

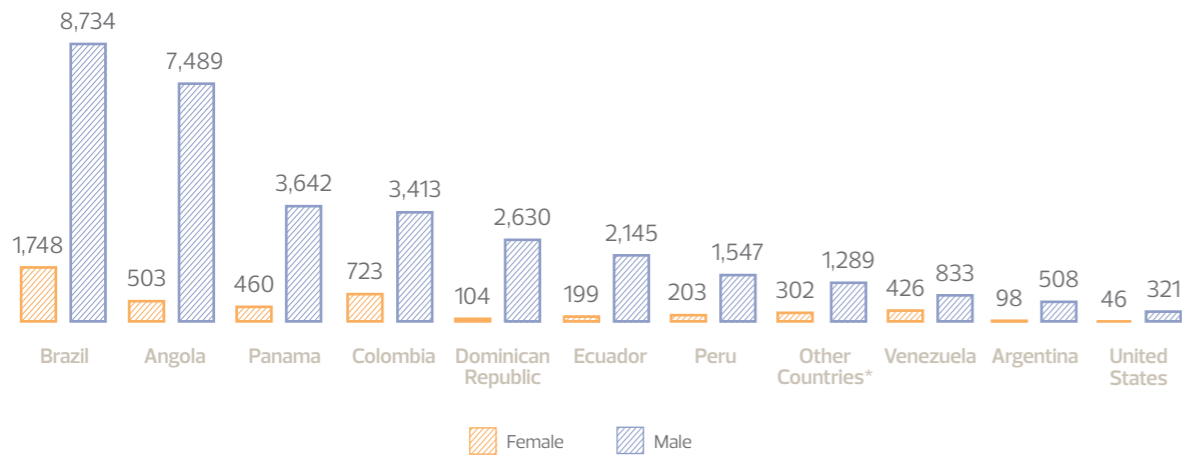


\*The Hiring Rate used the total number of employees as a denominator.

The mobilized employees in Brazil and Angola represented approximately 50% of the registered workforce in 2016. This result was directly influenced by the quantity and stage of the active Contracts in these countries during that time.



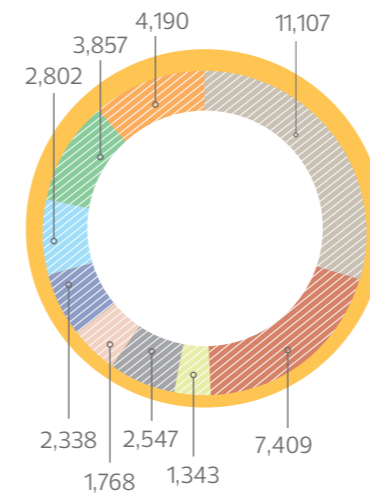
Employees by Country and Gender - 2016



\*\*"Other countries" may include Austria, Cuba, United Arab Emirates, Ghana, Libya, Mexico, Mozambique, Portugal, and registered employees without an assigned area of operation.

In 2016, OEC's staff included employees of more than 50 nationalities. The Brazilian employees represented 30% of the workforce, followed by the Angolans (20%), Colombians (11%), Panamanians (10%), Dominicans (7%), Ecuadorians (6%), Peruvians (5%), and Venezuelans (3%).

Employees by Nationality - 2016

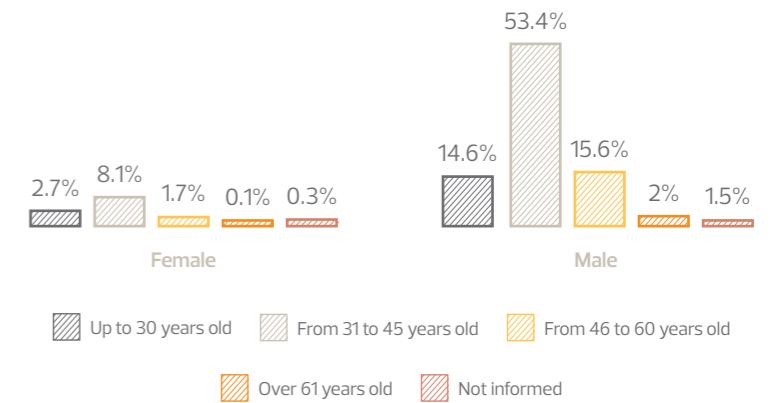


\*\*"Other countries" include Austria, Cuba, United Arab Emirates, Ghana, Libya, Mexico, Mozambique, Portugal, and registered employees without an assigned area of operation.

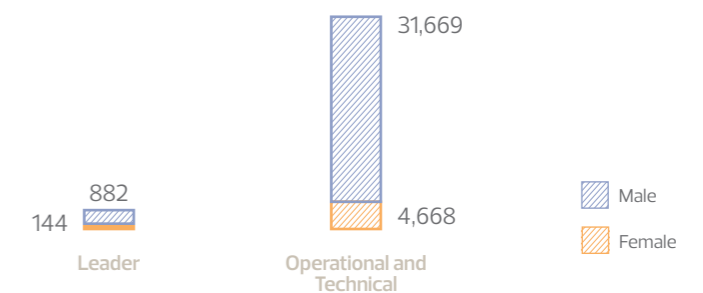
The characteristics of the Business create great mobilization of labor in younger age groups and in operational roles. In 2016, employees from 31 to 45 years old were OEC's top age group and represented 61% of the workforce. Additionally, the Program for Integration of Apprentices, which has been implemented in Brazil, involved 269 young people, among them 135 men and 134 women.

In 2016, 97% of the employees were in operational and technical-level roles and 3% in leadership roles. It is relevant to highlight that women represented 14% of the total number of Leaders at OEC.

Total Employees by Age and Gender - 2016

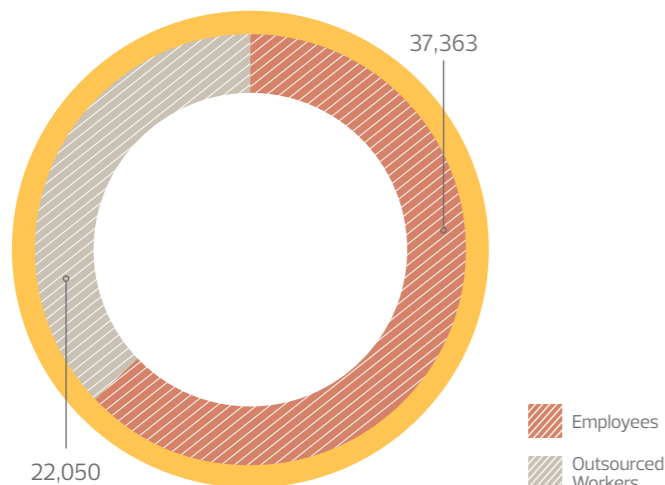


Employees by Gender and Role Category - 2016



Outsourced employees associated with the companies that render services to OEC in activities that are directly related to the Contracts' scope represented 37% of the total workforce, and amounted to 22,050 professionals.

Employees and Outsourced Workers - 2016



5.2 Internal Reputation Survey [102-44]

In December 2016, the Reputation Institute, and international organization that specializes in evaluations of stakeholders' perceptions, performed a reputation survey of OEC's employees. The survey encompassed OEC Infrastructure and OEC Industrial, both in Brazil and abroad, and considered the following reputation attributes: Products and Services, Innovation, Work Environment, Governance and Ethics, Citizenship, Leadership and Financial Management, and Performance.

Results show that the employees' feelings towards OEC are represented by positive elements such as: great company, pride, competence, opportunity, work, and construction. However, when it came to Governance and Ethics, their perception was affected by OEC's association with corruption. The survey determined an evaluated reputation of 66.8 points; a score between 60 and 69 points is considered average, and one above 70 points, strong.

Reputation Survey - 2016



The survey will be carried out annually, and its results will guide OEC's actions to increase the feeling of belonging among all employees in the coming years. The actions regarding Ethics, Integrity, and Transparency that have been adopted by the Group and OEC will undoubtedly make a positive contribution to the evolution of this result.



Punta Catalina Termoelectric Plant - Dominican Republic

OEC offers further education and education-through-work programs for its employees and Leaders. In this process, Leaders dedicate time and attention to the other generations, fostering a continuous renovation of the workforce.

Some highlights of the training and education programs include: introduction to culture, institutional programs (aimed at specific audiences such as trainees, management role professionals, sustainability specialists etc.), specific training and the meetings for different role categories, as well as the modules that are implemented in the Contracts due to specific demand.

5.3 Employee Development [DMA Training and Education]

Employee development is essential to the Odebrecht Group's survival, growth, and perpetuity, especially by means of education through work, the OET's key principle.

The education and development of people is preceded by a constant expansion and widening of their technical and behavioral competences. Additionally, the understanding, acceptance, and practice of the OET's key principles and essential concepts will guarantee their integration.

At OEC, the development and integration of people take place through the Action Program (AP), which is annually agreed upon between Leaders and employees. The AP is an individual development plan in which each employee takes on professional challenges related to the Business' results and to personal qualification goals, and that are evaluated on a regular basis.

According to the approach of education through work, the dialogue between Leader and employees about their continuous development can be considered as an instrument that they can use, as partners, simultaneously to learn and to increase self-confidence.

## INTRODUCTION TO CULTURE PROGRAMS

### Jovem Parceiro Program

The Jovem Parceiro [Young Partner] Program is an entryway to business culture for young people who are still studying or who have just graduated. This Program expedites the young person's integration in the Company, its culture, and its work processes. In 2016, 285 young people participated in the Program, of which 92 were women (32%) and 193 men (68%).

## MEETINGS

### General Contractor Meetings

Designed with the aim of integrating and reflecting on themes related to leadership, communication, evaluation and feedback tools, and people training.

### Administration and Finance Manager Meetings

These meetings promote the recycling and qualification of these professionals and the expansion of their contact networks, thus multiplying the exchange of good practices.

## SPECIFIC MODULES FOR IMPLEMENTATION IN CONTRACTS

The Contracts implement modules based on their particularities, technical demands, and the characteristics of the available labor.

## INSTITUTIONAL PROGRAMS

### Jovem Construtor [Young Constructor] Program

This initiative is aimed at students who have just graduated, with the goal of offering young people of different educational backgrounds a vast and integrated overview of the Business. The Program facilitates the exchange of experiences and knowledge through examples, practical exercises, and contact with OEC's specialists and Leaders.

### Program about Investments (PI)

Qualifies the Contract Managers for the process of identification, analysis, selectivity, decision, planning, and investment monitoring, in addition to developing internal references of best practices and expanding the relationship network with the market.

### Support to Management Development Program

Improves Leaders in the sustainability area, especially for the implementation of the Sustainability Integrated Program and to meet the requirements of the OHSAS 18001:2007 and ISO 14001:2004 standards.

### Odebrecht MBA

This degree program promotes the development of a strategic and multidisciplinary view of corporate activities, expanding the knowledge of employees in leadership roles.

### Team Development Program

Stimulates the development of employees in technical roles, fostering and strengthening these professionals' managerial traits.

### Entrepreneur Development Program

Speeds up the training of employees in the line of succession for Contract Managers, Regional Directors, and Business Leaders through the development of competences to lead management tasks, enhancing leadership ability and perception of the Business, in addition to expanding their commitment and motivation to become educators to the people who are led by them.

### Management Development Program

Stimulates the career development of mid-level leadership employees.

### Master Management Development Program

Promotes career development of high-level leadership employees.

### Young Leaders

Develops young Leaders with less than five-years' experience.

### Team Leader

Promotes the development of employees in technical roles, of those responsible for the teams, and the young employees who are responsible for programs at the beginning of their careers.

### Leader of Leaders

Provides a "think-tank" about the Leader's role and creates an opportunity for the upper leadership's personal development.

### Leadership Seminar

The seminar stimulates the role and contribution of service contractors and employees in technical roles.

### Fundação Instituto de Pesquisas Contábeis, Atuariais e Financeiras [Foundation Institute of Accounting, Actuarial, and Financial Research] (Fipecafi) – Short-term Course

This course promotes the improvement of young Leaders.

### Fundação Instituto de Pesquisas Contábeis, Atuariais e Financeiras [Foundation Institute of Accounting, Actuarial, and Financial Research] (Fipecafi) – Specialization

Promotes the advancement of young Leaders in economics (management and finance).

### Contract Types

Aimed at young Leaders of all areas, this program offers a practical view of several types of contracts, taking into consideration the identification of risks and the structure of engineering and construction projects.

### Planning and Integrated Budget Program

Qualifies engineers, technicians and contractors for the application of strategic planning and detailed planning for construction.

### People and Organization Program

Provides the young Leaders in the human resources area a strategic view while also updating them on the People Policy and on concepts and practices for Leader and employee support.

### Human Resources Training Program

Promotes the development of employees in various roles related to people management.

### Training in Supplies and Logistics Program

Develops the abilities of employees from the supplies and logistics areas for integrated operation with the chain of value involved in their activities.

### Pearson English

English language course.



Estágio de Férias Program – Brazil

In 2016, the Sustainability teams in the Contracts performed training sessions that culminated in 10.9 million hours with the following concentration: 74% in Safety at the Workplace, 21% in Health, 4% in Environment, and 1% in Social Responsibility. The training sessions aimed at educating employees and subcontractors on preventive and proactive actions to promote health, safety in the workplace, environmental conservation, and social relations. [404-1][412-2]

Sustainability Training Sessions

	HEALTH	EMPLOYEE	SUBCONTRACTOR	TOTAL
Integration and DWT*		1,094,847	543,641	1,638,488
Occupational Health		327,981	112,954	440,936
Promotion of Health		167,539	38,474	206,013
		<b>1,590,367</b>	<b>695,069</b>	<b>2,285,437</b>
	SAFETY	EMPLOYEE	SUBCONTRACTOR	TOTAL
Integration and DWT*		3,002,743	1,640,993	4,643,736
Safety in the Workplace		2,572,723	928,138	3,500,861
		<b>5,575,466</b>	<b>2,569,131</b>	<b>8,144,597</b>
	ENVIRONMENT	EMPLOYEE	SUBCONTRACTOR	TOTAL
Environmental Education		**	**	426,634
				<b>426,634</b>
	SOCIAL	EMPLOYEE	SUBCONTRACTOR	TOTAL
Social Responsibility		55,424	21,761	77,185
		<b>55,424</b>	<b>21,761</b>	<b>77,185</b>
<b>TOTAL</b>		<b>7,221,257</b>	<b>3,285,961</b>	<b>10,933,853</b>

\*DWT = Daily Work Training  
 \*\*Details not available

Estágio de Férias Program

The Estágio de Férias [Vacation Internship] Program is an initiative of the Company in Brazil that aims at providing Engineering, Administration, Accounting, and Economics students an internship opportunity during the vacation period, as per the universities' calendar.

The Company invites the university students to embrace a practical experience linked to the knowledge they acquire during the course. In 2016, the highest number ever of application requests was registered, and 43,143 young people enrolled in the Program.

	2014		2015		2016	
	JAN	JUL	JAN	JUL	JAN	JUL
Applicants	2,141	2,743	10,467	22,387	15,674	27,469
Number of Interns	120	111	109	127	84	53
Hired Interns	34	15	25	19	0	8

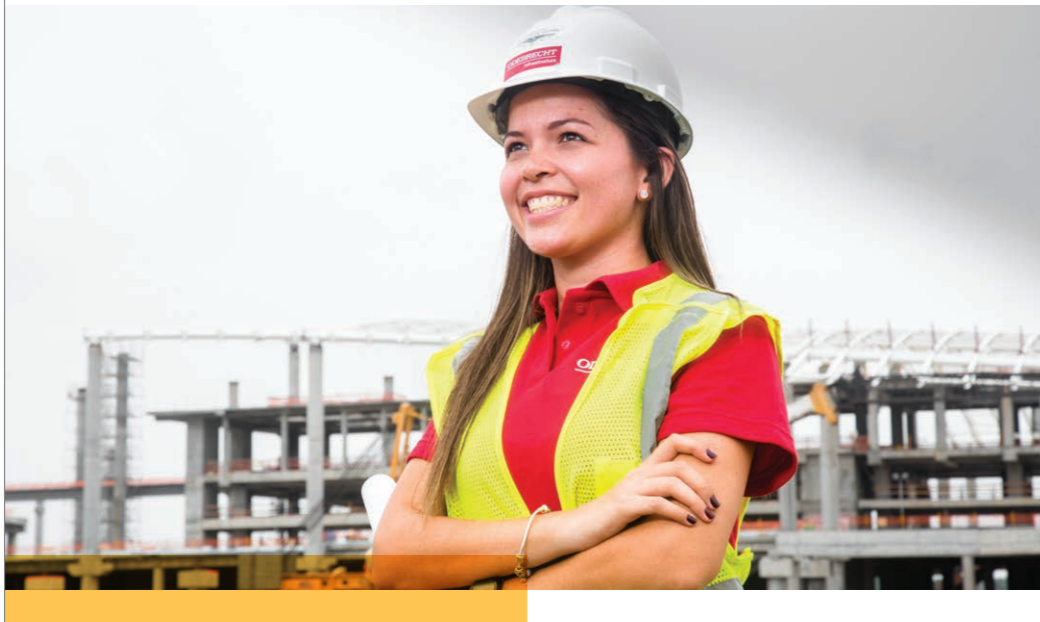
5.4 Diversity, Equal Opportunity, and Non-Discrimination

[DMA Non-Discrimination] [DMA Diversity and Equal Opportunity]

As stated in the Code of Conduct in effect in 2016, the equal treatment of employees is essential for them to feel that their destiny is in their own hands and for them to contribute with OEC to the creation of fairer, more prosperous, and more inclusive societies. In 2017, the Code of Conduct was replaced by the Policy on Compliance in Acting Ethically with Integrity and Transparency, which expands and reinforces that commitment.

At OEC, the diversity in the work environment is taken into account, and it comprises the respect for different gender identities and sexual orientations, religions, cultures, nationalities, social classes, ages, and physical traits. [405-1]

The Company takes the local standards into consideration for the integration of disabled people into its staff. In 2016, recruiting and training actions, together with adjustments to processes and infrastructure, allowed the involvement of 353 people with special needs, of which 18% were women and 82% men.



Tocumen Airport -  
Panama

#### 5.4.1 Gender Equality

Between 2013 and 2014, the International Finance Corporation (IFC) performed a case study on the Odebrecht Group. The work involved four Businesses (Agroindustrial, Real Estate Developments, Braskem, and OEC Infrastructure in Brazil) and aimed at identifying those company's approaches to gender-related issues.

As a result, the study registered percentages of female participation in those companies and identified weaknesses that led to changes in the data collection on personnel all across the Group so that the female participation rates could be identified more accurately. The study also raised points of attention: one of them revealed that 25% of female employees in the assessed Businesses did not return to work after maternity leave, showing that, for some of them, maternity was not compatible with the work routine at those companies.

The study also highlighted the need to encourage increased female participation in the Group as well as the promotion and retention of women in leadership roles.

The Câmara Brasileira da Indústria da Construção Civil [Brazilian Chamber of the Civil Engineering Industry] (CBIC) indicates that, in the last decade, there has been an increase in the percentage of women hired by the civil engineering industry, but they do not amount to more than 8% of the companies' workforce. At OEC, the number of female employees in the staff has been increasing with each year, and although the Company has significantly reduced its workforce, that number has been stable and even higher than the average in the sector, reaching 13% in 2016 (2014: 11%; 2015: 12%). In leadership roles today, OEC has 14% female participation. The Company expects to raise this indicator to 21% by 2019.

Gasoducto Troncales Córdoba, an OEC Industrial Project in Argentina, is the Business's first Contract to be led by a female Contract Manager.

Today there are two women on the OEC Board of Directors.

Aiming at raising the number of female employees at the Projects, the Acreditar [Believe] Program offers opportunities for the qualification of women who wish to work in the construction sector. The Program was implemented at the Santo Antônio Hydroelectric Plant (Rondônia – Brazil) and registered high female participation (please see more about the Acreditar Program on page 94).

Further regarding gender equality, in February 2016 the Regional Program to Fight Violence Against Women was launched in a partnership with Odebrecht Peru and the German Federal Cooperation Technical Agency. The Program aimed at creating an egalitarian, favorable, and safe environment to help guide the employees regarding preventive measures to cope with violent situations. The agreement reinforced actions that had been developed previously at the Construyendo Igualdad [Building Equality] Program, for which the Company received the Safe Company Badge in recognition of a workplace free of violence and discrimination against women, awarded by the Peruvian Government.

Additionally, the Operations' support structure has been adjusted to offer a better welcome to the employees. One example of this initiative is the recognition given by the Health Ministry to the Breastfeeding Room at the Company's head office in São Paulo, Brazil, as "a place that protects, promotes, and supports breastfeeding for the working woman."

#### 5.5 Employee Health and Safety

[DMA Health and Safety in the Workplace]

The Health and Safety theme is extremely relevant for the construction industry, not only because it involves potentially hazardous activities, bearing in mind the high incidence of accidents in the workplace, but also and above all because the prevention of such accidents requires a specific focus, on account of the particular nature of the activities and the use of temporary labor in this sector.

According to estimates by the International Labor Organization (ILO), 60,000 of approximately 355,000 fatal accidents that happen annually all over the world take place at construction sites.

This theme is fundamental and is prominent in all of OEC Contracts, in order to emphasize its relevance and to keep people as the main focus of the Company's operation. This theme is managed strategically by the Company and guided by a Policy, Guidelines, and the Sustainability Integrated Program (SIP). The Program's goal is to guide the promotion of health and safety in the Operations by meeting legal requirements and those established by the OEC to control health and safety risks regarding employees, subcontractors, and visitors in all Contracts.

Being guided by the principles established by OEC, each Contract operates independently and is responsible for establishing its own risks and defining actions to reduce them. This starts with the mapping of the main processes and activities that are inherent to each stage at the Contracts. Therefore they can be considered as common or extraordinary work conditions, or higher or lower risk, and then actions are put into place to guarantee the integrity of everyone involved in the operation processes. The results of those actions are monitored and followed upon by OEC'S SIP.

<sup>9</sup>Jófilo Moreira Lima Júnior, *Safety and health in construction works: a Brazilian experience and an international overview*. Brasília: ILO – International Labor Office, 2005.



Emergency Simulation – Angola

**Health Actions**

OEC frequently operates in remote areas lacking medical resources, hospitals, and local rescue services. The Medical Control Program for Occupational Health and the First Aid and Medical Emergency Plan determine the necessary actions and requirements to promote health and occupational and emergency medical care as well as medical assistance, which many times are not available in the area.

Therefore, all Contracts provide structure for medical services that are compatible with its scale, level of risk, and external services. The Projects provide outpatient facilities of low or medium complexity and strategies for emergency care and medical evacuation. The Contracts that take place in isolated areas can also rely on air transport to speed emergency care.



Angola

In 2014, the Integrated System of Emergencies and Rescue (Sier), which has been implemented by Odebrecht Angola, promoted the standardization of emergency and rescue procedures. In August 2016, three new training programs for Sier's professionals sustained and ensured the continuity of the service. The courses covered the management of main emergencies according to Basic Life Support (BLS), Advanced Cardiac Life Support (ACLS), and Advanced Trauma Life Support (ATLS) guidelines.

The training program standardized procedures according to certified and widely recognized international guidelines. The courses offered practical training to approaches and interventions that are not common and require efficiency to arrive at quick answers, aiming not only at saving lives but also at mitigating medical sequelae.

In 2016, the results of the health and safety indicators showed a positive evolution when compared to previous years. This progress is due to a combination of factors that includes the organization of Projects in stages that offer less risk and the process of continuous improvement, which has been instituted by OEC with the goal of including this theme in the Leader's agenda on every Contract.

Another relevant factor that greatly contributed to the health and safety indicators' evolution was the awareness of the accidents' prevalence and causes in specific environments, even though the actions for the management of this theme have been offered in the same form across all Contracts.

Additionally, it is relevant to highlight that the results that have been achieved by the Contracts include the activities of partners – subcontractors and third parties – who, in that period, represented 30% of man-hours worked (MHW). This circumstance adds even more complexity to the management of safety in the workplace.

The Company follows a pragmatic approach regarding the need to rethink engineering by developing physical barriers and other solutions for the mitigation of imminent risks at different stages of the Projects, which can be put in place even before the construction activities begin. That is why it has promoted the awareness of preventive planning for safety.

**PréVer Program**

The PréVer Program's goal is to guarantee that important questions regarding health and safety in the workplace are included in the Leaders' agendas across all Contracts.

The System contributes to the evaluation of established processes, aiming at reducing the number of serious events, guiding action planning, and monitoring indicators and results.

In 2016, 90% of the Contracts practiced PréVer, an improvement of 23% over 2015. The goal for 2017 is to have this initiative implemented by 100% of Projects.

Although indicators have presented positive results, in 2016 OEC registered three fatalities: one employee in Brazil and two outsourced workers in Brazil and Angola passed away in our contracts.

**Fatalities**



Following serious events, OEC carries out a thorough investigation of the accidents, in which root-cause analysis is used to identify the necessary measures to avoid any reoccurrence. This is followed by the publication of a document entitled Lessons Learned, which is widely publicized and aims at reducing the risk of new accidents through employee awareness regarding life-threatening practices and prevention strategies.

OEC provides the assistance required by law and local collective agreements to the employees' and outsourced workers' families. All employees are covered by life insurance, which guarantees the policyholders or their beneficiaries payment in compensation, including in cases of disability.

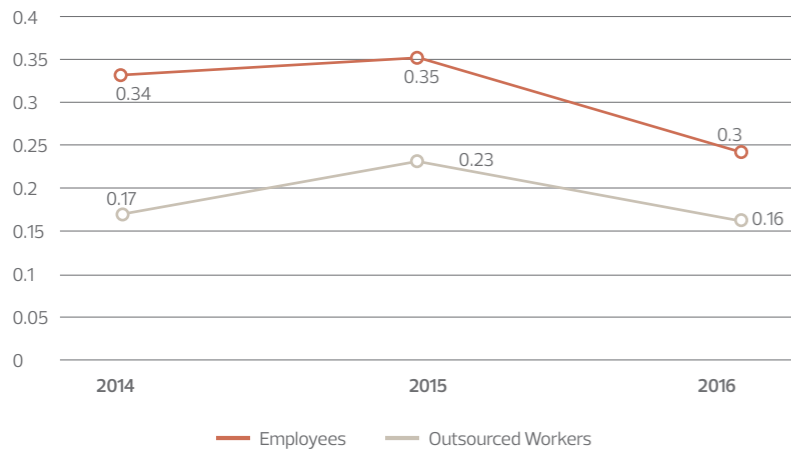
89% of the Contracts registered no Serious Events in 2016.

COMMITMENT TO PEOPLE

In 2016, the Safety in the Workplace rates improved as compared to 2015. The rates of injuries with lost days (DAFR) and Injuries without lost days (NDAFR) were respectively 18% and 33% lower than in the previous year, surpassing by 44% and 60% the target for 2016, respectively.

[403-2]

Days Away Frequency Rate (DAFR)



The chart above represents the rates of Injuries with lost days for employees and outsourced workers. The results took into consideration accidents resulting in restrictions on work activity, accidents with lost days, accidents with partial disability, accidents with full disability, and number of fatalities.

[403-2]

Severity Rate (SR)



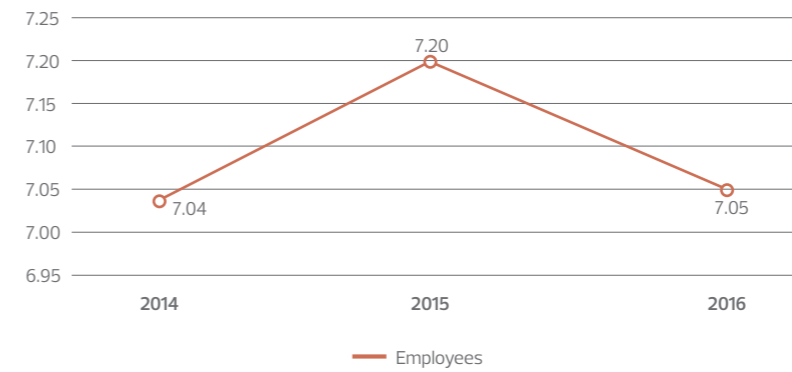
52% of the Contracts ended 2016 with DAFR = 0.  
17% of the Contracts ended 2016 with DAFR ≤ 1.

The Severity Rate (SR) takes into consideration the ratio between days lost from injuries that prevent the employee from working and the total of worked hours, but leaving out of account the debited days for serious injuries. The number displayed for 2016 shows progress, as it is 27% lower than the year before, and it is also below the maximum value for the 2016 target.

Another rate that displayed progress when compared to the previous year was the First Aid Frequency Rate (FAFR), which decreased from 0.89 to 0.61 in 2016, showing an improvement of 31%. This rate refers to medical care in which injuries were treated and the employees went straight back to work. In general, this type of care involves treatment of lower complexity, which normally does not require sustained medical assistance.

[403-2]

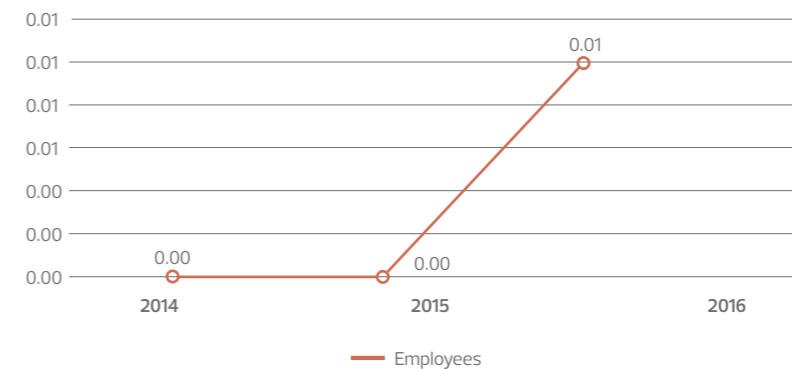
Non Occupational Illnesses Frequency Rate (NOIFR) – Employees



The Non Occupational Illnesses Frequency Rate (NOIFR) takes into consideration days of sick leave due to illnesses that are not related to work, and it has decreased in comparison to the previous year. The result was also lower than the Action Plan (AP) target for 2016.

[403-2]

Occupational Illnesses Frequency Rate (OIFR) – Employees



The Occupational Illnesses Frequency Rate (OIFR) takes into consideration sick leave due to work-related illnesses. Although the result has increased in the past two years, it is still below the AP target of 3 for 2016. It is important to point out that the reported rates for 2014 and 2015 may be interpreted as a result of under-reporting. Conversely, the reported increase in 2016 may reflect a better association between the leave and its causal link.

Management of Safety in the Workplace

OEC uses a self-evaluation system of the Safety Management Program in its Contracts. The evaluation items are divided into four groups: Planning, Implementation, Verification and Critical Analysis, and Continuous Improvement.

The self-evaluation result generates a score. In 2016, the OEC's consolidated result in the Management Evaluation System in Safety in the Workplace was 87%, and Colombia achieved the highest score.



In the US, Odebrecht Construction USA was ranked as one of the Country's Safest Companies, according to EHS Today magazine.

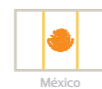


An initiative by the Gasoducto Sur Peruano (GSP) helped increase the safety of over 7,000 employees and of the communities close to the Project. The Emergency Operation Center (EOC), a headquarters based on the 911 platform (or the 190 emergency toll-free number in Brazil), which is used to deal with emergencies in several countries, helped locate, classify, and respond to situations of environmental or material damage as well as to accidents involving people in any location of the GSP.

The system's efficiency led the EOC to be recognized as one of the three best initiatives in Health and Safety in the Workplace at the 50<sup>th</sup> Congress of the International Pipeline & Offshore Contractors Association (IPLOCA), an international organization that brings together 240 gas pipeline contractors. The IPLOCA Award recognizes merit in projects of companies in the industrial pipe and offshore installation sector annually.



Training Camp for Working at Heights - Colombia



The performance of the Etileno XXI Project, comprising the construction of the largest biochemical complex in Latin America, in Coatzacoalcos, Mexico, also deserves recognition.

During the four years while the Contract was in effect (2013-2016), there were more than 95 million hours worked, with an average workforce of 10,000 workers, without any reported serious events and a Lost Day Rate of 0.24.

The Consortium led by Odebrecht Engineering and Industrial Construction won the 2015 DuPont Safety and Sustainability Awards, one of the most relevant industrial safety awards today.

The DuPont award recognizes organizations all over the world for innovation solutions in three areas: Industrial Safety and Employee Health, Environment, and Industrial Productivity.

Etileno XXI was recognized for its performance in Industrial Safety and achieved the highest score the award's history.

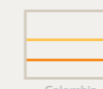
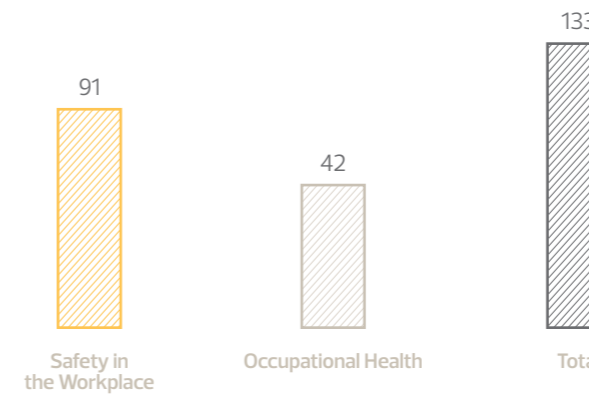


The Eastern Corridor Road Construction Project, located in Ghana, and the Línea de Transmisión Project, in Panama, registered zero injuries with lost days since the beginning of their activities, which have already amounted to 10 million worked hours

### 5.5.1 Investment in Health and Safety in the Workplace

In 2016, OEC invested approximately US\$ 133 million in health and safety in the workplace actions, equipment for individual and collective protection, training sessions and campaigns, resources for team mobilization (wages, charges, and operational expenses), and, for the support of out-patient medical services, supplementary tests and other health programs.

Investments in Health and Safety (US\$ million) - 2016



#### Training Camp for Working at Heights

The EPC Ruta del Sol II – Zona Norte Consortium builds and rehabilitates 528 km of one of the main Colombian highways.

According to the Ministry of Labor in Colombia, the construction sector accounted for 20% of serious injuries reported in the country, and injuries from working at heights were considered the main cause of fatalities. Being aware of its responsibility, OEC planned, implemented, certified, and now operates a practical training unit for safe work at heights.

The training camp implemented by OEC contributed to the training and certification of more than 2,500 workers and amounted to over 85,000 man-hours of permanent and specific training for employees and outsourced workers.

The training program was crucial to achieving 25 million worked hours without any fatalities involving falls from height and to meet applicable legal standards. Additionally, it has improved the development of a safety culture in the sector, as other construction companies that have been mobilized in the area have requested to use the training field to train their own employees.

The initiative won the Destaque Odebrecht Award in 2016 in the Health and Safety in the Workplace category (please see more on page 117).

Training rates monitor the minimum percentage of man-hours of education in Safety in the Workplace and Health. In 2016, the training rate in safety in the workplace reached 1.56, surpassing the internal target of 1.50. The training rate in Health was 0.20, a result that was lower than the target (0.25), though an actual improvement when compared to the previous year.

### The Fight against Malaria

Malaria is the main reason for absences from work in Angola and it is relevant for all the Projects in endemic areas. Consequently, the Internal Program of Preventing and Fighting against Malaria is under continuous improvement.

The Program proposes the implementation of integrated actions for the disease's prevention, diagnosis, and treatment. The initiatives are as follows:

- daily monitoring of the number of malaria cases among employees and outsourced workers;
- communication and education actions;
- collective and individual protection measures, such as the spraying of spatial insecticide (fumigation) and, in internal areas, residual insecticide, use of protective screens and the offer of individual impregnated mosquito nets and repellents;
- symptomatic testing whenever pertinent and asymptomatic testing in specific cases, allowing early diagnosis and treatment;
- Active Search Program for the Monitoring of Professionals in Transit: availability of kit for quick diagnosis, useful for detection and treatment in non-endemic locations, and remote assistance from a team of doctors and nurses who monitor the travelers' state of health;
- actions in the surrounding communities to eliminate breeding areas for the mosquito larvae; spraying of spatial insecticide (fumigation) and, in internal areas, residual insecticide.

The implemented actions and especially the influence of initiatives carried out in the surrounding communities led to a reduction in the number of malaria cases not only on the construction sites but also in the Projects' neighboring communities

### 5.6 Human Rights

[DMA Child Labor, Forced Labor or Labor in Conditions Similar to Slavery, Human Rights Evaluations]

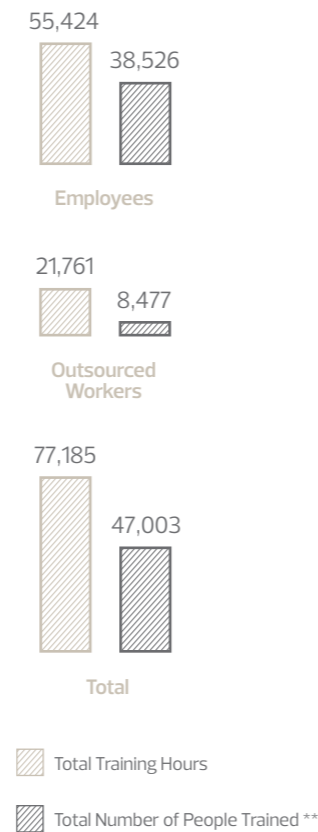
OEC does not tolerate any violations of human rights, whether in its activities, those of its partners, or in its value chain. Innuendo or prejudice of any nature, threats, moral or sexual harassment, forced labor or labor in conditions similar to slavery, child labour, sexual exploitation, and trafficking in human beings are not permitted.

This statement is standardized by OEC's Policy on Compliance in Acting Ethically with Integrity and Transparency and, before its deliberation, by the Odebrecht Code of Conduct and the Odebrecht Supplier Code of Conduct. The Policy also states that employees and outsourced workers must meet the legal requirements of each location and respect internationally recognized human rights.

OEC is aligned with these requirements, and in 2016 there were no complaints or reports of cases involving the violation of human rights. The result, again, is due to more than 75,000 hours of training in policies and procedures related to this theme\*, which in 2016 involved more than 47,000 people\*\* and amounted to an investment of US\$ 153,000.

[408-1][409-1]

### Training in Human Rights - 2016



\*The reported training sessions include: code of conduct; community relationship, health, and safety; citizenship; diversity; accessibility for disabled people; education for sustainability; and practices of OEC's Sustainability Integrated Program related to human rights.

\*\*It is relevant to highlight that the same employee or outsourced worker may have attended more than one training course during the year.

Being aware of its responsibility to the value chain, the Company demands that 100% of its suppliers and service providers follow OEC'S standards regarding this theme; apply the standard used by the Company regarding labor issues and human rights, as well as the health and safety in the workplace standards and socio-environmental requirements and practices; and abide by the law.

These requirements are formalized by contractual clauses that, in case of noncompliance, entail sanctions or even termination of contract. Moreover, the Supplier Due Diligence process, which was implemented by the Compliance area, demands from 100% of the new appointments a self-declaration of existence of investigation, lawsuit, or conviction regarding human rights violations, especially child or slave labor.

Additionally, whenever available, just in case the companies have submitted their workers to conditions similar to slavery, their public lists will be consulted. If the potential supplier has any reported violations, the hire may be blocked.

[408-1][409-1][102-10]

### The Fight against Youth Exploitation



The Infância de Direitos [Childhood of Rights] Program was developed to ensure appropriate social conduct from employees and outsourced workers by means of concerted action to fight sexual exploitation of children and teenagers.

The initiative facilitates actions in internal environments (awareness and education) as well as external environments (governance strengthening of social organizations and institutions forming the support network for children and teenagers, and training).

The Program was implemented in four Contracts in Brazil and yielded significant results: 11,500 aware employees and outsourced workers, 5 integrated diagnoses and recommendations provided in response to specific problem cases in the Projects' host cities, and approximately 300 public technicians were qualified.



In 2016, OEC in Panama was awarded the Huella Social de la Empresa Responsable para la Prevención y Erradicación del Trabajo Infantil [Responsible Company for the Prevention and Eradication of Child Labor Social Footprint] Certification, promoted by the Consejo Nacional de la Empresa Privada [Private Sector National Council] (Conep) and the Ministerio de Trabajo y Desarrollo Laboral [Ministry of Labour] in Panama.

This certification evaluates the compliance with labor good practices internally, externally, and in the chain of value and aims at eradicating child labor.

# 6

## LOCAL DEVELOPMENT





Punta Catalina  
Thermoelectric Plant -  
Dominican Republic

Local development actions are managed under the Contracts, in alignment with the Client's goals and guided by the Group's Sustainability Policy, which prioritizes better living conditions for people as a fundamental principle.

At OEC, the management of social relationships takes into consideration applicable legal requirements, Integrated Sustainability Program (ISP) guidelines, and the market's best practices. The implemented relationship actions must be coherent with the scale, the deadline, and other relevant factors of the Contract, such as its localization, its inclinations, and local opportunities.

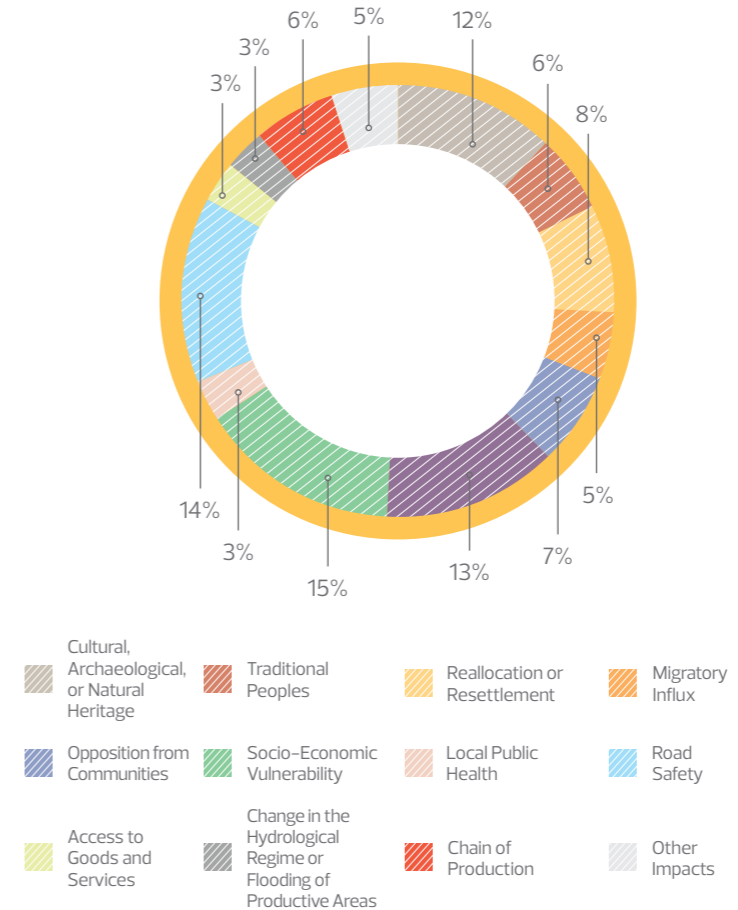
In general, the social relationship includes steps that consider the understanding of the scenario, a participative strategy elaboration, monitoring and evaluation, and preparation for demobilization. The relationship, the management of impact, and the implemented social investments are monitored by performance indicators that, while providing elements for the qualification of these processes, support the establishment of a harmonious coexistence between the Project and the surrounding communities.

At OEC, 100% of Contracts have their socio-environmental impacts and risks evaluated. This analysis flags the priorities of the management plan to be implemented, identifies the main stakeholders and their interactions with the Project, and points out vulnerabilities and critical demands, such as the presence of traditional peoples, cultural heritage, or any need to displace people and their economic activities.

[102-42]

The socio-environmental impact matrix that consolidated in 2016 is represented below: [413-2]

Social Impact Matrix - 2016



### 6.1 Relationship with Communities

The OEC Sustainability Guidelines assert that the Business must induce development and share its results with several players, communities included. [413-1]

The process of establishing relationships with communities is customized to fit each Project's reality. The Contracts shape the relationship strategies according to the risks and impacts that may be generated. In 2016, 67% of the active Contracts established engagement projects with the local community.

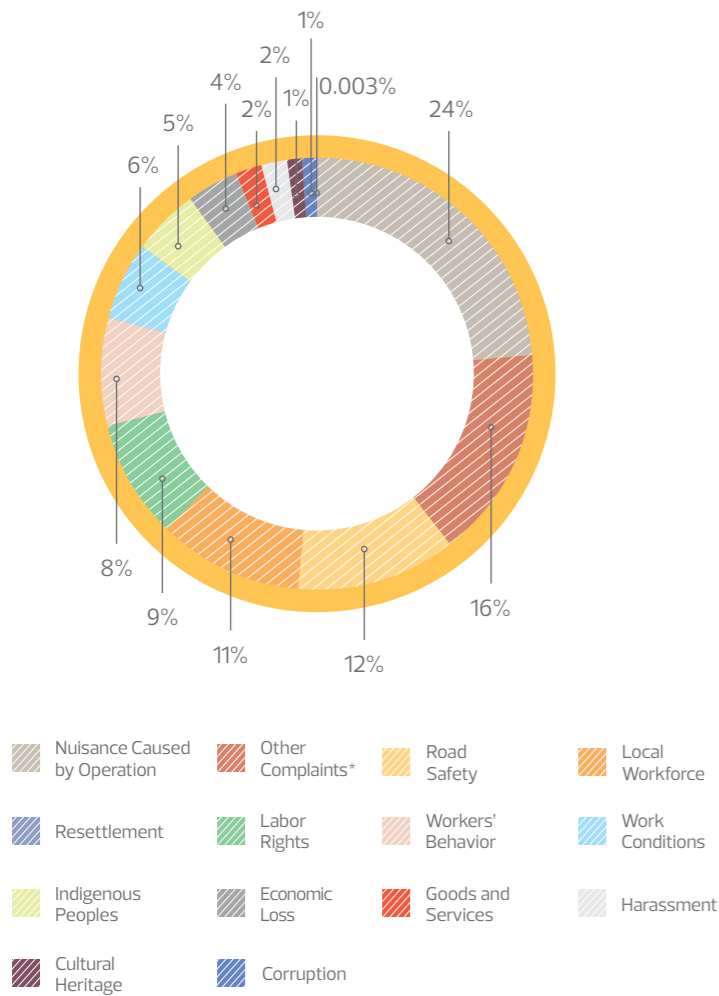
Even though a single approach is not appropriate for all situations, all programs should implement formal communication channels to receive comments, suggestions, and complaints from the interested parties. In 2016, the ombudsman channels registered a higher degree of participation related to the operation's impact as reflected in nuisance complaints (24%), related to complaints regarding labor rights and work conditions (12%), and related to impacts on mobility and road safety (11%). There

were no allegations regarding prejudice, child labor, work similar to slave labor, or impacts on local public health.

Every received manifestation is registered, analyzed, addressed, and answered directly by the Contract, with the involvement of the responsible areas. The demands are met within a reasonable deadline and, where possible, the results of this process are communicated to the interested parties.

[406-1]

Complaints Received – 2016



\* "Other Complaints" included communications of a nature different from the established qualification criteria.

It is important to point out that, in many cases, the Clients of the Contracts are responsible for the management of relationships with communities. In such situations, little or no responsibility is assigned to OEC, which is authorized to conduct the relationship exclusively with its internal audience (members and subcontractors), partners, and suppliers. This definition of responsibility influences the format of the relationship management and, consequently, the way the received complaints are answered. So in these situations, the communications that are directly received by OEC are registered and then directed to the Clients' relationship teams.

### 6.2 Social Investment

OEC devotes efforts to guarantee that the implemented social investments offer objective results already during the Project's execution and that they may last after its conclusion. Therefore, OEC uses an integrated approach in which the activities' inherent benefits, the management of impacts, and corporate social responsibility reinforce each other mutually. In this model, the cultivation of synergy with the Client and the other institutions involved at the locations is crucial for intensifying benefits.

In the past few years, the number of specific actions (isolated support) has diminished to give room to development programs. This strategy generates long-term benefits and contributes to the Business's results by assisting with legal or contractual obligations, compensating impacts that were imposed by the Projects, or even by lowering the social risk associated with Project implementation (community protests, strikes, etc.) and facilitating reputational gains.

In 2016, OEC invested over US\$ 5.8 million in voluntary and compulsory social actions. The amount that was voluntarily invested was lower than in previous years, due to a smaller Projects portfolio that included several Contracts in their closure and demobilization stages, a period during which accepted commitments have already been met and reported.

### Total Social Investment (US\$)

TOTAL SOCIAL INVESTMENT (MILLION)	2014	2015	2016
Voluntary Social Investment	11.21	9.54	4.39
Compulsory Social Investment <sup>10</sup>	5.91	3.04	1.53
Operational Cost <sup>11</sup>	14.24	18.78	15.46

<sup>10</sup> Compulsory Social Investment refers to compulsory actions required by permit processes.  
<sup>11</sup> Operational Cost includes costs related to the mobilization of theme-dedicated teams (salaries and charges), equipment that was made available, general expenses, and contracted services.

Most of the time, OEC executes its social investment directly, without any intermediation from other institutions. In 2016, the operation cost assigned to the management of local development actions was approximately US\$ 15 million. This amount covers the necessary resources for team mobilization, equipment and consumables acquisition, and service hire.

In 2016, the voluntary social investment amounted to more than US\$ 4 million. 40% of that amount was used in health and education projects; 19% in innovation; 18% in the promotion of culture; 20% in job creation, revenue generation, and professional education; and 6% in infrastructure projects. In 2016, 206 voluntary initiatives were registered. They involved 451 communities and benefited more than 63,000 people.

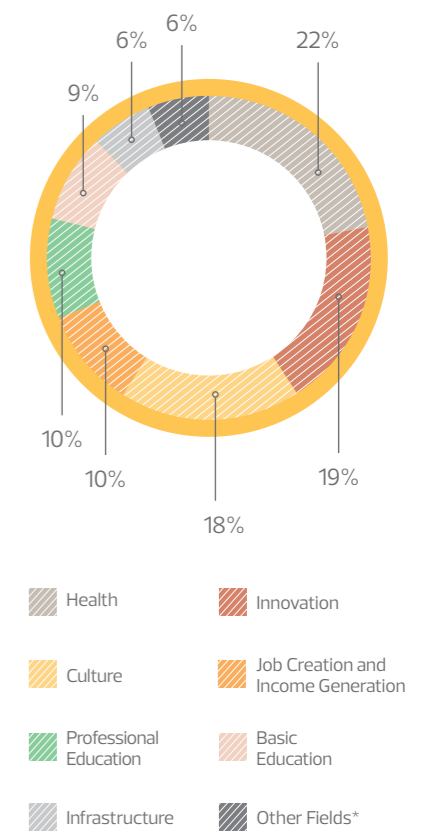
[203-1]

### Voluntary Social Investment

VOLUNTARY SOCIAL INVESTMENT	2014	2015	2016
Number of initiatives	314	293	206
Benefited communities	994	536	451
Beneficiaries	222,200	152,462	63,430
Partner organizations	337	166	154
OEC's Investment (US\$ million)	11.21	9.54	4.39

Observation: the value of the investments made abroad during 2016 were converted according to the currency rate on December 30th, 2016, when USD 1 was equivalent to BRL 3.2591 (Central Bank of Brazil).

Voluntary Social Investment – Field of Work



\*Other Fields include actions aimed at Environmental Education, Sports and Recreation, Human Rights, Volunteering, Diversity and Gender, and Governance Strengthening.

As previously mentioned, the establishment of partnerships is crucial in this process and it contributes significantly to the achievement of these results. Residents' associations and producers' cooperatives; religious, cultural, and public health institutions; the government; schools; universities; and civil-society organizations are among the Company's frequent partners.



Acreditar  
Program - Brazil

#### Acreditar Program

Created in 2008, the Acreditar [Believe] Program, a voluntary social initiative for the professional qualification of local labor, aims at training members of the community to start an occupation and, potentially, to become integrated into the Contract's workforce.

The Program broadens the Contract's economic benefits by introducing the local community into the job market and by supporting the mitigation of impacts generated by the migratory influx, as it facilitates hiring a greater number of local professionals, significantly reducing the recruitment from other regions.

Training comprises two modules, one basic and one technical. The basic module introduces general concepts regarding health, safety at work, environment, quality, and work psychology. The graduates may then continue their training by enrolling in the technical module, which offers qualification in thirty different professional categories in courses of up to 200 classroom hours.

Since its first implementation, Acreditar has trained approximately 95,000 people, facilitating the direct hiring of more than 58,000 workers residing in local communities (about 50% of all the students trained by the Program). OEC's total registered investment amounts to more than US\$ 30 million.

**95,235** People qualified  
in the Basic Module

**26,519** People qualified  
in the Technical Module

**58,493** Hired  
Professionals

Aiming at expanding this initiative, the Acreditar Junior Program was created in 2009. It promotes professional education for young people between 14 and 17 years old who can join the apprentice quota in the civil-engineering industry. The initiative has been implemented by OEC in Brazil in the Santo Antônio and Teles Pires hydroelectric plants and has offered training to more than 3,200 teenagers through an investment that amounts to over US\$ 5 million.

#### Integración Humana Program

The city of Colón is the second largest urban concentration in the country and an important commercial and touristic port in the Caribbean, located at the Atlantic gateway of the Panama Canal.

The Integración Humana [Human Integration] Program was developed by the Nuevo Colón Consortium based on the UN's Sustainable Development goals. Its main objective is to improve thoroughly the quality of life in the city of Colón, whose population has been living in a socially vulnerable situation for decades.

The Program comprises eight subprograms and aims at reducing poverty levels, providing better health and wellness conditions, and providing education with gender equality through strategic alliances with local associations and institutions.

The actions are organized into eight projects focusing on six areas of activity: Education, Health, Work, Safety, Sports and Recreation, and Cultural and Social Life.

The Program was created in 2016 and will be concluded in 2018 when five thousand apartments will be occupied by their new owners, benefiting approximately 25,000 people.

The initiative in Colón won the Obras Cemex Award in the Social Value category and received second place in the Infrastructure category (please see more about Awards and Recognitions on page 26). The Project was selected for offering better quality of life to future users, as well as for promoting both socio-economic development opportunities and the recovery of the region's historical legacy.

#### Sembrar Project

The initiative developed by Odebrecht Peru won the Relationships with Communities category in the 2016 edition of the Destaque Odebrecht Award (please see more on page 117).

The Sembrar [Seed] Project is a social responsibility program promoted by the Chavimochic Construction Consortium as part of the construction of the third phase of a long water channel.

The Program was implemented between 2015 and 2016 and aimed at promoting the sustainable development of farmers from the Tanguche village, a rural community in the Contract's area of influence, through technical and commercial consulting to increment productivity and to introduce different crops. Additionally, the Program promoted complementary projects and negotiated the farmers' access to agricultural credit.



Re-urbanization of  
Colón - Panama

### 6.3 Involuntary Displacement

It is not unusual for large infrastructure projects to require the involuntary displacement of people and economic activity. In cases where the responsibility to meet that requirement falls to OEC, the displacement is guided by a specific procedure that is part of the ISP and that has been established according to the recommendations of the International Finance Corporation (IFC), the Inter-American Development Bank (IDB), and applicable law.

At OEC, the involuntary displacement will always be, where possible, avoided or minimized by an evaluation of locational and executive alternatives for the project. When those alternatives are not viable, there will be mitigating, attenuating, or compensatory measures for the negative impacts on the affected population and host communities. Additionally, the participation of and negotiation with affected communities, governments, and existing social organizations will be prioritized.

In 2016, the displacement of people or of economic activity was required by three Contracts in three different countries. In Peru, 116 women and 64 men were moved. In Angola, 10 women and 6 men were moved, and in Panama one man and one woman were relocated. [\[CRE-7\]](#)



*Kambambe Fortress – Angola*

#### Kambambe Fortress

The Cambambe Hydroelectric Plant in Angola received recognition in 2016 from the local Ministry of Culture for the Rehabilitation of the Kambambe Fortress Project (please see more about Awards and Recognitions on page 26).

The initiative aimed at strengthening the culture, stimulating local tourism, and reviving awareness of local history, thereby adding value to the Kwanza Corridor Project.

#### Tuyula Lomunga Program

The Tuyula Lomunga [Succeeding Together] Program was implemented in the Community of Hanha do Norte, in Angola. It continues to produce results even after the support offered by the SONAREF Project team came to an end and serves as an example of a self-sustainable social responsibility program.

Begun in 2013, the Program has as its premise the analysis of the area's potentialities and the involvement of the benefited population that, in cooperation with Odebrecht, planned its priorities, organized the mobilization, and sought the establishment of partnerships.

In practice, the implemented economic development actions have generated resources that revert to the community itself in initiatives regarding education, culture, health, governance, environmental conservation, and access to water, benefiting 1,200 families. Recently, the Tuyula Association (which was constituted with the Company's support) received funds from the European Union to strengthen actions related to citizenship, such as the issuing of birth certificates and identification documents.



*Laúca Hydroelectric Plant – Angola*

#### Laúca Hydroelectric Plant

The Laúca Hydroelectric Plant in Angola requires the relocation of people from the Kissaquina Sul, Bango Wango, and Giguli villages.

The Project opted for resettlement as the solution for this displacement. The resettlement resulted in the availability of better living conditions as well as access to healthcare and education. The communities, which were included in the Project's process from the start, participated in the planning and recognize the benefits that have been generated by their new situation.

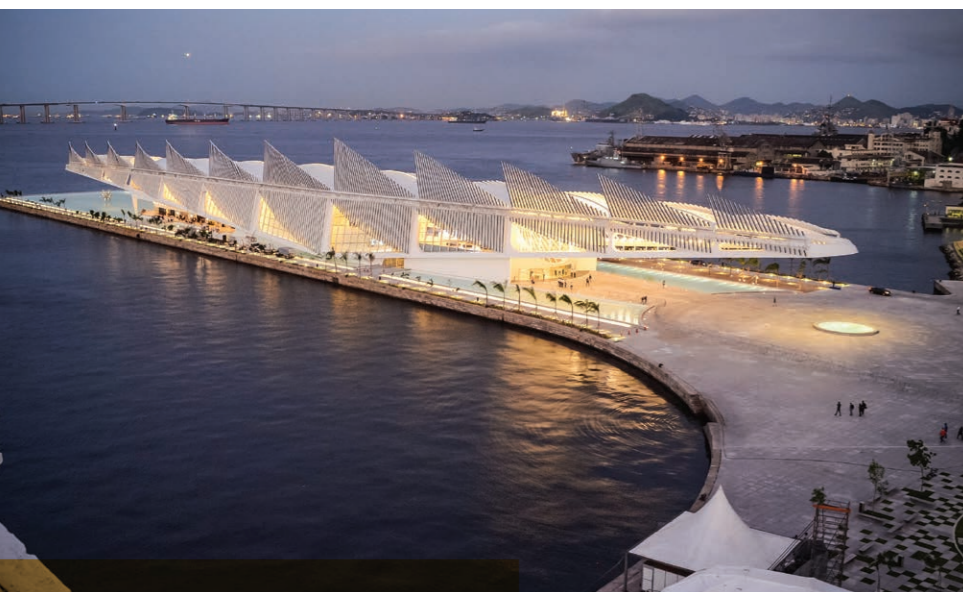
The new settlement offers housing, schools, a medical facility, recreation areas, and road infrastructure. Additionally, new areas for agricultural production and fish farming are being established, and these activities will create economic opportunities for the residents, thus contributing to the development of the area.

The process of transferring the families should come to completion in the second half of 2017. However, as per best-practice recommendations, the host area will be monitored until 2019.

# OPERATIONAL EFFICIENCY



Chaglla Hydroelectric  
Plant, Peru



Museu do Amanhã,  
Rio de Janeiro – Brazil

## 7.1 Environmental Management and Performance

[DMA Emissions] [DMA Water] [DMA Biodiversity] [DMA Energy] [DMA Materials]  
[DMA Effluents and Construction Waste]

OEC guides the management of its Businesses with an approach that strives for the conservation of natural resources. The company is always compliant with the precautionary principle and the Group's Policy and Guidelines, as well as with the Sustainability Integrated Program. [102-11]

During the project and planning stages, the Construction Work's impacts and risk level as well as mitigation and compensation measures are evaluated. In those stages, public consultation is carried out, and permits, authorizations, and applicable grants are obtained. The effectuation conditions for financing contracts and warranties are also negotiated in this period. Finally, procedures and programs applicable to the Contract are defined, as well as the implementation strategy and evaluation and control mechanisms.

In the mobilization, construction, and demobilization stages, the environmental programs are executed and reflect the strategies defined during planning. The results of those processes are reported internally by means of a standard system of environmental indicators that is used to assess the socio-environmental management's efficiency and the Contract's adherence to goals agreed upon in the Action Plan.

### 7.1.1 Environmental Compliance

[DMA Environmental Compliance]

The compliance of each Contract is a basic principle for the Company and requires continuous monitoring to ensure that laws, licensing requirements, and commitments with clients, investors, and financing agencies are being fully met. In 2016, none significant fines regarding environmental irregularities (meaning those above US\$ 15,000) were registered. [307-1] [419-1]

OEC verifies the environmental processes' compliance in the Contracts through annual internal audits and by applying a control checklist every four months. In a year characterized by great transformation regarding Compliance, OEC has intensified the verification to ensure that those requirements are being met. By adopting a more detailed approach, the Company strengthens not only its preventive actions but also its precautionary principle. In 2016, environmental issues were added to the new suppliers' registration and evaluation process. [102-11]

Additionally, a training agenda was implemented to inform all employees and ensure agreement on all practices. In 2016, 605 environmental-education campaigns were performed for employees and outsourced workers, and involved more than 170,000 registrants (noting that the same professional may have participated in more than one campaign). The implemented training sessions produced approximately 427,000 hours of education. The events approached issues related to resource optimization, construction waste and effluent management, the reduction of greenhouse gas emissions and impacts on biodiversity. [404-1]

### 7.1.2 Materials

In recent years, OEC has been prioritizing the use of renewable energy sources and inputs and raw materials which are environmentally more efficient and present a lower level of greenhouse gas emission.

In 2016, the most significant non-renewable materials used by OEC included cement, asphalt, general steel, and diesel. Other materials there were used in a smaller scale included gasoline, lime, native wood, liquefied petroleum gas (LPG), grease, plaster, glass, propane, natural gas, and lubricant oils. Renewable materials included hydrous ethanol and reforested, recycled, and suppressed wood.

The decline in material consumption, which was registered for all indexes, is due to the Contracts that came to an end. The materials with highest reduction levels included suppressed wood, LPG, grease, and lime. The table below presents OEC's consumption of materials in 2016. [301-1]

	2014	2015	2016
General steel (t)	897,304.04	474,347.12	127,312.31
Plaster (t)	88.40	228.22	38.9
Acquired LPG (t)	94.54	1,727.30	132.6
Asphalt (t)	345,406.98	841,965.00	375,451.08
Lime (t)	845.98	18,306.77	2,758.00
Cement (t)	2,608,261.82	1,479,254.60	895,823.18
Acquired Firewood (t)	37,252.25	-	-
Glass (t)	0.37	23.25	35.02
Diesel (L)	330,958,866.78	295,720,366.02	84,095,491.13
Acquired Grease (L)	207,666.01	878,212.38	74,147.75
Acquired Heavy Fuel Oil (L)	270,539.00	203,811.70	-
Gasoline (L)	10,321,320.72	21,655,183.89	5,128,799.51
Natural Gas (m <sup>3</sup> )	3,204.04	648.00	0.51
Native Wood (m <sup>3</sup> )	128,590.55	169,923.34	138,730.13
Acquired Propane (m <sup>3</sup> )	3.19	23.69	4.51

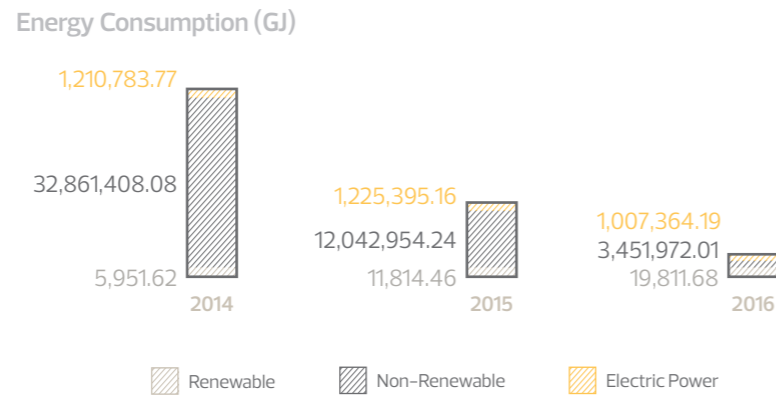
	2014	2015	2016
Acquired Hydrous Ethanol (L)	272,472.83	540,880.65	95,972.97
Reforested Wood (m <sup>3</sup> )	116,052.03	59,941.54	2,290,737.31
Suppressed Wood (m <sup>3</sup> )	211.82	5,389.38	78.00
Recycled Wood (m <sup>3</sup> )	4,674.14	44,730.99	328,545.36

7.1.3 Energy [302-1]

Energy consumption has a direct effect on OEC's operational costs and may increase the Company's exposure to fluctuations in energy supply and prices. Moreover, OEC's environmental footprint is partly defined by its choice of energy sources.

In 2016, OEC consumed 4,479,147.88 GJ of renewable and non-renewable fuels. Fuel consumption optimization is a priority for OEC. The volume registered in 2016 showed a reduction of 66% when compared to the previous year. The inclusion of biofuels and the implementation of control systems for traffic and equipment performance have contributed to the evolution of this result. At the same time, the lower consumption registered in 2016 was also due to the reduction of Construction Works portfolio, as well as to the types of OEC Contracts and the stage they were in at the time.

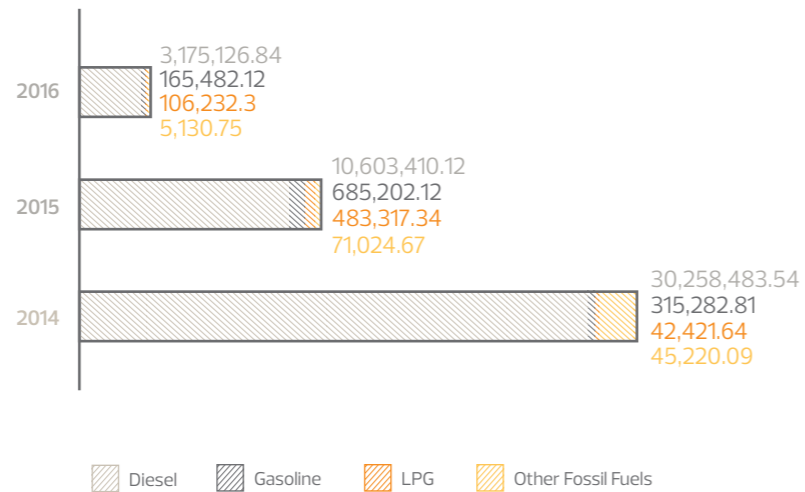
The highest energy consumption happens through fuel combustion, especially diesel used by heavy machinery, which makes up most of the fleet at the construction sites. In 2016, that consumption accounted for 9% of non-renewable fuels at OEC.



The electric power consumption is presented separately because its renewable portion is not known for all countries.

The consumption of renewable fuels at OEC results from the use of hydrous ethanol in Brazil and the burning of wood waste in some Contracts. [302-1]

Consumption of Non-Renewable Fuels\* (GJ)



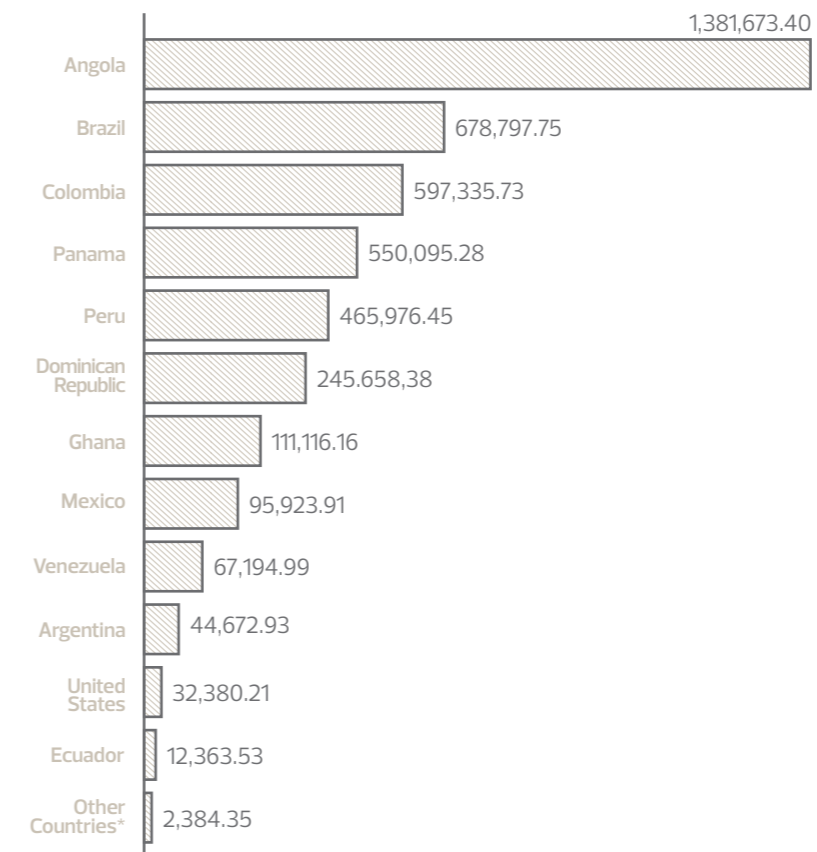
\*Results registered in Angola, Argentina, Brazil, Colombia, United Arab Emirates, Ecuador, United States, Ghana, Guatemala, Mexico, Panama, Peru, Portugal, Dominican Republic, and Venezuela.



La Esperanza Aqueduct - Ecuador

In 2016, Angola registered OEC's highest energy consumption, accounting for 32% of the total consumption.

Fuel Consumption (GJ)



\*The Other Countries category includes the registered consumption in Portugal and Guatemala.

7.1.4 Climate Change

OEC is committed to and undertakes efforts to mitigate impact and promote adaptation to climate change in its Operations. The theme is relevant for the promotion of environmental balance and to minimize impacts on people's quality of life, biodiversity, national economies, and on the Business in general.

**Carta Aberta ao Brasil sobre Mudanças Climáticas**

OEC is a signatory of Carta Aberta ao Brasil sobre Mudanças Climáticas [Open Letter to Brazil on Climate Change], an open letter in which the participating companies commit to implementing actions to reduce CO<sub>2</sub> emissions in their activities. In this document, entrepreneurs from different areas of the Brazilian production sector present to the Government their proposals to lower emissions.

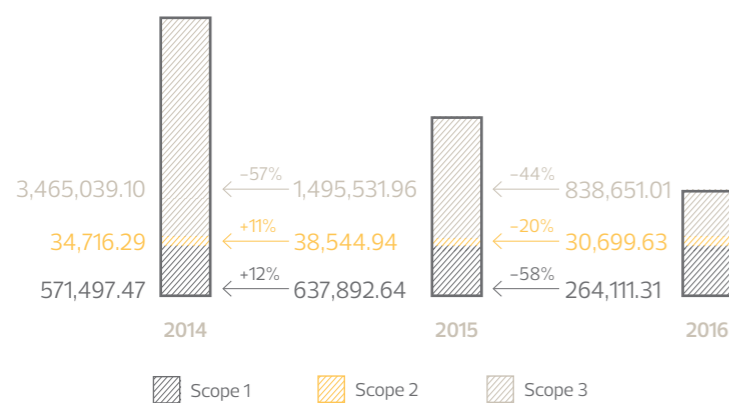
The letter establishes that the companies must publish greenhouse gases inventories, include strategies for the choice of products and services that promote the reduction of CO<sub>2</sub> while also aiming at lowering their own emissions, and supporting the Reducing Emissions from Deforestation and Forest Degradation mechanism (REDFD). The sector is also committed to devoting greater effort towards adaptation actions in regions with high emission levels.

OEC has been conducting emission inventories since 2010 according to internationally recognized methodologies, such as those of the Intergovernmental Panel on Climate Change (IPCC, 2007), the Brazil GHG Protocol Program, and the Department for Environment, Food, and Rural Affairs, 2016.

For the fifth year in a row, in 2016 OEC's inventory achieved the Gold Seal of the Brazil GHG Protocol Program, which recognizes third-party verified inventory processes and is credited by the Brazilian Institute of Metrology, Quality, and Technology (Inmetro).

OEC's greenhouse gas emissions are directly related to the number, type, and stage of the Contracts that are developed in the course of the year. In 2016, the Company registered a reduction of 48% in its emissions when compared to the previous year. The detailed emissions for Scope 1, 2, and 3 and their variations from year to year are presented in the following chart: [305-1][305-2][305-3]

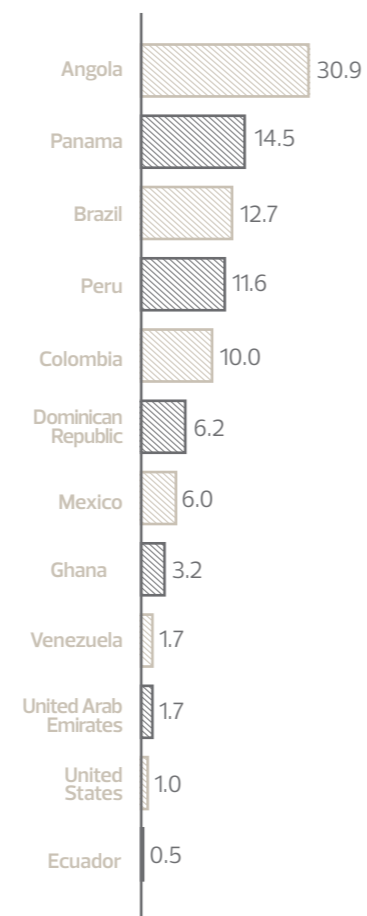
Emissions\* (tCO<sub>2</sub>eq)



\*Results registered in Angola, Argentina, Brazil, Colombia, Cuba, United Arab Emirates, Ecuador, United States, Ghana, Guatemala, Guinea, Liberia, Mexico, Mozambique, Panama, Peru, Portugal, Dominican Republic, and Venezuela.

The Scope 1 biogenic emissions reached around 6,436.16 tCO<sub>2</sub>, while Scope 3 emissions reached 4,171.3 tCO<sub>2</sub>. [305-1][305-3]

Scope 1 and 2 Emissions by Country (%)



The chart on the previous page presented Scope 1 and 2 emissions by country. In 2016, OEC's emissions were concentrated in Angola, a result that was influenced by the construction of two hydroelectric plants (Cambambe and Laúca).

The main Scope 1 emission source (78%) resulted from mobile combustion processes. Regarding Scope 2, the total of emissions was due to acquired and consumed electricity. Lastly, 75% of Scope 3 emissions were generated by the purchase of goods and services.

Being engaged with matters related to climate change, OEC defined strategies to reduce its emissions. The practices implemented by the Contracts focus on optimization of input consumption that presents a large carbon footprint and rationalization of transportation (ground transportation and air travel).



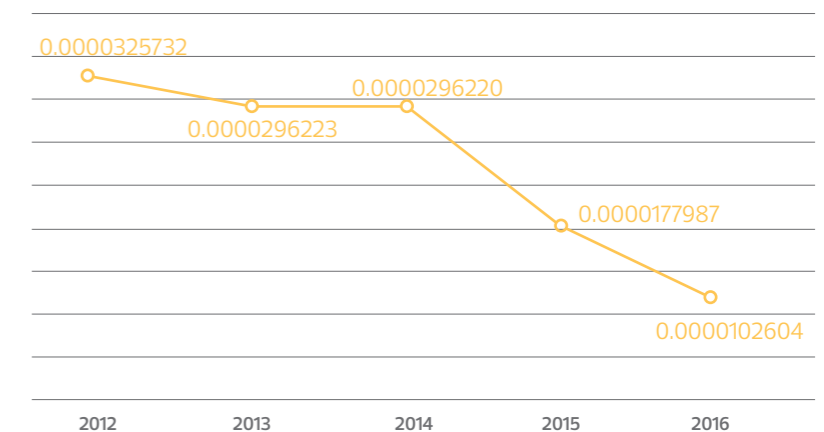
Redevelopment of Colón - Panama

In the past few years, OEC has reduced the intensity of its emissions due to the reduction of gross generation of emissions, mainly between 2014 and 2015, and due to the increase in total income in BLR, which has been influenced by a larger number of Contracts abroad and the appreciation of the dollar as compared to BRL.

The descending curve of emission intensity is a positive development and contributes to meeting the requirements of the commitment made in the Carta Aberta ao Brasil sobre Mudanças Climáticas.

OEC emissions' intensity, which is annually verified by the Greenhouse Gases Inventory, is represented in the following chart:

Emission Intensity – Scopes 1 and 2\* [305-1][305-4]



\*The emission intensity presented above takes into consideration Scope 1 and 2 emissions, in metric tons of CO<sub>2</sub> and total income in BRL.

### 7.1.5 Water

Civil engineering involves high water consumption and its activity depends substantially on this resource. Consequently, the efficient use of water and its reuse are fundamental for the mitigation of environmental impact, as well as for the unimpeded offer of this resource for the Operations.

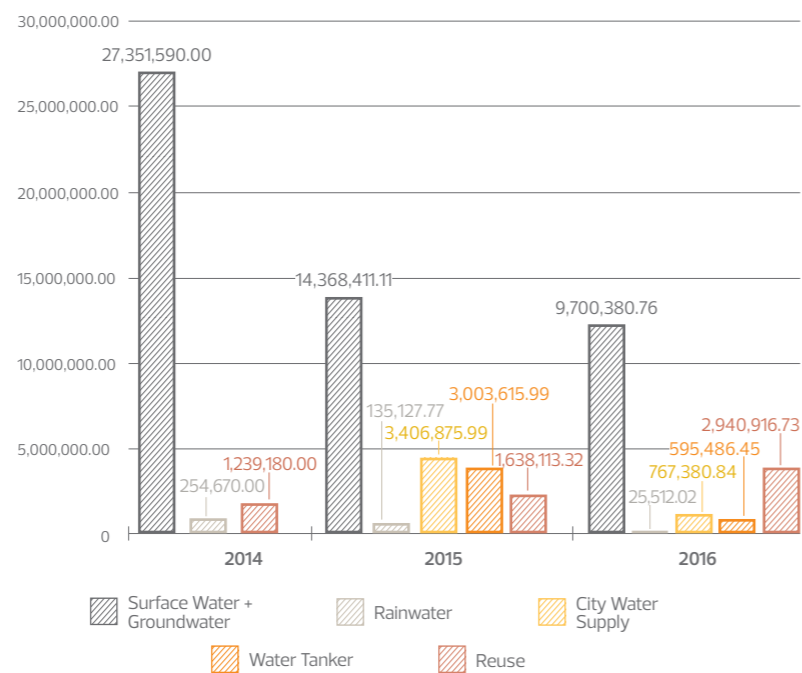
In order to apply best practices for efficient water consumption, OEC relies on plans for the selection and installation of water supply and collection systems that are adequate and efficient, as well as on suitable models for distribution and consumption monitoring, always meeting the local legal requirements. Additionally, it promotes the adoption of practices to optimize water consumption and reuse on the sites.



4<sup>th</sup> Line of South Metro – Rio de Janeiro, Brasil

The ongoing reduction of the total volume of water consumption, as well as a considerable rise in its reuse at the sites, was verified by an evaluation of the historical data. In 2016, the reduction in water consumption amounted to 38% while its reuse reached 67% when both are compared against the previous year. The collection of surface water and groundwater accounted for 69% of the total consumption. [303-1][303-3]

#### Water Consumption\* (m<sup>3</sup>)



\*Results registered in Angola, Argentina, Brazil, Colombia, United Arab Emirates, Ecuador, United States, Ghana, Guatemala, Mexico, Mozambique, Panama, Peru, Dominican Republic, Venezuela, Cuba, and Portugal.

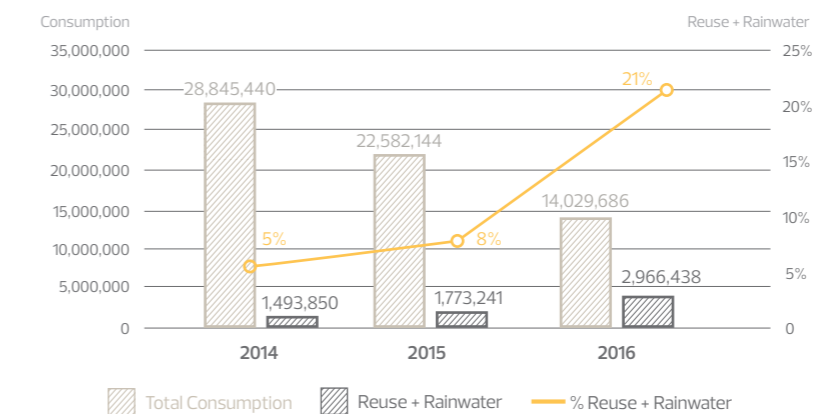
### Reuse Cycle in Laúca

In Angola, the Laúca Hydroelectric Plant implemented a large process for circular management of the water. The Contract reutilizes approximately 75,000 m<sup>3</sup> of water per month, a volume equivalent to the supply for a city of 15,000 inhabitants.

The reuse of wastewater significantly reduced the collection of this resource and generated additional benefits, such as preventing pollution with lower effluent release and reduction of atmospheric emission generation, as well as positive impacts on road safety due to the lower demand for water tankers and suction pumps for water collection. Additionally, it has systemized an economically viable process that is easily replicable.

Until 2015, the City Water Supply and Water Tanker sources were accounted for in Surface Water and Groundwater; that is why they are not on the chart. [303-1][303-3]

#### Water Consumption x Reuse (m<sup>3</sup>)



The chart above shows total water consumption and the volumes that were consumed via reuse or from rainwater. From the total water consumption, 21% was reutilized by OEC in its processes. The reutilized water is a sum of rainwater and reuse water, and it is used mainly for activities that do not require drinkability. [303-3]

In 2016, 42% of Contracts carried out water reuse practices and came closer to the prescribed goal (50% of Construction Works with register of reuse). The consolidation of this practice, which has been confirmed by the observation of the historical data, has led to the establishment of even more ambitious goals: in 2017, all the Construction Works are expected to adhere to this practice and to register reuse for 50% of the total consumed volume.

7.1.6 Effluents

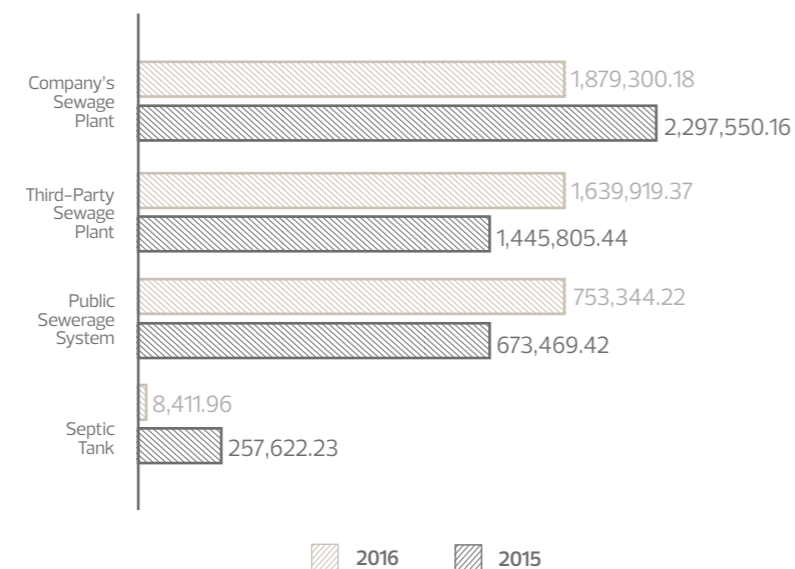
OEC activities generate domestic effluents, which come from administrative areas and housing and support units, and industrial effluents, which present specific particularities due to different processes in the Construction Work. Their management is carried out at the site, observing the best solutions and applicable law in each Contract.

Effluents management at a Contract follows recommendations of a specific procedure, which is part of the ISP, as well as solutions presented in the Kit Canteiro [Site Kit], a document that helps implement support infrastructure in the Projects. The management of effluents is structured during the Construction Work's planning, when legal requirements and the best solutions for the process' particularities are identified. Monitoring and pollution-prevention strategies are also planned at that stage.

In 2016, 4,280,975.73 m<sup>3</sup> of effluents were generated, a volume 8% lower than in the previous year. The reduction is due to the smaller number, type, and stage of execution of active Contracts. The total number takes into consideration domestic and industrial effluents.

The main destinations of the effluent generated in 2016 were the Company's own sewage plant (44%), third-party sewage plants (38%), the public waterborne sewerage system (18%), and septic tanks (0.2%). The destination of effluents to third-party sewage plants was 14% higher while the destination of effluents to the Company's own sewage plant was 18% lower than in 2015. [306-1]

Total of Disposed Sanitary and Industrial Effluent (m<sup>3</sup>)



7.1.7 Waste

The United Nations Environment Programme (Unep) estimates that the construction environment contributes to up to 25% of global waste generation, which may affect natural ecosystems significantly. At OEC, adequate waste management is a priority that has been established as a goal in the Entrepreneurial Leaders Plan of Action since 2012.

Waste management in OEC Contracts considers the best practices in the market and local legal requirements. The process is guided by a specific procedure that is part of the ISP and aims at ensuring the prevention of pollution associated with the generation of solid and semi-solid waste, based on solutions that favor treatments that reduce the destination of waste to landfills.

The total of generated waste in 2016 was 4.6% higher than the total in 2015. However, the consumption of hazardous waste dropped by 82% between 2015 and 2016 and represented 0.04% of the total waste consumption in 2016.

Waste	2015	2016
	Non-Hazardous (t)	17,109,102.92
Hazardous (t)	41,529.68	7,357.03
Total (t)	17,150,632.60	17,934,113.90



Cinta Costera - Panama

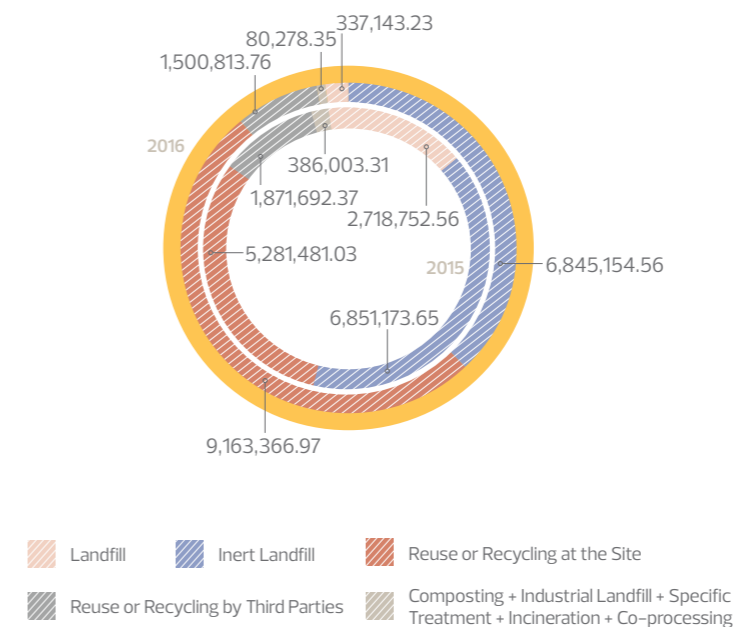
Non-hazardous waste includes organic waste, plastic, glass, wood, tires, metal scrap, rubble, soil, rock, and other recyclable materials. The volumes that are destined to Specific Treatment, Incineration, Co-processing, and Composting are presented together due to their scale when compared to the other destinations. The detailing that has been applied to the non-hazardous waste generation control and destination is available from 2015 onwards.

Regarding the generated hazardous waste, the volume destined to industrial landfills and co-processing was the lowest one, which reflects the higher reliance on specific treatment, incineration, and reuse or recycling.

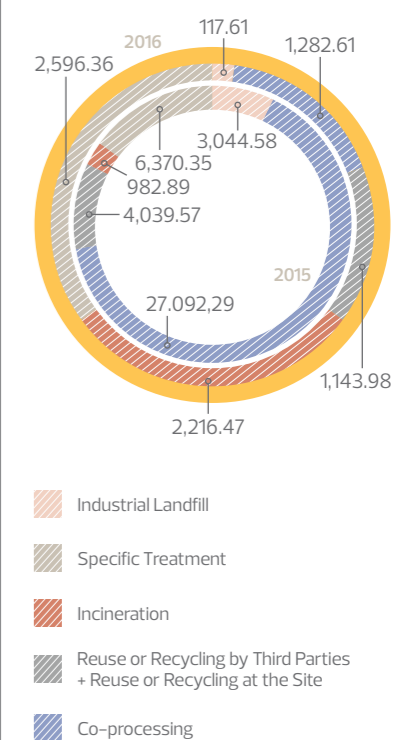
[306-2]

The following charts present the volume of generated waste in tons by type of waste (non-hazardous and hazardous) and destination. In 2016, most of the non-hazardous waste was reused or recycled at the site. This volume represents 51% of the total generated waste. [306-2]

Generated Non-Hazardous Waste and Destination



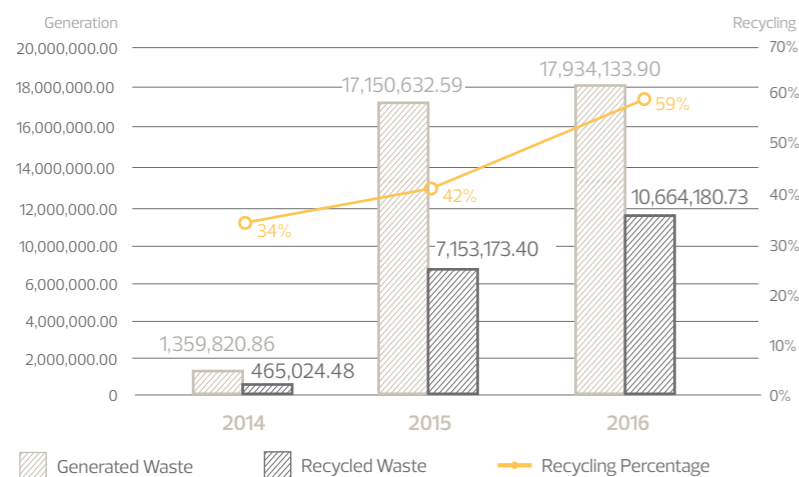
Generated Hazardous Waste and Destination



Hazardous waste includes light bulbs, oil, medical waste, and other dangerous waste. On the previous chart, the volumes related to Reuse or Recycling by Third Parties or at the Site are presented together due to their scale. The detailing that has been applied to the hazardous waste generation control and destination is available from 2015 onwards.

At OEC, almost all waste generated in 2016 (99%) was non-hazardous. Soil and rock accounted for 90,9% (in 2015, this waste accounted for 88.6% of generated non-hazardous waste). Owing to the nature of the services performed by OEC, there are frequently large movements of land in the Contracts' scope, resulting in the generation of great volumes of soil and rock as waste from those Operations.

Generated Waste x Recycled Waste (t)



The ascending trend line for recycling clearly identifies an improvement in Contracts performance and demonstrates the feasibility of improvement for initiatives aiming to meet the goal for 2017, which prescribes recycling or reuse of 50% of total generated waste on 100% of OEC Projects.

### Waste Management Program in Cambambe

The Waste Management Program (WMP) of the Cambambe Hydroelectric Plant in Angola gives new life to the generated waste by offering business opportunities as well as socio-environmental benefits.

WMP highlights three positive transformation cycles: the Wood Cycle, the Paper Cycle and Plastic Reverse Logistics.

Wood is transformed into fragments and reused as a rich substrate that improves organic composition and the humidity of soils that will be part of the Degraded Areas Recovery Program (Darp).

Paper and cardboard waste, formerly regarded as a problem, now provide a solution, replacing one of the components previously acquired externally for application in Darp's hydroseeding processes.

Plastic waste, which is separated and processed primarily at the Contract, is used by external industry to make packaging. Currently, all plastic bags used at the Construction Work's collectors are made from waste that has been collected internally.

The practices implemented at Cambambe have promoted the recycling of 60% of the generated waste at the Construction Work.



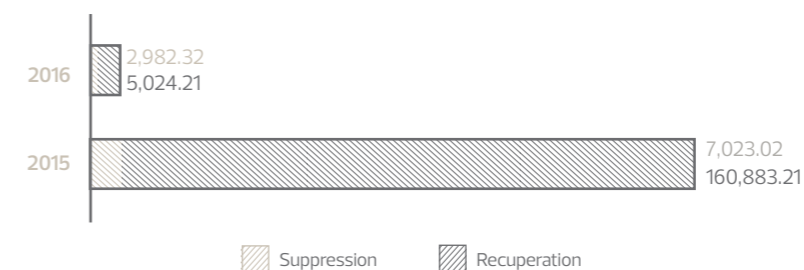
Miches Road - Dominican Republic

### 7.1.8 Degraded Areas Recovery

The recovery of degraded areas is another theme covered by OEC's ISP, and its management requires specific procedures. Regarding the concept of prevention, Contracts must develop their processes taking into consideration actions that aim at lowering or limiting the need for intervention to recover or repair degraded areas. Consequently, Contracts should always prioritize environmental prevention actions. However, in cases when degradation cannot be avoided, recovery actions must be implemented taking into consideration the revegetation of areas with suppressed vegetation and erosive processes, and the remediation of areas that have been contaminated by chemical products.

In 2016, vegetation suppression was 57.5% lower than in 2015, and the recuperation of forested areas was higher in 2016 than in 2015. Both results were influenced by the number and, mainly, by the type and execution stage of active Contracts. In 2016, several Projects were in demobilization or finished, and in those situations, the environmental recuperation had already been finalized or was in an advanced stage. Additionally, the recuperation of forested areas in 2016 was 41% greater than the suppression. [304-3]

Suppression and Recuperation (ha)



### Biodiversity Management in Chaglla

The construction of the Chaglla Hydroelectric Plant and its Transmission Line was developed in the Andean Peruvian Amazon region, which is recognized for its great biodiversity.

The development of the Project brought great challenges for biodiversity management, especially because it crossed areas that are sensitive as regards the environment and conservation, on which the previous studies had not determined the predicted impact magnitude. Additionally, the great exposure to public opinion and commitments regarding total fulfillment of local law requirements and international performance standards brought even further complexity.

In this context, several programs were implemented, such as biodiversity monitoring and the accomplishment of complementary studies and the rescue of terrestrial and aquatic flora and fauna.

Additionally, the specific agreements with local bodies, such as the National Service of Protected Natural Areas, Tingo Maria National Park, and the Natural History Museum; the coordination with the Regional Government of Huánuco; and the implementation of an administrative and technical co-execution model must be highlighted.

This model led to the founding of a company that promoted the involvement of nationally recognized biodiversity specialists, those were ratified the national recognition of environmental management results, the establishment of strategic alliances, and total fulfillment of all agreed commitments reached by Chaglla Biodiversity Management Plan.

The Biodiversity Management of Chaglla was the winner of 2016 Odebrecht Destaque Award on Environmental Category (please, see more on page 117).

#### ISO 14001:2004 and OHSAS 18001:2007 Certification

In December 2016, the audit applied at UTE Punta Catalina, in the Dominican Republic, ensured the recommendation and validation of ISO 14001:2004 (Environment) and OHSAS 18001:2007 (Health and Safety in the Workplace) certifications for Odebrecht Engineering and Construction.

The audit was conducted by Bureau Veritas Certification (BVC) and verified the suitability of the Contract's management systems for environment and health and safety at the workplace according to the standard requirements. In this process, Punta Catalina was evaluated as 100% compliant in all verified items.

The result achieved in Punta Catalina is a milestone for OEC, as it is the first verification of corporate certifications (multisite) outside Brazil. This result testifies that the Sustainability Integrated Program, which has largely been implemented, interacts with production practices and allows complex and large-scale projects to proceed in accordance with safety, health, and environmental preservation standards.

#### 7.1 Project Management and Quality

In its trajectory, OEC has evolved by focusing efforts on the development and incorporation of best practices and technologies to deliver excellence solutions that go beyond the clients' expectations and contribute to the sustainable development of its areas of operation.

OEC conducts its activities with an awareness that the implementation of a project brings commitments and offers opportunities to promote development beyond than those offered by the work itself. Consequently, OEC prioritizes the development and hiring of local contractors and workforce.

At OEC, Construction Works are divided into six stages: client and project prospection, project conceptualization, basic project elaboration, mobilization, execution, and demobilization. From the outset of each Project, OEC seeks and offers its clients the best technological alternatives in order to achieve higher efficiency, safety, and socio-environmental compliance.

Odebrecht Project Engineering, for example, is an auxiliary company that supports engineering Operations by working directly in some processes, such as project elaboration, development of integrated systems for EPC project management, quality certification, suitability of construction processes, and the systematization of Procurement centers.



Transmission Line Project - Panama

Operational excellence is pursued in all Project stages. The results due this premise are frequently recognized for its quality standards, productivity, and socio-environmental responsibility, regardless of Project type or location. This recognition is only possible thanks to the technical alignment and converging practices guided by the Odebrecht Corporate Technology.

In 2016, the Fourth Line of the Rio de Janeiro Subway Project received the International Tunneling and Underground Space Association (ITA) Tunneling Award. The prize, known as the "Oscars for Tunnels," was awarded due to the excellence of the Project's applied engineering and excavation technique, which had never been used before.

Every year, ITA recognizes the best initiatives in tunnel technology, bringing together all the tunnel associations in the world. The award bestowed upon OEC, entitled "Technical innovation of the year: Large diameter shield tunneling in pure sands with epb shield technology," recognizes the unprecedented system, which was developed by the Project's engineering team. The innovation allowed the excavation of 5.2 kilometers of tunnels in subsoil composed of soil and rock, with minimum disruption of the Ipanema and Leblon neighborhoods, densely populated areas in the southern area of the state capital.

The same year, the Museu do Amanhã museum, built in Rio de Janeiro, received the Mipim Award in Cannes, France, for the most innovative green construction. The solutions applied in the Project for water reuse and energy savings will save 9 million liters of water and 2,400 megawatts/hour per year — enough resources to supply more than 1,200 homes.

Nacala International Airport, which was built by OEC in Mozambique, received the Award of Merit for Best Global Projects from the US magazine Engineering News-Record (ENR), in the Airports Category. The same Project was recognized by the as the Best Project Developed in the Country.

OEC has already received ENR's Best Global Project award. In 2015, the Cinta Costera Project, in Panama, was the winner in the Roads and Highways category, and the Construction Work for the Lima Subway's First Line, in Peru, won in the Railroads category. Additionally, OEC has been acknowledged eight times as the largest international hydroelectric plant construction company by ENR magazine.

The Company was named ten consecutive times as the Most Admired Company in Brazil by Carta Capital magazine and was declared Best Construction Company for the fourth consecutive year by Revista Ferroviária magazine.

OEC was elected as one of the best companies to work for in Argentina and Mexico according to the Great Place to Work Institute. Also in Mexico, for the ninth consecutive year the Mexican Philanthropy Census recognized OEC as a Socially Responsible Company.

In the United States, Odebrecht Construction USA was considered one of the Country's Safest Companies according to EHS Today magazine and one of the Best Companies to Work for in Florida according to Florida Trend magazine.

### Olympic Construction Works in Brazil

OEC participated greatly in the projects that made the 2016 Olympic Games come true in the city of Rio de Janeiro. The Company executed the main redevelopment and mobility works as well as the construction of several sports arenas and support infrastructures.

The massive mobilization context, the International Olympic Committee (IOC) standards, and the agreed timetable did not prevent the delivery of the Projects on the established deadlines and standards.

#### Main OEC Olympic Construction Works:



Antônio Carlos Jobim International Airport



Maracanã Stadium



Trans Olympic Express Corridor



Rio Corridor



Museu do Amanhã



Porto Maravilha



Olympic Park



Rio de Janeiro Subway, Fourth Line – Barra / Gávea / Ipanema



Novo João Road Project



### Odebrecht Project in Abu Dhabi in the spotlight on NatGeo

The National Geographic channel launched the show *Megastructures: Abu Dhabi Super Tunnel* in September 2016. The documentary took two years to produce and shows the technical challenges faced during the construction of the Strategic Tunnel Enhancement Programme (Step), a Project that is expanding the sanitation network in the city of Abu Dhabi in the United Arab Emirates.

When Step is concluded, it will double the capacity for wastewater treatment in the city, serving more than 3 million inhabitants in 2032. The Project comprises the construction of 41 kilometers of sewage tunnels and 43 kilometers of connections between the existing system and the new tunnel and pumping station, which is the deepest in the world.

OEC is responsible for the construction, the supply of materials, and for the installation of electromechanical equipment for the effluent pumping station, considered to be the Project's most complex component.

### Salto Qualitativo [Qualitative Leap] Program

The Qualitative Leap Program was created to qualify a new growth cycle for Odebrecht Engineering and Industrial Construction (OEC I).

The initiative aims at consolidating OEC I as a global company that provides training and qualification to people and renews its leadership, ensures the delivery of results guided by the highest quality and productivity standards, expands its synergy with the other Businesses in the Odebrecht Group, and strengthens its Compliance System, meeting local law requirements and society's expectations.

In order to ensure the achievement of the Program's goals, an extensive review has been undertaken to identify priorities for process-management qualification. Currently, development plans and training to meet identified demands are being elaborated.

### 7.2.1 Innovation

OEC works to meet the needs of its clients at a high standard of quality. In order to achieve that result, employees are encouraged to develop their curiosity and creativity in the search for innovation.

Innovative solutions for common processes or complex ones conquer and consolidate markets, overcome challenges, lower costs, and increase productivity. Additionally, they develop new competences and contribute to sustainability. The effect of innovation goes beyond its practical application: the use of new technologies promotes efficiency and differentiation.

At the Company, there are efforts to ensure that the developed knowledge is preserved, shared, and reused. The generation of integrated and synergic processes, bringing together different Businesses within the Group, is encouraged through several actions and programs.

### Odebrecht Program for Technological Innovation (POIT)

Poit was created in 2008 and selects projects that feature innovative processes applied at the construction sites. Poit exhibits the project's competence and the appreciation of people involved in the activities, besides providing tax benefits to companies for generating innovation within the development cycle. The Program was created according to the guidelines of law 11.196/2005 established by the Ministry of Science and Technology, known as the "Law of Benefit".



Santo Antonio Hydroelectric Plant, Rondonia – Brasil

Odebrecht S.A. is aware of how important it is to promote the recording and diffusion of knowledge generated in different environments and has developed the Knowledge and Information Center to Support Business Development (Ciaden). The knowledge network established by Ciaden supports Business development by sharing experiences and integrating professionals of different abilities and from different companies. Ciaden is responsible for the activation of the Knowledge Communities and the Destaque Awards, among other initiatives.

### Comunidades do Conhecimento

Progressive internationalization and intense competitiveness in the engineering and construction market demand more structured and efficient management of the knowledge produced by OEC. Thus in 2001 the Comunidades do Conhecimento [Knowledge Communities] were created to bring together people from different ranges of activity, making knowledge recording and dissemination possible and strengthening the team's collective intelligence.

The Knowledge Communities arise as virtual environments that link together, based on common interests, employees who are involved in different Projects and have a deep knowledge of relevant themes for the Business.

Today, there are 18 active Knowledge Communities and two Practice Sharing Centers, which together mobilize more than 5,000 employees.



In 2016, there were 85 webinars in which 5,575 employees participated. Of those webinars, twenty were developed by the Sustainability Community in the Health, Safety in the Workplace, and Socio-environmental areas, amounting to 1,805 participants.

As a result of the Knowledge Communities, manuals have been elaborated to register the success of solutions developed by the Projects. Best Practices Manuals have been published by the Communities for Dam and Plants, Real Estate, Maritime Infrastructure, Rail Transport, Highways, and Sustainability.



Prêmio Destaque 2016

### Prêmio Destaque

Prêmio Destaque [Highlight Awards], which was created in 1992, is an annual initiative by Odebrecht S.A. that aims at registering, recognizing, and spreading knowledge generated internally by recognizing the best projects developed by the Operations. This initiative is a result of the continuous improvement process, which is the mark of Odebrecht's corporate philosophy model.

The Awards brings to life knowledge produced by the Operations and shares it with the different companies within the Odebrecht Group. The Awards recognize employee talent and effort in six categories: Image, Innovation, Young Employees, Environment, Reuse of Knowledge, and Health and Safety in the Workplace. In 2017, the Ethics, Integrity and Transparency category was added to the Awards.

Between 2012 and 2016, 3,294 projects registered for the Highlight Awards. During that period, 43% of those projects were developed in OEC Operations; among those, 19 were awarded with the first prize (approximately 60% success rate).

### Highlight Awards Received by OEC in 2016

CATEGORY	PROJECT	CONTRACT	
Environment	Gestión Exitosa de Biodiversidad en un Entorno Ambiental Sensible	Chaglla Hidoelectric Plant	
Relationship with Communities	Proyecto Sembrar	Chavimochic Construction Consortium	
Health and Safety in the Workplace	Campo de Entrenamiento para Trabajo Seguro en Alturas	Ruta Del Sol II Road	

Integration between the Company and universities is another way that OEC has developed to encourage the application of new technologies at its building sites. OEC participates in technology events and fairs and promotes trainee and internship programs (to learn more, see "People Development" on page 77).

### Brazilian Science and Engineering Fair (Febrace)

Febrace is a national movement to encourage young scientists, and every year it displays a large number of projects at the University of São Paulo. The Fair boosts creativity, reflection, and entrepreneurship among primary schools, high schools, and technical schools through the development of science-based projects in different areas of sciences and engineering.

Since 2003, Febrace has discovered new talent and generated opportunities. In 2016, OEC supported the event. At that year's event, the participants were able to learn more about Odebrecht Projects at an interactive stand, and the authors of the best projects visited the Company's Construction Works in Brazil.



*Elevado do Novo Joá,  
Rio de Janeiro – Brasil*

## Looking toward the Future

The process of elaboration of this Report has offered us an opportunity to reflect thoroughly over each aspect of the OEC Operation. Better knowledge of what is considered material and of what is expected of our Operation and a better understanding of how these factors must be communicated have contributed greatly to guiding our everyday practices, to consolidating sustainability as a fundamental part of our Business, and to adopting transparency as the foundation of our communication with stakeholders.

We know where we are; we are aware of our impact on society and the economy, as well as on the environments that support them. This self-awareness makes it easier to plot a course to our destination. Therefore, looking toward the future becomes a form of effective action.

In 2016, we began our transformation. We have been focusing on the celebration of leniency agreements in Latin American countries, on the consolidation of our Compliance System, on the exceptional performance of ongoing Contracts, and on the requalification and development of our backlog, laying the foundations to resume growth in 2019.

It is very clear to us that the engineering and construction market will remain very competitive but, at the same time, we can bet on society's growing demand for infrastructure projects – transport, sanitation, energy – which leads us to a scenario filled with opportunities.

Although the next triennium may present great challenges, at the end of that period we will be recognized for our ethical, incorrupt, and transparent way of conducting business, with our own governance and financial and operational self-sufficiency. We will have recovered our ability

to offer jobs, which is our most direct contribution to the development of the localities where we operate. In 2019, local professionals will represent 80% of our workforce and will fill more than 50% of our leadership positions.

We have reached socially recognized goals in our Operations regarding care towards our employees, the relationship with the communities that welcome us, and the environments in which we work. We will prioritize our value chain by incorporating social, environmental, and compliance parameters to select our providers and monitor their performance.

We will act positively on the gender issue by adapting our employee database, allowing us to perceive the issue more accurately. Within two years at the most, we will have information on turnover rates, average

training hours, and work-safety statistics by gender, as well as an analysis of minority groups. Additionally, we will adopt guidelines to expand the participation of women in our Operations, with emphasis on a group of Leaders. By 2019, twenty-one per cent of our Leaders will be women.

We already note a significant improvement in the management of construction waste and water reuse, two of the main indicators related to the environmental aspects of our Operations. At the same time, the environmental indicators as defined leave out of account information related to the treatment of effluents, the status of protected or restored habitats, and the consolidation of renewable and non-renewable materials used in all of our Contracts. These gaps in information will be filled in by 2018.

For the past six years, we have performed the inventory of the greenhouse gases emitted by our Operations, and our energy intensity has been decreasing during this time. Our annual inventory is audited and recognized with the GHG Protocol's Gold Seal. In 2017, we started using the recorded data to outline a realistically feasible scenario that will guide our Operations so as to fulfil our commitments that were publicly accepted in the Carta Aberta ao Brasil [Open Letter to Brazil], signed in 2009.

Regarding the communication of results, we will seek improved adherence to GRI principles in terms of accuracy, comparability, timeliness, and reliability. The next Annual Report will include more benchmark data from our industry to facilitate comparisons, and will be published progressively earlier beginning in 2017 in order to adapt to the timing required by highly influential stakeholders in our Operations. Additionally, in two years we shall have incorporated GRI indicators fully into our Corporate Monitoring System, contributing to its accuracy and complete reliability.

Regarding material topics, we intend to improve their management constantly in order to present them with ever-growing transparency to the stakeholders. Therefore we envision that we will consult concerned parties in greater depth over the next period, expanding the Company's engagement with its external public.

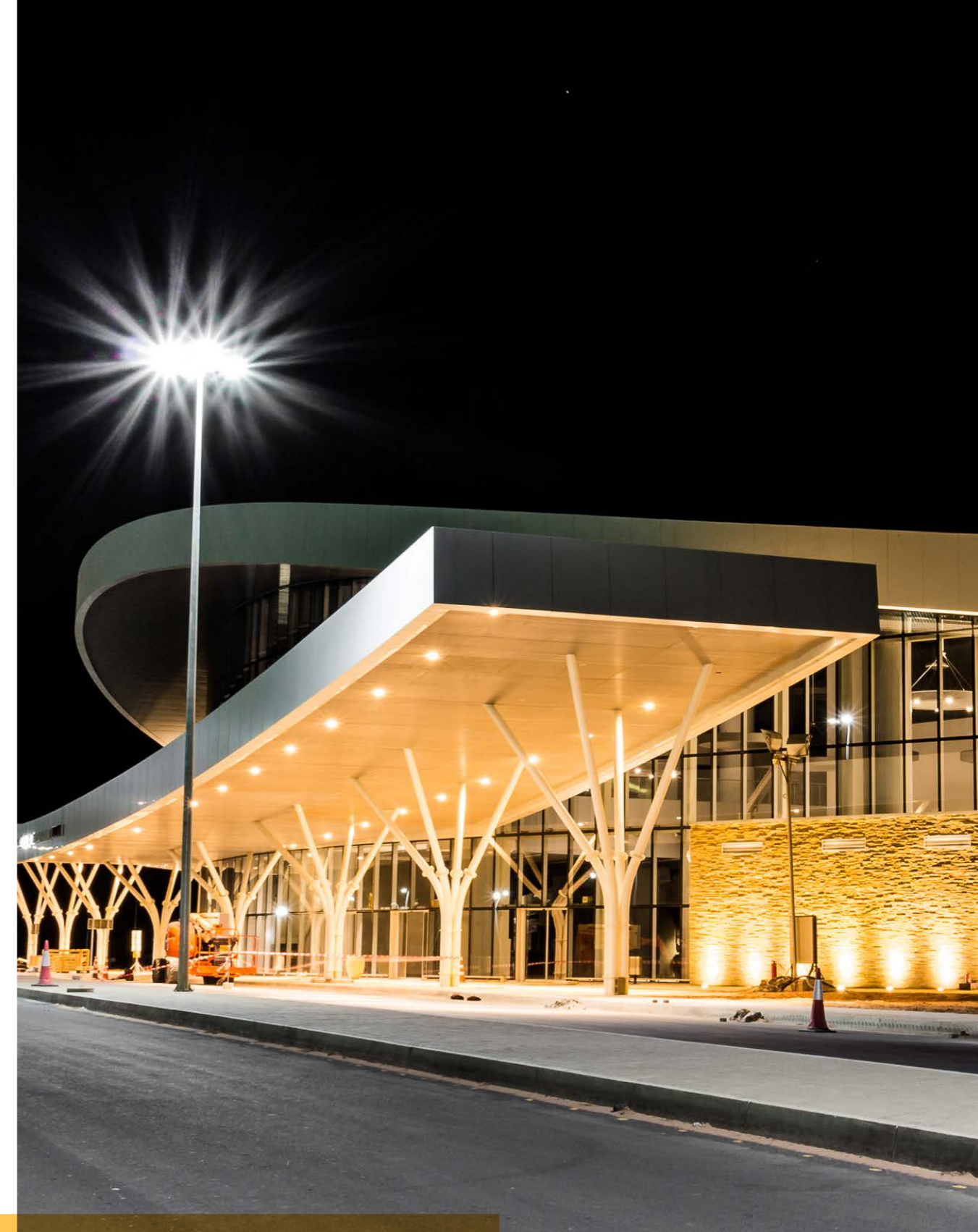
By recognizing our deficient points in the first Report, we commit to illustrating our evolution in our Annual Report, presenting results, actions, and their impact in a more transparent way and adhering to best practices.

Inflection, change, restoration, a new chapter begun, overcoming difficulties, renewal. These words will be approached differently in future reports as we translate them into lessons that we have learned and as they become inseparable from our vision of the future and from the Company's new story, now under construction.

*Hidrelétrica de  
Laúca – Angola*



[102-55]  
GRI  
INDEX



*Nacala International  
Airport - Mozambique*

## GRI INDEX

MATERIAL TOPICS	INDEXES	CONTENTS	PAGE	DESCRIPTION AND OMISSIONS
General Content	[102-1]	Company's name	15	
General Content	[102-2]	Activities, brands, products, and services	18	
General Content	[102-3]	Location of the company's headquarters	15, 128	
General Content	[102-4]	Location of operations	16	OEC operated and developed projects in more than 30 countries, including Brazil, Angola, Argentina, Bolivia, Chile, Colombia, Cuba, Ecuador, the Dominican Republic, Ghana, Guatemala, Mexico, Mozambique, Panama, Peru, Portugal, the Republic of Djibouti, Uruguay, the United Arab Emirates, the United States of America, and Venezuela.
General Content	[102-5]	Nature of ownership and company's legal form	15	
General Content	[102-6]	Company's markets of operation	18	OEC operated and developed projects in more than 30 countries, including Brazil, Angola, Argentina, Bolivia, Chile, Colombia, Cuba, Ecuador, the Dominican Republic, Ghana, Guatemala, Mexico, Mozambique, Panama, Peru, Portugal, the Republic of Djibouti, Uruguay, the United Arab Emirates, the United States of America, and Venezuela.
General Content	[102-7]	Company size	18	
General Content	[102-8]	Information about employees	68	The decentralized governance of Businesses, which was valid until 2015, resulted in different monitoring methodologies, hindering the establishment of a long-lived historical series for personnel indicators. In 2017, the Company instituted new registration and analysis formats that will allow the consolidation of common variables for both Businesses. That is why it was not possible to report the number of employees per role category (detailed by gender and region), as it was also not possible to report the information about employees for 2015 and 2014. Regarding full-time and part-time employees, there is no such differentiation at OEC. The assignments depend on each job and are established by the Contract.
General Content	[102-9]	Supply chain	-	The Company runs its activities in awareness that the implementation of a project requires commitment and offers opportunities in promoting a more comprehensive development than that propelled by the project itself. In this way, it privileges hiring local suppliers and, in order to honor commitments, establishes training and education actions in that chain. OEC demands that 100% of its suppliers and service providers follow the same standards applied in its Operations regarding labor issues, safety in the workplace and occupational health standards, socio-environmental requirements, compliance with local legislation and with anticorruption practices. Given the decentralized management, each Contract is allowed to prospect and hire its own suppliers, always according to the Business's Policies, Guidelines, and procedures. Since each Operation works with hundreds of active suppliers, OEC has adopted several measures to improve supply management, such as the establishment of chain performance evaluation and of approval and monitoring mechanisms regarding dignified work, occupational health, freedom of association, the environment, and corruption. There are communication channels available to monitor the outsourced workers' satisfaction, and awareness activities have been implemented to avoid human rights violations as well as non-compliant attitudes regarding the environment and corruption.
General Content	[102-10]	Significant changes in the company or in the supply chain	42, 57, 87	
General Content	[102-11]	Principle of Precaution	100	
General Content	[102-12]	External initiatives	22	
General Content	[102-13]	Participation in associations	24	All associations and entities in which OEC participates are considered strategic for the Company. OEC does not contribute with financial resources to those institutions other than the basic fee as associate organization.
General Content	[102-14]	Presidents' message	7	
General Content	[102-16]	Values, principles, standards, and behavior standards	47, 54, 55	
General Content	[102-18]	Governance structure	42, 45	
General Content	[102-40]	Stakeholder groups	33	
General Content	[102-41]	Collective negotiation agreements	-	One hundred per cent of employees are covered by collective negotiation agreements in the locations where such agreements exist.
General Content	[102-42]	Stakeholder identification and selection	90	
General Content	[102-43]	Approach for stakeholder engagement	33	
General Content	[102-44]	Main topics and concerns cited by stakeholders	72	In 2016, there were no reputation or satisfaction surveys done with audiences other than the internal public.
General Content	[102-45]	Entities that have been included in financial demonstrations	-	This Report takes into consideration companies whose performance is consolidated in Odebrecht Engineering and Construction S.A.'s financial demonstrations.

## GRI INDEX

MATERIAL TOPICS	INDEXES	CONTENTS	PAGE	DESCRIPTION AND OMISSIONS
General Content	[102-46]	Process adopted to define the Report's content and aspect boundaries	37	
General Content	[102-47]	Material topics list	37	
General Content	[102-48]	Information reformulation	8	
General Content	[102-49]	Alterations regarding periods covered by previous reports	8	
General Content	[102-50]	Reporting period	8	
General Content	[102-51]	Date of the most recent report	8	
General Content	[102-52]	Reporting cycle	8	
General Content	[102-53]	Point of contact for questions regarding the report	8	
General Content	[102-54]	"Agreement" option chosen by the company according to GRI Standards	8	
General Content	[102-55]	GRI Index	120-127	
General Content	[102-56]	External verification	-	This report was not verified externally by an independent third party.
Management Method	[103-1]	Explanation of material topics and their limits	46	
Management Method	[103-2]	Management method and its components	46	
Management Method	[103-3]	Management method evaluation	46	The material themes and chapters where they can be found are listed below: Anticorruption, Anticompetitive Behavior, and Public Policies - 3.2 <b>Ethics, Integrity, and Transparency</b> Socio-economic Compliance - 3.2 <b>Ethics, Integrity, and Transparency</b> Local Communities and Indirect Economic Impacts - 6. <b>Local Development</b> Non-discrimination, Diversity, and Equal Opportunity - 5.4. <b>Diversity, Equal Opportunity, and Non-Discrimination</b> Employee Health and Safety - 5.5 <b>Employee Health and Safety</b> Environmental Compliance - 7.1 <b>Environmental Management and Performance</b> Training and Education - 5.3 <b>Employee's Development</b> Employment - 5.1 <b>Employees' Profile</b> Child Labor, Evaluation of Human Rights and Forced Labor or Labor in Conditions Similar to Slavery - 5.6 <b>Human Rights</b> Economic-Financial Performance - 4. <b>Economic-Financial Performance</b>
Economic Performance	[201-1]	Generated and distributed economic value	62	
Indirect Economic Impacts	[203-1]	Investment development and impact on offered infrastructure and services	93	The impacts on communities that have been benefited by social investments are related to the scope of each implemented Program and may include: economic development, higher employability rate, higher quality of education services, and cultural appreciation. It is not possible to detail the type of investment (commercial, in cash, or free), as each Contract carries out the investment in the best possible way according to their management plan.
Anticorruption	[205-2]	Communication and training in anticorruption policies and procedures	53	
Anticorruption	[205-3]	Confirmed cases of corruption and actions taken	46	
Anticompetitive Behavior	[206-1]	Total number of lawsuits due to unfair competition, trust, and monopoly practices and their results	49	
Materials	[301-1]	Used materials, itemized by weight or volume	101	
Energy	[302-1]	Energy consumption inside the company	102	
Water	[303-1]	Water withdrawal by source	106,107	
Water	[303-3]	Percentage and total volume of recycled and reused water	106, 107	
Biodiversity	[304-3]	Protected or restored habitats	111	

## GRI INDEX

MATERIAL TOPICS	INDEXES	CONTENTS	PAGE	DESCRIPTION AND OMISSIONS
Emissions	[305-1]	Direct greenhouse gas emissions (GHG, Scope 1)	104, 105	The first GHG inventory done by OEC, in 2010, is the base-year for emissions monitoring. The definition of suitable and relevant emissions indicators for the construction sector is a complex task, as deliveries are not measured as homogeneously as in industry (produced or commercialized materials, for example). Additionally, the Construction Works' scope and execution method may vary with time, resulting in variation in the generated emissions' profile. The OEC inventory takes as reference the methods prescribed by the Brazil GHG Protocol Program and ISO 14064-1. The emission factors that have been applied to the OEC inventory originally come from PBGHG Protocol, IPCC, and Defra. In isolated cases, there are specific factors for a certain input. Odebrecht carries out its GHG inventories both in corporate interest and in operational control. In this Report, the GHG emissions were consolidated according to corporate interest.
	[305-2]	Indirect greenhouse gas emissions (GHG), originating from energy acquisition (Scope 2)	104	
	[305-3]	Other indirect greenhouse gas emissions (GHG, Scope 3)	104	
	[305-4]	Intensity of greenhouse gas emissions (GHG)	105	
Effluents and Waste	[306-1]	Total disposal of water, itemized by quality and destination	108	
Effluents and Waste	[306-2]	Total weight of waste, itemized by type and method of disposal	109	
Environmental Compliance	[307-1]	Monetary value of significant fines and total number of non-monetary sanctions that have been applied due to non-compliance with environmental laws and rules	100	No significant fines (those higher than US\$ 15,000) were registered due to non-compliance with environmental laws and rules.
Employment	[401-1]	New employee hires and employee turnover rates by age group, gender, and region	68	
Occupational Health and Safety	[403-2]	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities itemized by region and gender	82, 83	Safety and health rates are not traceable by gender. OEC is improving its management system and intends to make a breakdown by gender available within of two years.
Training and Education	[404-1]	Average number of training hours per year, per employee, and itemized by gender and role category	76, 101	It was not possible to present the training average by gender and role category, but only the total of training hours carried out during the year on the following themes: work, health, environment, and social responsibility.
Diversity and Equal Opportunity	[405-1]	Diversity of governance bodies and employees	77	
Non-discrimination	[406-1]	Total number of discrimination cases and corrective actions taken	91	
Child Labor	[408-1]	Operations and suppliers that have been identified as high risk for child labor cases and actions taken to contribute to the effective eradication of child labor	86, 87	
Forced Labor or Labor in Conditions Similar to Slavery	[409-1]	Operations and suppliers that have been identified as high risk for cases of Forced Labor or Labor in Conditions Similar to Slavery and actions taken to contribute to the elimination of all types of Forced Labor or Labor in Conditions Similar to Slavery	86, 87	
Human Rights Evaluation	[412-2]	Total number of training hours for employees in human rights policies or procedures related to human right aspects that are relevant for the company's Operations, including the percentage of trained employees	76	It was not possible to report the percentage of employees who received training on the theme, as the same employee or outsourced worker may have attended more than one training session during the year.
Local Communities	[413-1]	Percentage of Operations with implemented programs for local community engagement, impact evaluation, and local development	91	
Local Communities	[413-2]	Operations with real and potential significant negative impacts on local communities	91	Due to the nature and scope of OEC's Business, the Contracts and consequently their impacts occur wherever the company operates. Please see indicator [102-4].
Local Communities	[CRE7]	Number of voluntarily and involuntarily displaced or resettled people, itemized by Project	96	
Local Communities	[415-1]	Political contributions	54	
Client's Health and Safety	[416-2]	Total number of cases of non-compliance with regulations and voluntary codes related to the impact caused by products and services on the users' health and safety during their life cycle, itemized by type of result	-	In 2016, there were no cases of non-compliance with regulations and voluntary codes related to the impact caused by products and services on the users' health and safety during their life cycle.
Socio-Economic Compliance	[419-1]	Monetary value of significant fines applied due to non-compliance with laws and regulations in the social and economic areas	49, 100	

# ANNUAL REPORT

## OEC 2016

### Corporate Information

#### Board of Directors

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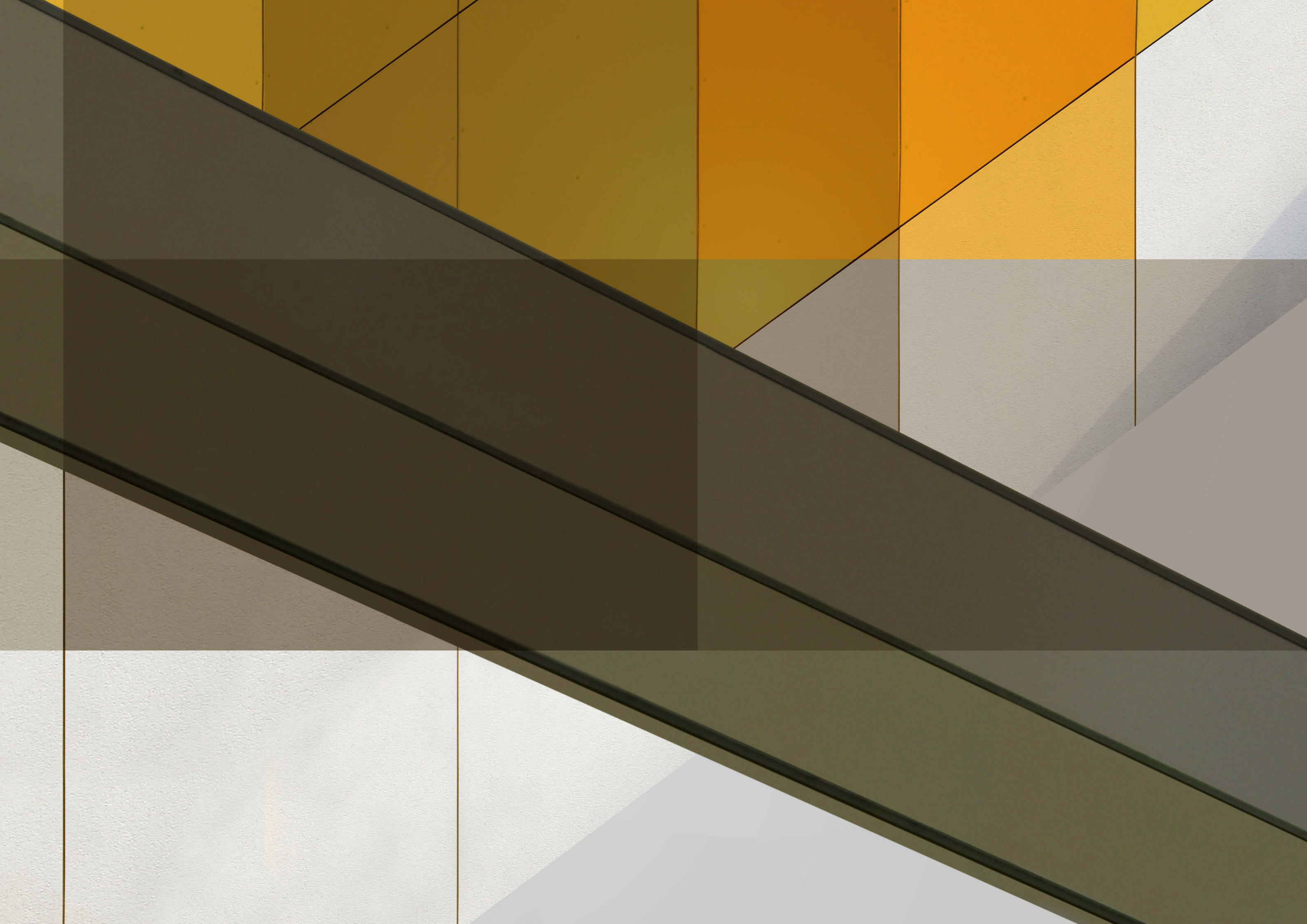
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Construtora Norberto Odebrecht

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