

Sustainability Report 2018

Portobello

Portobello

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Cesar Gomes Junior
President

President's Speech

102-14

Amidst an external context of political and economic instability, we have achieved positive results this year, sharing our belief in transforming environments through design and innovation, and pursuing the strategy of increasingly bringing the Brand into the retail market.

We have many opportunities to evolve as a leading brand in the tiling retail market and we believe that our vision of an integrated and pull system model is the right path to take.

We will persist in the challenges of being protagonists on

digital transformation, evolving in the internationalization and consolidation of our democratic design brand, always with a strong sense of purpose and aiming at the company's sustainability.

Our employees and partners, engaged in offering the best design experience to our customers, are our main asset. As we are close to celebrate 40 years of innovative work, I thank everyone for their commitment to building a better and more sustainable environment and I invite you all to continue to grow together in 2019.

The Report

102-3; 102-4; 102-50; 102-51; 102-52

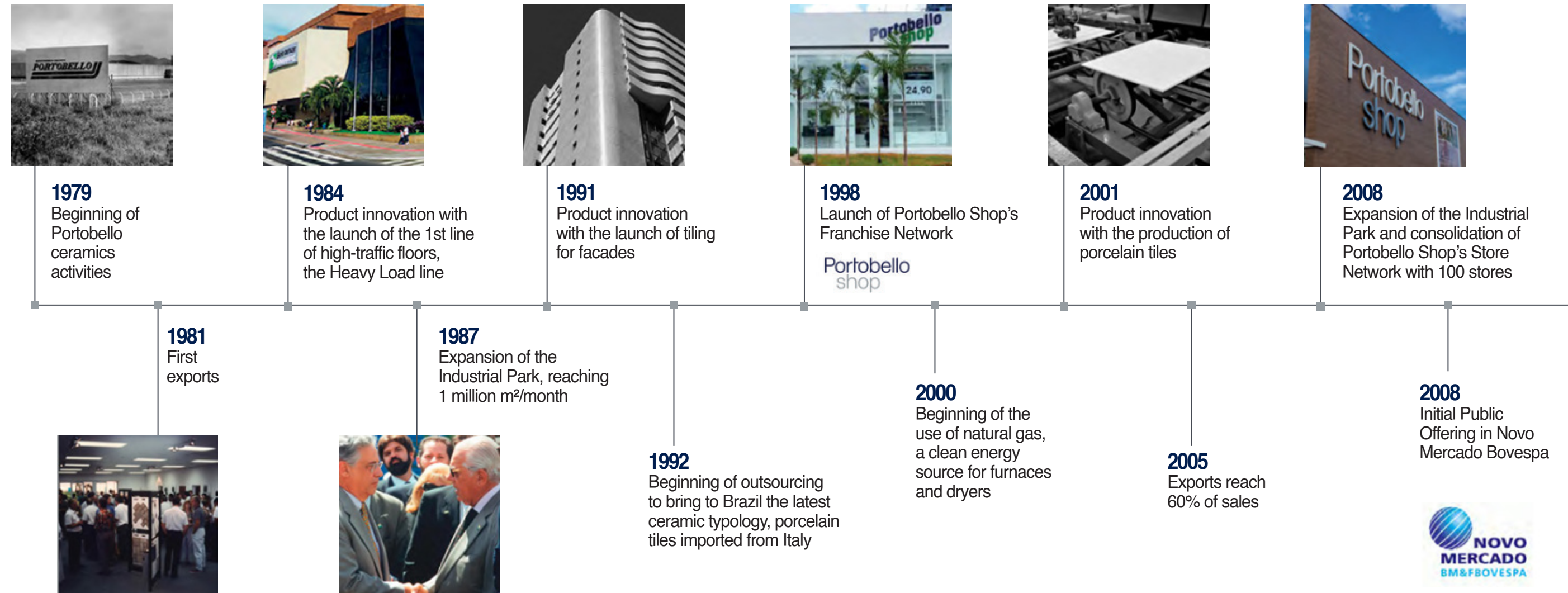
The Sustainability Report is an instrument of communication and transparency with all stakeholders that brings the main information and results of the company from January 1, 2018 to December 31, 2018.

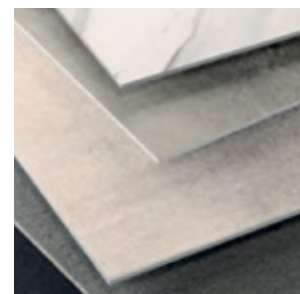
Based on its social, environmental and economic performance, the business achievements, advances and challenges will be presented from the sustainability perspective, highlighting the production units of Tijucas (State of Santa Catarina) and Marechal Deodoro (State of Alagoas).

Drawn annually and based on the Global Reporting Initiative (GRI) guidelines – a globally recognized set of standards for reporting sustainability information – this content has been developed in accordance with the Core option.



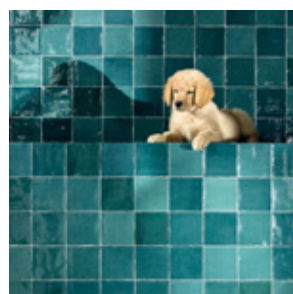
Portobello Timeline





2010

Product innovation with the launch of a thinner porcelain tile – Extra Thin – simultaneously with Italian brands



2012

Portobello becomes the largest ceramic tile company in Latin America



2014

Investments in Pointer Plant
POINTER

2016

Beginning of the project called Officina Portobello.

Officina Portobello

Launch of Pointer Collection: Morada Brasileira – Raízes (Brazilian Houses – Roots), in collaboration with Marcelo Rosenbaum



2016

Launch of Portobello Collection: Architecture in Motion. In and Out.



2018

Launch of Portobello America in the United States

Portobello America

2011

Beginning of production with digital printing technology



2013

Launch of large formats



2015

Establishment of Portobello Group

Portobello Grupo

Launch of the Pointer brand with the opening of the new plant in Alagoas

2016

LEED Green Building Standard Shop Project



2017

Launch of Officina Portobello project in stores in Santa Catarina

Officina Portobello

2018

Launch of the following Large Formats: 1.20x1.20, 80x1.60, and 1.20x2.40

Brand Essence



Brand Essence

102-16

Mission

The environment we live in is the essence of our business.

We believe that design is the competence that makes us unique and innovative, transforms people's lives and is manifested in our products, environments and experiences with the brand.

Our business environment is global, but the design must reflect the local context.

Our culture, strategy and management should enable the creation and distribution of the Portobello design, generating value for all audiences through both our integrated and pull system model and profit-oriented operational efficiency.

Purpose

Living the Design.
Transform environments
and thrill people.

Design Portobello

Natural design. Unique design.
Frame of the eye.
Limits that expand.
Welcoming spaces.
Design from the outside in,
from the inside out.
Portobello Design.

Belief

Life with design is smarter, more beautiful
and safer.

Vision

Be the Brazilian leader and global
protagonist in floor tile solutions for
environments through design and innovation.



Principles of Management

Values and assets that reflect the Brand's vision and guide the company's planning and decisions.

Innovation and Design

competence that makes us unique and innovative.

Growing Together

Virtuous circle of opportunities.

Integrated and Pull System Model

Market-driven model focused on the customer.

Profit

Measurement of our operational efficiency and capacity to generate value.

Digital Transformation

Cultural evolution to become the protagonist of the process.

Reliability and Integrity

Close and caring relationships.

Sustainability

Search for positive economic, social and environmental impact.

Meritocracy

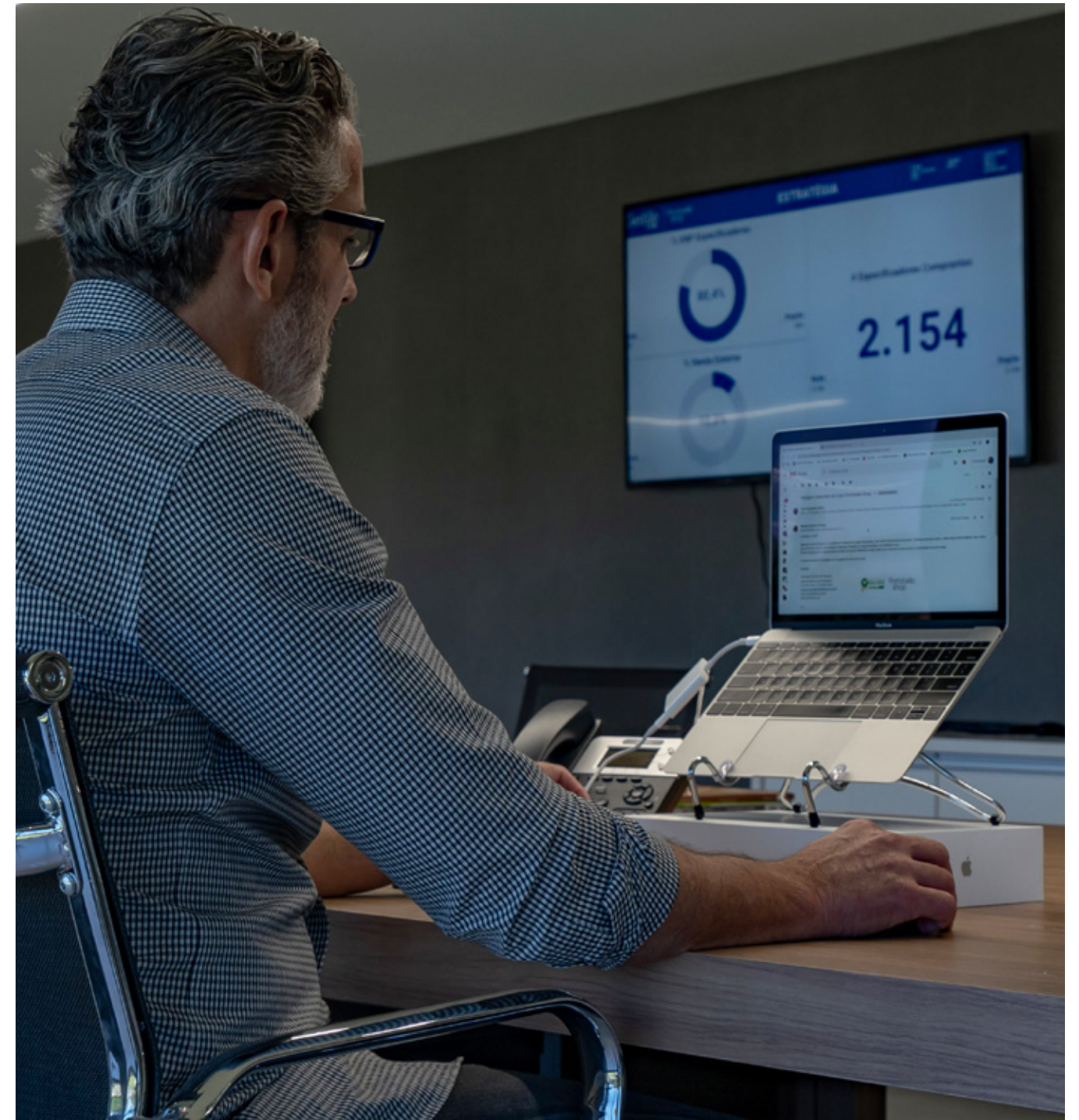
We recognize as much as we deliver.

Agility and Simplicity

Always simplify to speed up everything.

Global

Strategy that strengthens the business sustainability.



Portobello's Way of Being and Doing

Blue Box

The Way of Being and Doing is within a Blue Box, a playful way of representing something that is unique: the Brand's personality.

The Design expresses our way of being.

It is a continuous process of building knowledge in the essential areas of our business.
Innovation and authenticity through inspiration and much perspiration.

Our Design is expressed in our products, environments and people's experiences with the Brand.

Our product portfolio is a toolbox, our own blue box, at the service of the architecture.

The Integrated and Pull System Model is our way of doing.

The customer knows what they want, but they also want what they don't know.

We look at the world through the eyes of the customer and add our culture and expertise in order to always innovate and surprise.

This is what drives us, guides us – this is our target.

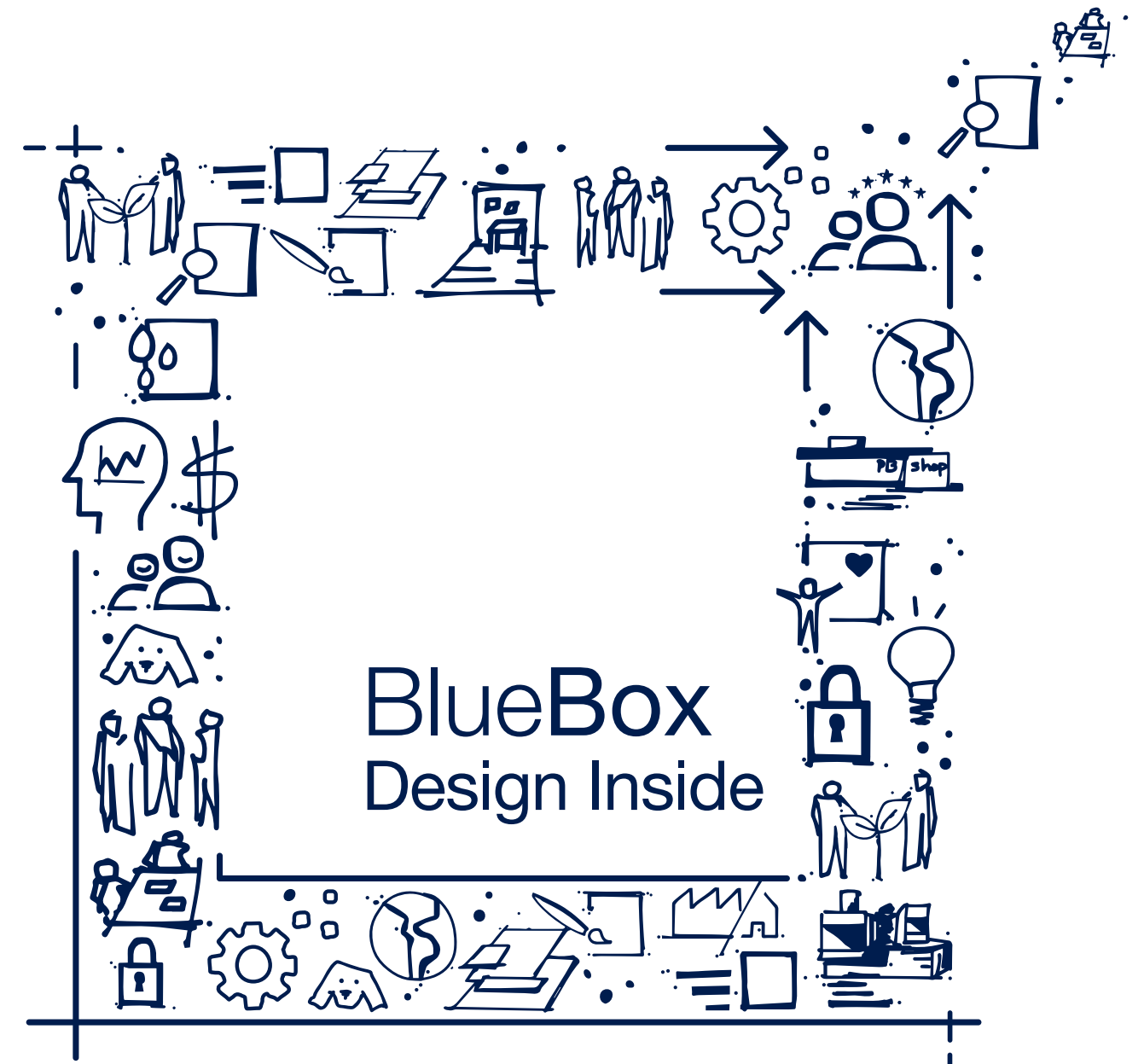
In order to achieve it with agility and efficiency, we must integrate ourselves to form a whole!

An organization where each piece is fundamental for the whole to work. We are part of a living, interdependent company.

Living the Design. That's how we are. Integrated and Pulled towards innovation.

That's how we do it.

This is our universe. Our Own Blue Box.



The background of the image is a close-up photograph of several dark, textured, overlapping geometric shapes, possibly metal plates or architectural components. The lighting is dramatic, highlighting the fine, granular texture of the surfaces and creating strong shadows and highlights that emphasize the three-dimensional nature of the objects. The overall color palette is dark, ranging from deep blacks to dark greys and blues.

Governance

Profile and Governance

102-18

Portobello has been part of the Novo Mercado Bovespa listing segment since April 2008, taking part in a market segment with companies that voluntarily commit to comply with the most demanding Corporate Governance standards, which set more requirements than the ones required by the Brazilian corporate law.

Portobello is managed by a Board of Directors and a Statutory Board, in accordance with the Corporate Laws, the Novo Mercado Bovespa and the Company’s Articles of Incorporation.

The company has a permanent and independent Audit Committee that provides the company with information and analysis in the fiscal area, ensuring greater control and contributing to good governance practices.

Board of Directors

Cesar Bastos Gomes	Honorary Board Member
Claudio Avila Silva	President
Cesar Gomes Junior	Vice President
Nilton Torres de Bastos Filho	Board Member
Geraldo Luciano Mattos Junior	Independent Board Member
Walter Roberto de Oliveira Longo	Independent Board Member
Glauco José Corte	Independent Board Member
Marcos Gouvêa de Souza	Independent Board Member

Statutory Board

Cesar Gomes Junior	CEO
Cláudio Ávila da Silva	Corporate Vice President
Mauro do Valle Pereira	Business Vice President
John Suzuki	Operations Vice President

Audit Committee

Jorge Muller
Maro Marcos Hadlich Filho
Peter Edward Mr Wilson



Cesar Bastos Gomes
Founder of Portobello



Board of Directors
From the left: Marcos Gouvêa de Souza, Walter Roberto de Oliveira Longo, Cláudio Ávila da Silva, Glauco José Côrte, Geraldo Luciano Mattos Júnior, Nilton Torres de Bastos Filho, Cesar Bastos Gomes, and Cesar Gomes Junior.



Controlling Group
The Group exercises family governance in search of long-term stability and value generation for the company.



Statutory Board
From the left: Cláudio Ávila da Silva, Mauro do Valle Pereira, Cesar Gomes Junior, and John Suzuki.

Code of Ethics

The company has a Code of Ethics, shared with the internal audience, that guides and ensures transparency to the relationships with the Brand. An Ethics Committee supports the company's governance in the application and enforcement of ethical principles.





Strategy

Strategy

In addition to the constant focus and operational improvement efforts in its multi-channel business, Portobello has defined three strategic priorities in its 5-Year Planning, prepared in 2017, and remains determined to accomplish them.

Integrated retail, internationalization and Pointer consolidation, which represents the brand's Democratic Design, guide the long-term vision of the company.



Portobello Shop Recife, State of Pernambuco



Cesar Gomes Junior, President of Portobello, during the launch of Portobello America in Baxter, Tennessee, USA



Pointer Plant in Marechal Deodoro, State of Alagoas

Integrated and Pull-Based Retail

102-1; 102-5; 102-9

The evolution of the company's core business reflects the contemporary changes in consumer behavior, caused mainly by digital transformations.

The new consumer, who is a more empowered and connected protagonist in the purchasing process, demands more novelties, more customization possibilities, through physical and digital channels, in an easy and simple way, without compromising sustainability and having the best experience with the Brand.

Portobello, who masters the supply chain, from raw materials to retail, has reoriented its business model from a plant with a store chain to a vision of a store chain integrated with a plant. This new vision, of an Integrated and Pull-Based Retail, places the end of the chain – the market and the customer – as the prow of the business, driving the decisions and guiding the company management.



Portobello Shop São José, SC

Integrated and Pull-Based Retail

Portobello Shop and Corporate Stores

With a chain of 140 stores, of which 13 are corporate stores, Portobello Shop is the leading brand in the Brazilian retail market of tiles, offering a full shopping experience for the architect and the end consumer.

The Brand connects directly with the customers through the stores and feed its information system from the market.

The large porcelain tile formats and the variety of products for customization demand larger spaces to display the products. The main chain stores have 750 m² of sales area, while some stores have 1,000 m².

The expertise of the Integrated and Pull-Based Retail model strengthens the Brand and becomes an advantage for home centers in the domestic and foreign market. The tools and systems in the areas of supply, re-supply, integrated logistics and point of sales are assets for all distribution channels of the Brand.



Portobello Shop Santa Mônica, Florianópolis, State of Santa Catarina



Coffee House, na Portobello Shop Florianópolis, State of SC



Portobello Shop Nilo Peçanha, Porto Alegre, State of RS

Integrated and Pull-Based Retail

Digital Transformation

The challenge of digital transformation involves developing an omnichannel vision, that is, the integration of systems and processes so that the customer can have the best experiences with the Brand in both the physical and digital media. Mapping the customer's journey and identifying the critical points in this process were the first step taken by the company.

Archtrends Portobello platform is the backbone in the production and distribution of content for customers and specifiers. This website, which gathers trends and references of the segment, had 200,000 individual visitors per month in 2018. The main content event of the company, the Archtrends Summit, held in parallel to Expo Revestir – the main exhibition of the industry, which takes place in the second week of March in São Paulo – gathered together more than 800 architecture and interior design professionals and was broadcast live on the Archtrends platform for all the stores in the Portobello Shop chain.

Digital transformation transcends Portobello Shop and generates innovations for the whole company, but it is in this channel, the head of the integrated retail strategy, that it is exercised more intensely.



Customer Journey Workshop



Archtrends is the backbone of content for customers and specifiers

Internationalization

203-2

The internationalization of the operations, intensifying the business' sustainability, expresses one of the Brand's strategic priorities. The US market was the one chosen to begin the internationalization of the company for both being commercially attractive to the segment and being in a good location to makes business possible with Canada and Central America.

Following feasibility studies and market knowledge learned last year, Portobello America was presented to customers in December 2018.

The project is structured to be implemented in steps: the initial focus is the distribution through global sourcing that includes Brazil, Europe and the United States, followed by local production.



Environment with exclusive Portobello America portfolio



Portobello's Board during Portobello America's official launch announcement in Tennessee, USA



Portobello America Showroom in Pompano Beach, Florida

Pointer Consolidation

Being the best democratic design option in the Brazilian market, through Pointer brand, completes Portobello’s strategic priorities. The Pointer brand, with initial operation in the Northeastern region and a production unit in Marechal Deodoro (State of Alagoas), completed its 3rd year of operation in 2018 applying the Democratic Design approach.

Pointer adopts the multichannel system of distribution, just as Portobello, with multi-brand retailing as the best channel for exercising the brand’s accessibility, complemented by the direct sale to the real estate market, exports, and a pilot in the Portobello Shop chain.

The business reached its operational balance in the last year thanks to both the natural maturity of a new company and the quality of its portfolio. The launch of the Super-ceramic category, with products in large formats and ceramic finishing, was a highlight of the brand.

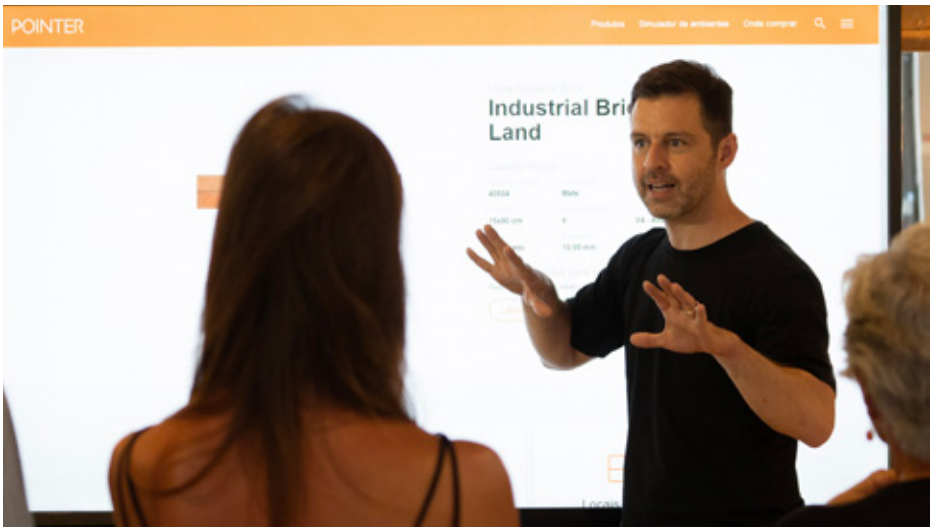
Digital connection is the foundation of Pointer’s communication and marketing strategy. The brand proposes to be the architect of the people who plan and carry out their projects without the direct help of this type of professional, thus, Pointer provides information and tools in the networks and digital totems found in the main stores of its customers.



Pointer Urban White Line



Preview Pointer 2018



Architect Maurício Arruda, Pointer’s partner, presents digital tools of the brand



Brands

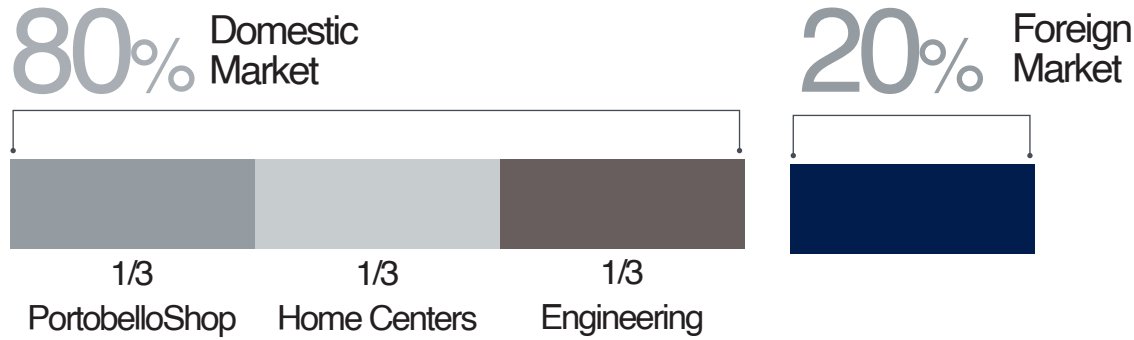
Brands

Portobello	Officina Portobello	Portobello shop	Portobello America	POINTER
102-2 The design brand that creates and distributes contemporary floor tile products and services to individuals and companies that seek to make projects and dreams come true with originality, quality and at a fair price.	 Unique solutions in the art of porcelain tiling. Combination of artisan mastery and cutting edge technology for countertops, special cuts, design objects, and furniture.	 Portobello Shop is the retail chain specializing in ceramic tiles and complements, offering a unique shopping experience in stores and in digital environments, for specification and purchase of Portobello products.	 Brand that combines Portobello's know-how and American DNA, creating, producing and distributing complete and competitive floor tile solutions.	 Pointer produces and distributes ceramic tiles for people looking for solutions with design, quality and competitive price.

Corporate Advantages	Brand Product Logistics Reliability in the relationships			
Business Advantages	Multichannel Architects and Designers	Customization Architects and Designers The Art of Porcelain Tiling	Shopping Experience	Market-Driven Digital Connection Quality Competitive Price

Portobello Multichannel Model

102-6



Foreign Market

Main Markets



Portobello Shop São José, State of Santa Catarina



Revestir 2018 Resale Preview

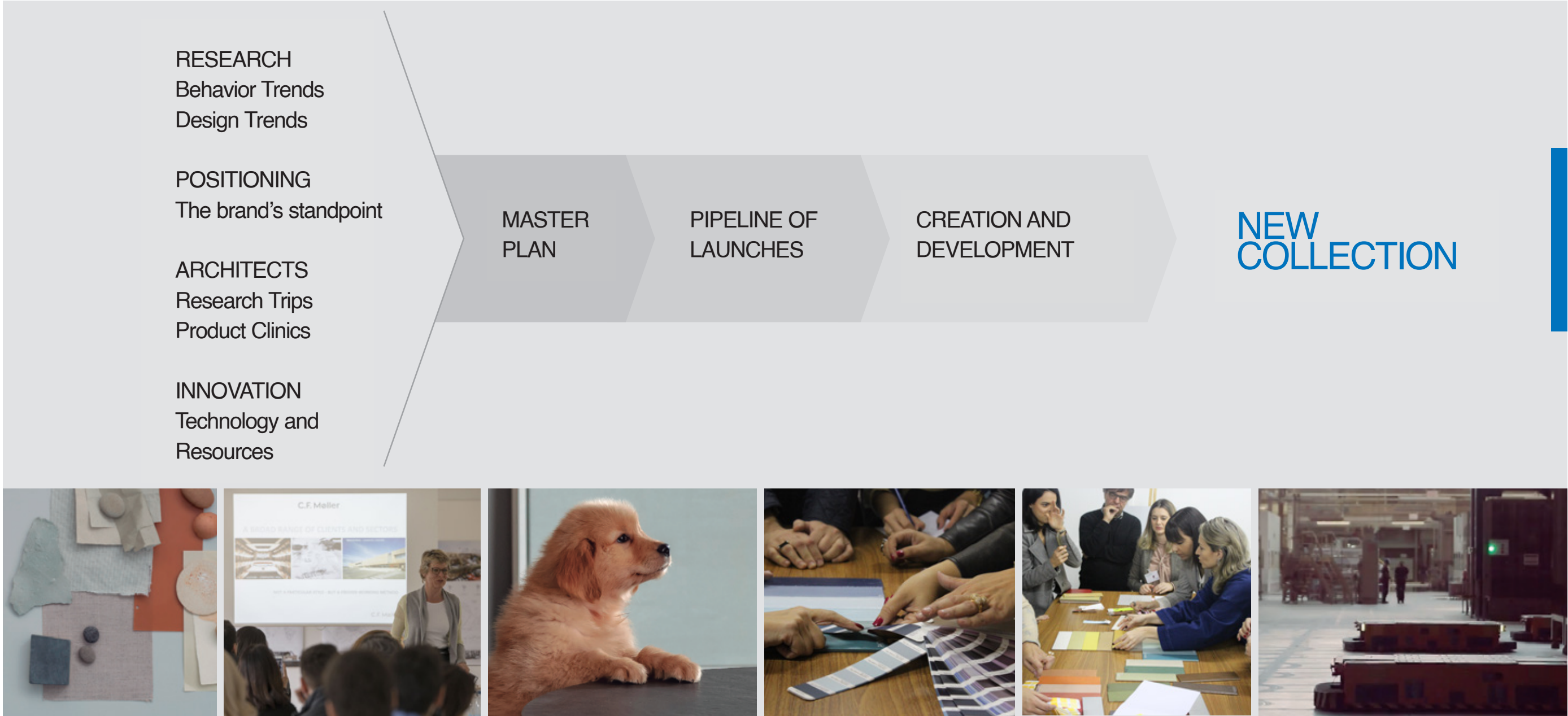


Ventilated facade system, exclusive of Engineering channel

Cycle of Innovation

Product Development Process

A multidisciplinary group of professionals conducts research, interacts with key market interpreters, carries out product clinics, and coordinates field trips to key industry events. All information is organized, critically reviewed by the group, and subsidizes the development process of new products, as well as innovations in other areas that enhance the customer experience.



Cycle of Innovation



NRF – National Retail Federation

(United States, January/2018)

A Portobello study group, including executives and franchisees, participated in the world's main retail trade fair in New York, where they were also able to learn about some cases of success.



Milan Furniture Fair

(Italy, April/2018)

Portobello's creative team along with participants of the Portobello +Architecture relationship program met on a research trip to learn the main trends of Milan Design Week and iSaloni, the largest trade fair of the industry. The perceptions, resulting from multiple points of view, were compiled in a trend book launched by the Brand.



Creative Collective Iceland

(Iceland, May/2018)

In 2018, the second edition of the Creative Collective was held in Iceland. The initiative brought together 17 renowned architecture and national design professionals for an immersion trip with the objective of conducting research for the development of new products in partnership with the Brand.

Cycle of Innovation



Cersaie

(Italy, September/2018)

The company's technical team and group of architects from Portobello +Architecture relationship program traveled to Bologna to attend Cersaie, the largest international event presenting the design trends in tiles and bathroom furniture.



Venice Biennial of Architecture

(Italy, May-November/2018)

After attending Cersaie, Portobello group visited the 16th edition of the Venice Biennial of Architecture. The highlights of the exhibition, which had Freespace as theme, were shared by the team through face-to-face lectures at the company's headquarters.



Product Clinics

In 2018, 20 product clinics were held involving 460 architecture professionals. In the clinics, professionals can talk about trends, portfolio gaps, needs for improvement in products and services, and technical demands, in addition to carrying out creative workshops to generate ideas for new products.

Portobello +Architecture

The brand's design becomes a concrete environment through the architecture.

The idea, drawing, specification, implementation, and decoration of the environment are the steps for the design – the Portobello product, to make the customer's dream come true.

This dynamic makes architecture an essential part of the Portobello business. That is why Portobello's relationship with professionals in this area is so close and intense.

The role of the architecture professional is a fundamental part of the Portobello business and this relationship is expressed in several aspects.

The first, and one of the most important, aspect is the customer experience when served by a professional. Portobello understands that the interpretation of the customer's demands, the correct technical and aesthetic specification, the pagination project, and the work follow-up add much value to this experience. Therefore, Portobello invests in the conditions and tools to support the professional and their customer.

The architecture professional can be paid 2% of the total purchase price for making Portobello products to order. This payment follows all formal and legal requirements. A customer accompanied by an architecture professional in turn has a 2% discount on the total purchase price.



Portobello +Architecture

Commissioning the professional for the making products to order does not impact any commercial condition for the customer. The pricing policy is the same and regional variations only occur due to tax rules and logistic conditions.

Another important aspect in Portobello's relationship with architecture is the exchange of knowledge between the Brand and the professional. This dynamic results in a virtuous circle.

Professionals who combine their expertise and creative potential to give voice to their customers collaborate both to develop new solutions and products and to promote brand innovation.

Portobello provides a favorable context for the exchange of experiences through research trips, plant visits, product clinics, events with experts, or relevant content to architecture.

The recognition and appreciation of the professionals' work compose the third aspect of the Portobello +Architecture relationship.

Portobello believes that by recognizing the best works, promoting their dissemination, and supporting architecture development initiatives, the company contributes to the evolution of both the company and the professional. In recognition of their work, architects are granted study trips, such as the Creative Collective, participation in Archtrends events, and an annual award ceremony, when the company honors the best professionals in a party held during the Expo Revestir week in São Paulo.



Portobello +Architecture Award Ceremony



After Party

Main Events



Expo Revestir

Transamérica Expocenter
São Paulo, Brazil, March 13–16
■ Attendees: 11,000 on booths
■ International Customers: 427
■ Architects: 2,743



Parallel Event

JK Iguatemi Mall Rooftop
São Paulo, Brazil, March 11–16
■ Attendees: 4,174
■ International Customers: 427
■ Architects: 2,743



Coverings

Georgia World Congress Center (GWCC)
Atlanta, USA, May 8–11
■ Attendees: 100
■ International Customers: 80 customers, 25 of them from the USA, Canada and Central American countries



Supercerâmico Pointer Launch Event

Summerville / Pernambuco, Brazil / September-17
■ Attendees: 150



Portobello Shop Convention

Infinity Blue
Balneário Camboriú, Brazil, August 14–17
■ Attendees: 220



Portobello America Launch Event

Boca Raton Resort & Club
Pompano Beach, Florida, USA, December 5–7
■ Attendees: 170
■ International Customers: 75



Sustainability



Sustainability

102-12

The environment we live in is the essence of our business.

In a world where globalization is a reality of global impact, one of Portobello's objectives is to be connected to current trends while reflecting the local context.

Solutions designed to serve the public by joining the Social, Environmental and Economic pillars that make up Portobello's Sustainability Policy and that are directly connected to the sustainable development and balanced growth within these three spheres.

Respecting the environment and caring about the local communities are part of these processes. Based on the Sustainable Development Objectives approach, Portobello brand, with the involvement of its employees, partners, suppliers and the community, works on topics such as sustainable production and consumption standards, health and well-being, and learning opportunities.

The company supports the "Nós Podemos Santa Catarina" (We Can Santa Catarina) action, whose objective is to facilitate the deployment of the Sustainable Development Objectives in the practice of people and organizations in the State of Santa Catarina.

Thus, Portobello further strengthens its commitment to a sustainable approach that is aligned with the market, incorporating the Sustainable Development Objectives into its activities.

Mined area recovered
environmentally, in Canoinhas,
State of Santa Catarina

Materiality

102-40; 102-42; 102-43; 102-44; 102-46; 102-54

Three years ago, after consulting its strategic audiences, the company defined the most relevant and priority topics in the context of sustainability. There are eight topics that cover 18 material aspects and guide the sustainability management at Portobello.

MATERIAL TOPIC (102-47)	IMPORTANCE (103-1-a)	WHO IS IMPACTED (103-1-b ; 103-1-c)	GRI STANDARDS	INDICATORS
Governance and Transparency	Visibility to stakeholders, image and reputation management, ethics and anti-corruption practices	Liderazgo y Gobiernos Locales	Socioeconomic Compliance	419-1
Excellence in the Management of Attributes (Brand, Logistic Model and Multichannel Distribution)	Conservative management in periods of crisis, expansion of competitive advantages, management of brands	Proveedores, unidades operacionales, empleados, operadores logísticos y mercado minorista	Economic Performance Marketing and Labeling	201-1 416-1
Product Innovation	Demand for sustainable products, search for product differentiation, market positioning	Unidades operacionales, empleados y clientes	-	102-43
Sustainable Supply Chain	Traceability and source of raw materials, development of suppliers, liability and risks in the chain	Proveedores y Unidades Operacionales	Materials Products and Services Biodiversity Environmental Evaluation of Suppliers Social Evaluation of Suppliers	301-2 301-3 304-2 308-2 409-1 414-2
Operational Excellence	Water pressure, high energy demand, concept already implemented at the new plant	Unidades Operacionales, Comunidades Locales y Empleados	Energy Water Emissions Effluents and Waste	302-1 ; 302-3 303-1 ; 303-3 305-1 306-1 ; 306-2
Development and Management of People	The theme is transversal to several aspects, human capital deemed strategic, need to broaden the organizational climate	Empleados y Mercado Minorista	Training and Education Complaint Mechanisms Employment	404-1 ; 404-3 103-2-c-vi 401-2
Occupational Health and Safety	Safety culture, well-established practices, attention to industrial activity	Proveedores, Unidades operacionales, empleados y operadores logísticos	Occupational Health and Safety	403-1 ; 403-2
Proximity and Community Involvement	Strong relationship with the communities (Tijucas and Marechal Deodoro), social license to operate and alignment of expectations, impact on the workplace	Comunidades locales y Empleados	Local Communities Indirect Economic Impacts	413-1 203-2

Sustainability Guidelines



Social Responsibility

Our People

Strategic Principles:

- Promote people’s health, safety, well-being and development;
- Prioritize children and sports in social projects;
- Be a partner of the community, supporting good initiatives of social responsibility;
- Promote culture and encourage employees to participate in volunteer work.



Environmental Responsibility

Our Product

Strategic Principles:

- Exercise sustainable design and innovation;
- Boost the sustainability of ceramic materials;
- Cultivate and support good practices aimed at environmental protection.



Economic Responsibility

Our Business

Strategic Principles:

- Commit to excellence in results;
- Create conditions to generate value for everyone;
- Adopt best management and governance practices, prioritizing meritocracy.

Highlights

	2014	2015	2016	2017	2018
SOCIAL					
Number of employees	2.835	2.996	2.998	2.770	3.240
Hours of training sessions (h)	28.000	29.070	12.000	35.000	36.000
Social Programs (BRL)	1.352.940	1.558.266	1.107.950	1.559.449	1.416.750

Highlights

	2014	2015	2016	2017	2018
ENVIRONMENTAL					
Direct greenhouse gas emissions (KgCO2eq)/m²	4,82	4,96	5,38	5,77	5,96
Waste disposal (kg/m²)	1,14	0,46	0,18	0,20	0,22
Energy consumption (GJ/m²)	132,05	135,47	128,99	129,34	134,86
Captured water volume (L/m²)	11,27	12,67	11,32	11,58	13,28

Highlights

	2014	2015	2016	2017	2018
ECONOMIC					
Gross Revenue (BRL Thousands)	1.200.814	1.345.015	1.301.050	1.277.945	1.321.346
Net Revenue (BRL Thousands)	949.147	1.060.395	1.016.400	1.023.937	1.054.190
Gross Income (BRL Thousands)	357.218	396.202	363.202	417.020	405.600
Gross Margin	37,60%	37,40%	35,70%	40,70%	38,50%
EBITDA (R\$ Thousand)	175.971	166.748	75.808	149.006	288.013
Net Income (BRL Thousands)	93.484	52.673	2.142	64.170	134.311
Net Debt (BRL Thousands)	350.852	501.654	464.241	394.367	472.188
Investments (R\$ Thousand)	75.880	9.999	25.387	46.528	63.000
Taxes (R\$ Thousand)	276.383	294.408	286.525	286.304	336.575
Dividends (R\$ Thousand)	45.133	12.505	505	30.464	31.892



Our People

Our People

Our success fundamentally depends on people. The best people, with the talent and desire to always do more and better. People who enjoy a challenging and competitive environment, seek efficiency, inspire their co-workers, and spread our culture of always evolving.

Portobello understands that a good environment, at work, with the family and in society, is fundamental for people to have a good professional performance, thus the company is committed to providing safe, motivating and good work conditions, in addition to actively participating in social initiatives of employees and local communities.



Employees Profile

102-7

In 2018,
there were:

121
employees
with special
needs

120
trainees

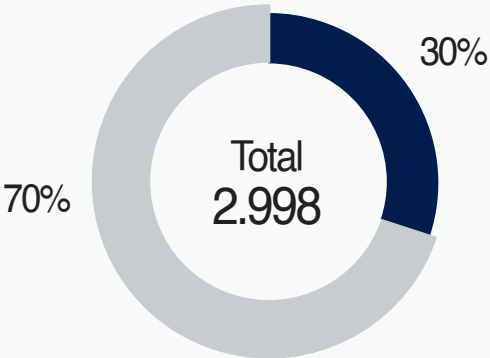
36
interns

Total number of employees
(by gender)

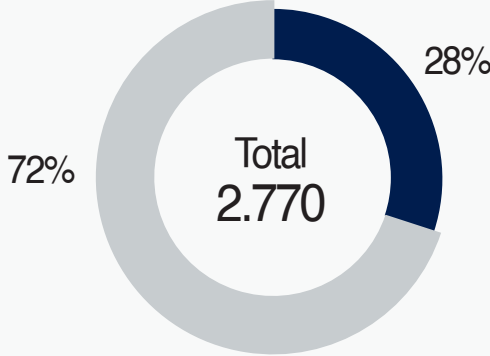
Men

Women

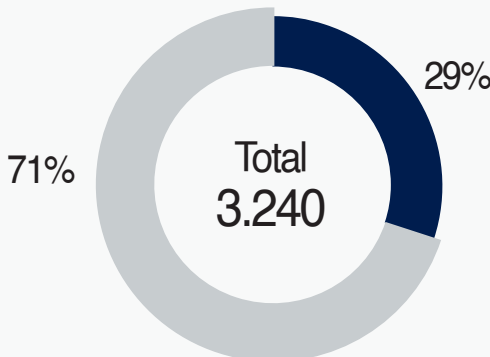
2016



2017



2018



Health and Safety

The company believes that health and safety are interdependent and that technical and awareness training activities are key to improving indicators in both areas.

■ The Toolbox Talk is a awareness activity in which content is daily sent out to all employees, and the managers and coordinators of the plants and administrative areas discuss the topic of the day with their team.

■ The Behavioral Approach is a practice that has been applied since 2016 by managers and coordinators to identify misconducts in their team and guide their behavior. In 2018, the Behavioral Approach was extended to production leaders.

% Training (Training Session Hours/Worked Hours)

	2016	2017	2018
Fire Brigade	0,04%	0,05%	0,04%
Toolbox Talk	0,76%	0,68%	0,71%
PPE	0,02%	0,03%	0,03%
Ergonomics	0,01%	0,01%	0,01%
Legislation (Regulatory Standard) and Procedures	0,11%	0,14%	0,21%
Miscellaneous Topics on Health and Safety	0,39%	0,50%	0,86%
Traffic	0,00%	0,01%	0,01%
Behavioral Training	0,04%	0,09%	0,05%
Total	1,37%	1,50%	1,92%



Health and Safety

403-1

The efficient management of health and safety policies and tools is essential to achieve and maintain the improvements. The company believes that health and safety is everyone's responsibility. Therefore, its management involves corporate policies and analysis of centralized indicators, combined with the policy application and control of numbers implemented by the leadership of each area. The Occupational Safety and Health (OSH) committees support the management:

OSH Executive Committee

Formed by the company's executive board members, the committee meets for decisions of high relevance and critical cases.

OSH Management Committee

Formed by the directors from the production and people and management areas, as well as managers from the safety and sustainability, industrial, maintenance, supply, and human resources areas. The group is responsible for analyzing the indicators, evaluating accident investigations and causes, and proposing improvements on the subject.

OSH Management Subcommittee

Formed by managers from the industrial and supply areas, they discuss the indicators, evaluate accidents, and propose specific improvements for their units.

Safety, Organization and Cleaning Committee

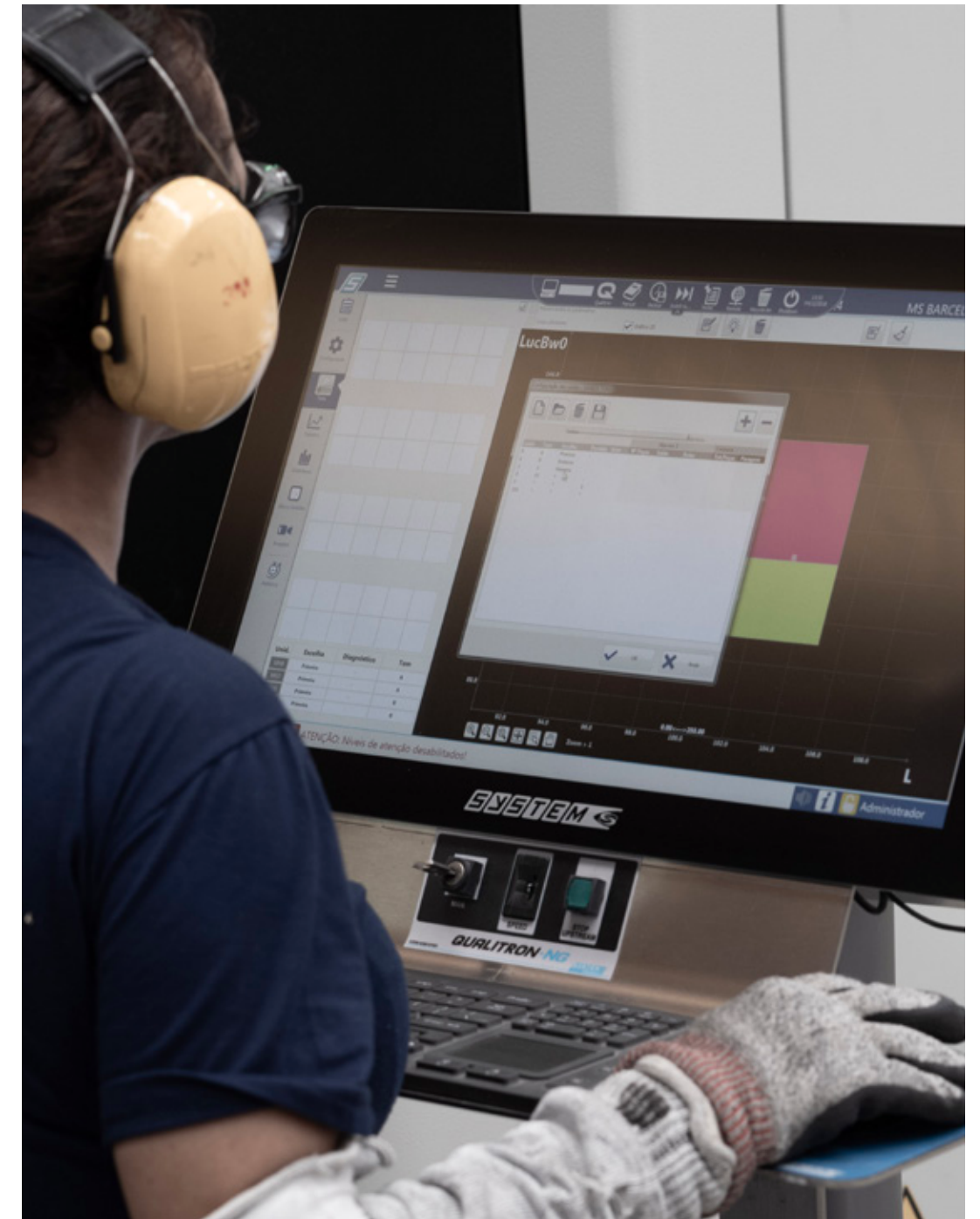
In order to ensure that the areas are always clean and organized, production, supply, safety and sustainability, and maintenance managers, in addition to representatives of the of the Internal Commission on Accident Prevention (CIPA) and the environmental area, carry out weekly rounds in the areas.

Ergonomics Committee

Formed by employees of the company to study, understand, monitor and evaluate the effectiveness of the suggestions proposed by the Ergonomic Analysis of the Workplace. The objective of the committee is to make the work environment safer, more comfortable and more suitable for workers to perform their activities well.

Internal Commission for Accident Prevention – CIPA

In compliance with legal requirements, CIPA is formed by representatives from several areas, representing 100% of the company's employees. Since 2016, some members are chosen through electronic vote and some are appointed by the company's board of directors. CIPA works in the accident prevention and correction campaigns throughout the year. In 2018, the topics were ergonomics, behavior, and correct use of cell phones. Tijucas (State of Santa Catarina) and Marechal Deodoro (State of Alagoas) units have independent CIPAs.



Employee operates one of the control stations of Portobello production line

Health and Safety

SIPAT Occupational Accident Prevention Week

Annual event involving all employees, including the Tijucas (SC) and Marechal Deodoro (AL) units, held on August 20–24 with the topic “I Make It Happen,” which places people as protagonists of their lives, highlighting attitudes related to health and safety. A communication campaign preceded the SIPAT and strengthened the message of the topic.

In 2018 the participation of employees in the Tijucas (SC) unit was a record:

1,718
people participated in the activities



SIPAT 2018 lectures



SIPAT 2018 opening speech



SIPAT 2018 Pointer



“I Make It Happen” Campaign, SIPAT 2018

Health and Safety

403-2

Health and safety rates of employees (in-house and outsourced), by region	Portobello			Pointer		
	2016	2017	2018	2016	2017	2018
Injury rate	52,2	39,6	40,9	48,3	40,9	68,8
Occupational disease rate	41,1	35,0	4,5	7,7	4,5	0,0
Total work days lost	361	251	228	101	77	0
Absenteeism rate (%)	0,93%	0,87%	0,75%	1,00%	0,75%	0,59%
Total deaths	0	0	0	0	0	0

The promotion of health and well-being for its employees through health care resources and benefits and awareness campaigns reinforces Portobello’s commitment to the subject:

Breathing Program

After an awareness campaign in 2018, Portobello’s facilities became cigarette smoke free.

Ergonomics

The Large Formats (120x120cm) the company started producing in 2018 were responsible for adjustments in the plant activities and equipment.

Colorful Quarter Campaign

Pink October, Blue November, and Red December to raise awareness of breast cancer, prostate cancer, and AIDS, respectively.

Vaccination Campaign

Immunization against influenza in Tijucas (SC) unit and against hepatitis and tetanus in Marechal Deodoro (AL) unit.

Health care plan, pharmaceutical care plan, dental care plan subsidies, and first aid station for all employees.

Social Programs

413-1

Portobello believes that prioritizing children and sport helps to build a better future, thus it maintains permanent programs and supports initiatives in this area.

Crescer – Growing Up Program

In partnership with the ADEC (Sports Association of Ceramics Companies in Tijucas) and SESI/SC institutions, the program serves approximately 200 children and adolescents of the community of Tijucas, providing sporting and educational activities with the purpose of developing discipline, cooperation and respect, aiming at the formation of conscientious citizens.

Due to Growing Up Program, Portobello was granted the **ADVB/SC Citizen Company Award** in the Community Participation category, which awards companies of the State of Santa Catarina that are a reference in Social Responsibility.

Anjos Luz Choir

Created by the company over 13 years ago, the program develops the musical skills of 35 children aged 5 to 14 years in the community of Tijucas (State of Santa Catarina). The choir performs at events in the company and the community.



Sports is one of the Growing Up Program activities



Pedagogic supervision is one of the Growing Up Program benefits



Choir performance at the 2018 Franchise Convention



Anjos Luz Choir conducted by the maestro

Social Programs

Volunteer Program

Portobello believes that, together, we can do more and better. Thus, it encourages and gets involved in volunteer actions taken by employees. In 2018, the program had the participation of 217 employees in various actions in the company or for the community. The volunteer group assists in activities at the Workers’ Day Party, Children’s Party, and community events, in addition to leading the Volunteer Christmas Celebration, Winter Clothing Donation Campaign, and encouraging blood donation.



Volunteer Christmas Celebration



Blood donation



Volunteer Easter Celebration

Social Programs

Projects Promoted Via Incentive Laws

The company allocates tax incentive resources to health, well-being, and sports activities in the local communities. In 2018, the projects benefited were:

4th Cultural Action Project

An initiative of the community of Tijucas, the project organizes movie, theater and circus workshops for children, adults and the elderly.

Electronic Larynx

A Possible Voice: Carried out by ACBG (Association of Mouth and Throat Cancer) and AMUCC (Santa Catarina Association of Women with Cancer), this project has assisted 350 cancer patients who needed an electronic larynx device.

Pilates Studio at Santa Maria da Paz Care Home

The institution that accommodates 60 elderly people in Tijucas (SC) installed a Pilates studio for physical activity.

Hapkido for All

The program has taught this Korean martial art to 168 socially vulnerable children and adolescents aged 6 to 18. With a duration of 2 years, athletes of the Hapkido for All program have participated in competitions such as the Brazilian Cup, Pan-American Cup, and South American Cup, in addition to having 11 athletes joining the Brazilian National Team of Hapkido.



4th Cultural Action



Pilates Studio at Santa Maria da Paz Care Home



Hapkido

Events

Portobello promotes events that reinforce the citizenship of employees and the participation of family members in celebrations or sports activities.

Bello Olympics

Through sports, employees, family members and participants of the Growing Up Program join the event that is already in its 12th edition. Held in partnership with the ADEC (Sports Association of Ceramics Companies in Tijucas), the Bello Olympics has 14 sports and takes place throughout the month of April.

Workers’ Day Party

Organized and held with the support of Portobello Volunteers, the traditional event was attended by 2,504 people, between employees and family members.

Children’s Party

Held at Tijucas (SC) and Marechal Deodoro (AL) units, this event had the support of Portobello Volunteers and was attended by employees, participants in social programs and their families, who enjoyed recreational activities, games and cultural presentations.



Celebration of the Bello Olympic Winning Team



Cycling is one of the Olympic sports



Facial painting at the Children’s Day Party



Workers’ Day

Eventos

Community Visit

A meeting with the Tijucas community took place on June 28. About 50 people, including officials, executives, and leaders, took part in a chat organized to report the company’s current scenario, plans for the future, social projects and environmental advances of Portobello.

Family Visit

The company held a special anniversary event on June 16. Employees and their families were invited to visit several areas of the company. A total of 54 people participated in the initiative and were able to learn more about Portobello.

Donations

In 2018, Portobello donated 21,600 m² of floor tiles to 53 institutions that met the requirements of its Tiles Donation Policy. The Portobello Shop chain of stores have made several donations in the local communities, expanding the brand’s social scope.



Family Visit



Community Visit

Recognition
For the second consecutive year, Portobello was awarded the Certificate of Social Responsibility from the Legislative Assembly of the State of Santa Catarina, given to companies that have adopted the Social Responsibility approach in their Management Policies.

People Management

Meritocracy is part of the brand's Principles of Management, which believes and exercises the recognition of its employees in the proportion of their deliveries.

For this, the people management system is structured around training, performance evaluation and recognition.

Alignment and technical, behavioral and operational training are the basis for the qualification of Portobello professionals. Organizational and Leadership Competencies guide the professional's profile and the training contents.

404-1

In 2018,
we carried out:

36,000
hours of
training sessions

800
hours more
than the
previous year



People Management

Alignment

Knowing the organization's goals and objectives is a practice in the company, thus the year concludes with a review of the results and presentation of the challenges for the following year. All goals are available online to all employees.

Portobello Competencies

Organizational Competencies

- Focus on the Result
- Sense of Ownership
- Innovation

Leadership Competencies

- Development of Talents
- Search for Competitiveness
- Focus on the Customer
- Agility in Management
- Valuing Different Opinions



People Management

Training

Mentoring Program

Professionals with potential for promotion take part in annual cycles of mentoring with co-workers who are one or two hierarchical levels above.

Leader of the Future

An immersion program of leadership development for managers. 95 professionals have already taken it.

Distance Learning Website – EAD Portal

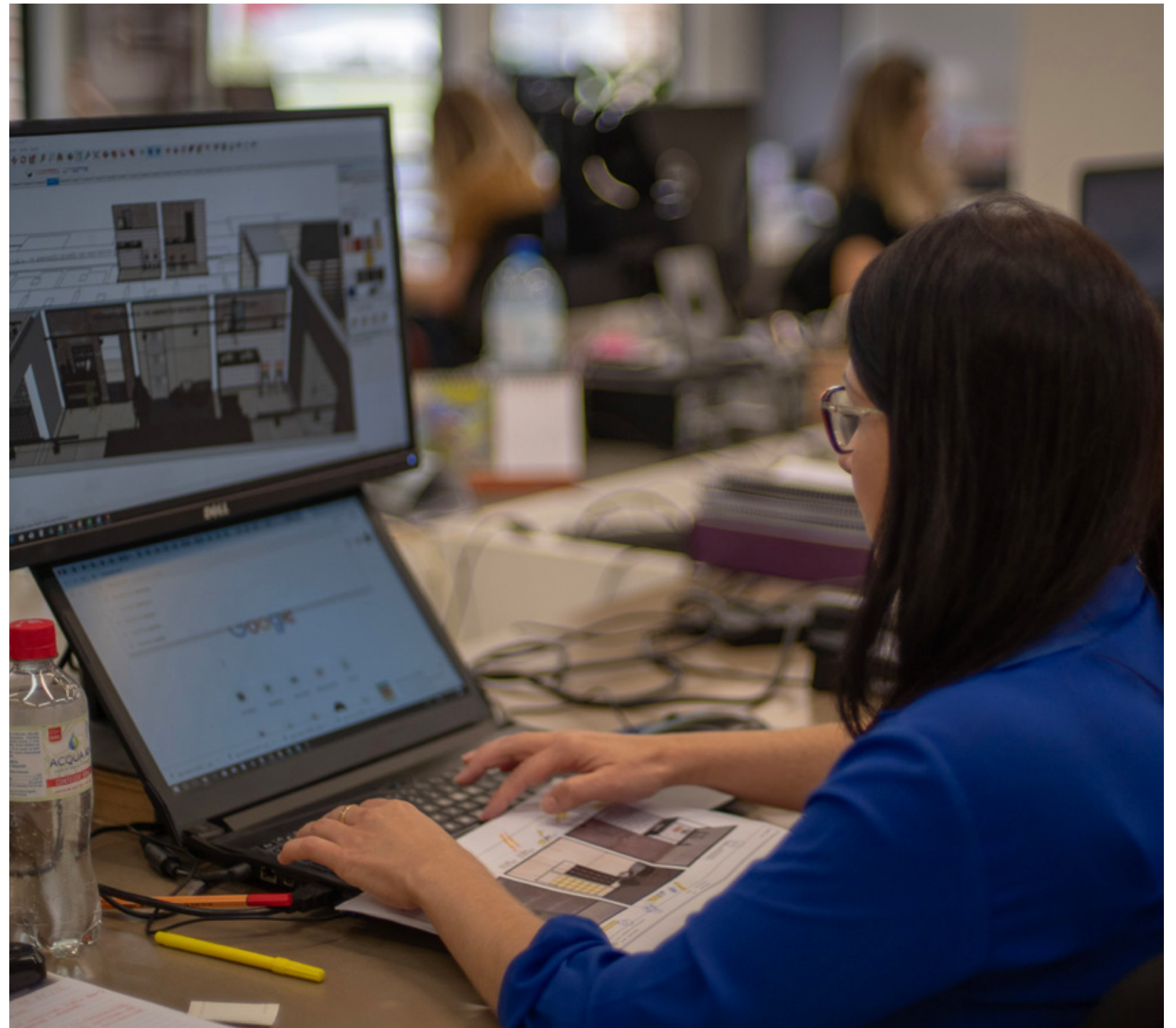
Focused on the Commercial Personnel, over 2,000 professionals from Resale, Engineering and Portobello Shop staff, receive training in technical topics related to products and service.

Retail

Cycle of lectures for the development of the retail culture in the company.

Performance Evaluation

Portobello carries out a 180-degree Performance Evaluation of its leaders and uses the results to identify development opportunities and find the best talents. An on-line platform guides the evaluations through 43 behaviors expected of Portobello professionals and, at the end of the process, the results are discussed in face-to-face group meetings. Portobello was granted the 2018 Human Being Award from ABRH (Brazilian Association of Human Resources), in the People Management and Development category, for its Performance Evaluation System.



Our Product



Our Product

Eco-efficiency Highlights

Design and innovation aiming at more sustainable solutions and an effective environmental management policy throughout the supply chain materialize the company's commitment to the environment.



Our Product

Ceramic Material

416-1

More sustainable alternative

The design and technology evolution allows the ceramic and porcelain tiles to emulate materials such as wood, marble and other natural stones, with technical characteristics more suitable for use as floor tiles and with less environmental impact.



Wood porcelain tiles

Saving trees



Marble porcelain tiles

99% of the raw material used compared to the 50% of use of the extracted marble



Natural stone porcelain tiles

Reduced thicknesses that lower the impact throughout the chain, in addition to facilitating handling and application

Large Formats

The future of the porcelain tile

The technological evolution of the industry is headed towards larger and thinner products, which generate less impact, from raw material to installation, going through energy consumption, waste generation and logistics. Portobello already commercializes the largest formats available in the market, and it is the first Brazilian brand to produce the 120x120 format, after investments in a new production line for the new format in 2018. This is the first step of the company's large format project.



Portobello Large Format

Democratic Design and Dry Production

The future of ceramics

The production using a dry grinding system is a Brazilian innovation and one of the most sustainable processes for the production of ceramics, which represents a large part of the national production for the most economical segment of the market.

This is the technology employed at the Marechal Deodoro (State of Alagoas) industrial unit, one of the most modern and sustainable tiling plants and the base of Pointer brand, which has accessibility as its positioning.

This segment has also evolved towards the large formats, on a smaller scale, compatible with the production technology. In this context, Pointer launched in 2018 the Superceramics – new large formats of 45x90 and 80x80.



Pointer Plant in the State of Alagoas

Marechal Deodoro - AL Unit Energy and Water Highlights

- 100% production using natural gas
- Furnace heat reuse
- Highly reflective white roofs
- 100% LED plant lighting
- Photovoltaic field for solar energy
- Dry grinding technology
- Closed circuit and 100% industrial water reuse
- Industrial and sewage wastewater treatment plant
- Rainwater collection and reuse
- Emission of water vapor only; no pollutant smoke

Environmental Eco-efficiency

Deposits and Biodiversity

304-2; 308-2

The extraction of raw material is the first stage of the company's supply chain and it includes Portobello's own and outsourced deposits. The management of environmental and social impacts on the communities in extraction areas is essential in this activity. Contractual obligations and audits ensure the compliance with the legal requirements in outsourced deposits. In 2018, all deposits met these requirements.

The company's raw material extraction policy establishes that the environmental recovery of the areas must honor their original purpose, such as agriculture, livestock, fish farming or reforestation.

In 2018:

- Leoberto Leal (State of Santa Catarina) deposit was deployed as part of the raw material regionalization objective.

- A total of 250 seedlings of Brazilian pine, a native and endangered species, were planted in Ituporanga (State of Santa Catarina) and 4,000 000 seedlings of several species were planted in Teotônio Vilela (State of Alagoas).

- An area of 30,000 square meters was recovered in a mine in Canoinhas (State of Santa Catarina) and 15,000 square meters in a field in Campo Alegre (State of Santa Catarina).

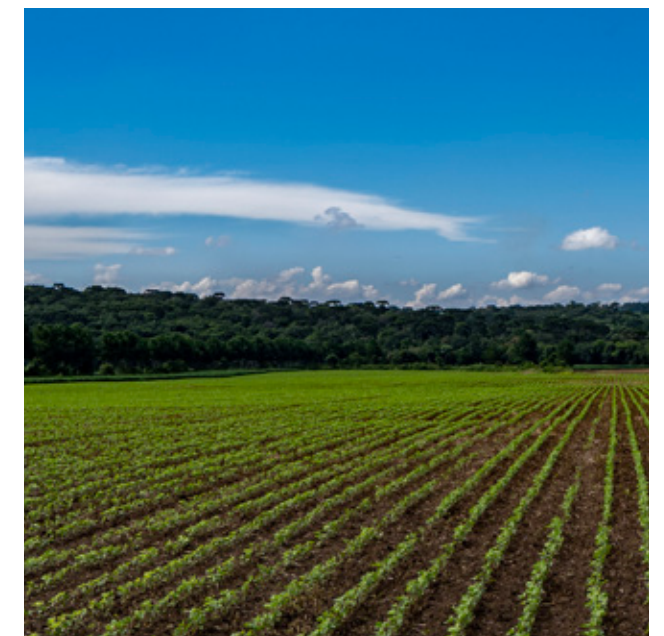
- Improvements were made to roads and access to local communities by corporate initiatives and partnerships with the government.



Pond resulting from the environmental recovery of the deposits in Canoinhas, State of Santa Catarina



Area of reforestation with Brazilian pines in Ituporanga



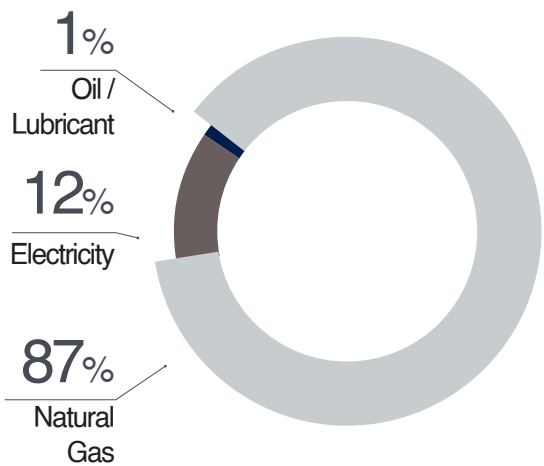
Soybean plantation in Campo Alegre, State of Santa Catarina

Environmental Eco-efficiency

Energy

The energy matrix is composed mostly of natural gas, electricity, photovoltaic solar panels (at Pointer) and fossil fuels (diesel and lubricants) in the following proportion:

Distribution of the energy matrix of Portobello plants



Energy consumption at Portobello by type of source

302-1

	2016	2017	2018
Total non-renewable energy consumption (GJ)	3.170.223,46	3.256.293,37	3.219.727,46
Total renewable energy consumption (GJ)	424.806,11	435.065,67	434.956,39
TOTAL	3.595.029,58	3.691.359,04	3.654.683,85



Furnace at Tijucas plant

Environmental Eco-efficiency

Water

Production Process

All the water in the production process is kept in a closed circuit – nothing goes back to the environment, with very low volume of water collection, only the equivalent to the evaporation in the process. Two wastewater treatment stations – one in Tijucas-SC and one in Marechal Deodoro-AL – ensure the system operation.

Human Consumption

A decentralized network, comprised of 13 stations with activated sludge technology, treats sanitary wastewater in Tijucas (State of Santa Catarina), and eight of these stations had their capacity expanded in 2018. The reduction of human consumption of water is one of the company’s constant objectives. In 2018, an awareness campaign resulted in a reduction of 1.800 m³.

Portobello water collection, by source and operation (m³)

303-1

Total water collected by source	2016	2017	2018
Surface water (rivers, lakes, wetlands, oceans)	115.378 m³	111.593 m³	138.434 m³
Underground water	200.036 m³	218.943 m³	221.490 m³
Total Portobello	315.414 m³	330.536 m³	359.924 m³
Pointer underground water	82.681 m³	62.939 m³	83.887 m³
Total	398.095 m³	393.475 m³	443.811 m³



Drinking water collection area in Tijucas

Environmental Eco-efficiency

Waste

99,9% of the waste generated by the company in Tijucas (State of Santa Catarina) is reused or recycled. 95.5% is reincorporated into the production process as raw material; 4.2% is recycled; and 0.1%, from bathrooms, cafeteria and first aid station, is discarded in sanitary landfills.

Packaging

301-3

100% of the paper used in the packaging is recyclable and 100% of the pallets are made from reforested wood. The packaging for the large formats was developed without the use of wood, using the product itself as support.

In 2018, the company started a project to recycle plastic waste from the packaging, which is transformed into garbage bags. In 3 months, 1,500 kg of plastic were recycled.

A reverse logistics initiative was implemented in the Distribution Centers. In addition to the return of pallets and wooden supports, packaging is being collected from working sites. In 2018, approximately 41,000 pallets were recovered.



New packer, installed to meet the demands of the large format production



Our Business

Our Business

203-2

Portobello ended 2018 with consolidated results that show growth and profitability, expansion of new business, and strengthening of its strategy, even in an external context of instability and increase of energy costs.

Net revenue totaled BRL 1,054 billion, 3% more than in 2017, generating a gross margin of 38.5%, similar to the previous year. In the domestic market, sales grew 2.5%, following the retail sales growth in building materials. In Brazilian reais, exports grew 10%, boosted by the exchange rate variation. In dollars, exports suffered the effects of the crisis in Argentina and fell, totaling USD 50 million, compared to the USD 52 million in 2017.

Portobello

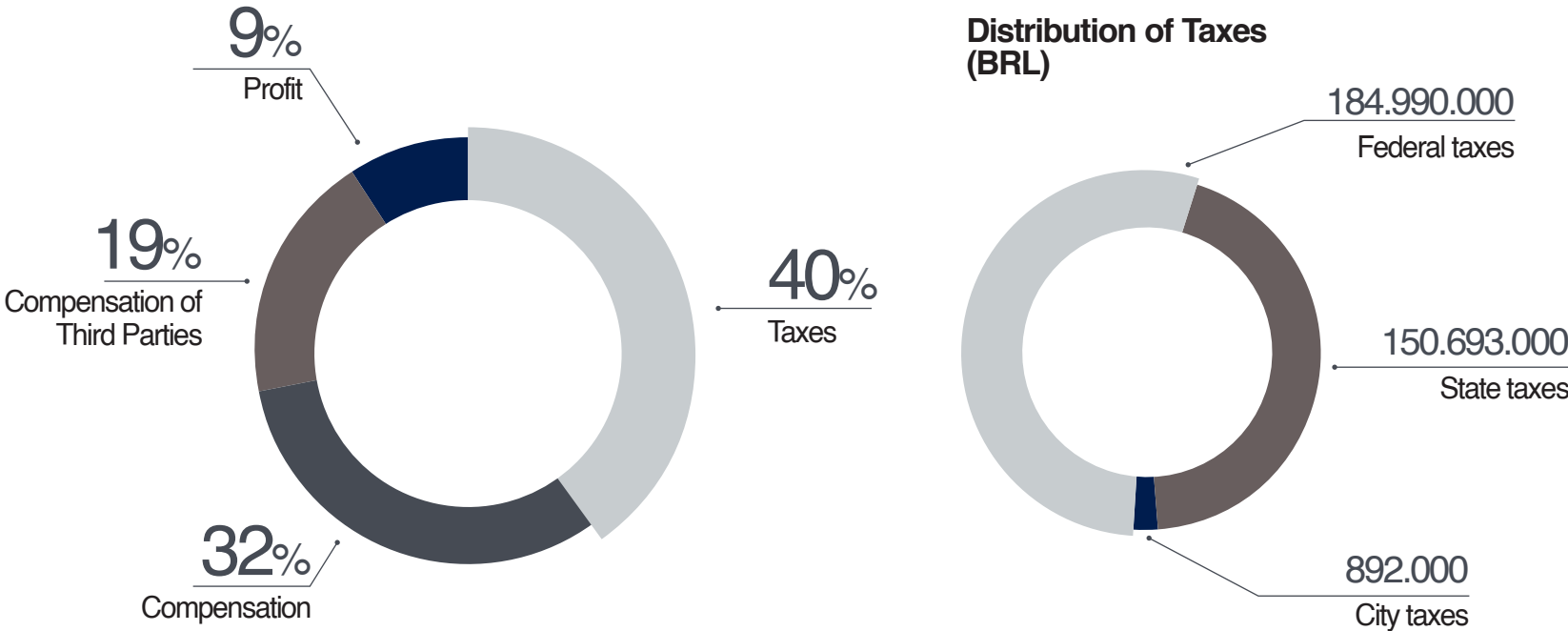


Value Added

201-1

Value added is the demonstration of the wealth shared among employees, community, government, shareholders and creditors (economic agents who contributed to its generation).

In 2018, it totaled R\$ 845 million (R\$ 708 million in 2017). Of this amount, 40% was allocated to taxes, 32% to labor compensation (personnel), 19% to third-party compensation and 9% retained as profit for the period.



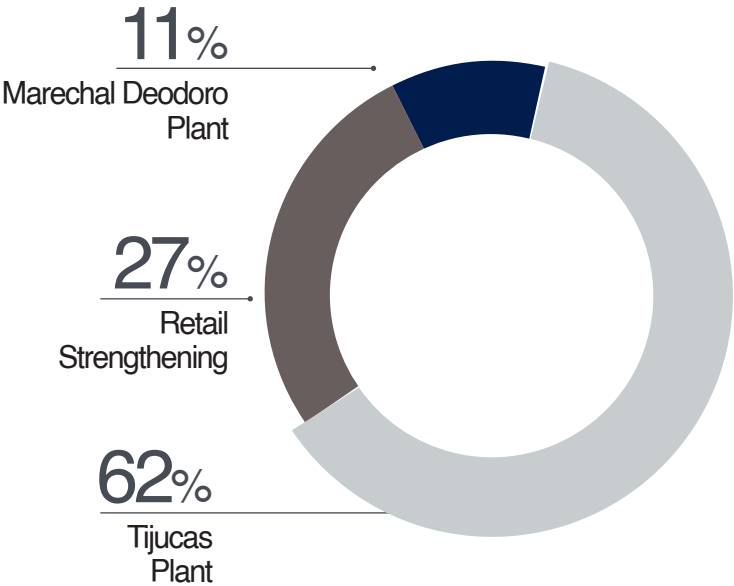
The financial information presented in this document derives from PBG S.A.'s consolidated financial statements, prepared in accordance with the standards of the Brazilian Accounting Pronouncements Committee (CPC) and the International Financial Reporting Standards (IFRS).

Inversiones

Investments totaled BRL 63 million, 34% higher than in 2017. Of this amount, 62% were allocated to Tijucas-SC plant, 11% to Marechal Deodoro-AL plant, and the remaining 27% to strengthen retail operations, such as corporate stores, distribution centers and Oficina Portobello.

In Tijucas industrial park, investments focused on its preparation and upgrade for the production of higher value-added items and larger formats.

At Pointer, most of the investment was used to make the industrial park suitable for the profitability and qualification of the product portfolio.



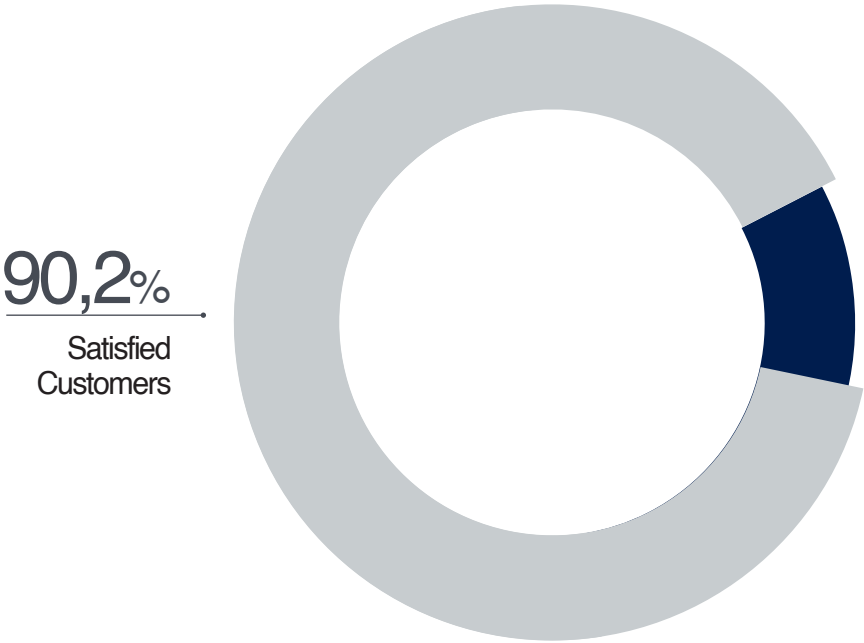
Customer Satisfaction

102-43

In 2018, the satisfaction of architecture professionals, who are our customers, was 90.2%, thus fulfilling the Customer Satisfaction Indicator standardized by ISO, whose target is 90% of satisfied customers.

Portobello maintained the RA1000 certification, from Reclame Aqui website, received the previous year. This recognition, updated daily with consumer scores on the website, is intended for companies that show their customers that they are committed to providing quality after-sales services, raising the degree of trust in their brand and products.

Portobello ranked 2nd in the House and Construction category in the Época Reclame Aqui Award, promoted by Época Magazine.



Reclame Aqui 2018 Award event in São Paulo. On the left, Carlos Alberto Santos, manager of the Quality area, receives the award in the House and Construction - Manufacturers category

Recognition

- Design Award – Brazilian House Museum – 3rd place with Ícaro bench, design by Jader Almeida
- Best In Show Anfacer – Ceramics (Facades) category
- Top of Mind SC Award – *Diário Catarinense* – Ceramic Flooring and Tiles category
- South For Export – Amanhã Group
- Citizen Company Award – Association of Sales and Marketing Leaders of Brazil ADVB/SC – Community Participation category
- Expressão Ecology Award – Expressão Group – Solid Waste category
- Anamaco Award – Ceramic Tiles category – Large Customers
- Época Reclame Aqui Award – House and Construction category
- 500 Largest Companies in Southern Region – Amanhã Group – Revenue category in the house and construction segment
- Top of Mind Award – Casa e Mercado Magazine – Ceramic Tile Brand and Ceramic/Porcelain Tile Covering Brand category
- Top 30 Panorama
- Human Being Award – ABRH (Brazilian Association of Human Resources) – People Management and Development category
- Outstanding Performance – 4th Foreign Trade Forum
- Certificate of Social Responsibility from the Legislative Assembly of the State of Santa Catarina (ALESC)
- 2017 Distinguished Supplier Award – Hotéis Magazine – Flooring and Tiles category
- RA1000 certification from Reclame Aqui website
- CV Magazine (UK) – Stone Interior Decor Product Franchise of the Year 2018
- Seal of Excellence in Franchising – ABF (Brazilian Franchising Association) – Master category
- Best Franchises – *Pequenas Empresas Grandes Negócios* Magazine – Home Products and Services category
- 300 Largest Brazilian Retailers – Brazilian Retail and Consumer Society SBVC – Electro-Furniture category
- Top 25 Franchising Ranking – Bittencourt Group
- ABF (Brazilian Franchising Association) & RDI (Retail Design Institute) – Innovation Design category
- Top Marketing and Sales Award – Association of Sales and Marketing Leaders of Brazil ADVB/SC – Retail category



CV Magazine Awards



Certificate of Social Responsibility from ALESC



Expressão Ecology Award



Citizen Company Award, Association of Sales and Marketing Leaders of Brazil ADVB/SC



GRI Summary

GRI Summary

102-55

SECTION (ASPECT/INDICATOR)	DESCRIPTION	PAGE/RESPONSE	ODS
GENERAL CONTENT – GRI 101; 102 AND 103			
STRATEGY AND ANALYSIS			
102-14	Message from the President.	3	
ORGANIZATIONAL PROFILE			
102-1	Name of organization.	17	
102-2	Primary brands, products and services.	23	
102-3	Location of company’s headquarters.	4	
102-4	Countries where the organization operates or where its main operations are located.	4	
102-5	Nature of ownership and legal form.	17	
102-6	Markets served.	24	
102-7	Scale of organization.	40 and 79	
102-8	Total number of employees by employment type, employment contract and region.	79 and 80	
102-41	Percentage of employees covered by collective bargaining agreement.	The Collective Bargaining Agreement applies to all employees except for statutory directors, Board members and interns. The percentage covered is 99.5%. For salary adjustment purposes, the agreement covers up to the level of coordination with the exception of interns and apprentices, covering 95.1% of the total number of employees.	
102-9	Describe the organization’s supply chain.	17	
102-49	Primary changes during the reporting period.	Not applicable.	
102-11	Whether and how the organization applies the Precautionary Principle or approach.	The Company does not adopt the practice of operating financial instruments with purposes other than hedge protection. The risk monitoring and management strategy has been conducted mainly by the Company’s financial area, a continuous process, in compliance with with the foreign exchange exposure guidelines, and all decisions regarding transactions involving any risk to the Company are evaluated and approved in advance by the Company’s Management.	

GRI Summary

SECTION (ASPECT/INDICATOR)	DESCRIPTION	PAGE/RESPONSE	ODS
102-12	Charters, principles or other externally developed initiatives.	Portobello became a supporter of the “Nós Podemos Santa Catarina” (We Can Santa Catarina), a National Action of the Sustainable Development Objectives, in May 2018.	
102-13	Membership in national or international associations and organizations.	Portobello participates in the following associations: Commercial and Industrial Association of Tijucas (ACIT) and National Association of Ceramic Manufacturers (Anfacer).	
LIST OF MATERIAL ASPECTS IDENTIFIED AND BOUNDARIES			
102-46 / 102-54	Process for defining report content.	33	
102-47	List of material topics.	33	
103-1-a	Material topics.	33	
103-1-b		33	
103-1-c	Boundary for each material topic within the organization.	33	
102-48	Restatements of information provided in previous reports.	La información sobre el Número de Enfermedades Ocupacionales en la hoja de cálculo del indicador 403-2 fue actualizada, debido a la corrección de la fórmula de la base de datos.	
102-49	Significant changes in scope.	No aplicable.	
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups engaged by the organization.	33	
102-42	Basis for identification and selection of stakeholders with whom to engage.	33	
102-43	Approach to stakeholder engagement.	33	
102-44	Key topics and concerns raised through stakeholder engagement.	33	

GRI Summary

SECTION (ASPECT/INDICATOR)	DESCRIPTION	PAGE/RESPONSE	ODS
REPORT PROFILE			
102-50	Period covered by the report for the information presented.	4	
102-51	Date of the most recent report and report boundary.	Sustainability Report drawn annually since 2015.	
102-52	Reporting cycle.	4	
102-53	Contact info for questions regarding the report or its content.	sustentabilidade@portobello.com.br	
102-55	Table identifying all report information location	67	
102-56	Policy and current practice with regard to seeking external assurance for the report.	No external audit of this Report was conducted. There is a commitment to audit the next versions.	
GOVERNANCE			
102-18	Governance structure of the organization.	12	
ETHICS AND INTEGRITY			
102-16	Mission and values statements, codes of conduct and relevant internal principles.	8	
SPECIFIC CONTENT			
ECONOMIC CATEGORY – GRI 200			
ECONOMIC PERFORMANCE	MANAGEMENT APPROACH		
201-1	Direct economic value generated and distributed.	64	

GRI Summary

SECTION (ASPECT/INDICATOR)	DESCRIPTION	PAGE/RESPONSE	ODS
INDIRECT ECONOMIC IMPACTS	MANAGEMENT APPROACH		
203-2	Description of significant indirect economic impacts.	20, 63 and 78	
ENVIRONMENTAL CATEGORY – GRI 300			
MATERIALS	MANAGEMENT APPROACH		
301-2	Percentage of material used from recycling.	81	
ENERGY	MANAGEMENT APPROACH		
302-1	Direct energy consumption listed by primary energy source.	59 and 83	
302-3	Energy Intensity	83	
WATER	MANAGEMENT APPROACH		
303-1	Total water collected by source.	60 and 82	
303-3	Percentage and total volume of water recycled and reused.	82	
BIODIVERSITY	MANAGEMENT APPROACH		
304-2	Significant impacts on the biodiversity of activities, products, and services.	58	

GRI Summary

SECTION (ASPECT/INDICATOR)	DESCRIPTION	PAGE/RESPONSE	ODS
EMISSIONS	MANAGEMENT APPROACH		
305-1	Total direct greenhouse gas emissions.	84	
EFFLUENTS AND WASTE	MANAGEMENT APPROACH		
306-1	Total water discharge, listed by quality and destination.	82	
306-2	Total waste weight, listed by type and disposal.	84	
PRODUCTS AND SERVICES	MANAGEMENT APPROACH		
301-3	Percentage of recovered products and packaging, by product category.	61	
ENVIRONMENTAL EVALUATION OF SUPPLIERS	MANAGEMENT APPROACH		
308-2	Significant actual or potential environmental impacts on the supply chain and measures taken.	58 and 85	
SOCIAL CATEGORY – GRI 400			
SOCIAL CATEGORY – LABOR PRACTICES			
EMPLOYMENT	MANAGEMENT APPROACH		
401-2	Benefits granted to full-time employees that are not offered to temporary workers.	Health care plan, pharmaceutical care plan, dental care plan, meal voucher or restaurant in the company, attendance bonus, transportation voucher, profit sharing program, discount on the purchase of Portobello and Pointer products, life insurance, advance on wage, day care and nursery aid, Portobello Mother Program, assistance to dependents people with disabilities, automatic-paycheck-deduction loan, optional sale by the employee of one third of their vacation time.	

GRI Summary

SECTION (ASPECT/INDICATOR)	DESCRIPTION	PAGE/RESPONSE	ODS
OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT APPROACH			
403-1	Percentage of employees represented on formal safety and health committees.	42	
403-2	Injury types and rate, occupational diseases, work days lost, absenteeism rate, and number of deaths.	44 and 86	
TRAINING AND EDUCATION MANAGEMENT APPROACH			
404-1	Average hours of training per year.	50 and 87	
404-3	Percentage of employees receiving performance reviews.	88	
MECHANISMS FOR COMPLAINTS RELATED TO LABOR PRACTICES MANAGEMENT APPROACH			
103-2-c-vi	Number of complaints on labor practices submitted, addressed and resolved by formal grievance mechanisms.	Total number of complaints relating to labor practices recorded in the period covered by the report: 51 Total number of complaints that have been resolved: 05 Total number of complaints recorded before the period covered by the report that were resolved during this period: 40 Deposited Amounts: BRL 761,000.00	
SOCIAL CATEGORY – HUMAN RIGHTS			
EVALUATION OF SUPPLIERS IN RELATION TO HUMAN RIGHTS MANAGEMENT APPROACH			
409-1	Significant actual and potential human rights impacts on the supply chain and measures taken.	“The contracts between Portobello and its suppliers include the clause: “Social and Environmental Responsibility,” which establishes the commitment to the following topics: • Combating slavery and child labor; • Combating discrimination with respect to gender, origin, race, color, physical condition, among others; • Protecting the environment.”	

GRI Summary

SECTION (ASPECT/INDICATOR)	DESCRIPTION	PAGE/RESPONSE	ODS
SOCIAL CATEGORY – SOCIETY			
LOCAL COMMUNITIES	MANAGEMENT APPROACH		
413-1	Operations with implemented local community engagement, impact assessment and development programs.	45	 
COMPLIANCE	MANAGEMENT APPROACH		
419-1	Description of significant fines and total number of non-monetary sanctions.	Not applicable.	
EVALUATION OF SUPPLIERS ON IMPACTS ON SOCIETY	MANAGEMENT APPROACH		
414-2	Significant actual and potential negative impacts of the supply chain on society and measures taken.	The contracts between Portobello and its suppliers include the clause: “Social and Environmental Responsibility,” which establishes the commitment to the following topics: • Combating slavery and child labor; • Combating discrimination with respect to gender, origin, race, color, physical condition, among others; • Protecting the environment.	
SOCIAL CATEGORY – PRODUCT RESPONSIBILITY			
CUSTOMER HEALTH AND SAFETY	MANAGEMENT APPROACH		
416-1	Products and services with impacts on health and safety.	55	
PRODUCT AND SERVICE LABELING	MANAGEMENT APPROACH		
102-43	Results of surveys measuring customer satisfaction.	65	



Attachments

Social Overview

203-2

Indicators	2016	2017	2018
Employees Compensation	202.652.000,24	199.587.956,64	247.996.074,48
Social Programs*	1.107.950,00	1.559.449,24	1.416.750,38
Internal Marketing Events	530.404,00	235.725,65	443.916,24
People Development (Technical training and leadership)	887.340,00	873.232,26	923.231,21

*Values include Incentive Law projects.

Environmental Overview

	2016	Portobello 2017	2018		Pointer 2017	2018
Direct greenhouse gas emissions (tCO2eq)	149.856	164704	161.595	30.566	25.375	37.661
Material from recycling (t)	31.590	248.044	239.245	8.573	8.550	8.951
Waste disposal (t)	5.144	5.795	5.857	431	405	585
Non-hazardous waste (t)	5.001	5.695	5.759	426	401	582
Hazardous waste (t)	143	100	98,43	5	4	2,48
Energy consumption (GJ)	3.595.030	3.691.359	3.654.684	731.181	610.374	904.381
Renewable energy consumption (GJ)	424.806	435.066	434.956	87.176	75.731	110.886
Non-renewable energy consumption (GJ)	3.170.223	3.256.293	3.219.727	644.005	534.643	793.495
Captured water volume (m³)	315.414	330.536	359.924	82.681	62.939	83.887

Economic Overview

102-7

Indicator (R\$ Thousand)	2015	2016	2017	2018
Gross Revenue	1.345.015	1.301.050	1.277.945	1.321.346
Net Revenue	1.060.395	1.016.400	1.023.937	1.054.190
Gross Income	396.202	363.202	417.020	405.600
Gross Margin	37,40%	35,70%	40,70%	38,50%
EBIT	134.405	75.808	149.006	288.013
Net Income	52.673	2.142	64.170	134.311
Net Debt	501.654	464.241	394.367	472.188
Investment	88.340	25.387	46.528	63.000
Taxes	294.408	286.525	286.304	336.575
Distributed Dividends	12.505	505	30.464	31.892

The financial information presented in this document derives from the PBG S.A.'s consolidated financial statements, prepared in accordance with the standards of the Brazilian Accounting Pronouncements Committee (CPC) and the International Financial Reporting Standards (IFRS).

Total Number of Employee

102-8

Total number of employees by functional level	2016		2017		2018	
	Men	Women	Men	Women	Men	Women
Board	10	0	10	0	10	0
Director	7	0	5	0	12	1
Superintendent	9	0	5	1	2	0
Manager	32	16	29	7	37	23
Coordinator	90	66	60	19	82	33
Others	1.907	757	1.846	698	2.096	846
Trainee	0	0	0	0	0	0
Apprentice	35	39	37	29	37	30
Intern	20	10	15	9	16	15
Total by gender	2.110	888	2.007	763	2.292	948
Total	2.998		2.770		3.240	

Total Number of Employee

102-8

Total number of employees by type of employment contract	2016		2017		2018	
	Men	Women	Men	Women	Men	Women
Limited time	55	49	38	38	53	45
Unlimited time	2.055	839	725	725	2.239	903
Total by gender	2.110	888	763	763	2.292	948
Total	2.998		2.770		3.240	

Total number of employees by employment type	2016		2017		2018	
	Men	Women	Men	Women	Men	Women
Full time	2.055	839	1.955	725	2.239	903
Part time	55	49	52	38	53	45
Total by gender	2.110	888	2.007	763	2.292	948
Total	2.998		2.770		3.240	

Total number of employees by region	2016		2017		2018	
	Men	Women	Men	Women	Men	Women
Portobello	1.803	832	1.750	705	1.961	883
Pointer	307	56	257	58	331	65
Total by gender	2.110	888	2.007	763	2.292	948
Total	2.998		2.770		3.240	

Recycling

301-2

Ceramic mass in the production process	Portobello			Pointer		
	2016	2017	2018	2016	2017	2018
Quantity used (metric ton)	703.174,61	691.898,01	715.114,00	217.906,00	171.802,00	171.366,88
Quantity derived from recycling (metric ton)	115.794,80	118.765,86	106.475,34	6.537,18	6.872,08	6.340,57

Type of Material in 2018	Cantidad utilizada (ton)	Portobello		Cantidad utilizada (ton)	Pointer	
		Cantidad proveniente de reciclaje (ton)	% proveniente de reciclaje		Cantidad proveniente de reciclaje (ton)	% proveniente de reciclaje
Cardboard	3.849,14	2.424,96	63%	731,39	636,31	87%
Plastic tape (for arching)	120,71	31,44	26%	65,25	41,11	63%
Palett	7.843,4	3.607,95	46%	0,00	0,00	0%

	2016	2017	2018
Evolution in the use of recycled materials at ceramic mass	16%	17%	15%

Water

303-1, 303-3, 306-1

Portobello water collection, by source and operation (m³)	Portobello Consumption (m³)	Pointer Consumption (m³)	Total consumption by source (m³)
Surface water (rivers, lakes, wetlands, oceans)	138.434	-	138.434
Underground water	221.490	83.887	305.377
Total	359.924	83.887	443.811

Recycled and reused water	2016	2017	2018
Total Volume of Recycled/ Reuse water (m3)	491.665,00	506.724,00	510.473,00
Recirculation Rate (%)	100	100	100

	2016	2017	2018
Disposal of Portobello effluent (flow m³ / h)	4,68 m³/hora	4,67 m³/hora	4,68 m³/hora

Energy Evolution

302-1

Type of source	2016	2017	2018
Total non-renewable energy consumption (GJ)	3.170.223,46	3.256.293,37	3.219.727,46
Total renewable energy consumption (GJ)	424.806,11	435.065,67	434.956,39
Total	3.595.029,58	3.691.359,04	3.654.683,85

POINTER: There was a 48% increase in the consumption of natural gas and 46% of electricity compared to the year 2017 due to full operation of the plant in 2018 (10 months) and it had operated with reduced capacity in 2017 and also due to the entry of products from large formats that have a higher consumption of fuels.

302-3

Energy intensity	2016	2017	2018
	5,36 GJ	5,5 GJ	5,44 GJ

305-1

Total direct greenhouse gas emissions (tCO2eq)	2016	2017	2018
Portobello	161.028	164.704	161.595
Pointer	30.565	25.375	37.661
Total	191.594	190.079	199.256

Waste

306-2

Disposal of hazardous waste (in metric ton)

	2016	2017	2018	Waste included
Recycling	31,07	23,62	8,06	Hydraulic Oil
Landfill (Pointer)	4,73	3,98	2,48	Residues contaminated with paint and/or oil
Industrial Landfill	111,53	76,53	75,2	Grease sludge, solvents, residues contaminated with thinner, grease, and solvents; ambulatory waste
Co processing	0	0	15,17	Tinner, Grease sludge, solvents, residues contaminated with thinner, grease and solvents
Total	147,33	104,13	100,91	

Disposal of non- non-hazardous waste (in metric tons)

	2016	2017	2018	Waste included
Recycling	3804,4	4490,05	4336,14	Metal scrap, cardboard, plastic, industrial oil, mixed, wood, construction waste, polishing sludge
Recycling (Pointer)	112,28	102,31	206,48	
Landfill	86,61	86,61	86,61	Waste from bathrooms and dining areas
Landfill (Pointer)	314,12	298,73	376	Organic and non-recyclable waste
Local Storage	0	167,39	148,11	Abrasives
Industrial Landfill	927,9	1117,89	1320,9	Class II Waste (rubbers, hoses, mixed waste and others). Abrasives*
Co processing	0	0	15,17	Class II Waste (Rubbers, hoses, mixed waste and others non-recyclable Class II residues)
Total	5.245,31	6.262,98	6.489,41	

Biodiversity

308-2

Environmental evaluation of suppliers

	2016	2017	2018
Total suppliers submitted to environmental impact evaluation	24	34	19

Health Rates

403-2

Health and safety rates of employees (hired and outsourced employees), by gender	2016		2017		2018	
	Hombres	Mujeres	Hombres	Mujeres	Hombres	Mujeres
Number of injuries	277	52	199	32	242	31
Injury rate (frequency)	41,1	7,7	35,0	4,5	32,0	4,1
Number of occupational diseases	1	1	1	0	0	0
Occupational disease rate (frequency)	0,2	0,2	0,2	0,0	0,0	0,0
Total work days lost (as a result of occupational accidents or disease)	337	125	295	33	171	57
Lost work days rate	50,03	18,56	42,74	4,78	20,84	9,42
Absenteeism rate (absence from work due to any disability)	0,80%	1,30%	0,79%	1,02%	0,92%	0,73%
Total deaths	0	0	0	0	0	0

Health and safety rates of employees (hired and outsourced employees), by region	Portobello			Pointer		
	2016	2017	2018	2016	2017	2018
TInjury rate	52,2	39,6	26,4	48,3	40,9	68,8
Occupational disease rate	41,1	35,0	0,0	7,7	4,5	0,0
Total work days lost	361	251	228	101	77	0
Absenteeism rate	0,93%	0,87%	0,81%	1,00%	0,75%	0,59%
Total deaths	0	0	0	0	0	0

Training

404-1

Functional Level / Gender	2016			2017			2018		
	Employees	Hours of training sessions	Hours per employee	Employees	Hours of training sessions	Hours per employee	Employees	Hours of training sessions	Hours per employee
Board	10			10			10		
Director	5			5			13		
Superintendent	6			6			2		
Manager	36			36			60		
Coordinator	79			79			115		
Others	2,544			2,544			2,942		
Trainee	0			0			0		
Apprentice	66			66			67		
Intern	24			24			31		
Total	2,770	11,615	4,19	2,770	35,014	12,64	3,240	35,875	11,07
Men	2,007			2,007			2,292		
Women	763			763			948		

Performance

404-3

Functional Level / Gender	2016			2017			2018		
	Total number of employees	Total number of employees receiving performance review	Percentage of employees receiving performance review	Total number of employees	Total number of employees receiving performance review	Percentage of employees receiving performance review	Total number of employees	Total number of employees receiving performance review	Percentage of employees receiving performance review
Consejo	10	0	0%	10	0	0%	10	4	40%
Director	7	7	100%	5	5	100%	13	13	100%
Superintendente	9	9	100%	6	6	100%	2	2	100%
Gerente	43	43	100%	36	36	100%	60	59	98%
Coordinador	150	150	100%	79	79	100%	115	115	100%
Operación	2.700	0	0%	2.544	0	0%	2.942	75	3%
Trainee	1	0	0%	0	0	-	0	0	-
Aprendiz	52	0	0%	66	0	0%	67	0	0%
Pasante	37	37	100%	24	24	100%	31	31	100%
Total	3.009	246	8%	2.770	150	5%	3.240	299	9%
Hombres	899	88	10%	2.007	114	6%	2.292	200	9%
Mujeres	2.110	158	7%	763	36	5%	948	99	10%

Portobello

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