SUSTAINABILITY
REPORT 2016
**GOL 15 YEARS**

## MISSION
Bring people closer together with SAFETY and INTELLIGENCE.

## VISION
To be the best airline to fly with, work for and invest in.

## VALUES
Safety
Low Cost
Team of Eagles
Intelligence
Service

GOL

# SUMMARY

# GOL'S FIRST FLIGHT

On Monday January 15, 2001, at 6:56 a.m., the Boeing 737-700 Next Generation (PR-GOE) took off from Brasília International Airport to Congonhas Airport in São Paulo. The weather conditions were good and the aircraft landed in São Paulo at about 8:30 a.m.

This was GOL's first flight and it marked Brazil's aviation history, as that same day the Company literally left the paper to take to the skies.

On that day, GOL served its first customers through an operation that had six aircraft on four routes connecting the cities of Rio de Janeiro, São Paulo, Brasília and Salvador, and revolutionized Brazil's aviation market with a proposal that combined the lowest fares with quality and safety.

# MESSAGE FROM MANAGEMENT
GRI G4-1

2016 marked GOL's economic and financial performance recovery after two very challenging years. Brazil went through subsequent macroeconomic and political crises, with a strong devaluation of the Real against the US Dollar and increase in inflation, as well as the deterioration of several indicators, the economic slowdown and loss of international credibility. All these factors impacted the industry and led the domestic aviation market to shrink for the first time in recent history.

Despite the unfavorable external conditions, we overcame the sectoral and economic challenges in 2016 and maintained our operational excellence, expanding our leading position in Brazil's domestic aviation market. This was only possible thanks to the intense and meticulous work focused on efficiency gains the Company performed in recent years, which has enabled it to act quickly and decisively when necessary.

Since the second half of 2015, we have structured an action plan that primarily involved the restructure of our flight network and the reduction of the aircraft fleet. From January 2016, we put this plan into practice and, as a first step, we conducted engagement initiatives with our stakeholders (including our lessors), which allowed us to reduce our total fleet from 144 to 121 aircraft, and therefore, serve the domestic market at a lower operating cost.

The next step was to operate flights within a new network structure in record time. To overcome this great challenge, we relied on the effort and dedication of our Team of Eagles. At the end of 2016, we obtained a load factor of 77.5% (0.3 p.p. higher over 2015), with an aircraft utilization of 11.2 block hours per day and fuel costs per available seat kilometer (ASK) decreased 6.9% compared to 2015.

As a result, we ended the year with operating profit (EBIT) of R$697 million (compared to a loss of R$184 million in 2015), EBIT margin of 7.1% (compared to a negative 1.9% margin in 2015), net income of R$1.1 billion (compared to a loss of R$4.3 billion in 2015) and net margin of 11.2% (55.1 p.p. higher than in 2015).

We achieved these significant results without losing the focus on our strategic positioning, on the evolutionary continuity of the brand and on investments for the improvement of our products and services.

In 2016, GOL was the most on-time airline in the Brazilian market and the 13th most on-time airline in the world, according to data from OAG (Official Airline Guide), a specialized independent company that monitored over 54 million flights in the year. For the fourth consecutive year, GOL remained the most on-time airline in the domestic market with a 94.8% rate of flights taking off on schedule, according to the data from Infraero and airports concessionaires.

In the same period, the Company improved its customers' flying experience by innovating and providing Wi-Fi on board (with free content), renovated seats with an ecological leather finish and new features on our digital platforms.

Internally, we intensified the development of the Culture Project, a strategic initiative of extreme importance that redefined GOL's values and has contributed in a definitive way to the execution of our vision of being the best airline to fly with, work for and invest in.

In the year that the city of Rio de Janeiro hosted the Olympic and Paralympic Games, the Company used two new accessibility ramps, available to all customers at the Congonhas (SP) and Santos Dumont (RJ) airports, and created a Master Plan for accessibility, which resulted in important developments in its processes. As recognition of its actions focused on promoting diversity and inclusion in recent years, GOL received the Human Rights Award, in the National Accessibility Seal category, the highest award given by the Brazilian Government to individuals and entities that stand out in defense of human rights.

The combination of all these factors contributed to the consolidation of GOL's position as Brazil's No. 1 airline in market share, with 32.6 million passengers transported in 2016. We are the leading airline in the Brazilian domestic market, according to the ANAC, and the leader in market share and number of tickets issued and sold to corporate clients, according to the Brazilian Association of Travel Agencies (ABRACORP).

In addition to the important turnaround completed in record time, we celebrated the 15th anniversary of our first flight this year, which took off from Congonhas Airport, in São Paulo, to Brasília International Airport on January 15, 2001.

I would like to invite you, dear readers, to go through the pages of our 2016 Sustainability Report, but not without first expressing my deepest gratitude to all our stakeholders, without whom it would not be possible to make all the changes and improvements that allowed us to achieve such significant results.

I would like to thank you all and wish you a pleasant read!

**Paulo Sérgio Kakinoff**
CEO of GOL Linhas Aéreas Inteligentes S.A.

ABOUT THE REPORT:
DEAR PASSENGERS,
WELCOME ABOARD

GOL Linhas Aéreas Inteligentes' 2016 Sustainability Report presents the Company's main information for the year, and celebrates its 15th anniversary. This publication covers GOL's main achievements from January 1 to December 31, 2016, the economic, social and environmental impacts of the Company's activity and the strategy to continue generating value over time.

The report adheres to the Global Reporting Initiative (GRI) – the "Core" level under the G4 guideline – a non-governmental organization that offers a global and multi-sectoral reporting standard aimed at transparency, information comparability, as well as the measurement of different indicators, which directly contributes to the development of the Company's corporate management.

## CONTENT DEFINITION

Following the GRI guidelines, GOL defined the content to be addressed in the report based on a consultation with its main stakeholders to identify the most relevant topics of the Company's operations. The consultation was conducted in 2015 and followed the next steps:

# FACE-TO-FACE CONSULTATION

It has a more qualitative character and allows a deep analysis of the topics.

**Stakeholders consulted:**

- Suppliers
- Government Representatives
- Employees
- Gollog Franchisees

# ONLINE CONSULTATION

Aimed at giving a quantitative support and more consistency to the survey's sampling.

**Stakeholders consulted:**

- Employees
- Service Providers
- Suppliers
- Investors
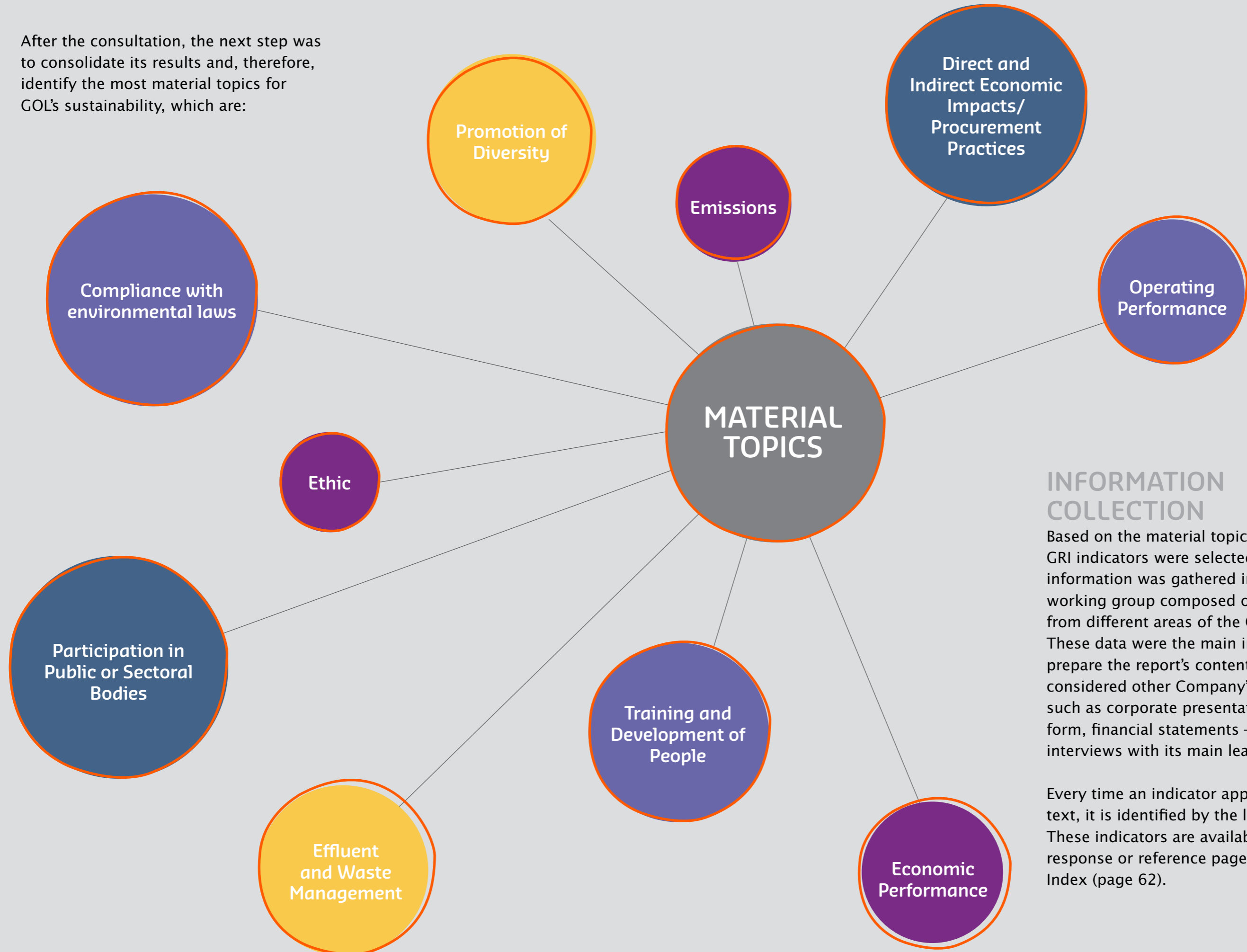
# CONSULTATION WITH EXECUTIVES

Aimed at listening to key decision makers who have a deep understanding of the business.

**Stakeholders consulted:**

- Executives (including the CEO)

After the consultation, the next step was to consolidate its results and, therefore, identify the most material topics for GOL's sustainability, which are:



Promotion of Diversity

Emissions

Direct and Indirect Economic Impacts/ Procurement Practices

Compliance with environmental laws

Operating Performance

MATERIAL TOPICS

Ethic

Participation in Public or Sectoral Bodies

Training and Development of People

Effluent and Waste Management

Economic Performance

## INFORMATION COLLECTION

Based on the material topics, the GRI indicators were selected and the information was gathered involving a working group composed of employees from different areas of the Company. These data were the main input to prepare the report's content, which also considered other Company's documents – such as corporate presentations, reference form, financial statements – as well as interviews with its main leaders.

Every time an indicator appears in the text, it is identified by the letters "GRI". These indicators are available (and their response or reference page) in the GRI Index (page 62).

**PROFILE:**
**GOL 15 YEARS**

Fifteen years after its first flight, GOL Linhas Aéreas Inteligentes S.A. is the largest low-cost airline in Latin America. With the mission of bringing people together with SAFETY and INTELLIGENCE, in 2016, GOL worked with a value proposition that included:

· The largest air network in Brazil;

· The largest number of flights at eight major airports;

· Average fleet age of eight years old, with the highest offer of ANAC category A seats in the domestic market;

· Aircrew with extensive flight experience;

· Two options to increase comfort on board (economy class | GOL+Conforto)

· Leader in on-time performance[1];

· Wi-Fi on board (with free content);

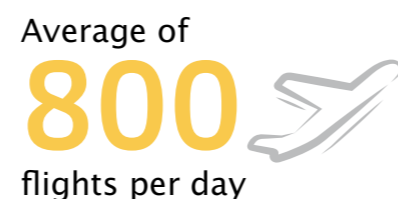· Free organic snacks and sale of food and drinks on board;

· Greater number of digital services offered (including check-in, flight anticipation and geolocation); and

· Seats with an ecological leather finish (in phase of implementation).

Headquartered at Congonhas Airport in São Paulo (SP), GOL maintains an Aircraft Maintenance Center (CMA) located at the Confins/Tancredo Neves International Airport in Belo Horizonte (MG) and 53 airport bases – 11 of which are abroad. In the period covered by the report, the Company also had third-party structures in the Dominican Republic.

GOL maintains strategic partnerships and codeshare agreements with Delta Airlines, Air France KLM, Aerolíneas Argentinas, Aeroméxico, TAP, Alitalia, Qatar, Etihad, Air Canada, Korean Air, Emirates and Copa Airlines, offering more than 100 international destinations to its customers.

1 According to the OAG (Official Airline Guide) and Infraero.

## GOL'S FIGURES IN 2016

Fleet of **121** aircraft

**63** destinations (11 international)

Average of **800** flights per day

**34** MILLION passengers transported

**79**,000 tons of cargo transported

# HIGHLIGHTS 2001



GOL's first flight, a new airline aimed at making Brazilian air transportation more democratic, focused on markets not previously served and operating at reduced fares.

**FIGURES OF THAT YEAR**

Passengers Transported:
**2** MILLION

Aircraft fleet:
**10** BOEING 737

Net Revenue:
R$**230** MILLION

STRATEGY:
FLIGHT PLAN

GOL's vision is to be the best airline to fly with, work for and invest in, and, in order to achieve this goal, the Company has worked hard to **IMPROVE CUSTOMER EXPERIENCE.** This evolution has been noticed by the stakeholders – as shown by satisfaction surveys on page 51 – and is based on the Company's five values:

**Safety >** GOL's main value, SAFETY is a premise for all actions taken.

**Low Cost >** GOL is the largest low-cost airline and is constantly seeking alternatives to make its operation more efficient.

**Team of Eagles > GOL offers growth opportunities and has the best team in the Brazilian aviation industry.** The Team of Eagles represents the Company's employees and recognizes those who are responsible for putting the strategies into practice and achieving the results.

**Intelligence > It reduces GOL's operational costs and maximizes its results through the best solutions and technologies.** This value is responsible for combining **cost reduction with the improvement of the customer experience** through initiatives such as innovations in the development of the mobile app (one of the best in the world – more information on page 29), the introduction of Wi-Fi on board (more information on page 28) and the renovation of aircraft seats with an ecological leather finish (more information on page 9).

**Service > The GOL Way of Serving makes the Company the best option for the customer.** This value permeates all customer interactions and includes digital facilities (ticket purchase, check-in and flight anticipation, among others), on-time performance and customized service care provided by employees at airports and during the flights.

## INCREASINGLY DIGITAL

GOL has found in the digital world the best solutions to, simultaneously:
· Improve customer experience;
· Increase business interaction;
· Provide operational support to the aircrew; and
· Reduce operational costs.

Currently, GOL's customers and employees at the Guarulhos (SP) and Galeão (RJ) airports interact digitally with the Company at different times, as shown in the tables below:

# DIGITAL INTERACTIONS WITH THE CUSTOMER

**1** Junior lives in São Paulo and will travel for business. He is flying to Rio de Janeiro at 4 p.m. from Congonhas airport.

**2** In the morning, Junior used his GOL app to check-in and choose his seat.

**3** At 12:25 p.m. he received a message on his smartphone (via the GOL app) informing that, due to traffic conditions, he should leave in 10 minutes to avoid missing his flight.

**4** When Junior arrived at Congonhas airport, his smartphone was detected by the beacons[1] located at the airport. GOL identified that he is flying in economy class and offered the GOL+Conforto seat.

**GOL+Conforto**
Enjoy an even more comfortable trip with extra space between seats. Book now your **GOL+Conforto** seat using your APP.

**5** Junior accepted the offer. To make the payment, he took a photo of his credit card and sent it to GOL[2].

**6** When taking his seat in the aircraft, Junior was detected by the aircrew through the ELO - Tablet on board, a strategic device that gathers relevant information of his history with GOL. With this tool, the aircrew member gets to know more about Junior's profile and finds the best way to serve him.

**7** During the flight, Junior connected to the Aircraft's Wi-Fi, took the time to check his emails and watch some of the entertainment available on board with his smartphone.

**8** After landing in Rio de Janeiro, Junior received a push message to evaluate his satisfaction with the service provided by GOL and, therefore, to contribute to the improvement of the flight experience offered by the Company.

*1 Beacon is a small device that sends signals through the bluetooth technology that can be captured by smartphones and tablets apps.*
*2 GOL does not store any image of its customers' credit cards.*

## MAIN COMPETITIVE ADVANTAGES

Supported by its 5 values, in 2016, GOL made history and gained several competitive advantages, among which we can highlight:

**Strong market position:** airline with the highest number of flights interconnected to the busiest airports in Brazil.

**Standardized fleet:** new and standardized fleet – with an average age of eight years – enabling for intelligent management of spare parts and "best in class" maintenance, as well as reducing aircrew expenses.

**Excellence in digital services:** uses the latest technology to interact with customers across multiple platforms and deliver a high-quality, cost-effective service.

**One of the largest relationship programs in Latin America:** GOL's customer can collect and redeem miles through Smiles, the Company's exclusive partner.

**High Corporate Governance Standards:** GOL's Board of Directors has four independent directors and one director who is a member of the Board of Executive Officers of Delta Air Lines, with expertise in civil aviation, as provided for in the partnership agreement signed between the two companies.

**Recognized brand:** identified by customers as safe, affordable, on-time, fair, intelligent, modern and reliable.

**On-time performance:** the most on-time airline in the Brazilian market for four consecutive years[3].

**Aircraft configurations:** GOL has the largest number of ANAC's A Seal seats. GOL+ seats offer 78.8 cm of space and the GOL+Conforto seats offer 86.3 cm and 50% extra seat reclining.

*3 According to data from Infraero and airports concessionaires.*

# HIGHLIGHTS 2004



GOL held its IPO and became a publicly traded company (free float) – the second Brazilian company ever to be listed simultaneously on the São Paulo Stock Exchange (now BM&FBovespa) and the New York Stock Exchange (NYSE).

### FIGURES OF THAT YEAR

Passengers Transported:

**9** MILLION

Aircraft fleet:

**27** BOEING 737

Net Revenue:

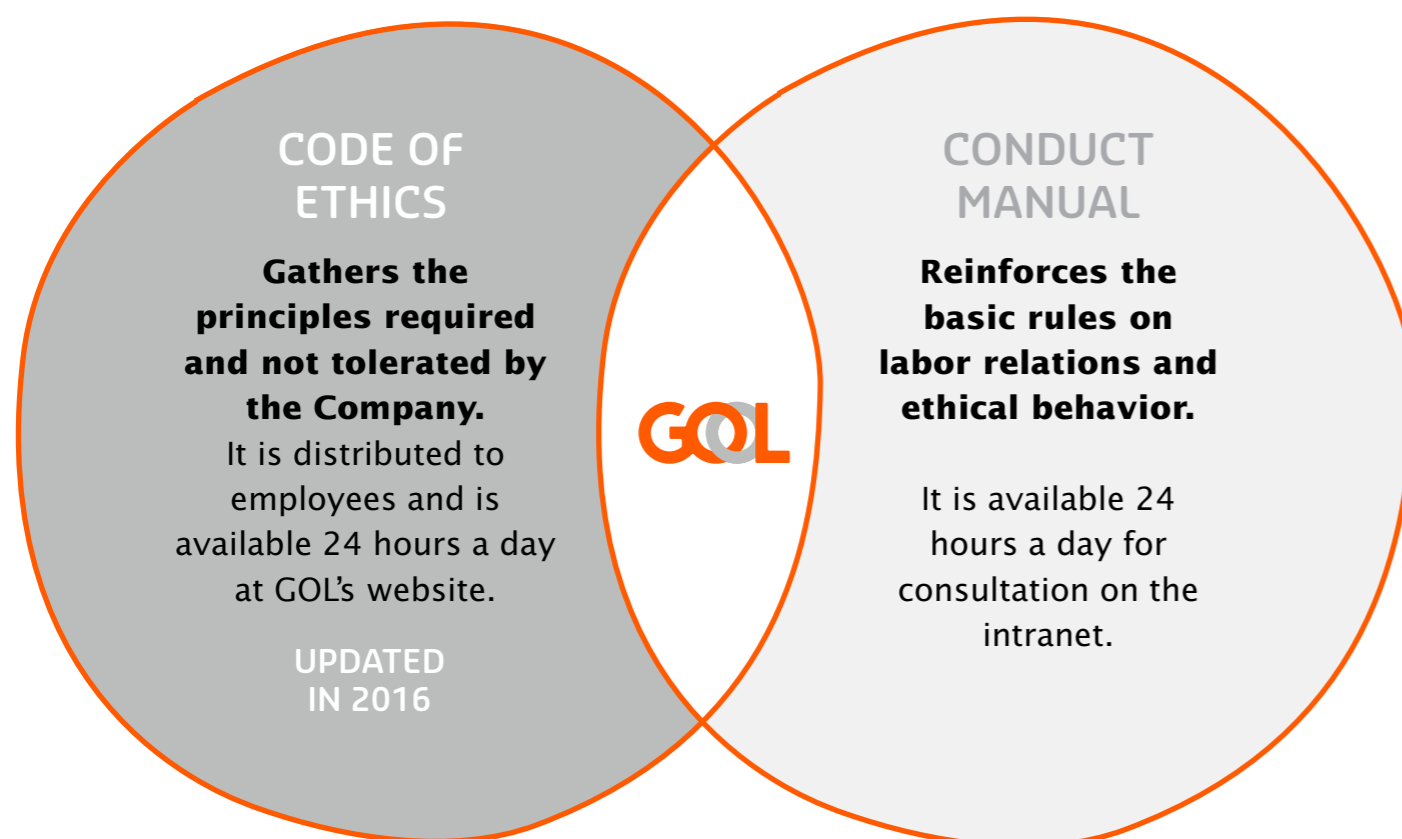R$**1.9** BILLION

GOVERNANCE:
CONTROL TOWER

Corporate Governance is the set of principles and rules that ensure the good functioning of the Company, assure the interests of the stakeholders and promote business sustainability.

GOL's governance is based on transparency, equity and social and environmental responsibility principles. The Company's shares are traded on BM&FBOVESPA (Level 2 Corporate Governance segment), and its governance structure provides its investors and shareholders with confidence and strenght.

## ETHICS GRI G4-56 | SO4

GOL's governance structure is based on ethical principles available through two documents that provide detailed guidance on the expected conduct of the Company's employees and managers. They are:

### CODE OF ETHICS

**Gathers the principles required and not tolerated by the Company.**
It is distributed to employees and is available 24 hours a day at GOL's website.

UPDATED IN 2016

### CONDUCT MANUAL

**Reinforces the basic rules on labor relations and ethical behavior.**

It is available 24 hours a day for consultation on the intranet.

## TRAINING IN ETHICS RELATED TOPICS

At the end of the reporting period, 13,750 employees – representing 90% of the Team of Eagles – had concluded the online training on GOL's Code of Ethics. In 2016, the Company offered this training to 948 professionals.

| Total number of employees who received training on the code of ethics in 2016 | | | |
|---|---|---|---|
| | Total number of employees | Total number of employees trained | % of employees trained |
| Administrative | 1,473 | 1,214 | 82% |
| Operational | 13,767 | 12,536 | 91% |
| **TOTAL** | **15,240** | **13,750** | **90%** |

| Total number of employees who received training on the code of ethics in 2016 by region | | | |
|---|---|---|---|
| Region | Employees eligible for training | Total number of employees trained | % of employees trained |
| Abroad | 343 | 297 | 87% |
| North | 421 | 371 | 88% |
| Midwest | 846 | 766 | 91% |
| South | 1,214 | 1,100 | 91% |
| Northeast | 1,129 | 1,013 | 90% |
| Southeast | 11,287 | 10,203 | 90% |
| **TOTAL** | **15,240** | **13,750** | **90%** |

Regarding the professionals holding leadership positions, at the end of the reporting period, 624 leaders – representing 92% of leadership positions – had concluded the online training on the Company's Code of Ethics.

| Total number of leaders who received training on the code of ethics in 2016 | | | |
|---|---|---|---|
| Leadership category | Employees eligible for training | Total number of employees trained | % of employees trained |
| Supervisor | 299 | 285 | 95% |
| Coordinator | 181 | 164 | 91% |
| Manager | 113 | 101 | 89% |
| Regional manager | 6 | 5 | 83% |
| Executive Manager | 6 | 6 | 100% |
| Director | 13 | 9 | 69% |
| Executive Director | 2 | 1 | 50% |
| Vice President | 3 | 3 | 100% |
| CEO | 1 | 1 | 100% |
| **TOTAL** | **624** | **575** | **92%** |



In addition to the training previously mentioned, 19 GOL's Airports Managers (Operational Audience) attended the Lecture focused on the Anti-Corruption Law, in addition to 123 employee participations in the lectures given by the Audit of the Channel of Ethics about the management of the Channel and the premises of the Code.

## AT THE END OF THE REPORTING PERIOD, 92% OF GOL'S EMPLOYEES UNDERWENT TRAINING FOCUSED ON THE COMPANY'S CODE OF ETHICS.

## "ÉTICA NA GOL" CHANNEL

**GRI G4 HR3**

To complement the documents provided, the Company has the Ética na GOL (Ethics at GOL) channel (www.eticanagol.com.br) – where the Code of Ethics is available – aimed at receiving and investigating complaints, as well as clarifying doubts regarding the Code. The Channel also receives complaints through a Hotline: 0800 886 0011.

## INVESTIGATION

In 2016, GOL was questioned by the Federal Revenue Office regarding payments made to Gdav Comércio e Representações Ltda.; to Jesus.com Serviços de Promoções, Propaganda e Atividades de Radio Ltda; and to Viscaya Holding Participações, Intermediações, Estruturações e Serviços S/C Ltda during 2012 and 2013.

Immediately after the request, GOL initiated an internal investigation, which was later suspended and replaced by an independent external inquiry, which began its own investigation of the facts.

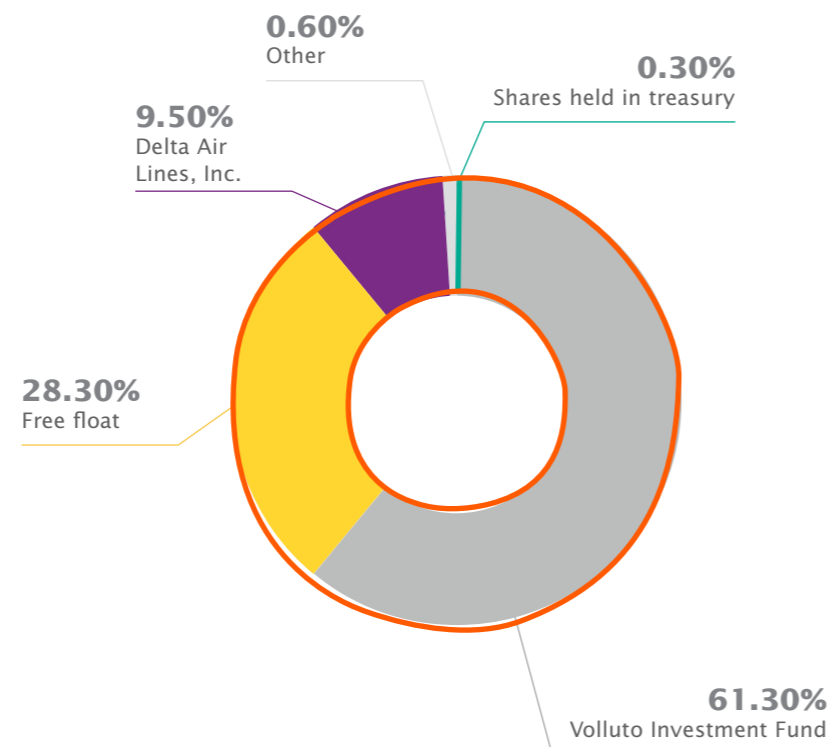The investigation was completed in April 2017, and revealed that additional irregular payments were made to politically exposed persons. None of the amounts paid were significant (individually or jointly) in terms of cash flow and none of the current employees, representatives or members of the Company's Board of Directors or Company Management were aware of any unlawful intent behind any of the transactions identified, or any Illicit benefit to us, as a result of the operations investigated.

In parallel with the investigations, GOL signed a Leniency Agreement with the Brazilian Federal Public Ministry in which it undertakes to pay fines and penalties. Under the same Agreement, the Brazilian Federal Public Ministry undertakes not to file criminal or civil action against GOL, its representatives that may accede to the Agreement.

## OWNERSHIP BREAKDOWN

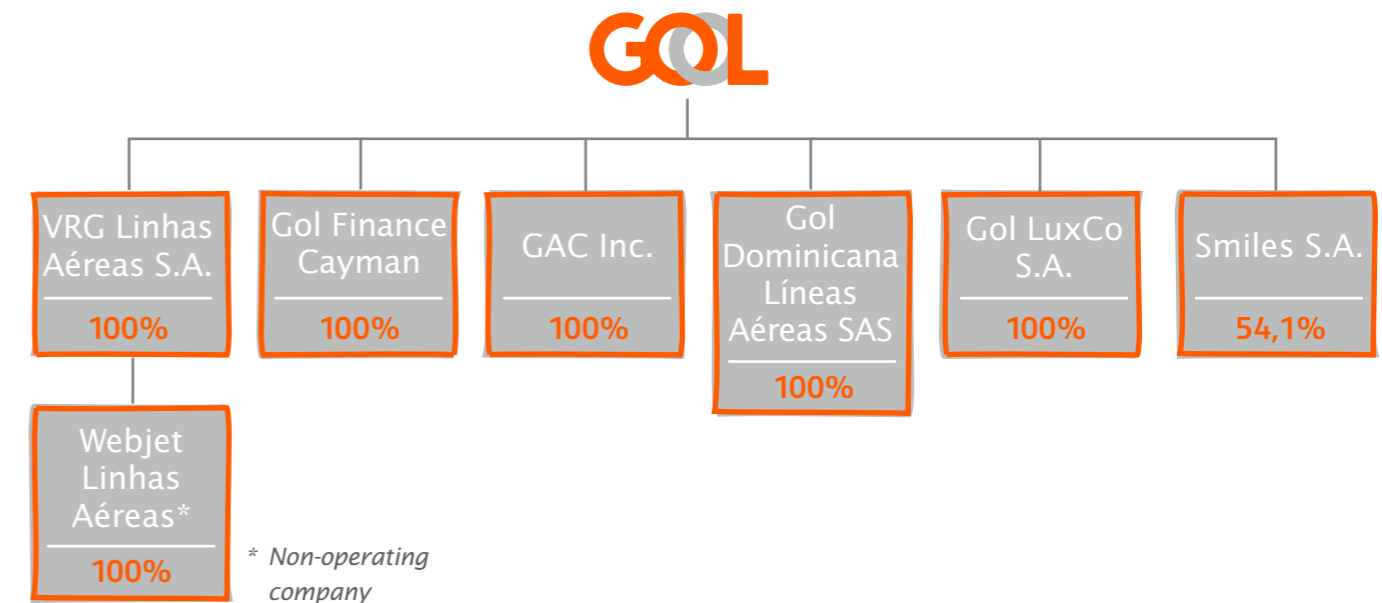The following graphic sets forth GOL's ownership breakdown as of December 31, 2016:



0.60% Other
0.30% Shares held in treasury
9.50% Delta Air Lines, Inc.
28.30% Free float
61.30% Volluto Investment Fund

## CORPORATE STRUCTURE

On December 31, 2016, the Company's corporate structure was composed as follows:



GOL

| VRG Linhas Aéreas S.A. 100% | Gol Finance Cayman 100% | GAC Inc. 100% | Gol Dominicana Líneas Aéreas SAS 100% | Gol LuxCo S.A. 100% | Smiles S.A. 54,1% |

Webjet Linhas Aéreas* 100%

\* Non-operating company

|  | Common | | Preferential | | Total | |
|---|---|---|---|---|---|---|
|  | Shares | % | Shares | % | Shares | % |
| Volluto Investment Fund | 5,035,037,105 | 100.00% | 68,915,078 | 33.90% | 5,103,952,183 | 61.30% |
| Other | 35 | 0.00% | 2,247,525 | 1.10% | 2,247,560 | 0.60% |
| Shares held in treasury | – | – | 893,793 | 0.40% | 893,793 | 0.30% |
| Delta Air Lines, Inc. | – | – | 32,926,025 | 16.20% | 32,926,025 | 9.50% |
| Free float | – | – | 98,401,547 | 48.40% | 98,401,547 | 28.30% |
| Total | 5,035,037,140 | 100.00% | 203,383,968 | 100.00% | 5,238,421,073 | 100.00% |

In the same period, GOL's shares were part of the Ibovespa, IBRA, IBXX, IGCT, IGCX, ITAG, IVBX, SMLL, MSCI and NYSE indices.

## GOVERNANCE STRUCTURE

GRI G4-34

In order to better adapt to the challenges of the aviation industry, in 2016, GOL made the following changes in its governance structure:

· **Anna Luiza Constantino** became a member of the Board of Directors as a substitute for Henrique Constantino. Anna is a financial analyst with a degree in finance from the University of Central Florida, worked in the finance and control area of Lockheed Martin and currently works at Bloomberg Intelligence (New York, USA).

· **Richard Freeman Lark Jr.** left the Board of Directors to assume the position of Chief Financial Officer and IR as a substitute for Edmar Prado Lopes Neto, who used to hold these positions since 2012.

· **André Jánszky** became a member of the Board of Directors as a substitute for Richard Lark. André is a corporate lawyer, graduated from NYU and from Fordham Law School. He is also the partner responsible for the Latin America Department of Milbank, Tweed, Hadley & McCloy and managing partner of its office in São Paulo.

· **Francis James Leahy Meaney** joined the Board of Directors as an independent member. Mr. Meaney has a degree in economics from the University of Notre Dame and a master's degree in business administration from the Harvard Business School, and has 25 years of experience in several segments, such as telecommunications, data center, business product outsourcing, management consulting, investment banking and private equity.

## BOARD OF DIRECTORS

The Board of Directors is the Company's highest governance body and responsible for establishing the guidelines that conduct the business.

On December 31, 2016, the Board of Directors was composed as follows:

| BOARD OF DIRECTORS | |
| --- | --- |
| Constantino de Oliveira Júnior | Chairman |
| Joaquim Constantino Neto | Vice Chairman |
| Ricardo Constantino | Director |
| William Charles Carrol | Director |
| Anna Luiza Serwy Constantino | Director |
| André Jánszky | Independent Director |
| Antonio Kandir | Independent Director |
| Germán Pasquale Quiroga Vilardo | Independent Director |
| Francis James Leahy Meaney | Independent Director |

A brief description of the curriculum of each of the members of the Board of Directors is available at the Company's IR website: http://ri.voegol.com.br/conteudo_pt.asp?idioma=0&conta=28&tipo=53865.

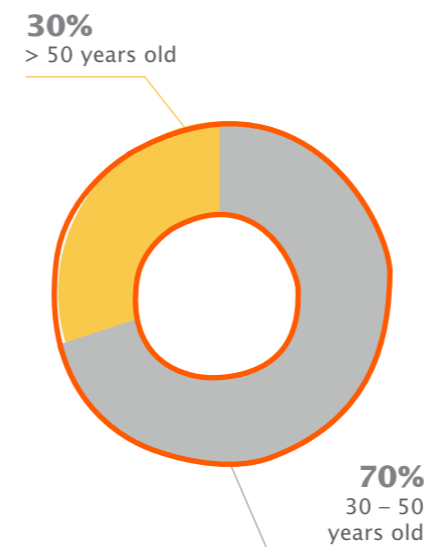## BOARD OF EXECUTIVE OFFICERS

GRI G4-13 | G4 LA12

The Board of Executive Officers is in charge of the daily executive management of the Company's business and the main decision-making. Each officer has individual responsibilities established by the Bylaws and by the Board of Directors, body that elects the members of the Board of Executive Officers.

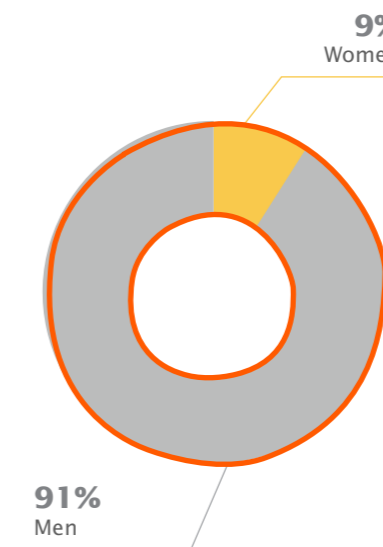| BOARD OF EXECUTIVE OFFICERS | |
| --- | --- |
| Paulo Sergio Kakinoff | President and Chief Executive Officer |
| Richard Freeman Lark | Executive Vice President, CFO and IRO |
| Eduardo José Bernardes Neto | Vice President – Sales and Marketing |
| Celso Guimarães Ferrer Junior | Vice President – Planning |
| Sérgio Quito | Vice President – Operations |

A brief description of the curriculum of each of the members of the Board of Executive Officers is available at the Company's IR website: http://ri.voegol.com.br/conteudo_pt.asp?idioma=0&conta=28&tipo=53865.
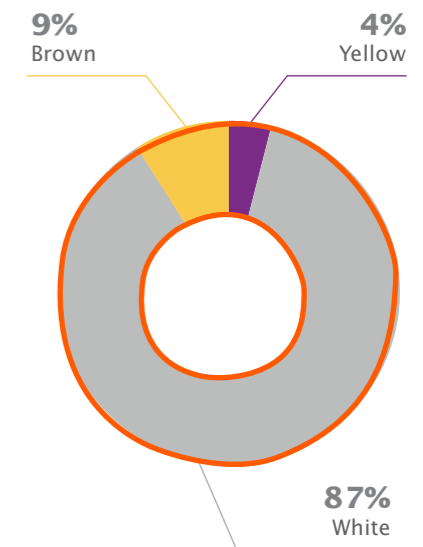
## DIVERSITY INDICATORS OF THE MANAGEMENT[1]

**By age group**

30%
> 50 years old
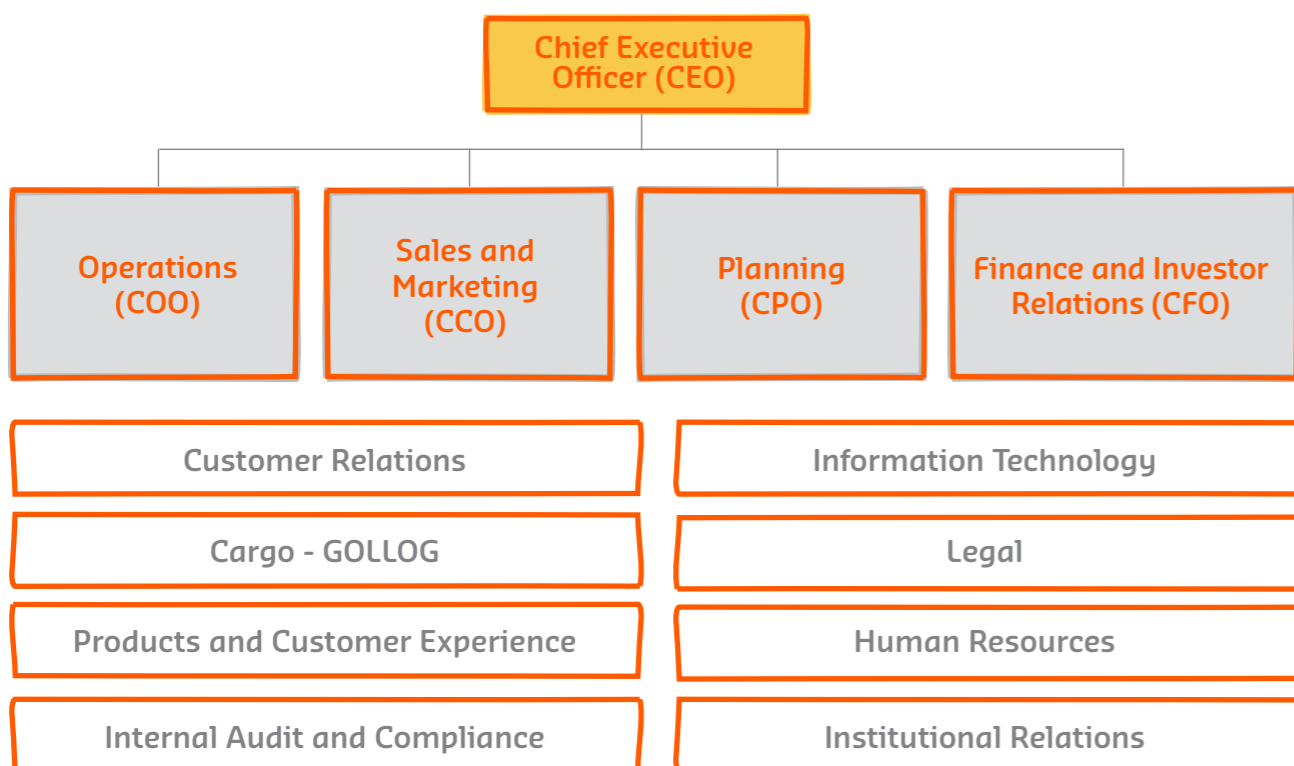
70%
30 – 50 years old

**By gender**

9%
Women

91%
Men

**By ethnic group**

9%
Brown

4%
Yellow

87%
White

*1 Considers all of the Company's directors (not only the Board of Executive Officers)*

18

## ORGANIZATIONAL STRUCTURE

```
                    ┌──────────────────────┐
                    │  Chief Executive     │
                    │   Officer (CEO)      │
                    └──────────┬───────────┘
       ┌──────────────┬────────┴─────────┬──────────────────┐
┌──────────────┐ ┌──────────────┐ ┌──────────────┐ ┌──────────────────────┐
│  Operations  │ │  Sales and   │ │  Planning    │ │ Finance and Investor │
│    (COO)     │ │  Marketing   │ │   (CPO)      │ │  Relations (CFO)     │
│              │ │   (CCO)      │ │              │ │                      │
└──────────────┘ └──────────────┘ └──────────────┘ └──────────────────────┘
```

| Customer Relations | Information Technology |
| Cargo - GOLLOG | Legal |
| Products and Customer Experience | Human Resources |
| Internal Audit and Compliance | Institutional Relations |

## FISCAL COUNCIL

Responsible for overseeing management activities, reviewing the Company's accounting statements, among other functions, the Fiscal Council is a non-permanent body, independent from the Company's management and external auditors. Since 2015, the Fiscal Council is being supported by the Statutory Audit Committee – described in detail below –  which is permanent. In 2016, the Fiscal Council was not instated.

## CONFLICT OF INTERESTS

GOL's Bylaws set forth that a dispute or conflict of interests that may arise between the Company's partners, shareholders, the community, the managers or directors must be solved confidentially and independently through arbitration, before the Market Arbitration Chamber (CAM – Câmara de Arbitragem do Mercado), which is related to BM&FBOVESPA.

## COMMITTEES

GOL has five non-statutory Management Committees and one statutory, whose purpose is to support managers in strategic directions and decision-making processes. The Committees are composed of independent executives and specialized auditors, as well as members of the Board of Directors.

### Financial Policy Committee

No. of members:



Main attributions:
- Review protective measures against external factors;
- Prepare and approve corporate financial policies (as well as monitoring their efficiency and implementation);
- Analyze investment and financing plans (and, if necessary, make recommendations to the Board of Directors); and
- Establish parameters to maintain the Company's liquidity and capital structure.

### Risk Policies Committee

No. of members:



Main attributions:
- Develop and approve risk policies (and analyze their implementation);
- Periodically analyze impacts on assets (mainly due to external factors such as exchange rates and fuel prices);
- Analyze the Company's revenues and expenses; and
- Elaborate, approve and evaluate risk policies.

### Statutory Audit Committee

No. of members:



Main attributions:
- Assist the Board of Directors in matters involving accounting, internal control and financial reporting;
- Appoint independent auditors to the Board of Directors;
- Coordinate the independent auditors' activities, as well as review their compensation;
- Evaluate the effectiveness of the internal financial and legal compliance controls.

### Corporate Governance and People Management Policies Committee

No. of members:



Main attributions:
- Coordinate, implement and review corporate governance practices;
- Monitor the legislation and market recommendations on corporate governance; and
- Review human resources policies and forms of compensation.

### Alliances Committee

No. of members:



Main attributions:
- Evaluate opportunities for partnerships, alliances and possible investments;
- Maximize benefits of already established partnerships.

### Accounting and Tax Policies and Financial Statements Subcommittee

No. of members:



Main attributions:
- Review, evaluate and monitor the Company's accounting policies and statements.

## A COMPANY DEDICATED TO LISTENING TO ITS STAKEHOLDERS

GOL has several channels to communicate with its different stakeholders, among them we highlight:

### CUSTOMERS

**Customer Care Service (SAC)** – telephone line available 24 hours through the toll-free number 0800 704 0465 or 0800 709 0466 for the hearing impaired.

**SAC Amigo** – an exclusive customer service channel for employees to forward requests or complaints from their friends and relatives who traveled with GOL.

### INVESTORS

**Investor Relations Department (IR)** – can be contacted through the telephone number +55 11 2128-4700, the email ri@voegol.com.br or the "IR Contact" section on the IR website (dedicated to investors).

### JOURNALISTS

GOL's media relations services are available 24/7 (365 days per year) to provide information relevant to the media. In addition, the Company annually holds a workshop for journalists who report on the aviation industry. In 2016, the initiative was carried out at the Training Center in Diadema (SP) and at Galeão Airport, in Rio de Janeiro (SRJ), and had the participation of 30 journalists from all over Brazil.

### SOCIETY

All of the Company's stakeholders may contact it through the email faleconosco@voegol.com.br, which receives complaints, suggestions and comments on every operation aspect.

# RISK MANAGEMENT

GOL conducts the management of all risks inherent to its business and that may negatively impact its revenue and its operation. The Company has a Risk Management Policy, which is periodically reviewed by the Risk Policy Committee and, in its most current version, monitors the following risks:

## Fuel

**Risk:** in 2016, fuel and lubricants represented a large part of the Company's operating costs and are subject to variations due to the prices of crude oil and petroleum products.

**Mitigation:** in the short and medium-term, GOL uses derivatives linked by crude oil and, eventually, by its derivatives, in order to ensure an average future price for part of its consumption and more predictability in relation to the costs of the operation. In the long-term, GOL stimulates research and the establishment of a value chain for biofuel (more information in the **Environmental Performance** chapter).

## Exchange Rate

**Risk:** large part of the Company's operating costs derives from US dollar-denominated expenses, that is, negative exchange rate variations may impact GOL's liabilities and cash flow.

**Mitigation:** through revenues in or associated with US dollar, and using currency derivative financial instruments, such as US dollar futures and options traded by the BM&FBOVESPA.

## Interest Rate

**Risk:** interest rate variations have a direct impact on lease-purchase agreements at variable rate, such as lease of aircraft.

**Mitigation:** by building positive and negative scenarios for all credit operations.

## Credit Risk

**Risk:** GOL may suffer losses due to default of its counterparties or financial institutions that deposit funds or financial investments.

**Mitigation:** the Company evaluates the risks of counterparties in financial instruments and diversifies its exposure. GOL also limits its financial investments to 20% by counterparty. It is worth mentioning that financial instruments are agreed with counterparties rated at least under A category by S&P and Moody's, or traded on commodities and futures stock exchanges (BM&FBOVESPA and NYMEX), which mitigates substantially credit risk.

## Liquidity Risk

**Risk:** the Company may face difficulties to meet its obligations associated with its financial liabilities – to be settled in cash or with another financial asset.

**Mitigation:** GOL invests in liquid assets and, according to its Cash Management Policy, establishes a weighted average maturity for the debt longer than the weighted average maturity for the investment portfolio. In order to protect future commitments, the Company uses derivative financial instruments agreed with prime banks for cash management purposes.

## Capital Management

**Risk:** if the Company does not conduct a coherent capital management, it may not have funds to operate or meet its financial liabilities.

## Industry's High Competitiveness

**Risk:** current and new competitors' initiatives may reduce GOL's competitive advantages in the civil aviation market. In addition, possible strategic joint ventures, partnerships or alliances in the market may generate a consolidation process in the industry that may run counter to GOL's and potential partners' growth strategy, which could increase costs and reduce operational efficiency.

## Climate Changes

**Risk:** airlines are exposed to risks of natural events deriving from climate changes, such as adverse weather conditions that may impact GOL's flight operations.

**Mitigation:** GOL constantly monitors the weather conditions in all routes and operational bases, in order to ensure the lowest impact possible on its customers.

**Risk:** airlines' operations may not comply with the $CO_2$ emission limits established by Brazilian and international agencies.

**Mitigation:** the Company has been taking measures to reduce the use of fossil fuels in the short to medium-term, including fleet modernization – notably the addition of the new Boeing 737 MAX aircraft family – the installation of Split Scimitar Winglets on aircraft and the constant introduction of new navigation and communication technologies. These initiatives place GOL's state-of-the-art operation in fuel consumption efficiency. (Learn more about these projects on page 33).

In the medium-term, GOL has the Biofuel Program (learn more about these initiatives on page 33).

# HIGHLIGHTS 2006



GOL's Aircraft Maintenance Center was inaugurated, next to the Belo Horizonte/ Tancredo Neves International Airport, in Confins (MG). Unfortunately, in the same year, GOL's flight 1907 accidentally collided in the air with a medium-sized aircraft that served as an air taxi.

### FIGURES OF THAT YEAR

Passengers Transported:
**17 MILLION**

Aircraft fleet:
**65 BOEING 737**

Net Revenue:
**R$3.8 BILLION**

# OPERATION:
## THE SKY IS THE LIMIT

In 2016, GOL maintained the standards of operational excellence achieved in 2015, highlighting the continuous leadership in on-time performance, innovations within the SERVICE value, intensification of the Culture Project, the IOSA (obtained for the 6th consecutive time) and the FFA (obtained for the first time) certifications and the transportation of athletes and people flying to see the Olympic and Paralympic Games in Rio de Janeiro – all the above mentioned highlights are detailed below.

## GOL'S OPERATING HIGHLIGHTS IN 2016:

· Leader in the number of passengers transported in Brazil for the fifth consecutive year;

· Leader in the number of tickets sold to the corporate sector;

· Leader in the number of domestic flights;

· The most on-time Brazilian airline in 2016, with a 94.8% rate[1] of flights taking off on schedule;

· Customer satisfaction rate record, according to the SMS Survey (more information on page 51).

## SAFETY

As the basis of every operational decision that GOL takes, the SAFETY of customers and employees is a clear priority within the Company's management and the Operational Safety Executive Officer (GESO) is responsible to ensure that this principle is followed.

To this end, GESO is divided into four areas – Operational Quality Management; Safety and Human Factors; Security; and the Business Continuity and Training Coordination – and, thus, ensures the effective integration of GOL's operational areas through the Operational Safety Management System (SGSO).

Therefore, GESO is composed as follows:

1 Considers as a delay any departure with a delay of over 30 minutes. Source: INFRAERO.

The Company's Operational Safety Management System was developed based on four pillars:

### Pillar 1 – Policy

This pillar is mainly related to the Company's commitment to operational safety issues. Each and every GOL employee is responsible for knowing, understanding and becoming familiar with the Operational Safety Policy and Goals, incorporating them into their daily activities.

### Pillar 2 – Risk Management

This pillar is responsible for generating actions aimed at minimizing operational risk. It is a very dynamic component, which is primarily related to the identification, analysis, classification and mitigation of risks. The process of identification, analysis and classification of risks is part of the business routine, as it allows for better decision-making process and the maintenance of the highest operational security levels.

### Pillar 3 – Operational Safety Guarantee

The Operational Safety Guarantee is a monitoring process that evaluates the effectiveness of the defenses (barriers) used in the Company's operations.

| Operational Safety Executive Officer (GESO) | | | |
|---|---|---|---|
| Operational Quality | Safety[2] and Human Factors | Security[3] | Business Continuity and Training |
| Ensures that processes and activities meet internal and legal requirements. | Focused day-to-day Safety and the promotion of the Safety culture. | Focused on preventing unlawful acts and promoting the Security culture. | Focused on Safety and Security training and management of the Emergency Response Plan. |

2 According to ANAC's definition, "safety" refers to flight safety.
3 According to ANAC's definition, "security" refers to the promotion of security against unlawful acts.

**AS THE BASIS OF EVERY OPERATIONAL DECISION THAT GOL TAKES, THE SAFETY OF CUSTOMERS AND EMPLOYEES IS A CLEAR PRIORITY WITHIN THE COMPANY'S MANAGEMENT.**

For the Operational Safety Management System, identifying hazards, analyzing and classifying risks are fundamental actions, however, it is also necessary to ensure the proper functioning of the protective measures (barriers) implemented in the Company's operations and, to this end, monitoring tools such as audits, inspections, operational reports, among others, are used.

## AQD REPORTS

GOL aims to encourage voluntary reporting, since the greater the number of reports made by employees, the stronger is the Company's safety culture. In 2016, GOL received approximately 7,000 operational reports (an increase of 13% over the previous year), which generated to several reinforcement actions or new initiatives to keep the barriers always strengthened.

## Pillar 4 – Operational Safety Promotion

This pillar develops and strengthens GOL's Operational Safety culture.

The safety promotion process is a fundamental component of the Operational Safety Management System so that employees can see themselves as an indispensable element to ensure the highest levels of safety in the operations.

The Company continuously promotes Operational Safety through training and several communication channels.

## COMMUNICATION VEHICLES

· **Safety, Security e Quality Alerts:** leaflets with safety recommendations, alerts and other information.

· **Segurança no Ar (Air Safety):** electronic newsletter directed to all employees.

· **Segurança Sob Controle (Safety Under Control):** directed to the Technical and Commercial Aircrew with reinforcements of procedures, relevant information to the daily activities of these employees, always focusing on Safety.

· **Page on the Corporate Portal:** information related to the Operational Safety Department.

## SAFETY PROMOTION CAMPAIGN

Throughout the year, the SAFETY Value was disseminated through a campaign addressing the importance of the role of each employee against GOL's main value.

Through the campaign, the Company reinforced the concept that employees are responsible for the lives transported and that each of them plays a crucial role in this task and, therefore, must always keep a high level of alert in all of the Company's areas in order to identify any undesirable situations in the course of operations.

## TRAINING

In 2016, 25 online and in-class courses were offered for the proactive management of operational safety with the participation of 45,934 employees.

## IOSA CERTIFICATION

For the fifth consecutive time, GOL has obtained the highest certification degree of the aviation industry in the world: the IOSA certification, granted by the International Air Transport Association (IATA).

In 2016, the Company received the best evaluation of its history: of the 874 items audited, GOL had only one non-conformity and three observations (all already resolved). The Company is very proud of this achievement, as it testifies that the processes are getting stronger and that GOL is one of the safest airlines in the world.

## IATA OPS CONFERENCE 2016

GOL participated in the IATA OPS Conference 2016, held in Copenhagen, Denmark, which is addressed to representatives of the International Civil Aviation Organization (ICAO), the International Air Transport Association (IATA), regulatory agencies, airlines and other players in the aviation industry. The event focused on Operational Management facing a world in constant change.

The Company was represented by Sergio Quito, Vice President of Operations, who is also Vice President of one of IATA's most important committees, the Operations Committee. Quito mediated a panel at the Conference about the relationship between Safety programs and audits.

## FEDERAL AVIATION ADMINISTRATION (FAA)

For the first time, GOL's Aircraft Maintenance Center (CMA) has been certified to perform the Check-C (or heavy check) maintenance type of the Federal Aviation Administration (FAA), body that regulates all aspects of civil aviation in the United States.

The US body's certification authorizes GOL to perform a more comprehensive maintenance on the aircraft – on its fleet and on other companies' aircraft – following the strictest standards of global aviation.

## INNOVATIONS IN SERVING

In the period covered by the report, GOL maintained its focus on the Service value and launched new products and services that directly improve customer experience. Among them, we highlight:

### WI-FI ON BOARD

In 2016, GOL became the first Brazilian airline to offer Wi-Fi to its customers. The new service became available on October 5, when – launched on a flight from Congonhas (SP) to Brasília (DF) – the Company's CEO, Paulo Kakinoff, aboard a Boeing 737-800, made the first live broadcast via webstream from inside an aircraft in South America.

In addition to Wi-Fi, customers flying with GOL, from October 2016, have access to an on board entertainment service with movies and series that can be watched on the smartphone screen.

Wi-Fi access became available in 2016 and, by the end of the year, eight aircraft were already offering the service. The Company expects that its entire fleet will be equipped with the hardware needed to provide this service by October 2018. All planes that have Wi-Fi on board will also offer USB sockets or ports for customers to charge their smartphone's battery.

### INTELLIGENCE AND LOWEST COST

Unlike traditional on board entertainment systems – with the installation of a screen behind each seat – GOL's Wi-Fi + Entertainment service has the following benefits:

- Endless entertainment possibilities;

- Ability to work online (including web and video communication);

- Lower cost of implementation; and

- Lower aircraft weight (and consequently lower fuel consumption).

# HOW GOL'S WI-FI WORKS
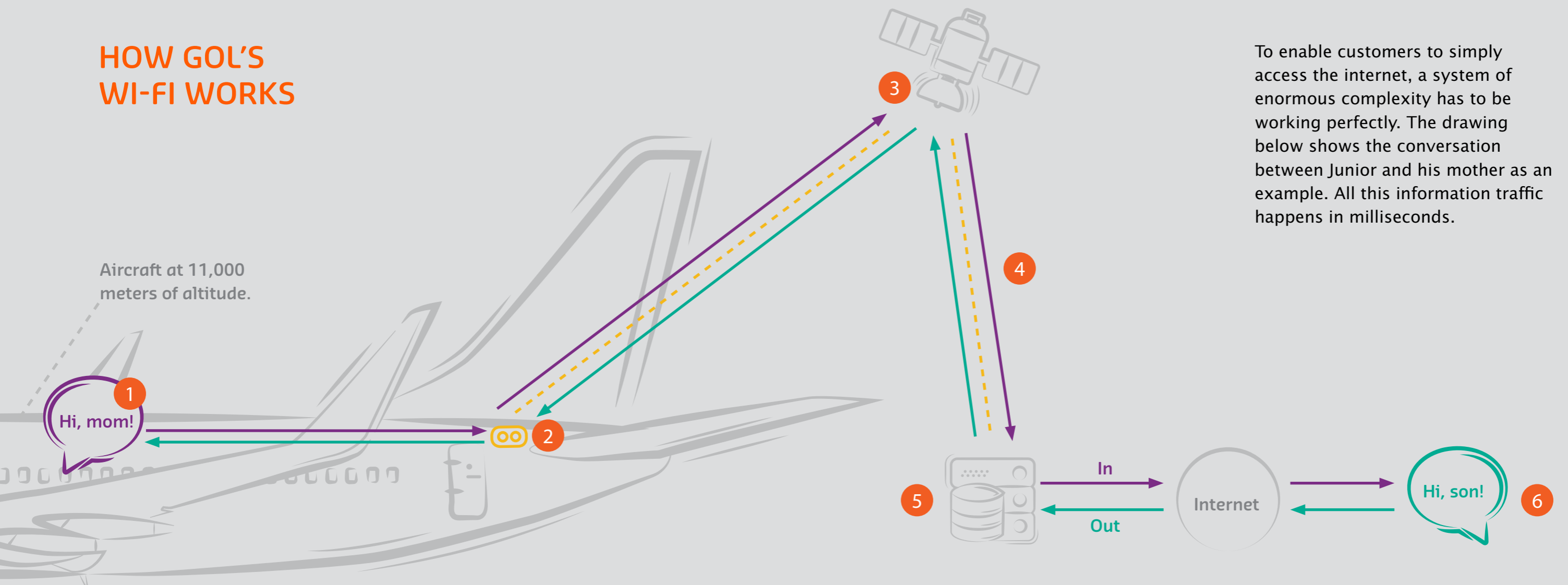
To enable customers to simply access the internet, a system of enormous complexity has to be working perfectly. The drawing below shows the conversation between Junior and his mother as an example. All this information traffic happens in milliseconds.

Aircraft at 11,000 meters of altitude.

**1** Hi, mom!

**2**

**3**

**4**

**5** In / Out — Internet

**6** Hi, son!

---

**1**

**"Hi, mom!"**
Junior switches on his smartphone, connects to GOL's Wi-Fi on board, opens the chat application, and says hello to his mother.

**2**

**Antenna in the fuselage**
An antenna installed in the fuselage of the aircraft receives the "Hi, mom!" message from Junior.

*GOL aircraft are equipped with the 2KU model antennas, which work with download and upload separate paths: this means faster connection. In addition, the antenna has a shape that offers the least aerodynamic impact to the aircraft.*

**3**

**Signal is sent to a satellite**
The antenna in the fuselage of the aircraft receives the "Hi, mom!" message and send it to a satellite that is orbiting at 40,000 meters of altitude.

**4**

**Signal is sent to a data center**
The satellite sends the received signal to a data processing center, located in Rio de Janeiro (RJ).

**5**

**Data processing center connects to the internet**
The data center connects to the internet and the message reaches Junior's mother.

**6**

**Junior's mother receives the message and replies**
When Junior's mother replies to the message, the whole process starts again, but in reverse.

## NETWORK TAILORED TO THE MARKET GRI G4-13

In 2016, GOL concluded the redesign of its flight network – which started in the second half of 2015 to readjust the Company's operations to the new level of the domestic market, which shrank due to Brazil's macroeconomic crisis which has ran since 2014.

The network redesign involved all GOL's strategic and operational areas and led to the reduction of the Company's fleet, from 144 to 121 aircraft.

When compared to the previous network, the new design used in 2016 is superior because it continued to serve the main markets with more efficiency and with an even intelligent design.

## Main Characteristics of GOL's Network in 2016

· Operates in 52 airports in Brazil and has 140 routes (including eight international destinations);

· Offers the largest number of flights in the eight biggest airports in Brazil (in regions that represent 75% of the country's GDP);

· It has a strong presence in the main airports of Rio de Janeiro and São Paulo (CGH, GRU, SDU and GIG) and offers the largest number of destinations from these origins;

· Reduces costs per available seat kilometer (compared to the previous network); and

· Maintains the Company's market share potential and prepares GOL for growth.

## ELO – TABLET ON BOARD

Since August, GOL's aircrew has been able to rely on the ELO – Tablet on board, an initiative that has helped the Team of Eagles to offer an even better flight experience to customers.

In all, 850 tablets were distributed to the cabin crew, who then were able to have real-time access to the seat map of the aircraft, flight history and categorization of each customer, and be notified about the presence of passengers with reduced mobility or unaccompanied minors.

This way, the ELO – Tablet on board directly helps the Company to improve its in-flight service, as well as to provide more agility to the operation and reduce the time the aircraft spend in the ground.

Customer information provided by ELO – Tablet on board:
· Name and date of birthday;

· Smiles Category (Gold, Silver or Diamond);

· Flight history with GOL;

· Customers with special needs or reduced mobility;

· Elderly passengers;

· Pregnant women; and

· Unaccompanied minors.

## DIGITAL INNOVATIONS FOR CUSTOMERS

Digital tools have been a key support for GOL's continuous improvement in services, enabling it to provide the best solutions for its customers. In 2016, the Company implemented the following new features:

## NEW WEBSITE AND NEW APP

GOL has redesigned its website front office (that is, the part of the website that the customer has access to and interacts with it) and its mobile application with the goal of improving the browsing experience.

Highlights of the **new website** include:
· Field for featured news;
· Weekly offers on the home page;
· Shorter menu, separated by subject; and
· Introduction of the virtual assistant, a friendly robot called "Gal".

Among the highlights of the **new app** are:
· Simple and intuitive home page, allowing the customer to log-in or create a new account easily.

· Allows the customer to select the nearest airport through the geolocation service when buying tickets.

· More intuitive and practical check-in. In addition, if customers want to change seats after the check-in has already been made, they can access the My Reservations menu and make the change without the need to cancel the check-in.

· Complete reservation management. Through the new app, customers can check their reservations details, change or anticipate flights, buy GOL+Conforto seats, among other features.
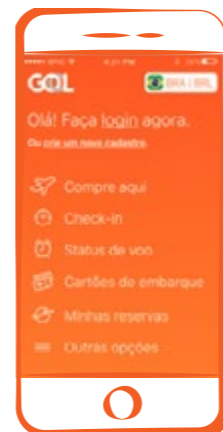
## CHECK-IN VIA TWITTER

Since May 2016, GOL's customers have had another option to check-in: via the social network Twitter. The initiative is based on the Company's premise that it should serve customers anywhere, anytime and anyway they want. Following this premise and given the large number of followers that the Company has on Twitter – more than 510,000 – GOL decided to start an internal project to allow check-ins through the hashtag #GOLcheckin.

To check-in via Twitter, the customer must follow GOL (@voeGOLoficial) and "tweet" the hashtag #GOLcheckin. The customer then receives a private message requesting the reservation code and later confirms the flight information and preferences. The customer can also collect miles with Smiles through the same channel.



## AWARD WINNING TECHNOLOGY

GOL invests heavily in the digital relationship with the customer and sees it as a great competitive advantage. Therefore, since 2012, the Company has been adopting the strategy of producing in-house technology solutions, that is, instead of buying software, GOL produces its own technology.

This option has generated several positive results, such as the improvements in the Company's app – currently one of the best in the world in the airline industry –, interactions via beacons (more information on page 12), the Elo – Tablet on board (more information on page 28), among many others.

These initiatives led GOL – through its Information Technology (IT) Department – to receive a series of recognitions:

▪ **IT Leaders Award** (by Computerworld Magazine): winner in 2014, 2015 and 2016;

▪ **IT Executive of the Year Award** (by IT Mídia): winner in 2016;

▪ **Informática Hoje Yearbook** (by Instituto Eldorado): awarded in different categories; and

▪ **IT4CIO Award** (by 4 Network Technology): as it has won for four consecutive years, GOL received a permanent homage and will no longer compete for the Prize.

**70 LEADERS TRAVELED AROUND BRAZIL AND LATIN AMERICA TO COVER ALL THE AREAS IN WHICH THE COMPANY OPERATES AND PRESENT ITS VALUES IN ORDER TO ENGAGE MORE THAN 8,000 EMPLOYEES.**

## CULTURE PROJECT – PART II

In 2015, GOL started the Culture Project, an initiative whose first objective was to redefine the Company's culture pillars. This exercise resulted, in addition to ratifying the Company's already existing four Values, in the adoption of a new value that aims to recognize its employees: the Team of Eagles. Also, an institutional definition was created for each Value, divided into "What we do" and "What we do not accept". Learn more about the first phase of the project on page 26 of GOL's 2015 Sustainability Report (http://www.mzweb.com.br/gol2014/ web/ conteudo_pt.asp?idioma=0& tipo=54299&conta=28&id=216696).

As planned from the beginning of the project, the Company's leaders participated in Culture Workshops in 2016. The purpose of these meetings was to develop a leadership in line to the Culture desired and committed to GOL's *Way of Being and Serving*. These Workshops resulted in recommended measures that aim to consolidate the practice of the Values on a day-to-day basis.

The next step was to invest in the dissemination of the GOL Culture to the airline employees. This work was carried out by 70 leaders, who traveled around Brazil and Latin America to cover all the areas in which the Company operates and present its Values in order to engage more than 8,000 employees. The aircrew was also involved in the dissemination of the Culture, however, given the nature of their work, their participation took into account their work schedule. In the year, 1,650 cabin crew and captains and 1,194 flight attendants and co-pilots (59% of total) participated in the process. The remaining crew members will participate by the end of 2017.

## LEADERSHIP SEMINARS

Also as part of the Culture Project, in 2016, GOL held Leadership Seminars, in which all the Company's leaders had the opportunity to fully understand concepts on leadership performance regarding people management and business management. These topics strengthen their Leadership actions and contribute to the engagement necessary for the transformation process of the GOL Culture.

## "RODAS DE PROSA" MEETINGS

After the dissemination and engagement process, the Culture Project implemented a new activity: 23 leaders were invited to form a Reference Group, in which they are considered as guardians of the Culture.



Each of them invited 25 other leaders to hold meetings called "Rodas de Prosa", that is, meetings to discuss different aspects of the corporate culture, identify points for improvement, positive aspects in changes and exercise of the values. In 2016, three *Rodas de Prosa* meetings were held, which will be maintained throughout 2017.

After the completion of each *Rodas de Prosa*, the leaders participating in the Reference Group – called "RGs" – gathered and shared all the topics mentioned in the meetings. These events lasted for two days and, on the second day, GOL's CEO and Vice Presidents also participated in the Group. With this methodology, the RGs were able to present the information gathered to the Company's top leaders and their perceptions regarding the aspects that distance employees from the culture transformation – "the shadow side" – and also those that engage them – "the sunny side".

In 2017, the Reference Group meetings will continue.

## GOLLOG

In 2016, Gollog invested in infrastructure and improved its operation through the inauguration of three new Cargo Terminals: at the Viracopos Airport in Campinas (SP), at Zumbi dos Palmares International Airport in Maceió (AL), and at the Galeão Airport in Rio de Janeiro (RJ).

Responsible for GOL's cargo transportation, Gollog operated with 90 units throughout Brazil and served more than 2,400 cities in 2016.

In the international market, in addition to using GOL's flights throughout South America, the carrier serves more than 90 countries, with 195 destinations, through interline partnerships.

In total, Gollog transported 79,000 tons in 2016, and closed the year with a market share of 28%, 3 p.p. more than in 2015.

## OLYMPIC FLIGHTS

Between August 5 and September 18, Rio de Janeiro (RJ) hosted the Olympic and Paralympic Games. During the period, GOL operated approximately 15,000 flights to and from Rio de Janeiro, which transported more than 7,000 athletes, as well as members of the technical teams, with an excellent average load factor in aircraft departing from and arriving at the city's terminals.

### GOL'S FIGURES DURING THE OLYMPIC AND PARALYMPIC GAMES

· 15,000 flights to and from Rio de Janeiro;

· 7,200 athletes (and their technical staff) transported; and

· 7 aircraft charters.

## NEW WEBSITE AND APP LAUNCH

In 2016, Gollog launched a new website. More modern and dynamic, the new website has quicker and easier access to information relevant for customers, such as price, tracking, service network, routes and network – and is available in three languages (Portuguese, Spanish and English). To learn more, please visit: www.gollog.com.br.

In the same period, Gollog launched its application for smartphones, through which it offers a series of facilities, such as air network consultation, alerts on delivery changes, tracking and pricing.

# HIGHLIGHTS 2007



Gol. Uma revolução tão grande que pouca gente lembra que ela só tem 6 anos de vida.

WWW.VOEGOL.COM.BR

By acquiring VRG, the Varig brand operator, GOL became one of the largest aviation groups in Latin America. In addition, the Company signed a codeshare agreement with Delta Air Lines, launched the smart check-in via internet, and Elisa Rossi became the first woman to fly a GOL aircraft.

## FIGURES OF THAT YEAR

Passengers Transported:
**24** MILLION

Aircraft fleet:
**106** BOEING 737

Net Revenue:
R$ **5.0** BILLION

ENVIRONMENTAL
PERFORMANCE

GOL monitors its main environmental impacts and manages actual and potential risks arising from its operation. The Company's main environmental impact is directly related to the consumption of fossil fuels, which is still indispensable for its performance. The mitigation of this impact primarily follows two directions: consumption efficiency and the promotion for the development of the biofuels chain.

Below are GOL's main environmental results:

## FUEL CONSUMPTION
**GRI G4 EN3**

In 2016, GOL consumed 46,330,942.75 GJ of energy due to the consumption of aviation kerosene (QAV). In the period covered by the report, the company used 1,328,468,413[1] liters of QAV, a figure 10.3% lower than that presented in 2015.

This reduction is due to the Company's new air network design and the consumption efficiency initiatives described below.

*1 Refers only to domestic flights.*

## FUEL CONSUMPTION REDUCTION IS A HIGHLY RELEVANT ISSUE FOR GOL – FROM AN ENVIRONMENTAL AND AN ECONOMIC PERSPECTIVE.

### CONSUMPTION REDUCTION INITIATIVES GRI G4 EN27

Fuel consumption reduction is a highly relevant issue for GOL – from an environmental and an economic perspective. In 2016, this objective became a target (with an increase of the Profit Sharing Program bonus of up to 30% for the technical aircrew – learn more about the Profit Sharing Program on page 46) for the Technical Aircrew, Maintenance Technicians and Operational Flight Dispatchers (DOVs). It is important to highlight that all decisions aimed at reducing consumption always put SAFETY first.

In addition to the target via Profit Sharing Program, in 2016, GOL maintained other initiatives aimed at reducing fuel consumption:

**Installation of *Split Scimitar Winglets*:** since 2015, GOL has been installing the *Split Scimitar Winglets* in its aircraft – a component that sits on the wings of the aircraft, improves aerodynamics and, consequently, lowers fuel consumption by up to 3% on long flights. By the end of 2016, Winglets were installed in three aircraft.

## BIOFUEL PROGRAM
**GRI G4 EC2**

Biokerosene is a renewable source of fuel that has exactly the same physical and chemical characteristics of jet fuel, but its emissions of greenhouse gases (GHG) is 80% lower than the fossil fuel. Since 2012, GOL has been developing a biofuel program that aims to promote the biokerosene value chain in Brazil.

GOL's Biofuel Program works in the long-term and its primary goal is to develop and integrate the main players in the biokerosene production chain and, therefore, enable the production at a competitive price – currently, due to limited production, a liter of biofuel is twice as expensive as a liter of fossil fuel.

**Statistical Extra Fuel:** calculation of extra fuel, whether by meteorology or air traffic conditions, based on previous flight statistics. The definition of the statistics according to the airport of destination, month, day of the week and flight time leads to more precise figures, which allows greater accuracy of the planned consumption, and consequently, reduction of fuel consumption.

**Dynamic Taxi – Second Phase:** the quantity of fuel used by the aircraft on ground is calculated based on a statistical analysis – determined by a consumption evaluation per airport, month and time range of historical data – leading to a more precise fuel consumption.

**Minimum Dispatch Fuel:** program that makes the statistical analysis of each flight behavior, creating historical trends of fuel consumption and rationalizing future supply, based on these analyzes and environmental information during the flight.

**Air Traffic Management (ATM) – Céus Verdes do Brasil:** developed in partnership with DECEA, ANAC, Infraero, IATA and air operators, the project aims to engage regulatory agencies to identify points of improvement in the Brazilian airspace, in order to allow the use of shorter routes not used before, more continuous descents, landing permission based on more restrictive weather conditions, among other benefits.

## GHG EMISSIONS

GRI G4 EN15 | EN16 | EN17 | EN18 | EN19

GOL is an acting agent in the air sector in its quest to reduce emissions of greenhouse gases (GHG). Since 2010, the Company discloses its emissions report in compliance with the GHG Protocol methodology and was the first airline in Latin America to provide the emissions control plan for the preparation of the inventory of the Deutsche Emission Shandels Register (DEHST).

Additionally, in line with the resolution of the International Civil Aviation Organization (ICAO), approved in 2016 by the signatory countries – Including Brazil –, GOL voluntarily publishes the records of its GHG emissions on international routes.

As well as initiatives related to the reduction and search for other sources of fuel (more information on page 33), GOL periodically monitors the chimneys at the Aircraft Maintenance Center (CMA), that filter the emissions generated by aircraft painting.

### TOTAL EMISSIONS

Overall, in 2016, GOL's operation issued 3,464,787 million tons of $CO_2$e (the three scopes added, as shown in the table below), 8.3% lower than in the previous year, mainly as a result of the reduction in the number of flights (due to the Company's new network design).

**Required Navigation Performance (RNP-AR):** a satellite navigation system that, even in case of low visibility, provides guidance and control of the flying aircraft, reducing dependence of communication with the ground and, in many cases, reducing the distance flown – which reduces fuel consumption. GOL was the first airline to be approved by ANAC to use the technology in visibility and instrument meteorological conditions at the start of the Santos Dumont Airport (SDU) runways in Rio de Janeiro.

**Aircraft Communication Addressing Reporting System (Acars):** a satellite communication system that sends data from/to the aircraft and ground communication outlets during the flight, and enables a

more assertive communication and anticipated shared decision process, minimizing route diversions and ensuring greater efficiency in the use of fuel.

**Single Engine Taxi Out:** in airports where the time on the taxiway is great, GOL's pilots perform the taxiing of the aircraft with one engine, which reduces fuel consumption and GHG emissions.

**Implementation of the Boeing Fuel System:** GOL implemented a Boeing system that provides comparison of **actual flight data versus flight planning data.** Therefore, the Company has another valuable statistical analysis tool for its operational data.

| Emissions (tons of $CO_2e$) [2] [3] [4] [5] [6] [7] [8] | | | | |
|---|---|---|---|---|
| Emission type | 2014 | 2015 | 2016 | Var. 2015 vs. 2016 |
| **Scope 1** Includes vehicle fleets and air transport operations with own aircraft, as well as indirect emissions from transportation of personnel, decomposition of waste, and outsourced transportation of equipment. | | | | |
| Fossil emission | 3,671,879 | 3,707,108 | 3,348,291 | -9.7% |
| Biomass emission | 413 | 228 | 194 | -14.8% |
| **Scope 2** Includes energy generation activities and ground support equipment in hangars and bases. | | | | |
| Electric energy | 2,156 | 1,940 | 1,393 | -28.2% |
| Biomass emission | 0.41 | 0.59 | 0.23 | -61.0% |
| **Scope 3** Includes baggage carts, aircraft tow tugs, vans, carriers, and transportation to airport, the amounts of which are reported by the outsourced companies | | | | |
| Fossil emission | 75,641 | 65,631 | 110,799 | 68.8% |
| Biomass emission | 4,465 | 4,502 | 4,109 | -8.7% |
| **Total Fossil + Electric Energy** | **3,749,676** | **3,774,679** | **3,460,484** | **-8.3%** |
| **Total Biomass** | **4,879** | **4,731** | **4,303** | **-9.0%** |
| **TOTAL** | **3,754,555** | **3,779,410** | **3,464,787** | **-8.3%** |

2 Emission calculations follow the methodology proposed by the Brazilian GHG Protocol Program and include gases $CO_2$, $CH_4$, $N_2O$, HFCs.
3 Base year of inventory data is 2016.
4 Aviation kerosene consumption data include domestic supply only.
5 Emissions from biokerosene combustion are not reported, because this fuel does not have a related emission factor.

6 GOL follows the IPCC and Defra methodologies, emission factors indicated by the Brazilian GHG Protocol Program (a national interconnected network composed of MMA, IPCC, MCTI and Defra), and other assumptions.
7 GOL's 2016 GHG inventory was audited by BSI Brasil.
8 The approach selected for the consolidation was Operational Control.

## SCOPE 1 EMISSIONS IN 2016 (BY SOURCE)

**0.06%** Stationary combustion  **0%** Fugitive emissions  **0%** Industrial processes



**99.94%** Mobile combustion
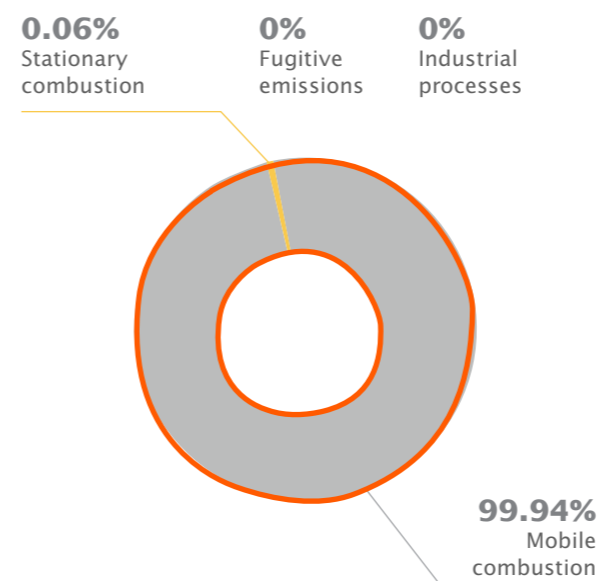
**Stationary combustion:** from the burning of fuel, used to produce water vapor or eletric energy.
**Mobile combustion:** from the burning of fuel, used to produce movement and to travel a route.
**Fugitive emissions:** greenhouse gases that do not pass through chimneys, drains, exhaut pipes or other functionally equivalent process.
**Industrial processes:** chemical or psysical transformation of some material, with the exception of combustion.

## EMISSIONS PER ASK

To measure its efficiency in managing GHG emissions, GOL calculates its $CO_2e$ emissions per ASK, a sectoral indicator that measures the available seats per kilometer transported. In 2016, the Company issued 0.0900 kgCO$_2$e/ASK, an increase of 0.06% compared to the previous year.

### GOL'S EMISSIONS PER ASK

| | 2013 | 2014[10] | 2015[10] | 2016 |
|---|---|---|---|---|
| kgCO$_2$e/ASK[9] | 0.0820 | 0.0846 | 0.0853 | 0.0900 |

9 Kg of $CO_2$ per available seat kilometer transported.
10 Data from 2013 and 2014 were recalculated considering a review in the calculation

methodology. This review aimed to align data from emissions related to the consumption of AVK (aviation kerosene) from fuel supply and ASKs with origin point in Brazil.

## EMISSIONS FROM THE TRANSPORTATION OF PRODUCTS AND EMPLOYEES
**GRI G4 EN30**

GOL monitors the environmental impacts generated by the transportation of products and assets used in its activities (scope 3), and the transportation of employees, as shown in the following table:

### EMISSIONS FROM THE TRANSPORTATION OF PRODUCTS AND EMPLOYEES IN 2016

| Source | Reference | Fuel / Input | unit | GHG Emission (t $CO_2$e) | Biomass Emission (t $CO_2$e) |
|---|---|---|---|---|---|
| Mobile Source | Aircraft pushback / Cargo transportation | Diesel Oil | l | 2,806 | 194 |
| Mobile Source | Aircraft pushback / Cargo transportation | Gasoline | l | 17 | 4 |
| Mobile Source | Aircraft pushback / Cargo transportation | Ethanol | l | 0 | 0 |
| Mobile Source | Transportation between airports | Diesel Oil | l | 1,091 | 75 |
| Mobile Source | Business travels (other companies) | AVK-1 | pass. km | 1,009 | - |
| Mobile Source | COPA | AVK-1 | pass. km | 587 | 0 |
| Mobile Source | Delta | AVK-1 | pass. km | 31,319 | 0 |
| Mobile Source | Aerolíneas | AVK-1 | pass. km | 3,842 | 0 |
| Mobile Source | AFKL | AVK-1 | pass. km | 34,226 | 0 |
| Mobile Source | Eithad | AVK-1 | pass. km | 123 | 0 |
| Mobile Source | Transportation of aircrew – VANS | Diesel Oil | l | 1,234 | 85 |
| Mobile Source | Transportation of aircrew – VANS | Gasoline | l | 12 | 3 |
| Mobile Source | Transportation of employees – CHARTER | Diesel Oil | l | 750 | 52 |
| Mobile Source | Transportation of employees – BUS | Diesel Oil | l | 25,345 | 1,752 |
| Mobile Source | Transportation of employees – OWN VEHICLES | Gasoline | l | 7,782 | 1,863 |
| Mobile Source | Carrier services | Gasoline | l | 9 | 2 |
| **TOTAL** | | | | **110,152** | **4,030** |

### EMISSIONS FROM THE TRANSPORTATION OF PRODUCTS AND EMPLOYEES

| | 2014 | 2015 | 2016 |
|---|---|---|---|
| GHG Emission (t $CO_2$e) | 74,753 | 64,806 | 110,152 |
| Biomass Emission (t $CO_2$e) | 4,392 | 4,406 | 4,030 |

## ELECTROSTATIC PAINTING

In 2015, GOL launched its new logo and part of the replacement process includes aircraft painting. To make the new brand shine in the skies with the lowest possible weight and paint consumption, the Company's Aircraft Maintenance Center (CMA) uses electrostatic spray guns to paint the planes.

To perform this procedure, it is necessary to "electrify" the aircraft so that it absorbs the ink (which contains elements of metal) through reversed polarity. With this technology, fewer suspended particles are generated and treated by the exhaust system – which reduces gas emissions – and, on average, 30% less paint is used (compared to traditional painting systems).

## AIR EMISSIONS

**GRI G4 EN21**

GOL calculates its nitrogen oxide (NOx) emissions – an oxidant that reacts in the air and forms nitric acid and toxic organic – based on the number of landings and takeoffs. In 2016, the Company issued 1,302 tons of NOx, 17.1% lower than in 2015 .

The emission of sulfur oxides and other emissions were not calculated, as a quantification methodology is not available yet.
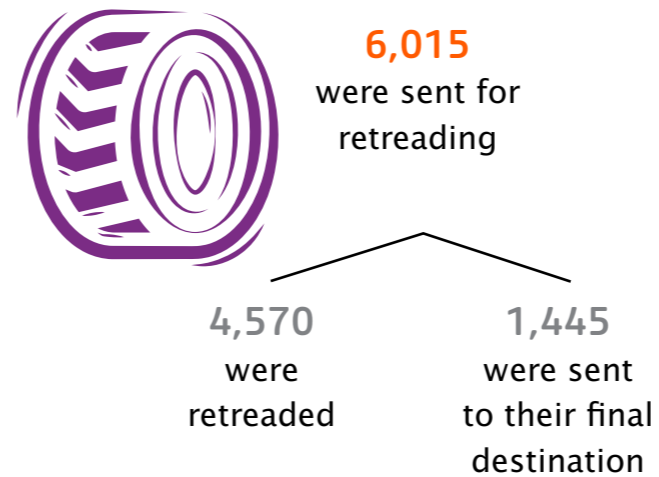
## MATERIALS GRI G4 EN1

Through the elaboration of a matrix that is based on topics such as relevance to the business and the amount spent by the Company to obtain a certain material, GOL understands that the main material used by it is the rubber used in the tires of the aircraft.
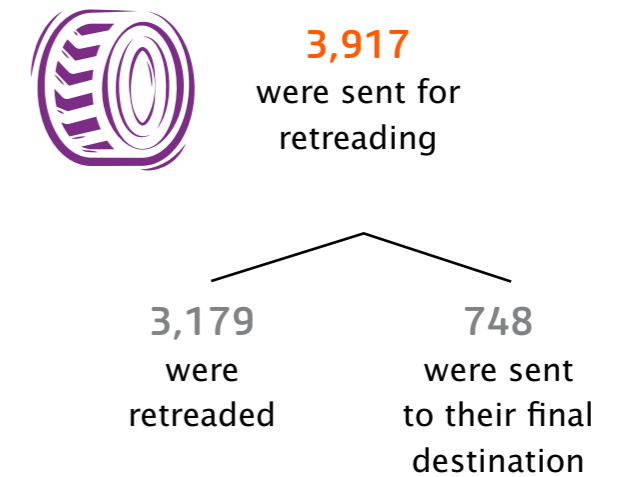
Aware that this is a critical item to its business, GOL monitors the use of the tires and manages the extend of its useful life – always prioritizing GOL's main value: SAFETY.

### Tire Management in 2016

**LARGER TIRE**

6,015 were sent for retreading

4,570 were retreaded | 1,445 were sent to their final destination

**SMALLER TIRE**

3,917 were sent for retreading

3,179 were retreaded | 748 were sent to their final destination

The aircraft uses two types of tires. The smaller ones (nose wheels), which are close to the cockpit, have their useful life limited to 11 retreads. The larger tires, which support the aircraft body (main landing gear), only have to undergo five retreads before they are finally disposed.

As well as rubber, GOL monitors a number of other materials used, as shown in the table below:

| Materials Consumption in 2016 | | |
|---|---|---|
| **Renewable** | | |
| Material | Units | Liters |
| Rubber (tire) | 2,193[11] | - |
| **Non-renewable** | | |
| Material | Units | Liters |
| Steel | 264,322 | - |
| Titanium | 159,348 | - |
| Oil | - | 250,376 |
| Acetic Acid | - | 43,524 |
| Others | 67,234 | 129,584 |

*11 Only considers tires disposed to the final destination.*

# WASTEWATER GRI G4 EN26

The only type of wastewater within GOL's operation with potential environmental impact is generated by the Aircraft Maintenance Center (CMA).

For a proper disposal, wastewater is classified into:

**Industrial:** generated by aircraft maintenance processes, which includes water used to wash aircraft parts, landing gear, among others. The wastewater generated by these processes is treated by an Industrial Wastewater Treatment Plant located at the CMA, which complies with the standards required by the Minas Gerais Sanitation Company (COPASA) – the body responsible for the sanitation service in the State of Minas Gerais.

After being properly treated, the wastewater is directed to the public sewage utility network (managed by COPASA).

**General:** wastewater from toilets and restaurants is sent to the public sewage utility network and the Wastewater Treatment Plant (ETE) of BH Airport/Copasa, under the responsibility of the sanitation company, for a specific treatment of wastewater with high levels of organic and microbiological materials.

Because of the described flow, in 2016, no water body or habitat was affected by GOL's water discharge and drainage.

Among the main activities of PGRS are: the management of temporary storage, selection of waste that can be used as raw material, transportation and proper disposal of waste.

In 2016, GOL's Headquarters was in a phase of transition between suppliers hired to transport the waste generated by the Company. As one of the side effects of this process, GOL had to store this waste – always respecting all current standards – during most of the year.

During the period covered by the report, the Aircraft Maintenance Center (CMA) and Line Maintenance Bases generated 379,491 kg of waste. Due to the supplier transition, data from the waste generated by the Company's Headquarters is not available.

GRI G4 EN22

| Water disposal in (m³) | | | | |
|---|---|---|---|---|
| **Aircraft Maintenance Center** | **2014** | **2015** | **2016** | **Var. 2015 vs. 2016** |
| Industrial | 2,563 | 2,020 | 1,417 | -30% |
| General | 14,229 | 9,811 | 16,368 | 67%[12] |

12 The large variation of the general wastewater is mainly due to the construction works of BH Airport (Confins Airport Administrator) held in 2016 in areas close to the CMA, which has caused some pipe ruptures – all already fixed – and impacted GOL's volume of wastewater.

## WASTE

To ensure proper disposal of all waste generated by its operations, GOL has a Solid Waste Management Program (PGRS), implemented in all Line Maintenance bases (airports' maintenance bases) and in the Aircraft Maintenance Center (CMA).

GRI G4 EN23

| Waste Disposal (in Kg)[13] | | | | |
|---|---|---|---|---|
| **Aircraft Maintenance Center** | | | | |
| **Destination** | **Type** | **2014** | **2015** | **2016** |
| Co-processing | Class I (hazardous) and Class IIA (non-hazardous, non-inert) | 34,544 | 151,544 | 135,864 |
| Incineration | Class I (hazardous) | 160,757 | 16,497 | 17,113 |
| Industrial landfill | Class I (hazardous) and Class IIB (inert) | 1,911 | 1,627 | 742 |
| Recycling | Class I (hazardous) and Class IIA (non-hazardous, non-inert) | 103,916 | 55,304 | 46,242 |
| Reprocessing / Refining | Class I (hazardous) | 22,688 | 10,102 | 15,912 |
| Landfill | Class IIA (non-hazardous, non-inert) | 256,632 | 256,632 | 93,204 |
| **TOTAL** | | **580,398** | **491,706** | **309,077.00** |
| **Line Maintenance Bases** | | | | |
| Co-processing | Class I (hazardous) | 37,153 | 41,408 | 56,527 |
| Incineration | Class I (hazardous) | 15,398 | 16,011 | 10,347 |
| Industrial landfill | Class I (hazardous) | 3,580 | 1,600 | 2,370 |
| Decontamination | Class I (hazardous) | 780 | 660 | 1,170 |
| **TOTAL** | | **56,911** | **59,679** | **70,414** |

13 In 2016, GOL went through a phase of transition between suppliers hired to proper dispose the waste generated by the Company. As one of the side effects of this process, GOL's Headquarters waste remained for most of the year in storage areas. Due to this fact, data from the waste generated by the Headquarters in 2016 is not available.

**LOCATED AT THE TANCREDO NEVES INTERNATIONAL AIRPORT, THE CMA IS IN AN ENVIRONMENTAL PROTECTION AREA (APA) IN THE SUMIDOURO STATE PARK REGION.**

## BIODIVERSITY

**GRI G4 EN11 | EN12**

The Aircraft Maintenance Center (CMA) is the only physical space occupied by GOL that poses a potential risk to biodiversity. Located at the Tancredo Neves International Airport, in the city of Lagoa Santa (MG) – on the border with Confins (MG) –, the CMA is in an Environmental Protection Area (APA) in the Sumidouro State Park region[14].

GOL manages a 146,719 m2 area inside the protected space and, within this area's boundaries, every project that significantly impacts the environment is subject to licensing.

In order to build and expand the Maintenance Center – which reduced the green area but was not considered a significant environmental impact, because the local vegetation consists basically of grass – GOL requested permission from all responsible bodies and authorities.

14 The APA Carste Lagoa Santa was created by the Federal Decree No. 98.881/90 to ensure the conservation of caves, archaeological and paleontological sites, and local fauna and flora.

# HIGHLIGHTS　　2009



Já imaginou
fazer o check-in
de onde você estiver?
A GOL imaginou.

GOL received the IATA (IATA Operational Safety Audit) certification from the International Air Transport Association (IATA), the highest certification in operational safety management and air traffic control.

**FIGURES OF THAT YEAR**

Passengers Transported:
**28 MILLION**

Aircraft fleet:
**108 BOEING 737**

Net Revenue:
**R$6.0 BILLION**

**RELATIONSHIP:
TEAM OF EAGLES
AND OTHER
STAKEHOLDERS**

**CREATING MECHANISMS TO LISTEN TO ITS STAKEHOLDERS AND DIALOGUE IN AN ATTENTIVE AND TRANSPARENT WAY ARE STRATEGIC ACTIONS AND ARE PART OF GOL'S DAILY OPERATIONS.**

GOL has focused its strategy on improving customer experience, and in order to achieve this goal, the Company maintains a close relationship not only with customers, but with all its stakeholders[1]. Creating mechanisms to listen to its stakeholders and dialogue in an attentive and transparent way are strategic actions and are part of GOL's daily operations.

The main stakeholders of the Company are presented below, as well as GOL's ways to generate shared value with each of them.

## TEAM OF EAGLES

**GRI G4-9 | G4-10 | LA12**

On December 31, 2016, GOL had 15,240[2] employees, 7% lower than the previous year. This variation is due to the decrease in the domestic aviation market, which led the Company to reduce the size of its operation. Within this scenario, GOL did not hold any employee dismissal program, but strategically chose not to replace some positions generated by the natural personnel turnover (more information on page 42).

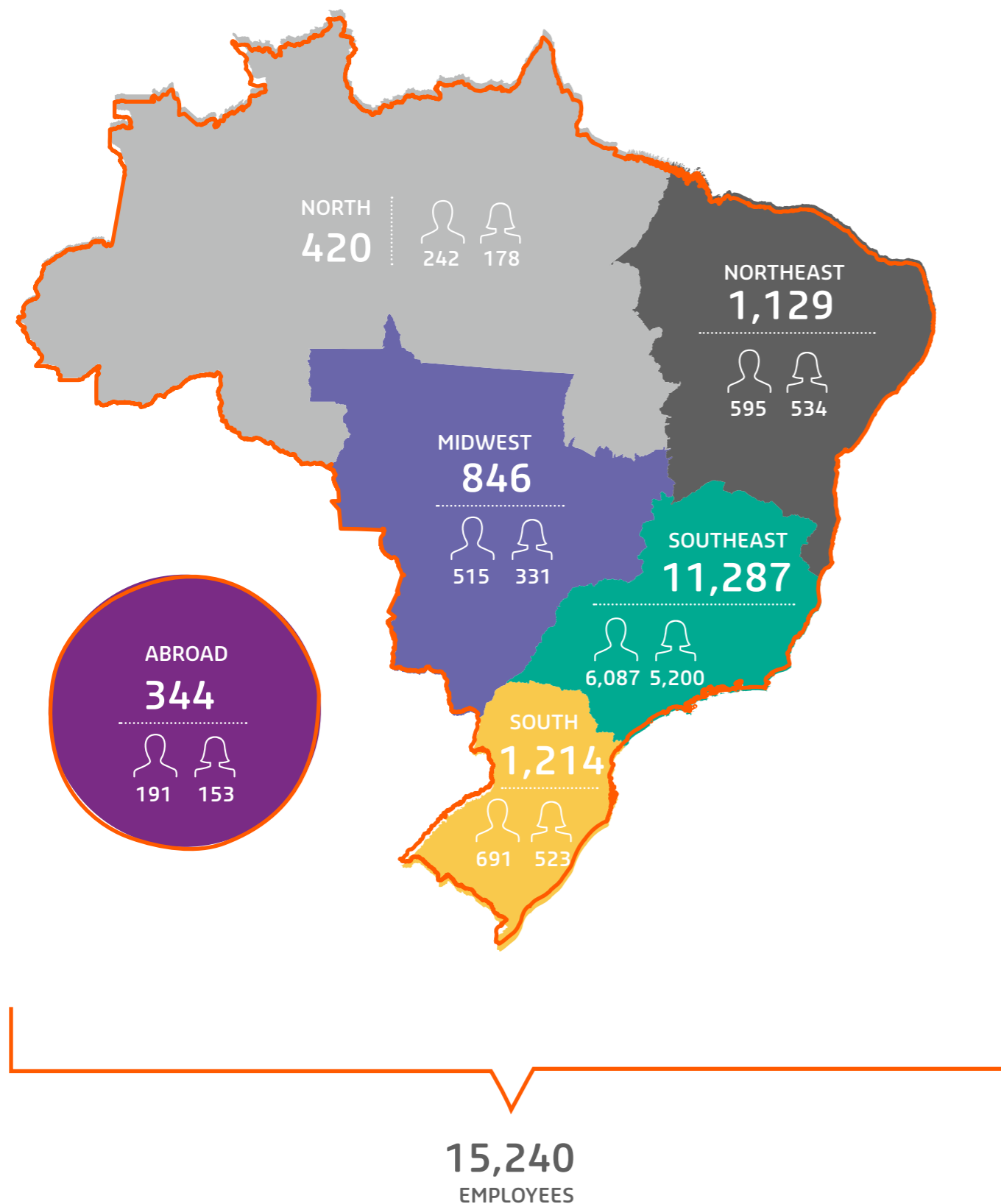Of the total of 15,240 members of the Team of Eagles, 14,896 were based in Brazil and 344 in operations abroad[3].

1 For further information on GOL's stakeholders, please refer to the About the Report chapter.
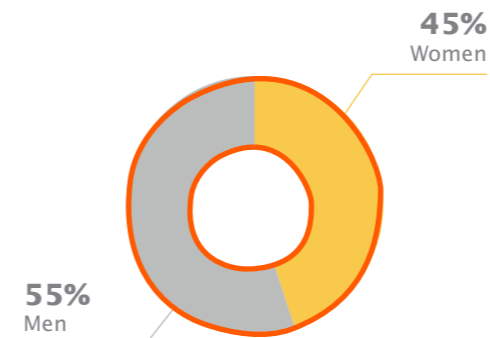2 Includes trainees and does not include employees of WebJet and Smiles.
3 Type of employment and type of employment contract indicators do not include information on GOL's international operations.
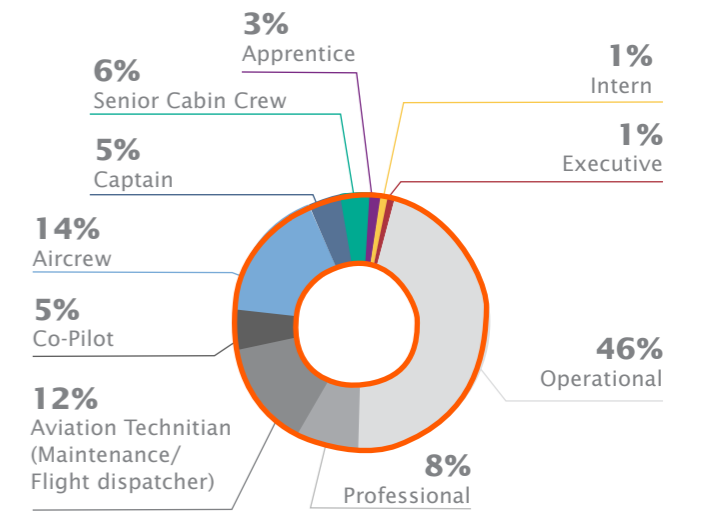
# TEAM OF EAGLES PROFILE

## EMPLOYEES BY REGION AND GENDER

**NORTH**
**420**
242 | 178

**NORTHEAST**
**1,129**
595 | 534

**MIDWEST**
**846**
515 | 331

**SOUTHEAST**
**11,287**
6,087 | 5,200

**ABROAD**
**344**
191 | 153

**SOUTH**
**1,214**
691 | 523

**15,240**
EMPLOYEES

## BY GENDER

**45%** Women
**55%** Men

## BY JOB CATEGORY[4]

**3%** Apprentice
**6%** Senior Cabin Crew
**1%** Intern
**5%** Captain
**1%** Executive
**14%** Aircrew
**5%** Co-Pilot
**46%** Operational
**12%** Aviation Technitian (Maintenance/ Flight dispatcher)
**8%** Professional

*4 Does not include employees based overseas*

## BY AGE GROUP

**10%** < 50 years old
**28%** > 30 years old
**62%** 30 – 50 years old

## BY ETHNIC GROUP

**4%** Afro-descendant
**1%** Yellow
**2%** Not available
**27%** Brown
**0%** Indigenous
**66%** White
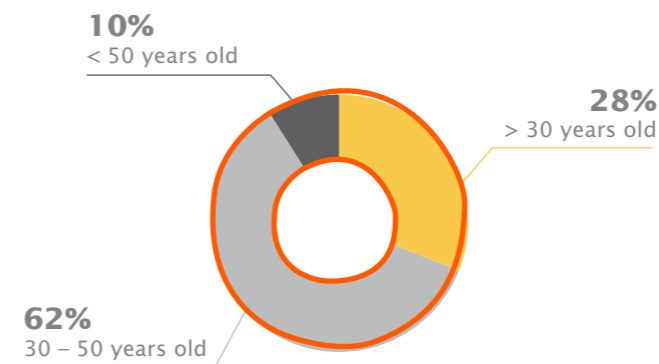
## BY EMPLOYMENT CONTRACT
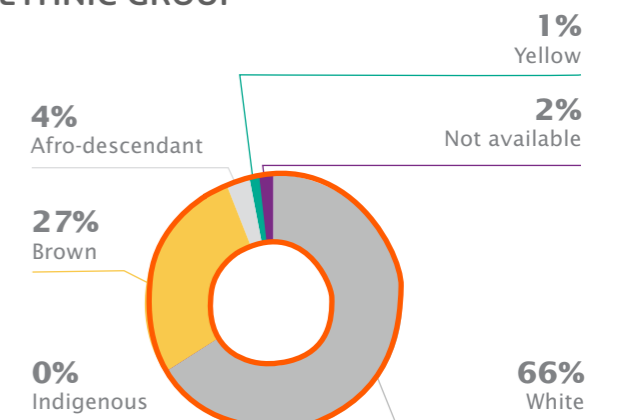
**1%** Intern
**2%** Apprentice
**97%** CLT
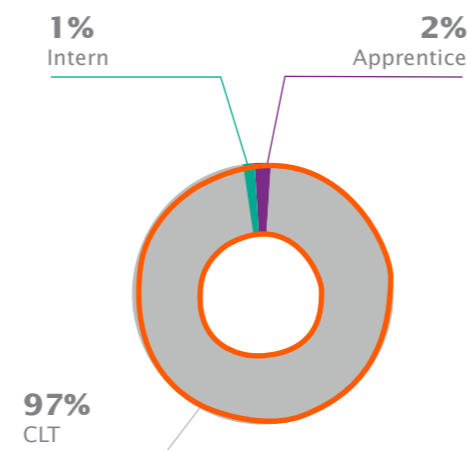
## BY TYPE OF EMPLOYMENT (WORKING HOURS)[5]

**2%** 120h/month (Airport agents and assistants – part-time)
**2%** 150h/month (Apprentices, interns and engineers)
**1%** 100h/month (Apprentices and occupational doctors)
**31%** 176h/month (Aircrew)
**20%** 210h/month (General Positions – 8h/day)
**44%** 180h/month (General positions – 6h/day)
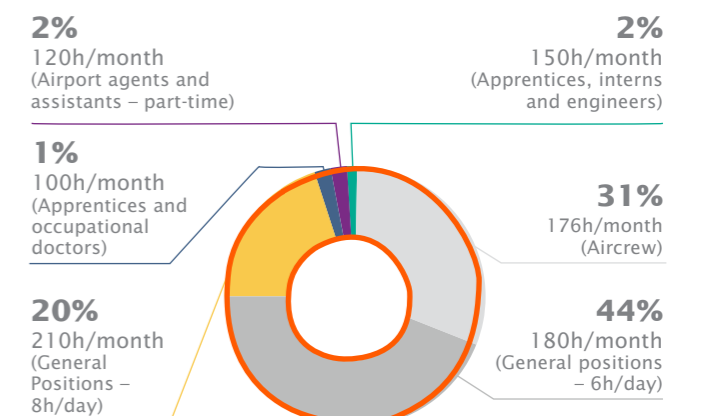
*5 Does not include employees based overseas*

## TURNOVER RATE GRI G4 LA1

In 2016, GOL hired 1,062 professionals (51% less than the previous year). The decrease in the number of new hires is directly linked to the Company's readjustment to the reduction of the domestic market. In the year, the Company's turnover rate was 11.5%, 2.8 p.p. lower than the previous year.

| Turnover Rate[1] | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Total number of employees hired | | Total number of employees dismissed | | Turnover rate | | | Hiring rate |
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| **By age group** | | | | | | | | |
| Under 30 years old | 1,490 | 698 | 1,101 | 795 | 26.5% | 20.4% | 30.5% | 19.1% |
| From 30 to 50 years old | 632 | 347 | 1,197 | 1,287 | 9.4% | 8.9% | 6.5% | 3.8% |
| Over 50 years old | 24 | 17 | 151 | 176 | 5.9% | 6.3% | 1.6% | 1.1% |
| **TOTAL** | **2,146** | **1,062** | **2,449** | **2,258** | **14.3%** | **11.5%** | **13.4%** | **7.4%** |
| **By gender** | | | | | | | | |
| Women | 1,213 | 580 | 1,302 | 1,089 | 17.2% | 12.9% | 16.6% | 8.9% |
| Men | 933 | 482 | 1,147 | 1,169 | 11.9% | 10.4% | 10.6% | 6.1% |
| **TOTAL** | **2,146** | **1,062** | **2,449** | **2,258** | **14.3%** | **11.5%** | **13.4%** | **7.4%** |
| **By region** | | | | | | | | |
| Midwest | 170 | 44 | 114 | 127 | 15.5% | 10.5% | 18.6% | 5.4% |
| Northeast | 190 | 110 | 250 | 351 | 15.9% | 21.6% | 13.8% | 10.3% |
| North | 84 | 50 | 108 | 157 | 18.1% | 26.1% | 15.8% | 12.6% |
| Southeast | 1,538 | 747 | 1,738 | 1,408 | 13.7% | 9.8% | 12.9% | 6.8% |
| South | 164 | 111 | 239 | 215 | 15.3% | 13.9% | 12.5% | 9.5% |
| **TOTAL** | **2,146** | **1,062** | **2,449** | **2,258** | **14.3%** | **11.5%** | **13.4%** | **7.4%** |

1 Exclude interns, apprentices and employees based overseas.

## INTERNSHIP PROGRAM

In May, GOL started the registration process for another edition of its Internship Program, which received more than 6,000 applications in 2016 – an increase of 30% over the previous year. Part of this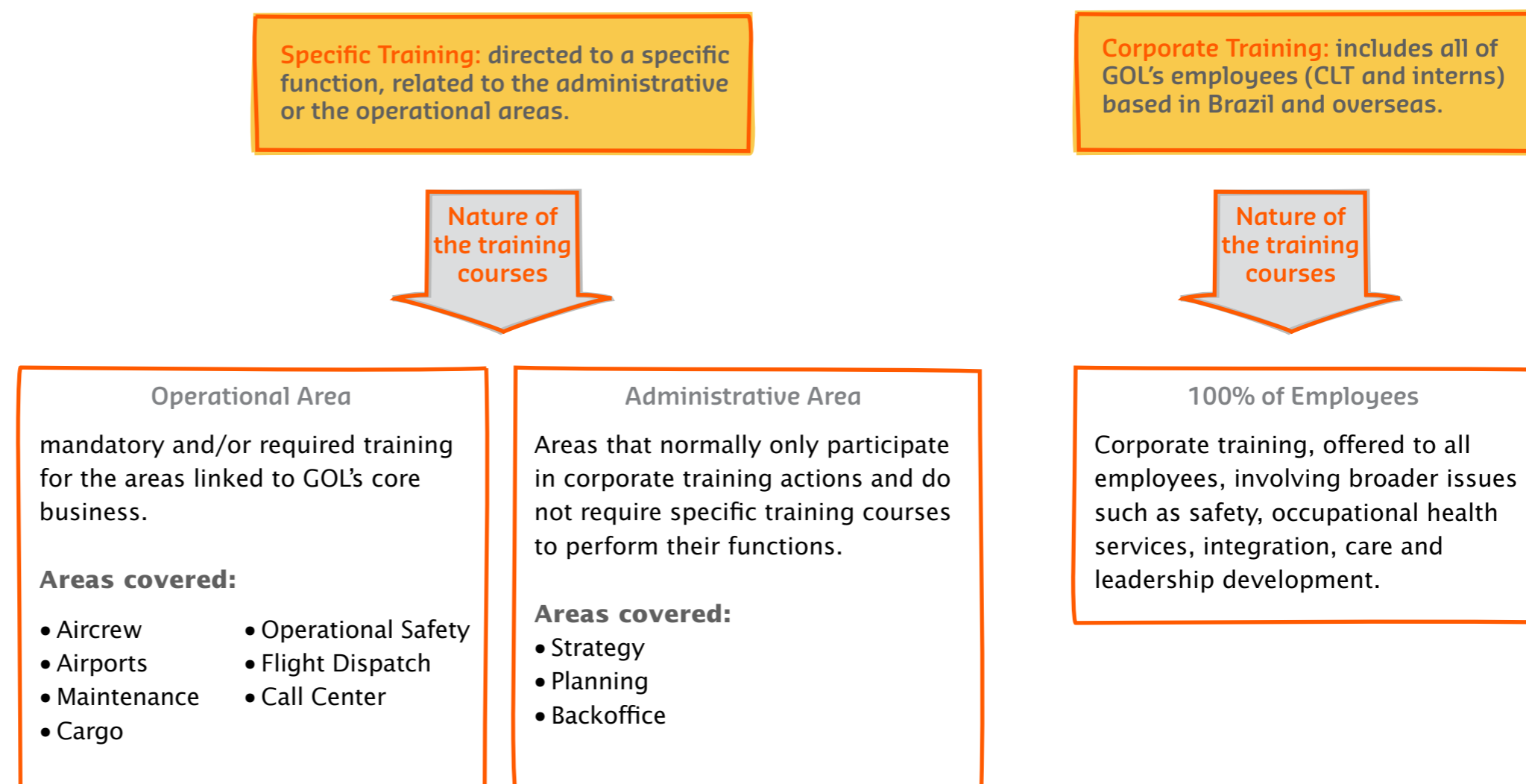 growth was due to the Program's promotion campaign on social networks (which involved the participation of nine interns from GOL), which totaled 6,492 likes and reactions and 901 shares, reaching more than 1 million people. At the end of the process, 91 new talents were hired and joined the Team of Eagles.

## TRAINING

Since 2015, GOL's Human Resources department has been classifying the Company's employees into two large groups in order to better manage training activities and provide specific – that is, related to each of their positions – and transversal training – aimed at all employees and based on corporate guidelines.

### GOL'S TRAINING AND DEVELOPMENT DIVISION

**Specific Training:** directed to a specific function, related to the administrative or the operational areas.

**Corporate Training:** includes all of GOL's employees (CLT and interns) based in Brazil and overseas.

Nature of the training courses

Nature of the training courses

**Operational Area**

mandatory and/or required training for the areas linked to GOL's core business.

**Areas covered:**

- Aircrew
- Operational Safety
- Airports
- Flight Dispatch
- Maintenance
- Call Center
- Cargo

**Administrative Area**

Areas that normally only participate in corporate training actions and do not require specific training courses to perform their functions.

**Areas covered:**
- Strategy
- Planning
- Backoffice

**100% of Employees**

Corporate training, offered to all employees, involving broader issues such as safety, occupational health services, integration, care and leadership development.

---

The reduction of 8% in the number of employees and of 51% in new hires reflected on the volume of training in 2016.

In total, during the reporting period, GOL offered 1,039,685 hours of specific and corporate training (25.9% less than in 2015), which generated an average of 68.2 hours per employee (1.1% less than the previous year). The table below presents more information:

| Training in 2016 | | | | | | |
|---|---|---|---|---|---|---|
| Type of training | Job category | Total number of employees trained | In-class + online training hours | Var. 2015 vs. 2016 | Average training hours per employee x type of course | Var. 2015 vs. 2016 |
| Specific | Administrative | 1,249 | 0 | -25.9% | 43.0 | -20.1% |
| | Operational | 13,991 | 655,986 | | | |
| Corporative | Corporative | 15,240 | 383,699 | -11.9% | 25.2 | 66.6% |
| **TOTAL** | | **15,240** | **1,039,685** | **-8.3%** | **68.2** | **-1.1%** |

In addition to these trainings, GOL continued to conduct the Culture Project, which involved the training and engagement of more than 11,000 employees (learn more on page 30).

## GOL WAY TO SERVING: IN-FLIGHT SERVICE STANDARDS

Aimed at continuously improving customer experience, in 2016, GOL start to provide training focused on In-Flight Service Standards. Offered to the commercial aircrew, the training involved all flight attendants and cabin crew to reinforce the importance of offering customer a unique service aligned to GOL's identity on all flights.

## COMPETENCY-BASED ASSESSMENT

GOL's competency-based assessment process has as a key premise that employees must **enjoy what they do, be recognized and rewarded.**

In 2016, in order to measure the performance of its employees, the Company conducted two assessment programs:

### People Management Cycle[6]:

focused on leadership, the People Management Cycle aims to assess how each manager contributes to the achievement of GOL's strategic goals. In this modality, Managers, Executive Managers, Directors, Vice President and the CEO participate in a 360-degree assessment process, which includes self-assessment and evaluation by peers, internal clients, subordinates and

immediate superiors. Employees who hold coordination positions undergo a 180-degree assessment process, which includes self-assessment and evaluation by immediate superiors and subordinates.

### Young talent assessment:

focused on interns, it aims to measure and analyze individual performance while promoting the necessary training to their professional development.

6 In 2016, due to the Culture Project, which involved the Company's entire leadership (more information on page 30), GOL conducted the People Management Cycle only in the first half of the year – this assessment is usually done twice a year.



GRI G4 LA11

| Employees who participated in the Assessment programs in 2016 | | | | |
|---|---|---|---|---|
| Assessment programs | Job category | Eligible employees | Assessed employees | Employees assessed as a % of total eligible employees |
| People Management Cycle | Executive | 323 | 323 | 100% |
| Young Talent Assessment | Intern | 64 | 57 | 89% |

**PEOPLE MANAGEMENT CYCLE**
Eligible vs. Assessed (by gender)

**100%**
of eligible men were assessed

**100%**
of eligible women were assessed

**YOUNG TALENT ASSESSMENT**
Eligible vs. Assessed (by gender)

**88%**
of eligible men were assessed

**90%**
of eligible women were assessed

## COMPENSATION

GOL has a Compensation Policy that promotes alignment between corporate goals and employee engagement, always seeking to attract and retain the best talent.

In addition to the fixed compensation, most of GOL's domestic employees receive a variable short-term pay (Profit Sharing Program) linked to corporate and individual performance indicators. Some leaders also have the Long-Term Incentive Program, which involves buying the Company's shares.

## COMPENSATION BREAKDOWN
GRI G4-51

Compensation paid to GOL's directors and executive officers is approved by the Company's shareholders at a general meeting, and follows the following format:

**Board of Directors:** receive monthly and fixed compensation.

**Members of Committees and Subcommittees:** receive monthly and fixed compensation or according to the number of meetings. Members of the Board of Directors who also compose the Committees do not receive additional compensation.

**Board of Executive Officers:** receive a monthly salary, a short-term variable compensation (through a Profit Sharing Program or bonuses) and a long-term incentive program granted through the Company's Stock Option Plan and Restricted Stock Plan.

**Other employees:** receive a monthly salary and a short-term variable compensation (through the Profit Sharing Program).

## BENEFITS
GOL grants benefits according to eligibility rules provided for in the collective bargaining agreements (available at the Company's Corporate Portal). Benefit eligibility is associated with employee category, as follows:

**Aircrew:** are entitled to group life insurance, free pass, child care assistance, travel benefit, reimbursement of Medical Examination Certificate for pilots (CMA), meal vouchers and health and dental care plans (shared responsibility payment in these last two cases).

**Ground crew:** are entitled to group life insurance, transportation and food vouchers, life insurance, child care assistance, travel benefits and health and dental care plans (shared responsibility payment in these last two cases).

**Part-time employees (4h)[7]:** are entitled to all benefits granted to groundcrew.

**Temporary employees:** are entitled to transportation and meal vouchers.

## RETIREMENT PROGRAM
GRI G4-LA10

GOL understands that professionals should be recognized for their efforts and contribution to its success when they retire.

In 2016, the Company created a Retirement Program, which aims to assist employees in the reflection and planning of this new stage, enable the preparation of a future life project, and acknowledge the members of the Team of Eagles. Among the benefits of the Program are the extension of the GOL Travel Benefit (employee + spouse) and the MyIdTravel solution.

To be eligible for the Program, employees must be at least 65 years old and have worked for GOL for a minimum of 10 years. In December 2016, 34 employees were eligible to participate in the Program, and six captains already joined and attended a breakfast meeting with the Company's top leaders, and were surprised by a tribute with special videos dedicated to each of them.

*7 Considers employees based in Brazil only.*

## MATERNITY AND PATERNITY LEAVE

GRI G4 LA3

GOL grants six-month maternity leave and five-day paternity leave, except for aircrew members (flight attendants and senior cabin crew members) who, according to the benefits provided by the National Institute of Social Security (INSS), leave their functions once the pregnancy is confirmed and only return to work after the end of the Maternity Leave.

In 2016, 243 GOL's employees had access to maternity leave, 100% of which returned to work after the period.

### PREGNANCY PROGRAM

GOL's future moms and dads count on the Pregnancy Program that aims to support employees in this important phase of life. Created in 2014, the Program has already held seven meetings with more than 200 professionals, and offers:
- Guidance on obstetrics, pediatrics and child care.
- Provision of information material: "Pregnant – Information and Guidance" and "My Baby – Information and Guidance with DVD".
- Blood glucose and blood pressure exams.
- Gifts giveaway.

## SUPPLIERS

GRI G4-12 | EC9

GOL's supply chain is mainly composed of providers of inputs for the operation (aeronautical material, maintenance services, catering[8] and handling[9]), fuel suppliers and aircraft lessors.

In 2016, GOL restructured its supply area aimed at providing it with greater scope and allowing it to act more deeply throughout the Company's value chain. One of the main results of this change was the creation of an **Intelligence Management**, responsible for a critical analysis of all GOL's contracts with suppliers, as well as continuous sector benchmarking exercises to evaluate if the Company is having access to the best products and services at the best market prices.

Also due to this change, the supply area – which represented 32% of GOL's costs in 2015 – began to manage almost 70% of the Company's supplier expenses.

As a consequence of the strengthening of the Supply Area (and, also, considering GOL's readjustment process due to the reduction of the Brazilian domestic market), in 2016, the Company spent approximately R$7.27 billion of which 67% with local suppliers[10].

In the same period, GOL's active base of product suppliers and service providers consisted of 4,950 companies. As in 2015, the Company's largest spent volume was with fuel suppliers and aircraft leasing companies.

### ARIBA

As a result of the interaction between the IT and the Supply Areas, in 2016, GOL started to use the Ariba software, an SAP solution that connects buyers and sellers of products and services in a fast and simple manner. Through Ariba, GOL has access to the world's largest business-trading network – the Ariba Network – where more than two million companies conduct business transactions.

The solution has other benefits as it allows GOL to make purchases through a virtual auction system – the Company tells the market what product/service it wants to buy and suppliers openly present their best proposals –, which potentially increases quality and reduces the value of purchase.

8   Catering services are responsible for the food served on board the aircraft.
9   Handling services covers all aircraft support services provided at airports, such as passenger transportation, baggage services, among others.
10  "Local suppliers" are Brazilian suppliers.

## CUSTOMERS

**GRI G4-8**

GOL's customers are at the center of
its strategy, and the Company's main
driver is to constantly improve customer
experience.

Therefore, GOL has developed several
actions so that customers can rely on
**intelligent** services at the **best fare**,
always prioritizing **SAFETY** and cared for
by the **TEAM OF EAGLES**.

Among the main items that the Company
monitors in order to offer its customers
the best value proposition of the
Brazilian aviation market are:

## ON-TIME PERFORMANCE AND EFFICIENCY

In 2016, GOL was the most on-time
airline in the Brazilian market and the
13th most on-time airline in the world,
according to the OAG Punctuality League
report[11], an internationally recognized air
travel intelligence company that provides
information and digital applications to
airlines. According to OAG, in the period
covered by the report, 84.63% of GOL
flights took off as scheduled.

This year, GOL's aircrew started using
a new tool to improve even further the
on-time performance of their flights.
Through the connection between the
ELO – Tablet On Board (more information
on page 27) and the dereferencing tool

11 The OAG report is available at: https://www.oag.
com/airport-and-airline-on-time-performance-report.

of GOL's mobile app, which notifies
customers of traffic conditions so
that they do not miss their flights, the
aircrew has access to the customers'
location (only those who have the GOL
app on their smartphone) just before
takeoff. The tool provides, through a
color system, the following information:

- the customer is on board the
  aircraft
- there is a risk that the
  customer will miss the flight
- due to the distance and ground
  traffic conditions, the customer
  will surely miss the flight.

With this information, the aircrew is
able to make the best possible decisions
and avoid, for example, that a flight
is delayed by a customer who will not
arrive on time at the airport.

## ACCESSIBILITY

GOL aims to become a benchmark in air transportation and safety of Passengers with Special Needs and, since 2014, it has been working in a partnership with a consulting firm specialized on inclusive accessibility in order to develop a plan of action based on three pillars:

**BEHAVIORAL**
Engagement actions for several of the Company's sectors through training and employee awareness.

**PROCESSES**
Proposals to improve the accessibility of airports, communication with passengers with special needs, training of specialized teams and logistics.

**REGULATION**
Interaction through meetings and forums with regulatory agencies, other airlines and airport representatives to promote discussions about improvements in the accessibility sector.

In 2016, the city of Rio de Janeiro hosted the 15th edition of the Paralympic Games, and GOL took advantage of this opportunity to invest in its accessibility tools and introduced the following new features – which remain part of the Company's operations after the event:

· Implementation of **Totems in Brazilian Sign Language (LIBRAS)** at the Santos Dumont and the Galeão airports, in the State of Rio de Janeiro. The equipment, which helps passenger communication through a video call, is also available at the Congonhas and the Guarulhos airports, in the State of São Paulo.

· Acquisition of **two access ramps** for the Congonhas (SP) and the Santos Dumont (RJ) airports. The new ramps offer autonomy, ease access and safety at boarding and getting off the aircraft for all of GOL's customers – including those with special needs;

· Training on care and handling of wheelchairs;

· Production of a video with training on how to serve customer with special needs;

· Development of a Master Plan that includes suggestions for improvements at airports, standardization of handling of wheelchairs, among other items.

In addition to the actions implemented in 2016, in the period covered by the report, GOL's customers with special needs continued to have access to:

· Stair Trac equipment[12] and wheelchairs available in all domestic bases to **facilitate boarding and arrival of customers with reduced mobility;**

· **Guide dogs** are allowed to travel in the cabin;

· Aircraft safety cards in Braille, **adapted to the visually impaired;** and

· Transportation of passengers on stretchers (GOL is the only Brazilian airline that offers this service).

12 Stair Trac is equipment used to transport wheelchair users on stairs.

## NATIONAL ACCESSIBILITY SEAL

On December 15, 2016, GOL received the Human Rights Award – in the National Seal of Accessibility category, the highest award of the Brazilian Government to individuals and entities that develop important actions aimed at the promotion and defense of human rights.

The award recognizes the Company's efforts to develop products and services that are accessible to all – with or without the need for adaptation or specific features –, which makes GOL the only Brazilian airline with the National Accessibility Seal.

enterprises (SMEs) in Brazil. VoeBiz aims to boost GOL's corporate segment by offering a value proposition that includes discounts, points collection and a simple and functional management portal.

SMEs that join VoeBiz have the following benefits:

· Collection of points – which can later be redeemed for discounts on airline tickets;
· Collection of Smiles points for the employee traveling (if registered with the Smiles Program); and
· Travel Management Portal with Travel History, Balance and Statement of accumulated points.

## SATISFACTION SURVEY
GRI G4 PR5

With the purpose of evaluating the progress of its customer experience performance and receiving inputs for improvement, GOL conducts satisfaction surveys that evaluate items such as purchasing process, check-in, boarding lounge, in-flight service, customer care, baggage handling, on-time performance, customer service channels, relationship programs,
among others. The Company's main surveys are:

## GOL'S CUSTOMER SATISFACTION SURVEY (TRACKING)
The Customer Satisfaction Survey (Tracking) has been conducted since 2011 and, until July 2016, used

## CHILDREN IDENTIFICATION BRACELET WITH WIRELESS TRACKING
From October 12, 2016, children who travel unaccompanied with GOL began to receive an identification bracelet with wireless tracking technology, so that their parents or guardians could receive real-time information of each stage of the journey.

Developed by GOL's IT Department, the device gives parents or guardians even more peace of mind and transparency and is available for domestic and international flights.

## A YEAR OF PET ON BOARD
Launched in 2015, the Pet on Board service completed one year in 2016 with significant numbers: in all, 13,000 pets were transported in the cabin and 31,000 animals (domestic and wild) were transported as cargo in domestic flights, which generated a 12.2% growth in ancillary and cargo revenues. At the end of the year, GOL extended the Pet on Board service for international flights.

## GOL PREMIUM LOUNGE
In 2016, a new VIP Room was inaugurated at Terminal 2 of Guarulhos Airport, in São Paulo. The GOL Premium

Lounge architectural project has its structure and furniture design inspired by the Brazilian culture, providing an authentic and cozy environment.

This new VIP Room replaces the previous one and is part of the other VIP spaces offered to Smiles Gold and Diamond customers, GOL Premium, Delta's first class and executive customers, Air France-KLM customers and other partners.

## VOEBIZ
In the period covered by the report, GOL introduced a relationship program dedicated to small and medium-sized

the Computer Assisted Telephone Interviewing (CATI) technique. As of that date, in line with its digitization strategy, GOL chose to change the survey methodology to the CAWI technique (data collection via email) and, in addition, reduced costs and gained more agility in data analysis.

With the methodology change, customers are now able to respond to the survey at the time that is most convenient to them, which tends to improve the quality of the answers, as well as feedback evaluations, since the CAWI technique enables a more in-depth analysis of the air travel chain (ticket purchase, check-in, baggage handling, boarding, flight experience, etc.) and their respective attributes.

In order to preserve the comparability of historical series – despite the methodology change –, the 2016

results (collected after July) underwent a sorting process. In the period, the Tracking Survey indicated a customer satisfaction rate of 7.49, 2.5% lower than in 2015.
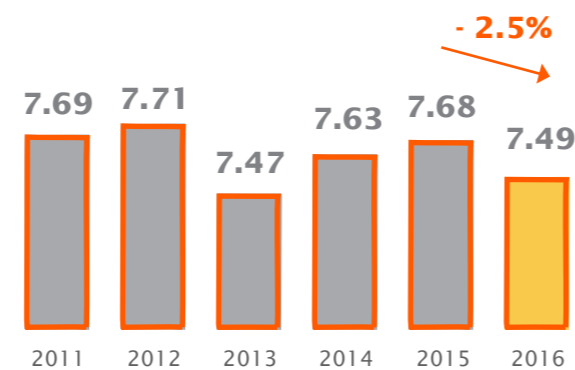
## SMS SURVEY

The SMS Survey is made through SMS messages with customers who evaluate their experience with a 0 to 10 grade[13]. Customers participating in the survey had informed their phone numbers and authorized GOL to send messages.
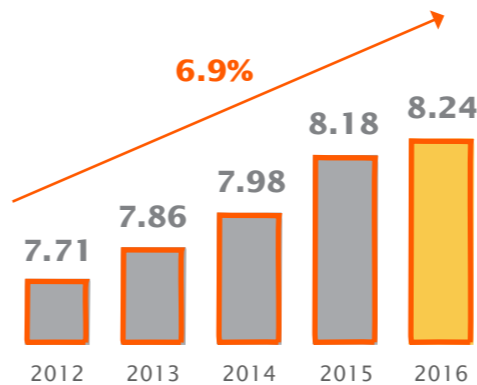
In 2016, the SMS Survey again recorded the best result in its history, with an increase of 0.7% in relation to the previous year and of 6.9% in the last five years.

13 The SMS Survey uses the same satisfaction standard used by the GOL Customer Satisfaction Survey (Tracking).

**TRACKING SURVEY**

- 2.5%

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------|------|------|------|------|------|
| 7.69 | 7.71 | 7.47 | 7.63 | 7.68 | 7.49 |

**SMS SURVEY**

6.9%

| 2012 | 2013 | 2014 | 2015 | 2016 |
|------|------|------|------|------|
| 7.71 | 7.86 | 7.98 | 8.18 | 8.24 |

## CUSTOMER RELATIONSHIP AWARDS

In 2016, GOL received two awards as a result of initiatives focusing on its customers:

**CIC Brasil 2016 Award** – granted by the Cliente SA Magazine, GOL's was recognized by this award for the third time, this year in the "Best Customer Experience Project" category. The Award recognized the Integrated Cell project, which linked the **Customer Relations Office** with the **Operational Control Center** in order to create a service that provides information to GOL's customers about any fact that may impact their travel plans.

**COPC inc.** – GOL became the first Brazilian airline to obtain the GMD certification by COPC Inc., an international seal of high performance management and governance that recognizes excellence and quality of customer service.

**Civil Aviation Department Award** – GOL was elected the most efficient airline in baggage restitution by the Civil Aviation Department.

**Época Reclame Aqui Award** - in 2016, GOL was elected one of the best companies for the consumer, in the Airlines category.

## COMMUNITY

GOL is a company that is integrated with the communities in which it operates and, therefore, is concerned about the people around it. Aware of its social responsibility, the Company works to become more and more attentive and aligned to the needs of its stakeholders.

In retrospect, shortly after its founding, the Company began to support several social projects – still in a supporting role. In the following years, as a natural consequence of its organizational maturity, it began to develop a Social Initiative Policy, based on **Education, Accessibility and Volunteering.** This way, GOL has been working towards a more transparent relationship with society, and has been focused on making its collaborations more effective for the social transformation of the communities in which it operates.

In 2014, GOL transferred the development of its social projects to **Instituto GOL** (created in 2010), which became responsible for the Company's social performance, managing initiatives aimed at communities, developed through partnerships with other organizations (rather than own projects).

In GOL's institutional vision, these partnerships offer new possibilities, enable the suggestion and development of actions to reach the prospects of the following projects:

## EDUCATION – DEEP AND SUSTAINABLE TRANSFORMATION IN SOCIETY

### Todos Pela Educação (TPE)

The TPE Project believes that due to the dimension of the challenge and historical inequality of Education in Brazil, the government initiatives are not enough to achieve excellence in the school system. Therefore, the participation of the various segments of society, working towards common goals and aligned with the guidelines of educational public policies, is fundamental to promote the increase in quality that the Brazilian Basic Education system needs.

In 2016, Instituto GOL collaborated with this project, donating plane tickets for its members and guests to participate in lectures, public hearings and events, among them the 10-year anniversary of *Todos Pela Educação* (United for Education) event, where the message "Education as the central axis of the country's development strategy" was launched.

To learn more about the TPE project, please visit www.topospelaeducacao.org.br.

### Parceiros da Educação Association

For the third consecutive year, Instituto GOL and *Parceiros da Educação* (Partners for Education) came together to improve the quality of the school system, the academic performance of the students and to value the educators of the schools associated and listed in the State of Education Secretariat.

In 2016, the Association started a partnership cycle with the João Maria Pires de Aguiar school, located in Vila Campestre, near the Jabaquara neighborhood, in the South Zone of São Paulo (SP). Among the activities developed are support classes for students, continued training of the management team, community-school-parent integration and a reading room.

At the end of the first year of the partnership, the school met all targets of the São Paulo Education Development Index (Idesp), goal set forth by the Government of the State of São Paulo and the partnership between Instituto GOL and the *Parceiros da Educação* association.

| Targets and results of the João Maria Pires de Aguiar school | Idesp grade |
|---|---|
| Target established by the Government of the State of São Paulo | 3.75 |
| Target established by the Partnership (GOL and *Parceiros da Educação*) | 4.21 |
| **Results of the João Maria school in 2016** | **4.97** |

To learn more about the *Parceiros da Educação* association, please visit www.parceirosdaeducacao.org.br.

## GOL IS A COMPANY THAT IS INTEGRATED WITH THE COMMUNITIES IN WHICH IT OPERATES AND, THEREFORE, IS CONCERNED ABOUT THE PEOPLE AROUND IT.

### ASHOKA – Escolas Transformadoras

Ashoka is a global non-profit organization that supports Social Entrepreneurs, that is, people with creative and innovative ideas capable of promoting changes with wide-reaching social impact.

With the support of Instituto GOL, Ashoka is able to strengthen its articulation networks and the work of the school units, as well as the participation of important partners in the rounds of conversation on "Leading role in the Education of Children and Young Changemakers". The donation of airline tickets was also fundamental for team members to visit schools applying for the Changemaker Schools program.

To know more about ASHOKA, please visit www.ashoka.org.

## ACCESSIBILITY – RIGHT TO COME AND GO AND REMOVAL OF BARRIERS

**Associação de Assistência à Criança Deficiente – AACD**

With 66 years of existence, AACD operates in six states through 12 rehabilitation centers, six orthopedic workshops and one hospital. In a country with continental dimensions such as Brazil, Instituto GOL's support has been of great significance, enabling managers of the Association to meet the demands of the units.

In addition, through the donation of airline tickets, GOL has collaborated with the transportation of artists and patients (as well as their families) participating in the TELETON program, an event held annually and broadcast nationally by different media in order to raise funds for the Association.

To learn more about the work developed by AACD, please visit https://aacd.org.br.

**Associação para a Educação, Esporte, Cultura e Profissionalização da Divisão de Reabilitação do Hospital das Clínicas (AEDREHC).**

The Association for Education, Sport, Culture and Professionalization of the Rehabilitation Division of the Hospital das Clínicas (AEDREHC) aims to promote the social inclusion of people with disabilities through education, sports, culture and professional training.

In 2016, GOL donated airline tickets so that athletes of the Wheelchair Basketball team could play in the Brazilian championship.

The team also participated in simulated training sessions for GOL's employees on the assistance of passengers with special needs.

To learn more about AEDREHC, please visit www.aedrehc.org.br.

**Social Skate**

It is a non-profit organization located in Poá (SP), which provides free services to 150 children and young people at risk in the Alto do Tietê region, and operates on three main pillars: sports, education and family support.

In 2016, GOL contributed by donating airline tickets and helped Marcos Alexandre Silva, a boy who has physical and motor difficulties, and found in skateboarding a way to overcome his limitations.

To know more about the Social Skate project, please visit www.facebook.com/ongsocialskate.
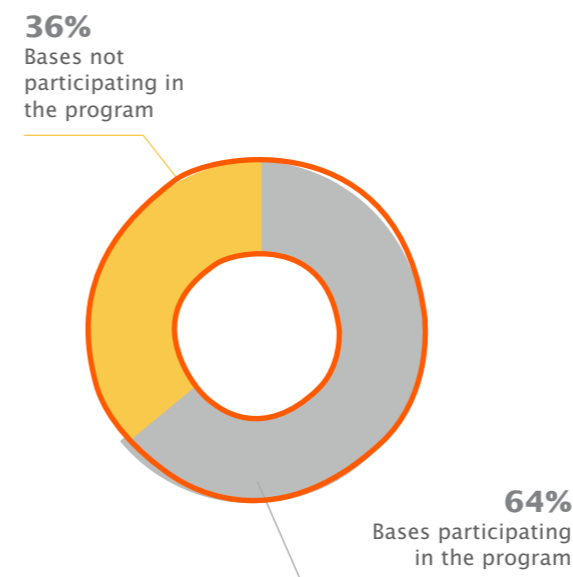
## VOLUNTEERING – LEADING SOCIAL ROLE

**Colaborador Cidadão Program**

Since its creation, GOL has strengthened its internal culture of having a social leading role, encouraging its employees to also pursue excellence in the relationship with the communities in which it is inserted.

In 2016, the *Colaborador Cidadão* (Citizen Employee) Program celebrated its 10th anniversary! During this period, the Program has already helped about 5,000 children and adolescents and more than 100 institutions.

With workshops and activities to raise awareness on aviation-related issues, 227 of GOL's employees work as volunteers for the Program, spread throughout 42 bases.

### BASES PARTICIPATING IN THE COLABORADOR CIDADÃO PROGRAM



**36%** Bases not participating in the program

**64%** Bases participating in the program

### VOLUNTEERS BY REGION
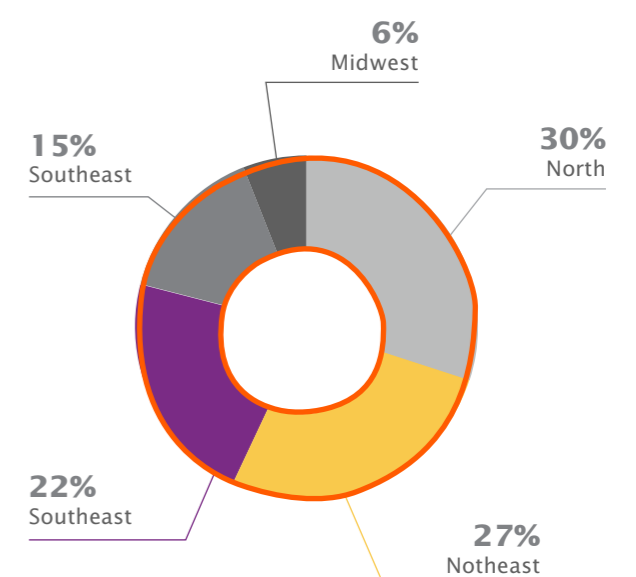


**6%** Midwest

**30%** North

**15%** Southeast

**22%** Southeast

**27%** Notheast

**SINCE ITS CREATION, GOL HAS STRENGTHENED ITS INTERNAL CULTURE OF HAVING A SOCIAL LEADING ROLE.**

### Dia de Doar

In the period covered by the report, GOL's employees were also invited to participate in the *Dia de Doar* (Donation Day) campaign, held on November 29, 2016, where participants donated – Instead of material goods – their time, talent and work to support social actions.

To know more about the *Dia de Doar* campaign, please visit www.diadedoar.org.br.

## SPECIAL PROJECTS

In addition to the projects held within the three pillars of the Social Action Policy, in 2016, GOL offered support to other institutions through the execution of Special Projects, among which we highlight:

### Felicidade Project

The *Felicidade* (Happiness) Project was the first social institution supported by the Company and aims to offer moments of pure fun and happiness to children and adolescents undergoing cancer treatment. In 2016, about 100 children were able to participate in several tours, such as theme parks, movie theaters, museums, among others.

In addition, twice a year, Instituto GOL promotes the integration of patients and their families with employees at the Company's headquarters, where they participate in special thematic activities.

Over the 15 years of partnership, more than 1,000 patients, among children and adolescents, have already benefited from the donation of plane tickets, departing from various parts of Brazil.

To learn more about the *Felicidade* Project, please visit www.felicidade.org.br.

### Amigos do Bem

With the mission of "promoting local development and social inclusion in order to combat hunger and poverty through education and self-sustaining projects", in 2016, Instituto GOL began a partnership with *Amigos do Bem*, an institution that aims to overcome distances so that good people doing good things can reach their destination.

The donated airline tickets have helped volunteers such as doctors, dentists, pedagogues, as well as teams from several areas to assist more than 60,000 people, bringing hope to over 11,500 families in the states of Alagoas, Pernambuco and Ceará.

To know more about *Amigos do Bem*, please visit www.amigosdobem.org.

## Instituto de Tratamento do Câncer Infantil (ITACI)

The Child Cancer Treatment Institute (*Instituto de Tratamento do Câncer Infantil* – ITACI) is a public hospital linked to the Children Institute of the Hospital das Clínicas of the University of São Paulo School of Medicine and provides free treatment for children and adolescents with onco-hematological diseases.

With the donation of airline tickets, the Institute was able to organize events to raise funds for the reform of physiotherapy and nutrition rooms and part of the intensive care unit.

To learn more about ITACI, please visit www.itaci.org.br.

## ACTC – Casa do Coração

The Child and Adolescent with Cardiac Disease and Heart Transplant Care Association (ACTC) – *Casa do Coração* was founded in 1994 and offers accommodation, food and interdisciplinary care for children and adolescents with serious heart disease who need to travel to the city of São Paulo to receive treatment from the Brazilian Unified Health System (SUS).

In 2016, GOL offered air transportation to enable the treatment of these patients (accompanied by their relatives).

| ACTC's Quantitative Indicators in 2016 | Accomplished |
|---|---|
| Registration of patients | 1,885 |
| Number of users assisted | 1,070 |
| Number of assistant care | 22,976 |

To learn more about ACTC, please visit www.actc.org.br/casa-do-coracao.

## Um Teto para o Meu País Association – Brazil

TETO is an international organization present in Latin America, which has been operating in Brazil for more than 10 years, protecting the rights of people living in favelas (slums). In 2016, TETO had GOL's support, which provided airline tickets for the transportation of the NGO's managers.

To learn more about TETO, please visit www.techo.org/paises/brasil.

## Instituto ATÁ

Instituto ATÁ is the first Brazilian entity to dedicate itself exclusively to the relation between man and food with the mission of "bringing closer knowledge and eating, eating and cooking, cooking and producing, producing and nature". The Institute seeks to value and strengthen the diversity of territories and knowledge, eating as an integral factor of culture, the best sustainability practices in production and consumption, among other topics related to food.

The most important ATÁ projects are: the *Retratos do Gosto* brand, the baniwa chilli (in partnership with ISA), the Gastronomia nos Presídios project, *Os Arrozes Especiais do Vale do Paraíba*, *Mel de Abelhas Nativas, Cogumelos Comestíveis Brasileiros, Galinhadas Beneficentes* and others.

In 2016, Gollog was responsible for the free transport of 525 kg of products for the Institute.

To know more about Instituto ATÁ, please visit the website www.institutoata.org.br and its Facebook page at www.facebook.com/institutoata.

## AWARENESS CAMPAIGNS

In 2016, GOL supported the following campaigns:

**Pink October:** Our fight is for life! Let's fight this disease together! Breast cancer prevention campaign.

**Blue November:** Wear blue! Our fight can't stop. Prostate cancer prevention campaign.

**World AIDS Day:** Do not give space for AIDS!

**DIVERSITY, EQUALITY, and PRIDE:** Our Key Words for National Black Consciousness Day!

**Papai Noel dos Correios:** You can be Santa Claus' co-pilot. Make Christmas happier for a child – in all, 158 letters were answered.

**A Solidariedade Nunca Sai de Moda:** the Team of Eagles is already spreading love – we have made previous uniform models available in exchange for donations to social institutions.

**Highlights:**
· Participation of more than one thousand employees.
· Collection of more than three tons of cleaning products, personal hygiene and food.
· Institution benefited: *Amigos do Bem*

| FOOD | | PERSONAL HYGIENE | | HOUSEHOLD PRODUCTS | |
|---|---|---|---|---|---|
| 1 pack of rice | = 1 piece | 5 bars of soap | = 1 piece | 1 pack of washing powder | = 1 piece |
| 1 pack of beans | = 1 piece | 2 tubes of tooth paste | = 1 piece | 1 pack of multi-use bars of soap | = 1 piece |
| 2 packs of pasta | = 1 piece | 1 pack of adult diapers | = 2 pieces | 3 bottles of detergent | = 1 piece |
| 1 pack of powdered milk | = 1 piece | 1 bottle of shampoo | = 1 piece | | |
| 1 pack of powdered coffee | = 1 piece | 1 bottle of hair conditioner | = 1 piece | | |
| 2 liters of cooking oil | = 1 piece | | | | |

### Amigo Solidário GOL: Doar É um Carinho que Aquece o Coração

In order to start the 2016 campaign for the collection of garments, GOL's Sustainability and Human Resources areas have partnered to reuse uniforms returned to the Company by its employees in a joint and very special action. These pieces were transformed into blankets for donation, and benefited several institutions part of the *Colaborador*

*Cidadão* Program (more information on page 53)

A total of 3,071 pieces of uniform, among shirts, trousers, dresses and other items, equivalent to 873 kg, were collected. In partnership with the consulting firm Dreams and the NGO Retalhar, this material was transformed into 825 blankets.

The main benefits generated by the campaign are:

| Security | Environment | Social Development | Employees |
|---|---|---|---|
| Guarantee of de-characterization of the uniform pieces. | Avoid disposal of materials in landfills. | Production groups with generation of income. | Importance of the uniform and pride in wearing it. |
| Preservation of the brand. | Reuse of materials. | Donations to institutions that need the products. | Social action encouragement. |

Since 2014, GOL has also been organizing the collection of clothing to benefit social institutions. In the first year, a total of 268.73 kg of donations were received; In 2015, 534 kg; and in 2016, 587 kg were donated.

| Institutions benefited in 2016 | Pieces | Shoes | Weight (kg) |
|---|---|---|---|
| Casa Hope | 771 | 46 | 200 |
| Casas André Luís | 768 | 37 | 197 |
| Cruz Vermelha | 765 | 25 | 190 |
| **TOTAL** | **2,304** | **108** | **587** |

# HIGHLIGHTS 2012

GOL10ANOS

O melhor presente de Dia das Mães é você estar pertinho dela.

Almap BBDO

GOL announced the segregation of activities related to the "Smiles" relationship program, which are now being conducted by Smiles S.A.. In the same year, the Company launched its first smartphone application, and started offering mobile check-in.

### FIGURES OF THAT YEAR

Passengers Transported:
**39** MILLION

Aircraft fleet:
**125** BOEING 737

Net Revenue:
R$**8.1** BILLION

FINANCIAL
PERFORMANCE

## DOMESTIC MARKET – GOL

GOL's domestic supply decreased by 5.4% in 2016 reflecting the network adjustments. In the same period, domestic demand fell by 5.5% in 2016, resulting in a domestic load factor of 77.9%, a decrease of 0.1 p.p. compared to 2015.

GOL transported 30.7 million passengers in the domestic market in the year, representing a decrease of 16.4% when compared to 2015. Nonetheless, in 2016 the Company was the leader in the number of transported passengers in Brazil's domestic aviation market.

## INTERNATIONAL MARKET – GOL

GOL's international supply decreased 17.0% in 2016, compared to 2015. In the same period, international demand showed a decrease of 13.6%, leading the international load factor to 74.6%.

During the year, GOL transported 1.9 million passengers, a decrease of 10.2% compared to 2015.

## VOLUME OF DEPARTURES AND TOTAL SEATS – GOL

The volume of departures in the overall system was reduced by 17.2% in the year. In the same period, the total number of seats available to the market fell 16.9%.
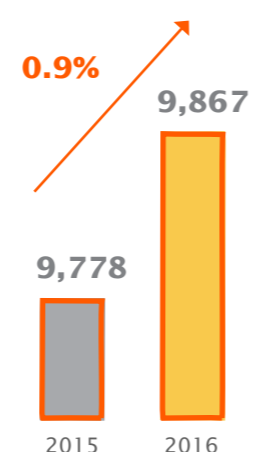
## PRASK AND YIELD

Net PRASK grew by 8.5%, RASK improved by 8.3% and yield increased by 8.0% in comparison with 2015.

## NET REVENUE

Average fare increased 20.1% from R$220.7 to R$265.2 and yield increased 8.0% to R$24.14 cents per passenger kilometer, mainly due to the increase in stage length.

**NET REVENUE (in R$ million)**

0.9%

9,778 (2015)
9,867 (2016)

In 2016, total net revenue reached R$9.87 billion, 0.9% higher than in 2015. Passenger revenue was R$8.67 billion and represented 87.9% of total net revenue in 2016, an increase of 1.0% compared to 2015.

In 2016, international passenger revenue totaled R$1.47 billion, equivalent to 14.9% of total net revenue and an increase of 32.9% when compared to 2015. This result reflects the adjustments in capacity by 17.0% implemented in GOL's international network.

In the period covered by the report, net cargo and ancillary revenue was R$1.2 billion, representing 12.1% of total net revenue and an increase of 0.1% compared to the previous year.

## OPERATING EXPENSES

Operating costs and expenses totaled R$9.17 billion in 2016, a decrease of 7.9% compared to the previous year and excluding fuel expenses, totaled R$6.47 billion, representing a reduction of 2.7% compared to 2015. The cost per ASK (CASK) reached R$19.79, a decrease of 1.1% compared to the previous year.

| Costs of services rendered, sales and administrative expenses | | | |
|---|---|---|---|
| Indicator | 2015 | 2016 | % Var. |
| Salaries, wages and benefits | (1,580.5) | (1,656.8) | 4.8% |
| Fuels and lubricants | (3,301.4) | (2,695.4) | -18.4% |
| Aircraft rent | (1,100.1) | (996.9) | -9.4% |
| Sales and marketing | (617.4) | (556.0) | -9.9% |
| Landing fees | (681.4) | (687.4) | 0.9% |
| Aircraft and traffic servicing | (1,019.8) | (1,068.2) | 4.7% |
| Maintenance materials and repairs | (603.9) | (593.1) | -1.8% |
| Depreciation and amortization | (419.7) | (447.7) | 6.7% |
| Other Operating Expenses | (633.6) | (468.1) | -26.1% |
| **Total Operating Expenses** | (9,957.8) | (9,169.5) | -7.9% |
| **Total Operating Expenses** Adjusted¹ | (9,957.8) | (9,143.3) | -8.2% |
| Operating Expenses ex- fuel | (6,656.5) | (6,474.1) | -2.7% |
| Operating Expenses ex- fuel adjusted[1] | (6,656.5) | (6,447.9) | -3.1% |

*1 Excluding non-recurring results on the return of aircraft under finance lease contracts and sale-leaseback transaction.*

reduction in losses from direct sales channels and lower commission for travel agencies, reflecting the reduction in the economic activity in the country and consequent decrease in the volume of transported corporate passengers.

· **Landing fees per ASK:** totaled R$1.48 cents, an 8.3% increase (0.9% in nominal terms) in the annual comparison, largely due to increases in airport fees – landing fee and navigation support, partially offset by a 17.2% decrease in takeoffs.

· **Aircraft and traffic servicing per ASK:** totaled R$2.31 cents, a 12.5% increase (4.7% in nominal terms), mainly due to IT services in the domestic and international bases and an increase in the number of Smiles redemption tickets purchased from partner airlines, which are paid by GOL upon ticket issuance and that will be recorded as revenue when the passengers fly.

· **Maintenance materials and repairs per ASK:** registered R$1.28 cents, up 5.4% (-1.8% in nominal terms) compared to 2015, due to less engines repaired, however partially offset by costs related to the anticipated return of aircraft and higher exchange rate of 4.7%.

· **Depreciation and amortization per ASK:** reached R$0.97 cents, an increase of 14.5% (6.7% in nominal terms), due to the reduction of the life cycle of spare parts from 25 to 18 years and depreciation of the Real against the

average US dollar by 4.7%, partially offset by the fleet reduction.

· **Other expenses per ASK:** reached R$1.01 cents, a 20.7% (-26.1% in nominal terms) decrease year-over-year, mainly due to non-recurring gains from early return of aircraft under finance leases, however partially offset by the non-recurring expenses related to anticipated return of aircraft under operating leases.

## OPERATING RESULT

In 2016, EBIT was R$696.5 million, with a margin of 7.1%. EBITDAR was R$2.14 billion with margin of 21.7%.

## NET FINANCIAL RESULT

In 2016, net financial revenues were R$664.9 million, a significant improvement compared to net financial expenses of R$3.26 billion in 2015. The variation in annual basis is mainly due to the appreciation of the Real against the US dollar (end of period), which ranged from R$3.9048 on December 31, 2015 to R$3.2591 on December 31, 2016, generating a negative result of R$2,267.0 million in 2015.

### INTEREST EXPENSE

Interest expenses totaled R$787.7 million in 2016, a decrease of R$97.9 million (or 11.1%) compared to the previous year. This decrease is a result of lower debt levels and also the depreciation of the US dollar against the Real.

· **Fuels and lubricants per ASK:** reached R$5.82 cents, a decrease of 12.3% compared to 2015, largely due to the reduction of fuel prices in Brazil by 8.7% year-over-year and the lowest fuel consumption in liters at 10.6%.

· **Salaries, wages and benefits per ASK:** reached R$3.58 cents, up 12.5% compared to the previous year mainly due to the reassessment of labor contingency proceedings in the last quarter and 11.0% increase in employee wages from the new collective agreement, partially offset

by 8.0% average reduction in full-time equivalent employees.

· **Aircraft rent per ASK:** totaled R$2.15 cents, a 2.7% decrease compared to 2015, due to fleet reduction, partially offset by the average depreciation of the real against the US dollar of 4.7% and the costs associated with the time lag between removing an aircraft from operation until its actual return.

· **Sales and marketing per ASK:** registered R$1.20 cents, a decrease of 3.3% compared to the previous year, mainly due to the

## NET EXCHANGE VARIATION

Net exchange variation totaled R$1.37 billion positive in 2016, primarily due to the appreciation of the Real against the US dollar (end of period), which ranged from R$3.9048 on December 31, 2015 to R$3.2591 on December 31, 2016, and generated a negative result of R$2,267.0 million in 2015.

## INTEREST INCOME

Interest income totaled R$147.9 million in 2016, an increase of R$14.2 million compared to 2015. The variation is explained by the higher level of cash position held in Brazilian Reais.

## OTHER FINANCIAL REVENUES

Other financial revenues totaled R$93.5 million in 2016, versus R$294.6 million negative compared to 2015, primarily due to the discount obtained on the unsecured senior and perpetual notes obtained in GOL's exchange offers.

## VALUE ADDED DISTRIBUTION

GRI G4 EC1

In 2016, GOL's value added distributed was R$7.6 billion, 12.8% higher than 2015.

| Value Added Distributed in 2016 (R$ million) | |
|---|---|
| **Personnel** | **1,562,165** |
| Direct compensation | 1,306,615 |
| Benefits | 152,874 |
| Guarantee Fund for Length of Service (FGTS) | 102,676 |
| **Taxes, fees and contributions** | **955,895** |
| Federal | 916,170 |
| State | 36,171 |
| Local | 3,554 |
| **Value distributed to providers of capital** | **3,944,817** |
| Interest | 2,883,728 |
| Rent | 1,059,007 |
| Other | 2,082 |
| **Value distributed to shareholders** | **1,102,364** |
| Profit for the year | 849,619 |
| Profit for the year attributed to non-controlling shareholders | 252,745 |
| **Total value added to distribute (distributed)** | **7,565,241** |

**VALUE ADDED DISTRIBUTION**

14%
Value distributed to shareholders

21%
Personnel

13%
Taxes, fees and contributions

52%
Value distributed to providers of capital
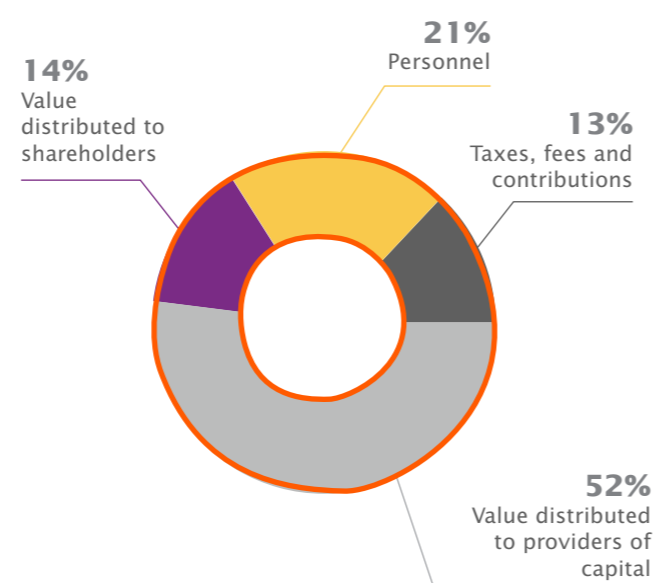
## INCOME TAXES

In 2016, income taxes totaled an expense of R$259.1 million, a decrease of R$585.1 million compared to 2015. The result was mainly due to income taxes expenses from Smiles.

## NET INCOME AND EARNINGS PER SHARE (EPS)

In 2016, GOL recorded net income of R$1.10 billion, with a net margin of 11.2%, compared to losses of R$4.29 billion and a negative net margin of 43.9% in 2015. This result mainly reflects operational improvements and the appreciation on Brazilian Real versus the US dollar.

In the same period, earnings per share stood at R$ 3.17.

| Net Income | | | |
|---|---|---|---|
| Indicator | 2015 | 2016 | % var. |
| Net income (loss) (R$ million) | (4,291.2) | 1,102.4 | NM |
| Net margin | -43.9% | 11.2% | 55.1 p.p. |

**NET REVENUE (in R$ million)**

2015   -4,291
2016   1,102
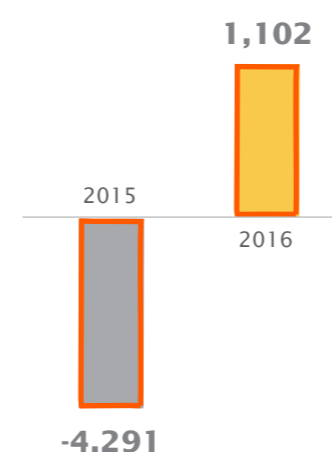
## BALANCE SHEET: LIQUIDITY AND INDEBTEDNESS

On December 31, 2016, GOL reported total cash (including financial investments, restricted cash, and accounts receivable) of R$1.9 billion, equivalent to 19.5% of net revenue in the last twelve months. Short-term accounts receivables totaled R$760.2 million, consisting mostly of ticket sales via credit card and accounts receivable from travel agencies and cargo transportation.

### LOANS AND FINANCING

GOL amortized R$900.7 million in debt in 2016, R$520.5 million of which was from financial debt amortization and R$380.2 million in finance leases.

## OPERATIONAL FLEET AND FLEET PLAN

At the end of 2016, out of a total of 130 Boeing 737-NG aircraft, GOL was operating 121 aircraft on its routes. Of the nine remaining aircraft, seven were in the process of being returned to lessors and two were sub-leased to other another airline.

In the period covered by the report, GOL had 96 aircraft under operating leases and 34 under finance leases, 31 of which have a purchase option for when their leasing contracts expire.

The average age of the fleet was 8.0 years at the end of 2016. In order to maintain this low average, GOL has 120 firm aircraft acquisition orders with Boeing for fleet renewal by 2027.

The next Boeing 737 aircraft is expected to be delivered to the Company in July 2018.

| Fleet Plan | | | | | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | >2018 | Total |
| **Fleet (End of Period)** | 130 | 115 | 121 | - | - |
| Aircraft Commitments (R$ MM)[2] | - | - | 1,787.4 | 46,245.0 | 48,032.4 |
| Pre-Delivery Payments (R$ MM) | - | 286.8 | 483.5 | 5,954.2 | 6,724.5 |

*2 Considers aircraft list price*



# HIGHLIGHTS          2015

Trabalhamos muito para melhorar nossa marca por dentro. Agora podemos mudar nossa marca por fora.

GOL started the Culture Project, an initiative that involved all levels of leadership to define the Company's culture pillars in a simple and direct manner. As a result of this work, GOL adopted a new value: the Team of Eagles.

**FIGURES OF THAT YEAR**

Passengers Transported

**39** MILLION

Aircraft fleet

**144** BOEING 737

Net Revenue:

R$**9.8** BILLION

# GRI INDEX

| Indicator | Information to be obtained | Cross-reference or direct response | External assurance (page) |
|---|---|---|---|
| **Profile** | | | |
| **Strategy and Analysis** | | | |
| G4-1 | Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization | GOL has a short, medium and long-term strategy for questions about the sustainability of its business. Many of these can be found in the Message from Management (page 3). The others are internal and confidential content. | Page 67 |
| **Organizational Profile** | | | |
| G4-3 | Name of the organization | Page 9 | Page 67 |
| G4-4 | Primary brands, products, and services | Page 9 | Page 67 |
| G4-5 | Location of the organization's headquarters | Page 9 | Page 67 |
| G4-6 | Number of countries where the organization operates | Page 9 | Page 67 |
| G4-7 | Nature of ownership and legal form | Page 9 | Page 67 |
| G4-8 | Markets served | Pages 9 and 48 | Page 67 |
| G4-9 | Scale of the organization | Pages 9, 41 and 58 | Page 67 |
| G4-10 | Workforce profile | Page 41 | Page 67 |
| G4-11 | Percentage of total employees covered by collective bargaining agreements | All employees in Brazil subject to the Consolidation of Labor Laws (CLT) are covered by collective bargaining agreements for being affiliated to trade unions according to the region where they work. | Page 67 |
| G4-12 | Description of the organization's supply chain | Page 47 | Page 67 |
| G4-13 | Significant changes during the reporting period regarding the organization's structure | Pages 18 and 28 | Page 67 |
| **Commitments to external initiatives** | | | |
| G4-14 | Whether and how the precautionary principle is addressed by the organization | GOL does not formally adhere to the Precautionary Principle, however, it is constantly analyzing its control and evaluation mechanisms for possible risks posed to its customers and the society. | Page 67 |
| G4-15 | Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses | GOL's conduct is guided by a series of values and internal policies, such as the Code of Ethics, the Conduct Manual, its Social Initiative Policy, among other documents. The Company, however, does not formally adhere to externally developed charters, principles and initiatives. | Page 67 |

| Indicator | Information to be obtained | Cross-reference or direct response | External assurance (page) |
|---|---|---|---|
| **Profile** | | | |
| **Organizational Profile** | | | |
| **Commitments to external initiatives** | | | |
| G4-16 | Memberships of associations and national or international advocacy organizations in which the organization: holds a position on the governance body; participates in projects or committees; provides substantive funding beyond routine membership dues | GOL participates in several associations, among the following:<br>- Associação Brasileira das Empresas Aéreas (Abear) [Brazilian association of airlines];<br>- International Air Transport Association (IATA);<br>- Aliança Brasileira para Biocombustíveis de Aviação (ABRABA) [Brazilian alliance for aviation biofuels];<br>- Sustainable Aviation Fuel Users Group (SAFUG);<br>- União Brasileira do Biodiesel e Bioquerosene (UBRABIO) [Brazilian association of biodiesel and biokerosene];<br>- Brazilian Biokerosene Platform;<br>- Minas Gerais' Biokerosene Platform; and<br>- Pernambuco's Biokerosene Platform. | Page 67 |
| **Identified Material Aspects and Boundaries** | | | |
| G4-17 | List of all entities included in the organization's consolidated financial statements | The list of entities can be found on GOL's IR website, at http://ri.voegol.com.br/conteudo_pt.asp?idioma=0&conta=28&tipo=53864. | Page 67 |
| G4-18 | Process for defining the report content and the Aspect Boundaries | Page 6 | Page 67 |
| G4-19 | List of all the material Aspects identified in the process for defining report content | Page 6 | Page 67 |
| G4-20 | Each material Aspect Boundary within the organization | In order to identify its business' most material topics, GOL conducted a consultation with its stakeholders in 2016 – not specifying which topics were mentioned by its internal and external stakeholders. | Page 67 |
| G4-21 | Each material Aspect Boundary outside the organization | In order to identify its business' most material topics, GOL conducted a consultation with its stakeholders in 2016 – not specifying which topics were mentioned by its internal and external stakeholders. | Page 67 |
| G4-22 | Effect of any restatements of information provided in previous reports | There was no reformulation of information provided in previous reports. | Page 67 |

| Indicator | Information to be obtained | Cross-reference or direct response | External assurance (page) |
|---|---|---|---|
| **Profile** | | | |
| G4-23 | Significant changes from previous reporting periods in the Scope and Aspect Boundaries. There were no significant changes from previous reporting period. | For indicator EN23 , data from GOL - CGH Headquarters were not reported in 2016. Still for this indicator, there was a change in relation to the methodology in calculating residue weights. For indicator EC9, as there was a change in the payment process of some accounts - such as airports and government agencies - some purchase orders that are no longer accounted for by the Supplies area (such as payment to INFRAERO, for example) are not considered in the indicator answer. | Page 67 |
| **Stakeholder Engagement** | | | |
| G4-24 | List of stakeholder groups engaged by the organization | Page 6 | Page 67 |
| G4-25 | Basis for identification and selection of stakeholders with whom to engage | Stakeholders definition was done jointly between the consultancy company and GOL's sustainability area based on the previous materiality process and business knowledge (page 6). | Page 67 |
| G4-26 | The organization's approach to stakeholder engagement, including frequency of engagement | There is no predefined frequency of engagement with these stakeholders, they are consulted at each new definition of material themes of the Company. The detailing of the approach process for each stakeholder group is described in the G4-18 indicator response (page 6). | Page 67 |
| G4-27 | Key topics that have been raised through stakeholder engagement, and how the organization has responded to those key topics | Page 6 | Page 67 |
| **Report Profile** | | | |
| G4-28 | Reporting period | Page 6 | Page 67 |
| G4-29 | Date of most recent previous report | 2015 | Page 67 |
| G4-30 | Reporting cycle | Annual | Page 67 |
| G4-31 | Contact point for questions regarding the report | Page 68 | Page 67 |
| G4-32 | Option adopted by the organization to apply guidelines (core or comprehensive), GRI index and external assurance | The report adopted "in accordance" core guidelines and underwent external assurance, as opinion at page 67. | Page 67 |
| G4-33 | Description of current policy and practice with regard to external assurance for the report | Page 67. | Page 67 |

| Indicator | Information to be obtained | Cross-reference or direct response | External assurance (page) |
|---|---|---|---|
| **Profile** | | | |
| **Governance** | | | |
| **Governance Structure and Composition** | | | |
| G4-34 | Governance structure of the organization, including committees | Page 17 | Page 67 |
| G4-37 | Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. | GOL annually holds an open public meeting with the participation of its stakeholders through its association with APIMEC. In addition to the Company's Directors, Vice Presidents and CEO, one member of the Board of Directors always attends the event – in 2016, the Chairman of the Board of Directors, Constantino de Oliveira Junior, was present. The channel between the company's stakeholders and GOL is the Investor Relations area. The communication channels used are the website www.voegol.com.br/ri and telephone +55 11 2128-4700, and social networks. | Page 67 |
| G4-45 | Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities | Pages 19 and 21 | Page 67 |
| G4-51 | Remuneration policies for the highest governance body and senior executives | Page 46 | Page 67 |
| **Ethics and Integrity** | | | |
| G4-56 | Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics | Pages 2 and 15 | Page 67 |
| **Performance** | | | |
| **Economic** | | | |
| **Aspect: Economic Performance** | | | |
| EC1 | Direct economic value generated and distributed | Page 60 | Page 67 |
| EC2 | Financial implications and other risks and opportunities for the organization's operations posed by climate change | Page 33 | Page 67 |

| Indicator | Information to be obtained | Cross-reference or direct response | External assurance (page) |
|---|---|---|---|
| **Performance** | | | |
| **Aspect: Economic Performance** | | | |
| EC8 | Significant indirect economic impacts, including the extent of impacts | GOL is a low-cost airline serving the Brazilian domestic market, a country of continental dimensions. By allowing long-distance travel at the best fare, as well as stimulating tourism, GOL generates indirect impacts in several sectors of the economy, benefiting thousands of companies that need to overcome distances in order to develop its businesses and, therefore, generate value for society. In addition, through Instituto GOL, the Company contributes economically and socially in different ways (more information on page 52). The company, however, does not carry out a formal monitoring of these impacts. | Page 67 |
| **Aspect: Procurement Practices** | | | |
| EC9 | Proportion of spending on local locations of operation suppliers at significant | For the answer we considered the payments that somehow come from a purchase order. More information on page 47. | Page 67 |
| **Environmental** | | | |
| **Aspect: Energy** | | | |
| EN1 | Materials used by weight or volume | Page 37 | Page 67 |
| EN2 | Percentage of recycled input materials | GOL does not use recyclable materials. | Page 67 |
| **Aspect: Energy** | | | |
| EN3 | Energy consumption within the organization | Page 33 | Page 67 |
| **Aspect: Biodiversity** | | | |
| EN11 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Page 39 | Page 67 |
| **Environmental** | | | |
| **Aspect: Biodiversity** | | | |
| EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas | GOL does not conduct studies to identify environmental impacts (positive or negative) in the Environmental Preservation Areas, therefore it's not possible to describe such impacts. The company, however, meets the conditions required in the environmental licenses to avoid possible impacts and damage to the environment. | Page 67 |

| Indicator | Information to be obtained | Cross-reference or direct response | External assurance (page) |
|---|---|---|---|
| **Performance** | | | |
| EN13 | Habitats protected or restored | GOL does not have habitats protected or restored areas. | Page 67 |
| EN14 | Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk | According to the environmental sector of BH Airport (administrator of the Confins Airport), operations in the airport region do not threaten endangered species. | Page 67 |
| **Aspect: Emissions** | | | |
| EN15 | Direct greenhouse gas (GHG) emissions (Scope 1) | Page 34 | Page 67 |
| EN16 | Indirect greenhouse gas (GHG) emissions from purchased electricity (Scope 2) | Page 34 | Page 67 |
| EN17 | Indirect greenhouse gas (GHG) emissions (Scope 3) | Page 34 | Page 67 |
| EN18 | Greenhouse gas (GHG) emissions intensity | Page 34 and 35 | Page 67 |
| EN19 | Reduction of greenhouse gas (GHG) emissions | GOL does not monitor emissions reduction associated with specific actions to improve processes, replace fuels or other specific actions aimed at reducing greenhouse gas (GHG) emissions. The actions aimed at reducing fuel consumption can be found on page 34. | Page 67 |
| EN20 | Emissions of ozone-depleting substances (ODS) | GOL monitors quantitatively only the purchase of these substances. In 2016, 183.2 kg of R-22, a hydrochlorofluorocarbon (HCFC), were purchased at Congonhas headquarters, bases and hangars. This consumption corresponds to 10,0782 x 10-3 ton. equivalents of CFC11, according to the conversion factor (0.055) established by the Montreal Protocol. | Page 67 |

| | 2014 | 2015 | 2016 |
|---|---|---|---|
| ton r-22 | 0.3268 | 0.2866 | 0.1832 |
| x10-3ton equivalent of CFC 11 | 17.97 | 15.76 | 10.08 |

| Indicator | Information to be obtained | Cross-reference or direct response | External assurance (page) |
|---|---|---|---|
| EN21 | NOx, SOx, and other significant air emissions | Page 37 | Page 67 |
| **Aspect: Effluents and Waste** | | | |
| EN22 | Total water discharge by quality and destination | Page 38 | Page 67 |
| EN23 | Total weight of waste by type and disposal method | Page 38 | Page 67 |

| Indicator | Information to be obtained | Cross-reference or direct response | External assurance (page) |
|---|---|---|---|
| **Performance** | | | |
| EN24 | Total number and volume of significant spills | In 2016, there were no significant spills in the company's operations. | Page 67 |
| EN26 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff | GOL's operation does not significantly impact water bodies and related habitats. More information on page 38. | Page 67 |
| **Aspect: Products and Services** | | | |
| EN27 | Extent of mitigation of environmental impacts of products and services | Page 33 | Page 67 |
| **Environmental** | | | |
| **Aspect: Compliance** | | | |
| EN29 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | In 2016, GOL did not receive any significant fine or non-monetary sanction for non-compliance with environmental laws and regulations. | Page 67 |
| **Aspect: Transport** | | | |
| EN30 | Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce | Page 36 | Page 67 |
| **Aspect: Supplier Environmental Assessment** | | | |
| EN32 | Percentage of new suppliers that were screened using environmental criteria | GOL does conduct specific analysis to approve suppliers based on environmental criteria. The Company, however, includes good environmental practices clauses in 100% of its contracts. | Page 67 |
| **Labor Practices and Decent Work** | | | |
| **Aspect: Employment** | | | |
| LA1 | Total number and rates of new employee hires and employee turnover by age group, gender, and region | Page 43 | Page 67 |
| LA3 | Return to work and retention rates after maternity/paternity leave, by gender | Page 47 | Page 67 |
| **Aspect: Training and Education** | | | |
| LA9 | Average hours of training per year per employee by gender, and by employee category | Page 44 | Unaudited indicator. |
| LA10 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | Pages 44 and 46 | Page 67 |

| Indicator | Information to be obtained | Cross-reference or direct response | External assurance (page) |
|---|---|---|---|
| **Performance** | | | |
| LA11 | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | Page 45 | Page 67 |
| **Aspect: Diversity and Equal Opportunity** | | | |
| LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | Pages 18 and 41 | Page 67 |
| **Aspect: Supplier Assessment for Labor Practices** | | | |
| LA14 | Percentage of new suppliers that were screened using labor practices criteria | GOL does not conduct specific analysis to approve suppliers based on labor practices criteria. Regarding the purchase of aeronautical materials, the Company conducts a qualification process of the suppliers, following ANAC and IOSA guidelines, which includes a topic related to the employment relationship and the technical qualification of its employees. | Page 67 |
| **Human Rights** | | | |
| **Aspect: Non-discrimination** | | | |
| HR3 | Total number of incidents of discrimination and corrective actions taken | In 2016, through GOL's Ethics Channel, eight cases were registered as discrimination. All cases were carefully analyzed by the Channel's auditors and in six situations the complaints were considered well-founded. In these cases, the managers of the areas involved took action in order to ensure alignment with the Code of Ethics guidelines. The other two cases were understood as Discriminatory Behavior in the work environment among peers, and those involved went through an investigation process directly with the Ethics Channel's Auditor, in order to ensure alignment with the Company's Culture, Code of Ethics and Conduct Manual. In addition, the managers of the areas involved were asked to hold a widespread discussion with the teams emphasizing the prohibition of discriminatory behavior. | Page 67 |

| Indicator | Information to be obtained | Cross-reference or direct response | External assurance (page) |
|---|---|---|---|
| **Performance** | | | |
| **Society** | | | |
| **Aspect: Anti-corruption** | | | |
| SO3 | Total number and percentage of operations assessed for risks related to corruption and significant risks identified | GOL does not formally perform a specific risk mapping per operation, but has control and reporting tools to identify situations that may generate risks to the company, such as the Complaints Channel, Prevention Area, Conduct Manual, specific risk assessment committees and the SOX AQD Act. | Page 67 |
| **Aspecto: Combate à corrupção** | | | |
| SO4 | Communication and training on anti-corruption policies and procedures | Page 15 | Page 67 |
| SO5 | Confirmed incidents of corruption and actions taken | In 2016, the Ethics Channel did not report any incidents of corruption. However, the Company was questioned by the Federal Revenue Office regarding payments made (more information on page 15 ).  As of the date of disclosure of the report, no cases have been no confirmed. | Page 67 |
| **Aspect: Anti-competitive Behavior** | | | |
| SO7 | Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes | In 2016, GOL did not receive legal actions related to anti-competition, anti-trust and monopoly practices. There was also no record of cases of unfair competition conducted in arbitration mechanisms. | Page 67 |
| **Aspect: Supplier Assessment for Impacts on Society** | | | |
| SO9 | Percentage of new suppliers that were screened using criteria for impacts on society | GOL has distinct areas that conduct the purchase of aeronautical and corporate materials. In both areas, there is no specific analysis to approve suppliers based on impacts in society criteria. However, for aeronautical materials, the Company conducts a qualification process of the suppliers, following ANAC and IOSA guidelines, which includes a topic related to the employment relationship and the technical qualification of its employees. | Page 67 |
| **Aspect: Grievance Mechanisms for Impacts on Society** | | | |
| SO11 | Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms | GOL's formal mechanism for receiving grievances about impacts on society is the Consumer Assistance Service (SAC). In 2016, the body did not register any grievances about impacts on society. | Page 67 |
| **Product Responsibility** | | | |
| **Aspect: Product and Service Labeling** | | | |
| PR5 | Results of surveys measuring customer satisfaction | Page 50 | Page 67 |

A free-translation from Portuguese into English of Auditors' Report on non-financial statements (Annual Sustainability Report) originally prepared in Portuguese and in Brazilian currency (R$).

---

**Independent Auditors' Limited Assurance Report on the GOL Linhas Aéreas Inteligentes S/A´s Annual Sustainability Report based on Global Reporting Initiative (GRI G4) guidelines ("In accordance – Core").**

To the Board of Directors and Shareholders of
**GOL Linhas Aéreas Inteligente S/A**

### Introduction

We were engaged by GOL Linhas Aéreas Inteligentes S/A ("GOL" or "Company") management to present our limited assurance report on the information contained in the Annual Sustainability Report based on Global Reporting Initiative (GRI G4), for the twelve-month period ended December 31, 2016 ("Report").

### GOL's management responsibilities

GOL´s management is responsible for preparing and presenting appropriately the information contained in Report in accordance with criteria, assumptions and requirements of the Global Reporting Initiative (GRI G4) guidelines ("In accordance – Core") and for the internal controls as management determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

### Independent auditors' responsibilities

Our responsibility is to express a conclusion on the GOL's Report information, based on the limited assurance work conducted in accordance with Technical Notice of Ibracon № 07/2012, approved by the Brazil's National Association of State Boards of Accountancy (CFC) in light of NBC TO 3000 (Assurance Work Other Than Audit or Review), issued by the CFC, which is equivalent to international standard ISAE 3000, issued by the International Federation of Accountants, applicable to non-historical information. These standards call for compliance with ethic requirements, including independence and work carried out to obtain limited assurance that the Report is free of material misstatement.

A limited assurance work conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of inquires of management and other professionals from GOL who were involved in the preparation of the Report, as well as of the application of additional procedures deemed necessary to obtain evidence which enables us to conclude on the limited assurance on the Report. A limited assurance work also requires additional procedures, as the independent auditor becomes aware of matters that lead him to believe that the Report information may contain material misstatement.

The selected procedures relied on our understanding of the aspects concerning the compilation and presentation of the Report information in accordance with criteria, assumptions and own methodologies from GOL. The procedures comprised:

(a) the planning of the work, considering the materiality, the volume of quantitative and qualitative information and the operating and internal control systems which supported the preparation of the Report;

(b) the understanding of the calculation methodology and the procedures for preparation and compilation of the Report through interviews with management in charge of preparing the information;

(c) the application of analytical procedures on quantitative information and sample verification of certain evidence supporting the data used for the preparation of the Report;

(d) comparison of the financial indicators with the financial statements and/or accounting records.

The procedures applied in this limited assurance work also comprised compliance with the guidelines of the structure for development of the GRI - G4 applicable in the preparation of the information contained in the Report.

We believe that the evidence obtained in our work was sufficient and appropriate to provide a basis for our limited conclusion.

### Scope and limitations

The procedures applied in a limited assurance work are substantially less in scope than those applied in an assurance work aimed at issuing an opinion on the Report information. As a consequence, we are not in a position to obtain assurance that we are aware of all matters which would be identified in an assurance work aimed at issuing an opinion. Had we carried out a work to issue an opinion, we could have identified other matters or misstatements in the Report information. Accordingly, we did not express an opinion on this information. In addition, GOL's internal controls were not part of our limited assurance scope.

The non-financial data is subject to further inherent limitations than financial data, given the nature and diversity of methods used to determine, calculate or estimate such data. Qualitative interpretations of materiality, significance and accuracy of data are subject the individual assumptions and judgments. Also, we did not carry out any work on data reported for prior periods nor in relation to future projections and goals.
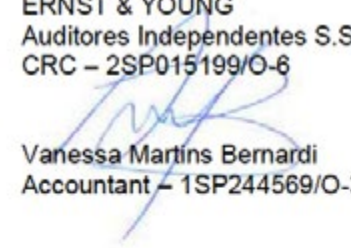
The GRI KPI G4-LA9 was not included in the scope of our limited assurance engagement, so we have not carried out any audit procedures upon this indicator.

### Conclusion

Based on the procedures performed and herein described, nothing came to our attention that makes us believe that the GRI KPIs, included in our limited assurance scope, presented on the Report, for the twelve-month period ended December 31, 2016, was not prepared, in all material respects, in accordance with criteria, assumptions and methodologies for the preparation of the KPI´s based on requirements of the Global Reporting Initiative - G4 guidelines ("In accordance – Core").

São Paulo, 28th, July 2017.

ERNST & YOUNG
Auditores Independentes S.S
CRC – 2SP015199/O-6

Vanessa Martins Bernardi
Accountant – 1SP244569/O-3

# CREDITS

## General Coordination

**GOL Linhas Aéreas Inteligentes**
Headquarters: Praça Comandante
Linneu Gomes s/n˚ Portaria 3
Jardim Aeroporto – São Paulo – SP
CEP 04626-020
Phone: (55 11) 5098-2000

## GOL | Institutional Relations Office and Sustainability Coordination

**Alberto Fajerman**
**Maria de Nazaré Guimarães Sousa**

## Contact for information regarding the Report

**Maria de Nazaré Guimarães Sousa –**
**Sustainability Coordinator**
Phone: (55 11) 5098-7831
mnsousa@voegol.com.br

## Writing, Revision, Translation and GRI Consulting

**RICCA RI and GOL**

## Graphic Design and Publishing

**Dragon Rouge**

## Photos

**Banco iStock by Getty Images**
**GOL archive**

GOL WOULD LIKE TO
THANK THE COMMITMENT
AND DEDICATION OF ALL
EMPLOYEES INVOLVED
IN THE PREPARATION OF
THE COMPANY'S 2016
SUSTAINABILITY REPORT.