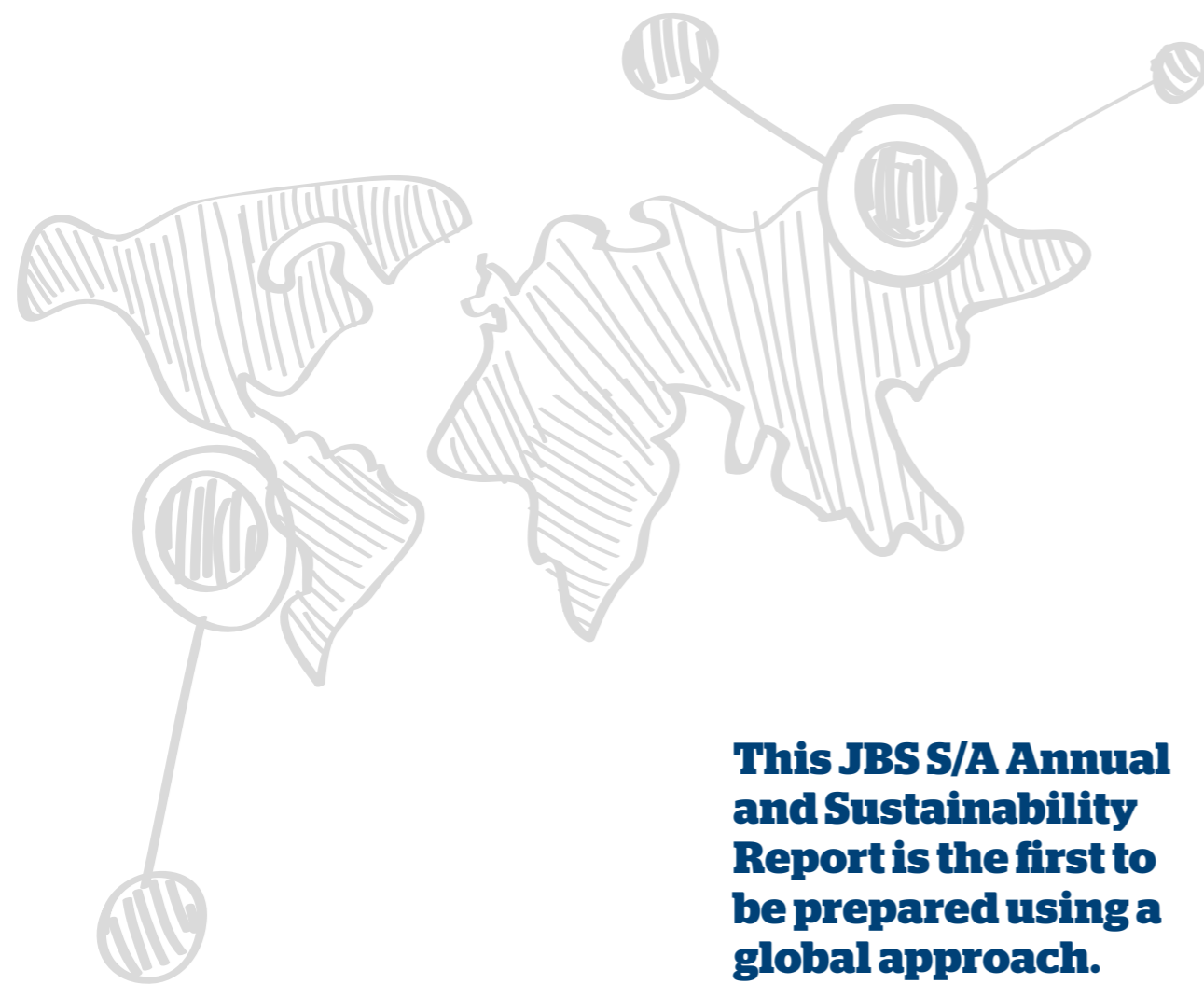




# ANNUAL AND SUSTAINABILITY REPORT 2015



# ABOUT THIS REPORT



**This JBS S/A Annual and Sustainability Report is the first to be prepared using a global approach.**

It covers the evolution of business in the economic, social and environmental contexts of the six business units of which JBS is comprised (JBS Mercosul, JBS Foods, JBS USA Beef, JBS USA Pork, JBS USA Poultry and JBS Europe), as well as the initiatives and performance registered from January 1 to December 31, 2015. **GRI G4-17, G4-22, G4-23, G4-28, G4-29, G4-30**

Since 2012, JBS S/A has voluntarily disclosed its information in accordance with the guidelines of the Global Reporting Initiative (GRI), and for the second consecutive year it is adopting the essential option of the G4 GRI Guidelines. This methodology provides indicators that can be used to present the performance of companies in a manner that allows for comparability of information over time and between different institutions, regardless of sector of activity and location of their operations. **GRI G4-32**

Some of the GRI performance indicators (environmental, social and economic) in this report do not include the global operations, due to some remaining differences among the companies with regard to the monitoring of indicators.

These differences mean that some items do not yet have a history for these indicators. These cases are clearly identified throughout the document. **GRI G4-22, G4-23**

To submit comments, suggestions, questions or criticism regarding this document, contact us at [annual.report@jbs.com.br](mailto:annual.report@jbs.com.br). **GRI G4-31**

## **Materiality Matrix** **GRI G4-18**

The contents of this report provide the reader with information about the Company's operations and performance in 2015, based on the following highly relevant aspects to the overall sustainability of the business and the Company's key stakeholders: product integrity, employee health and safety, animal welfare, water and climate change.

These five issues were defined by consensus among the Sustainability Boards of the JBS Global operations based on the materiality matrix of each regional operation.

In Brazil, the Company revalidated its last materiality matrix, drawn up in 2014. This revalidation process was conducted in order to review the relevance of the issues with regard to the sustainability of JBS in Brazil.

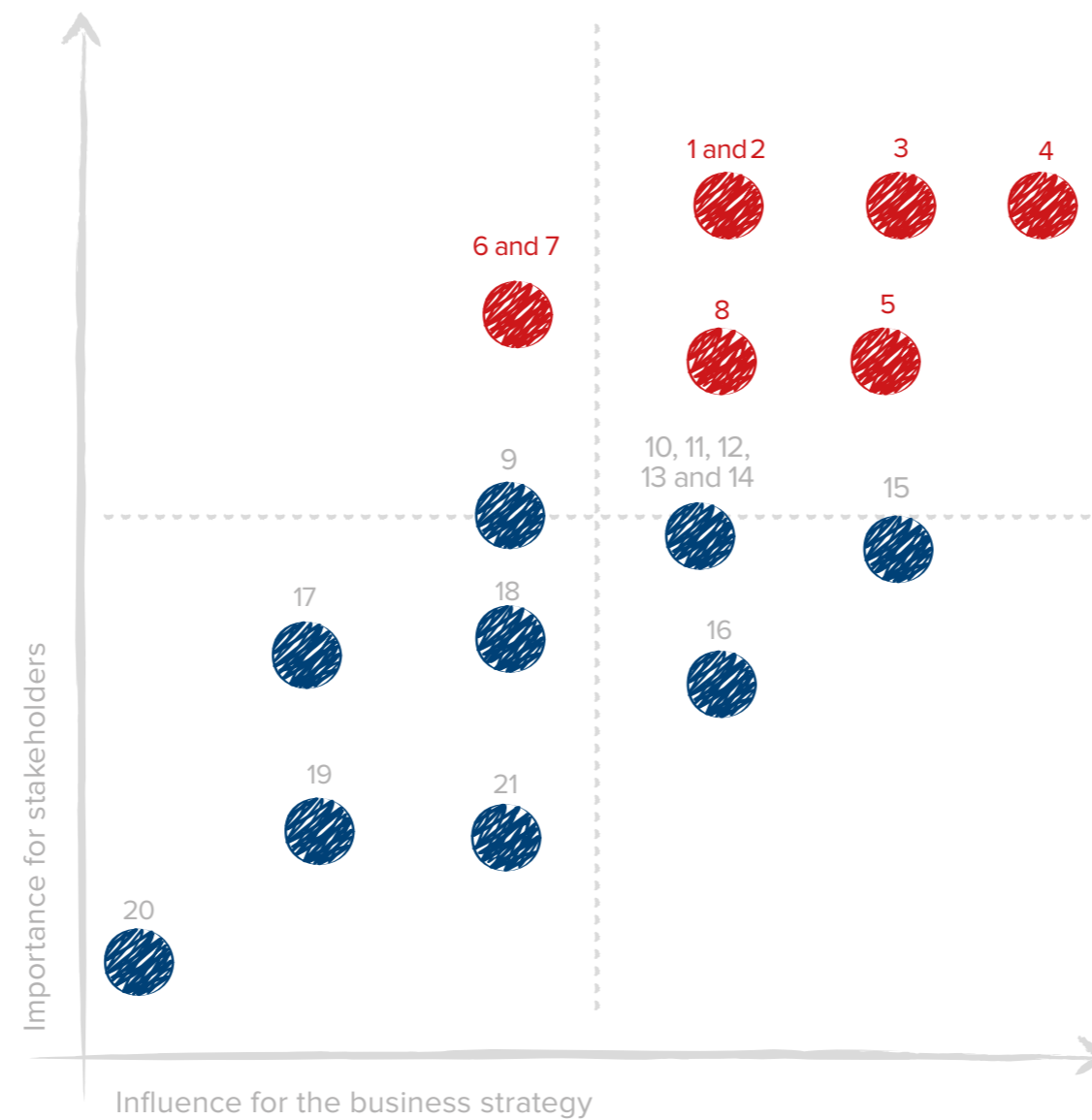
The materiality process carried out in 2014 was supported with expert advice and its methodology included face-to-face interviews with key company executives that identified success factors for the business.

The success factors were the basis for the selection of stakeholders for each relationship category (suppliers, domestic and export market customers, government and civil society) who, through face-to-face or telephone interviews, had their needs and opinions identified. The criteria for selection of these stakeholders were high standards on issues of sustainability and a high level of legitimacy within its category.

**GRI G4-24, G4-25, G4-26 e G4-27**

As a result, the matrix identified the following areas:

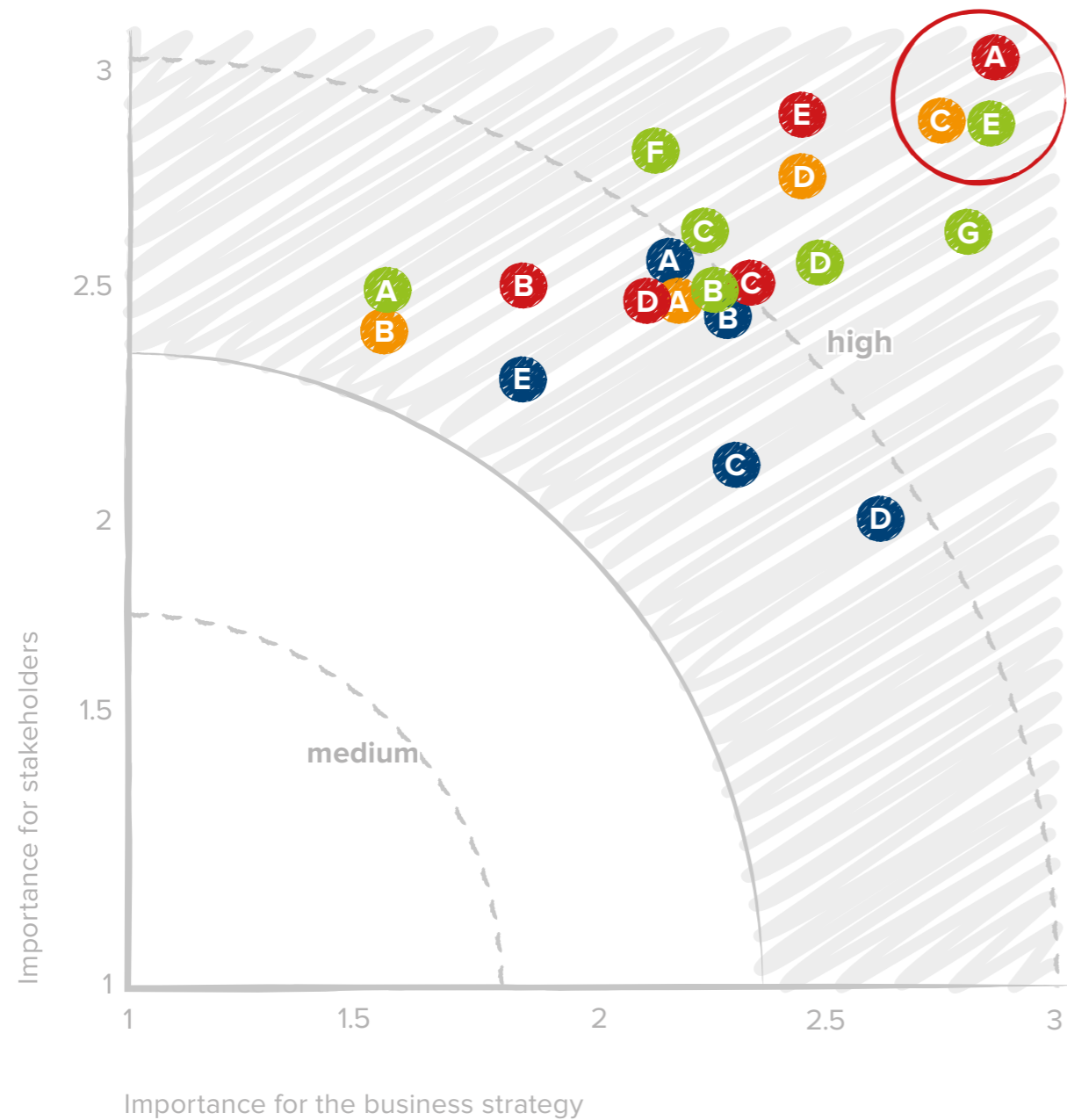
## 2015 JBS MATERIALITY MATRIX (BRAZIL)



- Strategic Issues**
  1. Transparency and reliability of information
  2. Animal welfare
  3. Food quality and safety
  4. Guarantee of origin
  5. Water
  6. Climate change
  7. Solid waste
  8. Competition
- Other issues**
  9. Biodiversity
  10. Energy
  11. Transgenetics
  12. Worker health and safety
  13. Food waste
  14. Consumers
  15. Health and nutrition
  16. Local development
  17. Consumer habits
  18. Labor rights
  19. Family agriculture
  20. Social investments
  21. Impacts on local and traditional communities

In the United States (which, in addition to the North American operations, serves as the headquarters for the Asia-Pacific region), the listed issues relate to environmental, social, economic and product liability aspects.

2015 JBS MATERIALITY MATRIX (NORTH AMERICA AND ASIA-PACIFIC)



- **Environment**
  - A. Biodiversity
  - B. Emissions (air)
  - C. Emissions (water)
  - D. Energy use
  - E. Land management
  - F. Waste
  - G. Water use
- **Social**
  - A. Animal health and welfare
  - B. Human Rights
  - C. Impact on the community
  - D. Labor rights
  - E. Employee health and safety
- **Responsibility for the product**
  - A. Consumer health and safety
  - B. Consumer information and education
  - C. Technology in agriculture
  - D. Transparency in the value chain
- **Economic**
  - A. Business ethics and integrity
  - B. Investments in the community
  - C. Transparency within the Company
  - D. Compliance with legislation
  - E. Local suppliers

In Europe, the Company’s performance on issues related to sustainability is guided by the principle of doing the right things, minimizing the impact of operations on the environment and working in partnership with stakeholders. Management of the business includes a commitment to act in a responsible and sustainable manner. To manage and minimize the impact of operations, the Company adopts initiatives to reduce energy use and greenhouse gas emissions, reduce water consumption and effluent discharges and recycle or prevent the need to deposit waste in landfills.

**GRI Indicators**

With the definition of material issues, the GRI indicators to be reported are defined and answered by professionals from different areas within the Company, who are responsible for the management of the actions reflected in our data.

The details of these indicators are available in the **GRI G4 Content Summary.**

**LIMITS OF MATERIAL ISSUES** GRI G4-19, G4-20, G4-21

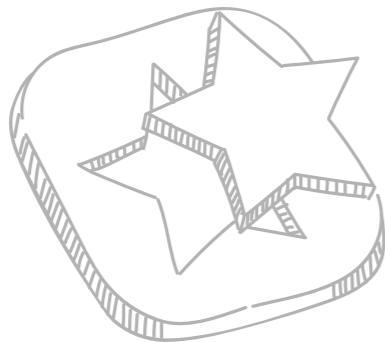
<b>Material issue</b>	<b>GRI-related material aspects</b>	<b>Impact inside JBS (business units)</b>	<b>Impact outside JBS (relationship markets)</b>	<b>GRI-related indicators</b>
Product Integrity	Environmental supplier evaluations; Procurement practices; Assessment of supplier labor practices; Forced labor or labor analogous to slavery; Supplier human rights assessment; Supplier Evaluation re. Impacts on Society Customer health and safety; Consumer health and safety; Marketing communications	Includes all JBS business units (production and sales) located in over 15 countries	In-house, suppliers, customers and consumers	EN32, EN33, EN34, FP1, FP2, LA15, HR6, HR10, HR11, SO9, SO10, PR1, FP5, FP6, FP7, PR6
Employee health and safety	Healthy food at affordable prices; Occupational health and safety	Includes all JBS business units (production and sales) located in over 15 countries	In-house, third parties and suppliers	LA5, LA6, LA7, LA8
Animal well-being	Animal breeding and genetics; Livestock husbandry; Transport, Handling and Slaughter	Includes all JBS business units (production and sales) located in over 15 countries	Environment, raw materials, in-house, suppliers, customers and consumers	FP9, FP10, FP11, FP12, FP13
Water	Water	Includes all JBS business units (production and sales) located in over 15 countries	Environment, raw materials, in-house, suppliers, customers and consumers	EN8, EN10
Climate change	Economic performance; Emissions.	Includes all JBS business units (production and sales) located in over 15 countries	Environment, raw materials, in-house, suppliers, customers and consumers	EC2, EN15, EN16, EN17, EN18, EN19

# SUMMARY

**1** Messages from Management



**2** Highlights for the Year



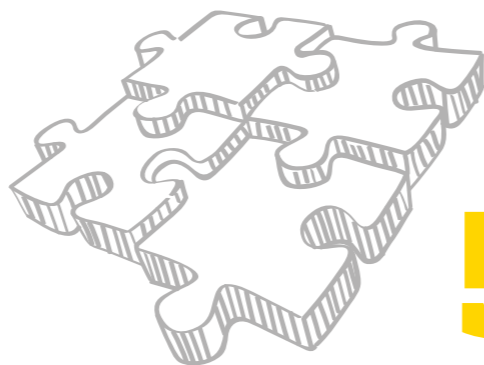
**3** Brands



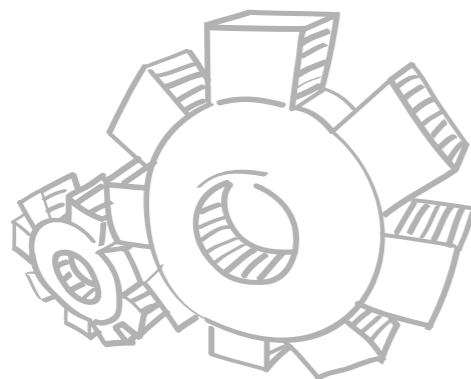
**4** Management



**5** Culture



**6** Operations



**7** Financial Performance



**8** Sustainability



**9** GRI G4 Content Summary



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# MESSAGES FROM MANAGEMENT



## A YEAR MARKED BY SIGNIFICANT PROGRESS IN IMPROVING OPERATIONAL STRENGTHS AND PORTFOLIO DIVERSIFICATION GRI G4-1

Our global production platform, unique in the market, combined with our relentless pursuit of operational excellence, permitted us to generate good results during 2015. It was a notable year for JBS as we evolved significantly in our strategy. We strengthened our operations in key food producing regions globally and diversified our portfolio, adding significantly more value to our products, under our reputable and well-known brands.

Our consolidated sales reached R\$163 billion in 2015, an expansion of 35% compared to 2014. In this period, 30% of our global sales were through exports, which added up to US\$15.4 billion, with Asia and the Middle East as key markets. EBITDA was R\$13.3 billion, an increase of 20% over 2014, with an EBITDA margin of 8.2%.

Net income for the year improved substantially and totaled R\$4.6 billion, 128% higher than 2014, equivalent to R\$1.60 EPS. On the financial side, our discipline contributed to elevate JBS credit ratings at all three main rating agencies during the year. We remain dedicated to improve our financial metrics, providing solidity and consistency to our business.

Another highlight during the year was the operating cash generation, totaling R\$21.2 billion. This allowed us to grow and conclude strategic acquisitions. Besides expansion in our platform in Brazil, we acquired Primo Group in Australia in the first semester, a leading company in the prepared food segment, and owner of well-regarded brands with great acceptance by the market. We expanded our operations in Mexico and concluded the acquisition of Moy Park, a company that is totally aligned with our global strategy. Moy Park is recognized for the

high quality of its products and its innovative food production base. At the end of October, we increased our pork operations in the US with the acquisition of strategic and well-located assets that enjoy the added advantage of having capacity to produce value added products.

We announced throughout 2015 and early 2016 the strengthening of our global leadership team, appointing leaders with profound knowledge in our sector to contribute to the sustainable growth of JBS. We also communicated a new regional management structure, which consists of four platforms: South America, North America, Europe and Asia-Pacific.

In 2015, we reinforced and diversified our global food production platform, with access to raw material in several regions and different proteins. This footprint protects us from sanitary and commercial barriers, while permitting us to reach 100% of the consumer markets worldwide. This diversification in proteins and geography enables us to mitigate the volatility associated with the commodity cycles and to deliver more solid and consistent results.



We are investing in research and innovation to add value to our products in order to provide more convenient products for our clients and consumers. We are committed to understanding the behavior of consumers so we can innovate and customize more products with health and wellness in mind. Additionally, we continue investing in our key brands, such as Seara, Friboi, Swift, Primo, Hans, Beehive, Moy Park, Pilgrim's, Pierce, and Del Dia among others.

Analyzing the economic scenario, we recognize global population growth as a key factor that will substantially increase the demand for food and our products. Moreover, the change in consumption habits, combined with better income distribution in several countries has generated a pursuit for healthier diets, with higher consumption of more nutritious food and protein-based products.

**We are confident in our global food production platform and in our highly qualified team to lead JBS in our strategy. We will remain focused on operational excellence and food safety, while we base our business in the highest quality standards and service level to meet and exceed our customer's and consumer's requirements.**

I take this opportunity to thank all of our partners, customers, suppliers, investors and stakeholders for their support and trust in JBS. I would like to express my gratitude to each one of our more than 230 thousand team members, ambassadors of our culture and our values, who make a daily contribution towards the development and sustainable growth of JBS.

**Wesley Batista**  
Global CEO of JBS



## EXCELLENCE AND QUALITY IN MANAGEMENT GRI G4-1

Our commitment is to establish JBS as one of the global leaders among food companies, with valued brands and products. The strategy that will lead us to that goal involves our ability to meet needs and anticipate the desires of our clients and consumers, with the highest quality products and services, at competitive costs. This will only be possible if all of the processes in our value chain operate at the highest standard of excellence.

Business excellence begins by working with the best people. Having the right people in the right place is what really matters and makes a difference. Building strong teams with a clear sense of purpose, aligned with the values that permeate our Company – ownership, determination, simplicity, humility, discipline, sincerity and availability – is one of the most important factors of our management and our culture.

We have focused our efforts on Operational Excellence. The diversity of our operations – in terms of geography, businesses and the portfolio of brands and products – helps us to proceed in this direction, as it allows for an ongoing exchange of experiences between platforms, comparing processes and identifying best practices and operational gaps, enabling important synergy gains.

**At JBS, the quest for quality is more than a strategy. It is part of the Company's culture. We believe that the success of our business is directly related to our ability to produce and deliver the highest quality products, managing the**

**business in a sustainable manner and providing clients and consumers with superior products and services.**

Earning recognition for the quality of our products is a journey, and we have made significant progress. Again, people are critical in this context. We believe that the quality of what we produce and the excellence of our services is a daily responsibility for all of those who work with us. The determination and persistence of each JBS employee, in every area of business or place in the world, strengthen our values and beliefs daily.

We have confidence in our team, in its deep industry knowledge and in an approach that is aligned with our values. Our disciplined business

management, focused on the details of daily operations, will accelerate our synergy gains and support JBS in its mission to be the best in all that we do.

**Gilberto Tomazoni**

Global President of Operations



JBS is in the process of evolving from a company initially focused on commodities to a global food company with leading brands and value-added products. Our goal is to always provide the market with high quality food brands while delivering excellent financial returns to our investors. We made good progress with this strategy in 2015. While we have grown many of our brands, we also made some important acquisitions around the world, such as Primo in Australia and Moy Park in the United Kingdom, and further expanded our businesses in the USA and Mexico through the purchase of some strategic assets that will strengthen our portfolio.

We have made tremendous progress in building our brands in the different global operations. The Friboi brand in Brazil is an example of how we are de-commoditizing a category, offering a unique benefit - trust - when purchasing Friboi products over the competitors. Three years ago, fewer than 30% of boneless beef products were sold under the Friboi brand. Now, it is more than 80%.

The Seara brand, also in Brazil, had been seen locally as a cheaper brand, but when we acquired it, we turned it into a strong brand, associated with innovative, high-quality products. This resulted in the preference for Seara tripling in the last year. According to recently published research, both Seara and Friboi are among the top 50 most valuable brands in Brazil. We are very proud of this accomplishment.

### **Building brands is essential for the future of JBS. It's part of the Company's new phase.**

Our brands are a promise of consistent quality that we make to our clients and consumers, and JBS has always invested - and will continue to invest - in improving the quality of its products.

### **Our marketing and innovation teams around the world are focused on consistently and sustainably building our brands.**

Through our deep understanding of our clients and consumers, we will be able to uncover consumption trends and translate them into plans that add value to our brands through authentic and engaging communications, using a variety of media.

We also have a mission to create a strong innovation plan for the Company, given that the pace of change in the food sector is more intense every day, with growing demands from consumers. We have a robust innovation program that reflects our beliefs in constantly delivering the best possible quality and being a leader in bringing new ideas to our consumers and customers.

Brands create value for investors, and companies with strong brands are better evaluated by the market, because they are less vulnerable to crises. We are confident that we are on the right track and I am very proud of our team for having achieved such impressive results.

#### **Tarek Farahat**

Global Marketing and Innovation President

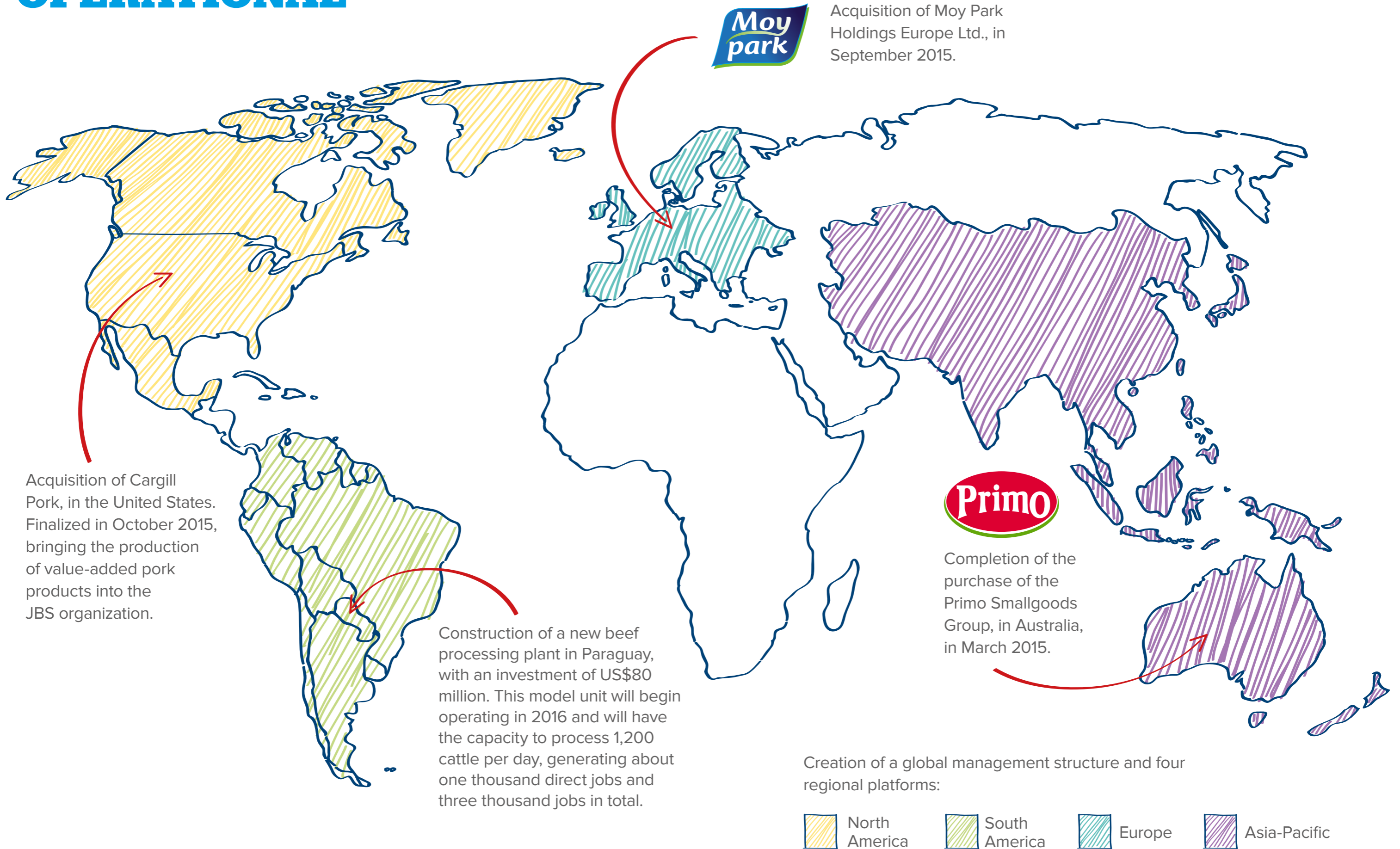


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# HIGHLIGHTS FOR THE YEAR



# OPERATIONAL



Acquisition of Moy Park Holdings Europe Ltd., in September 2015.

Acquisition of Cargill Pork, in the United States. Finalized in October 2015, bringing the production of value-added pork products into the JBS organization.

Construction of a new beef processing plant in Paraguay, with an investment of US\$80 million. This model unit will begin operating in 2016 and will have the capacity to process 1,200 cattle per day, generating about one thousand direct jobs and three thousand jobs in total.

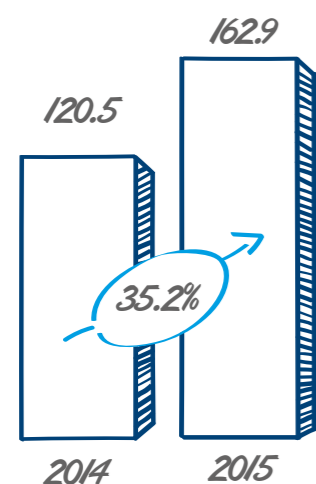


Completion of the purchase of the Primo Smallgoods Group, in Australia, in March 2015.

Creation of a global management structure and four regional platforms:

- North America
- South America
- Europe
- Asia-Pacific

# FINANCIAL



Net revenue of

**R\$162.9 BI,**

up 35.2% (R\$42.4 billion) over 2014.

Net income of

**R\$4.6 BI,**

up 127.9% over 2014.

EBITDA of

**R\$13.3 BI,**

up 19.9% over 2014. The EBITDA margin was 8.2%.

Net debt of

**R\$47.0 BI**

and leverage of 3.18x. Leverage adjusted for the pro forma results from acquisitions was 2.91x. Dollarized net debt, in turn, totaled US\$12.0 billion.

Operating cash flow of

**R\$21.2 BI,**

up 136.0% over 2014.

Free cash flow before acquisitions of

**R\$17.0 BI,**

up 169.3% over the previous period.



Credit rating raised by the three major rating agencies.



## MAIN INDICATORS

	2015	2014	2013	2012	2011
<b>Economic and Financial Indicators - R\$ million</b>					
Net Operating Revenue	162,914.53	120,469.70	92,902.80	75,696.70	61,796.80
Cost of Goods Sold	-140,324.20	-101,796.30	-81,056.10	-67,006.90	-55,100.20
Gross Profit	22,590.30	18,673.40	11,846.70	8,689.80	6,696.60
Gross Margin (%)	13.90%	15.50%	12.80%	11.50%	10.80%
EBITDA	13,300.40	11,090.00	6,130.30	4,410.30	3,151.00
EBITDA Margin	8.20%	9.20%	6.60%	5.80%	5.10%
Net Income	4,640.10	2,035.90	926.90	718.90	-75.70
Net Margin (%)	2.80%	1.70%	1.00%	0.90%	-0.10%
Investments	21,603.87	4,276.85	1,905.91	1,870.29	704.36
Net Debt	47,038.70	25,168.70	23,748.20	15,105.90	13,584.00
Operating Cash Flow	21,206.40	8,987.00	2,541.05	1,472.26	606.51
Free Cash Flow	-397.47	4,710.16	635.13	-398.04	-97.85

## Socio-environmental Indicators

Number of employees	227,168	208,503	191,426	141,628	135,187
Total GHG Emissions, by weight (tCO <sub>2</sub> e) - Scope 1	4,445,098.00	4,411,977.13	3,877,792.00	2,423,078.00	403,902.00*
Total GHG Emissions, by weight (tCO <sub>2</sub> e) - Scope 2	1,779,980.77	1,457,679.79	2,423,078.00	1,274,401.00	16,083.00*
Volume of water consumed (thousand cubic meters)	161,027.00	N/A**	N/A**	N/A**	N/A**
Investments in management and environmental improvements (R\$)	716,550,063.28	N/A**	N/A**	N/A**	N/A**

\*In the GHG emissions inventory of 2011 were considered activities of Vigor Alimentos S.A., which was controlled by JBS S.A. In 2012, Vigor became a listed company and was not considered in the analysis.

\*\*From 2011 to 2014 data were collected in Brazil only. Information are available in the previous reports.

# 3 BRANDS



# ABOUT JBS

**JBS is the second largest food company in the world<sup>1</sup>**

<sup>1</sup>Source: Bloomberg

It has a broad portfolio of products that mainly include beef, pork and poultry, prepared and processed foods, with recognized, value-added brands, sold in more than 150 countries. **GRI G4-4**

**It has a global and diversified food production and distribution platform, with production facilities and sales offices in more than 15 countries and approximately 230,000 employees.**

Its clients - more than 350,000 of them - are retail chains, wholesale clubs and companies in the food service industry (restaurants, hotels, food service distributors and complementary food processors). **GRI G4-6, G4-8, G4-9**

JBS also has a division dedicated to Related Business, aimed at extracting value from raw materials derived from the management and production of animal protein. This area operates in the hygiene and cleaning, collagen, metal packaging, biodiesel, transport, and waste

management and recycling segments. The Company also has leather processing operations. **GRI G4-4, G4-8**

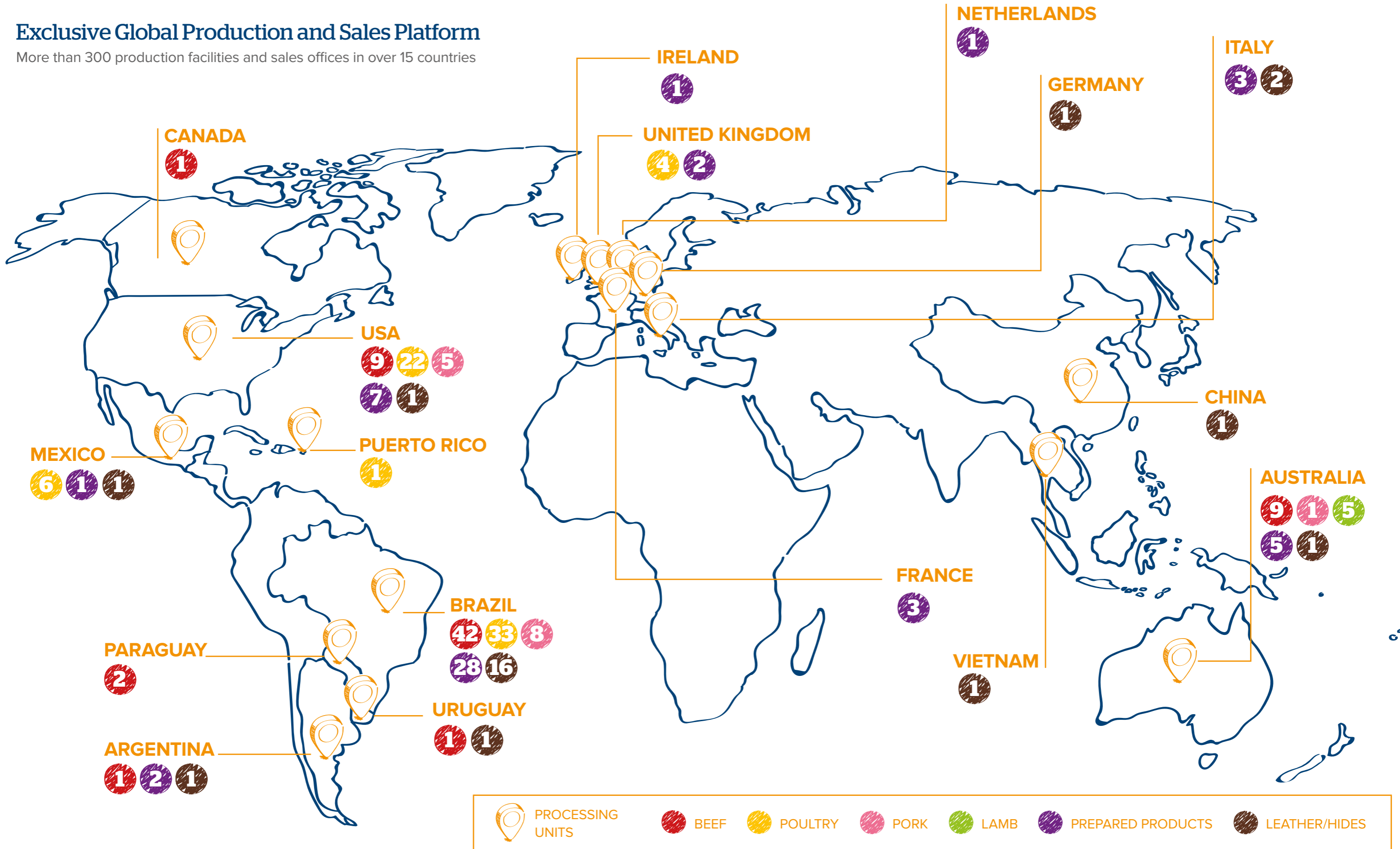
Headquartered in Brazil, in the city of São Paulo, JBS S/A is the largest private company in Brazil. It is a publicly-held company with shares traded on the BM&FBovespa and through ADRs (American Depositary Receipts) on the over the counter platform OTCQX, on the New York Stock Exchange. **GRI G4-3, G4-5, G4-7**





**Exclusive Global Production and Sales Platform**

More than 300 production facilities and sales offices in over 15 countries



## BUSINESS STRATEGY

JBS's business is aimed at transforming the Company into a global food production business. The strategy adopted for this, has been to **diversify its positioning on three fronts: brand and product portfolio, segments and markets.**

**The Company has made steady progress in offering its clients and consumers recognized brands that are leaders in their respective markets, with value-added products.**

This has enabled JBS to establish a strong connection with end consumers, offering a range of options, from frozen meats to ready-to-eat products.

The expansion of the brand and product portfolio is only possible through a diversification of the segments in which it operates. The Company now operates in the processing of beef, poultry, pork and lamb, and maximizes these activities in order to introduce new products and add value to its food products.

Another characteristic is the Company's presence in several markets. Its operations - processing units and sales offices - are distributed across the globe. This is reflected, on the one hand, in access to different markets, with the ability to serve a growing number of

clients and consumers. On the other hand, geographic diversification results in a balanced operation with minimized exposure to the inherent business, economic or political risks in each location. By having a diversified operating structure, JBS is able to protect its business, as the division of operations tends to offset the challenges that may be encountered in specific situations. **GRI G4-8**

In order to achieve JBS's goal of strengthening ties with clients and consumers through a portfolio of brands and value-added products, the Company's operations are focused on quality. And quality, for JBS, goes beyond the product.

**Quality involves operating in accordance with the highest social, economic and environmental standards, having the best team of employees, with the right people in the right positions, cutting-edge factories and partnerships with its stakeholders. JBS's main purpose is to provide quality to its clients and consumers.**

## GEOGRAPHIC DIVERSIFICATION, AND PRODUCT AND BRAND PORTFOLIO DIVERSIFICATION

**GRI G4-4, G4-8, G4-13**

**JBS took important steps in 2015 as part of its strategy to grow in the segment of products with higher added value, such as prepared and convenience foods, and to geographically diversify its operations and business lines.**

With this, it was possible to expand its customer base, both in the respective markets in which it operates, and in exports.

In June, it acquired all of the shares of Moy Park Holdings Europe Ltd., an operation that allowed JBS to significantly expand its operations in Europe. The Company has strong local brands, such as O'Kane, Castle Lea, Kitchen Range Foods, Albert Van Zoonen and Moy Park, in addition to developing products under the private label format for leading UK retailers. Over its 70 years of history, Moy Park has become a leader in high value-added categories, as well as food development and innovation. The acquisition was completed in September, after the necessary regulatory approvals.



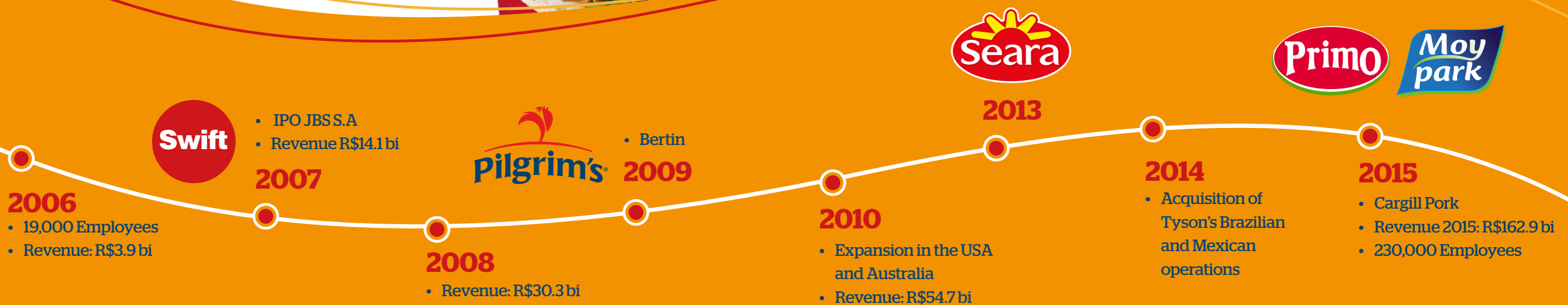
A few days after the acquisition of Moy Park was announced, JBS acquired pork processing assets in the United States belonging to the Cargill Meat Solutions Corporation. The operation is a milestone for JBS's US business, given that it brought with it hog breeding and bacon production operations, which JBS did not have in the North American market. The transaction, which totaled nearly US\$1.45 billion, included two pork processing plants in Ottumwa (Iowa) and Beardstown (Illinois), five feed mills in Missouri, Arkansas, Iowa and Texas, and four hog farms in Arkansas, Oklahoma and Texas, which were integrated into the operations of JBS USA Pork. This was completed in October after obtaining all of the necessary regulatory approvals.

Another acquisition completed in the course of the year was the Primo Smallgoods Group, a leader in processed products such as ham, sausage and bacon in Australia and New Zealand. With more than four thousand employees, it has recognized brands that are market leaders, such as Primo Smallgoods, Hans, Beehive, Hunter Valley Quality Meats and Primo Quality Meats.

The transaction, announced in September 2014, included all of the Primo Group's operations, including five production units, seven distribution centers and 30 retail stores, for an amount equivalent to US\$1.250 billion. The new company was merged under JBS USA, which also handles operations in Australia.

**In the past eight years, JBS has gone from a Brazilian company specializing in beef, with R\$3.9 billion in revenue, to become the second largest global food company, with R\$163 billion in revenue in 2015.**

This accelerated growth occurred mainly through acquisitions. A variety of companies were acquired during this period, which has been a winning strategy. JBS developed a successful management model to rapidly integrate new operations in the Company's Culture, reducing operating costs and achieving synergy gains. **GRI G4-9**



## BRANDS GRI G4-4

JBS enjoys a portfolio of dozens of highly recognized brands in their respective markets, which offer clients and consumers value-added products, serving a variety of preferences.

### JBS Brazil

#### JBS Beef



Beef you can trust has a name.

The leading brand in the beef market, Friboi has a complete line of cuts and several practical options for processed products such as hamburgers, kibbeh, beef jerky and prepared beef. The brand is committed to origin guarantees, strict quality control and responsibility for the environment.



Angus beef is of Scottish origin, with traits including tenderness, texture, flavor and high marbling. These premium features are validated through a certification seal from the Brazilian Angus Association.



Reserva Friboi offers consumers 23 selected cuts of beef and 90 special cuts, allowing consumers more options in the preparation of a wide range of dishes.



This brand brings together several product categories. In addition to the grill line, it includes the seafood, poultry and vegetable lines. The products are aimed at owners of restaurants, bars, snack bars and steakhouses.



Featuring beef with flavor and tenderness guaranteed by a rigorous maturation process, this line offers eight cuts for grilling.

In addition to its products, the Company has a brand related to services: Açougue Nota 10: A program that is committed to providing services that ensure the best results in partner stores. In order to enhance the value of the points of sale and earn customer loyalty, we provide expert technical advice, manpower training, strong support for marketing actions in the shops, and a complete portfolio of beef products: Friboi, Reserva Friboi (exclusively for program participants), Maturatta Friboi and Angus Friboi.

#### JBS Foods



This traditional brand has been in the Brazilian market for almost 60 years. With a total commitment to high quality, Seara offers an ample portfolio in the fresh poultry and pork segments, as well as prepared and processed foods.



Launched in 1970, Doriana is among the market leaders. Its history is full of notable firsts: it was the first creamy margarine in Brazil, the first light margarine to be launched in Brazil, in 1991, and it broke new ground by using ingredients obtained from low-fat yogurt, in 1997.



Founded in 1962, Rezende has a product portfolio with more than 90 items, including sausages, hot dogs, bologna, ham, turkey breast, breaded products, prepared meals, pizzas and burgers, among others. It is the 5<sup>th</sup> most recognized brand in Brazil.



Based in Rio Grande do Sul, Excelsior develops processed foods from pork and poultry, such as ham, deli meats, pates, hot dogs and sausages, and frozen foods, such as pizzas, lasagnas, breaded meats and Brazilian cheese bread. The brand, which has 122 years of history, is distributed in the Brazilian South.



Second most recognized brand in the sausage and hot dog categories in the Brazilian South.



Leader in the poultry segment in the state of Paraná.



Strong brand in the state of Rio de Janeiro.



Also originally from Rio Grande do Sul, Pena Branca operates in the sausage, bologna, ham, breaded meats, hamburger and chicken fillet segments. The brand was founded nearly 40 years ago.



The third most recognized brand in the poultry category in the Brazilian South.



agrovêneto

Leading brand in poultry in the state of Santa Catarina.



Leader in bologna in the Northeast of Brazil.



Leader in Brazil in the production of fresh pasta and third largest producer of prepared meals in the country. It offers a variety of foods such as pizza, lasagna, shepherd's pie and Brazilian cheese bread, as well as a frozen food line.

## JBS Argentina



## JBS Paraguay



## JBS Uruguay



**Pilgrim's Pride Corporation**



The Company's main brand, with a tradition of more than six decades in offering a wide range of poultry products, including fresh, pre-prepared, ready-to-eat and frozen options.



Offers a wide range of value-added poultry dishes, focused on the retail and foodservice segments.



High value-added poultry products for retail and foodservice customers.



"Halal" poultry products, with flavor and quality for international markets throughout the world.



Has operated for more than 60 years in the supply of high quality poultry products for school meals in accordance with national nutrition guidelines.



Offers fresh poultry products, marketed whole or in cuts, in refrigerated and frozen versions. Located in Puerto Rico.



Pilgrim's Mexico brand specializing in value-added poultry products. The options available to clients and consumers include chicken burgers, nuggets and breaded fillets.

**Pork**



The product highlights the characteristics of pork, such as tenderness and juiciness.



Cuts of pork that are seasoned and pre-prepared.



Line of fresh pork products, seasoned and prepared in accordance with the preferences of Hispanic consumers.



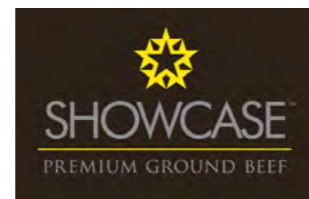
Fresh pork cuts with no added seasoning, preserving the natural characteristics.



## Beef



Products originating from purebred steers fed a 100% vegetarian diet, without the use of growth promoters and antibiotics and raised in stress-free environments. The superior quality meats result from genetics, feeding and slaughter within 14 to 17 months.



Cuts of meat from Angus cattle, also fed 100% vegetarian diets and without the use of growth promoters or antibiotics, differentiated by best practices used throughout the livestock rearing process.



Cuts of meat recognized for the tenderness, juiciness and flavor derived from Angus. The animals are bred with specific processes, recognized by the USDA (United States Department of Agriculture). JBS is one of the leading processors of Certified Angus Beef®, with production located in the United States and Canada.



The main beef brand, with customers around the world who recognize the brand's commitment to quality and consistency.



Beef



Special cuts with very high standards of quality derived from the Black Angus. The Black Angus cattle are treated with different feed to meet the taste requirements and tenderness that highlight the quality of the brand.



## JBS Europe



The products of the Moy Park brand are among the leaders in Ireland, present in approximately 50% of households. They are also available in Britain. Known for their high quality and innovation, the products - distributed in retail and convenience stores - include fresh and breaded cuts of poultry.



Founded in 1932, O'Kane is a brand recognized for the high quality of its products, originating from chickens produced locally under the highest standards. It supplies a range of convenience products, such as breaded fillets and ready-to-eat foods.



Founded in 1913 and headquartered in Italy, Rigamonti is a leader in the production of bresaola and other cured meats, exporting its products to over 20 countries.

## Beef



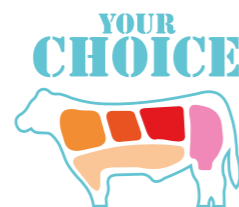
Descended from British breeds, including Angus and Hereford, whose genetic selection results in a meat of high quality and tenderness. This brand's products are distinguished by the fact that the animals are raised in stress-free environments.



From cattle herds located on King Island, an island that is between Australia and Tasmania. In this region - known as one of the cleanest and most natural environments in the world, with abundant rain and laws prohibiting the use of growth promoters - cattle are raised freely in pastures rich in nutrients.



Product originating from cattle raised in feedlots located in the south of New South Wales, Australia, and fed with high quality grains selected by leading industry nutritionists.



## Lamb and mutton



Launched in 2013, this is the newest JBS Australia brand. The animals are fed exclusively on grass, without ever being exposed to growth hormones, GMO (genetically modified organisms) feed or antibiotics.



Recognized for its quality, juiciness and flavor, it is currently marketed in European and Australian retail.



One of the oldest and most recognized lamb and mutton brands in Australia, produced in the plant in Bordertown, Australia, in the heart of the Tatiara region in the south of the country. It is mainly marketed in the Middle East, Japan and Europe.

## Prepared Products



Derived from the Italian word for "better" or "first" - Primo is Australia's largest manufacturer of bacon, hams and cured meats.



EST NO 262  
HUNTER VALLEY  
QUALITY MEATS



A trusted brand in New Zealand, where quality is a priority. It uses prime cuts and natural smoking methods in the production process for bacons, hams and cured meats.



One of the most recognized brands in Australia. Founded in 1960 and initially focused on products such as salamis and sausages, it continually creates innovative products.



## AWARDS AND RECOGNITION

JBS's brands and products, as well as the Company's operations, are constantly recognized and highlighted by market institutions, media outlets and civil society organizations. Below are some of the awards conferred on JBS in the different markets in which it operates, in 2015.

### Brazil

- **Best Marketing Award 2015**, awarded by Editora Referência and the Madiamundomarketing consulting firm for the campaign entitled "Friboi. Here you can trust." This action opened the doors to the processing plants in order to enhance proximity with consumers and increase the transparency of its internal processes.
- **Brand Communication Award**, awarded to Friboi by the Brazilian Association of Corporate Communications (ABERJE). The award was in recognition of the case study "From Commodity to Popular Culture," which highlights the Company's pioneering investments in the creation of a beef brand for the domestic market.
- **Top Quality Brazil Award**, which chose the Special Chefs project as the "Best Social Responsibility Project of the Year in Gastronomy." Awarded by the Brazilian Academy of Honors of Merit, the prize highlights excellence among Brazilian companies for quality in their actions, products and services. As a sponsor of the project, Friboi was also awarded the honor.

- **Top of Mind Award**, received in the states of Rio Grande do Sul, Minas Gerais, Paraná and Espírito Santo. The award recognizes brands that stand out for the quality of the products and services they provide and are differentiated by an ongoing investment in innovation and process improvement.
- **National Entrepreneur Trophy**, a tribute offered at the **Top Of Business 2015** awards for Brazilian companies that contribute to the development of the country.

### United States

#### JBS USA

- **Best Community Involved Business**, awarded by the magazine *The Best of Greeley*.
- **Bronze Supplier Award**. Sysco (Beef).
- **Truck Safety Awards**. Awarded to JBS Carriers during the American Trucking Association's (ATA) annual conference on Health, Safety and Human Resources, held in Little Rock, Arkansas. The award recognizes the reduction in the frequency of accidents from the previous year.
- 3<sup>rd</sup> Place – General Commodities Truckload/Line-Haul Between 20-50 Million Miles.
- 3<sup>rd</sup> Place – General Commodities Truckload/Local Up to 25 Million Miles.
- **Hazard Control Recognition Award** given to JBS by the Iowa - Illinois Safety Council during the 62<sup>nd</sup> Annual Professional Development Exhibition and Conference in Dubuque, Iowa. This Safety Council is a chapter of the National Safety Council. It is a non-profit organization dedicated to protecting life and promoting health, and encouraging best social and environmental practices in the community in which it operates.

### Australia

#### JBS Australia

- **Melbourne Fine Food & Sidney Royal Fine Food Awards**. For three consecutive years, Primo earned the most medals among companies in the industry. In 2015, it received 41, in recognition of the quality of various products offered by the Company. The medals reflect the company's commitment to deliver the highest standards of quality to clients and consumers.

### Europe

#### Moy Park

- Food Manufacture Excellence Awards; Meat and Poultry Manufacturing Company of the Year and the overall Food Manufacturing Company of the Year.

- IoD Director of the Year Awards – Winner of UK Leadership in Corporate Responsibility Award.
- Waitrose Supplier Award for Technical Excellence.
- IGD Awards – John Sainsbury Learning & Development Award.
- Irish Quality Food Award for innovative Roast in the Bag chicken.
- Royal Society for the Prevention of Accidents (RoSPA).
- Winner of the Food & Drink Manufacturing Industry Sector Award.
- EFQM Ireland Excellence Award.
- Meat & Poultry Processing Awards; Product Developer of the Year.



# 4

# MANAGEMENT



# MANAGEMENT

JBS's business is led by a global management structure and four regional platforms:

## Global Management Structure



**Wesley Batista**  
CEO



**Tarek Farahat**  
President of Marketing and Innovation



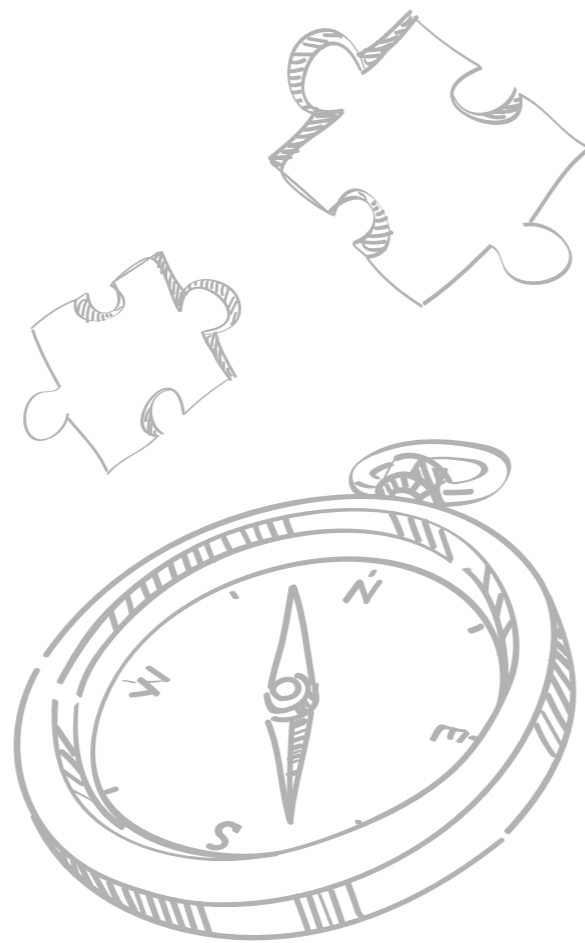
**Gilberto Tomazoni**  
President of Operations



**Vincent Trius**  
President of New Projects



**Russ Colaco**  
CFO



## Regional Platforms

- South America
- North America
- Europe
- Asia-Pacific

# CORPORATE GOVERNANCE

Being the best in all that we do is what guides the activities of JBS. Therefore, the Company constantly seeks to adopt the best corporate governance practices, to maintain the proper balance in the allocation of rights, powers, duties and responsibilities among managers, the Board of Directors and shareholders.

## Governance Structure **GRI G4-34**

At JBS, the Corporate Governance structure is based on two main bodies: the Board of Directors and the Executive Board. As the Company's highest governance body, the latter brings

together shareholder representatives in order to determine the core lines of business and goals related to economic, social and environmental issues, and decide on key issues, in line with the powers they are assigned by the Bylaws.

The Board consists of eight directors who are elected during the Annual Shareholders' Meeting for two-year terms (with the possibility of re-election). Two of the members are independent.



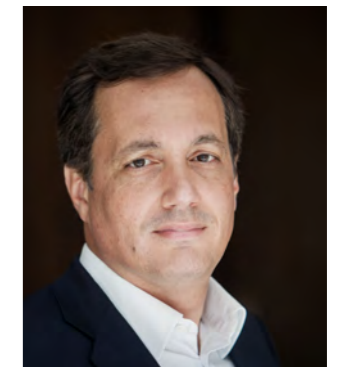
**Joesley Mendonça Batista**



**Wesley Mendonça Batista**



**José Batista Sobrinho**



**Humberto Junqueira de Farias**



**João Carlos Ferraz**



**Carlos Alberto Caser\***



**Tarek Farahat**



**Márcio Percival Alves Pinto\***

*\*Independent Board Members*

JBS has the following bodies that provide support to the Board of Directors:

- **Fiscal Council:** Among its duties, it analyzes documents issued by Management and, if necessary, issues opinions or reports errors, frauds or crimes to the Board of Directors and the General Assembly. It consists of four sitting members, one of whom serves as Chairman, and four alternates. The list of members can be accessed at [www.jbs.com.br/ir](http://www.jbs.com.br/ir).
- **Committees:** JBS has four non-statutory committees - Sustainability, Audit, Financial and Risk Management, and Personnel Management. The Company's website ([www.jbs.com.br/ir](http://www.jbs.com.br/ir)), has more information about each of these Committees.

## Executive Board

The Executive Board, in turn, is provided for in the Bylaws and is responsible for the management and administration of JBS's activities. It is responsible for running the Company's business and fulfilling the strategic direction determined by the Board of Directors, which also chooses the executives for three-year terms, with re-election permitted. The current Executive Board, whose mandate expires in May 2019, consists of four members:

- Wesley Mendonça Batista – CEO
- Francisco de Assis e Silva – Institutional Relations Officer
- Jeremiah O'Callaghan – Investor Relations Officer
- Eliseo Santiago Perez Fernandez – Administration and Control Officer

## Stock Exchange Listing **GRI G4-DMA**

JBS S/A trades its shares on the Novo Mercado of the BM&FBovespa, the listing segment that sets the standard for best Corporate Governance practices among listed companies. For inclusion in this segment, JBS voluntarily assumes Corporate Governance commitments that go beyond the requirements of the current legislation

This implies, for example, adherence to ethical and sustainable conduct, because the rules state that information must be provided to facilitate the monitoring and supervision of the acts of management and the Company's controlling shareholders. The Novo Mercado regulations also seek to promote the adoption of corporate rules that better balance the rights of all shareholders, regardless of their condition as a controlling shareholder or investor.

At the end of 2015, JBS's market value reached R\$35.3 billion. This amount places the Company among the 15 companies with the highest market value on the Ibovespa, an index that includes its shares. **GRI G4-9**

JBS's shares are also included in following indices of the São Paulo Stock Exchange:

- Differentiated Corporate Governance Index (IGC)
- Differentiated Tag Along Index (ITAG)
- Brazil Index (IBrX)
- Brazil 50 Index (IBrX-50)
- Broad Brazil Index (IBrA)
- Carbon Efficient Index (ICO2)

- BM&FBovespa Consumer Index (ICON)
- BM&FBovespa Value Index (IVBX-2)
- Mid-Large Cap Index (MLCX)
- Corporate Governance Trade Index (IGCT)

In the US market, JBS trades through Level 1 American Depositary Receipts (ADRs) on the over the counter OTCQX market, on the New York Stock Exchange (NYSE).

## Policies

As part of our best corporate governance practices, the Company has policies that contain information on relevant issues and assist management in conducting business. The policy framework covers the following topics:

- Material Information Disclosure Policy
- Securities Trading Policy
- Dividend Policy
- Privacy Policy

The full text of each policy is available on the Company's website ([www.jbs.com.br/ir](http://www.jbs.com.br/ir), under Corporate Information / Codes and Policies).

## Risk Management

All risks to which JBS is exposed, through the various dimensions of its business, are managed by the Risk Management Department, with the support of the Risk Management Committee. This division supports the operational areas in the identification, assessment, mitigation and monitoring of the risks inherent to the Company's activities, as well as using specific systems and qualified professionals for measurement, analysis and management.

The risks are classified by category and pre-defined level of criticality, which enables the evaluation of existing scenarios and the prioritization and adoption of the necessary corrective actions, contributing to the sustainability of operations and the continuity of the business.

Next, a presentation is made of the main financial and environmental risks that have been identified, monitored and mitigated, along with the initiatives for their management. All potential risk factors known by the Company are presented and discussed in detail in the Reference Form of JBA S/A, in sections 4 and 5 of the file available ([link](#)). The socio-environmental factors identified as operational risks can also present business opportunities, leading the Company to improve its efficiency and productivity, reduce costs, differentiate itself from its competitors and develop new businesses.

CATEGORY	TYPES	DEFINITION	MITIGATION
FINANCIAL RISKS	Market	Includes the risks associated with foreign exchange, interest and commodities, whose price fluctuations can potentially affect JBS's business.	The exposures are mapped in real time and continuously managed by the Risk Management Department, which employs hedging instruments, including derivatives, provided that they are approved by the Board of Directors.
	Credit	Default risk related to accounts receivable, financial investments and hedging contracts.	Accounts receivable: Mitigating risk through the diversification of the portfolio and the establishment of safe parameters for granting credit (always observing proportional limits, financial and operational, and conducting consultations with credit monitoring agencies). Financial transactions that have financial institutions as a counterparty: Mitigating risks through exposure limits set by the Risk Management Committee and approved by the Board of Directors, based on risk ratings by specialized international agencies.
	Liquidity	Possibility of imbalances between tradable assets and liabilities that may affect our ability to meet maturing financial obligations.	JBS's capital structure management is focused on modified immediate liquidity metrics – i.e. cash and investments divided by short-term debt - and working capital, to maintain the natural leverage of the Company and its subsidiaries.
SOCIO-ENVIRONMENTAL RISKS	Acquisition of Raw Materials	Risk of acquiring raw materials from suppliers involved in the deforestation of native forests, the invasion of protected areas and indigenous lands or conservation units, the use of child or slave labor or products that may pose risks to the health of its consumers.	Cattle acquisition: Communication to the market about the social and environmental criteria for the purchase and encouragement of best agricultural practices, as well as the monitoring of supplier farms located in the states of the Amazon region through a geospatial system that is able to remotely identify noncompliance and prevent the purchase of raw materials from these suppliers. Poultry and pork: The origin and quality of these raw materials are guaranteed by the Company's relationship of integration with the growers of these animals. There are periodic visits and audits of the supplier processes to ensure that production practices are in line with the criteria required by the Company. Product quality: JBS has a dedicated area for monitoring the entire production process, which is constantly audited by various regulatory bodies and clients in order to maintain the credentials needed to serve all markets.
	Climate Change	Climate change may pose risks to JBS's operations, since resources such as water, electricity (which, in Brazil's case, is closely linked to rainfall) and animal feed (dependent on agriculture) are critical to the production of raw materials (cattle, poultry, pigs and sheep) and are extremely sensitive to climate change, which may negatively impact the Company's business. Business can also be impacted by new laws and regulations on this issue.	Mitigation through monitoring the environmental impacts of direct operations (industrial, logistics and transport) and actions to reduce the impacts of our operations and those of our suppliers. The monitoring is done through the development of a global inventory of direct and indirect GHG emissions, in accordance with the international methodology of the GHG Protocol. The results of this inventory are published annually in the CDP platform. JBS also monitors indicators related to the amount of energy and water used in its activities in order to optimize production processes, gradually leading to reduced consumption. To reduce the impacts of its activities and create opportunities, it has an annual plan of investments in environmental improvements, aimed at optimizing the use of natural resources, reuse of energy from waste and water, among others.

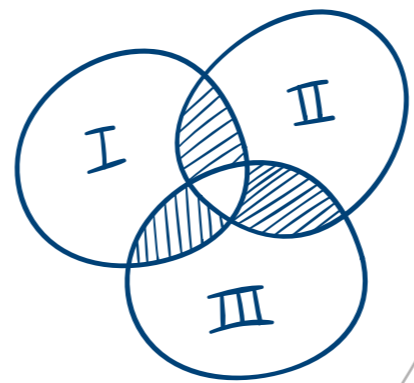
# 5

# CULTURE



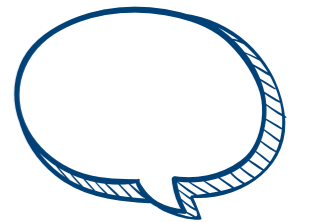
## ABOUT US

People with a shared approach, complementary expertise, a sense of urgency and a spirit of ownership



## OUR PILLARS

Our Culture, Our People, Our Products and Our Customers

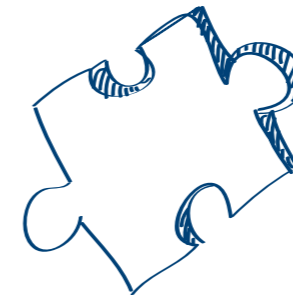


## OUR BELIEFS

- Focus on the details
- A hands-on approach
- Success is only achieved through hard work
- The right people in the right places
- Actions and behaviour are more important than knowledge
- A leader must win over their team members
- Lead by example
- Focus on results
- Working with people who are better than us
- Believing makes the difference
- Quality products

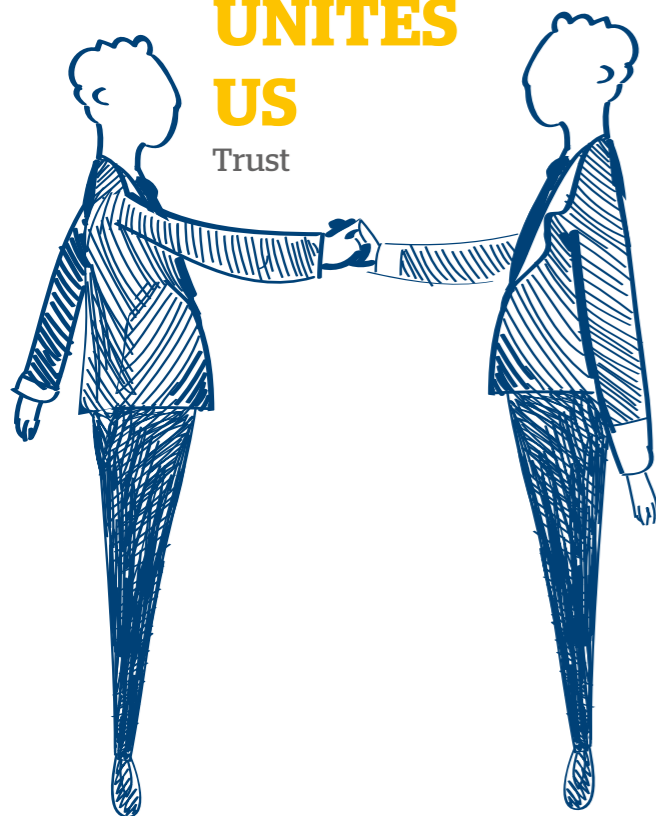
## OUR VALUES

Ownership, Determination, Discipline, Availability, Simplicity, Sincerity and Humility



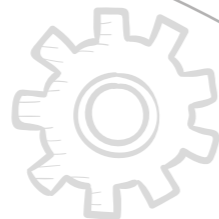
## WHAT UNITES US

Trust



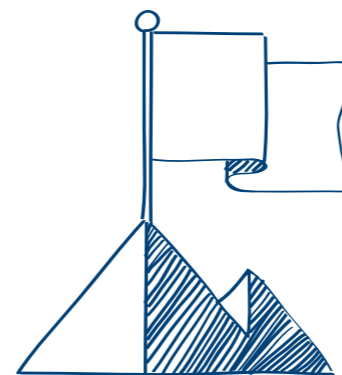
## OUR PRIORITY

The common good



## OUR MISSION

To be the best in all that we do, completely focused on our business, ensuring the best products and services to our customers, a relationship of trust with our suppliers, profitability for our shareholders and the opportunity of a better future for all of our team members



JBS's team members are the mainstay of the Company's culture. It is their actions and decisions that bring into being the Company's values and the beliefs that guide its actions. Safeguarding our Culture is a key business issue for JBS. For JBS's Culture to be understood, disseminated and put into practice, the Company seeks to provide team members with the ability to experience it in action.

## JBS Culture Events

The main action that has been developed for team members to experience the JBS Culture are the Cultural Events. They have even shown themselves to be effective tools for translating JBS to the employees of recently acquired operations.

In these events, the main leaders of JBS meet with team members to convey the Company's values, vision and beliefs. The global CEO himself participates on these occasions, accompanied, at some of them, by the

founder of JBS and other executives. Through presentations, discussions and the exchange of experiences, the Culture Events have proven effective at engaging employees with the principles that guide JBS's operations.

In 2015, more than 103,000 global team members participated in these events.

- In Brazil, approximately 93,000 team members participated in the Culture Events promoted between the months of October 2014 and June 2015 at the JBS Beef, JBS Foods, JBS Leather and JBS New Business units.

- In Mercosul, approximately 400 leaders from Argentina, Brazil, Paraguay, Uruguay, Venezuela, Mexico and Chile were in Buenos Aires, in March 2015, for a specific Culture Event held for them.
- Three months later, approximately 2,000 team members attended the Culture Events held in Argentina.
- In May, June and October, Culture Events were held in Uruguay and Paraguay, bringing together more than 3,100 team members.
- Between June and October, ten Culture Events were held in cities across the United States and Canada, bringing together about 4,200 team members. An event was also held in the United States in March for 630 leaders of the operations in that country, Canada, Mexico and Australia.

- In November, 255 team members from Moy Park participated in a Culture Event specially designed for them, which was held in London.

Each JBS team member serves as guardian of the JBS Culture. It is up to Human Resources to disseminate the values, beliefs, and pillars, providing situations in which team members experience the Culture, but it is the JBS team members who are ultimately charged with guarding and exemplifying the JBS Culture everyday through their actions and words.

Culture Events JBS





## Communication Channels

Clear and direct communication with team members is one way to disseminate and strengthen JBS's culture among its employees. Therefore, in 2015, the business units in Brazil focused on the development of new channels and the improvement of existing ones:

- **Internal Communications Manual** – Created in order to standardize the channels and structure communications processes. To disseminate these principles, the number of communications agents in the business areas was increased. The goal is to establish a single, standardized language in materials, while safeguarding the communications vehicles of the respective units.
- **Collaborative Intranet** – Given the geographical diversification of JBS's operations, the Intranet was redesigned in 2015, aiming to strengthen ties between employees. The tool, under this new format, started to encourage the spread of best practices and exchange of experiences between internal stakeholders.
- **Dimensão (Dimension) Magazine** – Also launched in 2015, the magazine provides team members, on a quarterly basis, with information about the Company's business, while also addressing other topics of interest.
- **HR Portal** – This is a new access channel, on the Company's Intranet, for the Performance Evaluation technology, a platform that develops and monitors the professional growth of the JBS Teams, by evaluating results and behaviors demonstrated with the Company. The reformulation of the web portal, in Brazil, adheres to the model already used by the JBS units in the United States, Australia and Canada. It provides exclusive access to leaders of the Units and team members with technical positions, allowing

employees to track their goals, participate in the 360° evaluation and enter and track their Individual Development Plan (IDP). In addition, they can update their resume and career information, professional objectives, geographical mobility and hierarchy, and consult the entire JBS organizational chart, among other features.

## Human Resources Management

### GRI G4-DMA

The integration of the recently acquired companies was completed in the HR system over the course of 2015. This allowed the operational people management processes to be integrated. Alignment and equality among all JBS Units with regard to policies, best practices and procedures, in turn, was promoted through the HR Management Model (Personnel Pillar), establishing a single standard for handling this issue.

Personnel management is guided by specific policies, which cover the procedures that must be adhered to for HR matters: Recruitment and Selection, Admission, Integration of New Employees, and Performance Evaluation, among others.



## Employee Profile **GRI G4-10**

At the close of 2015, JBS had 227,168 team members distributed throughout its global operations:

	Administrative	Commercial	Operational	Total
Brazil	18,667	5,298	102,913	<b>126,878</b>
USA	1,113	582	57,998	<b>59,693</b>
Europe	464	225	9,542	<b>10,231</b>
Australia	281	356	11,678	<b>12,315</b>
Mexico	433	190	9,227	<b>9,850</b>
Other*	422	236	7,543	<b>8,201</b>
<b>Total</b>	<b>21,380</b>	<b>6,887</b>	<b>198,901</b>	<b>227,168</b>

\* Includes Canada, Argentina, Uruguay, Paraguay, China, Vietnam and Chile.

All of its employees in Brazil (126,878) are covered by collective bargaining agreements and 98.9% have full-time contracts with the Company.

### GRI G4-11

The geographic distribution of employees shows a growing concentration of team members in the southern region of the country over the course of the previous year, mainly reflecting the acquisition of new companies by JBS Foods and increased production at some units, with the opening of new shifts in fiscal year 2015.

### Concentration of employees by geographic region, in Brazil (%)

	2015	2014
North	6	6
Northeast	4	4
Midwest	25	27
Southeast	29	30
South	36	33

The acquisition of new companies and the increase in production at some units was reflected in a redistribution of personnel among business units. Of the total, 58% are allocated in JBS Foods, the division that also experienced the largest increase in number of personnel compared to the previous year.

### Employees by business unit in Brazil

	2013	2014	2015
JBS Beef	40,523	41,590	40,118
JBS Leather	8,530	8,116	7,575
JBS Foods	48,703	61,816	73,837
JBS New Business	3,354	4,520	4,438
Corporate	781	781	910
<b>Total</b>	<b>101,891</b>	<b>116,823</b>	<b>126,878</b>

A total of 50.8% of team members are between the ages of 30 and 50, and 59.2% are men.

### TOTAL EMPLOYEES

Age Group	
> 50	12,011 / 9.5%
30 to 50	64,508 / 50.8%
< 30	50,359 / 39.7%
<b>Total</b>	<b>126,878</b>
Gender	
Male	75,171 / 59.2%
Female	51,707 / 40.7%
<b>Total</b>	<b>126,878</b>

## Human Resources Targets

### GRI G4-DMA, G4-LA1

In the operations in Brazil, the main goal for 2015 was to reduce Absenteeism, Turnover and Overtime. The business areas were able to make significant progress during the year on these issues. At JBS Leather, for example, absenteeism was down 31.77% from the previous year. At JBS New Business, there was a 27.14% reduction in overtime, and at JBS Beef, a 16.46% reduction in turnover.

### Examples of reductions in overtime, absenteeism and turnover at the operations in Brazil GRI G4-LA1, G4-LA6

Business	OVERTIME	ABSENTEEISM	TURNOVER
	Reduction 2015 v. 2014	Reduction 2015 v. 2014	Reduction 2015 v. 2014
JBS Beef	13.25%	9.40%	16.46%
JBS Leather	30.45%	31.77%	38.88%
JBS New Business	27.61%	4.53%	27.14%

## Absenteeism

The cumulative percentage of absenteeism for the year was 3.92% (average in Brazil). Breaking down performance by geographic regions and gender,

### Absenteeism Rate (%) in Brazil, by region

Absenteeism	Gender			Region					
	Men	Women	Total	North	Northeast	Midwest	Southeast	South	Total
Absenteeism Rate	3.11	5.08	<b>3.92</b>	2.28	2.13	3.50	3.81	4.80	<b>3.92</b>
Scheduled working days	-	-	<b>313</b>						

## Employee Retention GRI G4-LA1

JBS is very concerned about retaining its team members. To do so, it seeks to provide an extremely positive organizational climate and internal opportunities for its employees, who have benefited from the Company's rapid growth in recent years.

To address this issue, it has a formal committee to evaluate the downsizing to be performed by the Company. This "Retention Committee" is described in the standard procedures of the HR Management Model used by all of the Group's units.

In 2015, 48,141 employees were downsized in Brazil, a total of 29,088 men and 19,053 women. More

it appears that women were absent more often than men and that there is a higher incidence of absenteeism in the South, while the Northeast has the lowest rate.

than half of the downsized employees were under 30 years of age. Due to a beef cattle shortage in some specific regions of the country, seven plants had their operations suspended indefinitely. In contrast, in the JBS Foods division new businesses were acquired and production was increased at some units, with the opening of new shifts, which led to the creation of about 10,000 new jobs

### Turnover of employees at the units in Brazil, by age group, gender and region

Turnover rate	
Age Group	
> 50	2,339
30 to 50	20,579
< 30	25,223
Gender	
Male	29,088
Female	19,053
Region	
North	3,240
Northeast	1,289
Midwest	14,509
Southeast	12,843
South	16,260

## Ethics and Integrity GRI G4-56, G4-DMA

Trust is what guides JBS in all of its relations with stakeholders. It therefore pervades the Company's daily activities.

In line with this value and with the aim of reinforcing conduct guidelines, improving and standardizing certain procedures and implementing risk prevention initiatives where needed, in 2015 the Company created the Corporate Compliance Office. Reporting directly to the Institutional Relations Department, the new structure serves all JBS Group businesses and is responsible for identifying, assessing and monitoring risks, as well as developing training and communication programs for all employees and suppliers.

One of the new area's first initiatives was the reissue of JBS's Code of Ethics. The document, which is intended both for the Company's employees and suppliers, established twelve guidelines governing expected conduct in regard to issues related to security, sustainability, anti-corruption practices, money laundering and conflicts of interest. The document, together with its English and Spanish versions, is already available on the Company's intranet.

## Risk Assessment

In 2015, the Company introduced its pilot risk mapping and assessment project in the SWIFT – Meat Market business unit, which established a series of action plans, together with their respective terms and those responsible for their implementation. The progress of risk mitigation is monitored by the Executive Board on a quarterly basis. In 2016, a similar project will be implemented in the other business units (Meat, Leather, Foods and New Businesses).

The Company also published the Government Authorities and Public Officials Relations Policy, which is directly related to one of the guidelines in JBS's Code of Ethics and contains specific rules for employees' interaction with these groups, as well as determining the limits for offering and accepting freebies, presents, trips and entertainment.

To ensure that the Code and the new Policies are known to all and thus that their principles are applied in JBS's operations, the Company will conduct a series of internal disseminations throughout 2016. Every team member who becomes aware of this new code must adhere to it through the signing of an agreement. Meanwhile, there will also be ongoing dissemination, through actions such as:

- Presentation of the Code upon hiring new employees.
- Distribution of the updated and printed Code to leaders.
- Availability of the Code on the intranet and corporate website.

The Company is also developing online and in-house training programs on various compliance issues which will be offered to suppliers and employees of every level. The internal procedures for identifying violations of JBS policies are currently being prepared. To be published in 2016, this document will standardize the investigation of reported violations of company policies, with professional training and the formation of a team to implement the corrective measures, including disciplinary measures. This process seeks to ensure that the investigations are done in a structured manner and in accordance with the law, preventing the Company from being penalized for poor or inadequate investigations in the future. In addition, the committee will be responsible for ensuring the consistency and fairness of the measures implemented.

### Integrity throughout the entire production chain GRI G4-DMA

An ethical approach is also required in contracts with suppliers and service providers. In the selection criteria for these groups, JBS does not deal with suppliers who conduct activities in deforested, indigenous or conservation areas. It also will not work with suppliers involved in rural violence or land conflicts, or who utilize slave or child labor. The principles to be observed in the relationship with these groups are contained in the Purchase Practice Policy.

## Ombudsman

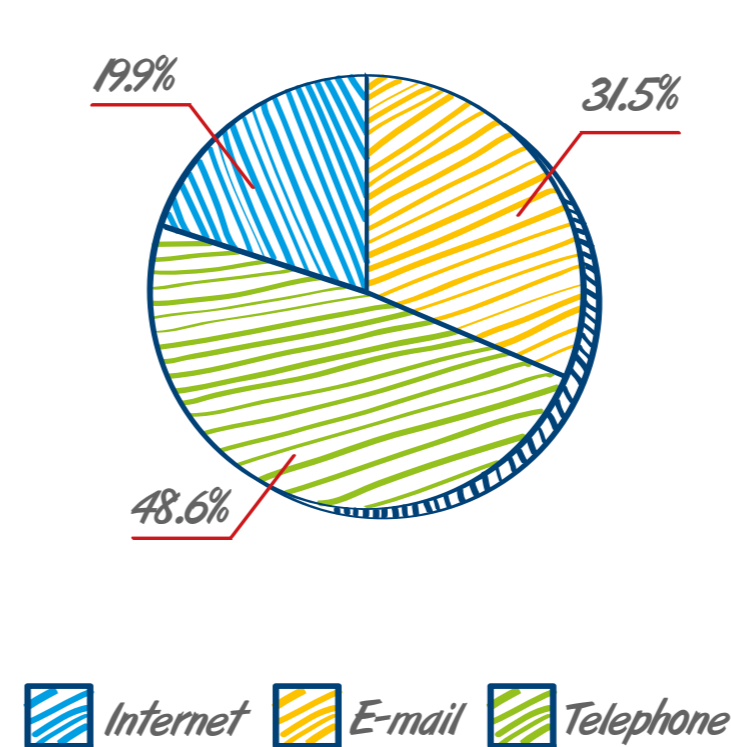
JBS has an Ombudsman to whom JBS stakeholders can send suggestions, praise, opportunities for improvement and complaints. The service, which was previously available by phone (0800-770-4100) and email ([ouvidoria@jbs.com.br](mailto:ouvidoria@jbs.com.br)), also began offering an online option in 2015. The JBS Ombudsman's website ([ouvidoria.jbs.com.br](http://ouvidoria.jbs.com.br)) can be accessed via smartphone, tablet or computer.

The platform, as well as the previously existing channels, continue to operate in a confidential and secure manner. The JBS Ombudsman has existed for over five years and is another means of practicing some of the Company's values, such as Ownership, Determination and Sincerity.

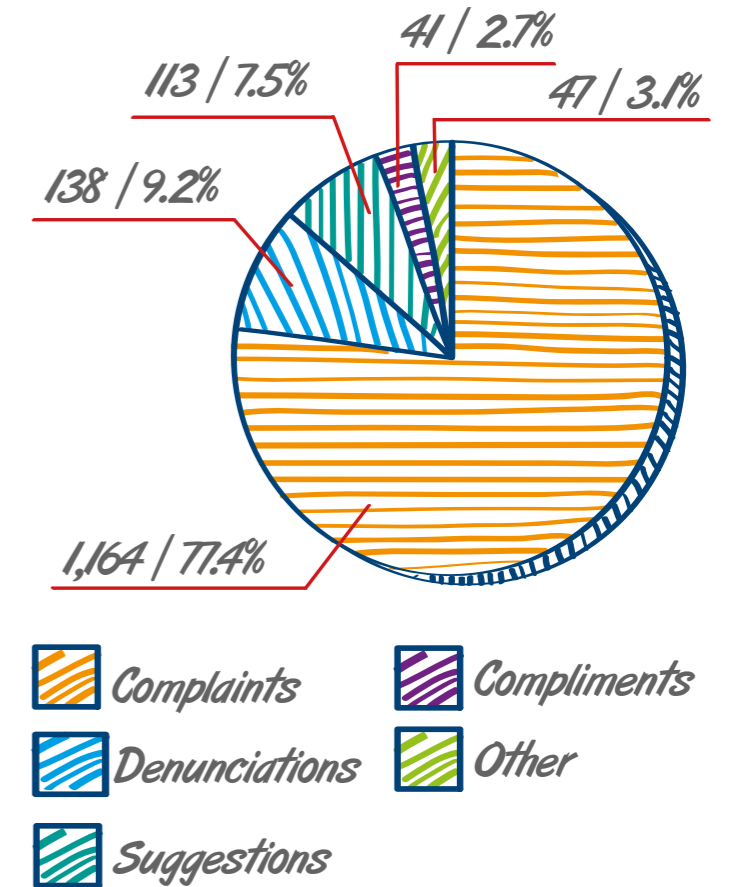
### CHANNEL ACCESS DETAILS IN 2015

**NUMBER OF REGISTERED CONTACTS: 1,503**

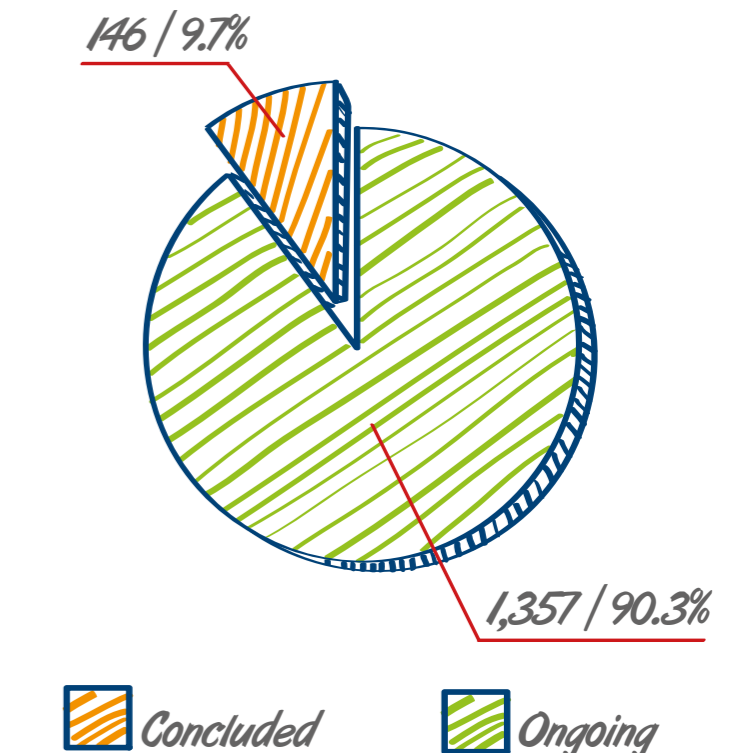
#### CHANNEL USED



#### TYPE OF CONTACT



#### STATUS OF THE RESULTING PROCEDURES



# 6 OPERATIONS





JBS is the **largest global producer of beef**. With the capacity to process 81,500 head of cattle per day, **it has production plants in the world's major livestock centers:** Brazil, Paraguay, Uruguay, Argentina, the United States, Canada and Australia.

**This diversified global presence allows JBS to serve 100% of the world's consumer markets.**

It is also the **largest global processor of poultry**. It has the capacity to process 13.8 million birds per day at production units in Brazil, the United States, the United Kingdom, Mexico and Puerto Rico. In these operations, it prepares processed and fresh products to serve those respective markets and

supply exports. It also processes turkey, which is handled by a unit in Brazil, with a capacity of 25,000 birds per day.

**It is also a leader in lamb and mutton production**, through its operations in Australia. And JBS is among the global leaders in pork production. It has the capacity to process 114,700 hogs per day at 14 factories spread throughout Brazil, Australia and the United States, supplying the domestic and foreign markets.

The Company **also handles leather processing**, a specialty in which it is the global leader, with manufacturing facilities in Brazil, Argentina, Uruguay, Vietnam, China, Mexico, Italy, Germany, the US and Australia and the development of new business from by-products extracted from the animal proteins that it handles and from the recyclable waste generated by its operations.

These activities are divided into four regional platforms and six business units: **South America**, which includes the operations of JBS Mercosul and JBS Foods, **North America**, covering the beef, pork and poultry operations in the region, **Europe** and **Asia-Pacific**.



**JBS is a global leader in the segments in which it operates**



- 1st** World's largest beef producer
- 1st** World's largest leather processor
- 1st** World's largest poultry producer
- 1st** World's largest lamb and mutton producer
- 2nd** Largest pork producer in the US

## SOUTH AMERICA

### JBS FOODS

This unit is home to JBS's businesses in the poultry, pork and processed foods segment, both prepared and frozen, focused on the Brazilian market and exports. With an annual output of 1,307.3 million birds and 4,920,600 hogs in 2015, it is the second largest company in Brazil in this segment.

**JBS Foods has based its activities on the development of higher value-added products, focusing on quality and working closely with customers and suppliers.**

More than 100 new products were launched in 2015, including innovative and convenient items, such as Assa Fácil and Frango Da Granja. With management focused on the details, the Company made improvements to its processes, continuously investing in mapping global trends in consumption, markets and foods.

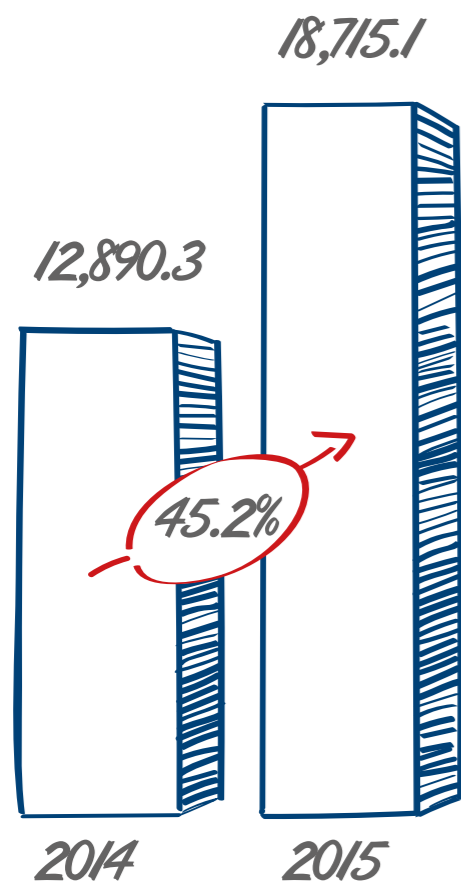
In order to keep updated on new and growing consumer demands, JBS Foods has structured evaluation and innovation development processes, which ensure the relevance of projects both for consumers and for our businesses. The company has a Consumer Insight & Market Intelligence team, which continuously evaluates products and monitors consumer and market trends, identifying opportunities for improvement and new products.

In 2015, the Company acquired the Agrodanieli and Anhambí Alimentos manufacturing plants. This movement is in line with the strategy that JBS Foods has adopted. Since it acquired Seara in 2013, the Company carried out another ten acquisitions, among which are the Macedo (Tyson of Brazil), Céu Azul, Big Frango e Massa Leve units, distributed among the states of São Paulo, Paraná, Santa Catarina and Mato Grosso, which allowed the Company to expand its presence in the South and Southeast of Brazil.

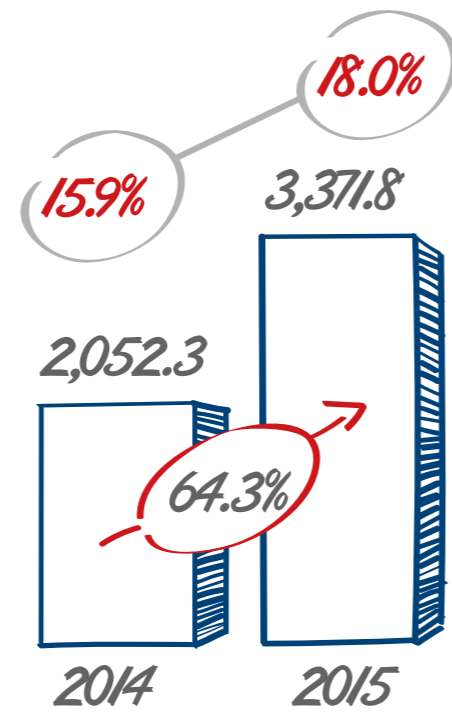
The actions taken in 2015 enabled JBS Foods to achieve significant results, including an increased customer base, improved service levels and increased market share in key segments such as frozen foods, margarines, pizzas and processed foods. Revenue for the year totaled R\$18.7 billion, up 45% over 2014.

### JBS FOODS (R\$)

#### Net Revenue (R\$ million)



#### EBITDA (R\$ million) and % EBITDA



## Operations

**33**

**poultry processing units** with the capacity to process



**6.0**

**million birds per day**



**8**

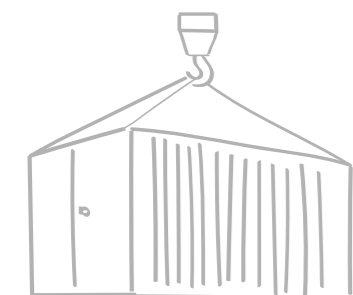
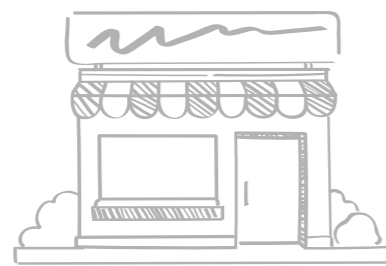
**pork processing units** with the capacity to process

**21,200**  
**hogs per day**

More than

**110,000**

**points of sale** served throughout Brazil

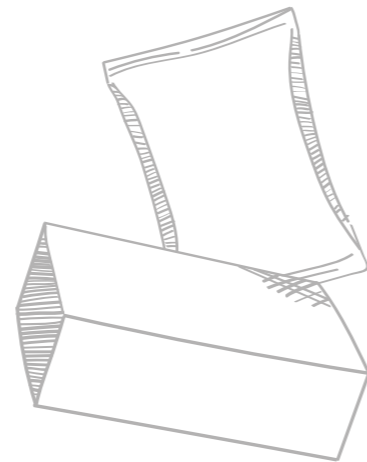


Exporting to more than

**100** **countries**

**21** prepared products units

**15** distribution centers



**89,900**

**tons** of products processed per month

**69** production units

## Launch of Value-Added Products

Among the more than 100 products launched over the course of the year, is the Seara DaGranja line, using chickens raised without antibiotics and fed with 100% vegetable feed. The product line, which includes frozen whole chickens and cuts, which accompanies a trend of the public seeking greater quality of life, has Animal Welfare certification.

Another highlight is the Assa Fácil (Ready to Cook) line, which includes many prepared dishes, such as the Assa Fácil com Legumes – a whole chicken or chicken pieces accompanied with carrots and potatoes that can go straight from the freezer into the oven.

In addition to these items, we also offer the “Linha Edição do Mar” (From the Sea), with frozen pizzas and pasta, the “Pizza Integral” (whole wheat) line and the relaunch of Doriana margarine.

## Customer-Oriented Operations

Two initiatives undertaken by the Company during 2015 provide examples of our aim to strengthen ties with clients and consumers:

- In 2015, JBS Foods created “**Academia Seara**”, installed at the Company’s headquarters in São Paulo, Academia Seara aims to capture the perceptions of clients and customers through product testing. Academia Seara has a well equipped kitchen, sensory booths, a mirrored room for testing with focus groups, and a tasting and discussion room. In this environment, modern product testing techniques are applied to understand concerns and capture the desires and perceptions of consumers, so as to introduce increasingly innovative products that meet their needs and preferences, as well as constantly evaluate and monitor products to ensure their quality.
- The Seara **Social Food Truck** has made over 350 stops in the city of São Paulo. In 2015, it reached approximately 5 million consumers on social networks, serving over 86,000 meals. The initiative is the first Social Food Truck in the world, exchanging meals for a share or a post on social media. At each stop, consumers can choose one of three meal options prepared with the Seara brand. In 2016 the initiative will also tour the streets of Rio de Janeiro and will offer unique signature dishes by renowned chefs, the first among them Chef Carlos Bertolazzi.



## Organic Growth

In 2015, JBS Foods announced investments of R\$1.1 billion in its facilities located in Mato Grosso do Sul, in order to increase poultry and pork production. The funds are intended for the construction of a new pork slaughterhouse and processing plant, and the renovation of a turkey processing plant. The start of operations at both units should take place by 2018.

## Seara

The year 2015 was important for Seara, as it further consolidated its brand in the domestic market. It reached more than 3.5 million new consumer households, grew market share in several categories and was present in the media for all 12 months of the year, with innovative and

unforgettable campaigns, including one nominated for a Caboré advertiser of the year award in 2015. The preference for the brand has doubled over the previous year. It was also the brand with the highest increase in brand value, according to a study by Istoé Dinheiro magazine.

The growth of the Seara brand is reflected in consumer surveys. In a poll conducted in August 2015 by Datafolha, Seara was ranked first in the category of Brand Recall from TV Advertisements. It also ranked first in Brand Preference from TV Advertisements.



## JBS MERCOSUL

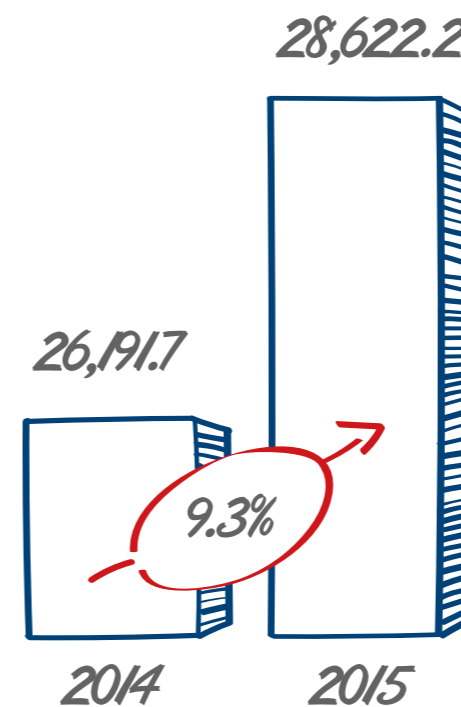
JBS Mercosul brings together the beef, leather and related business (new business) operations in the Mercosul countries (Brazil, Argentina, Paraguay and Uruguay).

In 2015, **JBS Mercosul's** net revenue was R\$28.6 billion, 9.3% higher than recorded in 2014. The segment's EBITDA was R\$2.3 billion, stable compared to 2014, with an EBITDA margin of 8.1%. The year was marked by two distinct sets of circumstances: a challenging first half, in which the domestic market showed a lower supply of cattle, requiring JBS to adjust its operations. Over the course of the year, there was a 1.1 million (or 11.7%) reduction in the number of animals processed, given the high cattle prices and poor availability. This scenario was offset by the increase in average prices.

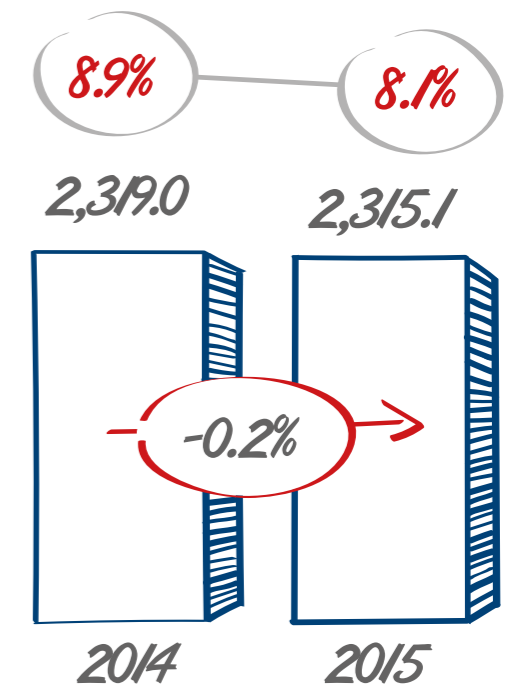
JBS Mercosul has strong focus on exports, which meant that its activities in this period were also affected by the turmoil in international economies, mainly the strong devaluation of the Russian currency (ruble), causing declines in the markets purchasing Brazilian beef. The second half presented a different set of circumstances: international markets were adjusting, which benefited the Company's exports. There was an increase in prices, while volumes remained stable. The segment was also favored by the removal of export barriers against Brazilian beef to China, which is an important export market for this protein. Nine Brazilian beef processing plants were authorized for the sale of beef to China. Of these, five belonged to JBS Beef. **GRI G4-13**

## JBS MERCOSUL (R\$)

Net Revenue (R\$ million)



EBITDA (R\$ million) and % EBITDA





## Operations

# BRAZIL

# 42

**cattle processing plants** located in the major farming regions of Brazil

# 33

**distribution centers**



Capacity to process approximately

# 12

**laboratories**



# 37,100

**head per day**

# ARGENTINA

## Beef processing and industrialization concentrated in Rosário unit, recently enlarged.

Previously, these operations were divided among four cattle processing plants. Concentrating them in a single location provided efficiency gains.

**The processing plants that were out of operation in 2015 were maintained by JBS and are expected to gradually resume operations** in the coming years, as the restrictions on exports from that country decrease. **GRI G4-13**

Average of

# 2,000

**cattle slaughtered** per day



**Focus on the local market:** 70% of the production is for the domestic market

# PARAGUAY

Operation divided among two units, in the cities of Asunción and San Antonio

Capacity to process

# 1,600

**cattle**

daily, with products geared mainly for the export market.

# URUGUAY

A processing unit in Canelones

Capacity to process

# 900

**cattle**

per day, supplying the domestic and foreign markets.



## Innovative Product Launch

In 2015, JBS Beef in Brazil entered the industrialized foodstuffs category, with dozens of products divided into three categories: frozen foods, canned foods and food pouches, all distributed through retail, wholesale and food service channels.

- **Frozen foods:** Products frozen using the individually quick frozen (IQF) process, enabling consumers to prepare only the necessary portion. These products include hamburgers, kibbeh and meatballs.
- **Canned foods:** Products brought to high temperatures, eliminating microorganisms, with the denaturation of the enzymes responsible for the deterioration of food, while maintaining organoleptic properties such as appearance and flavor, as well as all the nutritional content of the food. Among the products are canned beef, ham, bean stew, sausages, meatballs, paté and beans.
- **Food pouches:** Manufacturing process similar to canning. This line includes vegetables salads (including a version with chicken), beans, boiled beef strips or cubes, beef and cassava, cooked skirt steak and shredded beef.

## Friboi

Friboi is JBS Mercosul's main brand. In 2015, the brand achieved significant progress in terms of consumer evaluation. It grew by nine percentage points in awareness, ten in consideration and nine in preference.



Since 2013, the Company has been developing comprehensive communications to show how its product differs from the competition because of the good origins of the raw material. With the campaign "Ask for Friboi. Beef you can trust has a name," the Company has communicated this benefit, de-commoditizing cuts of fresh beef offered to clients and consumers. Since the launch of the campaign, Friboi's average price increased by five percentage points over the market average.

## New Factory in Paraguay **GRI G4-13**

In 2015, construction began on a new cattle processing plant in Paraguay. Given that JBS's history of growth has come through acquisitions, the Paraguayan plant is a milestone because it is the first to be built entirely by the Company. With investments of US\$80 million, it will be a model unit, bringing together the latest in terms of technology and processes. It will have the capacity to process 1,200 cattle per day and generate approximately one thousand direct jobs, and three thousand jobs in total.

The new plant will join the two already in operation in the country, which now has about 85% of its beef production destined for export. JBS sees a propitious environment for expanding its operations in Paraguay. Herd numbers are growing, but the internal processing capacity is still small.

## JBS LEATHER

Produces wet blue, semi-finished and finished leather for the automotive, furniture, footwear and craft sectors. It is a global player in the segment, with products sold to various markets around the world and factories in Brazil, Argentina, Uruguay, Vietnam, China, Mexico, Italy and Germany. Of these units, the one in Italy - focused on the production of high quality leather, directed at the footwear industry - was acquired in 2015. Also highlighted in the period was the tannery in Vietnam. Acquired last year, it had its facilities restructured, under the operations consolidation process.

The synergy of leather production with other activities performed by the companies in the JBS group allows the Company to have privileged

access to raw materials, working near the world's major commercial herds. With production and distribution platforms in the major consumer markets, JBS Leather is an attractive option for companies that need high production capacity, quality, delivery guarantees and the strength necessary for lasting partnerships.

**JBS is the world's largest leather producer. In 2015, it produced 10 million hides through its 26 factories spread across three continents, serving the automotive, furniture and footwear and handicrafts markets worldwide.**

## JBS NEW / RELATED BUSINESS

### GRI G4-13

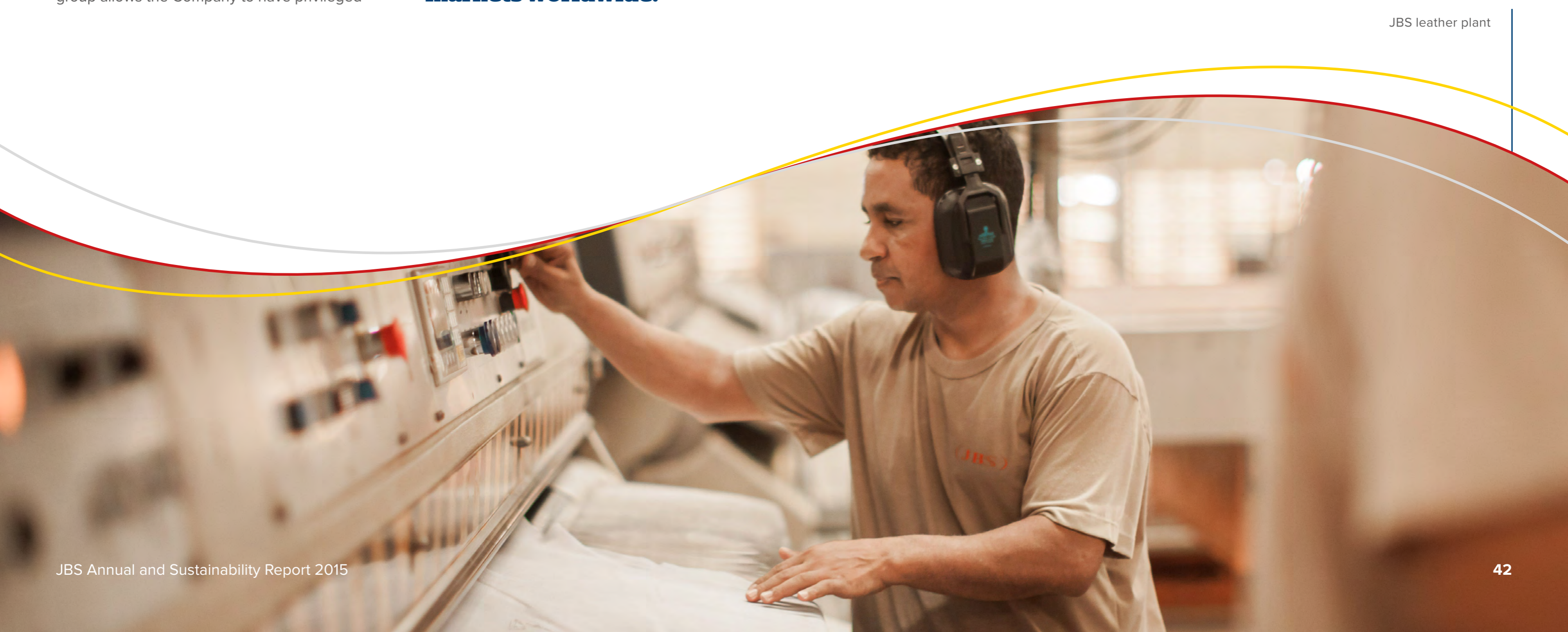
Products such as leather, collagen, soap and biodiesel, which are derived from the handling and production of animal protein, have become business opportunities for JBS. The Company has a specific division to develop and implement businesses such as these. There are eight business areas, which are focused on exploring synergies with other segments of JBS.

In 2015, the JBS New Business division also began to process fetal serum, intended for stem cell culture media. JBS invested R\$7 million to build a dedicated laboratory for this purpose in Campo Grande (MS), with a production capacity of 110,000 liters of serum/year. The product,

which is exported, is intended for use in the pharmaceutical industry.

**JBS Environmental** – JBS Environmental is an industrial waste solutions company. It manages, treats and properly disposes of recyclable, non-recyclable and hazardous waste in a traceable manner, ensuring the certification of the disposed waste. Using the collected material, it manufactures tarpaulins, plastic bags, garbage bags, and customized HDPE and LDPE resins, based on the needs of the client. All garbage bags used at the JBS units in Brazil, for example, are made from recycled resin produced by JBS Environmental using waste from JBS's own operations.

JBS leather plant



**JBS Biodiesel** – JBS Biodiesel is Brazil’s largest producer of biodiesel made from tallow. In 2015, it produced 170 million liters. JBS has two plants in Brazil, one in Lins (SP) and another in Campo Verde (MT), the latter having received investments of R\$15 million in 2015 to double its production capacity, from 48 million liters/year to 100 million liters/year. The Company is now working on development and certification of glycerin, a biodiesel byproduct to be sold to the construction industry and exported to Asia beginning in 2016.

**JBS Collagen** – A pioneer in the production of bovine collagen, JBS Collagen is currently the world’s largest collagen manufacturer. Collagen is used to impart texture on meat products and can also be used as an emulsifier and stabilizer in formulations, reducing the loss of water and fat during the preparation steps, as well as improving overall shelf life. JBS sells bovine collagen to the food industry in Brazil and exports to more than 30 countries around the world. In 2015, the unit launched NovaProm Food Ingredients, a plant with production capacity of 6,000 tons/year of collagen and 4,000 tons/year of functional ingredients for industrialized products. It also began selling a new line of hydrolyzed collagen, for the pharmaceutical and cosmetics industries.

JBS Collagen - quality control



**JBS Metal Packaging** – JBS Metal Packaging is a manufacturer of packaging for the food sector, with sales of 504 million cans for this purpose in 2015. Last year, the Company also started to produce aerosol cans. A total of R\$16 million was invested in this new line, which will have capacity to produce 70 million cans/year.

**JBS Beef Casings** – Produces and sells casings for the processed meat industry, for products such as salamis, sausages and hot dogs. With factories in Brazil and Paraguay, it is one of the world’s largest producers and suppliers of casings. The Company’s premium products are internationally recognized for their quality, supply capacity, the traceability of its products and the origins of the raw material.

**JBS Hygiene and Cleaning** – JBS Hygiene and Cleaning produces bar soaps, detergents, glycerin and soap base for the largest hygiene companies in Brazil and worldwide. It also manufactures raw materials for the soap industry. Its products are marketed by more than 50 companies across the country, and exported to customers in Nigeria, Cape Verde, Angola, Argentina, Colombia and Chile.

**JBS Transport** – JBS manages its own fleet of trucks in Brazil. The fleet is composed of more than 1,300 trucks transporting containers, livestock and refrigerated meats.

**JBS Trading** – JBS Trading was designed to meet the Company’s raw materials purchasing demands and complement the Food Service sales. JBS Trading sells a large volume of imported products such as vegetable oils and chemical products for the JBS Group and third parties globally. In 2015, it sold approximately 70,000 tons of products.

## Global leadership in the Related Business segments

- Pioneer in the bovine collagen production, currently the largest producer globally in this category.
- One of the largest producer and supplier of casings globally.
- Largest producer of biodiesel made from tallow.



## NORTH AMERICA

### JBS USA

JBS USA handles JBS's operations in North America and Australia. The Company has emerged as an important player in each of these markets, always ranked first or second among its competitors. Its operations are divided among the Beef, Pork and Poultry units.

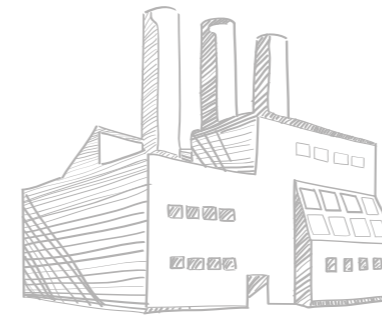
### JBS USA Beef

JBS USA Beef encompasses the cattle processing operations in the United States, Canada and Australia. Even though Australia belongs to the Asia-Pacific platform, its results are reported together with the operations of JBS USA Beef, due to the similarity between the businesses.

The unit has made ongoing investments to modernize its units, especially in terms of refrigeration capacity and distribution. In 2015, we invested approximately US\$225 million to build five distribution centers located in the cities of Cactus (Texas), Grand Island (Nebraska), Marshalltown (Iowa), Plainwell (Michigan) and Tolleson (Arizona). The Company also directed its efforts at increasing the production capacity of value-added items, investing approximately US\$70 million in the expansion of the unit in Hyrum (Utah), plus US\$50 million to purchase the prepared products unit at Riverside (California), a plant that also received a US\$27 million investment to purchase equipment. The goal is to further strengthen the unit's positioning in ready-to-eat products.

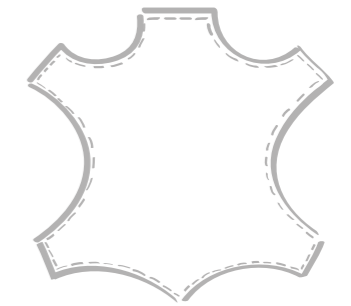
## Operations

# UNITED STATES



**9**  
industrial  
units,  
in 9 cities

**1**  
hides/  
leather



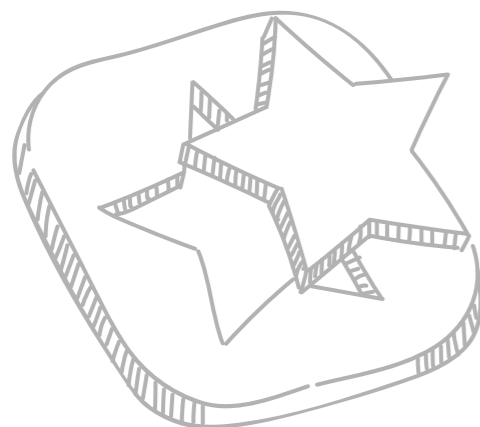
Processing  
capacity of

**26,900**  
cattle/day



**11**  
cattle  
feedlots

## Prominent position in the markets in which it operates



**LARGEST**  
food company in Australia

**2<sup>nd</sup>** largest food  
company in  
the US

**2<sup>nd</sup>** largest poultry  
producer in  
Mexico

The recovery in the US economy and the consequent reduction in unemployment in 2015 benefitted JBS's operations in the United States, through an increase in domestic consumption. However, operational performance was also affected by low cattle availability levels and high heifer retention rates, the appreciation of the US dollar and increased beef imports. However, this low cattle supply scenario is expected to improve beginning in mid-2016. The retention rates for herd growth have increased, which will result in a greater availability of animals in the coming years. In Australia, there was a gradual reduction in the number of animals processed



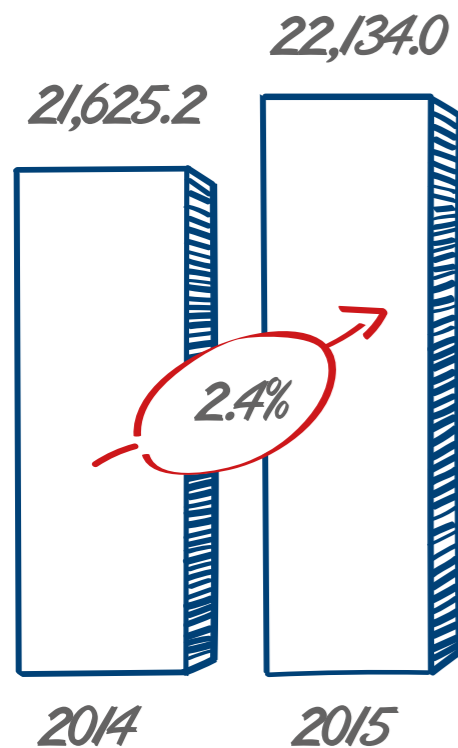
during the year and a consequent reduction in sales volume, combined with a reduction in the average price in US dollars.

Thus, the business unit's net revenue totaled US\$22.1 billion in 2015, up 2.4% over 2014. EBITDA totaled US\$586.7 million, down 36.0% from the previous year, with an EBITDA margin of 2.7%.

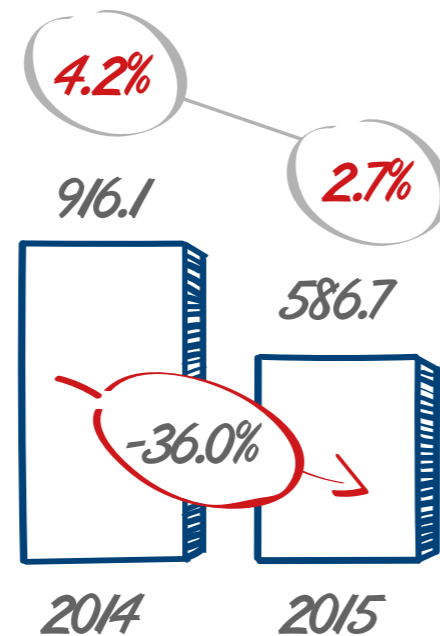
Both the US and Australian operations will have their exports boosted by the implementation of the Trans-Pacific Partnership (TPP), signed in early 2016. This initiative will gradually reduce tariffs and barriers between 12 countries, including some from Asia, which is a major consumer market for animal protein.

## JBS USA BEEF (US\$)

Net Revenue (US\$ million)



EBITDA (R\$ million) and % EBITDA



## JBS USA Pork

The acquisition of Cargill Pork was a major milestone for this business unit. Completed in October 2015, the deal provided JBS with facilities for processing pork prepared products, a specialty that JBS did not previously have in the US. With this, the Company began to include bacon in its portfolio of products, produced at a plant with a capacity of approximately 1,000 tons per week.

## Operations

**5** pork processing units

**5** feed mills

**2** genetics units

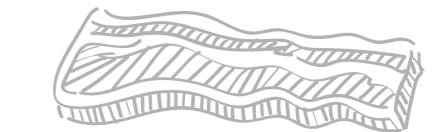
**3** consumer ready units

**89,500**

hogs processed each day

**1,700**

tons of prepared and value added products per week



**1,000**

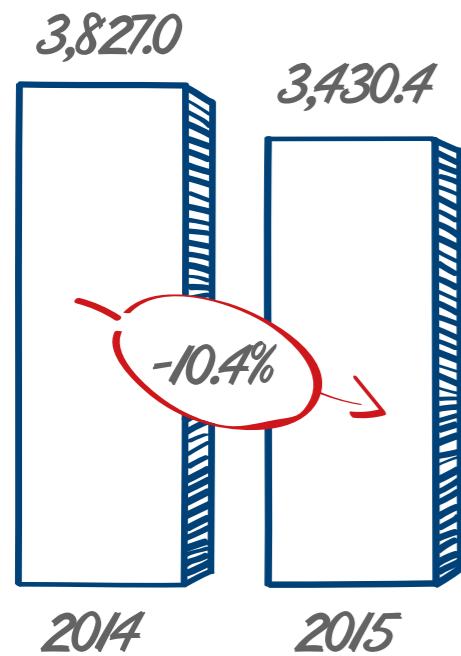
tons of bacon produced per week

The year 2015 was marked by an increase in the number of hogs available for slaughter and increased sales volume for pork, both domestically and through exports. Consequently, there was a decline in pork prices in both

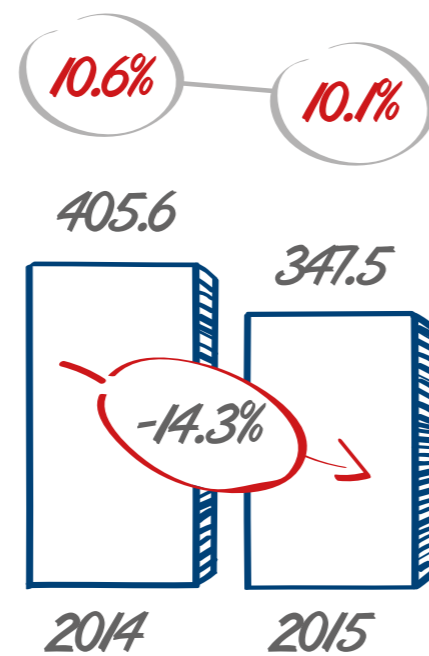
markets. The volume increase was mainly in exports to South Korea and Mexico. Thus, JBS USA Pork recorded net income of US\$3.4 billion in 2015, down 10.4% from 2014, due to the decline in pork prices in the period. EBITDA, in turn, totaled US\$347.5 million, down 14.3% from the previous year, with an EBITDA margin of 10.1%.

## JBS USA PORK (US\$)

Net Revenue (US\$ million)



EBITDA (US\$ million) and % EBITDA



## JBS USA Poultry (PPC)

In this division, the operations are conducted by the Pilgrim's Pride Corporation, a poultry production and processing company that also handles the marketing and distribution of frozen and fresh chicken products. PPC is listed on the NASDAQ exchange under the ticker PPC-US. Headquartered in the United States – where it is the second largest producer, with 29 processing units – it also has operations in Puerto Rico and Mexico, where it is the second largest producer

of poultry, with six plants. Alongside this structure - whose daily processing capacity is 7.1 million birds – there are 42 hatcheries distributed in the three countries, nine plants for industrialized products, 36 feed mills, and 10 protein conversion units.

**One out of every five chickens consumed in the United States is from Pilgrim's.**

This result reflects the strategy to diversify both the product portfolio and the distribution structure.

**Pilgrim's clients and consumers find products ranging from fresh and frozen chicken to options that are prepared and ready-to-eat. There are also products segmented based on the size of the birds.**

With regard to distribution, the Company has a structure of dealers and distributors covering the entire US territory, as well as dedicated export teams.

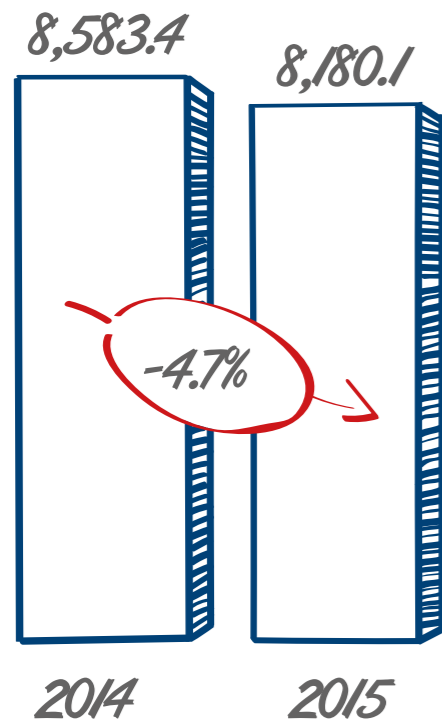
The year 2015 was marked by a consolidation of operations, augmented by the purchase in the previous year of the Mexican assets of US company Tyson Foods. This operation increased significantly PPC's size in that country, increasing the market share, which placed the Company among the leaders in the poultry segment.

The implementation and execution of PPC's business model, focused on the diversification of the product portfolio and sales channels, has allowed Pilgrim's to deliver more solid and consistent results. The company has presented a favorable performance, with net sales of US\$8.18 billion in 2015, down 4.7% from 2014. EBITDA reached US\$1.21 billion, with a margin of 14.8%, and net income for the year of US\$645.9 million, down 9.2% from 2014. Free cash flow, in turn, was US\$442.1 million. Meanwhile, leverage (net debt/EBITDA) stood at 0.49x at the end of the period.



## JBS USA POULTRY – PPC (US\$)

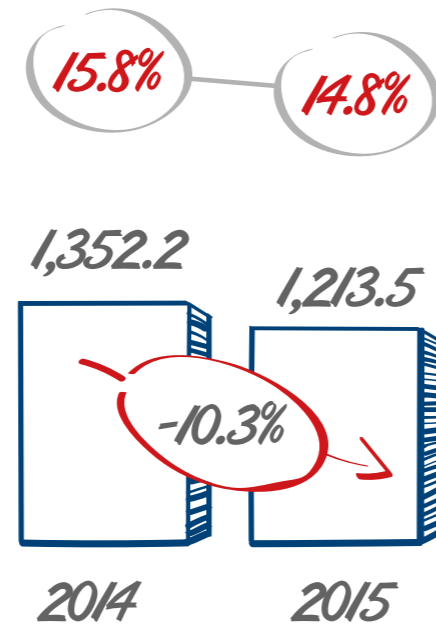
Net Revenue (US\$ million)



The period featured the lowest level of poultry prices in the last five years, which impacted the big bird operations in the US and PPC's operations in Mexico. On the other hand, the ready-to-eat meals and small bird operations continue to operate with strong results. Despite these adverse conditions, Pilgrim's earned superior results when compared to previous periods with the same price levels.

Two pillars sustain this performance: the ongoing improvement of the management of the business and the diversification of the product portfolio. Since it was acquired in 2010, the strategy adopted has been to expand and balance the portfolio, including value-added products such as ready-to-eat and frozen meals. This characteristic

EBITDA (US\$ million) and % EBITDA



differentiates the Company from its competitors, who focus their operations in only a few lines of business. Given the results achieved by Pilgrim's Pride, this combination has proven to be the correct one.

For the year 2016, the Company has identified US\$185.0 million in operational improvements, which will contribute to increasing the efficiency and profitability of our operations. It will also allow for new investments to be made to meet the needs of key customers, expanding the portfolio of prepared products.

## ASIA-PACIFIC

JBS has beef, lamb and mutton operations in this region, as well as being the owner of Primo Smallgoods, the leader in processed products, such as ham, sausage and bacon, in Australia and New Zealand.

Primo has 55 years of experience and distinguishes itself by being the only company in the markets in which it operates to own and operate slaughterhouses, processing plants, distribution centers and retail stores. By controlling each of these steps, which are critical to the production process, Primo ensures the highest level of quality control in the industry.



### Leader in processed products, such as ham, sausage and bacon, in Australia and New Zealand

**11,678**  
employees

**20**  
production units

**7**  
distribution centers

**37**  
retail stores

It owns traditional, widely-recognized brands, such as Primo Smallgoods, Hans, Beehive, Hunter Valley Meats and Primo Quality Meats. The Company is focused on offering a diverse portfolio of high value-added products, developed through investments in research and development. These principles also allow the Company to fulfill its commitment to offer differentiated and healthy options to consumers. For example, none of its products contain gluten in their formulations.

The purchase of the Primo Smallgoods Group was announced in late 2014 and completed in March 2015, for a total of AU\$1.45 billion, equivalent to US\$1.125 billion. It was merged into JBS's operations in Australia, and the financial results of this division are disclosed together with JBS USA Beef.

Twenty production units are maintained in Australia and New Zealand, respectively, which guarantee the Company a daily processing capacity of 9,400 cattle, plus six feedlots that support the industrial activity. Furthermore, JBS operates in the Australian sheep market, with five plants and a processing capacity of 21,600 animals per day, as well as a feedlot. This segment was also affected by low availability of livestock. In 2015, the units began using robotic production systems. With more modern plants, and with the prospect of an increased supply of sheep in 2016, with more competitive prices, the Company expects an increase in its exports.

The Australian operations benefited from a Free Trade Agreement that was signed between Australia and China.

### Robotics and technology

In 2015, JBS Australia bid to take control of the New Zealand company Scott Technology. The company operates in the areas of robotics and technology in various industries, including the meat industry. It also participated in the modernization of the lamb and mutton processing plant that JBS runs in Australia. The amount involved in the transaction was US\$42 million. The deal consisted of the acquisition of 50.1% of the Company's shares.

## EUROPE

### JBS EUROPE

In this division, the business is managed by Moy Park Holdings Europe Ltd., a company acquired by JBS in September 2015. Based in Northern Ireland – where it is the largest private company – it has 13 processing and manufacturing units spread across England, Ireland, France and the Netherlands, as well as Northern Ireland. It has more than 12,000 employees, with a daily capacity to process approximately 750,000 birds and to produce approximately 17,000 tons of processed foods per month.

It operates in the segments of fresh meat and value-added products, such as ready-to-eat meals, pre-cooked meals, breaded and frozen meats, as well as vegetarian dishes and desserts. The Company is attentive to consumer trends and it pioneered the adoption of the free range production system, in which the birds are raised freely in the field, as well as the development of an organic poultry production system. It was also the first to launch prepared and ready-to-eat vegetarian products. The Company is always committed to monitoring consumer habits and developing products that meet consumer expectations.



## In the kitchen

To inspire people to cook and create recipes with the wide range of Moy Park chicken products, the company created the “In the kitchen” portal, which regularly presents new recipes with step-by-step instructions. Chef Aaron, a renowned professional in the United Kingdom, creates the dishes and teaches how to prepare them. Portal users can also share their favorite recipes. Learn more about the initiative at [www.moyparkchicken.com](http://www.moyparkchicken.com)







**Under the brands Moy Park, O'Kane, Castle Lea, Kitchen Range Foods and Albert van Zoonen, JBS Europe supplies products to major restaurant and retail chains in the United Kingdom and Continental Europe. The Company also has a strong presence in the private label segment, producing food to be sold by the major retail chains under their own brands.**

For this, the Product Development team collaborates closely with customers, in order to identify new opportunities. Each year, the team has more than 300 ideas for new products.

The Moy Park operations were impacted in 2015 by strong retail competition in the UK market and the appreciation of the pound against the euro, which impacted the sale of products in the European Union. Despite the challenges that have arisen over the course of 2015, Moy Park reached an unprecedented production of five million birds per week. This figure represents an increase of 60% over the last six years. This record production level reflects the work that is constantly done in partnership with farmers, providing support so that they can operate in adherence to the highest animal welfare and biosecurity standards, while making investments in operations. A total of

£20 million was allocated for modernization and increased production capacity at the unit located in Dungannon, Northern Ireland, along with £10 million to expand the hatchery and processing center, located in Ashbourne, England. Investments totaling £4 million were also made in the expansion of convenience products at the processing plant located in Craigavon, Northern Ireland.

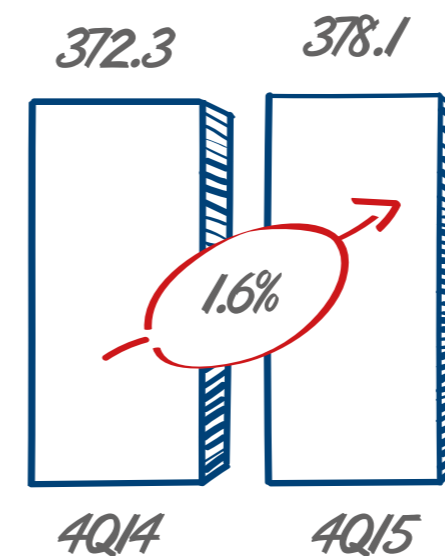
JBS Europe's strategy is focused on delivering high quality products and it is dedicated to exceeding customer expectations, which has resulted in sales growth and consistent results. In the last quarter of 2015, JBS Europe had net revenue of £378.1 million, up 1.6% over the same period in 2014, reflecting the 9.7% increase in sales volume in the domestic

market, partially offset the strengthening of the pound against the euro in the period. EBITDA totaled £30.0 million in the quarter, down 3.0% from the same period last year, with an EBITDA margin of 7.9%.

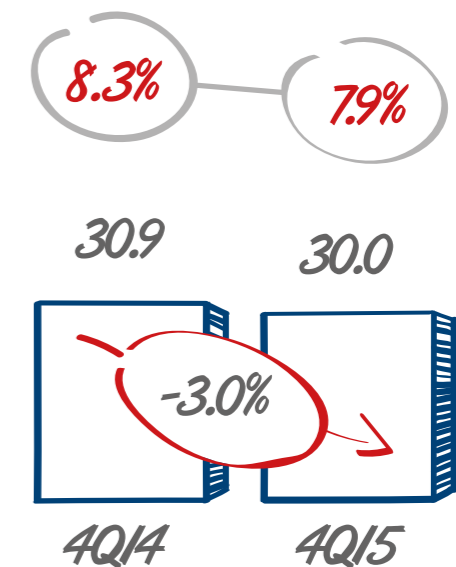
Moy Park's production is guided by the highest standards of animal welfare and biosecurity. It maintains a close relationship with its supplier network, consisting of more than 800 poultry growers in the United Kingdom and Northern Ireland, which allows it to control quality and ensure the traceability of raw materials through all stages of production.

## JBS EUROPE – MOY PARK (£)<sup>1</sup>

Net Revenue (million)



EBITDA (million) and % EBITDA



<sup>1</sup> Consider the 4<sup>th</sup> quarter results only

7

# FINANCIAL PERFORMANCE



## SCENARIO

According to the UN's report entitled *World Economic Situation and Prospects 2016*, the global economy grew 2.4% in 2015. Developed countries led this growth, unlike in previous years, when developing countries - and China in particular, with its large demand for commodities - dictated the pace of growth.

The trends in the United States were similar to the global average, according to the Bureau of Economic Analysis. The 2.4% growth in GDP in 2015 was the same as the previous year, reflecting the maintenance of consumer spending in the domestic economy.

In relation to proteins, there has been a gradual recovery in the cattle herd in the US, which will contribute to a reduction in live cattle prices. With regard to poultry, 2015 was a more challenging year due to the bird flu cases registered in the country, which resulted in the imposition of embargoes (total and partial) against exports. Given the increased product supply in the domestic market, there was pressure on prices, impacting margins. With regard to pork, slaughter levels remained slightly above the historical average throughout the year, and in the second half there was an increase in exports, mainly to China, which contributed positively to the industry.

The Brazilian economy, in turn, suffered a 3.8% decline in the period, according to the Brazilian Institute of Geography and Statistics (IBGE),

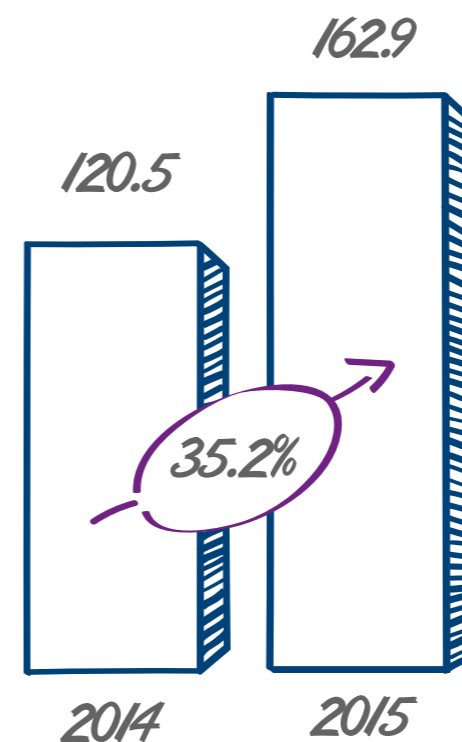
the largest fall since 1996. Meanwhile, inflation is expected to reach 10.8%, according to the Central Bank. Food and beverages are expected to exceed this average, reaching 12.9%.



In the proteins sector, there was a 3% increase in the price of cattle in Brazil. In terms of exports, beef experienced a weaker performance, down 12.1% from 2014. In terms of revenue, exports grew 13.9% in reais, mainly due to the devaluation of the currency against the US dollar. In relation to poultry, production reached 13.1 million tons in 2015, according to the Brazilian Association of Animal Protein (ABPA), establishing Brazil as the second largest producer worldwide. Per capita consumption increased 1.1%, and exports grew in volume and revenue, at rates of 6.6% and 28.0%, respectively. Meanwhile, frozen and prepared products are gaining more market share among the foods consumed by Brazilians. According to a report by the O Globo news agency, consumers have opted for cheaper items and prioritized meals at home, rather than outside the home. These new habits are triggering an increased demand for prepared and frozen foods.

## NET REVENUE

In 2015, JBS's consolidated net revenue totaled R\$162,914.5 million, an increase of R\$42,444.8 million, up 35.2% over 2014.



Approximately 70% of JBS's global sales occurred in the domestic markets in which the Company operates and 30% came through exports.

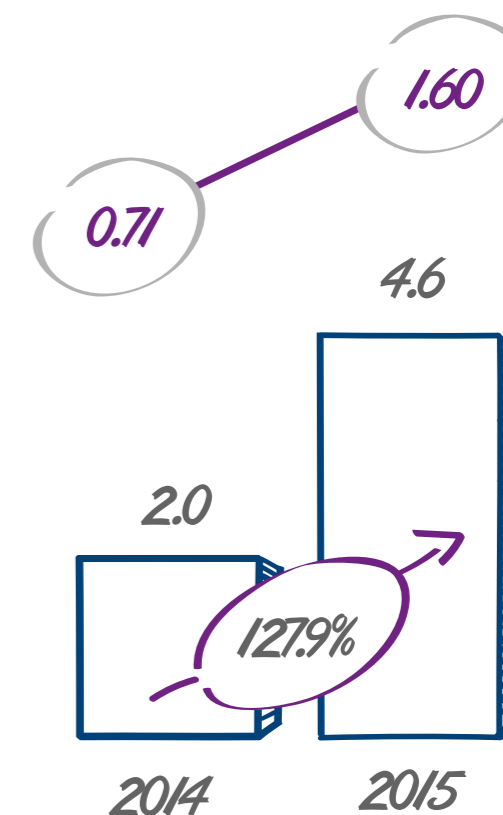
Net Revenue by business unit	(% share)
JBS USA Beef	45.5%
JBS USA Pork	7.2%
JBS USA Poultry	16.8%
JBS Mercosul	17.7%
JBS Foods	11.5%
JBS Europe*	1.4%

\*Based solely on 4Q15

## PROFIT

In 2015, the Company recorded net income of R\$4,640.1 million, equivalent to earnings per share (EPS) of R\$1.60.

### CONSOLIDATED NET INCOME



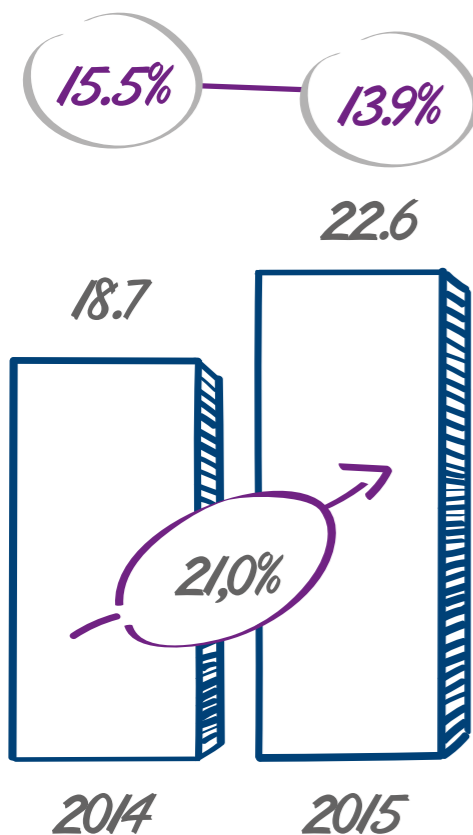
— Earnings per share (R\$)



## Consolidated Gross Profit

Gross profit for the period totaled R\$22.6 billion, up 21.0% over 2014. The gross margin, in turn, fell by 1.6 percentage points.

### CONSOLIDATED GROSS PROFIT (R\$ BILLION)

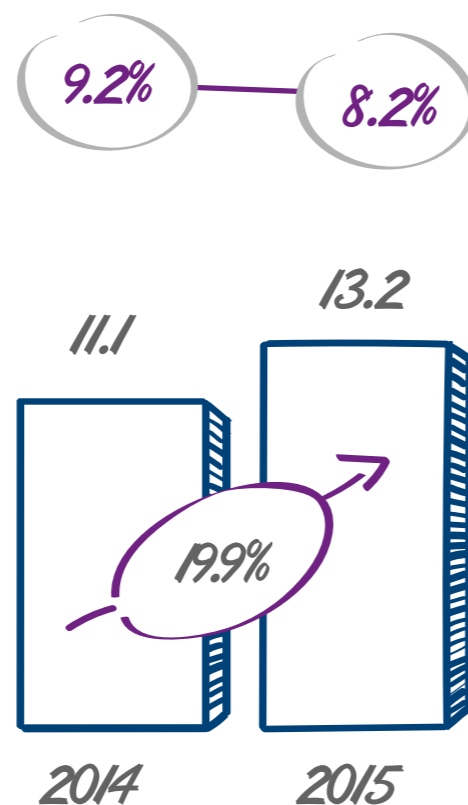


— Gross Margin (%)

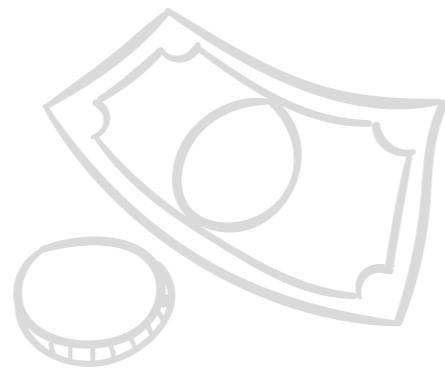


## EBITDA

Adjusted EBITDA totaled R\$13.3 billion, up 19.9% over 2014. The EBITDA margin was 8.2%.



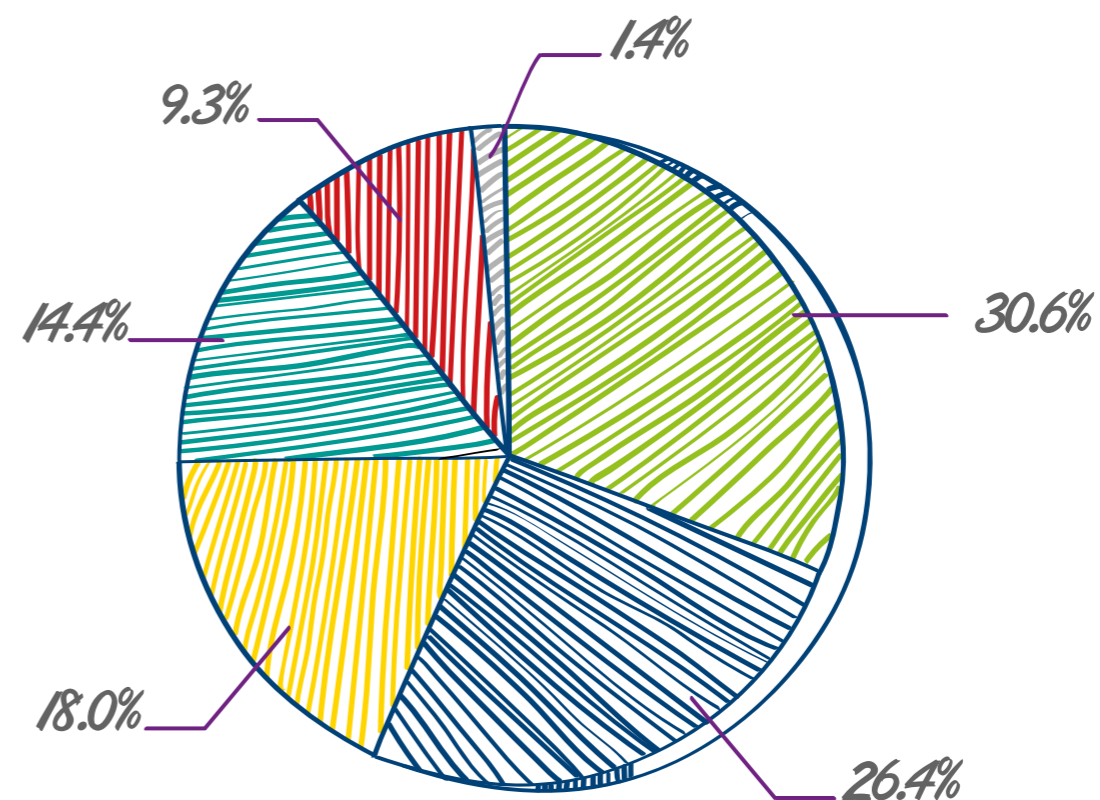
— EBITDA Margin (%)



### R\$ million

	2015	2014	Chg. %
Net income for the fiscal year (including minority interest)	5,128.60	2,406.40	113.10%
Net financial result	1,300.60	3,637.60	- 64.2%
Income tax and social contribution - current and deferred	2,750.00	1,785.40	54.00%
Depreciation and amortization	3,692.80	2,546.80	45.00%
Equity income	-58.9	-26.1	125.80%
Restructuring, reorganization, donations and indemnity	487.2	745.5	-34.60%
Early settlement by premium paid by JBS USA	0	-5.6	-
<b>(=) Adjusted EBITDA</b>	<b>13,300.40</b>	<b>11,090.00</b>	<b>19.90%</b>

### EBITDA BY BUSINESS UNIT (% SHARE)

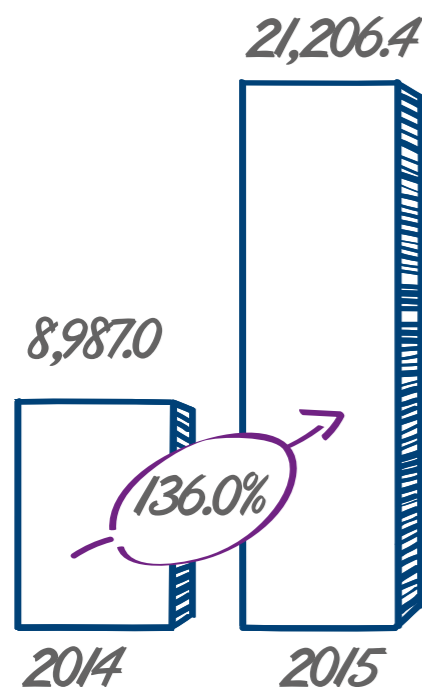


\*Based solely on 4Q15

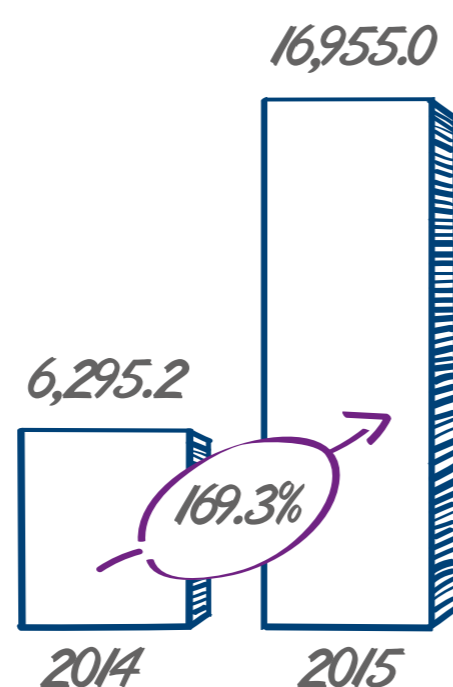
## CASH FLOW

The Company generated R\$21,206.4 million in cash from operating activities in 2015. Free cash flow before the acquisitions of Tyson Mexico, Primo Group, Moy Park and Cargill Pork was R\$17.0 billion in 2015, up 169.3% over 2014.

### OPERATING CASH FLOW (R\$ MILLION)



### FREE CASH FLOW EX-ACQUISITIONS (R\$ MILLION)

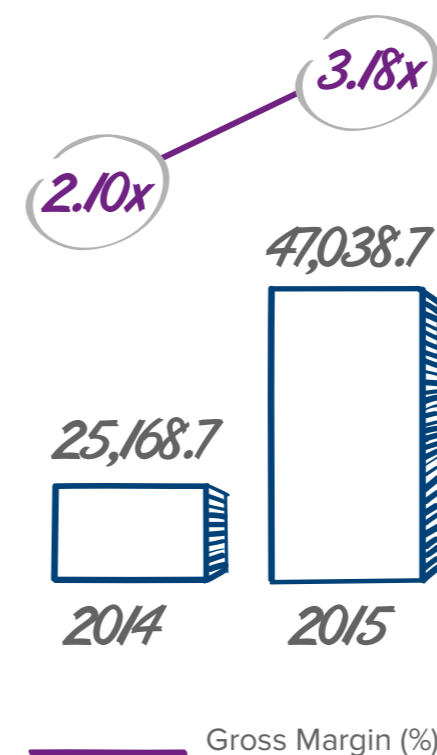


## DEBT

JBS ended the year with net debt of R\$47,038.7 million and leverage of 3.18x. Including the pro forma results of the recent acquisitions, leverage was 2.91x. In dollar terms, the debt ranged from US\$9,475.5 million to US\$12,046.4 million.

R\$ million	2014	2015	% Chg.
Gross Debt	40,079.10	65,882.70	64.4
(+) Short-term	13,687.00	20,906.60	52.7
(+) Long-term	26,392.20	44,976.10	70.4
(-) Cash	14,910.40	18,844.00	26.4
Net debt	25,168.70	47,038.70	86.9
Net debt/EBITDA	2.1x	3.18x	

## NET DEBT (R\$ MILLION) AND LEVERAGE



## Debt profile

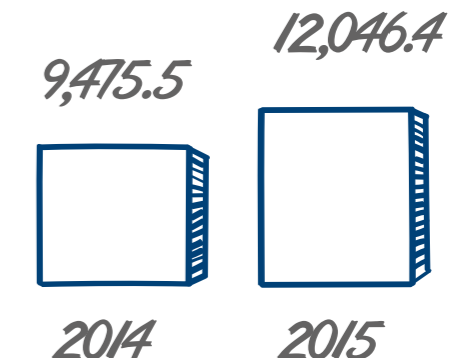
At the end of the year, 68% of JBS's debt had a long-term profile. The other 32% was short-term, essentially unchanged from 2014.

### ST/LT debt profile

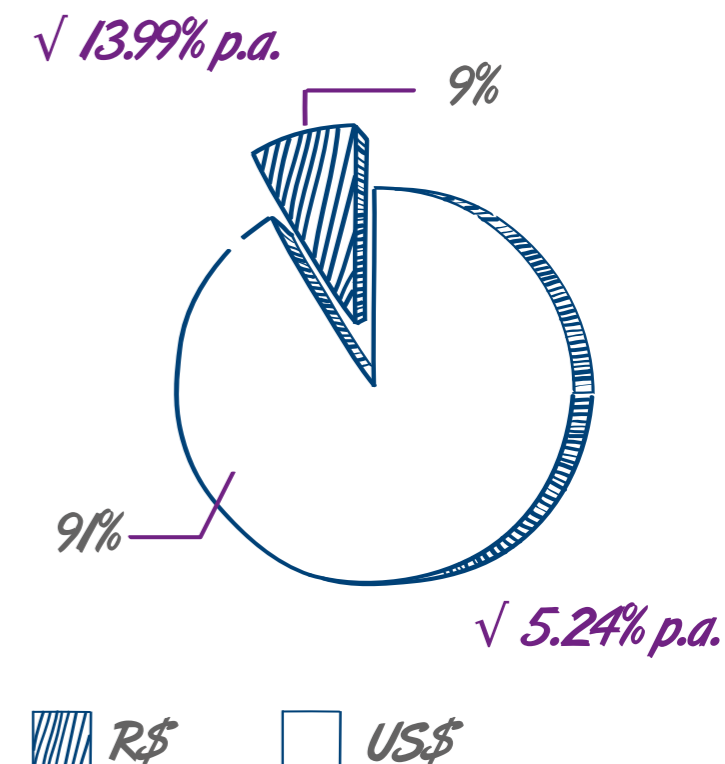
	Short-term	Long-term
2014	34%	66%
2015	32%	68%

With regard to the composition of the debt, 91% is denominated in US dollars, with an average cost of 5.24% per annum. The 9% of the debt in reais, in turn, has an average cost of 13.99% a year. Commercial banks are the main source of funding for the Company (56.3%).

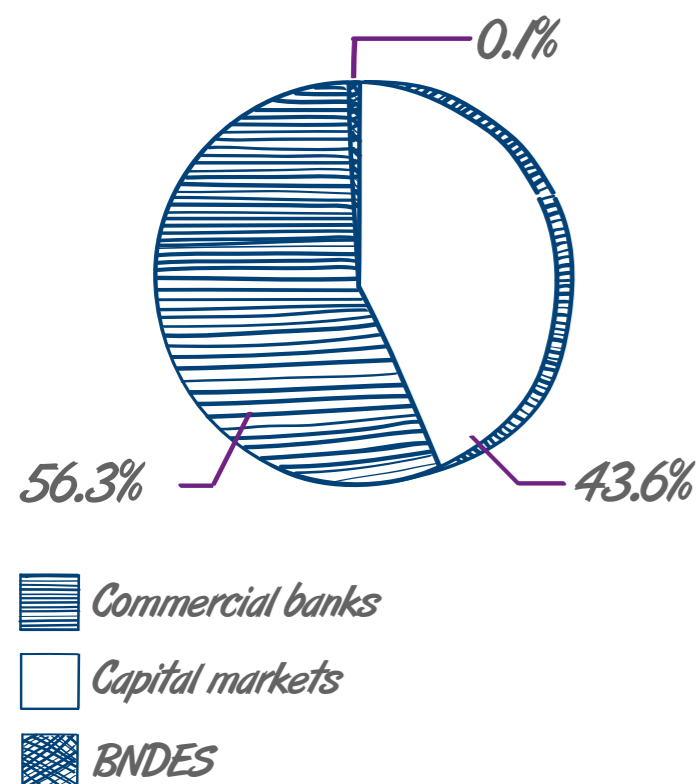
## NET DEBT IN US\$ (MILLION)



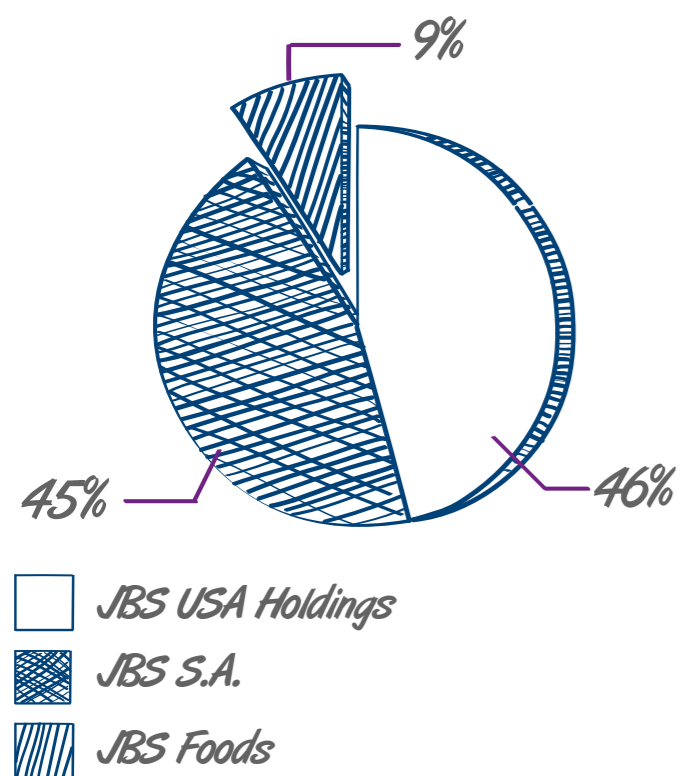
## CURRENCY AND COST BREAKDOWN



## SOURCE BREAKDOWN



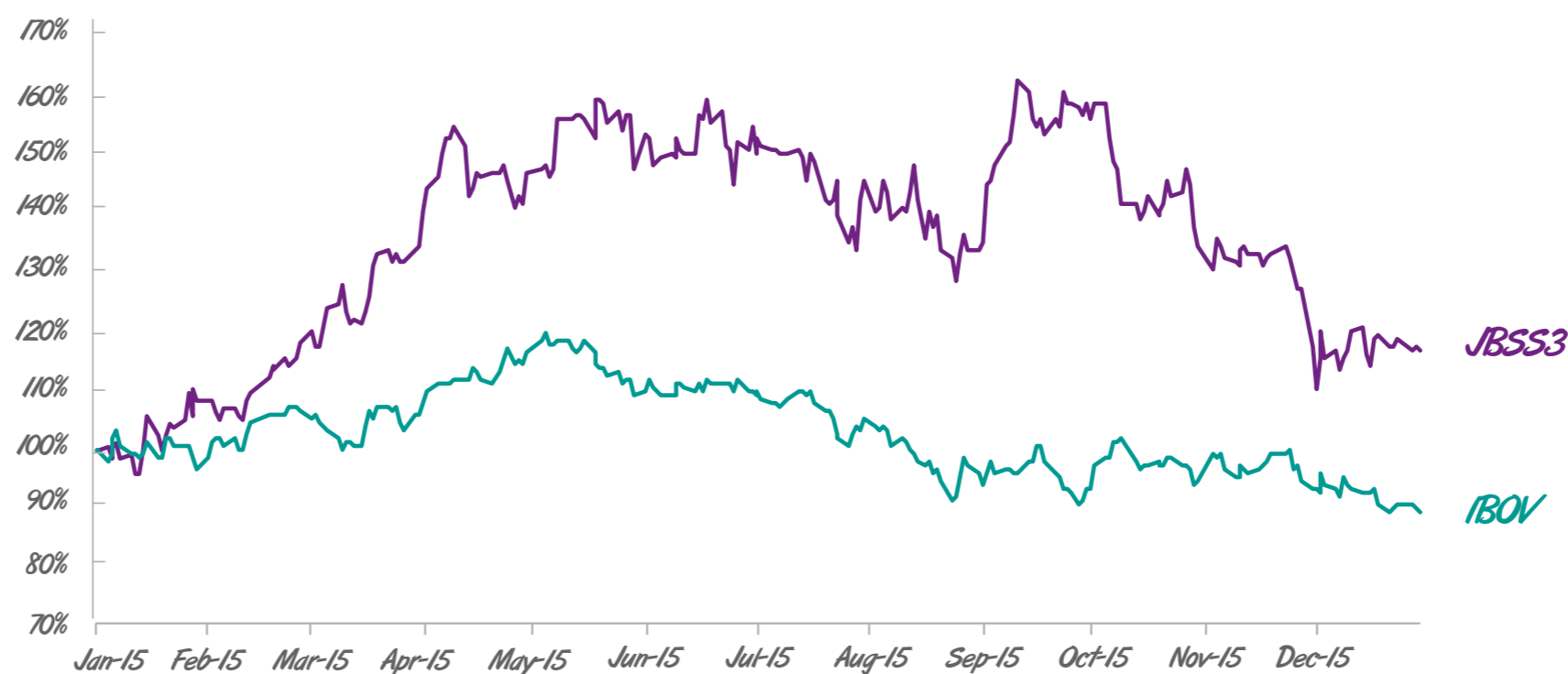
## COMPANY BREAKDOWN



## Value Added Statement (VAS) (R\$ '000)

<b>Personnel</b>	
Direct compensation	13,997,920
Benefits	2,487,582
FGTS	234,230
<b>TOTAL</b>	<b>16,719,732</b>
<b>Taxes and contributions</b>	
Federal	3,712,101
State	2,601,278
Municipal	25,117
<b>TOTAL</b>	<b>6,338,496</b>
<b>Third-party capital remuneration</b>	
Interest and exchange rate variations	21,001,386
Leasing	587,156
Other	695,325
<b>TOTAL</b>	<b>22,283,867</b>
<b>Equity compensation</b>	
Net income attributable to controlling shareholders	4,640,114
Non-controlling share in retained earnings	488,533
<b>TOTAL</b>	<b>5,128,647</b>
<b>TOTAL</b>	<b>50,470,742</b>

## JBSS3 SHARE AND IBOVESPA PERFORMANCE IN 2015



## CAPITAL MARKETS

Shares of JBS S/A, traded on the BM&FBovespa under the code JBSS3, ended 2015 quoted at R\$12.34, up 10.3% from the close of 2014.

The Company's shares also outperformed the Bovespa Index (Ibovespa), which fell 13.3% last year.

The Company's market value totaled R\$35.3 billion, placing it among the 15 companies with the highest market value on the Ibovespa, an index that includes its shares.

### Shareholders and Investor Services

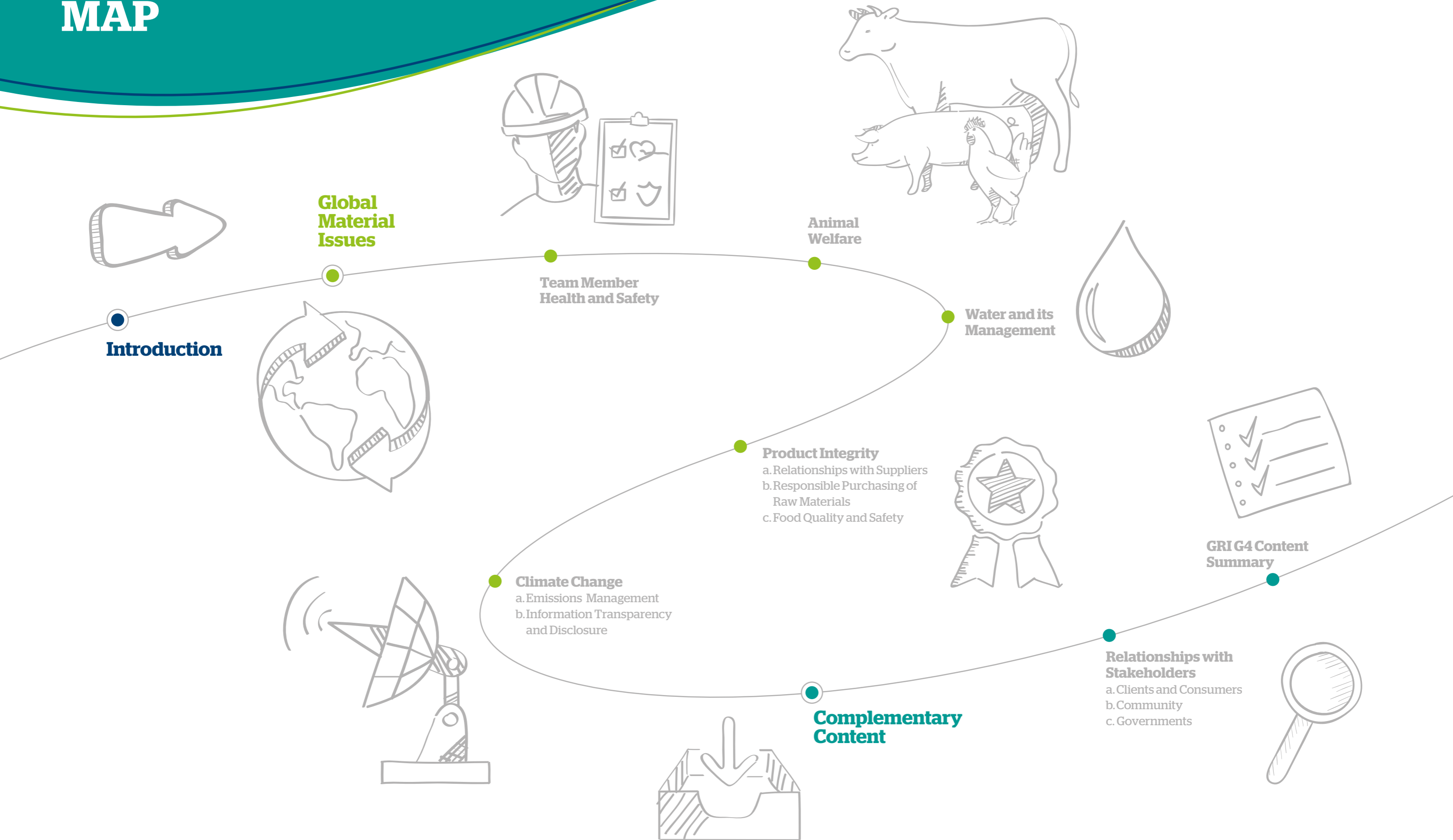
JBS has a specific area dedicated to serving its shareholders and investors. The area can be reached by e-mail [ir@jbs.com.br](mailto:ir@jbs.com.br). The information disclosed to the market, in turn, is available on the website [www.jbs.com.br/ir](http://www.jbs.com.br/ir).

# 8

# SUSTAINABILITY



# SUSTAINABILITY MAP





# INTRODUCTION

GRI G4-DMA

Each year, the concept of sustainability grows stronger at JBS, and it is being applied at various stages throughout the value chain. The purpose of sustainability at JBS is to ensure business continuity and contribute to the development of quality products and services, while also creating value for stakeholders through the promotion of social development and the reduction of environmental impacts.

To handle this issue, JBS has three executive boards that operate regionally. Located in Brazil, the United States and Northern Ireland, they are responsible for the Business Platforms of South America, North America - which also covers the operations of the Asia-Pacific Division - and Europe, respectively. Because it is a strategic business issue, the Company also has a Sustainability Committee ([see link](#)), which reports to the Board of Directors.

## Material Issues for a Sustainable Global Operation

GRI G4-18

Each regional sustainability board has the autonomy to define their strategies and direct their actions in accordance with the challenges and opportunities of the respective markets in which they operate. Moreover, in order to ensure a common approach that allows for synergies and best management practices, a global sustainability program is being adopted, defined based on the information extracted from the materiality matrix of each regional operation ([see link](#)). As a result, JBS has identified five strategic and material issues, given that they are fundamental for the success of the business and highly relevant to the Company's key stakeholders, in global terms. Within the main JBS value chains, the materiality issues are developed in different stages, based on corporate guidelines ([see link](#)).

## GLOBAL MATERIAL ISSUES GRI G4-19

- Team member health and safety
- Animal welfare
- Water
- Product integrity
- Climate change

The Company is also attentive to other important issues related to sustainability, such as energy, wastewater and solid waste, which are also covered in this report.

Throughout 2015, JBS made progress in defining its global sustainability strategies and also moved forward on important issues such as activities aimed at society and its dialogue and transparency with stakeholders. With ongoing participation in the discussions of the sectors in which it operates, the Company has maintained a strong local and global influence, contributing to the proposal of new agendas ([see link](#)), focused on sustainable production and the improvement of social and environmental governance in the global food industry.



# GLOBAL MATERIAL ISSUES

## TEAM MEMBER HEALTH AND SAFETY

### GRI G4-DMA

Team member health and safety is a priority issue for the JBS global business platforms. It covers training and good working conditions, including personal protective equipment, as well as safe facilities and machinery to carry out all operating procedures. In order to continually improve its industrial processes, JBS conducts mapping, analysis, monitoring and controls to eliminate or minimize the occurrence of incidents, aimed at improving its team member's quality of life, health and safety. The Company also utilizes ergonomics programs and provides quality of life initiatives to promote a positive work-life balance. **GRI G4-LA7**

As part of its efforts to continually improve, in 2015, **JBS Brazil** created a multidisciplinary group of team members and consultants, including safety engineers, ergonomists and attorneys, with the specific goal of inspecting the JBS units in Brazil to identify gaps related to team member health and safety. After each visit, a report is generated with corrective actions in order to ensure compliance with internal policies related to the issues and the relevant laws.

This initiative is in addition to several others that have already been inserted into the Company's work routines, such as the Health and Safety Management System, used to encourage team members to adopt best practices. This system is based on the Occupational Health and Safety Self-Management Program (PSSAG), which provides periodic training sessions, lectures, campaigns (such as the Internal Occupational Accident Prevention Week - SIPAT), programs and internal audits focused on health and accident prevention. The occupational health and safety indicators are monitored daily and analyzed periodically in order to evaluate the performance of each unit.

Investments in training and campaigns to promote occupational health and safety in 2015 resulted in a reduction in the number of accidents with time lost (see chart). Nevertheless, the Company laments the increase in the number of deaths, mainly due to the significant increase in accidents while in transit. For 2016, JBS restructured the health and safety area, in order to enhance training and reduce the number of accidents in its operations.

Team members of JBS (Brazil) also participate in the Internal Accident Prevention Commissions (CIPAs). In 2015, 135 CIPAs were established, with the participation of 766 team members. There is also the Safety Committee, made up of members of the senior management, which analyzes the health and safety indicators and all of the proposals for improvements suggested by team members. In 2015, more than R\$134 million was invested in Brazil in improvements aimed at the health and safety of team members.

### GRI G4-LA5

In Brazil, JBS has 166 agreements and protocols that address issues relating to health and safety of its team members, representing 89% of all agreements and protocols it has executed.

### GRI G4-LA8

At Moy Park (**JBS Europe**), health and safety are also priority issues. In the last three years, the Company improved performance on these fronts by 78%, with some of its units having accumulated over two million hours without incident. Results like these led Moy Park to be awarded the RoSPA Food and Drink Health & Safety Award.

**The awards from the Royal Society for the Prevention of the Accidents (RoSPA) have existed for almost 60 years and are widely recognized as the “Oscars” of health and safety throughout industry in the United Kingdom.**

In addition to this recognition, Moy Park also received, for the fourth time, the International Safety Award, conferred by the British Safety Council.

The importance of these issues for **JBS USA** led the Company to institute a Health and Safety Program in 2015 based on the culture of prevention and engagement, rather than the previous reactive approach, focused on lagging performance indicators. This change seeks to educate and engage the workforce in a culture of safety by identifying risks and correcting deficiencies before incidents occur. It also aims to raise awareness among leaders about their responsibilities in these processes.

Occupational Health and Safety <sup>1</sup> GRI G4-LA7, GRI G4-LA6		South America			North America <sup>3</sup>		Europe
		Brazil <sup>2</sup>	JBS USA	Pilgrim's	Australia	Canada	Moy Park
Accidents	Lost time	1,196	158	90	304	29	55
	Without lost time	1,226	799	532	292	258	212
	Number of total accidents	2,422	957	622	596	287	267
Injuries (frequency rate)	Lost time	5.65	0.64	0.31	22.00	1.44	2.55
	Without lost time (recordable rate)	5.78	n/a**	n/a**	n/a**	n/a**	9.86
	All injury frequency rate	n/a**	3.85	2,13	43.03	n/a**	n/a**
Days lost	Due to accidents	100,807	5,070	1,761	n/a**	700	695
	Rate of days lost (severity rate)	475.65	20.40	6.03	n/a**	34.73	32.32
Dart Rate*	Days away, restricted or job transfer rate	n/a**	2.43	1.20	n/a**	n/a**	n/a**
Fatalities	Typical accidents	4	0	1	0	0	0
	Commuting accidents	8	n/a**	n/a**	n/a**	n/a**	0
	Total	12	0	1	0	0	0

<sup>1</sup>The indicators of each business/region are calculated according to specific formulas according to each country legislation in place.

<sup>2</sup>Beef, Leather, JBS Foods and Related business

<sup>3</sup>Australia is considered in the North American platform

\*Not applicable in Brazil

\*\*n/a - not applicable

## Actions taken by the business areas in 2015

### BRAZIL

- **JBS Beef** features a Consequence Committee. Implemented at the units with high workplace accident rates, it is an initiative run by the Occupational Safety team to provide warnings about accident prevention and reinforce the duty of each team member to comply with Safety Regulations and preventive management. The Company also conducts behavioral audits, as part of its preventive initiatives, to detect deviations in procedures when conducting workplace activities.

- **JBS Leather** participated in the creation of a booklet with guidelines for Brazilian and foreign suppliers, to comply with NR-12, a regulation that specifies safety levels for machinery and equipment in the tanning industry. The booklet is an initiative from the federal government.
- **JBS Foods** includes a Daily Safety Dialogue (DDS) in its agenda. Every day, leaders meet with their teams to discuss pre-defined topics regarding this issue. It also organized seminars throughout the year on Occupational Health and Safety (OSH), which are used to disseminate guidelines for the management of these issues and present the Self-Management Safety Process (PSAG).

### EUROPE

- **Moy Park** invests in training and management in order to ensure that safety is part of the foundation of the Company's culture and values. In 2015, team members received on average more than 15 hours of training. Health and safety issues are already integrated into business decisions, which involve the workforce and encourage the role of leadership in order to identify and manage risks, as well as analyze performance.
- There are also working groups and seasonal campaigns to encourage collaboration and the exchange of experiences and best practices. One example of this is the 'Forklift Truck - and Heavy Goods Vehicle (HGV) - Safe Driver of the Year Competitions,' a competition among forklift and heavy vehicle operators, in which a number of skills are tested, recognizing a winner in each category.

### UNITED STATES

- **JBS USA** and **Pilgrim's** have safety management systems at all units, overseen by two teams: the health and safety team and the Executive Safety Team, which includes the CEO of JBS USA and the CEO of each business unit.
- At the **Pilgrim's** units, daily safety assessments are carried out and the DuPont Behavior Based Observation (BBS) process has also been adopted. Through BBS, each supervisor performs at least five safety evaluations inside his/her plant each week. Furthermore, a complete audit of the Safety Management System (SMS) is conducted annually. The Company follows the best management practices and industry guidelines, in line with the recommendations of institutions such as the North American Meat Institute, the National Chicken Council and National Pork Producers Association, among others. The Company has also adopted the DuPont Safety Training Observation Program (STOP).

## ANIMAL WELFARE

GRI G4-DMA, GRI FP9, FP10 e FP11

Due to the nature of JBS's operations, cattle, poultry (chickens and turkeys), sheep and hogs are the Company's most important raw materials. Ensuring the principles of animal welfare is therefore of paramount importance in the Company's daily routine and for the quality of the final product.

Animal handling and transport techniques, in addition to the processes adopted at both the business unit facilities and those of the suppliers, converge on ongoing technical improvements, while respecting the principles of animal welfare and the fundamental five animal freedoms:

1. Freedom from fear and stress;
2. Freedom from hunger and thirst;
3. Freedom from discomfort;
4. Freedom from pain and illnesses; and
5. Freedom to express normal behavior.

JBS Beef (Brazil) has developed animal welfare solutions through partnerships with universities and suppliers. In 2015, in coordination with Universidade Estadual Paulista (Unesp), JBS participated in an ongoing study to improve the animal desensitization process, which is the first stage of the slaughter process. Expected to be completed in 2016, the study aims to increase the efficiency of the stunning process, while respecting the principles of animal welfare.

With suppliers, JBS Beef has developed solutions, such as special trailers to transport animals. In 2015, we invested R\$20 million for the construction of these trailers, which have higher transport capacity and offer greater comfort for the animals, exposing them to less risk of injury and stress. They have two floors and the top floor can be accessed by elevator, instead of by traditional ramps.

These partnerships are parallel and complementary to the animal breeding routines that have been adopted, such as periodic programs involving internal audits, the verification of wellness items and team member training.

In JBS Foods, all of the poultry lines are developed based on the best breeding practices and are free of hormones, as required by law. In addition, the Company:

- Integrates the best practices in animal welfare into the production techniques on their farms and with their more than 10,000 integrated producers.
- Raises the birds in an air-conditioned environment with the best lighting, ventilation, temperature and hygiene. Processing units adhere to the requirements of specific markets, whether technical or religious, strictly following the principles of animal freedom.

- Trains all team members responsible for handling the animals during breeding, transport and slaughter in order to ensure that best practices are applied throughout the process.
- Adopts strict quality standards in order to meet the international standards required by customers in Europe, Asia, the Middle East, Oceania, Africa and the Americas, which are its export markets. These same requirements are in place for the production destined for consumers in Brazil.
- Holds representation on the technical staff of the *Global GAP's Livestock Technical Committee*, an internationally recognized group responsible for discussing and defining the animal welfare trends, requirements and parameters worldwide.

### JBS is featured in a global ranking of animal welfare

The practices adopted by JBS were prominently featured in the report published by the Business Benchmark on Farm Animal Welfare (BBFAW) consulting firm. The document, which identifies JBS as a benchmark on this issue, is published annually and assesses how 90 major food companies around the world manage their policies and animal welfare practices. The full study is available in English ([see link](#))



**At JBS Foods, all of the poultry lines are developed based on the best breeding practices and are free of hormones, as required by law.**

JBS USA's animal welfare approach adheres to the North American Meat Institute Foundation's Recommended Animal Handling Guidelines & Audit Guide. Efforts begin with the producer and pass through the remaining steps under the Company's responsibility.

At Pilgrim's Pride Corporation (JBS USA Poultry), care for the animals in the production process is in line with the animal welfare guidelines issued by the [National Chicken Council](#). To ensure the implementation of these principles, the Company has adopted, among other practices:

- Frequent inspections of its facilities;
- Annual training programs on animal welfare for all team members handling live birds; and
- Training for producers, who must follow strict biosecurity rules and adopt measures aimed at preventing diseases in the animals.

Pilgrim's chickens are exclusively fed natural ingredients. The company manufactures feed distributed to poultry growers. The feed mixture includes corn, soybeans and other grains, but does not use any type of growth hormone.

**JBS Five Rivers Cattle Feeding**, has veterinarians and nutritionists on staff that work closely with other professionals to ensure, through daily checks, the health and welfare of the animals. Training programs are also offered to guide team members on best animal management and welfare techniques.

The Company is a signatory to the *National Cattlemen's Beef Association's (NCBA) Beef Quality Assurance Program (BQA)*, and the units are audited annually by the *Texas Cattle Feeders Association (TCFA)*, which assesses a number of aspects, including the management system, herd management, animal health and nutrition, and team member training.

At **Moy Park (Europe)**, chicken producers are subject to a series of criteria established through initiatives such as [Red Tractor Assured](#), [ACP](#), [Bord Bia](#) and [Quality British Turkey](#). The Company works with more than 800 local producers and all of its purchases are based on a Supply Chain Safety policy. Suppliers must be approved by *Red Tractor* or show equivalent certification.

To ensure the highest animal welfare standards, Moy Park offers training to all team members, and is constantly evaluated by external audits and promotes the monitoring and tracking key performance indicators (KPIs) to measure the performance with regard to animal welfare. The KPIs are determined based on consultation with clients, establishing goals and objectives for the management of animal welfare.



**Certified Poultry**

The Seara DaGranja line, launched in 2015, is supplied by chickens raised by exclusive farms that, in addition to adhering to strict quality controls, used 100% vegetable feed, without the use of antibiotics or anticoccidials. Traceability is maintained throughout the production chain. Another feature of this line is the international animal welfare certification.

# WATER AND ITS MANAGEMENT

## GRI G4-DMA

Water is one of the most important inputs in the JBS production processes. It permeates all of the Company's other material issues, and it is part of the Company's environmental policy, corporate

guidelines and targets for reducing consumption in its plants. All the water used by the Company is collected and treated to ensure the quality necessary for the production process.

## Total water supply by source GRI G4-EN8

Water 2015 (thousand cubic meters)	Surface	Subterranean	Public Supply	Rainwater	Other Sources	Total Water Volume
JBS Global	47,898	54,963	57,989	71	106	161,027
	30%	34%	36%	0.1%	0.1%	

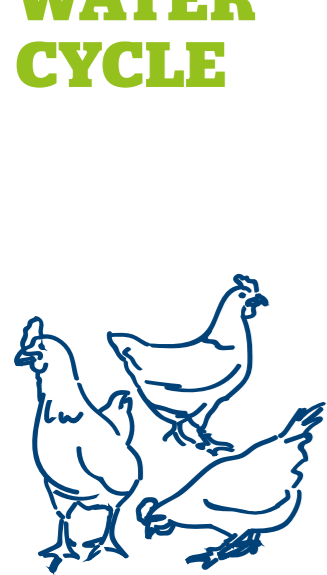
In 2015, **JBS Brazil** improved the processes related to this issue and established the Sustainable Water Management Program. The goal of the program is to achieve greater efficiency in the use of natural resources and reduce the risk of shortages at the industrial units. **GRI G4-EN8**

- Engage team members;
- Work with government officials and policy makers;
- Provide for the execution of projects beyond the Company's operational limits, including the supply chain in water resource recovery and preservation efforts; and
- Develop innovative solutions for water reuse.

The Program has a Committee that represents all the Company's business units in the country. Its duties include:

- Identify critical and priority units that are located in critical watersheds;
- Develop projects, defining investment allocation and establishing reduction targets for water consumption in the production processes;

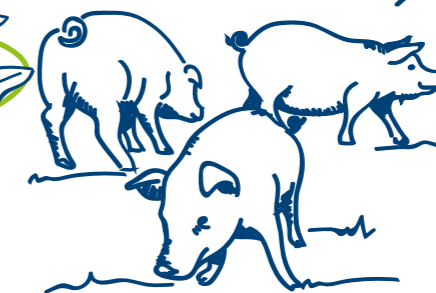
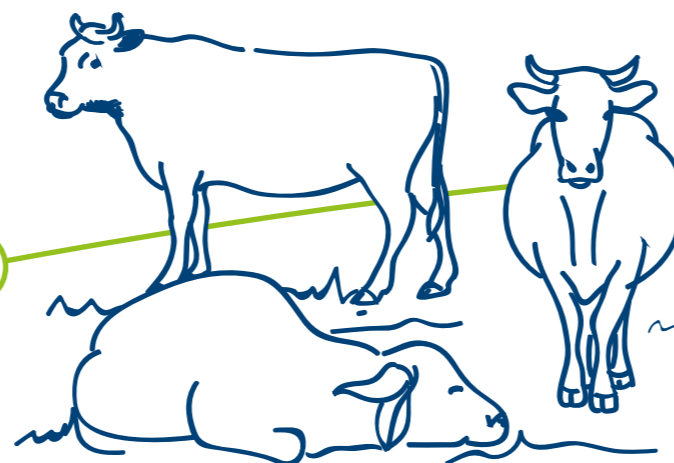
## THE JBS WATER CYCLE



1

### Raw material

JBS Brasil supports the use of cisterns, which are employed to capture and store rainwater on its integrated poultry farms. JBS supports the Novo Campo Program in Alta Floresta-Mato Grosso (Brazil), which recovers river sources and improves water quality for the animals, while promoting sustainable cattle farming in the Amazon.



### How do water shortages impact on our business?

Cattle farms depend on pasture and grain for feed. Poultry and hog breeding depends on grain produced to make feed. If there is less rain, farm productivity suffers and production costs increase.

### Initiatives introduced at the business units

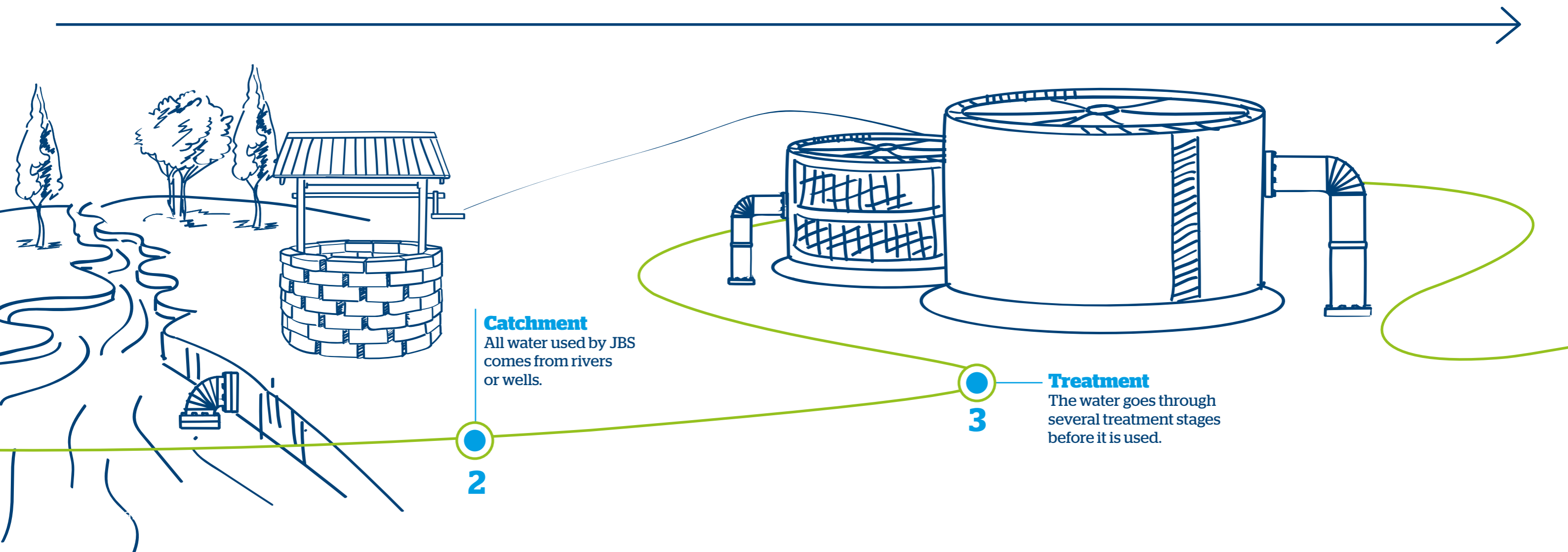
- At **JBS Foods**, the production processes underwent analysis to identify critical points and opportunities for improvement with regard to water use. The following measures were adopted:
  - Standardization of hose nozzles with lower flow;
  - Installation of pressurized nozzles in the entry halls of the factory production areas, carcass washers, sanitization equipment and conveyor systems;
  - Reuse of the water outflow from the “chiller” (water cooler) in other stages of the industrial processing, with the appropriate supervision and authorization of the Federal Health Inspection Service (SIF); and
  - Adoption of a pneumatic washers for pig carcasses, reducing water consumption.

- At **JBS Beef**, some plants have adopted water reuse during cleaning of the filters in the water treatment process, which allowed for savings of approximately 150,000 liters of water per day.
- **JBS Leather’s 11 “wet blue” plants** saved approximately 800,000 cubic meters of water in 2015, reflecting the efficiency measures with regard to water use in its operations. This volume represents approximately 18% of the total water used by the Company for the year.
- Water consumption is managed at all of the **JBS USA** and **Pilgrim’s** facilities, including reduction targets. For example, over the course of three years, the pork unit of JBS USA located in Louisville, Kentucky, reduced water use by nearly 22%. This result reflects the adoption of innovative practices such as the replacement of equipment refrigerated with water with the

equivalent utilizing chilled air, the reuse of certain wastewater streams, and the installation of speed drives on pumps and other engines.

- At **Pilgrim’s Pride Corporation** (JBS USA Poultry), each of the poultry processing units have teams trained to conserve water and avoid waste. Some Pilgrim’s units save more than 550,000 liters of water per day.
- At **JBS Five Rivers Cattle Feeding** (United States), the air quality of the corrals is controlled by water sprinklers strategically positioned to reduce the impact of dust. These sprinklers use both potable water and collected rainwater. The Company has also developed technology to capture and reuse rainwater, as well as the water that overflows from the drinking stations.

- At **Moy Park** (Europe), the use of water in operations is monitored by the Environmental Management System (EMS), which includes continuous auditing and mapping of opportunities for best practices.
- The operations of **JBS Australia** have the best overall group indicators, a reflection of the numerous investments in process modifications and the use of more efficient cattle processing equipment.



## a. Reuse

All of the JBS units in **Brazil**, have established goals for water consumption per production volume and are encouraged to develop programs and projects for the sustainable use of water in industrial processes.

The volume of water reused in operations in Brazil in 2015 was 2% of the total, equivalent to 3.94 million cubic meters. **GRI G4-EN10**

During the period, the business units developed several solutions so that the raw material could be reused in their processes. Among these initiatives are:

**JBS Leather.** The Cascavel (Ceará) unit began reusing treated effluent in its toilets and also for dilution of chemicals for in-house effluent treatment, avoiding the need to use drinking water for these purposes. Such actions led to a 7% reduction of the volume of water used, equivalent to 37 million liters of water per year or the volume needed to fill 25 Olympic swimming pools. The same design is being adopted at other units.

**JBS New Business.** Of the total water used in the Biodiesel and Hygiene & Cleaning operations in Lins (São Paulo), 80% and 70%, respectively, are from water reuse initiatives. With the practice of reuse, there is an annual savings of 235 million liters of water, which is sufficient to supply the city of Lins, where the units are located (which includes more than 71,000 inhabitants) for approximately a month.

**JBS Beef.** In Itapetinga (Bahia), a project was developed to reuse the water generated during the de-icing process in the cold storage rooms. Previously discarded, the water began to be used in the cooling process, generating a daily savings of 7%, resulting in annual savings of 23 million liters of water, equivalent to 15 Olympic swimming pools.

**JBS Foods.** This business unit has developed a project similar to that of JBS Beef at its Brasília (Distrito Federal) unit. The initiative achieved a reduction of 66 million liters of water a year, equivalent to 5% of the total water used by the unit. At the Jacarezinho (Paraná) plant, a water reuse opportunity was identified in the first step of washing the cages when receiving the birds, through the removal of the coarser waste, which

avoids the use of potable water. The project generates annual savings of 31 million liters of water, which is sufficient for the municipal supply of 40,000 residents for a week.

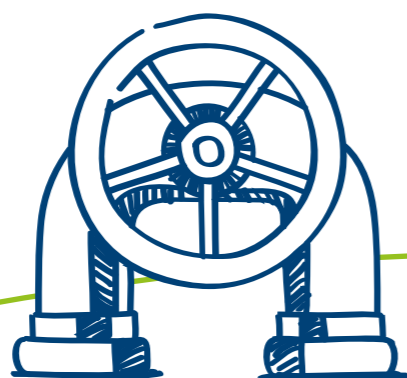
### JBS USA

To make the boiler steam generation system more efficient, the JBS Beef unit in Tolleson, Arizona, installed a reverse osmosis unit to separate the water from the solids prior to sending it to the boiler. This allowed for a 90% enhancement in operational efficiency, reducing the use of natural gas by approximately 10% and water by approximately 5%.

### Monitoring

Systems and devices have been implemented to measure water consumption.

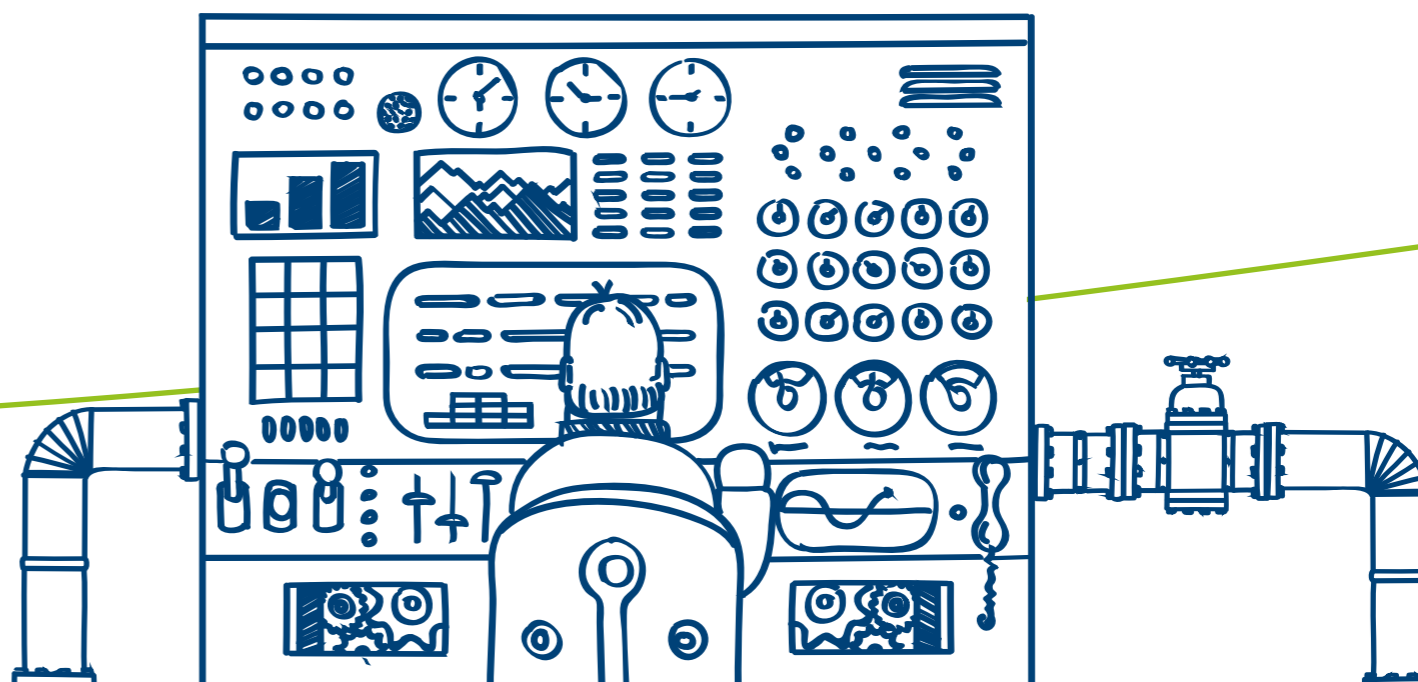
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### Management

JBS has a computerized system that manages environmental indicators at all JBS units in Brazil. All JBS units have water usage reduction targets. JBS has been recognized by the international organization CDP (Driving Sustainable Economies) for its water management.

5





**JBS Five Rivers Cattle Feeding** recognizes that water is a finite resource and adopts measures for its conservation. The Company has developed a system to reuse water overflowing from the cattle drinking stations, and it has saved more than 150 million liters of water in a year with this process.

JBS Five Rivers also developed a system that removes sediment from rainwater. The solution, which can be installed in ditches and canals, slows the flow of water enough for sediments to settle. In addition to settling solids, the flow dissipates and spreads the water across the channel, reducing soil erosion. The Company also installed dissolved air flotation equipment in a corral that separates a portion of the phosphorus from the rainwater before its use on the ground. The phosphorus is removed in a very concentrated form and can be used for other purposes, such as fertilizer.

## b. Effluents **GRI G4-EN22**

With a commitment to minimize the environmental impacts of its activities, JBS's business units invest in modern treatment plants for its industrial effluents and have procedures to

ensure they are correctly disposed. They also invest in technological innovations to generate new solutions from the treatment of their effluents.

All of the water used in the industrial processes of **JBS in Brazil** is sent to its own wastewater treatment stations. The investments made in recent years have resulted in significant improvements in treatment efficiency. These investments, in addition to reducing greenhouse gas emissions and mitigating environmental impacts, also generated revenue from the recovery of by-products, such as tallow and others.

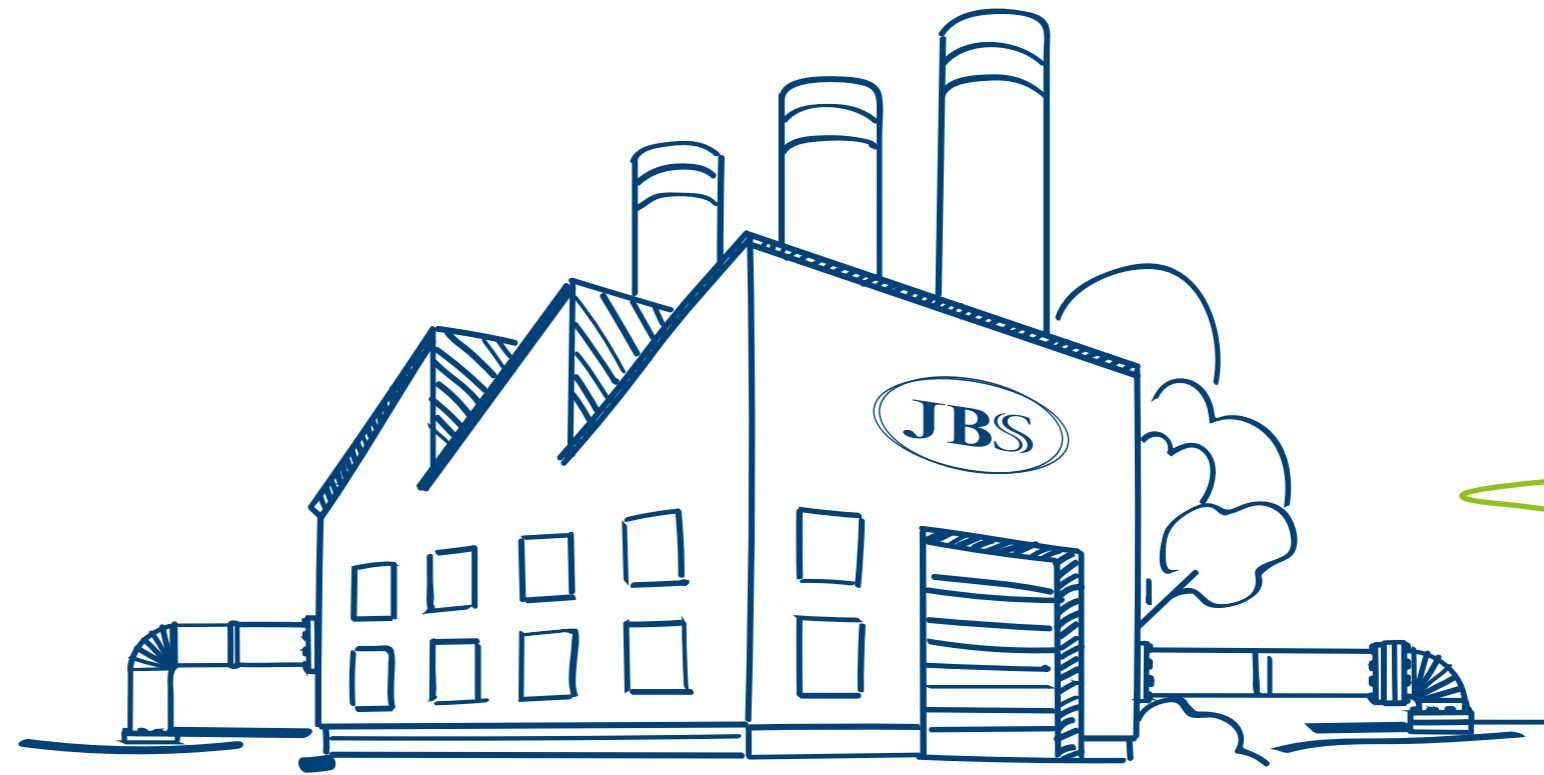
### Volume of effluent generated and treated in 2015 (thousand cubic meters)

#### JBS GLOBAL

	January - December 2015	
<b>Total volume of disposed effluent (current)</b>	<b>119,217.43</b>	<b>100.0%</b>
1.1. Volume discarded – water body	66,965.48	56.2%
1.2. Volume discarded – fertigation	17,608.75	14.8%
1.3. Volume discarded – public system	34,358.48	28.8%
1.4. Volume discarded – seeping into the soil	225.43	0.19%
1.5. Volume discarded – other means of disposal	59.27	0.05%

## Production

Water is essential for the production processes. It is used in many different ways: for washing livestock and trucks, general floor and equipment cleaning, hot water to sterilize knives and equipment, steam, cooking and cooling processes. JBS has a range of water-saving initiatives.



## JBS USA

All of the JBS units in the United States utilize wastewater treatment practices and systems. One of the Company's objectives is to include technology to provide a robust and efficient system that is consistently above and beyond regulatory requirements. For example, JBS made investments of US\$6.0 million to improve the sewage treatment system at its beef processing plant in Grand Island, Nebraska. The project includes a sludge treatment system, with the main objective of removing ammonia and other organic waste that goes into the municipality's sewer system. The initiative goes beyond the regulatory requirements and also includes the installation of anoxic basins (used to remove nitrates) and a

computerized management and data acquisition system. The high quality water that the new system will produce can be used in the unit's non-industrial reuse applications, reducing water consumption.

In order to facilitate the reuse and commercialization of animal tallow from the treatment of wastewater from industrial processes, **JBS USA Beef** has specialized centrifuges to separate the fat from the liquid effluent. This technology has been adopted by eight pork and beef processing plants, and will soon be adopted by three other units. At the **Pilgrim's (JBS USA Chicken)** factories, the material is also captured, in order to turn it into products of commercial value.

These solutions minimize environmental impacts, given that they improve the quality of effluents and reduce the emission of greenhouse gases.

The pork processing unit (**JBS USA Pork**) located in Marshalltown, Iowa, generates biogas from wastewater treatment. The use of biogas as an energy source will reduce natural gas consumption and greenhouse gas emissions.

Another US\$6 million was invested to modernize the facilities of the beef processing plant in Hyrum, Utah. The funds were directed to the purchase of a new clarifier, new aeration tanks, new anoxic basins (used to remove nitrates), phosphorus removal and improvements in

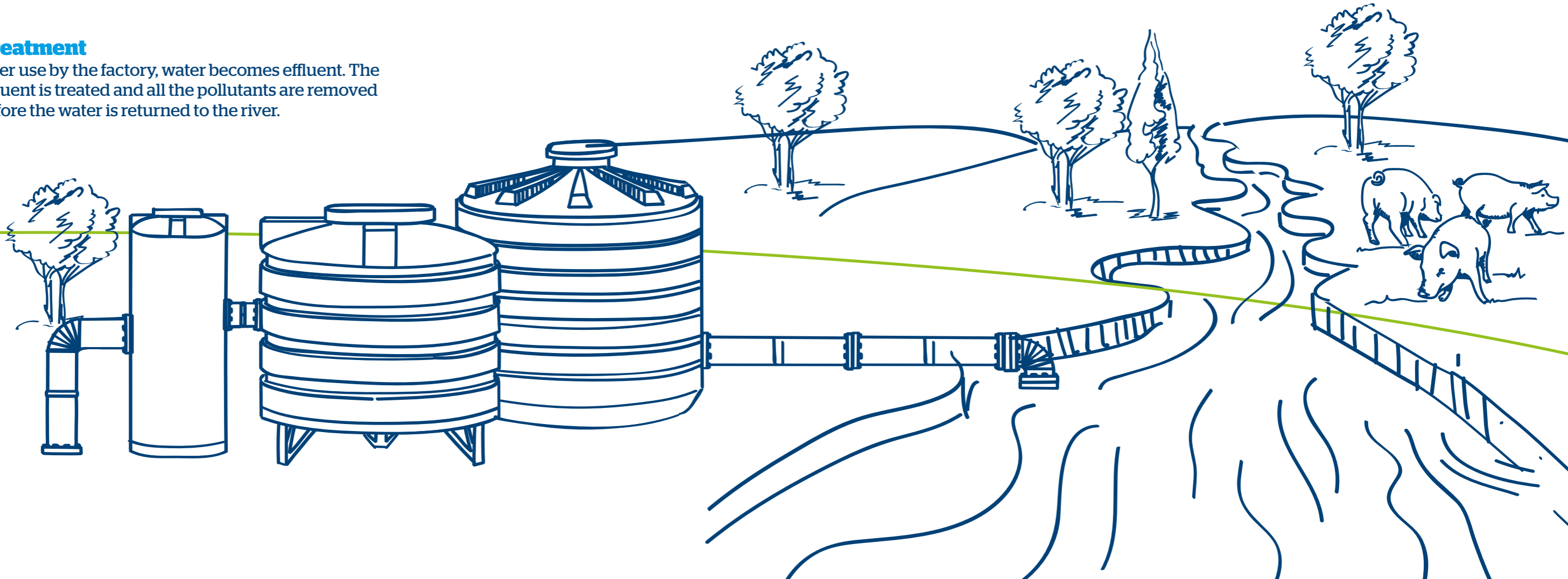
the treatment of solids. Also installed were an ultraviolet disinfection light system to replace chlorine, a computerized data acquisition and management system, and a denitrification system able to exceed the nitrogen removal levels required by local law.

Over the last three years, the JBS USA pork processing unit in Worthington, Minnesota, reduced phosphorus in its effluent disposal by approximately 30%. This was the result of alternative technologies and operational improvements adopted during this period.

## Treatment

After use by the factory, water becomes effluent. The effluent is treated and all the pollutants are removed before the water is returned to the river.

7





## PRODUCT INTEGRITY **GRI G4-DMA**

JBS works to ensure the quality and integrity of its products. To ensure quality product reaches the tables of consumers, there is an extensive effort made with regard to food quality and safety, value chain management (including the responsible purchase of raw materials), supplier partnerships and team member training. Care is also taken to ensure that operations are in line with regulatory requirements and applicable certifications.

All products, in all business areas, receive appropriate packaging, and are transported and distributed in accordance with the best practices

adopted by the industry. One of the highlights in Brazil was the inauguration of the **JBS Foods** Distribution Center (DC), in Fortaleza (Ceará), the final piece in the renovation of the Company's distribution network. There are now 15 DCs serving as a support base for the commercial area, all standardized according to the definitions of the Pillars of Excellence, which are essential to ensuring the best customer service.

Throughout 2015, all of the JBS units carried out numerous actions focused on the Company's value chain, based on corporate guidelines that consolidated the culture of quality.

The Company meets the different labeling requirements in 100% of its products, as determined by the laws of the markets where it operates. The labels have information regarding composition, the nutritional table, name, net weight, storage conditions, manufacturing date, expiration date and manufacturing unit.

In total, 100% of the Company's product labels in Brazil have the Federal Inspection Service (SIF) seal of the Ministry of Agriculture, Livestock and Food Supply (MAPA). In the United States, all products bear the inspection seal of the United States Department of Agriculture, Food Safety and Inspection Service (USDA, FSIS). Some

products also present information regarding preparation and consumption, as well as offering different recipes for the preparation of the product and its accompaniments. **GRI G4-PR3**

Furthermore, the Company lists the ingredients and additives used, specifies those that may contain allergens and specifies any fortification of vitamins, minerals, fiber, etc. **GRI FP7**

The Company does not sell products prohibited in the markets in which it operates and adheres to their respective standards and best practices. **GRI G4-PR6**

## a. Relationships with suppliers

### GRI G4-DMA

JBS seeks to work in partnership with its suppliers of raw materials. Through a variety of initiatives, the Company works to support them and guide them in the improvement of practices and processes so that they can operate in a sustainable manner. Examples in this regard are the *Novo Campo* and *Fornecedor Legal* Programs.

### Novo Campo Program (JBS Beef/Brazil)

This program encourages ranchers to adopt sustainable livestock practices on farms located in the Brazilian Amazon, providing guidance on various issues, such as soil and water conservation, environmental and Brazilian labor law compliance, best practices in animal welfare and management, and techniques for increasing productivity and

carcass quality, among other issues. In 2015, due to the excellent results achieved since its launch in 2013, the program began to receive financial support from [Althelia Climate Fund](#), a European investment fund aimed at sustainable land use initiatives and the preservation of ecosystems. This contribution will be managed by the company [Pecuária Sustentável na Amazônia](#) (Pecsa), a partner in the [Novo Campo Program](#). The *Novo Campo* Program was designed and coordinated by the [Life Center Institute \(ICV\)](#), a Public Interest Civil Society Organization (PICSO) with a strong presence in the state of Mato Grosso. It has partnerships with several organizations, including JBS, that have been working on building long-term business relationships with companies with a high level of environmental commitment, in order to promote the economic viability of the initiative.

Novo Campo program  
Arquivo-ICV



**The work carried out by JBS Beef (Brazil) with the farmers in the Amazon region were the highlight of a documentary aired by *Fantástico*, a weekly entertainment program broadcast by *Rede Globo*, the largest communications company in Brazil. Watch the episode [here](#)**

### Fornecedor Legal Program (JBS Beef/Brazil)

This program was created in 2015 in order to help the beef supply chain in Brazil adapt to changes in environmental legislation that have taken place in recent years. The Company has selected some consulting firms specializing in environmental regulations to aid the Company's cattle suppliers with their enrollment in the Brazilian government's Rural Environmental Registry (CAR). It also negotiated lower prices for the services provided to its suppliers by the consulting firms. To publicize the program and the new legal requirements, the JBS production units were used as communication channels with the ranchers, in addition to the television show *Giro do Boi*, which airs daily on Canal Rural television channel ([see link](#)).

### Green Light Pact (JBS Beef/Brazil)

This initiative, which was established in 2015, aims to ensure that 100% of the cattle originating in the State of Mato Grosso do Sul, one of the main producing centers in Brazil, is typified, i.e. has carcass classification. This goal was achieved by JBS in January 2016.

The project also aims to develop actions to map the evolution of the array of quality of the cattle produced, which will assist in the deployment of action plans in the production base. To do this, it uses a Quality Stoplight, a management tool developed by JBS to simplify the understanding of ranchers with regard to the quality of cattle offered to the Company. The Green Light Pact is a result of the union of a variety of local livestock entities to seek opportunities to improve the slaughter process, with practices that adhere to the needs of the region. In addition to JBS, participating in the initiative are the state government of *Mato Grosso do Sul*, the Brazilian Association of Meat Export Industries (ABIEC), the Association of *Mato Grosso do Sul* Breeders (ACRISSUL), the *Mato Grosso do Sul* Federation of Agriculture and Livestock (FAMASUL) and the *Mato Grosso do Sul* Association of Early Beef and Embrapa Beef Cattle Producers.

### Conexão JBS Program (JBS Beef/Brazil)

*Conexão* is a platform for direct communication between JBS and its beef cattle suppliers in Brazil. Focused on business education for ranchers, this program strengthens ties with the supply chain producer, through information on the industrialization of meat, and the marketing and sale of the product. It is directed at a base of the Company's 65,000 cattle suppliers.

These actions are in addition to other tools that JBS has developed and adopted to increasingly strengthen ties with ranchers:

- **Giro do Boi** – daily program televised by *Canal Rural* with information relevant to ranchers. It includes the *Giro pelo Brasil* segment, which provides the prices offered daily by JBS throughout the country.
- **Rancher portal (pecuarista.jbs.com.br)** – Free access for producers to the complete history of the cattle processed from each of their farms, their status in relation to JBS's social and environmental criteria, in addition to the photographic standards of the finishing classes with validation from academia, trade associations and experts, so that the classification of carcasses is transparent and auditable.
- **Quality Stoplight** – correlates the technical parameters for carcasses with a green light (the desirable standard), a yellow light (the tolerable standard) and a red light (the undesirable standard).
- **Classification protocols** – pay to producers becomes linked to the Quality Stoplight.
- **Fixed-term Cattle** – enables future sales based on the corresponding market indicators or a fixed price.
- **JBS Confinement in Terenos (Mato Grosso do Sul)** – providing the fattening services to producers in a variety of forms (partnership, daily, feed per kg or a preset amount per arroba produced).
- **JBS Transport** – provision of logistics services at various stages of production.

The principle of partnership with suppliers is also adopted by **JBS Foods**. Its supply network covers more than 10,000 integrated producers. Through this relationship, the Company provides all of the supplies needed for the safe and healthy production of poultry and pigs, as well as guidance on production management and environmental practices.

**Guidance on production management:** JBS Foods has a team of more than 300 outreach specialists, who accompany integrated producers and offer assistance for responsible production within the required quality standards, including animal welfare principles.

**Guidance on environmental practices:** JBS Foods encourages farmers to adopt best environmental practices, such as the use of cisterns to capture rainwater, biodigesters and composting. There are environmental requirements in contracts and the checklists of the outreach specialists who accompany production at the properties.

At the **Pilgrim's Pride Corporation (JBS USA Poultry)**, a strong relationship with the poultry producer is also characteristic of its operations. The Company has agreements with more than 4,000 family farmers in the United States and Mexico, and provides the supply of birds, feed, and technical and veterinary services.

## b. Responsible purchasing of raw materials **GRI G4-DMA**

JBS is committed to supplying its clients and consumers, in all markets in which it operates, with the highest quality products. All of the purchases made in 2015 are in accordance with the procurement policies adopted by the respective JBS business areas. **GRI FP1**

### Criteria for Supplier Selection<sup>1</sup> **GRI G4-EN32, GRI G4-LA15**

Approximately 10,000 new cattle suppliers were registered at **JBS Beef (Brazil)** in 2015. At the JBS Beef (Brazil), 100% of suppliers are selected based on environmental criteria. The Company does not acquire animals from farms involved in the deforestation of native forests, the invasion of indigenous lands or environmental conservation areas, or that are embargoed by the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA). It also will not work with suppliers involved in rural violence or land conflicts, or who utilize slave or child labor. **GRI G4-HR6**

Based on a representative sample of the total purchases of raw materials made by JBS Beef (Brazil) over the course of 2015, 99.97% were made in accordance with the Public Commitment of Livestock Operations ([see link](#)). This is an increase over 2014, when the Company achieved 99.75% compliance in relation to the criteria of this Commitment.

<sup>1</sup> This item, which is included under the global issue of "Product Integrity," refers only to animal purchases.

With regard to critical suppliers, JBS Beef and JBS Foods, both in Brazil, conduct assessments of the main potential impacts, in order to mitigate any negative effects on society (on issues related to the environment, biodiversity, consumer safety, and combating climate change, among others). **GRI G4-SO9**

At **JBS Leather**, 100% of suppliers are selected based on environmental criteria. The same occurs at **JBS Foods (Brazil)**, which also conducts technical visits before and during any approval or purchase from a new supplier. Suppliers are required to have an environmental license. In addition, the Company stipulates criteria in the contract, making the necessary checks in the field.

At **Moy Park**, 100% of suppliers are selected based on environmental criteria. The approval process for new suppliers includes prequalification, in which all companies must comply with requirements related to sustainability and the environment.

Aspects related to forced, compulsory or child labor are also observed when contracting suppliers. In JBS Beef (Brazil), this issue is covered by the Social and Environmental Monitoring System for Farms supplying raw material ([see link](#)). JBS Foods, in turn, guides its relationships on ethical principles that include respect for human and labor rights. Additionally, all of the Company's suppliers commit, by contract, to adhere to and remain in adherence with all fiscal, tax, labor and environmental legislation. **GRI G4-HR6**

**JBS USA** has a corporate policy in which the procedures to be observed for issues related to labor in conditions analogous to slavery and human trafficking are conducted in accordance with local, state and federal laws. This policy applies to team members, third-party contractors and suppliers. Suppliers must also sign a document in which they attest that they are in compliance with all of the laws and regulations governing these issues. This document applies to the JBS USA and Pilgrim's operations.

To work on these issues with all of its team members and suppliers, in order to maintain, develop and continuously improve the practices adopted, **Moy Park** created the Ethics Leadership Forum. The actions that result from this initiative have, as a reference, the *ETI Base Code*, an internationally accepted document that is based on the guidelines established by the International Labour Organization (ILO).

**Social and Environmental Monitoring of supplier farms (JBS Beef/Brazil) GRI G4-DMA, GRI G4-EN12, G4-EN32, G4-EN33, G4-EN34, G4-HR6, G4-HR10, G4-HR11, G4-SO9, G4-SO10**

To ensure the responsible origin of raw materials, JBS has a social and environmental monitoring system for the farms supplying cattle. The tool, developed in 2010, uses satellite images and geo-referenced maps of farms, deforestation data published by the National Institute for Space Research (INPE) and official information from public agencies on embargoed areas (Brazilian Institute of the Environment and Renewable Natural Resources - IBAMA) and the use of slave labor

(Ministry of Labor and Employment - MTE). The goal of the system is to identify supplier farms that fail to comply with the Company's social and environmental criteria and block their commercial registration, preventing any purchase transaction from being carried out with these suppliers until the situation is regularized. Details on the analysis are available through [this link](#).

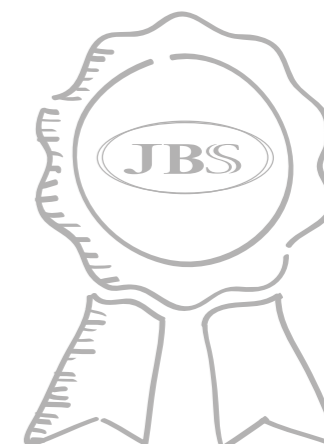
All livestock purchases and the Company's own environmental monitoring system are independently audited on an annual basis to ensure compliance with JBS's commitments to sustainability. The audit reports are published on the Company's website, in English and Portuguese, and can be accessed here ([Portuguese version](#) e [English version](#)).

As of December 31, 2015, there were approximately 67,000 farms registered in the Company's commercial system in Brazil. As a result of analysis of the Environmental Monitoring System, 2,299 were blocked, as follows:

- 1,666 for deforestation of native forests (from October 2009) and/or the invasion of indigenous lands or environmental conservation units;
- 521 for inclusion in the IBAMA Embargoed Areas List; and
- 112 for appearing in the list of workers involved in labor analogous to slavery.

## JBS is highlighted for its Environmental Monitoring System

JBS was featured in the "[Carne ao molho madeira](#)" campaign launched in 2015 by the NGO Greenpeace. This initiative seeks to encourage the Brazilian retail food sector to commit to zero deforestation by purchasing beef solely from slaughterhouses that have control over their supply chain. **JBS is cited as an example of best practices**, as it has been a pioneer in contributing to the preservation of the Amazon and the adoption of sustainable practices in its supply chain.



Another report - [Realizing zero-deforestation: Transforming supply chains for the future](#), prepared by CDP - Driving Sustainable Economies - also highlighted the environmental monitoring system of the farms supplying cattle. The study highlights the **risk management practices adopted by JBS to prevent deforestation along the supply chain** and cites the commitment of the suppliers from the Brazilian Amazon region to adopt sustainable livestock practices through the [Novo Campo Program](#). In this report, results were analyzed for 171 companies from around the world that are making progress with their commitments and actions to enhance transparency and accountability in deforestation issues and identifies products that pose a risk to forests.

The Sustainability initiatives undertaken by JBS in recent years have been recognized by the [Consumer Goods Forum](#) (CGF), a global working group formed by the world's largest companies in food production and retail. According to the organization, these initiatives "**are innovative efforts that can serve as an example for other industries and regions.**" The CGF mainly highlights the environmental monitoring system for JBS's cattle purchases, due to the important role it plays in reducing the reputational risk to Forum member companies. According to the CGF, JBS is taking important steps in the supply chain for livestock products to achieve "zero deforestation" in the Brazilian Amazon biome.

### Public Commitments of Livestock Operations (Brazil) GRI G4-15

JBS signed the [Public Commitment of Livestock Operations](#) in Brazil, an initiative led by Greenpeace, which seeks to ensure that the Brazilian beef industry does not acquire their raw material from farms that have deforested the Amazon forest as of October 2009, used labor analogous to slavery or are located within Indigenous Lands or Conservation Units.

As a signatory, the operations of **JBS Beef in Brazil** are independently audited on an annual basis, to assess compliance with the Technical Terms of Reference (TTR), drawn up in partnership with Greenpeace and other companies that have signed the Public Commitment. In addition, each year JBS Beef

(Brazil) discusses a work plan with Greenpeace to search for improvements to its social and environmental processes, in compliance with the commitment. The document is available at [Portuguese version](#) and [English version](#).

**JBS USA** is a member of "[Field to Market - The Alliance for Sustainable Agriculture](#)", an initiative that brings together producers, agribusinesses, food and retail companies, environmental conservation groups and other stakeholders to develop solutions focused on safe, affordable and nutritious food in healthy ecosystems. One of the main goals of this initiative is to improve land use efficiency, increasing the productivity of arable land in the United States, conserving native habitats and improving the quality of the landscape.

### c. Food Quality and Safety GRI G4-DMA

Quality is an obsession for JBS. It is a fundamental value that permeates the Company's culture and is present in all of its production processes.

#### JBS BEEF (BRAZIL) GRI G4-DMA

This business unit includes a structure with 13 in-house laboratories, developing the necessary microbiological analyses to provide food security indicators, ensuring their quality. In 2015, the Company initiated investments to upgrade and standardize the laboratories in terms of layout, equipment and software. With the changes, the laboratories now have structure to issue results in 24 hours, halving the time previously spent.

With this, the Company gained agility in obtaining results and greater efficiency in decision making. Three new laboratories are scheduled to be built in 2016. This structure will cover nearly 100% of the national territory.

In addition, the business unit conducts various activities related to quality. Some examples of actions developed in 2015:

- **Advisory Committee for Food Safety:** Includes the participation of team members and renowned professionals from government and academia, and aims to discuss issues related to the production of beef and its derivatives, in order to improve processes and products.



- **Agente Q:** A national campaign promoted by JBS Beef (Brazil) aimed at engaging team members in actions that contribute to the continuous improvement of processes and products, reinforcing the Company's values in order to show how to apply them in work routines. Lasting three days, it brought together 450 people,

including industrial plant managers, production engineers, quality assurance specialists and executive officers from the Company.

- **Quality Week:** Aims to integrate the work team and align strategies and established goals. Held every year since 2012, it includes team members from all of the industrial plants and corporate headquarters.

Food safety and quality control



### JBS FOODS (BRAZIL)

At JBS Foods, the quality and health of the poultry and pork is the result of the integrated management of the supply chain. There is a strict management system that covers all production stages, from the selection of the genetics of animals, through processing, to the transportation of goods to the final point of sale. The Company works in partnership with integrated producers, which guarantees the origin of the raw material of the poultry and pork that it sends to market. Thus, the Company has more control over the health and nutritional conditions of the animals, ensuring the quality, safety and cost efficiency of products. All of the businesses of JBS Foods undergo reviews on criteria such as the health and safety of the products and services. **GRI G4-DMA, GRI G4-PR1**

The JBS Foods Quality System includes the best and most current concepts defined by national and international organizations. To help disseminate these concepts, the Company adheres to guidelines established in its "Quality Book," a set of 15 management tools aimed at planning, execution, control and improvement, as well as defining the responsibilities and authorities of each link in the production chain. Based on this material, JBS Foods held training cycles in the months of July and August 2015, training 150 team members who will become ambassadors of this expertise.

- In the **Agricultural** area, a heightened focus to ensure animal health and the review of the nutritional standard of the ingredients generated quality improvements and cost reductions;

- In the **Logistics** area, the quality and safety of food products has been enhanced with the introduction of the Ravex system, with real-time monitoring of the refrigerated distribution fleet;
- In **Industry**, the adoption of the "Pillars of Excellence" standardized industrial management, enabling JBS to achieve higher growth and increased profitability, bringing continuous improvements in product quality;
- **Quality Audits** – This program aims to ensure the ongoing improvement of the Company's processes, products and quality systems. The program evaluates best production practices, facilities and equipment sanitization, operations, allergic and Hazard Analysis and Critical Control Point (HACCP) sanitary controls, and the food safety management system that analyzes the physical, chemical and microbiological hazards at various production stages. These efforts assist the Company in determining preventive measures to ensure the highest level of consumer protection;
- **Self-management of pests** – The quality area invests in the management of pest control systems, adhering to a set of prerequisites for the production of safe food. Professionals are trained by a consulting firm that also conducts technical supervision at the units;
- **JBS Foods Quality Week:** – The first edition of Quality Week covered all of the Poultry, Pork, Industrial and Distribution Center units. Two topics were highlighted as fundamental tools for the production of safe, quality food: the importance of compliance with Best Manufacturing Practices and compliance with Product and Process Standards. Approximately



65,000 team members participated actively in the event, which contributed to raising awareness about the best practices with regard to organization and cleaning, personal hygiene and that of the facilities, the importance of hand washing and the control of foreign bodies, in addition to the correct use of uniforms. These principles strengthen the Quality Culture of JBS Foods and engage team members to always do their best.

The Company also has laboratories with facilities for the analysis of food, and all the results of these analyses are entered into the Laboratory Information Management System (LIMS). Through this system, a database is generated with information from across the enterprise on performance and the compliance with established standards, which is updated periodically. With this, it is possible to determine the results for each unit - in relation to products, processes, microbiological and physicochemical analyses - as well as the monthly evolution of the results. This practice is in line with the commitment of JBS Foods to validate its processes to provide a high level of product quality and safety through all that laboratories can measure.

### **JBS Europe**

The Moy Park facilities (processing, hatcheries and feed mills) operate through an Environmental Management System (EMS) developed based on ISO 14001. The EMS covers the relevant aspects of each operation, maps improvement plans and monitors the progress of actions, in order to continuously improve the environmental performance of its operations.

Within the Company, the food safety culture covers all poultry, agricultural and production operations, as well as the food supply chain and distribution, which follow the highest standards of quality and compliance required by European health and nutrition agencies. Team members are also encouraged to adopt the best practices in food safety.

All of Moy Park's plants undergo independent technical audits and are subject to the most stringent industry standards in order to ensure the adoption of best practices in food safety, while also confirming compliance with customer requirements in terms of quality. As a complement, technical training is offered to team members, training them for the activities that they carry out. **GRI FP5, GRI FP8**

Moy Park has a structure of accredited laboratories, through which it provides fast, efficient and high quality solutions, including microbiological testing services. All analyses are performed using standard methods and verified on the basis of quality control procedures that are fully documented to ensure accuracy and precision, with the double-checking of results. At Moy Park, 100% of the operations are evaluated on criteria such as the health and safety of products and services. **GRI G4-PR1, GRI FP5**

Moreover, Moy Park supports the [Food Standard Agency](#) (FSA) campaign to reduce Campylobacter, a bacteria characteristic of raw poultry that is not resistant to cooking. The Company has invested more than £1 million in cutting-edge research and practices that can help the poultry industry reduce such bacteria. Additionally, it has worked closely with other government and industry bodies, academic experts and research groups from universities across the UK, in addition to the FSA, to develop and test new methods for the same purpose. The Company has also produced booklets with guidance for the public, explaining how to store, prepare and cook poultry. This material is available [here](#).

### **JBS USA**

At Pilgrim's Pride Corporation (JBS USA Poultry), the operations of the bird processing chain are also integrated, which facilitates the monitoring of all aspects of the production process, from the incubator to processing, and care on the farms. This ensures that clients receive safe, high-quality products.

**Pilgrim's voluntarily adhered to the United States Department of Agriculture's (USDA) Hazard Analysis and Critical Control Point (HACCP) in 1989, ten years before it was established by the USDA as the rule for livestock and poultry industrial processes.**

HACCP is a control system that strengthens food quality and safety by prioritizing and controlling potential hazards along the production process.

Over the years, Pilgrim's has invested millions of dollars in new equipment to process birds and programs to improve the microbiological profile of the products. Thus, the company surpassed the USDA's pattern in terms of pathogens reduction.

#### d. Certifications **GRI FP2, GRI FP5**

The various units of **JBS Beef (Brazil)** underwent 178 audits in 2015 in order to maintain and gain certifications to allow products to be exported to various markets. The plants obtained 97% approval and have been audited according to international standards such as BRC Global Standards, ISO9001, ISO17025, and audits by the Ministry of Agriculture of Brazil, clients and markets (health missions from other countries).

#### **GRI G4-DMA, GRI G4-PR1, GRI FP5**

In Brazil, all slaughterhouses must submit to some form of sanitary inspection, whether at the municipal, state or federal level. In the case of JBS, all of the Company's units are under the Federal Inspection Service (SIF) of the Brazilian Ministry of Agriculture, enabling the Company to export from any of its units and market products with the highest level of food safety on the domestic market.

In the **United States**, all the units processing beef, pork and poultry are continuously inspected by the US Department of Agriculture's Food Safety and Inspection Service (FSIS), to ensure that the food products adhere to federal standards of quality.

In addition to operational approvals, several JBS units have additional certifications that guarantee access to an even broader market, particularly with international customers.

JBS has achieved various certifications, including:

**British Retail Consortium (BRC)** – certification is a prerequisite to supply European customers. Recognized by the Global Food Safety Initiative (GFSI), it is one of the most stringent certifications in the industry, covering 326 criteria related to safety in factories and quality programs. Currently, 13 units of JBS Beef (Brazil), 13 units of JBS Foods (also in Brazil) and most of the plants in the United States and Australia are certified by the BRC. The factories of these two countries are also audited under criteria recognized by GFSI, an initiative geared to the global industry that provides continuous improvements to food safety management systems to ensure confidence in the ability to deliver safe food to consumers worldwide.

**McDonalds** – certification involving controls over animal welfare, food safety and good manufacturing practices, among other criteria. Currently, seven units of JBS Beef (Brazil) and four units of JBS Foods (also in Brazil) are entitled to supply the raw material used to make hamburgers at the chain's restaurants. In addition, one of the Company's units is certified to produce hamburgers, under the norms of the Supplier Quality Management System (SQMS).

**ISO 9001** – ISO9001 certification designates a group of technical standards that establish a quality management model for organizations in general, whatever their type or size of operation. Currently, five units of JBS Beef (Brazil) and three units of JBS Pork (United States) have adopted this standard.

**ISO 17025** – this standard is used to standardize the tests at testing and calibration laboratories. JBS has three laboratories in Brazil certified under this standard.

**Leather Working Group (LWG)** – a British organization that certifies companies with the best environmental practices at tanneries worldwide. In Brazil, more than 85% of the leather tanned at JBS was manufactured in plants that have achieved gold level ratings from the LWG. In the United States, 100% of the leather produced at the JBS Cactus, Texas, Tannery has achieved this level.

**Global Gap** – contracted audit, focusing on the agribusiness chain (headquarters/hatcheries/poultry farms). Two JBS Foods units have been approved through this program.

**CFM** – JBS Foods achieved this certification, which aims to regulate manufacturers of food components to ensure product safety.

**SMETA** – social responsibility and sustainability audit, required by clients in Europe. This certification verifies working conditions (number of hours worked, special conditions of equipment, health, etc.), contract workers and legislation applicable to the establishment. Nine JBS Foods units have been approved through this certification.

**YUM!** – audit by the Company that owns the KFC, Pizza Hut and Taco Bell brands. Approval through Yum requires three audits: quality systems, food safety and agriculture (management, best practices and animal welfare). At JBS Foods, 13 units have been approved through this program.

The certifications held by JBS Europe include the following: [FSC](#), [Roundtable on Sustainable Palm Oil \(RSPO\)](#); [Sustainable Agricultural Initiative](#) and [QS Standard](#). Learn more [here](#).

**a. Emissions Management**

To manage greenhouse gas (GHG) emissions, all of JBS’s operations worldwide have quantified the emissions - direct (Scope 1), indirect energy (Scope 2) and indirect (Scope 3) – resulting from their operations. Based on these indicators, strategies are established to minimize the impact of the business on the climate dynamics of the planet. Annual inventories of the Brazilian operations have been carried out since 2009, and as of 2011 these surveys have included JBS’s global operations.

The information contained in the emissions inventory is managed by a computerized system, with sustainability and production indicators, which allows the performance of each unit to be tracked through their emissions history through the years. This information is reported annually in the Brazilian GHG Protocol Program, the CDP - Driving Sustainable Economies - Climate Change module, and the Carbon Efficient Index (ICO2) of the BM&FBovespa

**GHG Emissions**  
GRI G4-EN15, G4-EN16, G4-EN17 and G4-EN18

Emissions for the year 2015 will be reported here. These emissions also will be made available on the Brazilian GHG Protocol Public Registry of Emissions Platform in the year 2016, in accordance with the timeline established by the program.

		<b>JBS Global</b>
		<b>2015</b>
	<b>Measurement</b>	
Scope 1	tCO2e	4,445,098.00
Scope 2	tCO2e	1,779,980.77
Scope 3	tCO2e	2,956,242.13

In addition, **JBS in Brazil** has specific actions and solutions focused on reducing emissions from its operations:

- Monitoring the farms supplying cattle, avoiding further deforestation and thus emissions of greenhouse gases ([see link](#)).
- Power generation from renewable sources ([see link](#)).
- Efficiency gains in logistics, by managing the operating performance of in-house and thirty-party vehicles, in order to reduce fuel consumption and related cost. The ongoing renewal of own fleet – with an average of three years – to reduce fuel consumption as well as adoption of modal alteration projects. The average age of the renewal of the autonomous fleet in Brazil is 17 years, according to the National Confederation of Transport (CNT). **GRI G4-EN19**

The following actions were taken at the operations of **Moy Park (JBS Europe)** to reduce greenhouse gas emissions:

- Energy efficiency projects at the UK plants;
- Implementation of technologies that reuse the heat generated during the production process for the benefit of the industrial system itself;
- Replacing fossil fuels with renewable fuels in the production units;
- Installation of floaters in the wastewater treatment process, improving efficiency and reducing biological processes that generate emissions;
- Reduction of gas leakage in refrigeration systems through preventive management; and
- Replacing old cooling systems with systems that do not use gases that cause global warming. **GRI G4-EN19**

At its **US operations**, JBS has been installing technology that controls fuel gas pollution, which not only regulates emissions but reduces odors. **GRI G4-EN19**

**b. Information transparency and disclosure**

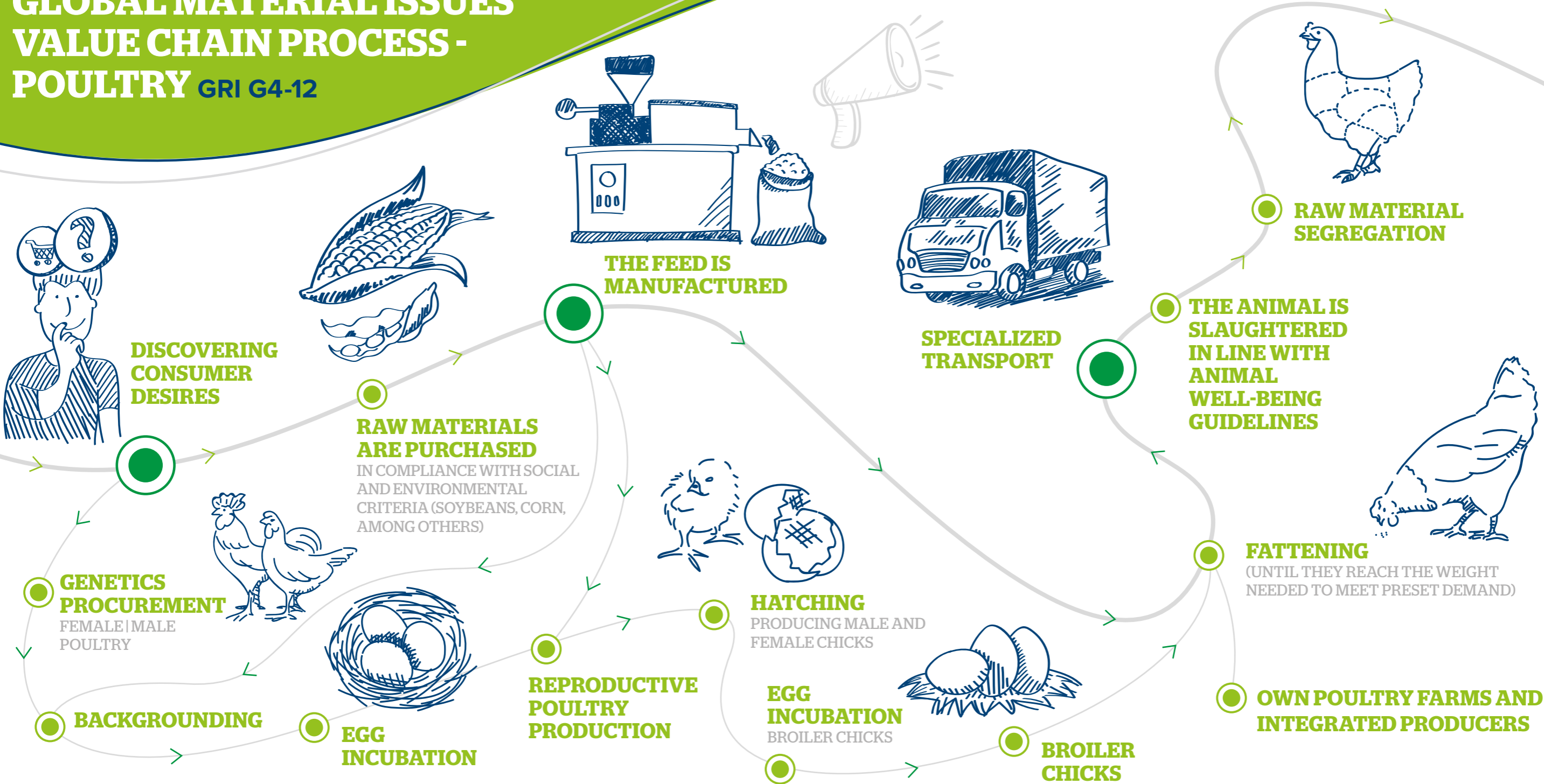
- JBS reports its data to Driving Sustainable Economies (CDP), an international nonprofit organization that provides the largest and most comprehensive global environmental disclosure system. Since 2009, when it began to share its information regarding sustainability actions with regard to Climate Change, Forests and Water, JBS has achieved significant performance improvements.

**In 2015, the Company achieved 96 points on a scale from zero to 100 in the Transparency (“Disclosure”) category of the Climate Change Program, up 13% compared to 2014. In the Performance category, it raised its level from C to B.**

More than 5,000 organizations around the world report their environmental data to the CDP, and as a result, the organization holds the largest amount of information on climate change, water and forests on the planet. Thus, the data can be used for analysis and decision-making by investors and for public policies.

- JBS’s shares are included in the BM&FBovespa Carbon Efficient Index portfolio (ICO2). The portfolio includes the shares of companies that adopt transparent practices in the disclosure of GHG emissions, among other issues.
- Since 2012, JBS has been part of the Brazilian GHG Protocol Program and publishes its GHG emissions inventory in the Public Registry of Emissions platform, which awarded JBS a Silver Seal in 2015 for its full reporting of emissions.
- In 2015 JBS signed on to the Climate Protocol, the State Government of São Paulo’s initiative for emissions reporting in the state, launched the same year, at the COP 21 in Paris.

# GLOBAL MATERIAL ISSUES VALUE CHAIN PROCESS - POULTRY GRI G4-12



**IMAGE OF GLOBAL MATERIAL ISSUES THROUGHOUT THE VALUE CHAIN PROCESS**

Responsible purchasing of raw materials

Food quality and safety

Animal welfare

Team member health and safety

Water

Climate change

JBS HAS PRODUCTION UNITS AND COMMERCIAL OFFICES IN MORE THAN 15 COUNTRIES.

**FOOD PROCESSING**  
JBS PRODUCES READY-TO-EAT, FRESH, FROZEN, PORTIONED AND OTHER TYPES OF FOODS.

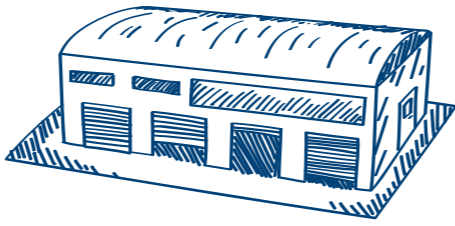


**JBS ENVIRONMENTAL**

**SPECIALIZED TRANSPORT**



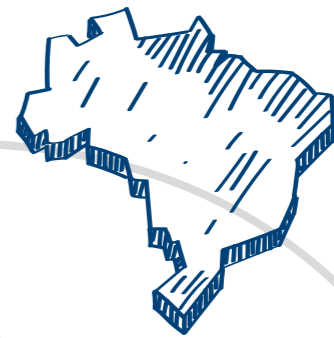
**DISTRIBUTION CENTER**



**SPECIALIZED TRANSPORT**



**LOCAL MARKET**



MORE THAN 350 THOUSAND CUSTOMERS, INCLUDING RETAIL CHAINS, WHOLESALE CLUBS AND FOOD SERVICE INDUSTRY CLIENTS (RESTAURANTS, HOTELS, FOOD SERVICE DISTRIBUTORS AND FURTHER PROCESSING COMPANIES).



**INTERNATIONAL MARKET**

**STRIVING FOR CUSTOMER SATISFACTION (B2B)**



**STRIVING FOR CONSUMER SATISFACTION (B2C)**

30% OF THE COMPANY'S WORLDWIDE SALES CAME FROM EXPORTS, WHICH TOTALED BRL 15.4 BILLION 2015. JBS MARKETS ITS PRODUCTS IN MORE THAN 150 COUNTRIES.

**IMAGE OF GLOBAL MATERIAL ISSUES THROUGHOUT THE VALUE CHAIN PROCESS**

Responsible purchasing of raw materials

Food quality and safety

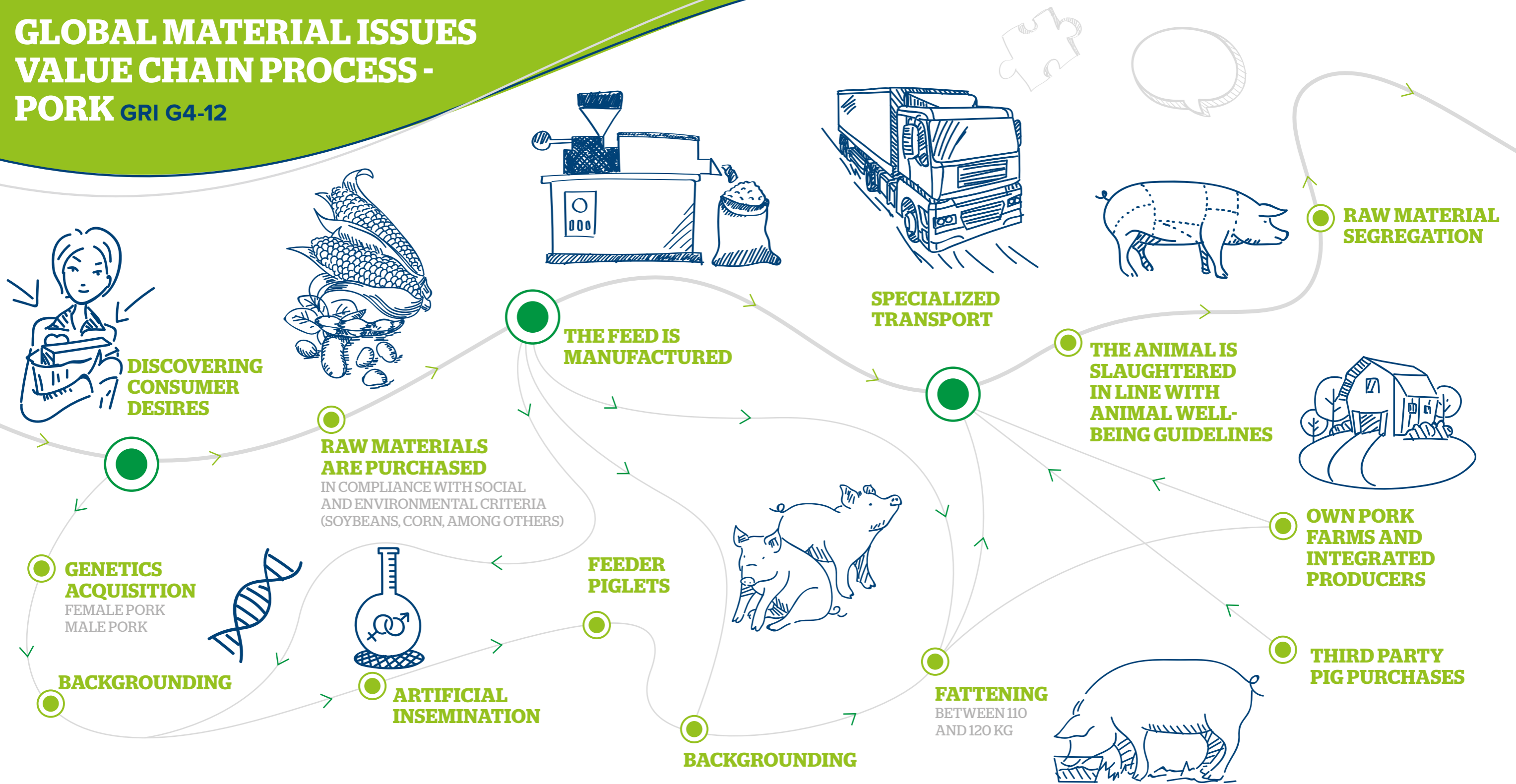
Animal welfare

Team member health and safety

Water

Climate change

# GLOBAL MATERIAL ISSUES VALUE CHAIN PROCESS - PORK GRI G4-12



## IMAGE OF GLOBAL MATERIAL ISSUES THROUGHOUT THE VALUE CHAIN PROCESS

Responsible purchasing of raw materials

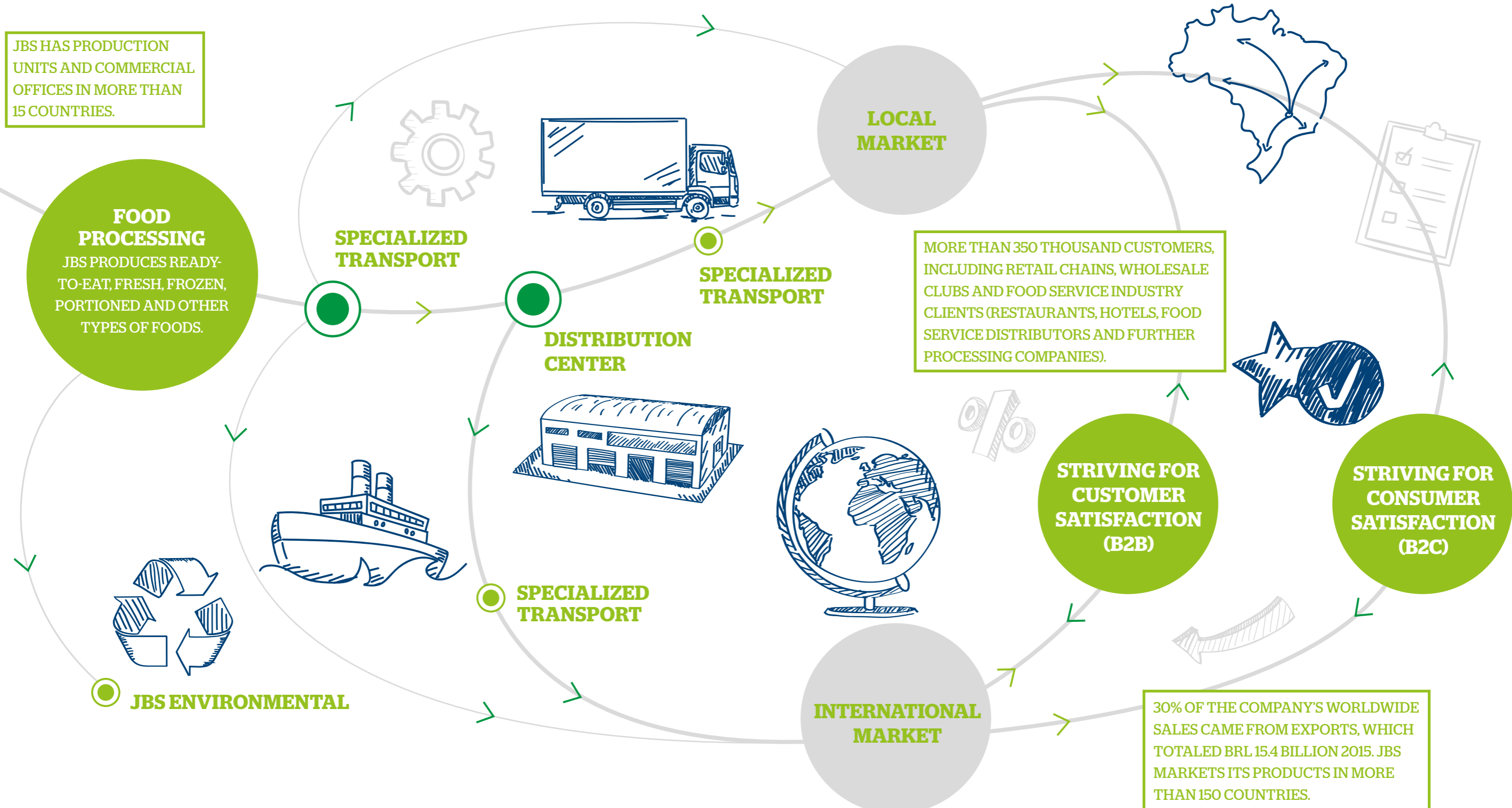
Food quality and safety

Animal welfare

Team member health and safety

Water

Climate change



**IMAGE OF GLOBAL MATERIAL ISSUES THROUGHOUT THE VALUE CHAIN PROCESS**

Responsible purchasing of raw materials

Food quality and safety

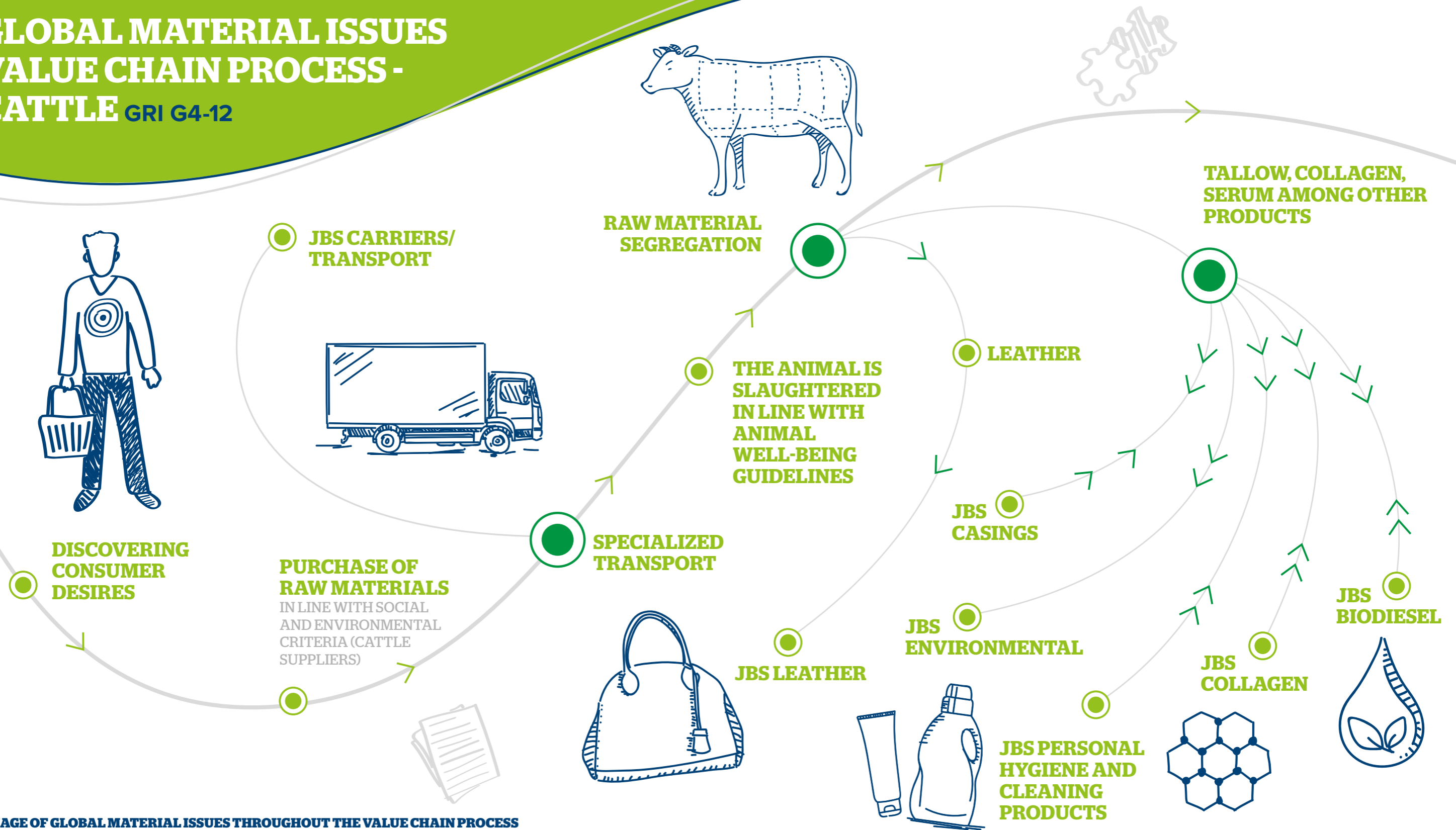
Animal welfare

Team member health and safety

Water

Climate change

# GLOBAL MATERIAL ISSUES VALUE CHAIN PROCESS - CATTLE GRI G4-12



## IMAGE OF GLOBAL MATERIAL ISSUES THROUGHOUT THE VALUE CHAIN PROCESS

Responsible purchasing of raw materials

Food quality and safety

Animal welfare

Team member health and safety

Water

Climate change



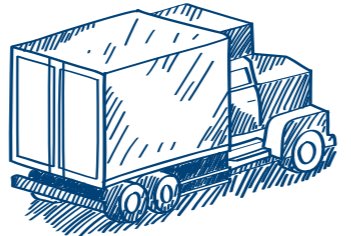
JBS HAS PRODUCTION UNITS AND COMMERCIAL OFFICES IN MORE THAN 15 COUNTRIES.

**FOOD PROCESSING**  
JBS PRODUCES READY-TO-EAT, FRESH, FROZEN, PORTIONED AND OTHER TYPES OF FOODS.

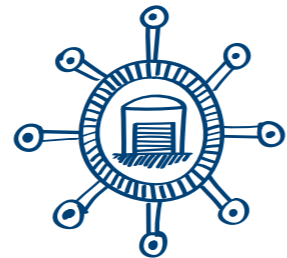


**JBS CAN MAKING**

**SPECIALIZED TRANSPORT**



**DISTRIBUTION CENTER**



**SPECIALIZED TRANSPORT**



**SPECIALIZED TRANSPORT**



**INTERNATIONAL MARKET**

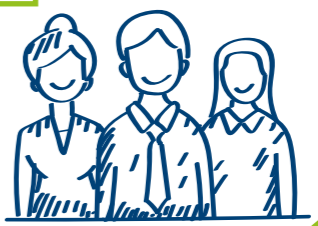


**LOCAL MARKET**



MORE THAN 350 THOUSAND CUSTOMERS, INCLUDING RETAIL CHAINS, WHOLESALE CLUBS AND FOOD SERVICE INDUSTRY CLIENTS (RESTAURANTS, HOTELS, FOOD SERVICE DISTRIBUTORS AND FURTHER PROCESSING COMPANIES).

**STRIVING FOR CUSTOMER SATISFACTION (B2B)**



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30% OF THE COMPANY'S WORLDWIDE SALES CAME FROM EXPORTS, WHICH TOTALED BRL 15.4 BILLION 2015. JBS MARKETS ITS PRODUCTS IN MORE THAN 150 COUNTRIES.

**IMAGE OF GLOBAL MATERIAL ISSUES THROUGHOUT THE VALUE CHAIN PROCESS**

Responsible purchasing of raw materials

Food quality and safety

Animal welfare

Team member health and safety

Water

Climate change

# COMPLEMENTARY CONTENT

JBS is also attentive to other issues related to sustainability, such as energy and solid waste. It also implements initiatives aimed at strengthening its relationship with stakeholders. Although not classified as material issues by the “Materiality Matrix” ([see link](#)), they are also important issues that permeate the operations and corporate decision-making process.

## Relationship with Stakeholders GRI G4-DMA

The relationships that JBS maintains with its stakeholders are important for the sustainability of its business. Building trust with the different audiences with which JBS interacts on a daily basis is a principle that guides the Company’s activities. Aware of its social role in the places where it operates, JBS has committed to contributing to social, economic and environmental development, as well as remaining open to dialogue, always respecting the local culture.

## Institutional Commitments

### GRI G4-15, G4-16

JBS participates in several important local and global forums discussing sustainability issues with organized civil society and other value chain participants. The company plays a leading role in several of the initiatives put forth by these organizations. Some examples:

### The Global Roundtable for Sustainable Beef (GRSB)

– A multi-stakeholder global initiative developed to continuously improve the sustainability of the global beef value chain through leadership, science, engagement and collaboration. GRSB works to ensure that all aspects of the beef value chain are environmentally sound, socially responsible and economically viable. JBS is a founding member of GRSB and serves on the Board of Directors and the Executive Committee.

### Leather Working Group (LWG)

– Geared to the leather industry, the LWG consists of international brands, tanneries, suppliers and retailers, and aims to promote sustainable environmental management practices appropriate for the industry. JBS Leather is a member of the Executive Committee and has 16 of its facilities certified by the initiative.

### British Poultry Council (BPC)

– Multi-stakeholder forum that serves as the voice of the poultry industry and as the link between its member companies and governments, regulatory bodies and other stakeholders. The BPC’s collaboration with leading scientists in the fields of poultry health and welfare ensures the safety of the food and drives best practices throughout the poultry industry. Moy Park is an active participant in the BPC committees and participates on the Board of Directors.

### Sustainable Livestock Working Group (GTPS)

– GTPS is made up of representatives of different segments that make up the bovine livestock value chain in Brazil. It aims to promote the development of sustainable, socially equitable, environmentally sound and economically viable livestock operations. JBS is part of the Board and participates in the “Development of the Sustainable Livestock Guide” and “Economic and Financial Incentives” committees.

### U.S. Roundtable for Sustainable Beef (USRSB)

– This initiative brings together diverse stakeholders focused on continuously improving the sustainability of the beef value chain in the United States. Promoting engagement with these audiences, it acts to support and communicate progress on this issue. JBS USA is one of the founding members and serves on the Board of Directors.

### The Canadian Roundtable for Sustainable Beef (CRSB)

– A multi-stakeholder initiative developed to advance sustainability efforts within the beef industry in Canada. This national forum is dedicated to connecting a network of local, regional and national leaders in the industry. JBS Food Canada is one of the founding members and serves on the Board of Directors.

### Field to Market

– This initiative seeks to create opportunities for continuous improvements in productivity, environmental quality and human welfare across the agricultural supply chain in the United States. It promotes dialogue throughout the industry, based on science and open to technological options. JBS USA is a member of this initiative.

**Global GAP's Livestock Technical Committee** – an internationally recognized group responsible for discussing and defining the animal welfare trends, requirements and parameters worldwide. JBS Foods is a member of the technical committee.

**National Pact for the Eradication of Slave Labor Institute (InPACTO)** – This initiative is focused on strengthening efforts to combat slave labor in Brazil. Since 2007 JBS has been a signatory to the National Pact for the Eradication of Slave Labor in Brazil. In 2014 JBS was the first company in the food sector to become a member of the Institute.

### a. Clients and consumers

JBS seeks to establish channels for dialogue with its clients and suppliers, building strong and transparent relationships that allow it to anticipate market trends, improve the quality of its products and processes and fulfill the demands of consumers.

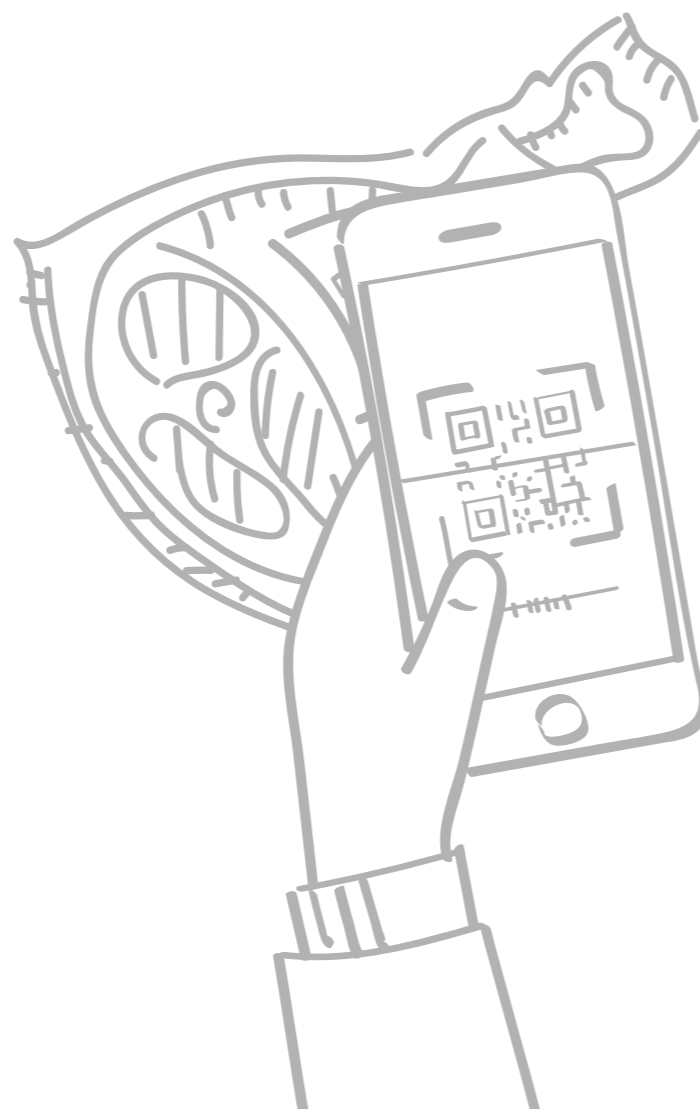
#### **Trust, from start to finish GRI FP8**

JBS's constant concern for its customers took **JBS Beef's (Brazil)** Friboi campaign to a level never before seen on Brazilian television. All stages of the production chain, from the responsible origin of the raw material, through the strict hygiene processes of operations and facilities, storage and transportation, to the moment of consumer selection, have been demonstrated with transparency through marketing and advertising initiatives.

Since the launch of the new campaign, in November 2015, TV stations, print media (newspaper and magazine), social networks and the JBS website, it is estimated that an audience of approximately 130 million people has been

reached. The initiative's strategy also included the reformulation of the Friboi website ([link](#)). Released on the same date and featuring details on each step of the production chain, the website surpassed a million hits in the first two months. One of the highlights of the campaign was to show the consumer how the Company is positioned with regard to issues such as animal welfare and sustainability criteria, such as supply chains free of deforestation and slave labor.

JBS also conducted a survey to understand the consumer interpretation of the message "trust, from start to finish," which is the central theme of the campaign. The results showed that 35% of respondents make association with "strict controls over the production process," which occurs daily in the Friboi production chain. Before the marketing initiative, the figure verified was 21%. **GRI G4-PR5**



The current Friboi campaigns have also sought to educate consumers about the correct use of products (cuts) and debunking myths related to beef.

#### **QR Code on the products**

The clients and consumers of the Friboi beef brand (JBS Beef Brazil) can learn the name and location of the farms that produce the raw material for fresh products. The information can be accessed via smartphones or the internet, in a rather simple manner:

- Using a smartphone, simply scan the QR Code present on the packaging of JBS beef brands.
- On the website [www.confiancadesdeorigemjbs.com.br](http://www.confiancadesdeorigemjbs.com.br), simply provide the production date and the Federal Inspection Service (SIF) number.

This initiative is part of the *Trust from the Source* program, specifically created to enable customers to quickly, simply and transparently determine the origin of the beef that they are eating.

#### **Pilgrim's Pride Corporation (JBS USA Poultry)**

also offers a similar solution. All of the products are accompanied by a code that allows them to be traced back to the origin. This mechanism, called FreshTrace™, complies with the requirements of the Food and Drug Administration (FDA). To find out about the origin of a product, simply enter the code in the web page intended for that purpose. Find out more by clicking [here](#).

#### **Client Support 2.0**

All of JBS's business units have channels of communication with clients and consumers.

For the operations in Brazil, social networks have established themselves as an effective relationship channel between companies/brands and customers. To take advantage of the opportunities that these channels offer, JBS Beef launched Client Support 2.0 in 2015. It is an innovative system of interaction with consumers as it allows the Company to offer an agile response that is based on the profile of the audience that makes contact. This chat tool, available at <http://www.friboi.com.br/contato/> was integrated with the traditional Client Support system and is the result of a partnership between Digital Marketing at JBS Beef and the Quality area. The Company also has a toll-free customer service line (0800 11 5057).

In 2015, the Client Support system registered three questions by email regarding environmental issues: two seeking more information about the Company's environmental responsibility projects and one asking about the certifications that JBS holds. All of the questions were answered by the Company. **GRI G4-EN34**

JBS Foods also has a Client Support system that receives more than 3,000 contacts per month via the toll-free line (0800 47 2425), e-mail and social networking. The Client Support system, which is also available at <http://www.seara.com.br/fale-conosco/>, produces all registries and maintains records to provide as much information as possible and contribute to the Company's strategic decisions and improvements.

## b. Community

Many of JBS's activities are conducted in labor-intensive environments. As a result, the Company plays an important role in the communities in which it operates through the generation of jobs, contributing to the economic development of these localities.

In addition to this social and economic role intrinsic to its operations, the Company seeks to support initiatives aimed at educating children and young people, as well as providing training and social inclusion to people with special needs.

### Germinare Institute

JBS is the main sponsor of the Germinare Institute, located in São Paulo/SP (Brazil) and created in 2009 by *J&F Investimentos*, the Company's majority shareholder. The Institute offers free full-time education. In order to develop leaders for the

future, it complements the traditional curriculum with topics and activities aimed at encouraging entrepreneurship and the formation of business managers. This methodology is approved by the Ministry of Education.

In 2015, the Institute had 530 students enrolled - adolescents and young people between 12 and 18 years of age, with its first high school graduating class composed of 72 students. Learn more about the Germinare Institute [here](#).

### Germinare Institute



Free, full-time education



Unique teaching, aimed at promoting a culture of entrepreneurship



530 students, aged 12 to 18

Student from Germinare Institute



## Special Chefs

JBS is one of the sponsors of the **Special Chefs** project, an initiative developed in Brazil that seeks to promote the social inclusion of young people with Down Syndrome through gastronomy. By promoting free workshops with renowned chefs who teach how to use the ingredients and execute a recipe, the project seeks to help the participants achieve autonomy, gain confidence and develop self-esteem and motor coordination.

Special Chefs has had a partnership with the Friboi brand since 2013, which contributes financial support, provides products and promotes initiatives created by the Institute. In 2015, **Special Chefs** served approximately 300 young people and was elected by the **Brazilian Academy of Merit Honors** unanimously as the

“Best Social Responsibility Project of the Year in Gastronomy.” Friboi was also awarded the **Social Responsibility award**, as the project’s sponsor, for **supporting the Best Project of the Year**. [Learn more](#) about the project .

## Community involvement activities in Europe

- Moy Park (JBS Europe) is committed to the social, economic and environmental development of rural communities in the areas where it operates. The Company contributes to initiatives geared to these communities through grants and support to The Prince’s Countryside Fund, which develops more than 120 projects in the UK, benefiting some 100,000 people.
- The Moy Park units located in Grantham and Anwick, England, participate and support the “Feeding the British Future” program,

created and managed by the [IGD institution](#).

The initiative, aimed at training young people seeking job opportunities in the UK food industry, includes professional training programs and visits to production units. The food industry is the largest employer in the UK, employing over 3.7 million people, and the IGD program plays a key role in the fight against youth unemployment.

## Community Involvement Activities in the United States

- Each year, JBS USA supports several fundraising campaigns, including the [United Way of Weld County](#), [Relay For Life](#) and the [Weld Food Bank](#). Many business units are located in rural areas and are often the largest generators of employment opportunities. In addition, JBS also performs volunteer work and provides monetary donations for a number of institutions such as the “4-H youth development and mentoring programs” and “Future Farmers of America.” In 2015, for example, the cattle processing unit in Greeley, Colorado, sponsored the 100th home for the “Greeley Habitat for Humanity” with a donation of US\$70,000. These funds were used to cover the costs of construction materials and labor. Many JBS team members also participated as volunteers during the construction of the house.
- The JBS Pork plant in Marshalltown, Iowa, is part of the Can-Do project and collected approximately 1,500 items of canned food, instant noodles and bags of rice. The donations were passed on to the local food bank.

## c. Governments GRI G4-S06

JBS is committed to adhering to the highest standards of integrity, ethics and transparency when interacting with government officials and public officials. To guide the conduct of team members and outsourced consultants who interact with the government in the performance of their duties, the Policy on Relations with Government Entities and Public Officials was published in Brazil in 2015. The document, which is applicable to operations in the country, establishes criteria and rules of conduct in the relations of JBS companies with government and/or public officials for meetings, the delivery and receipt of documents and other contact necessary to obtain licenses and permits, present claims, participate in bids and discuss matters relating to the JBS operations that depend on government action.

In all jurisdictions in which JBS operates worldwide, ethics and anti-corruption training is offered in order to ensure compliance with local laws.

Special Chefs



# GRI Appendix

## Environmental Category

### Aspect: Materials

### Aspect: Effluent and Waste

### Aspect: Products and Services

#### GRI G4-DMA

**GRI G4-EN1:** Materials used by weight or volume

**GRI G4-EN2:** Percentage of materials used that are recycled input materials

#### GRI G4-DMA

**GRI G4-EN23:** Total weight of waste by type and disposal method

**GRI G4-EN25:** Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention, Annex I, II, III, and VIII, and percentage of transported waste shipped internationally

#### Solid Waste

JBS manages and identifies waste reuse opportunities in its operations in order to minimize impacts to the environment and the surrounding communities through the responsible use of natural resources.



#### Volume of waste generated (tons)

JBS GLOBAL		
2015		
NON-HAZARDOUS	5,031.07	99.1%
HAZARDOUS	43.43	0.9%
<b>TOTAL VOLUME</b>	<b>5,074.51</b>	

<b>1. Industrial/Sanitary Landfill – In-house</b>	27.25	0.54%
<b>2. Industrial/Sanitary Landfill – Third-party</b>	4,007.97	78.98%
<b>3. Compost</b>	729.19	14.37%
<b>4. Incineration</b>	44.15	0.87%
<b>5. Recycling</b>	241.02	4.75%
<b>6. Energy Reuse</b>	9.96	0.20%
<b>9. Other</b>	14.96	0.29%

**More than 80% of post-industrial waste generated in Brazil is sent for composting, recycling or reuse to generate energy.**

The solid waste management initiatives adopted at the Brazilian operations seek to reduce the volume of waste generated, reusing materials that can be recycled and disposing of that which must be discarded in an environmentally appropriate manner. The solid waste management actions are consistent with the requirements of the National Solid Waste Policy (PNRS), which establishes best practices, by contributing to the reverse logistics of post-consumer packaging, increasing the percentage of recycled materials and reducing the volume of waste going to landfill. As such, the following actions, among others, were conducted throughout 2015:

- Full participation in the meetings of the National Sectoral Agreement, managed by the Business Commitment for Recycling (Cempre), which includes the participation of hundreds of companies in the consumer goods sector;
- Support for recycling cooperatives (as part of the Sectoral Agreement), in order to contribute to the professionalization of the sector and thus increase the income of cooperative members. In 2015, JBS allocated approximately R\$500,000 in actions related to the PNRS;
- Partnership with Prolata Reciclagem, a non-profit association made up of the value chain of steel can manufacturers in Brazil, which aims to ensure the recovery of steel and its reuse in the value chain; and
- Reducing the volume of product packaging, through projects developed by the research and development areas.

The materials used for the manufacture of post-consumer packaging in Brazil are broken down as follows:

#### Materials used in packaging (by weight or volume/renewable and non-renewable)

Plastic	15.40%	Non-renewable
Paper/cardboard	83.77%	Renewable
Metal	0.69%	Non-renewable
Styrofoam	0.13%	Non-renewable
Cellulose/Wood	0.01%	Renewable

<b>Primary and secondary packaging</b>	<b>23.5%</b>
<b>Tertiary packaging</b>	<b>76.5%</b>

The Company's solid waste management for operations in Brazil is handled by the unit's environmental team, or by JBS Environmental, the business division that acts to manage, recycle and appropriately dispose of post-industrial waste, ensuring the traceability of waste throughout the process.

Plastics, metal, paper, hazardous and non-recyclable materials collected by JBS Environmental had the following volumes managed in 2015:

MATERIAL	VOLUMES MANAGED (tons)
Plastics	5,202
Metal	8,045
Paper	3,713
Hazardous and non-recyclable	675

JBS Brazil Environmental ([www.jbsambiental.com.br](http://www.jbsambiental.com.br)) last year managed more than 17,000 tons of JBS's solid waste, a volume that represents more than 1,200 heavy trucks or 850 standard-size containers filled with material.

JBS Brazil Environmental also produced 3,258 tons of plastic resin at its plants. The recycled materials, besides generating plastic resins sold as raw material, were used to produce new products such as trash bags (3.6 million units in 2015), plastic bags, tarpaulins and customized products. All of the garbage bags used in the various units of JBS in Brazil are the result of the recycling process developed by JBS Environmental, allowing for a closed waste cycle.

## In 2015, the volume of plastic waste recycled by JBS Environmental was equivalent to 20% of the total used in all of the Company's processes throughout Brazil.

### Positive environmental impact through the recycling by JBS Brazil Environmental

- With its recycled plastic in 2015, JBS avoided the consumption of 15,000 tons of oil, enough to supply 270 economy vehicles for a year.
- The recycled resin production process consumes 70% less energy than the production of virgin resin. This resulted in a savings of 9,300 megawatt/hours, enough energy to power a town of 9,000 inhabitants for a year.
- The amount of cardboard recycled is equivalent to 825 million A4 sheets, which is enough to circle the planet 18 times. The cardboard recycling prevented the cutting of 123,000 thousand trees and the consumption of 130 million liters of water, enough for 250 people to take one bath per day for 18 years.
- By recycling plastic and cardboard, JBS stopped emitting 11,400 tons of CO<sub>2</sub> into the environment.

### Waste management at the North America and Europe operations

JBS USA, in partnership with its suppliers, has adopted new technologies and techniques that reduce the environmental impact of the packaging used for its products. There is an ongoing initiative for reducing the thickness of some packaging, resulting in a lower use of plastic resin and hence, less waste.

At **Moy Park**, none of the plants send waste to landfills. In a span of just four years, Moy Park has reduced the amount of waste sent to landfill from 80% to 0%. This is a remarkable achievement for the Company and further demonstrates its commitment to the best practices in sustainability.

### Aspect: Energy

#### GRI G4-DMA

**GRI G4-EN3:** Energy consumption within the organization

**GRI G4-EN6:** Reduction of energy consumption

For its operations, JBS prioritizes the use of an energy mix from renewable sources. The Company continually invests in the purchase of more efficient equipment and has reduction targets for the energy consumption of its operations. JBS also includes best practices for energy consumption, such as turning off equipment and lights at night.

Throughout 2015, JBS's global operations consumed 69,514,414 GJ of direct energy, i.e. energy for electricity generation, steam generation and thermal heating (stationary combustion), in addition to operating its own fleet of vehicles (mobile combustion). Of this total, 47.7% was generated by renewable sources.

### Global energy consumption by source in 2015

	RENEWABLE		NON-RENEWABLE		
<b>Total GJ - Direct Energy in 2015</b>	33,131,302	47.7%	36,383,112	52.3%	<b>69,514,414</b>

#### Power generation

**Reusing waste for energy** – JBS Five Rivers (**JBS USA**) has developed a pilot project for a manure gasifier, a technology with the potential to replace part of the natural gas used in the boilers installed at the feed mills.

**Biogas** – Many of the **JBS USA** units use biogas produced by the Company's wastewater treatment systems. One example is the pork processing plant in Marshalltown, Iowa, which recovers biogas from an anaerobic treatment pond (used for the treatment of animal waste).

**Biomass** – Moy Park (**JBS Europe**) has developed a biomass technology to be used as an alternative energy source to supply the heating systems used in the poultry processing units.

**Cogeneration** – In Brazil, JBS has the **Biolins facility**. Located in the Lins Industrial Park, the unit generates thermoelectric and steam energy using biomass waste from sugarcane industries and other activities, including sugarcane bagasse, sawdust, peanut and rice hulls and eucalyptus wood chips from waste in the region.

The thermoelectric generating capacity totals approximately 28 megawatts of power per hour, which is sufficient to supply a city of 300,000 residents. Approximately 60% of this energy supplies the Beef and Leather plants at the Lins industrial complex in São Paulo state. The rest

is distributed among the JBS units and also sold on the domestic market. Steam generation, in turn, exclusively supplies the JBS plants that are adjacent to Biolins.

Biolins alone generates energy equivalent to 8% of the total energy that is used by all of the JBS units in Brazil. In 2015, it received investments of R\$48 million for a 50% expansion of its thermal power generation capacity, which will come into operation in 2016. The funds are being allocated for the installation of three new boilers and a more efficient turbine and generator set.

**Energy purchasing** – In 2015, approximately 78.5% of all of the direct energy consumed by the operations of **JBS in Brazil** came from renewable sources such as hydropower and the burning of renewable fuels such as sugarcane bagasse and reforested wood, among others. This figure rises to 96.6% with regard to stationary combustion. In addition to this, R\$37 million was invested in retrofit installations, in order to reduce the consumption of energy, water and steam.

## Aspect: General

### GRI G4-DMA

GRI G4-EN31: Total environmental protection expenditures and investments by type

Total amount invested surpassed

# R\$716.4

million

in environmental protection.



Investment of more than

# R\$527.8

million

in environmental management.<sup>1</sup>

Total amount invested of more than

# R\$188.6

million

in environmental improvements.<sup>2</sup>



<sup>1</sup> Personnel expenses, waste disposal, wastewater treatment, laboratory tests, fees and taxes and general maintenance (equipment, structural improvements).

<sup>2</sup> Wastewater treatment projects, solid waste management, air emissions, eco-efficiency projects (reduction in water consumption, reuse of waste for energy, recovery of by-products) and other (erosion and degraded area recovery, reforestation and operational improvements, among others).

## Social category: Labor practices and decent work

### Aspect: Training and education

#### GRI G4-DMA

GRI G4-LA11: Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

JBS carried out the following training and education programs in 2015:

**Trainee Program**, adopted at the operations in Brazil and the United States. Lasting 18 months, this program offers young graduates the opportunity to grow professionally in the Company. In the United States, it was launched in 2015 and had 34 participants. More than 20,000 young people registered for the program in Brazil in 2015.

**Internal Talent Program**, which enables production team members to occupy supervisory positions. The program, which was also adopted in Brazil and the United States, lasts six months and selects team members who work in the production area units to prepare them to occupy supervisory positions. On average, 20 out of the 300 team members who enroll in Brazil are approved each cycle. Of these, 90% are approved at the end of the program to become supervisors. In 2015, 67 staff members were trained from JBS Beef, JBS Foods and JBS Leather. At JBS USA, the program was launched in 2015, and the first group was made up of 44 participants from the operations in the United States and Canada.

**Internship Program**, conducted by JBS USA between June and August (during the summer). In 2015, 147 interns participated in this program, assigned to production units or the corporate business department of Pilgrim's and JBS in the United States and Canada.

#### Team Member Training

In 2015, JBS held its first Environment Week in Brazil. Designed as part of the celebrations of World Environment Day, celebrated on June 5, the event lasted three days and brought together more than 300 team members for several lectures on strategic issues for the sustainability of JBS. The program included presentations by experts on the following topics: waste management, the efficient use of water and energy, climate change, guarantee of origin and corporate transparency. Team members were also informed of JBS's own initiatives in relation to such matters. Learn more about the initiative [here](#).

JBS Foods, in turn, held the "1<sup>st</sup> JBS Foods Convention - Internal Market," which was attended by more than 400 people, including executive officers, supervisors and managers from every unit. The event aimed to promote integration, foster knowledge, define action plans and engage the participants. The Company has also adopted other HR programs. These initiatives include "Coffee with Employees," which is held monthly to strengthen the relationship between team members and managers, and the "People who get it done," which seeks to recognize the positive attitudes and commitment among the Company's team members.

#### Individual Performance Evaluation

JBS Brazil and JBS USA team member performance is monitored using a 360° evaluation system, a methodology that enables it to diagnose and analyze professional behavior, interpersonal relationships and the adherence of team member skills with JBS's values. This evaluation applies to 100% of eligible team members hired before August 30 of each year and occupying the posts of specialist, supervisor, coordinator, manager, executive officer or president of a business unit, or working at the Company's headquarters in São Paulo and Greeley, Colorado. In the last cycle, 5,712 team members in Brazil participated in this evaluation.



# GRI G4 CONTENT SUMMARY

GENERAL CONTENTS	PAGE OR DIRECT RESPONSE
<b>Strategy and analysis</b>	
<b>G4-1</b> Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Pages 08, 10, 11
<b>Organizational profile</b>	
<b>G4-3</b> Name of the organization	Page 16
<b>G4-4</b> Primary brands, products and services	Pages 16, 18, 20
<b>G4-5</b> Location of the organization's headquarters	Page 16
<b>G4-6</b> Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Pages 16, 17
<b>G4-7</b> Nature of ownership and legal form	Page 16
<b>G4-8</b> Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Pages 16, 17, 18
<b>G4-9</b> Scale of the organization	Pages 16, 17, 19, 28
<b>G4-10</b> Total number of employees	Page 33
<b>G4-11</b> Percentage of total employees covered by collective bargaining agreements	Page 33
<b>G4-12</b> Description of the organization's supply chain	Pages 76, 78, 80
<b>G4-13</b> Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	Pages 18, 40, 41, 42
<b>G4-14</b> Whether and how the precautionary approach or principle is addressed by the organization	The company implements a rigorous risk management process, which includes taking steps to prevent possible environmental impacts
<b>G4-15</b> Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Pages 71, 82
<b>G4-16</b> Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization has a strategic participation	Page 82
<b>Identified material aspects and boundaries</b>	
<b>G4-17</b> All entities included in the organization's consolidated financial statements or equivalent documents	Page 02
<b>G4-18</b> Explanation of the process for defining the report content and the Aspect Boundaries	Pages 02, 57
<b>G4-19</b> All the material Aspects identified in the process for defining report content	Pages 05, 57
<b>G4-20</b> For each material Aspect, report the Aspect Boundary within the organization	Page 05
<b>G4-21</b> For each material Aspect, report the Aspect Boundary outside the organization	Page 05
<b>G4-22</b> Effect of any restatements of information provided in previous reports, and the reasons for such restatements	Page 02
<b>G4-23</b> Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Page 02
<b>Stakeholder engagement</b>	
<b>G4-24</b> List of stakeholder groups engaged by the organization	Page 03
<b>G4-25</b> Basis for identification and selection of stakeholders with whom to engage	Page 03
<b>G4-26</b> Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Page 03
<b>G4-27</b> Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	Page 03

## GENERAL CONTENTS (SEQUEL)

## PAGE OR DIRECT RESPONSE

Report profile	
<b>G4-28</b> Reporting period (such as fiscal or calendar year) for information provided	Page 02
<b>G4-29</b> Date of most recent previous report (if any)	Page 02
<b>G4-30</b> Reporting cycle (such as annual, biennial)	Page 02
<b>G4-31</b> Provide the contact point for questions regarding the report or its contents	Page 02
<b>G4-32</b> 'In accordance' option the organization has chosen	Page 02
<b>G4-33</b> Organization's policy and current practice with regard to seeking external assurance for the report	This Report has not undergone third-party verification, but has been analyzed by the GRI and submitted to the GRI Check
Governance	
<b>G4-34</b> Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Page 27
Ethics and integrity	
<b>G4-56</b> Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Pages 31, 34

## SPECIFIC STANDARD DISCLOSURES

### CATEGORY: ECONOMIC

Material aspects	DMA and indicators	Page or direct response
Economic performance	<b>G4-DMA</b> Form of management	Page 29
	<b>G4-EC2</b> Financial implications and others risks and opportunities for the organization's activities due to climate change	Pages 29, 75

### CATEGORY: ENVIRONMENTAL

Material aspects	Description	Page or direct response
Materials	<b>G4-DMA</b> Form of management	Page 86
	<b>G4-EN1</b> Materials used by weight or volume	Page 86
	<b>G4-EN2</b> Percentage of materials used that are recycled input materials	Page 86
Energy	<b>G4-DMA</b> Form of management	Page 87
	<b>G4-EN3</b> Energy consumption within the organization	Page 87
	<b>G4-EN6</b> Reduction of energy consumption	Page 87
Water	<b>G4-DMA</b> Form of management	Page 62
	<b>G4-EN8</b> Total water withdrawal by source	Page 62
	<b>G4-EN10</b> Percentage and total volume of water recycled and reused	Page 64
Biodiversity	<b>G4-DMA</b> Form of management	Page 69
	<b>G4-EN12</b> Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Page 70
Emissions	<b>G4-DMA</b> Form of management	Page 75
	<b>G4-EN15</b> Direct greenhouse gas (GHG) emissions (scope 1)	Page 75
	<b>G4-EN16</b> Energy indirect greenhouse gas (GHG) emissions (scope 2)	Page 75
	<b>G4-EN17</b> Other indirect greenhouse gas (GHG) emissions (scope 3)	Page 75
	<b>G4-EN18</b> Greenhouse gas (GHG) emissions intensity	Page 75
	<b>G4-EN19</b> Reduction of greenhouse gas (GHG) emissions	Page 75

## CATEGORY: ENVIRONMENTAL (SEQUEL)

Material aspects	Description	Page or direct response
Effluents and waste	<b>G4-DMA</b> Form of management	Page 86
	<b>G4-EN22</b> Total water discharge by quality and destination	Page 65
	<b>G4-EN23</b> Total weight of waste by type and disposal method	Page 86
	<b>G4-EN25</b> Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the basel convention 2 annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Page 86
Overall	<b>G4-DMA</b> Form of management	Page 88
	<b>G4-EN31</b> Total environmental protection expenditures and investments by type	Page 88
Supplier environmental assessment	<b>G4-DMA</b> Form of management	Page 68
	<b>G4-EN32</b> Percentage of new suppliers that were screened using environmental criteria	Pages 69, 70
	<b>G4-EN33</b> Significant actual and potential negative environmental impacts in the supply chain and actions taken	Page 70
Environmental grievance mechanisms	<b>G4-DMA</b> Form of management	Page 82
	<b>G4-EN34</b> Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Pages 70, 83

## CATEGORY: SOCIAL

### Labor practices and decent work

Material aspects	Description	Page or direct response
Employment	<b>G4-DMA</b> Form of management	Page 34
	<b>G4-LA1</b> Total number and rates of new employee hires and employee turnover by age group, gender and region	Page 34
Occupational health and safety	<b>G4-DMA</b> Form of management	Page 58
	<b>G4-LA5</b> Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Page 58
	<b>G4-LA6</b> Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Pages 34, 59
	<b>G4-LA7</b> Workers with high incidence or high risk of diseases related to their occupation	Pages 58, 59
	<b>G4-LA8</b> Health and safety topics covered in formal agreements with trade unions	Page 58
Training and education	<b>G4-DMA</b> Form of management	Page 88
	<b>G4-LA11</b> Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Page 88
Supplier assessment for labor practices	<b>G4-DMA</b> Form of management	Page 69
	<b>G4-LA15</b> Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Page 69

**CATEGORY: SOCIAL**  
**Human rights**

Material aspects	Description	Page or direct response
Forced or compulsory labor	<b>G4-DMA</b> Form of management	Page 69
	<b>G4-HR6</b> Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Pages 69, 70
Indigenous rights	<b>G4-DMA</b> Form of management	Page 69
	<b>G4-HR8</b> Total number of incidents of violations involving rights of indigenous peoples and actions taken	There are no cases of violations involving the rights of indigenous peoples.
Supplier human rights assessment	<b>G4-DMA</b> Form of management	Page 69
	<b>G4-HR10</b> Percentage of new suppliers that were screened using human rights criteria	Page 70
	<b>G4-HR11</b> Significant actual and potential negative human rights impacts in the supply chain and actions taken	Page 70

**CATEGORY: SOCIAL**  
**Society**

Material aspects	Description	Page or direct response
Public policy	<b>G4-DMA</b> Form of management	Page 82
	<b>G4-SO6</b> Total value of political contributions by country and recipient/beneficiary	Page 85
Supplier assessment for impacts on society	<b>G4-DMA</b> Form of management	Page 69
	<b>G4-SO9</b> Percentage of new suppliers that were screened using criteria for impacts on society	Pages 69, 70
	<b>G4-SO10</b> Significant actual and potential negative impacts on society in the supply chain and actions taken	Page 70

**CATEGORY: SOCIAL**  
**Product responsibility**

Material aspects	Description	Page or direct response
Customer health and safety	<b>G4-DMA</b> Form of management	Page 73
	<b>G4-PR1</b> Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Pages 72, 73, 74
Product and service labeling	<b>G4-DMA</b> Form of management	Page 67
	<b>G4-PR3</b> Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Page 67
	<b>G4-PR5</b> Results of surveys measuring customer satisfaction	Page 83
Marketing communications	<b>G4-DMA</b> Form of management	Page 67
	<b>G4-PR6</b> Sale of banned or disputed products	Page 67
	<b>G4-PR7</b> Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	In 2015, there were no cases of noncompliance with marketing communication regulations

## SECTOR DISCLOSURES

Material aspects	Description	Page or direct response
Procurement/sourcing practices	<b>G4-DMA</b> Form of management	Page 69
	<b>GRI FP1</b> Percentage of purchased volume from suppliers compliant with company's sourcing policy	Page 69
	<b>GRI FP2</b> Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	Page 74
Customer health and safety	<b>G4-DMA</b> Form of management	Page 71
	<b>GRI FP5</b> Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	Pages 73, 74
	<b>GRI FP6</b> Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars	Examples of products that address these issues are the Light Cold Cuts Range and the ham and turkey breast with lower sodium content
	<b>GRI FP7</b> Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives	Page 67
Product and service labeling	<b>G4-DMA</b> Form of management	Page 71
	<b>GRI FP8</b> Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements	Pages 73, 83
Breeding and genetic of the animals	<b>G4-DMA</b> Form of management	Page 60
	<b>GRI FP9</b> Percentage and total of animals raised and/or processed, by species and breed type	Page 60
Livestock	<b>G4-DMA</b> Form of management	Page 60
	<b>GRI FP10</b> Policies and practices, by species and breed type, related to physical alterations and the use of anaesthetic	Page 60
	<b>GRI FP11</b> Percentage and total of animals raised and/or processed, by species and breed type, per housing type	Page 60
	<b>GRI FP12</b> Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type	The company complies with all municipal, state and federal regulations in relation to use of these substances, both in Brazil, in other countries where it operates and its export markets. JBS does not use antibiotics or other substances to promote growth in its global operations. As a global company, JBS has a diverse customer base that has specific product criteria, resulting in attributes such as natural, antibiotic-free, ractopamine-free, premium and conventional foodstuffs. As a partner offering proven value to domestic and international customers, JBS offers a wide range of high quality products, designed to meet the different requirements of demanding customers worldwide
	<b>G4-DMA</b> Form of management	Page 60
Transportation, handling and slaughter	<b>GRI FP13</b> Total number of incidents of significant non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals	All animals under JBS' care are handled, transported, treated and slaughtered in accordance with all municipal, state and federal animal protection laws and regulations. The company's operations are inspected on a daily basis to ensure compliance with relevant legislation in every market where JBS operates, as well the company's own internal standards

# CREDITS

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