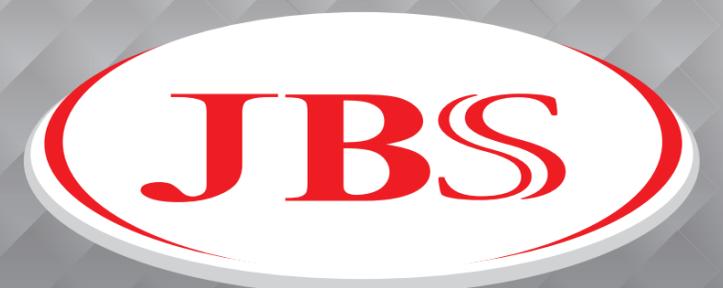


Annual and Sustainability Report

2014



JBS Culture

About Us

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

What Unites Us

Trust.

Our Priority

The common good.

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.

Values

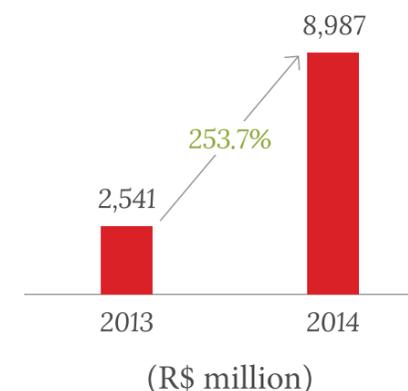
Ownership
Determination
Discipline
Availability
Simplicity
Sincerity
Humility

Our Beliefs

Focus on the details
A hands-on approach
Success is only achieved through hard work
The right person in the right place
Passion for what we do
Actions and behavior 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

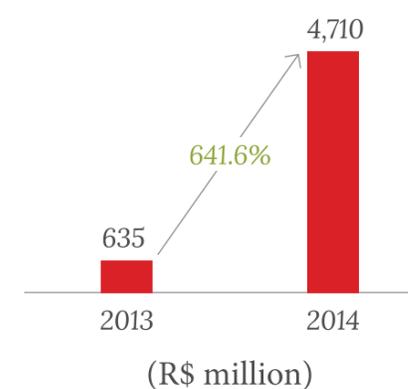
Financial Highlights

R\$ million	2013	2014	Var. %
Net Revenue	92,902.8	120,469.7	29.7%
Cost of Goods Sold	(81,056.1)	(101,796.3)	25.6%
Gross Profit	11,846.7	18,673.4	57.6%
Gross Margin %	12.8%	15.5%	-
EBITDA	6,130.3	11,090.0	80.9%
EBITDA Margin %	6.6%	9.2%	-
Net Income	926.9	2,035.9	119.6%
Net Income per Thousand Shares	323.32	706.49	118.5%



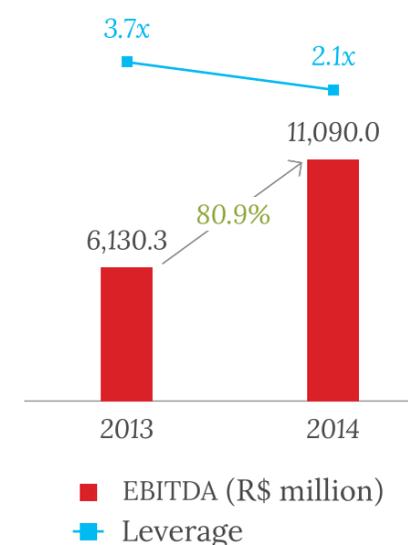
Net Operating Cash Generation

Net operating cash generation of JBS in 2014 was R\$9.0 billion, an increase of 253.7% over 2013.



Free Cash Generation

Free cash generation in 2014 was R\$4.7 billion, an expansion of 641.6% when compared to 2013.



Leverage

Planned and expected by JBS management, the reduction in leverage resulted from both the improvement in operational performance in 2014 and the higher net operating cash generation during the period.

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About the Report

GRI G4-18 G4-19 G4-20 G4-21 G4-23 G4-24 G4-25 G4-26 G4-27 G4-28 G4-29 G4-30 G4-31

The JBS Annual and Sustainability Report presents the Company's key events and achievements – economic, social and environmental – for the period of January 1 to December 31, 2014.

For the third consecutive year, JBS is publishing its report in accordance with the guidelines proposed by the Global Reporting Initiative (GRI) and in accordance with the criteria of the Brazilian Association of Publicly-Held Companies (ABRASCA).

The GRI is a Non-Governmental Organization composed of a network of multi-stakeholders founded in 1997 by CERES and the United Nations Environment Program (UNEP). The GRI seeks to contribute towards building a sustainable global economy in which organizations can measure their economic, environmental, social and governance performance and impacts in a responsible and transparent manner.

For the first time, JBS is adhering to the fourth generation of GRI Guidelines – G4 – within the “Essential” approach, which was launched by GRI in 2013. In addition, the results of JBS Foods are being released in an independent publication for the first time. Therefore, there are two reports: one covering the most relevant issues to JBS S.A. – which also includes the highlights of JBS Foods – and another that provides unique information about this business unit focused on the Company's processed foods, poultry and pork sectors in Brazil.

In order to adhere with more precision the GRI indicators, JBS limited its responses to data that relate to its operations in Brazil. However, the Company plans to monitor and report the indicators of two environmental issues from the operations of JBS USA by 2018.

Content Relevant to Stakeholders

The editorial content of this report provides institutional information – the Company's profile and information on its operations, governance and strategy – providing context to the reader about the business. It also covers the positioning, commitments and performance of JBS on the issues considered relevant to sustainability, relative to its strategic position and interests of its stakeholders.

To more precisely understand these relevant aspects, in 2014 the Company carried out a strategic materiality study in order to establish a new direction for its sustainability initiatives. The study had the support of a specialized consulting firm that conducted in-person interviews with the Company's key executives, through which it identified success factors relevant to the business. Based on the success factors, stakeholders were selected from each relationship category (suppliers, internal and external clients, government and civil society) that, through in-person or telephone interviews, provided their expectations and opinions of the business. The criteria for the selection of these stakeholders were their high standards for issues related to sustainability and their high level of legitimacy within their fields.

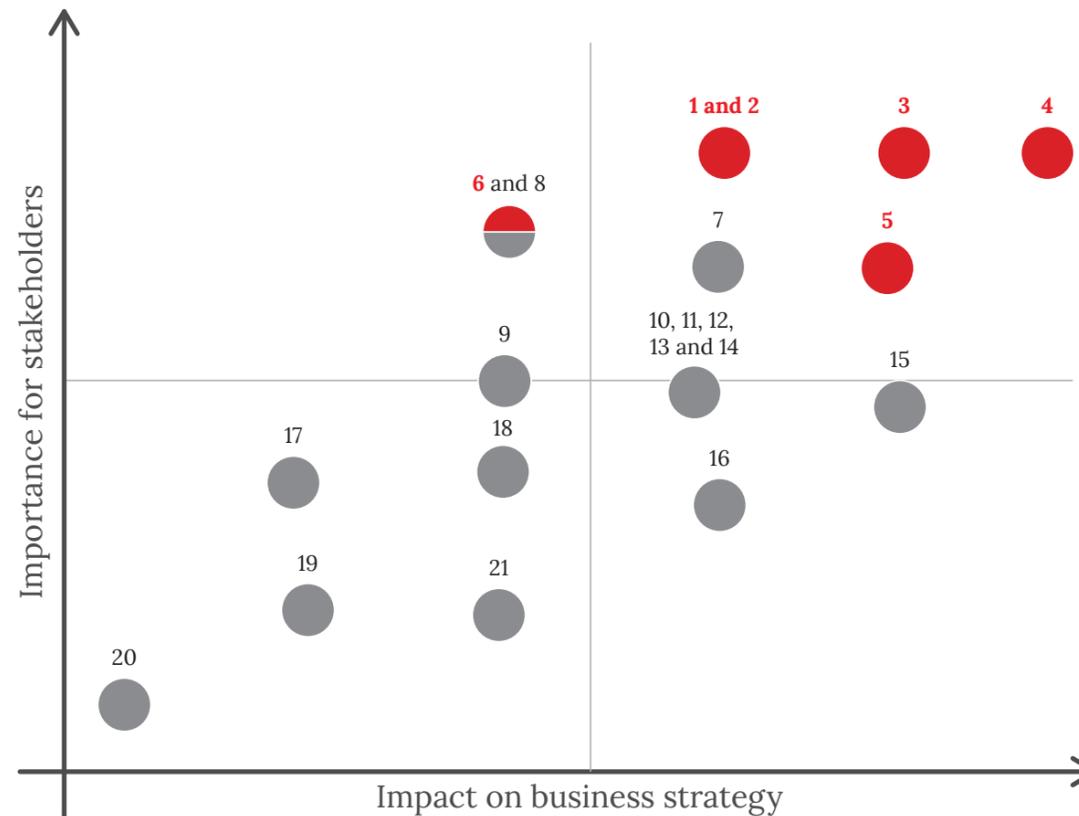
In addition to the interviews, the work was complemented by an extensive research into the Company's initiatives using internal documents, policies and strategic guidelines, reports, industry evaluations and other sources.

The result of the strategic materiality study was presented and validated by the Company's senior management.

About the Report

The chart aside-graphically presents the issues considered relevant at the conclusion of this process. Among the highly relevant issues for the Company and for its stakeholders, six were selected to be focused on in the coming years: **Information Transparency and Reliability, Animal Welfare, Food Quality and Safety, Guarantee of Origin, Water and Climate Change.** These issues will be highlighted and discussed in greater detail throughout the report. Each time they appear in the text, the reader will be notified with the symbol  (which may, in some cases, contain a link to related content within the report).

2014 JBS materiality matrix



Legend

Strategic issues

- 1- Transparency and reliability of information
- 2- Animal welfare
- 3- Feed quality and safety
- 4- Guarantee of origin
- 5- Water
- 6- Climate change

Other issues

- 7- Competition
- 8- Solid waste
- 9- Biodiversity
- 10- Power
- 11- Transgenics
- 12- Occupational health and safety
- 13- Food waste
- 14- Consumers
- 15- Health and nutrition
- 16- Local development
- 17- Consumption habits
- 18- Labor legislation
- 19- Family agriculture
- 20- Social investment
- 21- Impact on local and traditional communities

If you have any questions, concerns or requests for additional information, please send an email to: relatorio.anual@jbs.com.br or call: 55 11 3144-4000

GRI Indicators

Based on the material issues identified referenced in the chart, responses for the GRI indicators were provided by JBS professionals responsible for managing the respective areas. Further details about the GRI indicators reported in this publication can be found by accessing the [GRI Index](#).

Message from the CEO

JBS had great victories and achievements in 2014.

We continued to harvest from the transformational movements that we performed in the last few years in order to transform our Company into a multinational of Brazilian origin. We feel certain that the timing of the relevant investments made by us could not have been better or more opportunistic. Today, these investments bring excellent results to our Company. We are confident that we built a unique global production platform, efficient and well positioned in countries that provide the most competitive environment to produce food products.

We reached more than R\$120 billion in consolidated net sales in 2014, an increase of 30% compared with 2013. This made us the largest Brazilian private company in terms of revenues. In 2014, we were also ranked as the second largest food company in the whole world. Our EBITDA was R\$11.1 billion, which represents an increase of 81% over the previous year, with an EBITDA margin of 9.2%. Our net income came in at R\$2.0 billion, also presenting an impressive improvement of 120% over 2013. In addition, we evolved in our cash generation from operations, which reached R\$9.0 billion, and in free cash generation, after investments, of R\$4.7 billion.

In the United States we have a well adjusted operation where we had an expressive result during last year. Pilgrim's Pride, our chicken business in the US, performed really well in 2014, as a result of a management committed to reduced production costs, high levels of productivity and rationalization of its sales mix. Net revenue for this business was US\$8.6 billion, with an EBITDA of US\$1.35 billion, representing a margin of 15.7%. In Mexico, where we already have operations, we announced the acquisition of the Tyson's assets there, which is still pending approval from local authorities. This transaction, when approved, will practically double our production capacity in that country.

We reorganized our beef operation in the US, splitting the management of fed cattle from the regional business which is more focused on the processing of cows and Holsteins. This strategy allowed us to have more agility and focus on the decision making process and flexibility to adapt to ever changing market conditions. Net revenues from this business unit, including operations in Canada and Australia, surpassed US\$21.6 billion, with EBITDA of US\$916.1 million, which represents a margin of 4.2%. In our pork unit, we posted US\$3.8 billion in revenues, with an EBITDA margin of 10.6%, the best result in the pork industry in the US.

We increased our Sales to Asia, a growing market in terms of consumption of meats, through our Australian operation, which presented an excellent performance during last year. Australia is a strategic region for food production in a global context and we decided to expand our operation there through the acquisition of the Primo Smallgoods Group, a leading company in the prepared and convenience meat category.

We achieved satisfactory results at the JBS Foods unit, one year after its creation. During this period, we implemented the necessary operational adjustments. We captured synergies, reformulated products, launched new products and initiated a broad marketing campaign, focusing on the Seara brand, with an emphasis



Wesley Batista - Global CEO of JBS

Message from the CEO

on healthy products of superior quality, offering convenience and practicality to consumers. In the year, sales from JBS Foods reached R\$12.9 billion and EBITDA surpassed R\$2.05 billion, with a margin of 15.9%.

At JBS Mercosul, we expanded our customer base in Brazil as well as overseas and continued with our strategy of promoting the Friboi brand locally. Currently, we have a very well structured and competitive production platform in Brazil. In the other Mercosul countries where we operate, we have seen herd growth in Paraguay, with good perspectives to increase our participation in that market. Results from Uruguay have been very positive and the country enjoys privileged access to several markets. In Argentina, we stabilized our operations and significantly increased our market share of branded value added products. Last year, the JBS Mercosul business unit posted net revenues of R\$ 26.2 billion and an EBITDA of R\$ 2.32 billion, with a margin of 8.9%.

In 2014, our global exports totaled US\$16.2 billion, representing a growth of 38% in comparison to 2013. Our export sales confirm our ability to access 100% of the world's consumer markets and show consistent growth due to increased demand from emerging economies, particularly in Asia.

We reduced our leverage (net debt/EBITDA) from 3.7x at the end of 2013 to 2.1x as of December, 2014. We remain focused on deleveraging our company, aiming for a better perception of the company's risk profile and consequently a reduction in financial costs. In addition, we continue to maintain comfortable liquidity and a strong cash position, in addition to a well-structured hedge position that protects us from foreign exchange variation.

In the macroeconomic scenario, we observed a consistent recovery of the American economy through our US operations. The reduction in the cost of energy and a consequent improvement in disposable income of Americans households should positively influence protein consumption in that market.

We believe that this dynamic will be extremely beneficial to our business. We feel confident that the market has an increasing better perception of our business and our strategy. Our results for 2014 show that we are going in the right direction. In 2015, we will prioritize organic growth and focus on all aspects of improving our financial metrics, thus creating incremental value for our shareholders.

We thank all of our partners, suppliers, customers, investors and stakeholders for their trust and support in JBS. I would like to especially thank each and every one of our more than 215 thousand team members, ambassadors to our culture and our values. It is only through our team that we were able to get here and it is with them that we will be able to maintain our sustainable growth into the future.

Wesley Batista

Global CEO of JBS



Watch the video
with Wesley Batista, Global CEO of JBS



JBS

JBS

Profile

GRI G4-3 G4-5 G4-7

JBS S.A. is a food company with more than 61 years of tradition and is a global leader in the processing of animal protein. Present in more than 20 countries, the Company serves a base of more than 300,000 clients in more than 150 countries through a diverse portfolio of products and brands.

Headquartered in Brazil, JBS employs around 215,000 team members throughout its production platforms and sales offices around the world. The operational structure includes beef, pork, lamb, poultry and hides/leather processing facilities, in addition to feedlots.

The Company's main customers are retail chains, wholesale clubs and food service companies, such as restaurants, hotels, food service distributors and further processors.

In addition to the food sector, the Company is also present in the segments of personal hygiene and cleaning products, collagen, metal packaging, casings, biodiesel, vegetable oils, transport, waste management and recycling.

JBS has been publicly traded on the BM&FBovespa since 2007

and its shares are traded on the Novo Mercado segment of the exchange, which has the highest level of corporate governance.



Watch the video
with José Batista Sobrinho

JBS

Businesses Units

GRI G4-4 G4-6 G4-9

JBS Mercosul

Core business

beef and hides/leather processing, and related businesses – production of biodiesel, collagen, personal hygiene and cleaning products, among others, in Brazil.

Countries where it operates:

Brazil, Argentina, Paraguay, Uruguay. The Hides/Leather operation of JBS Mercosul is also present in Vietnam, China, Mexico and Germany.

Brands:



among others.



JBS

JBS USA

Core business

beef, lamb, poultry and pork processing, as well as leather, logistics and trading.

Countries where it operates:

Australia, Canada, the United States, Mexico and in the territory of Puerto Rico.

Brands:



among others



JBS

JBS Foods

Core business

poultry and pork processing and production of prepared food products.

Countries where it operates:

Brazil.

Brands:



among others.

More information is available about the different JBS businesses units at www.jbs.com.br, www.jbssa.com and www.jbsfoods.com.br or in the Operations chapter of this report.

Experimente o frango Seara. A qualidade vai te **SURPREENDER.**

SEARA
É tudo de bom.

SEM HORMÔNIO

- Sem conservantes.
- Garantia de origem.
- Feito pela empresa líder mundial na produção de frango.

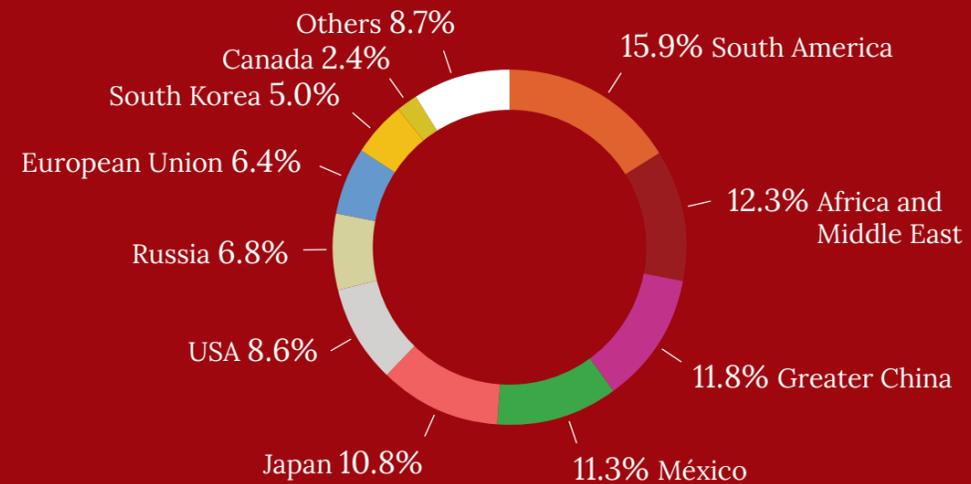
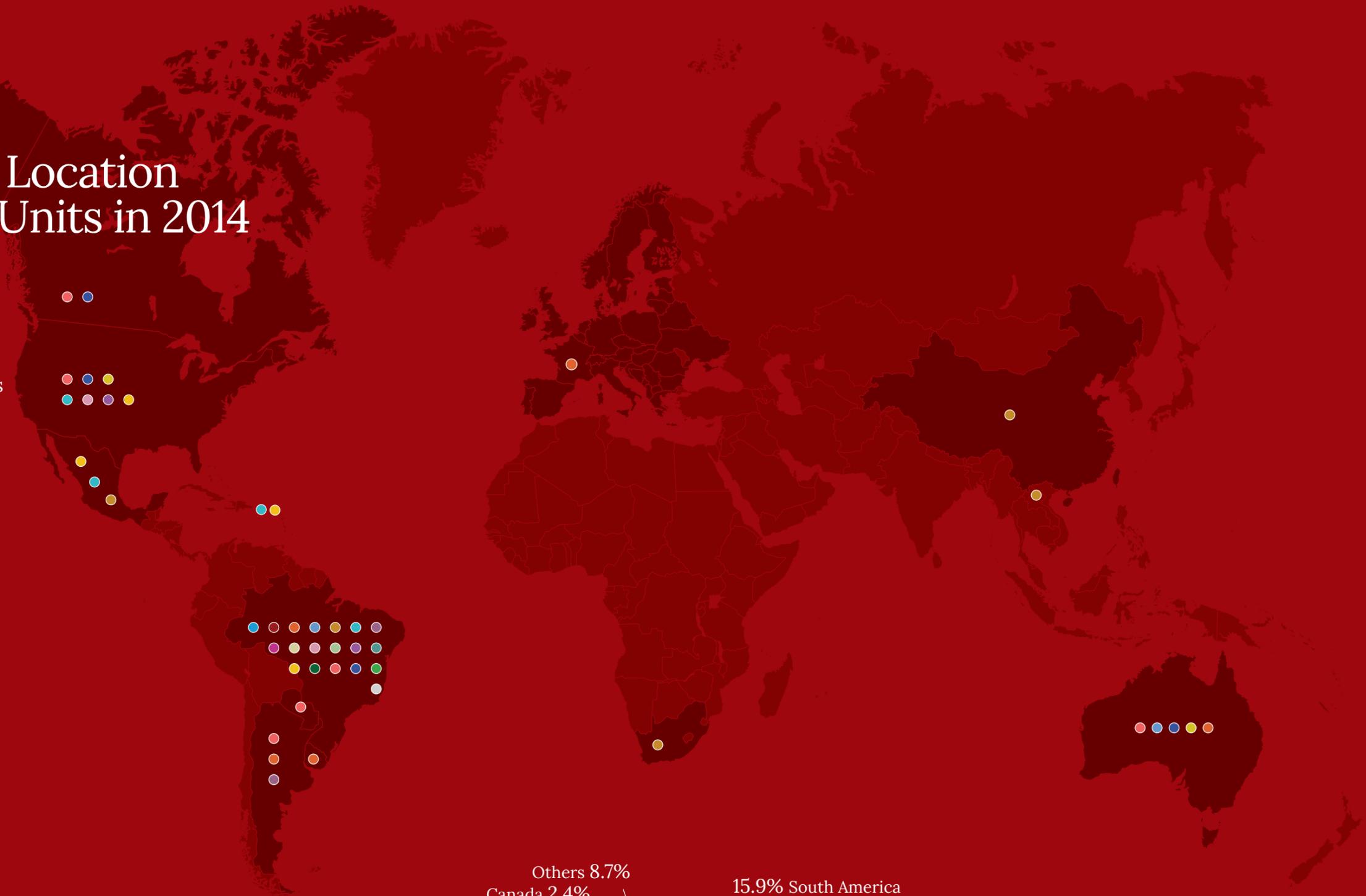
Imagens Ilustrativas.

Geographic Location of Business Units in 2014

GRI 2.3- 2.5-2.9

Headquartered in Brazil, JBS has production platforms and sales offices in 22 countries.

- Environmental Recycling
- Dried Beef
- Leather
- Feed Mills
- Processed Food Products
- Poultry
- Distribution Centers
- Metal Packaging
- Hygiene and Cleaning
- Hogs
- Biodiesel
- Collagen
- Casings
- Hatcheries
- Port Terminal
- Cattle
- Feedlots
- Sales Office
- Lamb
- Transport



Consolidated export breakdown in 2014 (%)

JBS

Global Leadership in Animal Protein

With annual net revenue of R\$120.5 billion, JBS is positioned as the largest animal protein company in the world.

Global leader in beef processing and exports, with operations in Brazil, Argentina, Australia, Canada, the United States, Paraguay and Uruguay, and capacity to process 100 thousand bovines/day;

Global leader in leather processing, with operations in Brazil, Argentina, Australia, South Africa, Germany, China, the United States, Mexico and Uruguay, and the capacity to produce more than 100 thousand leather pieces/day;

Global leader in poultry production, with operations in the United States, Mexico, Puerto Rico and Brazil, and the capacity to process 13 million birds/day;

Third largest pork producer in the USA and one of the largest producers in Brazil, with capacity to process more than 72 thousand hogs/day;

Global leader in lamb processing and exports, with operations in the USA and Australia and the capacity to process 20.5 thousand lamb/day;

Significant production of meat-based processed products, with the capacity for 80 thousand tons/month



Awards and Recognitions

Época Negócios 360° Annual Report:

Best company in Brazil in the Food & Beverage Industry.

Valor 1000 Ranking:

Best company – and most profitable – in the food sector, and the third largest company in Brazil.

McDonald's Network:

“Best of Sustainable Supply 2014” award in the categories of Water, Climate Change and Energy, awarded to the Beef Division in Brazil for its sustainable supply.

KFC Network:

“International Sustainability Award” granted to JBS Foods for the clean energy generation project which uses waste to generate energy from the industrial process of chicken production.

Dinheiro 2014

Best company in the food sector.

UOL:

“Top of Mind” award for the Friboi brand in Rio Grande do Sul, Minas Gerais, Paraná and Espírito Santo, in a survey carried out by IBOPE and commissioned by the news website Universo Online (UOL).

Marketing Best

Award for the “Adding value to the bovine chain through ongoing investments in media and differentiation” case.

Dinheiro Rural Magazine:

Best company of the year, best company among conglomerates, best beef brand (Swift Black) and best industry feedlot. In addition, the Company was elected third best in the categories of best financial management (conglomerates) and best corporate management (conglomerates).

Driving Sustainable Economies (CDP):

JBS is named the company in the food sector that has made the most progress against deforestation, according to Driving Sustainable Economies.





Strategy

Strategy

JBS aims to continue its growth in a sound and sustainable manner. To do this, the Company's strategy involves increasing the supply of value-added and ready-to-eat products – sliced, cubed, cooked, canned, sauces and seasoned products, among others – and expanding its distribution network and customer base, as well as strengthening its brands through investments in marketing and research and development.

Strategic Pillars

GRI G4-1

To reach its objectives, the Company relies on six strategic pillars described below:

JBS Culture

In 2014, JBS invested in internal campaigns to promote, share and grow its corporate culture among its 215 thousand team members – many of them from other companies acquired by JBS.



Sound Financial Structure

JBS has a sound financial structure, whose management is in the hands of an experienced team with a deep understanding of the business. In addition, in 2014 the Company generated approximately 85% of its revenues in dollars, which provides more stability for the company in relation to eventual changes in the global economy.

Responsible Procurement ⚠️

JBS is committed to ensure the responsible origin of all the raw materials used in its processes, through the establishment of social and environmental criteria applied to all of its suppliers. In order to guarantee the provenance of all of the products that it offers, JBS has a close relationship with its suppliers – be they cattle breeders, or integrated suppliers, in the case of poultry and pork – to monitor and guide all the stages prior to the arrival of the animals at the Company's processing facilities. In addition, for the beef operation, JBS has a technological system for the social and environmental monitoring of farms to ensure that none of its suppliers is involved in the deforestation of native forests,

Strategy

the invasion of protected areas, such as indigenous lands or environmental conservation units, or the use of slave labor.



Cost Reduction and Process Eco-Efficiency

Reducing production costs by improving processes along its production chain is an obsession for JBS, which has a commitment to the ongoing improvement of its processes that transcends the limits of its operations and reaches all the way to its suppliers.

Among its activities, the Company has an investment plan to support technical and environmental improvements that includes prioritizing the use of technologies that make better use of raw materials and mitigate environmental impacts, while optimizing the use of natural resources.

Along the supply chain, the Company supports projects such as the Novo Campo (New Field) Program, which promotes sustainable practices to

increase the productivity of farms in the Amazon region in order to develop a new operating model that preserves natural resources and that brings financial benefits to the ranchers in the region.



Quality Control ⚠️

The Company has full control over its processes with the help of cutting-edge technology and structured programs. The care that JBS puts into its products is reflected in its nationally and internationally recognized quality.

Strategy

Transparency & Communication with Stakeholders

JBS adheres to the best practices in corporate governance – including transparency and equity in the disclosure of information – which qualifies the Company to the Novo Mercado segment of the BM&FBovespa.

These practices include the public disclosure of its global Greenhouse Gas (GHG) emissions through the Driving Sustainable Economies (CDP) international platform and the Brazilian GHG Protocol, Program, as well as the Company's participation in the BM&FBovespa's Carbon Efficient Index (ICO2) since 2009.

Through the Driving Sustainable Economies (CDP) platform, in addition to Climate Change information, JBS also discloses its strategies and actions with respect to the issues of water and deforestation. In 2014, JBS was identified as the company in the food sector that has done the most to prevent deforestation along its production chain.

To provide transparency and ensure compliance with its commitment to the sustainable origin of its raw materials and the management of its supply chain, each year JBS publishes on its website an **audit report** of its Monitoring System for Ranches Supplying Raw Materials (cattle), which is conducted by an independent auditing firm.

For three consecutive years, JBS has published a report with social, economic and environmental information that adheres to the GRI Guidelines. This publication demonstrates and reinforces JBS commitment to the best practices in governance. Learn more at [Stakeholders](#).

Intangible Assets

Human Capital

JBS understands that its team members are the main responsible for the Company's opportunity for growth and outstanding performance and it therefore provides them with an opportunity to grow and develop in the different areas of the business.



JBS team members also carry and promote the Company's corporate culture, one of the fundamental items that has allowed JBS to become a global leader in its industry.

Aware of the significant value of its team members, JBS invests in the training and ongoing improvement of each employee through development programs (more information is available and these and other programs in the [Social Performance chapter of this report](#)).

Strategy

Brands

JBS has a market leading portfolio of brands recognized by the public as being synonymous with quality and reliability. In addition to the strong reputation of quality and transparency in the sourcing of products – both important for customer confidence and loyalty – the company’s recent marketing efforts have incentivized a change in consumption habits among Brazilian consumers. JBS’ successful marketing campaigns have created brand loyalty for JBS products, where customers are now requesting – at supermarkets and butchers shops – beef by a specific brand, and not just by cut. This factor, coupled with the strong presence of JBS products and brands on the shelves of major retail outlets, has generated significant results in terms of sales and strengthened ties between consumers and the Company’s brands.

As a result of this process, in 2014, Friboi was the most remembered brand by consumers in the beef category in a survey conducted by IBOPE, reaching 75% spontaneous recall, 98% stimulated recall, 71% consideration and 53% preference. In addition, Friboi was the top of mind in the meat category in Paraná and Rio Grande do Sul by AMANHÃ magazine and it was the most remembered brand nationally in the category of meat and frozen goods by UOL Internet users. The brand was also recognized by Marketing Best for the Added Value to the Bovine Chain case and for Ongoing Investment in Media and Differentiation.

Geographic Diversification and Access to Major Markets

Geographic diversification allows the Company to reach 100% of consumer markets, with competitive prices and strong profitability, while also diversifying its client and supplier base and, for this reason, mitigating the market and sanitary risks inherent to its business.

The Company’s strong penetration in key global markets puts JBS in a privileged position in its negotiations, allowing for greater loyalty and better customer relations.



Strategy

Competitive Advantages

Market Leadership and Scale

JBS is the largest animal protein company in the world. Due to its size, it access the major world markets, with economies of scale, production optimization, reduction of fixed costs and a privileged position to negotiate purchase and sale prices with its suppliers and customers. More information is available at [Global Leadership in Animal Protein](#).



Geographic Distribution

JBS has processing platforms located in the main animal protein producing countries, which provides the Company with geographic diversification, operational flexibility and mitigation of the risks associated with possible sanitary restrictions or trade barriers. To serve its broad range of clients, JBS has an extensive national and international sales and distribution network, as well as Distribution Centers and Sales Offices in the major consumer regions throughout the world.

The Company's exports cover a diverse geographic range and reach more than 150 countries, which allow JBS to reduce its exposure to individual markets, while having access to all consumer markets.

Successful Acquisition Track Record

Throughout its history, JBS has made significant acquisitions, such as Smithfield Beef, Five Rivers Cattle Feeding, Tasman Group, Pilgrim's Pride, Bertin, XL Foods and Seara. These acquisitions have allowed for the substantial growth of its results as the company successfully integrated the acquired companies and captured synergies, resulting in rapid gains in efficiency while validating the capacity of JBS management in executing company turnarounds.

Experienced and Industry-Specialized Management

JBS has a team of experienced managers with expertise in the market, focused on growing sales, optimizing resources and increasing operational efficiency. JBS is highly professionalized and each business unit has its own management. of the strategy for selecting competent executives takes into consideration experience in the sector and alignment with the company's values, such as an ownership attitude and a focus on results.

Strategy

Stakeholders

In order to promote the sustainability of all of its businesses, JBS takes part in several multi-stakeholder working groups and keeps open dialogue channels with its stakeholders.



Civil Society

GRI G4-15 G4-16

The relationship between JBS and civil society occurs through interactions with multi-stakeholder organizations that represent various causes. As such, JBS is a founding member and is the president of the Global Roundtable for Sustainable Beef (GRSB), an international initiative that seeks to facilitate global dialogue about the sustainable production of beef around the world. JBS is also an executive board member of the Brazilian Sustainable Livestock Working Group (GTPS), made up of representatives from the different segments that make up the cattle value chain in Brazil. The group's aim is to promote the development of sustainable, socially just, environmentally correct and economically viable livestock operations.

In the leather industry, JBS works to promote sustainability through its participation in the Executive Committee of the Leather Working Group (LWG).

On issues related to human rights, since 2007, JBS has been a signatory to the [National Pact for the Eradication of Slave Labor in Brazil](#) and, in 2014, it was the first company in the food sector to become a member of the National Pact for the Eradication of Slave Labor Institute (InPACTO) an initiative launched in May 2014 to strengthen actions against slave labor in Brazil. By becoming a member of InPACTO, JBS is reaffirming its commitment to sustainability and the development of a clean and responsible supply chain.

In addition to these groups, JBS is strengthening ties with important non-governmental organizations, such as Instituto Centro de Vida (ICV), [Imaflora](#), a The Nature Conservancy (TNC), [Greenpeace](#), [GHG Protocol](#) and the World Resources Institute (WRI). JBS also actively participates in trade associations such as the Brazilian Association of Meat Exporting Industries (Abiec), the Brazilian Animal Protein Association (ABPA), the National Union of the Animal Feed Industry (Sindirações), the National Feedlot Association (Assocon) and the National Union of Meat Industries and Companies (Uniec).

In 2014, JBS Carriers became a signatory to [Na Mão Certa Program \(in the Right Way\)](#), which seeks to develop initiatives to combat the sexual exploitation of children and adolescents throughout Brazil's highways.



Strategy

GRI G4-FP1

Suppliers

The relationship between JBS and its cattle breeders is managed by the Cattle Breeder Relations, Sourcing and Quality Control Departments, which exclusively serve the Company's cattle suppliers, monitoring and providing guidance on quality and health issues related to raw material. With respect to the integrated producers of poultry and pork, JBS Foods has a direct communications and guidance channel that operates out of the Agricultural Department.

In both cases, the relationship with these groups is based on a system of partnership, transparency and ethics in negotiations.

100%
of the raw material
acquired by JBS
adheres to the
Company's purchasing
practices policy.

Government

GRI G4 SO6

JBS maintains, through local entities and agencies, relationship with the different governments in the countries in which it operates. Pilgrim's Pride, for example, is subject to the regulations of the US government, specifically with respect to health and the environment.

In Brazil, together with companies from the soy industry and other companies from the meat industry, JBS is a member of the Institute for the Environment and Renewable Natural Resources (IBAMA) Working Group and the Ministry of Labor and Employment (MTE) Working Group, both of which seek to improve the services provided by these government agencies and availability of public information used as an input for the management of the company supply chains through public/private cooperation.

In order to contribute to the political debate and the development of democracy, JBS makes donations to political parties provided that the projects presented by the organizations are in line with the Company's values and beliefs. All of the information regarding the donations made by JBS is available on the website of the [Superior Electoral Court](#).



Operations



Watch the video
with Miguel Gularte, CEO of JBS Mercosul

Operations

JBS is the world's largest company in the processing of animal protein and its operations extend across five continents (see the [map of global operations](#)) with a strong presence in the most competitive production regions on earth.

The Company divides its operations among JBS Mercosul, JBS Foods and JBS USA – whose subdivisions are JBS USA Beef, JBS USA Pork and Pilgrim's Pride, which is the North American poultry operation.

GRI G4-8 G4-13



JBS Mercosul



55 cattle processing units with a daily capacity of **55,000 head**

6 feedlots

30 leather processing units with a daily capacity of **90,000 hides** in Brazil, Argentina, Uruguay, China, Vietnam and Mexico

44 distribution centers

Financial data (R\$ million in 2014)

Net Revenue: **26,191.7** • EBITDA: **2,319.0** • EBITDA Margin: **8.9%**

Operations

Infrastructure

JBS Brazil had at the end of 2014, [47 processing facilities](#) in addition to distribution centers in the states of São Paulo, Goiás, Mato Grosso, Mato Grosso do Sul, Rondônia, Minas Gerais, Acre, Bahia, Rio de Janeiro and Pará, with significant penetration in the internal and external markets.

Feedlots

In addition to the cattle processing activities, JBS Brazil has six feedlots in the states of São Paulo, Mato Grosso do Sul, Mato Grosso and Goiás, with a one-time feeding capacity of 163 thousand head. From the total cattle processed by JBS in Brazil, approximately 2% come from the Company's feedlots, where the animals remain for an average period of 99 days for fattening.



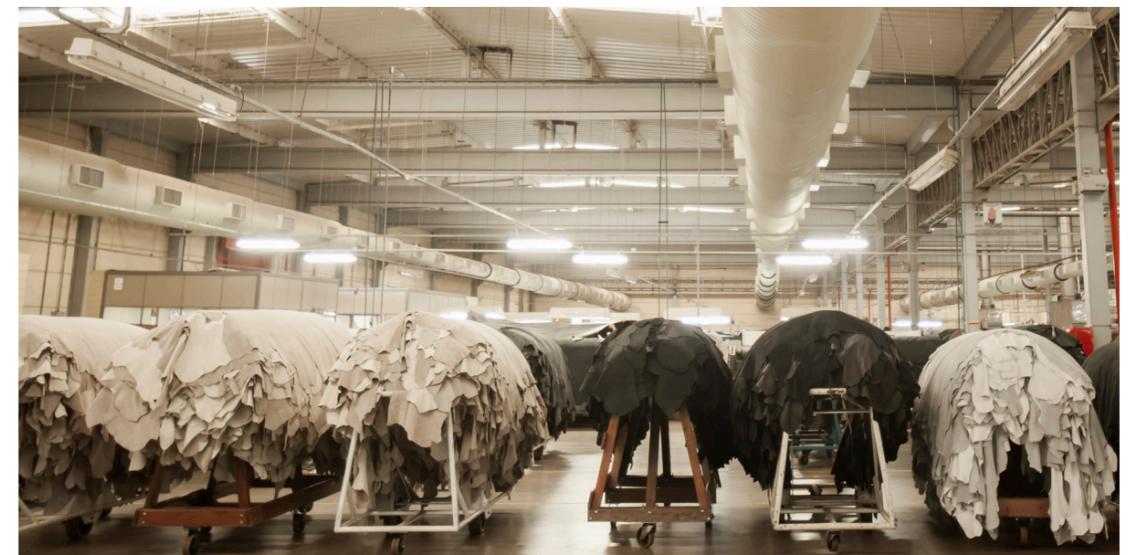
In the feedlots, the Company provides cattle breeders with a complete infrastructure including cutting-edge nutrition, management and animal welfare technologies. In addition, the modern marketing techniques proposed by JBS – such as Cattle Term/Future Contracts – allow producers to intensify their production and the use of their property, thereby increasing the benefit from the utilized area, the working capital and allowing the rancher to have animals with a higher gain in weight in a shorter period of time, resulting in well-finished, standardized carcasses.

JBS Leather

JBS Leather is the largest leather producer and exporter in Brazil, producing articles in the wet blue, semi-finished and finished stages for the automotive, furniture, footwear and apparel sectors. JBS Leather has 21 facilities in Brazil, two in Uruguay, one in Argentina, one in China and one in Vietnam, as well as distribution centers in Brazil, Asia, the United States and Europe. [Learn more](#) about JBS Leather.

JBS Leather prioritizes its role in adding value to its products through investments in technology, standardizing procedures and the quality of the leather produced. Through its global presence, it operates in different markets with the goal of diversifying and consolidating its client base to obtain the best results.

Focused on the quality and sustainability of its operations, JBS Leather has 10 units with ISO 9001-2008 certification and 18 units certified by the Leather Working Group – 15 of which have gold medals and three of which have silver medals – the largest number of units certified by a single company anywhere in the world, all of them with a “A” rating on traceability.



Operations

Related Businesses

In addition to the production and marketing of beef, JBS Brazil acts through nine Related Businesses, which operate independently. These businesses are complementary to beef processing or are based on the byproducts of beef processing and add value to the production process.

JBS Environmental

JBS Environmental is a result of the Company's improvement with regard to sustainability issues. It is an independent business unit that promotes a circular economy in the Company's operations, offering solutions for the management of the solid industrial waste generated by JBS and its partners. The company collects, processes and properly disposes of recyclable, non-recyclable, hazardous and non-hazardous materials in order to reduce the amount of waste sent to landfills and create value from its processing, transforming it once again into raw materials for other activities.

With 10 collection units distributed strategically throughout Brazil, JBS Environmental – through the recycling center located in Lins (SP) – has the monthly capacity to recycle 500 tons of plastic and manage 1,200 tons of other materials, such as paper, cardboard and metals, while also properly disposing of non-recyclable and hazardous waste, in a traceable manner.

In 2014, JBS Environmental invested approximately R\$2.1 million and launched a new Plastic Packaging business category, promoting the recycling of 5.8 thousand tons of plastics. In addition, it managed more than 20,750 tons of approximately 100 different types of waste, most of which was recyclable, such as paper/cardboard, plastics and metals. The unit also began production of approximately 250 tons of plastic garbage bags for JBS, made from recyclable waste from the Company itself.



In 2014, JBS Environmental was included in the **Benchmarking Brasil 2014 Ranking** a program that certifies sustainability actions and selects the best companies for inclusion in the Digital Database of Best Environmental Practices.

Operations

JBS Biodiesel

JBS Biodiesel is the world's largest beef tallow-based biodiesel producer, with a production capacity – authorized by the National Oil, Natural Gas and Biofuels Agency (ANP) – of more than 500 million liters per year. In 2014, the Ministry of Mines and Energy increased the percentage of biodiesel required in diesel fuel from 5% to 7%, which had a positive impact of JBS Biodiesel's earnings.

Beef tallow biodiesel is a renewable, high quality fuel, which adds value to the beef production chain and also supports the environment, as it allows for the efficient utilization of what had previously been potentially polluting waste. In Brazil, beef tallow is the second most important raw material for the production of biodiesel.

In May 2014, JBS Biodiesel carried out Brazil's first export shipment of beef tallow biodiesel, selling 6.7 million liters to the Dutch company Argos, the largest independent fuel distributor in northern Europe. The fuel will be mixed with conventional diesel for subsequent distribution by Argos.

JBS Biodiesel is the only biodiesel company in Brazil to earn the European social and environmental biofuel certification, known as the International Certificate of Carbon and Sustainability (ISCC), which provides its product with unrestricted access to the European market.

JBS Biodiesel processing unit, located in Lins (SP), has a modern, fully automated production system with ISO 9001-2008 certification. The unit's laboratory has ISO 17025-2005 certification, setting the benchmark for analyses in Brazil, not only for its own biodiesel, but also certifying the quality of biodiesel produced by other companies, in compliance with national and international regulations.



JBS Can Making

Originally created to meet the needs of JBS' industrialized beef packaging needs, JBS Can Making has the expertise to handle everything from cutting coils to the final assembly of cans, including the lithographic processes and technical assistance.

In 2014, the company underwent technological upgrades and was vertically integrated, incorporating processes that had previously been handled by other suppliers.

JBS Casings

JBS Casings is a leading global producer and supplier of casings. With in-house production at two units in Brazil, it receives the controlled raw materials from JBS processing facilities, and processes and markets its products in the cold cuts segment, such as salamis and sausages, to the global market. With this premium product, the company is recognized around the world for its production capacity and the quality of its finished product.

JBS Personal Hygiene and Cleaning Products

Specializing in the production of bar soaps, liquid soap, glycerin and soap base, JBS Personal Hygiene and Cleaning Products has an annual production capacity of 82 thousand tons of soap, 18 thousand tons of detergent, 132 thousand tons of soap base and 60 thousand tons of bleached fat. Focused on the Business to Business segment, the company has some of the largest and most modern facilities available in the market, responsible for the production of bar soaps for some of the largest personal hygiene companies in Brazil. In addition to its production for third parties, JBS Personal Hygiene and Cleaning Products manufactures raw materials for the soap industry in Brazil and abroad, marketing its products to more than 50 companies from across the country, as well as exporting to clients in Nigeria, Cape Verde, Angola, Cuba, Argentina, Togo, Venezuela and Uruguay.

Operations

JBS Personal Hygiene and Cleaning Products provides comprehensive solutions to its clients, ranging from the processing of raw materials to the manufacture of the end product. To ensure the quality of its products, the company conducts laboratory tests (ISO 9001-2008 certification) on the chemical inputs, the packaging, the household cleaning products and cosmetics, and also regular test all of the products manufactured at the processing units.

JBS Trading

Created to meet the company's raw material purchasing demands and to complement sales to Food Service segment, JBS Trading markets a wide range of imported products, such as vegetable oils, chemicals and plant products to JBS and third parties in Brazil and abroad.

In 2014, the company benefitted from the drop in commodities prices, which generated new opportunities.

JBS Carriers/TRP

Responsible for the transport of cattle, finished products, cans, packaging, leather, collagen, soap and other items, JBS Carriers ensures logistics services for a wide range of areas and the quality of the products transported for JBS and third parties.

The company has strict controls over the working days of its drivers and, in 2014, was able to adhere to the new driver law approved by the Ministry of Transport – which led to a substantial decrease in the level of litigation.

JBS Carriers has a three-year fleet renewal policy – much lower than the average age of the truck fleet in Brazil, which, according to data from the National Confederation of Transport (CNT), is 19 years for independent carriers and eight years for corporate vehicles. This makes its vehicle fleet and its operations more economically and environmentally sustainable. JBS Carriers currently has a fleet of more than 1,300 trucks, all of which have been

maintained in good working condition through preventive maintenance and ongoing adjustments.

To make its operations more eco-efficient, JBS Carriers works with an Ecofrotas system, which monitors the fleet and generates management reports about fuel consumption and operational performance in order to support strategic decision-making. The system also monitors the greenhouse gas emissions generated through the fleet's use of fuel, allowing for the establishment of emissions reduction strategies.

JBS Collagen

JBS Collagen has pioneered the production of bovine collagen and it is currently the largest company in the world producing and marketing the product for the food industry, with capacity to produce 3,600 tons of the product per year. The company is located in Guaíçara (SP), and also produces hydrolyzed collagen for cosmetics and pharmaceutical companies, with a strong presence in the domestic and international markets.



Operations

JBS Argentina

JBS Argentina focuses on cattle and beef processing, selling products under its own brands and through third parties, mainly through the Swift, Cabaña Las Lilas, Armour and Plate brands. The company's customer base is composed of the country's main supermarket chains, wholesalers and distributors.

In addition, JBS Argentina expanded its Rosario facility to meet the demands of the domestic market, which allowed for cost savings and an increase in production.



JBS Paraguay

JBS Paraguay handles the processing and production of beef and processed products. Its operations are concentrated in two units located in the cities of Asunción and San Antonio.

JBS Uruguay

JBS Uruguay has a cattle processing unit in Canelones, which processes beef, as well as two leather processing units.



Operations

JBS Foods



Watch the video
with Gilberto Tomazoni, CEO of JBS Foods

29 poultry processing facilities,
with a capacity to process
5.2 million birds per day

8 hogs processing facilities,
with a capacity to process
21.2 thousand hogs per day

23 prepared food products facilities

17 distribution centers

86,000 tons of
prepared food products per day

Financial Data (R\$ million in 2014)

Net Revenue: **12,890.3** • EBITDA: **2,052.3** • EBITDA Margin: **15.9%**

Operations

Established in March 2014, JBS Foods produces and markets, domestically and internationally, a large portfolio of poultry and pork products, processed foods, prepared foods and frozen foods, particularly under the brands Seara, Doriana, Rezende and Massa Leve. JBS Foods is the second largest producer and exporter of poultry and pork in Brazil, with a platform of 60 production plants, serving approximately 80,000 points of sale in Brazil, as well as exporting to more than 100 countries.

In 2014, JBS Foods exceeded all growth expectations in an environment of corporate acquisition and operational challenges. Through a rigorous process of improving the quality of its products and the efficiency of its production process, coupled with the strong advertising campaign to strengthen Seara brand, JBS Foods captivated its consumers and launched more than 80 new products, mainly in the ready-to-eat segments.

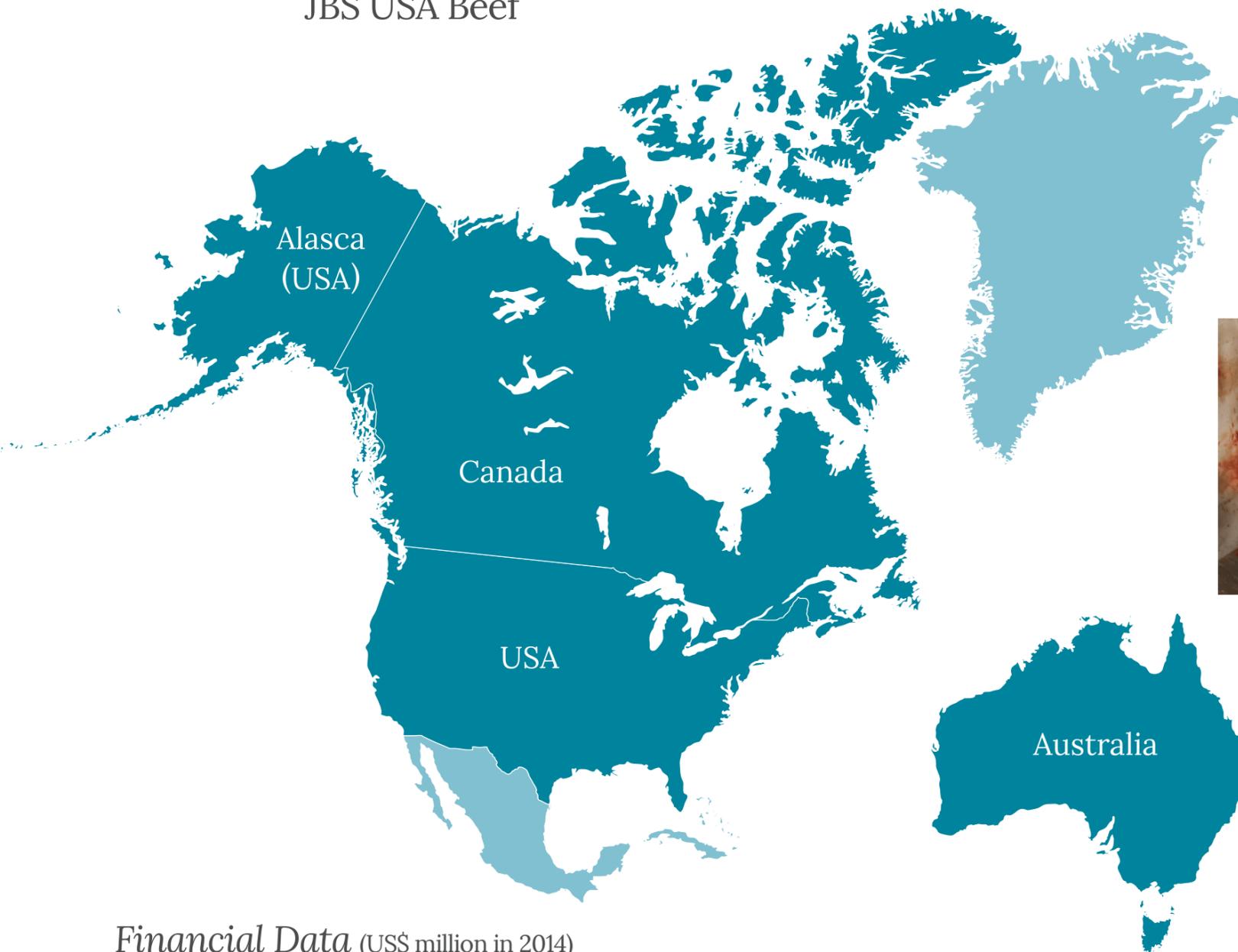




Watch the video
with André Nogueira, CEO of JBS USA

Operations

JBS USA Beef



Financial Data (US\$ million in 2014)

Net Revenue: 21,625.2 • EBITDA: 916.1 • EBITDA Margin: 4.2%

Note 1. Includes Primo Smallgoods processing facilities, a company acquired by JBS in November, 2014. This acquisition was approved by the competent authorities in March, 2015.

United States

- 9 processing facilities
- 11 bovine feedlots
- 1 leather processing facility
- 6 logistics units



Australia

- 9 beef processing facilities¹
- 5 bovine feedlots
- 5 processing facilities
- 2 feedlots
- 1 hog processing facility¹
- 3 case ready facilities
- 3 smallgoods manufacturing¹

Operations

JBS USA Beef encompasses the cattle and beef processing operations in Australia, Canada and the United States – where it is the second largest beef company.

During the year, JBS USA reorganized its cattle and beef operation in the US, separating the management of its fed cattle from its regional beef units, to provide more focus to each unit. This measure allowed for greater agility and focus on decision-making and the flexibility to adapt to market conditions. In addition, JBS USA improved its cost structure and strengthened its team member base to outperform its competition in the US market.

During the year, JBS USA Beef's operations were affected by the low availability of cattle for slaughter, which generated an approximate 15% decline in animal processing. Due to this scenario, overall beef production in the US declined by 5%, with a consequent increase in beef prices. This situation forced the US to import more beef, mainly from Australia, which favored JBS' Australian operation.

While the market in the US has experienced a challenging environment in recent years in terms of cattle availability, the improving weather conditions, together with the greater availability of grains, has contributed to an increase in the profitability of ranchers and calf raisers. Data from the United States Department of Agriculture (USDA) show an increase in the retention of cows and point to an increase in the US cattle herd beginning in 2016.



JBS Australia

JBS Australia is the largest food company in the country, and it is the leader in beef exports and lamb processing.

JBS Australia plays an important role in JBS' global operational strategy, given its privileged sanitary conditions – which allows the company to export to all of the relevant world markets – and a strategic geographic location that facilitates a commercial network with Asian countries, a promising region in terms of meat consumption, as well as with the USA. In recent years, JBS Australia has invested in revitalizing its team capabilities and is already generating positive results from this change.

In 2014, JBS Australia performed strongly, and the Government of Australia signed free trade agreements with China, South Korea and Japan. These agreements include tariff reductions that will make the country's operations more competitive and will strategically benefit JBS Australia.

Another 2014 highlight was the acquisition of the Primo SmallGoods Group, a leader in meat-based processed foods in the Australian market, with strong brands – such as Primo SmallGoods, Hans, Beehive, Hunter Valley, Quality Meats and Primo Quality Meats – and a significant presence in the ready-to-eat proteins segment.

JBS Canada

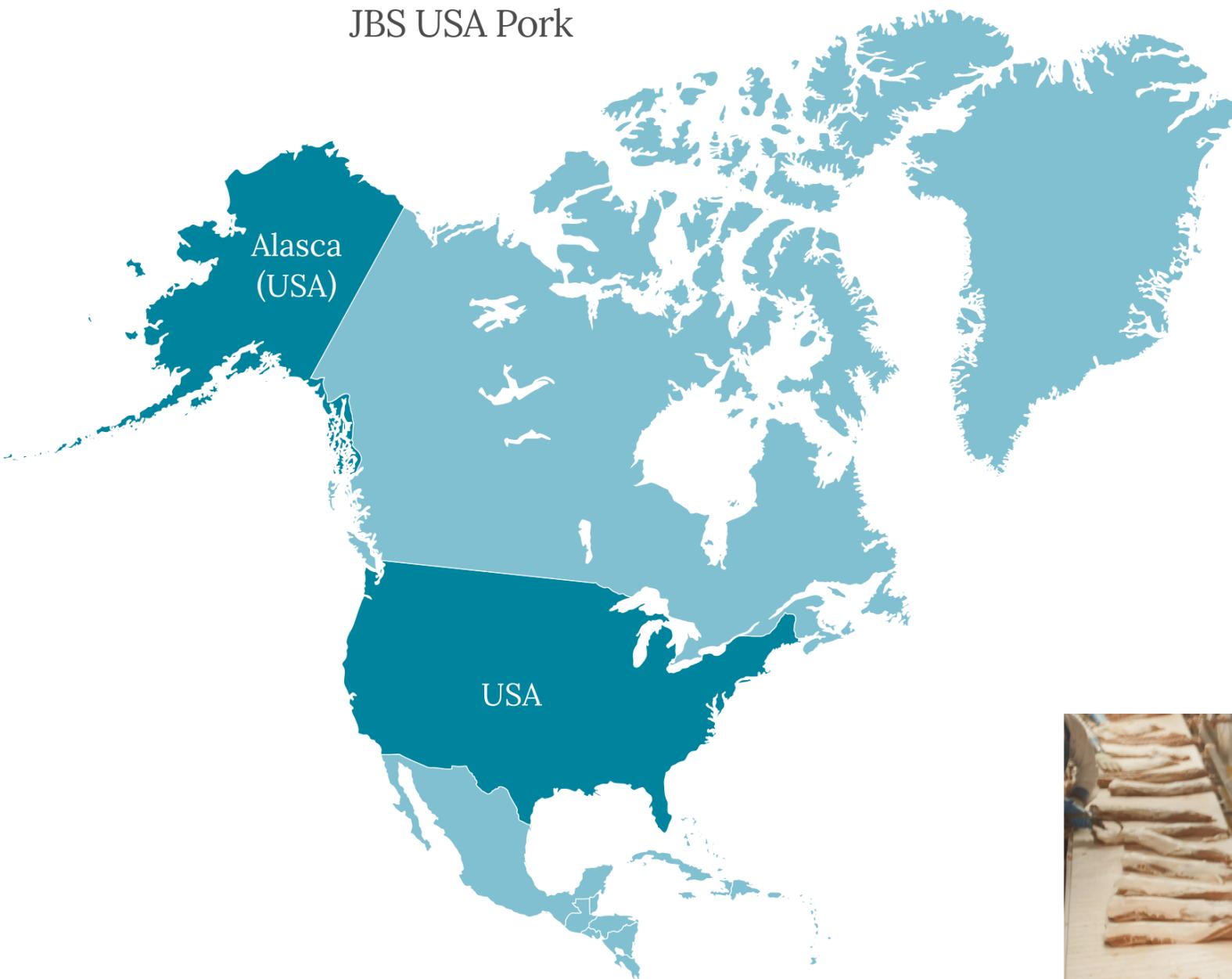
In 2014, JBS Food Canada's operations showed improvement over the previous year. JBS Food Canada has one beef processing unit with the capacity to process five thousand animals per day.



Watch the video
with André Nogueira, CEO of JBS USA

Operations

JBS USA Pork



3 hog processing units with a daily capacity of **51,000 hogs**

1 lamb processing unit with a daily capacity of **3,000 animals**

2 ready meal units

The pork business unit in the United States has three processing facilities, with the capacity to process more than 51 thousand hogs per day. In addition, it utilizes a lamb processing plant and three case ready facilities to meet the demand for consumer-ready convenience products.

In 2014, JBS USA Pork maintained its strong performance, with a stable operation, which kept it ahead of the competition. During the year, hogs in the United States faced a disease that decreased their availability on the market (Porcine Epidemic Diarrhea – PED virus) and increased the price of hogs, while reducing the availability of pork on the market. These events did not, however, reduce exports, which continued to show a strong performance.

Financial Data (US\$ million in 2014)

Net Revenue: **3,827.0** • EBITDA: **405.6** • EBITDA Margin: **10.6%**





Watch the video
with André Nogueira, CEO of JBS USA

Operations

JBS USA Poultry – Pilgrim’s Pride Corporation (PPC)



28 poultry processing units with a daily capacity of *7.5 million birds*

10 distribution centers

5 ready meal units

Through 24 poultry processing facilities in the United States, three in Mexico, one in Puerto Rico and 36 hatcheries, Pilgrim’s Pride Corporation is responsible for JBS USA’s poultry operation.

In 2014, Pilgrim’s Pride operation in the United States registered a significant improvement, placing it ahead of its main competitors. This improvement is connected to the increase in profitability, the reduction in production costs and gains in efficiency, resulting from the initiatives implemented by the management. In addition, reduced poultry supply combined with an increase in beef prices contributed to an increase in poultry prices in the country.

With the acquisition of Tyson de Mexico, initiated in July 2014, Pilgrim’s Pride will have three additional facilities in Mexico, adding more than 600 thousand birds to its processing capacity and more than 5,000 additional team members. This acquisition is pending approval from the competent authorities.



Financial Data (US\$ million in 2014)

Net Revenue: 8,583.4 • EBITDA: 1,352.2 • EBITDA Margin: 15.8%



Corporate Governance

Corporate Governance

JBS has a corporate governance structure that was created to improve the company's decision-making process and ensure respect for all of its stakeholders. JBS has its shares listed on the Novo Mercado segment (JBSS3), which is the most rigorous listing segment on the BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange (BM&FBOVESPA) and respects principles proposed by the Brazilian Institute of Corporate Governance (IBGC) to ensure its value generation process and the sustainable growth of its business.

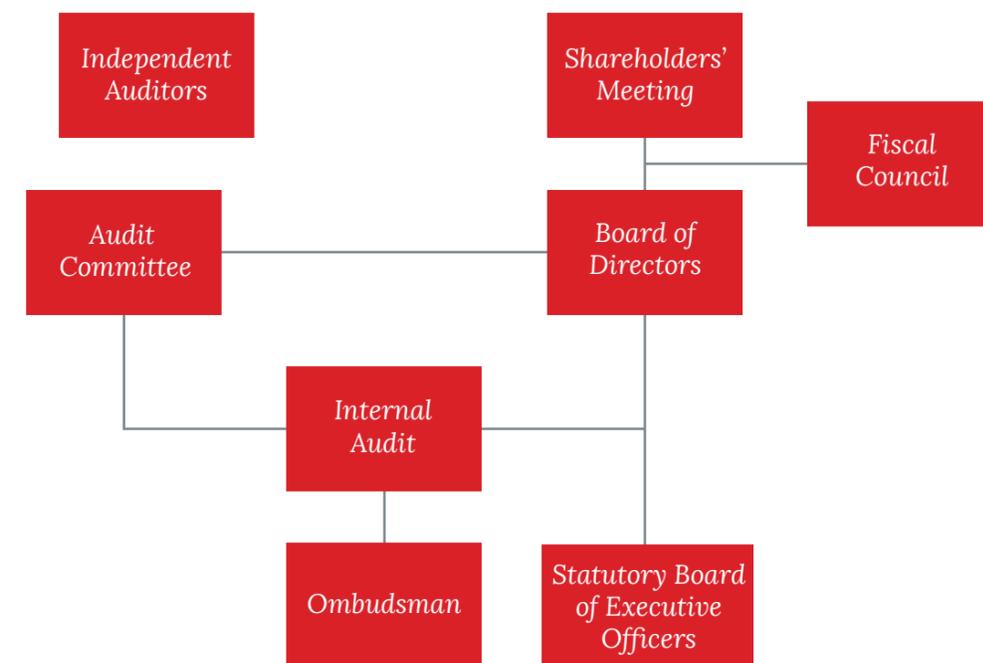
Learn more about the company's corporate governance by clicking [here](#) or accessing the Reference Form, available on the company's IR website.

Shareholding Structure

On December 31, 2014, JBS's ownership structure was distributed in the following manner:

Shareholder	Number of Shares	% of Shares
Controlling Shareholder	1,210,305,341	41.12%
Shares in Treasury	54,829,482	1.86%
<i>Outstanding Shares</i>		
- BNDES	723,780,418	24.59%
- CAIXA	296,392,500	10.07%
- Minority Shareholders	658,336,267	22.36%
Total Outstanding Shares	1,678,509,185	57.02%
TOTAL	2,943,644,008	100.00%

Structure GRI G4-34



Annual Shareholders' Meetings

Held annually, the Annual Shareholders' Meeting is forum for the most important governance decisions, which involve the approval of the Board of Directors, Management's accounts, the Financial Statements, the allocation of net income, the election of members to the Board of Directors and the Fiscal Council (and their respective alternates), among other decisions. In addition, the Annual Shareholders' Meeting is one of the opportunities for shareholders and investors to communicate directly with the Company's Management.

In addition to the Annual Shareholder's Meeting, JBS' shareholders can reunite extraordinarily, at any time, to resolve matters within their competence.

In 2014, the Annual Shareholders' Meeting was held on April 30, 2014. More information about the topics discussed in the meeting can be found [here](#).

Corporate Governance

Board of Directors

The Board of Directors is the highest corporate governance body at JBS and it meets on a quarterly basis (or when convened, whenever necessary). The Board of Directors is composed of a minimum of five and a maximum of eleven members, who are elected and may be dismissed during the Annual Shareholders' Meeting.



According to JBS' Bylaws, the main responsibility of the Board of Directors is the establishment of business policies and guidelines, as well as long-term strategy. In addition, it is the responsibility of the Board of Directors to elect, dismiss and supervise the Executive Officers, manifest itself with regard to Management's accounts, and elect and dismiss the independent auditors, among other responsibilities.

JBS' Board of Directors includes highly qualified executives who are recognized in Brazil and abroad, making their specific market expertise available to the company and its professionals. In return, the members of the Board of Directors receive compensation and discuss issues of sustainability,

such as JBS's entry into the Industry Agreement for a Corporate Commitment to Recycling (CEMPRE), as a form of adhering to the National Solid Waste Policy and the Implementation of Reverse Logistics for solid waste in Brazil.

On December 31, 2014, the Board of Directors of JBS was composed of the following members:

Name	Position
Joesley Mendonça Batista	Chairman of the Board
Wesley Mendonça Batista	Vice Chairman of the Board
José Batista Sobrinho	Board Member
Humberto Junqueira de Farias	Board Member
João Carlos Ferraz	Board Member
Carlos Alberto Caser	Independent Board Member
Tarek Mohamed Noshay Nasr Mohamed Farahat	Independent Board Member
Marcio Percival Alves Pinto	Board Member

* All of the Board Members' terms run until the 2015 Annual Shareholders' Meeting.

Corporate Governance



Joesley Batista

Joesley Batista is a son of José Batista Sobrinho, and has more than 20 years of experience in beef production in JBS and currently is the CEO of J&F Investimentos S.A., the holding company of JBS. He joined JBS in 1988 and has served as the Chairman of the Board of Directors since 2007.



Wesley Mendonça Batista

Wesley Mendonça Batista is a son of José Batista Sobrinho, and has more than 20 years of experience in beef production with the JBS. He currently serves as the CEO and the Vice Chairman of the Board of Directors.



José Batista Sobrinho

José Batista Sobrinho is the founder of JBS and is the father of Joesley Mendonça Batista, Wesley Mendonça Batista and José Batista Jr. He has more than 50 years of experience in beef production and has been a member of the Board of Directors since 2007.



Humberto Junqueira de Farias

Humberto Junqueira de Farias holds a degree in Civil Engineering and Business Administration from Universidade Mackenzie, with specializations from Fundação Getulio Vargas (FGV), the University of São Paulo (USP) and the Institute for Management Development (IMD) in Switzerland. He has more than 20 years of executive experience, having served as the CEO of Renuka do Brasil, Camargo Correa and Loma Negra CIASA, in Argentina. Since 2012, he has served as the New Business Officer at J&F Investimentos.



João Carlos Ferraz

João Carlos Ferraz holds a PhD in Economics and is a licensed professor at the Economics Institute of Rio de Janeiro and the Federal University of Rio de Janeiro, as well as a licensed employee of the United Nations Economic Commission for Latin America and the Caribbean (UN ECLAC). He was an effective member of the Board of Directors of Banco do Brasil from 2002 to 2007 and is currently serving as the Vice President responsible for Research, Planning and Risk Management at the Brazilian Development Bank (BNDES).



Carlos Alberto Caser

Carlos Alberto Caser holds a degree in Law from the University of Brasília (UnB), a degree in History from Faculdade de Filosofia, Ciências e Letras de Colatina in Espírito Santo, and a technical degree in Agriculture from Escola Agrotécnica Federal de Santa Teresa (ES).



Tarek Mohamed Noshy Nasr Mohamed Farahat

Tarek Mohamed Noshy Nasr Mohamed Farahat is the president of P&G in Latin America and global president of the Cash & Carry channel. He joined P&G in 1989, serving as an Assistant Brand Manager. Over the course of his career, he has assumed local, regional and global responsibilities in Switzerland, France, Germany, Venezuela and Brazil. He holds an MBA from Harvard University and is currently the director of the Arab-Brazilian Chamber of Commerce.



Marcio Percival Alves Pinto

Marcio Percival Alves Pinto holds a degree in Economics from the University of São Paulo (USP), with a Master's and PhD in Economics from the State University of Campinas (Unicamp), where he served as professor and the Director of the Economics Institute. He served as the Executive Director of Fundação Seade and the Chief of Staff to the São Paulo State Agriculture Secretariat. Since 2007, he has served as Vice President of Finance at the Caixa Economica Federal. In addition, he also served as the Executive Director of the Brazilian Federation of Bank and as CEO of Caixa Participações S.A.

Corporate Governance

Fiscal Council

The Fiscal Council operates independently of the company's management and external auditors – with powers and duties assigned by law – and functions permanently at JBS. Composed of at least three and at most five members (as well as their respective alternates), the Fiscal Council's main responsibilities include the supervision of actions and documents issued by the management of JBS and, if necessary, the issuance of opinions or the reporting of errors, fraud or crimes to the management bodies and the Shareholders' Meeting.

The members of the Fiscal Council at JBS may or may not be shareholders, and are elected and may be dismissed during the Annual Shareholders' Meeting.

On December 31, 2014, the Fiscal Council of JBS was composed of the following members:

Name	Position
Florisvaldo Caetano de Oliveira	Chairman of the Council and Sitting Member
José Paulo da Silva Filho	Sitting Member
Demetrius Nichele Macei	Sitting Member
Amoreti Franco Gibbon	Sitting Member
Sandro Domingues Raffai	Sitting Member
Adrion Lino Pires	Sitting Member
Marcos Godoy Brogiato	Sitting Member
Joaquim Dias de Castro	Sitting Member

* All of the Fiscal Council members' terms run until the 2015 Annual Shareholders' Meeting.

Committees

JBS has five multidisciplinary non statutory committees working with the company's management in order to support the Board of Directors and make the company's processes more robust.

Meet the committee members by visiting the company's [IR website](#).

Innovation and Marketing Committee

Created in July 2013, the Innovation and Marketing Committee meets on a quarterly basis to assist in the management of JBS' brands and monitor the Company's global results, creating value for shareholders through the maximization of sales and construction of increasingly stable and profitable brands.

In 2014, the committee created a range of marketing strategies for JBS, including the successful Friboi campaign and the plan for increasing the brand's presence in sales points. The committee also contributed by providing recommendations for the strategic direction of JBS Foods, mainly in relation to reviewing the positioning of the brands and the portfolio.

Meet the committee members by visiting the company's [IR website](#).

Sustainability Committee

The Sustainability Committee meets quarterly and is responsible for the management of critical issues and business opportunities for the company that can generate a high positive or negative impact on JBS' operations over the short, medium and long terms. In addition, the committee's work includes the implementation of policies, strategies and specific actions, and the evaluation of sustainability investment proposals.

Meet the committee members by visiting the company's [IR website](#).

Corporate Governance

Audit Committee

The Audit Committee's mission is to assist the Board of Directors in relation to the processes of releasing Financial Statements, and to evaluate the performance of the internal control systems and the internal and external audits. The committee meets on a monthly basis.

Meet the committee members by visiting the company's [IR website](#).



Finance and Risk Management Committee

Through quarterly meetings, the Finance and Risk Management Committee assists the Board of Directors and the Executive Board in the analysis of the global economic scenario and its impacts on JBS' operations.

Meet the committee members by visiting the company's [IR website](#).

Personnel Management Committee

The Personnel Management Committee was created to discuss key issues for JBS' team members, such as the criteria for evaluating performance, compensation and the practice of meritocracy at all of JBS' hierarchical levels.

In addition, this committee, which meets whenever necessary, must analyze the candidates who will join the Board of Directors.

Meet the committee members by visiting the company's [IR website](#).

Executive Board

Responsible for executing the policies and guidelines established by the Board of Directors, the Executive Board is empowered to carry out the acts it deems necessary to improve the company's performance.

The members of the Executive Board are elected by the Board of Directors and serve in unified terms of three years, with reelection permitted.

On December 31, 2014, the Executive Board of JBS was composed of the following members:

Name	Position
Wesley Mendonça Batista	Chief Executive Officer
Francisco de Assis e Silva	Executive Director of Institutional Relations
Jeremiah Alphonsus O'Callaghan	Director of Investor Relations
Eliseo Santiago Perez Fernandez	Director of Administration and Control

* All of the executive officers were elected on May 13, 2013, with terms of three years.

Corporate Governance

Policies

To ensure ethical conduct and integrity in the management of its business, JBS has clear policies regarding the issues relevant to the company's best practices. They are:

Disclosure Policy for Material Information ⚠

Based on the principles of transparency and fairness in dealing with investors and the capital markets, this policy establishes the use and disclosure of information classified as material facts, as well as rules and guidelines about the use, publication and maintenance of the confidentiality of information that has not been released to the public yet.

Securities Trading Policy

Based on CVM Instruction 358/02, this policy aims to prevent and punish the use of insider information to benefit persons related to the trading of securities issued by JBS, as well as set forth the guidelines governing the securities' trading.

Privacy Policy

JBS' Privacy Policy demonstrates its commitment to the security and privacy of the information collected from users through available services. On its website, JBS offers the opportunity to read reports and obtain information and news, without the need to provide personal information.

However, if the stakeholders provide information about themselves, this data will be stored according to strict standards of security and confidentiality, and access to this information will be restricted to authorized employees.



Environmental Policy

This policy is relevant to all of JBS' operations and provides support to the management of the business and strategic decisions based on respect for the environment, pollution prevention and compliance with legal requirements. In addition, JBS' environmental policy guides the establishment of targets and objectives for the ongoing improvement and optimization of its processes and the use of natural resources.

Integrated Management System Policy (Environment, Quality, and Occupational Health and Safety)

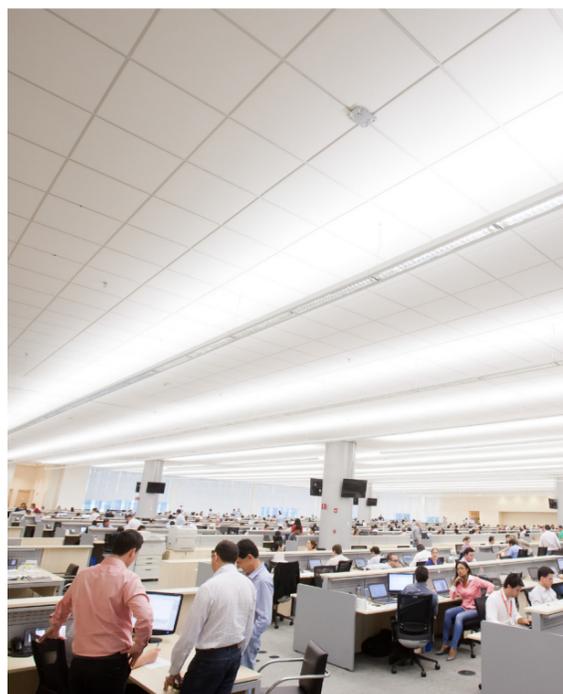
JBS Beef Division in Brazil instituted a policy that consolidates into a single document JBS' commitments in relation to Quality, the Environment and Occupational Health and Safety, which aims to upgrade and continuously improve its processes.

Corporate Governance

Animal Welfare Policy

The animal welfare policy of JBS/SA consists of ensuring that both legal and the customers requirements are satisfactory from the farm to the processing facility, preserving the welfare of the animal and producing products that comply with quality and food security standards.

Learn more about the policies that govern the operations of JBS by accessing the company's [IR website](#).



Ethical Conduct

GRI G4-56

In order to guide the conduct of its team members and suppliers in the business environment, JBS prepared a Manual of Ethical Conduct that addresses issues related to violations, conflicts of interest, third-party contracts, employment practices, receiving gifts, decision making, anti-corruption practices and other sensitive topics.

In 2014, JBS' legal department began the process to reformulate the document to adhere to Brazilian Law 12,846/13 regarding anti-corruption and the acts that regulate it. The new version of the Ethics Manual is scheduled for release in 2015.

Risk Management

JBS globally manages the risk factors that may have a negative impact on its financial performance and, consequently, on its share price. This management is carried out by the Risk Management Department, with

support from the Risk Management Commission, using specific systems and trained professionals to measure, analyze and manage risk.

The main risks being managed and their means of mitigation are presented below.

Financial Risks



Market Risk

About this risk: The market risks to which JBS is subject include risks associated with exchange rates, interest rates and commodities, whose prices have the potential to affect JBS' business.

How is it mitigated? Exposure to market risk is mapped in real time and constantly managed by the Risk Management Department, which employs hedging instruments, including derivatives, provided that they are approved by the Board of Directors.

Credit Risk

About this risk: Default risk associated with its accounts receivable from clients, financial investments and hedging contracts.

Corporate Governance

How is it mitigated? the risk related to accounts receivable from clients is mitigated through the wide dispersion of the portfolio and the establishment of reliable parameters for the concession of credit (always applying proportional limits, financial and operational indexes and consulting with credit monitoring agencies).

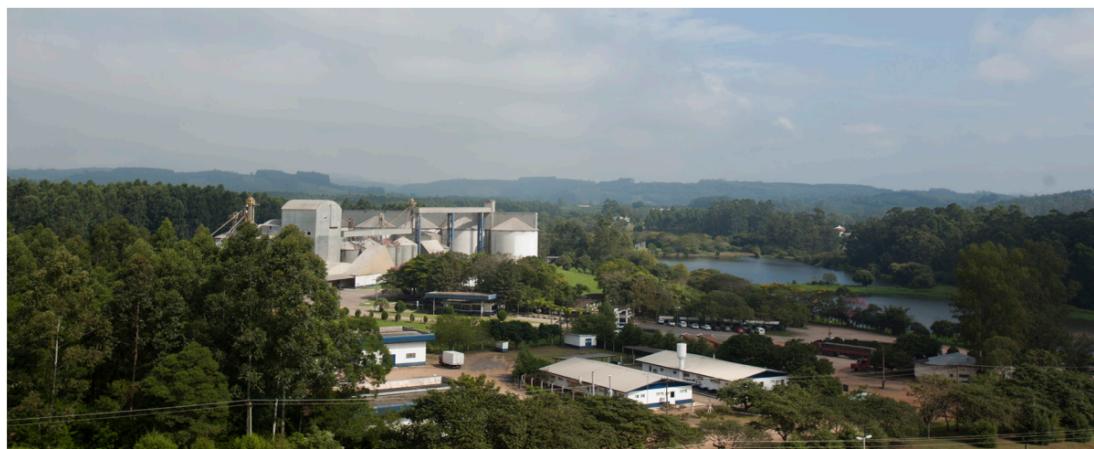
For financial transactions – made with financial institutions – JBS uses exposure limits defined by the Risk Management Commission and approved by the Board of Directors, based on risk ratings from specialized international agencies.

Liquidity Risk

About this risk: The possibility of imbalances between the tradable assets and liabilities may affect JBS' ability to meet its financial obligations as they become due.

How is it mitigated? The management of JBS' capital structure 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 JBS and its subsidiaries.

Social and Environmental Risks



In addition to the financial risks, JBS also manages the social and environmental risks inherent to its internal and external activities that may affect the Group's business. In its commercial and industrial operations, JBS manages a variety of risks related to the origin of raw material, responsibility for the quality of the product, recalls and damages to property and people, as well as those related to climate change and the availability of natural resources.

Raw Material Acquisition Risks ⚠

About this risk: This is the risk of JBS acquiring raw materials from suppliers involved in the deforestation of native forests, the invasion of protected areas, such as indigenous lands or environmental conservation units, the use of child or compulsory labor or products that might present health risks to its consumers.

How is it mitigated? In the acquisition of cattle, in addition to communicating its social and environmental criteria for purchasing to the market and encouraging the use of best agricultural practices, JBS monitors the farms of its suppliers located in the Amazon region through a geospatial system that is capable of remotely identifying cases of non-compliance and preventing the purchase of raw material from these suppliers.

In the poultry and pork operations, the origin and quality of the raw material are guaranteed through JBS' integrated relationship with the breeders. The Agriculture team conducts regular visits and audits supplier processes to ensure that the production practices are in line with the criteria required by JBS.

With regard to product quality, JBS has a dedicated area – the Quality Assurance Department – to monitor the entire production process, which is constantly audited by different regulatory agencies and customers in order to maintain the credentials needed to serve all markets.

Corporate Governance

Risks Related to Climate Change ⚠

GRI G4 EC2

About this risk: There is a growing political and scientific consensus that the increase in greenhouse gas (GHG) emissions is changing the climate of the planet, which could result in physical risks, such as increasing sea levels, changes in rainfall patterns, extreme cold or heat and an increase in weather phenomena such as tropical cyclones and hurricanes, among others.

Climate change may present risks to JBS' operations, given that resources such as water, electricity (which is closely related to rainfall patterns in Brazil) and animal feed (dependent on agriculture) are fundamental to the production of raw materials (cattle, poultry, hogs and lamb) used by JBS and, therefore, are extremely sensitive to climate change, which may negatively impact JBS's business. In addition, new legislation and regulations are being created as a result of climate change and compliance with these regulations may impact JBS' business.

How is it mitigated? JBS seeks to mitigate the risks related to climate change by monitoring the environmental impacts of its direct operations (industrial, logistics and transport) and through actions that reduce its impacts and those of its suppliers.

With regard to monitoring, each year JBS prepares a global inventory of its direct and indirect GHG emissions in accordance with the international methodology of the **GHG Protocol** and it publishes the results of this inventory on **CDP**. In addition, JBS monitors indicators related to the quality of the electricity and water used in its activities in order to optimize the productive processes that gradually lead to a reduction in its consumption.

In order to reduce its impacts and create opportunities, JBS has an environmental improvement investment plan. This plan is updated annually and its guiding

principle is the reduction of environmental impacts, the optimal use of natural resources, and the reuse of waste and water, among others.

Associated Opportunities

The social and environmental factors mentioned above – which could present risks to JBS's operations – may, on the other hand, present business opportunities, leading JBS to improve its efficiency and productivity, reduce its costs, differentiate from its competitors and develop new businesses.





Social Performance

Social Performance

Social Commitment

While not identified as a material issue, JBS is aware of its responsibility to society and understands the importance of this issue for its business. This relationship of trust was built over a period of 61 years, always based on its Values and Beliefs. JBS maintains an open and frank dialogue with its team members and external stakeholders, in the various markets where it operates, always respecting the local culture.



Team Members

JBS believes that human capital is its most valuable asset. Its team of executives is composed of professionals with vast experience in the industry and it also relies on training programs, such as the JBS Leadership Academy, led by the Human Resources department.

**Motivated people
in the right place make
the difference!**

The diversity of its workforce is the differentiating factor in meeting the needs of its clients. Therefore, JBS seeks to attract, retain and develop top talent, mediating this relationship through meritocracy, respect for ethical and religious diversity, and repudiating any form of discrimination. Learn more about the Manual of Ethical Conduct by clicking [here](#).

Team Member Profile

GRI G4-10

On December 31, 2014, JBS had around 215 thousand team members around the world. Since it went public in 2007, JBS has shown strong growth through acquisitions, both in Brazil and abroad.

Social Performance

Since then it has worked through internal communications and conventions to encourage all of its team members to practice the same values.

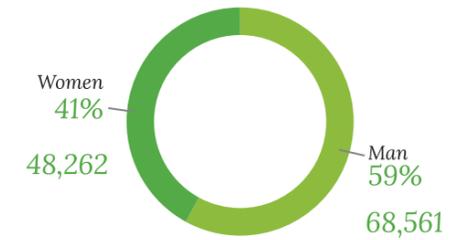
In Brazil, JBS had a workforce of 116,823 team members, an increase of 14.7% in employment compared to 2013. This increase was mainly due to the acquisition of other companies, such as Tyson do Brasil, Céu Azul, Avebom, Frinal and Massa Leve.

Team Members by Business Division			
	2012	2013	2014
Beef	39,096	40,523	41,590
Leather	7,951	8,530	8,116
JBS Foods (Foods + Poultry)	4,822	48,703	61,816
New Business	4,734	3,354	4,520
Corporate	1,173	781	781
TOTAL	57,776*	101,891	116,823

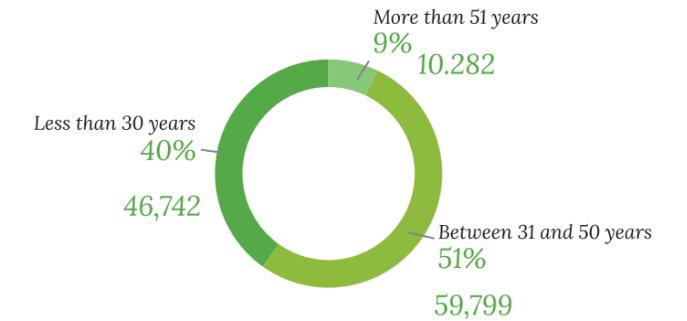
* Number of employees reviewed, different from the number presented in 2012 annual report

Of these 116,823 JBS team members, 59% were men and 51% were between the ages of 31 and 50.

Employees by gender

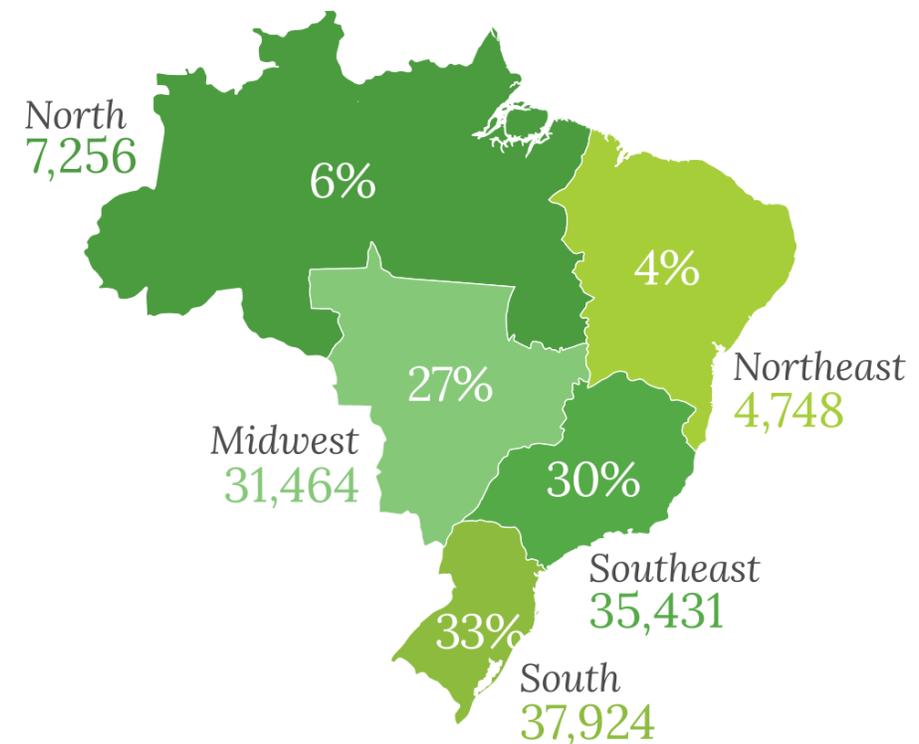


Employees by age group



JBS' team members are distributed throughout the country, in processing units, distribution centers and offices.

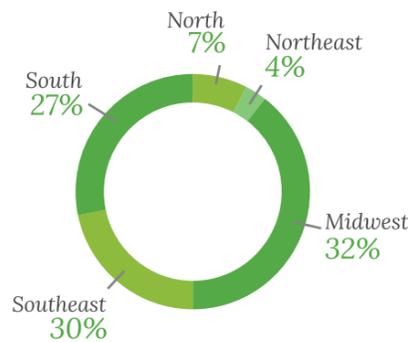
Employees by region



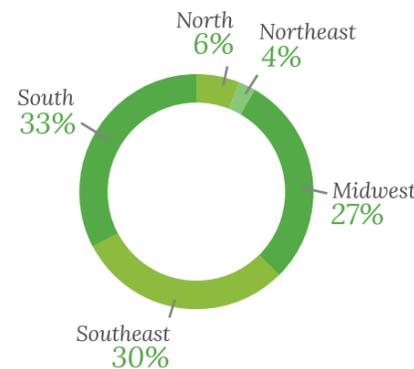
Social Performance

Analyzing the geographic distribution of JBS team members, it can be seen that there was an increase in team members in the Brazilian South, which can be explained by the Group's recent acquisitions and its expansion into the market of processed poultry and pork products.

Employees in 2013



Employees in 2014



JBS is
the third largest
private employer
in Brazil

Occupational Health and Safety

GRI G4 LA5

JBS values occupational health and safety and seeks to engage its team members with the issue through its Health and Safety Management System, a co-responsibility program that involves every hierarchical level of the company.

In addition to its corporate offices in São Paulo, the Occupational Health and Safety area at JBS assigns professionals to all of the industrial units. Through a Management System – which bases its actions on the Occupational Health and Safety Self-Management Program (PSSAG) – JBS has established guidelines to minimize or eliminate team member risks and thereby assure compliance with internal policies and the applicable legislation from the responsible agencies.

Based on OHSAS 18001, the PSSAG provides for periodic training, lectures and campaigns (Internal Accident Prevention Week – SIPAT), programs and internal auditing focused on health and accident prevention.

In addition, JBS's Beef Division sponsors a Consequence Committee in units with high rates of workplace accidents, an initiative led by the Workplace Safety team to provide information on the prevention of workplace accidents, as well as to reinforce each team member's responsibility to comply with Safety Regulations and preventive management.

The Occupational Health and Safety indicators are monitored daily and analyzed periodically to evaluate the performance of each unit in relation to the occupational health and safety of its team members and its management system.

Social Performance

All of JBS' team members are represented in the Health and Safety Committees, through members elected by the company's team members and representatives, and the Internal Accident Prevention Commissions (CIPAs), made up of 124 CIPAs and 620 JBS team members. JBS also has a Safety Committee, composed of senior management, which analyzes health and safety indicators and all of the proposed improvements suggested by team members.

All of management is guided by the Occupational Health and Safety Policy:

The JBS Group has the challenge of being recognized as the leader in its business segment, operating in a responsible, safe and healthy manner, with the following principles:

- Motivate, educate, develop, train and qualify its team members, making them able to perform and responsible for their activities;
- Seek the continuous improvement of processes, machines and equipment, promoting control measures to eliminate or minimize the occurrence of incidents, seeking to improve the quality of life, health and occupational safety of its team members and interested parties;
- Ensure compliance with legal requirements and other issues relevant to the safety and health of its team members.

Occupational Health and Safety		GRI LA6	
		2014	2013
Accidents	with lost time	1,752	1,226
	without lost time	1,253	1,330
Injuries (frequency rate)	with lost time (TL)	7.28	6.1
	without lost time (TL)	5.20	7
Days lost	due to accidents	77,594	56,436
	rate of days lost	322	282.65
Deaths	typical accidents	2	2
	commuting accidents	2	5



Social Performance

JBS has 133 agreements and conventions that cover issues related to the health and safety of its team members, which represent 84% of the existing agreements and conventions.



JBS Culture

In 2014, JBS invested in engaging its workforce in order to motivate the adoption and practice of its Corporate Culture. Company's leadership, including founder, José Batista Sobrinho, held 15 events with a total of 6,243 leading team members from different regions of the country to share practice and disseminate the JBS Culture.

In addition to the process of strengthening and disseminating its corporate culture, talk shows were held with the CEOs and Executive Officers of JBS, as well as dynamic activities to motivate and strengthen teamwork.

Professional Development

Focused on retaining and honing talent, JBS offers its team members a series of programs to foster their professional development and to engage them in the company's culture.

Leadership Management

Responsible for creating the conditions to attract, retain and develop leaders with business vision and who adhere to the Values of JBS, the company structured a Leadership Management corporate area linked to the Human Resources Department that is responsible for bringing knowledge and information to the JBS leaders selected through the AVD 360 degree individual performance evaluation.

The JBS Leadership Academy provides formal expertise to team members through workshops and training.

Individual Performance Evaluation

JBS believes that the individual performance evaluation is an important personal management tool, capable of identifying and measuring team member actions in order to develop and monitor their progress in their roles.

To evaluate the performance of its team members, JBS uses a 360° evaluation system that aims to diagnose and analyze professional posture, interpersonal relations and adherence to the team member's skills with the JBS' values.

The result is the mapping of team member talents, the identification of leaders, future successors and people who need support to develop or improve their performance.

CMC JBS Beef – OWNERSHIP ATTITUDE!

Through methodology based on the circle of continuous improvement, the JBS Beef business unit created a support structure to stimulate the self-development of team members, allowing for their participation in solving unit problems. This has generated mutual benefits, stimulating employee motivation.

Reducing water and energy consumption and waste generated environmental gains through the optimization of industrial processes.

A large number of the project's team members became more active and participatory, taking on leadership roles in their unit, with an improvement in team member welfare, which positively impacted the operational results (ownership attitude!).

JBS had a 60% return on the amount invested in the projects in 2014.

Social Performance

Project Numbers in 2014:

Total CMC Groups: 172

Participating team members: 1,090

Total Developed Projects: 248

Main Topics Covered:

Approximately 80% of the projects presented are about: Safety and Well-Being, Cost/Waste Reduction (water and electricity), structural and performance/achievement improvements.

2014 Projects Highlights:

- *Reduction in deboning water consumption (Campo Grande II/MS);*
- *Ergonomic adjustment of the innards conveyor (Mozarlândia/GO);*
- *Reduction of scrap waste (São José dos Quatro Marcos/MT).*

Internal Training

One of JBS's main competitive advantages is its deep understanding of its business, which is why it seeks to develop its team members at all levels. Learn more about the initiatives:

//Programa de Talentos Internos

Covering the industrial units and focused on team members in operational positions, the program aims to enable, develop and train these team members to assume production supervisor positions that require management skills. Upon completion of the six-month program, the team member takes over the position in the unit in which they work or they are transferred to a location with an available position, with JBS's full support during the transition.

In 2014, the program entered into its seventh cycle and trained 82 team members in the Beef and JBS Foods units, from different regions of the country. Since its launch, the Internal Talent Program has trained 144 talented team members, of which 123 are supervisors with the company, accomplishing a retention rate of 86%. In 2015, the program will also include the JBS Leather business unit.

//Café com Cultura

Since October 2013, JBS has held Café com Cultura (Coffee and Culture), which involves monthly meetings held at the corporate office in São Paulo (SP), to which all team members are invited. The speakers are always special guests (internal or external) who cover topics relevant to team member development.

The events are held in the morning and also include breakfast, which explains the name of the initiative. In 2014, the 12 events held had an average participation rate of 98 people and covered self-knowledge, life stages, career, leadership challenges and collaborative attitudes, among others.

//Crescer

Social Performance

//Crescer

At the Cascavel (CE) unit, JBS Leather offers professional development courses, as well as elementary and high school education to its team members. People who previously did not know how to read or write were provided access to education, while others who were forced to abandon their studies at an early age were able to return to the classroom, enhancing their knowledge and allowing for professional growth aligned with social development. The project, created in 2010, had already benefited approximately 400 people by the end of 2014.

Trainee Program

JBS has a trainee program that provides opportunities for young professionals and encourages the formation of leaders with technical expertise and people management skills. The participants have the chance to develop their careers at the processing units or in the corporate sector. The program lasts for 18 months, during which the trainee will receive development training and carry out improvement projects at the processing units under the supervision of a senior team member. After evaluations and if they meet the prerequisites, the trainee also has the opportunity to carry out an international job with the company.

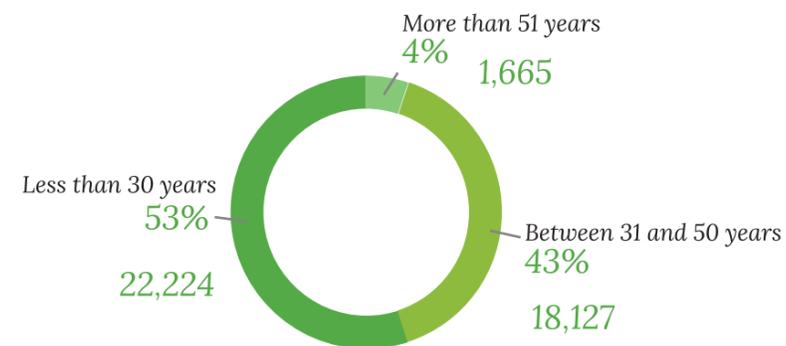
In 2014, there were 22 trainees for the Leather businesses and for the Beef Division. In 2015, JBS will have trainees in Leather, the Beef Division, JBS Foods and the New Business area.

The average retention rate for JBS trainees is **80%**

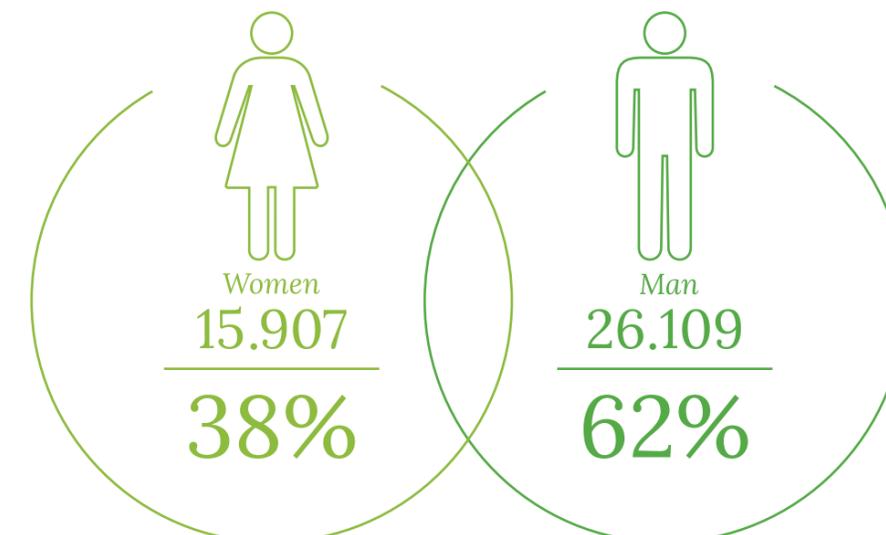
Turnover

In 2014, there were a total of 42,016 outgoing team members at the company, with 15,907 women and 26,109 men. More than half of the outgoing team members were less than 30 years old. The turnover rate for the year was 36.0%, down 11 p.p. from 2013, resulting from the adoption of talent retention practices and the investment in systems and processes to identify the main reasons and causes leading team members to leave JBS.

Departing employees by age group

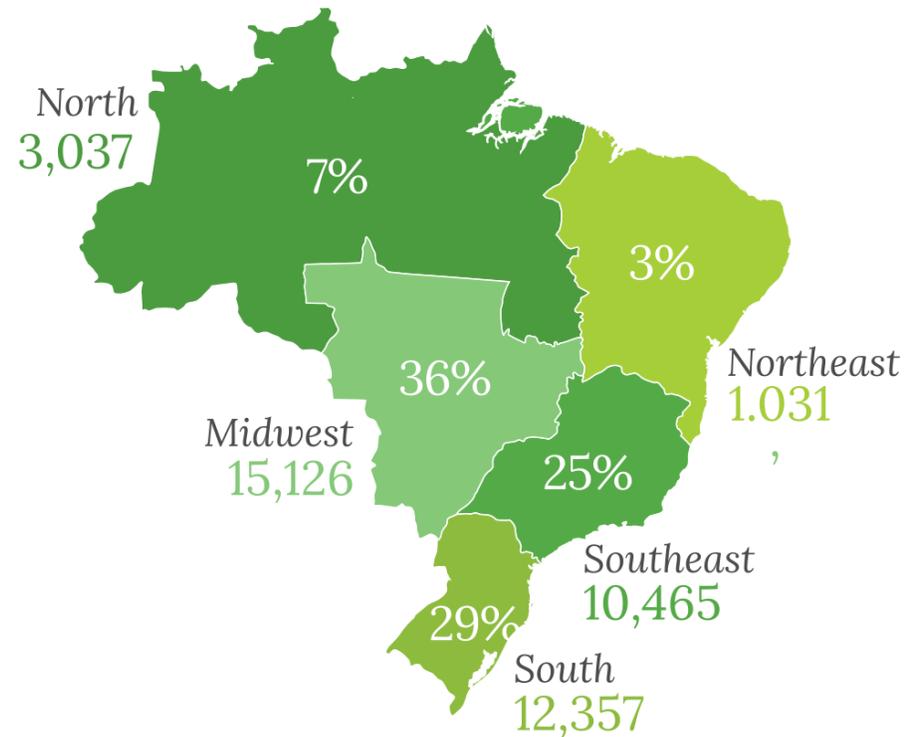


Departing employees by gender



Social Performance

Departing employees by region

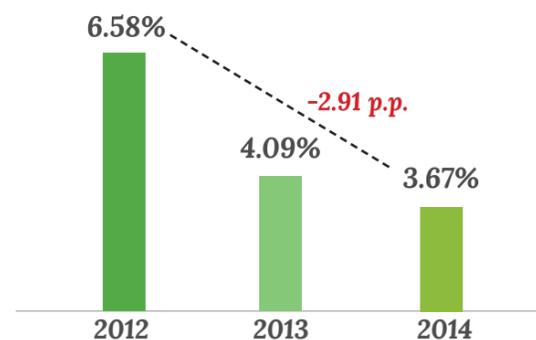


Absenteeism

In addition to the decline in team member turnover, another company indicator that declined was the absenteeism rate, which was down 2.91 p.p. from the last two years.

In an effort to further decrease absenteeism, JBS, through its Retention Committee, discusses and implements actions such as visits to the absentee team members, corporate climate research, responsibility and salary adjustments, and the implementation of programs that strengthen ties between leadership and the operation.

Absenteeism Rate



Community

JBS considers its relationship with the communities in the regions in which it is present to be very important, and it seeks to contribute to the local social and economic development. JBS's units in Brazil engage in social partnerships with the community surrounding its plants and offices, offering support for events and educational projects, and conducting campaigns about quality of life and environmental education, among other actions. The company is also available to the public at large, through a Service Channel (SAC) for receiving suggestions, complaints and requests.

As a means of valuing the culture and development of the communities where it operates, JBS favors the hiring of team members from the cities in which its operations are located. In situations where units must be closed, JBS has a closing committee, which establishes actions to minimize the social impacts on the local community.

Below is more information about JBS' main engagement actions with this important stakeholder.



Social Performance

Special Chefs Institute

JBS' partnership with the Special Chefs Institute offers gastronomy courses to people with Downs Syndrome. The courses seek to support the motor and mental development of these young people. The program has a list of renowned chefs who volunteer to teach courses and JBS offers financial and material support to the 300 students who took part in the project in 2014. The project will continue its activities in 2015. [Learn more](#) about the project



CouroAção

The company, through JBS Leather, supports the CouroAção project, located in Santana do Parnaíba (SP). JBS contributes donations of leather clippings and financial support, while also promoting and organizing the project. The action aims to develop human potential and raise environmental awareness, as it provides training and makes it possible for local women to generate income, while also encouraging the reuse of leather waste as the raw material for making artisanal crafts.

Leather Tanning Course offers opportunities

JBS Leather offers, through the JBS Leather Training Incentive Program, the opportunity to attend the Technical Tanning Course at the SENAI Technical School for team members who excel in their roles. The course lasts for two and

a half years and, while they attend the classes, these team members are able to maintain their employment contracts, working at the Montenegro (RS) unit, close to the school.

In 2014, the Program had two classes – totaling 23 students – who have been given the opportunity to acquire more technical expertise and experience greater professional growth.



JBS Biodiesel: Social Fuel Seal

The JBS Biodiesel Business Unit produces biodiesel from tallow and uses other vegetable raw materials in the production process that are often produced by family farmers.

As a result, since 2008 JBS has participated in the Social Fuel Seal, an initiative by the Ministry of Agrarian Development (MDA) that provides assistance and technical training to the farmers involved in oilseed cultivation.

The benefits provided to the Company from this JBS business unit go beyond the environmental impact from using tallow – a potential pollutant. Biodiesel stimulates a chain of production that has positive social impacts for a variety of families. The cultivation of raw materials and the industrial production

Social Performance

of biodiesel have a significant potential to generate employment and thereby promote social inclusion.

The Social Fuel Seal also provides farming families with access to lines of credit for the purchase of seeds to plant oilseed plants.

In 2014, JBS enjoyed the participation of 490 families in the company's raw material supply chain.

Germinare Institute

The Germinare Institute, which is the result of a JBS social initiative, was created in 2009 with the mission to train leaders for the future. In 2010, the Institute opened the Germinare School, which, with the approval of the Ministry of Education (MEC), began to provide education (elementary II and high school) at no cost to young people in São Paulo.

In 2012, the Germinare Institute began to be directly managed by J&F Investimentos, the controlling holding company of JBS S.A., which ensured greater independence and an increased focus on its guidelines, its expansion plans and its governance practices, always with the financial support of JBS.

In 2014, JBS invested R\$7.9 million in the Germinare Institute, which represents more than 80% of its revenue.

Also in 2014, the Institute began a partnership with Flora, a cosmetics and cleaning company held by J&F Investimentos, and Symrise, a German fragrance multinational, to structure a project in which young people could effectively put into practice the management expertise acquired through the Institute to develop a perfume or cologne for young people under the Phytoderm brand.

Eighteen students were selected to develop the fragrance, the packaging and the full marketing and communications program for the project. Under Flora's tutorial marketing management, at the end of the project two perfumes and two colognes were selected for a survey involving the Germinare students who, because of their age, are part of the target market for the product. The product will be launched in the second half of 2015.

During 2014, the Institute also began a pilot internship project at JBS for students over the age of 16. Beginning in July, after going through a selection process managed by JBS's Human Resources Department, 15 young people began internships in different areas.

The Germinare School aims to create leaders in business, developing competencies and leadership skills with a focus on innovation, ethical conduct, systemic vision and results. In 2014, 462 students attended the School classes and received all needed educational material and three daily meals, getting the necessary structure and access to quality education. In addition, the students have the opportunity to enter the "Germinando Talentos" program and integrate the Company's internship team.





A Trusted
Source





Watch the movie
with Jeremiah O'Callaghan,
Investor Relations Officer

A Trusted Source

Responsibility for the Quality of the Products

GRI G4 FP12

To ensure the quality, health and sustainability of its entire line of products, JBS has rigorous processes that permeate its entire chain of production. There are more than 30 programs for beef production, the most important of which are described in this chapter, which meet the requirements of the Ministry of Agriculture, Livestock and Supply (MAPA) and which, taken together, are responsible for the production of reliable, safe, healthy and quality foods. In addition, all of the JBS processing units are part of the National Waste Control Plan for Products of Animal Origin (PNCRC), an initiative by the Federal Inspection System (SIF) that collects samples of raw materials used in the industrial processes for human food in order to evaluate food safety items, such as contaminants.

Certifications

GRI G4- FP5

In the Brazilian cattle operations, JBS has certifications that attest to compliance with international norms (ISO 9001, ISO 14001, BRC, SQMS, among others) at its plants. These certifications involve food safety, animal welfare, the quality management model, the environmental management model, and generally ensure and certify the food safety and quality of JBS's processes and products. The certified units in 2014 represent, in terms of production volume, 51% of JBS's total production volume in Brazil.

Responsible Purchasing of Bovine Raw Materials

GRI G4 EN11 EN33 HR6 HR8

The quality and security, as well as the sustainability of JBS's products, begins at the more than 60 thousand farms supplying livestock located throughout Brazil. Of that total, approximately 35 thousand are located in the Legal Amazon region – in the states of Mato Grosso, Pará, Rondônia, Acre, Maranhão

and part of Tocantins – and to meet the company's social and environmental criteria, there is monitoring of items such as deforestation, the invasion of indigenous lands and conservation units, and compulsory and child labor.

The largest part of the cattle purchasing process is carried out on the spot market, through JBS's relationships with cattle producers. In order to ensure the quality of the cattle received, JBS's commercial relationships are focused on the rural producer.



A Trusted Source

Social and Environmental Monitoring of Cattle Suppliers ⚠️

GRI G4 - 14 SO9 SO10 EN12

JBS assumed the commitment to ensure the **responsible origin** of its raw materials.

Therefore, it does not acquire cattle from suppliers involved in the deforestation of native forests, the invasion of public lands such as indigenous lands or environmental conservation units, rural violence and agrarian conflicts, or the use of compulsory and child labor.

To ensure compliance with this commitment, in 2010 JBS began to develop a social and environmental monitoring system for the farms that supply livestock to the company. This system uses geospatial analysis technologies including – software, satellite images, geo-referenced maps of the properties (obtained from the manager of the cattle ranch or from the Rural Environmental Registry – CAR) and geo-referenced data of the information from public agencies such as the INPE, FUNAI, ICMBIO, as well as procedures developed and improved over the years in a joint effort with the Departments of Sustainability, Cattle Sourcing and Information Technology, and from a specialized consulting firm to **analyze, on a daily basis, the more than 60 thousand supplier farms throughout Brazil.**

JBS's social and environmental monitoring system for cattle suppliers is composed of two mechanisms of analysis, which work in an integrated manner.

The first verifies the existence of the farm or livestock supplier in the lists published by the Ministry of Labor and Employment (MTE) – Registry of Employers Fined for Compulsory Labor and the list of areas embargoed due to illegal deforestation published by the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA).

The second mechanism of analysis uses a geographic information system (GIS) for the geo-spatial monitoring of farms supplying the company with livestock located in the Legal Amazon region, in order to identify suppliers involved in the deforestation of native forests after October 2009, the invasion of indigenous lands or environmental conservation units.

In practice, the system creates a digital overlay of the layers of geo-referenced information: geographic coordinates and geo-referenced maps of the farms, areas identified as deforested (from 2009 to the current year) published by the National Institute of Space Research (INPE) and official maps of indigenous lands and environmental conservation units. JBS's geospatial monitoring system currently analyzes an area of approximately **87 million hectares.**



Example of a geo-referenced satellite image

A Trusted Source

This entire process of social and environmental analysis and monitoring of the farms is carried out on a daily basis, both for new suppliers as well as for those who are already included in JBS's registry of suppliers. The aim is to maintain the social and environmental compliance of the suppliers and block the purchase of raw materials from farms that are not in compliance with the company's social and environmental criteria.

The blocking of the registration of the suppliers who do not meet the criteria is carried out automatically by the system, which prevents any commercial activity with the supplier until proof of compliance has been provided with the appropriate documentation.

As of December 31, 2014, a total of **2,259 farms** supplying livestock were blocked by JBS's monitoring system, of which

- *1,765 were for the deforestation of native forests and/or the invasion of indigenous lands or environmental conservation units*
- *394 for their inclusion on IBAMA's Embargoed Areas List*
- *100 for their inclusion on the list of workers subject to compulsory labor*

The system uses information from third parties that is publicly available and accessible, therefore mistakes regarding the publication or non-publication of information by official agencies may compromise the functioning of the system. In December 2014, the MTE complied with a court order and stopped publishing the list of workers involved in compulsory labor. JBS maintained its commitment and since then has used the information from the final list published on December 26, 2014. As of the publication of this report, the list remains unavailable for consultation.

Compliance with the criteria for the commitment to the responsible purchasing of raw materials and the social and environmental monitoring system for livestock supply farms is independently audited on an annual basis, and the results are published on JBS's website, ensuring the total transparency of its actions.

By using social and environmental criteria for the management of its raw material suppliers, such as not purchasing livestock from deforested areas, JBS contributes to preventing ongoing deforestation in the Legal Amazon region, helps preserve ecosystems and reduces GHG emissions associated with the changing use of soil in Brazil.

In 2014, JBS used its communications channels, mainly the Giro do Boi Program through the Rural channel, to provide guidance to rural producers on how to regularize their operations and adhere to the CAR. In 2015, JBS aims to structure and implement a regional support system for suppliers to adhere to environmental regulations.

Trusted Source Program

After verifying the social and environmental compliance of suppliers, their relationship with JBS is conducted through the Trusted Source Program, which guides cattle breeders with respect to the adoption of Best Agricultural Practices based on domestic and international standards, including the client codes of conduct.

The Program is supported by different initiatives that aim to guide the cattle breeder in relation to animal welfare, health management, the application of veterinary medicines, the quality of raw materials, and other aspects that may have an impact on JBS's reputation as well as the quality of the final product. The key initiatives of the Trusted Source Program are:

A Trusted Source

Quality Beacon

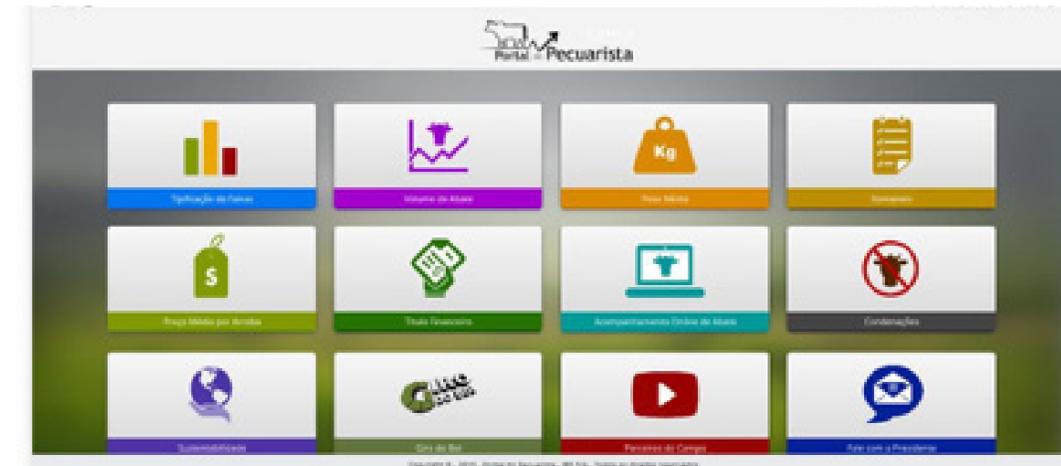
The Quality Beacon is a tool for monitoring the quality of the raw materials provided by suppliers. JBS provides its livestock suppliers with an individual login and password that allows them to access the tool through the company's website. The aim is to strengthen the relationship and provide transparency, and the result of the Quality Beacon is a simple feedback report about the quality of the raw materials provided, and the parameters to be met. In Brazil, 100% of the animals processed are classified based on their gender, maturity, weight and fat content. Using these parameters, JBS has built a template linking each beef carcass profile to the colors green, yellow and red, corresponding to a quality spotlight.

-  Desirable standard
-  Acceptable standard
-  Undesirable standard

This feedback aims to stimulate better controls over the quality of the raw material produced by suppliers, orienting the producer so that they can aim for ongoing improvements, thereby improving the quality of the products offered by JBS to its clients.

Portal for Cattle Breeders

This is another innovative initiative from JBS to improve its relationship with cattle breeders and collaborate to improve supplier management. JBS created the Portal for Cattle Breeders, a web platform through which each cattle supplier has access to both financial data – such as bills that are outstanding and that have been paid by the company – as well as relevant information for their operations, such as the Quality Stoplight, the average weight of the animals that they provide, the price, quality and social and environmental conditions at their farms and fundamental information that allows the cattle breeder to more efficiently manage their properties and attain the quality targets required and rewarded by JBS.



View of the homepage of the Portal for Cattle Breeders

Sustainability in the Portal for Cattle Breeders

Under the Sustainability tab of the Portal for Cattle Breeders, the cattle supplier has access to information about the compliance of their farms in relation to JBS's social and environmental criteria. If any of their farms are blocked from serving as suppliers for noncompliance with any social or environmental criteria, that information is available to the cattle breeder. Guidance is also provided on how to achieve compliance and regain the ability to serve as a JBS supplier.

Boi no Ponto Program

In an effort to show appreciation for the cattle suppliers who produce quality beef and encourage other cattle breeders to improve their operations, JBS has a program that provides differentiated compensation for the product based on a specific bonus protocol that takes into account the breed, slaughter age, weight, fat content, castration and traceability.

The Boi no Ponto Program is being implemented at eight JBS units, in the states of Mato Grosso, Mato Grosso do Sul, São Paulo and Goiás.

A Trusted Source

Giro do Boi TV Program



In 2014, one of the major innovations in communications with its suppliers was the launch of a TV program devoted exclusively to cattle breeders: Giro do Boi. Every day, the program goes on the air (live), on the Canal Rural, and takes a tour through Brazil showing the beef prices per 15kg in the key markets, reports on the happenings in the foreign markets where JBS operates, and features technical reports and interviews with specialists featuring guidance about sustainability, quality, health, animal welfare, financial management and other issues related to the beef value chain.

Quality in the Production and Distribution of Products

GRI G4 PRI 

After certifying that the point of origin of the acquired cattle follows all of the environmental, social, quality and health parameters, JBS's quality control and oversight is applied to the next steps in the processing and distribution of the products. This includes the industrial processes, packaging process, the transport of refrigerated, frozen or processed beef, the unloading of the products to the client and the proper maintenance of the products at the point of sale.

Traceability

In order to improve quality controls throughout its chain of production, JBS is investing in the traceability of its products, using a QR Code identification system on the labels of fresh beef. This means that it is possible, for example, to go to a supermarket, select any piece from JBS's fresh beef line and use a smartphone with access to the Internet to look up data regarding the origin of the product, from the farm that supplied the animal to the refrigeration unit that produced the cut. This entire process of product traceability is yet another component of the JBS Trusted Source Program – learn more by clicking [here](#).

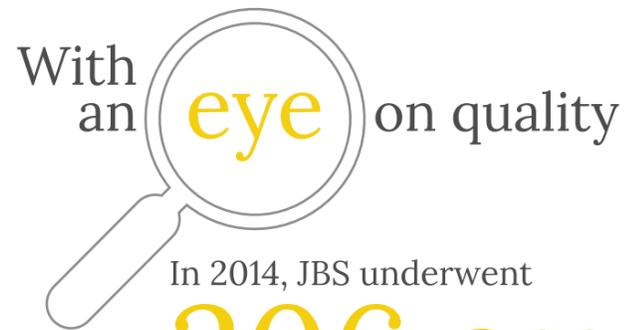


As a result, consumers can be assured that the company's refrigeration units are in compliance with the health and animal welfare regulations of the Ministry of Agriculture of Brazil and they can also check if the supplying farm has any environmental irregularities, such as having its name on the compulsory labor list (published by the Ministry of Labor and Employment – MTE) or the list of embargoed areas released by IBAMA.

External Audits

The quality of JBS's products is constantly audited by the governments of different countries, clients and certification companies, which visit the company's plants to monitor every stage of the processes that ensure the quality and health of the meat sold by the company.

A Trusted Source



In 2014, JBS underwent

206 audits

to assess production processes and compliance with sector regulations, achieving an average

approval rate of 97.5%

Leather Traceability

JBS Leather has a leather traceability program that allows it to monitor the raw material from the slaughter until the finished product is sent to the client.

All of the leather received at the JBS Leather curing units are individually stamped, allowing each processed hide to be traced. In addition to the stamp, procedures applied throughout the production line make it possible to trace not only the origin of the hide used, but also the complete history of the product, including the chemicals and processes used.

Leather Production Quality and Safety

JBS Leather has a restricted substances policy, with clear procedures for the purchase and application of chemicals, thereby ensuring the safety of its team members, the environment, the communities in which it operates and the final consumer.

Adherence to the policy is required by the company from its suppliers, as well as compliance with international regulations such as REACH, California Proposition 65 and GADSL. In addition, JBS Leather systematically analyzes its products at external labs to ensure that the leather being provided adheres to the parameters listed in its policy and is in line with the demands of the market.

Increased Engagement, Greater Quality

GRI G4 FP12

In 2014, the Quality Assurance Area of the Beef Division held events to engage team members, cattle breeders, government officials and the academic community on issues relevant to the national beef industry, including:

Creation of the Food Safety Advisory Committee, which included the participation of professionals from government and academia to debate issues regarding the production of beef – and its derivatives – with respect to quality, food safety, animal welfare and legal conformities, among other topics. During the year, three Committee meetings were held.

A Trusted Source

Quality Week, which was held – on October 20-24 – at the 48 plants of the JBS Beef Division, including the corporate office, to share best practices and thereby promote a culture of quality.

Quality Assurance Annual Meeting, held in the city of Lins (SP) with 45 representatives from the JBS Beef Division, which sought to align the strategies related to animal welfare, laboratory analyses and chemical residues, among others.

Best Practices in Quality Competition, brought together professionals from a variety of process areas, to encourage team members to provide suggestions about how JBS could improve its quality indices, focused on its production processes. The winning unit was Ituiutaba (MG) and, during the competition, improvements were suggested such as the use of gloves, the sterilization of equipment and other suggestions.

Beef Carcass Classification Book based on fat content launched by the Quality Assurance Area – together with professionals from the State University of Campinas (Unicamp) – to guide cattle breeders on their husbandry activities in relation to the final product. The materials include ideal fat percentage levels, the concavity of the beef, the age of the animal and other items that provide solid parameters with respect to JBS's expectations regarding the animals that it acquires.

Animal Welfare ⚠️

JBS has implemented at its plants and incentivizes its suppliers to adopt techniques at the farm that respect the principles of animal welfare and the five fundamental freedoms:

1. Freedom from fear and stress
2. Freedom from hunger and thirst
3. Freedom from discomfort
4. Freedom from pain and disease
5. Freedom to express their natural behavior

To accomplish this task, the company uses the appropriate techniques and equipment during the time that the animals are at the processing units and it also works with cattle breeders to raise awareness among their employees about the proper handling of animals.



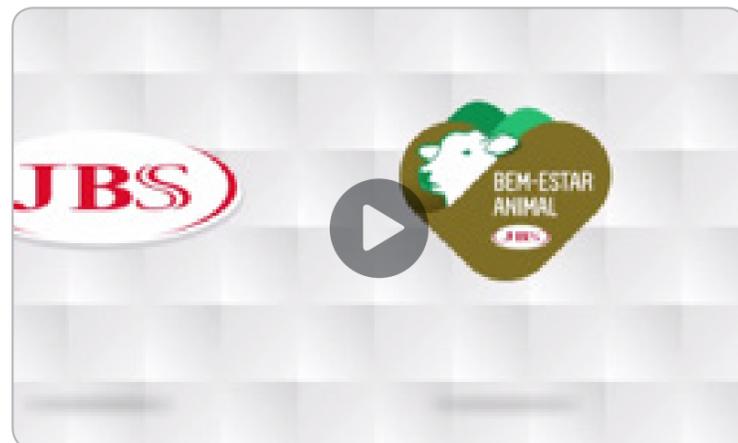
A Trusted Source

All of the company's refrigeration units are being equipped with surveillance cameras to evaluate the BEA indicators in the corral and the slaughterhouse. JBS also signed a partnership with the NGO World Animal Protection (WAP) that resulted in four training sessions to train more than 120 JBS team members.

In 2014, JBS was included – for the first time – in the Business Benchmark on Farm Animal Welfare (BBFAW), a global annual report on animal welfare produced through a partnership with the NGOs Compassion in World Farming and World Animal Protection (WAP) – both based in the United Kingdom – that evaluate animal welfare initiatives by companies around the world. The publication evaluates animal welfare parameters based on three areas: management policy and commitment; government and political interpretation; and leadership and innovation. In this document, JBS was considered a benchmark among Brazilian companies and, worldwide, it received a level 3 classification (on a scale that runs in descending order from 6 to 1).

A total of 80 global food companies were included, representing food retailers and wholesalers, restaurants and bars, as well as food producers and processors.

Learn more about the company's animal welfare practices by watching this video:



In order to ensure animal welfare that guarantee better quality for its products, most of the cattle that JBS acquires come from supplying farms that are located less than 200km from the processing units in Brazil. This allows JBS to decrease the risk of injuries/or the loss of animal weight during the transportation process and also allows for more competitive animal transport costs, contributing to the economic development of regions where it operates.

JBS' Animal Welfare Policy

JBS's animal welfare policy consists of ensuring that the legal and client requirements are satisfactory from the farm to the processing plant, preserving the welfare of the animal and obtaining products that comply with quality and food safety standards.

A Trusted Source

In 2014, JBS's Quality Assurance Area worked on different projects to ensure the reliability of its entire chain of production and to further improve the quality of the company's products. These projects include the development of a new cattle transport truck model that has features that are more compatible with the anatomy of the cattle raised in Brazil. This new model, in addition to minimizing stress and improving animal management, decreases injury levels and, as a result, improves the quality of the beef.

JBS also entered into a technical agreement with Dr. Temple Grandin, the world's leading animal welfare authority, and with the ETCO Group of Studies in Animal Ethology and Ecology, located in Jaboticabal (SP), led by Professor Mateus Paranhos, to develop academic and scientific animal welfare projects. The plants have all of their areas – ramps, corrals, boxes, etc. – designed to minimize to the greatest extent possible the discomfort and stress of these animals.

One of the projects that has already been implemented is the introduction of grooving into the floors of the waiting corrals at the beef processing plants. Grooves were made in the cement flooring, providing the animals with greater stability, preventing slips and falls and thereby reducing the level of injuries and stress among the animals.

Sourcing of Poultry and Pork

In order to ensure the quality and health of the poultry and pork, JBS Foods works in an integrated manner with its supply chain and participates in every step of the production process, from the genetic selection of the animals to be bred, to the transport of the product to the point of sale. The company's acquisition of animals from producers integrated into the company or from its own farms guarantees the origin of the raw materials for the poultry and pork products that it markets.

The relationship with this stakeholder group is based on a form of partnership, in which JBS provides all of the inputs needed for safe and healthy livestock operations.

Supply of Young Animals: The meat production of JBS Foods is vertically integrated, whereby the company produces 100% of its poultry supply and 95% of its pork supply. This provides it with greater control over the health and nutrition conditions of the animals, ensuring quality, food safety and efficiency in the production and cost of its products.



Production Management Guidance: JBS has a team composed of approximately 300 specialized field technicians, who monitor the more than 10,000 integrated producers and provide assistance to ensure responsible production that adheres to the required quality standards and that takes animal welfare into account. In 2014, the company conducted more than 250,000 technical visits to guide its integrated pork and poultry producers.

Environmental Practices Guidance: JBS encourages producers to adopt best environmental practices, such as the use of cisterns to collect rainwater, bio-digesters and composting.

A Trusted Source

Animal Transport: JBS Foods handles all of the animal transport adhering to best practices in order to ensure animal welfare and product quality, in order to prevent the exposure of the animals to negative conditions, injuries and bruises that deteriorate the production potential of each animal.

Producers, in turn, are responsible for adhering to the social and environmental requests made by JBS Foods, as well as industry laws and regulations.

To learn more about the animal welfare practices of JBS Foods, [check out the 2014 JBS Foods Annual and Sustainability Report, available here.](#)

Client and Consumer Satisfaction

GRI G4 PR5 FP6

JBS believes that establishing a dialogue with its clients and consumers is important for both meeting expectations as well as understanding the new demands that could serve as inputs for the creation of new products. To accomplish this task, JBS has an exclusive center for receiving criticism and suggestions by email, phone, web and social networks.

In 2014, in JBS Beef Division in Brazil, there were approximately 191,000 inquiries by consumers and clients involving requests for information about products and services, recipes, praise, complaints, suggestions and other types of feedback. During that same time, JBS improved its status from Regular to Good on the major consumer complaint website Reclame Aqui.

The company periodically generates reports containing this feedback, in order to better manage and improve its products and services and create targeted actions, such as client visits to processing units, among other actions.

In 2013, a customer satisfaction survey was conducted among internal and external clients that showed a satisfaction rate of 82%. A new survey will be conducted by the company in 2015.

Products with Reduced Sodium

JBS strives to deliver healthier options and a better quality of life to its consumers, which is why the company, through JBS Foods, is developing a Low Sodium line, with a portfolio that includes products with lower amounts of sodium.

Light Products

JBS Foods also produces a complete line of [light products](#).

Qualidade & Nutrição Magazine

Since 2013, JBS has published a quarterly magazine entitled Qualidade & Nutrição (Quality & Nutrition), which is available nationwide and focuses on the professionals who work directly and indirectly with school food programs. The magazine features reports on experiences, actions and innovations put into practices around the country, while also highlighting general initiatives by JBS.

Check out the editions from 2014:



Edition 16



Edition 17



Edition 18



Edition 19



Environmental Performance

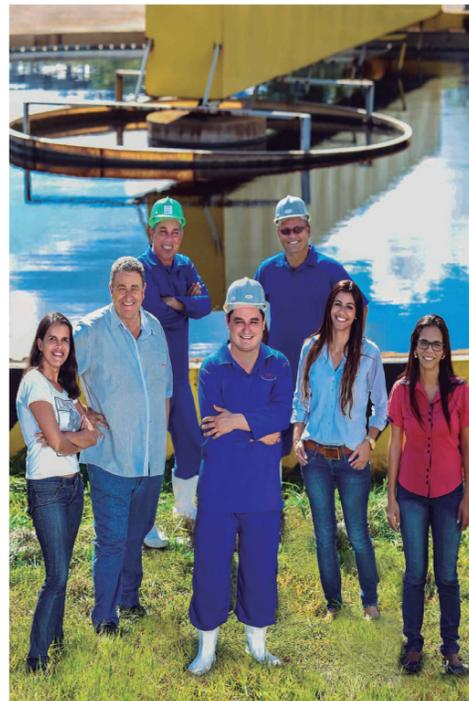
Environmental Performance

Environmental Commitment

GRI G4-14

JBS has a strong commitment to the environment and the efficient use of natural resources. In practice, this commitment manifests itself in three different areas:

The first is the establishment of targets and the daily monitoring of environmental indicators; performed by a qualified technical team, trained and dedicated to the environmental management of each business unit of JBS; **the second** reflects the annual investment plan for environmental improvements, through which investments and priority projects are defined and, finally, team member and supplier engagement on the corresponding matters that are sensitive to this issue.



The third area is related to the raw material supplier chain, which must be in total conformity with the company's social and environmental policies and criteria. To ensure the purchase of 100% responsible raw materials, JBS utilizes contractual mechanisms and carries out social and environmental monitoring at the farms that supply livestock, through modern geospatial technologies, based on satellite images and property maps (See more information in [Cattle Sourcing](#)).

New Field Program

GRI G4 EN19

JBS has made significant environmental progress throughout its supply chain. One of the highlights in 2014 was the partnership established under the New Field Program.

This Program brings together important partnerships with organizations such as the Brazilian Agricultural Research Corporation (EMBRAPA), the Alta Floresta Rural Union in Mato Grosso, the International Institute for Sustainability, the Institute for Forest and Agriculture Management and Certification (IMAFLOA) and the Dutch NGO Solidaridad.

Coordinated by Instituto Centro de Vida (ICV), the program promotes more sustainable production techniques at husbandry farms in the Amazon region, such as:

- *Intensification of the production area and an increase in productivity (through pasture reform and management);*
- *Nutritional supplementation of the animals to ensure weight gain;*
- *Installation of drinking stations in the grazing areas;*
- *Diversification of income sources, through the planting of trees with commercial value in the legal reserve areas;*

In 2014, a variety of benefits were perceived by the breeders who took part in the project. These included:

- *Reduction in the production cycle from 44 to 36 months for male animals and from 34 to 26 months for females*
- *Increase in productivity from 4.7@ to more than 10@ per hectare per year*
- *Improvement in the quality of the beef*
- *Increase in income for producers*

Environmental Performance

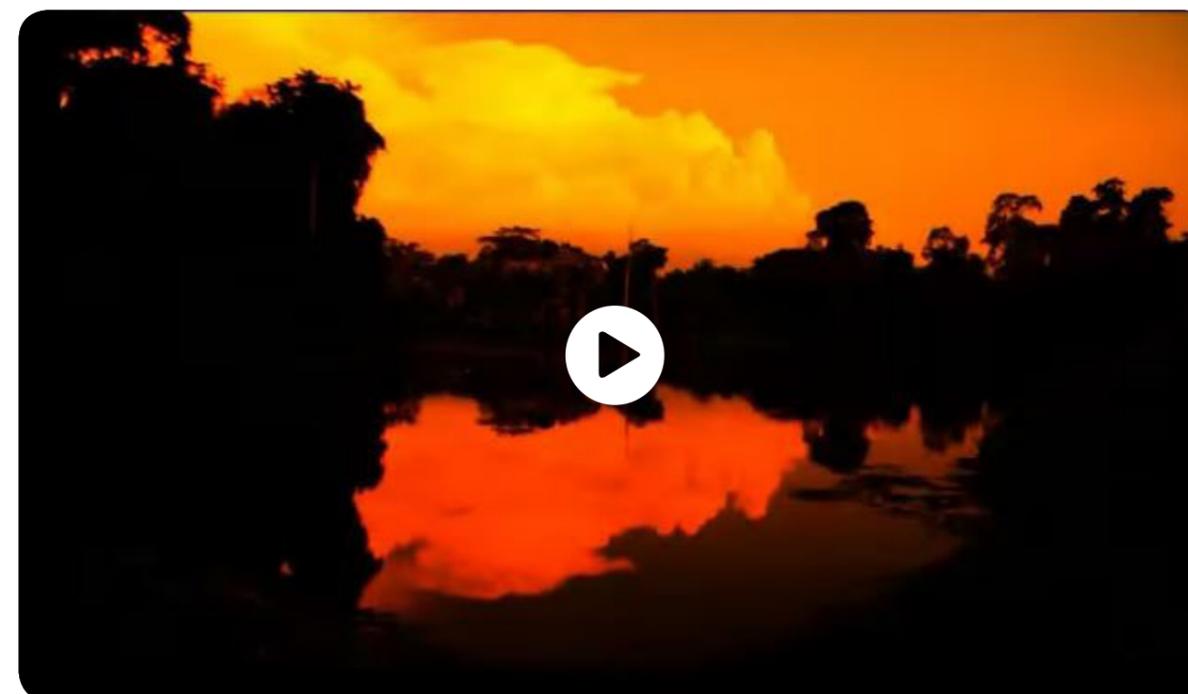
The New Field Program was inspired by the positive results of a program carried out in 2013, called Integrated Low Carbon Husbandry, which, through a pilot group of 14 farms, located in Alta Floresta and Cotriguaçu (MT), reduced the slaughter age, increased productivity and achieved environmental gains. This project was also coordinated by ICV.

Beginning in 2015, the Program will have its scope increased to serve 300 farms in the Alta Floresta (MT) region. Note that in addition to the ongoing encouragement of increases in income and productivity, this includes other objectives, such as the strengthening of the local economy, reduced deforestation, and the recovery and preservation of natural resources. JBS has been contributing to the development of differentiated bonus protocols, the opening of markets for products with social and environmental attributes, as well as support for training, earnings disclosure and fundraising for ongoing efforts. The participating breeders have access to a series of opportunities, such as:

- *Preparation and privileged positioning for access to markets that value social and environmental attributes connected to production*
- *Updated guidance and technical information and training courses focused on best livestock practices*

In addition, the Program contributed positively to the main environmental issue in the Amazon region, as it indirectly eliminates the need for more deforestation by intensifying production in the same area. Another direct contribution is the conservation of riparian forests by installing drinking stations in the pastures to prevent animals from accessing permanent preservation areas. The animals are able to access water without degrading the areas surrounding rivers, springs and lakes.

In 2015, JBS will effectively contribute to overcoming new challenges, such as expanding the number of cattle breeders in the Program, engaging commercial partners, and communicating and expanding the positive financial, social and environmental results.



Eco-efficiency in Industrial Processes

JBS Beef in Brazil has an annual investment plan for environmental improvements focused on wastewater treatment, the management of solid waste, atmospheric emissions and greenhouse gases (GHG) and the management of water use. This plan was drafted based on a comprehensive environmental assessment performed by the company in 2010 to identify opportunities to improve the environmental indicators of the beef processing units in Brazil.

The Investment Plan has been updated on an annual basis, since 2011, and has more than 360 completed projects, with investments totaling more than R\$42.8 million.

Environmental Performance

Investments and expenditures in environmental protection, in 2014, by type G4 EN31

Environmental Management ¹	72%
Investments ²	28%
Total	R\$ 36,522,840

1. Personnel costs, waste disposal, wastewater treatment, laboratory analyses, fees and taxes, and general maintenance (equipment, structural improvements).

2. Wastewater treatment projects, solid waste management, atmospheric emissions, eco-efficiency projects (reduction in water consumption, reuse of waste for energy, recovery of byproducts) and other (erosion and degraded area recovery, reforestation, operational improvements, among others).

In 2014, JBS invested more than R\$36 million in environmental management and in improvement projects aimed at reducing water and energy consumption, energy efficiency, wastewater treatment, and the reuse of waste for energy, among others. Upon analyzing the chart below, it can be seen that the investment percentage has decreased each year in relation to the environmental management costs during the same period. This is due to the fact that the priority investments were made in 2012 and 2013, and there are ongoing projects that were started in 2014 and will be concluded during 2015.

Investments in the Environment (Beef)			
	2012	2013	2014
Environmental Management Expenses	R\$ 14,704,043	R\$ 23,674,969	R\$ 26,208,005
Investments in Environmental Improvements	R\$ 10,385,556	R\$ 14,552,194	R\$ 10,314,834
Total	R\$ 25,089,598	R\$ 38,227,163	R\$ 36,522,840

In 2014, JBS took an important step towards monitoring its environmental performance through the acquisition of a specialized software for the management of environmental and sustainability indicators. This management tool is being used by all of JBS's units in Brazil – JBF Beef, JBS Leather, JBS Foods and New Business – in order to standardize the environmental management of the plants and also to improve the corporate management of the sustainability indicators.

This software makes it possible to identify and measure the positive and negative impacts and monitor the performance and fulfillment of targets. In addition to improving the management of environmental indicators, it is also expected that the new system will lead to improvements in the company's reporting (comprehensiveness, consistency, transparency and the precision of information), among other benefits.

Climate Change

Since 2009, JBS has measured and published the direct and indirect GHG emissions from its operations in Brazil. Beginning in 2012, the company began to measure and publish its direct and indirect global GHG emissions, covering all of its operations around the world.

JBS Global – Total Direct and Indirect GHG Emissions, by weight (tCO ₂ e) <small>G4 EN15, G4 EN16</small>		
	Scope 1 ¹	Scope 2 ²
2013	3,877,792	1,478,098
2012	2,423,078	1,274,401

Environmental Performance

JBS Brazil – Total Direct and Indirect GHG Emissions, by weight (tCO ₂ e)	G4 EN15, G4 EN16	
	Scope 1 ¹	Scope 2 ²
2013	696,260	162,154
2012	455,459	51,018
2011	403,902	16,083

1. Scope 1: Direct GHG emissions come from sources that belong to or are controlled by the organization or its subsidiaries.

2. Scope 2: Indirect emissions that include the GHG emissions from the acquisitions of electric and thermal energy generated by third parties and consumed by the company.

In accordance with the table above, JBS's GHG Emissions Inventory for 2013 showed an increase in emissions in comparison with previous years. The increase in Scope 1 was due mainly to the integration of new companies into the Group, through acquisitions made during this period, for example, poultry, swine and further processed products operations, which today compose JBS Foods.

For Scope 2, the increase in emissions is due to a change in the Brazilian energy matrix, which began to use an increasing amount of thermal power plants that run on fossil fuels to generate electricity, due to the water crisis affecting certain parts of the country.

JBS BRASIL – Other Relevant Indirect* GHG Emissions (tCO ₂ e)	G4 EN15, G4 EN17
	Scope 3
2013	486,991
2012	135,291
2011	2,859

*These are the result of the company's activities, but come from sources that do not belong or are not controlled by the company [example: air travel by employees, waste generated from operations, transport and distribution (upstream and downstream)].

The increase in the volume of Scope 3 emissions, as shown in the table above, is the result of an expanded mapping of the emissions sources, which had not previously been identified or quantified.

Since 2012 JBS has been part of the Brazilian [GHG Protocol](#) Program and publishes on an annual basis its GHG Emissions Inventory on the [Public Registry of Emissions](#) platform.

JBS is also taking part in other volunteer initiatives to report information regarding its GHG emissions and its climate change management and strategy, such as Driving Sustainable Economies (CDP) – in the Climate Change module, and the BM&Fbovespa's Carbon Efficient Index (ICO2).

In addition, it takes part in the Technical Working Groups of the Brazilian [GHG Protocol](#) Program, which aims to deepen discussions and the development of supporting tools for calculating GHG emissions along the value chain. In 2014, JBS contributed to the development of the [GHG Protocol](#) Agriculture methodology, which aims to provide a specific tool adapted to calculate GHG emissions from Brazilian agricultural activities. In 2015, JBS will support the

Environmental Performance

work of partner organizations such as World Resources Institute (WRI) in the training and field testing of this tool.

Rail Transport

JBS is expanding its use of railways to transport the beef from its units to the ports of Brazil. The company went from 18 thousand tons of beef transported by train to approximately 125 thousand in 2014, a significant increase over 2013. By substituting the use of trucks, the company reduced emissions by approximately 11 thousand tons of CO₂ equivalent (CO₂e). This amount corresponds to the annual emissions of five thousand passenger vehicles per year.

The cargo is sent by truck from the units in the states of Mato Grosso, Mato Grosso do Sul, Rondônia and São Paulo and arrive at the rail terminal in Cambé (PR). From that point, it travels approximately 500km to the port of Paranaguá, where it is exported. In addition to reducing CO₂e emissions, the logistics strategy allows the company to decrease its fuel and toll costs.

During the year, JBS was recognized as the food sector company that made the most progress in its actions against deforestation along its supply chain. This information is contained in the report [Supply Chains without Deforestation: From Commitment to Action](#), prepared by Driving Sustainable Economies (CDP), the CDP Forest module, an international non-governmental organization that supports the development of sustainable economies and provides information, using corporate data about climate change, water and forests, for 240 global investors that represent US\$15 trillion in assets.

Also in 2014, JBS adhered to the CDP Supply Chain Working Group denominated the Forest Program, which is composed of companies engaged in reducing deforestation along their value chains. JBS's participation in the CDP is not restricted solely to the Climate Change module. The company is also present in the Forests, Water and Supply Chain modules, presenting information about its exposure to deforestation risks, sustainable corporate water management and action plans related to climate change.

Initiatives to Reduce Greenhouse Gases (GHG)

GRI G4-EN19

JBS, through its Engineering, Environment and Sustainability areas, is restructuring its industrial processes, its treatment of effluent and its waste management to significantly mitigate its environmental impacts and its greenhouse gas emissions. The main initiatives are:

The Reuse of Pig Hair for Energy: approximately 400 tons per year of waste generated from the industrial process – which had previously been sent to landfills – is reused to generate thermal and steam-based energy. The initiative also reduced the consumption of fossil fuels used for the boilers and the volume of waste sent to landfill.

The Reuse of Chicken Fat for Energy: the waste generated by processing chickens began to be used as a source of energy and, as such, it substituted fossil fuels for the generation of thermal and steam-based energy, which, consequently, reduces GHG emissions.

The Reuse of Bovine Rumen for Energy: JBS began to reuse the bovine ruminal content (25kg generated for each animal processed) to generate thermal and steam-based energy. In addition to reducing the amount of waste sent to landfills, this change reduces the consumption of biomass fuels for the boilers and reduces GHG emissions.

Environmental Performance

Recovery of Byproducts in the Treatment of Effluents: JBS has used the proteins and fats (bovine tallow) of the processed animals to manufacture animal feed and biodiesel. This new process, in addition to improving efficiency in the treatment of effluents and reducing GHG emissions, has brought the company additional revenue.

Taken together, these projects allow JBS to reduce more than 51,815 tons of carbon dioxide equivalent (tCO₂e) of emissions, equal to the emissions generated annually by 23,540 passenger vehicles. Click [here](#) to see the case study.



Carbon Footprint from Leather

In 2014, JBS Leather took part in a project to develop, evaluate on an industrial scale and validate an innovative methodology for analyzing the life cycle and calculating the carbon footprint of leather-based products. The project included the participation of six tanneries in different parts of the world that validated methodologies that had previously been worked on mainly in the academic environment. This study has been completed and is now being used to stimulate debated about the creation of standardized methodologies for calculating carbon footprints.

Optimized Shipping

JBS Carriers has a project to optimize the trips taken by its container trucks. After delivering the products to their final destination, the trucks used to come back empty. They now transport the cargo of partner companies. This strategy avoided the need for 3,932 new trips, saving 1.7 million liters of diesel fuel and, consequently, avoided the emission of more than 4.6 tons of CO₂ into the atmosphere.

More than four million kilometers of road travel were avoided which is enough to drive around the world 110 times.

Environmental Performance

GRI G4-EN6

Energy

JBS prioritizes the use of the renewable energy matrix at its processing units. In 2014, 82% of the energy utilized came from renewable sources – hydropower, sugarcane bagasse, briquettes, nut shells, tree bark, ethanol, wood, rumen, tallow and sawdust, among others.

JBS also has initiatives such as purchasing more efficient electrical equipment, turning equipment off at night and using generators during peak hours to reduce electricity consumption.

Also as a means to reduce energy consumption, JBS works to increase the efficiency of its use of fuels in its industrial boilers for thermal power generation, with projects such as the reuse of organic waste (bovine rumen and poultry tallow) as fuel for the boilers. Learn more about these actions in Initiatives to Reduce Greenhouse Gases (GHG).

In addition, the Biolins Thermal Power Plant, located in Lins (SP), produces electricity using renewable source, such as sugarcane bagasse. With an installed capacity of 28,000 kW, it produces enough electricity to supply the JBS industrial park that is also located in Lins (SP) and to sell the excess to other companies in the region.

JBS Leather launched a project focused on the gradual replacement of fluorescent and metal halide bulbs with LED bulbs, which will bring a tenfold increase to the useful life of the bulbs and provide an approximate 70% savings in electricity consumption. The first unit to replace the bulbs was located in Lins (SP) and all of the other units will gradually begin to use LED technology.

More leather, less energy consumption

JBS Leather, in partnership with WEG, developed a solution to reduce energy expenses and enhance results by perfecting its processes at the Cacoal (RO) unit.

Measurements were initially taken that showed that the motors responsible for driving the tanning drums used more energy than necessary, making it possible to significantly reduce consumption with the use of new technologies. The solution found was to substitute the old motors with high-efficiency motors.

According to the data from the Department of Engineering and Maintenance at JBS Leather, the replacement of the motors – together with reconditioning and speed controls using frequency invertors – reduced energy consumption by 34% and the unit's overall consumption by approximately 13%.

JBS Leather plans to expand the same concept to its other units.

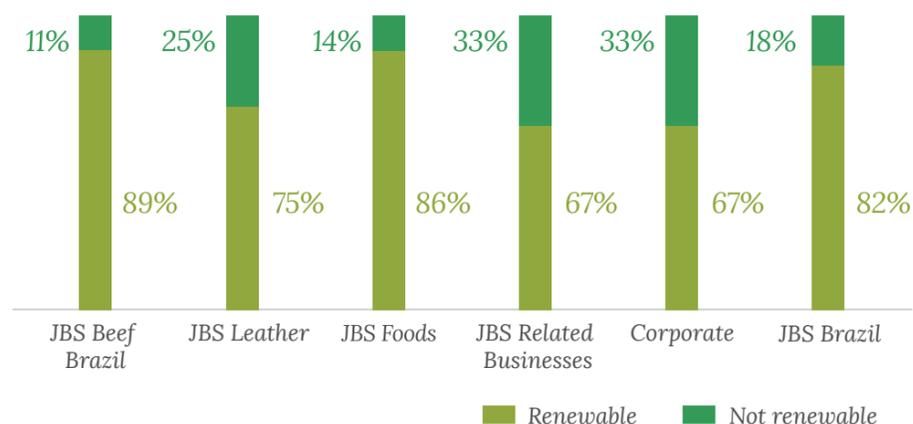
Environmental Performance

GRI G4-EN6

In 2014, the total direct energy consumption of JBS Brasil was 20,125,537 GJ, compared to 19,792,746 GJ in 2013, due to an increase in the number of facilities and production volume. JBS has a plan to continue investing in the improvement of its infrastructure and energy efficiency. The consumption of indirect energy was 7,576,313 GJ in 2014, higher than the amount of 6,112,224 GJ recorded in 2013, for the same reason presented above.

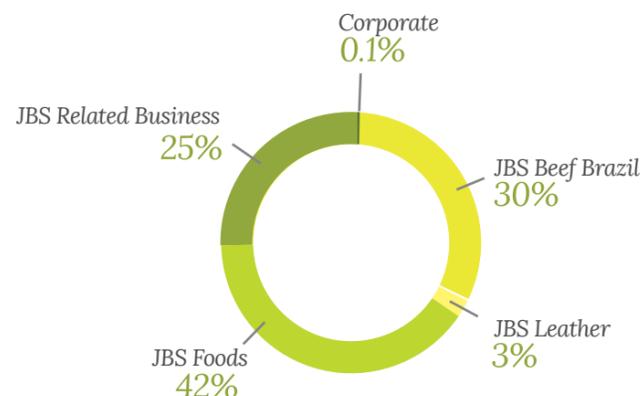
GRI EN3

Energy consumption by source in 2014



GRI EN3

Energy consumption by business unit in 2014



Sustainable Corporate Headquarters

JBS's corporate headquarters, which accommodates more than 2,000 team members in São Paulo, was built – from conception – in accordance with international sustainability standards (Leadership in Energy and Environmental Design – LEED). The building was designed to more efficiently utilize resources such as water and energy, as well as allowing the company to collect and reuse rainwater, and it provides special parking spaces for low emission, fuel efficient vehicles (in accordance with IBAMA's Nota Verde program).



Environmental Performance

Water Consumption

GRI G4 EN8

As part of its environmental policy, JBS has targets to reduce water consumption at all of its industrial units. The company is investing in the optimization of its industrial processes, holding training sessions to raise awareness among team members about the best practices in the use of this resource.

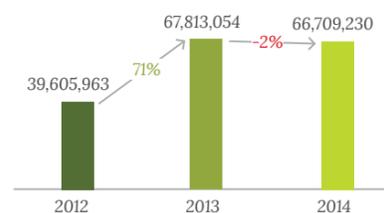
During the year, a diagnostic was carried out at the cattle units to identify locations that are suffering, or are expected to suffer, from water-related issues. After identifying the units that are potentially at risk, an action plan was developed that was aimed at creating alternative sources of supply and initiatives to optimize and reduce water consumption in the industrial and external processes.

JBS Beef Brazil reduced by 9% its water consumption in 2014, which represents 2.7 billion liters of water.

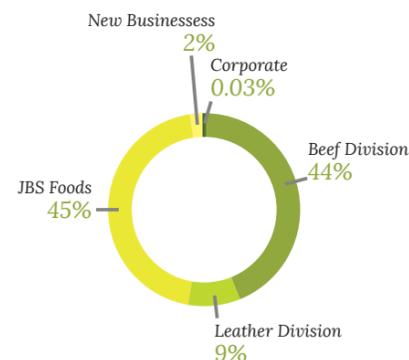
In 2014, water consumption at JBS Brasil totaled 66,709,229.57 m³, with a majority of the volume taken from surface sources (58%) and a majority of the volume used by the beef division (45%). When comparing the company's water consumption over the last three years, it can be seen that there was a significant increase in consumption in 2013 – due to major acquisitions, such as Seara – and that, in 2014, there was a 2%, the equivalent of 1.3 billion liters of water, reduction due to the efforts of JBS to increase its efficiency and reduce consumption.

Volume of Water Consumed in Brazil		GRI G4 EN8		
	2012	2013	2014	
Beef Division	29,864,143.14	32,970,767.12	30,221,624.91	
Leather Division	4,686,692.09	4,719,531.22	5,555,706.11	
JBS Foods	3,594,510.00	28,865,557.00	29,362,494.64	
New Business	1,447,392.22	1,244,568.00	1,548,203.92	
Corporate	13,226.00	12,631.00	21,200.00	
Total	39,605,963.45	67,813,054.34	66,709,229.57	

Water consumption in Brazilian units (m³)

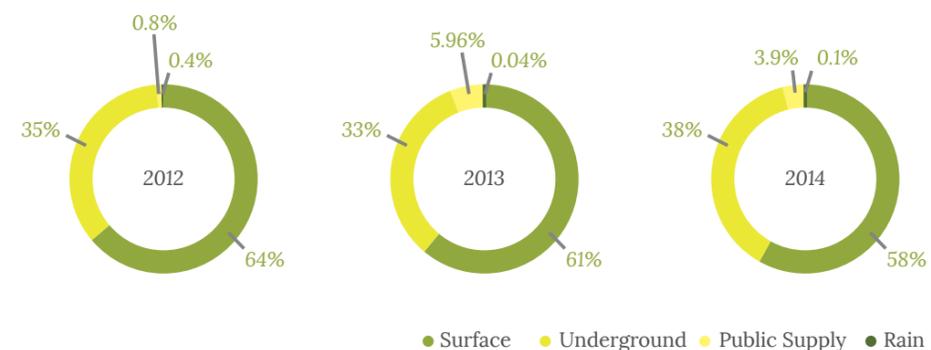


Water consumption by business unit in 2014 (%)



Water Intake by Source

EN8



Environmental Performance

Water Reuse

GRI G4-EN10

In 2014, JBS Brasil reused 3% of the total volume collected, equivalent to more than two million m³ of water.

In 2014, the Beef Division reduced its consumption of water resources by 9%, despite having increased its beef production during the same period, mainly through changes in the production process and the reuse of 3.82% of the total volume of the water taken in.

The same is true for JBS Leather – which was able to reuse 9.86% of the water taken in – and for JBS Collagen (part of the New Business area), which implemented daily water controls and was able to reduce consumption by 10%.

All of JBS's units have established water consumption targets based on production volume and are incentivized to develop programs and projects for the sustainable use of water in their industrial processes. Listed below are some of the initiatives that stood out in 2014:



Unit	Iniciativas
Naviraí (Beef)	<ul style="list-style-type: none"> Reuse of water in the industrial processes (for less important tasks). Replacement of the faucets at hand washing stations. Installation of equipment to optimize water use.
Barretos (Beef)	<ul style="list-style-type: none"> Reuse of water from the defrosting of the cooling system.
Barretos (Beef)	<ul style="list-style-type: none"> The sausage cooling process has been improved, by replacing the water spray nozzles, which increased the efficiency of the process and reduced water consumption.
Iturama (Beef)	<ul style="list-style-type: none"> Reuse of water from the reverse flush of water treatment filters (which was previously discarded). Reuse of water in the laundry room for the early washing stages, to remove the coarser dirt.
Marabá (Beef)	<ul style="list-style-type: none"> Reuse of water from the reverse flush of water treatment filters (which was previously discarded).
Colíder (Beef)	<ul style="list-style-type: none"> Implementation of the dry corral cleaning stage.
Juara (Beef)	<ul style="list-style-type: none"> Reuse of water from the reverse flush of water treatment filters (which was previously discarded).
Pimenta Bueno (Beef)	<ul style="list-style-type: none"> Reuse of water from the reverse flush of water treatment filters (which was previously discarded).
Lins (Leather)	<ul style="list-style-type: none"> Application of treated wastewater to dilute the lime hydrated in the treatment of wastewater (treated water had previously been used).
Itapetinga (Beef)	<ul style="list-style-type: none"> Changes to the corral allocation and models, resulting in an 82% reduction in the volume of water used in this process, improving its efficiency while not compromising the quality.
São José do Quatro Marcos (Beef)	<ul style="list-style-type: none"> Reuse of water from the reverse flush of water treatment filters (which was previously discarded).
Pontes de Lacerda (Beef)	<ul style="list-style-type: none"> Reuse of water from the reverse flush of water treatment filters (which was previously discarded). Reuse of water from the defrosting of the cooling system.
Araputanga (Beef)	<ul style="list-style-type: none"> Reuse of water from the packaging process (which had previously been discarded).
Campo Grande II (Beef)	<ul style="list-style-type: none"> Revising the amount of sterilizers in the plant.
São Miguel do Guaporé (Beef)	<ul style="list-style-type: none"> Installation of water-saving faucets at the hand washing stations.

Environmental Performance

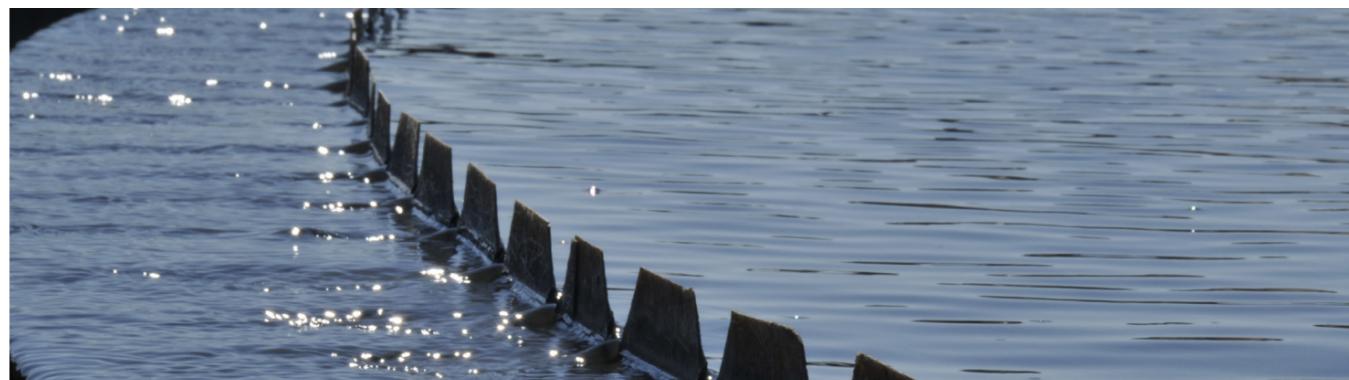
Wastewater

GRI G4 EN22

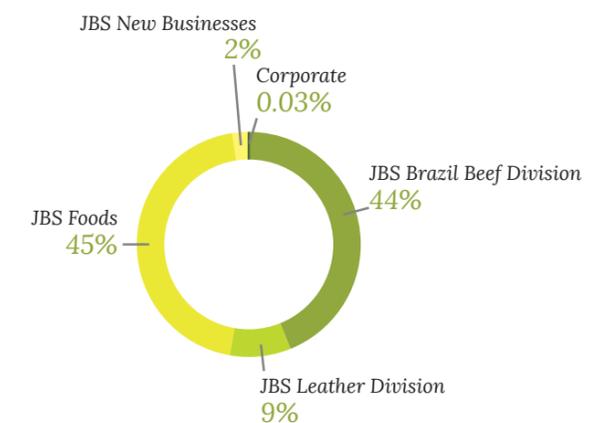
All of the water used in JBS's industrial processes in Brazil is sent to wastewater treatment stations, where it is treated and sent along for different uses. In 2014, JBS disposed of 58,813,996.78 m³ of wastewater, which was practically stable in relation to the amount disposed of in 2013 (1% reduction).

Volume of Wastewater in Brazil (m ³)			
	2012	2013	2014
Beef Division	24,893,217.10	28,616,968.47	25,824,615.63
Leather Division	4,583,576.12	4,704,370.77	5,170,134.53
JBS Foods	2,421,011.42	25,407,801.58 ¹	26,410,439.59
New Business	672,303.62	443,359.14	1,388,455.03
Corporate	13,226.00	12,631.00	20,352.00
Total	32,583,334.27	59,185,130.96	58,813,996.78

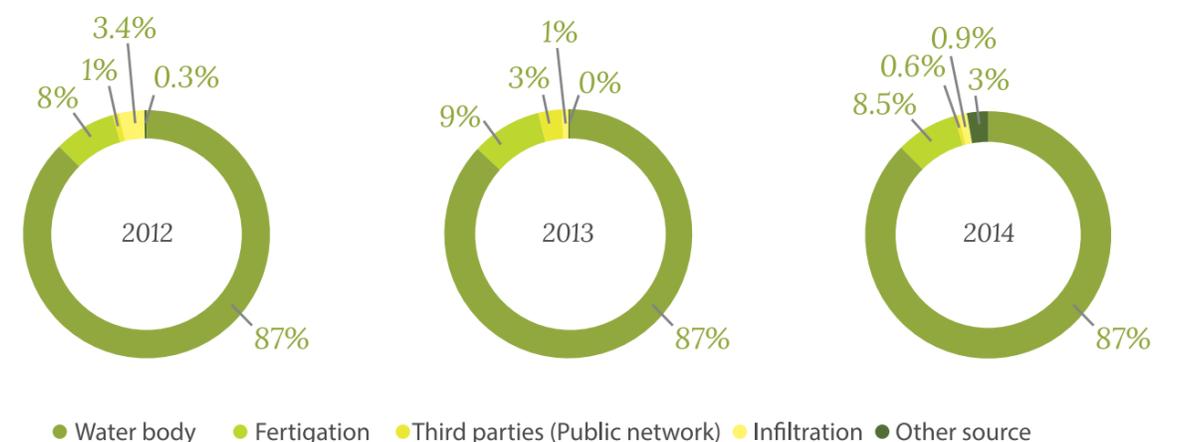
1. Seara integration



Generated and Treated Wastewater in 2014 by business unit (%)



Wastewater by Destination in Brazil



Environmental Performance

Materials and Solid Waste

JBS manages the solid waste from its operations and works to reduce, recycle and reuse that waste. Investments are made in projects to decrease the generation of waste from the industrial process, manage the volumes generated, recycle through the JBS Environmental unit, reuse for energy production, as well as to dispose of non-recyclable waste in an environmentally sustainable manner.



In addition to the investments cited above, in compliance with the National Solid Waste Policy, JBS signed on to the National Industry Agreement, managed by the Business Commitment for Recycling (CEMPRE). In 2015, JBS will invest in promoting the recycling chain through reverse logistics on the packaging of its products. The forecast activities are focused on developing and training recyclable materials triage cooperatives, raising awareness

among consumers regarding appropriate disposal of waste and increasing the production of recycled materials.

In addition, the JBS's Research & Development area developed a variety of projects throughout 2014, particularly:

- Replacement of plastic labels with thermal paper labels, which eliminates the use of polyester film with thermal resin, thereby reducing the costs, reducing the use of the material, and, consequently, reducing the production of waste.
- Change in the design of some of the packaging, which became a single piece (it had previously been two pieces – the bottom and top of the box), thereby reducing the use of cardboard raw materials used in the manufacturing process by 41%. These initiatives resulted in a reduction of more than 130 tonnes or 344,641 m² of cardboard.
- Reduction of dimensions and thicknesses of industrial packaging, resulting in a decrease of more than 207 tonnes of polyethylene.

JBS is one of the largest consumers of paper/cardboard in Brazil, as it uses the material to produce the packaging for its products. 100% of the paper/cardboard acquired has FSC certification, which is part of the selection criteria for suppliers of this material. GRI G4 FP2 SO9

In relation to the disposal of the solid waste generated in 2014, approximately 87% was recycled or reused through composting for the production of organic fertilizers and energy reuse. With regard to the characteristics of the total volume of the solid waste generated by the company, 98.5% is classified as non-hazardous.

Environmental Performance

Total weight of waste (t) 2013 GRI G4 EN23 EN25							
		Meats	Leathers	JBS Foods	New Businesses	ANH Coporate	JBS Brazil
Type	Hazardous	0.3	1.1	6.0	-	-	1.5
	Non-hazardous	99.7	98.9	94.0	100.0	100.0	98.5
	Total	329,333	458,545	140,351	69,955	5,647	1,003,832
Method of disposal (%)	Composting	89.8	64.8	54.3	59.9	-	70.8
	Own landfill	-	3.0	-	-	-	1.4
	Third-party landfill	3.5	13.1	27.9	3.1	15.9	11.3
	Recycling ¹	3.6	1.0	13.3	37.0	84.1	6.5
	Energy reuse	3.0	-	-	-	-	1.0
	Reuse	-	18.0	-	-	-	8.2
	Incineration	-	-	-	-	-	-
	Storage	-	-	-	-	-	-
	Other ²	-	-	4.5	-	-	0.6

1. It includes solid waste for recycling, recovery in the process and reuse.

2. Return to vendor, manufacturing of animal feed (waste straw and corn cob), disposal to third parties (fertilizer production), incineration and others.

Environmental Performance

JBS has an exclusive business unit for managing its industrial solid waste: JBS Environmental. The disposal of all recyclable, non-recyclable and hazardous waste can be traced. In addition to managing the company's solid waste, JBS Environmental also receives, processes and provides materials to third parties.

Waste from plastic packaging generated at the company's units or from other sources are sent to JBS Environmental, which transforms the plastic into recycled raw material. The new material can be used in the manufacture of other products, such as bottles, jars, buckets, hangers, combs, plastic wood, broom bristles, brooms, bags, film and panels for the construction industry, among other uses. In 2014, JBS Environmental produced approximately 250 tons of garbage bags for JBS using recyclable plastics from its own operations.

Learn more about JBS Environmental in the chapter about [Operations](#).

Reverse Logistics for PBR Pallets

To assist in the transportation of its products, JBS uses – on average – 70 thousand pallet units per month, which ends up generating an environmental impact due to the waste produced and the demand for certified wood. To decrease the environmental impact of its operation, JBS created a reverse logistics project for PBR Pallets, which are produced in Brazil and make good use of the wood.

In 2011, JBS began collecting the pallets from major wholesale chains, bringing them to its units and reusing them. In 2012, the company's logistics area began to restore the recovered pallets and, in 2013, they were being reused approximately six times by the company. The next step for the project is to identify the inventories at the factories to have greater control and further increase the number of reutilized pallets.

During the construction of its corporate headquarters, the Company reused or recycled **92% of the waste** generated at the construction site.



Financial Performance



Watch the video
with Jeremiah O'Callaghan,
Investor Relations Officer

Financial Performance

Scenario

According to the UN World Economic Situation and Prospects 2015 report, the global economy grew 2.6% in 2014, which indicates that although the economic recovery process is ongoing, the global financial structure has suffered the impact of unexpected shocks, such as the rise in geopolitical conflicts in different parts of the planet. On the other hand, according to the same document, global commerce grew 3.4%, and is expected to grow in the coming years.

United States

In 2014, the United States registered a 2.4% growth in GDP, reflecting the positive contributions from personal consumption expenditures, nonresidential fixed investments, exports and other factors. During the year, the country's import rate also increased over 2013.

In relation to the US beef market, the United States Department of Agriculture (USDA) Cattle report made an upward revision to its cattle herd estimate for 2014. It points to an increase in the number of cattle from feedlots in January 2015, indicating an increase in the slaughter of these animals that, however, should be offset by a lower growth in carcass weight.

Pork production is expected to increase in 2015, given that the slaughter has exceeded previous estimates. This improvement in the slaughter is also due to the fact that the Porcine Epidemic Diarrhea (PED) that affected the herd in 2013 and 2014 has lost strength, mainly due to stricter hygiene and animal access control on the part of pork producers, which contributed to controlling the disease.

Poultry production is also expected to increase in 2015, given that the lower

1. Information from the Bureau of Economic Analysis.

feed costs and lower energy prices are expected to encourage increased production.

Brazil

In Brazil, the Central Bank (BACEN) estimated a 0.2% increase in the GDP for 2014. Average inflation measured by the IPCA reached, according to the BACEN report, 6.56% (in comparison between Nov 2013 and Nov 2014) and, looking solely at the food and beverage segment, reached 7.83%.

In 2014, the price of cattle in Brazil closed the year at R\$143.29 per 15kg, an increase of 25% over 2013. This growth was mainly due to the increase in demand from both the domestic and foreign markets, particularly beef exports, which were up 4.1% in volume and 7.9% in revenue over 2013.

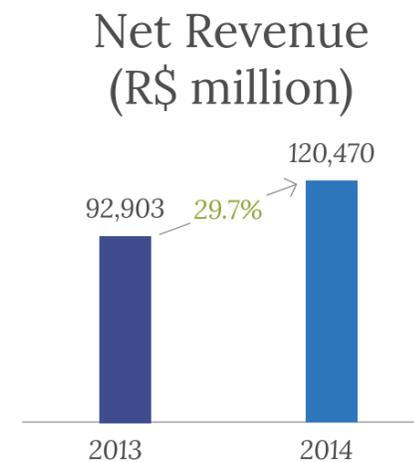
According to the Brazilian Association of Meat Exporting Industries (ABPA), the forecasts for the sector in 2015 are positive, due to a potential opening of important markets – such as the United States – and the increase in imports by Arab countries, which, over the last ten years, have doubled their imports of beef from Brazil.

In the poultry sector, 2014 was positive for the market, due to a decline in grain costs generated by the international impact of the record corn and soy harvests in the United States, as well as the strong availability of grains in Brazil. According to the Center for Advanced Studies in Applied Economics (CEPEA), this positive scenario is expected to continue in 2015, given that a record harvest of grains is expected from the 2014-2015 crops in the United States, Argentina and Brazil.

Financial Performance

In addition, the reopening of new markets for poultry – especially the demand from Russia and reopening of South Africa – and the devaluation of the real against the dollar benefited Brazilian poultry protein companies, as the country is the largest exporter of this protein in the world.

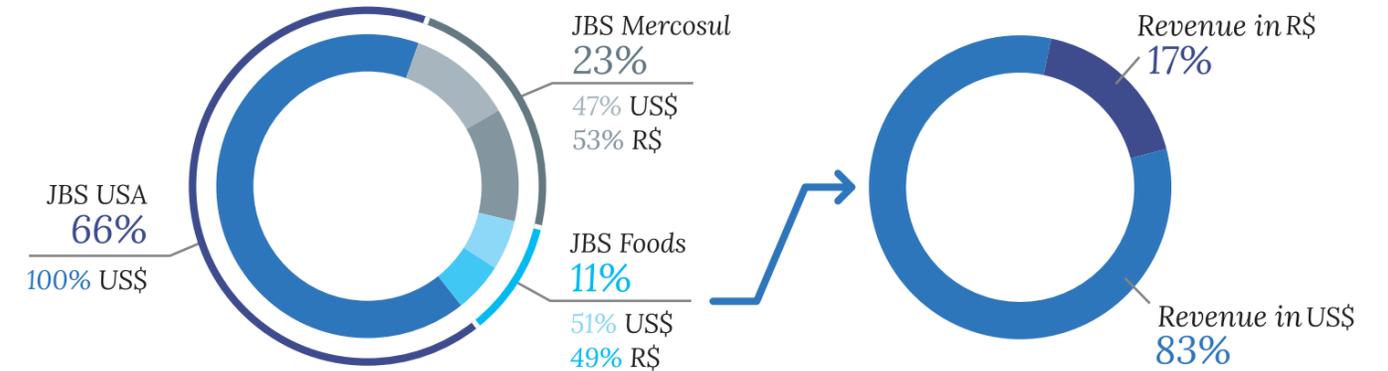
For 2015, JBS is optimistic about the recovery of the economies of developed countries that, added to the constant growth in the demand for protein – particularly in emerging countries – indicates a promising environment.



In 2014, consolidated net revenue totaled R\$120.5 billion, 29.7% higher in relation to 2013.

Approximately 74% of JBS's global sales were derived from domestic markets where the company operates and 26% through exports.

Net Revenue by Business Unit

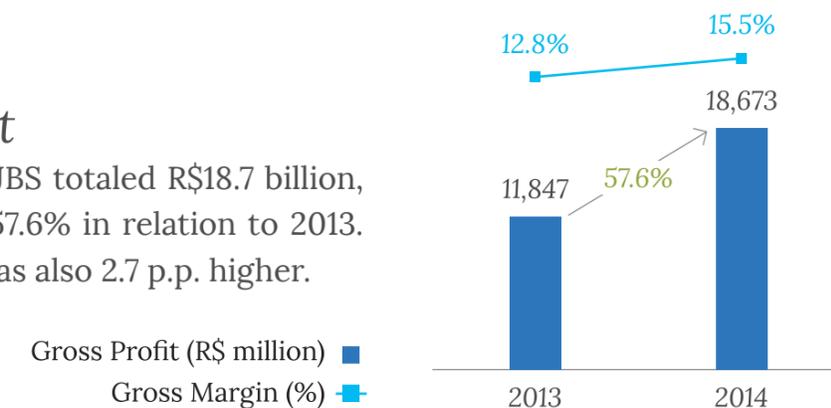


83% of JBS' revenue in 2014 was generated in US\$ dollars

Profit

Gross Profit

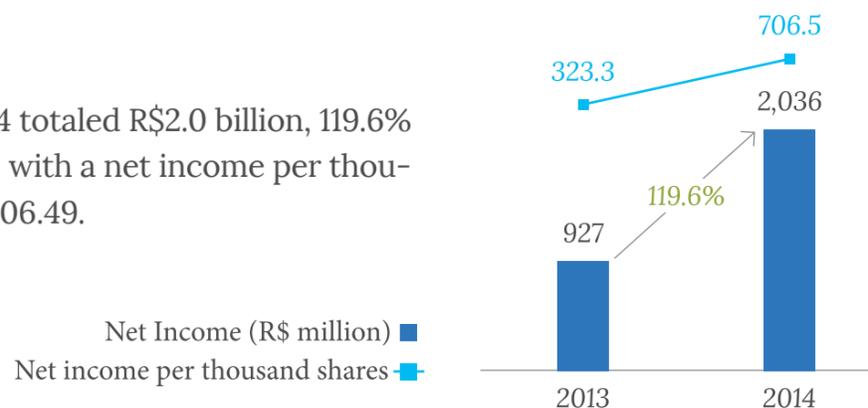
Gross profit at JBS totaled R\$18.7 billion, an increase of 57.6% in relation to 2013. Gross margin was also 2.7 p.p. higher.



Financial Performance

Net Income

Net Income in 2014 totaled R\$2.0 billion, 119.6% higher than 2013 – with a net income per thousand shares of R\$706.49.

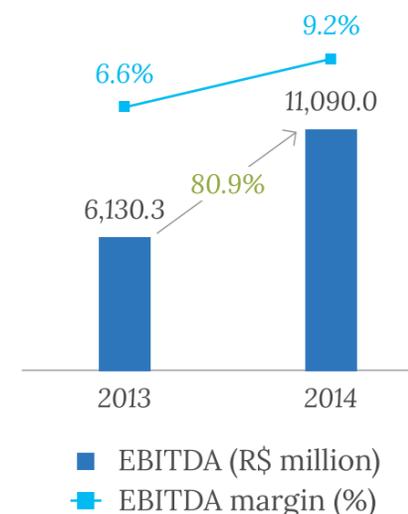


Adjusted EBITDA

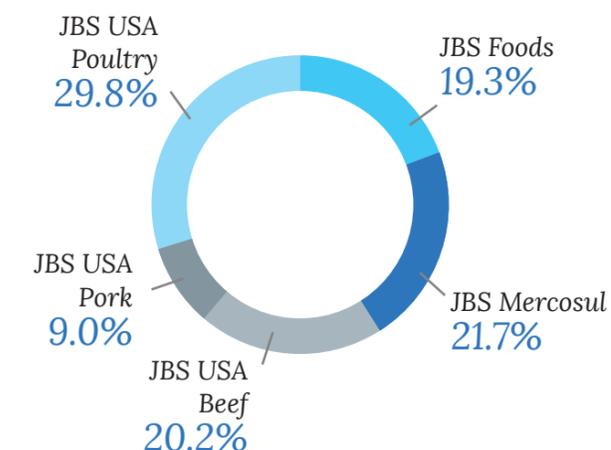
In 2014, adjusted EBITDA registered by the company totaled R\$11.1 billion, 80.9% higher – or R\$4.96 billion – than 2013. The EBITDA margin also increased 2.6 p.p. in the period compared, reaching 9.2% in 2014.

R\$ million	2014	2013	% Change
Net Income for the Fiscal Year (including minority interests)	2,406.40	1,118.30	115.2%
Net Financial Result	3,637.60	2,380.30	52.8%
Income Tax and Social Contribution – Current and Deferred	1,785.40	656.7	171.9%
Depreciation and Amortization	2,546.80	2,038.80	24.9%
Equity Income	-26.1	-6.7	288.3%
Restructuring, Reorganization, Donations and Compensation	745.5	-57.1	-
Premium due to early liquidation paid by JBS USA	-5.6	0	-
(=) Adjusted EBITDA	11,090.00	6,130.30	80.9%

EBITDA



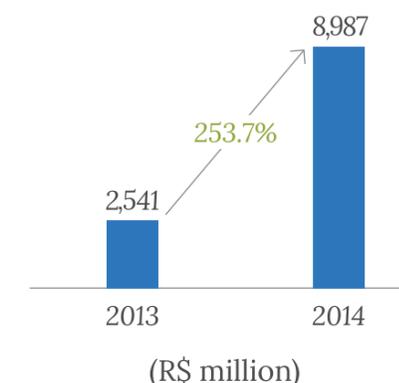
EBITDA by business unit:



Cash Flow

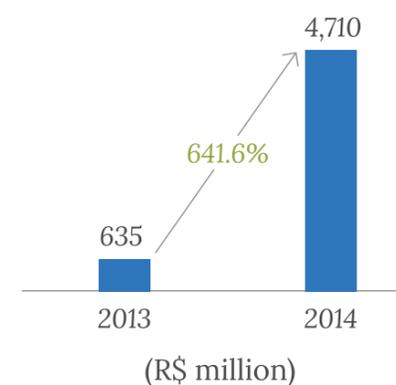
Operating Cash Flow

JBS's Operating Cash Flow in 2014 totaled R\$9.0 billion, 253.7% higher than 2013.



Free Cash Flow

Free cash flow totaled R\$4.7 billion in 2014, an increase of 641.6% in relation to 2013.



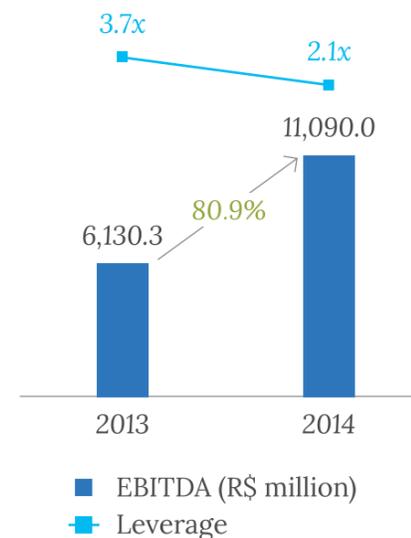
Financial Performance

Debt

JBS ended 2014 with a leverage ratio (net debt to EBITDA) of 2.1x, down from the 3.7x registered at the end of 2013.

R\$ million	2014	2013	Var. %
Gross Debt	40,079.10	32,761.30	22.3%
(+) Short-Term	13,687.00	9,430.90	45.1%
(+) Long-Term	26,392.20	23,330.40	13.1%
(-) Cash	14,910.40	9,013.10	65.4%
Net Debt	25,168.70	23,748.20	6.0%
Net Debt/EBITDA	2.1x	3.7x	-

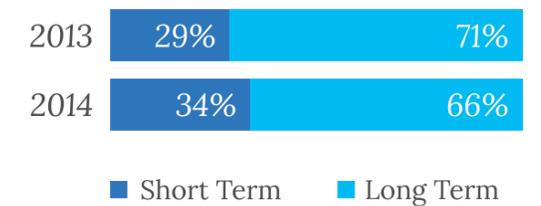
Leverage



Planned and expected by the leadership of JBS, the reduction in leverage was the result of both the improvement in JBS' operating performance in 2014, as well as the company's high cash flow during the period.

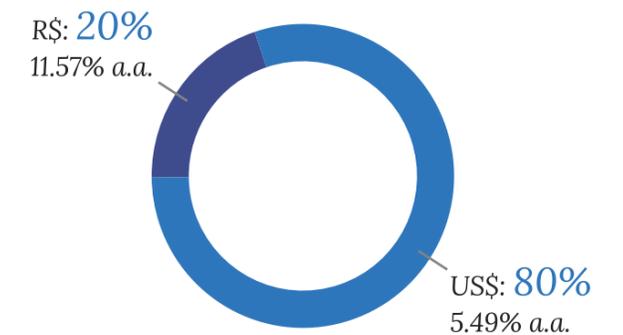
Debt Profile

At the end of 2014, 66% of JBS' debt had a long-term profile, while 34% had a short-term profile.

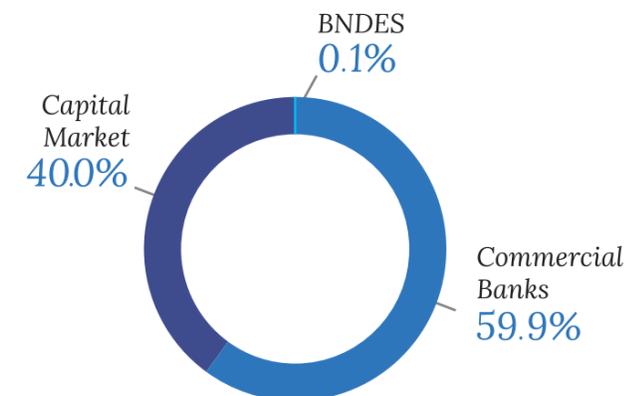


At the end of the year, 80% of the company's consolidated debt was denominated in dollars, with an average cost of 5.49% p.a. The percentage of debt in reais (equivalent to 20% of the consolidated debt) had an average cost of 11.57% p.a.

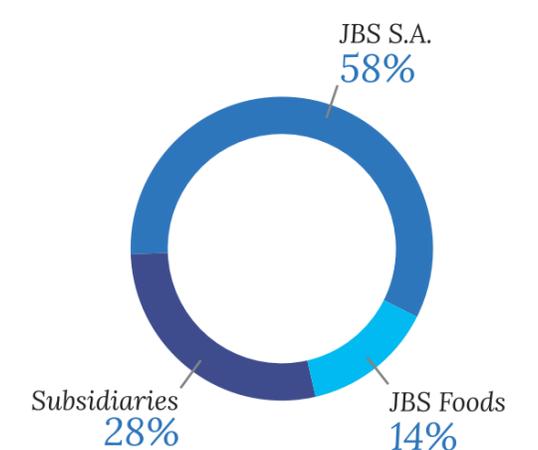
Breakdown by Currency and Cost



Breakdown by Source



Breakdown by Company



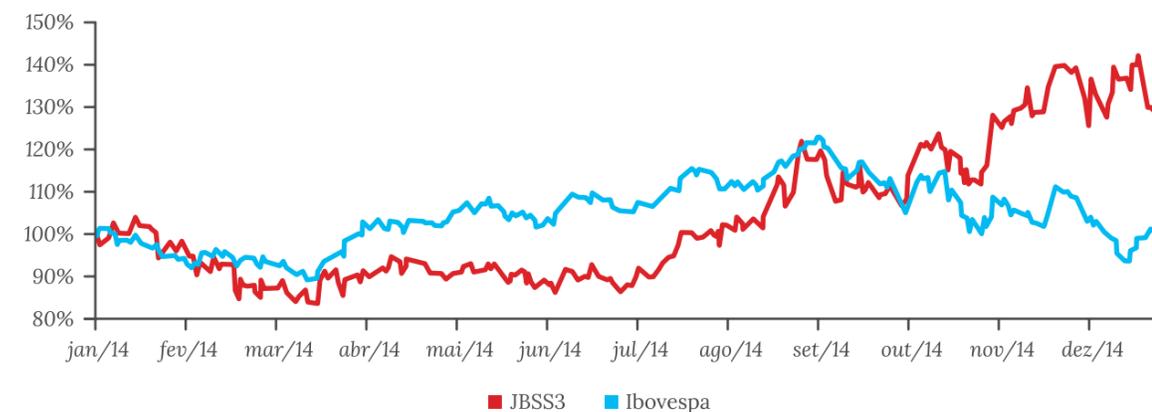
Financial Performance

Value Added Statement	(R\$ thousand)
<i>Personnel</i>	
Direct Compensation	10,113,201
Benefits	1,615,262
FGTS	118,249
TOTAL	11,846,712
<i>Taxes, Fees and Contributions</i>	
Federal	2,667,638
State	2,322,523
Municipal	21,041
TOTAL	5,011,202
<i>Third-Party Capital Remuneration</i>	
Interest and Exchange Rate Variations	9,880,970
Leasing	396,095
Other	472,782
TOTAL	10,749,847
<i>Own Capital Remuneration</i>	
Net Income Attributed to Controlling Shareholders	2,035,910
Non-Controlling Interest in Retained Earnings	370,517
TOTAL	2,406,427
TOTAL	30,014,188

Capital Markets

On the São Paulo Stock Exchange (BM&FBovespa), JBS' shares closed the year at R\$11.20, which represents a 27.7% increase over 2013. The company's shares were among the top ten gainers on the Bovespa Index, with the highest yields among listed food companies. The company's shares also stood out in comparison to the Bovespa Index (Ibovespa), which was down 2.91% last year.

At the end of 2014,
the company's market
value totaled
R\$ 32,968.81 million.



Financial Performance

JBS has established the following 10 financial priorities for 2015:

- *Focus on organic growth and not on acquisitions;*
- *Operating excellence;*
- *Reduction in the working capital cycle;*
- *Free cash flow;*
- *Continuous reduction in leverage;*
- *Reduction in the cost of debt;*
- *Improvement in JBS' corporate ratings;*
- *Reduction in the effective income tax rate;*
- *Net income and earnings per share; and*
- *Return on Equity (ROE).*





GRI Index

Índice GRI



Profile

Indicator	Information to be Obtained	Page or Direct Response
<i>Strategy and Analysis</i>		
G4-1	Relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Page 18
<i>Organizational Profile</i>		
G4-3	Name of the organization	Page 10
G4-4	Primary brands, products and services offered by the company	Page 11
G4-5	Location of the organization's headquarters	Page 10
G4-6	Main countries where the company operates	Page 11
G4-7	Nature the ownership and legal form of the company	Page 10
G4-8	Markets served by the company	Page 26
G4-9	Scale of the organization, including the number of employees, total number of operations, net revenue and quantity of products offered	Page 11
G4-10	Total number and variation of employees and third-party hires, by gender, work contract, and type of employment	Page 50
G4-11	Percentage of total employees covered by collective bargaining agreements at the end of the period	In Brazil, 100% of JBS' team members are covered by collective bargaining agreements.
G4-12	Total number of active suppliers and total paid to them during the period by supplier type.	Information available in the 2014 Management Report, which can be accessed through this link.
G4-13	Any significant changes during the reporting period regarding the organization's size, structure, operations or ownership	Page 26
G4-14	Precautionary principle in risk management	Page 72
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives that the organization supports	Page 23
G4-16	Associations in which the company has strategic participation	Page 23

Profile

Indicator	Information to be Obtained	Page or Direct Response
<i>Identified Material Aspects and Boundaries</i>		
G4-17	Entities included in the organization's financial statements	Information available in the 2014 Management Report, which can be accessed through this link.
G4-18	Process for defining the report content and aspect boundaries	Page 5
G4-19	List of all the material aspects identified in the process for defining report content	Page 5
G4-20	Aspect boundary for each of the organization's material aspects	Page 5
G4-21	Aspect boundary for each of the material aspects outside of the organization	Page 5
G4-22	Explanation of the effect of any restatements of information provided in previous reports	Due to the change to G4 Guidelines, 2012 and 2013 environmental indicators were recalculated to be in accordance with 2014 information.
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	Page 5
<i>Stakeholder Engagement</i>		
G4-24	List of stakeholders engaged by the organization	Page 5
G4-25	Basis for the identification and selection of stakeholders with whom to engage	Page 5
G4-26	Approached adopted by the company for stakeholder engagement and the frequency of engagement	Page 5
G4-27	Key topics raised through stakeholder engagement and measures adopted to respond to them	Page 5
<i>Report Profile</i>		
G4-28	Reporting period	Page 5
G4-29	Date of most recent previous report	Page 5
G4-30	Reporting cycle	Page 5
G4-31	Contact point for questions regarding the	Page 5

Profile

Indicator	Information to be Obtained	Page or Direct Response
<i>Report Profile</i>		
G4-32	GRI guideline application option (essential or comprehensive) and external verification	This report follows the G4 guidelines, essential option and – with the exception of the financial information – was not verified by an external auditor.
G4-33	Description of the policy and practice for external assurance of the data	The report has not received external assurance.
<i>Governance</i>		
G4-34	Governance structure including committees	Page 40
<i>Ethics and Integrity</i>		
G4-56	The organization's values, principles, standards and norms of behavior, such as codes of conduct and codes of ethics	Page 46

Performance

<i>Economic</i>		
<i>Aspect: Economic Performance</i>		
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Page 48
<i>Environmental</i>		
<i>Aspect: Energy</i>		
EN3	Energy consumption within the organization	Page 79
EN6	Reduction of energy consumption	Pages 78 and 79

Performance

Indicator	Information to be Obtained	Page or Direct Response
<i>Environmental</i>		
<i>Aspect: Water</i>		
EN8	Total water withdrawal by source	Page 80
EN10	Percentage and total volume of water recycled and reused	Page 81
<i>Aspect: Biodiversity</i>		
EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. Report if there are bodies of water in these areas	Page 61
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. Report if there are bodies of water in these areas	Page 62
<i>Aspect: Emissions</i>		
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Page 75
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Page 75
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Page 75
EN19	Reduction of greenhouse gas (GHG) emissions	Page 76
<i>Aspect: Effluents and Waste</i>		
EN22	Total water discharge by quality and destination	Page 81
EN23	Total weight of waste by type and disposal method	Page 84
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	Page 84

Performance

Indicator	Information to be Obtained	Page or Direct Response
<i>Environmental</i>		
<i>Aspect: General</i>		
EN31	Total environmental protection expenditures and investments by type	Page 74
<i>Aspect: Supplier Environmental Assessment</i>		
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Page 61
<i>Aspect: Purchasing Practices</i>		
FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy	Page 24
FP2	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	Page 83
<i>Labor Practices and Decent Work</i>		
<i>Aspect: Occupational Health and Safety</i>		
LA5	Percentage of the total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Page 52
LA6	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and gender	Page 53
LA7	Workers with high incidence or high risk of diseases related to their occupation	JBS seeks to continually improve its processes, machines and equipment, promoting mapping, analysis, monitoring and control to eliminate or minimize the occurrence of incidents, seeking to improve the quality of life, health and occupational safety of its employees.

Performance

Indicator	Information to be Obtained	Page or Direct Response
<i>Labor Practices and Decent Work</i>		
<i>Aspect: Occupational Health and Safety</i>		
LA8	Health and safety topics covered in formal agreements with trade unions	JBS has 133 agreements and conventions that cover issues related to the health and safety of its team members, which represent 84% of the existing agreements and conventions.
<i>Aspect: Forced or Compulsory Labor</i>		
HR6	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	Page 61
<i>Aspect: Indigenous Rights</i>		
HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Page 61
<i>Aspect: Public Policy</i>		
SO6	Total value of political contributions by country and recipient/beneficiary	Page 24
<i>Aspect: Anti-Competitive Behavior</i>		
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	In 2014, no lawsuits were brought for unfair competition, violation of antitrust laws or monopoly regulations in Brazil.
SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Pages 61 and 81
SO10	Significant actual and potential negative environmental impacts on society in the supply chain and actions taken	Page 62

Performance

Indicator	Information to be Obtained	Page or Direct Response
<i>Product Responsibility</i>		
<i>Aspect: Customer Health and Safety</i>		
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Page 65
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	There were no cases of nonconformity in 2014.
FP8	Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements	100% of JBS's products adhere to the different labeling requirements. All of the labels have information regarding the composition, nutritional table, denomination, net weight, storage conditions, manufacturing date, expiration date and information about the manufacturing unit.
FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	Page 61
FP6	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars	Page 70

Performance

Indicator	Information to be Obtained	Page or Direct Response
<i>Product Responsibility</i>		
<i>Aspect: Labeling of Products and Services</i>		
PR3	Type of product and service information required by the organization's procedures for labeling, and percentage of significant product and service categories subject to such information requirements	100% of JBS's products adhere to the different labeling requirements. All of the labels have information regarding the composition, nutritional table, denomination, net weight, storage conditions, manufacturing date, expiration date and information about the manufacturing unit. 100% of the labels also have the Federal Inspection Service (SIF) seal from the Ministry of Agriculture, Livestock and Supply (MAPA).
PR5	Results of surveys measuring customer satisfaction	Page 70
<i>Aspect: Animal Breeding and Genetics</i>		
FP9	Percentage and total of animals raised and/or processed, by species and breed type	Information available on page 21 of the 2014 Management Report, which can be accessed through this link.
<i>Aspect: Livestock</i>		
FP11	Percentage and total of animals raised and/or processed, by species and breed type, per housing type	Information available on page 21 of the 2014 Management Report, which can be accessed through this link.
FP12	Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type	Pages 61 and 66



Credits

Content Coordination

Communications, Investor Relations and Sustainability teams

Content Consulting, Text Revision and Graphic Design

RICCA RI

Photos

Image bank from JBS and JBS Foods

Cordel Imagens