



Sustainability
Report
2016



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Report
2016





4	Marfrig Global Foods Highlights
6	About the report
10	Corporate profile
18	Message from the Chairman of the Board of Directors
20	Message from the CEO
22	Focus to win
32	Focus on rentability
40	Economic and financial performance
52	Corporate Governance and Management
66	Focus on food safety and quality
76	Focus on sustainability
86	Environmental Performance
94	GRI Summary
100	Attachments
102	Credits

Marfrig Global Foods

Highlights

2016 in numbers



economic-financial

(R\$ billion)

	2016	2015	2014	2013	2012
Net Revenue	19.3	19.5	15.2	18.8	23.7
CPV (Cost of Goods Sold)	17.2	17.2	13.2	16.4	20.2
Gross profit	2.2	2.3	2.0	2.3	3.6
Gross margin	11.3%	11.8%	13.0%	12.3%	15.0%
Adjusted EBITDA	1.6	1.7	1.4	1.4	2.1
Adjusted EBITDA Margin	8.2%	8.99%	8.9%	7.7%	9.0%
Net debt	5.9	7.1	11.0	8.9	12.4
Leverage ratio (Net Debt / Adj. Ebitda UDM ¹)	3.7x	2.3x	5.0x	3.0x	4.3x
Net equity	0.9	0.8	2.1	3.0	4.3



operational

	2016	2015	2014	2013	2012
Number of employees	29,927	30,276	32,935	46,069	91,236
Women	36%	38%	37%	37%	58%
Men	64%	62%	63%	63%	42%
Revenue per employee (thousand R\$)	662.0	624.0	461.8	435.3	260.0



socio-environmental

	2016	2015	2014	2013	2012
Social and environmental investments (R\$ million)	11.1	29.5	23.2	31.5	41.1
Water consumption (million m ³)	18.7	19.9	23.0	23.0	21.0
Energy consumption (million GJ)	6.5	6.2	17.5	12.1	17.4
Emissions of greenhouse gases (million tCO ₂ e)	14.7	17.0	25.0	19.2	26.2
Waste (thousand tons)	89.4²	209.7³	177.0	191.9	748.0



Health and safety at work

	2016	2015	2014	2013	2012
Total accidents	2,205	2,476	2,884	3,568	4,833
Days of work lost by accident	20,309	8,728	19,134	25,142	37,871
Fatal accidents	0	1	0	1	5

1. From 2016 on, Marfrig began considering the result Ebitda UDM A), of operations because this index better reflects the current leverage of the Company.

2. The reduction in waste volume compared to previous years was due to the lower number of plants opened and the sale of the confinement plants previously supported by Marfrig.

3. The total volume published in the previous report (794.2) was revised.



about the report

G4-18 | G4-19 | G4-20 | G4-21 | G4-22 | G4-23 | G4-24

G4-25 | G4-27 | G4-28 | G4-31 | G4-32 | G4-33

In conjunction with the development of this 11th Sustainability Report, Marfrig Global Foods conducted a stakeholder consultation to identify the most relevant economic, environmental and social aspects of our business for these audiences and generate an updated Materiality Matrix. The results of this process guided the content of this report, so as to make it more concise, focused and aligned with the expectations of stakeholders.

The consultation was carried out in accordance with the guidelines of the Global Reporting Initiative (GRI), an independent organization responsible for creating the most widely used sustainability report template worldwide. Once again the G4 version, including the Processed Foods Sector Supplement, of the methodology was used, applying the “Essential” option of the guidelines. The report gathers the Company’s economic, social and environmental information, as well as management evolution in the Beef Division and Keystone, located in 12 countries, and their respective production units, commercial offices and distribution centers. The period covered by the publication is from January 1 to December 31, 2016.

The report kept the scope, limits and measurement methods in relation to the data reported in the 2015 document. Aspects of operations were compared to prior years wherever possible. The socio-environmental information presented here was not submitted to external evaluation. Economic-financial data, adapted to the International Financial Reporting Standards (IFRS), is based on the Financial Statements published by the Company and audited by BDO RCS Auditores Independentes SS (<http://ri.marfrig.com.br/pt/informacoes-financeiras/central-de-resultados>).

To send comments, suggestions, questions or critiques about the Report, please contact us using one of the following methods:

SUSTAINABILITY

Site: <http://marfrig.com.br/pt/contact-us>

Telephone: (55 11) 4593-7400

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Materiality Matrix

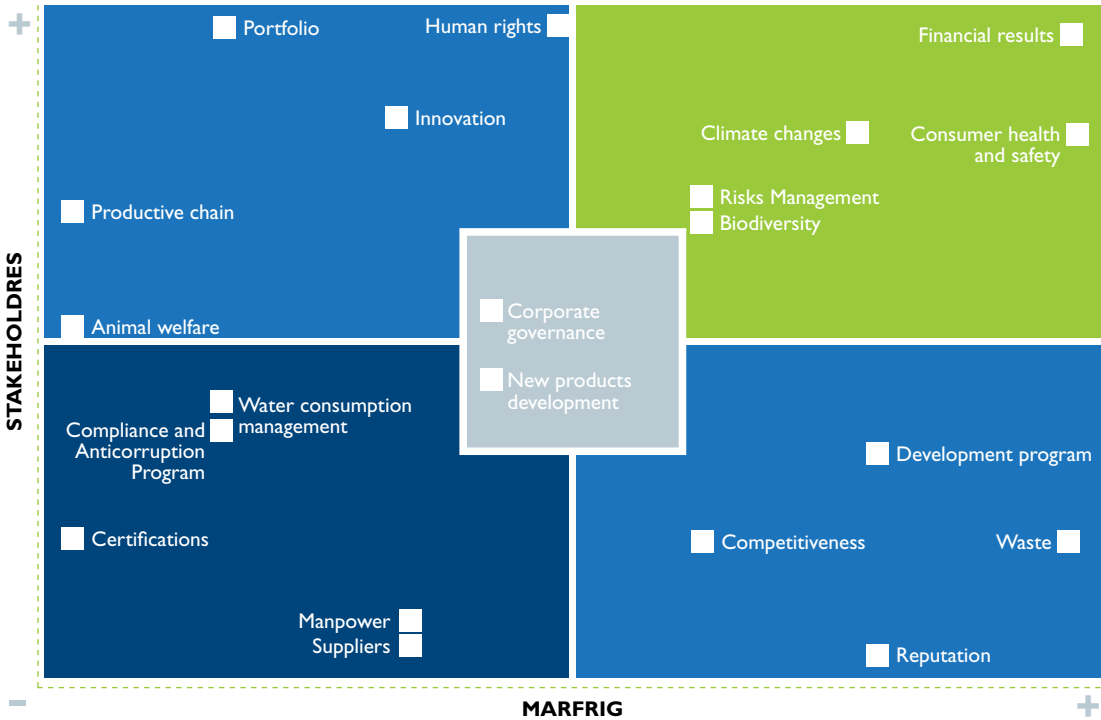
Topics of most relevance	Theme	GRI G4 Indicators
Financial results: to know in a transparent way the economic performance and main financial results of the company.	Business	Economic Performance Aspect: EC1, EC2, EC3, EC4
Corporate risk management that considers economic, social and environmental impacts in an integrated manner.	Business	Organizational Profile: G4-2, G4-14, G4-45, G4-46, G4-47
Consumer Health and safety: know the production of food manufactured in certified units, ensuring the management of food safety.	Products	Products and Services Aspect: EN27 Customer Health and Safety Aspect: PR1 Food Sector: FP4, FP5, FP6, FP7, FP8, FP12
Climate change: know the energy efficiency actions carried out by Marfrig, such as the monitoring of its emissions and the use of renewable energy.	Environmental / Social	Economic Performance Aspect: EC2 Emissions Aspect: EN15, EN16, EN17
Biodiversity: know and understand the extent of Marfrig's impacts on the biodiversity surrounding its operations, in addition to protected or restored habitats.	Environmental / Social	Biodiversity Aspect: EN11, EN12, EN13, EN14

Topics of medium relevance	Theme	GRI G4 Indicators
Corporate Governance: Know the corporate governance of the company and its structure focused on sustainability management.	Business	Governance: G4-34
New products development for the market, with a focus on improving health in the modern world, aiming at a pattern appropriate to the nutritional value of foods and also to the needs of consumers.	Products	Food Sector: FP4, FP6, FP7, FP8

The first step in developing the new Marfrig Global Foods Materiality Matrix was the preparation of a Materiality Questionnaire that was surveyed with the Company's main stakeholders. The issues addressed were based on three themes: Business, Products and Environmental / Social. The audiences consulted were clients, employees, suppliers, financial institutions, government bodies and civil society.

The stakeholders' opinion was later compared with Marfrig Global Foods view, represented in this process by the Company's top management. The intersection of both views resulted in the Materiality Matrix, presented below.

The aspects pointed out in the green and gray quadrants are treated in this report with greater relevance. The Aspects presented in the other quadrants represent the view of management and are therefore addressed because of the importance to the Company's image and/or performance.



- issues of most relevance
- issues of medium relevance
- issues of least relevance
- issues primarily relevant either to stakeholders or Marfrig

Corporate profile





Marfrig Global Foods is one of the largest global animal protein companies, constituted as a publicly traded corporation and with shares listed on the BM & F Bovespa's Novo Mercado. Headquartered in São Paulo city, the Company operates in the food and food service sectors, with activities divided into production, processing, manufacturing, sale and distribution of animal protein (cattle, sheep and poultry) and various food products such as breaded, ready-made food, fish, frozen vegetables and desserts.

Marfrig Global Foods portfolio is diversified and comprehensive, and its products are present in the largest restaurant and supermarket chains, as well as consumers' homes in approximately 100 countries.

The business model is comprised of two divisions of international scope: Keystone and Beef. In 2016 the operating structure included 45 commercial processing and distribution units, located in Brazil and in 12 countries in South America, North America, Europe, Oceania and Asia. At the end of the period, annual production capacity was 590 thousand tons of processed food and processing of 4.6 million head of cattle, more than 250 million birds and 2.3 million sheep. The Company had 29,927 employees.

Net revenue, considering only continuing operations, was R\$19 billion; adjusted EBITDA of R\$1.6 billion; and free cash flow of R\$39 million.

47 processing plants

Presence in **4 continents**

Products in approximately **100 countries**



BEEF DIVISION

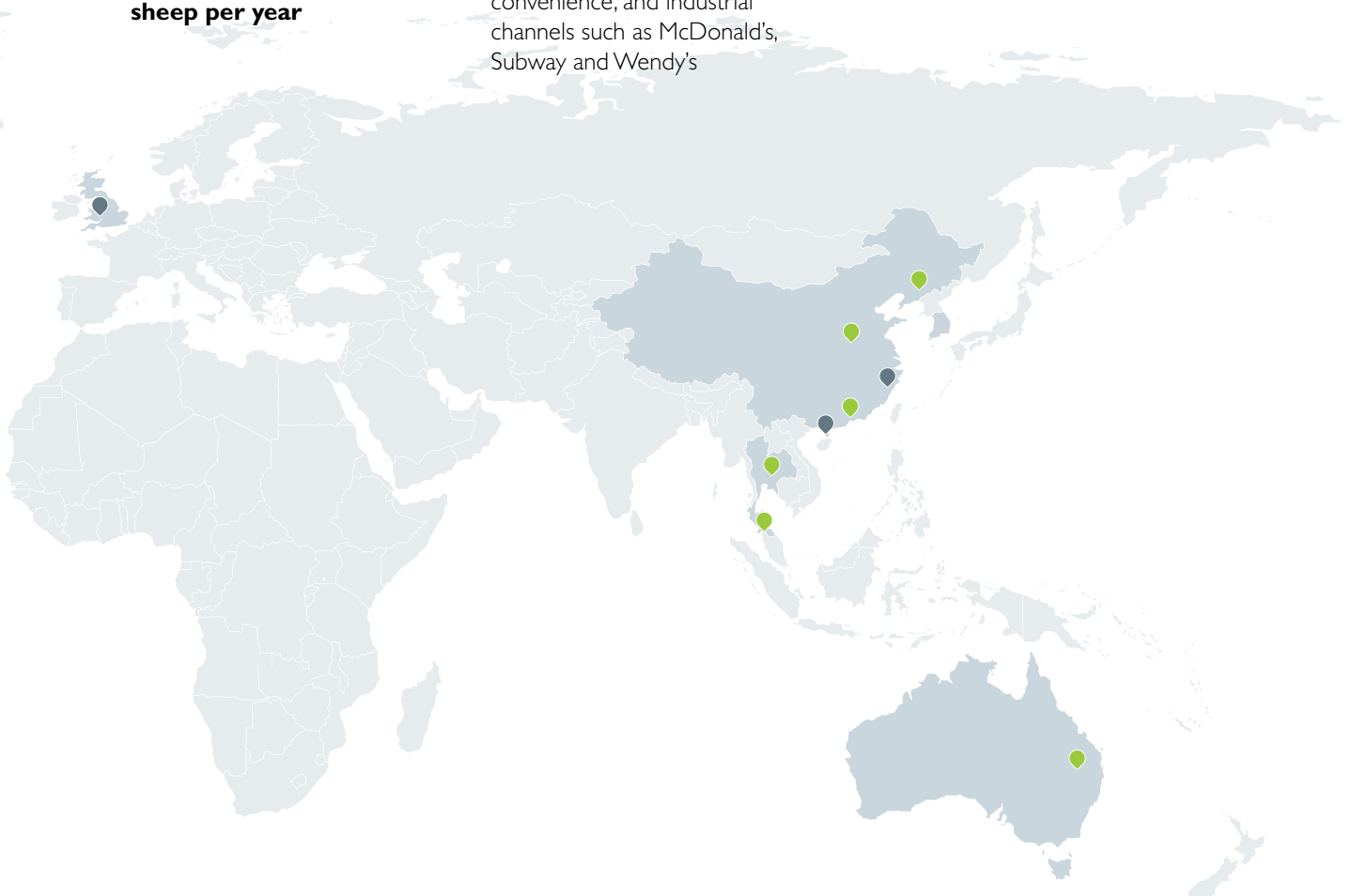
- > Second largest beef operation in Brazil
- > Leader in bovine processing in Uruguay
- > Chile's largest meat importer
- > Pioneer in the commercialization and promotion of special beef cuts and sheep meat
- > Premium quality
- > **17 plants in Brazil, Uruguay and Chile**
- > **8 distribution centers**
- > **2 offices**
- > **Processing capacity: up to 4.6 million head of cattle and 2.3 million sheep per year**

KEYSTONE

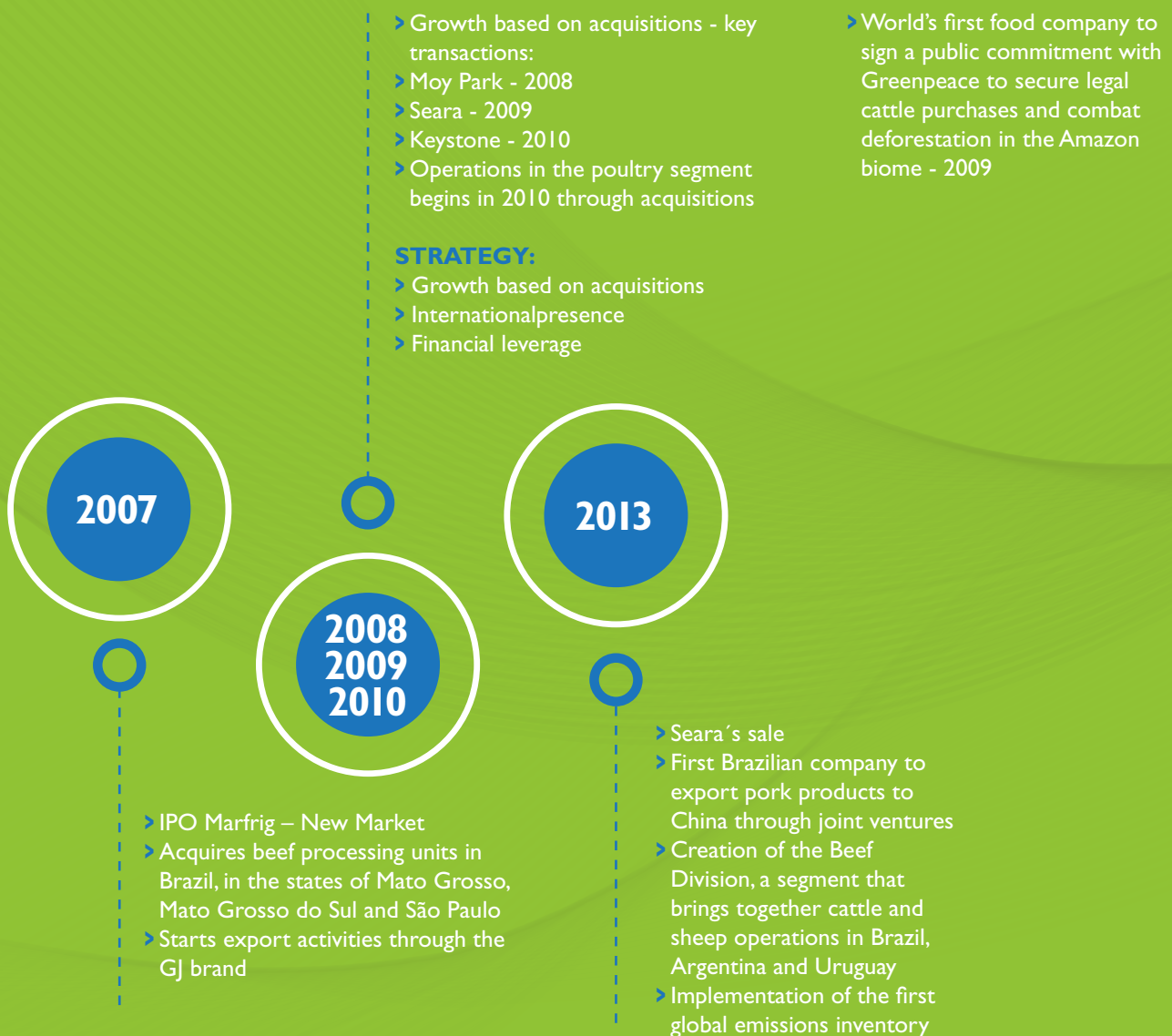
- > One of the leading global companies in the production of processed animal foods
- > Innovation as a base
- > Headquarters in the USA and operations in North America and Asia-Pacific
- > 18 commercial, processing and distribution units in the United States, China, Malaysia, Thailand, Korea and Australia
- > Processing capacity: more than 255 million birds
- > Manufacturing capacity: more than 743 thousand tons of food per year
- > 30,000 customers, in the food service, retail and convenience, and industrial channels such as McDonald's, Subway and Wendy's

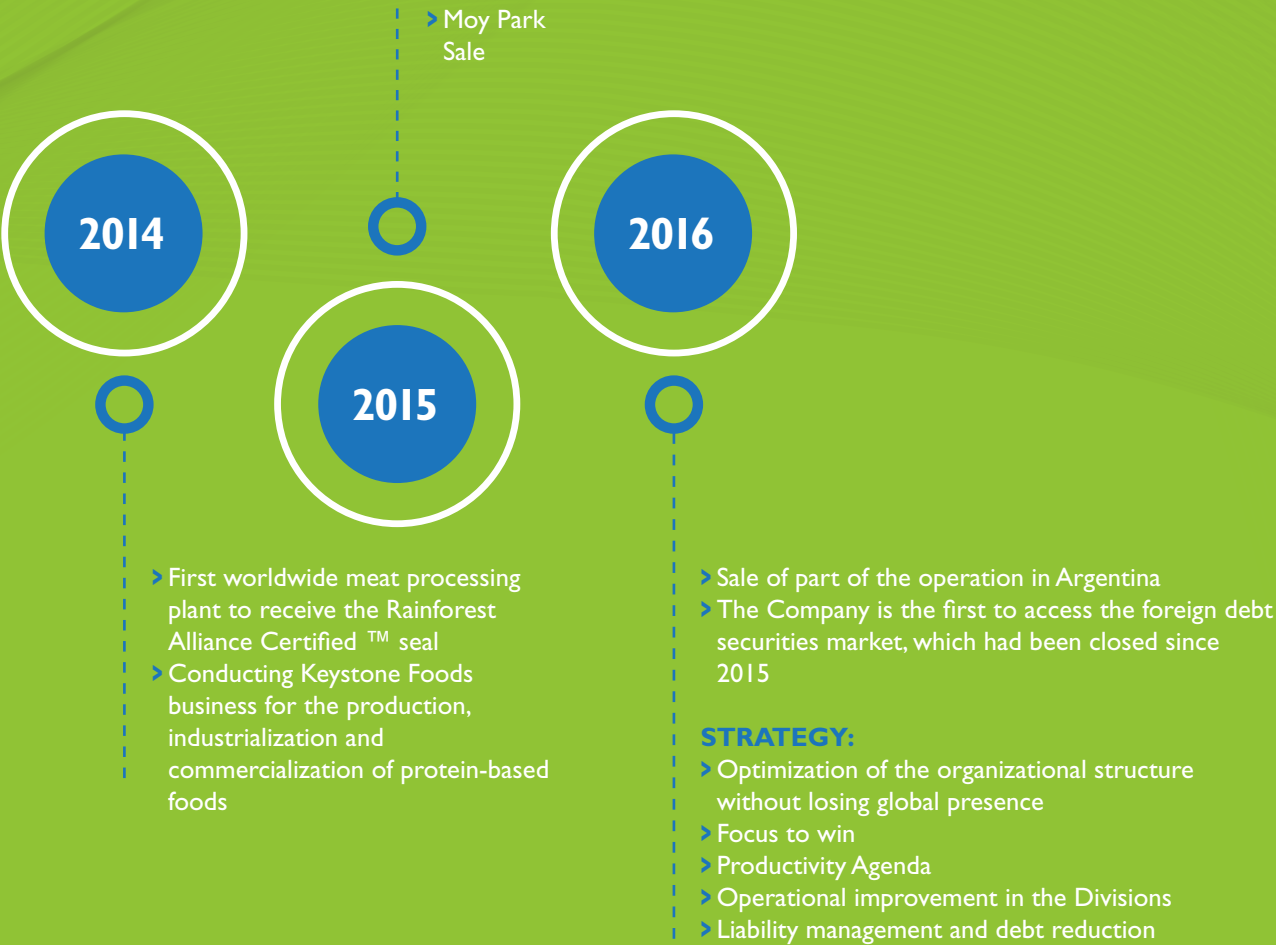
ETHICAL PERFORMANCE

- > Marfrig Global Foods is also recognized for its ethical and responsible performance, a position that is manifested in the processes and operations of its units, based on strict standards of quality and safety of food, animal welfare and respect for workers.



TIMELINE





MISSION, VISION AND VALUES



MISSION

We supply the best available protein products
globally to customers with whom we strive to maintain long term relationships by providing high quality and safe food solutions and exceptional support.



VISION

**Be recognized as the best
global protein company.**

This will happen in four ways:

- › growing with our customers, suppliers and partners through innovative products and acting in the best markets;
- › developing the Company and creating shareholder;
- › keeping our employees motivated and committed to serve the entire productive chain with operational excellence, in a sustainable way; and
- › respecting and supporting our communities.



VALUES

G4-56

Focus on customer

We have total commitment to our internal and external customers and embrace their priorities as our own. We put all of our attention and passion into what we do when serving our customers in all stages of the production chain. We act with integrity and do what is right in relation to our products and procedures.

Simplicity

We work with clarity, objectivity and simplicity in decision making, seeking to facilitate all our processes. The idea “less is more” permeates everything we do.

Transparency

We do not hide our problems. Our behaviors and conduct are aimed at learning from mistakes so that we do not commit them again. We encourage dialogue with our stakeholders, which help us build trust and improve ourselves as professionals and people.

Respect

We treat everyone as we would like to be treated. We are guided by our ethical principles and constantly motivated to develop our relationships.

Excellence

We are constantly encouraging innovative solutions and looking for excellence in everything we do. We develop these capabilities throughout the organization, in search of the loyalty of our internal and external clients.

Entrepreneurship

We are attentive to the context of the market in which we live and we adapt ourselves to it. We work passionately in our tasks and know how to recover in adversity, with resilience. We feel like owners, taking care of our processes, productivity and resources. We are attentive to advance in the face of demands, problems and opportunities.

Message from the Chairman of the Board of Directors

G4-1 | G4-2

Even experiencing an adverse global scenario and with challenges and uncertainties in Brazil, Marfrig remained focused on delivering its results and its commitment to excellence in serving and creating one of the world's leading food companies.

Both Keystone's excellent performance and the rationalization actions of the Beef Division are significant to our long-term strategic plan, which seeks constant pursuit of efficiency and innovation, a solid capital structure and consistent generation of profit and free cash. In 2016 we concluded the sale of four of our five Argentina beef plants. This will enable the division to concentrate its efforts on the most profitable operations. Alongside Keystone, and following the plan to continue growing in higher added value products, we recently announced the Company's decision to open the capital of its USA subsidiary. Such initiative will allow the subsidiary to continue investing in its expansion in important markets, such as Asia, where we are building a new plant in Thailand that is expected to be finished by the end of 2017. This new plant, an investment of US\$35 million will give us an additional processing capacity of 30 thousand tons per year and will supply both the regional market and other export destinations.

With a simpler structure and a focus on the Keystone and Beef Divisions, the Company has established itself as one of the leading protein suppliers of the food service segment globally.

Thank you to everyone who has made Marfrig successful in its goals. Thank you, once again, to customers, suppliers, the financial market and shareholders, for your partnership.

I hope you enjoy reading this report.

VERY BEST REGARDS,

Marcos Antonio Molina dos Santos
CHAIRMAN OF THE BOARD OF DIRECTORS



Message from the CEO

G4-1 | G4-2

2016 was a period of consolidation for Marfrig. Currently the Company is simpler and more focused, remaining highly globalized and diversified. Our actions throughout the year were based on both operational and financial discipline. Even in a scenario of instability, we maintained our commitment to positive cash generation and maintenance of investments.

In terms of consolidated financial results, I highlight once again the positive cash generation. In Keystone's case we presented record EBITDA of U\$252 million and EBITDA margin of 9.3%, above our long-term goal of 8% to 9%. This performance reflected the Company's successful strategy of diversifying its customer base, with a strong contribution of antibiotic-free products (NAE), thus meeting the needs of our customers and, consequently, the demand of the final consumer with a product of higher added value.

In the Beef Division, we overcame profitability impacts created by the current political and economic context. The presence in South America main markets, the focus on serving the most resilient channels in the domestic market and the capacity to export to the most diverse consumer markets, partially mitigated the negative cattle cycle in Brazil and the exchange rate volatility.

Regarding its capital structure, the Company continued the process of liability management, in order to broaden the profile and reduce the cost

of debt, achieving important advances. In May 2016, Marfrig was the first publicly-held and non-state company to access the foreign debt market, which had been closed to Brazilian issuers since June 2015. The market's strong interest in securities led the Company to issue US\$1 billion, also allowing a better pricing of the operation. The proceeds of these operations were used to pay short-term and higher-cost debts.

All our dedication to overcoming adversity has translated into raising our credit ratings, something to celebrate. In October 2016, we were recognized for our commitment to remain solid, when Fitch agency raised the company's credit rating to "BB-", with a stable outlook. In early 2017, Moody's agency revised the stable to positive perspective. This valuable achievement in an uncertain scenario was the recognition of Marfrig's successful work to reduce the cost of debt and improve its capital structure.

Sustainability, including the social and environmental dimensions, is part of our strategy. We could not be in this position without maintaining our commitment to sustainable development, which, once again, has brought us important achievements. Marfrig, according to the third annual audit report on the purchase of cattle in the Amazon biome, was the only company in the segment that did not have compliance problems in all the audits carried out. CDP Forest (formerly Carbon Disclosure Program), an initiative that seeks to manage



climate change, the environment and water resources in the value chain, highlighted our leadership in Latin America in the Forest program.

In 2016 Marfrig entered a new phase of its 2nd evolutionary process. Our focus now is to build a solid base by identifying our differentiation and the opportunities that the market has to offer; thus ensuring a more profitable business. Market fundamentals, both in the beef sector and in the Keystone division, remain favorable. However, we still have a very troubled political-economic environment in Brazil, which is a risk factor in relation to the recovery of consumption and the level of consumer confidence. Consequently, we will

maintain our commitment to financial discipline and focus on sustainable growth.

This sustainability report is an opportunity to share with our stakeholders the achievements and challenges of this trajectory, as well as to reinforce Marfrig's commitment to the principles of the United Nations Global Compact.

My thanks to all people who support Marfrig.

Have a good reading!

Martin Secco

CHIEF EXECUTIVE OFFICER (CEO)
OF MARFRIG GLOBAL FOODS



focus to win

Operations

G4-4 | G4-5 | G4-6 | G4-8 | G4-9 | FP9

Beef and Keystone Divisions have portfolios that are complementary and are distinguished by meeting specific demands, offering exclusive items and providing ready-to-market products without the need for re-handling and hiring of skilled manpower by the customer. Consequently, Marfrig guarantees volume, quality and, mainly, standardization in the service.

The units also operate in partnership, as the Beef Division supplies raw material for some Keystone Foods beef protein based products. Both also pursue expansion in the food service segment, one of the Company's strategic priorities.

A key differentiator of the Divisions' brands is the premium meats offering, a segment aimed at customers in search of higher added value products.

Beef Division

The Beef Division is one of the world's leading beef producers. It is divided into Brazil and International operations. The Brazil operation has extensive expertise in the food service segment and is a pioneer in the promotion and commercialization of beef and sheep, while Beef Internacional is responsible for operations in Uruguay and Chile.

The strategic partnership between the two operations favors business. While the Brazilian operation stands out by volume, the International offers, especially in Uruguay, differentiated products with high added value, with access to the main import markets. The result is a complementary and highly competitive portfolio.

The Beef Division has a strong presence in the foreign market, valued by the quality of premium products. International operations in South America focus on the export of noble cuts of beef and sheep, and the utilization of the strategic position in Uruguay and Chile, which guarantees Marfrig access to the main consumer markets in the world.

Due to the prioritization of the premium segment and the requirements of the markets served, the Beef Division adopts increasingly modern production models focused on legal, environmental and animal welfare aspects of the production chain. It also uses programs to monitor and accompany its partners to provide greater food safety to the final consumer; such as the Marfrig Club, a relationship program between cattle raisers and the Beef Division, which follow socio-environmental practices. More information can be found on page 72.



One of the world's
largest beef
producers

Brands present in
approximately
100 countries

Products
recognized for
premium quality



OPERATIONAL STRUCTURE

2nd largest beef operation in Brazil

PORTFOLIO: beef cuts, canned foods, pet
snacks and hygiene and cleaning products

Leader in the meat processing in Uruguay

PORTFOLIO: cuts of beef and sheep,
hamburgers, “chivitos” (steak burger), meatballs,
dried meat and canned foods

Chile’s **largest** meat importer

PORTFOLIO: Sheep cuts, fish and
seafood

17 production units - 11 in Brazil - 5 in
Uruguay and Chile

8 distribution centers and **2 offices**

Processing Capacity:

4.6 million heads of cattle

2.3 million sheep (only in Uruguay and Chile)

215 thousand tons of processed foods

Operates commercially in **more than 80
countries**

Approximately **90%** of slaughtered animals
raised on pasture

18,239 employees

BEEF INTERNACIONAL

The Uruguayan operation is the main line of business and one of Marfrig Global Foods' main export platforms, due to its highly differentiated products and the access to key global markets such as the United States, Canada, Europe and Asia.

Its slaughtering park is composed of five production units: Colonia, Fray Bentos, Salto, San José and Tacuarembó. The cattle supply comes mainly from natural pastures. The division bases its business on animal welfare and certified ecological meat programs.

The production of sheep meat completes the portfolio. Beef Internacional is one of the largest suppliers in South America of this type of protein. Its slaughter capacity in 2016 was of more than 700 thousand lambs daily.



The Chilean operation focuses on beef imports from Brazil, Argentina and Uruguay, but also produces fish, seafood and sheep. As a trade, it is a stable business, since it has little influence from variations related to meat production. In addition, its geographic location reinforces Marfrig Global Foods' strategies, both in the region and for export.

PRODUCTS AND BRANDS

The strategy of the Beef Division is to offer products with greater added value, focused on the food service and retail sectors, both in the domestic and export markets. Their brands bring together cuts of beef, organic meat and sheep for chains of restaurants, steakhouses and supermarket chains; frozen fish and vegetables; bresaola; olive oils, desserts and product line for pets.

BRAZIL



FOCUS ON THE MOST IMPORTANT OPERATIONS

G4-13

In early April 2016, Marfrig sold part of the Beef Division's Argentinian units located in Hughes (Province of Santa Fe), Vivoratá (Province of Buenos Aires), Unquillo and Monte Ralo (province of Córdoba). The transaction totaled about U\$75 million. The refrigerated unit in Vila Mercedes, located in the Province of São Luís, was retained.

The decision was made in accordance with the Focus to Win strategy, which aims at achieving productivity in operations and profitability. Argentina, despite being a traditional market in the cattle sector, is still experiencing a moment of recovery of its herd and it was considered better, for the moment, to dispose of these assets and to focus on the markets with better performance and perspectives.

ARGENTINA



CHILE



URUGUAY



Keystone

This division is one of the largest global suppliers of high value-added protein products serving food service, retail and convenience, and industrial channels the food industry. Founded in 1956 in the United States, the company was acquired by Marfrig Global Foods in 2010. Its operating platform is located in seven USA states and five countries in the Asia-Pacific

region. Focused on innovation and committed to high standards of food safety and quality, it combines its broad knowledge in the food industry with a customer focus to offer a complete mix of products including fresh and frozen foods made from poultry, pork, beef and fish, as well as other foods, and ready-made desserts.

OPERATIONAL STRUCTURE

One of the **largest** global suppliers of processed foods

36 thousand customers locations, including quick serve and fast casual restaurant and retail chains

18 units

3 integrated bird complexes – only in the USA

3 innovation centers - 1 in the USA - 2 in APMEA

Restaurants served:

More than 36,000 in the USA

More than 4,000 in APMEA

Annual slaughter and processing capacity:

253 million birds per year

590 thousand tons of processed food per year

11,688 employees

NEW PLANT IN ASIA

In mid-2016 the Keystone division started building a new plant in Thailand. With investments of US\$ 34.5 million and capacity of 30 thousand tons per year of processed product, this new plant will supply both the regional market and other export destinations, such as Europe and Japan.



* Asia, Pacific, Middle East and Africa

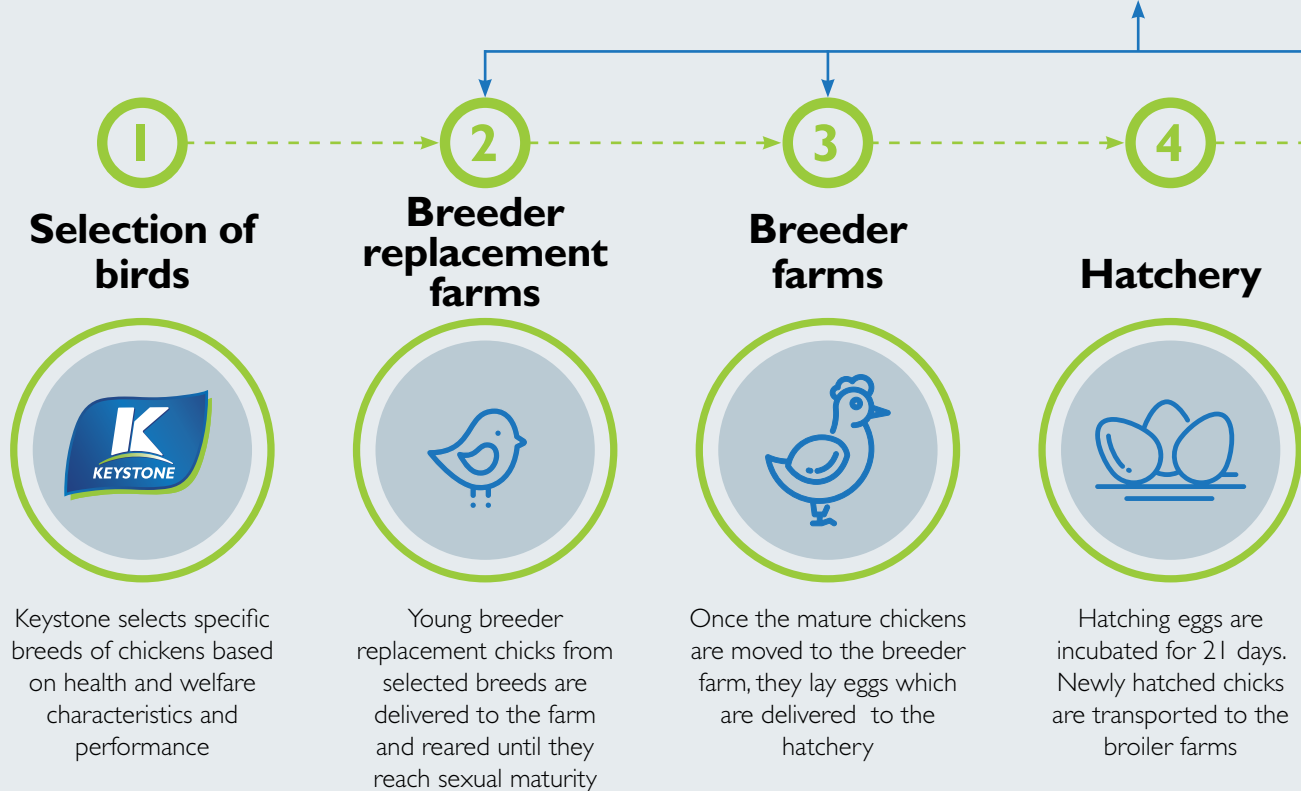
KEYSTONE - EUA

Chicken production in the USA is done through a vertically integrated model. In these operations, Keystone owns and operates feed mills, hatcheries, primary processing and further processing plants, and works with family farmers to raise the broiler breeders and broilers to Keystone's specified standards. This system not only guarantees the supply, but also the quality of the raw material and finished products.



Keystone produces **high quality ration** to optimize the performance of chickens. The feed is distributed to all the chicken farms, and fattening

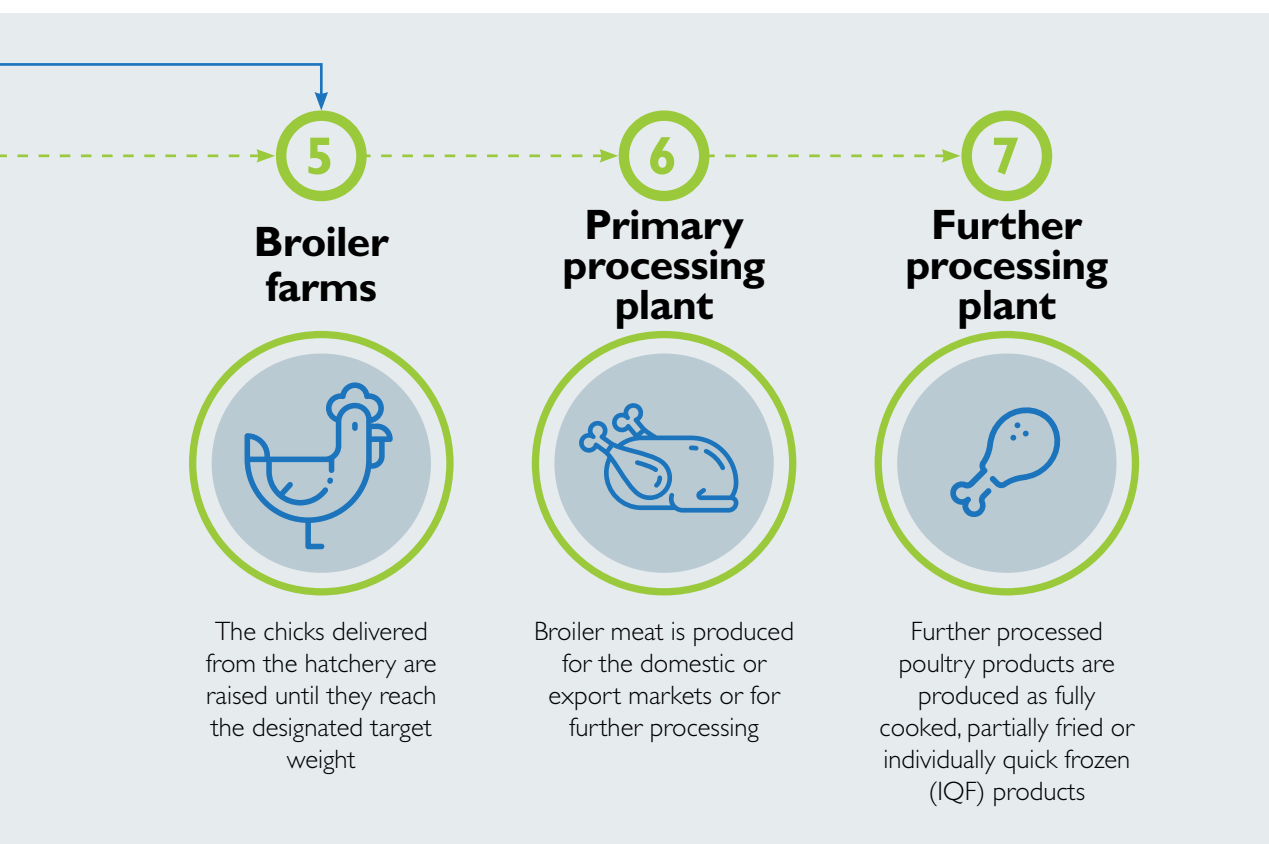
VERTICAL INTEGRATION



KEYSTONE PRODUCTS

The company has always focused on innovation. In the 1970s it developed the cryogenic freezing technique, which prolongs product shelf life because it maintains the original nutrients and texture of food. It also created chicken nuggets and bone-free molded fillets, which have been widely adopted by restaurants and frozen food lines. Current products include:

- **Ready-to-cook, breaded and fried chicken products:** tenderloin, steaks, hamburgers, wings and nuggets.
- **Protein products:** burgers, fish and sausage, pork burgers and fish fillet.
- **Cooked products and frozen poultry:** diced chicken, strips, steaks, burgers, wings, shredded chicken and nuggets.
- **In APMEA countries,** the product list also includes bakery items (cheesecakes and chocolate cakes) and processed vegetables.
- **Fresh Chicken and Deli Rôtisserie:** whole chickens without giblets and chicken pieces.



focus on profitability

Strategy

G4-13 | G4 DMA - Economic Performance

Since 2013, Marfrig Global Foods has focused on operational excellence, acting through a new, simpler and more focused business model. This strategy, called Focus to Win, aims to consolidate the Company among the world leaders in the animal protein segment until 2018. The plan reinforces the Company's values of being a customer-centered organizational culture and with a focus on innovation and commitment to high standards of safety, food quality and leadership in sustainability. The strategy underscores the need to put the margin and the return to shareholders at the top of the priority list, as well as closer and more transparent contact with the market.

LIABILITY MANAGEMENT

The term liability management, in corporate language, refers to the management of assets and liabilities. It is a central element of Marfrig's strategy and its purpose is to broaden the profile and reduce the cost of the Company's capital structure.

2016 STRATEGIC ACTIONS

In 2016 the Company divested its Beef Jerky operations in the USA and part of its beef processing operations in Argentina, as well as sold its confinement facilities in Brazil. Additionally, it made restructuring and lengthening of long-term debt, which resulted in better financial management of its expenses. The Company also centralized most of its operations in one entity, through the incorporation of its wholly owned subsidiary MFB Marfrig Frigoríficos Brasil S/A.



Strategic objectives by division

Each division has adapted the assumptions from Focus to Win to their reality and business needs, creating their own strategic objectives, which are presented below.

KEYSTONE STRATEGIC OBJECTIVES

Keystone Foods' growth is coupled with the growing global demand for poultry. As poultry is the most competitively priced animal protein, global consumption is forecast to increase by 2% per year until 2023, according to the Food and Agriculture Organization of the United Nations (FAO). This trend is influenced by factors related to health - lean and versatile meat, cultural and religious aspects, and sustainability, since poultry production has a smaller carbon footprint compared with the production of other land-based animal proteins.

Keystone plans to maintain and accelerate the company's participation in the key accounts segment of its business. In 2016 the company's sales for this segment grew 17% compared to 2015. According to Euromonitor International (November, 2016), the global fast food market is expected to register an average growth of 5.3% per year (CAGR) between 2016 and 2021, rising from US\$818 billion to US\$864 billion. As a supplier that works as a strategic partner to major global brands such as McDonald's (40 year relationship), Wendy's, Subway, General Mills, among others, Keystone Foods has in its experience, a strong tradition of food safety, quality and innovation of its products, important tools to follow and expand its position of market leadership.

Focusing on the APMEA region (Asia Pacific, Middle East and Africa), Keystone is expanding its operations. Based on projections presented by Euromonitor International (November, 2016), by 2021 Asia / Pacific's share of the global fast food market will reach 34% (about US\$294 billion), approaching that of North America, which should remain in the lead, with 37% of the global market. With local production and operations in the fastest growing markets, Keystone Foods is well positioned to capture the growth in the region. In addition to having the quality of its products recognized by the market, the experience and knowledge gained by a 20-year presence in the region has established the company as a leader in the space.

STRATEGIC OBJECTIVES OF THE BEEF DIVISION

The strategy of the Beef Division in Brazil is based on increasing its participation in the most profitable channels, by improving the level of service provided in all segments of the food service channel of the Brazilian domestic market, such as deadline and compliance with specifications of purchase orders. The strategy also focuses on increasing commercial capabilities and increased productivity. For the retail channel, the focus is on expanding sales to small and medium-sized retailers and establishing partnerships with large retailers



in portion-cut products. The innovation and management of its brands, which have strong market recognition, are leveraged to increase the added value of the sales mix.

In an effort to maximize the potential of our South America export platform, we are strengthening the foreign sales channel for our Brazilian operation and improving the export model for the Uruguayan operation. The region is a traditional producer of internationally recognized quality beef. The liberalization of Brazilian exports to China and the opening of the USA market for raw Brazilian beef in 2016 represent important leverage potential for the Beef Division's external sales. In addition to the size of these markets, our ability to meet and surpass the sanitary requirements established by the United States, makes it possible to enter

into other important international markets, which demand higher value added products.

Beef Internacional consolidation is a strategic operation with differentiated and value added products to serve the main world markets. In Uruguay, for example, the focus will be on strengthening exports and special product lines.

Situational Context

According to the World Bank, 2016 was a year of stagnant global trade, tentative investing, and high levels of political uncertainty across multiple economies. However, there was an expansion in the global consumption of animal protein and some segments of the food industry and restaurants.

Based on data from the USDA (United States Department of Agriculture), global protein consumption (beef, poultry, and pork) in 2016 was estimated at 254.4 million tons. Emerging markets (Latin America, Asia and Africa) accounted for 56% of this value, with China standing out at 52% of the total. This high percentage can be attributed to the continued Chinese politics of further stimulating domestic growth and middle class expansion, which has positively influenced the search for animal protein in both emerging markets and the global market. More information by region, segments and proteins are presented below.

To achieve good performance in this context and to seize future opportunities, Marfrig has simplified its corporate structure, focusing its strategy on the Keystone and Beef Divisions. In this way, the Company has consolidated itself globally as one of the main suppliers of proteins for the food service segment. Keystone's products portfolio and operational presence in top performing markets such as the USA and China led to a record EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) of this division in 2016. The Beef Division, in turn, due to its presence in the main markets in South America, its focus on serving the most resilient channels in the domestic segments

and its capacity to export to the most diverse consumers, managed to partially mitigate the negative cattle cycle in Brazil, the exchange rate volatility and the lower average price of beef in the international market.

BIRD SEGMENT AND FOOD SERVICE

In the USA, margins were negatively impacted by the bird flu outbreak in 2015. Throughout 2016 there was an improvement in the sector's profitability, mainly due to the reopening of export markets for North American products and the drop in input costs. According to the Chicago Board of Trade (CBOT), the average price of corn and soybean bran, for example, decreased 10.5% and 4%, respectively, compared to 2015.

The National Restaurant Association in the USA estimates that, in 2016, restaurant industry sales totaled U\$783 billion. This was the seventh consecutive year of real sales growth. The segments that performed best in both, same store sales and in-store traffic, were Quick Service, Fine Dining and Upscale Casual, according to the Black Box Intelligence report, a public and private database on the USA restaurant industry.

Consumption of
254.4 million
tons of protein
(beef, poultry and
pork) in 2016

56% of this value
consumed by
Latin America,
Asia and Africa

China:
consumption of
52% of this total

In the APMEA region, global food service networks continued to expand. McDonald's, for example, reported an increase of 170 stores in markets such as China, South Korea and Australia, which together totaled 3,782 stores in 2016. The largest increase was in China, where, despite the lower growth rate, several trends have sustained the development of the food service segment, such as improved incomes, increased urbanization and rising consumer demand for more convenient and processed foods of high quality.

In Thailand chicken exports increased, according to USDA estimates, 8% in 2016, reaching 670,000 tons. This improved performance was supported, in part, by the greater competitiveness of Thai products as compared with those of Brazil, as well as a reduction in what China had to sell. The same body estimates a 3% expansion in consumption in the Thai domestic market in

2016. This market is still mostly consuming raw chicken, representing from 60% to 70% of total sales of this protein. However, consumption in the ready-to-serve and Quick Service Restaurant segments is expected to continue growing at around 4% to 5% per year.

Malaysia is also experiencing growing urbanization coupled with a change in lifestyle and greater presence of women in the labor market. This should lead to an increase in food prepared outside of the home, which should boost both chicken and food service demand in this country.

BEEF SEGMENT

Brazil

The volumes of beef exported by the country remained stable in 2016 compared to 2015, but revenues from these operations fell 7%, due to the lower average price of the dollar in the international market.

The domestic market, on the other hand, remained challenging, with consumption impacted by the economic slowdown, translated into higher unemployment and inflation rates and a 3.5% drop in GDP. Nevertheless, the food service industry, which is the Company's focus in the country, recorded revenues of R\$154 billion in 2016, an increase of 7.1% over 2015, according to data from the Brazilian Association of Food Industries (ABIA).

Regarding the offer, the current moment of the bovine cycle in Brazil limited the availability of cattle for slaughter, which helped to keep the market relatively balanced. In this context, the average price of cattle increased 5.1%, according to the index of the Superior School of Agriculture "Luiz de Queiroz" (ESALQ-USP).

Uruguay

Uruguay presented a gradual improvement in its margins throughout 2016. The best livestock availability led to a fall in costs, partially offsetting lower export market prices, which were in line with the international market dynamics.

Keystone at the heart of strategy

Marfrig Global Foods announced in 2017 that it submitted an initial registration with the Securities and Exchange Commission (SEC - body regulating the USA capital market) for the initial public offering of Keystone Foods in the United States. The division is considered the main growth vector of the Company. Further growth of Keystone Foods USA operations offers Marfrig Global Foods opportunities to access countries that follow USA standards. At the same time, its activities in APMEA generate opportunities for growth in consumption due to the increase in purchasing power in the region, urbanization of the population and cultural changes.

Following the guidelines set out the Focus to Win strategic plan, Keystone has been working to increase the processing capacity of its industrial units.

To strengthen its ability to serve customers in APMEA, the company partners with Chinwhiz, through its Poultry Vertical Integration platform, to build the potential to process up to 200,000 birds per day. The division is also building a new plant in Thailand. Keystone Foods also continues to invest in innovation, one of its differentiators.

The division has innovation centers in Shanghai and Thailand that focus on the division's strategy to grow in the service of McDonald's and key accounts with processed products. The objective is to maintain the continuous development of new flavors and products for the clients of the APMEA region, adapted to local taste and habits.

ASIA MISSION

Marfrig Global Foods operates to expand in natura meat exports to Asia and aims to strengthen shipments to the countries in which it operates. In October 2016, the Company's executives visited six Asian countries, together with the Brazilian Ministry of Agriculture, Livestock and Supply (MAP) during the Asia Mission, which was created to strengthen the presence of Brazilian agricultural products in fast growing markets of this region.

One of the countries visited was Malaysia, which in 2016 announced the expansion of its meat market for Brazilian products, a move that gave Marfrig the perspective that exports by Beef Division can reduce costs and mitigate operations risks of its processed foods facilities, belonging to



the Keystone division in that country. The Company also wants to expand access to the bovine bone cuts market, as Malaysia is currently the largest importer of this product in Southeast Asia.

The Company further believes that expanding access to the Malaysian market will provide conditions to further refine the mix of products exported to both Keystone and other customers in the region. As the country's main fully cooked meat processor, Keystone Malaysia has approximately 900 employees and already imports raw Brazilian beef produced by Beef Division. This is due to a 2011 agreement that enabled the shipments of the product of two Brazilian cold storage plants, one being from Marfrig.

RETURN TO THE MARKET FOR DEBT SECURITIES

In 2016 Marfrig was the first Brazilian publicly traded and privately controlled multinational to re-access the international debt securities market, closed to Brazilian companies since 2015. The Company completed the issue of US\$1 billion in senior notes, with maturity in 2023 and coupon of 8%. The issue, which is part of the Liability Management process, lengthens the profile and reduces the average cost of the Company's capital structure.



economic and financial performance

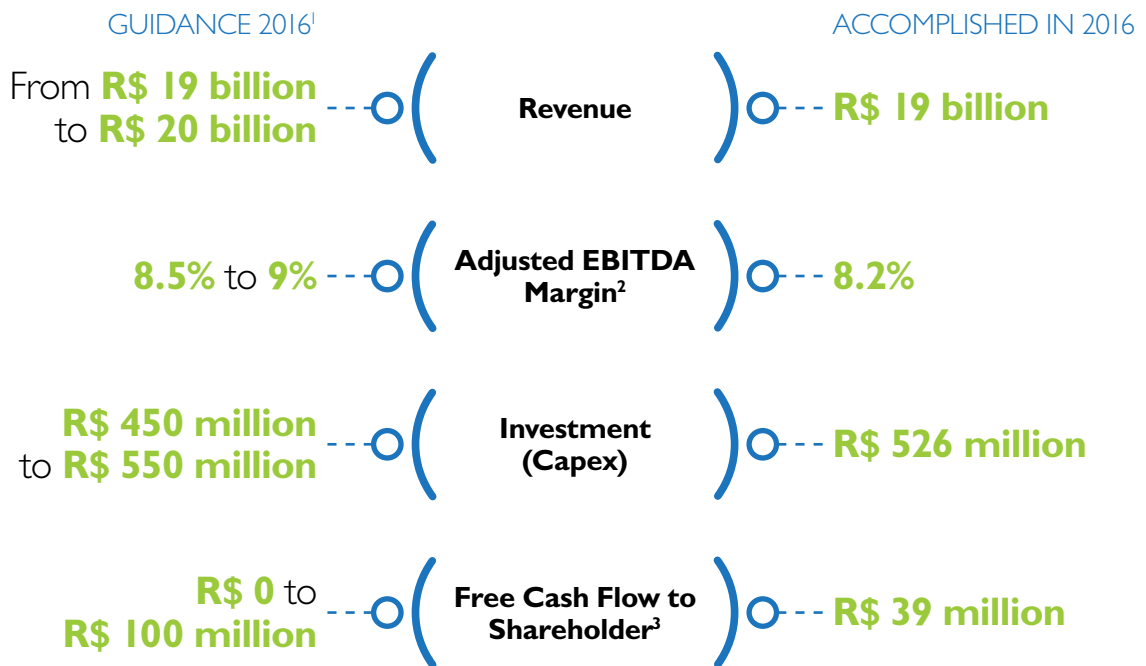
G4-DMA-Economic Performance

Marfrig Global Foods has established an integrated and geographically diversified business model comprised of production units in strategic locations combined with a broad distribution network with access to the world's leading consumer channels and markets. The Company believes that the continuous improvement of its internal processes will allow greater efficiency and cost control, which, coupled with results-oriented management and committed to profitable growth, will enable to increase business profitability and strengthen cash generation.

In a challenging year such as 2016, Marfrig's strategy remained based on its Focus to Win strategic plan, in which financial discipline and operational performance remained its main focus. With a simpler organizational structure focused on the Keystone and Beef Divisions, the Company has established itself as one of the world's leading suppliers of protein to the food service segment. The targets related to the plan established for the period between 2014 and 2016 were mostly affected.

Keystone produced record results in 2016. This performance can be attributed to Keystone's product portfolio and operating presence in the best performing markets such as the USA, which reached full employment levels in the second half of the year, and in China where the economy continued to expand. The Beef Division, in turn, was able to partially mitigate the negative cattle cycle in Brazil, the exchange rate volatility and the lower average price of beef in the international market through its presence in the main markets of South America, its focus on serving the most resilient channels of their domestic markets and the capacity to export to the most diverse consumer markets.

It is important to note that the consolidated results reflect the decision to maintain a slaughtering plant in Argentina. The figures for the discontinued operations, which remained in 2016, reflect the sale of Beef Jerky's business, the sale of assets in Argentina and the sale of the confinement units in Brazil.



1. Assumptions based on exchange rates of R\$3.47 / US\$1.00 (average exchange rate: 1T16 - R\$3.91; 2T16 - R\$3.51; 3Q16 - R\$3.25; 4T16 - R\$3.20 / US\$1.00).

2. Do not consider non-recurring items.

3. Operating cash flow after investments, interest expenses and income tax.

NET REVENUE

Marfrig Global Foods recorded consolidated net revenue of R\$19 billion in 2016, slightly lower than in 2015 (-1.1%). This was positively influenced by the effects of the 4.8% appreciation of the Dollar against the Real and the 5% increase in Keystone's sales volume. On the other hand, it was negatively affected by the lower average price of this division, impacted by the fall in prices of grains and raw meat due to the commodity index pricing model. Another reason was the 8% reduction in sales volume of the Beef Division.

Marfrig remained a highly globalized company, maintaining its position as one of the largest and most diversified companies in the protein industry. Keystone and Beef Internacional, ended 2016 with their International operations representing 62.8% of total revenue. In the Brazilian operation, the international market accounted for 78% of the Company's total sales, considering exports. Sales to the Brazilian domestic market accounted for 22% of the total.



- 34%** Keystone EUA
- 14%** Keystone APMEA
- 37%** Beef Brasil
- 14%** Beef Internacional



- 54%** Processed
- 39%** Meat in natura
- 7%** Others



- 58%** US\$
- 22%** Real
- 20%** Others

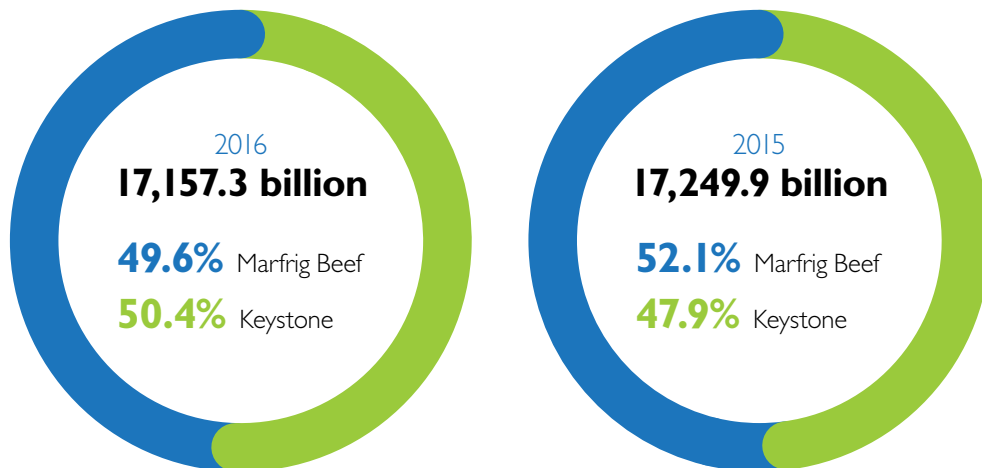




COST OF GOODS SOLD (CPV)

In 2016, the CPV totaled R\$17 billion in line with the previous year, due to the average depreciation of the Real against the Dollar and the increase in the average price of cattle for slaughter in Brazil - 5.1%, according to the ESALQ index (Superior School of Agriculture "Luiz de Queiroz" - USP). These factors were compensated by the lower cost of grain in Keystone's operation, following the market movement in which the average price of corn and soybean bran fell 10.5% and 4%, respectively, from 2015 (CBOT - Chicago Board of Trade).

CPV PER BUSINESS

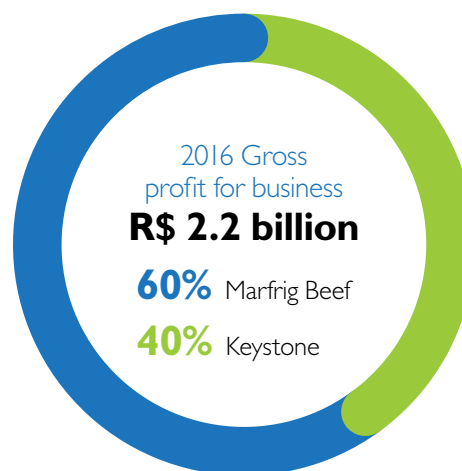


Note: data for 2015 are different from those presented in the last Sustainability Report, since they were revised for the 2016 Financial Statements.

R\$ Billion	2016		2015		Variation
Raw material	12,752.6	74.3%	12,624.6	73%	1.0%
Manpower	1,991.5	11.6%	1,908.7	11%	4.3%
Production cost	2,413.3	14.1%	2,716.7	16%	-11.2%
Total	17,157.4	100.0%	17,249.9	100%	-0.5%
Divisão Beef	8,649.9	50.4%	8,995.70	52.1%	-3.8%
Keystone	8,507.4	49.6%	8,254.20	47.9%	3.1%

GROSS PROFIT AND GROSS MARGIN

The gross profit for 2016 was R\$2.2 billion, a 5.4% decrease compared to 2015. However, we highlight the 80 basis points increase in Keystone's participation, which accounted for R\$873 million of the consolidated gross profit, equivalent to 40%. The gross margin was 11.3%, a reduction of 50 basis points compared to 2015, due to the decline in margins in cattle operations, partially compensated by the significant expansion of Keystone's margins.



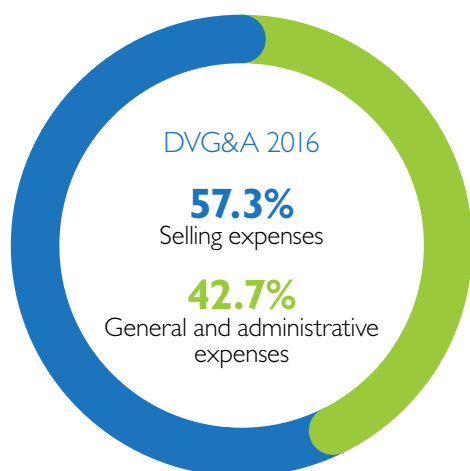
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (DVG&A)

Selling, General and Administrative Expenses totaled R\$1 billion, an increase of 5.6% compared to the amount recorded in 2015. This amount was impacted by the effect of the exchange rate on the conversion of the amounts from the international operations to the Real. It is important to note that the total variation was below the IPCA inflation index, which ended the year in 6.3%.

Selling expenses increased R\$28 million, explained by the jump in logistics expenses on exports. This jump, in turn, was influenced by

the rise in the price of fuels, due to the rise of the barrel of oil in the international market and the effect of the depreciation of the average exchange rate between the periods.

General and administrative expenses increased 6.5% compared to 2015, mainly due to the exchange variation in the translation of international expenses, partially compensated by the reduction in personnel expenses in the Beef Division, which reflects the Company effort to improve its productivity.

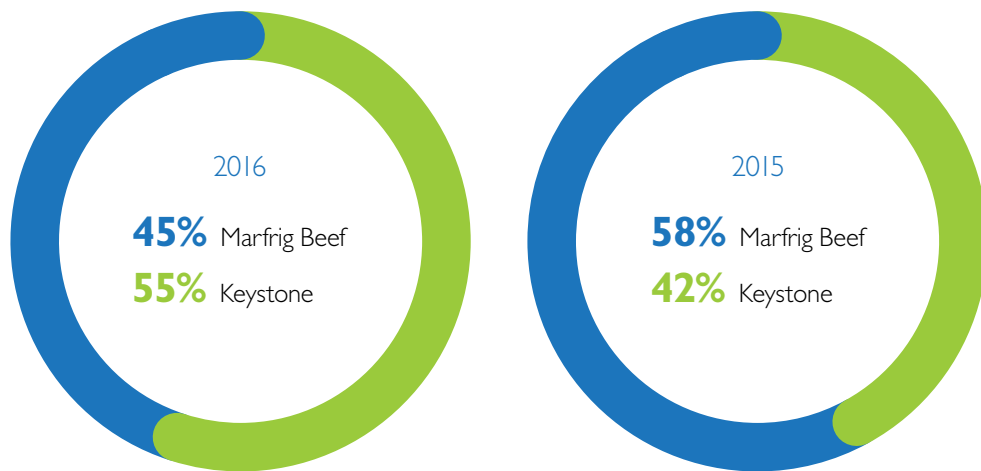


DVG&A (R\$ million)	2016	2015	Variation
Selling expenses	599.7	571.7	4.9%
% on net revenue	3.1%	2.9%	
General and Administrative Expenses	447.7	420.3	6.5%
% on net revenue	2.3%	2.2%	
Total DVG&A	1,047.5	992.0	5.6%
% on net revenue	5.4%	5.1%	

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

In 2016 the consolidated adjusted EBITDA reached R\$1.6 billion, a decrease of 8.5% compared to the previous year. Adjusted EBITDA margin was 8.2%, a decrease of 70 basis points from the 8.9% margin recorded in 2015. The

main factors that led to this performance were the retraction of spreads and the lower sales volume of Beef Division, partially compensated by the 16% growth of the Keystone division and the devaluation of the Real against the Dollar. Keystone accounted for 55% of adjusted EBITDA for the year, compared to 42% in 2015.



PERFORMANCE BY DIVISION

Keystone

5% volume **increase**

US\$2.7 billion of **net revenue**

17% **growth** in key accounts

R\$ 9.4 billion **in revenue**, equivalent to 49% of the Company's consolidated net revenue

70% of **operations** in the United States, 30% in APMEA

US\$1.9 billion in net revenue in the USA, **1% more than in 2015**

US\$781 million of net revenue in APMEA, **1% lower** than in 2015

16.3% **growth** in gross profit over 2015, totaling US\$251 million

9.3% **margin**

record adjusted EBITDA - US\$252 million (R\$875 million), 16.3% more than in 2015

9.3% EBITDA **margin**

FINANCIAL RESULT

The net financial result for 2016 totaled an expense of R\$2.0 billion, compared to an expense of R\$3.1 billion in 2015. Excluding the effect of the exchange variation from the analysis, there was a reduction of R\$91 million. Among the factors that influenced this result, the reduction of net interest income (interest income and expenses) of R\$158 million, due to the actions

of Liability Management, and the positive net effect of R\$292 million from net Derivatives (market operations) stand out. These factors were partially compensated by the extraordinary results referring to the repurchases of senior notes made in 2015 and 2016, with a net negative effect around of R\$170 million and the increase in the line of other expenses concerned to working capital operations.

In R\$	2016	2015	Variation (R\$)	Variation (%)
Financial income	483.8	596.2	(112.4)	-18.9%
Interest received, income from investments	147	99.3	47.7	
Market operations	292	325.5	(33.5)	
Other revenues	44.8	171.4	(126.6)	
Financial expenses	(2,439.5)	(2,642.8)	203.2	-7.7%
Provisional interest / debentures / leases	(1,222.9)	(1,333.6)	110.7	
Market operations	(257.5)	(583.6)	325.1	
Bank charges, commissions, financial discounts and others	(959.2)	(726.6)	(232.6)	
Financial result before exchange variation	(1,955.7)	(2,046.6)	90.8	-4.4%
Exchange rate variation	(79.0)	(1,052.9)	973.9	
Net financial result	(2,034.7)	(3,099.4)	1,064.70	-34.4%

Beef Division

51% of the Company's consolidated **revenue**

45% of Division revenue is from sales to the **external market**

23% of the volume of sales to the foreign market (including Uruguayan exports) went to China, a 74% increase over the previous year, due to the **opening** of this market for Brazilian beef in 2015

R\$9.9 billion in net **revenue**, 5.8% lower than in 2015

R\$1.3 billion in **gross profit**, 16.9% lower than in 2015

13.1% of gross **margin**, a retraction of 170 bps

R\$719 million of Adjusted EBITDA, **below** the R\$1.0 billion recorded in 2015

7.2% **EBITDA** margin, a reduction of 240 bps from 2015

NET INCOME

In 2016 Marfrig recorded a net loss of R\$726 million, a 49% improvement in relation to the net loss of R\$1,424 million in 2015. For a better comparison and due to the asset sales process, this analysis considers only net income from continuing operations, which does not include gains from asset sales.

CASH FLOW

In 2016 the Company's free cash flow was R\$39 million, positively impacted by the results generated by the Keystone division, by the reduction of interest due to the Liability Management actions during the year, control of expenses and working capital improvements. Despite the positive factors, the challenges faced by the Beef Division, the still high cost of debt and the interest expenses with the mandatorily convertible debentures, whose conversion occurred in January 2017, had a significant impact on the final result of the cash.

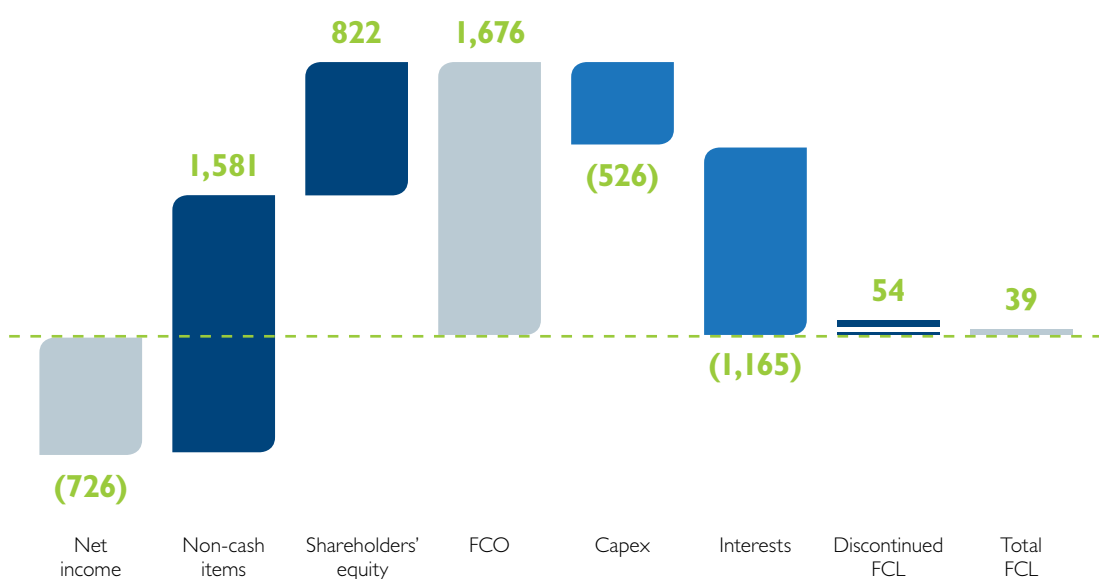
DEBT PROFILE

Net debt in Dollars was stable, closing the year at US\$1.8 billion. When measured in Reais, this index shows a reduction of 17.5%, totaling R\$5.9 billion.

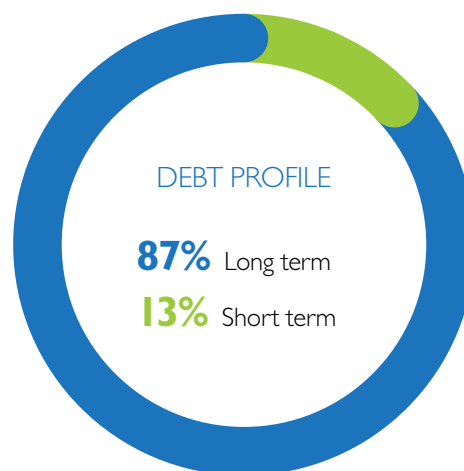
Consolidated gross debt was US\$3.4 billion, US\$340 million (10%) higher than that recorded in 2015, mainly explained by the funds raised during 2016, through the Keystone division credit lines and the remaining balance of the 2023 bond issue. In 2016 an offering of US\$1 billion in senior notes (bonds) maturing in 2023 was made, and the funds were used mostly for the settlement of bonds with shorter maturity and a higher cost than the new issue. The move was made in line with the goal of lengthening and reducing the cost of Marfrig Global Foods' indebtedness.

Cash balance and investments totaled US\$1.6 billion, US\$270 million (26.4%) higher than in the previous year, due to the previously mentioned reasons.

FREE CASH FLOW 2016 (R\$ MILLION)



In December 31, 2016 debt duration was 3.9 years, versus 4.2 years in 2015, with only 13% maturing in the short term. The Company's average cost of debt ended the year at 7.3% per year, versus 7.9% per year in 2015, which represents a 60 bps fall in 2016.



DEBT SCHEDULE (R\$ MILLION)



LIQUIDITY

For Marfrig Global Foods senior management, the ratio that best reflects the Company's current level of leverage is the relation between net debt and Adjusted EBITDA (last 12 months) of continuing operations. This index was 3.69x, an improvement of 40 bps from the previous year (4.09x). It is important to note that the calculation of the leverage ratio for bank financing operations includes contractual provisions that allow the exclusion of the effects of exchange variation. For this reason the index calculated for this purpose reached 2.40x at the end of the fourth quarter of 2016.

2017, Moody's updated its report, reaffirming the Company's rating of "B2", but changing the outlook from "stable" to positive.

The main factors that led to these changes were the actions of Liability Management, which resulted in the lengthening and reduction of the cost of debt, the improvement of liquidity and leverage, as well as the expectation of a better generation of cash flow through the reduction in financial spending, the strong performance of Keystone and a more favorable scenario for the cattle sector in Brazil.

RISK RATING

In October 2016, Fitch Ratings released a report raising Marfrig's credit rating to "BB-", with a stable outlook. In the same period, S & P reaffirmed Marfrig's corporate credit rating of "B+", with a "positive" outlook. In early

Agency	National scale	International scale	Perspective
S&P	br BBB	B+	Positive
FitchRatings	A bra	BB-	Stable
Moody's	-	B2	Positive

INVESTMENTS

Investments totaled R\$526 million in 2016, an increase of approximately R\$79 million compared to 2015, mainly influenced by the investments made by the Keystone Division and the effect of the exchange rate on the conversion of the international units' values into the Real, which is the Company's functional currency. This increase shows the company's commitment to continuous improvement of its plants and preparation for business growth, especially in the USA and Asia regions.

VALUE ADDED STATEMENT (DVA)

G4-EC I

R\$ Million	2016	2015
Revenue	19,809.8	20,034.0
Inputs acquired from third parties (includes ICMS and IPI)	15,107.4	17,119.6
Gross Value Added	4,702.4	2,914.4
Depreciation, amortization and depletion	464.8	434.4
Net Value Added Produced by the Company	4,237.6	2,480.0
Equity in results	(6.4)	(23.8)
Financial income	1,951.0	6,263.0
Total Value Added to Distribute	6,182.1	8,719.2
Distribution of Value Added		
Personnel and Charges	2,221.1	2,183.6
Taxes, fees and contributions	11,882.0	83.0
Interest and rents	4,581.9	6,991.6
Interest on shareholders' equity and dividends	0.00	0.00
Loss for the year	(632.8)	(538.9)
Investments in the community	0.00	0.00
Accumulated Economic Value (Generated Economic Value less Distributed Economic Value)	13,627.6	11,314.8

CAPITAL MARKET

Marfrig shares, traded on BM & FBovespa (MRFG3) in the Novo Mercado (New Market) segment, ended 2016 at R\$6.61 / share, a rise in 4% in relation to the end of 2015.

The average financial volume, in turn, increased 10%, from R\$15.0 million to R\$16.5 million per day. ADRs I (MRRTY) traded on the OTC (Over-The Counter) closed the year at US\$1.98 / share, a rise of 29% over 2015. In the same period the S & P2 index depreciated 10 % and reached 2,239 points.

In the theoretical portfolio of the FBovespa, valid from September to December 2016, Marfrig was 56th in liquidity, with 0.19% in the index, four positions below the previous portfolio.

This performance resulted from efforts by Marfrig Global Foods to increasingly develop its relationship with investors, through constant interaction in all market events, in order to provide an opportunity to explain the Company's strategy, its foundations, its commitment to transparency and its respect for those who support it.

1. ADRs: American Depositary Receipt, receipts for trading shares of non-USA companies on the New York Stock Exchange, the code of which in the case of Marfrig Global Foods is MRRTY

2. S & P: short for Standard & Poor's 500, index composed of five hundred assets listed on the New York stock exchanges, qualified due to their size, liquidity and their industrial group representation.

PERSPECTIVES

Context

The outlook for 2017 is positive, with moderate growth projections compared to 2016. The IMF signals a 3.4% growth in global GDP, motivated by better shareholders' equity outlook for the

The IMF signals an expansion of 3.4% of global GDP, driven by the better outlook for economic performance in the USA, China, Europe and Japan.

USA, China, Europe and Japan. The recovery in oil and commodity prices will also contribute to this scenario as it should ease the pressure on export markets for these commodities.

The promise of fiscal stimulus and infrastructure investments in the USA has an expectation of a GDP of 2.3% per year, according to the latest IMF report. In the case of China, it is expected that stimuli previously approved by the government will continue. As for Brazil, after two years of decline, projections point to a growth of 0.5%. Based on this, an increase in the per capita income of the global population and, consequently, an increase in the individual consumption of animal proteins, is expected.

The expectation for the global beef market is favorable. In the USA, the market should act more balanced and with better margins, reflecting the greater availability of supply. Australia, in turn, should continue to reduce its presence in the global market, due to planned replenishing of its herd. In China, domestic supply stability and rising demand should lead to increased imports of beef. In Brazil there is a trend towards greater availability of livestock for slaughter, which should address both the recovery of domestic beef consumption and the possibility of increasing exports. For ABIEC (Brazilian Association of Meat Exporting Industries), the exported volume of this protein is expected to increase by 11% in 2017.

In the case of the chicken market, the outlook is that the current price level of commodities will sustain the margins of the industry. Globally, production is expected to jump in major producing countries, such as the US and Brazil. In China, supply should remain stable, with growing demand for food service and home consumption.

The risk factors that affect this situation are a possible slowdown in the global economy and a stronger devaluation of the currencies of emerging countries, which could lead to a reduction in consumption. The protein industry, specifically, has disease as a key hazard.

Perspectives for the Company

In this scenario, Marfrig Global Foods' strategy remains focused on capturing the potential growth of the global protein market and on aggregating shareholder value. The Company remains committed to strengthening its business, which it intends to implement through the following actions:

- Operational improvement of the productivity and margin expansion;
- diversification of the customer base and organic growth projects in the Keystone Division;
- increased participation in the higher value-added channels in the Beef Division;
- acceleration of growth in the Asian market both by the expansion of Keystone's food service and by exports from the Beef Division;
- financial discipline, with a continuous focus on the deleveraging process and the increase in free cash generation.





corporate
governance
and management

Corporate governance

G4-I4 | G4-34|G4-56 | G4 DMA - Combating corruption | G4-SO4

Marfrig Global Foods guides its corporate governance in line with best market practices. The Company is committed to transparency, accountability and fairness in the treatment of shareholders, partners and employees. It is located in the Novo Mercado (New Market), a higher level of corporate governance of BM & FBOVESPA, a position in which it complies with the regulation of this listing level and the rules of the Brazilian Securities and Exchange Commission (CVM). It also meets the Brazilian Code of Best Corporate Governance Practices of the Brazilian Institute of Corporate Governance (IBGC). Their practices in this regard, however, go beyond legal obligations, supported by important instruments, described below. They must permeate all divisions, units and areas of the Company, thus ensuring a performance based on ethics and respect among employees, managers and other stakeholders.

CORPORATE GOVERNANCE INSTRUMENTS

Code of ethics

A document that lists guidelines for good corporate conduct. For Marfrig Global Foods, ethics is a concrete practice that must be understood and adopted by all employees in all countries where it maintains offices and industrial

operations. The code represents the Company's identity, and its compliance strengthens relationships with its most diverse stakeholders. It is also a guide of behavior regarding the most relevant and frequent professional situations of risk, such as compliance with legislation, conflict of interest, positioning on corruption, confidentiality, moral and sexual harassment, among others.

Upon joining Marfrig, all employees receive a printed copy of the Code and must sign a Term of Commitment and Receipt Protocol, confirming that they are aware that the Code is an integral part of the employment contract and must therefore be complied with. All Marfrig service providers must also be aware of and comply with the rules. Continuous guidance and trainings are conducted for all hierarchical levels in order to consolidate the guidelines of the Code.

The current version of the Code of Ethics was approved by the Board of Directors in 2010. The Compliance Department is responsible for diligent disclosure, compliance with its principles and continuous evaluation of the effectiveness and making regular updates to the Code of Ethics.



Reporting Channel

The Helpline is a resource that has been made available since 2015 for reporting noncompliance with company policies, regulations, and current legislation, notably Law 12.846/13 which deals with combatting corruption.

Anti-Corruption Manual

Based on both Brazilian and foreign anti-corruption laws and codes, the anti-corruption manual outlines how the Company's integrity policies translate into processes and practical procedures to be followed. It was approved by the Board of Directors and launched in 2015.

Securities trading policy

The Securities Trading policy establishes rules and procedures for the trading of securities issued by the Company, assuring the ethical conduct of those with insider information.

Disclosure Policy

This policy details disclosure practices that must be followed by the Controlling Shareholder, the Directors and the Fiscal Council Members. It also applies to any person who, by virtue of his or her position, function or position in the Company, may become aware of information relating to a Relevant Act or Fact, pursuant to CVM Instructions No. 358 and No. 369. Relevant facts are conveyed through the Valor Econômico news portal (<http://www.valor.com.br/valor-ri>), on the investor relations page and on the system of sending CVM Periodic and Eventual Information (IPE System).

Dividend Policy

This policy defines the Company's dividend distribution. According to the Brazilian Corporation Law and with Marfrig's Bylaws, an Ordinary Shareholders' Assembly must be held in the first four months of each year to deliberate on this matter. When the distribution of dividends is disclosed, all shareholders are entitled to receive at least 25% of adjusted net income, as established in the financial statements.



COMPLIANCE DEPARTMENT

Marfrig Global Foods puts tremendous importance on ethical business practices and since 2015 has enforced its policies through a number of means. The Compliance Department's function is to manage the set of disciplines created to enforce the legal norms, policies and guidelines established for the Company's business activities. It also acts to prevent, detect and treat any deviations or nonconformities that may occur.

The Anti-Corruption Manual, is an important document that ensures the Company's operations function within established ethical principles. This is especially in light of corruption issues that arose in Brazil and within some large companies in recent years. The manual was distributed throughout the organization via multiple channels including a dedicated intranet page, disclosures posted on notice boards, and videos running in plant cafeterias, as well as the Company's website.

A dedicated Helpline was launched to report complaints against the Company. The Helpline helps to ensure the daily adoption of and compliance with Marfrig's ethical guidelines. Awareness of the Helpline is reinforced using multichannel campaigns similar those of the Anti-Corruption Manual.

Since the creation of the Compliance Department, all agreements signed between Marfrig and commercial partners include "Compliance Clauses" which give the Company greater protection in commercial relations. These clauses denote the existence of the Helpline, the Code of Ethics and the Anti-Corruption Manual, with directions on how to consult these documents.

Training on compliance and related issues is conducted regularly in all Marfrig facilities. For more information on the Company's compliance initiatives, visit <http://compliance.marfrig.com.br>.

CORPORATE GOVERNANCE STRUCTURE

The Company's Bylaws outline a governance structure that is composed of a Board of Directors, a Fiscal Council and an Executive Board. Technical and advisory committees include Audit, Remuneration, Corporate Governance and Human Resources, Compliance and Financial, and Risk Management.

Administrative Council

The Board is the decision-making body responsible for formulating general business policies and monitoring their implementation, including the long-term corporate strategy. The Board is also in charge of, among other duties, appointing and supervising the management of Company Officers, and for the hiring and dismissal of independent auditors.

The Bylaws establishes that the composition of the Board should be from 5 to 11 members at most, all elected and dismissible by the General Assembly, with a unified mandate of two years. Reelection is allowed. As Marfrig is a participant in the Novo Mercado (New Market), at least 20% of these members must be independent advisers.

Members of the Board of Directors	Position	Date of election	Term of office
Marcos Antonio M. dos Santos	Board Chairman	April 28, 2017	August*, 2019
Ian David Hill	Adviser	April 28, 2017	August, 2019
Marcia A. P. Marçal dos Santos	Adviser	April 28, 2017	August, 2019
Rodrigo Marçal Filho	Adviser	April 28, 2017	August, 2019
Alain Emilie Henry Martinet	Adviser	April 28, 2017	August, 2019
Ernesto Lozardo	Independent Adviser	April 28, 2017	August, 2019
Antonio Maciel Neto	Independent Adviser	April 28, 2017	August, 2019
Carlos Geraldo Langoni	Independent Adviser	April 28, 2017	August, 2019
Marcelo Maia de Azevedo Correa	Independent Adviser	April 28, 2017	August, 2019
Roberto Faldini	Independent Adviser	April 28, 2017	August, 2019

*General Ordinary Assembly

The resumes of the Directors can be accessed on the Investor Relations website (ri.marfrig.com.br).

Board of Directors

Elected by the Board of Directors, the Officers are Marfrig's legal representatives, mainly responsible for its day-to-day administration and for the implementation of the general policies and guidelines established by the Board. According to the Bylaws, the Board of Executive Officers should be comprised of two to seven members. Terms are for three years, and Officers can be dismissed at any time. Reelection is allowed.



Directors	Position	Date of election	Term of office
Martin Secco Arias	CEO	May 2, 2016	3 years
Eduardo de Oliveira Miron	Admin. and Financial and IRD Director	May 2, 2016	3 years
Heraldo Geres	Legal Director	May 2, 2016	3 years
Tang David	Director without Specific Title	May 2, 2016	3 years
Rodrigo Marçal Filho	Director without Specific Title	May 2, 2016	3 years

The resumes of the Directors can be accessed on the Investor Relations website (ri.marfrig.com.br).



Fiscal Council

A corporate body independent of management and external auditors, according to legislation. The Fiscal Council acts in accordance with the Company's Bylaws and in accordance with best corporate governance practices. Its operation is permanent, with the functions of inspecting management activities, reviewing the Company's financial statements, and reporting its conclusions to shareholders. It must, according to legislation, consist of three to five members at most, with their respective alternates. Fiscal council members have a one-year term of office, and reelection is permitted.

Tax Advisors	Position	Date of election	Term of office
Axel Brod	Board Member	28/04/2017	AGO* de 2018
Eduardo Pocetti	Board Member	28/04/2017	AGO de 2018
Carlos Roberto Sá	Board Member	28/04/2017	AGO de 2018
Christiano Burmeister	Alternate Adviser	28/04/2017	AGO de 2018
Ely Carlos Perez	Alternate Adviser	28/04/2017	AGO de 2018
Roberto Perozzi	Alternate Adviser	28/04/2017	AGO de 2018

*General Ordinary Assembly

CURRENT CORPORATE STRUCTURE

Chairman Board of Directors:

Marcos Antonio Molina dos Santos;

CEO Marfrig Global Foods S.A.:

Martin Secco Arias

CEOs of Divisions:

BEEF INTERNACIONAL:

Marcelo Secco Arias

KEYSTONE FOODS:

Frank Ravndal

Audit Committee:

Marcelo Maia de Azevedo Correa;

Committee on Remuneration, Corporate Governance and Human Resources:

Antonio dos Santos Maciel Neto;

Financial and Risk Management Committee:

Carlos Geraldo Langoni;

Corporate Vice Presidents

Legal and HRVP:

Heraldo Geres

Finance and DRIVP:

José Eduardo de Oliveira Miron

ADVISORY COMMITTEES

Audit Committee

FUNCTIONS:

- assist the Board of Directors in the fulfillment of its responsibilities regarding the analysis and disclosure of the financial statements;
- develop internal controls;
- supervise and coordinate the work of the Company's internal and external audits, especially in matters related to accounting, internal financial controls and legal compliance controls.

Financial and Risk Management Committee

FUNCTIONS:

- examine the Company's investment and financing plans;
- evaluate the impact of contracted operations that affect the Company's capital structure;
- determine parameters to monitor the maintenance of predetermined liquidity and capital structures;
- implement and monitor methodology for the management of business risk;

- > ensure the preparation of the Annual Sustainability Report;
- > implement methodology for risk management of business activity and monitor its execution;
- > advise the Board of Directors in the fulfillment of its responsibilities related to the management of talent;
- > assist the Board of Directors in fulfilling its responsibilities, following the Company's results and the performance of executives;
- > evaluate and ratify to the Board of Directors the recommendation of hiring or dismissing members of the Executive Committee, Board of Executive Officers and senior management, as well as validating the hiring of senior executives selection and search companies
- > advise and validate the strategy of Internal Corporate Communication

Committee on Remuneration, Corporate Governance and Human Resources

FUNCTIONS:

- > to assist the Board of Directors in making decisions on internal human resources strategies, policies and standards;
- > to subsidize the Board of Directors in determining the remuneration and benefits offered to the Company's managers and employees;
- > assist in the control and development of practices and operationalization of processes related to corporate governance;
- > advise the Board of Directors in the fulfillment of its responsibilities related to talent management.

Compliance Committee

- > previously called the Ethics Committee;
- > treats any facts that are directed to the committee and responsible for the Helpline.

CORPORATE STRUCTURE

8.76%

Brandes Investment Partners
SHARES: 54,423,712

0.12%

Actions in Treasury
SHARES: 769,646

23.04%

Others
SHARES: 143,124,819

0.03%

Board of Directors (1)
SHARES: 168,481

34.28%

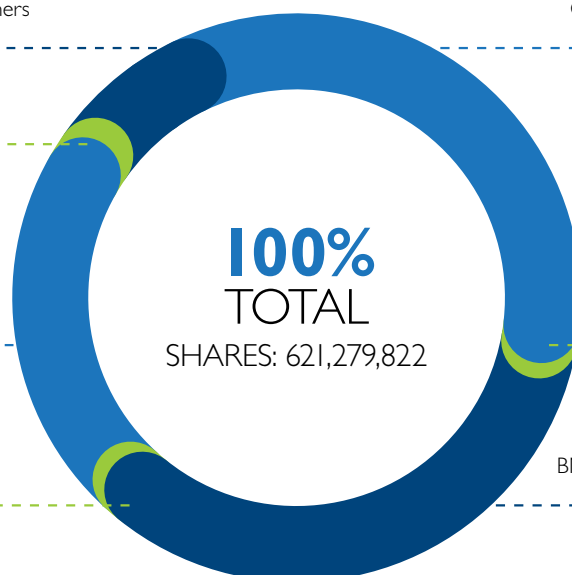
Controlling Shareholders (1)
SHARES: 212,990,046

0.02%

Directors (1)
SHARES: 154,691

33.74%

BNDES Participações S.A. (2)
SHARES: 209,648,427



1. According to CVM Instruction 358 of June, 2017.

2. According to Announcement to the Market of February 2, 2017.

Note: The "Controlling Shareholders" group is composed of MMS Participações Ltda. and their partners individually. MMS Participações Ltda. is controlled by Marcos Antonio Molina dos Santos and Marcia Aparecida Pascoal Marçal dos Santos, each one with a 50% participation.

Management

With ethics as the main base, the business management model adopted by Marfrig globally considers three large areas of management and control:

Risks: evaluation, monitoring and mitigation measures of the different risks inherent to the Company's business, whether operational, financial, commercial, environmental, social, or image.

Supply chain: programs and projects to improve logistics processes and supplier monitoring, including meat traceability, guarantee of cattle origin, non-use of work analogous to slavery, among others. More information on page 73.

Intangible: continuous monitoring and management of the Company's traditional and intrinsic values, but which cannot be evaluated monetarily, such as ethics in relationships and business, and experience and knowledge of the performance markets. More information on page 70.

RISK MANAGEMENT

G4-I4

Marfrig Global Foods manages risks inherent to its business activities in order to mitigate market fluctuations, financial losses and reputation damages. This requires constant assessment and monitoring, as well as the establishment of a set of policies, standards and procedures, and an effective system of internal controls.

The Company's corporate risk management model was developed based on the strategic objectives, in order to achieve the goals within a reasonable level of security. Rigid processes and controls, in accordance with standards and applicable legislation, are present at all stages of production - from monitoring the rearing of the animals to the distribution of products - in order to mitigate any image risk that any possible failure in these aspects could cause. Concern about risks related to possible damage to the environment, human health, community and biodiversity is also part of the Company's original values and is described throughout this report.

Among the main aspects monitored by Marfrig are those related to some form of corruption and / or fraud involving its name, its representatives and its operations. Tools to mitigate these risks are described on pages 54 to 56.

The Company is also subject to market risks. In its activities, Marfrig and its divisions make purchases of certain commodities, such as cattle, grains and energy, which are subject to certain variables. The price of cattle purchased from third parties is directly related to market conditions, influenced by domestic availability and of levels of demand in the international market. Maize and soybean bran, are subject



to the volatility generated by climatic conditions, crop yield, transport costs, storage costs, agricultural politics, exchange rates, international rates, among other factors out of control of top management.

In order to reduce the impact of commodities, the Company and its divisions manage inventory levels, maintain cattle confinement and trade derivative financial instruments of future market. These instruments are contracted to reduce price risk related to commodities needs for up to 12 months. A substantial part of these financial protection instruments comes from the future market on the Chicago Board of Trade (CBOT).

Marfrig is also subject to interest rate risks. To avoid them, the Company continuously monitors these rates, in order to evaluate the possible need to contract derivative transactions to hedge against volatility. As for currency risk, as approximately 79% of revenues are originated in currencies other

than the Real, the Company has a natural hedge against the maturities of its future obligations in foreign currency. It also maintains a solid financial politics, keeping a high cash balance and short-term financial investments in renowned financial institutions.

Marfrig manages its capital based on parameters of optimization of the structure, focusing on liquidity and leverage metrics that enable a return to shareholders in the medium term and consistent with the risks assumed in the operation. Capital management is done with the objective of defining the best financing structure for the Company and its divisions.

Further details on the risks already mentioned and information on other risks monitored by Marfrig can be found in the Financial Statements for 2016, available at the Results Center of the Investor Relations website (<http://ri.marfrig.com.br>).

INTANGIBLE ASSETS

BRANDS



Marfrig's brands have tradition and characteristics that make them capable of responding to the challenges of the market. Many of them occupy a prominent place in the countries in which they are marketed and are often preferred by consumers.

AWARDS AND RECOGNITIONS



They represent Marfrig's recognition of the market and labor society to serve customers and consumers with quality and safety, conducting business with strategy and sustainability.

ETHICAL CONDUCT AND TRANSPARENCY IN BUSINESS



Marfrig operates according to a series of ethical precepts, in line with the best practices in the market. This is what guarantees that the Company's actions meet the expectations of its stakeholders and the maintenance of its good organizational image.

PEOPLE



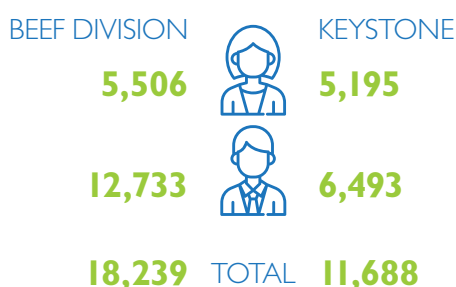
The dedication of many teams, from all countries, is fundamental for the accomplishment of operational and managerial activities, for the quality of the products, for the strength of the brands and for the creation of value. The knowledge accumulated by these people is an important asset of the Company. The management of this knowledge is part of the work carried out to manage this intangible asset.

People management

EMPLOYEES' PROFILE

G4-10 | G4-11

By the end of 2016 Marfrig Global Foods had 29,927 employees, 1.2% less than in 2015. This total was divided into 19,226 men and 10,701 women.



The Company seeks to support professionals in career development through good practices of attraction, retention and talent development. It also values the promotion of diversity in the workplace. It gives opportunities for the allocation and mobility of talent among the operational units of its divisions.

Relations with trade unions G4-11

99.17 percent of Marfrig's employees were covered by collective bargaining agreements in 2016. In Brazil the Company maintains relationships with 13 file unions to deal with issues such as database and collective negotiations of administrative and operational employees, following the standards and limits established by current legislation. Formal agreements with these unions, always previously scheduled, are promoted.

TALENT ATTRACTION INITIATIVES

Trainee program

Program that seeks to attract young talent to Brazilian operations and foster the

internal development of talent. It lasts for 12 months. Both Beef Internacional and the Brazil operation held the first edition of the program in 2016.

Featured Beef Division

In 2016 the Company launched a 12-month trainee program. Eleven talented young people were selected among 8,144 enrolled in the program and joined the Beef Division to develop a specific project; at the end of the program, the top three projects were awarded by leadership.

Young Apprentice Program

A professional initiative aimed at high school students who are hired to work at the Company afterschool. Participants learn professional skills through the Educating for Life Program and receive guidance on professional posture, ethics, health issues and citizenship. Since the adoption of the Program, Beef Brasil has hired participants who have successfully completed in the project after turning 18 years old.

Haiti Project

Beef Division Human Resources developed a project to fulfill manpower needs while developing talent in Haiti where job skills are in short supply. Haiti's employees are hired as industrial production assistants with a 40-hour workweek and salary and benefits compatible with the function (transportation, food and bonus for meeting targets), as well as housing and food assistance for six months. Beef Brasil keeps a complete follow up of these employees, from the beginning of the hiring to installation and adaptation of them into the workplace. To assist in this process, a sponsorship program is executed, in which they are accompanied and trained by more experienced employees. The project has already been implemented in the Chupinguaia (RO) and Paranatinga (MT) facilities, where 45 and 60 Haitians work, respectively.

PEOPLE MANAGEMENT

In 2016 people management focused on improving processes, such as access control and point marking, management of remote employees and improvement of benefits. In Brazil, focus was also made on the implementation of eSocial, a federal government project to simplify the Digital Bookkeeping System for Tax, Social Security and Labor Obligations. Through this system, employers inform the Brazilian Government, using a unified form capturing worker data such as employment relationship, social security contributions, payroll, work accident reports, etc. These initiatives gave Beef Brasil significant gains, such as reduction of turnover and the number of overtime hours worked.

In 2016 Keystone conducted an employee engagement survey. There was an engagement rate of 71%, 5% higher than the engagement survey conducted in 2014. Feedback from the survey resulted in initiatives to improve communication and employee recognition. Another highlight for Keystone in 2016 was conducting leadership development programs for 35 high potential leaders in the USA and the APMEA region.

REMUNERATION AND BENEFITS

Marfrig Global Foods' remuneration policy is tied to business objectives and strategies, and follows market best practices, periodically mapped by surveys in the locations where it has facilities. It comprises a package that includes salary, variable compensation programs, long-term incentives and market standard benefits.

The variable compensation programs seek to reward employees for good results achieved during the year and for this purpose, they are based on team and/or individual financial goals. Current variable compensation initiatives include: 1) Profit Sharing Program (PLR) - defined in a collective labor convention or

collective bargaining agreement (local and corporate), 2) Leadership Bonus, 3) Variable Compensation Program for Sales Force, and 4) Long Term Incentives, such as the option to purchase shares for directors and above.

In addition to fixed and variable remuneration, the Company provides a benefits package that includes medical and dental assistance, life insurance and transportation costs. Some facilities offer school supplies for dependents as well as pharmacy benefits.

HEALTH AND SAFETY

G4 DMA – Health and safety at work | G4-LA5 | G4-LA6

Health and safety are a key aspect of the operations of any industry. For this reason Marfrig Global Foods carries out daily initiatives aimed at guaranteeing safety in its operations.

In the Beef Division, the Corporate Workplace Health and Safety Policy Program (PDSSTC), aims to promote a safe and adequate working environment aligned with current legislation and technical regulations in order to set unique standards for all operational units. This is done through performance indicators, which are evaluated continuously, along with associated workplace risks. The program includes instructions for the training and mobilization of employees, suppliers, partners and service providers in the various security initiatives. It determines, finally, the resources needed to ensure a safe working environment.

Each facility has a Safety Committees, such as the Internal Accident Prevention Commission (CIPA), the Specialized Service in Safety Engineering and Occupational Medicine (SESMT), the Occupational Health and Labor Safety Committee (SST) and the Ergonomic Committee.

Keystone facilities maintain alignment with the laws and regulations of the municipalities in which they are located. Each plant has a Central Safety Committee, comprised of management, salaried and hourly employees. Specific topics are addressed such as ergonomics, equipment, fire safety, among others. In parallel, each region has its own Safety Committees, which discuss trends in the US or APMEA.

The Keystone Global Safety Center of Excellence meets quarterly to discuss global health and safety strategies.

In 2016, 2,205 accidents occurred in the Company. The total number of days lost in 2016 was 20,309. No deaths were recorded.

Health and safety indicators	Beef Division		Keystone	
	2016	2015	2016	2015
Total accidents	2,038	2,330	167	146
Total days lost	18,610	7,731	1,699	997
Total work-related deaths	0	1	0	0



The background of the page is a close-up, vertical view of a wooden plank, showing its natural grain, knots, and texture in shades of light brown and tan. The text is overlaid on this background.

Focus on food safety and quality

Marfrig Global Foods has an integrated business culture that has a standardized focus on the quality, food safety and origin of processed and marketed products.



ANIMAL WELFARE

G4 DMA - Shopping Practices | FPI | FP9 | FPI2 | G4-EC9

Treating animals responsibly and in a way that minimizes their suffering is the duty of every Marfrig Global Foods employee. The Company seeks, as far as possible, to provide the five inherent freedoms of these living beings as defined by the Farm Animal Welfare Council (FAWC, England): to be free from hunger and thirst, discomfort, pain, illness and injury; to express natural behaviors of the species; no fear and stress. For this purpose it carries out a series of initiatives aimed at ensuring that these employees know their ethical standards, according to the type of animal and including the rules of the legislation of each country.

In 2016 Marfrig fell six positions in The Business Benchmark on Farm Animal Welfare (BBFAW) ranking, which points to companies with the best animal welfare practices in the world. The Company's results were affected by Moy Park's exit from operations. This was because the evaluation is made through the news related to the topic disclosed by the companies and, in Marfrig's case, which started to participate in the ranking with Moy Park, the information was concentrated in the report of activities of this subsidiary.

BEEF DIVISION WELFARE

In the Beef Division there is a department that operates exclusively in the production chain, aiming to ensure animal welfare and proper management. The team is made up of highly qualified veterinarians and technical staff who follow the evolution of indicators, decision making and the development of training related to animal welfare.

The Division audits the properties of suppliers and monitors the shipment of livestock. The maintenance of these suppliers is guided by the index of hematomas found

in animal carcasses and classified during slaughter. An example of this occurred in January 2016, when during an audit of a property in the state of Mato Grosso. After an increase = animal injuries during a certain period, the producer was informed of the indexes and, subsequently, visits were initiated on the dates of shipment in order to identify the possible causes of injury. Once identified, the management team was trained to avoid them. After this work, hematoma indices in the cattle of this producer presented better results in 86% of the accompanying slaughter dates.

All animals arriving at Beef Division cold storage units are accompanied by a declaration from the farmer attesting to the non-use of hormones, growth promoters and antibiotics. In addition, the Federal Inspection Service (SIF) has a program called the National Meat Residue Control Plan (PNCRC), which provides verification, by random sampling in all slaughterhouses, of the veracity of what was certified by the cattle raisers. The unit also runs the Marfrig Club.

In Brazil the commitment to animal welfare extends to all employees, who are considered responsible for their actions. There is an Animal Welfare Committee in this unit, which in 2016, catalogued results from various plants and reported to senior company leadership. Many of the indexes that were monitored were developed according to protocols established by the AMI (American Meat Institute), widely respected worldwide. The division has certifications based on these standards. According to internal audits, in 2016 the average indices verified in Brazil were in conformity with the parameters considered acceptable by the institute, as shown in the table below.

Animal welfare indexes	Beef Brasil	Acceptable parameters according to AMI Protocol (American Meat Institute)
Effectiveness performance on first shot	More than 95%	Minimum 95%
Conscious animals in the gutter	No animal - 0%	0%
Falls	Less than 1%	1%
Slides	Less than 3%	3%
Use of electric stick	Less than 25%	25%
Vocalization	Less than 3%	3%

Achieving these numbers was possible due to internal structural improvements. For example, soil erosion was identified in certain corral structures in Tangará da Serra (MT), which resulted in slips and falls. The flooring was replaced through investments of approximately R\$10.2 thousand per corral. Based on the improvements occurrences of slips and falls (before and after) were resolved in subsequent testing. On a daily basis, the monitored sampling is 50 animals. With this performance, in addition to meeting customer needs (up to 2000 heads slaughtered / day), Marfrig Brasil can statistically guarantee 95% confidence, with a sample error of up to 15%. This also limits the acceptable limit for the use of the electric stick during the handling of the animals in this subsidiary. If the need for assistance of the electric stick during handling is evaluated, a maximum of 11 animals may be touched, provided the touch occurs in accordance with the recommendations and specifications allowed.

Other parameters and items, such as air pressure, voltage, speed, travel time and landing, deaths, emergencies, vehicle quality, densities, water, food, installation and equipment, among others, are verified during the first part audits and, if deviations are noticed, actions are taken. Second and third party audits also occur and the results are reported directly to the customer.

Another frequent concern is with animal welfare during transport, reason why vehicles are regularly evaluated and inspected for accommodation and occupied spaces. More vehicles underwent these inspections in 2016, which led from 98% to 99% increase of truck bodies in good condition. This process is considered so important that, in 2016, Marfrig Brasil held the 1st Transport Workshop, bringing together responsible people of carriers from various states to deal with animal welfare and crisis management issues. Accredited carriers for the transport of live loads commit themselves to animal welfare by means of a specific clause in their contracts. When the Company notices that it is not being complied with, it takes the appropriate measures and, depending on the severity of the occurrence, may finish the employment contracts.

Awareness of animal welfare in Brazil is carried out through training conducted by those responsible in the area, with regular and frequent reviews. In 2016, 3,963 people participated in internal and external actions in this area. The theme is so relevant to the Brazilian operation that, an Animal Week initiative that coincided with World Animal Day, was held from October 3 to 7, 2016, during which informative was disclosed and a lecture was offered about the origin of ethical quality meat.

SCIENTIFIC RESEARCH AIMED AT ANIMAL WELFARE PRACTICES

The latest support from the Beef Division to university research was devoted to the doctoral thesis “Effect of pre-slaughtering management of cattle on welfare and carcass quality”, conducted by Stavros Platon Tseimazides (<http://www.marfrigbeef.com/pt/sustentabilidade/bem-estar-animal/estudos-cientificos>). Three different types of floors (sugarcane bagasse, rubber and concrete) were tested in the pens and it was identified that there was no difference in the presence of hematomas in the carcasses and in the final pH. On the other hand, for the animals that remained on sugarcane bagasse, the act of lying down was more frequent than among the others. However, this material presented higher costs due to the greater amount of water needed to sanitize the pens after removal, in addition to a greater demand for labor. So, it was concluded that the concrete floor presented better cost-benefit ratio compared to the others.

Beef Internacional follows the same standards of animal welfare adopted in Brazil. Each of the operations has a dedicated leader responsible for animal welfare. Similarly, livestock suppliers sign an agreement to ensure that no banned products are used and that animals are properly handled. There is constant communication with the cattle raisers to ensure compliance with these provisions.

In Uruguay a highlight with regard to animal welfare was the Viva Grass Fed Beef, carried out jointly with cattle suppliers to obtain a differentiated product, in which cattle is fed to pasture and, taking into account the USA market demand, without the use of antibiotics, growth hormones and animal products. With the approval of the USA Department of Agriculture (USDA) the products are marketed in large American networks.

WELFARE AT KEYSTONE FOODS

Keystone Foods has a moral and ethical responsibility to our animals, customers, the consumers of our products, and our employees to treat those animals in our care humanely and with respect. As an industry leader, Keystone Foods verifies that high standards of animal health and welfare are implemented and maintained across our supply chain.

The division pursues regional approaches to animal welfare. Keystone Foods - U.S. has a

defined organizational structure supporting its animal welfare program which serves to define, set and implement its Animal Health and Welfare Program across its facilities reaching back into its supply chain to its primary breeder suppliers and processors through its own broiler processing plants. The facilities in APMEA form strategic alliances with suppliers who are required to meet Keystone standards relative to health and welfare, feeding and management.

Keystone Foods' Global Animal Health and Welfare program is based on the following key components: scope, training, accountability, responsibility, verification, and continuous improvement.

Within the scope component, Keystone engaged employees throughout our operations, our suppliers and our contractors in an iterative dialogue to identify animal-human and animal-machine interfaces to develop best management practices and welfare standards.

Once each critical step had been identified, performance expectations and outcome-based results were defined. Job-specific training sessions to communicate and reinforce these task-related expectations and results relative to animal welfare were held for employees and contractors. Job-specific testing on key Program elements and task-related animal welfare requirements and expectations were also administered every six-month.



CULTURE

- Promote governance, policies and organizational structure
- Communicate proactively with clarity and transparency
- Engage internal and external stakeholders



PEOPLE

- Cultivate the sense of ownership and responsibility
- Provide competencies to function through training
- Support the development of leadership among employees
- Recognize exemplary performances



SYSTEMS AND PROCESSES

- Maintain understandable standards and practices
- Generate data that reflects system performance
- Monitor and replay key performance metrics
- Incorporate current science-based standards



CONTINUOUS IMPROVEMENT

- Monitor and evaluate emerging tools and technologies
- Incorporate new tools and technologies, Incorporate new tools provided they have proven effectiveness
- Use data to work systematically
- Engage in collaborative research
- Interact strategically with animal health and welfare organizations

The program, training and testing established an expectation, regardless of the person or the task, of personal accountability and system responsibility. Each individual is 100% accountable for their own actions and there is zero (0) excuses if something does not go as planned. This concept was named 100/0. In addition, each person is responsible for ensuring that the system and its participants act according to the program. This program component, called "See it? Stop it!", establishes an obligation to address, report or elevate any program non-compliance. A toll-free number is provided should an individual feel uncomfortable about raising this issue directly to management.

Within this context, the verification is fundamental, since it allows verifying if the

execution is in line with the established program. This component involves three types of audit: self-verification by the employees themselves; verification by certified internal or external auditors; and third party audits, with final results reported directly to clients.

Keystone Foods continuously strives to improve the health and welfare of the animals in our care. The foundation of our continuous improvement effort is based in the ASABE (American Society of Agricultural and Biological Engineers) Framework to Evaluate the Sustainability of Agricultural Production Systems (S629) standard. Within this Sustainability Framework are three actions that have been adapted for continuous improvement in health and welfare.

PRODUCT QUALITY

Marfrig Club Program

The Marfrig Club program is aimed at guiding suppliers to adapt their property to social and environmental standards for the development of agriculture and cattle production. Through the program, Marfrig stimulates the evolution of Brazilian farms and recognizes those with the best production practices and management of human capital and natural resources. This is particularly meaningful as consumer demand for sustainably produced products is on the rise. A final component of the program is monitoring animal origin to ensure there are no issues with socio-environmental non-conformity.

Angus Marfrig Awards Program

The objectives of the Angus Awards program are to strengthen, intensify and enhance the Company's relationship with cattle ranchers, encouraging the use of artificial insemination to produce Angus and Brangus crossbreeds. The program incentivizes growers through the price of beef cattle, guaranteeing the purchase of Angus animals and their crossbreeding. Five Brazilian states participate in the program: São Paulo, Minas Gerais, Goiás, Mato Grosso and Mato Grosso do Sul.

Nellore Natural Quality Program (PQNN)

The PQNN is an initiative to increase the value of Brazilian Nellore beef. The program consists of a set of standards and procedures to ensure consistency of bovine carcasses, breeding systems and fattening systems among Nellore breeders. By following the program guidelines, the producer offers the market a product differentiated by its standardization and quality control. Simple and practical, any supplier can adopt this regardless of herd size.



SUPPLIERS

G4-I2 | G4-I5 | FPI | G4 DMA – Supplier Environmental Evaluation | G4 DMA - Evaluation of suppliers in human rights | G4 DMA – Child labor | G4 DMA - Evaluation | Evaluation of suppliers in labor practices | G4 DMA - Evaluation of suppliers on impacts on society | G4-EN32 | G4-EN33 | G4-LA14 | G4-HR5 | G4-HR6 | G4-HR9 | G4-HR10 | G4-HR11 | G4-SO9

Marfrig Global Foods' main suppliers are meat and poultry producers. The Company not only requires these producers to guarantee food safety and quality, but also requires them to comply with ethical premises.

All supplier contracts contain compliance clauses based on Marfrig's conduct guidelines as well as local labor laws.

In addition, the divisions carry out their own initiatives. The Brazil Beef Division, for example, follows a purchasing policy that aims to ensure that slaughtered animals do not come from properties that are foreclosed, on the slave labor list, or that practice deforestation. Nor does it acquire animals from farms in conflict with indigenous lands and environmental conservation units. The Sustainability function checks these properties against the Ibama website (Brazilian Institute of Environment and Natural Resources) and the Slave Labor list provided by the

government. It also performs daily geospatial analysis, consisting of crossing satellite imagery with public databases of indigenous lands, conservation units and deforestation. If nonconformities are found on any of these issues, the division stops buying from the supplier involved.

SWA (SUPPLIER WORKPLACE ACCOUNTABILITY)

Keystone Foods engages our suppliers of raw materials and other products and services on sustainability matters. In addition, Keystone Foods supplies to customers who administer evolving supplier workplace accountability (SWA) programs. Keystone Foods' facilities that produce product for these customers, and our raw material and other suppliers who provide products and services to these facilities, are subject to comprehensive SWA programs. In general, the SWA programs support development of comprehensive management systems that include defined policies and procedures, communication methods, roles and responsibilities, capabilities and training, business integration, monitoring and internal verification of programs, governance and enforcement, and grievance mechanisms to address SWA issues, including human rights concerns. The programs may also include the following: attestation to a comprehensive Code of Conduct that addresses human rights issues, provision of training materials and webinars on the SWA program, use of an annual self-assessment questionnaire and audits of facilities by trained third-party auditors.

Keystone Foods, along with other companies in the industry, establish standards for sustainable commodities. It seeks to engage suppliers by encouraging them to achieve standards of excellence in a number of areas, such as workplace responsibility, prioritization of responsible purchases and actions for continuous improvement among suppliers. These initiatives seek to train and evaluate suppliers on issues such as ethics, human rights, good business practices, safety, social welfare and sustainable supply chain benefits, often with the Involvement of third parties. This helps to identify the most committed partners, with whom the Division can deepen relationships with and develop new projects. The division is a signatory and member of the Poultry Sustainability Working Group, a U.S. Egg & Poultry Association working group and participates in the National Chicken Council (NCC), which is responsible for establishing metrics and standards for sustainable poultry production in the United States industry.

On the topic of animal welfare, Keystone Foods pursues regional approaches. Keystone Foods - U.S. has a defined organizational structure supporting its animal welfare program which serves to define, set and implement its Animal Welfare Program across the organization reaching back into its supply chain to its primary breeder suppliers and processors through its own broiler processing plants.

The facilities in APMEA form strategic alliances with suppliers who are required to meet Keystone standards relative to health and welfare, feeding and management.

CERTIFICATIONS

G4 DMA – Customer Health and Safety | FP5

Marfrig Global Foods seeks and maintains certifications attesting that its operations comply with international standards for environmental management, quality, food safety, health and safety, and social responsibility. These certifications are critical to exports.

MARFRIG GLOBAL FOODS CERTIFICATIONS

Certification	Certified Units
Certification of the North American Meat Institute - International standards for the guarantee of animal welfare created by the North American Meat Institute, a trade association of the United States that brings together meat and poultry industries.	11
ISO 9001 - A set of guidelines to ensure that products and services meet customer and consumer requirements and that quality is consistently improved in accordance with ISO (International Organization for Standardization)	3
ISO 14001 - Set of guidelines for environmental management developed by ISO (International Organization for Standardization). It is the only one of the ISO 14000 series that can be audited by third party.	9
ISO 22000 - Set of guidelines for food safety management developed by ISO (International Organization for Standardization).	5
FSS 22000 - Certification created by the Foundation for Food Safety Certification based on ISO 22000	2
OHSAS 18000 - Developed by regulatory bodies of several countries, together with certification companies, it deals with health and safety at work.	9
SA 8000 - Global standard of social responsibility management developed by the SAI (Social Accountability International) on the basis of international human rights principles and the conventions of the International Labor Organization.	2
TLS 8001 - Thailand's Labor Ministry has enacted the Thai Labor Standards, which bring together social responsibility guidelines, including respect for the human rights of workers and the guarantee of working conditions that encourage personal development and quality of life	1
BRC Global Standards Certifications - Marfrig Global Foods holds 11 certifications from BRC Global Standards, a leading institution in quality and safety certification programs. These certifications congregate food control standards recognized by the Global Food Safety Initiative (GFSI) and required by the world's leading retailers.	10
HACCP - Hazard Analysis and Critical Control Points - This is an internationally recognized methodology for food safety management. It is mandatory in several countries, including the USA and European Union nations.	10
IFS Food - The International Feature Standards Food is a standard recognized by the Global Food Safety Initiative (GFSI) to certify the safety and quality of food products and production processes.	1
Rainforest Alliance Certified™ - Guarantee of environmental, social and economic sustainability in agricultural and forestry processes.	3
Global Standard Food Safety - Protocol developed by the British Retail Consortium, a British consortium that specifies the operational safety and quality criteria required to meet legal obligations and consumer protection.	5
Certified Organic Beef - It attests that meat is actually organic, that is, produced from an environmentally correct, socially just and economically viable system, and with superior quality. Allows the export of organic meat to the United States, the European Union and Canada.	3



Certification

Certified Units

USDA National Organic Standard - Certifies that the food is produced according to guidelines related to ecological balance and biodiversity conservation standards

1

National Standard for Organic and Biodynamic Produce - Ensures that organic and biodynamic products are produced according to the export standards required by several countries

1

USDA Process Verified Program - Titled in the market as "USDA Process Verified", these products are verified for the responsible use of antibiotics

7

McDonald's Code of Conduct and McDonald's Standard - Protocols whose compliments are needed to provide raw materials for McDonald's.

4

McDonald's SQMS - Protocol of the quality management system of the supplies whose compliance is required to provide hamburgers to McDonald's.

2

Burger King Global Supplier - Protocol to be met to provide raw material for Burger King.

4

COSTCO Code of Conduct - Protocol related to the Code of Conduct and Social Responsibility of the retail company COSTCO, whose compliance is necessary to provide food for its units.

3

High Quality Beef Quota (UE) - Protocol whose compliance is necessary to supply meat to the European Union.

6

Kosher Certified Beef - Meat-producing plants with a Kosher religious ritual of Jewish origin.

4

Halal Certified Beef - Plants qualified for meat production with Halal religious ritual, of Islamic origin.

6

Tacuarembó Angus Beef & Tacuarembó Premium Angus Beef - Both are dedicated to product lines and have international recognition, in addition to being approved by the United States and the European Union.

4

Ami (Animal Welfare) - Certification ensuring good animal welfare practices.

4

Viva Grass Fed Beef (USDA) - Learn more on page 80.

5

LEED Certification - Leadership in Energy and Environmental Design (LEED) is a certification program of the US Green Building Council - a North American council on sustainable buildings - that includes a classification system to help owners and managers to be environmentally responsible and to use resources efficient way

1

Focus on sustainability

In general terms, sustainability is the tripod formed by economic, social and environmental performance. That is, in order to be sustainable, a company must have a balance in its actions in the three spheres. Marfrig Global Foods understands this concept and, for that reason, sustainability is also part of its business strategy.



Since 2013, with the implementation of Focus to Win, the Company has continued to strengthen the pillars it has established as fundamental in this regard. They permeate all Divisions and facilities and are a reference for the development of local actions, which, together, promote and ensure the sustainability of the entire productive system.



Customers:

food safety, innovation and growth, engagement and communication with stakeholders, nutritional value and value generation.

Economic:

value creation, free cash flow, reduction of leverage and profitability.

Environment:

climate change, energy, environmental management systems, materials and waste, natural resources, water.



Social:

social engagement, volunteering among employees, social economic development and social entrepreneurship.

Suppliers:

animal welfare, responsible supply, suppliers' engagement and development, supply chain guarantee and sustainable agriculture.

Work environment:

compliance, diversity and inclusion, employee development, ethics and integrity, safety and health and well-being.

The Global Group of Corporate Social Responsibility and Sustainability establishes guidelines, coordinates corporate activities and monitors the actions of the divisions in this area, always maintaining alignment with the business model, strategy and goals defined in Focus to Win. In turn, business divisions develop initiatives from these

guidelines, adapting them to regional and operational specificities.

Marfrig's commitment to sustainability is reflected in its business strategy and in the partnerships and commitments assumed by the Company with renowned and recognized organizations in the social and environmental areas.

KEYSTAR PROGRAM

KEYSTAR is the name of Keystone Foods' sustainability program, first introduced in 2008. The name KEYSTAR is formed from the first syllable of the division name plus the first letters from the following phrases which defined the program objectives:

- > Socially Responsible Growth;
- > Total Commitment;
- > Achieving Balance;
- > Respecting the Environment.

Today, KEYSTAR has four strategic pillars which define the scope and operation of the program

Sustaining the Planet

Through:

- > Energy conservation
- > Waste reduction
- > Water conservation
- > Environmental management system
- > Responsible sourcing

Contributing to Communities

Through:

- > Strategic Philanthropy
- > Employee volunteerism
- > Local community engagement & development
- > Employment opportunities

Supporting our people

Through:

- > Employee leadership development
- > Inclusion & diversity
- > Workplace safety & health
- > Employee engagement

Creating Shared Value

Through:

- > Food safety & quality
- > Animal welfare
- > Stakeholder engagement
- > Transparency, accountability & communication
- > Supplier engagement & development

SOCIAL RESPONSIBILITY AND RELATIONSHIP WITH COMMUNITIES

G4-26

Social responsibility is one of the stated values of Marfrig Global Foods and an essential part of its activities. As part of social responsibility, it is important for Marfrig to build strong relationships with communities and to provide benefits that, in addition to generating jobs and collecting taxes, involve the well-being and the social growth of these communities.

The main social responsibility initiatives in Brazil are carried out by the Marfrig Fazer and Ser Feliz Institute, and through support of socio-environmental projects directed at regional development. The Company also supports the voluntary work of its employees. Employee volunteers also contribute to social initiatives coordinated by the Institute.

The Marfrig Fazer e Ser Feliz Institute (Marfrig Make and Be Happy Institute) is sponsored by the Beef Division, with the support of entrepreneurs, authorities and representatives of local communities. The institute aims take children off the street and provide them with a range of physical and intellectual developmental programs that reinforce school curriculum, provide computer learning, encourage wellbeing through sports and leisure activities, foster citizenship and nurture respect for the environment. In total there are 3 Support Houses in which volunteers from the community and the Company work; among them doctors, dentists, social workers and educators.

In 2015 Keystone launched its corporate philanthropy program, Keystone Cares. The program focuses on community engagement through three core activities: nourishing people, providing local community support and delivering disaster relief.

RELATIONSHIP WITH CUSTOMERS

G4-26 | FP5 | FP6 | FP7

Customers are one of the pillars of Marfrig Global Foods' sustainability strategy and, as such, receive special attention to their demands. The Beef Division specializes in meeting specific market requirements, offering, for instance, special cuts of meats. Delivering a product with predetermined weight to a restaurant is typically considered artisanal work due to individual care with each cut, and shows the attention the Division places on its customers. In a suitably air-conditioned environment, cutting process control and weight accuracy ensure that all specifications are met, such as fat content (in percentage) or steak thickness. The pattern maintained in the products is also a result of the control integration of the productive chain of animal protein, from field to plate, which allows selecting the animals by breed, weight, age and finish.

Another customer demand has been for healthier products. The Brazil Beef Division has a product line which gives the final consumer a healthier day-to-day option. The animals are raised in pasture, according to the Nellore Natural Quality Program (PQNN) of the Association of Nellore Breeders of Brazil (ACNB). The Company also has products with the seal of the ONG Alianza del Pastizal, with higher levels of Omega 3 (learn more on page 83).

Meats produced in Uruguay are mostly sold raw and therefore do not have sodium or added sugars. Still, other concerns permeate the unit, such as producing organic meat of higher quality. Meat of this type is processed at the Tacuarembó plant. Suppliers raise livestock by following strict organic certification standards through an environmentally correct production system in which animals are treated with phytotherapeutic and homeopathic medicines, and grass fed without pesticides.

The result is a meat totally free of chemical residues.

Uruguay has also pioneered Viva Grass Fed Beef, a sustainable production and implantation of certified organic meats of high added value. Livestock is grass fed and raised without the use of antibiotics, growth hormones and animal feed to meet consumer demand in the US market.

Keystone also conducts a number of initiatives to make products healthier by reducing sodium and fat content, and removing preservatives and artificial flavors. The division works directly with the Keystone Foods regulatory team to supply all ingredient and formulation information to create product composition labels. These labels are used by our customers to make detail on the composition of their finished products available to the public. The division reports to clients on good practices adopted in their own units and also by their suppliers related to product traceability, food safety, operational practices, environmental conditions and working practices, among others.

RELATIONSHIP WITH SUPPLIERS

G4-26

Suppliers, as described on page 73 are critical partners for Marfrig's business and the Company engages in a number of initiatives to engage with and further build relationships with this important audience.

In Brazil and Uruguay the Company provides web page dedicated to its relationship with cattle raisers (<http://www.marfrigbeef.com/en/pecuaristas/brasil> and <http://www.marfrigbeef.com/es/ganaderos/uruguay>), which contains information on the purchase of cattle and cattle programs, among others. Cattle raisers can use tools on the site to monitor livestock slaughtering online, receiving real-time

information on weight, carcass composition, fatness finishing and age.

Producers also receive technical guidance on management and facilities best practices during periodic field visits of Company professionals. Informational materials provided by the Beef Division manuals on handling, the importance of vaccination, disease care and other topics are also available. Together these initiatives have increased transparency between Marfrig and suppliers.

INVESTOR RELATIONS

Marfrig's relationship with the investor audience is mediated by the Investor Relations (IR) function. In addition to a dedicated team, Investor Relations has a website - <http://ri.marfrig.com.br> -, where investors can find all documents filed with the Securities and Exchange Commission, as well as institutional information, a download center, and a calendar of events among other tools. The IR team is available to investors by e-mail, telephone, conference calls and on-site events such as performance presentations and road shows.

ENVIRONMENTAL RESPONSIBILITY

G4 DMA- General | G4-27 | G4-EN31

The preservation of environmental resources – water, agriculture, energy generation, and other aspects – is fundamental for the production of food. As one of the largest producers of animal protein in the world serving countries with the largest global economies, Marfrig Global Foods understands its essential role as a steward of the environment.

The internal policy of environmental management encompasses topics such as energy use control, water resources management, recycling programs, initiatives aimed at sustainable agriculture and animal welfare, reforestation, education and environmental awareness, among other practices.

In 2016, investments in environmental prevention totaled R\$11.2 million, 44% more than the R\$7.8 million reported in 2015. Most of the expenses were dedicated to effluents treatment in the Beef Division (R\$5.1 million), followed by waste disposal in both divisions (R\$4.0 million).

Investments in environmental prevention (in R\$ million*)

Breakdown of expenditure	Beef Division	Keystone	Total
Disposal of waste	3,401,331.85	609,621.61	4,010,953.45
Effluents treatment	5,105,636.68	-	-
Prevention costs	131,237.85	-	-
Environmental management	893,874.57	-	-
Other investments	1,012,735.92	-	-
Total	10,544,816.87	609,621.61	11,154,438.47

*The amounts reported by the units of Beef Internacional and the Keystone Division were converted from Dollar to Real based on quotation obtained on the website of the Banco Central do Brasil (Central Bank of Brazil - www4.bcb.gov.br), dated December 30, 2016.

PARTNERSHIPS

G4-15 | G4-16 | G4 DMA - Emissions | G4 DMA - Biodiversity | G4-EN19 | G4-EN27 | G4 DMA - Labor Practices and Decent Work | G4-LA15 | G4 DMA - Biodiversity | G4-EN12 | G4 DMA - Environmental assessment of suppliers | G4-EN33 | G4 DMA - Forced or analogous to slave labor | G4-HR6 | G4 DMA - Evaluation of suppliers in human rights | G4-HR11 | G4 DMA - Evaluation of suppliers on impacts on society | G4-SO10



Rainforest Alliance Certified™

In June 2012 Marfrig became the first in the animal protein industry to trace the complete cycle of beef production with Imaflora (Institute of Forest and Agricultural Handling and Certification), obtaining the right to use the Rainforest Alliance Certified (RAC)™ seal. The certificate attests that beef farms follow strict international standards for environmental conservation and respect for workers, local communities and animal welfare rules. It allows Marfrig four units (Tangará da Serra – Mato Grosso, Pampeano (Hulha Negra), – Rio Grande do Sul and Promissão – São Paulo) to produce and commercialize certified products internationally.

The first burger certified with RAC was launched in 2015, in partnership with a European customer. In 2016 products with this seal were also made available to the Brazilian consumer.



The Nature Conservancy (TNC)

Since 2013, Marfrig has partnered with ONG The Nature Conservancy (TNC), one of the largest environmental organizations in the world, and with Walmart, a global retail leader, to foster sustainable livestock farming in southeastern Pará. These efforts have contributed to the preservation of the Amazon Biome and Adoption of good socio-environmental practices. The Company has since provided technical assistance to producers, both in environmental and animal welfare matters.

In 2016, meat from participating properties was presented to the market at two Walmart stores in Brasília. The project was one of the highlights of the ONG's global annual report, which is distributed to thousands of representatives of companies, foundations, governments and other non-governmental organizations around the world.



Carbon Disclosure Program (CDP)

Since 2009, Marfrig has responded to CDP panels, a global disclosure system that allows companies, cities, states and regions to measure and manage their environmental impacts. The Company participates in those programs related to the supply chain, climate change, forests and water.

In 2016, Marfrig was recognized for its leadership in Latin America in the Forest Program, which addresses the management of climate change, the environment and water resources in the value chain. Marfrig has been working to reduce deforestation in this chain, thereby reducing Scope 3 emissions (indirect emissions resulting from the company's activities, but occurring in sources that do not belong to or are not under its control).



Alianza del Pastizal

The Alianza del Pastizal in partnership with Marfrig, has created a product seal to help consumers identify and select quality meats produced to conserve the native fields of South American Pampas. nature conservation. To qualify, ONG member properties must undergo evaluation and certification in accordance with the guidelines established by the Meat Certification Board (CCCCP).

The seal is in line with Marfrig's strategy to offer products of superior quality to the market and, in this case, meat with verified levels of Omega 3.



Tropical Forest Alliance (TFA 2020)

The TFA is a Global Alliance created in 2012 by the Consumer Goods Forum - which brings together top executives from various consumer-goods industries and the US government. Based on the shared commitment of nations participating in the Rio + 20, International Convention, the goal of the Alliance is to reach zero net deforestation in beef, palm oil, soybean, paper and pulp production chains by the year 2020.

As a member of TFA 2020, Marfrig sits on the institution's Board of Directors. 4 out of 20 members of this committee are representatives of the private sector; and Marfrig is the only beef company.

TFA 2020 and its partners - countries, companies and civil society organizations - work together to:

- improve planning and management in relation to tropical forest conservation, agricultural land use and land tenure;
- foster cross-sector collaboration based on a common and increasingly deep understanding of the barriers and opportunities associated with supply chains without deforestation;
- sharing best practices for the conservation of ecosystems and tropical forests in the production of agricultural commodities, seeking to intensify sustainable agriculture and promoting the use of degraded lands and reforestation;
- provide experience and knowledge to assist in the development of agricultural and processed commodities that promote the conservation of tropical forests;
- improve the monitoring of deforestation in tropical and forest degradation regions in order to measure their progress.



InPACTO

Instituto Pacto Nacional pela
Erradicação do Trabalho Escravo

InPACTO (InPact)

Since 2014, Marfrig Global Foods has been associated with the National Pact Institute for the Eradication of Slave Labor (InPACTO), which is made up of companies, civil society organizations and workers' organizations with the objective of uniting the private sector and Brazilian civil society organizations in the prevention and eradication of slave labor in productive chains.

Marfrig Global Foods is at the forefront of the struggle against slave labor in the country. As early as 2005, the Company was a signatory of the Pact of the same name and that gave rise to the Institute. The objective is to strengthen and broaden the initiative. The members make a compromise to take on ten commitments to combat slave or similar to slave labor in their businesses and in the productive chain. The initiative also aims to foster actions to reintegrate rescued or vulnerable workers into the labor market through professional qualification.

Keystone Foods engages with various industry organizations to advance best practices and sustainable outcomes. The organizations in which we participate include the International Poultry Welfare Alliance, U.S. Roundtable for Sustainable Poultry and Eggs, American Association of Avian Pathologists, American Veterinary Medical Association, National Chicken Council, North American Meat Institute, U.S. Poultry and Egg Association, Professional Animal Auditor Association.





Responsible production of palm oil

Keystone Foods uses palm oil at four of our facilities in the APMEA region. Palm oil is the world's most-used vegetable oil. It is widely available and is relatively inexpensive. Palm plantations from which oil is obtained make possible social gains, due to the improvement of the living conditions of many small farmers. To meet rising global demand, tropical forests have been converted to palm plantations. This conversion has led to a decrease of critical habitats for various species, many of which are endangered. There is evidence that palm plantation activities have also contributed to the loss of biodiversity, soil erosion, and soil and water pollution.

To meet growing customer and consumer demand, Keystone Foods made a commitment to support sustainable palm oil production. This helps to ensure that sustainable practices are followed and the integrity of forests and animal life are preserved. In 2016, we purchased Green Palm Book and Claim certificates for 100% of the palm oil we used. These certificates are granted by the Roundtable on Sustainable Palm Oil (RSPO) and provide a means to track responsible palm oil production. RSPO has developed a set of environmental and social criteria

that companies must adopt to receive the Sustainable Palm Oil Certificate (CSPO) and whose application minimizes the negative impact of palm cultivation. Obtaining this certificate proves, to oil users, the sustainable manufacture of the product.

In addition, Keystone Foods purchases Marine Stewardship Council Certified fish (in the U.S.) and also participates in groups working to develop standards for sustainable beef and poultry.



environmental performance

al



ENERGY CONSUMPTION

G4 DMA - Energy | G4 DMA – Products and Services
| G4-EN3 | G4-EN6 | G4-EN27

Total energy consumption in Marfrig Global Foods in 2016 was 6.5 million gigajoules (GJ), 5% higher than recorded in 2015 (6.2 million GJ). There was an increase mainly in the use of electric energy, which totaled 2.3 million GJ, compared to 1.9 million GJ demanded in the previous year, an increase of 18%.

Most of the energy used by the Company comes from renewable sources. In the Beef Division, this corresponds to 69% of the total energy consumption. Inputs such as briquette (wood waste), sugarcane bagasse, rice husk and renewable wood (for reforestation) are used. It is noteworthy that the Brazilian and Uruguayan energy matrixes are predominantly hydroelectric, a kind of renewable source. The use of this type of energy is equivalent to 24% of the total consumption of the division (check the data by division on page 101).

At Keystone Foods, two units have been using renewable energy sources. The Kentucky plant (USA) has a boiler system dedicated to capturing biogas, a byproduct of biodegradable waste treatment. The consumption of this source was added to the total energy consumed by the Company. In 2016, biogas usage increased by more than 38%. The Shandong (China) plant has installed panels to capture solar energy and use it to heat water; we are not yet metering this



energy. These projects result in lower greenhouse gas emissions and other beneficial environmental impacts, as compared to other energy sources at these sites.

As part of the KEYSTAR program, the division and its plants set annual targets for energy intensity reduction. Each facility defines actions, which include factory improvement, equipment exchange, process refinement and behavioral changes, to achieve these goals. Keystone is also deploying real-time consumption monitoring on some of its plants. While total energy usage increased from 2015 to 2016, this increase was largely attributable to use of lower greenhouse gas emitting fuels including biogas and natural gas.

Energy consumption (in GJ)	2016	2015	Rate
Total energy consumption from non-renewable fuels	1,979,972.69	1,942,294.96	2%
Total energy consumption from renewable fuels	2,297,360.47	2,369,275.63	-3%
Electric power consumption	2,266,264.65	1,927,798.47	18%
Steam consumption	216.59	292.09	-26%
Total energy consumption at Marfrig Global Foods	6,543,814.40	6,239,661.15	5%



WATER CONSUMPTION

G4 DMA – Water | G4 DMA – Products and Services
| G4-EN8 | G4-EN10 | G4-EN27

Marfrig Global Foods promotes a series of initiatives aimed at reducing water consumption. The Company established the Efficient Water Use Management System in 10 of its Brazil Beef Division facilities. The goals of the system are to reduce total water consumption of these plants by 2% and, consequently, to minimize the impact of operations in the community and the environment. The initiative also aims to prevent water shortage scenarios, such as what occurred in the State of São Paulo in recent years as well as improved operational efficiency. The end result is the reduction of water consumption costs within these facilities.

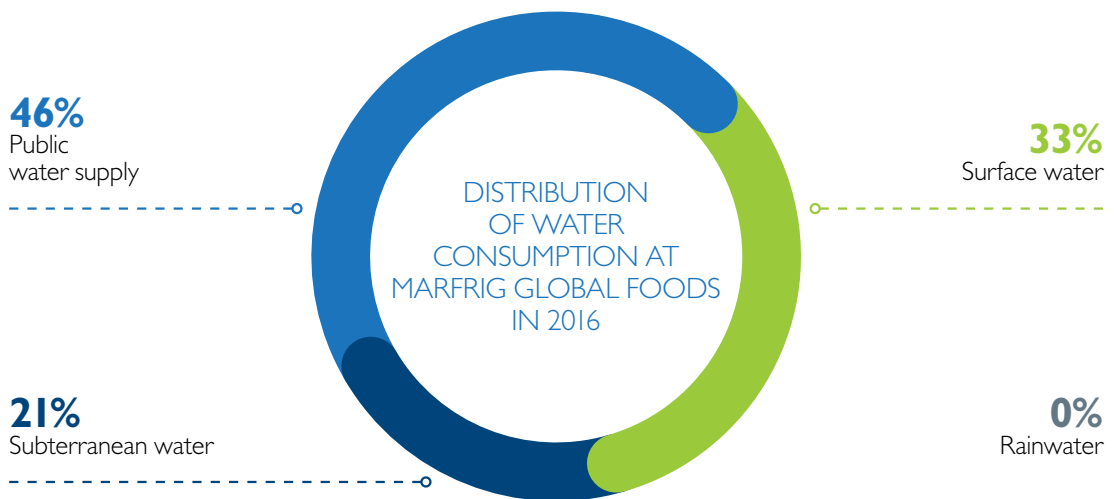
At Keystone Foods water management was also included among KEYSTAR program priorities. The division and its plants have annual water intensity reduction targets and implement improvement actions to achieve them. This includes manufacturing improvements, equipment exchanges, process enhancements, and other initiatives. Deteriorated pipe replacements have already been made, water pre-cooling tanks have been added and additional meters installed. Many actions will be

completed only in 2017, such as deploying more reuse systems, upgrading or replacing inefficient boilers and cooling towers, and improving processes. The change and increase in employee engagement is also under focus. In addition, some Keystone units already have water reuse. In 2016 the division reused 1% of the total consumed.

Other projects of the division are being developed according to globally conducted analysis of risks related to water availability and scarcity in the regions in which their plants are installed.

Although the effect of these initiatives is still not measured, water consumption by Marfrig Global Foods declined in 2016, totaling 18.7 million cubic meters (m³), 7% less than the 20.1 million cubic meters registered in 2015. This reduction includes the discontinuation of plants in Argentina and Brazil, sold between 2015 and 2016, with an impact on the total consumption of the Beef Division. With this being the case, even if the total amount of water used in 2016 was lower, it is likely an indication that the Company's mitigation actions are proving successful. Keystone's water consumption, for example, was 8.4 million m³ in 2016, compared to 8.9 million m³ in 2015. In Brazil there was a reduction (7.3 million m³ in 2016 and 8.4 million m³ in 2015).

	Beef Division	Keystone	Marfrig Global Foods Total
Surface water	6,052,279.34	24,157.00	6,076,436.34
Subterranean water	3,959,136.50	-	3,959,136.50
Rainwater directly collected and stored by the organization	60,225.00	-	60,225.00
Public water supply	139,454.00	8,460,456.56	8,599,910.56
Total	10,211,094.84	8,484,613.56	18,695,708.40



NEW UTE

A new Effluent Treatment Unit (UTE) was completed and put into operation at the Uruguayan plant in San José, resulting from an investment of US\$2 million. This facility is considered a best practice in Uruguay as it is now capable of eliminating nitrogen and phosphorus residues from water. The plant also has its own laboratory for routine controls.



CLIMATE CHANGE AND EMISSIONS

G4 DMA - Emissions | G4-EC2 | G4-EN15 | G4-EN16 | G4-EN17

The Greenhouse Effect is a natural planet-wide phenomenon where certain gases in the atmosphere prevent some of the heat absorbed from the sun from being dissipated back into the universe. However, the evolution of human activities post-Industrial Revolution, especially those related to the use of fossil fuels and the destruction of forests, has led to an intensification of this phenomenon and, consequently, to a greater warming of the Earth. It is this warming that has led to climate change, including changes in rainfall regimes, the characteristics of the seasons, and numerous other factors. These changes have a direct impact on agriculture and the availability of water, which, in turn, directly interferes with the progress of

human activities. They are, therefore, a priority among the themes related to the preservation of the planet and its resources.

Marfrig Global Foods has an exclusive policy to address this issue: the Climate Change Policy and Natural Resources. This establishes operational levels for industrial, commercial and service activities toward the low carbon economy. The Company has been twice-awarded the Gold seal of the Brazilian GHG Protocol Program (Greenhouse Gas emission measurement tool), and has carried out an annual inventory of Greenhouse Gases (GHG) since 2010, an important tool for directing actions aligned with environmental strategies.

In 2016, the Company's total emissions totaled 14.7 million tons of CO₂ equivalents (tCO₂e), 13% less than the 17 million tCO₂e recorded in 2015. Reductions were achieved in both Scope 2 emissions (indirect emissions concerned to consumption of electricity) and Scope 3 emissions (indirect emissions related to the Company's activities, but for which it does not have direct management). In addition to the Company's initiatives for reduction, the sale of units in Argentina and Brazil between 2015 and 2016, as well as the closure of some units in Brazil, also impacted on the final result. Marfrig's performance in the emissions inventory for 2016 is shown in the table below.

Emissions of greenhouse gases from Marfrig Global Foods

	2016	2015	Variation
Scope 1	352,284.31	316,901.90	11%
Scope 2	260,675.63	277,428.52	-6%
Scope 3	14,131,099.34	16,358,139.13	-14%
Total	14,744,059.28	16,952,469.56	-13%

This inventory was prepared in accordance with the GHG Protocol, an enterprise emissions measurement program headed, in Brazil, by GVces, a center for sustainability studies at Fundação Getúlio Vargas. The Company has been using this tool since 2014, as it is a worldwide reference for companies and governments. The process is compatible with the requirements of ISO 14064-1: 2006 and with the methods of quantification of the Intergovernmental Panel on Climate Change (IPCC) as well as the guidelines of the Defra Voluntary Reporting Guidelines, British government orientations, and ASHRAE Standard 34, the United States organization to promote sustainability in the industry.

Note: Scope 1 emissions are those that are generated directly by the Company's activities. Scope 2 emissions congregate indirect emissions related to the use of electric energy. Scope 3 emissions are related to other indirect emissions, arising from the Company's activities, but for which it does not have direct control.

First methane emission-neutral cattle for slaughter

On January 25, 2016, slaughtered the first slaughter cattle with a neutral methane emission rating in its Promissão facility (SP). A plot with eighteen animals was created according to criteria established by the Neutral Livestock Project at the Triqueda Farm, located in the Coronel Pacheco municipality (MG). Subsequently, the project was adopted by six other properties, including Ecofarms, located in the Prata municipality (MG).

The first batch of 18 animals slaughtered, had a carbon footprint (measuring the amount of carbon dioxide produced) of approximately 73.43 tons of CO₂ and emissions were compensated by the planting of trees following the system of livestock and forest integration and the integration of trees with pastures among other premises.

MATERIALS, EFFLUENTS AND RESIDUES

The total volume of waste generated by the Company fell 50% between 2008 and 2016, equivalent to an annual reduction of 214,000 metric tons. During this same period, discards made in landfills fell by 28%, which means that approximately 11,000 metric tons per year were recycled and reused. Projects aiming at reducing waste generation include the identification of those that could be recycled and of inefficient production processes, in addition to training of employees.

The Company also supports the use of recyclable packaging. One of Marfrig's most important customers requires that the product transport boxes contain at least 25% post-consumer recycled material (made from waste from the manufacture of new products) and 40% fully recycled material.



The disposal of waste and effluents generated and not reused in the operation activities occurs in all the operating units of Marfrig Global Foods, according to the applicable legal requirements and other requirements of the environmental agencies of each country.

Marfrig also monitors and conducts environmental impact studies in the various phases of development and licensing of new projects, which allows it to know the biodiversity of the site studied. With this information in hand, the Company can identify the characteristics of the waste that will be generated and, thus, the technologies necessary for its treatment and release in the receiving water bodies of each region or forms of disposal of solid waste more adequate.

In reference to products considered to be hazardous, Marfrig establishes strict procedures to be followed in terms of storage, transportation and disposal,

based on the identification of the risks involved and the definition of necessary mitigation and prevention actions. Hazardous product policy procedures include environmental monitoring and the maintenance of contingency plans specific to each type of occurrence and substance in case of an accident. Eventual occurrences are recorded and submitted to an extensive process for evaluating causes in order to establish the necessary adjustments to the procedures in force.

Keystone, through the KEYSTAR program (see page 79), has been working to reduce solid waste and packaging. The division is pursuing an aspirational goal is to eliminate waste disposed of in landfill. Since 2008 the division has reduced its total waste volume and its waste disposed of in landfill, each by 54%. Our 2016 total waste volume represented a decrease of more than 187,000 tonnes from our 2008 levels.



A photograph of fresh green lettuce leaves and a bowl of red sauce on a rustic wooden surface. The lettuce is vibrant green and has a ruffled texture. The bowl is made of terracotta and contains a thick, dark red sauce. The wooden surface is made of horizontal planks with a natural, weathered appearance.

GRI summary



G4-32

Indicator	Description	Global Pact (Principles)	Page/Response
STRATEGY AND ANALYSIS			
G4-1	Statement from senior decision-maker		18 to 21
G4-2	Key impacts, risks, and opportunities		18 to 21
ORGANIZATIONAL PROFILE			
G4-3	Name of the organization		12
G4-4	Activities, brands, products, and services		12
G4-5	Location of headquarters		12 to 15
G4-6	Countries where the organization operates and where it has significant operations		12 to 15
G4-7	Ownership and legal form		12
G4-8	Markets served		12 to 15
G4-9	Scale of the organization		12 to 15
G4-10	Information on employees and other workers	6	63
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	3	63
G4-12	Describe the organization's supply chain		73
G4-13	Significant changes during the reporting period		27 to 32
G4-14	Report whether and how the organization adopts the precautionary principle or approach.		54 and 60
G4-15	Charters, principles or other initiatives developed externally.		73 and 82
G4-16	List the participation in trade associations and domestic or international protection organizations in which the organization actively participates		82
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Entities included in the consolidated financial statements		100
G4-18	Process for defining report content and boundaries		7 to 9
G4-19	List all of the identified relevant aspects in the definition of the content of the reporting process.		7 to 9
G4-20	The boundary of each material aspect within the organization		7 to 9
G4-21	The boundary of each material aspect outside the organization		7 to 9
G4-22	Restatement of information provided in previous reports		7 to 9
G4-23	Significant alterations in scope and boundaries of material aspects in relation to previous reports		7 to 9
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholder groups engaged by the organization		7 to 9
G4-25	Basis used for identification and selection of stakeholders for engagement		7 to 9
G4-26	Approach to involving stakeholders		79,8

Indicator	Description	Global Pact (Principles)	Page/Response
G4-27	Main topics and concerns raised during engagement, by stakeholder group		7 to 9, 81
REPORT PROFILE			
G4-28	Reporting period		7 to 9
G4-29	Date of most recent previous report		The previous report was published in 2016.
G4-30	Reporting cycle		Marfrig Global Foods has an annual reporting cycle.
G4-31	Contact for questions about the report or its content		7 to 9, 96
G4-32	Table showing the location of information in the report		9
G4-33	Policy and current practice with regard to seeking external assurance for the report		7 to 9
GOVERNANCE			
			54
G4-34	Organization's governance structure		In 2016, the management committee was extinct and the ethics committee was replaced by the Compliance Department.
ETHICS AND INTEGRITY			
G4-56	Statements of mission and values, codes of conduct and relevant principles		17, 54
ECONOMIC			
G4-DMA	Economic performance		32, 42
G4-EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other investments, retained profits and payment to capital providers and governments		50
G4-DMA	Procurement practices management approach		68
G4-EC9	Proportion of spending on locally based suppliers in important operating units		68
FP1	Percentage of volume bought from suppliers in compliance with the company's purchasing policy		68, 73
ENVIRONMENTAL			
G4-DMA	Energy		88
G4-EN3	Energy consumption within the organization	7,8	88
G4-EN6	Reduction in energy consumption	8,9	88
G4-DMA	Water		89
G4-EN8	Total water withdraw by source	7,8,9	89
G4-EN10	Percentage and total volume of water recycled and reused	7,8,9	89
G4-DMA	Biodiversity		82
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	7	82
G4-DMA	Emissions		82
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	7	91
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	7	91
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	7	91
G4-DMA	Products and services		88, 89

Indicator	Description	Global Pact (Principles)	Page/Response
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	7,8,9	82, 88, 89
G4-DMA	Overall		81
G4-EN31	Total environmental protection expenditures and investments by type	7	81
G4-DMA	Supplier Environmental Assessment		73,82
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	7	73
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	7,8	73, 82
SOCIAL			
G4-DMA	Occupational Health and Safety		64
G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs		64
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of workrelated fatalities, by region and by gender		64
G4-DMA	Supplier Assessment for Labor Practices		73
G4-LA 14	Percentage of new suppliers that were screened using labor practices criteria		73
G4-LA 15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken		82
HUMAN RIGHTS			
G4-DMA	Investment		There was no management approach in investments.
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	1,2	During 2016 there was no investment that would lead the Company to a majority ownership interest in another entity or any capital investment project with a material impact on the financial statements."
G4-DMA	Child labor		73
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor; and measures taken to contribute to the effective abolition of child labor	1,2	73
G4-DMA	Forced or Compulsory Labor		82
G4-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	1,2	73, 82
G4-DMA	Assessment		73
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	1,2	73

Indicator	Description	Global Pact (Principles)	Page/Response
G4-DMA	Supplier Human Rights Assessment		82
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	1,2	73
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	1,2	73, 82
SOCIETY			
G4-DMA	Anti-corruption		54
G4-SO4	Communication and training on anti-corruption policies and procedures	10	54
G4-DMA	Public Policy		There was no management approach in public policy.
G4-SO6	Total value of political contributions by country and recipient/beneficiary	10	No contributions have been registered to political parties made by Marfrig Global Foods in 2016. Keystonte has a policy that prohibits the practice.
G4-DMA	Supplier Assessment for Impacts on Society		73, 82
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	10	73
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	10	82
PRODUCT RESPONSIBILITY			
G4-DMA	Customer Health and Safety		80
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement		100% of the Company's products are processed in accordance with the National and International Food Safety Standards, according to the sanitary and quality standards established by the countries for which the exports are destined.
FP5	Percentage of production volume manufactured in operational units certified by an independent organization according to internationally recognized food safety management system standards		74, 80
FP6	Percentage of total sales volume of consumer goods, discriminated by product category, containing low saturated and trans fat, sodium and added sugar contents		80
FP7	Percentage of total sales volume of consumer goods, discriminated by product category, containing higher content of nutritive ingredients, such as fibers, vitamins, minerals, phytochemicals and added functional ingredients		80
DISCLOSURES FOR THE FOOD PROCESSING SECTOR - ANIMAL WELFARE			
FP9	Percentage and total of animals raised and/or processed, by species and breed type		23, 68
FP12	Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type		68

Attachments

G4-I7 – Entities included in the consolidated financial statements and whether or not covered by this report

Entities and / or subsidiaries	Are they covered by the report?
MFB Marfrig Frigoríficos do Brasil S.A.	Yes
Marfrig Chile S.A.	Yes
Inaler S.A.	Yes
Frigorífico Tacuarembó S.A	Yes
Masplen Ltd	No
Prestcott International S.A	No
Establecimientos Colonia S.A	No
MF Foods USA, Inc.	No
Marfrig Overseas Ltd	No
Marfrig Argentina S.A.	Yes
MFG Comercializadora de Energia Ltda.	No
Marfrig Holdings (Europe) BV	No
Marfrig Peru S.A.C.	No
Keystone Foods (UK) Limited	Yes
Keystone Foods International Limited	Yes

G4-EN3 - Consumption of energy within the organization	2016	2015	2016	2015
	Beef Division		Keystone	
Energy consumption from non-renewable fuels				
Acetylene			5.78	7.23
BPF (heavy fuel oil)	152,860.20	158,148.15		
Diesel	58,028.74	64,852.10	342,005.91	317,427.01
Gasoline			15,500.38	17,353.63
GLP	15,633.91	39,176.29	83,033.06	107,259.64
Natural gas			1,312,904.71	1,238,070.91
Total	226,522.85	262,176.54	1,753,449.84	1,680,118.42
Consumption of energy from renewable fuels				
Sugarcane bagasse	216,734.72	130,554.20	-	-
Briquette	296.88	12,391.29	-	-
Rice husk	115,556.25	100,252.92	-	-
Wood chips	289,358.41	320,128.27	-	-
Renewable firewood	1,272,809.23	1,318,354.01	-	-
Tallow		10,620.99	-	-
Acid Tallow	326,717.92	261,364.34	-	-
Sawdust	50,443.71	197,215.04	-	-
Biogas			25,443.35	18,394.57
Total	2,271,917.12	2,350,881.06	25,443.35	18,394.57
Electric power consumption	795,395.68	448,078.14	1,470,868.97	1,479,720.33
Steam consumption			216.59	292.09
Total power consumption	3,293,835.65	3,061,135.74	3,249,978.75	3,178,525.41

credits

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TRADING MARKETS

Actions

BM&F BOVESPA (New Market)

Trading code: MFRG3

Custodian Bank: Itaú Unibanco S.A.

ADRS (American Depositary Receipts) - Level I

OTC (US over-the-counter market)

Trading Code: MRRTY

Custodian: Deutsche Bank Trust Company Americas

Custodian Bank: Itaú Unibanco S.A.

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