



Global quality in animal proteins

ANNUAL SUSTAINABILITY REPORT 2015

MISSION To provide worldwide the best protein through the long-term rela

offer the best to our clients. **VISION** TO BE RECOG

PROTEIN COMPANY This will happen in fo

and operating in the best markets; providing for the development of the company a

committed to serving all the production chain with operating excellence,

VALUES FOCUS ON THE CLIENT

priorities as ours. We put all our attention and passion in what we do in order to serv

right with respect to our products and procedures. SIMPLICITY

all our processes. The idea of "less is more" permeates everything we do. TRA

conduct and behavior is to learn from our mistakes so as not to make them again. W

as professionals and people. RESPECT We treat everyone as we w

for the development of our relationship. EXCELLENCE W

seek excellence in everything we do. We develop these capabilities through

ENTREPRENEURIALISM We are attentiv

our tasks and we know how to recover in the face of adversity with resilience. We fe

so that we advance when faced with demands, problems and opportunities.

TABLE OF CONTENTS

- 04 Highlights – Marfrig Global Foods in numbers
- 05 About this Report
- 08 Corporate Profile
- 12 Vision, Mission, Values
- 18 Message from the Chairman of the Board of Directors
- 20 Message from the CEO

22

GLOBALIZATION

- 24 Sectorial context
- 30 Operations
- 42 Strategy
- 48 Management model and Corporate Governance

56

MOTIVATION

- PG. 58 Creation of value
- PG. 62 Intangibles
- PG. 66 People management

76

PROFITABILITY

- 78 Economic and Financial Performance
- 90 Statement of added value
- 92 Capital Market

95

SUSTAINABILITY

- 96 Risk management
- 102 Relationship With Outside Audiences
- 114 Environmental Responsibility

128

QUALITY

- 130 Prospects
- 132 Annex – GRI indicators
- 134 GRI-G4 Summary
- 138 Corporate data
- 138 Credits

HIGHLIGHTS – MARFRIG GLOBAL FOODS IN NUMBERS

× G4-9

FINANCIAL

	2015	2014*	2013	2012	2011
FINANCIAL (R\$ billion)					
Net earnings	18.9	15.2	18.8	23.7	21.9
COGS (Cost of goods sold)	16.6	13.2	16.4	20.2	18.7
Gross profit	2.3	2.0	2.3	3.6	3.14
Gross margin	12.2%	13.0%	12.3%	15.0%	14.4%
Adjusted EBITDA	1.8	1.4	1.4	2.1	1.8
Adjusted EBITDA Margin	9.5%	8.9%	7.7%	9.0%	8.1%
Net income (loss)	(0.586)	(0.740)	(0.816)	0.264	(0.746)
Net debt	7.1	11.0	8.9	12.4	11.4
Leverage ratio (net debt / EBITDA)	2.26x	4.98 x	3.0 x	4.31 x	4.45 x
Shareholders' equity	0.844	2.1	3.0	4.3	3.4
OPERATIONAL					
No. of Employees	30,276	32,935	43,069	91,236	85,000
Male	62%	63%	63%	42%	59%
Female	38%	36%	37%	58%	41%
Revenue per employee (R\$ thousand)	624.0	461.8	435.3	260.0	257.4
SOCIO ENVIRONMENTAL					
Socio environmental investments (R\$ million)	29.5	23.2	31.5	41.1	58.9
Water consumption (thousand m ³)	19,865.4	22,979.9	23,163.7	21,226.4	46,288.4
Electricity consumption (thousand GJ)	2,881.6	17,488	12,104	17,366	18,834
Gas emissions per weight (thousand tons CO ₂ e)	23,575.8	24,861.1	19,237.8	26,249.7	22,562.3
Waste (t)	794,218	177,041	191,909	747,637	494,061
OCCUPATIONAL HEALTH & SAFETY					
Total accidents	2,476	2,884	3,568	4,833	6,442
Working days lost due to accidents	8,728	19,134	25,142	37,871	50.3
Fatal accidents	1	0	1	5	4

* Reclassified data of 2014, excluding the results of Moy Park (completion of sale in September 2015) and assets available for sale (Argentina, beef jerky of Marfood and MFG Agropecuária) – the results of these operations were included in "Net Income of Discontinued Operations".

ABOUT THIS REPORT

× G4-13 | G4-17 | G4-18 | G4-19 | G4-20 | G4-21 | G4-22 | G4-23 |
G4-28 | G4-29 | G4-30 | G4-31 | G4-33

This is the tenth edition of the Annual and Sustainability Report of Marfrig Global Foods. For the sixth consecutive year, the production of the document has followed the guidelines of the Global Reporting Initiative (GRI), an independent international organization responsible for creating the most respected sustainability reporting model worldwide.

The work process also adopted for the third time, the "essential" option of the GRI-G4 Guidelines, including the Sectorial Supplement of Processed Foods of this version. The report presents economic, social and environmental aspects of the Company and the evolution of the management in the business units – Marfrig Beef and Keystone Foods – and their production and commercial units and distribution centers established in 12 countries, in the period from January 1 to December 31, 2015.

The contents of the 2015 Report are based on the key facts concerning the Company in the period and the themes of the Materiality Matrix, prepared from an analysis of documents and consultation with internal and external stakeholders, which prioritized the issues to be addressed.

The document has maintained the scope, limits and of measurement methods with respect to the data reported in the 2014 Report. In addition, aspects of the operations were compared to previous years, wherever possible. This publication does not include socio-environmental information of Moy Park or Marfrig Beef Argentina because both, cited in the 2014 Report, were sold, respectively, fully in 2015 and partially in 2016.

The socio environmental information presented here was not submitted to external evaluation. The economic and financial data, adjusted to International Financial Reporting Standards, are based in the accompanying financial statements, audited by BDO RCS Auditores Independentes SS.

In order to send comments, suggestions, questions or criticism of the report, please visit the following contact channels with the Investor Relations Department: site www.marfrig.com.br/ri, Telephone (55 11) 3792-8907 and email: ri@marfrig.com.br.

The report provides economic, social and environmental information with respect to Marfrig and the evolution of its management in the business units.

MATERIALITY MATRIX

× G4-24 | G4-25 | G4-26 | G4-27

The contents of this report were prepared from a new Materiality Matrix of Marfrig Global Foods, based on GRI-G4 Guidelines and developed by an expert consulting firm. The matrix seeks to relate economic, environmental and social impacts and their influence on the stakeholders' evaluations and decisions.

To define the issues to be addressed as a priority in the publication, the following sources of information were used initially: the Company's stakeholder relationship channels (Web site and Facebook, amongst others.), documents of the industry in which Marfrig Global Foods operates and issues relevant to the competition, in addition to the GRI-G4 Guidelines, including the Processed Food Industry Protocol.

In this step, 15 potentially material themes were defined, all aligned with the Company's sustainability context. Then, they were assessed, using a questionnaire sent by e-mail to groups of stakeholders, divided into two axes:



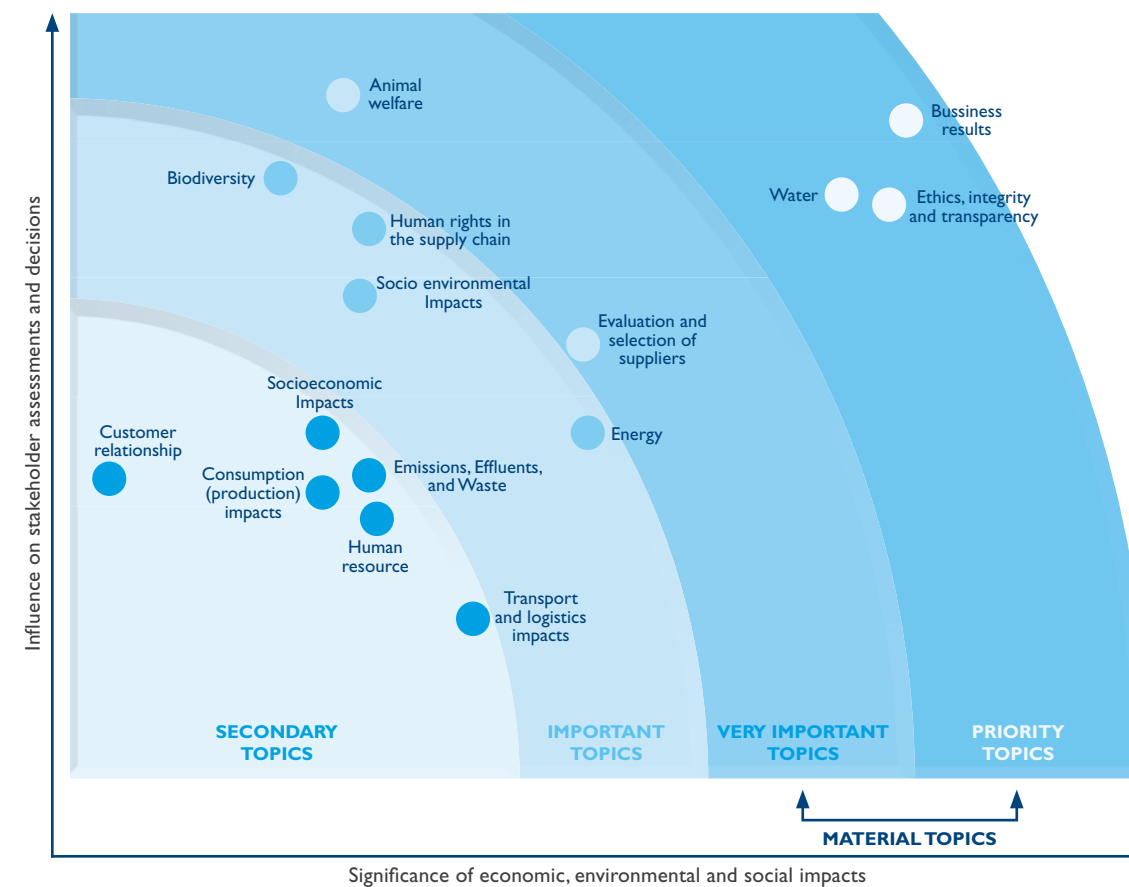
AXIS OF INFLUENCE:

online consultation with clients, suppliers, representatives of civil society organizations, financial institutions and government agencies, which prioritized the topics according to the influence on the decisions taken by them. The replies were compared with respect to the issues most reported in the Brazilian press concerning Marfrig Global Foods and the potential influence of these news articles on the Company's image and/or reputation.



AXIS OF IMPACT:

an online inquiry with employees concerning the relevance of the themes in the business. The replies were compared with the Company's strategy and corporate policies and their relationship with the 15 topics.



Then, the crossing of all the information and consolidation of the data led to the classification of 15 topics in the following categories: three were classified as priority, two as important, four as significant and six as considerable. The Sustainability and Investor Relations departments chose to address in the 2015 report the topics classified as priority and important, totaling five topics:

In the materiality matrix evaluation and validation process, the Board of Directors of Marfrig Global Foods decided to include the following issues: emissions and climate change, health and safety of the food, and innovation, considered by it as material, based on the criteria of importance, impacts and risks to the business of the GRI-G4 guidelines.

- Business results
- Ethics, integrity and transparency
- Water
- Animal welfare
- Evaluation and selection of suppliers

CORPORATE PROFILE

× G4-3 | G4-4 | G4-5 | G4-6 | G4-7 | G4-8 | G4-9

Marfrig Global Foods is a Brazilian multinational company, established in the form of a publicly-held joint stock company, with shares listed on the *Novo Mercado* of BM&FBOVESPA. With its head office in the city of São Paulo, it is present in 12 countries and is one of the largest and most diversified companies in the global market of animal protein. About 60 percent of its operations are based abroad and almost 80% of its revenue comes from sales made internationally. The business model is composed of 46 production units, distribution centers and offices, located in South America, North America, Europe, Oceania and Asia. Their activities consist of production, industrialization, processing, sale and distribution of animal protein-based foods, as well as various other food products, such as frozen vegetables and desserts.

Operating in the food service, retail and food industry segments with innovative safe, healthy solutions, at the end of 2015 the company had more than 30 thousand employees. It offers a diversified, comprehensive portfolio and its products are present in the largest restaurant and supermarket networks, in addition to the homes of consumers in approximately 100 countries. Marfrig is also the largest sheep producer in South America, the largest private company in Uruguay and one of the largest producers of beef in the world. Two business units with global coverage comprise its business model:



-  Production units
-  Distribution Centers
-  Business Units

KEYSTONE FOODS

One of the largest global providers of protein products with high added value for quick-service restaurants (QSRs), retailers and the food industry, Keystone Foods has its head office in the United States. Its operating platform is present in seven American States and five countries in Asia and Oceania. Focused on innovation and committed to high standards of food safety, it combines a broad knowledge of the food industry focused on the client in order to offer a complete mix of frozen and chilled products.

MARFRIG BEEF

Pioneer in the sale and promotion of special cuts and lamb and mutton on the Brazilian market, Marfrig Beef has great expertise in the food service segment in Brazil and also a strong presence in foreign markets, where it is also recognized for the quality of its premium products. Its international operations in South America focus on exporting noble cuts of beef and mutton and on taking advantage of its strategic position in Uruguay and Chile, ensuring that Marfrig Global Foods has access to the main consumer markets in the world.

ETHICAL OPERATION

Marfrig Global Foods is also recognized for its responsible, ethical operation, a posture manifested in its units processes and operations, of rigid quality and safety standards for the food, animal welfare and respect for the workers.

At the end of 2015, the authorized annual production capacity was 785,000 tonnes of processed foods and processing of 3,600,000 head of cattle, 253,000,000 head of poultry and 2,300,000 head of sheep.

In 2015, net earnings, considering only continuing operations, were R\$ 1.9 billion; the adjusted EBITDA was R\$ 1.8 billion; and the free cash flow was R\$ 103 million.

TIME LINE

BM&FBOVESPA's

NOVO MERCADO

2 thousand and Seven

Main Acquisitions

2 thousand and Eleven

2 thousand and Thirteen

2 thousand and Fifteen



2 thousand and Eight

2 thousand and Nine

2 thousand and Ten

2 thousand and Twelve

2 thousand and Fourteen



Acquisition-based
GROWTH

International presence

High FINANCIAL Leverage

Optimization of the
ORGANIZATIONAL STRUCTURE WITHOUT
its global presence

“Focusing on winning”
“Productivity Agenda”

OPERATIONAL IMPROVEMENT IN THE BUSINESS UNITS

Liability management
and debt reduction

Mission × G4-56

TO PROVIDE WORLD-WIDE

the best protein
through the long-term
relationship with our
consumers, creating safe,
high-quality products,
motivated to offer the
best to our customers



Vision



**TO BE RECOGNIZED
AS THE BEST GLOBAL
COMPANY FOR PROTEINS.**


This will happen in four ways:

- growing with our clients, suppliers and partners through innovative products and operating in the best markets;**
- providing for the Company's development and creating value for the shareholder;**
- maintaining a team of motivated workers, committed to catering for the entire production chain with operational excellence, in a sustainable way; and**
- respecting the society in which we operate**




Values


FOCUS ON THE CLIENT

 We are totally committed to our internal and external customers and we embrace their priorities as if they were ours. We place all our attention and passion in what we do to serve our clients in all stages of the production chain. We act with integrity and do what is right with respect to our products and procedures.

SIMPLICITY

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


TRANSPARENCY

 We do not hide our problems. Our conduct and behavior is aimed at learning from mistakes so that we do not make them again. We encourage dialog with our stakeholders, which helps us create confidence and improve as professionals and people.


RESPECT

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

EXCELLENCE

 We constantly encourage innovative solutions and seek excellence in everything we do. We develop these abilities throughout the organization, in search of the fidelity of our internal and external clients.

ENTREPRENEURSHIP

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

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS × G4-I

With great pleasure, I present the Annual and Sustainability Report of Marfrig Global Foods for 2015, a very positive year in the achievement of our goals. We have taken important steps in the process of consolidation as a multinational company with its head office in Brazil and one of the worldwide protein leaders, focused on offering premium products to an increasingly demanding and competitive market.

Our global structure has enabled the Company to move forward even in the face of a challenging global scenario, due to the lower growth of the developing countries, with an emphasis on the adversities of the Brazilian economy. We have followed goals set by our strategic plan Focusing on Winning, focused on growth with profitability, cash generation and a decrease in financial leverage. We have directed our

business towards the international market, we have sold assets and we have sought better operating efficiency. All these measures have led us to achieve, for the third consecutive year, the goals assumed for 2015.

With respect to the operation, among the good results, I highlight the expansion in Asia of our two business units, Marfrig Beef and Keystone Foods. I also register the growth among key accounts and the increase in exports of Marfrig Beef by the Marfrig Beef Brazil division.

In addition, we have achieved new levels of excellence, generating social benefits and profitability. Today we have a simpler, more focused operation, with each of the business units representing about 50% of the global billing.

These results were made possible through the commitment and dedication of our employees and executives not only to reach the planned targets but to surpass them. The partnership of our suppliers and clients also made a decisive contribution as well as the confidence of our shareholders.

The mission of Marfrig Global Foods is to be the best company in the protein industry. I am certain that we are on the right track, through the quality and safety of our food and our customized service. Increasingly, we are guided by our performance through sustainability, present in the DNA of the company and its growing priority, as it represents the future of the business.

The end consumer wants healthier food, with a guarantee of origin, from sustainable production processes. The food service chains are seeking to meet these needs, through the rigorous choice and control of their suppliers. Accordingly, it is our ethical responsibility to meet these demands, fostering partnerships with our clients.

Sustainability involves the entire production process, from the breeding of the cattle and the management of the farms to the animal welfare, passing through the guarantee of environmental preservation, worker safety and the company's social actions. With pride, I can say that the

Marfrig Global Foods has examples of good practices in all these areas. During the reading of the report, prepared in accordance with the guidelines of the Global Reporting Initiative (GRI), you will be informed of the company's projects and partnerships with socio-environmental companies and organizations. I will mention some of them here to show the range of our activities.

We greatly appreciate the public commitment with Greenpeace of not buying cattle from farms in the Amazon Biome denounced for deforestation, for being located in Indian reservations or for environmental conservation, or for using slave labor. The document was signed by Marfrig and other Brazilian companies in the cattle-farming segment in 2009 and it is monitored periodically. In the audit of 2015, **we were the only company in the sector with 100% georeferenced maps and we had 0% nonconformity**, which clearly shows our leadership in the work with the supply chain.

In 2015, Marfrig Beef launched, in partnership with a client, the first Hamburger with the Rainforest Alliance Certified™ seal, to attend the retail networks in Europe, with meat produced in accordance with the highest standards of environmental, social and economic sustainability. Also in partnership with The Nature Conservancy, we have advanced in the dissemination of good environmental practices

in the South of Pará, encouraging technical assistance to producers.

We also emphasize the work of the Marfrig Institute Fazer e Ser Feliz (Making others happy and being happy) in the communities in the vicinity of the company's units in Brazil. The goal is to support the development of children and adolescents in situations of social, economic and psychological vulnerability. In Support Groups they receive extra academic tutoring, medical and dental care and participate in sports activities, among others. In 2015, 240 children and adolescents were benefited by this initiative.

For its commitment to sustainability, Marfrig received various awards in 2015. We emphasize the award granted by the Business Benchmark on Farm Animal Welfare (BBFAW), as one of the best companies in animal welfare practices in the world, alongside large global corporations. Recognitions like this encourage us to improve our sustainable practices. Accordingly, we shall continue to develop the company through value-added products, valorizing our attributes and the continuity of the business.

I wish to thank everyone who has contributed to the achievement of the results presented in this report.

Yours truly,

Marcos Antonio Molina dos Santos
Chairman of the Board of Directors

MESSAGE

FROM THE CEO × G4-I

The employees of Marfrig Global Foods work to attend the diversity of the protein market, safely offering differentiated, high-quality food products in the best way possible. They also seek to build long-term relationships with their clients. These are goals that motivate us daily to create a focused business model without complex structures, based on six values that define our corporate identity: focus on the client, simplicity, transparency, respect, excellence and entrepreneurship – always through sustainability.

We have made material advances in 2015, many of which are focused on the company's globalization process. Various factors have influenced this course, especially the reopening of the Chinese market for fresh Brazilian meat, which has created new business opportunities in this potential consumer market for meat. China has increased from consumption of one million tons per year in 1990 to more than seven million tons per year in 2014, and accounts for 13% of world consumption, with expectations of continued growth. We were already present in the country through our exports of high quality, totally traceable beef from the Uruguay operations. With the ending of the embargo, the Brazilian operations now also have access to the Chinese market, which

contributed favorably to our results in the second half of 2015.

We also have an important differential represented by the knowledge and experience accumulated over more than 20 years of experience by Keystone Foods in China, where our subsidiary occupies a prominent position as a leading supplier of animal protein.

We consider the Asian region as one of our main levers for growth over the next few years, because of the economic growth, increase in average income and changes in habits of the population, driven by growing urbanization. Opportunities are being presented for our two business units. For exports of beef from Marfrig Beef, Asia, and China in particular are important markets with a large potential for growth. For Keystone Foods, which is already consolidated in the region, the plans involve continuing expansion in the Asia-Pacific, Middle East and Africa region (APMEA), taking advantage of its position to capture the growing market.

From the outset, this growth is aligned with our global strategy, i.e., acting in markets that prioritize products with more added value and quality differentials. At the same time, it

contributes towards maintaining and strengthening the Company's international profile and, hence, protects it from possible risks of exposure to adverse situations in specific markets.

The strategy for growth in the food service segment led us to sell the United Kingdom-based operations of Moy Park, a unit aimed more at the retail market, in June 2015. Consequently, the Company's strategy, focused on supplying protein for the food service channel, has concentrated on Marfrig Beef and Keystone Foods, units that are more aligned with the guidelines of the strategic plan Focusing on Winning. At the same time, the funds obtained have made it possible to accelerate the process of liability management for the company, confirming our determination to fulfill our long-term goals of reducing debt and generating cash.

In line with the commitment to improve its capital structure, Marfrig announced in April 2016 the divestment of four units located in Argentina - three cold stores and a feedlot. After the transaction, Marfrig continues to operate the cold store unit of Villa Mercedes, in San Luis province, open to future opportunities in this traditional beef market, which ought to undergo a period for rebuilding the beef herd.

Improvement in efficiency, through increasing manufacturing productivity, was another priority in 2015. In Brazil, for example, the production capacity of the units increased from 70% average use, at the beginning

of the year, to 91% average use at the end of the period, through the transfer of production between operations, temporary closure of five units with lower performance and improvements in the facilities. In our assessment, we took the qualitative leap necessary for an improvement in the operations.

We also emphasize the definition of 2020 Vision of Marfrig Global Foods, a job carried out with the participation of Directors, Vice-Presidents, controllers and more than 160 employees. Through 2020 Vision we want to advance in the initiatives established by Focusing on Winning and make the company even more recognized, through innovation and creation of value, and thus grow with our clients, suppliers and partners.

To achieve 2020 Vision, it is essential to invest in new talent. This is the only way that we will be sustainable for these challenges. Both the trainee program of Marfrig Beef Brazil – first held in 2015 – and similar initiatives in Keystone Foods and in-house programs for valorization of leaders have indicated young professionals with growth potential, thus strengthening the team of employees and preparing ourselves for the next challenges. They are rewarding projects and a source of pride for everyone.

The 2015 results indicate positive prospects for Marfrig Global Foods. We shall continue to invest in the organic growth of operations, giving priority to reducing the levels of financial leverage, increased cash generation and more profitability.

In this first year of management leading the Company, I wish to thank all the more than 30,000 employees for their dedication to Marfrig. The contribution of each one was essential for the important achievements of 2015. I also wish to express my appreciation to our suppliers, for seeking to improve our processes and meet the demands of the market, and to our clients, for showing their trust in our products. I also manifest profound gratitude to the Board of Directors, for their support, clear definition of guidelines and constant monitoring of the execution of the business.

We have taken basic steps towards keeping Marfrig Global Foods on the path to long-term sustainable growth and to consolidation of its leadership in the animal protein industry. We have a lot of work ahead of us and we are motivated to face the next challenges with the same willingness and readiness.

Happy reading!

Martin Secco
Chief Executive Officer (CEO)
da Marfrig Global Foods



GLOBALIZATION

(globe + al + ization) globe – from Latim *globus*

1. Act or effect of globalizing. 2. Phenomenon

greater integration between producers and

3. Species of worldwide financial market created

of different countries and the breakdown of

observed nowadays consisting of

consumers of various countries.

from the union of the markets

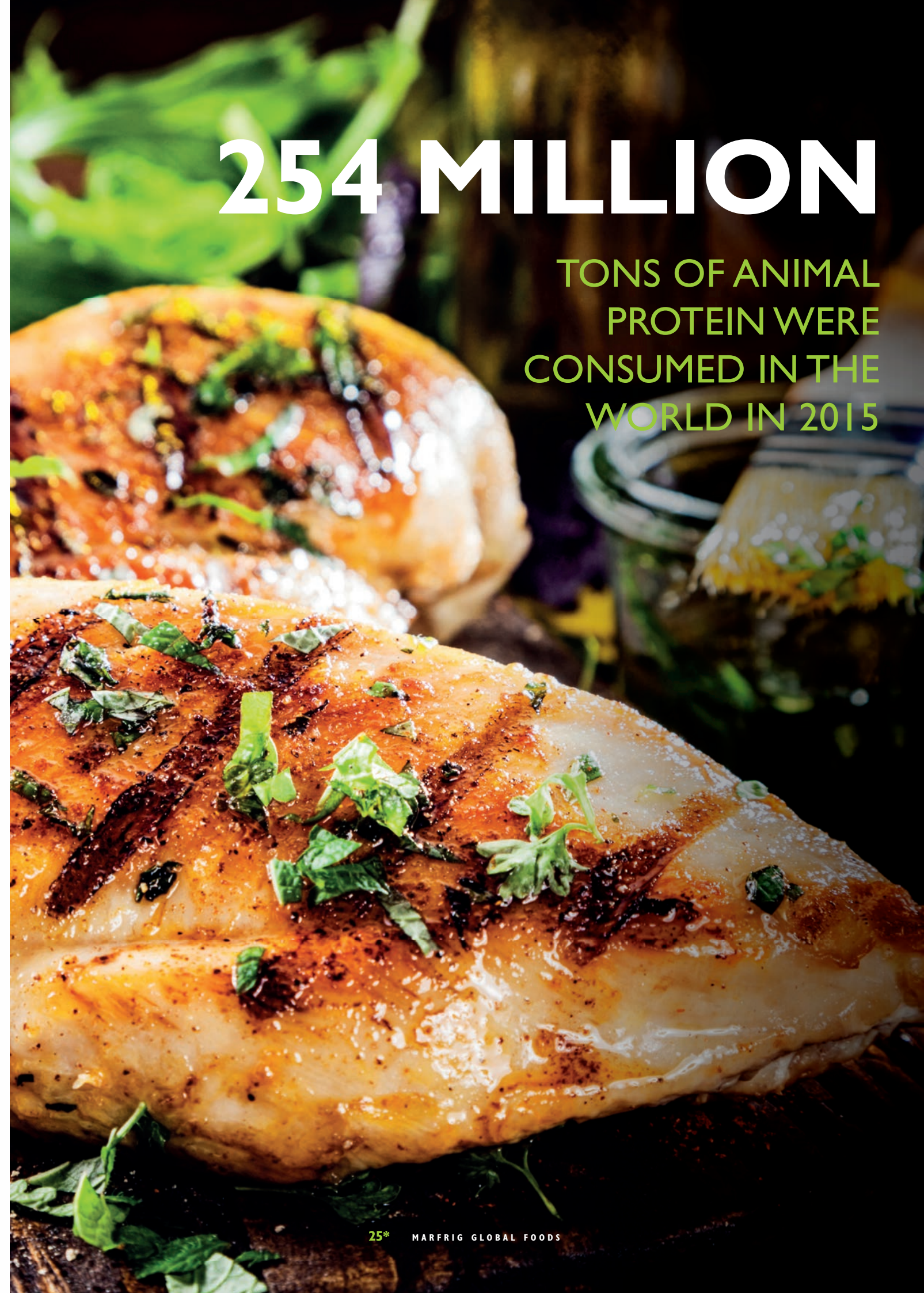
boundaries between these markets.

SECTORIAL CONTEXT

The growth in consumption of animal protein has led to a debate on the importance of sustainable production.

In 2015, the worldwide consumption of animal protein – from cattle, pigs and poultry – was estimated by the United States Department of agriculture (USDA) at 254 million tons. Of this total, 60% was consumed by the emerging markets (Latin America, Asia and Africa). China, with its large population, rapid economic growth and change in the diet of its population, due to the gain in purchasing power and increasing urbanization, has held a key position in terms of food consumption trends. Since the late 1980s analysts have been anticipating that the transition of the alimentation of the Chinese people to a diet that is richer in various types of meat would have an important impact on the world markets. In 2015, China alone was responsible for 50% of the consumption of this emerging block, i.e. 30% of the world consumption of animal protein.

This scenario of growth has also led to the debate on the importance of sustainable production. The objective of this model is to meet the demands of the population while promoting initiatives for the preservation and conservation of natural resources. Thus, through commitments to stakeholders and innovation processes, producers are increasingly seeking to avoid an increase in the consumption of water and power as well as pollution of air and of water sources. Care of the soil, to avoid contamination and erosion, maintenance of biodiversity and mitigation of factors that influence climate change are also more present in company strategies.



254 MILLION

TONS OF ANIMAL
PROTEIN WERE
CONSUMED IN THE
WORLD IN 2015

CATTLE SEGMENT

BRAZIL

According to the Brazilian Association of Meat exporters (ABIEC), the billing from Brazilian beef exports was US\$ 5.9 billion in 2015. The companies shipped more than 1.39 million tons from January to December. The result, however, was lower than in the same period in 2014, when exports reached the all-time record of US\$ 7.2 billion, with shipments of 1.56 million tons. Short-term problems in important markets for the Brazilian product influenced this decrease, such as the currency crisis in Russia and also the drop in oil prices, which, in turn, affected consumption and increased the credit risk in Venezuela. After a first quarter impacted by the exit of these two countries from the global meat market, the industry's margins recovered as from the second quarter.

Two strategic priorities of the Brazilian beef exporting sector were reached in 2015: the advance of the agreement with the United States and the beginning of shipments to China, ending the embargo on Brazilian meat in force since 2012. The reopening of the markets of Saudi Arabia, Iraq, South Africa and Japan (processed meat), with the suspension of the same embargo is also emphasized.

The milestone of the negotiations with the United States was the publication, in June 2015, of the Final Rule, the U.S. Government document authorizing the exporting of fresh meat from 14 Brazilian States to the United States. Immediately after that, the sanitary control agencies of the two countries went ahead with the process for establishing equivalence in the product inspection procedures – the final step, in fact, for the beginning of the exports.

With the end of the Brazilian fresh beef restriction by China, shipments to that country were resumed in June 2015 and totaled about 97,000 tons in the year, representing revenues of US\$ 476,500,000, according to ABIEC. Sales to this new market partially offset the slowdown in Brazilian demand, affected by the worsening of the economic crisis.

URUGUAY

With a strong performance in the first quarter of 2015, when the volume of exports was 22% higher than in the same period of the previous year, the Uruguayan beef market suffered a reversal as from the second half of the year. The causes were a more prolonged period of drought in the region, which led to high cattle prices, and the retraction of export margins, due to the fall of the international price in dollars.

POULTRY SEGMENT



In 2015 the United States maintained its position as the world's leading producer and consumer of poultry protein, with a total 18.0 million tons. Brazil, with 13.2 million tons, consolidated its position as the second largest producer and overtook China, which produced 13 million tons, according to data from the Brazilian

Association of Animal protein (ABPA) and the United States Department of Agriculture (USDA).

After three years of strong growth and expansion of margins, worldwide profitability suffered retraction during 2015 given the increased availability of supply and consequent reduction of the

international price (in US dollars). On the other hand, according to USDA data, the average price of corn and soybeans, key inputs in the production of poultry, showed a decrease of 4% and 24%, respectively, for 2014.

The fact that the United States had faced an outbreak of avian influenza in the first half of the year also influenced the international market, hurting their exports.



Increased purchasing power and urbanization favor the demand for poultry in developed and emerging countries.

The world-wide demand for poultry has been growing in recent years in the developed and emerging markets and the trend is to maintain a similar scenario, considering aspects related to the growth of purchasing power and greater urbanization in developing countries. Once again, consumer spending in China stands out, as well as religious matters and the fact that animal protein costs less when compared to other proteins and that it is also a low-fat meat.

FOOD SERVICE SEGMENT

The segment has been undergoing strong growth in the Asia-Pacific region, the Middle East and Africa (APMEA), with the continuous expansion of global food service networks, especially in Asian countries. In addition, the major international fast food networks are expanding the number of eateries in these markets, once again with an emphasis on China, considering the growth in revenue, urbanization and consumption habits of the population.



Marfrig has a strong presence in China, one of the potential growth markets for all types of animal protein.



CHINESE MARKET

China is regarded as one of the potential growth markets for all types of animal protein. In 2015, Marfrig Global Foods maintained a strong presence in China through its two business units. Marfrig Beef participated actively in the Brazilian beef shipments to China, with positive results. The industrial units located in Alegrete, Bagé – both in the Brazilian State of Rio Grande do Sul – and Promissão, in the Brazilian State of São Paulo, directed their activities exclusively towards the Chinese market, offering various cuts of meat and products.

Through chicken meat, their flagship product and its growth strategies in the APMEA region Keystone Foods also remained as an important agent in the Chinese market and was largely responsible for the Company's outstanding growth and performance in the Asian continent. Present in China for 20 years, it operates three units in the cities of Shenzhen, Weifang and Harbin, which produce processed and industrialized foods for large quick service restaurant (QSR) networks. The company offers a diversified portfolio, also attending the needs of its customers for beef, pork, and fish products and desserts.

WORLDWIDE GROWTH



Even in 2015, the fundamental aspects for the commodities related to agribusiness remained preserved. In the specific case of animal protein, the more urbanized society and the growth in average income have led to the increase in demand. It is expected that this trend will continue over the next decade.

The world gross domestic product (GDP) grew 3.1% in 2015, in line with the expectations of the International Monetary Fund (IMF), revised in October of the same year. The performance of the world economy reflected the slow recovery of the developed countries and the continuing slowdown of the emerging countries. Factors such as a weaker capital flow directed towards the emerging countries, internal conflicts in some countries and a decrease in global trade also contributed to this performance.

In this context, Marfrig Global Foods has continued with the strategy of organic growth through its diversified global platform. At the same time, the Marfrig Beef unit has sought to reduce the impact of the retraction of the Brazilian domestic market, by expanding exports to the markets in which it was already operating and to the recently reopened Chinese market. The Keystone Foods unit, in turn, has maintained its strong growth in Asia.

The World's second-largest economy, China showed positive evolution of 6.9% in 2015. Even though it is the smallest annual growth registered by the country in the last 25 years, it was a very positive performance for the GDP, especially if the size of the Chinese economy is taken into consideration. Thus, the Chinese economy performance in 2015 had a positive influence on the result of the world GDP.

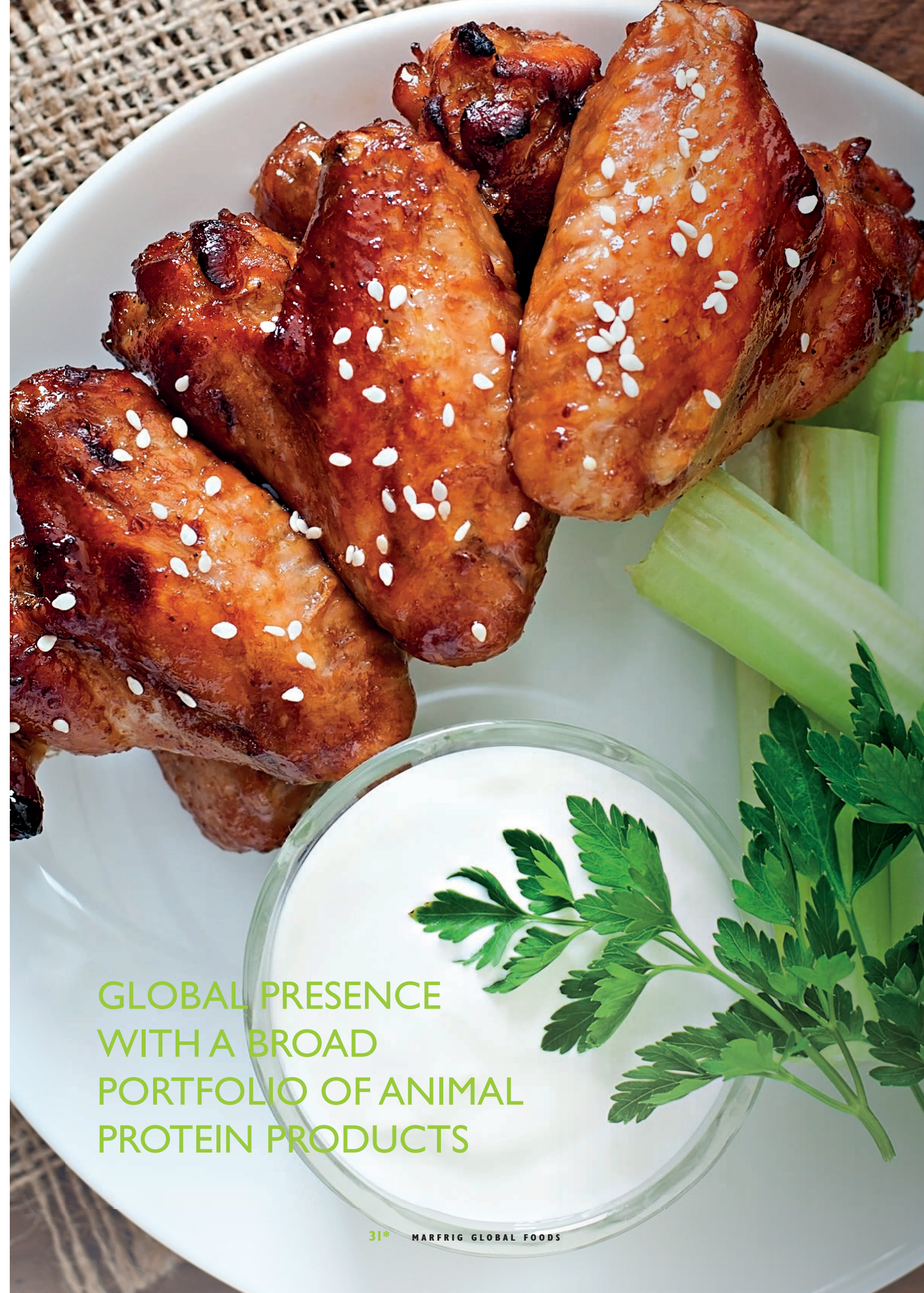
OPERATIONS × G4-DMA-Investments

Catering for the client's specific demands is the hallmark of Marfrig Beef's and Keystone Foods' operations.

The two business units of Marfrig Global Foods – Marfrig Beef and Keystone Foods – operate globally and enjoy a broad, diversified animal protein product portfolio. Among the differentials of the brands, the offer of premium meats is emphasized, a segment intended for customers in search of products with higher added value and responsible for transforming the farming of cattle for beef production in recent years. Keystone Foods is also recognized for its performance in the poultry segment, especially chicken, offering products to key accounts in restaurant, food service and retail chains.

Both business units are also distinguished for attending demands, offering unique items and delivering products ready for sale, without the need for new handling and recruitment of skilled labor by the client. This ensures volume, product quality and, principally, standardization in attendance throughout the year.

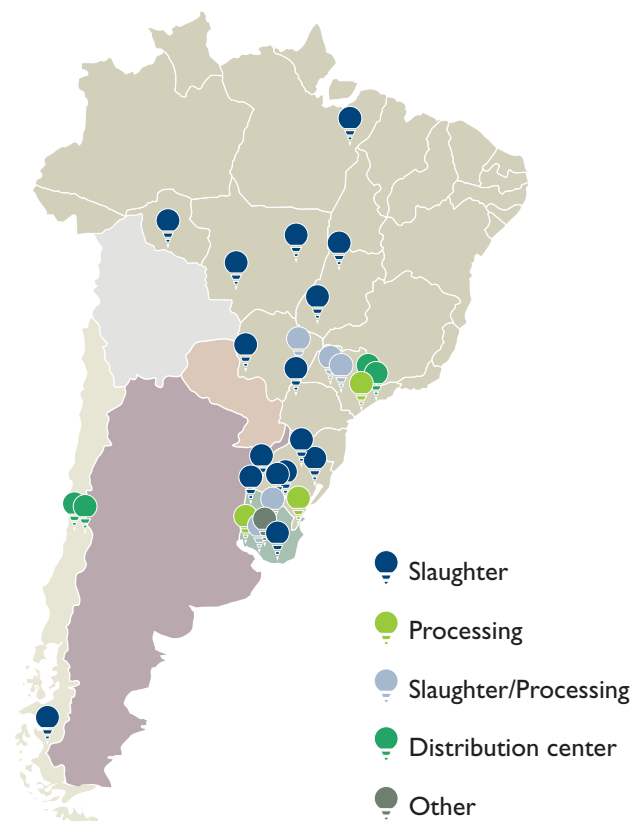
With complementary operations mainly in terms of types of products and animal proteins, the units also operate in partnership, since Marfrig Beef, via its operation in Uruguay, provides raw material for some beef protein based products of Keystone Foods. Another important link between the two operations is the expansion of the food service segment, one of the priorities of the Company's growth strategies.



GLOBAL PRESENCE
WITH A BROAD
PORTFOLIO OF ANIMAL
PROTEIN PRODUCTS

MARFRIG BEEF

Marfrig Beef is one of the world's largest beef protein processor and a pioneer in the marketing and promotion of beef and lamb on the Brazilian market. With expertise in the food service segment, it also has a strong presence in foreign markets, and is valued for the quality of its premium products. It operates through two divisions, Marfrig Beef Brazil and Marfrig Beef Southern Cone, where the latter is in charge of active operations in Uruguay and Chile, as well as a unit in Argentina, after the sale of most of the operation in that country. International operations in South America are focused on the exporting of noble cuts of lamb and beef and on taking advantage of the strategic position of Uruguay and Chile in relation to the main consumer markets in the world.



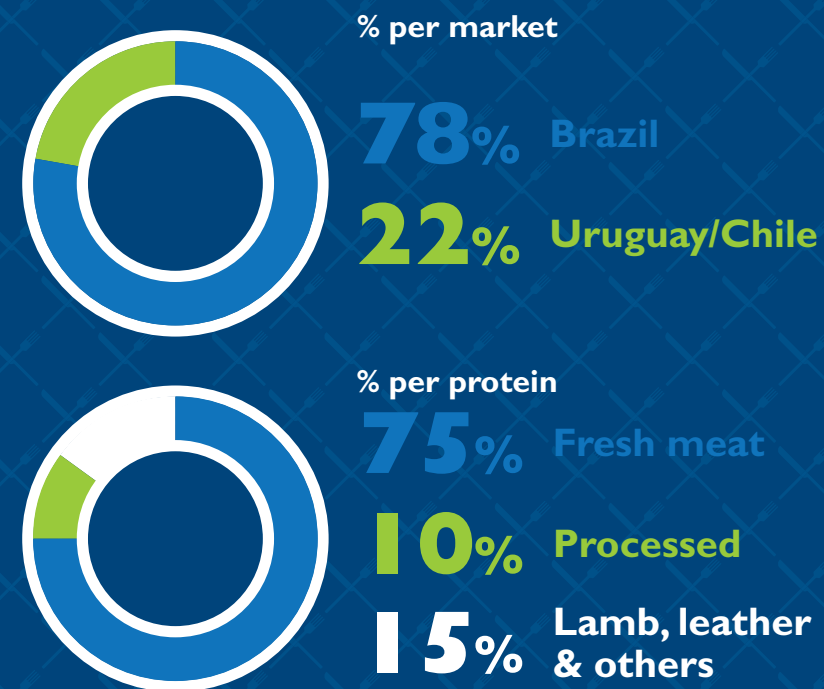
With recognized brands, Marfrig Beef accounted for 52% of the billing of Marfrig Global Foods in 2015.

The business unit unites in its portfolio of brands wide recognition in the market, for the quality of its products and the features of sustainability related to them. Marfrig Beef is also the second largest Brazilian beef operation and the first in Uruguay, leading even the importing of meats in Chile.

In 2015, it was responsible for 52% of the billing of Marfrig Global Foods, where 78% of the revenue originated from operations in Brazil and 22% from the activities in Uruguay and

Chile. The recent opening of new markets for Brazilian meat – China and Saudi Arabia – has created the opportunity to advance in exports in the coming years, where the first shipments were made in the second half of 2015. In the Uruguay operation, a country that has access to the main beef importing markets, external sales accounted for 62% of the revenue in the year.

Marfrig Beef Revenue 2015 – R\$ 9.9 billion



In total, Marfrig Beef brings together 18 production plants and eight distribution centers in the three countries in which it operates in South America. The manufacturing plants enable the unit to process 3,600,000 head of cattle, 2,100,000 sheep and 215,000 tons of processed foods per year, sold in approximately 100 countries. About 90% of the animals slaughtered in all the units of Marfrig Beef were raised on pastures, while the rest originates from feedlots.

The strategic partnership between Marfrig Beef Brazil and Marfrig Beef Southern Cone favors the unit's business and, consequently, of the company as a whole. On the one hand, the Brazilian operation excels in terms of volume. On the other hand, the operation of the Southern Cone, especially in Uruguay, offers differentiated products with high added value with access to the main importing markets. The result is a complementary and highly competitive portfolio.

To prioritize the premium meats segment for the food service and retail sectors, Marfrig Beef adopts more and more modern production models, respecting and promoting legal, environmental and animal welfare aspects in the production chain. It also uses its partners' monitoring programs in order to offer greater safety of the food for the end consumer, such as the Marfrig Club, a bonus program for ranchers who follow socio-environmental practices. (Information in the chapters on External Public Relations and Environmental Responsibility).

MARFRIG BEEF

Operational structure	BRAZIL	URUGUAY AND CHILE
26 units	17	9
18.2 thousand employees	13.8 THOUSAND	4.4 THOUSAND
Slaughter capacity		
3.6 MILLION cattle/year (authorized)	2.7 MILLION	930 THOUSAND
3.1 MILLION cattle per year (actual)	2.2 MILLION	930 THOUSAND
2.1 MILLION sheep/year	-	2.1 MILLION

OPERATIONAL EFFICIENCY

Following the strategies of the *Focar para Ganhar* (Focusing on Winning), whose aim is to gain productivity in operations and profitability, Marfrig Beef Brazil optimized its manufacturing plant in 2015. The division's slaughter capacity increased from 70% to 91% (a rate that represented a significant increase in performance), through the transfer of capacity between the units and a decrease in the number of factories from 15 to 10. This concentration of volume in the units with a higher level of operational efficiency generated a reduction in fixed costs, hence, providing better margins.

Also in 2015, Marfrig Beef Brazil launched the premium pet brand Bonapet, for dogs and cats, as a way to maximize the use of the cattle beast and, at the same time, capitalize on the opportunities already identified in this new segment. It is estimated that the world-wide billing of pet products surpassed US\$ 104 billion in 2015, registering an increase of 4% over the previous year. Brazil was responsible for 5.4% of this total, with a market of US\$ 17.9 billion.

Marfrig Beef's strategy is to offer value-added products to the food service and retail sectors, both in the domestic and foreign market.

URUGUAY: PRODUCTION FOR EXPORT

× G4-FP5 | G4-FP6 | G4-FP7

With highly differentiated products and access to the main global markets, the Uruguay Division is the main line of business of Marfrig Beef Southern Cone and one of the main export platforms of Marfrig Global Foods, with constant demand and access to markets such as the United States, Canada, Europe and Asia. Its slaughtering park consists of five production units: Colonia, Fray Bentos, Salto, San José and Tacuarembó, which adopt internationally recognized sustainability practices.

The supply of cattle is essentially from natural pastures. The division structures its business based on animal welfare and programs of certified ecological meat, sent to its main markets. In 2015, in yet another innovative initiative, the Uruguay unit sent to the United States the first batch of certified Live Grass Fed Beef. This standard refers to the absence of antibiotics and growth promoters in the breeding of animals, fed only on pasture and without foods of animal origin.

Among the other labels, Angus and Wagyu are emphasized. Both meet the criteria of the food security programs of the main international markets such as the European Union, the North American Free Trade Agreement (Nafta), as well as Russia, the MERCOSUR countries, Asia and the Middle East. These certifications enable monitoring and tracking in accordance with international standards.

The production of lamb and mutton completes the product portfolio. With a slaughter capacity at the end of 2015 of more than 2 million head of sheep per year, the operation provides the Company with a prominent position among the largest suppliers of sheep in South America.

OTHER OPERATIONS IN THE SOUTHERN CONE

The focus of the operations in Chile is the importing of meat from Brazil and the Southern Cone countries. This trade is a stable business, which suffers little influence from the variations related to meat production. In addition, its geographical location reinforces the strategies of Marfrig Global Foods not only in the region but also for the exporting of beef.

The company continues to operate a cold store in the province of San Luis, in Argentina, after the sale of the remaining operations of feedlots and cold stores established in this country.

PRODUCTS AND BRANDS

Marfrig Beef's strategy is to offer products with higher added value, geared to the food service and retail sectors, not only domestically but also for export. To do this, its brands bring together cuts of beef, including in its portfolio organic beef and lamb for restaurant, steakhouse and supermarket chains. It also includes frozen fish and vegetables, bresaola, olive oils and desserts.

MARFRIG BEEF'S BRANDS:

BRAZIL:



ARGENTINA:



CHILE:



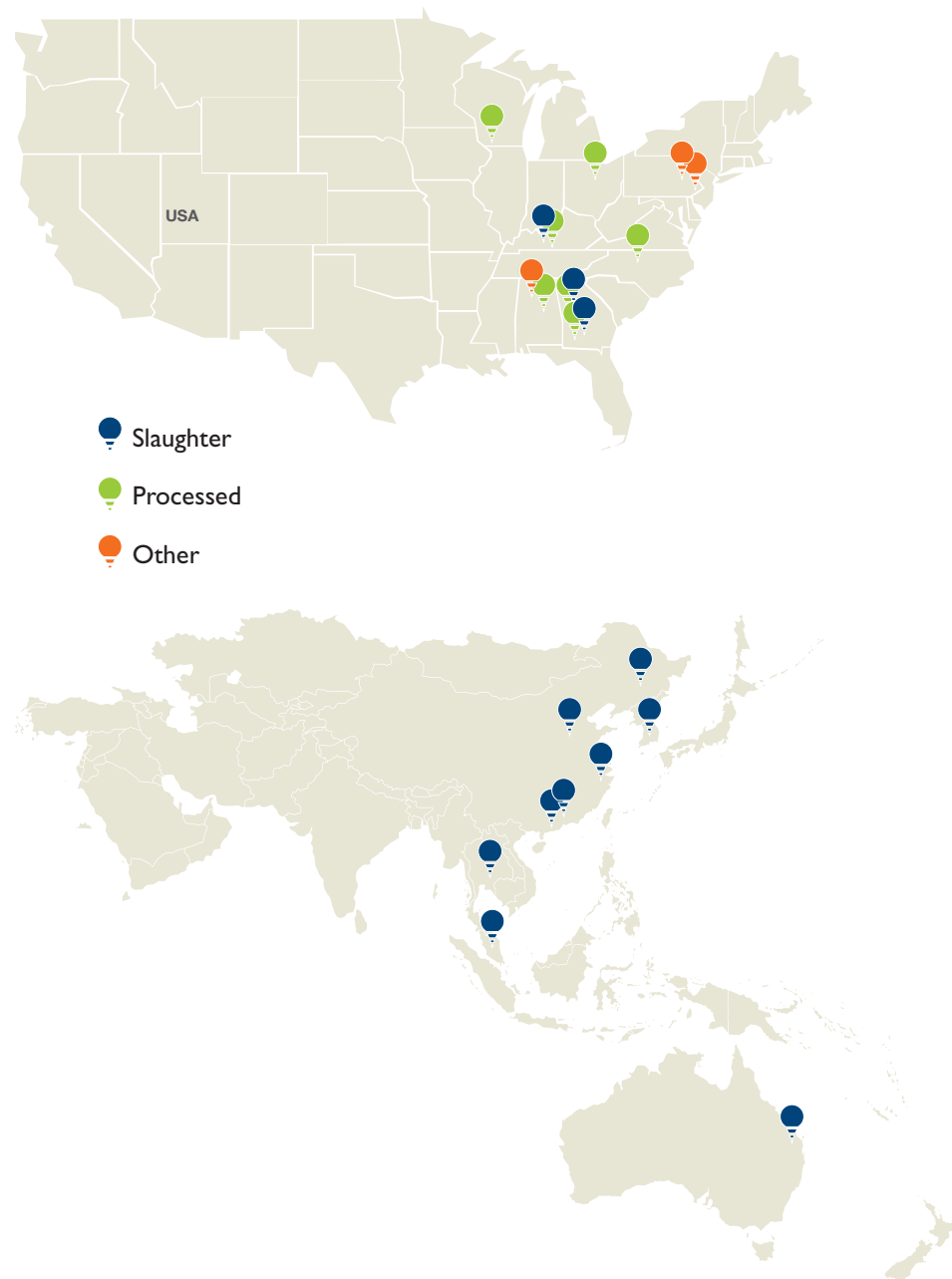
URUGUAY:



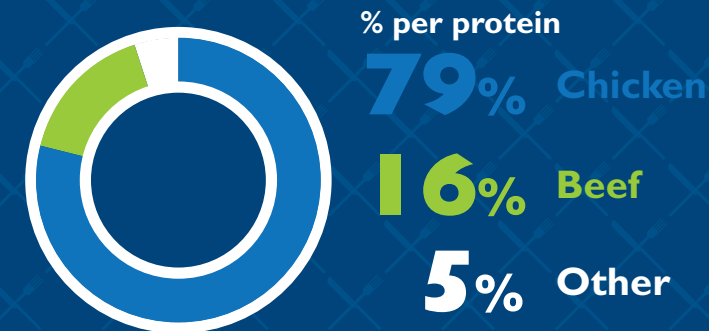
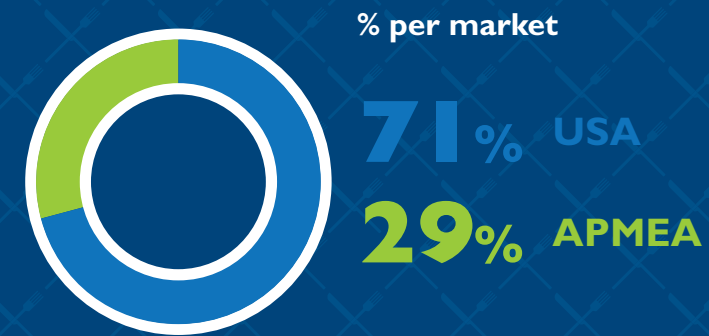
KEYSTONE FOODS

The word acceleration summarizes the activities in 2015 of Keystone Foods, one of the largest global suppliers of processed foods for large restaurant networks and retail networks, focusing on high added value proteins. This process is manifested in the positive moment of the operations unit of Marfrig Global Foods, in the growth and profitability and also in the development of the company's talent – considered an essential vector for its strengthening in the coming years.

Operating in the United States and in the Asia Pacific, Middle East and Africa (APMEA) region, Keystone Foods, founded in 1956 in the United States, was acquired by Marfrig Global Foods in 2010. The Division offers fresh and frozen animal protein products, (both ready to cook and fully cooked) from poultry, pork, beef and fish, and other foods, such as ready-made desserts.



Keystone Foods Revenue 2015 – R\$ 2.5 billion



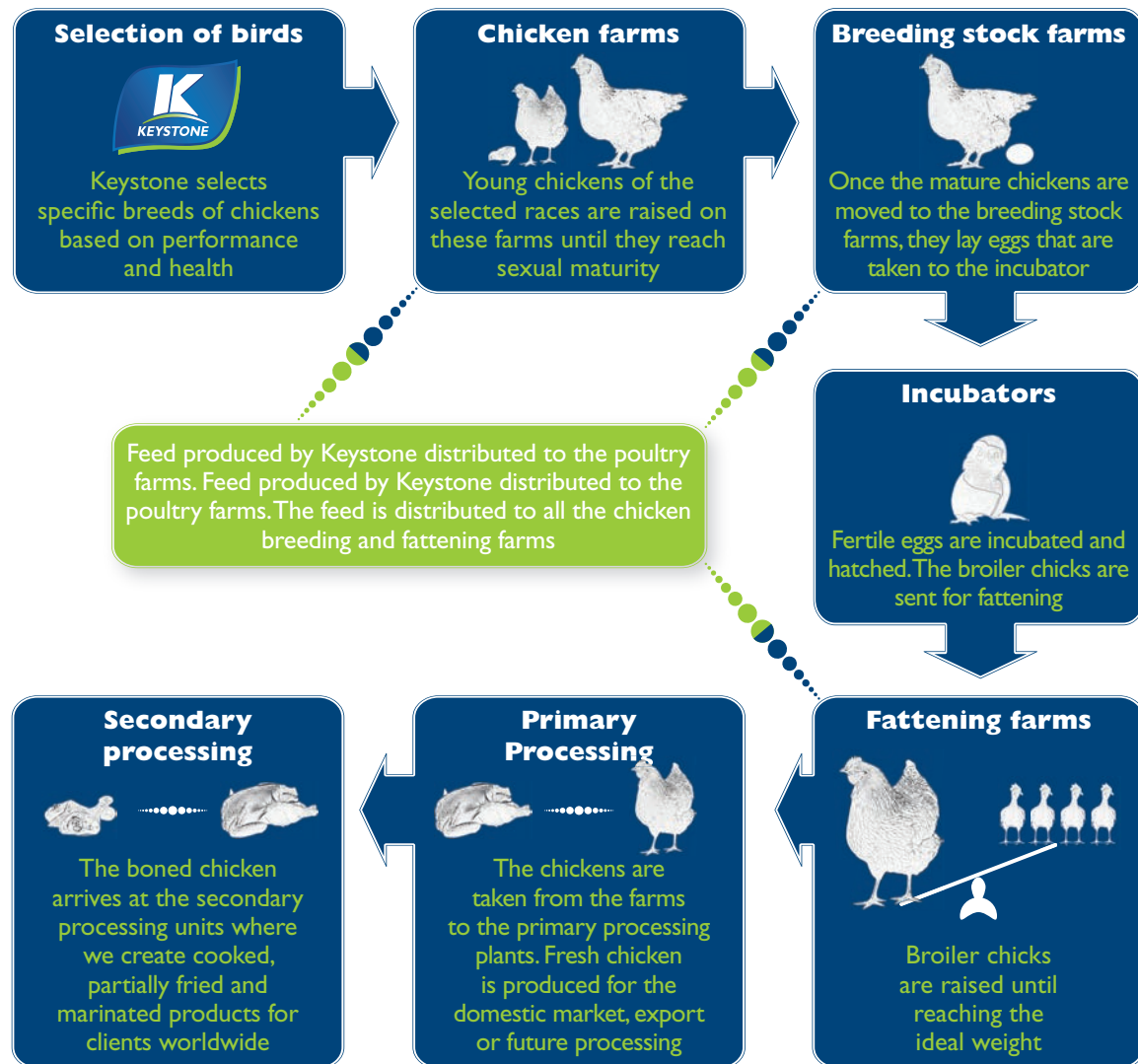
KEYSTONE FOODS – OPERATIONAL STRUCTURE

Units	USA	APMEA
Processing	7	6
Integrated poultry complex	3	-
Innovation center	1	2
Employees	5,765	6,227
Restaurants served	+ 36 THOUSAND	+ 4 THOUSAND
Annual poultry slaughter capacity	198 MILLION	55 MILLION
Annual processing capacity (t)	390 THOUSAND	180 THOUSAND

With 12,000 employees, it unites in its business structure 19 modern units distributed in seven American States and in Australia, China, South Korea, Hong Kong, Malaysia and Thailand. Together, these units have the capacity to process more than 253 million chickens and to manufacture 570 thousand tons of processed food a year; sufficient to serve a base of 40 thousand customers in restaurant and quick service food chains.

The business unit has a vertical structure for the production of chicken in the United States, with a high-quality animal feed factory, creating breeding stock, chicks and broiler chicken, as well as food processing, supplying more than 70 percent of its demand for chickens in the country. In addition to guaranteeing the supply, the integration represents an additional guarantee in terms of product quality.

KEYSTONE EUA VERTICAL INTEGRATION



GROWTH VECTOR

× G4-HRI | G4-HRII | G4-LA15 | G4-EN33 | G4-SO10

Keystone Foods is considered the main vector of the company's growth and is prepared to maintain this position. Its strategy is based on the quality and safety of its food and on the protection of its clients' brands, united in the food service segment, where it has maintained a partnership with major global brands for decades. Its focus are the QSR (quick service restaurant), retail and industrial channels. The unit also is recognized in the market for its leadership in sustainability and corporate social responsibility, animal welfare, competitive costs, processes and culture, always aligned with the strategies of Marfrig Global Foods.

On the one hand, the growth of Keystone Foods in the United States offers Marfrig Global Foods opportunities for access to countries that adhere to the demanding standards of the United States. On the other hand, the APMEA, offers opportunities for growth in consumption, arising from the increased purchasing power in the region, the population shift from rural to urban areas as well as cultural aspects.

The strengthening of this unit of Marfrig Global Foods is based mainly on the valorization of poultry segment, especially the chicken segment, considered the main products of the growth strategies in the market. Accordingly, Keystone Foods, following

the guidelines defined in the strategic planning of Focusing on Winning, works in terms of increasing the processing capacity of its industrial units.

Attentive to opportunities for strengthening its operations in Asia and the Middle East, the company has two joint ventures in China. With COFCO, one of the largest food companies of the Chinese Government, it is seeking to develop logistics systems and distribution centers in the major cities in the region. The partnership with Chinwhiz Poultry Vertical Integration, in turn, aims to build a vertical production platform with the potential to process 200,000 birds per day.

A pioneer in innovation, the history of Keystone Foods has examples such as the development of the technique of cryogenic freezing, a solution that prolongs the shelf life of foodstuffs, maintaining the original nutrition and texture, which nowadays is used worldwide. It also created the format of dishes known throughout the world, such as chicken nuggets and molded boneless chicken fillets. The unit's research center is geared towards the development of new products, processes and technologies to increase productivity and efficiency throughout the supply chain.

In the APMEA region two innovation centers have been installed in Shanghai and in Thailand, strengthening the Division's strategy to grow in serving key accounts with processed products. The goal is to maintain the continuous development of new flavors and products for clients in this region, adapted to local tastes and habits.

Keystone Foods is the main vector of growth in Marfrig Global Foods and has partnerships with large global brands.

KEYSTONE BREEDING SYSTEM

19

BREEDING STOCK FARMS
3 proprietary farms

61

BREEDING FARMS
1 proprietary farm

296

FATTENING FARMS
1 proprietary farm

SUPPLY CONTROL

Keystone originates more than 70% of its demand for chickens in the US from a vertically integrated system and the 30% remainder, it purchases from the market



KEYSTONE FOODS' PRODUCTS AND BRANDS

Ready to cook products, breaded and fried chickens: smoked meats (tender), steaks, burgers, wings and nuggets.

Cooked products and frozen poultry: Diced chicken, strips, steaks, burgers, wings, shredded chicken and nuggets.

Fresh and Deli Rôtisserie chicken: whole chickens without giblets and chicken pieces.

Protein products: beef burgers, fish, sausages, pork burgers, fish fillets.

In the countries of the APMEA region, the list of products includes bakery items (cheesecakes and chocolate cakes) and processed vegetables.



STRATEGY

The plan **Focusing on Winning** seeks to consolidate Marfrig as one of the world animal protein leaders.

The units and divisions of Marfrig Global Foods have concentrated their efforts in 2015 on yet another stage of the *Focar para Ganhar* (Focusing on Winning) business strategy. The plan, which was created in 2013, aims to achieve the highest levels of operational excellence in five years, leading the company to consolidate its position among the world leaders in the animal protein sector for food service by 2018. There are three priorities: gaining profitability, expanding the free cash flow and reducing financial leverage. The results of the *Focar para Ganhar* strategy are already providing, year after year, social benefits and financial return for the investors. With this plan, Marfrig Global Foods estimates that in the long-term it will generate free cash flow of more than R\$ 600 million as from 2018.

Focusing on Winning is creating a new organizational culture in Marfrig Global Foods, centered on the client and structured on principles such as innovation, pursuit of growth with profitability, solid experience in food service and retail, commitment to high standards of food safety and leadership in sustainability.

The different divisions of the company have been working on the basis of this comprehensive strategic plan, adjusting its goals to its characteristics and potentialities.



2018

IS THE DEADLINE
FOR CONCLUDING
FOCUSING ON
WINNING

KEYSTONE FOODS – MAIN STRATEGIC GOALS:

- Enhance the growth from the growing global demand for poultry. The consumption of poultry protein, with a more affordable price among animal proteins, is the fastest growing in global terms, with a forecast increase in worldwide demand of 2% per year until 2023, according to the United Nations Food and Agriculture Organization (FAO). Factors related to health, religious and cultural aspects (lean and versatile meat) and sustainability aspects are influencing this trend, since the production of chickens requires a low volume of feed and a short period of time for production compared to other proteins.
- Maintain and accelerate the company's participation in key accounts. In 2015, the company's sales of processed products for this segment grew 39.6% compared to the previous year. According to Euromonitor International (November 2014), it is expected that the global market for fast food will register average growth of 6.2% per year (CAGR) between 2013 and 2018, increasing from US\$ 635 billion to US\$ 860 billion. A supplier that operates as a strategic partner of several of the major global brands, such as McDonald's (40 year relationship), Wendys, Subway, Campbell's, among others, the company has in its experience, in its strong tradition of food security and in the quality of its products, important tools to continue and expand its leading position in the market.

- Expand its operations geographically, focusing on the APMEA region. Also based on projections presented by Euromonitor International (November 2014), the prospect is that in 2018, the Asian/Pacific interest in the global fast food market will reach 34% (about US\$ 292 billion), approaching the North American interest, which should stay in the lead, with 35% of the global market. With local production and operations in the fastest-growing markets, Keystone Foods is well positioned to capture the region's growth. In addition to recognition by the market of the quality of its products, the company has the experience and knowledge of the regional characteristics provided through more than 20 years' presence in the region.



MARFRIG BEEF – MAIN STRATEGIC GOALS

- Growth in sales both in volume and in terms of average prices. In the food service channel of the Brazilian domestic market, Marfrig Beef Brazil's strategy involves improving the level of service provided in all segments, such as delivery times and adjustments to the specifications of the orders. It has also established the goal of optimizing the sales team, with a focus on increasing productivity. For the retail channel, the focus is on expanding sales to small and medium-sized retailers and establishing partnerships with large retailers in portioned meat products. The management and innovation of its brands that have strong market recognition are the tools used to expand the added value of the sales mix.
- Maximizing the export platform in South America, reinforcing the external sales channel of the Brazilian operation and reaffirming the Uruguayan export model of operation. The region is traditionally a producer of quality beef, recognized internationally. The release of Brazilian exports to China and also the imminence of the opening of the American market for fresh Brazilian meat represent an important potential for leverage for foreign sales of Marfrig Beef. In addition to the size of these markets, compliance with the level of health requirements established by the United States will contribute to the future entry to other important international markets, which demand higher value-added products.
- Consolidation of the Marfrig Beef Southern Cone as a strategic operation with differentiated, value-added products to serve the main world markets. In Uruguay, for example, the focus will be on the strengthening of exports and special product lines.

EXAMPLES OF ACTIONS ALIGNED TO THE STRATEGIC PLAN – 2015

In 2015, the targeting established from the five-year strategic plan has guided all the company's business, both in terms of large transactions and day to day operations. An example of this was the sale, completed in July 2015, of the European operation of Moy Park, which was not really aligned with the strategic business focus and which provided valuable funds that have been used to reduce the Company's financial leverage.

In Marfrig Beef Brazil, the production process was reviewed, leading to the reduction in the number of operating units, in order to concentrate production in more profitable operations and to obtain logistics gains. Actions started in the second quarter of 2014 of an operational and administrative focus, taking place in the project called Agenda for Productivity (Agenda de Produtividade), achieved their best results in 2015.

The Agenda for Productivity established processes for improvement in the management of costs and expenses, with the goal of reducing them. Initially, it was directed at the beef operation in Brazil. The efforts were rewarded with an economy of R\$ 30 million in 2014 (the goal originally set for the end of the first half of 2015). The success of the project led Marfrig to extend it to other operations. In 2015, the initiatives related to the Agenda for Productivity led to a decrease in costs and expenses of R\$ 96 million.

As a good example among many others, one of the aspects that has been working in all the units involves the use of cheaper sources of power and reducing the loss of temperature in the cold stores. The Agenda for Productivity also prioritized:

- Rigorous monthly budgets with decreasing cost goals;
- Improvements in the management of overtime, attendance and production shifts;
- Greater control of travel expenses and secondment;
- Review and renegotiation of contracts, such as outsourced services, rents, telecommunications and informatics, in addition to the model for purchases and spending on maintenance, laundry and uniforms.

The expansion of access to the Chinese beef market, for enhancing exports from South America, has also been an important strategic goal. Among the measures adopted, a commercial director was already allocated to China two years before the actual release of the sales of fresh Brazilian beef to this country in 2015. Accordingly, it was possible to develop contacts and advance the work on the market in the region, inclusively with the support of the local team from Keystone Foods.

This unit, in turn, accompanied the process of expansion of global food service networks, especially in the APMEA region, expanding sales in the fastest-growing markets, such as China. The result was an increase in the total sales volume of Keystone Foods in this region of 23%, from 156 thousand tonnes in 2014 to 192 thousand tonnes in 2015.

2020 VISION

Also in 2015, the company defined the 2020 Vision: To be recognized as the best worldwide protein company. Alongside Focusing on Winning, this goal will guide the decisions and strategies of Marfrig Global Foods and will help to achieve its mission of providing world-wide the best animal protein, with high quality products and food safety.

To achieve this goal, the Company has established guidelines for operation that can be summarized in the following concepts:

- Growing with our clients, suppliers and partners through innovative products and operating in the best markets;
- Providing for the Company's development and creating value for the shareholder;
- Maintaining a team of motivated employees, committed to sustainably attending the entire production chain with operational excellence; and
- Respecting the community where it operates.

STRATEGIC ACTIONS



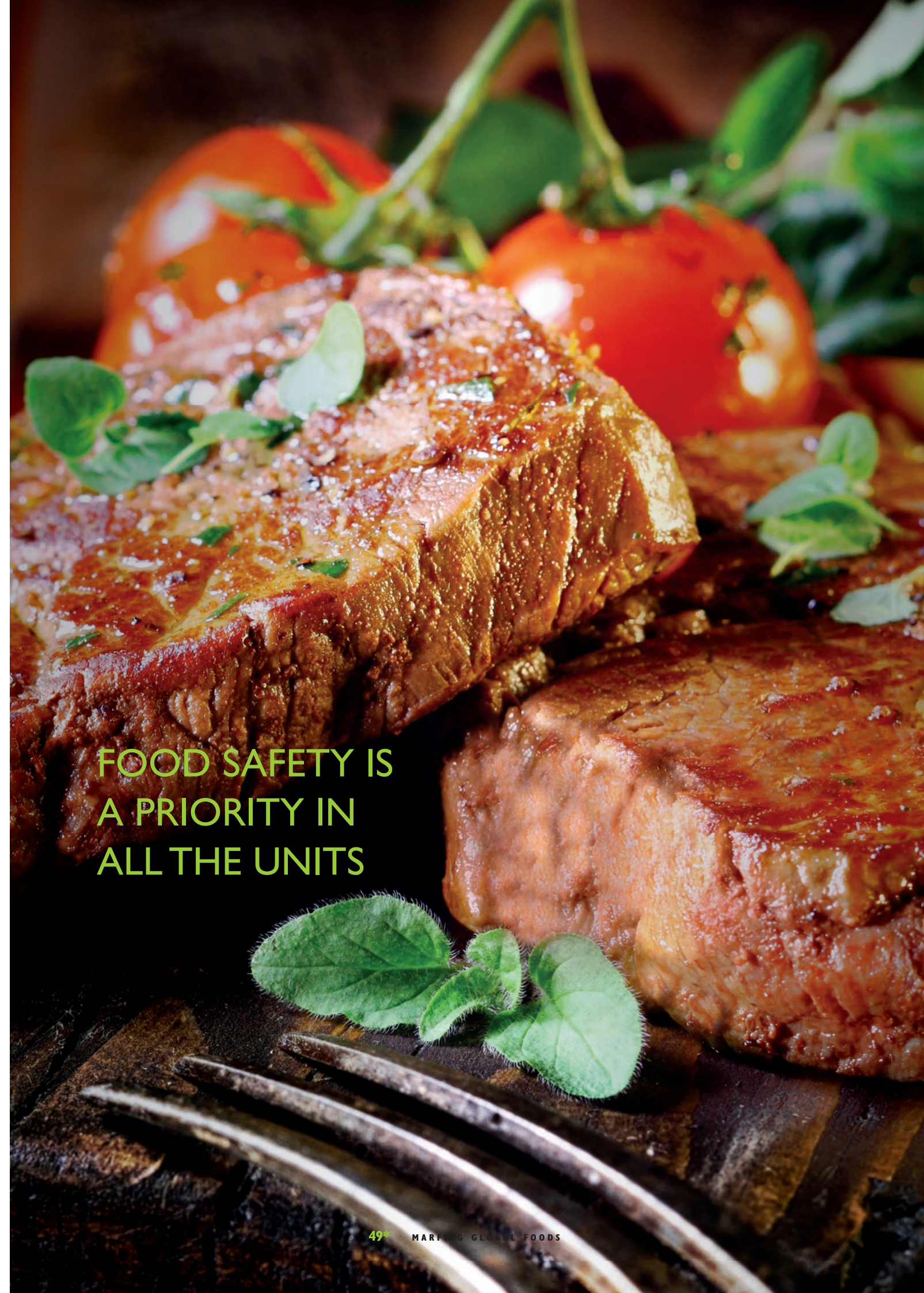
MANAGEMENT MODEL AND CORPORATE GOVERNANCE

× G4-DMA-Combating corruption | G4-DMA-Unfair competition | G4-DMA-Public policies |
G4-DNA-Freedom of Association and collective bargaining | G4-DMA-Non-discrimination | G4-DMA-Child labor |
G4-DMA-Slave labor or similar labor | G4-DMA-Evaluation of Suppliers regarding Human Rights |
G4-HR4 | G4-HR5 | G4-HR6 | G4-HR10 | G4-HR12 | G4-S04 | G4-S011

**Ethics, transparency and equity
between shareholders, partners and
employees guide Marfrig's operations.**

Respecting regional and cultural diversity and diversity of the portfolio, the business areas of Marfrig Global Foods are aligned with the guideline of an integrated culture, focused on the standardization of quality, food safety and the origin of the products sold.

The company seeks to involve the divisions in sectorial initiatives and to strengthen the dialog with its stakeholders. In addition to being the basis for the generation of sustainable long term value, they consolidate its goal of becoming a worldwide food company.



**FOOD SAFETY IS
A PRIORITY IN
ALL THE UNITS**

Having ethics as its main guideline and basis, the business management model adopted in Marfrig considers three major areas of management and control:

🔗 **Risks** – assessment, monitoring and mitigation measures of the different risks inherent to the company's business, whether they are operational, financial, commercial, environmental, social, or refer to the company's image. (Information in the Chapter on Risk Management).

🔗 **Supply chain** – programs and projects for improvement in logistics processes and monitoring of suppliers, including traceability of the meat, guarantee of the origin of the cattle, the non-use of slave or similar labor, among others. (Information in the Chapters on External Public Relations and Environmental Responsibility).

🔗 **Intangibles assets** – Continuous monitoring and management of the company's traditional intrinsic values, which are unlikely to be valued monetarily, such as ethics in business relationships and experience in and knowledge of the markets. (Information in Chapter on Creation of value).

As a way of guiding the activities in the building of this integrated culture, the company and its business units promote meetings to discuss these and other topics related to them. One of the outstanding congresses in 2015 was the Global Leadership Forum, which brought 65 executives together at Keystone Foods in Atlanta (USA), with the participation of representatives of its Board of Directors and the Board of Directors of Marfrig Global Foods. To achieve their goals of accelerating performance and results Keystone Foods has as its priorities the unification of the culture and processes between its plants and the integration of their activities with the parent company and Marfrig Beef. It will seek to further valorize the key accounts and encourage new talents.

For quality control, for example, Keystone Foods is successfully following the Six Sigma model (a methodology for improving and optimizing processes). Through this process, the Unit is seeking to standardize its operations throughout the world, with measures to streamline processes, initiatives to address new markets, in research projects and in the development of production, cost reductions and innovation. The result is a constant increase in efficiency and productivity.

CORPORATE GOVERNANCE

Commitment to transparency, accountability, fairness in treating shareholders, partners and employees and, above all, ethics. This is the basis of the Marfrig Global Foods corporate governance model, established based on the best market practices and the recommendations of the Brazilian Institute of Corporate Governance (IBGC). More than just a theoretical position, this management system is considered essential in Marfrig for its day to day operations, as well as for preserving its long-term economic value. The routine of activities is conducted in order to maintain a good relationship between all levels of management, employees and external audiences. Always based on ethical principles, the evolution of corporate governance practices has accompanied Marfrig's history since its creation, through the dedication of its founder and current Chairman of the Board of Directors.

Marfrig Global Foods is a publicly-held company, listed since 2007 on the *Novo Mercado* of BM&FBOVESPA, a segment for the trading of shares of companies which voluntarily adopt corporate governance practices beyond those required by Brazilian legislation. Listing in this special segment implies the adoption of a set of corporate rules that extend the rights of the shareholders in addition to a policy for disclosure of more transparent and comprehensive information.

PRINCIPLES AND POLICIES

The guiding principles of Marfrig Global Foods are described in policies that unite guidelines and principles to be observed by all employees, aimed at strengthening their commitments with respect to ethics and transparency.

CODE OF ETHICS

A crucial aspect for the definition of all Marfrig's models and processes is the orientation of business dealings and relations based on firm ethical principles. These principles, in terms of the employees' conduct and its business positioning, are presented in Marfrig Global Foods' code of ethics.

Adopted worldwide in all units of Marfrig Global Foods, the document presents the Company's commitments to its customers, shareholders, suppliers, competitors and consumers. It includes a guide to behavior with respect to more relevant and frequent professional situations of risk, such as observance of rules and regulations, conflict of interest, positioning on corruption, confidentiality, and 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 protocol of receipt, confirming they are cognizant that the document is an integral part of the employment contract, and should therefore be respected. All Marfrig's service providers must also be cognizant of and comply with the rules established in the document. Guidance and continuous training are conducted for all the hierarchical levels, in order to consolidate the code's guidelines.

The current version of the code of ethics was approved in 2010 by the Board of Directors. Due disclosure, compliance with its principles and continuous assessment of the effectiveness and current relevance of the document are the responsibility of the Ethics Committee of Marfrig Global Foods. This Committee is also responsible for regulating the operation of subcommittees or local representations related to this theme, in the various units, including those abroad.



Adopted worldwide, Marfrig's code of ethics presents commitments to clients, shareholders, suppliers, competitors and consumers.



The anti-corruption handbook complements the code of ethics.

Worldwide coverage also serves as a guide for employees at all levels.

ANTI-CORRUPTION HANDBOOK

In addition to the code of ethics, Marfrig Global Foods launched in June 2015 the Anti-corruption Handbook, also adopted worldwide by all our units. The document serves as a guide for employees at all levels, showing how the company's policies translate into practical processes and procedures and how to comply with them. It also presents risks and legal sanctions for noncompliance with the anti-corruption rules and regulations. Accordingly, it reinforces Marfrig's commitment to reaching the level of excellence in compliance, i.e. complying with internal and external rules of operation.

The handbook is based on the prevailing Brazilian anti-corruption legislation (Law 12846/13 and Decree 8420/15) ("Anti-corruption Law") and similar foreign rules and regulations such as the Foreign Corrupt Practices Act (FCPA), the United States federal law that aims to combat transnational corruption and the Bribery Act, aimed at combating corruption in the United Kingdom.

The Compliance Department of Marfrig Global Foods, structured on the basis of the premises for preventing, detecting and responding to these issues, prepared the Manual and is responsible for any updates. Jointly with the Board of Human Resources, it is responsible for internal disclosure of the document,

accomplished through informative banners, placed beside the time-clocks in the units, and the periodic exhibition of videos in the refectories. All the employees that take part in the compliance training receive a printed copy of the handbook, which is also available on the intranet and on the company's investor relations website.

There are channels for denunciation of any suspected or reported act of corruption of any kind, within the scope of the handbook, accessible to employees, clients, suppliers, service providers, investors, partners and citizens interested in making a denouncement. The contact may be identified or anonymous, and confidentiality is assured. Denunciations can be made to the Ethics Committee and, eventual doubts are clarified on the company intranet, or with the Compliance Department by telephone or e-mail.

Keystone Foods has its own code of conduct, which follows the guidelines established by Marfrig Global Foods. Adopted in all its units, this code unites the policies and principles with respect to human and labor rights, relations with clients and suppliers, ethical business practices, as well as environmental management and worker safety. Through a contracted specialized company, eight different local telephones, with free, confidential calling are available for denunciations of possible breaches of the code. The lines are accessible seven days a week, 24 hours a day, with attendance in the following languages: English, Spanish, Mandarin, Korean, Thai, and Malay. The calls are recorded, transcribed and reported to the Keystone Foods representative within 24 hours, for due investigation and, if necessary, appropriate measures.

DISCLOSURE POLICY AND TRADING OF SECURITIES

As required by the legislation in force for publicly traded companies, Marfrig Global Foods has a policy for disclosing a material act or fact which establishes the principles for providing information to the market, ensuring wide and immediate disclosure of these documents in order to permit equanimous access to information regarding the company. It also maintains a Trading policy, as required by the rules of the *Novo Mercado* of BM&FBOVESPA, defining the rules and procedures to be adopted internally and by persons linked to the company for trading of securities issued by it, ensuring the ethical conduct of professionals who hold relevant information.

Both documents are available on the company's investor relations website (www.marfrig.com.br/ri).

CORPORATE GOVERNANCE STRUCTURE × G4-34

BOARD OF DIRECTORS

It is the duty of the main decision-making body of Marfrig Global Foods, elected by the General Assembly, to define the Company's broad guidelines, its general policies and its operational strategy, as well as to supervise the business activities and monitor their performance, among other duties established by law. Acting as a representative of all the shareholders in the company's management, the Board of Directors may be composed of a minimum of five and a maximum of 11 members, with a unified mandate of two years, permitting re-election.

At December 31, 2015, the Board of Directors was composed of nine members, elected on 4/24/2015, where five are independent members, which represent nearly 60% of the total, a percentage significantly higher than the 20% of independent directors required by the rules of the *Novo Mercado* of BM&FBOVESPA.

During the year 2015, nine meetings of the Board of Directors of Marfrig Global Foods were held.

Marcos Antonio M. dos Santos	Chairman of the Board
Marcia A. P. Marçal dos Santos	Member
Rodrigo Marçal Filho	Member
Alain Emile Henry Martinet	Member
David G. McDonald	Independent member
Antonio Maciel Neto	Independent member
Carlos Geraldo Langoni	Independent member
Marcelo Maia de Azevedo Correa	Independent member
Herculano Anibal Alves	Independent member

The resumes of the members of the board can be accessed on the website www.marfrig.com.br in the Investors link

EXECUTIVE BOARD

It is responsible for managing the day to day business, following the guidelines established by the Board of Directors. The Executive Board of Marfrig Global Foods is composed of a minimum of two and a maximum of seven members. The directors are the legal representatives of the company, with their duties defined by the bylaws and by the legislation. They are appointed by the Board of Directors for a three-year mandate, re-election is permitted and they may also be removed from office at any time by the same Board of Directors.

On May 2, 2016, the Board of Directors elected the following members to the Statutory Board, simplifying the Company's organizational structure, in order to strengthen the business units and its position in the global market.

Martin Secco Arias	Chief Executive Officer
Eduardo de Oliveira Miron	Administrative and financial director and Director of Industrial Relations
Heraldo Geres	Legal director and Director of Human Resources
Tang David	Director with no specific designation
Rodrigo Marçal Filho	Director with no specific designation

The resumes of the members of the board can be accessed on the website www.marfrig.com.br on the Investors link

The Board of Directors sets the strategic guidelines for Marfrig Global Foods' operation.

AUDIT COMMITTEE

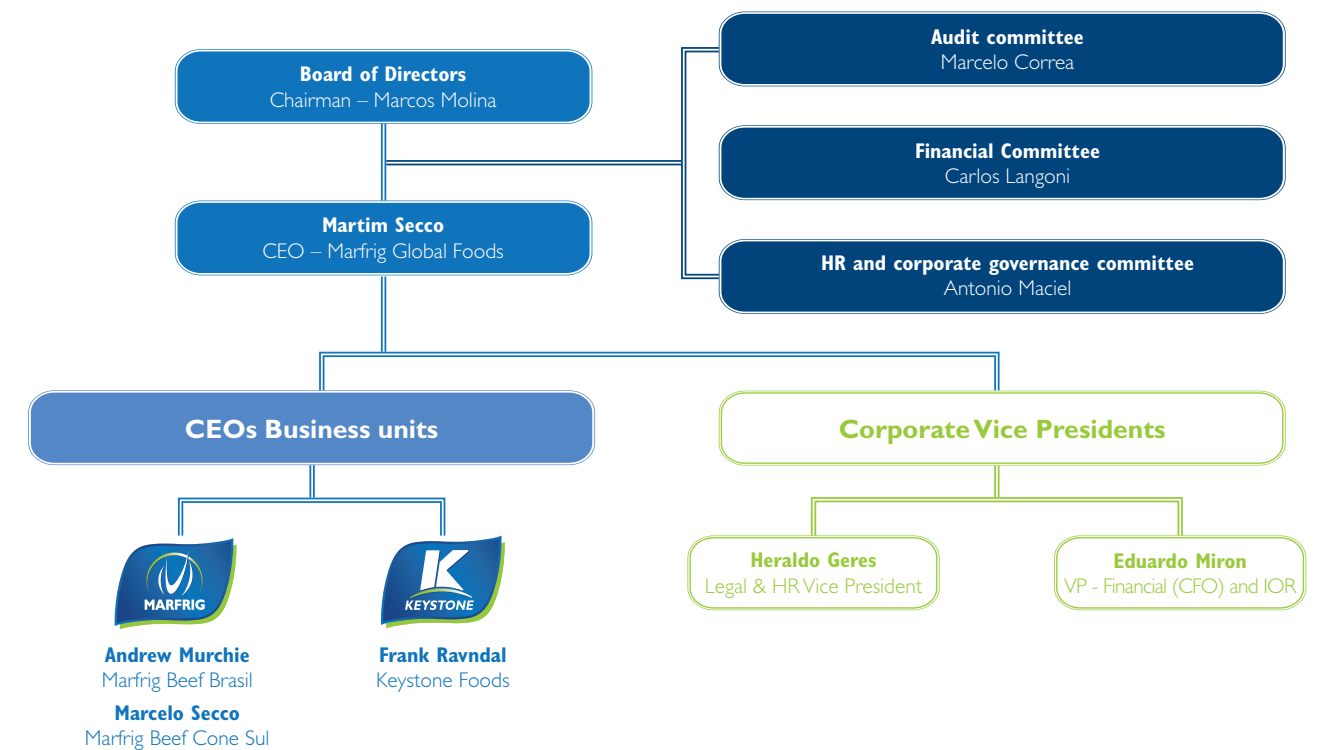
In accordance with the best corporate governance practices, Marfrig's bylaws establish the permanent maintenance of an Audit Committee in order to strengthen the controls and transparency in the company's management. As an agency independent from the management and the external auditors, their powers are established by law, among which the monitoring of the activities of the management, the review of the financial statements and the presentation of its evaluation report to the shareholders are emphasized.

As defined in the bylaws and in the prevailing legislation, Marfrig's audit committee is composed of a minimum of three and a maximum of five members, plus an equal number of deputy members. At the end of 2015, it was composed of three sitting members and three substitute members, elected on April 24, 2015 with a mandate of one year (until the annual general meeting of 2016), where re-election is permitted.

Eduardo Augusto Rocha Pocetti	Sitting member
Roberto Lamb	Sitting member
Axel Erhard Brod	Sitting member
Carlos Roberto de Albuquerque Sá	Deputy member
Christiano Ernesto Burmeister	Deputy member
Peter Vaz da Fonseca	Deputy member

The resumes of the members of the audit committee can be accessed on the website www.marfrig.com.br Investors link

CORPORATE STRUCTURE (ON 6/2/2016)



ADVISORY COMMITTEES × G4-I4

In order to advise and support the Board of Directors in the exercise of its duties, Marfrig Global Foods has technical committees with specific focuses.

Audit Committee - of a technical nature, this Committee follows especially issues related to aspects of Controllershship, providing support to the Board of Directors in terms of accounting, internal financial controls and other controls of a legal nature. It contributes to the analysis of the financial statements, the development of internal controls and supervision and coordination of the work of the internal and external audits.

The Remuneration, Corporate Governance and Human Resources Committee - helps in the taking of decisions on strategies, policies and internal rules in human resources, including the fixing of the remuneration and benefits offered to directors, employees and service providers. It also supports the operationalization of processes and the control and development of corporate governance practices.

Financial and Risk Management Committee - It periodically examines the plans for investment and financing and their impact on the company's capital structure. It monitors the maintenance of liquidity and predetermined capital structures.

Management Committee - It advises the Board of Directors with respect to its responsibilities concerning budget and control; new business; investments and relations with the market and investors; formulation of corporate policies; and the department of long-term strategy and its planning.

Ethics Committee - Formed by the Director of Human Resources at Marfrig Global Foods, who chairs the committee, plus a director appointed by the Board of Directors and another three professionals from the Group indicated by the directors and approved by the Chairman of the Board of Directors. It is in continuous operation, holding regular monthly meetings and special meetings, when necessary. The Chairman of the Committee is responsible for coordinating these meetings and receiving inquiries and denunciations related to the code of ethics and anti-corruption handbook.



MOTIVATION

From Latin *movere*.

That which serves as an inspiration.

Stimulus Incentive Impulse that causes

people to act to achieve their goals

CREATION OF VALUE

Customized service in more than 100 countries, innovation and sustainable management are the bases for creating value

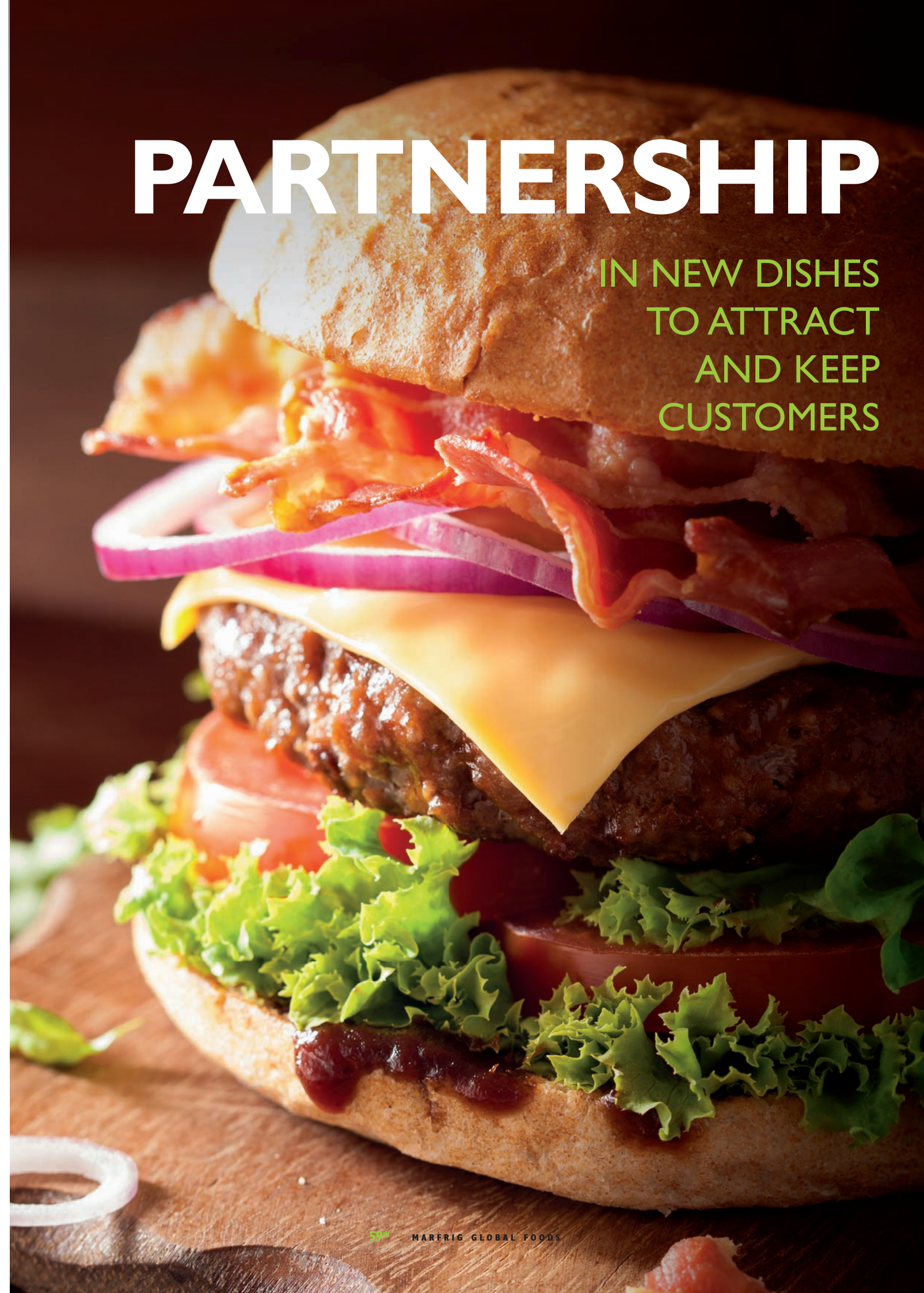
Customer and consumer satisfaction is a priority for Marfrig Global Foods. Because they are present in very different markets in terms of culture and animal protein-based cuisine, the business units seek to be permanently aware of the habits and menu of the 100 or so countries in which they operate. Thus, it is possible to offer both the food service and retail clients options for new cuts of meat and processed products to satisfy the palates of their consumers.

This customization also favors meeting the demands of the key accounts, especially the fast food chains, a segment that still has great potential for growth. These clients are always in search of new dishes to attract and keep their clientele. Marfrig Global Foods acts alongside them, forming partnerships in search of innovative, customized solutions. (Information in the chapter Relationship with External Publics).

Products of sustainable origin are also part of these initiatives. In 2015, for example, Marfrig Beef began to provide beef for the first hamburgers that were Rainforest Alliance Certified™ - internationally recognized as a symbol of environmental, social and economic sustainability for agricultural and forestry products. The company also maintains partnerships with other institutions, such as The Nature Conservancy (TNC), aiming at the sustainability of the productive process, and valorizing animal welfare. (Information in the chapter; Environmental Responsibility).

PARTNERSHIP

IN NEW DISHES TO ATTRACT AND KEEP CUSTOMERS



CERTIFICATIONS



In 2015 Marfrig Beef started to provide beef for the first hamburgers with the Rainforest Alliance Certified™ seal

This qualified service creates gastronomic experiences and caters to new trends, such as the identification of beef breeds in menus. For this, integrated work is also necessary in the chain of suppliers, who are key partners for meeting the clients' needs and innovating in the supply of products and ensuring quality. The units conduct programs for training and encouraging suppliers in the quest for continuous improvement (more information in Relationship with External Publics).

In all the operational units there are procedures that assess the safety of the food, with an emphasis on the shelf life procedures, collecting tests of microbiological changes in the product categories. Conducted by the Research and Development Department, jointly with the quality sector, these evaluations are performed every two years on items of different brands or when an innovative product or new packaging is released. The company implements international self-control procedures (known by the acronyms HACCP, GMP, SSOP, PSO, POP, MER, among others), which are also used to evaluate the safety of the food.

By following these concepts, greater value is created for the products and, consequently, for the company and its shareholders.

Aiming at food safety, the Quality Assurance team of Marfrig Global Foods monitors the production of meat in its various stages, auditing and certifying procedures and practices, in all the units. The company also performs rigorous tests on packaging and new products.

The certifications of the units are another determining factor in the quality and safety of their products. Compliance with the standards ensures for the processes international standards of protection for the workers, respect for the environment, social responsibility and the quality and safety of the food.

Four standards form the Company's integrated management system – ISO 14000, ISO 22000, OHSAS 18000 and SA 8000 – the latter for Marfrig Beef Brazil. The goal is to continuously identify opportunities for improvement in processes and promote international exchanges of goods or inputs, adopting common standards in organizations of different countries. Compliance ensures that all the processes are in accordance with international guidelines.

In addition to the certification in the processes, Marfrig Global Foods' units are also certified for safety of the food, environmental management, management of quality and occupational health and safety at work.

FOOD CONTROL

Marfrig Global Foods holds 11 certifications by BRC Global Standards - food control standards recognized by the Global Food Safety Initiative (GFSI) and required by leading retail networks in the world. The highlight is the Pampeano Alimentos S.A. factory, located in Hulha Negra (RS), the first in Brazil to receive grade A+ certification.

BRC Global Standards is the leading institution in quality and safety certification programs. Its seal certifies that the operation meets international standards of quality, safety and operation, and also complies with all legal obligations and provides protection for the end consumer.

The Keystone Foods facilities located in Australia, Korea, Malaysia, Thailand, China, and North Baltimore (Ohio/USA) hold ISO 14001 environmental management certification. This means that these units comply with the established standards to minimize the way that their operations and manufacturing processes affect the environment and are geared to actions for continuous performance improvement.

All the Keystone Foods facilities in the United States also operate from an environmental management system, which is based on the principles of the International Organization for Standardization (ISO), recognized by the North American Meat Institute.



INTANGIBLE ASSETS

To manage values, Marfrig encourages sustainable growth and benefits society

The intangible assets represent important differentiation factors, strengthen the business and contribute significantly to the creation of a company's value. As it has this concept present in its model of operation, the intangible assets of Marfrig Global Foods are highly regarded in its activities. Even though they may not be directly monetized, they aggregate competitive advantages. Given their importance, the company is attentive to its main intangible assets in order to manage these values and ensure sustainable growth, generating benefits for its shareholders and society as a whole.

TRADEMARKS

With tradition and experience to meet the challenges of the market, trademarks such as Bassi and Marfrig Angus in Brazil, Tacuarembó in Uruguay, occupy a prominent location in supermarkets. They are among the preferred brands of discerning consumers, who know the importance of meat cuts in the preparation of a good dish, as well as of those who are beginning to discover gastronomy and want to try products not yet present in their routine.



AWARDS AND RECOGNITION

🏆 **Corporate Governance Index (IGC)** – For the third consecutive year Marfrig Global Foods has attained a prominent position in the corporate governance Index (IGC), conducted by the magazine *AméricaEconomía*, including the assessment of various requirements and good governance practices of the companies. Champion in 2013 and third placed in 2014, the Company stood out for having half its Board formed by independent members – an average above the regulations of the *Novo Mercado* (20%).

🏆 **The Business Benchmark on Farm Animal Welfare (BBFAW)** – Singled out as one of the best companies in the World for animal welfare practices, in this evaluation of the main companies in the sector. The company rose one place in the ranking and was classified as Tier 2, and was the best positioned Brazilian multinational.

🏆 **Best Corporate Awards 2015** – winner in the category Best Capital Market Strategy of Brazil of the award organized by the magazine *Latin Finance*. The award highlighted the performance of the company in the work of Liability Management, between April 1, 2014 and March 31, 2015.

🏆 **200 Largest - Large Groups** – Once again, the Company was one of the select group of companies listed in the annual ranking of the newspaper *Valor Econômico*. It was the 34th largest company in the ranking, in accordance with their gross revenue, climbing three positions in relation to 2014.

🏆 **5th Fecomercio Sustainability Award** – Winner in the industry category, for the geospatial monitoring processes in the beef supply chain

🏆 **FDC ranking of Brazilian Multinationals 2015** – Certification from the Dom Cabral Foundation (FDC) in recognition of the efforts made in the global market and the success achieved in its international strategies.

🏆 **Sustainability Excellence in Manufacturing** – Keystone Foods received the award Sustainability Excellence in Manufacturing, an initiative of the Alliance for Innovation & Operational Excellence (AIOE). Because of its solid particles sink system, the Camilla unit of Keystone Foods, Georgia (USA) received an award for excellence in sustainability from the OpX Leadership Network in an initiative of the PMMI (Association for Packaging and Processing Technologies).

🏆 **Supply Chain of McDonald's** – Keystone's team in China received two supply chain awards from the restaurant network. The first, for leadership, was awarded for its performance in this area and support for the McDonald's system. The second recognized the unit's support and effort during 2014.

🏆 **Clean Water Award** – the Reidsville unit of Keystone Foods, North Carolina (USA) received an award in 2015 in the pretreatment category from the U.S. Poultry & Egg Association in recognition of the quality of their effluent treatment facilities.

🏆 **Desachate 2015** – A radio campaign for dissemination of product launches of the Uruguayan brand Hamby won the Gold Award in Desachate 2015, the main event of the Uruguayan advertising market.

ETHICAL CONDUCT AND TRANSPARENCY IN BUSINESS DEALINGS

Ethics and transparency characterize Marfrig Global Foods' relationship with its various publics, because they consolidate the corporation and contribute to the sustainability of the business. The employees of all 46 units in the 12 countries where it is present follow the same standards of conduct and business guidelines, thus ensuring alignment with the corporation's mission, vision and values.

More detailed information on the code of ethics and anti-corruption practices is available in the chapter, Corporate Governance (policies) and at the Company's website (www.marfrig.com.br).

PEOPLE

The most important asset of Marfrig Global Foods is formed by its more than 30 thousand employees. The team's dedication, in all the countries where the company operates and at all hierarchical levels, is essential for conducting the 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, both in technical and market terms and in terms of relationships in the production chain, is also one of the company's important assets. The management of this knowledge, with the exchange of experience between the various units and the training of employees, is part of the work carried out in terms of managing this intangible asset.

Information on this indispensable asset and relationship policies and practices with its employees are presented below, in the chapter, People Management.



Marfrig Global Foods' most important asset is its more than 30,000 employees

PEOPLE MANAGEMENT

× G4-HR3

More than 30,000 employees around the world
are building the new Marfrig Global Foods

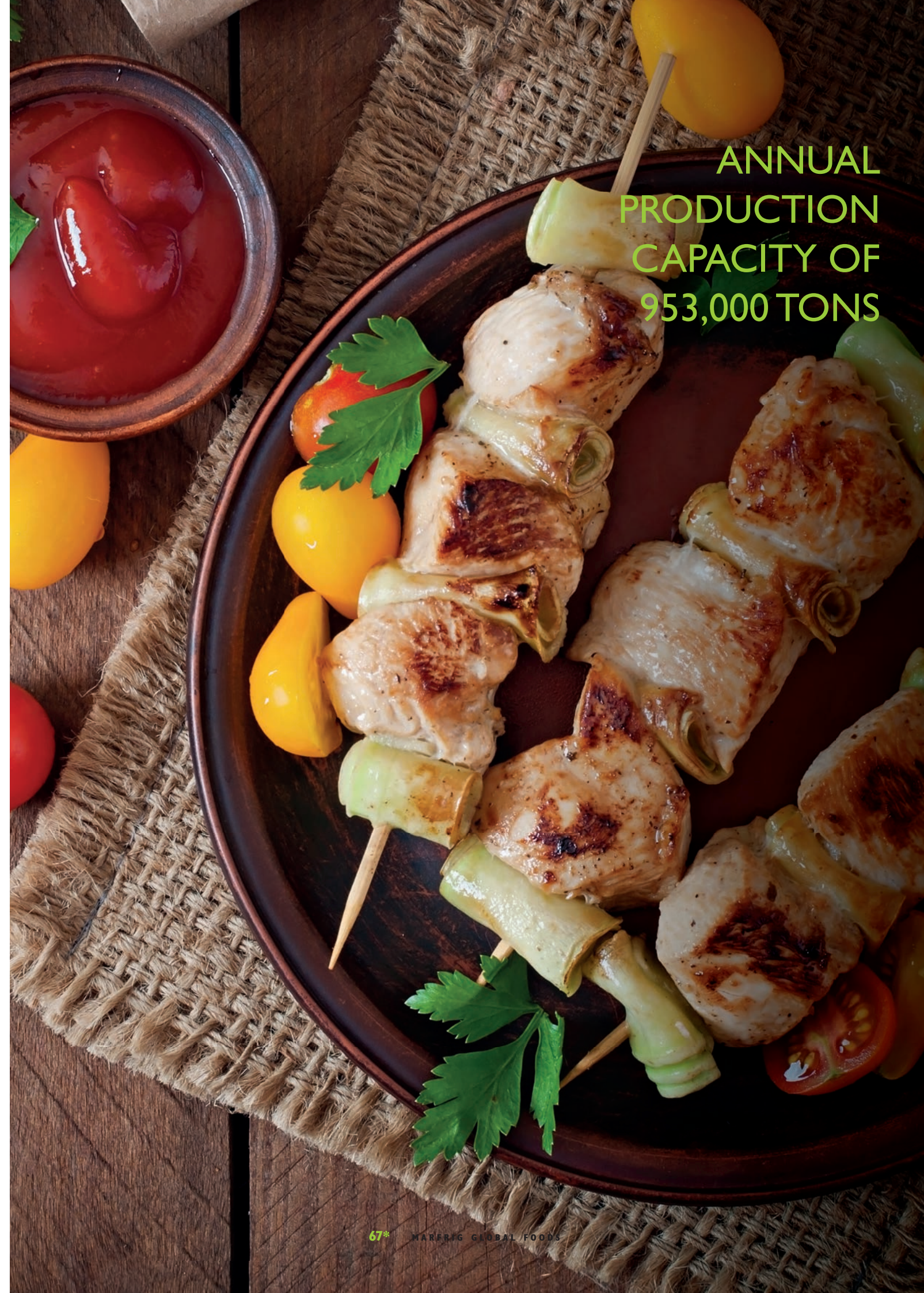
PRACTICES AND POLICIES

The business performance of Marfrig Global Foods in 2015 was a result of the work of more than 30 thousand employees located in the various countries in which the company is present. These employees have also been key agents for the success of the strategic plan Focusing on Winning and a source for creating value for the brand. Their activities are building the

new Marfrig Global Foods which is seeking to consolidate itself as one of the main companies in the food service industry in the world. The current structure, the strengthening of the positioning of a global protein company and goals defined until 2018 are demanding wide dissemination of the concepts of this business model.

The human resources department has been working in this direction in all the units. In addition to seeking to develop specific skills and competences, the process aims to create a unique culture throughout Marfrig Global Foods, to be valued by its employees. Accordingly, and considering the importance of the alignment of the management in all the company's units in order to achieve its goals, the company relies on the Marfrig Global Foods leadership model. The document brings together the skills and the values considered essential for the employees to exercise their leadership role in the most various functions.

ANNUAL
PRODUCTION
CAPACITY OF
953,000 TONS



TRAINING

In line with this model, in 2015 it held the first meeting designed to discuss the **Marfrig Culture**, which involved everyone from the leadership of the group to the managerial level. There were four days of integration and discussions to reinforce the foundations related to its vision, mission and values.

In addition to these tools, Marfrig Global Foods has created a specific compensation plan related to the Agenda for Productivity and linked to the role played by the professionals considered as fundamental for the gain in efficiency and profitability of the business. (Information on the Agenda for Productivity in the chapter, Strategy in the item, Examples of actions aligned with the strategic plan – 2015).

The company also seeks to support its professionals in the development of their career through best practices for attracting, retaining and developing talents. It also values the promotion of diversity in the workplace.

Providing important professional and personal experience, it offers opportunities for allocation and mobility of talents between the operating units of its divisions. This enables it to enhance cultural unity and broaden the exchange of experiences and knowledge between the units.

Career development of is one of the company's priorities and is essential to meet the needs of qualified personnel both in terms of its regional operations and in its corporate positions. The training of the employees reinforces their efficiency in day to day activities and in the quality not only of the service with respect to Marfrig's products, but also to good business performance.

HIGHLIGHTS IN MARFRIG BEEF

In order to strengthen the strategies of Focusing on Winning, the business unit with the support of the human resources department has developed in recent years a new model of services, jobs, duties, remuneration and benefits. The goal is to enhance the management of people, in order to accompany the lines of action and goals established in the business plan, as well as their results. The search for new talents and retention of qualified professionals is also part of the new strategies.

With respect to the training of leaders, there are specific projects, in accordance with the demands of the units. In 2015, Marfrig Beef created a training plan specifically directed at the supervisors, the first level of leadership in the Company's operational structure, focused on disseminating the Marfrig culture. Topics were addressed such as the role of the leader; basic concepts in personnel administration, recruitment and selection; effective communication and interpersonal skills; routine management; conflict management through behavioral profiles and feedback focused on development.



TRAINEE PROGRAM

With a duration of 12 months, this initiative seeks to attract young talent for the operations and to encourage internal development of leadership. In the first edition of the program there were applications from 7,500 young people from all of Brazil, ten of whom were selected. In the second edition, opened in 2015, 11 young people were chosen from 8,114 applicants. The good results of the initiative led to the creation of a similar trainee program in Uruguay, starting in 2016.

YOUNG APPRENTICE PROGRAM

In 2015, 600 young people were admitted to the company to participate in this initiative aiming at the professional initiation of students who were 16 years old. Contracted to work in the period opposite to their high school classes, on a monthly basis, they also participate in the dynamics, in the scope of the program Educating for Life, and receive guidelines on professional attitudes, ethics, and health and citizenship issues. Historically, 90% of participants are admitted into the company after their 18th birthday.

HAITI PROJECT

After the success of the initiative of 2014, in November 2015 Marfrig Beef launched a new process for selecting workers from the community of Haitian immigrants in Brazil. In total, 63 new employees were hired, thus totaling 60 Haitians in the Paranatinga (MT) unit and 70 in the Chupinguaia (RO) unit. The initiative is contributing to promoting diversity in the company while it makes up for the lack of labor and offers job opportunities for this group of immigrants. The Haiti project includes support in the adaptation process, through the sponsorship of more experienced workers who accompany and train their new colleagues. The company also offers housing assistance during the first six months. To facilitate the day to day life of this group of employees, the units now have signs written in French.

MARFRIG'S EMPLOYEES

At the end of 2015, Marfrig Global Foods had 30,276 employees, on account of measures to facilitate operational capability, while the company's total revenue per employee registered a high of 35.1% in the same period.

HIGHLIGHTS AT KEYSTONE FOODS

The valorization of its employees is a tradition at Keystone. The company conducts continuous work in order to innovate and improve the Human Resources activities each year.

In 2015, the unit created OneKeystone, the goal of which is to increase the alignment of the messages to the employees and access to information on a global scale. The first step of this initiative was KeyConnect, global intranet through which the leaders communicate directly with all the employees. In addition

to access to important information, the tool enables the employees to send questions and comments.

In 2015, around 100 employees completed courses in leadership training courses promoted by the company. In Asia, the highlight was the Leadership Development Program, while in the United States the main program was Essentials for Management, whose contents put together tools for professional development in leadership.

With the aim of promoting the professional development of women in the company, there is the K-WIN (Keystone Women's Inclusion Network). Created in 2007 by employees of units in the United States, the program was expanded internationally, reaching all the regions where the company operates. Through various activities, including training and discussion forums, it offers employees opportunities to expand their network of relationships, develop skills and practice leadership. It also contributes to the discussion of topics related to diversity and inclusion.

English improvement courses are also offered for Keystone employees in Shenzhen (China), with a duration of three months, in order to facilitate communication between the units. The evaluation of this training has shown significant improvement in the pronunciation of the professionals, who pass the final exam.



The OneKeystone program, created in 2015, seeks to increase the alignment of messages between employees

NUMBER OF EMPLOYEES × G4-10

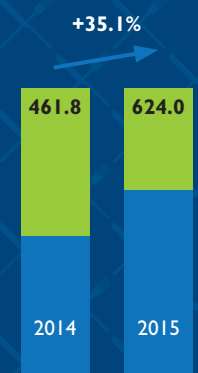
	2015	2014	CHANGE
Holding	77	116	-33.6%
Marfrig Beef	18,207	21,422	-15.0%
Keystone Foods	11,992	11,377	5.4%
TOTAL	30,276	32,935	-8.1%
Net earnings per employee	R\$ 624.0 THOUSAND	R\$ 461.8 THOUSAND	35.1%

Marfrig Beef Employee profile
12/31/2015 – 30,276 employees



39.6% Keystone
61.8% Marfrig beef
0.3% Holding

NET EARNINGS PER EMPLOYEE
R\$ THOUSAND



REMUNERATION AND BENEFITS



In addition to fixed and variable remuneration, Marfrig offers its employees a benefit package aligned with the best market practices

The Human Resources policies of Marfrig Global Foods are aligned with the business's goals and strategies and are guided by the best market practices and trends. They comprise a packet which, in addition to the salary includes variable remuneration programs, long-term incentives and benefits in line with the market.

To chart these practices and trends, Marfrig Global Foods periodically conducts market surveys in the communities where it operates. It also seeks to accompany market growth annually through economic indicators and specialized consulting firms in the area.

The goal of the Company's variable remuneration programs is to reward the employees for the good results achieved during the year. They comprise financial goals, for teams or individuals, according to the target public. They are the profit sharing program (PLR), defined in a local or corporate collective bargaining agreement, a leadership bonus, a variable remuneration program for the sales force and long-term incentives.

The profit sharing program, adjusted by a collective bargaining agreement, is intended for all employees, except those at management level or on the executive board, who participate in the Leadership bonus. The goals are defined for these executives at the beginning of each financial year and their individual performance may enhance the premium to be paid. The Company also offers long-term incentives, according to the individual performance of the professionals at management level and on the executive board, such as, for example, the share purchase option for directors.

The sales force has monthly or quarterly bonus programs, based on the goals established according to the sales strategy for each business.

In addition to fixed and variable remunerations, the Company provides a benefit packet for its employees in line with market practices, which consists of medical and dental care, life insurance and transport vouchers. Some units also offer benefits of school material for dependents and agreements with drugstores.

HEALTH AND SAFETY

× G4-LA7

As one of Marfrig Global Foods' values, safety is a fundamental aspect for the Company and is addressed as a priority in all the units. The commitment to aspects related to occupational health and safety is part of the internal culture and has been continually reinforced within the Company's process of adaptation to the goals established in Focusing on Winning.

In 2015, the Corporate Program for Occupational Health and Safety (PDSSTC) was prepared, through revising the former Program of Guidelines existing in the Company. The document brings together the guiding principles for Marfrig Global Foods' operation performance in terms of health and safety, so as to promote a safe working environment adjusted to the prevailing technical legislation and standards, setting unique standards for all the Company's units.

The program determines the performance indicators related to the subject, emphasizing continuous risk identification and assessment. It also establishes the guidelines for the training and mobilization of employees, suppliers, partners and service providers in the safety programs. Through the PDSSTC it also determines the resources required to

ensure a safe working environment. In addition, each Marfrig business unit has Safety Committees, such as the Internal Commission for Accident Prevention (CIPA), the Specialized Occupational Safety Engineering and Medicine Service (SESMT), the Occupational Health and Safety Committee (OHS) and the Ergonomics Committee.

In line with this orientation, Keystone Foods maintains a strong Safety and Health (S & H) program, focused on prevention of accidents and diseases in compliance with all applicable regulations with an emphasis on continuous improvement. Annually rigorous goals and objectives are defined to be achieved in its industrial units, divisions and in the company as a whole. Employees also assume their responsibility in the process and are monitored through success factors. As a result, the company's accident frequency rate in all the world, is approximately 70% lower than the average in the poultry processing industry.

Among the outstanding initiatives there is the **Safety Center of Excellence** created by Keystone Foods in 2012. The goal is to strengthen the communication between the divisions of the business unit, to share best security practices, and to review and

strengthen the employees' training. The work is carried out in synergy and alignment with the Marfrig Global Foods metrics with the constant exchange of information with Marfrig Beef. It is also offered to its competitors in order to share the best practices and seek opportunities for continuous improvement in the sector.

In May 2015, Keystone held its first Global Safety Awareness Week. Various activities such as intensive training, lectures, competitions and practical exercises were promoted in the company's divisions around the world. The initiatives have helped to increase the attention to issues related to health and well-being, and opportunities have been provided for interaction, thus helping to strengthen proximity between employees.

As part of the planning for accident prevention, in January 2015, Marfrig Beef held a meeting between the Human Resources and Specialized Occupational Safety Engineering and Medicine (SESMT) teams. Participants discussed new guidelines and Technical Instructions to be adopted by the company.

The Company also promoted the annual meeting of SESMT members. At the event, the participants aligned guidelines and assessed the challenges for the area, seeking to expand the care for people and create tools to achieve excellence in their activity.

QUALITY OF LIFE

Different campaigns and corporate programs are promoted in order to contribute to the well-being of the employees. The actions involve health and support issues, promoting proximity between the company and the people who contribute to the business's success.

Marfrig Beef's Ergonomic Management Program holds a prominent position among the health and well-being initiatives. Of a preventive nature, it uses the Occupational Repetitive Assessment (Ocra) method as a reference to guide and train the teams, especially on the correct handling of loads and the best posture during working hours.

Marfrig Beef Brazil pays special attention to its employees through the Pregnant Women's Program, providing information on women's health during pregnancy and the care of babies. In 2015, more than 200 women were benefited. The employees also participate in the Pink October (*Outubro Rosa*) activities, aimed at raising awareness about the importance of preventing breast cancer. For the men, there is the Blue November (*Novembro Azul*) campaign, a program

of the Instituto Lado a Lado pela Vida (Side by Side for Life Institute) with an emphasis on early diagnosis and prevention of prostate cancer. The units also conduct clarification actions on the World Day to Combat AIDS (December 1), supporting the World Health Organization program.

Programs are also promoted for families, strengthening the proximity between employees and the Company. In Brazil, for example, the employees' school-age children get together in October to celebrate Children's Day and participate in games and recreational activities in the units. In Uruguay, in the Our Family program, the employees' families visit the units.

Also in Uruguay, one of the most traditional dates of the Tacuarembó unit is Recognition Day, when the company rewards the employees for their dedication and years of work. Another important program is the Own home (*Casa Própria*) program where Marfrig Beef finances the purchase of housing. The employees are organized in Mutual Support Cooperatives and purchase land for the construction of their houses in a joint community effort. The company finances the work and discounts the amounts from the employees' wages, in affordable and previously agreed upon installments. The University Residence (Study in the Capital) program supports the children of employees who are interested in studying in universities in Montevideo, ensuring free accommodation, through an agreement with the Holy Family (*Sagrada Família*) institution.

Keystone Foods conducts several projects, primarily through the KEYSTAR® program, which brings together the Company's corporate social responsibility and sustainability principles, objectives and guidelines. Having "support for employees" as one of the pillars of the program, the unit carries out and encourages various activities, mainly related to issues such as diversity and inclusion, leadership development and health and safety.

RELATIONSHIP WITH UNIONS × G4-I1

With various activities and operations located in different regions of Brazil and abroad (there are 46 units in 12 countries) Marfrig Global Foods deals with a wide variety of labor standards and laws and regulations, where labor unions may or may not exist.

In Brazil, it has relationships with 13 base unions, to address issues such as data-base and collective bargaining of administrative and operational employees, following the standards and limits established by law. For this, it promotes formal meetings with the unions to discuss previously scheduled issues. In general, the notice period varies from two to four weeks, and they are identified through reports, union newspapers and access to meetings.

The Company seeks to maintain good relationships with these unions. Whenever possible, the meetings to discuss collective agreements or collective bargaining agreements are notified in advance, in order to facilitate the participation of the greatest number of interested persons. Formal meetings with unions are also promoted by the Company, to discuss a variety of previously defined topics of general interest. These meetings are also announced, with prior notice of two to four weeks, through reports and union newspapers.



With operations in Brazil and abroad, Marfrig has to cope with varying labor laws and regulations





PROFITABILITY

From the French *rentabilité*

1 Character of that which is profitable. 2 Capacity of invested capital to multiply, thus obtaining income. 3 Character or quality that produces income. 4 Degree of economic success of a company in relation to the capital invested in it.

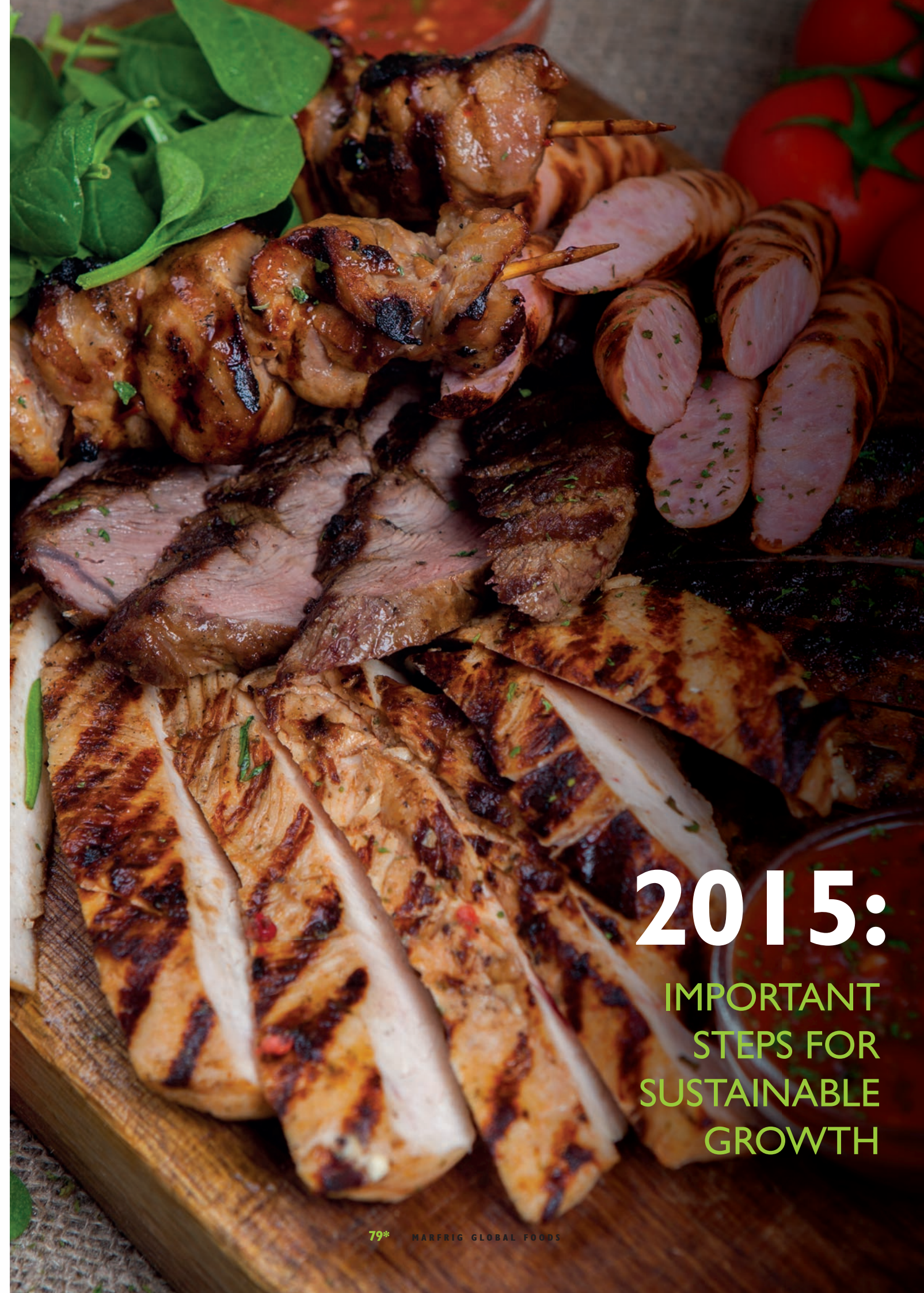
ECONOMIC AND FINANCIAL PERFORMANCE

× G4-DMA-Economic Performance

**For the third consecutive year,
Marfrig Global Foods has attained
its established goals**

As it is a multinational company with products present in around 100 countries, either from its international operations, or from exports, Marfrig Global Foods reflects in its performance the scenario of the animal protein industry in the world more than the regional market conditions. The flexibility guaranteed by its geographical diversity provides it with the ability to adjust its focus according to the market conditions. Accordingly, the adversities faced in the Brazilian economy in 2015 had little influence on the Company's performance.

During the period, Marfrig Global Foods took important steps towards its sustainable growth. Among the measures adopted, it introduced changes in processes, sought operational improvements, sold assets outside its defined profile and core business and worked in the way best suited to its financial structure.



2015:
**IMPORTANT
STEPS FOR
SUSTAINABLE
GROWTH**



Following its strategic planning, in 2015 the company reinforced its profile as a global protein company and its operations were profitable

For the third consecutive year, the goals set for 2015 were achieved. In accordance with its defined planning, the Company strengthened its profile as a global protein company and gained profitability in its operations. In addition to the planning of its operation, its position in the strategic market segments and operational adjustments made, aiming at greater efficiency in some operations, the financial deleveraging process was also essential in promoting the gain in profitability, aiming at greater efficiency in some operations. With the decrease in its indebtedness, the Company also decreased the costs of carrying this debt load, thus enabling it to expand the free cash generation, in accordance with the goals established in the guidance for 2015 and disclosed to the market.

As this document considered operations that have been sold by Marfrig, and therefore are classified today as discontinued operations (Moy Park, Argentine assets, Marfood and MFG Agropecuária), only the results for 2015 presented specifically in the evaluation of the guidance (table beside), also include these operations, for comparison purposes.

The consolidated results for 2015 of Marfrig Global Foods reflects the discontinuation by sale of Moy Park, as well as the company's decision to sell the beef jerky assets of Marfood in the United States, the Argentine assets (the sale of which was completed in April 2016) and the company MFG Agropecuária, which was responsible for the feedlot operations in Brazil.

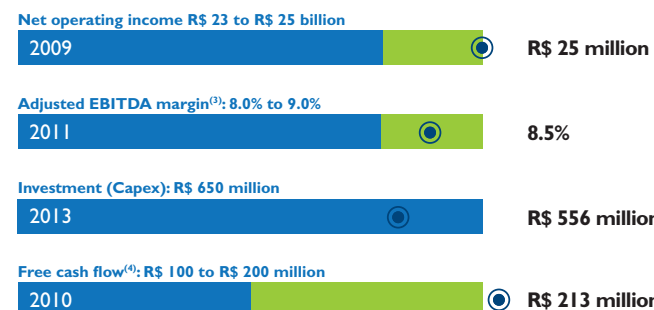
For comparison purposes, the financial statements for financial year 2014 are reproduced without considering these operations.

The results of these operations are presented under the heading "Net results of discontinued operations" and their assets and liabilities, with

the exception of Moy Park, which was sold in July 2015, are presented under "Assets held for sale" and "Liabilities related to assets held for sale".

GUIDANCE 2015 ⁽¹⁾

Accomplished 2015 ⁽²⁾



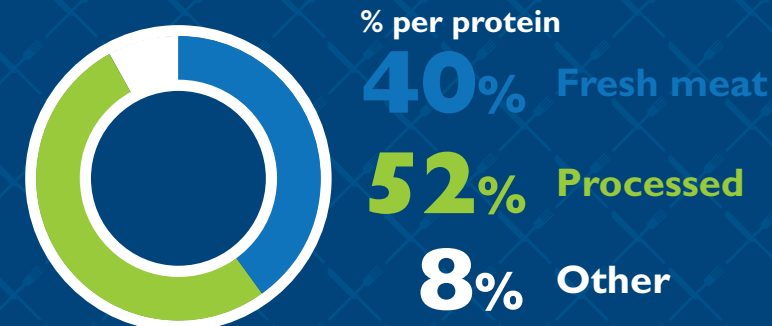
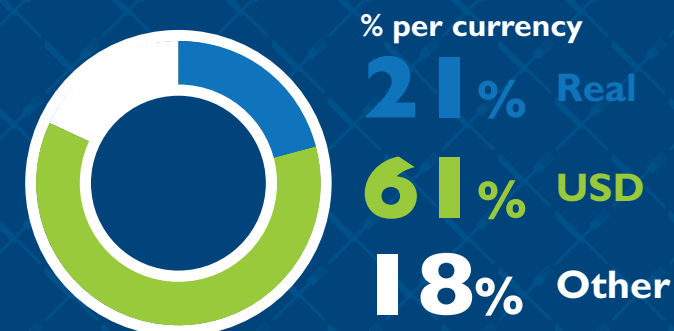
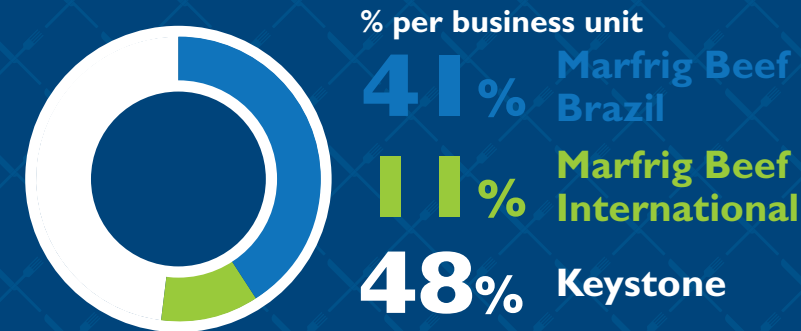
(1) Assumptions are based on the exchange rates of R \$ 2.70/US\$ 1.00 and R\$ 4.00/£ 1.00.

(2) Unaudited pro forma amounts, including the discontinued operations: Moy Park, Argentina, Marfood and MFG Agro. It does not consider the effects of the capital gain from the sale of Moy Park.

(3) It does not consider non-recurring items.

(4) Operating cash flow after investments, interest costs and income taxes.

Marfrig Global Foods Revenue 2015 – R\$ 18,9 bilhões



NET OPERATING INCOME

The company's operating activities, considering only continuing operations, provided net earnings of R\$ 18.9 billion (approximately US\$ 6 billion) in 2015, which indicates a 24.2% increase compared to net earnings recorded in the previous year. An emphasis on the higher sales of Keystone Foods, which led to the 7.6% growth in dollars of the unit's income. The positive effect of 41.6% appreciation of the American currency against the real on sales made in foreign currencies (revenue from international operations and exports) also contributed to its performance. These factors offset the decrease in the volume of sales and, therefore, also in the income of the division Marfrig Beef Brazil.

The company's global profile was maintained, even after the decision for divestment of assets, especially abroad. As one of the largest and most diversified companies in the protein industry in the world, the share of the international operations of Keystone Foods and Marfrig Beef in consolidated revenue was 59.0%. Considering also the exports of the Brazilian operation, the percentage of total revenue coming from international markets was 78.7%.

COST OF GOODS SOLD

The cost of goods sold totaled R\$ 16.6 billion in the year; a 25.4% increase compared to that recorded in 2014. This is a reflection mainly of the increased cost in Keystone, which presented growth of 50.6% in reais in the period, due to the greater volume of sales and the negative effect of the depreciation of the real against the U.S. dollar upon the translation of the results of this company into local currency. The 15% increase in the average price of fat cattle in Brazil, according to the Esalq index (calculated by Escola Superior de Agricultura Luiz de Queiroz, of the University of São Paulo) also put pressure on the Company's COGS in the year. At the same time, mitigating these factors, a decrease was recorded in fixed costs from the closing of units with slaughtering capacity in Brazil and the lower cost of grain for the company's operations located abroad.

COGS per business

2014 – R\$ 13.2 billion



58.6% Marfrig Beef
41.4% Keystone Foods

2015 – R\$ 16.6 billion



50.2% Marfrig Beef
49.8% Keystone Foods

R\$ MILLION	2015	%	2014	%	% CHANGE 2015/2014
Raw material	12,078.1	72.8%	9,755.5	73.8%	23.8%
Labor	1,835.7	11.1%	1,419.7	10.7%	29.3%
Production Costs	2,165.5	13.1%	1,683.6	12.7%	28.6%
Other costs	510.4	3.1%	368.6	2.8%	38.5%
TOTAL	16,589.7	100.0%	13,227.4	100.0%	25.4%
Marfrig Beef	8,335.5	50.2%	7,748.1	58.6%	7.6%
Keystone Foods	8,254.2	49.8%	5,479.4	41.4%	50.6%

GROSS INCOME

The consolidated gross profit in 2015 was R\$ 2.3 billion, with a high of 16.2% in relation to that recorded in 2014. Of this total, 42% is a result of the company's international operations – Keystone Foods and international operations of Marfrig Beef – with an emphasis on the performance of the former; which accounted for R\$ 732 million, or 32% of the consolidated gross profit, increasing its share by 11 percentage points in comparison with the previous year.

Gross profit per business 2015 – R\$ 2.3 billion



68.0% Marfrig Beef
32.0% Keystone Foods

The Gross margin was 12.2%, which indicates a decrease of 8 percentage points compared with 2014, a performance emphasized by the increase in costs higher than the increase in revenue in the period. The fall in the margins of exports from Marfrig Beef Brazil at the beginning of the year; due to the decrease in purchases of beef by Russia on the global market, and the retraction of the Uruguay operation in the second half of 2015 contributed to this performance.



SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

In 2015, the selling, general and administrative expenses presented a decrease of 1.3% compared to 2014, reaching R\$ 944 million. Considering the percentage participation of these expenses in the consolidated net

operating revenue, there was also a decrease in the period, from 6.3% in 2014, to 5.0% in 2015.

With lower expenditures on marketing, which in 2014 were focused on sponsorship of the World Cup, the selling expenses decreased by 11.7%, or R\$ 72 million in the year.

In the same period, there was a 17.2% increase in general and administrative expenses due, mainly, to the negative effect of the devaluation of the Brazilian real in the

accounting of the expenses of the international units in national currency. Accordingly, considering only Marfrig Beef, these expenses recorded a decrease of 10.8% , or R\$ 23,000,000, when compared to the previous year. The positive performance of the unit was the

result of the efforts made in terms of reducing and cutting back fixed costs, following the guidelines established in the plan Focusing on Winning, which compensated for the foreign currency issue.

R\$ MILLION	2015	2014	% CHANGE 2015/2014
Selling expenses	541.1	613.1	-11.7%
% of net earnings	2.9%	4.0%	-1.1 p.p.
General and administrative expenses	402.9	343.7	17.2%
% of net earnings	2.1%	2.3%	-0.2 p.p.
TOTAL SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	944.0	956.8	-1.3%
% of net earnings	5.0%	6.3%	-1.1 p.p.
Marfrig Beef	7.2%	8.7%	-1.5 p.p.
Keystone Foods	2.6%	2.5%	0.1 p.p.

ADJUSTED EBITDA

Adjusted EBITDA
2015 – R\$ 1.8 billion



53% Units
in Brazil

47% International
units

Operational performance measured by the adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), which disregards non-recurring items, was R\$ 1.8 billion in 2015, with 32.3% growth in comparison with the previous year. With this, the adjusted EBITDA margin reached 9.5%, with an increase of 0.6 percentage points in the period.

The main factors that contributed positively to this performance were: the recovery of the spreads for beef and the decrease in the selling, general and administrative expenses of the Brazilian operation; the performance of Keystone Foods in the period, with a high of 17.2% in the EBITDA in US dollars; and the positive effect of the devaluation of the Brazilian real against the revenue in foreign currency revenue. On the other hand, these factors were partially offset by the lower volume of sales of the Brazilian operation and the deterioration of the margins of the Uruguayan operation in the second half of the year.

The percentage participation of the international operations of Marfrig Beef and Keystone Foods in the adjusted EBITDA increased 2 percentage points in the period, increasing from 45% in 2014 to 47% in 2015, with an emphasis on the performance by Keystone.

FINANCIAL INCOME

In 2015, the Company's net financial income was R\$ 3.1 billion, compared to the expense of R\$ 2.1 billion in the previous year. The exchange rate devaluation of the real against the U.S. dollar, which amounted to 47.0% in the period, negatively influenced this result by R\$ 1.1 billion. This was due to the net exposure of Marfrig Global Foods to the dollar i.e. the Company had liabilities pegged to the US dollar that were greater than the assets in the same currency so that the Exchange variation affected its financial accounting results.

However, pursuant to International Financial Reporting Standards (IFRS), the foreign exchange variation on the debts contracted in overseas subsidiaries whose functional currency (the currency of the main economic environment in which it operates, manages and spends most of its cash box) is different from that of the parent company, is recorded in the shareholders' equity, without affecting the results. So, if the effects of the foreign exchange variation are excluded, the net financial result was negative by R\$ 2.0 billion, an amount 25.1% higher than the amount recorded in 2014.

The fact that the company had repurchased and subsequently canceled senior notes, in order to reduce its indebtedness, in line with the objective of better adapting its capital structure, as defined in the strategic plan Focusing on Winning, also had an influence on the financial performance. This repurchase was made at a price lower than the face value, which resulted in a

financial gain of R\$136 million, included under "other financial income". On the other hand, the operation also led to a financial expense of R\$ 113 million, resulting from the accounting write-off (with no cash effect) of the cost of issuing the repurchase of these notes. Another factor that negatively affected the financial result for the year was the net mark-to-market of derivatives.

R\$ MILLION	2015	2014	% DIFFERENCE 2015/2014
Financial income	585.0	282.2	107.3%
Interest received/income	108.8	108.0	0.7%
Income from derivatives	325.5	173.3	87.8%
Other	150.7	0.9	N.D.
Financial expenses	(2,612.7)	(1,902.5)	37.3%
Interest on loans / debentures / leases	(1,321.4)	(1,018.2)	29.8%
Cost of derivatives	(582.6)	(288.1)	102.2%
Bank charges, commissions, other	(708.7)	(596.2)	18.9%
Financial losses before foreign exchange variation	(2,027.7)	(1,620.3)	25.1%
Net foreign exchange losses	(1,058.9)	(441.6)	139.8%
Net financial loss	(3,086.6)	(2,061.9)	49.7%

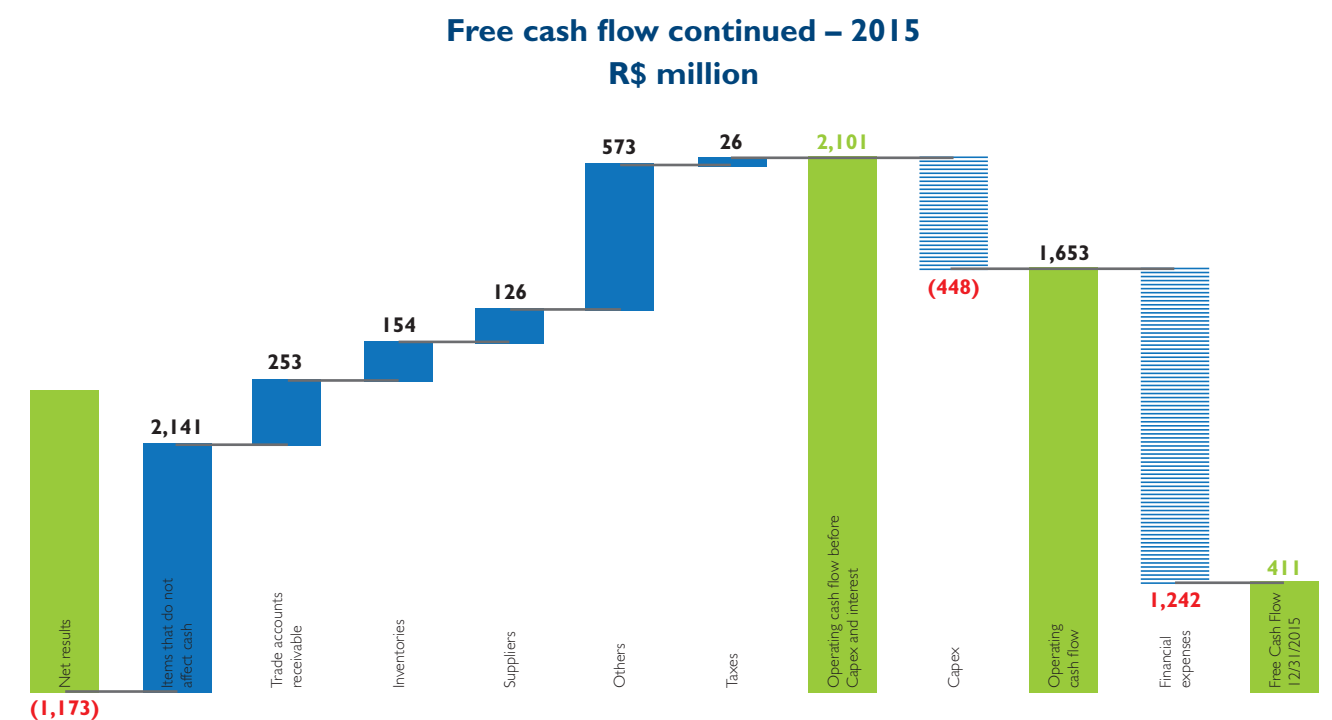
NET RESULTS

In 2015, the Company's net result was negative by R\$ 586.0 million, which shows an improvement of 20.8% compared to the loss of R\$ 739.5 million in the previous year. The performance was influenced by the better operating results, as presented in the previous items, and the positive impact of the gain earned from the sale of Moy Park in the third quarter of 2015.

CASH FLOW

The generation of free cash flow is one of the main objectives defined in the Company's strategic plan and has been solidified each financial year. In 2015, the accumulated operating cash flow was R\$ 2.1 billion, a figure R\$ 138 million higher than that registered in 2014.

The results of the measures taken based on Focusing on Winning shows the efforts shared by each of the business units of Marfrig Global Foods, with a special emphasis on the Marfrig Beef segment, which maintained its focus on controlling expenses and improving working capital, resulting in a free cash flow of R\$ 411 million in the year. Considering only continuing operations and excluding the effects of discontinued operations, the free cash flow in 2015 was R\$ 103 million.



INDEBTEDNESS

At the end of financial year 2015 the Company's total consolidated gross debt was US\$ 3.1 billion, 25% lower than that registered at 12/31/2014. When measured in reais, the gross indebtedness at the end of 2015 was R\$ 12.1 billion, indicating an increase of 9.6% compared to the position at the end of the previous year, due to the negative impact of the appreciation of 47.0% of the U.S. dollar in the period. Of the total gross debt at 12/31/2015, a portion of 6.7% was linked to local currency.

The balance of cash and short-term investments at the end of the year was US\$ 1.3 billion, 28.0% higher than the amount recorded on the same date in 2014. The difference was due to the funds received from the sale of Moy Park. With this, the company reached the end of 2015 with a net debt of US\$ 1.8 billion, recording a decrease of 42.4% compared to the closing position of the previous year. When measured in reais, net debt at 12/31/2015 was R\$ 7.1 billion.

Continuing its liquidity strategy, in December 2015 the company increased and extended the existing credit lines for Keystone Foods. Increased by US\$ 270 million and thus totaling US\$ 900 million, these financial instruments were composed of a revolving line of credit of US\$ 530 million and a term loan of US\$ 370 million, maturing in 2022.

Indebtedness at 12/31/2015

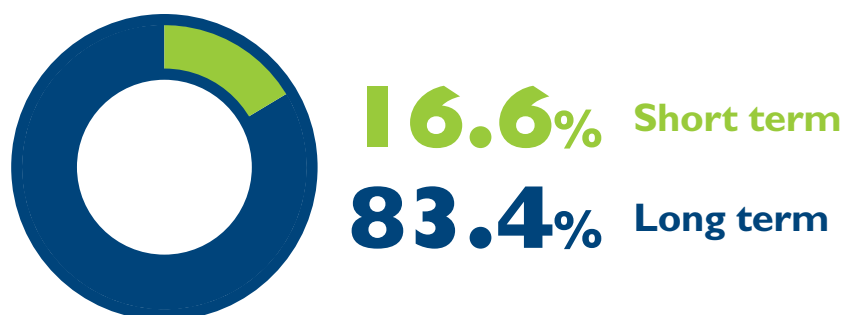
Gross debt R\$ 12.1 billion or US\$ 3.1 billion

Net debt R\$ 7.1 billion or US\$ 1.8 billion

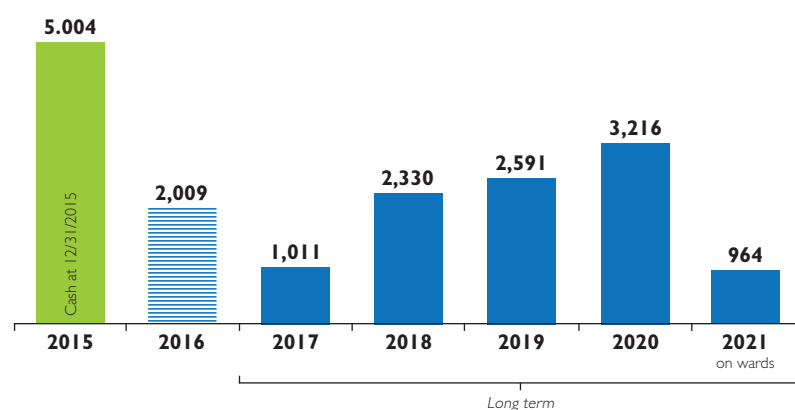
Duration: 50 months (49 months in 2014)

Average cost: 7.88% (7.65% in 2014)

Maturity profile



Repayment schedule – R\$ million



LIQUIDITY

The growth in the EBITDA and the capital gain of R\$ 1.4 billion from the sale of Moy Park contributed to the decrease in the level of financial leverage as measured by the net debt/EBITDA ratio, which was 2.26 at the end of 2015, compared to 4.97 at end of fiscal year 2014.

The contractual provisions of the company's banking and financing operations via the market enabled it to exclude the effects of the exchange variation for calculation of the leverage ratio. Thus, the net debt/EBITDA ratio calculated for this purpose at 12/31/2015, was 0.54.

Marfrig's management considers that the ratio that best reflected the company's level of leverage at the end of fiscal year 2015 was the ratio between the net debt on the date and annualized adjusted EBITDA of the continuing operations of 4Q15. This ratio was 3.38 and included a difference of 1.6% between the exchange rate of R\$ 3.90/US\$ 1 at 12/31/2015 (the closing date of the financial statements and, therefore of the position of the net debt) and the average exchange rate for the fourth quarter of 2015, of R\$ 3.84/US\$ 1.

RISK CLASSIFICATION

In October 2015, Fitch Ratings published a report maintaining Marfrig's rating at B+ and changing the prospects from "stable" to "positive". The change in the recommendation was supported by the acceleration in the deleverage process due to the sale of Moy Park and by the expectation that the Company should improve the free cash flow generation in the next 24 months.

RATINGS OF MARFRIG GLOBAL FOODS – 12/31/12/2015

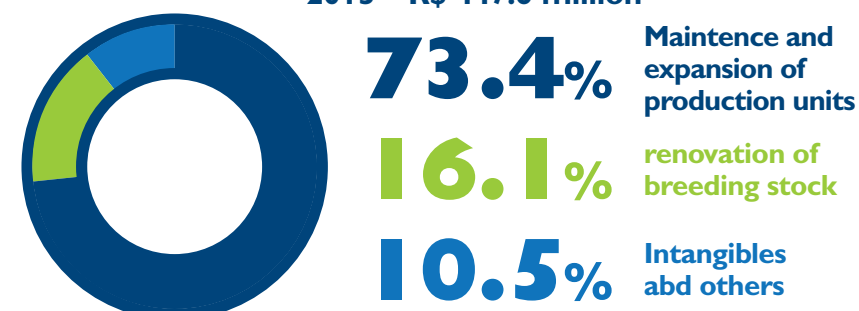
AGENCY	DOMESTIC	INTERNATIONAL	PROSPECTS
Standard & Poor's	br BBB	B+	Stable*
Fitch Ratings	BBB+ Brz	B+	Positive
Moody's		B2	Stable.

*In May 2016, Standard & Poor's revised the prospects of the Company's rating from "stable" to "positive".

INVESTMENTS

With the main focus on maintaining and expanding the production units, Marfrig Global Foods' investments in 2015 were R\$ 447.6 million, with an expansion of R\$ 150.2 million compared to 2014. This increase was due, mainly to the effects of the exchange rate on the translation of the amounts invested in the units, which was partially offset by the decrease in investments, considering the discontinued operations.

Investments 2015 – R\$ 447.6 million



STATEMENT OF ADDED VALUE

× G4-ECI

In 2015, the consolidated activities of Marfrig Global Foods generated added value distributed in the company of R\$ 8.4 billion, 31.4 percent higher than the amount recorded in 2014.

R\$ MILLION	2015	2014
Earnings	19,340.9	15,770.6
Inputs acquired from third parties (including ICMS, PIS and Cofins)	(16,189.0)	(11,601.5)
Gross added value	3,152.0	4,169.1
Depreciation and amortization	(432.9)	(329.4)
Net added value produced by the Company	2,719.1	3,839.8
Equity accounting results	(23.8)	(17.8)
Financial income and foreign exchange variation gains	2,608.5	1,050.8
Other (including discontinued operations)	3,092.5	1,515.6
Total added value to be distributed	8,396.3	6,388.3

DISTRIBUTION OF ADDED VALUE	2015	2014
Personnel and charges	2,096.7	1,177.5
Taxes, fees and contributions (federal, state and municipal)	88.6	47.3
Remuneration of third party capital (including discontinued operations)	6,749.6	5,883.7
Remuneration of shareholders' equity	(538.6)	(720.3)
Loss for the year	(586.0)	(739.5)
Minority interest in retained earnings	47.5	19.2



2015:
TARGETS WERE
REACHED FOR
THE THIRD
CONSECUTIVE YEAR

CAPITAL MARKETS

Marfrig's shares, listed on BM&FBOVESPA, registered 4.1% appreciation in 2015

Marfrig Global Foods' shares are listed on BM&FBOVESPA under the ticker MRFG3. Its capital is represented by 520,689,000 shares, all of them common shares, as established by one of the rules of *Novo Mercado*. The company also maintains a level I ADR program, with receipts representing its shares being traded on the OTC market, under the MMRTY ticker.

In 2015, Marfrig Global Foods' shares were part of the theoretical portfolio of Ibovespa, of IBrX 100 (composed by 100 shares selected among BOVESPA's most actively traded shares), of ITAG (Index of Shares with Special Tag Along) and of IGC (Special Corporate Governance Stock Index).

Quoted at R\$ 6.35 at 12/31/2015, the Company's shares recorded a valuation of 4.1% during the year, compared to a 13.3% indentation from Ibovespa in the same period. The increase seen as from the end of June, after the notice of sale of Moy Park, when the maximum share price reached R\$ 7.17, was affected by the worsening of the Brazilian economy. The average daily financial volume grew 8%, from R\$ 13.8 million in 2014 to R\$ 15 million in 2015. The ADRs reached the end of the year quoted at US\$ 1.54, with a 31% drop compared to 2014, influenced by the devaluation of the Brazilian currency. In the same period, the S&P index presented a 1% indentation.

At the end of the year, Marfrig was covered by 14 investment analysts from Brazilian and foreign financial institutions. At the time, 10 of these analysts, or 71.4%, flagged the "purchase" for the company's shares and three had a 'neutral' recommendation.

As determined by the Brazilian corporation law and the Bylaws of the Company, Marfrig's mandatory dividend is at least 25% of the net adjusted profit calculated in the non-consolidated financial statements. In 2015, no dividends were paid to shareholders due to the net loss recorded in the year.

CORPORATE STRUCTURE (AT 12/31/2015)





SUSTAINABILITY

A concept, related to economic, social, cultural and
which seeks to meet the needs of the present
generations. I. Quality or property of what is
necessary to the preservation of life.

environmental aspects,
without affecting future
sustainable, of what is

RISK MANAGEMENT

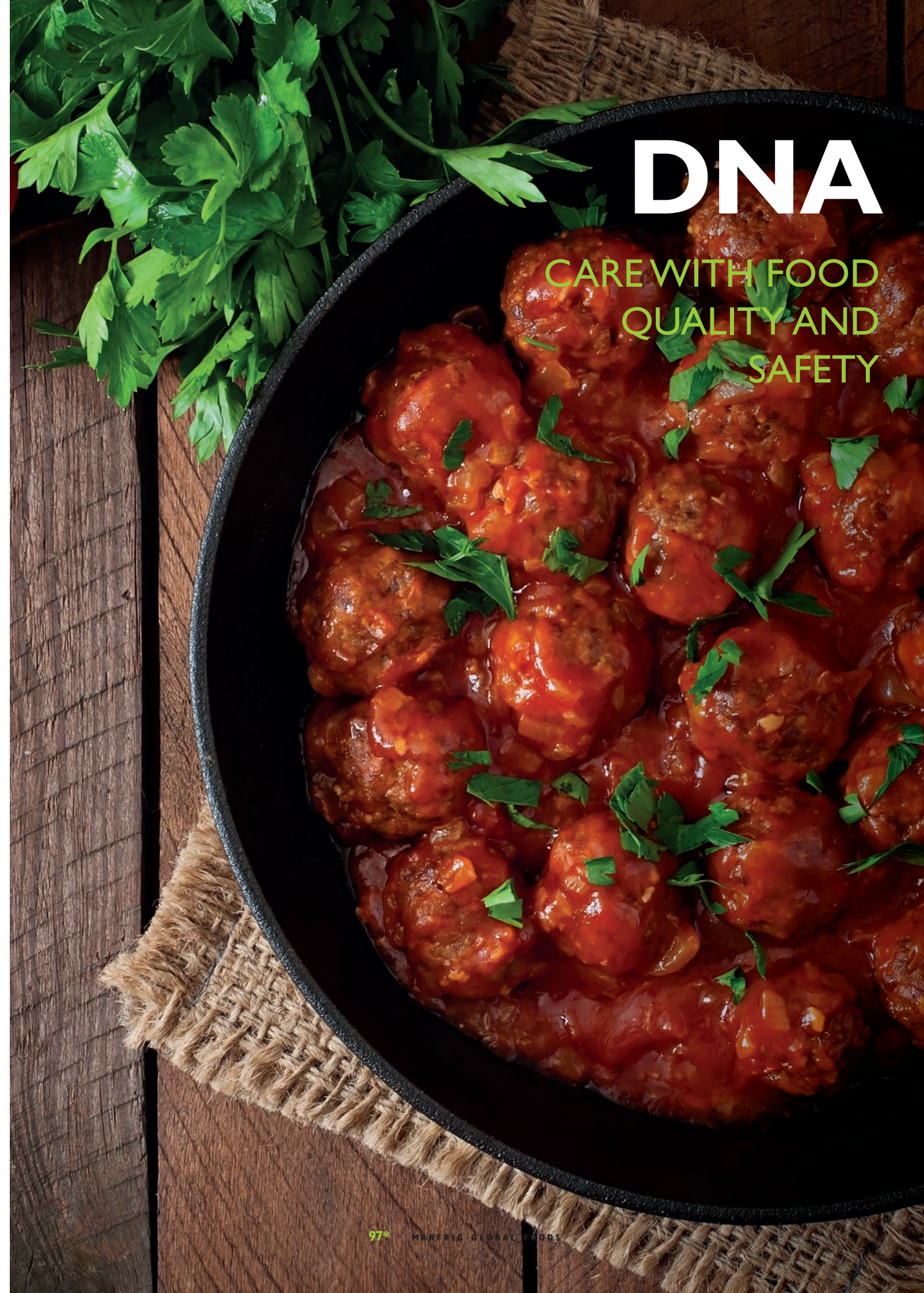
× G4-DMA-Fight against corruption | G4-DMA-Unfair competition |
G4-I4 | G4-PRI | G4-S04 | G4-S06 | G4-S07

**The goal is to prevent the occurrence
of accidents involving employees, financial
losses and damage to reputation**

The maintenance of practices and processes that permit identifying, monitoring and mitigating the risks related to the business of Marfrig Global Foods is carried out in day-to-day activities by areas dedicated to this monitoring, such as Compliance, established in June 2015, and Internal audit. These functions, however, are not restricted to these areas, the dedication of the senior management of the company, of the committees formed to support the Board of Directors and, in last instance, of each employee as is fundamental.

Marfrig Global Foods manages the risks inherent in its activities in order to prevent the occurrence of accidents involving its employees, financial losses and damage to reputation. This calls for constant evaluation and monitoring, in addition to the establishment of a set of policies, standards and procedures and an effective system of internal controls.

In this context, the enterprise risk management model of the company was developed from strategic objectives in order to promote the goals, within a reasonable level of security, and guide all participants of the model of corporate risk management on conducting its activities in accordance with the Marfrig philosophy.





Marfrig Global Foods establishes its strategic objectives in line with the Company's vision, mission and values

Among the aspects monitored are those related to some form of corruption and/or fraud involving Marfrig Global Foods, its representatives and its operations. These matters are linked to the Company's performance standards and are handled by the code of ethics and Anti-corruption Manual, the latter based on the Anti-corruption Law (Law 12846/2013, in force since January 2014) and approved by the Board of Directors in June 2015. (Information in the chapter; Corporate Governance and Management Model).

Seeking to prevent any deviations that may occur, the Compliance area uses mechanisms for the prevention, detection and treatment of any

deviations of conduct or outside the established standards. In this sense, it monitors the channels of communication and complaint, and carries out various initiatives together with the area of Communication to disseminate and reinforce these messages.

The area of Compliance also maps the risks and promotes periodic training of employees. These actions include topics such as the role of the Department, the importance of the complaint channel, called the Help Line, among others. The goal is to strengthen the dissemination in all the industrial units in 2016.

All contracts signed between Marfrig and its trading partners began to include compliance clauses. The goal is to extend the obligation of compliance with the anti-corruption law and the internal rules of the company to customers, suppliers and service providers.

The quality, health and safety issues are rooted in Marfrig Global Foods and are transmitted to its main relationship public (employees, customers and suppliers), through the Vision, Mission and Values. The company defines its strategic goals in line with these pillars and promotes management practices geared toward the satisfaction of these goals.

The care with quality and safety of food in the production processes is in the DNA of Marfrig Global Foods and is essential for the business success and continuity of the Company.

🔗 **Customers:** food security, innovation and growth, engagement and communication with stakeholders, nutritional value and generation of value;

🔗 **Social:** engagement with the society, volunteerism among employees, social economic development and social entrepreneurship;

🔗 **Environment:** climate change, energy, environmental management systems, materials and waste, natural resources, water;

🔗 **Suppliers:** animal welfare, responsible sourcing, engagement and development of suppliers, guarantee in the supply chain and sustainable agriculture;

🔗 **Work environment:** compliance, diversity and inclusion, development of employees, ethics and integrity, safety and health and well-being;

🔗 **Economic:** generation of value, free cash flow, reduced leverage and profitability.

CORPORATE SUSTAINABILITY STRATEGY



Rigid processes and controls, in accordance with applicable regulations and legislation, are present at all stages of production – from the monitoring of the rearing of animals to the distribution of products – in order to mitigate any image risk that an eventual failure in these aspects could cause.

The concern about the risks of possible harm to the environment, human health, the community and/or biodiversity is also part of the original Values of the group, which seeks to be in the lead and be a reference on sustainability in the sector in which it operates. Therefore, the Company has defined strategic themes related to sustainable performance:



Marfrig maintains research centers in the United States and in Asia to anticipate possible changes in the behavior of the end consumer

In its activities, the company and subsidiaries carry out the purchase of certain commodities such as livestock, grains and energy, which represent the largest single components of the production cost and are subject to certain variables.

Seasonality and price volatility of raw materials and sales are influenced by factors such as supply and demand, exchange rate variations and competition. Positive or negative impacts on the results of the companies can be caused by several factors, that are possible or not to control. In the segment of animal protein, the seasonality and the volatility can directly

affect the pricing of raw materials and sales. Therefore, Marfrig seeks to anticipate these factors through reports, historical data and market information, in order to reduce possible impacts.

Prices of cattle, maize and soybean bran ("grains") acquired from third parties are directly related to market conditions,

suffering the influence of internal availability and the level of demand on the international market. It also suffers the influence of volatility generated by climatic conditions, harvest yield, transport and storage costs, agricultural policy, exchange rates, international and other listings, all items outside management control. Thus, in order to reduce the impact of commodities, the company manages inventory levels and trades derivative financial instruments on the future market.

Marfrig Global Foods is subject to market risks arising from exchange rate and interest rate fluctuations, changes in the prices of commodities, liquidity and credit, which are ensured by corporate guidelines. Aligned to the strategic goals of the company, these guidelines are intended to protect and enhance equity and optimize the return on the investment in the long run.

The company takes tactical and strategic actions in order to monitor and anticipate the possible changes in the behavior of the final consumer. Among the initiatives, it maintains research centers in the United States and Asia, and also an evaluation department.

The risk related to the concentration of the customer portfolio is managed through the constant and deep strategic relationship with all of them, in medium-and long-term processes, as well as the ongoing search for diversification of the base of activity. The aim is to dilute the weight of participation of those customers with significant billing volume.

The attraction and retention of qualified personnel are essential in the quest for efficiency in day to day operational and corporate activities. Thus, Marfrig Global Foods seeks to promote opportunities to support its professionals in the development of their careers, including experience in different business units and functional areas. It also maintains a remuneration policy guided by best practices and market trends and aligned with the goals and strategies of the company. Conducting these initiatives in an increasingly challenging business environment requires attention and dedication not only from the human resources team, but from all managers in Marfrig.

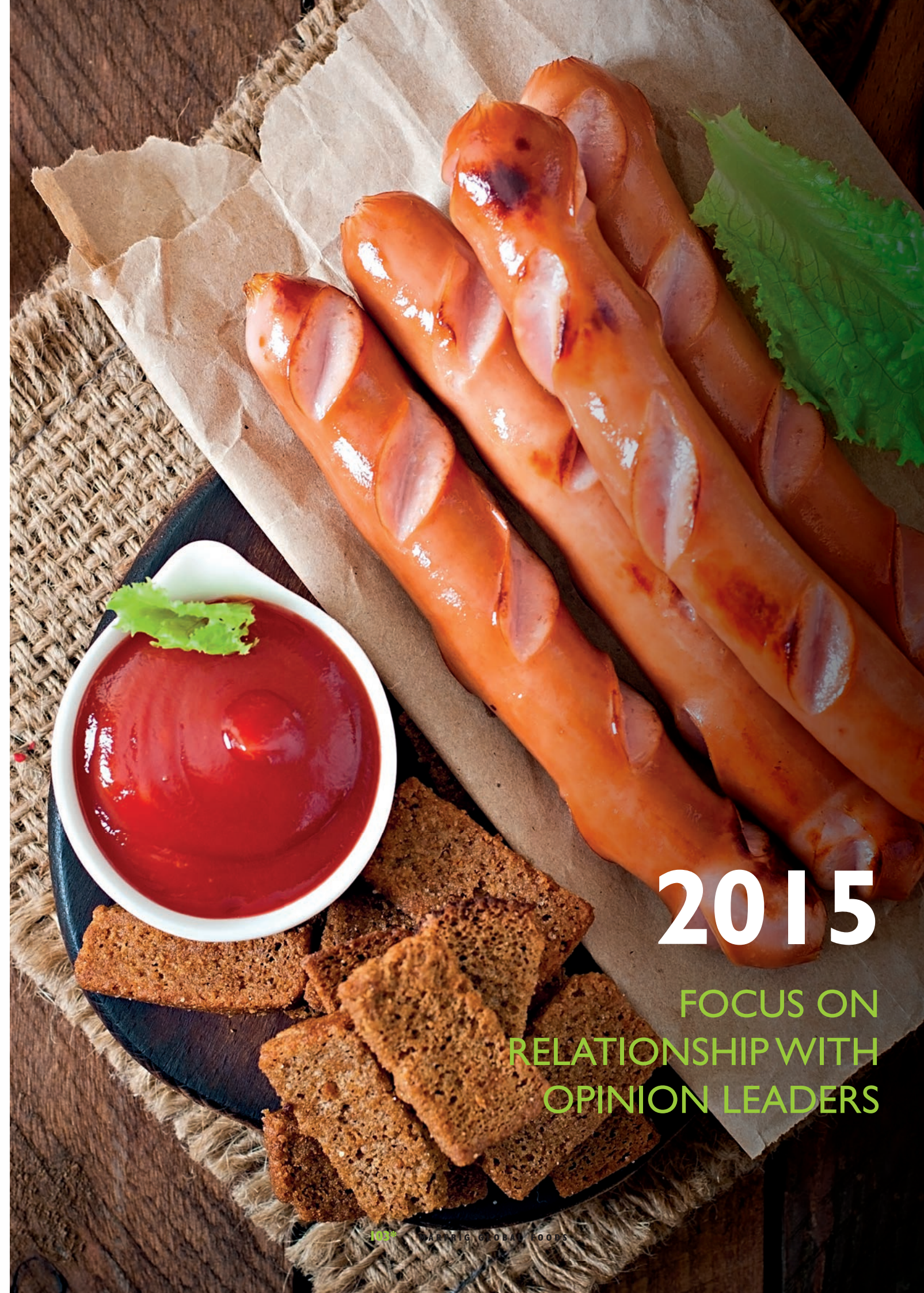


RELATIONSHIP WITH OUTSIDE AUDIENCES

Marfrig strives continuously to be a responsible global company, with a broad vision of sustainability

Respect and trust. These are the attributes on which the relationship of Marfrig Global Foods with its stakeholders – customers, investors, suppliers, employees and society – is based. Extending the knowledge of the company's strategies, the product brands and their differentials, care with the quality and safety of food production processes and attention to the environment are on the relationship agenda with these opinion makers.

Marfrig's communication channels make access easy to both clients and suppliers and consumers. In 2015, the Company's pages on LinkedIn and Facebook, YouTube channel, corporate websites and *Saboreando o Mundo* magazine, among other vehicles, contributed to disseminating their strategic actions.



2015

FOCUS ON RELATIONSHIP WITH OPINION LEADERS

SUSTAINABILITY STRATEGY

With a broad vision in terms of sustainability, also considering profitable growth, environmental management and social responsibility, Marfrig Global Foods has a corporate strategy for this process, establishing the basic guidelines to be followed in all divisions. The Company operates continuously in order to be a responsible global company that maintains the balance of this tripod.

2015 was marked by continuous strengthening of the strategic pillars for sustainable development of the company: customers, suppliers, work, social and economic environment. They permeate the operations of all business units and are a reference for the development of local actions which jointly promote and ensure the sustainability of the entire productive system.

The Global Group of Corporate Social Responsibility and Sustainability establishes guidelines, coordinates corporate activities and follows the actions of the divisions in that area, always maintaining the alignment with the business model, the strategy and goals defined in Focar para Ganhar (Focusing on Winning). In turn, the business divisions develop actions from these guidelines, adapting them to the regional and operational specificities, in order to ensure the sustainability of the entire productive system.

In Brazil, the main initiatives aimed at the communities are carried out by Institute Marfrig Fazer e Ser Feliz and through supporting environmental projects aimed at regional development. The company also supports the volunteer work of employees who form groups to reform public schools or perform other necessary works. The volunteers also participate in social actions coordinated by the Institute.

In the units of Keystone Foods, the principles, objectives and guidelines of Corporate Social Responsibility and Sustainability are gathered in the KEYSTAR® program. The initiative was created from the company's tradition in pursuing excellence in customer services, employee health and safety, animal welfare, risk management, quality and safety of food, in addition to the efforts for the protection of natural resources and strengthening the relationship with

the communities in which it operates. The initiatives are developed based on the four pillars – Maintaining the planet, Contributing to communities, Supporting our people, and Creating shared value –, considered essential aspects to the business strategy.

Aligned with the principles of Marfrig Global Foods of managing business so

The year 2015 was marked by the continual strengthening of the strategic pillars for the Company's sustainable development

RELATIONS WITH THE COMMUNITIES - SOCIAL RESPONSIBILITY

as to produce results for the company and shareholders, the KEYSTAR® program name comes from:

🌱 **Socially Responsible Growth**

🌱 **Total Commitment**

🌱 **Achieving Balance**

🌱 **Respecting the Environment**

One of the most visible faces of the engagement of Marfrig Global Foods with sustainability practices are workgroups led or integrated by the company and its business units. Other good examples are the public commitments, undertaken in partnership with leading global organizations of defense of sustainable production and biodiversity preservation, environmental projects and development programs, widely recognized for their audiences.

As one of the values of Marfrig Global Foods, social responsibility integrates with strategic actions of the company, and is an essential part of the sustainable growth of the business. Its expansion must be allied to the social development of the communities in the regions where it operates, providing positive return to shareholders and to society. Thus, it is of great importance to Marfrig to build firm relationship bonds with communities and provide benefits that involve, in addition to the generation of jobs and the payment of taxes, welfare and social growth for these communities.

MAIN INITIATIVES DEVELOPED BY THE BUSINESS UNITS OF THE COMPANY:



MARFRIG FAZER E SER FELIZ INSTITUTE

Maintained by Marfrig Beef, it promotes sustainable social development in communities where their units are. Founded in 2011, it is a non-profit organization that prioritizes support for children and adolescents between 6 and 16 years old and for elderly people in a situation of social, economic and psychological vulnerability.

There is a total of 13 Support Houses, in which volunteers from the community and the Company, among them doctors, dentists, social workers and educators, support children and adolescents. They take part in activities, such as school reinforcement, computer learning, sports, recreation, citizenship and sustainability practices and respect for the environment. In 2015, 240 children and adolescents took part in this program.

The initiative receives support from companies, authorities and representatives of local communities, in addition to the employees themselves, who work as volunteers.

CULTIVANDO ESPERANÇA (CULTIVATING HOPE)

More than 45,000 children from 40 schools around Brazil take part in this project aimed at the development of rural activities, theoretical and practical preparation of the land, farming, and eating healthy and environmentally sustainable production.

IMPULSO AGROPECUÁRIO (AGRICULTURE BOOST)

It values initiatives for improvement and creation of techniques aimed at the sustainable development of agriculture. It prioritizes issues such as animal feed, supplies and equipment, as well as the training of producers in new techniques for intensive meat production.

VALORIZANDO VIDAS (VALUING LIVES)

Support for the Procladis Program, of the Government of Uruguay, aimed at hiring employees with disabilities.

FAMÍLIA RURAL (RURAL FAMILY)

Donations in kind and in cash to rural schools and educational projects aimed at the education of underprivileged children.



KEYSTONE CARES

In 2015 Keystone Foods created the project that concentrates efforts aimed at social support, within its corporate responsibility program KEYSTAR®, "Contributing to communities". Efforts in social terms are directed towards three priority areas: feeding the population, support for the communities of the regions in which the unit is present and assistance in disasters. The goal is to act differently in these communities, in partnership with organizations such as schools, fire departments, scout groups, chambers of Commerce and scholarship programs.

At the beginning of 2015, the Global Philanthropy Group of Keystone Cares worked to improve the platform and the efforts made in this area. To this end, it developed a new food donation policy, aligned in philanthropic terms with the vision, mission and values of the company and to help to ensure the protection of the Keystone brand. Under the Keystone Cares flag, the objective was to enhance the local impact, making it more meaningful and positive with results in all regions of the world where Keystone operates. The focus on donations allowed the alignment of dedication to the work initiative and customers' actions, unifying efforts and increasing the effectiveness of contributions. The activities were concentrated in three areas of community engagement: human nutrition, support for local communities and aid in disasters.

Employees of various units of Keystone Foods in the United States have made several types of contribution to help great causes and communities. An example was the "auction" of trees in the city of Jefferson, Wisconsin. They were all decorated with ribbons and the names of cancer survivors as a way to raise funds for these people and create greater awareness of the disease.

In the countries of the APMEA region, with very diverse characteristics among themselves, Keystone Cares actions varied depending on the regional culture. In Malaysia, for example, the K-WIN women's group (Keystone Women's Inclusion Network) raised funds for the My Grocery Basket campaign, a program that subsidizes monthly purchases of food for nine charity institutes. In Shandong, China, employees made a vegetable garden in an area not used by the Keystone factory, planting various vegetables and dividing the species among the employees.

In October, events were held in Atlanta, Georgia (USA) and in Bangkok, Thailand, to reward the winners of the KEYSTAR® 2015 CSR Achievement Award, among 35 programs included by the units of Keystone Foods around the world. Each inscription was analyzed in detail in terms of alignment with the requirements of its category. Then, a jury formed by people outside the company considered the originality, innovative character, the ability to replicate the initiative in other regions and the results obtained.

THE AWARDS CATEGORIES, ALIGNED TO THE FOUR PILLARS OF KEYSTAR® AND ITS WINNERS IN 2015 WERE:

- 🌱 **Sustaining the Planet** – Achievements of corporate social responsibility through energy conservation, waste reduction, water conservation, management systems or environmental responsible sourcing. First prize: Keystone Shenzhen, China, with the Energy Savings and Reduced Emissions program.
- 👥 **Supporting our People** – More significant results in the areas of diversity and inclusion, leadership development, health and safety, and employee engagement. First prize: Keystone Ohio, United States, with the development of a new system that generates real time data related to indicators of work accidents, in line with the continuous safety improvement plan.
- 🏘️ **Contributing to Communities** – Achievements of corporate social responsibility through philanthropy, volunteerism, engagement of the local community. First prize: Keystone Thailand, with the engagement of employees and suppliers in Community actions, working with the elderly, adolescents, healthy and sick in various activities with the dedication of over 1,000 hours of volunteer service.
- 🌱 **Creating Shared Value** – The category focuses on achievements resulting from measures aimed at quality and safety of food, animal welfare, engagement of suppliers and other shareholders, transparency and communication. First prize: Keystone Camilla, Georgia (USA), with the Big Bird program, aimed at increasing the size of chickens, and the Reducing Variation to Optimize Breeder Performance program, aimed at a more uniform chicken breeding.

Annually, the Keystone Foods unit that surpasses its environmental targets is also awarded. In 2015, the winner was the Shenzhen unit in China. For the second year, partners of the company participated in this recognition program, with the "Supplier Award" and were awarded for prominent achievements, aligned to the values of KEYSTAR®.

RELATIONSHIP WITH CUSTOMERS

× G4-FP5 | G4-FP6 | G4-FP7 | G4-HR11 | G4-LA15

Providing the best service and offering the best products, perfectly suited to the needs of the customers is essential for business success. In all divisions, the close relationship with customers is part of the Company's strategy and day-to-day activities. The development of products that meet the specific needs demanded by customers and even the

Marfrig Beef and Keystone Foods participate actively in the Global Roundtable for Sustainable Beef (GRSB).

development of products in partnership with key accounts, with investment in research and development, are practices that differentiate and add value to the relationship of Marfrig Global Foods with its clients.

Among the main initiatives, Marfrig Beef and Keystone Foods actively participate in the **Global Roundtable for Sustainable Beef (GRSB)**, focused on continuous improvement of sustainability standards of the beef value chain – Marcelo Secco, CEO of Marfrig Beef Cone Sul, is Vice President of the entity. The GRSB brings together several links in the production chain – ranchers, farmers, producers, processing companies, retail and trade, and non-governmental organizations active in this area, in regional work groups. The main objective is to define the principles and global criteria for sustainable beef. Marfrig units participate in the regional activities of the GRSB in Brazil, United States and Australia.

MARFRIG BEEF INITIATIVES

Marfrig Beef has been specializing in meeting specific market requirements, offering, for example, special cuts of meat. Delivering a product with the weight determined for a restaurant is a job of craftsmanship, due to the individual care with every cut, showing the business unit's attention to customers. In a properly air-conditioned environment, the control of the cutting process and the precision weight guarantee compliance with all customer specifications, such as the percentage of fat or thickness of steaks.

The standard in the products is a result of the integration of control of the animal protein production chain, from field to plate, which allows you to select the animals by breed, weight, age and finishing. They are bred together, boned in a single batch and portioned in the same production

line. Thus, it is possible to guarantee volume, quality and standardization of the cuts throughout the year:

The demands of consumers in search of more healthy and balanced nutrition are also priority and, increasingly, the portfolio includes low-calorie products, -free of trans fat (harmful to the human body) and rich in nutrients. The organic meat produced in the Tacuarembó plant, in Uruguay, is the main product of this line. Suppliers raise cattle following strict organic certification standards, through a system of environmentally correct production, where animals are treated with herbal and

KEYSTONE FOODS INITIATIVES

homeopathic medicines and fed on pasture without pesticides. The result is meat free from chemical residues.

Another example in Uruguay is the innovation in sustainable production and deployment of certified organic meats with high added value, such as the program known as Viva Grass Fed Beef. The cattle is fed only with pasture and, given the demand in the North American market, without the use of antibiotics, growth hormones and animal feed. With the approval of the United States Department of agriculture (USDA), the products are sold in large networks.

Also in order to meet consumer demands, Keystone Foods carries out various initiatives to make products healthier, reducing sodium and fat, removing preservatives and artificial flavors. The business unit also began to use labelling systems to facilitate the reading of the composition of the products available in supermarkets.

The company provides information to customers with respect to good practices adopted in its own units and also by its suppliers, related to product traceability, food safety, operational practices, environment, conditions and work practices, among other issues. The goal is to develop comprehensive management systems of policies, procedures, methods of communication, assignment of duties, responsibilities, qualification, training, and enterprise integration. Dealing also with governance mechanisms and complaints about the work environment and also related to human rights.



RELATIONSHIPS WITH SUPPLIERS

× G4-DMA - Supplier Evaluation in Labor Practices | G4-DMA - Environmental Evaluation of Suppliers | G4-DMA - Supplier Evaluation in Impacts on | G4-I2 | G4-FP5 | G4-FP6 | G4-FP7 | G4-LA14 | G4-EN32 | G4-S09

There are several initiatives taken to strengthen the relationship with suppliers, seeking to qualify the partner operations in order to ensure more and more the quality of products of Marfrig Global Foods worldwide. The use of technology plays a major role in this relationship. In Brazil, for example,

ranchers can follow online the slaughter of cattle provided to the Company. In real time, they receive information on weight, carcass conformation, fat percentage and age. The process has collaborated to increase transparency between Marfrig and these suppliers.

The producers also receive technical guidance on best management practices and facilities during periodic field visits of professionals from the company. Several materials, such as manuals of Marfrig Global Foods on management, importance of vaccination, concern about diseases and other topics, are distributed at these meetings and are available on the corporate website.



MARFRIG BEEF - PROGRAMS FOCUSED ON BEEF QUALITY

Since 2000, Marfrig Beef promotes race development and special cuts programs. .Altogether there are five production systems for different types of meat: 100% European animals in feedlots, 100% European animals on pasture, confined half-blood animals, Wagyu and Natural Nelore. They generate profitability for cattle ranchers, differentiated products for customers and value for the company. Suppliers can also participate in programs for improvement of production and awards related to the performance of ranchers in these initiatives. The main programs are:

Program Marfrig + – New era of Brazilian livestock
In August 2015 Marfrig Global Foods celebrated the birth of the first calf of the Program Marfrig +, an unprecedented initiative in the country dedicated to the breeding of cattle, on an industrial scale. The goal is to gather all the links in the production chain in search of increased efficiency and productivity of the cattle. Released in 2014, Marfrig + uses sexed embryos for in vitro fertilization of high genetic quality, at a viable cost in relation to the volume of production. The results are embryos with 100% genes of high quality in the following features: precocity, high feed conversion, finishing, taste and quality of the meat produced. The technique allows, after weaning, that calves have their weight increased, decreasing the period of reproduction and thus anticipating the slaughter to only 16 months - the current average is 30 months.

Marfrig Club
A pioneering initiative to promote good practices for Brazilian livestock, Marfrig Club seeks to promote the development of the rural properties of its suppliers. Created in 2010, it encourages the professionalization of the activity to ensure safer, more efficient production with a lower environmental impact. Marfrig Beef technicians guide and train the employees of these farms on best livestock practices through regular visits.

The technicians monitor the attributes related to respect for animals, people and the environment. Regarding the animals, they follow up aspects such as the welfare of the heard, traceability and guarantee of origin and age. Social respect deals with labor standards, the conditions of housing and health and incentives, while environmental respect evaluates items such as the preservation of the vegetation, soil and water and the disposal and treatment of waste.



Marfrig Club monitors attributes related to respect for animals, people and the environment.

The producers receive financial subsidies based on the classification of their property according to parameters established for each item and also based on a score according to the level achieved. The categories of classification of properties are: Beginning, Bronze, Silver, Gold and Platinum. By the end of 2015, all suppliers or service providers had met the social requirements and none of them were suspended from the program.

In 2015, 64.5% of the cattle slaughtered by Marfrig were monitored by Marfrig Club, totaling more than 1.3 million animals. Of the total of 10,222 suppliers, 4,146 – which represents more than 40% – were classified in the program: 2,098 Beginning, 1,446 Bronze, 275 Silver, 165 Gold and 162 Platinum.

Marfrig Angus Development Program

The goals are to strengthen, intensify and enhance the relationship of the company with ranchers, encouraging the use of artificial insemination and interbreeding between the angus and brangus breeds. By offering prizes on the price of an arroba of fat cattle, it guarantees the purchase of Angus and Angus cross (male and female). Five Brazilian States take part in the program: São Paulo, Minas Gerais, Goiás, Mato Grosso and Mato Grosso do Sul.

Natural Nelore Quality Program (PQNN) and Marfrig Hereford – G4-HR5 | G4-HR6 | G4-FP5 | G4-FP6 | G4-FP7

One of the largest initiatives for valuation of Brazilian meat, the Natural Nelore Quality Program (PQNN) is a set of standards and procedures to ensure the standard of bovine carcasses, fattening and breeding systems and Nelore breeders. The proposal is to offer the market a product differentiated by its controlled standardization and quality. Simple and practical, it was structured so that any producer can take part, regardless of the size of his herd. Following the same line of action, the Marfrig Hereford Program is targeted for producers of Rio Grande do Sul.

In addition to the development programs of breeds and special cuts, Marfrig Beef created the Negotiating Table, an initiative that offers ranchers seven marketing contract alternatives, allowing

adjustments to changes in the market in the medium and long term, ensuring a minimum price and, consequently, the economic sustainability of the business.

To stimulate the adoption of sustainability best practices in the production chain, producers are mapped and organized according to environmental standards. The purchase system only authorizes the transactions after the confirmation of a property check in the listing of Ibama (Brazilian Institute of the Environment and Renewable Natural Resources) and the Ministry of Labor. Thus, this ensures customers and consumers that the cattle purchased were not raised in areas in disagreement with the policy of guarantee of environmental origin. It also confirms the non-inclusion of its suppliers on the Ministry of Labor list of companies with slave work, nor between those with expertise in areas that are embargoed by Ibama.

In this sense, another unprecedented tool in the livestock segment is the Request for Information (RFI), used to control the origin of cattle raised in the Amazon Biome. The ranchers record on the RFI the origin of animals purchased from third parties (indirect suppliers). Then, Marfrig Beef technicians consult the lists of Ibama and the Public Ministry to check the suitability of these producers in relation to environmental practices. The use of the tool is critical for consolidating the use of minimum criteria for operations with cattle and bovine products on an industrial scale in the Amazon Biome – Greenpeace.

RURAL ENVIRONMENTAL RECORD (CAR)

The unit also monitors the adoption by its suppliers of the Rural Environmental Record (CAR), established by the new Brazilian Forest Code for the environmental regularization of rural properties and possessions. The importance of compliance with the deadlines for registration and the benefits of this initiative by the Ministry of Environment for the recovery of degraded areas throughout the country is noteworthy.

KEYSTONE FOODS – INITIATIVES FOR CONTINUOUS IMPROVEMENT

× **G4-HR4 | G4-HR5 | G4-HR6 | G4-HR10**

Keystone Foods operates alongside other companies in the industry to establish classification standards for sustainable commodities. In this sense, it seeks to engage suppliers, encouraging them to achieve standards of excellence in several areas, for example, responsibility for the workplace. It prioritizes responsible purchasing and actions for continuous improvement among suppliers, seeking to train them and evaluate them on topics such as ethics, human rights, good business practices, security, social well-being and sustainable supply chain benefits, often with the involvement of third parties.

Therefore, it establishes performance parameters with this important link in the production chain, in addition to identifying the more committed partners with whom we can deepen the relationship and develop new projects. The division is a signatory and member of the Poultry Sustainability Working Group, a



Keystone Foods seeks to engage its suppliers, encouraging them to achieve standards of excellence in various areas and prioritizes sustainable purchases

working group of the U.S. Egg & Poultry Association and takes part in the National Chicken Council (NCC), an organization responsible for establishing standards and metrics of sustainable production of chickens in the United States industry.

The units use high quality raw material, provided by a network of highly reliable partners in long-term relationships. The processes and techniques vary according to the market of operation and animal protein, always following quality and animal safety standards, assured by periodic audits. In addition to the guarantee of origin, another key aspect is the control of the processing of raw material.

The integrated vertical chain production of chickens in the United States is monitored by means of indicators of quality, consistency, supplier and cost, in order to benefit customers. In addition, the farmers engaged in the supply of chickens follow strict safety, quality and animal welfare standards.

The units of the APMEA region have also formed strategic alliances with suppliers and are dedicated to the preparation of dishes cooked and fried to the consumers' taste.

With respect to fish, many of the products have the Marine Stewardship Council Certified stamp, which certifies its quality.

Another initiative of the company is the engagement of its suppliers of raw

materials, other products and services in topics related to sustainability and social responsibility.

ENVIRONMENTAL RESPONSIBILITY

× G4-DMA-Water | G4-DMA-General | G4-EN8 | G4-EN31

Marfrig develops partnerships to ensure improvements in processes related to the use of land

For Marfrig Global Foods, the efficient use of natural resources and the preservation of the environment are fundamental to business and to its sustainable growth. To this end, the company has defined goals and objectives in each of its plants. It also develops partnerships with local institutions and those which operate internationally in order to ensure the improvement of processes related to the use of land and other resources. The company also adopts control systems and has several certifications, seeking to ensure the quality of processes and strengthen its responsible action. (Information in chapter Creation of Value).

The internal environmental management policy includes issues such as control of energy use, water management, recycling programs, actions targeted for sustainable farming and animal welfare, reforestation, environmental education and awareness, among other practices.

In 2015, the investment in environmental protection amounted to R\$ 7.8 million, considering all the companies of Marfrig Global Foods. The initiatives prioritized the treatment and disposal of waste, treatment of emissions, purchase and maintenance of equipment, cleaning costs, education and training, and external certifications of management systems. (Detailed in Appendix I).



R\$ 7,8 M

WAS THE TOTAL INVESTED IN ENVIRONMENTAL PROTECTION

VALUE PARTNERSHIPS

× G4-I2 | G4-I5 | G4-I6 | G4-EN12

Since 2010, the integrated management system (IMS) establishes environmental targets and indicators, aligned with legal requirements and constantly monitored. Investments in adoption of continuous improvement have achieved positive results, for example, in relation to water and energy consumption.

Environmental education actions are often carried out in the communities and are focused on local issues. A good example of 2015 is the construction of a butterfly garden by Keystone, near its premises in Gadsden, Alabama (USA), in support of the community and educational objectives related to biodiversity. Many species of butterflies are in danger due to changes in their habitat resulting from urbanization processes and gardening. Several host plants on which the butterflies and caterpillars feed are considered weeds, and are generally disposed of in household gardens. Thus, the butterfly gardens provide these insects and larvae with a protected environment for their population.

The initiative continued the program initiated in the unit in Camilla, Georgia (USA), in 2014. Informational materials on the life cycle of butterflies in their various stages of growth have been donated to local institutions that promote extracurricular activities for children. A nursery was also built inaugurated with the release of 96 insects by the students themselves.

Marfrig Global Foods values partnerships aimed at promoting its sustainable performance. The two business units, Marfrig Beef and Keystone Foods, promote several initiatives which, through their relevance, have led to appreciation of the brand and its products, reinforcing the strategies for creation of value. Among the partners of Marfrig Beef, the following stand out:



GREENPEACE PACT

In 2009, Marfrig Beef and the other large Brazilian companies in the meat industry in Brazil signed a public commitment with Greenpeace to combat deforestation in the Amazon Biome, to combat violence against indigenous peoples and to avoid the use of slave labor in rural areas. The commitment is known as "Minimum Criteria for Industrial Scale Cattle Operations in the Brazilian Amazon Biome" and is a milestone in the preservation of this important region of Brazil.

To ensure compliance with the criteria established by the public commitment, a number of procedures are adopted including the use of geospatial technology and training sessions aligned with the best practices for the conservation of the Amazon allied with cattle farming.

These sustainability good practices adopted in the purchase of cattle raised in the Amazon Biome were attested in a report audited by the independent consulting company DNV-GL. For the third consecutive year, in 2015 no purchase of Marfrig's cattle was identified in disagreement with the points of the public commitment assumed with Greenpeace.

The report sets Marfrig as a global sustainability reference for the animal protein industry. An example of long-term commitment to the preservation of the Amazon is the satellite mapping of the limits of 100% of the properties of its direct suppliers. The company was the first Brazilian animal protein company to use this technology to stop the purchase of cattle from properties that are deforesting the Amazon Biome.

It was also certified by the audit that the entire cattle purchase conducted by Marfrig follows a process that checks whether the property of origin is included in the lists of slave labor of the Ministry of Labor; whether it is situated in areas embargoed by IBAMA, or in disagreement with the criteria of the geospatial monitoring. The purchase system automatically prevents any attempt to acquire cattle from blocked farms, thus guaranteeing the origin of the cattle.

The assessment of the independent audit was based on the verification of documents, information collected in interviews and on the spot verification of the physical conditions. The work was carried out in three stages. The first stage certified, through tests of the cattle purchase system, the blocking of suppliers that do not meet the minimum criteria for operations. In the second stage, geospatial analyses were checked by verifying procedures and simulation of the monitoring of suppliers' properties. The confirmation that the Marfrig system is capable of blocking in advance farms or owners that are reported in the Ministry of Labor lists of properties that have presented slave labor, or properties that are located in indigenous lands, protected areas, regions where new deforestation has been found by geospatial monitoring or areas embargoed by Ibama, was carried out in the third and final stage of the work of the team of independent auditors of DNV-GL.



In 2015 hamburgers from The Frozen Butcher with the Rainforest Alliance Certified™ seal arrived on the market.



RAINFORREST ALLIANCE CERTIFIED™

The partnership began in 2012, when the unit of Tangará da Serra (MT) became the first food industry in the world to receive the Rainforest Alliance Certified™ seal for meat certification, a guarantee of economic, social and environmental sustainability for agricultural and forestry products.

During the following year, Marfrig Beef, in partnership with the Carrefour network of hypermarkets, began to sell beef with the seal, certifying the origin of raw materials and the sustainable production processes of factories and suppliers. In 2015, burgers from The Frozen Butcher, a premium meat products brand, produced with beef provided by Marfrig Beef, also identified with the seal, reached the European market.

In all of these initiatives the certificate certifies that the farms supplying the meat follow stringent international standards of environmental conservation and respect for workers, local communities and animal welfare rules.

Currently, three operations of Marfrig Beef have the Rainforest Alliance Certified™ seal, for the standard set by the Sustainable Agriculture Network (RAS) of chain of custody: Tangará da Serra (MT), Promissão (SP) and Pampeano (RS). The main international destinations of the products with the certification are Germany, the Netherlands and Nordic countries, markets with a high demand for value-added products.



TROPICAL FOREST ALLIANCE 2020 G4-I5

Tropical Forest Alliance 2020 (TFA 2020) is a global public-private alliance created in 2012 by the Consumer Goods Forum (CGF) in partnership with the United States Government, arising from the commitment in Rio+20 of reaching by 2020, zero net deforestation in the production chains of beef, palm oil, soybeans, and pulp and paper.

A member of TFA 2020, Marfrig Global Food has joined the Steering Committee of the institution, the body responsible for the decision-making of TFA. Of the 20 members of this Committee, four are private sector representatives, where Marfrig is the only beef company.

TFA 2020 and its partners – countries, companies and civil society organizations – work together with the goals of:

- Improving planning and management with respect to the conservation of tropical forests, agricultural land use and land ownership;
- Sharing best practices for the conservation of ecosystems and tropical forests in the production of agricultural commodities, seeking to enhance sustainable agriculture and encouraging the use of degraded lands and reforestation;
- Providing experience and knowledge to assist in the development of the production of agricultural and processed commodities that promote the conservation of tropical forests; and
- Improving the monitoring of deforestation in tropical regions and forest degradation in order to measure their progress.



THE NATURE CONSERVANCY (TNC)

Sustainable beef: from farm to fork

Marfrig Global Foods, jointly with Walmart and the socio-environmental organization The Nature Conservancy (TNC), develops initiatives for the environmental regularization and responsible production in the municipalities of São Félix do Xingu and Tucumã, both located in the southeast of Pará. The engagement also involves City Halls and local ranchers and the Institute of Forest and Biodiversity Development of the State of Pará (Ideflor-Bio).

The main project of the partnership is Sustainable Meat: from farm to fork, offering technical support for producers to increase productivity and profitability without deforestation. The activities include the monitoring of the production and follow up of the product up till its arrival at the final consumer, with the objective of guaranteeing the conservation of forests, soil and rivers in the region and expanding the supply of meats with guarantee of origin to consumers.

In São Félix do Xingu, the initiative includes 16 farms, with a total area of 1,005.30 hectares. Initially, animals located in areas of permanent preservation (APPs) are removed. Later, the production area is isolated, for the reform of the pasture. Alternatively, artesian wells and reservoirs are built for animal drinking water. After the adaptation of the area, considering the local resilience factor, the process of natural restoration is expected. This stage of monitoring is carried out by technical experts of the TNC and Marfrig.

In Tucumã, the project involves nine farms, with a total area of 167.82 hectares. First, the APPs are isolated. Then, agroforestry nurseries are built, focused on native species which have economic and energetic potential. Subsequently, the seedlings are planted on approximately one hectare of Agroforestry Systems (SAFs).



InPACTO

In 2014, Marfrig Global Foods joined the National Pact Institute for the Eradication of Slave Work (InPACTO) formed by companies, civil society and workers representative organizations. Since 2005, the company has been a signatory of the Pact with the same name and which originated the Institute. The goal is to strengthen and expand the initiative. The members commit to undertake ten commitments to combat slave work in their business and in the production chain.



ALIANZA DEL PASTIZAL

In partnership with Alianza del Pastizal – a non-governmental organization dedicated to the preservation of the South American Pampas, Marfrig Beef launched in 2015 a seal to value the meat produced in rural properties that conserve grasslands of this biome. The goal is to value the guarantee of origin, offering the consumer foods that bring together agricultural production quality and processes of biodiversity conservation in this region of South America, considered unique because of the wild species found there.

Alianza del Pastizal was created in 2006 by the BirdLife International organization, in the United Kingdom. The activities are carried out by its local partners. The organization encourages the relationship of rural producers with various governmental and non-governmental sectors, such as industries, trade unions, research institutions, universities and associations of rural producers.

In Rio Grande do Sul, 110 properties joined the program in 2015, equivalent to a total area of 120,000 hectares, where 80,000 hectares are grasslands. Taking into consideration the four countries that are part of the program, there are over 300 properties.

RESPONSIBLE PALM OIL PRODUCTION

× G4-HR11 | G4-LA15 | G4-EN33 | G4-SO10



Among the initiatives of Keystone Foods, one of the priorities addresses the growing demand for the vegetable oil most used in the world, palm oil. Its production results in the conversion of forests into plantations of palm trees for the extraction of the oil. This has led to a significant reduction in the habitat of a large number of species of wildlife, many of which are in danger. Due to the planting of palm trees, there are also signs of loss of biodiversity, erosion, and pollution of the soil and water. In addition, the change in habitats resulting from the introduction of the species creates additional risks to the local flora and fauna. If, on the one hand, the plantations in question generate environmental impacts, on the other hand, they permit social gains, due to improvements in the living conditions of small farmers, who have been removed from poverty.

Keystone uses palm oil in four of its facilities in the APMEA region. In 2015, it received the Book & Claim (GreenPalm) certification for the raw material used in the manufacturing of products for one of its largest clients. Granted by the Round table on Sustainable Palm Oil (RSPO), this recognition represents one ton of palm oil produced responsibly. The RSPO has developed a set of environmental and social criteria that companies must adopt in order to receive the Certificate of Sustainable Palm Oil (CSPO) the use of which minimizes the negative impact of the cultivation of palm trees. Obtaining these certificates proves, for the users of the oil, sustainable manufacturing of the product, and also serve as an incentive for responsible planting.

ANIMAL WELFARE

× [G4-DMA - Purchase practices](#) | [G4-DMA-Child labor](#) | [G4-DMA-Slave or similar labor](#) | [G4-DMA-Health and food safety](#) | [G4-EC9](#) | [G4-FPI](#) | [G4-FP9](#) | [G4-FPI1](#) | [G4-FPI2](#) | [G4-FPI3](#) | [G4-HR5](#) | [G4-HR6](#)

Marfrig Global Foods operates intensely in the production chain to promote well-being and appropriate management, minimizing unnecessary suffering of the animals on the farms and the poultry in their batteries. There are zoo technicians and veterinarians who work in the units, monitoring the conditions and providing specific training for the animal husbandry, slaughter and transport staff. If requested, they also helped on the suppliers' rural properties and farms.

The pursuit and maintenance of worthy treatment procedures are essential for the quality and safety of the brand's products. Only in this way, is it possible to obtain customer satisfaction and continuous improvement in all stages of management. This is how the company has become reference in issues related to animal welfare and rational management.

One of the initiatives for continuous improvement in the animal welfare processes is that Marfrig Global Foods works in partnership with universities. It also has permanent relationship with World Animal Protection (WAP), one of the world's largest non-governmental organizations for the protection of animals.

The importance of animal welfare is a theme in the company starting with the program for integrating new employees, when representatives of the area address this issue, seeking to educate everyone and reinforce the importance of ethical commitment in this respect. In the meat packing plants in Brazil, for example, 2,896 people underwent training in 2015 emphasizing this topic.

As a result of this continuous effort and attention to the subject of Animal welfare by all units, the company once again obtained compliance in the overall average of all the units, presenting improvements over the rates established by the guidelines on Animal Welfare (Recommended Animal Handling Guidelines and Audit Guide of the American Meat Institute), recorded in the inspections conducted by the teams of each unit.

The loss indices showed a decrease of more than 30%, compared to the previous year; and no fines or penalties were imposed on the Company with respect to animal welfare.

The Global Committee on Animal welfare, comprising representatives of Marfrig Beef and Keystone Foods, have developed a platform for sharing best practices between the business units, thus seeking to develop global standards for the beef and poultry segments.

ANIMAL WELFARE IN MARFRIG BEEF

× [G4-DMA-Breeding and genetics](#) | [G4-DMA-Breeding](#) | [G4-DMA-Transportation, handling, and/or slaughter practices](#) | [G4-FP9](#) | [G4-FPI1](#) | [G4-FPI2](#) | [G4-FPI3](#)

The Animal Welfare Program of Marfrig Beef, prepared in accordance with legal standards and the clients' requirements, aims to ensure safety and humane treatment through internal rules and procedures that are regularly audited. To do this, the unit invests in the introduction of modern technologies, up-to-date equipment and new ways of breeding and logistics.

In 2015, all the production units in Brazil participated in awareness campaigns in recognition of World Animal Day, celebrated on October 4. This initiative began in 2012 in just one unit and has gained a growing following until reaching the results of 2015. In Brazil, the activities involved employees from various sectors, children and adolescents of the Marfrig Institute and young apprentices.

Among their activities, those responsible for animal welfare conduct audits on the suppliers' properties, accompanying the handling of shipment and evaluating results. The maintenance of the property as a supplier is guided by the ratio of animals with bruised carcasses, classified during slaughter. The producers receive reports on these results.

For thermal comfort, for example, the yards have sprinklers to cool the animals without disturbing them. Many units have also installed shade systems, with specific roofing for circulation of air.

All the animals received in the meat packing plants of Marfrig

Beef are accompanied by a declaration by the rural producer attesting to the non-use of hormones, growth promoters and antibiotics. In addition, the Federal Inspection Service has a program called National Plan for Control of Residue in Meat (PNCRC), which conducts random sampling in all packing plants to ensure the veracity of what was attested by the cattle ranchers. The unit also promotes, through the Marfrig Club program, a check list of obligatorily checked items and promotes awareness visits on the use of medicines and their grace periods, and information on prohibited substances in the breeding of beef cattle.

The transport of the animals is also a priority. A study in one of the units, in December 2015, showed that approximately 95% of the animals were unloaded using only prioritized handling procedures for the unit, such as flags and sound stimuli, without using electric prodders.

With respect to the trucks for transporting live cargoes, inspected by the teams of Marfrig Beef, an evolution was reported compared to the previous year, due to the 33% decrease in the number of vehicles disqualified due to non-compliance. In the event of problems, the driver was notified to make the repairs and subsequently submit the vehicle for a new inspection. There was also a 50% increase in the results which improved from "good" to "excellent".

To facilitate the exchange of experiences regarding best practices in animal welfare, monthly meetings are held with the participation of representatives from all the operational divisions of Marfrig Global Foods. An exclusive Department handles issues related to animal welfare, which includes at least one animal zoo technician or veterinarian in each cattle processing unit who, jointly with the employees, ensures the proper treatment of the animals.

ANIMAL WELFARE IN KEYSTONE FOODS

More dignified treatment of animals is also part of the daily activities of the units of Keystone Foods which, in 2015, did not register material violations of laws and regulations related to the transportation, handling and/or slaughter of animals. Always searching for new technologies to improve processes, the industrial units of the United States, for example, operate above the animal health and welfare parameters established by the National Chicken Council (NCC/US), the main regulatory body in the country. In addition, the protein division in the United States breeds 100% of the birds in poultry runs with other birds of the same age group, through the "all in-all out" management system, i.e. free, rather than in cages without access to external areas.

The assessment of the feet and ambulation (ability to move around alone) of broilers of slaughter age has helped the company and the broiler chicken sector of the United States to understand the incidences of diseases, the best ways of evaluating results and the relationship between the scores.

A good example is the pilot project developed by Keystone Kentucky (USA), on a progressive index of bird welfare, whose goal is to provide a comprehensive, real-time assessment of animal welfare.

Keystone Foods also participated in a broad review of the American program of Animal Welfare (US Proteins Animal Welfare Program), an initiative which included the development of a new management model, a guarantee of alignment with the requirements of the clients and of the industry and a review of training material.

ANTIBIOTICS

New programs, based on key performance indicators, related to the maintenance of animal health and welfare to reduce the use of antibiotics are also emphasized in the company. Keystone Foods has not used these products to help the growth of the birds for over 12 years. It also has not administered hormone or anti-inflammatory treatments.

Therapeutic antibiotics are used in the treatment of flocks of birds specifically diagnosed with some pathology by a specialized veterinarian or trained official of the company. There is a strict management process for the use of these substances.

The use of any therapeutic antibiotic must be followed by a period of elimination determined by the US Food and Drug Administration (FDA), The U.S. Government agency responsible for the control of foodstuffs. This information can be found on the packaging of the antibiotic and in the veterinary prescription. Any breeder of livestock treated with antibiotics must send samples of muscle tissue for testing (only for the specific antibiotic) in a reference laboratory, and the result must be negative or be below the minimum level before processing.

In 2015, there were no material violations of laws and regulations in Keystone Foods related to the transport, handling and/or slaughter of animals.



POWER EFFICIENCY

× G4-EN5

Marfrig Global Foods seeks to adopt monitoring systems to maximize the correct use and lower environmental impact of its actions. The initiatives include material investments in the use of sources for generation of renewable energy, such as peanut shells, wood shavings and sawdust, in addition to wood pellets, sugar cane bagasse and fire wood from reforestation.

In the period, Keystone Foods reduced its power consumption by 3.7% through measures aimed at more efficiency. More than a dozen different projects ranging from simple measures to improve the illumination to the installation of advanced lighting control systems were adopted.

ENERGY INTENSITY RATE IN 2015 (GJ/T)

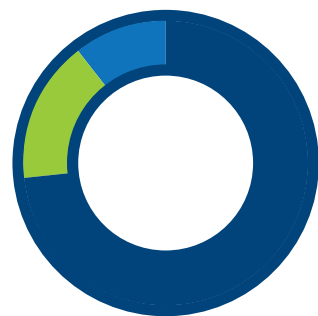
Total electric power consumed – Off peak hours(GJ)	1,060,292.96
Total electric power consumed – Peak hours (GJ)	996,042.88
Total Consumption of Electric Power (Gj)	2,056,335.84
Production volume (t)	862,980.46
Power intensity (Total power (Gj)/ Production (t))	0.38

WATER RESOURCES

Marfrig Global Foods monitors the correct, efficient use of water in each of its industrial units, following all the legal requirements for collecting water from natural sources close to these units. The goal is to ensure the preservation of water resources.

As part of the strategies to monitor consumption, the company has established in 10 units of Marfrig Beef in Brazil the System for Efficient Management of Water use, within the SGI program. The goal is to reduce the total consumption of water of these plants by 2% and, therefore, minimize the impact of the operations on the community and on the environment. The initiative also prioritizes the prevention of situations of water shortages such as that which occurred in the State of São Paulo in 2015, and improvements in operational efficiency. The result is a reduction in the expenditure of these units with water consumption.

There are two work fronts. The first addresses the optimization of equipment, through initiatives such as installing flow reducing nozzles with pedals for operating them; use of sprinkler nozzles on taps with greater pressure and water meters, amongst



Marfrig Global Foods Collection of water in 2015 – 19,9 million m³

% per source of collection

34.4% Surface

22.3% Subterranean

43.2% Collected from third parties

others. Additionally, part of the cleaning of the yards is done on a dry basis. In some processes the water used is recovered and reused.

The other front prioritizes the attitude of employees, trained with respect to the need to reduce water consumption and the importance of the proper use of this natural resource for the environment and for the sustainability of the business.

As a result, the units involved in the project have saved 1.2 million m³ of water in the last five years, decreasing from 7,9 million m³ in 2010 to 6,7 million m³ in 2015, equivalent to 15%.

With the volume of water saved it would be possible, for example, to supply the population of a city with more than 36 thousand inhabitants for a period of six months. The good results obtained prompted the company to replicate the good practices adopted in the other units.

In 2015, Keystone Foods reduced water consumption by 3.7%, as a result of the constant monitoring and the search for conservation measures. In the plant of Eufaula, Alabama (USA), for example, the conservation projects led to an economy of 234.7 million liters.



WASTE AND WASTEWATER

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

In 2015, various units in Brazil have invested in technologies for adaptation of the effluent treatment system. In the unit of Pampeano (RS), for example, this treatment process generated revenue of approximately R\$ 100 thousand per month, financial return from the sale of the oil extracted in the processing of industrial effluents through sieves, flotation, heating and passing through an industrial decanter.

Marfrig Global Foods also monitors and conducts environmental impact studies in various stages of development and licensing of new projects. In addition to ensuring knowledge of the local biodiversity and its control systems, this process identifies the characteristics of the waste that will be generated and accordingly the technologies needed for their treatment and release into the receiving water bodies.



Various units in Brazil have invested in technologies for adaptation of the effluent treatment system.

In the case of products considered dangerous, the Company establishes strict procedures to be followed in terms of storage, transport and disposal, from the identification of the risks involved and the required prevention and mitigation actions. The total volume of hazardous wastes sent for treatment corresponds to 0.25% of the total waste generated by the company.

Procedural policies for dangerous products include environmental monitoring and the maintenance of specific contingency plans for each type of occurrence and substance in the event of an accident. Any occurrences that occur are logged and subject to an extensive process to assess the causes in order to establish the necessary adjustments to the procedures in force. In 2015, no material spills or leakages of hazardous products were recorded in any of the units of Marfrig Global Foods.

Within the program focused on the environment of Keystone Foods – Sustaining the Planet – one of the goals is to reduce the solid waste sent to landfills to zero by 2020. Actions to achieve this goal were started in 2008 and, since then, there has been a 50% reduction. Among them, the recycling of solid waste generated in the industrial units around the world, including cardboard, plastic, aluminum, scrap metal, and biological solids, bakery products and wastewater sludge are emphasized.

Keystone Foods units reduced the waste sent to landfills by 22% through local measures and partnerships with suppliers to identify materials that could be separated or recycled.

EMISSIONS AND CLIMATE CHANGE

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



Marfrig encourages the culture of sustainable development and the rational use of natural resources

The Policy for Climate Change and Natural Resources of Marfrig Global Foods is aligned with the one of the main goals of the company, i.e. adapting industrial, commercial and service activities to the low-carbon economy. In practice, Marfrig encourages a culture of sustainable development in all the units, emphasizing the adoption of measures for the rational use of natural resources and the use of instruments to evaluate risks and opportunities associated with mitigating the effects of climate change.

The Marfrig Global Foods has received the Gold Seal of the Brazilian GHG Protocol program twice, in recognition of its actions and initiatives for control and management of greenhouse gases. Since 2010, it has conducted annual

inventories of greenhouse gases (GHG), an important tool for targeting actions aligned with environmental strategies, one of the pillars of the Focusing on Winning plan. In addition, it was the first

Brazilian company in its segment to evaluate three important aspects of these documents: direct emissions from its own processes (Scope 1), indirect emissions from purchased power

(Scope 2) and emissions that are outside its direct control (Scope 3).

To prepare the GHG, since 2014 Marfrig has used the methodology of the Brazilian GHG Protocol program, a global benchmark for companies and governments in this area. The process is compatible with the requirements of ISO 14064-1 and also with the quantification methods of the Intergovernmental Panel on climate change (IPCC), as well as the guidelines of the Defra Voluntary Reporting Guidelines, of the British Government, and ASHRAE Standard 34, an organization of the United States dedicated to promoting sustainability in the industry.

The inventory of 2015 presents total emissions in the order of 23,575,870 tCO₂e, which is almost the total amount, or 97%, of Scope 3. The Scope 1 and 2 emissions accounted for 1.6% and 1.3%, respectively. The significant representativeness of the Scope 3 emissions is due to the comprehensiveness of the inventory, which considers emissions from outsourced activities. The greater the comprehensiveness of the inventory, the greater the representativeness of the indirect emissions tends to be. However, the emissions of Scopes 1 and 2 are those where the company has direct control and, therefore, emission reduction targets are typically based on Scopes 1 and 2. (Detailed information in Appendix III)

Direct emissions (Scope 1) are greater in the activities of processed products, the slaughter of cattle and their confinement in feedlots, respectively. In Scope 2, the activities which presented the highest emissions were those for processed products, the slaughter of chickens and slaughter of cattle, respectively. In Scope 3, the activities with greater representation in the emissions were the slaughter of cattle and processed products.



QUALITY

From Latin *qualitate*

1 Attribute, natural condition, property through someone is individualized, distinguishing it from an essence, nature. 2 Excellence, virtue, talent.

which something or

the others , a way of being,

3 Level of perfection, precision

PROSPECTS

Marfrig's objective is to continue growing in the animal protein market

The slowdown in China, the recession in Russia and the downward revision of the growth in exports of raw materials meant that the International Monetary Fund (FMI) followed this downward trend for the expansion of the global GDP in 2016 to 3.2%. On the other hand, it is expected that the fall in oil prices will encourage increased consumption, especially in developed markets and the commodity-importing countries. The IMF also reduced the forecast growth of the United States to 2.2%.

In the case of China, expansion of 6.5% is expected in response to a policy geared more for domestic consumption than for exports. These prospects may still represent a lever for growth in consumption of fresh beef and processed foods.

In this scenario, which is still challenging, but with many opportunities, the strategy of Marfrig Global Foods continues to be based on capturing the growth potential of the protein market globally and maximizing the aggregation of value and return for

the shareholders, while continuing to being committed to the strengthening of its business through:

- Organic growth, operational improvement, productivity and expansion of margins.
- Adaptation of Marfrig Beef's business, prioritizing the food service channels and growth in exports.
- Financial discipline, through reducing the gross debt and, consequently, reducing financial expenses and increasing the generation of free cash.
- Acceleration of the growth of the Asian market both by expanding the Keystone Foods' food service and by the exports of the Marfrig Beef unit.

	2015 – CONTINUING OPERATIONS	2016 ⁽⁴⁾
Net earnings	R\$ 19 billion	R\$ 22 to 24 billion
Adjusted EBITDA margin ⁽¹⁾	9.5%	8.5% a 9.5%
Investments (Capex)	R\$ 448 million	R\$ 450 to R\$ 600 million
Free cash flow ^{(2) (3)}	R\$ 103 million	R\$ 100 to R\$ 250 million

(1) It excludes non-recurring items

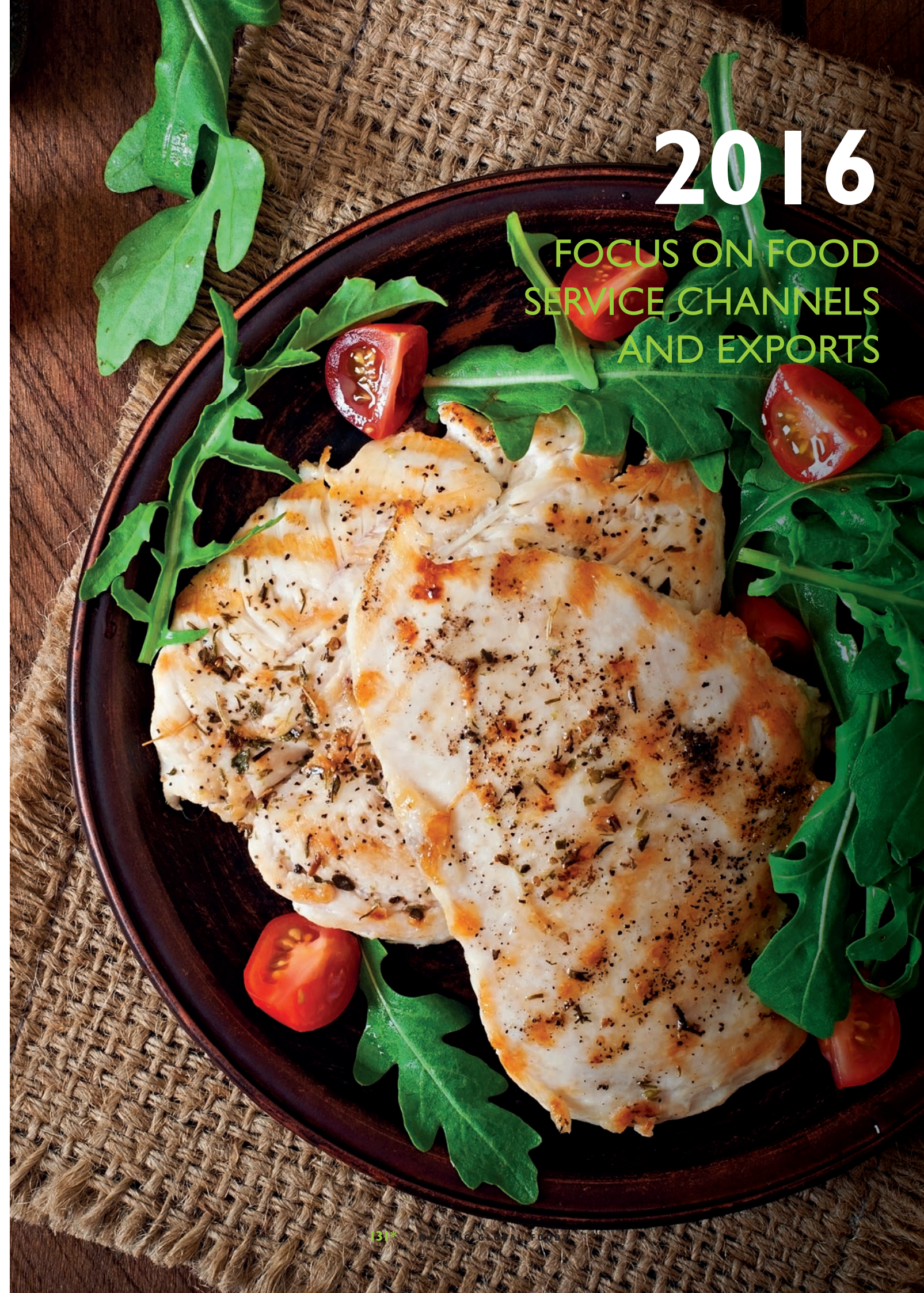
(2) Free cash flow of 2015 excludes the effects of the transactions with discontinued operations of around R\$ 308 million

(3) Free cash flow after investments, interest costs and income tax

(4) Assumptions based on the exchange rate of R\$ 4.10/US\$ 1.00

2016

FOCUS ON FOOD SERVICE CHANNELS AND EXPORTS



APPENDIX OF GRI INDICATORS

APPENDIX I × G4-EN31

TOTAL INVESTMENTS AND EXPENDITURES ON ENVIRONMENTAL PROTECTION (R\$ THOUSAND)	
Waste disposal, treatment of emissions and remediation costs (R\$ thousand)	2015
Treatment and disposal of waste	7,072.6
Treatment of emissions	3,707.1
Costs for the purchase and use of emission certificates	51.9
Spending on equipment, maintenance and operating materials and services, in addition to staff costs for this purpose	7,736.7
Cleaning costs, including costs for remediation of leaks reported in the G4-EN24 indicator	3,263.2
Total	21,831.5
Prevention and environmental management costs (R\$)	2015
Environmental education and training	97.8
External environmental management services	6,911.9
External certification of management systems	130.1
Research and development	7.8
Extra expenses with adoption of cleaner technologies, in addition to the conventional technologies	8.9
Extra expenses with green purchases	8.0
Other environmental management costs	594.0
Total	7,758.5

APPENDIX II G4-EN8

COLLECTION OF WATER, PER SOURCE (THOUSAND M ³)	
2015	
Surface water	6,842.5
Subterranean water	4,437.8
Water collected from third parties	8,585.1
Total volume of water collected	19,865.4

ANEXO III × G4-EN15 | G4-EN16 | G4-EN17

GREENHOUSE GAS EMISSIONS – MARFRIG GLOBAL FOODS (TCO ₂ e)	2015	2014
Scope 1	392,912.2	393,035.2
Agricultural	68,992.0	45,820.0
Enteric fermentation	45,489.38	30,211.05
Waste management	23,502.66	15,608.91
Stationary combustion	120,084.5	130,560.4
Boilers	106,524.00	110,375.61
Generator	4,516.02	5,048.96
Other source of use of fuel	9,044.51	15,135.83
Mobile combustion	22,164.7	21,459.7
Land transport	22,164.71	21,459.71
Process emissions	77,019.87	77,245.46
Fugitive emissions	9,617.71	6,070.95
Waste and wastewater	95,033.36	111,878.74
Wastewater treatment	94,987.83	108,018.73
Solid waste treatment	45.53	3,860.01
Scope 2	284,389.5	288,475.2
Purchase of electric power from the network	272,171.12	274,984.16
Purchase of renewable electric power	12,219.48	13,491.09
Scope 1 + 2	677,301.7	681,510.5
Scope 3	22,898,569	24,179,644
Goods and services purchased	22,628,422	23,725,750
Purchase of meat	10,646,971	12,060,425
Purchase of cattle/sheep	11,722,371	11,418,033
Purchase of inputs for animal feed	259,080	247,291
Waste generated in operations	179,519	369,656
Composting	47,524	149,712
outsourced landfill	131,995	219,944
Transport and Distribution (Upstream)	79,049	72,642
Maritime transport	52,264	62,856
Land transport – outsourced fleet	26,785	9,786
Travel between home and work	8,683	8,491
Third-party bus	8,683	8,491
Business trips	2,897	3,105
Air fares	2,637	2,909
Land transport for employees – outsourced fleet	259	197
TOTAL Scope 1 + 2 + 3	23,575,871	24,861,154

* Calculation methodology: Brazilian GHG program protocol. ISO 14064-1. IPCC Guidelines for National Greenhouse Gas Inventories 2006. Defra Voluntary Reporting Guidelines. ASHRAE Standard 34.

GRI-G4 SUMMARY

"in accordance" – Core GRI G4-32

GENERAL STANDARD DISCLOSURES				
STRATEGY AND ANALYSIS	PAGE	OMISSIONS	GLOBAL COMPACT	
G4-1	18 and 20	-		
ORGANIZATIONAL PROFILE				
G4-3	8	-		
G4-4	8	-		
G4-5	8 and 70	-		
G4-6	8	-		
G4-7	8	-		
G4-8	8	-		
G4-9	4 and 8	-		
G4-10	71	-	6	
G4-11	62	-	3	
G4-12	110 and 116	-		
G4-13	5	-		
G4-14	55 and 96	-		
G4-15	116 and 118	-		
G4-16	116	-		
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17	5	-		
G4-18	5	-		
G4-19	5	-		
G4-20	5	-		
G4-21	5	-		
G4-22	5	-		
G4-23	5	-		
STAKEHOLDER ENGAGEMENT				
G4-24	6	-		
G4-25	6	-		
G4-26	6	-		
G4-27	6	-		
REPORT PROFILE				
G4-28	5	-		
G4-29	5	-		
G4-30	5	-		
G4-31	5	-		
G4-32	134	-		
G4-33	5	-		
GOVERNANCE				
G4-34	53	-		
ETHICS AND INTEGRITY				
G4-56	12	-	10	

SPECIFIC STANDARD DISCLOSURES				
MATERIAL ASPECTS	DMA AND INDICATOR	PAGE	OMISSIONS	GLOBAL COMPACT
CATEGORY: ECONOMIC				
Economic Performance	G4-DMA	78	-	
	G4-EC1	90	-	
Procurement Practices	G4-DMA	120	-	
	G4-EC9	120	-	
	G4-FPI	120	-	
CATEGORY: Environmental				
Water	G4-DMA	114	-	
	G4-EN8	114	-	7 8
Emissions	G4-DMA	127	-	
	G4-EN15	127 and 133	-	7 8
	G4-EN16	127 and 133	-	8
	G4-EN17	127 and 133	-	8
	G4-EN18	127 and 133	-	8
Overall	G4-DMA	114	-	
	G4-EN31	114 and 132	-	7 8 9
Supplier Environmental Assessment	G4-DMA	110	-	
	G4-EN32	110	-	8
	G4-EN33	39 and 119	-	8
CATEGORY: Social				
SUBCATEGORY: Labor Practices and Decent Work				
Supplier Assessment for Labor Practices	G4-DMA	110	-	
	G4-LA14	110	-	
	G4-LA15	39, 108 and 119	-	
SUBCATEGORY: Human Rights				
Investments	G4-DMA	30	-	
	G4-HR1	39	-	2
Non-discrimination	G4-DMA	48	-	
	G4-HR3	"66 There are no records of discrimination in 2015."	-	6
Freedom of Association and Collective Bargaining	G4-DMA	48	-	
	G4-HR4	48 and 113	-	3
Child Labor	G4-DMA	48	-	
	G4-HR5	48 and 113	-	5
Forced or Compulsory Labor	G4-DMA	48	-	
	G4-HR6	48 and 113	-	4
Supplier Human Rights Assessment	G4-DMA	48	-	
	G4-HR10	48 and 113	-	2
	G4-HR11	39, 108 and 119	-	2

SPECIFIC STANDARD DISCLOSURES				
SUBCATEGORY: Society	DMA AND INDICATOR	PAGE	OMISSIONS	GLOBAL COMPACT
Anti-corruption	G4-DMA	48 and 96	-	
	G4-SO4	48 and 96	-	10
Public Policy	G4-DMA	48	-	
	G4-SO6	96	-	10
Anti-competitive Behavior	G4-DMA	48	-	
	G4-SO7	96	-	
Supplier Assessment for Impacts on Society	G4-DMA	110	-	
	G4-SO9	110	-	
	G4-SO10	39 and 119	-	
SUB-CATEGORY: Product Responsibility				
Customer Health and Safety	G4-DMA	120	-	
	G4-PR1	96	-	
	FP5	34, 108, 110 and 112	-	
	FP6	34, 108, 110 and 112	-	
	FP7	34, 108, 110 and 112	-	
Sector Supplement – Animal Welfare				
Breeding and genetics	G4-DMA	120	-	
	FP9	120	-	
Breeding	G4-DMA	120	-	
	FP11	120	-	
	FP12	120	-	
Transportation, Handling, and/or Slaughter Practices	G4-DMA	120	-	
	FP12	In 2014, there are no records of incidents during the handling and slaughter of animals that resulted in fines, penalties or warnings	-	



CORPORATE DATA × G4-5

MARFRIG GLOBAL FOODS S.A.

Av. Queiroz Filho, 1560
Bloco 5 (Torre Sabiá) 3º andar, Sala 301
Vila Hamburguesa – CEP 05319-000
São Paulo – SP
Tel: + 55 11 3792-8600

Investor Relations Officer

E-mail: ri@marfrig.com.br
Tel.: +55 11 3792-8907

TRADING MARKETS

SHARES

BM&FBOVESPA (Novo Mercado)

Ticker: MFRG3

Custodian bank: Itaú Unibanco S.A.

ADRS (AMERICAN DEPOSITORY RECEIPTS) – LEVEL I

OTC (Over-the-counter market)

Ticker: MRRTY

Depository bank : Deutsche Bank Trust Company Americas

Custodian bank: Itaú Unibanco S.A.

CREDITS

INTERNAL COORDINATION

Sustainability

Mathias Azeredo de Almeida

Investor Relations and Strategic Planning

Roberta Varella

Rafael Kamnitzer Braz

PLANNING, COORDINATION AND TEXT |

CONCEPTION, PRODUCTION AND GRAPHIC DESIGN |

GRI CONSULTING

globalRI

relationship with our consumers, creating high-quality products and motivated security to

RECOGNIZED AS THE BEST GLOBAL

ways: growing with our clients, suppliers and partners through innovative products

creating value for the shareholder; keeping a team of motivated employees,

a sustainable way; and respecting the society in which we operate.

We are totally committed to our internal and external clients and we embrace their

our clients in all the stages of the production chain. We act with integrity and do what is

we work with clarity, objectivity and simplicity in our decision-making, seeking to facilitate

TRANSPARENCY

We do not hide our problems. The aim of our

encourage dialog with our stakeholders, which helps us create trust as well as improve

and like to be treated. We are guided by our ethical principles and constantly motivated

constantly encourage our employees to offer innovative solutions and we

the organization, in search of the fidelity of our internal and external clients.

to the market context in which we live and we adapt to it. We work with passion in

like owners, taking care of our processes, productivity and resources. We are attentive

