

Sustainability
Report
2013



Over the last 60 years, we have been successfully tackling challenges to become world leaders in technology for deep and ultra-deep offshore exploration and production, which is the case of over 90% of our reserves. Showing audacity and innovation, we have filed more local and international patents than any other Brazilian company.

We operate on an integrated basis in the oil, gas and energy industry, in the following segments: exploration and production, refining, marketing, transportation, petrochemicals, oil product distribution, natural gas, electricity, chemical gas, and biofuels.

We are Brazilian market leaders in distribution of petroleum and natural gas products and we play an important role in the Brazilian electricity sector. We are Brazil's biggest refiner and the ninth worldwide, according to the Petroleum Intelligence Weekly ranking. We develop renewable energy sources such as biodiesel and we are working to boost ethanol production and sales too. In the petrochemical segment, our activity in Brazil and Latin America is integrated with other business ventures. We are present in 17 other countries in addition to Brazil.

OUR MISSION

Work ethically, safely and profitably in the oil and natural gas industry, with social and environmental responsibility, providing the right products for customers needs and contributing for the development of Brazil and the countries in which we operate.

OUR VISION FOR 2030

Be one of the world's top five integrated energy companies* and the company of choice for our preferred on by its stakeholders.

(*) Metric: One of the five largest oil producers, among all companies, whether or not publicly traded.

CORPORATE GUIDELINES

- Integrated Growth
- Profitability
- Social and Environmental Responsibility

CHALLENGES OF THE CORPORATE SEGMENTS

■ Human Resources (HR)

To have an innovative and flexible human resource program, taking as a base the appreciation of the employees and their contribution to the sustainability of Petrobras.

■ Social Responsibility (SR)

To ensure the alignment and integration of social responsibility in the decision making processes and in the management of the business.

■ Health, Safety, Environment and Energy Efficiency (HSEE)

To consolidate HSEE issues as key a principle of the Company's operations and permanent commitment from the workforce.

■ Technology

To keep the technological system recognized for providing technologies for the sustainable growth of the Company.

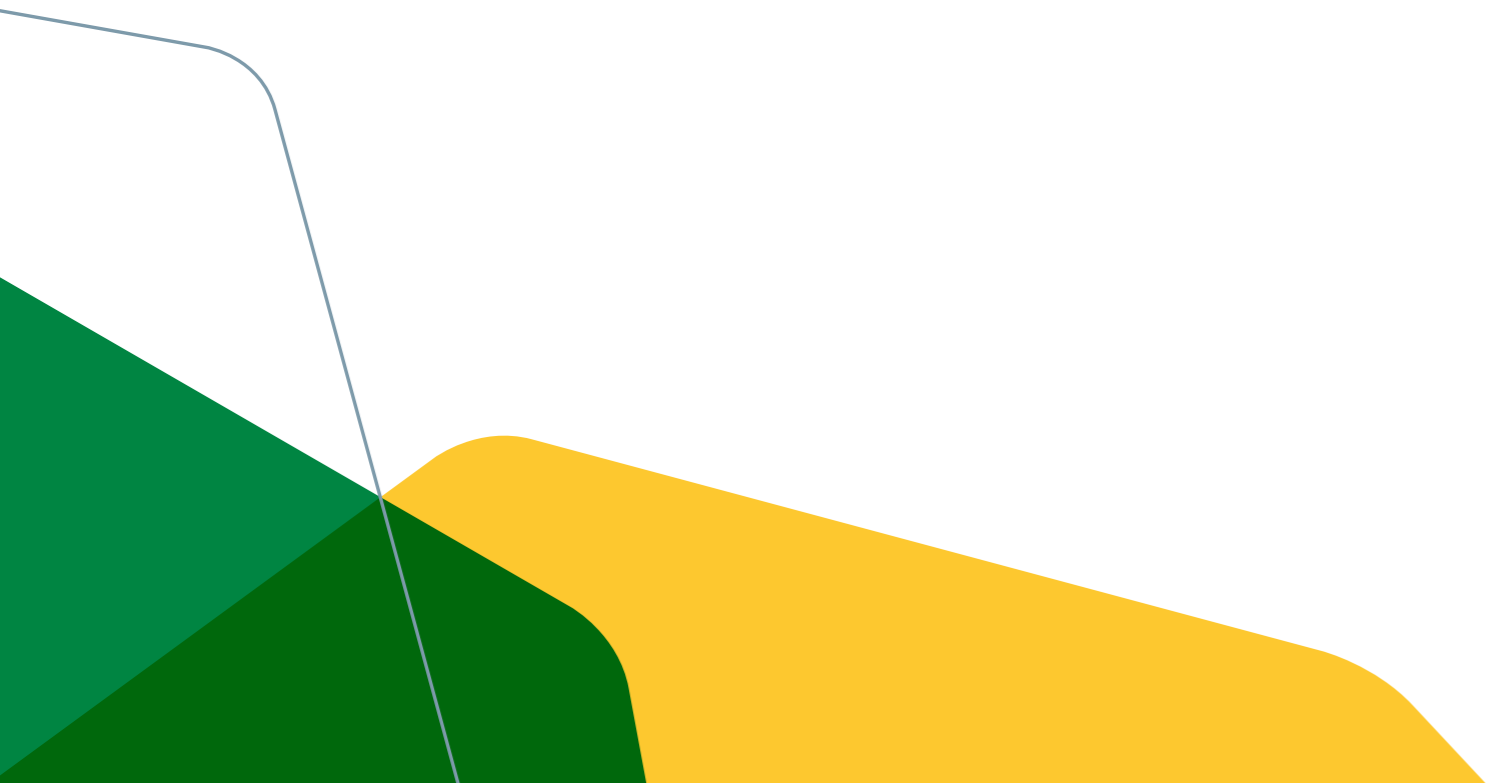
VALUES

- Sustainable development
- Integration
- Results
- Readiness for change
- Entrepreneurship and innovation
- Ethics and Transparency
- Respect for life
- Human diversity and cultural
- People
- Proud to be Petrobras

STATISTICS					
	2009	2010	2011	2012	2013
ENVIRONMENT					
Oil and oil product spillages (m ³)	254	668	234	387	187
Energy consumption (terajoules – TJ)	604,070	716,673	682,827	936,199	1,050,949
Greenhouse gas emissions (millions of tons of CO ₂ equivalent)	57.8	61.1	56.2	67.4	73.4
Carbon dioxide emissions – CO ₂ (millions of tons)	52	57	52.2	63.1	69.4
Methane emissions – CH ₄ (thousands of tons)	235	196	160.5	174	158.8
Nitrous oxide emissions – N ₂ O (tons)	1,241	1,360	1,752	1,945	2,081
Atmospheric emissions – NOx (thousands of tons)	222.04	227.75	222.21	251.49	251.42
Atmospheric emissions – SOx (thousands of tons)	135.39	133.73	120.64	116.34	128.35
Other atmospheric emissions – includes particulate matter (thousands of tons)	19.3	17.51	17.48	18.19	17.46
Freshwater withdrawal (millions of m ³)	176	187.3	190.9	193.4	193.6
Effluent discharge (millions of m ³)	197	173	188	217.9	230.6
OCCUPATIONAL HEALTH AND SAFETY					
Fatalities (employees and outsourcers)	7	10	16	13	4
Fatal Accident Rate (fatalities per 100 million hours worked – both employees and outsourced workers)	0.81	1.08	1.66	1.32	0.4
CONTRIBUTIONS TO SOCIETY					
Investment in social projects (R\$ million)	174	199	207	201	391
Investment in cultural projects (R\$ million)	155	170	182	189	203
Investment in environmental projects (R\$ million)	94	258	172	101	104
Investment in sports projects (R\$ million)	42	81	80	61	81

CONSOLIDATED FINANCIAL DATA			
	2011	2012	2013
Sales revenues (R\$ million)	244,176	281,379	304,890
Profit before financial result, equity earnings and taxes (R\$ million)	45,403	32,397	34,364
Earnings per share (R\$)	2.55	1.62	1.81
Net Income (R\$ million)	33,110	20,959	23,007
EBITDA (R\$ million)	61,968	53,439	62,967
Net indebtedness (R\$ million)	103,022	147,817	221,563
Investments (R\$ million)	72,546	84,137	104,416
Gross Margin	32%	25%	23%
Operating margin	19%	12%	11%
Net margin	14%	8%	8%

Contents



Message from our CEO

Ladies and gentlemen,

Our 2013 net income of R\$ 23.6 billion was up 11% on 2012. This increase reflected higher selling prices for fuels with three price hikes for diesel and two for petrol in the course of the year, significantly higher production of oil from our refineries, cutting costs substantially, boosting productivity and making gains on sales of assets.

In relation to investment, we posted the biggest financial achievement in the 60-year history of Petrobras, with 2013 investment of R\$ 104.4 billion and 24% up on 2012.

Our 2014-2018 Business and Management Plan poses investments totaling US\$ 220.6 billion, particularly in exploration and production, which will account for US\$ 153.9 billion (70% of the total), and US\$ 82 billion of that will be used for the pre-salt oil fields.

Our average oil production is set to surpass 3 million barrels of oil per day (bpd) for the 2013 – 2020 period, and 4 million bpd for 2020 – 2030. For 2014 alone, in Brazil, we are expecting 7.5% growth (with a 1% tolerance band) on 2013 (1.93 million bpd), with operational efficiency targets of 81% for the Campos Basin Operating Unit (UO-BC) and 93.1% for the Rio Operating Unit (UO-RIO).

Sustainability is a key feature of Petrobras 2030 Strategic Plan, which states the corporate drivers that guide all Petrobras business and activities: Profitability, Social and Environmental Responsibility and Integrated Growth. We are strengthening our commitment to development for Brazil and countries in which we operate. We are also showing the challenges facing our corporate functions, which are Human Resources, Social Responsibility, Health, Safety, Environment and Energy Efficiency (HSEE), and Technology.

The excellent operating results we have posted reflect strict rules and procedures for our facility maintenance program, thus ensuring physical integrity for people and equipment. As a result, 2013 saw the lowest levels in company history for reportable fatal accidents and volume spilled, despite fast rising total man-hours of risk exposure.

In the second half of 2013, we introduced our Corruption Prevention Program, which reaffirms Petrobras management and workforce commitment to ethics and transparency in our organization. The program meshes with local and international initiatives to combat fraud and corruption, and the legislation in countries in which we operate, thus favorably impacting relations with all stakeholders.

By 2013, we had been members of the United Nations (UN) Global Compact for ten years. I reiterate that we shall continue to develop initiatives to increasingly move forward on the initiative's ten principles, focusing on human rights, labor and employment standards, the environment and anti-corruption efforts. In this context, we are working to get Petrobras System companies involved and encourage suppliers, partners and other companies to engage through the Global Compact's local networks.

On these lines, we are building a more valuable company: training for our employees, mastery of technologies required for our projects, our significant oil reserves and growing production in the short term, combined with our relentless pursuit of efficiency, productivity and capital discipline to post ever better results.

Maria das Graças Silva Foster
CEO

About the report

Our Sustainability Report is produced annually to give our stakeholders concise and reliable data on our performance, management practices and future vision. This issue collects data for the period January 1st to December 31st, 2013 and succeeds the 2012 publication. In relation to estimates and projections, data are not limited to base-year 2013, as they were for the 2014–2018 Business and Management Plan and the 2030 Strategic Plan reports we published in early 2014.

To ensure quality and reliability, the data reported here have been checked by independent auditors from PwC (their independent limited assurance report is available only in the Portuguese version). In addition, for each new issue of the Sustainability Report, we run critical analysis for the corporate report to identify opportunities for improvement and spot management vulnerabilities to be subsequently forwarded to the appropriate internal structures.

PARAMETERS

We have prepared the 2013 Sustainability Report in accordance with guidelines issued by Global Reporting Initiative (GRI), which is world leader for these types of parameters. We have used the latest version of these guidelines (GRI-G4), with its comprehensive option for defining content. We have also responded to the GRI's oil and gas sector supplement (OGSS) indicators.

Additionally, the publication shows the progress we have made on the UN Global Compact's ten principles, which is one of the main commitments we have signed for managing and reporting critical aspects of sustainability. Another important tool that guides our activity and reporting of corporate information is ISO 26000.

Except for following GRI-G4 instead of G3.1 guidelines, there have been no significant alterations to scope or coverage in relation to the previous version of the report. Some time series may differ from those previously published and, for these cases, we have provided explanations concerning updated numbers or altered methodology.

COVERAGE

Data in this report refer to our activities in Brazil and in other countries, directly or through subsidiaries and controlled companies. Any exceptions to the above are shown with details of limits on the scope used. We prioritized reporting the projects and initiatives of Petróleo Brasileiro S.A. (Petrobras), Petrobras Distribuidora, Petrobras Transporte S.A. (Transpetro), Petrobras Biocombustível, Liquigás and Stratura and subsidiaries operating units in countries other than Brazil, due to the significant size of these companies or their activities.

KEYS TO THE REPORT

UN Global Compact icons: state which sections show progress on each of the initiative's ten principles;

GRI Content Summary: locates details on where details relating to general content may be found, such as strategy and organizational profile, and those that refer to specific material issues for economic, environmental and social categories, including details of management methods. Also included are specific indicators for oil and gas sector companies.

THE GLOBAL COMPACT SETS FORTH TEN PRINCIPLES:



1 RESPECT
and support for internationally recognized human rights in our area of influence



2 ENSURE
the company is not involved in violations of human rights



3 UPHOLD
freedom of association and recognize the right to collective bargaining



4 ELIMINATE
all forms of forced or compulsory labor



5 EFFECTIVELY
eradicate all forms of child labor in our supply chain



6 ENCOURAGE
practices that eliminate any kind of discrimination in employment



7 TAKE A
precautionary, responsible and proactive stance in relation to environmental challenges



8 DEVELOP
initiatives and practices to promote and disseminate environmental responsibility



9 ENCOURAGE
the development and diffusion of environmentally friendly technologies



10 FIGHT
against corruption in all its forms, including extortion and bribery

MATERIALITY

To define the main topics to be addressed by this report, we held meetings and interviews with some 230 stakeholder representatives, in order to pinpoint their perceptions, expectations and concerns for our performance and for sustainability aspects, in particular. On comparing input from these groups with our own positions represented by the Executive Board, we ranked the 12 most material issues from a set of 24.

Ten of the 13 corporate stakeholders were prioritized for these consultations, based on analyses of their materiality, taking into account factors such as each group’s needs for information, their potential influence and ability to act as opinion leaders, opportunities to consolidate positions, and the aim of strengthening our corporate reputation for certain groups.

However, we started the process of defining materiality before consulting others, internally or externally. Our initial priorities were drawn up internally, based on a comprehensive set of critical aspects for our operations. As part of this process, we analyzed corporate documents; commitments signed; information from channels set up for stakeholder relations and communication, such as our Customer Service Center, Ombudsman’s department, and Press Office. External sources of reference included reports, research, and other items published by oil and gas companies and organizations.

CONTACT US

Send comments, questions, suggestions and criticisms of our Sustainability Report to email address rs2013@petrobras.com.br. Your contributions will help to make content increasingly fit readers’ needs and demands.

MATERIAL THEME	SCOPE
Preventing accidents and spills	<ul style="list-style-type: none"> Asset integrity and production process safety (operational risk management) Emergency response structure, including partnerships to mitigate major spills Verifications, audits and certifications
Use of natural resources and consumption of materials	<ul style="list-style-type: none"> Management of water use Reusing and identifying alternative supplies of natural resources Disposing of waste products and packaging/recipients, or recycling them
Managing impact on communities	<ul style="list-style-type: none"> Assessing social risks of operations and sites Involuntary relocations/resettlements Decommissioning operations and sites Local development Access to energy
Technology research and development	<ul style="list-style-type: none"> Investments and incentives for technological innovation inside and outside the company Support to build technology networks Research applied to improve quality and efficiency of products, processes and equipment
Management of effluents and waste	<ul style="list-style-type: none"> Generation, disposal and treatment of wastewater and hazardous waste Direct emissions into the terrestrial and marine environment
Long-term business feasibility	<ul style="list-style-type: none"> Strategy for short, medium and long-term business model Oil reserves - life cycle and replenishment Active life of gas reserves Energy portfolio diversification Physical capital (assets) Access to finance
Economic impacts	<ul style="list-style-type: none"> The company’s role in the world oil market and economic scenario Positive and negative indirect economic impacts on communities Direct economic impacts for countries in which we operate Economic impacts for consumers

MATERIAL THEME	SCOPE
Biodiversity	<ul style="list-style-type: none"> Operations in sensitive and protected areas Ecosystem conservation and restoration Protecting species and wildlife management Mitigating biodiversity risks and impacts
Transparency and accountability	<ul style="list-style-type: none"> Decision making and corporate governance structure Mechanisms and channels for accountability to stakeholders reliability of company information Positioning in relation to lobbying and contributions to political parties
Employee health and safety	<ul style="list-style-type: none"> Workplace accidents (employees and outsourced personnel) and plans for prevention Requirements for supply chain links and their monitoring Prevention and control of occupational diseases Safety for the production process
Managing greenhouse gas emissions	<ul style="list-style-type: none"> Strategy to cope with climate change Inventory of greenhouse gas emissions and monitoring mechanisms Investing in new technologies to develop less intensive products and processes Fostering efficient and rational fuel use
Energy and process efficiency	<ul style="list-style-type: none"> Energy conservation and modernizing processes and facilities Using alternative energy and investments in sources Research and development for energy efficiency and related processes

These are all material themes for Petrobras in Brazil and in other countries.

Other items from the set of themes presented during consultations: support for society’s projects; competition and market practices; developing human capital; engaging with stakeholders; investment strategies; managing suppliers and developing local industry; managing economic risk; managing pre-salt field policy and feasibility; anticorruption mechanisms; labor relations and working conditions; respecting and working for equity and diversity; and health and safety for consumers.



Corporate Performance

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Profile

Our company, Petrobras (Petróleo Brasileiro S.A.), is an energy company engaged in exploration and production, refining, marketing, transportation, petrochemical, distribution of oil, natural gas, electricity, gas, chemical and biofuels. Based in Rio de Janeiro, we are present in 18 countries and operate in every state in Brazil, directly or through our subsidiaries, affiliates and controlled companies (collectively known as the “Petrobras System”).

As a publicly traded company, our majority shareholder is the Brazilian government and our shares are traded on major stock exchanges worldwide.

PRODUCTS AND SERVICES

We operate in the automotive and road transport, industrial and thermoelectric, chemical and petroleum industry, domestic, aviation, rail, nautical, waterway, agribusiness, asphalt, fleet, shipbuilding, marine and locomotive. We offer products and services that combine quality, technology and tradition to meet demands from the community, dealers, industries and other customers. We have interests in companies producing basic petrochemicals (ethylene, propylene, benzene etc.) and raw materials for second generation industries manufacturing other products (plastics, rubber etc.), used by leading industries making articles for consumers (packaging, tires, paint etc.).

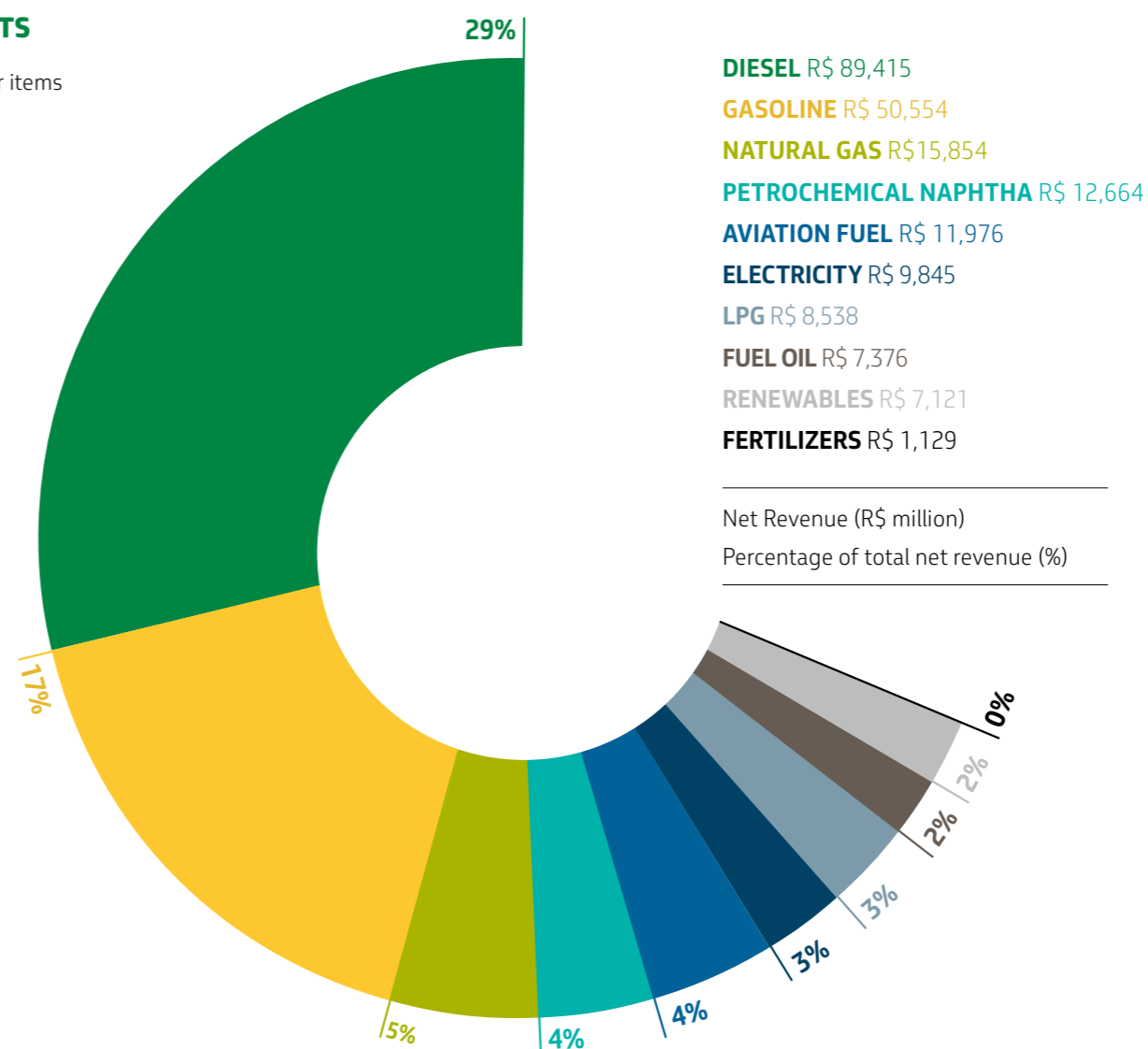
PETROBRAS BRAND

Our brand was ranked 2nd in the “The Most Valuable Brands in Brazil” report compiled by BrandAnalytics/Millward Brown, and valued at US\$ 5.7 billion. Interbrand, a global consultancy that creates and manages brand value, ranked us 5th in “Brazil’s most valuable brands”, with a valuation of over R\$ 8.7 billion.

Our main products and brands are Podium (gasoline and diesel), Lubrax (oil and lubricants), Verana (nautical premium diesel oil) and Flua (ARLA 32, urea-based product for heavy-duty diesel vehicles). Highlights among our own-brand services include BR Mania, Spacio 1, De Olho no Combustível, Siga Bem, Lubrax+, and BR Aviation.

TOP TEN PRODUCTS

Not including exports or items not produced in Brazil

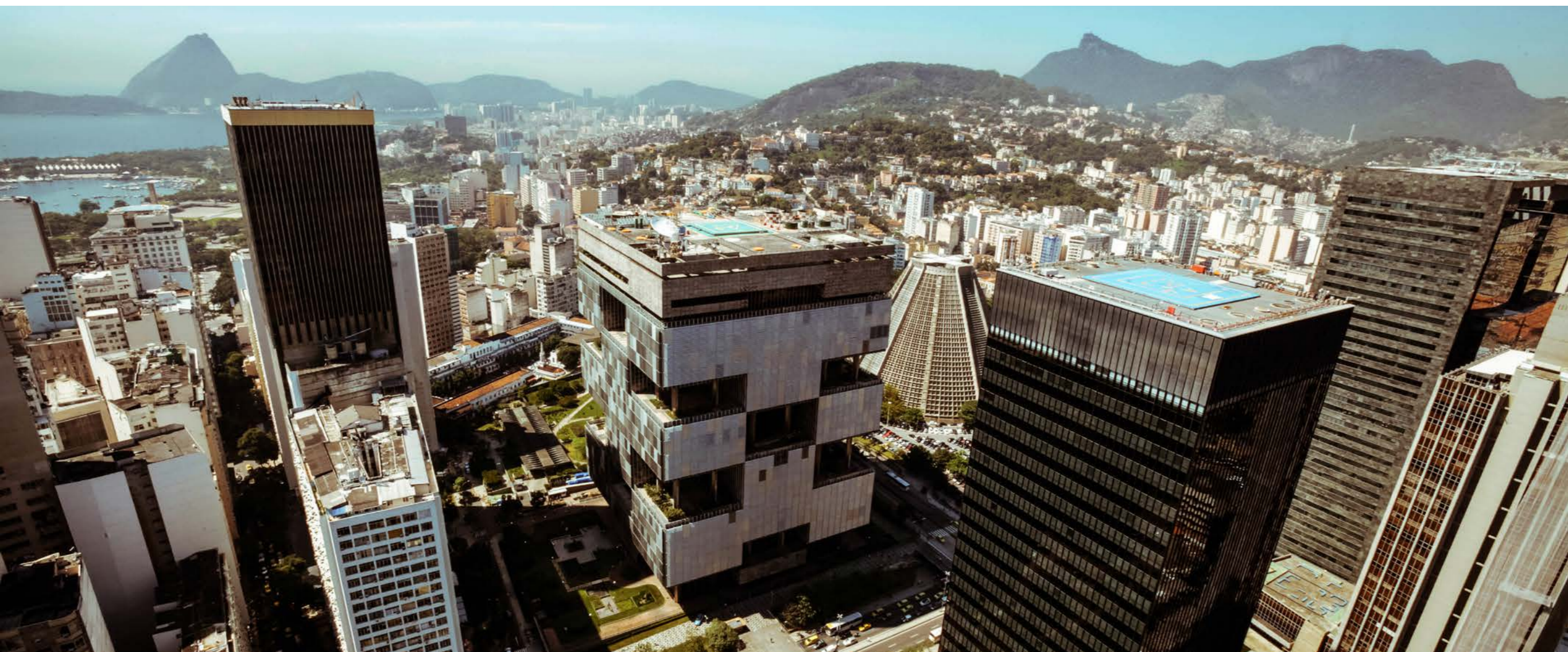


Corporate governance

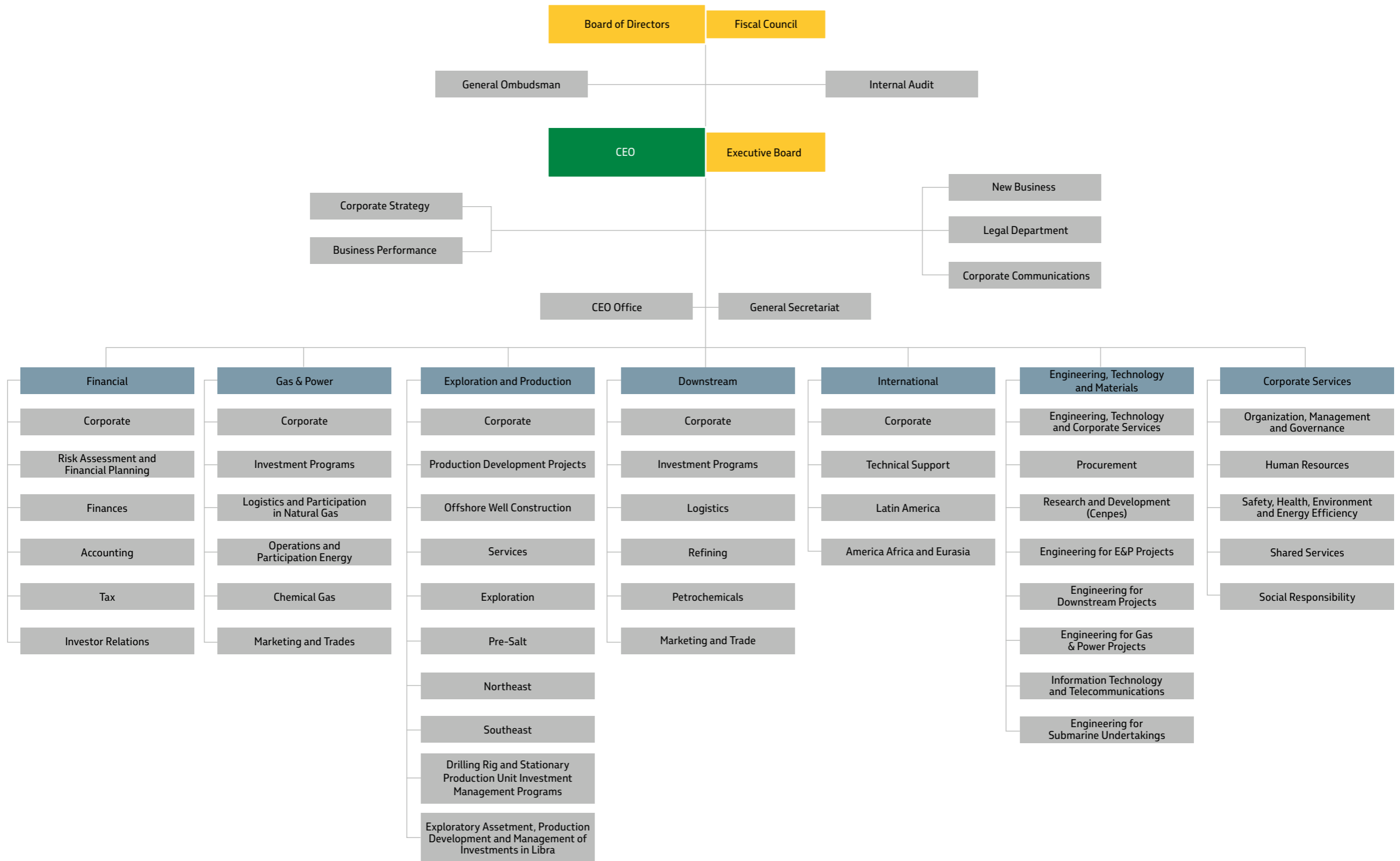


Our corporate governance structure consists of the Shareholders General Meeting and Board of Directors assisted by three committees (Audit; Health, Safety & Environment; and Compensation & Succession), the Fiscal Council, Executive Board, Internal Audit area, Ombudsman and a Business Committee.

Our organizational structure's areas are Strategic, Corporate and Services, Financial, Engineering, Technology and Materials, and the business areas – Exploration and Production, Downstream, Gas & Power, and International.



PETROBRAS ORGANIZATIONAL STRUCTURE



Our articles and bylaws define the powers and duties of members of the Board of Directors and Executive Board. Our Basic Organization Plan defines powers of heads of organizational units in the overall structure, as well as general powers of these units in terms of governance, economic, environmental and social issues. Managers report to the Executive Board which, in turn, follows guidelines set by the Board of Directors. Exceptions to this are the Ombudsman and Internal Audit areas, which report directly to the Board of Directors.

Our limits of competence rules state monetary amounts with the competence of Executive Officers and heads of units in the general structure, in relation to their duties and management, which may be delegated to subordinates. Internal Audit monitors delegated work to verify compliance.

Members of our Board of Directors are elected at annual general meetings, except for employee representatives, who must be elected by their peers under current legislation. We currently have ten directors, of whom seven (including the Board’s chairman) are appointed by our controlling shareholder, the Brazilian government. The others are appointed by minority shareholders owing common and preferred shares, and by employees.

BOARD OF DIRECTORS - COMPOSITION	
Executive function	The only member holding an executive position is the CEO of Petrobras.
Independent members	Four independent members.
Mandate	One year, reelection allowed with no limits on renewals.
Gender	Two women and eight men.

The same person cannot be both chairman of the Board and our CEO. Our Board must work for diversity in its composition and ensure that members’ professional experience includes aspects such as having been CEO of a company, or having a background in energy-sector finance and accounting, local and international markets, as well as having strategic vision.

One requirement for becoming a board member is absence of conflicts of interest. If any member alters their principal occupation after being elected, the board should be informed in order to review requirements, impediments or any conflicts of interest that may arise. In the case of the employees’ representative on the board, this member must not take part in discussions or votes on labor and employment relations, compensation, benefits or advantages, including pensions, since a conflict of interest would arise.

At the beginning of the mandate, new members must take an introductory Corporate Governance program (basic and advanced courses) on issues related to our strategy, organization and business management, corporate governance and ownership structure. The course offered by Petrobras University is exclusively for Petrobras System companies’ directors and officers. In addition, board members are supplied with documents such as annual reports, minutes of regular and special general meetings, minutes of Board meetings, articles and bylaws and other instruments of corporate governance, and asked to visit our facilities. This onboarding process may address a wide range of issues, including economic, environmental or social issues.

Critical issues, predominantly environmental, health, financial and operational safety may be forwarded to the Board of Directors through our CEO during meetings or directly to board members.

Under Brazil’s Law of Corporations, the total paid to directors is voted by annual general meetings and the Board of Directors approves executive officer compensation. Compensation paid to members of the Board of Directors amounts to 10% of the monthly average pay of executive officers.

We follow pro-competition conduct and good practice codes, as well as the Brazilian Federal Administration’s Code of Conduct, application of which is overseen by the Public Ethics Commission of the president’s office.

Commitments signed – In addition to codes guiding our corporate actions and policies, we subscribe to international principles, such as the United Nations Global Compact and ISO 26000. In diversity issues, including gender and race, we emphasize the Women’s Empowerment

Principles of the UN, and the Pro-Gender and Race Equity Program, of the Secretariat of Policies for Women of the Presidency of Brazil. In fighting corruption, we maintain our commitments with the Partnering Against Corruption Initiative (PACI), the Extractive Industries Transparency Initiative (EITI) and the Business Pact for Integrity and Against Corruption.

We reiterate our support for the promotion and dissemination of the rights of children and adolescents. We are signatories of the Declaration of Corporate Commitment to Combat Sexual Violence against Children and Adolescents.

Participation in forums and entities – We participate in the Regional Association of Oil, Gas and Biofuels Sector Companies in Latin America and the Caribbean (Arpel) and the Global Oil and Gas Industry Association for Environmental and Social Issues (Ipieca). The membership of these organizations includes oil and gas companies coming together for discussion and promotion of best practices relating to issues, such as climate change, biodiversity, human rights and spill response. We are also members of nationwide and local energy industry associations, such as the Brazilian Oil, Natural Gas and Biofuel Institute (IBP) and similar institutions in other countries, such as the Texas Oil and Gas Association and the American Petroleum Institute (API) in the United States, and the World Energy Council in Mexico.

Petrobras is a member of the World Business Council for Sustainable Development (WBCSD) and the Brazilian Business Council for Sustainable Development (CEBDS), as initiatives fostering the integration of sustainability principles with business. We also participate in the pilot program of the International Integrated Reporting Council (IIRC), responsible for creating a model for preparing integrated reports.

We attended several key events for the international sustainability debate, such as the UN Global Compact’s “Leaders Summit – Architects for a Better Future”, or the Global Reporting Initiative Conference in Amsterdam. We also attended the 2nd Annual Business and Human Rights Forum in Switzerland, organized by the UN High Commissioner for Human Rights, and the Latin American and Caribbean Business and Human Rights Forum in Colombia.

Strategy

In February 2014, we announced Petrobras' 2030 Strategic Plan (SP), which extended previous (2020 SP) planning horizon for another ten years, in addition to our 2014-2018 Business and Management Plan (BMP).

2030 SP formulates our 2030 Vision, our Major Choices and long-term goals for businesses and markets in which we will be operating. The following corporate drivers for all our business and activities were defined: profitability, social and environmental responsibility, and integrated growth.

2030 SP reflected a business environment that was very different to the situation in 2007, when we drew up the previous plan. In particular, there was the impact of the 2008 world crisis; the growth of investment in shale gas and tight oil exploration and production in the United States, which is altering energy geopolitics worldwide; and the altered Brazilian regulatory framework due to the introduction of agreements known as 'transfer of rights' and 'shared production'.

2030 Vision's main pillar is growing oil production through 2020 and sustaining it for the following ten years, at an average 4 million barrels of oil per day (bpd). This target was set in light of differing outcomes at auctions due to be held by government, based on available data and an estimate for Brazil's total oil production reaching an average of 5.2 million bpd for 2020-2030.

Based on higher levels of oil production, strategies for business segments have been defined to emphasize integrated oil and natural gas operation and boost refining capacity to 3.9 million bpd by 2030, with growing supplies of natural gas to the Brazilian market.

Maintaining our position as an integrated energy company, SP 2030 states the Major Choices for our business areas:



Exploration & Production	Produce an average of 4 million bpd between 2020 and 2030, considering Petrobras stake in fields in Brazil and abroad and acquiring exploratory rights to support this goal.
Refining, Transportation, Commercialization and Petrochemical	Supply the Brazilian oil products market, reaching a refining capacity of 3.9 million bpd, in line with market requirements.
Distribution	Maintain leadership in the Brazilian fuel market, increasing the value added and the preference for Petrobras brand.
Gas, Power and Gas-Chemicals	Add value to the businesses of the natural gas chain, monetizing the natural gas from the pre-salt and from the interior basins of Brazil.
Biofuels	Keep growing in biofuels, ethanol and biodiesel aligned with Brazilian diesel and gasoline markets.
International	Perform E&P activities, with focus in oil and gas exploration in Latin America, Africa and the United States of America (USA).

BUSINESS AND MANAGEMENT PLAN

As a consequence of 2030 SP, under our Business and Management Plan (BMP) for 2014-2018, we will be investing US\$ 220.6 billion over the next five years. Our partner companies will be investing another US\$ 63 billion in projects in Brazil, taking the total to US\$ 283.6 billion.

The plan continues previous plans' integrated project management principle, using our Corporate Investment Project System, which requires three stages to be developed before construction is finally greenlighted in stage IV. Our in-progress portfolio includes all projects currently underway (construction), those already tendered for all areas, and resources needed for studies of portfolio projects now being evaluated. Projects at the tender announcement stage of the process include E&P projects in Brazil that have yet to sign contracts for their units

and Premium I and Premium II Refineries projects for which tender/bidding processes will be held in 2014. The two portfolios combined - those in progress and those still at the tender/bidding stage - total US\$ 206.8 billion.

The portfolio of projects being evaluated totals US\$ 13.8 billion and includes projects that are currently at stage I (identifying opportunities), stage II (conceptual project) or stage III (basic design), except for the E&P business area in Brazil, which has no projects in this portfolio. These are less mature projects that will have no impact on oil production or oil-product processing curves in Brazil until 2020.

All Business and Management Plan projects include monitoring S-curves (graphs showing a project's physical and financial progress) and forecasts are based on analyzing these curves, which are monitored by the Executive Board and assist in reaching targets set by the plan.

Structuring initiatives in the form of programs supporting the plan have been contributing to our growth since 2012, together with investment projects, as follows:

- Campos Basin Operational Efficiency Program (Proef)
- Operating Cost Optimization Program (Procop)
- Logistics Infrastructure Optimization Program (Infralog)
- Well Cost Reduction Program (PRC-Poço)
- SubSea Facility Cost Reduction Program (PRC-Sub)

The plan incorporated operational efficiency gains arising from the Operating Cost Optimization Program (Procop), with potential savings of R\$ 37.5 billion for the 2013-2016 period.

Financeability assumptions are maintaining investment grade, not issuing new shares, Brazil's diesel and gasoline prices converging to international levels, partnerships, and business model restructuring.

Our analysis of financeability conditions is based on portfolios in progress or at the tendering/bidding stage totaling US\$ 206.8 billion. Funds required to finance projects in progress and projects at the tender-bidding stage will come from operating cash flow and divestments (US\$ 182.2 billion), use of excess cash (US\$ 9.1 billion), business model restructuring (US\$ 9.9 billion) and funding (gross and net in the amounts of US\$ 60.5 billion and US\$ 5.6 billion, respectively).

PLANNED INVESTMENTS

INVESTMENT BY SEGMENT – 2014-2018 BMP (US\$ billion)		
SEGMENT	INVESTMENT	%
E&P	153.9	69.8
Downstream	38.7	17.5
Gas & Power	10.1	4.6
International	9.7	4.4
Petrobras Biocombustível	2.3	1
Petrobras Distribuidora	2.7	1.2
Engineering, Technology and Materials	2.2	1
Other areas ¹	1	0.5
Total to be invested	220.6	100

¹ Finance, Strategic, Corporate and Services - business areas.

Exploration & Production: targets set for Brazil's oil and natural gas liquid (NGL) production are 3.2 million bpd for 2018, and 4.2 million bpd for 2020. The 2014 growth target is 7.5% on the previous year, with a one-percentage-point range of tolerance. In the five years covered by the BMP, 28 new plants will be coming on stream to ensure we meet our targets.

Most of the pre-salt projects under the 'transfer of rights' agreement will be operating by 2017 and 2018, thus driving faster growth of the

oil curve. Pre-salt field oil will account for 52% of total production by 2018. The target for total oil, NGL and natural gas in Brazil is 3.9 million barrels of oil equivalent per day (boed) for 2018 and 5.2 million boed for 2020.

To reach these targets, we will invest US\$ 153.9 billion in E&P in Brazil - which is 4.3% (US\$ 6.4 billion) more than the previous BMP. Of the total invested in E&P, 73% will be allocated for developing production, 15% for exploration and 12% for infrastructure. Of the US\$ 135.9 billion for the first two activities, 60% will be allocated to pre-salt and 40% to post-salt.

Downstream: investments planned for this business area totaled US\$ 38.7 billion. Highlights in the portfolio of projects in progress are the Abreu e Lima Refinery, the first line at the Rio de Janeiro Petrochemical Complex (Comperj) and 45 tankers being built for oil and oil products (Promef). The portfolio of projects at the tender/bidding stage includes the Premium I and Premium II refineries.

Gas & Power: US\$ 10.1 billion will be allocated to this business area in the period covered by the BMP plan. Highlights are fertilizer plants at Três Lagoas (MS) and Uberaba (MG), pre-salt gas pipelines (Route 2 and Route 3) and their respective natural gas processing plants, all currently being built.

International: US\$ 9.7 billion will be invested - particularly in the E&P segment, which will absorb 92% of these investments.

Subsidiaries: Biofuels will be investing US\$ 2.3 billion in ethanol and biodiesel projects. The distribution segment plans to invest US\$ 2.7 billion, in order to hold on to its leadership in oil products with a growing market share in the automotive segment (service stations).

Risk Management

In line with risk management precepts, we have processes and tools specifically structured to map and monitor different types of risks that may impact our results and relations with our stakeholders. Starting from our Strategic and Business and Management Plans and monitoring of operational performance on several levels, we identify, prioritize, evaluate and monitor all strategic, market, operational, environmental, social, physical, regulatory, credit and reputational risks.

ENVIRONMENTAL RISK

Management of environmental risks in our activities prioritizes an integrated approach to both potential impacts on our business and those caused for the environment and society. In alignment with the principles of precaution and prevention, we are committed to taking effective measures to prevent serious or irreversible damage to the environment or to human health, even if there is no scientific consensus on the issue. In the same way, we are committed, for example, to examining the potential impact of our activity on climate change and to initiatives that mitigate its effects.

Our products are evaluated from their conceptual development stage for their potential impacts on human health and the environment. All oil products produced in Brazil, which constitute our main product, are processed at refineries certified under ISO 14001 (environmental management) and OHSAS 18001 (health and safety management). In addition, guidelines and standards for corporate management systems safety, environment and health adopted at operating units are checked periodically, by an internal evaluation process.

We routinely monitor and evaluate the evolution of environmental regulations applicable to our activities, since more restrictive laws and regulations in this area may require significantly higher levels of investment and costs. In a tighter regulatory environment, there

is also increased risk of violating legal requirements, which may lead to financial losses associated with fines and downtime.

Another business risk arises from the fact that although we strive to not only ensure legal compliance, but also meet international benchmarks for environmental impacts at our operations and facilities, we are unable to eliminate all uncertainties involving acquisition, maintenance and renewal of licenses and permits required in the normal course of business. These uncertainties may delay new projects onboarding process or endanger the operational continuity of existing facilities, which may have adverse financial effects.



Ethics, transparency and accountability

Our General Ombudsman's Office takes in opinions, suggestions, criticisms, complaints or reports from all persons who have a demand involving our operations. Contacts may be made by telephone, fax, letter, e-mail, personally, leaving notes in the corresponding post boxes or at 18 regional Ombudsman's offices in Brazil.

The Ombudsman's website carries details of policies and guidelines adopted to meet demands which may cover everything from irregularities and violations of law or internal regulations to financial, accounting or auditing fraud, corruption, violation of ethical principles or any type of discrimination.

The Ombudsman's channel also provides guidance on ethical behavior, opinions, suggestions, criticisms, complaints and claims raised by stakeholders. It is also one of the channels of communication for our Ethics Commission. Complaints received by the Ombudsman are analyzed and forwarded to the business areas involved or the Ethics Committee.

Our Customer Service Center and "Contact Us" facility also accept opinions sent by internal or external mail.

Our "Complaint/Report Channel" is accessible exclusively to employees, to comply with Sarbanes Oxley and governance guidelines. Allegations and complaints are treated and compiled for semiannual reports to the Board by the Audit Committee, and to Senior and Executive Management of corporate business areas, especially those deemed material. Our channel for complaints or reports was set up to enable

any member of the workforce to report irregular activities or fraud involving bookkeeping, accounting, internal controls or audits. Other issues may be reported to the Ombudsman.

The Ombudsman is also responsible for taking requests for information from citizens, in compliance with applicable law. Our Citizen Information Service (CIS) may be accessed on the internet or in person. The Ethics Committee's duties include guiding, disseminating and fostering observance of ethical principles and commitments to conduct established by the Code of Ethics.

Anticorruption – In July, Petrobras introduced its Corruption Prevention Program in order to prevent, detect and correct fraud and corruption. The program and its implementation are based on three aspects: prevention through education and clear policies on the importance of ethics in all our actions; mechanisms capable of detecting fraud or corruption; and a system of consequences to correct past problems.

The program's benefits include reduced exposure to legal, image and reputational risk, strengthened corporate governance, centralized efforts for the shared aim of combating fraud and corruption, and improved relationships with stakeholders, such as partners and sources of funding.

For our Internal Audit structure, the Executive Board approved a new General Controller Office to strengthen implementation of control and compliance, including mitigation of fraud and corruption risk, in order to meet legal and regulatory requirements. This decision was ratified

by the Board of Directors in November. The responsibilities of this General Office include the Corruption Prevention Program.

All our suppliers and business partners are covered by our guidance on anti-corruption policies and procedures through our Code of Ethics stipulated in contractual instruments and posted on our website. The Code requires the process of selecting and signing suppliers to be based strictly on legal and technical criteria for quality, cost and punctuality. Suppliers must have ethical profiles in terms of their management practices and social and environmental responsibility. They must reject unfair competition practices or others contrary to the code's precepts, including our suppliers' supply chains.

Our standard contracts and services agreements now include an anti-corruption paragraph with procedures to be adopted in cases of illicit actions under Brazilian law, the 1977 Foreign Corrupt Practices Law (USA), or the Bribery Act 2010 (United Kingdom).

Our Code of Ethics includes a commitment to refuse to support or contribute to political parties or campaigns of candidates running for elected office.

A legal action involving our alleged anti-competitive conduct is currently being processed by a court of first instance in the state of Rio de Janeiro. The plaintiff is Manguinhos Refinery, which is claiming damages in the initial amount of R\$ 935 million.

Research and Development



We invested R\$ 2.4 billion in R&D coordinated by our research center named for Leopoldo Américo Miguez de Mello (local acronym Cenpes). We organize our technology strategy through three major business drivers: extending the current limits of our business ventures, adding value and diversifying our products and sustainability for the energy industry.

Some of our key numbers for 2013:

- More accurately determining the acidity of injection water produced for pre-salt reserves, thus enabling better selection of materials. Based on costs of materials for wells alone, we estimate at least US\$ 188 million savings developing pre-salt projects;
- Identification of the four intervals of source rocks in the Santos Basin pre-salt area due to integrated use of geochemical, geological and geophysical data. The high-resolution organic geochemical method helps to estimate exploratory risk for prospects in the Santos Basin more accurately, which provides a key competitive edge;
- Systematization of automated monitoring of drilling rig performance, which contributed to a 12% boost in drilling efficiency. Shorter well boring time saved an estimated US\$ 60 million;
- Optimized operation of the turbo expander at Landulpho Alves Refinery in the municipality of Mataripe (BA), doubled power generated to 25 MW due to the development of measurement technology for particulate matter from the unit's outlet. This new procedure is due to gain R\$ 30 million annual cost savings;
- Development of 38 R&D and basic engineering projects contributing to the Mediums and Gasoline Production Program (local acronym

Promega), which led to gasoline production rising to 41,000 bpd and diesel oil to 81,000 bpd, thus reducing oil product imports;

- Growth in the processing of heavy-oil atmospheric residue of Brazilian origin at the Presidente Bernardes Refinery in Cubatão (SP). The gain was estimated at US\$ 19.5 million per year;
- Use of new electric-hydraulic well bottom disconnection tool in the Campos Basin's Carapeba field, thus shaving 20% off intervention time to replace production columns for intelligent completion wells. By 2017, this procedure is to be used by 145 wells.

Research incentive – Part of our R&D investment goes to projects run by Brazilian universities and science and technology institutions, training technical staff and researchers, and expanding laboratory infrastructure. This initiative responds to a Brazil's National Oil, Natural Gas and Biofuel Agency (ANP) resolution requiring 1% of gross revenue from certain fields to be spent on R&D.

Many of the research projects we are developing are to ensure quality and diversification of energy sources, including improved biofuels and bioproducts, thermoelectric power generation and other renewable sources. A highlight is research to produce ethanol from sugar cane bagasse, tests with B20 biodiesel (20% biodiesel), studies of bio-lubricants produced from castor beans, and water reuse projects.

The Gas Technologies and Renewable Energy Center (local acronym CTGAS-ER) is a research center run by Petrobras in partnership with the Brazilian Industrial Apprenticeship Service (SENAI), located in Natal (RN), runs certification tests for windpower generating equipment.



INVESTMENTS IN RENEWABLE ENERGY RESEARCH	R\$ thousand
Renewable Solar Energy	11,269
Renewable Wind Energy	5,135
First Generation Biofuels	5,984
Advanced Biofuels	67,862
Total	90,251

Responsibility for products

We continually evaluate our products for their environmental, health and safety aspects. In addition to legal guidelines, we also set internal quality standards. Most of our products are made by processing oil and all incorporate health and safety risk assessment processes at all stages in their production, including protection for the workforce, neighboring communities and end consumers, in addition to meeting the quality requirements of ISO 9001, ISO 14001 and OHSAS 18001. We also have a Laboratory Data Management System, a corporate quality management system that enables us to record quality standards for each sale and retrieve details of the products we market and sell.

Our products and raw materials comply with legislation governing production and transportation. We comply with international classification and labeling requirements and use material safety data sheets (MSDS) for chemicals. We follow procedures required by Brazil's National Oil, Natural Gas and Biofuel Agency (ANP), Metrology, Quality and Technology Institute (INMETRO), Environmental Council (CONAMA), and Technical Standards Association (ABNT).

We do not sell banned products. In relation to public debate, the sulfur content of automotive fuels is under ongoing assessment since it is related to air quality. The allocation of low-sulfur content diesel followed a schedule that prioritizes the major metropolitan areas and state capitals, and fully complied with the Diesel Agreement on delivering diesel oil with 10 mg/kg or parts per million (ppm) sulfur level, for major urban centers, as of January.

For this purpose, we are investing in our refineries to produce low-sulfur diesel. In addition, we are implementing treatment units for low-sulfur gasoline and delivery of this product with 50 ppm maximum levels is due as of January 2014.

In order to minimize cases of non-compliances, we are auditing facilities, emergency plans, disclosing our Communication Plan to consumers and customers, and publicizing technical guidelines for delivering and

storing fuels, such as precautions and compliance with laws, resolutions and regulatory standards.

Liquigás, our company for bottling, distributing and retailing liquefied petroleum gas (LPG), has had six assessments filed as a result of ANP alleging non-conformities with legislation. Outside Brazil, Petrobras America had eleven non-compliance incidents filed by the Bureau of Safety and Environmental Enforcement. Ten were issued for drilling activities and one for FPSO operations. None led to fines or penalties, but warnings were issued in all cases.

In June, we launched our Lubrax Essential SM product, a mineral lubricant especially designed to meet specifications for light vehicles assembled by Korean and Japanese automakers, while ensuring fuel economy, compatibility with engine seals to avoid leaks and a competitive price point.

In October, we brought out Lubrax Indicc, a lubricating oil for high-revving motorcycle engines. The product reduces friction and boots clutch system performance, thus preventing skidding and more fully harnessing engine power.



Our stakeholders

We define our stakeholders as “groups of individuals and/or organizations with common needs and social, political, economic, environmental or cultural aspects that are building relationships with us, or may do so, and may influence or be influenced by our activities, business and/or reputation”.

The stakeholder concept is one of the strategic foundations for our Integrated Communication Plan, a set of key guidelines for all our communication practices. Each plan derived from these bases contains specific objectives focusing on themes and segments corresponding to its ambit of action. Besides specific action plans, current objectives help business areas develop communication practices for each significant situation to identify stakeholders and segments with whom the relationship is strategic.

As our basis, we take an in-depth study of the issues and needs that define each segment and their expectations, opinions, perceptions and attitudes in relation to Petrobras. This is done by specific surveys, using secondary data and monitoring practices.

PETROBRAS STAKEHOLDERS

There are 13 categories of stakeholders: customers; scientific and academic community; communities; competitors; consumers; suppliers; press; investors; civil society organizations; partners; government; internal public; and retailers.

We develop and maintain communication practices and ongoing relationships to learn more about our stakeholders’ opinions, perceptions

and expectations. Among these practices, we develop surveys of the different types of stakeholders and monitor the brand’s social media profile, press relations and published content, internal social network and the digital portal open to our internal public’s comments on contents published, communication and engagement practices, and other aspects.

We use research tools that afford in-depth knowledge of image and reputation issues relevant to various stakeholders and public opinion, such as the Corporate Image Monitoring System (local acronym Sismico).

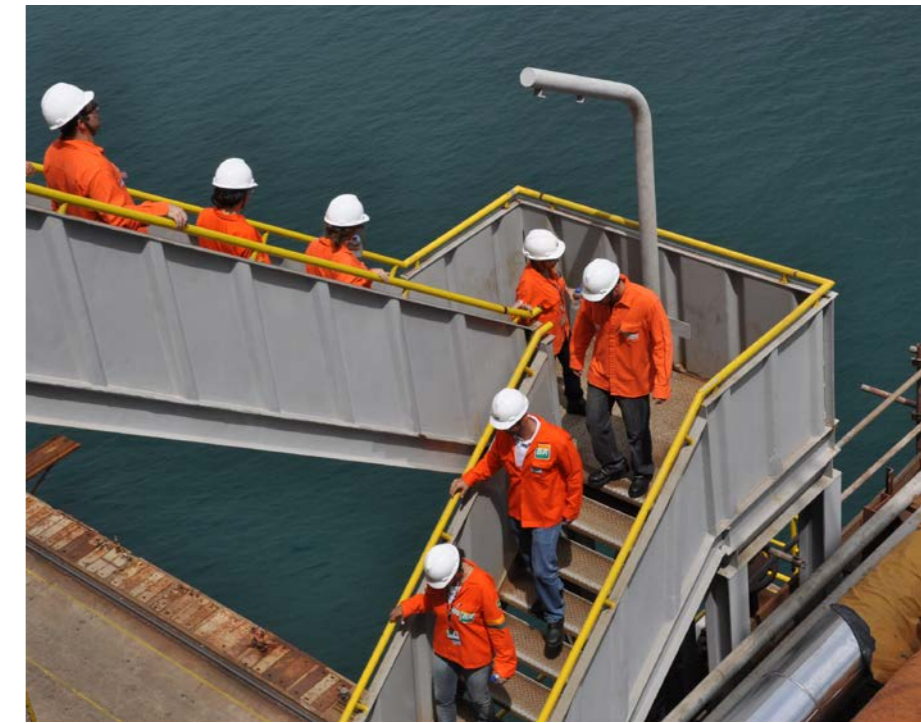
Some areas of our subsidiaries have their own instruments for consultation, research or engagement with specific stakeholders, such as Supplies and Petrobras Distribuidora. In certain situations, we conduct studies with some segments of the public such as customers, the scientific and academic community, suppliers, investors or internal stakeholders.

Main demands and measures taken – The main concerns of our investors have involved operational and financial results, corporate governance and our Business and Management Plan (BMP). Shareholders attend and vote themes discussed at meetings held during the year. To publicize the BMP plan, we held conference calls/webcasts, made corporate visits, attended trade fairs, and held seminars and talks with banks and brokers.

Highlighted topics of interest identified by stakeholders mentioning us or interacting with us on social networks included fuel price hikes and their impact for consumers, the effects of pricing policy on our results, pre-salt news, discoveries, projects, regulatory issues and the

Libra auction, financing capability, ability to make investments, project feasibility and divestments, and Senior Management’s activities and performance. Based on mapping the above, we examined data from the areas responsible for each theme and produced content to interact with the public on our digital channels.

The main questions raised by the press refer to the environment and sustainability, operational safety, investments, accidents, spills, lawsuits, impacts due to plants, conflicts with fishermen and sponsored projects.



RELATIONSHIP PROGRAMS

We have relationship practices and channels for communication and engagement with our stakeholders. We developed magazines, newspapers, websites and visitor programs, and acted on social networks and other media. We intensified relationship initiatives on digital channels, expanding and systematizing monitoring of themes that give rise to more interest from segments of the public. We believe that we may use digital platforms to dialogue with stakeholders.

The blog named *Fatos e Dados* (Facts and Data) is one of the channels used to publicize our position on key issues. *Agência Petrobras* (Petrobras Agency – Press Room) is focused on press relations and supplied news, releases, videos, photos and written contents. To receive complaints or suggestions involving general aspects, we have our Ombudsman, Customer Service e-mail, Customer Channel, website and telephone lines.

Chief forms of relationship with our segments:

Customers – Exclusive website facilitating e-commerce as part of our business and operational processes.

Communities – In our area of influence, we develop initiatives such as the Petrobras Agenda 21 Program, community committees around refineries, and Social Dialogue at the Rio de Janeiro Petrochemical Complex (Comperj). Additionally, we have social inclusion programs for adolescents in local communities. The key precept for this relationship is youth entrepreneurship.

Academic and Scientific Community – Communication initiatives for universities and partner institutions, learning place (*Espaço Conhecer*), student relations programs, science and technology sponsorship initiatives.

Consumers – Call centers, campaigns, digital communication actions, and promotional campaigns focusing products and services.

Suppliers – Targeted communication initiatives, events and conferences; digital portal for buy-sell transactions and relationship; relationship campaigns related to incentive programs.

Press – Responding to press demands, producing and sending notes, press conferences, Petrobras Agency – Press Room, energy courses for journalists.

Investors – Specific website, telephones and e-mail addresses, periodical publication named *Petrobras em Ações* (Petrobras in stocks), reports such as Form 20-F SEC filings, activity reports and reference forms.

Civil-society organizations – Systematically responding by mail; holding periodic meetings and conferences; mobile vehicle outreach and hotspots specifically for replying to questions and giving advice to applicants preparing projects for public selection processes.

Public authorities – Systematic monitoring through periodic contacts with ministries: Mines and Energy, Planning, Budget and Management, Labor and Employment, Education, and Justice.

Internal public – Petrobras intranet covering all our internal sites in a single environment, Petrobras magazine, WebTV, *Conecte* (internal social network), internal relationship campaigns and initiatives, holding Daily HSE Dialogues and our Volunteer Program. There is also a committee monitoring collective bargaining.

Retailers – *Jornal do Revendedor*, a monthly publication for retailers.



Operational Performance

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Exploration and Production

In 2013, we reached 75% success drilling 76 wells (45 onshore and 31 offshore). For the 14 wells drilled in the pre-salt, this ratio reached 100%. Investment in exploration in this period amounted to R\$ 17.3 billion, involving mainly costs for drilling, seismic surveys and acquisition of blocks. During this period, we concluded work on nine platforms, thus taking total processing capacity to one million barrels of oil per day.

According to ANP/SPE criteria, we ended 2013 with proven reserves of oil and natural gas amounting to 16.565 billion barrels of oil equivalent (boe), being 13.895 billion barrels of oil, and 426,771 billion m³ of natural gas. These figures show a 0.8% increase on proven reserves in 2012.

We joined the consortium that acquired the Libra block in the first bidding round from Brazil's National Oil, Natural Gas and Biofuel Agency (ANP) based on the production sharing model. We will be operators for the block with a 40% stake, partnered by Shell, Total, CNPC and CNOOC. The bonus was set at R\$ 15 billion (R\$ 6 billion for us) plus transfer of 41.65% of 'profit oil'. The consortium offered the Brazilian Government this percentage of excess in oil to be paid in the reference scenario (oil barrel price US\$ 100.01 - 120.00 and production per active well 10,000 - 12,000 barrels per day). This percentage may vary with international oil prices and well productivity, as per a schedule defined by ANP.

The contract stipulates a 4-year exploratory phase for the block as of its December signing date. The minimum exploration program for the Libra block includes 3D seismic surveys of the entire area, two exploratory wells and long-term testing. Our estimate is that the first unit in the definitive production system will be operating by 2020.

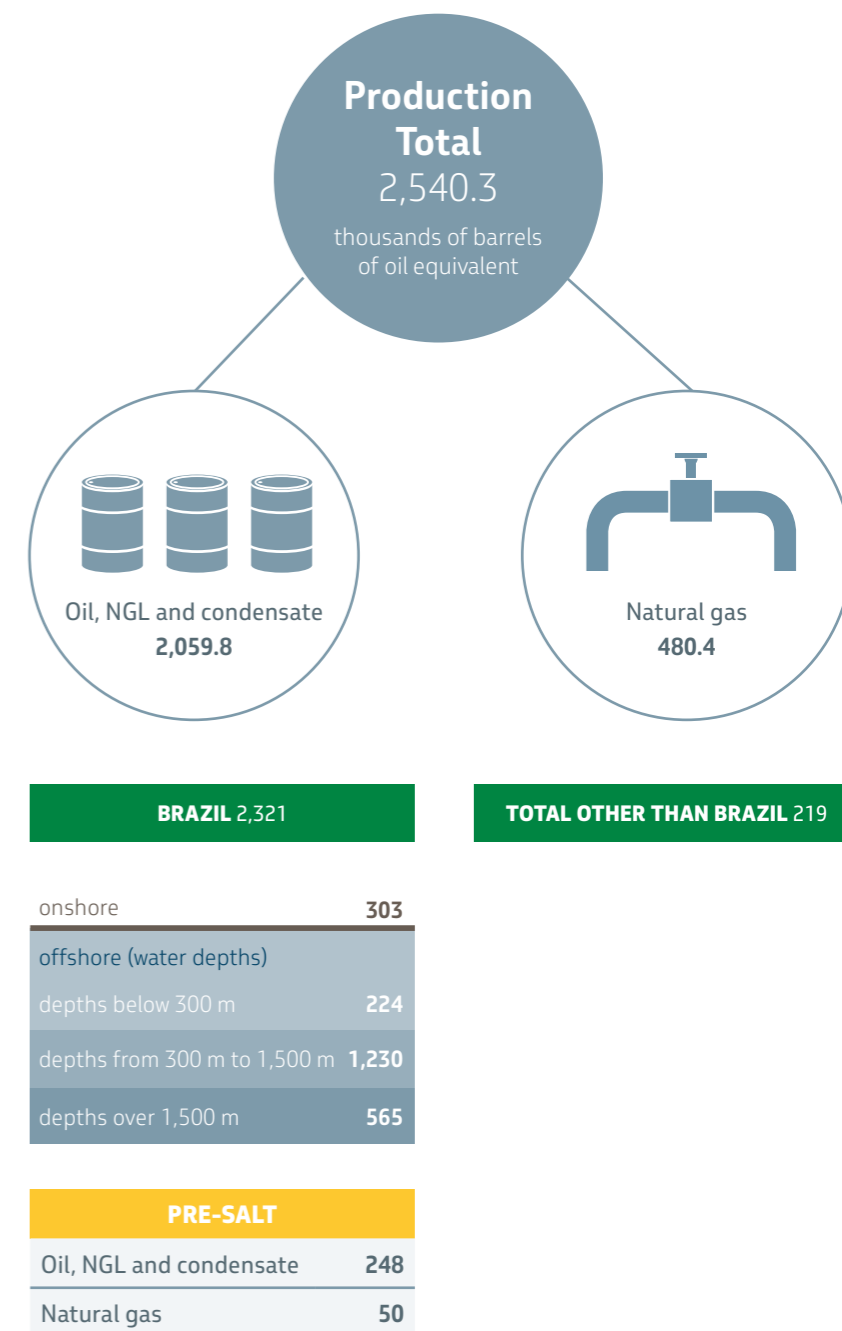
However, long-term tests will have already produced oil during the exploration program.

The Libra block, discovered in 2010, is in ultra-deep water in the pre-salt Santos Basin, with an area of 1,547.76 km², and is considered a high-potential prospect. In January, our operational committee approved the Libra blocks 2014 program and budget. The main activities include seismic reprocessing for the entire area, drilling two wells and studies for a new seismic acquisition and long-term testing scheduled for 2016.

We also acquired 34 blocks (17 onshore and 17 offshore) in ANP's 11th round of concession bids/awards. Together with our partners, we have invested a total of R\$ 1.5 billion, of which R\$ 537.9 million was paid from own funds.

Under the 'transfer of rights' agreement, we were awarded seven blocks with a total area of 3,865 km² (Franco, Florim, Nordeste de Tupi, Sul de Tupi, Sul de Guar, Entorno de lara, and Peroba). The contractual duration is 40 years, renewable for another five.

Our oil and natural gas output totaled 2.54 million barrels of oil equivalent per day (boed), of which 2.321 million boed was from Brazil and 219,000 boed from other countries. Brazil's number was 1.5% down from the previous year due to delays for new production units coming on stream. However, production from pre-salt areas was up 79%, from 168,800 bpd in 2012 to 301,600 in 2013.



Production from pre-salt area does not include the total produced by our partners.

Refining and Commercialization

Our 15 refineries processed 2,243 thousand bpd of oil and natural gas liquid (NGL) and produced 2,309 thousand bpd of oil. Our 12 refineries in Brazil accounted for some 92% of the total processed (2,074 thousand bpd) and total production (2,124 thousand bpd). Added refining capacity, investments to raise efficiency of assets and higher levels of use of logistics assets contributed to higher production of oil, which was up 6% on the previous year.

Our sales of 2,383 thousand bpd of oil products in the Brazilian domestic market were up 4% on 2012. The main increases were in sales of diesel oil (5%), gasoline (4%) and LPG (3%). Fuel oil sales rose 17% due to power dispatched from thermoelectric generating plants.

SALES VOLUME (thousands of barrels per day)

	2012	2013
Diesel	937	984
Gasoline	570	590
Fuel oil	84	98
Naphtha	165	171
LPG	224	231
Aviation fuel	106	106
Other	199	203
By-products	2,285	2,383
Ethanol, nitrogen fertilizers, renewables and other products	83	91
Natural gas	357	409
Total domestic market	2,725	2,883
Exports	554	395
International sales	506	514
Total exports and international sales	1,060	909
Overall total	3,785	3,792



Higher sales of diesel reflect growing demand for transport to supply expanding retail trade, the record grain harvest and diesel-fired thermoelectric generating plants acting as stand-by sources. Higher gasoline sales, in turn, were related to growing numbers of flex fuel vehicles combined with favorable hydrated ethanol prices compared to those of the 'Gasoline C' product. LPG sales were driven by higher aggregate wages and average temperatures from July to September in the main consumer centers. Added demand for fuel oil from the thermoelectric plants offset lower consumption by domestic industry and the thermoelectric segment in the state of Amazonas due to substitution by natural gas.

In Brazil, the higher volume of domestic oil processed by domestic refineries and lower domestic production were the main reasons for oil exports falling 43%, to 207,000 bpd. Oil exports at 186,000 bpd showed a slight 1% increase on 2012.

Oil imports reached 404,000 bpd, which was up 17% on the previous year. On the other hand, there was a 10% reduction in imported oil products, which totaled 389,000 bpd. Our trade balance showed a deficit of US\$ 16.2 billion, taking exports and imports of oil and oil products, excluding natural gas, liquefied natural gas (LNG) and nitrogen products.

Petrochemicals and fertilizers



We operate in the petrochemical sector through equity holdings integrated with our business, in order to expand production of petrochemicals and biopolymers. In September, our shareholders general meeting approved the sale of 100% of Innova's shares to Videolar S.A. for R\$ 870 million (US\$ 372 million), as part of the Divestment Program (local acronym Prodesin). To close the deal, we will depend on approval from Brazil's anti-trust body, the Administrative Council for Economic Defense (local acronym CADE).

In the fertilizer sector, we acquired our third factory, Araucária Nitrogenados S.A., located in Araucaria (PR), which has annual capacity for 700,000 tons of urea and 41,000 tons of ammonia. In addition to urea and ammonia, our Fafen-BA plant produces nitric acid, ARLA 32 and carbon dioxide. At Fafen-SE, we also market carbon dioxide and urea specifically for manufacturing ARLA 32.

We produce 1.14 million tons of urea and 882,000 tons of ammonia. Sales amount to 1.06 million and 189,000 tons, respectively.

Our Nitrogenated Fertilizer Unit III (local acronym UFN III) at Três Lagoas in the state of Minas Gerais, at the construction stage, was one of the main projects in progress in 2013. It will be producing 1,223 thousand tons per year of urea and 70 thousand tons of ammonia by 2014. Another project is expansion for Fafen-SE, where we are building an ammonium sulfate unit to supply 303,000 t/year of the product, from excess sulfuric acid produced by the Abreu e Lima Refinery (PE). With the Ammonia Plant – UFN V (Uberaba/MG), now at the basic design development stage, we will be marketing 519,000 t/year of ammonia by 2017.

Gas & Power

Natural gas supplied reached 85.9 million m³ per day, which was 15% up on 2012. Higher demand from natural-gas fired thermoelectric plants activated by the Brazilian National System Operator (local acronym ONS), due to low water levels in hydroelectric dam reservoirs was the main reason for this increase.

In Brazil, domestic supply was 40.8 million m³ per day (not including liquefied natural gas, gas used for the production process, well injections, and losses), while imports from Bolivia totaled 30.5 million m³ per day, excluding gas used in transportation. LNG volume imported and re-gasified totaled 14.5 million m³ per day. Brazil's gas pipeline network has a total length of 9,190 km.

The average volume of natural gas sold per day by regional distributor companies in Brazil was 62.5 million m³, showing an increase of 14% on 2012, reflecting a 54% increase in consumption of gas-fired thermoelectric plants.

The 19 natural gas distributors in which we have holdings and the two in which we hold full control marketed 33.2 million m³ per day, which is equivalent to 53% of natural gas distributed in Brazil. Volume sales for these companies were up 19% on 2012.

Electricity – We generated an average of 4,043 megawatts (MW) for the grid (known as the National Interconnected System, local acronym SIN), through our 21 owned or leased thermoelectric plants with capacity for 6,549.4 MW, which reaches 6,885.4 MW if projects with minority holdings are included. Our total electricity generated was up 50% on 2012, due to higher levels dispatched by the grid

operator (ONS). Additionally, we sold 2,056 MW of electricity in the free market environment.

Our renewable energy production, including onshore wind and small hydroelectric plants, totaled approximately 1,446,000 MWh.

ENERGY SOURCE	MWh
Wind (onshore)	349,994.5
Small hydroelectric plants (below 10 MW)	1,095,841.56
Total	1,445,836.06



Biofuels

Our subsidiary Petrobras Biocombustível produced 322,900 m³ of bio-diesel with 67% capacity utilization at the three plants we operate. Their production capacity, including two plants in which we have ownership interest, was up 7.32%, from 765,000 m³/year to 821,000 m³/year.

Our own plants and those of our affiliates were awarded the Brazilian Ministry of Rural Development's Social Fuel Seal for inclusion of family farms growing oleaginous crops for biodiesel. Our operation involves transferring technology and know-how to small growers, technical assistance and contracts with guaranteed purchase at market prices, thus helping to generate income for family farming and develop regional agriculture. In the 2012/2013 harvest season, the total area growing oleaginous crops such as rapeseed, sunflower and soybean totaled 80,700 hectares and included eight states in the semiarid region, as well as the state of Rio Grande do Sul.

Our Petrobras Distribuidora subsidiary acquired 1.17 million m³ through auctions; its contracts with suppliers stipulate sustainability and human rights conditions.



Distribution



Petrobras Distribuidora is Brazil's market leader with a 37.5% share. Volume sales from its 7,710 service stations totaled 53.7 million m³, which was 4.5% up on 2012. Their net operating revenues reached R\$ 86.6 billion and net income was a record R\$ 1.8 billion.

Petrobras Distribuidora invested R\$ 1.03 billion in 2013, of which R\$ 162.2 million was allocated to logistics infrastructure maintenance and expansion, in order to support rising consumption of oil and demand for logistics, especially in the Southeast, North and Midwest regions of Brazil. Investments were also made to modernize service stations and in gas distribution, the aviation sector and information technology.

Transportation

Our Transpetro subsidiary (Petrobras Transporte S.A.) has a 57-vessel fleet that transported 59.4 million tons of oil and oil products. Transpetro's 7,517 kilometers of pipelines and terminals carried 807.7 million m³ of liquids, which was 4.3% more than in 2012. Average daily transportation of natural gas through 7,152 km of pipeline was up 15% to 69.8 million m³.

Our Fleet Modernization and Expansion Program (local acronym Promef) involves orders for 49 ships and 20 waterway convoys with an investment of R\$ 11.2 billion for 2007-2020, which will enable us to add 4 million DWT to our capacity and incorporate new technologies. The Promef program aims to make shipbuilding in Brazil internationally competitive and with 65% local content for the first stage and 70% for the second.



International operations

In addition to Brazil, we are present in the oil and gas industry in 17 other countries where we invested R\$ 5.1 billion, of which 90% was for oil and natural gas exploration and production in Latin America, Africa and the USA.

In addition to exploration and production, our operational strategy outside Brazil includes bringing in natural gas from Bolivia to supplement supplies for the Brazilian market, boosting operational efficiency in the distribution segment and maintaining the operational integrity and optimized management of our refining assets.

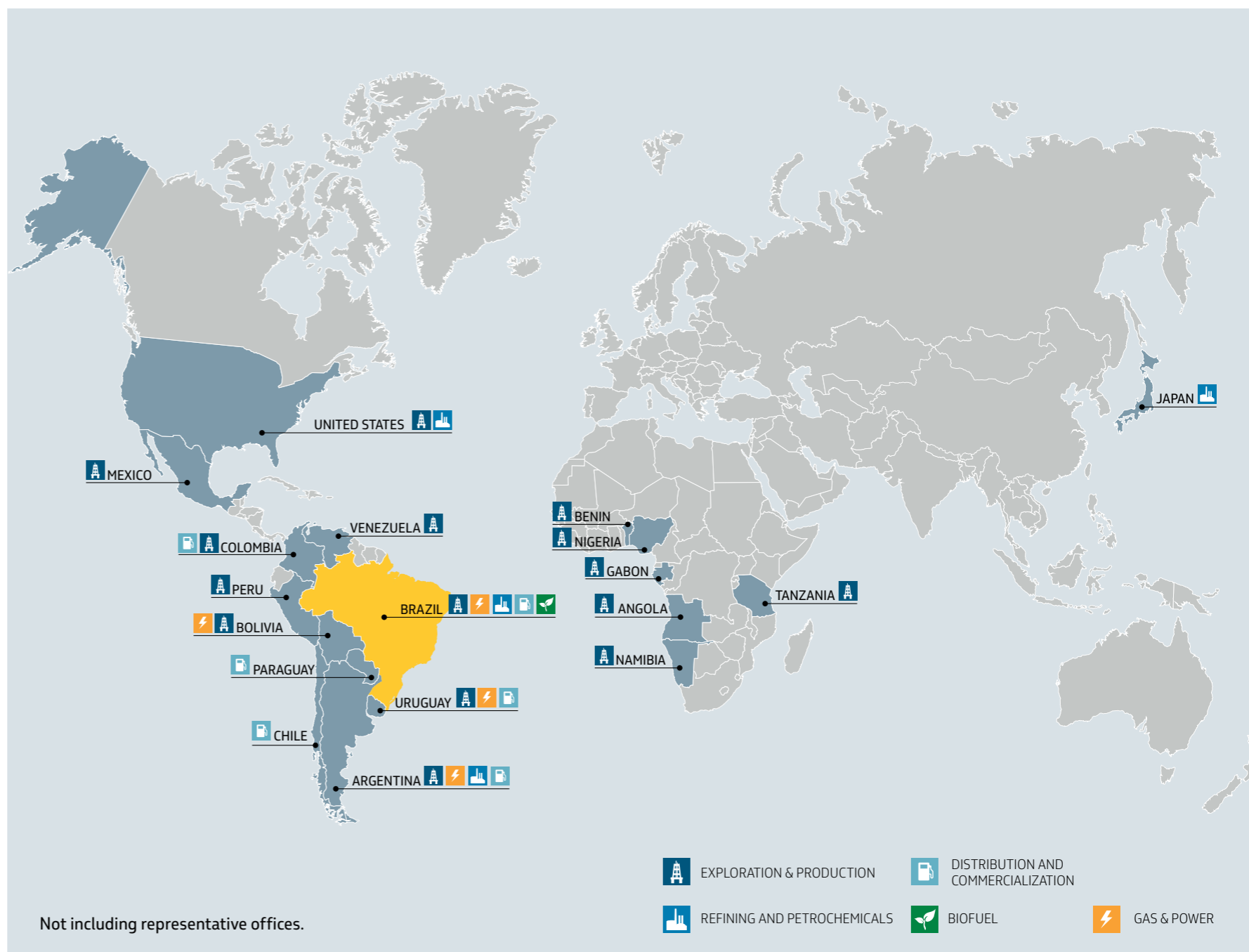
In Peru, we approved the sale of 100% of the shares of our wholly owned subsidiary Petrobras Energia Peru to China National Petroleum Corporation (CNPC) for US\$ 2.6 billion. The deal included 100% of Lot X and Lot 58, and a 46.16% stake in Lot 57. Closing the deal is subject to approval from the Chinese and Peruvian governments and complying with procedures stipulated in the related joint operating arrangements.

We also sold 100% of the shares of Petrobras Colombia Limited for US\$ 380 million. The transaction included stakes in 11 onshore exploration and production blocks and two pipelines. We maintain our presence in Colombia through offshore exploration blocks, an onshore exploration block, and distribution operations.

To extend our business in Africa and share investments required to expand and develop reserves there, we carried out an operation in June involving a new joint venture with BTG Pactual, which acquired 50% of the shares of Petrobras Oil & Gas B.V. (POG).

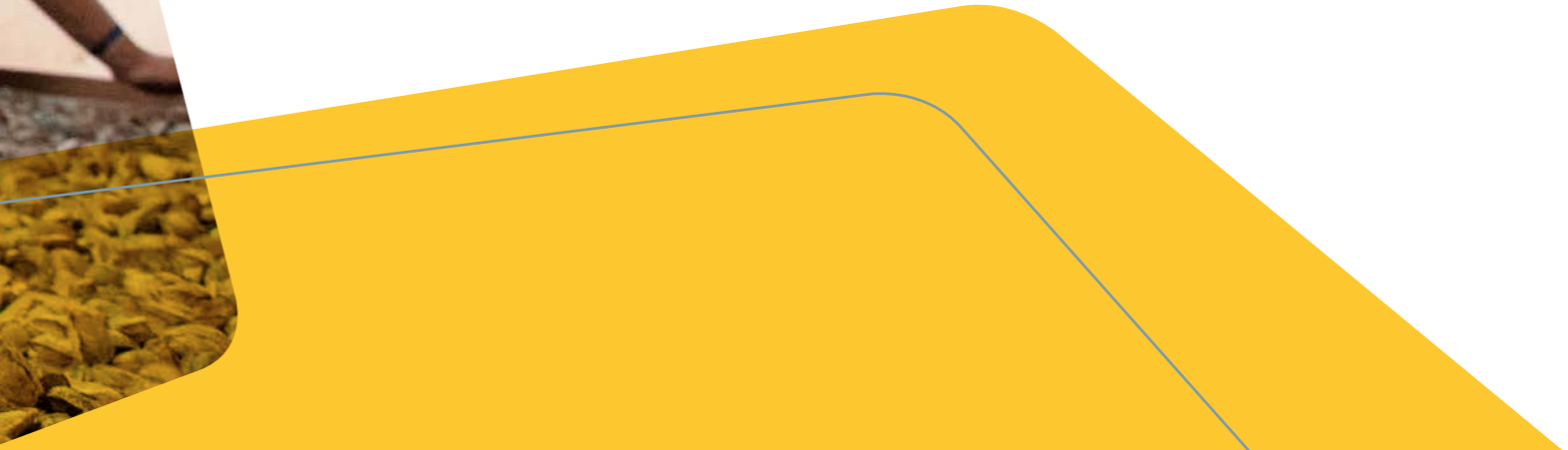
In Bolivia, the San Alberto block's SAL-16 well in the Tarija department came on stream in May, so Petrobras Bolivia's natural gas field now has nine producing wells.

Petrobras Argentina (Pesa) found oil and gas in the La Paz concession area of Santa Cruz province, while drilling its La Paz-12 well.





Results and Contributions to Society

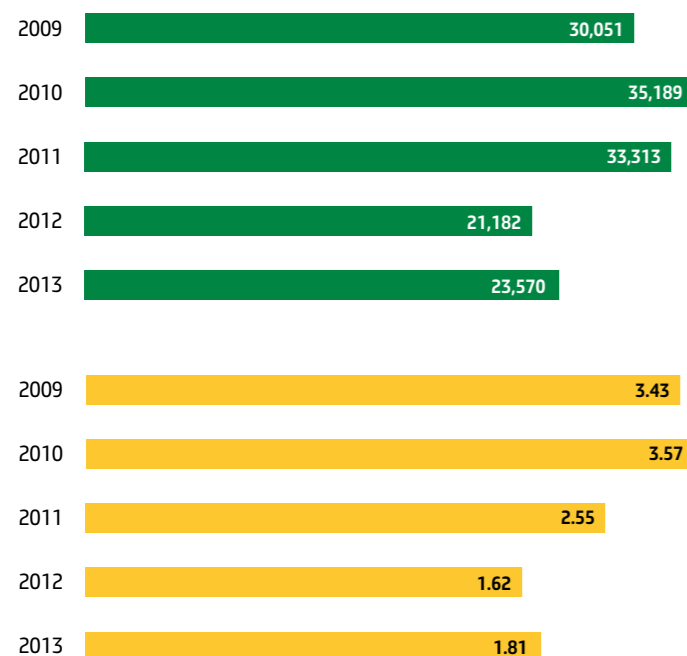


Economic and financial results

We posted net profit of R\$ 23.6 billion, which was 11% up on 2012 due to factors such as demand for oil products in the domestic market rising (4%), higher gasoline and diesel prices, lower exploration and drilling expenses, and gains on sales of assets under the Divestment Program (local acronym Prodesin). Net earnings per share were R\$ 1.81.

Our common and preferred shares (PETR3 and PETR4, respectively) ended the year down 18.2% and 12.5%, which reflected significant capital flight from the BM&FBovespa, with its Ibovespa index down 15.5% on the previous year. On the New York Stock Exchange (NYSE), we also saw prices of our common and preferred receipts falling (29.2% and 23.9%, respectively), impacted by the Brazilian real's depreciation against the dollar.

CONSOLIDATED NET INCOME



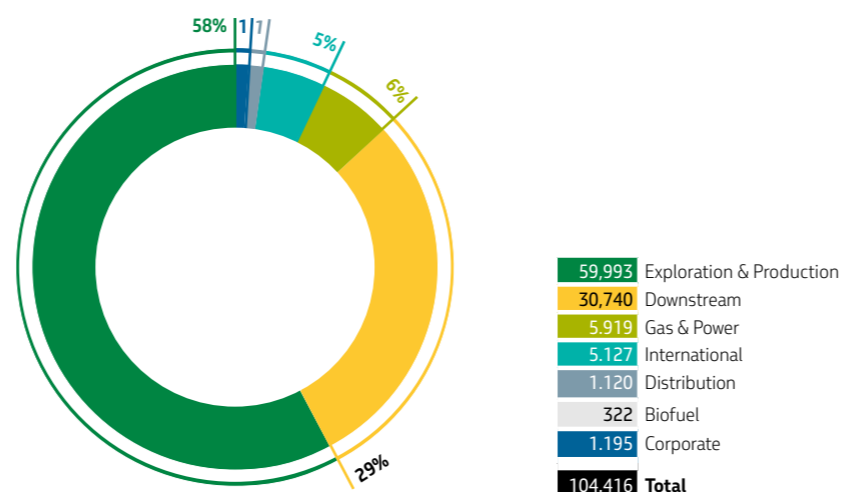
■ R\$ million ■ R\$/share

Net earnings attributable to our shareholders.

On the international scenario, the average price of oil did not show major fluctuations, but there was a 4.2% rise in the average price per barrel of WTI and a 2.9% fall in the price of Brent from the 2012 average price. Despite weaker demand from Organisation for Economic Co-operation and Development (OECD) member countries, world oil consumption reached 1.2 million barrels per day and rose 1.3% from the previous year, driven chiefly by India and China.

Investment rose 24% to total R\$ 104.4 billion, particularly for Exploration & Production activities and our Downstream division, which accounted for 58% and 29%, respectively. On the E&P side, one of our focus points was developing production in the pre- and post-salt fields, which included paying R\$ 6 billion for the Libra field in the first auction, under the 'shared production' agreement in Brazil. On the Downstream side, most funds were used to expand refining capacity particularly at the Abreu e Lima (PE) Refinery and at our Rio de Janeiro Petrochemical Complex (Comperj).

INVESTMENT (R\$ million)



Of the R\$ 193.1 billion added value that we distributed, 55% were allocated to pay taxes, including government shares. A total of R\$ 106 billion was divided between federal (R\$ 55.6 billion), state (R\$ 43.4 billion), municipal (R\$ 247 million) and non-Brazilian entities (R\$ 6.8 billion).

We retained R\$ 14.3 billion and allocated R\$ 36.5 billion to financial institutions and suppliers, R\$ 27.6 billion to personnel and management costs, including direct compensation, wages and salaries, profit-sharing and benefits, and R\$ 9.3 billion to shareholders (dividends and interest on own capital).

Contribution to economic development

We comply with the Brazilian government's local content policy for the oil and natural gas sector, which aims to increase the share of the country's industry in supplies of goods and services on a competitive basis, thus helping to generate employment and income. We used Brazilian shipyards to have production units built within 34 months, which are in line with averages worldwide.

We signed contracts for 23 support vessels. These PSV 4500 and OSRV 750 type units will be built in Brazil to comply with 60% local content requirements. In addition, we took delivery of nine platforms to add capacity amounting to 1 million barrels per day (bpd). We have 28 drilling rigs under contract for ultra-deep waters, and they are being built in Brazil for the first time, to be delivered from 2015 onwards. Five of 49 vessels ordered to take oil to onshore locations have been delivered.

PROFESSIONAL QUALIFICATIONS

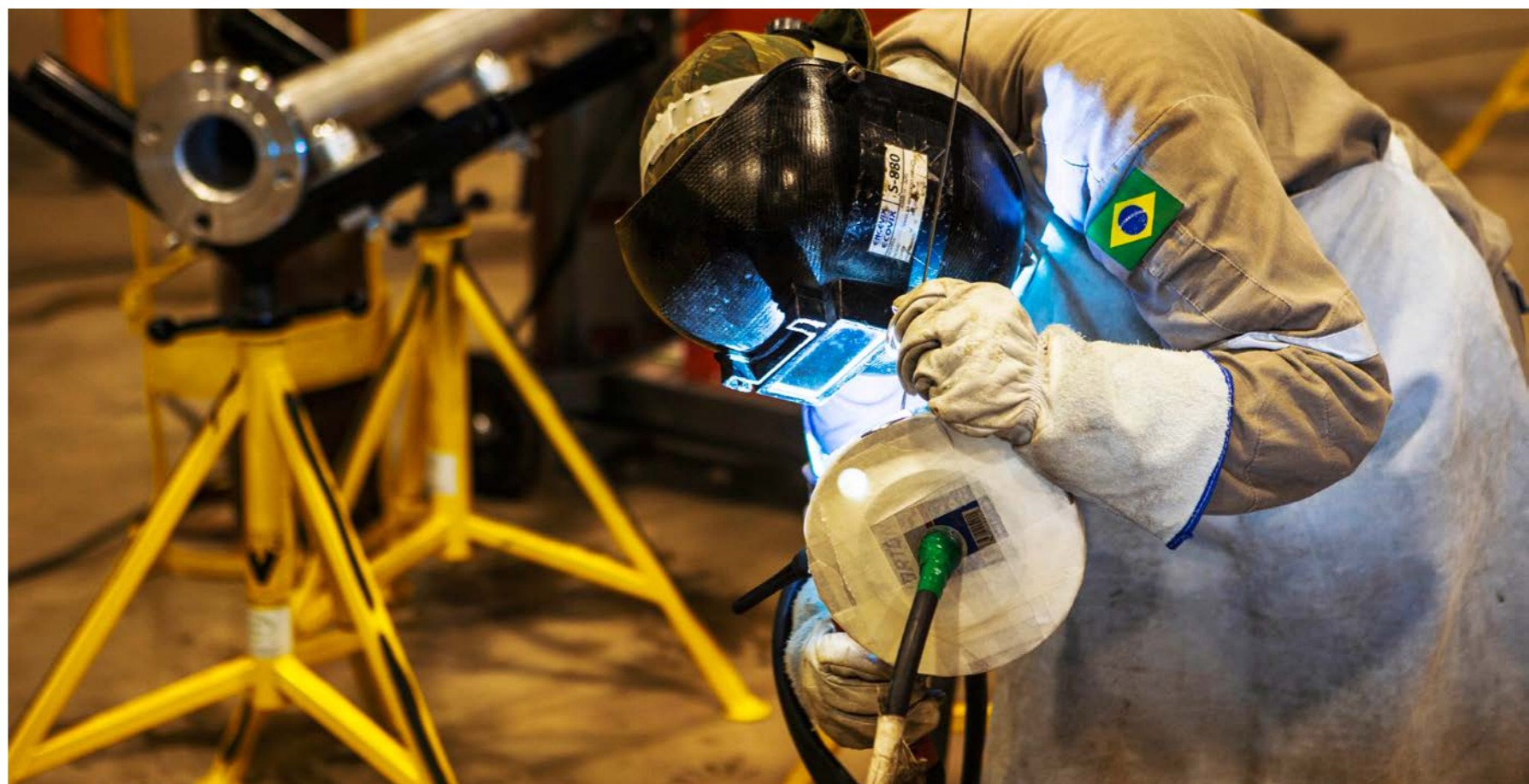
Brazil's Oil and Gas Mobilization Program (local acronym Prominp) again provided training courses to ensure sufficient workforce to meet demand from supplier industries. The initiative, approved by Brazil's National Oil, Natural Gas and Biofuel Agency (ANP) features a new model for training that involves suppliers of goods and services in the process. Courses were enhanced to take into account our experience from the previous six cycles, which showed the need to get suppliers more involved in selecting applicants and the process of defining the right profile for entry-level professionals as a means of boosting the oil and gas industry's intake of skilled resources. In this new phase of the program, over 17,000 professionals are due to take training courses from 2014 to 2017.

We developed our Professions of the Future project to show students all over Brazil that there are opportunities for specialist-level careers in the oil

and gas sector. Our portfolio of projects for the coming years will energize the oil, gas and energy sector's supply chain, from civil engineering and construction to shipbuilding with increased need for professionals with technical training in the industry and in the marine segment too.

Our Human Resources Training Program has provided scholarships for the different stages of professional training to assist students

from technical and higher education (taking degrees, masters and doctorates), coordinators visiting researchers for the oil, gas and bio-fuels industry, and helped partner institutions enhance their teaching conditions and infrastructure. We have also invested in the federal government's Science Without Borders program, which funds undergraduates and graduate students interested in studying technology and innovation related subjects in other countries.

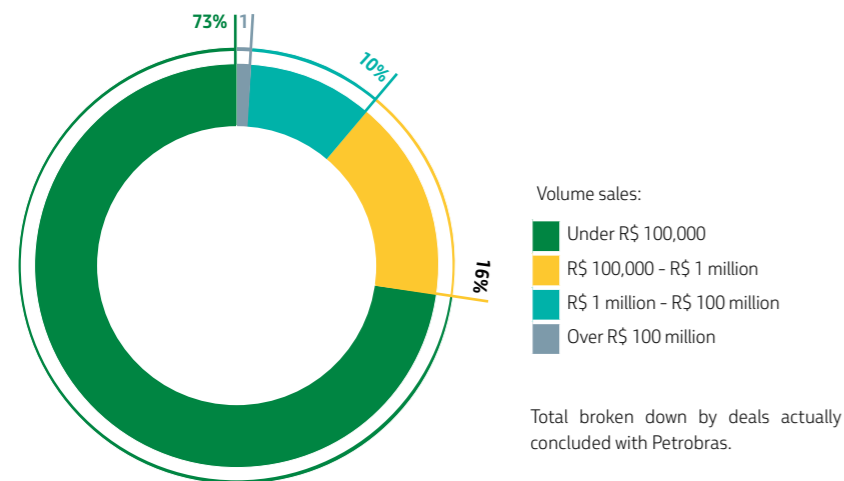


Supplier management



The supply chain mobilized to meet the needs of different stages in our productive macroprocess includes the production, refining, transportation, storage, distribution and sale of oil and gas and oil products, and it involves a wide range of companies in terms of their size, geographic location and activities. Data shown in this chapter are for transactions in Brazil referring to *Petróleo Brasileiro S.A.* and its subsidiary *Petrobras Biocombustível*. In 2013, we did business with some 18,000 suppliers of goods and services through more than 5,600 contracts and around 200,000 individual orders totaling approximately R\$ 88 billion (90% services and 10% goods).

SUPPLIERS - BREAKDOWN



Suppliers in Brazil accounted for 77% of the total spent. We prioritized local suppliers in the same states as the units using their goods or services. In 2013, local suppliers accounted for 48% of contracts and orders for (corresponding to 40% of the total spent). For our investments in exploration and production, we worked to meet ANP local content requirements in terms of the minimum percentage of Brazilian-made supplies used to provide goods and services used by our projects. The chief benefits of this policy include more investment in infrastructure and technology, higher tax revenues, more employment and income, and more exports than imports.

DEVELOPING OUR SUPPLY CHAIN

Developing Brazilian suppliers' capability to meet the needs of the oil, natural gas and shipping chain is one of our challenges. Some 97,300 professionals have taken training courses over the past seven years as part of the National Professional Training plan, which is one of the Prominp program's initiatives. We have also expanded industrial units – or installed new ones – for 15 suppliers since 2005 under an agreement with Brazil's Micro- and Small-Business Support Service (local acronym Sebrae) that involved 13,200 firms (of which 11,700 were micro- or small-businesses). At the end of 2013, we had 19 projects underway with Sebrae for 13 of Brazil's states.

In addition, the Progridir (make progress) Program in partnership with Prominp and major banks operating in Brazil provides loans to small and medium suppliers secured by contracts they have signed with us. Some 82% of suppliers applying succeeded in obtaining credit. On average, their financial costs have been 20% to 40% lower, even 50% lower in some cases. By December, we had reached a total of R\$ 7.8 billion in loans through 1,600 transactions involving 600 companies from 21 states and every region in Brazil. In 2013 alone, loans amounted to R\$ 2.73 billion through 656 transactions. Credit was also provided by securitizing receivables for investment funds acting as capital market instruments funding companies that have signed contracts with us. In the course of the year, we tracked the evolution of ten funds operating with our suppliers and they loaned some R\$ 575 million to nearly 300 companies.

SELECTION AND EVALUATION

Our business areas manage the governance matrix for the goods and services supply process through a purpose-built organizational structure. To gain economies of scale and lower risk, we have centralized highly critical acquisitions. However, the various stages of the process (tendering and bidding, drafting contracts, management, monitoring and evaluation) are routinely organized by each unit, depending on their needs.

To ensure uniformity across different business areas and units, our procedures and rules for different types of contracts and suppliers are governed by the Petrobras Procurement Manual (local acronym MPC). Based on this document, our Material Supply Conditions (CFM) applies to acquisitions of goods while the Standard Contractual Instrument is used for services.

In 2013, the MPC and CFM were reviewed and circulated internally and to suppliers, highlighting inclusions or tighter restrictions for environmental, social and human rights clauses.

Our Supplier Registry is used to manage suppliers and a selection tool to be consulted when defining eligibility for each procurement process. When they register, suppliers assume commitments by signing statements. In the case of services, they must also provide evidence of meeting legal and labor requirements. Economic, technical and management aspects will also be evaluated. For services, social and environmental aspects are also included. All registered suppliers have to renew their status annually so their performance is periodically reassessed. Under procurement rules and registration requirements, 60% of all contracts signed during the year included environmental and human rights clauses and requirements related to other impacts for society, while 100% were covered by requirements relating to labor and employment conditions.

The same percentages apply to contracts subject to evaluation mechanisms, particularly by our contract managers ensuring compliance with contractual clauses and rules, and requiring documentary evidence, certificates and signed statements to be re-submitted. We also inspect manufacturing processes for the more complex items that require technical capability, in order to mitigate the risk of equipment failures. Two other checks, the Performance Assessment Bulletin and the Daily Site Report, apply to services only.

To ensure proper implementation of rules for each type of job, we use a Risk Matrix and Scope Categorization to determine Health, Safety

and Environment (HSE) risk levels. This matrix is applied when defining contractual scope in order to measure the potential impact of the activity to be executed. Contracts will then be signed subject to minimum requirements for the job's risk category, which will also involve stricter contractual and evaluation standards. In 2013, we used this procedure for 4,700 service contracts. Of these, nearly a thousand, representing approximately 500 suppliers, were rated in the highest risk quadrants. The amount involved contracts related to these commitments totaled R\$ 53 billion (60.2% of the total for 2013).

Our checklists for engineering, procurement and construction contracts in Brazil are associated with the specific contractual guidelines known as Communication and Social Responsibility (CRS) and HSE, which must be applied by contract managers or inspectors to ensure that practices comply with contractual commitments. We also conduct audits to provide diagnostics and support for companies by devising action plans for contractors to implement, and we will monitor them. In 2013, there were 39 audits involving workplace safety, environmental requirements and occupational health. For the first time, CRS audits were conducted for two contracts.

If non-conformities are detected during inspection, in addition to being logged on assessment instruments, we may issue a technical or commercial Discrepancy Notification (local acronym COD), which will lead to an action plan being devised to solve the problem and prevent its recurring. If necessary, for failing to meet requirements, we apply penalties ranging from fines and contractual terminations to being removed from the supplier register for a certain period. Ongoing supplier evaluation processes lead to goods and services improving and increasingly matching applicable requirements.

Our COD procedures identified 12 suppliers whose technical failures could have had, or did have impacts for the environment and all their discrepancies were resolved in good time. Due to sustainability related non-compliances, another 12 suppliers were placed on a public list of companies barred from doing business with us for a certain period. Seven cases were related to violations of labor and employment requirements, and five to other social impacts. Reports or allegations of human rights related impacts, given their specific nature, are received and processed by our Ombudsman, which recorded nine cases in 2013.

POTENTIAL NEGATIVE IMPACTS	MAIN TYPES OF SUPPLIER	MAIN CONTRACTUAL REQUIREMENTS
<p>Health, Safety and Environment (e.g. fragmentation of vegetation and loss of habitat, improper generation and disposal of solid waste and effluents, oil or chemical spills, workplace accidents etc.).</p>	EPC (engineering, projects and construction) suppliers and subcontractors, construction and fitting, facilities (infrastructure) and transportation	<ul style="list-style-type: none"> Acting preventively to protect people and the environment Continuously improving workplace safety and health Preventing situations involving potential risk for human health and the environment Draw up and comply with the Environmental Risk Prevention Program (PPRA) Level of implementation of OHS management system, emphasizing and encouraging ISO 14001 and OHSAS 18001 certifications
<p>Human Rights (e.g. child labor or sexual exploitation, work in dangerous or degrading conditions, discrimination at work etc.).</p>	EPC contractor and subcontractor, construction and fitting, suppliers of vegetable oils (crushers), family farms growing grains and facilities	<ul style="list-style-type: none"> Perform their activities appropriately Refrain from using child labor or slave-like conditions, discriminatory practices, physical or psychological coercion, or unethical constraints Sign social responsibility statements declaring that their company prevents any practice of discrimination on the grounds of race, social class, nationality, religion, disability, gender, sexual orientation, or membership of a trade union or political party
<p>Other impacts for society (e.g. overloaded urban facilities, traffic accidents, unemployment after developments end, operational difficulties due to lack of integration with local communities etc.).</p>	EPC contractor and subcontractor, construction and fitting, and transportation	<ul style="list-style-type: none"> Comply with the Petrobras Code of Ethics rules, such as maintaining ongoing channels of communication and dialogue with communities to prevent, monitor, assess and control impacts of their activities Remediating any losses or harm arising from damage caused to persons or communities affected, as soon as possible
<p>Labor and employment practices (e.g. inadequate accommodation, delayed payment of wages, social and payroll charges etc.).</p>	EPC contractor and subcontractor, providing outsourcing and transportation	<ul style="list-style-type: none"> Submit currently valid certificates Show that tax, labor, social security and tax obligations are met Carry out their activities appropriately with regards to aspects, such as safety for their workforce, working hours, pay, disciplinary practices and workplace hygiene

Human rights in the business chain



We comply with the Universal Declaration of Human Rights by applying International Labour Organization (ILO) conventions. Our Social Responsibility policy emphatically repudiates any violation of human rights and underlines our commitment to combat child labor particularly in agriculture, and sexual exploitation of children and adolescents; and forced or slave-like labor and degrading or hazardous work conditions.

According to the ILO, 59% of all cases of child labor among children and young people aged 5-17 worldwide are concentrated in agriculture. This number is consistent with trends observed in Brazil. In 2013, our contracts with individual sunflower growers included a clause barring child labor, or forced or slave-like labor, except for contracts in the process of termination. This requirement is also being included in contracts for the 2013/14 castor crop involving some 13,000 growers in seven states. In addition, all contracts are signed with approval from small farmers' organization, in order to get them involved in eradicating these practices.

Over 1,000 engineering, procurement and construction contracts were required for our investment projects in Brazil during the year. Corporate guidelines require contracts to include standard contractual clause for protection of human rights, barring use of child labor or slave-like conditions by contractors and their suppliers and service providers. Penalties for noncompliance include fines and contractual termination. Since 2010, in addition to the standard clause, when a contract employs more than 50 professionals and/or has duration of over 180 days, we have specific contractual guidelines for communication and social responsibility with more requirements for human rights, among other aspects, in relation to defining workforce mobilization and demobilization programs and applying social risk evaluations. In the course of the year, we organized conferences at 14 facility developments underway in Brazil to survey potential impacts, which led to action plans being developed.

In relation to possible cases of forced labor or slave-like conditions, we detected a situation that has to be watched, which sugarcane supplied to ethanol plants doing business with Petrobras Distribuidora. As an internal practice, we arranged for Brazil's Ministry of Labor and Employment (local acronym MTE) lists of companies fined for this type of violation to be shared with our business areas on a monthly basis. We are also looking at a new georeferencing system that would enable us to locate suppliers and customers of the plants that have been fined in a certain geographic area. We would tell them about the situation and ask for a signed statement declaring that they have no relations with any company that has been fined. On this basis, we hope to broaden our supply chain initiatives on this issue.

In the case of ethanol supplies, Petrobras Biocombustível evaluates potential partners, projects, and the companies responsible for assets in which it has an interest. We check to make sure they are not on the Ministry of Labor and Employment list and we check that their service providers meet legal compliance requirements for these purposes.

Other possible human rights violations relate to work in dangerous or degrading conditions involving suppliers working at our facilities or developments, or during scheduled maintenance shutdowns at our plants. Potential impacts include inadequate accommodation, food and safety, or failing to wear personal protective equipment. All these aspects are covered by items on our contract managers' checklists. We also set specific technical standards for accommodations, and meeting these standards is a contractual requirement.

In terms of human rights complaints in 2013, the Petrobras Ombudsman's office registered nine demands – two have been concluded and seven are still being addressed. There was also one case at Liquigás and one at Petrobras Distribuidora, both of which were concluded in the same year. As in previous years, there was no record of pending cases remaining unresolved.

COMBATING SEXUAL EXPLOITATION OF CHILDREN AND ADOLESCENTS

New developments located in areas of economic and social vulnerability add to another type of risk associated with child labor: sexual exploitation of children and adolescents. Recognizing this potential negative impact of our activities, we have started to implement a plan addressing this issue in alignment with responsibilities assumed on signing the Declaration of Corporate Commitment to Combat Sexual Violence Against Children and Adolescents, an initiative of the Brazilian Government's Human Rights Secretariat.

The plan is to be developed by June 2015 as a pilot project focused on the localities around our facilities. It consists of initiatives that emphasize strengthening the safety net for children and adolescents, collective work with government and

civil-society organizations, and engagement with service providers working at these facilities. The activities now concluded include the definition of projects applying evaluation and treatment methodology that will subsequently consolidate management of the theme across the Petrobras System.

Six localities were selected to reflect the different regions of Brazil and the impact of facilities on local communities, the extent of poverty, the recurrence of this type of violation in the locality, the stage construction had reached, and the nature of the project. One of the initial stages - compiling local diagnostics to get an overview of the region in relation to this issue - has been completed for the municipalities of Rio Grande (RS), Ipojuca (PE), and Três Lagoas (MS).

Local development and impacts on communities



Projects involving new refineries being built may alter social dynamics in their localities. Positive impacts may include job creation once construction work starts, higher tax revenues, infrastructure investments (roads, ports, electricity supplies etc.) and growing numbers of businesses in the region.

However, there are negative impacts too, such as mobility needs for large numbers of workers, which may overload public services in these regions, as well as their healthcare infrastructure. We try to minimize this aspect by requiring contractors to provide private health plans for employees and their families. There are more issues to be watched too, such as preventing sexually transmitted diseases, combating violence

against women and sexual exploitation of children and adolescents, in addition to crime and abuse of alcohol and other drugs.

Our Ombudsman's office received 88 demands due to relations with communities. Of this total, responses to 84% have been concluded and 16% are still being addressed. Complaints refer to impacts related to construction work, such as noise, degraded roads, damaged property and other items.

The biofuel supply chain may pose risk of negative impacts on agricultural activities, such as soil degradation, agrochemical contamination and concentrated land ownership. A highlight among positive

consequences is using raw materials from family farms, thus reducing the rural exodus, generating income, training qualified workers and using soil for new crops.

Developing local markets is also part of our policy in relation to companies in other countries. Local content requirements vary with the type of operation. We also aim for convergence with local legal requirements. In Angola, Nigeria, Argentina and Peru, for example, there are laws favoring local suppliers.

In the area around the site for the Abreu e Lima Refinery in the state of Pernambuco, we articulated measures to improve local communities' infrastructure, culminating in refurbishing and expanding two schools while sponsoring the Sports Center in Cabo de Santo Agostinho. About 600 children and adolescents take part in educational and sporting activities focused on citizenship. In terms of occupational training, we signed an agreement with the state government to train 103 instructors on courses for rebar setters, industrial plumbers, mechanical fitters, boilermakers and fitters, structural welders and others.

In the area around our Rio de Janeiro Petrochem Complex (Comperj) in Itaboraí, we are providing financial support for hydrometeorological stations. This was one of the conditions for its licensing and benefits the region by acting as a basis for the authorities' planning and management efforts for usage related to tracts of water. In this region, we are investing in sewage systems for Itaboraí and Maricá, which should prevent contamination of water supplies and the consequent spread of disease.

We also have a forestry restoration plan for the region around Comperj, which includes a program for replenishing mangrove vegetation. Reforestation favors connections between tracts of forests and the circulation of animals; it safeguards headwaters of rivers, reduces the amount of sediment carried into rivers and improves the region's air and water quality. This plan leads to environmental benefits since training manpower encourages production by nurseries to foster sustainable landowning and agri-economic profiles. Approximately

710 hectares, which corresponds to 14% of the total, are now in the forestry restoration process.

We noted human rights related incidents affecting indigenous communities in Brazil and peasant communities in Colombia and Bolivia. As part of the licensing process for the Premium II Refinery, we signed an agreement to set up the Taba Anacés reservation for indigenous peoples. This document commits us to reimburse half of the amount to be spent by the Ceará state government to acquire land, pay compensation, erect infrastructure to relocate communities and demarcate the indigenous people's reservation, up to a maximum of R\$ 15 million.

In Amazonas, where there are conflicts with indigenous peoples on an 11-kilometer section of the Orsol pipeline, a meeting with the Federal Public Prosecutors Office agreed that Transpetro should produce a study of the indigenous component. On formally agreeing to this negotiation, the public prosecutor promised to mediate relations with the indigenous peoples, thus enabling us to carry out maintenance work for this section of pipeline.

There were 21 cases of conflicts with local or indigenous communities: one in the state of Espírito Santo, two in Colombia and 18 in Bolivia, involving impeded access or loss of production. In Vitória (ES), two indigenous communities impeded Transpetro's access to three kilometers of the Lagoa Parda-Vitória pipeline. The Petrobras subsidiary owning the pipeline, TAG, adhered to the negotiating process which resulted in finance for social projects.

In Colombia, communities near the Guando and Balay fields blocked operations and caused loss of production. In Guando, dialogue with local authorities and communities led to 30 requests being received, 23 of which were met. The Balay field's access road was blocked in July, and production from three fields was affected. The communities' demanded more freight contracts for vehicles from the region and paving for the road leading to the Balay field. Petrobras Bolivia addressed nine conflicts related to rural communities near the San Alberto and San Antonio blocks. The conflicts lasted three to five days and their causes were attributed to contractors.

In the transportation segment, we have two operations with indigenous communities in Urucu Coari (AM) and Lagoa Parda-Vitória (ES). In Argentina, there are two areas of influence: one in Los Blancos, Salta province, and the other in Paso de los Indios, Chubut province. In Bolivia, we operate in regions classified as "Original Community Lands", where we have made local agreements to use land, provide jobs and purchase services from communities. We belong to the Indigenous Peoples Projects Team of the Regional Association of Oil, Gas and Biofuels Sector Companies in Latin America and the Caribbean (Arpel).

As a result of work done on Comperj's outfall in 2013, Petrobras was directly responsible for eight expropriations with involuntary resettlement in Itaboraí and another six in the municipality of Maricá. Three were amicably negotiated and another three obtained court orders to regain possession, which took place in 2014.

We were legally required to draw up environmental impact studies and environmental impact reports (local acronyms EIA/RIMA) for new sites in Brazil, and to hold public hearings open to local community



participation. Even if a study is not legally required, we evaluate environmental and social impacts.

Transpetro surveys risks at facilities to identify scenarios that may cause actual or potential negative impacts. Natural gas transportation and processing operations are inherently risky, therefore a risk management and emergency response plans are needed to obtain an operating license, prevent emergency situations and potential accidents and devise contingency plans.

For our distribution activities, we have corporate procedures to prevent potential negative impact on areas around service stations, such as testing to minimize spills, collecting used oil and lubricant recipients. Additionally, all new Petrobras filling stations use certified equipment required for Risk 3 areas (maximum risk for the geographical location).

Highlighted initiatives to engage with local communities include monitoring socioeconomic indicators for 11 municipalities in the region around the Rio Petrochemical Complex (Comperj). This enables us to track economic, demographic, housing, urban planning, education and health transformations around the facility, in line with the Millennium

Development Goals set by the United Nations. We are also supporting structuring for the Agenda 21 local forums involving 14 municipalities in this region. Meetings produced local plans for sustainable development to support policies and projects.

We have extended the area covered by the public selection process for the Petrobras Communities Integration Program. Over a two-year period, R\$ 65 million will be allocated to social projects in Petrobras's area of influence involving 157 municipalities.

The Petrobras Agenda 21 Program is underway in 203 communities, 86 municipalities and 13 states in Brazil, for the areas around 30 operating units, including exploration and production areas, refineries, thermoelectric plants and fertilizer factories. No other energy company has such an extensive Agenda 21 community program.

In 2013, we concluded another study through our Corporate Image Monitoring System (local acronym Sismico) that looked at local communities, in order to understand how people in areas of influence around our units and around some of our developments perceived their local presence and activities. The study's findings have been

segmented by unit, thus providing a basis for initiatives to enhance communication and relations with communities, government and civil-society organizations in these localities. They also enable us to assess opportunities to improve our image, especially in relation to public awareness of our health, safety and environment practices and our social responsibility initiatives.

We do not have the consolidated total number for Petrobras System operations that have been decommissioned or are in the process of being decommissioned. The following are some of the cases for which we do have data: the Pará Biodiesel Project, which included a new biodiesel plant in the state of Pará, now in the decommissioning process; the UPGN-4 construction site at Urucú, in the municipality of Coari (AM), due to transferring the natural gas recovery unit; and the activities of the Natal (RN) terminal, with the removal of environmental liabilities and remediation.

We were fined R\$ 1.15 million by ANP as a result of administrative proceedings concerning an alleged offense we committed by directly allocating natural gas to one of our thermoelectric plants. The case has not yet reached conclusion.

Social investment



We consolidated and announced the results of the Petrobras Development & Citizenship (2007–2013) and Petrobras Environmental (2008–2013) programs, which invested a combined total of R\$ 2.4 billion in social and environmental projects all over Brazil. Our programs have helped to strengthen civil society and democracy, by including historically discriminated groups, backing sustainable development agendas and implementing social technologies. In addition, technical and scientific knowledge was produced and interfaces with public policies and civil-society agendas were expanded.

INVESTMENTS IN SOCIAL, ENVIRONMENTAL, CULTURAL AND SPORTS PROJECTS

TYPE	NUMBER	AMOUNT (R\$ million)
Social	609	391.4
Environmental	172	104.5
Cultural	681	203
Sports	138	81.1
Total	1,600	780

In November, we introduced the Petrobras Socio-environmental Program with investments totaling R\$ 1.5 billion in social, environmental and social-sports projects planned for 2014 - 2018. Combining experiences from these programs - Petrobras Development & Citizenship and Petrobras Environmental - the new program will act on key environmental issues and articulate initiatives across seven aspects: inclusive and sustainable production; biodiversity and social diversity; children and adolescents rights; forests and climate; education; water; and sports. In order to get support, initiatives must also address gender and ethnic equity, and inclusion of persons with disabilities.

The Petrobras Socio-environmental Program will also allocate R\$ 51 million over two years to develop social projects around our units in more than 15 states, as part of the expansion of the Petrobras Communities Integration Program. Through this initiative, we are reinforcing the commitment to help develop regions in which we are operating, with

broader access for those applying for sponsorships and transparency for the process of selecting projects.

In May, we announced plans to invest R\$ 200 million over twelve months in the One Land Two Waters Program, building 20,000 rainwater collection and storage systems in 210 municipalities of Brazil's semiarid region. This support includes a number of measures to cope with this region's most severe drought for 50 years.

We launched the Petrobras Educational Sport Award to identify, certify, reward and publicize successful educational sport experiences developed by students and professors at public schools, universities and third-sector institutions in Brazil. The initiative is part of Petrobras Sport & Citizenship Program, which, in addition to Educational Sports (social inclusion projects), includes Performance Sports (supporting boxing, fencing, tae kwon do, rowing and weightlifting confederations), Participation Sports (support for initiatives for wellness and health of the population in general) and Sports Memory (incentives for making and screening sports documentaries).

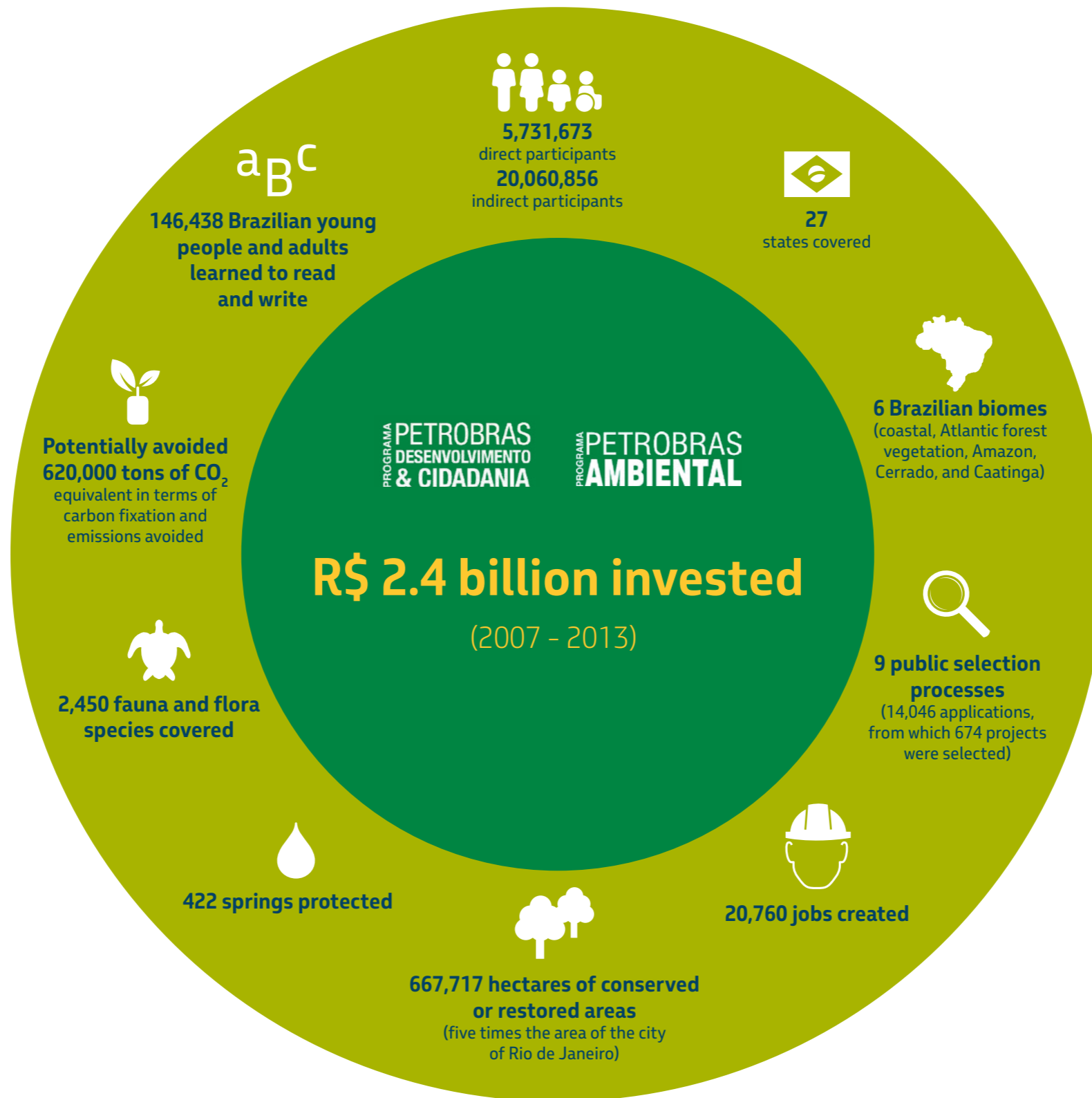
We also signed a sponsorship agreement with the Brazilian Judo Confederation to invest R\$ 20 million from 2013 to 2016. Support is part of the federal government's Brazil Medals plan to be in the top ten at the 2016 Olympics.

In April, we announced projects given awards by the public selection process for Petrobras Cultural Program 2012, which allocated R\$ 67 million to 133 projects in 11 areas of culture covered by Preservation & Memory and Production & Outreach.

In August, we announced plans to invest R\$ 20 million in 12 Brazilian museums. Funds will be used for upgrades, new audio guides and trilingual promotional content. This initiative is covered by our cultural support guidelines for retrieval, recovery and organization of Brazil's cultural heritage, both material and immaterial, and ensuring broader public access to cultural assets.

In December, we launched a public selection process for the 2014 Petrobras Cultural Public Selection in the state of Minas Gerais, which will allocate R\$ 10 million to stage and tour plays and artistic performances, exhibitions and festivals, and to organize activities around cultural assets.





Results consolidated by December 2012 and released in 2013.



Employment Practices

42

44

45

People management



We ended the year with 86,111 employees, approximately 82.9% men and 17.1% women. Around 98.6% of them were hired under employment contracts for indefinite duration. Our outsourcers' employees numbered approximately 360,180.

WORKFORCE - EVOLUTION					
YEAR	2009	2010	2011	2012	2013
Employees	76,919	80,492	81,918	85,065	86,111

In 2013, Petróleo Brasileiro S.A. had 62,692 employees, 15,903 with subsidiaries, controlled and affiliated companies in Brazil and 7,516 in other countries.

Brazil's Southeast region has the largest number of employees, with approximately 52,900. The Petróleo Brasileiro S.A. career plan covers 56 different occupations with vacancies requiring secondary or higher education. In Brazil, employees are hired through public selection process free of discrimination based on origin, race (ethnicity), gender, color, age or any other individual differentiation factor. Under Brazil's legislation, 5% of jobs not requiring full fitness are set aside for persons with disabilities.

In other countries, selection is based on interviews and resumes. Hiring members of local workforces is always prioritized in alignment with government policy for each region, pursuant to local legislation. The other countries where we have most employees are Argentina (2,983) and Chile (1,726).

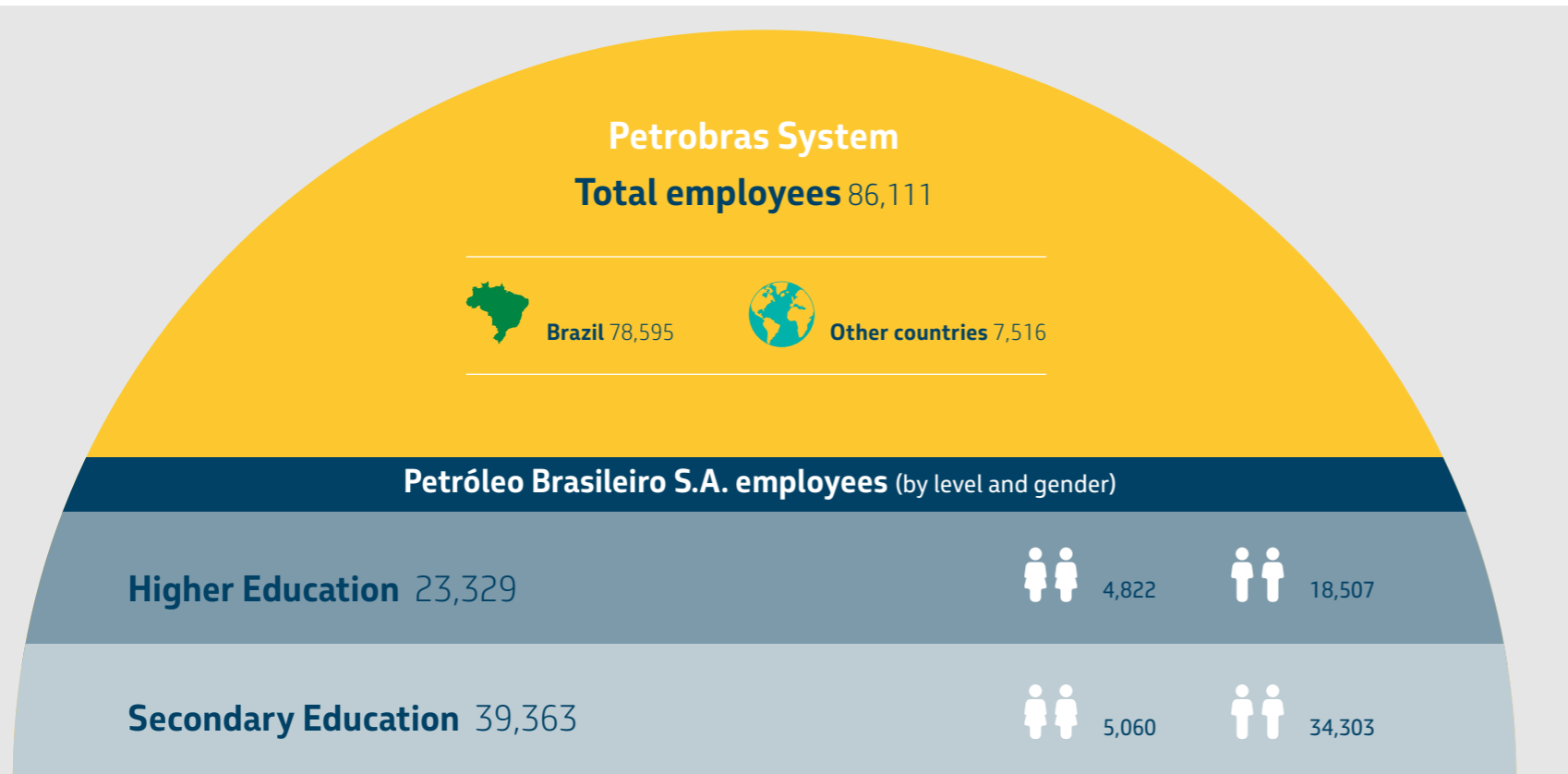
To fill personnel needs and staff our organizational units in accordance with the 2014-2018 Business and Management Plan and our strategies,

we introduced "Mobiliza", our internal mobility program, which selected 1,133 professionals and will run until the second half of 2014.

OCCUPATIONAL DEVELOPMENT AND PERFORMANCE ASSESSMENT

We invest in our employees to enhance their talents, as well as technical and managerial competencies. We encourage personal and professional development through courses at Petrobras University using classroom teaching, specialized laboratories, distance-learning cabins, and learner-advice rooms.

We invested R\$ 225 million to develop human resources, which led to over 84,500 attending continuing education courses and 1,393 new employees training for various positions. Our average number of training man-hours was 84.54. Our employees take courses on social responsibility policies and knowledge in this field. However,



we have not yet counted the total number of hours used for courses on human rights policies or procedures related to aspects that are relevant to our operations.

Performance management is a dynamic process that strengthens employees' alignment with our strategies and the individual corporate competences needed to get results. Our corporate guideline requires all employees and managers to be evaluated.

For the second consecutive year, we were named "company of young people's dreams", according to a survey conducted by consulting firm Cia de Talentos. Maria das Graças Silva Foster, our CEO, was listed as one of the ten Brazilian leaders that young people admire most. For the sixth consecutive year, we were ranked top of the "most desirable companies to work for" in Brazil, based on a survey conducted by consulting firm Aon Hewitt.

COMPENSATION AND BENEFITS

Petrobras personnel expenses were around R\$ 27.6 billion, including salaries, profit-sharing bonus, benefits, retirement and pension plans, health plans and payroll charges. The lowest salary paid by Petróleo Brasileiro S.A. in the year was R\$ 1,482.12.

In addition to basic wage or salary and profit sharing, we provided health plans (medical, dental, psychotherapy and pharmacy benefits), pension plans, 180 days maternity leave, educational benefits for children from kindergarten to high school (reimbursement of school expenses). We also provided food or restaurant vouchers and length-of-service extras, in addition to legally required benefits such as transport vouchers and

annual bonus of a month's pay (the so-called 13th monthly salary). These benefit programs are offered to full-time employees, since we have no temporary workers or part-timers.

SATISFACTION AND COMMITMENT

We conduct, on an annual basis, a survey of organizational environment, which is our main diagnostic tool for assessing strengths and points for improvement based on perceptions of conditions and labor relations. Our intranet-based data collection process ensures the anonymity of respondents. The survey allows us to assess the current situation and plan for continuous improvement.

Responses provide three indicators for our Strategic Map: Employee Satisfaction, Level of Commitment to Company, and Level of Commitment to Social Responsibility.

ORGANIZATIONAL ENVIRONMENT RESEARCH			
INDICATOR	2011	2012	2013
Employee Satisfaction (%)	68	68	69
Commitment to Company (%)	71	70	70
Commitment to Social Responsibility (%)	76	74	75

In 2013, the survey reached 73% participation.

Employee Relations – Our employee relations obey local legislation and International Labour Organization (ILO) conventions. Our corporate policies for Human Resources and Social Responsibility include themes such as "employment principles" and "workforce commitment".

All employees are covered by the current collective bargaining agreement (locally ACT 2013–2015) signed with the Oil Workers Federation (local acronym FUP) and other unions for different oil industry job categories.

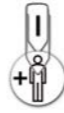
Our policy for continuous negotiation with trade unions is reflected in the performance of the negotiating commissions set up under the aegis of collective bargaining agreements. These organizations collect demands to discuss and draw up proposals on issues affecting the day-to-day lives of our workforce. Trade unions enjoy freedom of expression without any interference from our side.

We have not identified any restrictions on freedom of association or collective bargaining in our operations or those of our suppliers in Brazil or other countries. Employees' right of association is guaranteed by law and stated in our Code of Ethics, which, among other issues, prohibits discrimination against unionized employees. As for the engagement of our suppliers, our contracts refer to the guarantee of freedom of association and collective bargaining for contractors' employees.

Our employees have representatives on various formal committees, such as the Collective Agreement (ACT) Monitoring Committee, the Health, Safety and Environment commissions for Petrobras's employees and those of contractors, and accident prevention committees, National Benzene Committee (local acronym CNPBz), among other instances.

Petróleo Brasileiro S.A. received 823 internal complaints related to irregular labor conditions. Of these, 814 related to service providers, 570 of which have been concluded and the rest are still being addressed. Of the nine demands related to Petrobras, seven have been concluded and two are still in progress.

Health and safety at work

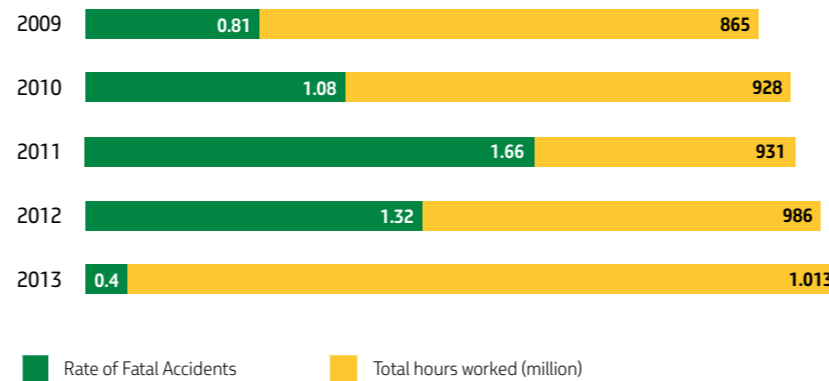
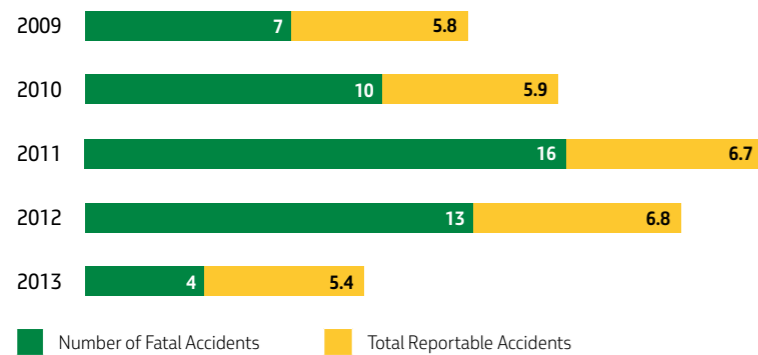


Our Board of Directors has an Environment Committee, which has expanded its scope and is now called the Health, Safety and Environment committee, thus extending Senior Management’s ability to directly monitor activities and occupational health and safety matters.

Petrobras’s organizational structure includes bodies specifically to manage health, safety and environmental aspects involved in activities developed by the different levels of management and our business areas. Operating units as well as administrative facilities have Internal Accident Prevention Commissions (local acronym CIPAs) to deal with health and safety aspects related to the specific activities of each business area and help to strengthen our occupational health and safety culture. CIPA and labor union representatives take part in commissions set up to investigate accidents.

Accidents and diseases – We achieved the best annual numbers ever recorded for workplace accidents and fatalities as shown by the indicators for reportable incidents and fatal accident numbers which were down 21% and 69%, respectively, from 2012. These indicators consolidate data for both our employees and professionals employed by service providers. The reportable incidents indicator includes mild injuries (first aid cases).

NUMBER OF FATAL ACCIDENTS



No Petrobras employee suffered a fatal accident in 2013. However, there were four incidents involving employees of service providers. Two related to falls from height at work while operating drilling rig, one was an accidental firearm shooting, and the other a traffic accident.

Compared with the 2012 number, the fatal accident rate (number of fatalities per 100 million hours worked) fell by 70%.

Accidents and incidents affecting our workforce are logged in the Anomaly Management System (local acronym SIGA) and Industrial Security System (local acronym SISIN). Compliance with legal requirements for workplace safety is subject to applicable corporate standards and procedures for all our business areas. We adopt the same standards for registration, classification and treatment of accidents and incidents in Brazil and other countries where we operate, adapted to prevailing legislation in each location, if necessary.

We develop and apply methodology to analyze accidents based on identifying root causes and commonalities across cases, which enables us to target prevention initiatives to eliminate risks. This methodology helped to achieve the improvement we have reported in our results.

Our collective bargaining agreement has a specific chapter on industrial safety and occupational health that addresses issues such as health and quality of life programs, reporting accidents to unions, improving the accident and incident reporting process, and other items. The chapter also includes a specific clause on employees’ right of refusal.

Union leaders are assured access to workplaces and the right to monitor inspections conducted by official bodies.

In order to prevent serious accidents, we are developing actions to improve process safety, including training for technical staff and a computerized corporate system to record risk studies and manage recommendations. We also monitor insurance companies’ inspections, review internal rules, issue alerts and safety reports and opinions for new developments. We also set reactive and proactive safety indicators for specific processes in each area of activity.

We recorded 76 Tier-1 and 67 Tier-2 safety events as defined by American Petroleum Institute (API) Recommended Practice 754. Rates for these events were 0.032 and 0.028 per 200,000 hours worked.

Diversity and gender equity



We respect diversity in all its forms and its value is emphasized in our policies, practices and procedures. All our employees have the same opportunities to develop their potential and we do not tolerate discrimination of any kind.

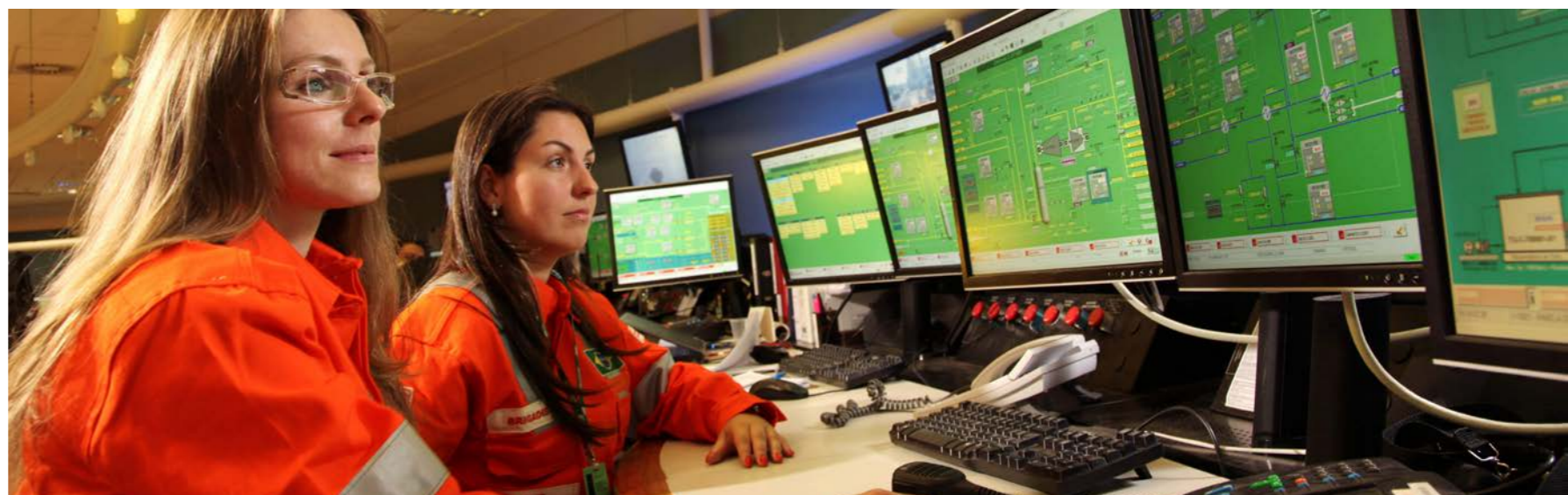
RACIAL DIVERSITY		
RACE/COLOR	NUMBER OF EMPLOYEES	PERCENTAGE
White	32,111	51.2
Brown	13,642	21.8
Black	2,950	4.7
Yellow	819	1.3
Indigenous	213	0.3
Not stated	12,957	20.7
Total	62,692	100

Data self-reported by each employee.
Race/color: data refer to Petróleo Brasileiro S.A. (Petrobras).

Petróleo Brasileiro S.A. reported an increase in the number of women in our workforce. Of the total employed, 62% have been with the company for less than ten years. The profile of growing female participation was also found in historically male-dominated careers, such as those related to engineering. Since 2003, our female workforce has grown 124% and women are now 16% of our total workforce. At management level, women now occupy over one thousand leadership positions.

BASIC SALARY ⁽¹⁾ AND COMPENSATION – WOMEN AND MEN				
Job category (type of employee)	BASIC SALARY		COMPENSATION	
	Secondary education level	Higher education level	Secondary education level	Higher education level
Non-bonus earning job	0.96	0.93	0.84	0.89
Bonus-earning job	0.93	0.92	0.92	0.92
Total	0.94	0.93	0.89	0.91

1) Fixed minimum paid for tasks, not including additional payments.



In December, we launched our Program for Employees with Disabilities, in order to develop managers and members of our workforce, ensure accessibility in the company's environments and act together with disabled employees and their managers to identify and address their demands. The program is structured by lines of action (management fundamentals, education and communication, existing accessibility and practices) and will implement educational initiatives to improve conditions and labor relations.

We received 13 reports or statements relating to cases of discrimination. Of these, five are still being addressed and eight have been concluded, three of which were identified as upheld. In one case, an employee was fired from a service provider company for behavior showing gender prejudice. In another case, a verbal warning was issued and the perpetrator warned not to repeat prejudiced comments or behaviors in relation to sexual orientation. We also held meetings between those involved in episode of racial prejudice, with educational activities to avoid recurrence. We define discrimination as anything involving prejudiced behaviors that may lead to attitudes favoring exclusion.

We have signed up to the Gender and Race Equity Program coordinated by the President of Brazil's Secretariat for Women's Policies with support

from the International Labour Organization, UN Women and the Secretariat for Policies to Promote Racial Equality. The program aims to eliminate gender and race discrimination from hiring and promotion for professionals in public and private organizations. For the fourth time, we were awarded the Gender and Race Equity Seal for our initiatives and efforts to understand and foster fairness in the workplace.

Our female employees are entitled to maternity leave for six months, which is two more than the benefit assured women by Brazil's constitution. After returning to work, rooms with support for breastfeeding are provided with the infrastructure needed to collect and store breast milk during business hours.

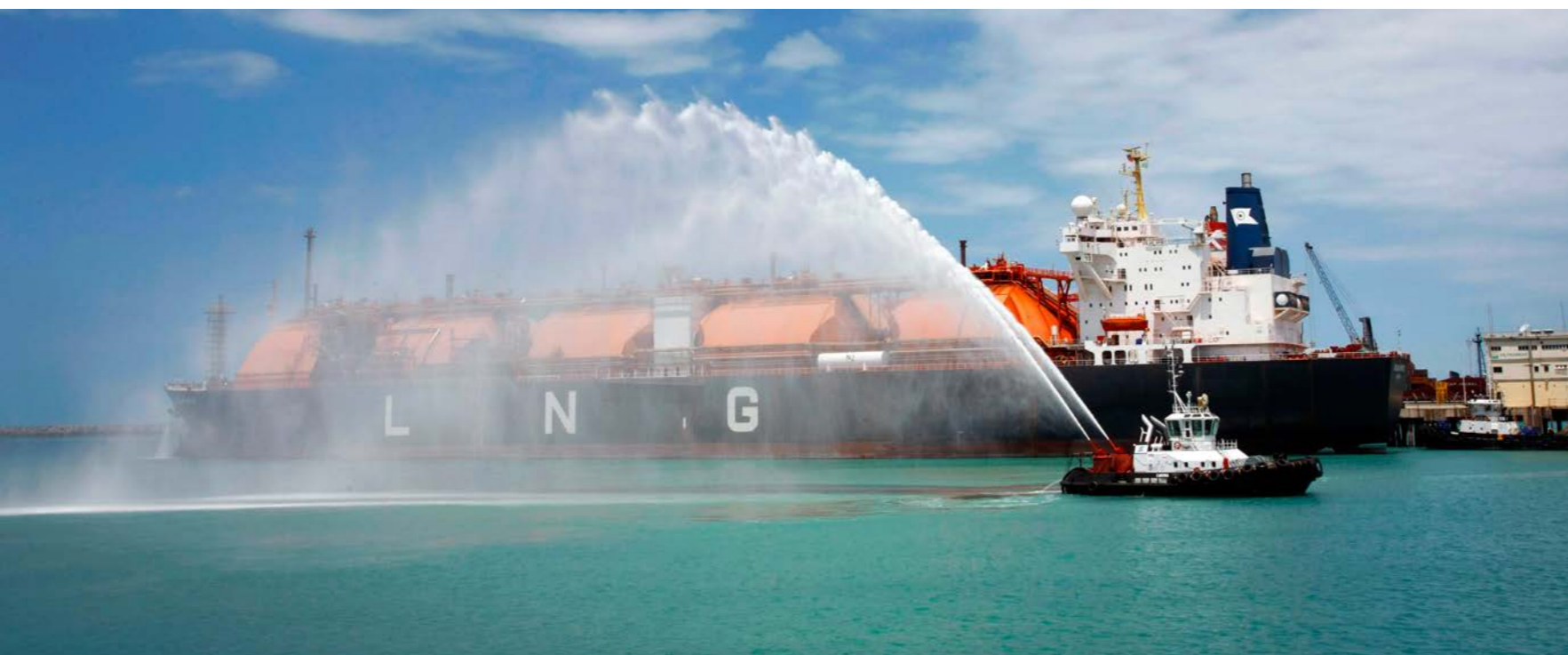
As part of our 2013 collective bargaining agreement, paternity leave was increased from five to ten days; benefits and reimbursement for childcare assistance for male employees were extended and equalized. For premature children, we extended maternity leave to over 180 days and no longer count the period of the baby's hospital stay as leave.

All our employees are entitled to maternity or paternity leave. As of December 31, 1,307 enjoyed this benefit, (945 men and 360 women), of whom 1,288 (934 men and 354 women) had already returned to their activities while the others were still on leave.



Environment

Environmental strategy



To guide, monitor and evaluate our management and our Health, Safety, Environment and Energy Efficiency (HSEE) results we have had an Executive Management for more than ten years, which centralizes these duties and publicizes related content throughout the Petrobras System. Internal rules cover all aspects of our activities, such as legal compliance, procurement of goods and services, product management and community relations.

In order to encourage the implementation of our recommendations, our units' management systems are periodically evaluated based on their compliance with corporate policies for health, safety and the environment.

TOTAL ENVIRONMENTAL PROTECTION OUTLAYS AND EXPENSES (R\$ million)			
NATURE OF EXPENSE	2011	2012	2013
Environmental costs related to production/operation	1,976.9	2,238.7	2,727.3
Pollution control equipment and systems	199.0	154.1	373.1
Projects to recover degraded areas	373.7	434.1	118.7
Investments in external programs and/or projects (including sponsorships)	171.6	101.2	104
Total	2,721.2	2,928.2	3,323

Data for our investments in programs and/or projects (including sponsorships) are the same as those disclosed in the "Social Investment" section.

CLIMATE CHANGE

Studies such as the 2013 Intergovernmental Panel on Climate Change have reported that it is extremely likely that greenhouse gas emissions originating from human activity are the dominant cause of global warming observed since the mid-20th century. Recognizing the evidence collected by climate science and the effects of our operations in the oil and gas industry in relation to atmospheric emissions, we have devised a strategy for mitigating this phenomenon focused primarily on reducing the intensity of atmospheric emissions and raising energy efficiency for our processes and products. In this respect, we highlight our full inventory of emissions and performance in our new developments.

We work to incorporate systematic preparation of investment projects for continuous operational improvement and the identification and application of new technologies. We understand that our initiatives are more effective when implemented in the initial phase of projects, generating benefits for future operating units. We also attend climate change forums and initiatives, in order to keep up with major advances and best practices for mitigating any incorporation into our processes. We would highlight the working group of the Global Oil and Gas Industry Association for Environmental and Social Affairs (Ipieca) and the Carbon Disclosure Project (CDP).

A detailed mapping of our emission sources, structured with the development of the Atmospheric Emission Management System, has contributed to systematic monitoring of data and indicators. This process favors the identification and evaluation of the performance of mitigation and energy efficiency projects, the implementation of operational improvements, the feasibility and application of renewable energy sources and efficient use of oil products.

We divide our main mitigation measures and their results along two lines of action:

Reduction and capture of atmospheric gas emissions

- Reduced GHG emission intensity, especially torch flaring gas in production operations, which has decreased by 11.4% since 2012. These results reflect the efforts of our Natural Gas Optimization Program (locally POAG 2015), which enabled us to make use of about 93% of associated gas produced during operations;
- Operation of advanced control for automatic adjustment of the parameters of the engineering process at the Bahia fertilizer factory's ammonia unit, which reduced its natural gas consumption by 4.6%, thus avoiding the annual emission of 17,000 tons of CO₂;
- Replacement of part of the natural gas demand at the Duque de Caxias Refinery (Reduc) for biogas received from decomposed waste at the Gramacho landfill, avoiding CO₂ emission and making more natural gas available for the market;
- Potential for approximately 620,000 tons of CO₂ equivalent in terms of carbon fixation and avoided emissions for the two-year sponsorship period, covering 31 projects in 2012 sponsored by Petrobras Environmental Program;
- Encouraging the rational use of fuel through the initiatives of the National Program for Rational Use of Oil and Natural Gas (local acronym Conpet), for which we do executive secretary work;
- Altered operational routine for oil flows reducing use of boilers and minimizing emissions from the Capixaba Norte terminal.

Energy Efficiency

- R\$ 47.1 million spent on projects to rationalize energy use, as well as actions related to optimization, reliability and altered operational procedures, ensuring annual energy savings of about 7,200 terajoules per year (TJ/year);
- Developing more energy efficient pumping systems for Transpetro oil products.

Risks and opportunities

More extreme weather phenomena may affect:

- Global operations in deep waters;
- Transport by highway, ocean, waterway and pipeline systems carrying large volumes of oil and oil products, natural gas and biofuels;
- Availability of water for our operations;
- Production of biofuels, especially during planting and growing periods;
- Insurance premiums for facilities, which may raise our exposure to operational and regulatory risks, and the volume of investments needed to ensure our units' safety and integrity. In 2013, the premiums for our key policies (operational and oil risks) totaled US\$ 95 million for 18 months duration, with US\$ 216 billion of assets insured.

It is also possible to tighten up rules and laws governing the use of fossil fuels, which may result in higher costs and investments and lower levels of competitiveness because of new technical and commercial

requirements for the supply chain. To reduce the risk of impacts of that kind, we have structured a portfolio of research and development projects for less carbon intensive technologies and products.

In this area, we highlight investments in the Climate Change Mitigation Technology Program (local acronym Proclima), which develops solutions to mitigate GHG emissions from our processes and products; the Pre-Salt Development CO₂ Management Technology Program (local acronym PRO-CO₂); the Biofuels Technology Program (local acronym Probio) developing first- and second-generation biofuel technology and Carbon Sequestration and Climate Change Thematic Network involving 15 Brazilian science and technology institutions.

Another highlight was funding for the Natural Gas Centre of Excellence in Rio de Janeiro, Latin America's largest, which opened in August, on the level of international initiatives, the conclusion of the Carbon Capture Project partnership between energy companies, governments and academy, focusing on CO₂ capture. Tests showed technical feasibility for one of the technologies on a demonstration scale, and its operational flexibility.

Initiatives in the market for biofuels and other renewable energies may become increasingly attractive for investors and new-business partners. We are expecting to invest US\$ 2.3 billion in biofuels for the period 2014-2018.

Energy efficiency

Our strategy to boost energy efficiency is based on developing projects for existing assets, managing operation for energy savings and meeting energy efficiency requirements for new projects. In this context, we are developing initiatives to integrate energy use, modernize facilities, introduce advanced control of processes, adapt equipment, standardize project designs and operating systems, and plans to convert thermoelectric plants from open cycle to combined cycle, in addition to using the natural gas associated with oil production.

We invested R\$ 47.1 million in energy efficiency projects. We also invested to optimize and heighten reliability and altered operating procedures delivering total savings of 3,400 barrels of oil equivalent per day (boed) or 7,200 TJ/year, equivalent to the annual supply of electricity required for a city of 660,000 inhabitants.

One of the significant gains was the integration of the Celso Furtado thermoelectric plant with higher exports of steam to the Landulpho Alves Refinery (Rlam). This initiative raised the thermoelectric plant's energy efficiency from 77% to 84%, with natural gas savings of around 1,300 TJ/year. We are also highlighting steam and electricity cogeneration projects at the Gabriel Passos Refinery (Regap) and the Paulínia Refinery (Replan) using gas turbines and recovery boilers, which together have the potential to reduce consumption of natural gas by 1,100 TJ/year.

At our administrative facilities, we acted to manage energy contracts, modernize lighting systems, apply thermal insulation film and make operational adjustments that led to R\$ 13 million in cost savings.

ENERGY CONSUMED

Our 2013 total energy consumption was 1,051,000 TJ or 484,000 boed. The amount of energy consumed in the year was 12% more than in 2012. A factor that contributed significantly to this situation was that more electricity was dispatched from thermoelectric plants at the request of the National System Operator (local acronym ONS).

PETROBRAS SYSTEM ENERGY CONSUMPTION (TJ)			
PERIOD	2011	2012	2013
Diesel oil	38,041	75,555	92,459
Fuel oil	64,733	77,476	69,722
Natural gas	359,112	548,820	647,139
Fuel gas	140,548	120,551	112,098
Residual gas	5,864	2,452	10,068
Liquefied petroleum gas (LPG)	28	26	949
Coke	67,567	67,432	65,765
Other	29	7,184	50
Imported steam	412	20,505	35,933
Imported electricity	6,493	16,198	16,765
Total Energy	682,827	936,199	1,050,949

a) Electricity and steam numbers are based on theoretical thermal equivalence (0.0036 TJ = 1 MWh).

b) Natural gas and liquid fuel flaring volume totaled 103,000 TJ in 2013, which is not included in the energy consumption calculation.

c) Brazil's 2013 National Energy Balance (local acronym BEN) - for base year 2012 - reported that 86.7% of all electricity supplied by the grid (SIN) came from renewable and 16.7% from non-renewable sources. At the date of this report, the 2014 BEN - for base year 2013 report had yet to be published.

CONSCIOUS CONSUMPTION

We are responsible for the Executive Secretariat of the Ministry of Mines and Energy's Program for Rational Use of Oil and Natural Gas (local acronym Conpet). In the transportation sector, the program develops partnerships to test particulate materials in buses and trucks, and advises drivers on efficient use of vehicles. In 2013, around 98,000 tests were conducted.

In the educational field in 2013, 25 sustainability and energy efficiency education workshops were held with the attendance of over 1,100 teachers from around 570 schools in four Brazilian states.

Conpet and the National Institute of Metrology, Quality and Technology (Inmetro) developed the Brazilian Labeling Program to encourage production and use of more efficient equipment and vehicles. The National Energy Conservation Label reports and compares fuel consumption of automobiles and gas appliances, while the Conpet Energy Efficiency seal highlights the best performers. On the Conpet website, consumers may use our interactive systems to find more economical products with lower CO₂ emissions.

Managing emissions



Management of atmospheric emissions from our activities is based on an annual inventory that we report voluntarily. In 2013, we collected data from approximately 15,000 sources. Since 2002, this information has been compiled by the Emissions Management System, and its results regularly submitted for independent verification, as required by ISO 14064. Additionally, indicators of emission intensity and emissions avoided by our business areas enable us to track continuous improvement in their management.

Greenhouse gas (GHG) emissions corresponding to our operations totaled 73.4 million tons of CO₂ equivalent, which was 8.9% more than the previous year. This result reflects larger amounts of electricity dispatched from thermoelectric plants and growth of our business in the Exploration and Production, and Downstream segments.

GREENHOUSE GAS EMISSION (million tons of CO ₂ equivalent)			
	2011	2012	2013
Direct emissions (Scope 1 – GHG Protocol)	54.9	66	71.6
Indirect emissions (Scope 2 – GHG Protocol)	1.3	1.4	1.8
Total emissions	56.2	67.4	73.4

- a) Emissions relating to operations in exploration and production, refining, fertilizers, petrochemicals, electricity generation, land (pipeline and road) and ocean transportation, as well as distribution activities in Brazil, Argentina, Bolivia, Colombia, Mexico, Paraguay, Peru, Uruguay and the United States.
- b) Indirect emissions refer to the purchase of electricity and steam supplied by third parties in the countries mentioned.
- c) Our emissions inventory is prepared according to the guidelines of the GHG Protocol - Corporate Standard (WRI/WBCSD). Its scope includes assets we operate and those in which we hold 50% or more financial control. Our inventory uses a bottom-up methodology, so the total is the sum of emissions from each source. Algorithms used to calculate GHG emissions were based on publicly accessible international benchmarks such as the API Compendium and "AP-42" (US EPA).
- d) In terms of GHGs, the inventory includes emissions of CO₂ (carbon dioxide), CH₄ (methane) and N₂O (nitrous oxide). Results are expressed in millions of metric tons of CO₂ equivalent, calculated using the method in the Second Report of the Intergovernmental Panel on Climate Change (IPCC).
- e) Petrobras submits its inventories to periodic verification by a third party as required by ISO 14064. Inventories through 2012 have already been verified and the 2013 inventory will be verified in the course of 2014.
- f) Other indirect greenhouse gas emissions had not been consolidated by the closing date for this report.
- g) Our biogenic CO₂ emissions are negligible and, therefore, do not meet the criteria for compiling a systematic emission inventory.

CARBON DIOXIDE – CO₂ emissions (millions of tons)



Total emissions: direct + indirect.

METHANE – CH₄ emissions (thousands of tons)



Total emissions: direct + indirect.

NITROUS OXIDE – N₂O emissions (tons)



Total emissions: direct + indirect.

OTHER SIGNIFICANT ATMOSPHERIC EMISSIONS (tons)			
EMISSIONS	2011	2012	2013
Nitrogen oxides (NOx)	222,212	251,485	251,416
Sulfur oxides (SOx)	120,636	116,337	128,350
Particulate matter	17,483	18,190	17,456
Volatile organic compounds (VOCs)	253,320	262,614	249,756
Smokestack and fugitive emissions	68,338	100,981	103,885
Carbon monoxide (CO)	157,394	189,443	173,253

Total emissions: direct + indirect.

a) Emissions of HCNM (non-methane hydrocarbons) contained in the inventory included in VOCs.

b) Our "smokestack and fugitive emissions" included only the latter, which were reported as total hydrocarbons.

c) Methodology used to calculate emissions reported is the same as described in the "Greenhouse gas emissions" table.

d) We did not consolidate total emissions of ozone layer depleting substances from Petrobras System facilities. In accordance with Brazilian law and Brazil's commitments under the Montreal Protocol, our business areas and subsidiaries using these substances must register these activities with IBAMA (environmental agency) when applicable.

In 2013, other significant indirect emissions arising from use of our products totaled around 500 million tons of CO₂ equivalent. The volume estimate assumes that all products sold were used and released their carbon content into the atmosphere in the same year. The baseline data used were consolidated sales of products and GHG Protocol (Scope 3) methodology, taking a conservative approach by classifying exports as "residual oil".

GHG EMISSION BREAKDOWN BY ACTIVITY						
Activity	MILLION TONS OF CO ₂ EQUIVALENT			PERCENTAGES		
	2011	2012	2013	2011	2012	2013
Exploration and Production	22	24	24	39	36	33
Refining and Petrochemicals	21	24	25	38	36	34
Electric generation	6	12	17	11	18	23
Fertilizers	1	1	1	2	1	2
Other	6	6	6	11	9	8
Total	56	67	73	100	100	100

DISTRIBUTION OF OTHER EMISSIONS BY ACTIVITY (tons)					
ACTIVITY	NOx	SOx	MP	COV	CO
Exploration and Production	96,561	23,639	8,203	118,609	56,872
Refining and Petrochemicals	36,465	76,684	4,499	44,507	77,885
Electric generation	34,112	1,428	955	2,401	28,604
Fertilizers	1,736	128	609	2,642	2,909
Transport and Distribution	81,905	26,378	3,175	81,564	6,820
Biofuels	85	68	8	20	18
Other	252	26	8	12	189
Total	251,416	128,350	17,456	249,756	173,253

a) Results related to E&P, refining, fertilizer, petrochemicals, electric power generation, overland (pipeline and road) and maritime transportation operations, as well as distribution activities in Brazil, Argentina, Bolivia, Colombia, Mexico, Paraguay, Peru, Uruguay and the United States.

HYDROCARBON VOLUME NOT USED	
DESTINATION	VOLUME (million m ³)
Flared	2,153.1
Dissipated in the atmosphere	59.9

a) Based on records of volume of natural gas flared and gas released directly into the atmosphere.

b) This volume refers Petrobras's activities in Brazil and other countries.

Biodiversity



Our guidelines for standardizing our biodiversity practices and commitments are applied for planning new projects, our operations and decommissioning. Their aim is to boost awareness of significant environmental aspects in the areas of influence of our activities, thus avoiding or minimizing potential impacts. In 2013, we revised criteria for managing risks and impacts on biodiversity and wildlife management guidelines for our refining and shale gas units.

To address the potential impacts of a facility or activity, identified through studies such as environmental impact assessment and risk analysis, we conduct several biodiversity projects and initiatives which may or may not be associated with environmental licensing procedures for units. Many of these projects are developed in partnership with local authorities, universities and research centers. Their results are monitored by our environment team. In the case of environmental programs associated with licenses, they are also validated by the competent environmental bodies or agencies.

These initiatives involve objectives such as characterizing flora and fauna, conserving and recovering ecosystems, environmental monitoring, protecting endangered or endemic species, and wildlife management.

To prevent and treat impacts related to animals accessing operational units, we have taken steps such as installing fences and other obstacles, training personnel to remove animals from hazardous locations, and cleaning and emergency treatment for specimens affected. In this context, we have signed agreements with specialized agencies authorized to collect and rehabilitate affected animals to be reintroduced into their natural habitats, such as the Marine Animal Recovery Center at Universidade Federal do Rio Grande.

Biodiversity management requires ongoing knowledge of the regions in which we operate. In this respect, we mapped protected and sensitive areas in areas of influence around our activities, both for environmental reports needed to obtain licenses for new developments, and for specific studies supporting plans for units already operating.

In relation to Brazil's Protected Area categories, we would highlight the conclusion of our maps of permanent preservation areas at our refining units, shale gas unit and E&P operations in Espírito Santo and the Santos Basin. Data for permanent preservation areas at our refining units and shale industrialization units are available through a georeferenced system showing the state of conservation of each area, environmental recovery projects and biodiversity characterizing and monitoring studies currently underway. These data may be associated with other environmental data, such as those relating to air emissions, effluent monitoring, among others, thus contributing to more integrated environmental management.

In relation to mapping sensitive areas, a significant initiative that we developed in 2012 and completed in 2013 produced maps showing environmental sensitivity to oil spills on the Urucu River, in the Amazon region of Brazil. The study includes ecosystem data based on geomorphologic characteristics, oil-sensitive biological resources (species), socioeconomic resources or activities that may be affected and significant data for any emergency response operations, such as maps for roads, airports, boat ramps, and others.

BIODIVERSITY RESEARCH AND DEVELOPMENT

In order to develop knowledge and technologies to minimize biodiversity risks and impacts, we have systematically invested in research and development. In this respect, our efforts have concentrated on three fronts: characterizing strategic environments for our activities, mitigating or reducing effects on ecosystems and biodiversity, and recovering degraded and impacted environments.

In relation to collecting scientific data for ecosystems in which we operate, for example, we made investments totaling R\$ 40 million in 2013. Environmental

recognition of Brazil's marine sedimentary basins assists environmental management of exploration and production activities in these areas. On these lines, we also highlight the Campos Basin environmental characterization project, which involved 20 research institutions and more than 100 researchers. This project obtained and standardized data for the region's physical, chemical and biological aspects. We are also planning to develop ecosystem models to add to our understanding of their ecological dynamics.

INTERNAL AND EXTERNAL PROTECTED AREAS BY TYPE OF OPERATION	
TYPE OF OPERATION	PROTECTED AREAS
Oil refining and shale gas	45 Conservation Units
Exploration	13 Conservation Units 11 archaeological sites
Production	76 Conservation Units 4 Indigenous Peoples' areas 3 Maroon territories 156 archaeological sites
Fertilizer manufacturing	9 Conservation Units 1 Maroon territory
LNG transfer, storage and regasification	9 Conservation Units 1 Indigenous Peoples' area 1 Maroon territory
Thermoelectric generating	17 Conservation Units 3 Maroon territories

a) This compilation does not include permanent preservation areas or legal reserves for which official sources do not provide demarcation data. However, Petrobras is working to map these areas.

b) External protected areas around units include those located in their areas of influence. Internal protected areas include those partly or fully interfacing a unit's area.

c) It includes only protected areas listed by our internal data collection work for the Annual Biodiversity Report.

A significant portion of our activities are in high biodiversity regions in terrestrial and aquatic ecosystems located in major biomes. In 2013, the Petrobras Environmental Program invested in 48 carbon fixation and emission avoidance projects to take measures such as productive reconversion, recovering degraded areas and converting forests and natural areas for over 1 million hectares in biomes such as the Amazon region, Caatinga, Cerrado, Atlantic Forest vegetation and pampas. We also worked on our own projects, such as recovering 66.7 hectares of vegetation by planting of native tree species inside the President Getúlio Vargas Refinery (Repar). By the end of the year, some 21,000 saplings had been planted in areas covering 59.61 hectares.

The presence of endangered or endemic species is an important environmental sensitivity factor to be considered in the management of

biodiversity risks and impacts. Presence of these species in our units' areas of influence has been detected by tools such as environmental sensitivity maps, fauna and flora inventories, environmental impact studies and others. According to information gathered internally, studies in the field show that some 210 species considered vulnerable, endangered or critically endangered are found in areas of influence of 17 operating units, according to classifications shown in the Red Book of Brazilian Endangered Fauna or the Red List published by the International Union for Conservation of Nature (IUCN).

ENDANGERED SPECIES AND THEIR STATUS NUMBERS		
EMISSIONS	2011	2012
IUCN list	Vulnerable	44
	Endangered	18
	Critically endangered	6
National list	Vulnerable	100
	Endangered	33
	Critically endangered	28

a) Some of these species benefit from projects sponsored by the Petrobras Environmental Program, such as *Araucaria angustifolia* (Brazilian pine), *Ocotea porosa* (imbuia), *Cedrela odorata* (cedar), *Euterpe edulis* (Jussara palm), *Panthera onca* (jaguar), *Trichechus manatus* (manatee), *Eretmochelys imbricata* (hawksbill turtle), *Epinephelus itajara* (Atlantic goliath grouper) and *Diomedea exulans* (wandering albatross).

Given this scenario, we develop and support various conservation projects for endangered fauna and flora species. Our manatee monitoring project in partnership with the Aquatic Marine Mammal Center at the Chico Mendes Biodiversity Conservation Institute (ICMBio), for example, aims to add to scientific knowledge of the manatee (*Trichechus manatus manatus*) population on the Eastern coast of the state of Ceará, Northwest of Rio Grande do Norte, using remote monitoring and taking an aircraft overfly population census. The project also helps to avoid collisions between support vessels and marine mammals in the area.



Water resources



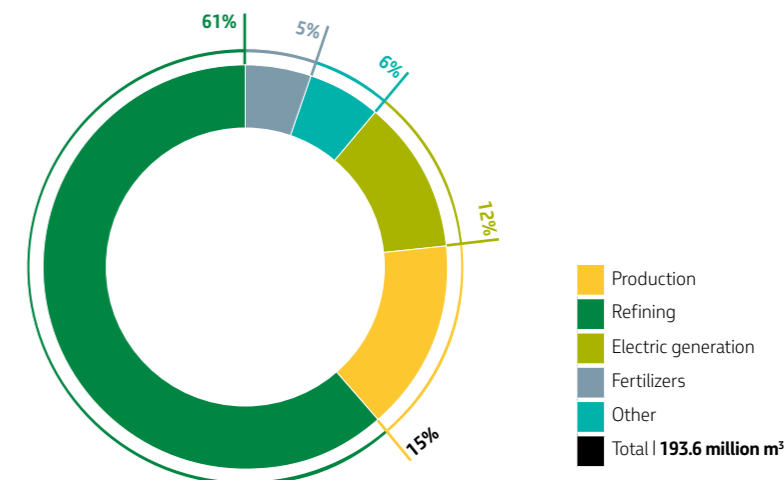
Our water resources management focuses primarily on ensuring supplies needed for our activities and contributing to conservation in our areas of influence. Therefore, we invest in rationalizing water use. As a result of this type of initiative, in addition to ensuring secure sources of supplies, we can reduce our uptake and increase the amount of water availability for consumption by the community in general. The key measures we are working to introduce involve using technologies that are less water-intensive; minimizing use in operations and processes, reusing, and identifying alternative sources of supplies. This strategy takes into account local availability for uptake and use, and the technical and economic feasibility of our initiatives.

We took up 193.6 million m³ of fresh water for our operational and administrative activities. Of this total, 122.8 million came from surface

water sources, 30.7 million from underground sources and 40.1 million from water-supply concession holders or from third parties. We used 269 sources of water, of which 197 were located in Brazil and 72 in other countries in which we operate.

PETROBRAS SYSTEM - WATER INTAKE						
SOURCE	VOLUME INTAKE (million m ³)			VOLUME INTAKE (%)		
	2011	2012	2013	2011	2012	2013
Surface water	122.5	128.2	122.8	64.1	66.3	63.4
Groundwater	39.3	36	30.7	20.3	18.6	15.9
Municipal or third-party supply	29.1	29.2	40.1	15.6	15.1	20.7
Totals	190.9	193.4	193.6	100	100	100

FRESHWATER INTAKE BY TYPE OF ACTIVITY



Our operating units taking fresh water from the environment have limits set by public bodies or agencies responsible for managing water resources. In Brazil, where we use 85% of all total freshwater we take in, based on hydrological criteria and the several uses of water in a given hydrographic basin, we are allowed a maximum volume of water uptake for each location. During the year, we were not aware of any significant quantitative or qualitative impacts affecting springs or sources from which we have direct water uptakes or into which we discharge effluents.

In 2013, in order to contribute to participative management of water resources in river basins where our facilities are located, we participated in 26 forums in Brazil, of which 20 were Basin Committees, and nine were forums in other countries in which we operate. In the Macaé and Rio das Ostras hydrographic basin, in the state of Rio de Janeiro, we worked with the state environmental agency to develop the region's Water Resources Plan, which was completed in 2013. Its aim is to ensure water in the quality and quantity need for many uses in the basin area.

A significant portion of our investment in rational water use has been for reuse projects. Total volume reused was 24 million m³, which corresponds to 11.1% of total demand for freshwater in the period, showing an increase of about 3% on the previous year. This quantity is sufficient to supply a city of approximately 600,000 inhabitants for a year. By 2015, new reuse plants will be on stream and we will reach the milestone of 35 million m³ of fresh water annually no longer being taken from the environment.

TOTAL VOLUME OF REUSED WATER			
	2011	2012	2013
Reused water (million m ³)	21.5	23.5	24
Volume over total water used (%)	10.1	10.8	11.1

The 2011 and 2012 percentages were unchanged from those published in the 2012 Sustainability Report, due to a change in the method of calculating totals.

EFFLUENT DISCHARGE

The volume of effluents discharged into the environment from our operations was 230.6 million m³, including industrial, sanitary and water effluents. There were 1,400 tons of oils and greases, 4,300 tons of chemical oxygen demand and 900 tons of ammonia (the latter two in refining and fertilizer making effluents in Brazil). As a means of assimilating our effluents, we used 96 tracts of surface water, 57 of groundwater and 57 water-supply concession holders or contractors. Effluent discharges have to meet legally regulated standards.

TOTAL WATER DISCHARGED BY DESTINATION – PETROBRAS SYSTEM						
DESTINATION	VOLUME DISCHARGED (million m ³)			VOLUME DISCHARGED (%)		
	2011	2012	2013	2011	2012	2013
Surface water bodies	168.8	204.2	217.5	89.8	93.7	94.3
Groundwater bodies	8.1	7.9	6.7	4.3	3.6	2.9
Water supply concession operators or subcontractors	11.1	5.8	6.4	5.9	2.7	2.8
Totals	188	217.9	230.6	100	100	100

In 2013, we had 22 projects in progress related to installing and/or upgrading effluent treatment and drainage systems. In addition, we have taken measures to treat water for reuse at several units, in particular at the Duque de Caxias Refinery (Reduc) in Rio de Janeiro, and the Abreu e Lima Refinery (Rnest), in Pernambuco. Another of this year's highlights was the commissioning of a reuse system at the Presidente Getúlio Vargas Refinery (Repar) in Paraná, which has capacity to produce up to 240 m³ per hour of desalinated water to be reused for steam, with annual savings of up to 2 million m³ of water.

IMPROVED MANAGEMENT OF WATER RESOURCES

To determine water-availability risks for our various facilities, we compiled a water-shortage risk index in partnership with the Federal University of Rio de Janeiro. The index includes factors in water availability for uptake, as well as points of vulnerability and aspects of resilience at our operating units.

We also completed studies of water availability for river basins in which 12 of our refining facilities are located, assessing the current situation and future balance of supply and demand for water in these regions. On the same lines, we examined water availability in the state of Bahia's river basins to focus exploration and production, transport, refining and fertilizer manufacturing. Our findings point to priority units for rationalizing water use, and will help plan for expansion and new developments. On this basis, we have mapped water availability for units that together account for about 60% of our freshwater uptake.

In relation to measures taken to rationalize and minimize water use by our operations and processes, one of the highlights was our Shale Gas Unit (SIX) in the state of Paraná, where a number of operational measures and design modifications cut average monthly freshwater consumption by over 60% from 2008 to 2013, with volume uptake down to under 228 m³ per hour.

For effluent treatment and water reuse, we invested approximately R\$ 20 million in 11 R&D projects, carried out studies and tested different technologies in partnership with eight Brazilian universities.

Waste



Management of waste arising from our activities aims to minimize amounts generated while encouraging reuse and recycling. We identify and test innovative clean treatment technologies that may be adopted after examining technical, economic and environmental viability for the process as a whole. Our Waste Minimization Program took various measures, such as mechanizing cleaning techniques for closed systems, pilot reuse of coking unit oil waste, in addition to an industrial pilot test for treatment of oil-bearing waste from an oil storage tank with mechanized removal and phase separation in semi-permeable membranes.

In 2013, our processes produced 260,000 tons of hazardous solid waste, which was 15% below the alert threshold set for the period. In addition, some 40% of all hazardous waste we sent for treatment and disposal was reused. We transported 110 tons of hazardous waste for treatment in Switzerland (the amount was less than 0.05% of the total generated by our processes).

Construction and fitting work for our projects provide incentives for practices that reduce, reuse or recycle waste. In 2013, our new concrete waste management system at Nitrogenous Fertilizers Unit III (MS) reached 100% recycling of debris generated in the year. This enables us to avoid disposal on landfills and reduce consumption of natural resources. Practices such as these have helped raise the percentage of recycling and reuse of debris at developments, which rose from 28% in

2012 to 42% for projects under the responsibility of our Engineering area, which accounts for 78% of the total generated by the company.

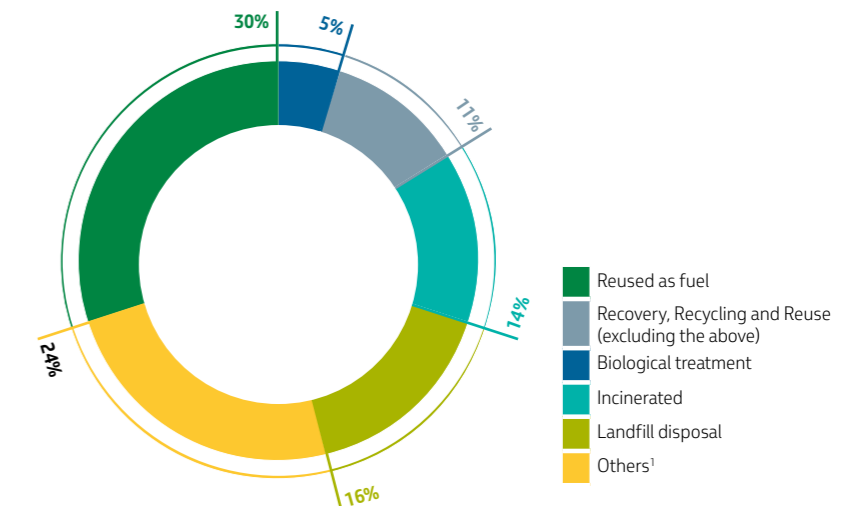
Among measures taken to minimize generation of waste, we also highlight the use of mechanized cleaning for tanks without any direct human contact. Sludge is solubilized and reprocessed to recover oil and reduce waste volume.

Activities carried out by our environmental service suppliers, in particular for waste transport, treatment, disposal and chemical analysis, may also involve risks for the environment. One of the most important measures to quickly prevent and mitigate potential impacts is auditing contractors on a regular basis. The objective is to encourage improved operating standards and quality of services, while also reducing environmental and economic risks. In 2013, we conducted 1,408 inspections of services of this nature.

OIL PRODUCTION X HAZARDOUS WASTE GENERATED		
YEAR	OIL PRODUCED (thousand m ³ /day)	HAZARDOUS WASTE GENERATED (thousands of tons/year)
2011	321	285
2012	315	261
2013	307	260

According to technical criteria set by the environmental licensing agency for maritime activities, only waste from water-based drilling fluid and cuttings may be disposed of at sea. Other waste is sent for treatment or disposal by specialized companies licensed under Brazilian law. In order to reduce waste generated by this type of operation, we invest in reuse of non-aqueous based drilling fluids and inputs for non-aqueous fluid manufacturing processes. For onshore activity, practices include incorporating, co-processing and recycling waste cuttings.

PERCENTAGE WASTE DISPOSAL BY DESTINATION



¹Waste returned to suppliers for non-conventional technologies at destination or more than one type of treatment.

Products and services

Our products and services have the potential to generate environment and human health impacts, which may occur from the production process to the final stage of consumption, including transport. Risks are mainly associated with use of natural resources, consumption of materials and energy, atmospheric emissions, waste and effluent generation and disposal, and any spills or leakages. Prevention through management systems comprises documents containing guidance and standards, and structured processes with R&D investments for new technologies.

The quality of the fuel we manufacture is one of our priorities. Gasoline produced at our refineries does not contain lead. As for benzene, Argentina and Japan allow 1% for all types of gasoline, but it has to be completely removed from diesel. In relation to sulfur, in compliance with an agreement with the Federal Prosecution Office that we signed in 2008, distribution of diesel with 10 parts per million (ppm) in Brazil, this year, prioritized the major metropolitan areas and state capitals, aligned with renewal of the country's fleet of vehicles. At present, eight refineries in Brazil are producing diesel. There are also eight units capable of producing gasoline with a maximum of 50 ppm that plan to start deliveries in 2014.

Information about our products and services is well publicized for consumers. Our service stations in Brazil have safety stickers on general

precautions for users of our products, among other information. In other countries in which we market oil products, we provide safety data sheets fuel or lubricants and our public website shows products' components and physicochemical properties, and identifies environmental hazards. Consumers in all countries may obtain information from our customer service centers.

For the transport stage, we highlight the results posted by Petrobras Distribuidora. Volume leakage of oils and oil products was 90 m³, whereas the alert threshold was set at 270 m³ for the year.

In relation to precautions for the final stage of our products' life cycles, we highlight work done on steel bottles (gas cylinders) for LPG distribution by Liquigás. The useful life of these recipients averages 27 years. They are periodically washed, painted and visually inspected for usability. After 15 years, they are reclassified. From approximately 2.8 million steel bottles (gas cylinders) that went through this process in 2013, some 129,800 were not fit for reconditioning and were scrapped. The others were reclassified by reconditioning or replacing all valves. We reduced paint used to paint cylinders by 26% to obtain a reduction of approximately 350 tons/year in atmospheric emissions of volatile organic compounds (VOCs) from evaporated paint solvent.



Environmental liabilities



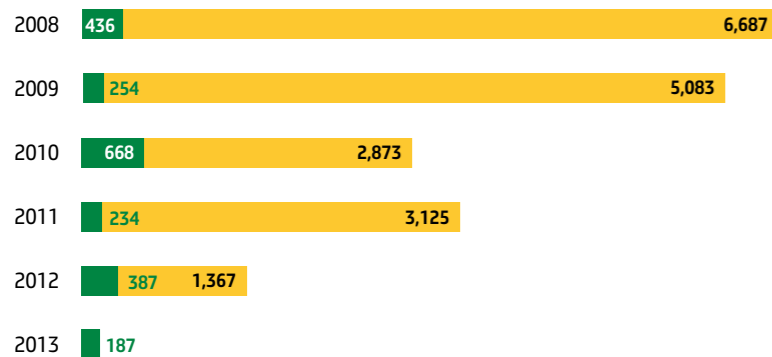
The total volume of oil and oil product spillage due to our activities was 187 m³, which was 52% less than 2012 and 61% below the 476 m³ alert threshold set for the year. Spillage was approximately 0.25 m³ per million barrels of oil produced, and this was the best result for the last ten years. Of the 39 spills we registered, none are considered to be of major proportions.

Our Zero Spill Plan introduced in 2012 to reduce of oil spillage risk for our operations consolidates a set of measures to be taken by our various areas and companies that are adapted to the specific characteristics of operations at each site. These actions usually involve enhanced management, improved processes and ensuring integrity of equipment and facilities.

In 2012 also, we reformulated our model for communicating, processing and recording spills to enable daily monitoring of incidents, impacts and mitigating measures.

Both initiatives were continued in 2013 and significantly contributed to our improved results.

LEAKAGE/SPILLAGE



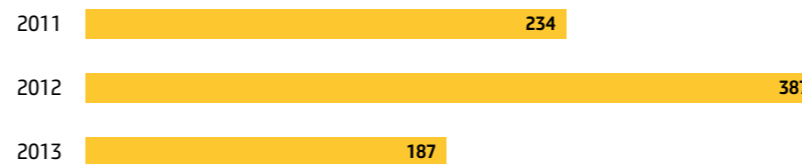
■ Petrobras ■ Average for segment leader companies

a) Includes spillage volumes of over 1 barrel (0.159 m³) that reached the environment.
 b) At the time of concluding the Sustainability Report, the 2013 average spillage volumes in reports prepared and disclosed by for the segment's leading companies had not been consolidated.

SPILLS - TOTAL NUMBER



SPILLS - TOTAL VOLUME (m³)



1) The alert threshold for 2013 was 476 m³. The total of 187 m³ amounts to about 1,176 barrels. Includes any spill of more than 1 barrel (0.159 m³) that reached the environment.

We maintain strict internal standards and operating procedures to prevent accidents and control risks inherent to our operations, and to mitigate them if necessary. We also adopt Brazilian and international safety standards for our facilities and land and ocean transport.

In emergencies, wells are closed immediately and platforms disconnected. These measures are taken by all drilling units in our service, and they are equipped with well monitoring and safety systems. Furthermore, there are gas detectors on platforms and alarms for high well pressure or control tank fluid volume, with special attack fluids to be prepared and injected into them. Drilling fluid is one of the safety barriers that ensure stable well pressures. Teams working on platforms are certified by the International Association of Drilling Contractors (IADC).

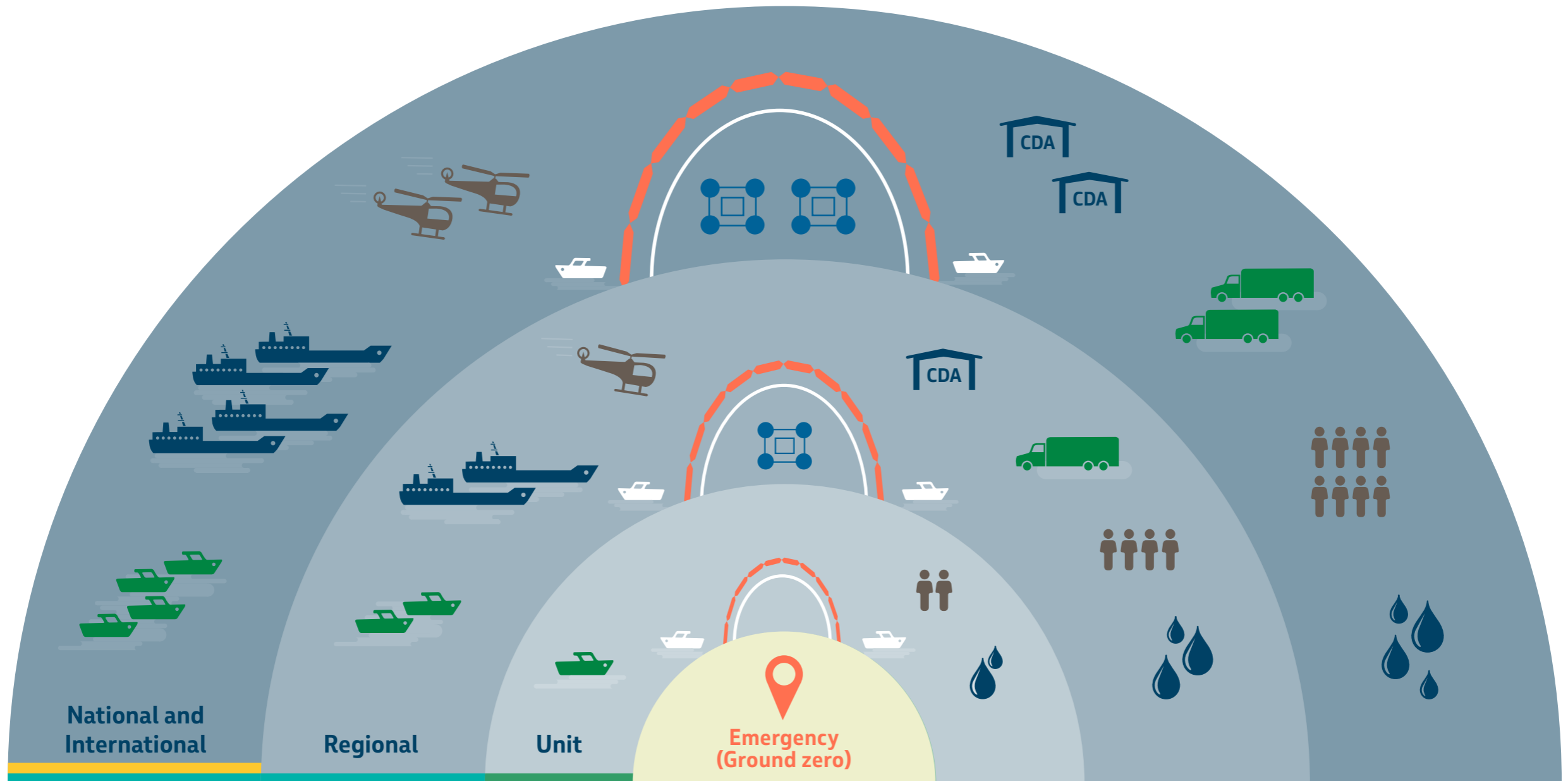
Our emergency response apparatus consists of local, regional and national-level structures. We have ten Environmental Defense Centers and 14 forward bases, in addition to equipment at operating units in over 20 cities. If an emergency is not resolved locally or may be better treated by using external resources, Environmental Defense Centers or forward bases are asked to provide operational and logistical support to supplement local emergency plans. Following international standards, they are positioned at strategic locations to service our operations.

In addition to being provided with motorboats, vessels, high and medium pressure oil collecting equipment, contention and absorption barriers, communications equipment and vehicles that may be quickly moved by road or air to combat emergencies anywhere in Brazil, these facilities include 24-hour operators who follow our training and certification procedures to work at these units.

We held 11 simulated exercises for emergency response, one nationwide and the others regional. When necessary, they involved Brazil's navy, civil defense, fire brigades, state police forces, environmental agencies, municipalities and local communities.

On a global scale, joint initiatives strengthen risk control and contingency management in cases of impacts of major proportions thus expanding our potential and speed when taking action. In this respect, we are associated with Oil Spill Response Limited (OSRL), an organization that specializes in providing efficient and complementary oil-spill response resources. We also did research together with other companies in the industry to develop engineering solutions for well control. We highlight the Maritime Security Operation Program, which enables us to meet guidelines set globally by the International Association of Oil & Gas Producers (OGP).

EMERGENCY RESPONSE CAPABILITY











National and International





Regional

Unit

Emergency (Ground zero)

-  271 support vessels
-  180,000 meters of contention barriers
-  198,000 meters of absorbent barriers
-  39 large vessels

-  10 environmental defense centers
-  Box truck
-  500 oil collectors
-  225,000 liters of chemical dispersants

-  Personnel standing by to act
-  Mutual Assistance plan for local companies
-  Environment Defense Centers activated
-  Oil Spill Response Limited (OSRL)

- Possible emergency response measures:**
- Controlling spillage source
 - Protecting sensitive areas
 - Containing and collecting oil

Fines for nonconformities under environmental laws and regulations in 2013 totaled R\$ 15.4 million. Two of the four cases were brought by the State Environmental Institute (local acronym INEA) and the others by the Brazilian Environmental and Renewable Natural Resources Institute (IBAMA).

In relation to complaints about possible environmental impacts the Petrobras Ombudsman registered nine cases, seven of which were solved in the same year and two are still being addressed. Transpetro received and solved three cases, plus another three in the previous year. The most striking numbers were Petrobras Distribuidora's 133 demands received and concluded during the year.

Through its Customer Service Center (SAC), Petrobras received 166 statements on environmental issues in 2013, and dealt with 163 of them within the year. Additionally, six open cases were settled in late 2012. Complaints from environmental agencies are addressed through specific procedures at the refineries. We also receive complaints and reports on a number of telephones we provide for our stakeholders, which constitute formal channels of communication. In other countries, we registered and solved one complaint at Petrobras Bolivia and two at Petrobras Chile.





Annexes

Annual Social Balance

1 - CALCULATION BASE	2013 Value (R\$ million)	2012 Value (R\$ million)
Consolidated sales revenue (NR)	304,890	281,379
Income before profit sharing and consolidated taxes (RO)	29,257	28,758
Consolidated gross payroll	27,025	23,686

2 - INTERNAL SOCIAL INDICATORS	Value	% of gross payroll	% of NR	Value	% of gross payroll	% of NR
Meals	1,063	3.93%	0.35%	890	3.76%	0.32%
Compulsory social charges	5,366	19.85%	1.76%	4,449	18.78%	1.58%
Private pension	1,674	6.20%	0.55%	1,547	6.53%	0.55%
Health	1,266	4.68%	0.42%	1,137	4.80%	0.40%
Occupational health and safety	221	0.82%	0.07%	201	0.85%	0.07%
Education	215	0.80%	0.07%	175	0.74%	0.06%
Culture	20	0.07%	0.01%	10	0.04%	0.00%
Professional training and development	423	1.57%	0.14%	501	2.12%	0.18%
Daycare or childcare assistance	39	0.14%	0.01%	99	0.42%	0.04%
Participation in profits or results	1,102	4.08%	0.36%	1,005	4.24%	0.36%
Other	90	0.33%	0.03%	82	0.35%	0.03%
Total - Internal social indicators	11,479	42.51%	3.75%	10,096	42.62%	3.58%

3 - EXTERNAL SOCIAL INDICATORS	Value	% of RO	% of NR	Value	% of RO	% of NR
Income and Employment Opportunity	230	0.79%	0.08%	51	0.18%	0.02%
Education for Occupational Qualification	62	0.21%	0.02%	61	0.21%	0.02%
Guaranteeing Children and Adolescents' Rights ⁽¹⁾	74	0.25%	0.02%	60	0.21%	0.02%
Culture	203	0.69%	0.07%	189	0.66%	0.07%
Sport	81	0.28%	0.03%	61	0.21%	0.02%
Other	25	0.09%	0.01%	29	0.10%	0.01%
Total contributions to society	675	2.31%	0.22%	451	1.57%	0.16%
Taxes (excluding social charges)	101,507	346.95%	33.29%	96,646	336.07%	34.35%
Total - External Social Indicators	102,182	349.26%	33.51%	97,097	337.63%	34.67%

4 - ENVIRONMENTAL INDICATORS	Value	% of RO	% of NR	Value	% of RO	% of NR
Investments related to company production/operation ⁽¹⁾	3,219	11.00%	1.06%	2,827	9.83%	1.00%
Investments in external programs and/or projects	104	0.36%	0.03%	101	0.35%	0.04%
Total investments in the environment	3,323	11.36%	1.09%	2,928	10.18%	1.04%

In relation to setting "annual targets" to minimize waste, consumption during production/operation and increase efficient use of natural resources, the company

() has no targets
 () reaches 0 - 50%
 () reaches 51 - 75%
 (x) reaches 76 - 100%

() has no targets
 () reaches 0 - 50%
 () reaches 51 - 75%
 (x) reaches 76 - 100%

Annual Social Balance

(continued)

5 - WORKFORCE INDICATORS	2013	2012
Number of employees at end-period	86,108	85,065
Number of admissions during period ⁽ⁱⁱ⁾	2,166	4,017
Number of employees of service providers	360,180	360,372
Number of trainees ⁽ⁱⁱⁱ⁾	1,816	1,887
Number of employees aged over 45 ⁽ⁱⁱⁱ⁾	37,858	37,374
Number of women workers in company	14,371	14,536
Percentage of management positions held by women ⁽ⁱⁱⁱ⁾	15.4%	15.0%
Number black men/women workers in company ^(iv)	20,908	20,158
Percentage of management positions held by black men/women ^(v)	25.2%	25.0%
Number of persons with disability or special needs ^(vi)	1,127	1,120

6 - MATERIAL DATA IN RELATION TO CORPORATE CITIZENSHIP	2013			2014 Goals					
Ratio between highest and lowest salary ^(vii)	30.08			30.8					
Total number of work-related accidents	5,465			6,111					
Social and environmental projects developed by the company were decided by:	() senior management	(X) senior management and managers	() all employees	() senior management	(X) senior management and managers	() all employees			
The company's workplace health and safety standards were decided by:	(X) senior management and managers	() all employees	() all + accident prevention commission	(X) senior management and managers	() all employees	() all + accident prevention commission			
In relation to freedom of association, right to collective bargaining and internal representation of employees, the company:	() does not get involved	() follows ILO rules	(X) encourages and follows ILO	() will not get involved	() will follow ILO rules	(X) encourages and will follow ILO			
The pension plan covers:	() senior management	() senior management and dept-managers	(X) all employees	() senior management	() senior management and dept-managers	(X) all employees			
Profit sharing covers:	() senior management	() senior management and dept-managers	(X) all employees	() senior management	() senior management and dept-managers	(X) all employees			
When selecting suppliers, the ethical and social responsibility standards adopted by the company itself:	() are not considered	() are suggested	(X) are required	() will not be considered	() will be suggested	(X) will be required			
In relation to employees taking part in voluntary work programs, the company:	() does not get involved	() offers support	(X) organizes and encourages	() will not get involved	() will offer support	(X) will organize and will encourage			
Total number of consumer complaints and criticisms: ^(viii)	in the company 8,197	in Procon 10	in courts 28	in the company 6,500	in Procon 2	in courts 3			
Percentage of complaints and criticisms addressed or resolved: ^(viii)	in the company 99%	in Procon 10%	in courts 25%	in the company 99,1%	in Procon 50%	in courts 33,3%			
Total added value to distribute (in thousands of R\$):	In 2013: 193,121			In 2012: 181,789					
Distribution of Added Value	55% government 5% shareholders			14% employees 19% others 7% retained			58% government 5% shareholders 14% employees 16% others 7% retained		

7 - OTHER INFORMATION

- I. Includes R\$ 4.3 million transferred to the Childhood and Adolescence Fund (local acronym FIA).
- II. Information from Petrobras System in Brazil concerning admissions through a public selection process.
- III. Data for employees of Petrobras Controladora, Petrobras Distribuidora, Transpetro, Liqueigás, Petrobras Biocombustível and subsidiaries in other countries.
- IV. Data for Petrobras Controladora, Petrobras Distribuidora, Transpetro and Liqueigás employees who declared they were black (brown or black skin color).
- V. Of the total number of Petrobras Controladora management positions held by employees who reported race/color, 25.2% are held by people who declared they were black (brown or black skin color).
- VI. Consolidated data for admissions of employees with disabilities in Petrobras Controladora, Petrobras Distribuidora and Transpetro.
- VII. Data for Petrobras Controladora.
- VIII. Company data include numbers of complaints and criticisms received by Petrobras Controladora, Petrobras Distribuidora and Liqueigás. 2014 goals do not contain estimates for Petrobras Distribuidora's Customer Service Center.
- IX. Some values differ from those disclosed in the 2013 financial statements, due to revaluations by independent auditors.
- i. Data not audited.

Glossary

Barrel of oil equivalent (boe)

Unit normally used to express volumes of liquids and natural gas in the same metric (barrels). A cubic meter of Brazilian natural gas is approximately 0.00629 barrel of oil equivalent. There are different rates for each composition of natural gas and oil. The term 'boed' means barrels of oil equivalent per day.

Biodiesel

Alternative fuel to diesel, renewable and biodegradable, derived from chemical reaction of animal or vegetable origin oils with alcohol in the presence of a catalyst (reaction known as transesterification). It may also be obtained by esterification and cracking processes.

Block

Small part of a sedimentary basin, in which oil and natural gas exploration and production takes place.

Bpd

Barrel per day.

Brent

North Sea oil blend from the Brent and Ninian oil systems, with 39.4° API gravity and 0.34% sulfur content.

Carbon fixation

Storing atmospheric CO₂ from biomass by planting or reforestation, to absorb gas for photosynthesis. During the latter's growth, part of emissions are offset.

Cogeneration

Systems that produce simultaneously sequenced electricity and thermal energy from the combustion of fuels such as petroleum, natural gas, coal, and biomass.

Combined cycle thermoelectric plant

An electricity generating plant which combines gas and steam turbine in a single plant, thus generating more electricity by burning the same amount of fuel.

Completion

Stage of oil exploration in which they install, in the well, some equipment needed to raise the desired fluid to the surface in a controlled manner and enable monitoring equipment to be installed in the well.

Conpet

National Program for Rational Use of Oil and Natural Gas.

Conversion

Cubic meter: 1 m³ = 1,000 liters = 6.28994113 barrels
Barrel: 1 b = 0.158984 m³ = 158.984 liters.

Deep water

Areas with water depths of 300 - 1,500 meters. In general, the limits mentioned result from aspects associated with the state-of-the-art technology required for stationary drilling or production units, and limits for human diving.

E&P

Exploration and production of oil and natural gas.

Energy integration

Exchange of electricity, steam and hot and cold process currents between different plants, in order to reduce energy consumption and operating costs.

Field

Area producing oil or natural gas from one or more continuous reservoirs, at varying depths, including production facilities and equipment.

FPSO (Floating, Production, Storage and Offloading)

Floating unit for oil production, storage and transfer, with its structure based on a ship.

Fuel oil

Heavier fractions from atmospheric distillation of petroleum. Widely used as fuel for industrial boilers, furnaces etc.

Joint venture

Association of companies, enduring or otherwise, for profit, to exploit given business(es), while both retain their own legal personality.

Liquefied natural gas (LNG)

Natural gas cooled to temperatures below -160°C for transfer and storage as a liquid.

Liquefied petroleum gas (LPG)

Mixture of hydrocarbons with high-pressure steam obtained from special natural gas processing units, kept in liquid state, in special storage conditions on the surface.

Naphtha

Petroleum derivative used mainly as a raw material for the petrochemical industry to produce ethylene and propylene, as well as other liquid fractions, such as benzene, toluene and xylenes.

National Oil, Natural Gas and Biofuel Agency (ANP)

Brazil's oil and natural gas regulator.

Natural gas

Any hydrocarbon or mixture of hydrocarbons that remain in gaseous state under normal atmospheric conditions, extracted directly from oil or gas reserves, including wet, dry, residual and rare gases.

Glossary

(continued)

Natural Gas Liquid (NGL)

Part of liquid-phase natural gas at a given temperature and pressure condition on the surface, obtained from separation processes in the field, natural gas processing units or gas pipeline transfer operations.

Oil

The portion of oil in the liquid phase under the reserve's original conditions, that remains liquid under surface conditions of temperature and pressure.

Petroleum

All and any liquid hydrocarbon in its natural state, such as crude oil and condensate.

Pre-salt

Reservoir rocks beneath an extensive salt layer off the coast from Espírito Santo to Santa Catarina, over 800 km long and up to 200 km wide, at depths ranging from 1,500 to 3,000 meters and 3,000 and 4,000 meters below the sea bed.

Post-salt

Subsoil layer above the salt layer located a few kilometers below the seabed.

Promef

Local acronym for Fleet Modernization and Expansion Program.

Proven reserves

Oil and/or natural gas reserves based on analysis of geological and engineering data, estimated to be recoverable from discovered and valued reserves with a high degree of certainty, with the estimate assuming current economic conditions, generally feasible operating methods, and regulations established by Brazilian oil and tax laws.

Regasification

Physical process in which rising temperature of natural gas in the liquid phase (liquefied natural gas) returns it to the original gas state.

Reserves

Discovered oil and/or natural gas resources that are commercially recoverable as of a given date.

Second-generation biofuel

Fuel produced using biomass waste from other industrial processes, especially sugarcane bagasse.

Seismic

Technique to obtain geological data by capturing sonar signals reflected from strata underground.

Shale gas and tight oil

Conventional and unconventional shale gas, tight gas sands and coal-bed methane have similar compositions. They consist primarily of methane and the difference is in the type of reserves in which they are found. Shale is a fine-grained type of rock capable of storing significant amounts of hydrocarbons.

'Shared Production' Agreement

Congress introduced this arrangement in 2010, for tendering pre-salt areas not yet allocated; it means we will have a minimum stake of 30% and be operator for all blocks tendered under this agreement. The 'shared production' agreement involves paying a fixed bonus. The winning proposal is the one that offers Federal Government the highest percentage of oil profits.

Single cycle thermoelectric plant

An electricity generating plant which uses gas or steam driven turbine, by burning fuels such as petroleum, natural gas, coal or biomass.

'Transfer of Rights' Agreement

Model under which we have exceptionally been awarded the rights to produce five billion barrels of oil equivalent (boe), against payment of an average US\$ 8.51 per boe. There are no 'special shares' [to be paid to the government] and royalties are lower than under the concession regime. We were awarded seven blocks under this arrangement: Franco, Florim, Nordeste de Tupi, Sul de Tupi, Sul de Guar, Entorno de lara and Peroba (total area: 3,865 km²). The agreement is for duration of 40 years, renewable for another five.

Ultra-deepwater

Areas with water depths of more than 1,500 meters.

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G4-8	9		✓
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G4-13	Formulário de Referência (chapters 8.3. "Descrição das operações de reestruturação ocorridas no grupo" and 15.6 "Alterações relevantes nas participações dos membros do grupo de controle e administradores do emissor")		-
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G4-14	15		✓
G4-15	12		✓
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G4-17	7 Formulário de Referência (chapter 8.1 "Descrição do Grupo Econômico")		✓
G4-18	7		-
G4-19	7		✓
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G4-30	6		✓
G4-31	7		-
G4-32	6		-
G4-33	7		✓
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G4-37	Formulário de Referência (chapter 12.2 "Regras, políticas e práticas relativas às assembleias gerais")		-
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Formulário de Referência is available only in Portuguese.

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G4-47	Formulário de Referência (chapter 12.4 "Regras, políticas e práticas relativas ao Conselho de Administração")		-
G4-48	The Sustainability Report is reviewed and approved by the Social Responsibility Report Development and Evaluation Subcommittee, coordinated by the Executive Management of Social Responsibility.		-
G4-49	12		-
G4-50	12		-
G4-51	12 Formulário de Referência (chapter 13.1 "Descrição da política ou prática de remuneração, inclusive da diretoria não estatutária")		✓
G4-52	Formulário de Referência (chapter 13.1 "Descrição da política ou prática de remuneração, inclusive da diretoria não estatutária")		-
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G4-54	63		✓
G4-55	Indicator not consolidated for the 2013 Sustainability Report.	Not available	-
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MATERIAL ASPECTS	DISCLOSURES ON MANAGEMENT APPROACH (DMA) AND INDICATORS	OMISSIONS	EXTERNAL ASSURANCE
Preventing accidents and spills	Asset Integrity and Process Safety (page 44)		✓
	G4-EN24 (page 58)		✓
	G4-OG13 (page 44)		✓
Use of natural resources and consumption of materials	Materials (page 33)		-
	Water (page 54)		-
	G4-EN1 (Acquisition of goods and services is decentralized to Petrobras System areas and units)	Not available	-
	G4-EN2 (Acquisition of goods and services is decentralized to Petrobras System areas and units)	Not available	-
	G4-EN8 (page 54)		✓
	G4-EN9 (page 54)		-
	G4-EN10 (page 55)		✓
Managing impact on communities	Indigenous Rights (page 37)		✓
	Local Communities (page 38)		✓
	Involuntary Resettlement (page 38)		✓
	G4-EC7 (page 36)		✓
	G4-HR8 (page 37)		✓
	G4-SO1 (page 38)		✓
	G4-SO2 (pages 36 and 38)		✓
	G4-OG10 (page 37)		✓
	G4-OG12 (page 38)		✓
Technology research and development	(page 17)		✓
Management of effluents and waste	Effluents and Waste (page 56)		✓
	G4-EN22 (page 55)		✓
	G4-EN23 (page 56)		✓
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	G4-EN26 (page 54)		-
	G4-OG5 (Indicator not consolidated for the 2013 Sustainability Report)	Not available	-
	G4-OG7 (Indicator not consolidated for the 2013 Sustainability Report)	Not available	-
Long-term business feasibility	Reserves (page 22)		✓
	G4-OG1 (page 22)		✓

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Economic impacts	Economic Performance (page 31)		✓
	Indirect Economic Impacts (pages 31, 32, 35 and 36)		✓
	G4-EC1 (page 31 and chapter "Statement of Added Value" from 2013 Financial Statements)		✓
	G4-EC8 (pages 32, 33 and 36)		✓
Biodiversity	Biodiversity (page 52)		✓
	G4-EN11 (page 52 and 53)		✓
	G4-EN12 (page 52)		✓
	G4-EN13 (page 53)		✓
	G4-EN14 (page 53)		✓
	G4-OG4 (Indicator not consolidated for the 2013 Sustainability Report)	Not available	-
Transparency and accountability	Compliance (EN) (page 60)		✓
	Environmental Grievance Mechanisms (page 60)		✓
	G4-EN31 (page 47)		-
	Labor Practices Grievance Mechanisms (page 43)		✓
	Human Rights Grievance Mechanisms (page 35)		✓
	Public Policy (page 16)		✓
	Compliance (SO) (page 38)		✓
	Grievance Mechanisms for Impacts on Society (page 36)		✓
	G4-EN29 (page 60)		✓
	G4-EN34 (page 60)		✓
	G4-LA16 (page 43)		✓
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	G4-SO6 (page 16)		✓
	G4-SO8 (page 38)		✓
G4-SO11 (page 36)		✓	

SPECIFIC STANDARD DISCLOSURES			
MATERIAL ASPECTS	DISCLOSURES ON MANAGEMENT APPROACH (DMA) AND INDICATORS	OMISSIONS	EXTERNAL ASSURANCE
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	G4-LA5 (pages 43 and 44)		✓
	G4-LA6 (page 44)		✓
	G4-LA7 (Indicator not consolidated for the 2013 Sustainability Report)	Not available	-
	G4-LA8 (page 44)		✓
Managing greenhouse gas emissions	Emissions (page 50)		✓
	G4-EC2 (page 48)		✓
	G4-EN15 (page 50)		✓
	G4-EN16 (page 50)		✓
	G4-EN17 (pages 50 and 51)		✓
	G4-EN18 (pages 48 and 50)		✓
	G4-EN19 (page 48)		✓
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	G4-EN21 (page 51)		✓
	G4-OG6 (page 51)		✓
Energy and process efficiency	Energy (page 49)		✓
	G4-EN3 (page 49)		✓
	G4-EN4 (Indicator not consolidated by Petrobras)	Not available	-
	G4-EN5 (Petrobras energy intensity index data are subject to confidentiality restrictions by the company responsible for its development and calculation. The indicator was compiled to compare energy performance at refineries, all over the world.)	Confidential	-
	G4-EN6 (page 49)		✓
	G4-EN7 (page 49)		✓
	G4-OG2 (page 17)		✓
	G4-OG3 (page 25)		✓

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