

***Sustainability
Report
2014***

Performance Highlights

Indicator	2010	2011	2012	2013	2014
Operational					
Oil, LNG, condensate and natural gas proved reserves (billions of barrels of oil equivalent - boe)	16.0	16.4	16.4	16.6	16.6
Oil, LNG, condensate and natural gas total production (thousands of barrels of oil equivalent per day - boed)	2,583	2,622	2,598	2,539	2,669
Oil, LNG and condensate production (thousands of barrels per day - bpd)	2,156	2,170	2,126	2,059	2,150
Natural gas production (thousands of boed)	427	452	472	480	519
Total sales volume in domestic market (Mbbbl/d)	2,369	2,521	2,725	2,883	3,003
Total sales volume in international market (Mbbbl/d)	1,279	1,196	1,060	909	964
Environmental					
Oil and oil product spills (m ³)	667.7	233.8	387.3	187.5	69.5
Energy consumption (terajoules – TJ)	716,673	682,827	936,199	1,050,949	1,155,220
Greenhouse gas emissions (millions of tons of CO ₂ equivalent)	61.1	56.2	67.4	73.4	80.9
Carbon dioxide emissions – CO ₂ (millions of tons)	57	52.2	63.1	69.4	76.8
Methane emissions – CH ₄ (thousands of tons)	196	160.5	171.2	159	154
Nitrous oxide emissions – N ₂ O (tons)	1,360	1,752	1,945	2,081	2,291
Atmospheric emissions – NO _x (thousands of tons)	227.75	222.21	251.49	251.42	299.29
Atmospheric emissions – SO _x (thousands of tons)	133.73	120.64	116.34	128.35	133.46
Particulate matter (thousands of tons)	17.51	17.48	18.19	17.46	21.65
Freshwater withdrawal (millions of m ³)	187.3	190.9	193.4	193.6	206.5
Hydric effluent discharge (millions of m ³)	173	188	217.9	230.6	254.8
Occupational health and safety					
Fatalities (employees and outsourcers)	10	16	13	4	10
Fatal Accident Rate (fatalities per 100 million hours worked – both employees and outsourced workers)	1.08	1.66	1.32	0.4	1.1
Contributions to society					
Investment in social projects (R\$ million)	199	207	201	391	267
Investment in cultural projects (R\$ million)	170	182	189	203	143
Investment in environmental projects (R\$ million)	258	172	101	104	108
Investment in sports projects (R\$ million)	81	80	61	81	98
Consolidated financial data					
Sales revenues (R\$ million)	211,842	244,176	281,379	304,890	337,260
Profit before financial result, equity earnings and taxes (R\$ million)	46,394	45,403	32,397	34,364	-21,322
Earnings per share (R\$)	3.57	2.55	1.62	1.81	-1.65
Consolidated net income (loss) attributable to the shareholders of Petrobras (R\$ million)	35,189	33,313	21,182	23,570	-21,587
EBITDA (R\$ million)	59,391	61,968	53,439	62,967	59,140
Net indebtedness (R\$ million)	61,007	103,022	147,817	221,563	282,089
Investments (R\$ million)	76,411	72,546	84,137	104,416	87,140
Gross Margin	36%	32%	25%	23%	24%
Operating margin	22%	19%	12%	11%	-4%
Net margin	17%	14%	8%	8%	-6%

Summary

Message from our CEO

Ladies and gentlemen,

For Petrobras, 2014 was a huge transformation year. We strongly expanded our production, with volume 5.1% higher than in 2013. We have been increasingly consolidating our position as international reference in the deepwater and ultra-deepwater exploration and production. In December 2014, we celebrated the overcoming of 700 thousand barrels of oil per day in the Brazilian pre-salt, just eight years after the first discovery in the region.

While expanding our pre-salt projects, we keep on investing in the modernization of our production processes and working to minimize the impact of our operation on the environment and on the communities. To prove this, last year, we maintained the total volume of leakage of oil and derivatives in levels much lower than the best references of the international industry.

However, changes in Petrobras business context, due to a decrease in the oil prices, appreciation of the dollar and need to decrease the debt level, stimulated a review of the company's future perspectives and, consequently, led to the need to reduce the pace of investments.

Furthermore, we all have monitored the investigation of Federal Police and Brazilian Federal Public Prosecutor's Office on the scheme of undue payments revealed by the "Lava Jato" operation. We are committed to clarify the facts and to adopt the necessary measures. Accordingly, we triggered our control mechanisms, reinforced our standards and we have been effectively collaborating with the public authorities. At the same time, we will continue working so that Petrobras keeps on operating with excellence, increasingly stronger and more profitable.

Besides implementing the Governance, Risk and Compliance area, which seeks to ensure the procedure compliance and to mitigate risks in Petrobras' activities, we are reviewing the company's governance and management model, investing in the synergy between the directories and in more agility for the processes, with even more security.

The data presented in this report comprises a new context for the business of Petrobras. On one hand, there is a change in the oil and gas international market that will drive us to be more and more efficient and competitive. On the other hand, there is an effort to improve our governance and to ensure more transparency to our business.

I emphasize our commitment with the United Nations Global Compact and with the continuous evolution in the compliance with its ten principles. As signatories to this compact, we drive our social and environmental responsibilities actions in order to always seek the development of the location where we work, the respect to the human rights and to the environment, improvements of our management practices, the transparency and the generation of our stakeholders.

To do this, I count on our greatest asset for this recovery, which is our workforce. We have extremely engaged professionals that, with no doubt, will give an answer measured up to the challenges we are facing.

Aldemir Bendine
CEO

About the report

We have gathered in this Sustainability Report information on our performance and management practices, besides perspectives to the future. In order to offer the transparency and reliability expected from our public, we will submit this document to external verification by PwC (their independent limited assurance report is available only in the Portuguese version).

This publication is also used as a diagnosis tool and impels improvements in our management. Based on the corporate report, it is possible to identify opportunities and gaps, later driven to the responsible internal structures.

We have elaborated the document according to the guidelines for the sustainability report of the Global Reporting Initiative (GRI), which we have been using since 2001. We apply the fourth generation of these guidelines, the G4.

We are signatories to the United Nations Global Compact, thus we present the report as a communication on progress in relation to the initiative's ten principles. In the chapters in which we will cover these advances, one of the icons below indicates the respective related principle.

In this edition of the Sustainability Report, the most significant change in its structure is the creation of the chapter "Operational Performance", previously presented as an axis that gathered many chapters about our main operations. As a part of the process of alignment and integration with other reports, we tried to synthesize the information already disclosed in details in our Management Report.

In cases of historic series, whose amounts may differ from those published in other editions, we present the due explanations about the update of data and methodological change.

For this report, we have maintained the scope of information related to our activities in Brazil e abroad, including data regarding Petrobras (Petróleo Brasileiro S.A.), its subsidiaries (Petrobras Distribuidora, Transpetro, Petrobras Biocombustível, Gaspetro and Liquigás) and our companies in other countries.

MATERIALITY

We used the same 12 themes indicated as material in the previous edition, because they still maintain significant level of relevance, and we have included "Anti-corruption mechanisms", due to the investigations of the Lava Jato Operation and its repercussion related to Petrobras. The 13 material themes are:

- » Accidents and spills prevention;
- » Use of natural resources and material consumption;
- » Managing impacts in the communities;
- » Technology research and development;
- » Management of effluents and waste;
- » Long-term business feasibility;
- » Economic impacts;
- » Biodiversity;
- » Transparency and accountability;
- » Employee health and safety;
- » Managing greenhouse gas emissions;
- » Energy efficiency;
- » Anti-corruption mechanisms.

These themes were listed from consultations with around 230 representatives of stakeholders interest, prioritized according to their importance to this sustainability report.

THE UN GLOBAL COMPACT 10 PRINCIPLES ARE:



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



2. ENSURE
the company is not involved in violation 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 environmental friendly technologies.



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

Corporate Performance

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Profile

We are Petrobras, an integrated company of energy, operating in the following sectors: exploration and production of oil and gas, refining, commercialization, transport, petrochemical, distribution of derivatives, natural gas, electric power, gas-chemical and biofuels. We operate directly or through our subsidiary and associate companies, which we call “Petrobras System”.

We are a publicly traded corporation, whose major shareholder is the Brazilian government. Our shares are negotiated at the Securities, Commodities and Futures Exchange of São Paulo (BM&FBovespa), at the New York Stock Exchange (NYSE), at Latibex of Madrid Stock Exchange and at the Buenos Aires Stock Exchange.

We are leaders in the oil and gas sector in Brazil and our businesses cover research, mining, exploration and production, refining, processing, commercialization, distribution and transport of oil (from well, shale or other rocks) and of other hydrocarbon fluids, electric power, biofuels and other renewable sources, besides activities related to some kinds of energy and other correlative or alike.

Besides Brazil, our operations in the oil and gas sector are present in other 16 countries: Angola, Argentina, Benin, Bolivia, Chile, Colombia, United States, Gabon, Japan, Mexico, Namibia, Nigeria, Paraguay, Tanzania, Uruguay and Venezuela. We have no more operations in Peru, where we had been present for ten years, after we finished the transfer of all the shares of Petrobras Energía Perú to China National Petroleum Corporation.



Platform SS-78 in operation in the Sapinhoá Field, in the Santos Basin.

VALUE CHAIN

In 2014, we updated the Basic Plan of Macro Processes Management, which aims to contribute to the strengthening of our integration, aligned with our strategy. The plan's objective is to explain our process management, presenting the value chain and the descriptions of the macroprocesses and also to guide the respective managers in relation to their assignments.

The plan clarifies how our macroprocesses (management, businesses and support) should consider social and environmental responsibility matters, meeting the expectations of our mission.

PRODUCTS AND SERVICES

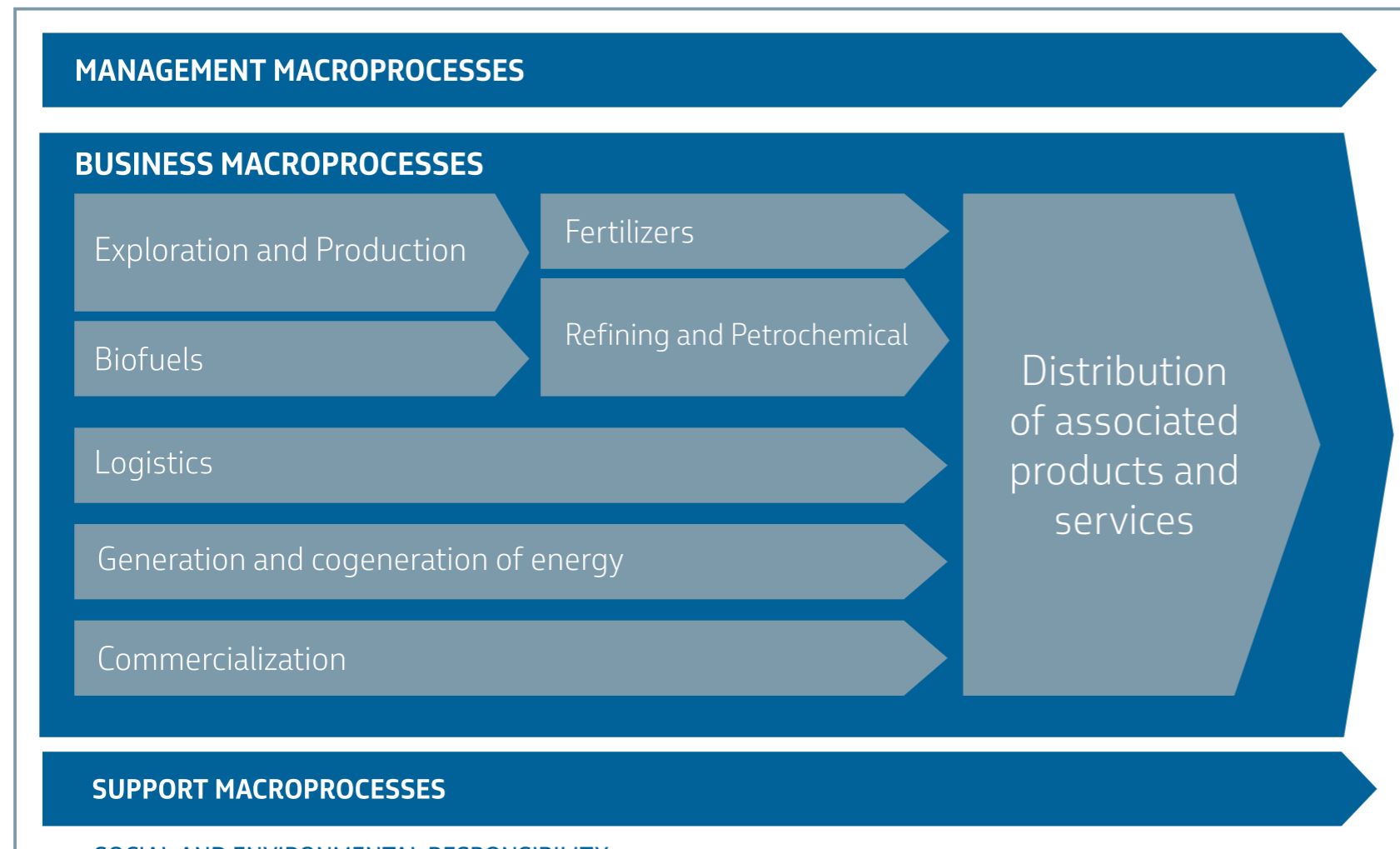
We operate in the following markets: automotive, road transport, industrial, thermoelectric, chemical and oil industry, household purpose, aviation, rail, nautical, waterway, agribusiness, asphalt, fleets, naval, maritime and locomotive. We have shares in companies responsible for the production of basic petrochemicals (ethylene, propylene, benzene etc) and of raw material for the second generation industries that manufacture other products (plastic, rubber etc) used by leading companies in the elaboration of articles for general consumption (packages, tires, paint etc).

We also offer services such as the automated filling fleets, analyses of lubricants and fuel, convenience stores and loyalty programs.

PETROBRAS BRAND

We constantly work the management of our brand, because it is a strategic asset increasingly important in order that we reach our objectives of growth and international recognition. With this in mind, we began a global unification process of our brand. The logo used in Brazil now is used all over the world, substituting the versions used in South America and other countries.

A ranking promoted by the consulting company BrandAnalytics and by the English Institute MillwardBrown showed that we are the fifth "Most valuable brand in Brazil", with brand value of US\$ 3.2 billion. Another equivalent ranking, promoted by Interbrand, global consulting company that creates and manages value of brands, showed us as the seventh brand, with a value around R\$ 6.8 billion.



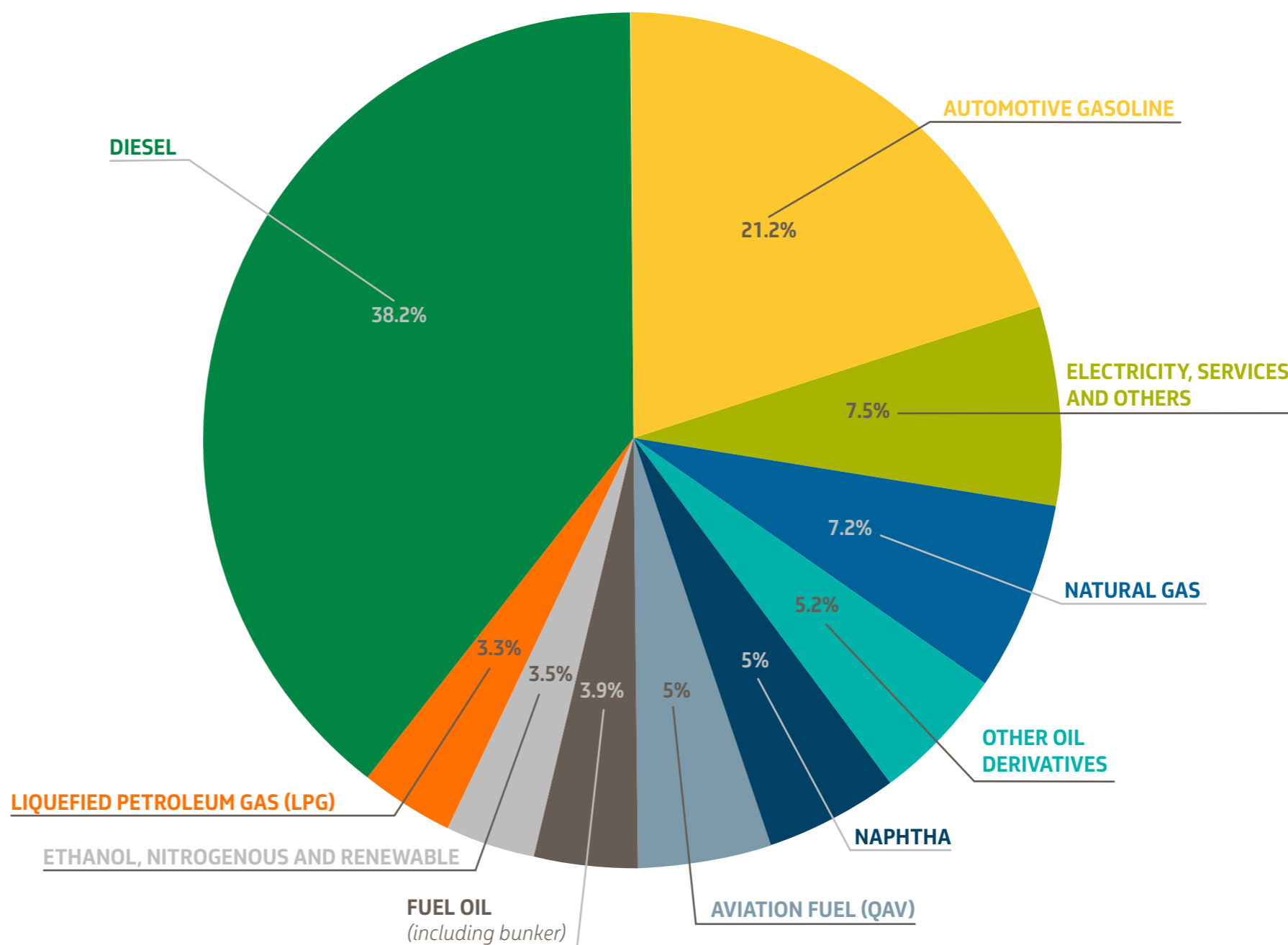
In July, we launched Grid, our new premium gasoline and, in November, Lubrax Feroces, new lubricant for four-stroke engines (common in off-road models that work under severe conditions). Our main products brands are Podium (gasoline and diesel), Lubrax (oil and lubricants), Grid (gasoline), Verana (premium marine diesel) and Flua (Arla 32, product based on urea for diesel heavy vehicles).

Among our services with own brands, we highlight BR Mania (convenience store in our gas stations in Brazil), Spacio 1 (convenience stores abroad), "De Olho no Combustível" (program to assess the fuel quality), "Siga Bem" (benefits net for truckers), Lubrax+ (technological center of automotive lubrication) and BR Aviation Club (loyalty program for aviators).

We also have Premmia, loyalty program that contemplates consumers that fuel in our gas stations, consume in the BR Mania stores and use Lubrax+. Who adhere to Premmia program can choose products and services to accumulate points and exchange for discounts and special conditions and also takes part in exclusive events and promotions.

Two of our brands won in the research Top of Mind 2014, carried out by Datafolha research institute: BR Mania and lubricant Lubrax. The research reveals the most remembered brand in Brazil and the results reflect a stronger performance of the subsidiary Petrobras Distribuidora in the segment of franchise in gas stations.

OUR MAIN PRODUCTS



Percentage calculated on the total sales revenue (local market).

Operational performance

Our proven reserves of oil, condensed and natural gas reached 16.612 billion barrels of oil equivalent on December 31. According to the criteria of classification and appropriation of reserves of the Brazilian National Agency of Petroleum, Natural Gas and Biofuels (ANP) and of the Society of Petroleum Engineers (SPE), this total includes 13.956 billion barrels of oil and condensed and 424.041 billion cubic meters (m³) of natural gas, which represents an increase of 0.3% compared with 2013.

From the total of our reserves, 97.4% are located in Brazil. The growth of the pre-salt proven reserves was of 23% compared with 2013.

With 74 drilled wells (37 onshore and 37 offshore), our exploration success rate was 70%.

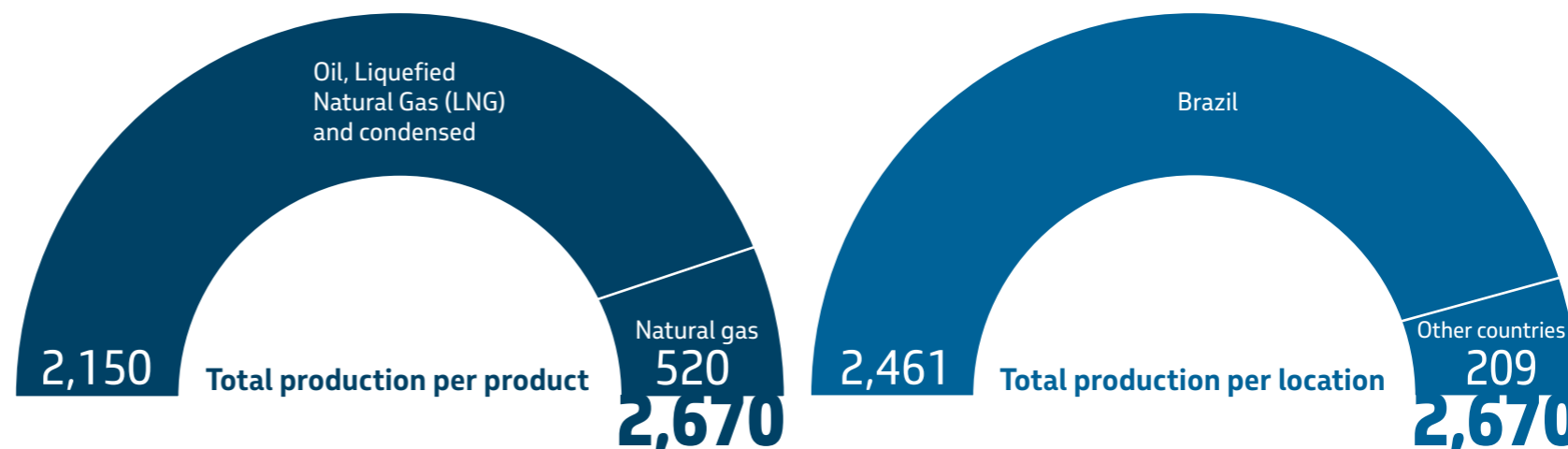
Our reserve replacement ratio was 125%. Our relation between reserve and production reaches 18.5 years, being 19.3 years if we consider only the reserves and production in Brazil.

Our total production of oil and gas in the year was of 2.670 million barrels of oil equivalent per day (boed), 5.1% higher than the volume in 2013. In Brazil, the growth was of 6% and reached 2.461 million of boed.

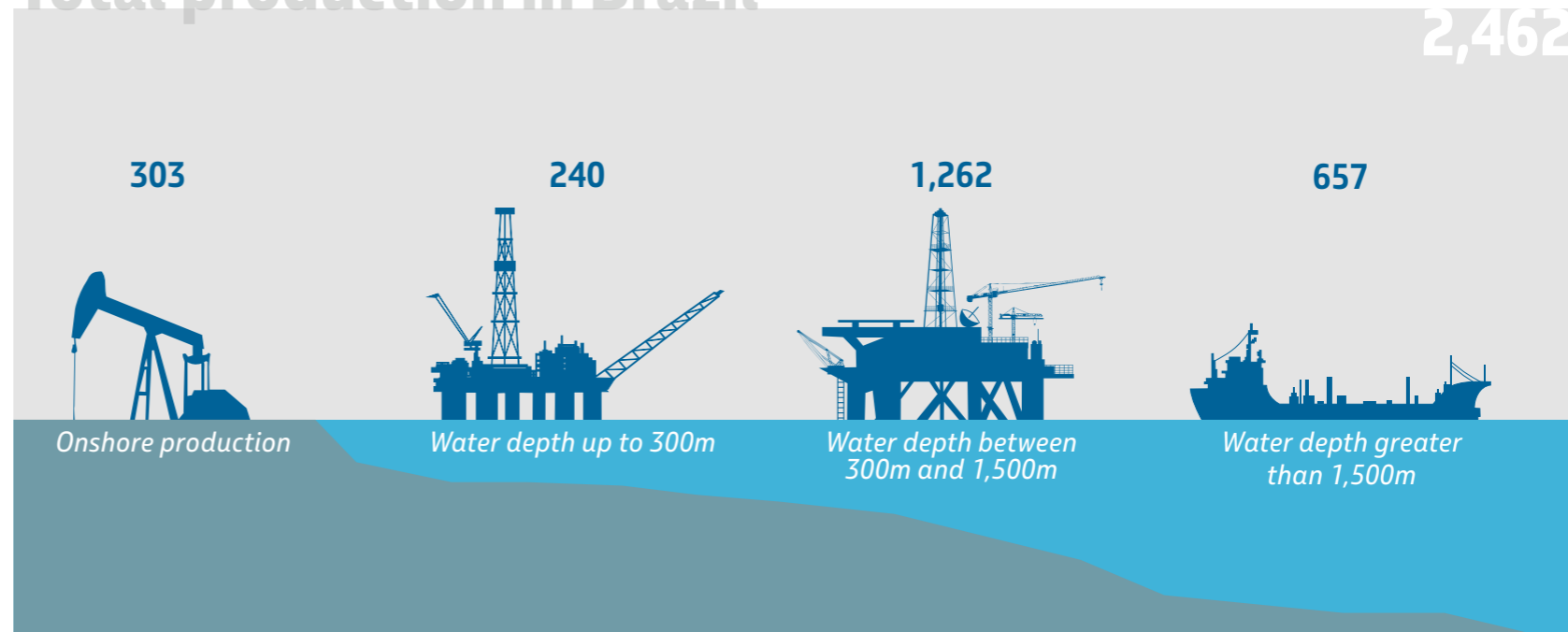
We also highlight the 9.5% increase in the production of natural gas, except the liquefied, reaching 11.8% if we consider only the operations in Brazil.

According to the consulting company Petrodata, we are the company that operates the highest number of production floating platforms (own and chartered) in the world. In December, we accounted 110 units in brazilian coast.

PRODUCTION (thousand barrels of oil per day)



Total production in Brazil



Pre-salt

381	Oil, LNG and condensed	80	Natural gas
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In the refining operations, we produced 2.17 million barrels per day (bpd) of derivatives in our refineries in Brazil, besides 175 thousand bpd in other countries (Argentina, USA and Japan).

In December, the first of the two sets of refining units (rails) of Abreu e Lima Refinery (RNEST), in the state of Pernambuco, started their production. Liquefied petroleum gas, naphtha, diesel and derivatives were generated, which are used in the own refinery's processes. The second rail might start its operations in 2015.

In the Brazilian local market, we commercialized 3 million bpd of derivatives, ethanol fuel, nitrogenous, natural gas and others, while we reached 964 thousand bpd in the foreign market, presenting increases of 4% and 6%, respectively, compared with 2013.

Sales volume (thousand barrels per day)			
	2012	2013	2014
Oil products	2,285	2,383	2,458
Diesel	937	984	1,001
Gasoline	570	590	620
Fuel oil	84	98	119
Naphtha	165	171	163
LPG	224	231	235
Jet fuel	106	106	110
Others	199	203	210
Ethanol fuels, nitrogenous, renewable and others	83	91	99
Natural gas	357	409	446
Total local market	2,725	2,883	3,003
Exportation	554	395	393
International sales	506	514	571
Total foreign market	1,060	909	964
Total general	3,785	3,792	3,967

PRODUCTION OF ELECTRIC POWER AND BIOFUELS

As a consequence of the low levels of the hydroelectric reservoirs, lower than the historic average, there was an increase in the demand of the natural gas thermoelectric plants, operated by the Brazilian Electric System National Operator (ONS). Our offer of natural gas was of 96.1 million of cubic meters per day, 10% higher than the previous years.

We produced 4,637 average megawatts (MWa) of electric power for the Brazilian National Interconnected System (SIN), volume 16% higher than the previous year. Our generating facilities are comprise by twenty-one gas natural or fuel oil driven thermal power plants, own and rented. We also have plants with generation from renewable resources, besides the projects in which we have minority shareholding.

We produce around 263 thousand cubic meters of biodiesel in the three plants operated by our subsidiary Petrobras Biocombustível, 7.8% less than in 2013, due to planned shutdowns in order to adequate to the change in the product specification and to the market downturn.

In May, a Provisional Measure became effective which increased the mandatory addition of biodiesel to diesel in Brazil. The 5% portion of the original composition increased to 6% in July and to 7% as from November. This change aimed to foment the production and the consumption of biofuel and to reduce the diesel imports.

Production of electric power from renewable resources	
Power supply	Generated energy (MWh)
Wind power (onshore)	122,335.9
Small hydroelectric power plants (less than 10 MW)	21,257.8
Photovoltaics (solar)	374.8
Total	143,968.5

The total of 1 MWa of generated power in one year is equivalent to 8,760 MWh.

The biodiesel plants of Petrobras Biocombustível have the Social Fuel Seal, granted by the Ministry of Agrarian Development to plants that promote the social inclusion of farmer families in the biodiesel production chain. The seal ensures the fully participation in the biodiesel market, ruled by ANP.

The areas that comprise our production agreements with farmer families for the production of oilseeds correspond to 19.3 thousand hectares, in six states of the Brazilian semiarid region, developing cultures of castor oil plant and sunflower. We offer in our agreements guarantees of purchase of the production at market prices and technical support, besides the development of actions to disseminate advanced technologies of farm cultivation and management.

Through our subsidiary Petrobras Distribuidora, we acquired 1.43 million cubic meters of biodiesel in auctions whose contracts with suppliers have sustainability clauses and protection of the human rights.

TRANSPORT AND DISTRIBUTION

Responsible for storing and transporting our products, the subsidiary Transpetro counts with a net of 7.5 thousand kilometers of pipelines, around 7.2 thousand kilometers of gas pipelines, 21 inland terminals, 28 waterway terminals and a 54-ship fleet.

The sales of Petrobras Distribuidora amounted to around 57.4 billion liters traded, an increase of 6.9% compared with 2013. We highlight the high demand for fuel oil, due to the more intensive operation of the thermal plants, and the sales of gasoline under the influence of the 5.5% growth in the fleet of vehicles in the year.

With investments in the expansion of airport infrastructure, Petrobras Distribuidora, through BR Aviation, has the largest distribution net in Brazil, operating in 111 airports, fueling around 3 thousand aircrafts per day.

Liquigás traded 1.668 million tons of LPG, reaching the second place in the Brazilian market of this product, with a 22.5% share. The subsidiary maintained the leadership in the segment for domestic use (24% share). In the bulk sales segment, it reached 18.8%.

More information about our operations performance in 2014 can be found in the Report of the Administration.

Regasification vessel docked in the pier of the liquefied natural gas Terminal in the state of Bahia.



Corporate governance

Our corporate governance arises from the exercise of the roles of the Shareholders' General Meeting, Board of Directors, its three committees (Audit; Safety, Environment and Health; Compensation and Succession), Fiscal Council, Executive Board, Internal Audit, General Ombudsman and Business Committee.

Our organization structure comprises the following areas: Presidency; Governance; Risk and Compliance; Corporate and Services; Financial; Engineering, Technology and Materials; and Business (Exploration and Production; Supply and Gas and Energy).

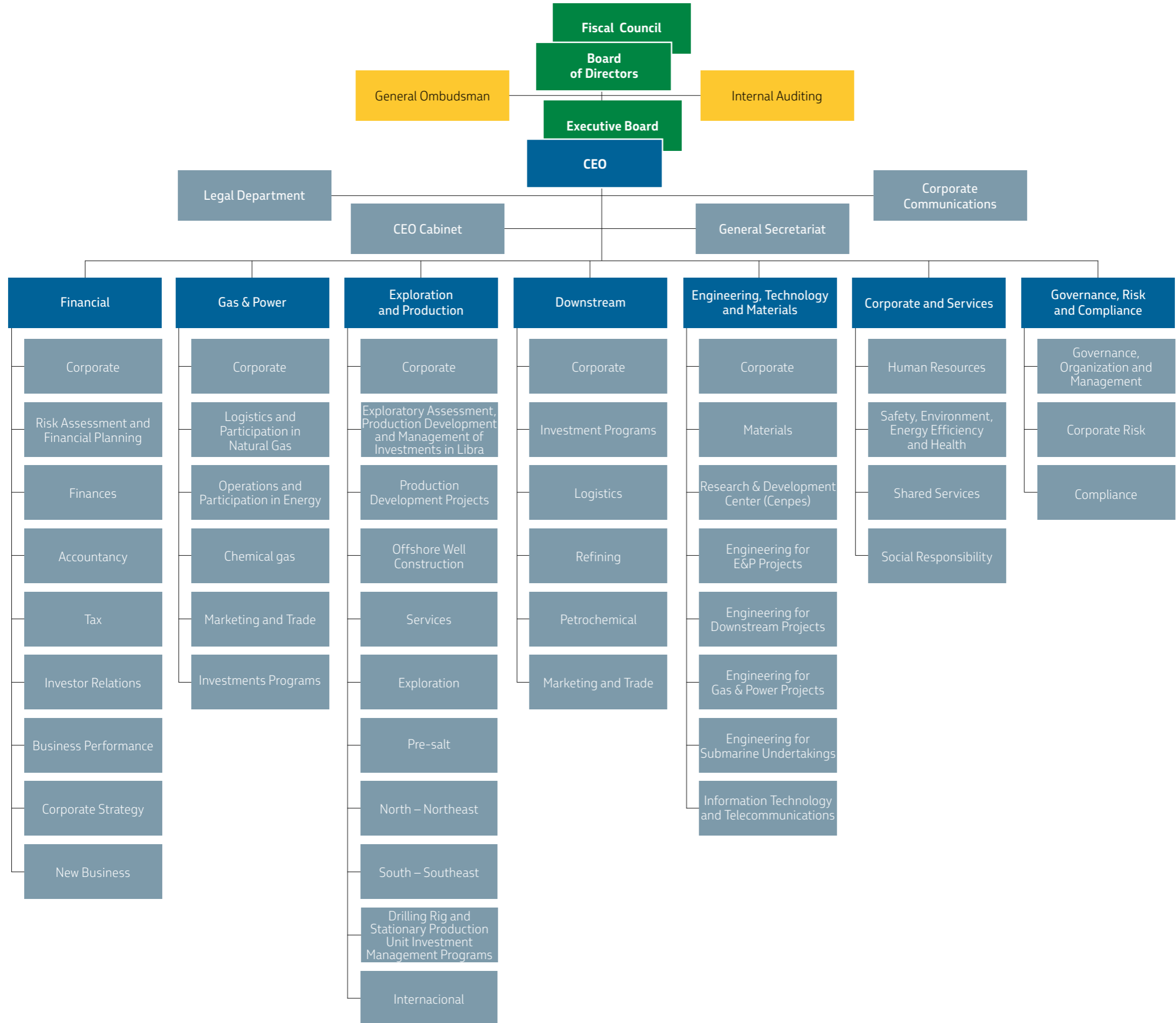
Our Bylaws establishes the competences of the Board of Directors and of the Executive Board. Other document, the Basic Organization Plan, defines powers of the heads of these units in terms of economic, environmental, social and governance issues. Managers report to the Executive Board which, in turn, 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.

The Limits of Competence Table state monetary amounts available for Executive Officers and unit holders in the general structure, in relation to their duties and management, which may be delegated to subordinates. Internal Audit, when carrying out audit related work, verifies, whenever applicable, whether the established limits are being complied with and, when delegated to a third party, attests whether they were carried out according to internal rules.

Members of the Board of Directors are elected at annual general meetings, and the employees have the right to suggest a member in a separate voting, by direct vote. Currently, we 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 owning common and preferred shares and by the employees.



Headquarters building Marechal Adhemar de Queiroz (Edise) facade.



The chairperson of the Board of Directors and Petrobras CEO are roles handled by different people. Our Board must work for diversity in its composition, ensuring that members' professional experience include aspects such as having been a CEO previously, and with background in finances and accounting, energy-sector and national and international markets, among others.

One requirement for becoming a Board member is absence of conflicts of interest. If any member alters their main job after being elected, the Board should be informed in order to review requirements, impediments or any possible conflicts that may arise.

The Board must gather at least once a year, without the Petrobras CEOs presence, to approve an annual activities plan of Internal Audit and the annual report of the Internal Audit activities. The member who represents the employees cannot take part in the discussions and deliberations about issues such as: union relations, compensation, benefits and advantages, including complementary social security and welfare pension.

At the beginning of the mandate, each new member of the Board is invited to take an introductory program that handles topics related to our strategy, organization and business management, and corporate governance. The members of the Board receive documents such as annual reports, minutes of ordinary and extraordinary meetings, minutes of Board meetings, Bylaws and other instruments of corporate governance, and the member is also invited to visit our facilities.

This boarding process may address a wide range of topics, including economic, environmental and social. Furthermore, Petrobras University offers some exclusive courses for Petrobras System Board members.

Critical matters, mainly environmental, health and operational and financial safety may be handed to the Board of Directors through our CEO during collegiate meetings or directly to Board members.

Under Brazilian Corporation Law, the total paid to shareholders is decided in the annual general meetings and the Board of Directors approves Executive Board compensation. Compensation paid to members of the Board of Directors amounts to 10% of the monthly average received by the members of the Executive Board.

We follow pro-competition conduct and good practices codes, as well as the Brazilian Federal Administration's Code of Conduct, whose application is overseen by the Public Ethics Commission of the President's office.

In November, the Board of Directors approved the creation of the Governance, Risk and Compliance Office in order to ensure the compliance of processes and to mitigate risks, such as fraud and corruption, assuring compliance to laws, rules, standards and regulations, internal and external. We will meet with more efficiency the rules of New York and São Paulo Stock Exchanges. The new structure becomes effective in 2015.

Board of Directors Composition

Executive function	The only member of the Board holding an executive position was the then CEO of Petrobras.
Mandate	One year, reelection allowed with no renewal limits
Gender	Two women and eight men
Total members	10

Composition on December 31, 2014.

COMMITMENTS AND PARTICIPATIONS IN FORUMS AND ENTITIES

We are signatories of the UN Global Compact and we participate of its local networks. We are a member of the World Business Council for Sustainable Development (WBCSD) and of the Brazilian Business Council for Sustainable Development (CEBDS), which contribute towards the integration of business sustainability principles.

We collaborate towards the oil and gas sector debate on climate changes, biodiversity, human rights, operational safety and other material related subjects. Towards this, we participate of organizations like the Regional Association of Oil, Gas and Biofuels Companies in Latin America and Caribbean (Arpel) and the Global Oil and Gas Industry Association for Environmental and Social Issues (Ipieca), besides national or local associations that operate in the energy sector, such as the Brazilian Oil, Natural Gas and Biofuel Institute (IBP) and similar institutions in other countries.

We have signatories of the Pro-Gender and Race Equity Program, of the Secretariat of Policies for Women of the Presidency of Brazil, which works towards eliminating prejudice and inequality in the work environment, and also of the National Pact for Eradication of Slave Work and of the Declaration of Corporate Commitment to Combat Sexual Violence against Children and Adolescents.

Strategy

In February 2014, our Board of Directors approved the 2030 Strategic Plan (SP), as well as its deployments in the short and midterms, translated in the 2014-2018 Business and Management Plan (BMP). The next BMP is being elaborated and may result in significant changes in relation to the previous plan, possibly postponing goals and reducing the investments pace.

These changes are mainly due to the expressive variations related to the macroeconomic assumptions of process and market and to the consequences of the investigations of Lava Jato Operation, detailed in the “Ethics, transparency and accountability” chapter.

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 towards 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 stakeholders.

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

CORPORATE GUIDELINES

- » Profitability;
- » Social and Environmental Responsibility;
- » Integrated Growth.

CHALLENGES FOR THE CORPORATE SEGMENTS

» Human Resources (HR)

Have an innovative and flexible human resource model, based on the appreciation of the employees and which contributes to Petrobras’ sustainability.

» Social Responsibility (SR)

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

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

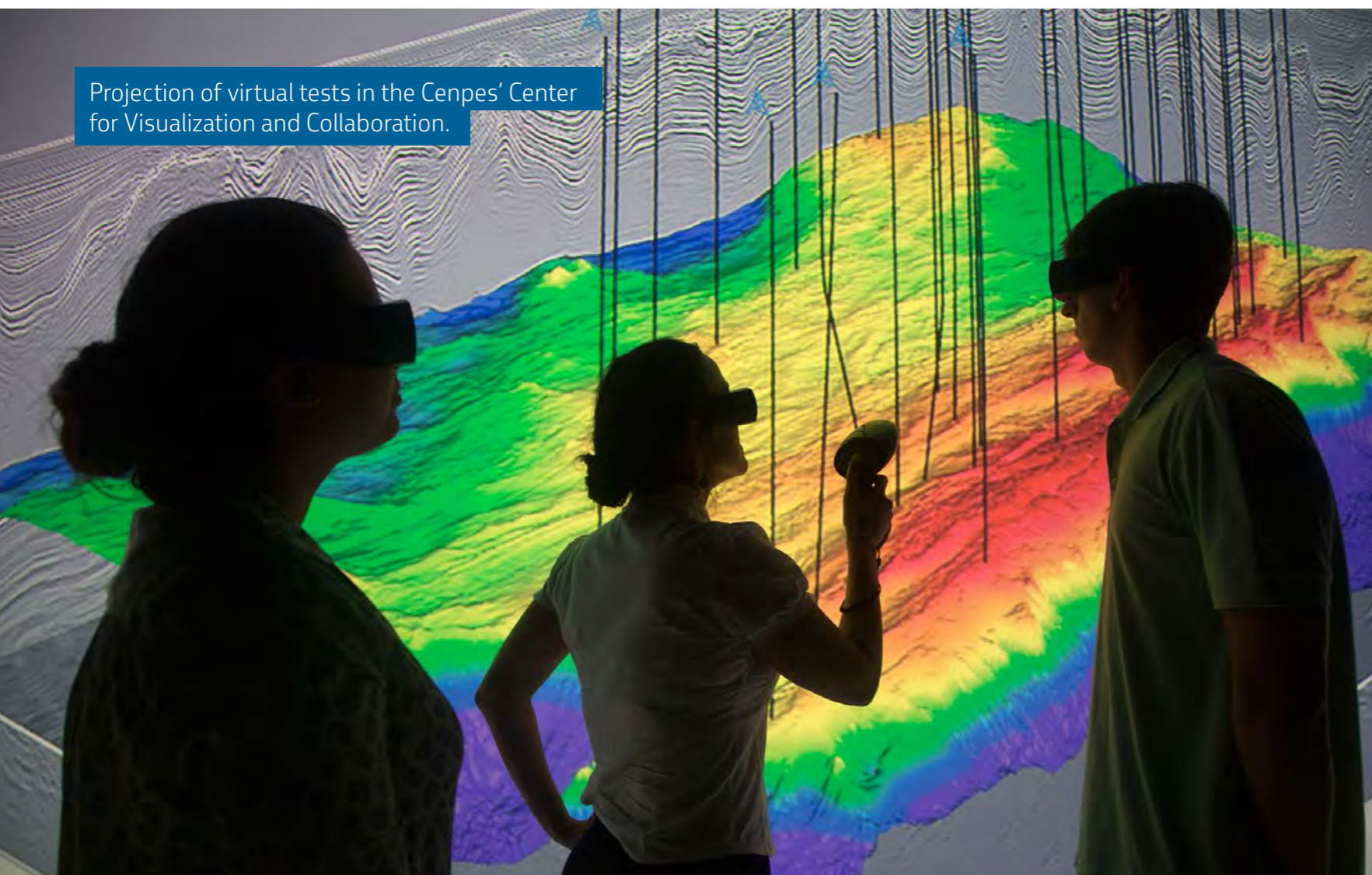
To consolidate HSEE issues as a key principle of the Company’s operations and permanent commitment from the workforce.

» Technology

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

VALUES

- » Sustainable development;
- » Human and cultural diversity;
- » Entrepreneurship and innovation;
- » Ethics and transparency;
- » Integration;
- » Proud to be Petrobras;
- » People;
- » Readiness for changes;
- » Respect for life;
- » Results.



Projection of virtual tests in the Cenpes’ Center for Visualization and Collaboration.

SOCIAL RESPONSIBILITY MANAGEMENT METHODOLOGY IN INVESTMENT PROJECTS

As one of the actions focused on our challenge of ensuring social responsibility alignment and integration in the decision processes and in business management, we developed a methodology to social responsibility management in investment projects. The objective is to allow identification, analysis, treatment and monitoring of social risks from the initial phases of planning of these projects, characterized by their strategic nature and demand of great financial resources.

The methodology implementation stage is in course and will last three years from 2015 and on. The Investments Committee will choose the projects that should immediately apply the methodology and will define compliance deadlines for the other projects.

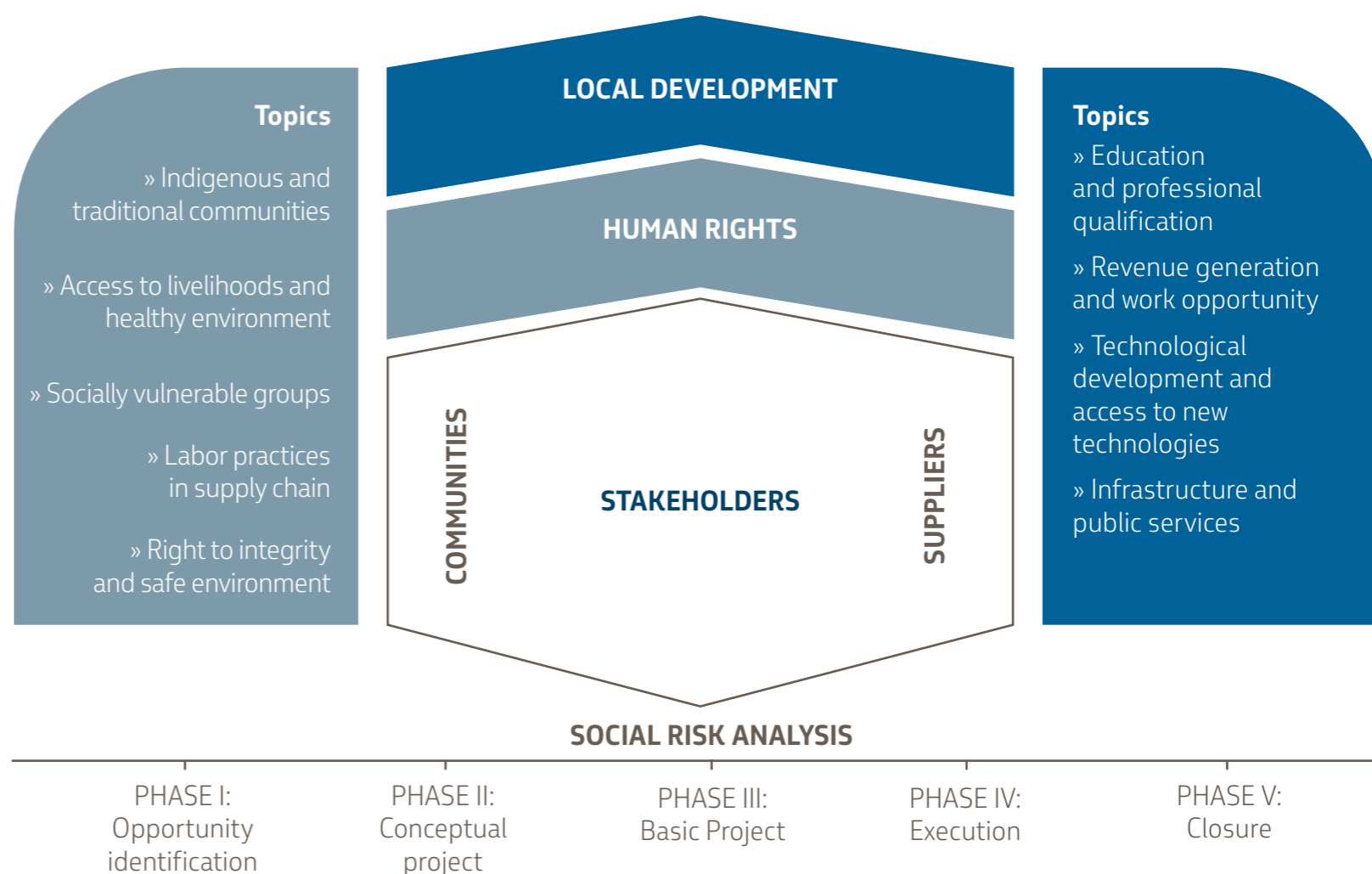
This methodology offers to the project leaders tools and guidance to assist in making decisions that contribute towards establishing the enterprise in the intended location, which sums to the technical and economic analyses. Issues related to social responsibility will be systematically identified, observed and integrated during the projects management and will interact with the Safety, Environment, Energy Efficiency, Health and environmental licensing actions.

A guiding document establishes the conceptual and methodological principles for integration of social responsibility management in all the project phases and it is supported by five guidelines that cover: social context characterization; social risk identification, analysis and handling; relationship with the community; social responsibility integration into the supply chain; and social and environmental projects in social risk handling. Based on these guidelines and tools, the Social Responsibility Management Plan consolidates information for social responsibility integrated management, including objectives, strategies and justifications for proposed actions in a sole document.

Within the investment project scope, the social responsibility management splits into two dimensions (Human Rights and Local Development) and ten topics for prioritization and handling of social risks and social responsibility integration.

According to the methodology, each phase of an investment project life cycle is submitted to a social risks management process (process based on the ISO 31000 standard), comprising the identification activities, qualitative analysis, response planning, monitoring and control. At the end of each of these three planning phases (opportunity identification; conceptual project and basic project), the project is assessed in different dimensions, one of them being identified social risks, and so it is decided if it should be continued, cancelled, postponed or recycled.

SOCIAL RESPONSIBILITY DIMENSIONS AND TOPICS



Risks management

When the Governance, Risk and Compliance Officer was created in November, we began the planning of the three executive managements now part of the new structure. In February 2015, the Business Risks Management incorporated Risks Management, which previously belonged to the Strategy area.

The mission of this new executive management is to strengthen an integrated view of business risks through identification, evaluation, monitoring and management of relevant risks, with many areas and Petrobras System's companies, reporting to the Executive Board and to the Board of Directors the effect of the main risks in results and investment projects.

To ensure efficiency of the topics management, we have structures for identification, definition, handling and monitoring of local risk matrices.

SOCIAL RISK IN INVESTMENT PROJECTS

For investment projects, social risk was defined as an uncertain event arising from interaction between project activities and the surrounding communities and other stakeholders. Social risks may affect the objectives of an investment project (cost, scope, schedule and quality) positively or negatively.

The methodology for social responsibility management in investment projects (presented in the Strategy chapter) will operate in mitigation of social risks identified in each investment project. Such risks will be part of a matrix of project's social risks and their respective handling actions will be included in the Social Responsibility Management Plan.

The analysis of the Social Responsibilities dimensions and topics aims to anticipate the identification of social risks in the relationship with the communities, in the suppliers' practices and in the relationship with the other stakeholders, besides the development of the social potentialities associated to the business and development of a positive legacy for the community.

The commitment to respect Social Responsibility dimensions makes us endeavor to prevent or mitigate the negative impacts directly related to the operation, production or services provided by our commercial relations, including in the cases in which we do not contribute for the generation of the identified negative impacts.

Information about environmental risks will be presented in the "Environmental Strategy" chapter.



Control room of the Cacimbas gas treatment unit.

Ethics, transparency and accountability

Our General Ombudsman's Office is responsible for receiving denouncements, complaints, consultations, authorization requests, opinions, suggestions and compliments of our stakeholders about numerous issues, including related to non-ethical behavior incompatible with legislation and matters related to the organizational integrity. Contacts may be done personally, by telephone, fax, letter, e-mail, post boxes or through the local ombudsman's offices. We also have dedicated channels, such as:

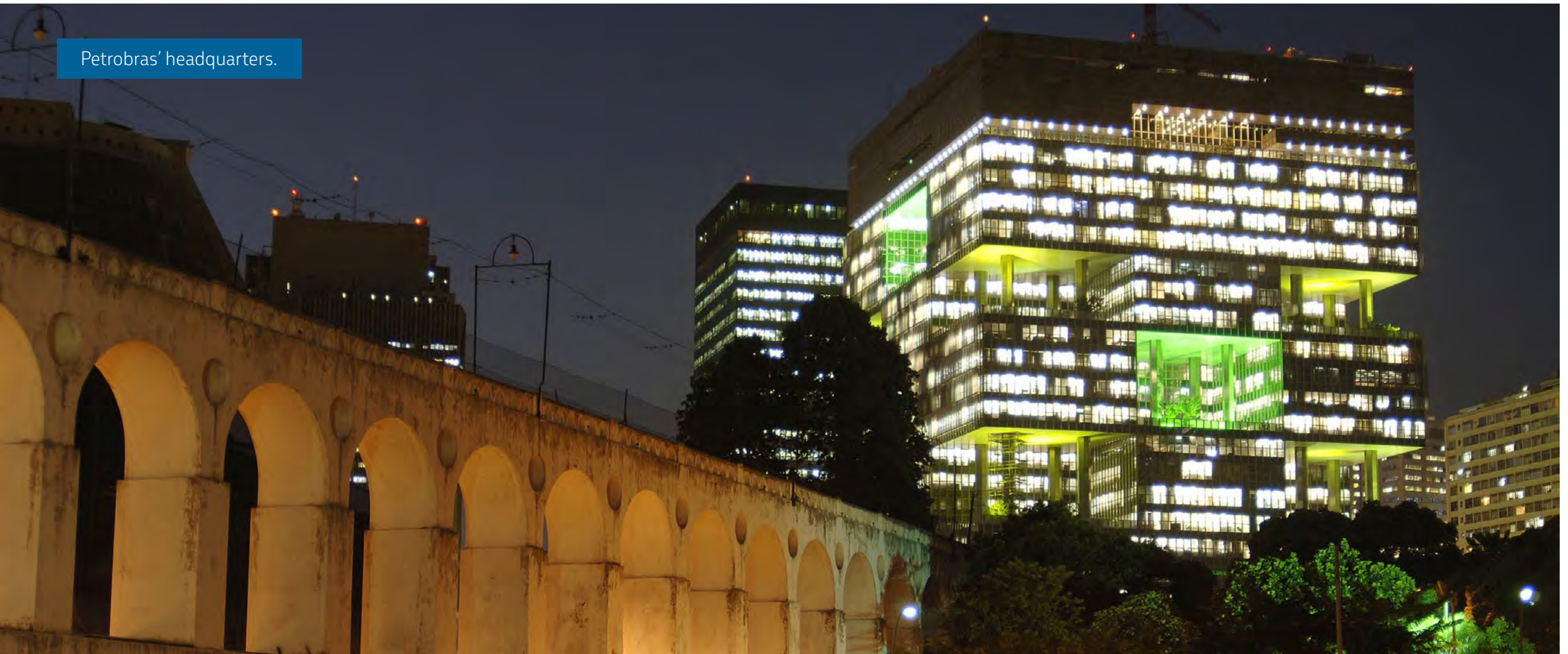
» **Denouncement Channel:** for denouncement made exclusively by internal public, according to the governance guidelines and requirements of the Sarbanes-Oxley (SOX) law.

» **Citizen Information Service (CIS):** responsible for receiving, through an Internet page, information request from citizens, in compliance with the Access of Information Law. This service can also requested personally in the 35 service desks and 18 local ombudsman's available offices.

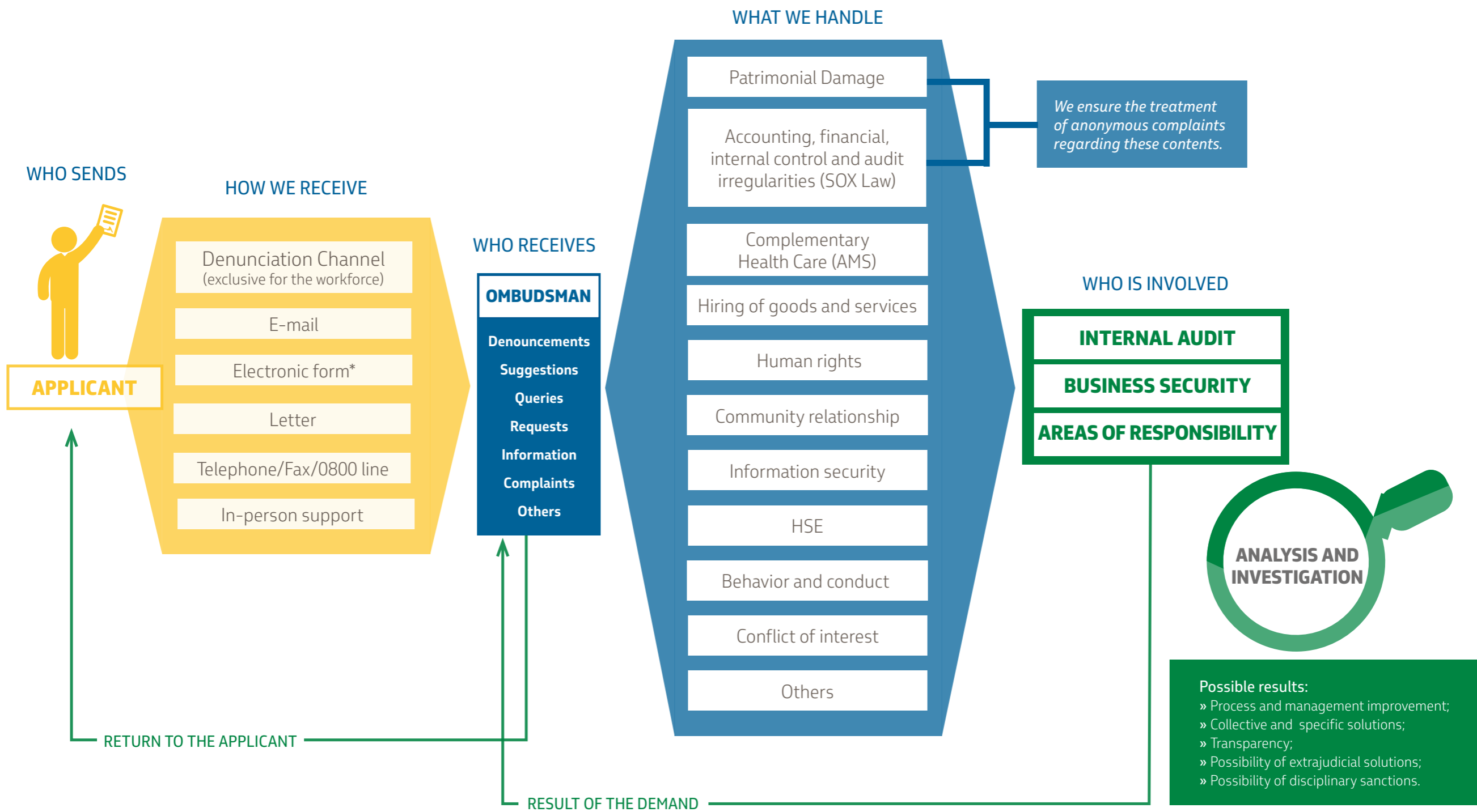
AMS Ombudsman: supports beneficiaries in their requirements regarding AMS, the health care we operate.

The denouncements and complaints we receive through our ombudsman are handled and gathered in six-monthly reports sent to the Board of Directors, through the Executive Board, to the Audit Committee and to the executive managements of the corporate areas.

Petrobras' headquarters.



DEMAND SERVICE FLOW



* Includes Contact Ombudsman, AMS Ombudsman and Citizen Information Service (SIC).

PETROBRAS' CORRUPTION PREVENTION PROGRAM

Approved by the Executive Board in 2013, the objective of the Petrobras' Corruption Prevention Program (PPPC) is to reinforce the prevention, detection and correction of fraud and corruption acts, through the integrated management and the improvement of actions and controls of our governance structure.

Together with the other areas of our organizational structure, the PPPC is managed by the General Management of the Internal Audit Controller. The area is responsible for monitoring the compliance risks related to fraud and corruption and present to top management the actions carried out within the program.

To reaffirm our commitment to ethics, transparency and zero tolerance to fraud and corruption in our business activities, in December, we launched the PPPC Manual, which combine the main concepts and measures adopted by the program.

Destined for our many stakeholders, such as customers, suppliers, investors, partners, public power, direct employees, service provider companies employees, the Manual covers, in 18 topics, key issues for the strengthening of the relationship in the implementation of our activities, such as the relationship with third-parties, disciplinary regime, conflict of interests, support and contributions to political parties and denunciations, complaints, requests, suggestions and compliments channel.

Furthermore, we carried out a training plan oriented to fraud prevention and combat, with common topics (to all employees

in the many hierarchical levels) and specific topics (to those who develop activities with higher exposure to fraud and corruption risk). The program is assessed periodically as to verify its efficiency and compliance with laws and to identify improvement opportunities.

Our Ethics Code points out the main ethical principles and the conduct commitments that guide our actions. One example provided by the document is that support or contributions to political parties or political campaigns, directly or indirectly, whether with cash or material, must not occur.

Approved in November by the Executive Board, our Conduct Guide present practical deployments of the Ethics Code of Petrobras System and of other normative documents and it covers the members of the Board of Directors, Fiscal Council, Executive Board, managers and employees. Supplier or service provider companies must also respect the provisions of this document.

Within the context of Petrobras' Corruption Prevention Program, we are working to correct the internal controls of material weaknesses related to communication of the ethical values described in our Ethics Code and Conduct Guide and to the complaint program for the appropriate and opportune identification and treatment of the ethical conduct deviations. We present more information about the implemented actions in items 10.6 of the Reference Form and 15 of Form 20F.

Some of the requirements of our Conduct Guide are:

- » "Do not imply, request, demand or accept, nor offer, promise or give any kind of favor, advantage, benefit, donation, gratuity or bribe, for the benefit of yourself or another person, in exchange for actions by yourself or third parties."
- » "Reject and report situations of fraud and corruption, of any kind, direct or indirect, active or passive, whether or not involving monetary values."
- » "Do not imply, request, accept or receive kickbacks, bribes or any other improper advantages.";
- » "Do not imply, promise, offer or pay kickbacks, bribes or any other improper advantages."

The PPPC Manual, Ethical Code of Petrobras System and the Petrobras' Conduct Guide were published in our webpage and are available to our stakeholders.

OTHER ANTICORRUPTION MECHANISMS

Seeking greater control, the Fiscal Council recommended to top management, in June, a review of the procedures related to the bidding processes. We therefore elaborated a plan, with the consulting company Bain & Company, aiming to identify fraud and corruption risks and the respective controls, and we also proposed recommendations to mitigate uncovered risks.

The project was divided into two stages and its scope was the evaluation of the processes of "Management of Suppliers Basis", "Management of the Register of Goods and Services" and "Hiring Management" (divided into ten sub-processes from a total of 20 in the macro-process "Provide Goods and Services"), resulting in the identification of 49 potential fraud and corruption risks, with 32 considered as priority to mitigation.

After this stage, 82 possible actions were recommended as additional control to mitigate the prioritized risks and 28 indicators were suggested to monitor the risks and to implement the created controls. It is expected that the work is extended to the processes of "Demand and Categories Management" and "Logistics Management" and for other macro-processes related to fraud and corruption practices, such as "Trade of products", "Partnerships" and "Related parties".

A Correction Committee will be connected to Governance, Risk and Compliance Director, and will be responsible to establish rules to apply disciplinary sanctions in case of fraud and corruption detected in the Internal Inspection Commissions and in the Commissions for Analysis of Application of Sanctions, as well as for the monitoring, control and compliance in the application of disciplinary sanctions.

We trained 1,283 professionals, through inserting the fraud and corruption prevention topic in courses offered by Petrobras University. We also offered specific lectures to disseminate the topic in various areas and units, reaching more than 400 employees.

We identified six lawsuits and two inquiries related to corruption. All the lawsuits were proposed by the Public Prosecutor's Office, in which Petrobras is presented as victim. One inquiry and five lawsuits comprise the Lava Jato Operation and are related to crimes such as corruption, money laundry and criminal organization. The other suits are related to bidding crime and corruption.

We have also registered two lawsuits proposed on the basis of supposed anti-competitive conduct, both to be judged by the State Courts of Rio de Janeiro when this report edition was being closed. One of them was filed by Companhia de Gás de São Paulo and it is still in the stage of proves presentation, with no amount definition in the request. The second lawsuit was filed by Refinaria de Manguinhos and the indemnity request amounts of R\$ 935 million. The lawsuit is being appealed.

With regard to the transparency and corruption combat, we are committed to the Brazilian Business Pact for Integrity and Against Corruption, in Brazil and abroad with the Extractive Industries Transparency Initiative (EITI) and with the 10th Principle of the United Nations Global Compact. Besides acting in the Work Group of the 10th Principle, we have adhered to Call to Action: Anti-Corruption and the Global Development Agenda, a collective action in which private companies are invited to reaffirm their commitment with the principle and to request to governments the promotion of measures to combat corruption and the implementation of solid policies of good governance.

Employees trained on fraud and corruption prevention in courses offered by Petrobras University distributed by functional category

With management function, assistants and consultants	377
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Without management function	906
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- » This refers to training carried out in the second semester of 2014, when the activities of the General Controlling Management began its activities.
- » The participations were distributed as follows: education course (46.4%); various lectures (27.6%); integration of new managers (16.8%); management and audit in service agreements for managers and inspectors (6%); corporate governance course for Fiscal Council (2.2%); and basic corporate governance course for the Board of Directors (1%).

LAVA JATO OPERATION

In 2009, the Brazilian Federal Police began an investigation called "Lava Jato Operation", aiming to verify money laundry practices by criminal organizations in many Brazilian states.

During 2014, the Public Prosecutor's Office focused part of its investigations on irregularities involving suppliers and contractors responsible for the provision of goods and services to Petrobras. This investigation revealed that there is scheme of undue payments to political parties, political agents and others, including some ex-employees of Petrobras.

In March, the ex-Supply Director Paulo Roberto Costa was arrested and, later, indicted for money laundry and passive corruption. Others of our ex-executives, Renato de Souza Duque (Ex-Services Director), Nestor Cerveró (Ex-Director of the International Area) and Pedro José Barusco Filho (Ex-Engineering Executive Manager), and executives of companies that provided goods and services to Petrobras have been or might be charged as a result of the investigation.

Some involved people entered into plea bargains with the Public Prosecutor's Office, among them Paulo Roberto Costa e Pedro José Barusco Filho, whose testimony became public.

We have monitored the investigations and effectively collaborated with the work of the Federal Police, Public Prosecutor's Office, Judiciary, Federal Court of Accounts (TCU) and Comptroller General of the Union (CGU) so that all crimes and irregularities are investigated. We have answered to more than a hundred requests for documents and information carried out by the investigators.

We have also fully collaborated with the investigation of the Securities and Exchange Commission (SEC), which has been investigating, since November, potential violations of North-American laws due to information raised in the Lava Jato Operation.

We are officially recognized as victims of the crimes verified by the investigators of Lava Jato Operation and by the judge responsible for the trial of the lawsuits related to the case. Therefore, we entered into the criminal prosecution as assistant prosecutors and renewed our commitment to continue cooperating towards the clarification of the facts and to regularly communicate them to our investors and the general public.

Until this edition of the Sustainability Report was closed, Lava Jato Operation had not been finished. We will present in our Blog Fatos e Dados possible results that are related to Petrobras.

We do not tolerate any corruption practice and we have taken many measures, considering the facts investigated in the Lava Jato Operation.

Following the recommendation of the Audit Committee of our Board of Directors, in compliance with the best international practices, and of PricewaterhouseCoopers (PwC), in October, we hired two independent offices to conduct an internal investigation.

Practices of illegal acts involving our employees are inadmissible and we are constantly seeking to improve our corporate governance system to avoid these actions, such as the creation of Governance, Risk and Compliance Director position, whose mission is to ensure the procedural compliance and to mitigate risks in our activities, including of fraud and corruption.

The new director João Adalberto Elek Junior, who took office in January 2015, has become a member of the special committee that will perform independently and respond directly to the Board of Directors, as interlocutor of the investigations conducted by the law offices

Gibson, Dunn & Crutcher LLP and Trench, Rossi e Watanabe Advogados. This committee is comprised by other two representatives, independent and with notorious technical knowledge: Ellen Gracie Northfleet, retired minister of the Federal Supreme Court, internationally recognized as jurist with broad experience in complex legal issues; and the German Andreas Pohlmann, who works in the compliance and corporate governance areas.

To ascertain evidences or occurrences that may be characterized as non-compliance to corporate standards, procedures or regulations, we constituted investigation internal commissions, which results we presented to the Brazilian authorities.

In December, we established commissions to analyze the application of sanctions and we provisionally carried out a precautionary blockade of companies that comprise the economic groups mentioned in testimonies of the Lava Jato Operation as members of a cartel, preventing that they compete in our biddings and contract with us.

To widen our response to the acts carried out against us, we have required access to the full content of the plea bargains and of the inquiries established by the Federal Police to investigate possible crimes occurred and we have adopted the position of prosecutors' assistant in the criminal lawsuits already filed. Furthermore, we have been taking the necessary measures to recover the damages suffered because of these acts, including those related to our corporate image.

More information on Lava Jato Operation can be found in Note 3 of the Financial Statements, in Formulário de Referência (available only in portuguese) and in Form 20F.

SBM

After we received the denunciations of supposed bribe payments by SBM Offshore (SBM) to one of our employees or ex-employees, in February 2014, we created an internal investigation commission, which did not identify facts or documents that proved any undue payments to employees or ex-employees of Petrobras. SBM itself affirmed, in April, that it had not found out any evidence of improper payments.

To contribute to the investigations, we delivered to the competent public authorities the conclusions of this internal commission and also information that came up after this work, such as the declaration of SBM's CEO that the Dutch Prosecutor's Office had confirmed transfer of amounts from an account owned by the SBM's commercial representative in Brazil to an employee or ex-employee of Petrobras, not identified.

We suspended the participation of SBM in our bidding processes until the end of the official investigations. Meanwhile, we keep on investigating evidences of improper acts and collaborating with the authorities that investigate the case.

Our stakeholders

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

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

Our stakeholders are identified and defined in the Integrated Communication Plan (PIC) and, from the exam and knowledge of the demands of each of them, we can verify expectations, opinions, dependence level, participation and influence in each one of our performance areas. Besides bringing the concept and classification of each category, PIC contains the brand positioning, the corporate identity attributes and the communication strategic objectives, built through diagnosis that combines our business objectives and information from researches with stakeholders.

To deeply know the image and reputation issues relevant to our stakeholders and also to the public opinion, we use our Corporate Image Monitoring System (local acronym Sismico).

ENGAGEMENT AND RELATIONSHIP PROGRAMS

We seek to deeply know the opinion, expectations and perceptions of our stakeholders, in order to help in the decision making process and in the development of communication and relationship practices. We count on a series of actions that constitute consultation processes and analyses of interest issues that we have in common with our stakeholders.

We highlight the importance of relationship channels such as the Customer Service (SAC), the website and the phone of “Canal Cliente” and the Ombudsman, whose received demands are directed to each area. The Customer Service Central concentrates all the manifestations of the stakeholders, received by any venue (phone, fax, e-mail or Petrobras website). We also highlight the blog Fatos e Dados, channel to disclose recent information that makes our position public regarding topics related with our performance.



THE MAIN FORMS OF RELATIONSHIP WITH OUR STAKEHOLDERS

» Clients

Exclusive website that makes electronic commerce easier and integrates our commercial and operational processes;

» Scientific and academic community

Communication actions focused in partner universities and institutions; thematic networks with strong investments in labs and universities all over the country; “Espaço Conhecer”; programs of relationship with students and sponsors of science and technology initiatives;

» Communities

In our influence areas, we maintain permanent dialogue with communities promoting meetings, discussion forums and public hearing, carried out during the environmental licensing process, involving the participation of the communities in the discussion about the construction of our enterprises. We also develop the “Programa Petrobras Agenda 21”, the refineries’ community committees and the Social Dialogue of the Petrochemical Complex of Rio de Janeiro (Comperj). We also sponsor many social, cultural, environmental and sports projects that serve areas near our units, which contribute for the social inclusion of the local communities;

» Consumers

Customer Service (SAC); campaigns; digital communication actions and promotions focused on products and services. We also have the Petrobras Premmia loyalty program, in which our consumers accumulate points when they acquire products and services in our gas stations net, BR Mania convenience store and Lubrax oil change;

» Suppliers

Actions of driven communication; events and conferences; digital portal for purchase and sale operations; and relationship actions connected to incentive programs;

» Press

Meeting the media requests; producing and publishing notes; press conferences; courses about the energy industry to journalists; and the “Agência Petrobras” portal, which in 2014 was considered one of the three best online media rooms in Brazil. The research, carried out by the agency Imagem Corporativa, considered the one hundred largest companies operating in the country;

» Investors

Own website; e-mail service alert of announcements and relevant facts; specific phones and e-mail; “Petrobras em Ações” newspaper; reports such as Form 20F, Report of the Administration and Reference Form. As well as Panorama and Fact Sheet publications, which consolidate our main information;

» Civil society organizations

Caravans and specific hotspots to clarify doubts and guide in the elaboration of projects during the processes of public selection for new initiatives to be sponsored, and also the systematic attendance through letters, and meetings and periodic gatherings;

» Public power

Systematic monitoring through periodic agreements and many contacts with government entities, such as the Ministry of Mines and Energy;

» Internal public

Petrobras Portal (intranet that contemplates our internal websites in only one environment); Petrobras magazine; Web TV; “Conecte” (internal social network); internal relationship campaigns and actions; and HSE daily dialogues (“Diálogos Diários”). There is also the Monitoring Commission for elaboration of the Labor Collective Agreement;

» Retailers

“Jornal do Revendedor”, for resellers, and “Linha de frente” newspaper, for professionals that work in service stations in field activities, lubrication or in convenience stores.



After service payment, the grading of our relationship program Petrobras Premmia is instantly computed.

To have a closer and more consolidated relationship with the press, and to recognize the media importance, we launched the “Prêmio Petrobras de Jornalismo”. The action aims to stimulate the professionals in the development of articles that positively contribute to society. The award will contemplate the best regional and national stories, and the best international, in the areas of culture, sports, social and environmental responsibility, oil, gas and energy, beyond photojournalism.

Our profiles and pages in social networks are used to intensify the relationship with the Petrobras brand and to reinforce our position about strategic themes, and they are open to comments, which allows for dialogue with us.

In addition to our website, which has 1.3 million views per month, and the blog Fatos e Dados, which receives approximately 78 thousand visits per month, we highlight other communication channels with our stakeholders:

Channel	Content	Approximate accesses
Youtube	Exhibition of audio-visual content produced by the company	9 million views
Facebook	Daily interactions and dissemination of messages by the stakeholders	1.5 million fans
Google+	Helps in the brand positioning, seeking mechanisms and also amplifies the content dissemination in the net	748 thousand followers
LinkedIn	Connection with professionals interested in information about the oil and gas industry; disclosure of news and positive impact of our performance in the market	420 thousand followers
Twitter	Direct communication with stakeholders; it concentrates the higher number of daily mentions of Petrobras	137 thousand followers
Instagram	Connects the company to image enthusiasts, placing the brand in contact with stakeholders that prefer an inspiring visual language	4.9 thousand followers

MAIN DEMANDS AND ADOPTED MEASURES

The demands received by SAC related to sustainability issues comprise topics about social projects implantation, donations and financing of local NGOs, events sponsoring, operation unit visit requests and complaints about possible impacts, such as odor, noise, risks to people and facilities. Within the Comperj area, we receive demands about construction impacts, such as: dust, damage to properties due to transit of truck, vehicles of outsourced companies in high speed, among others. These demands are analyzed and sent to be handled by the respective areas of responsibility and, later, we send an answer to the requester.

The main worries of investors were related to operating and financial results, to governance and to our Business and Management Plan. The shareholders’ deliberations are carried out in the meetings throughout the year for topic approval. To disclose the Plan, we carried out phone conferences/webcast, corporate visits, fairs, seminars and lectures with banks and brokerages.

There were also worries after the reports were published involving the name of Petrobras from non-official information obtained in the

testimonies of the Federal Police’s Lava Jato Operation. We have continuously provided information to society as a whole through our website, press releases, answering the media and communicating relevant facts.

We were also summonsed due to collective lawsuit before the U.S. Court. Investors that purchased our shares claimed they had been damaged once the price of the shares have devaluated because of the corruption cases. Our defense is being made through specialized American law office and we have collaborated with the investigations conducted by the public authorities in Brazil and other countries.

We monitored the mentions about Petrobras in the social media. The issues mentioned are related to uncertainty about readjustment in fuel prices, disclosure of results, agreements costs to purchase the Pasadena refinery, exploration in indigenous areas in the Amazon and corruption in the company. The notes and responses provided were made available by Agência Petrobras and the blog Fatos e Dados, clarifying our positions about the topics covered.

Research and development

We invest R\$ 1.7 billion in our Leopoldo Américo Miguez de Mello Research and Development Center (Cenpes), which ended the year with a portfolio of 752 research and development (R&D) projects. Through collaboration, via Cenpes, we have contacted more than one hundred universities and research institutions, investing R\$ 449 million in national institutions of Science and Technology in the R&D area with emphasis on oil and gas. This investment complies with the ANP resolution which determines the investment in research and development of 1% of the gross revenue of certain production fields.

Currently, in the developed research projects following the thematic networks models, we have 49 of them, located in all Brazilian regions. Since 2006, we signed more than 3 thousand research and development agreements and invested R\$ 4.2 billion to be in compliance with the ANP regulation. The definition of the themes covered by the networks is established according to the drivers of our technological system, worked within strategic technological committees and operating technologic committees.

In the last years, Brazil has become attractive for some suppliers of goods and services of the energy industry, mainly due to the investment in the pre-salt layer. Companies interested in developing technology founded research centers in partnership with Brazilian science and technology institutions. Four big companies, with whom we sign 32 cooperation agreements, founded their centers in the technological park of the Federal University of Rio de Janeiro, near Cenpes.

In the end of 2013, we concluded the review cycle of the technological direction, which proposed focuses related to the exploration and production, supply, transport and distribution; biofuels; petrochemical; gas and energy; transversal and sustainability; and vision of the future. Based on this set of topics, we elaborated technological challenges that guided the choices of the projects for the cycle which begun in 2014.

Number of thematic networks

Production	14
Refining and Petrochemical	13
Exploitation	6
Materials	5
Environment	4
Gas and Energy	3
Advanced computing	2
Technological management	1
Bioproducts	1



R&D TOPICS

Among the researches related to sustainability, we highlight projects of CO₂ removal from natural gas in pre-salt fields, hydrogen sulphide (H₂S) removal from natural gas and the integrated study of H₂S sequestrants in the oil and gas productive chain.

Our R&D projects portfolios are structured in technological programs related to the following areas: Exploration; 3D Basin Modeling; Refining (focused on maximization of average derivatives and gasoline); Innovation in Fuels and Lubricants; Transport; Biofuels; Optimization, Reliability and Energy Efficiency; Natural Gas; Reduction of Emissions; Treatment, Reuse and Minimization of Water Consumption; Development of the Production of Pre-Salt Reservoir; Advanced Recovery of Oil; Deep Water; Logistics; and Management of CO₂ in the Pre-Salt Development.

We highlight the following R&D and basic engineering results:

To measure the performance of the projects portfolios, we monitored the critical milestones, defined as significant events that characterize a stage of the technological development.

- » First interpretation of 4D data from the permanent seismic acquisition system of the Jubarte field (Campos Basin). The work resulted in a location change of a producing well, aggregating 6 million of barrels of oil to the foreseen production, with an equivalent gain of R\$ 156 million.
- » More accurate determination of the acidity of the injection water produced for the pre-salt reservoirs, through laboratory tests and numerical modeling. With this, it was possible to select more adequate metallurgy materials to reduce costs. The estimated economy is R\$ 112 million only in wells of development projects of the Onerous Transfer.
- » Use of downhole electro-hydraulic disconnect tool in the Carapeba II Field (Campos Basin), reducing in 25% the production column replacement time in wells with intelligent completion. The estimate of reduction is four days in the intervention of 150 similar wells prospected for the Santos Basin in the following years, saving US\$ 3.4 million per well.
- » Development of redirection method of gas injection into the production column in well with gas lift, allowing cargo loss reduction in the gas injection point, with production gains of 2% to 3% in medium and high flow wells.

- » Development of improvements in the fractioning process in vacuum towers, through decrease of contaminants in vacuum distillation light gasoil, making its use possible for diesel production. The estimate is to increase 3% of diesel volume, a potential gain of about US\$ 38 million per year.
- » Methodology development that accurately detects leaks in cargo-product exchangers of diesel hydrotreating units. The methodology makes it possible to diagnose leaks faster, consequently minimizing the degradation of the S10 diesel (10 mg/kg of sulfur) into S500 diesel (500 mg/kg of sulfur) due to product contamination with the cargo. Anticipating the diagnosis, we avoid losses of around US\$ 3.6 million by event (leak).
- » Transmission fluid development for Williams Formula One cars, which provides low friction coefficient, resulting in lower power loss, engine power increment and fuel consumption reduction.
- » Development of incorporation process of the N-(n-butyl) thiophosphoric triamide (NBPT) additive to agricultural urea of Fábrica de Fertilizantes do Paraná (Fafen-PR). The compound slows down urea degradation, allowing it to be absorbed by the soil for more time. It is possible to decrease the loss of fertilizer from 70% to 20%.

Our investments in renewable energy generation researches reached R\$ 88.5 million in 2014, 1.9% lower in comparison to 2013.

Investments in renewable energies research (R\$ millions)

Advanced biofuels	51.5
First generation biofuels	17.6
Solar	9.9
Waste energy	7.4
Wind energy	2.1
Total	88.5

Responsibility for products

We develop our products and processes considering environmental and safety aspects of use and handling. All our products pass by health and safety risk assessment stages, to protect the workers, the neighborhood communities and the final consumer. An example are the labs for monitoring product quality sold in the refining, distribution and transportation units.

The workforce responsible for the services receives systematic training not only related to the attendance, but above all related to health, safety and environmental care. We also follow the quality requirements of the ISO 9001, ISO 14001 and OHSAS 18001 standards.

In July, we launched our new gasoline with additives, Petrobras Grid. We invested around R\$ 85 million to develop the product, which included 1.2 thousand hours of tests. Indicated for gasoline-powered vehicles, or flex, mainly those equipped with electronic injection, the Petrobras Grid contains

friction reduction additive, detergents and dispersants that ensure a better performance of the engine.

The lubricants are regulated by ANP, which also presents instructions regarding labels. In the case of brake fluids, the National Institute of Metrology, Quality and Technology (Inmetro) defined minimal label information and compulsory seal usage.

We published in the Internet the security specifications of chemical products, in Portuguese, English and Spanish, with data regarding the chemical composition, physical and chemical properties, handling care, health risks, and actions to be taken in case of accidents. For more information, we maintain communication channels, such as Canal Cliente, especially for direct

customers, which is also a way to register complaints and suggestions. Customers and consumers can also obtain information through the customer service.

All our products are evaluated to ensure compliance through assessment procedures of impact on health and safety. However, we recorded one case of non-compliance with a regulation standard of the Ministry of Labor and Employment, which is regarding transport of product with more than 1% of benzene in its composition. The case was registered in the discharging of the gas treatment unit Monteiro Lobato, in Caraguatatuba, São Paulo, in the transportation of pure gasoline by truck tank.

The interdiction was suspended without fine and we are waiting for an administrative authority decision.

We monitor the public debate about the sulfur content in automotive fuels and we constantly participate in evaluations and discussions related to this topic with government agencies.

The questions received by Petrobras Distribuidora regarding its products referred to clarifications of technical doubts. Similarly, our distribution companies abroad maintain contact channels with their stakeholders, for example, Lubrax websites for stakeholders in Argentina, Chile, Paraguay and Uruguay, which contains sections for query answering.



Results and contributions to society

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Economic and financial results

We recorded a consolidated loss attributable to our shareholders of R\$ 21.6 billion, despite the 15% increase in gross profit (sales revenue, minus products and sold services costs) when compared to 2013. The impairment amounted to R\$ 44.6 billion and the write-off of additional expenditures unduly capitalized within the Lava Jato operation was R\$ 6.2 billion.

The performance of our shares was impacted by factors such as: the international oil price drop, volatility in quotations due to the Brazilian presidential election, inflation pressure, low growth of Gross Domestic Product (GDP), exchange devaluation and Brazilian fiscal scenario. Our preferred (PETR4) and common (PETR3) shares fell 41% and 40%, respectively. In the New York Stock Exchange (Nyse), there was also a decrease in the value of our preferred (48%) and common (47%) shares.

Consolidated net income (loss)

	R\$ millions	R\$/share
2010	35,189	3.57
2011	33,313	2.55
2012	21,182	1.62
2013	23,570	1.81
2014	(21,587)	(1.65)

a) Net earnings attributable to our shareholders;
b) Amounts in brackets are negative and refer to losses.

Boosted mainly by India and China, the world oil consumption increased 0.7% compared to 2013. The average price of Brent crude oil dropped 9% and the value of WTI, 5% in relation to the average quotation of the previous year.

Our investments amounted to R\$ 87.1 billion in 2014. We maintained our focus on the Exploration and Production and Supply activities, with 65.3% and 21%, respectively.

Investment (R\$ millions)

Exploration and Production	56,898	65.3%
Downstream	18,264	21.0%
Gas and Energy	6,002	6.9%
International	3,593	4.1%
Distribution	1,053	1.2%
Biofuel	281	0.3%
Corporate	1,049	1.2%
Total	87,140	100%

The distributed added value reached R\$ 146.4 billion, which 70.2% were for taxes, including government participation. It was R\$ 102.8 billion divided between federal (R\$ 47.6 billion), state (R\$ 48 billion), municipal (R\$ 431 million) and abroad (R\$ 6.8 billion).

We designated R\$ 34.5 billion to financial institutions and suppliers. The expenditures with personnel and management amounted to R\$ 31 billion, including direct compensation, wages, profit sharing and benefits (such as Voluntary Resignation Incentive Program, which amounted to R\$ 2.4 billion).

Because there was no profit in 2014, we did not propose dividends to our shareholders.



The Dragão do Mar tanker is one of Promef's oil tankers.

Contribution to economic development

At each investment, we realize economic development opportunities not only for our company but also for society. This understanding is translated into partnerships, agreements and programs, which results indicate our contribution to fostering the industry and service sector.

Our logistic subsidiary, Transpetro, contracted the construction of 46 ships and 20 waterway convoys from Brazilian shipyards. The Fleet Modernization and Expansion Program (Promef), created in 2004 and with deliveries forecasted up until 2020, boosted the resumption of the Brazilian shipping industry and its demands enabled the construction of three new shipyards (two in Pernambuco and one in São Paulo), which are responsible for the construction of 30 ships and the revitalization of a shipyard in Rio de Janeiro. The program has already delivered ten oil tankers and has other 15 ships in building process.

Currently, there are four large shipyards in operation with our orders in their portfolios: two in Ipojuca (PE), one in Niterói (RJ) and another in Araçatuba (SP). The projects are carried out in compliance with local content rule, which is a National Agency of Petroleum, Natural Gas and Biofuels (ANP) determination for goods and services used in the shipping industry remain mostly national origin.

“PROGREDIR” PROGRAM

In order to develop the attendance capacity of the supplier market, “ProgreDir” Program enables loans to small and midsize companies based on the contracts signed with us. Fifty eight percent of the companies that sought financings were successful. The decrease in the financial cost has been between 20% and 40%, reaching 50% in some cases.

From 2011 to 2014, R\$ 9.45 billion were registered as loans, in around 2 thousand operations, involving 679 companies from all over Brazil. Only in 2014, it was R\$ 1.69 billion in 399 operations. This program is established in partnership with Oil and Gas Mobilization Program (local acronym Prominp) and large banks operating in Brazil.

Another credit system is the investment funds in credit rights, capital market instruments through which resources are paid in advance for companies that have contracts with us. During the year, we monitored the evolution of ten funds that operate with our suppliers, financing R\$ 1.15 billion to about 540 companies.

AGREEMENT WITH SEBRAE

In December, we concluded an agreement with the Brazilian Micro and Small-Business Support Service (local acronym Sebrae), which helped 19.3 thousand companies, between 2009 and 2014, through 38 projects, to insert micro and small companies into the productive network of the oil, gas and energy sector. Launched within Prominp, the agreement carried out training actions such as lectures, workshops, courses, consulting, business rounds, fairs, events, orientation to access to financial services, orientation for registration in Petrobras and access to the National Organization of the Oil Industry (Onip). The technological demands were also mapped envisioning development and market solutions applications by small companies.

After adhering to the Petrobras-Sebrae agreement it is assessed that participant companies had an average increase of 51% in income, 19% in job vacancies, 81% in quantity of companies registered in Petrobras and 54% in companies registered in Onip, considering reports of first 18 concluded projects. Among the sector demands met by small suppliers of equipment and high technology services, marine robots for exploration monitoring activities and development of special uniforms suppliers stand out.

The benefits generated for Brazil, from these actions, are the increase of manufacturing facilities, higher aggregated value of what is produced in the country, investments in infrastructure and technology, tax collection, employment, export and revenue increase, and import decrease.

PROFESSIONAL QUALIFICATIONS

The Petrobras Program Young Apprentice is nine years old with the qualification of 5 thousand young people between 15 and 21 years old, which work in administrative, operational areas and research labs. Another 3 thousand students attend courses all over Brazil. In the first of the three stages of the program, the apprentice participates in the basic course, which happens in hired social institutions, which includes classes of citizenship, social responsibility, labor universe and drug prevention, among others. The second stage, carried out by the National Service for Industrial Training (local acronym Senai), is dedicated to technical and professional qualification. Finally, the apprentice has the professional experience stage, with practical activities monitored by our professionals. Based on Brazilian legislation, the apprentices dedicate four hours daily to the work for up to two years and receive the national minimum wage, as well as food and transportation assistance.

Our proposal is to encourage the insertion of young people in economic and social vulnerability situations into the labor market, promoting personal and professional qualification.

SCIENCE WITHOUT BORDERS

In June, we signed a commitment with the Science without Borders Program to ensure more than 5 thousand scholarships for Brazilian college and graduation students in the oil, gas, energy and biofuels areas. The Brazilian Government program seeks to promote the consolidation, expansion and internationalization of Brazilian science and technology, innovation and competitiveness through exchange and international mobility. We supported around 2.3 thousand students with scholarships in the first stage of the program.

In the Science without Borders program, we prioritize engineering courses studies and other technological areas; exact and earth sciences; biology; computation and information technologies; sustainable agricultural production; oil, gas and mineral coal; renewable energies; technologies for prevention and mitigation of natural disasters; biodiversity and bioprospecting; among others.



Platform P-66, whose the hull is the first one of a FPSO fully built in Brazil.

Supplier management

To compile and present the information of this chapter, besides Petrobras, there is data from the subsidiaries Transpetro, Petrobras Biocombustíveis and Petrobras Bolivia.

To supply our needs for goods and services, including new enterprises and operations, we maintained commercial activities with around 18.5 thousand suppliers, through approximately 6.2 thousand new contracts and 197 thousand single requests, totaling R\$ 76.5 billion in transactions formalized in 2014.

Our procurement and requests are made with Brazilian and foreign suppliers, of many sizes, due to the diversity and complexity of the items we acquire. Procurement in Brazil represents 77% of the total amount. To meet the demands of operation units, we preferentially use suppliers near them. This offers great capillarity because we have units in almost all Brazilian states.

We consider as local purchases the acquisitions made with suppliers geographically located in the same state where the operational unit is located, except in the Bolivia case, in which we consider as local purchases those carried out in the country. For the purpose of this report, we consider as relevant all the units that operate in one or more stages of our production macro process (production, transport, refining, storage, distribution and resale of oil, gas and derivatives).

As a way of contributing to regions where we operate, our development promotion policy resulted in 53% of the commitments (contracts and single requests) locally made, this is equal to 51% of the amount spent with goods and services.

SELECTION AND EVALUATION

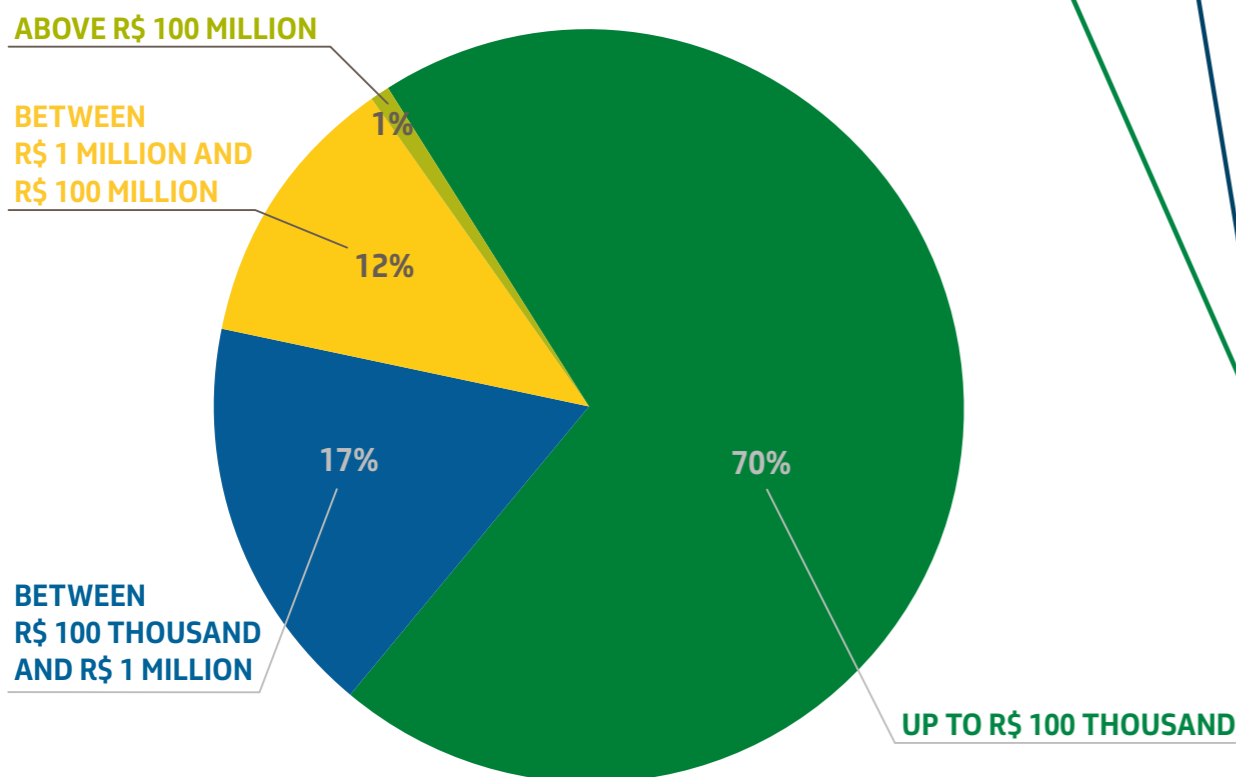
Our registration process begins with a potential supplier filling out forms and terms, sending certificates and other documents, going through evaluation before it is enabled to participate in events and receives a certificate with a one-year validity, having priority to act in acquisition processes. After this period, the supplier must update all the registration documentation.

To participate of procurement processes, our suppliers need to comply with legal, financial, fiscal, technical, Health, Security and Environment (HSE), social responsibility and management requirements, and they also need to meet the contractual clauses that require

presentation of evidences of compliance with the same criteria required to be registered as a supplier.

Companies hired to provide goods and services must be in compliance with the mandatory clauses in the Petrobras Procurement Manual (local acronym MPC), which are detailed in the Material Supply Conditions (local acronym CFM) and in the clauses of the contractual instrument. These documents also establish that it is necessary to comply with our Code of Ethics, under the penalty of contract termination, fines for generated environmental impact and even be prevented from supplying to the Petrobras System for an established time, if conditions are not met.

PROCUREMENT PROFILE



This refers to the Petrobras, Transpetro, Petrobras Bolivia and Petrobras Biocombustível contracts, which correspond to respectively 94.8%, 2.7%, 2.3% and 0.2% of the total amount procured.

RISK MATRIX

We define the evaluation criteria according to the criticality of the items to be supplied and the type of supplier. In order to guarantee the adequate application of the rules for each type of service, we use the Risk Matrix and Scope Categorization, which establishes the level of the risk in each type of service within the Safety, Environment and Health dimensions. This matrix is mandatorily applied in the contractual scope definition stage in order to measure the possible impact of the activity to be carried out. Once the minimum requirements of the service risk category are met, procurement follows more severe contractual and evaluation standards.

In 2014, the Risk Matrix was used in 4.8 thousand service agreements. Of these, approximately one thousand, involving around 600 suppliers, were classified as high risk. The total amount hired related to these commitments was R\$ 40 billion, which is equivalent to 52% of the total amount hired. This data does not contemplate Petrobras Bolívia, which already uses this tool, but does not have the data on a systematized way.

From our 18.5 thousand suppliers, 61% were selected based on labor criteria, whose contracts were signed only upon the presentation of tax, labor, social security and fiscal clearance certificates, and they are subject to evaluation according to the same criteria.

The standards of our contractual instruments provide that the supplier must operate on a reputable way regarding aspects such as security of its workforce, work hours, compensation, disciplinary practices (prohibition of verbal abuse, moral harassment, physical or psychological coercion) and prejudice combat. The company must also curtail any kind of slavery or child labor, besides offering healthy work environment and establishing ombudsman to register and handle its employee's complaints.

Besides labor requirements, we also use environmental, human rights and impacts on society as criteria for selection and evaluation of our suppliers, which covered 61% of the total in 2014.

We require that our suppliers operate preventively in the protection of people and environment, also continuously improving workplace conditions, making it increasingly safe and healthy, with policies and environment management systems, according to ISO 14001 and OHSAS 18001 standards.

Even in our goods and services procurement of single requests, companies must comply with environmental criteria, as self-declared in the act of registration, upon the signature of the HSE Term. In this document, companies commit to comply with all health, security and environment requirements present in the Federal Constitution, as well as federal, state and municipal laws, decrees, rules, normative instructions and resolutions.

The human rights criteria observed in our contractual instruments are expressed mainly through labor and social security obligations.

Our contract managers and inspectors are guided to take corrective and punitive measures in relation to any non-compliance, as established in the contract management standards, as well as our Code of Ethics.

Besides the effective contracts, all the suppliers with whom we have new formal commitments are guided about our policies and procedures to combat corruption, through the Code of Ethics of Petrobras System, mentioned in the contractual instruments and published in our website.

ADOPTED CRITERIA

Our process of selection and hiring of suppliers is grounded on strictly legal and technical quality, cost and promptness criteria. Furthermore, we require from the supplier an ethical profile in its management, social and environmental responsibility practices, refusing disloyal competitiveness practices or other contrary to our ethical principles, including in its productive chain. Petrobras' Corruption Prevention Program guide, disclosed in December, also covers the suppliers.

If held accountable for real and negative impacts, due to non-compliance with our requirements, the suppliers' contract may be terminated and, if considered of high severity, its name may be included in the List of Companies that Cannot Be Hired, published in our website. In 2014, in Petrobras, this procedure was adopted with 34 companies due to misconducts and divergences in documents, 17 due to non-compliance with labor criteria and one due to environment related damage.

From the publication of the Statement of Divergence Occurrence (local acronym COD) and the Performance Evaluation Bulletin, other six suppliers, due to technical failure, were identified as generators of real and potential negative environmental impacts. However, all of them made plans to improve the divergence pointed out, solving identified damages. This imposition is provided after the registration of the COD in the system and the improvement plan must be negotiated with our contract inspector.

Despite the risk of occurring cases of child labor, of young employees exposed to dangerous work or of forced labor or similar to slavery in our suppliers chain, we did not register any violation of human rights from companies with whom we have contracts. We have established sanctions for the occurrence of these irregularities, provided by the clauses of social responsibility and human rights of our contractual documents.

We also require that the supplier respect the right of all employees to form or to associate to unions, as well as to collectively negotiate, ensuring that there are no reprisals, as self-declared in the Social Responsibility Term of the Suppliers Registration.

Impacts of our suppliers

	Impacts/events	Preventive measures and/or contractual requirements
Environmental	<ul style="list-style-type: none"> » Intensification of erosion and silting processes with possible change in local topography and hydrographic network; » Loss of water quality due to improper waste disposal; » Pollution from oil and derivatives leaks during transport; » Biodiversity loss with possible monoculture implementation. 	<ul style="list-style-type: none"> » Program for erosion, silting and land instability process control; » Program to monitor surface water and groundwater quality; » Solid waste management plan; » Water resources and effluents management plan; » Operational safety systems; » Insightful selection of plantation areas and provision of quality technical assistance.
Labor practices	<ul style="list-style-type: none"> » Leave due to work-related accident; » Protest and strike requiring compliance with legal obligations; » Occurrence of diseases due to lack of minimum hygiene and inadequate accommodations. 	<ul style="list-style-type: none"> » Use of contractual inspection mechanisms; » Liaison with public sector to choose location for accommodations.
Human Rights	<ul style="list-style-type: none"> » Sexual exploitation of children and teenagers; » Psychosocial degradation due to inadequate work environment and/or discriminatory practices. 	<ul style="list-style-type: none"> » Program implementation to curb sexual exploitation of children and teenagers (Eesca) in pilot stage; » Self-declaration of social responsibility term that restrains race, gender and religion discrimination etc.
Society Impact	<ul style="list-style-type: none"> » Migration of people and overload of urban public equipment; » Decrease in number of employees in the demobilization process; » Birth Increase in migrated workers population. 	<ul style="list-style-type: none"> » Elaboration of communication and social responsibility management plan, with mobilization and demobilization of labor program and communication program (contractual requirement); » Program to curb sexual exploitation of children and teenagers. » Eesca.

With the physical advance of the constructions, a regular process of demobilization of labor begins due to the conclusion of many contract activities, mainly linked to civil engineering. This demobilization is provided by the plan of each project.

Since situations such as standstills and contract terminations cannot be anticipated, they do not have specific demobilization plans. Furthermore, we do not partake of the labor relationship between the contracted companies and their employees. However, we carry out the possible actions to assure the compliance with the contractual obligations provided by law.

SUPPLY CHAIN DEVELOPMENT

In June, the Program of Improvements of the Basis of Suppliers of Goods and Services Management (local acronym PGBF) entered into implementation phase. Created in 2013, the objective of the program is to make the supply process more effective in terms of performance, competitiveness, quality, deadlines, HSEE and local content.

Among the improvements, we highlight: creation of appointing a person (or a group) responsible for the integrated management of categories classified as critical and strategic; review of family structure in the registration, making them adequate to the reality practiced in the market and to the needs of our business areas; standardization of criteria and of suppliers selection process, seeking definition of responsibility, traceability, transparency and decrease in hiring risks; and creation of a single performance evaluation system for goods and services, making information available for future hiring. We should closeout PGBF implementation in 2016.

Human rights in the supply chain

Our Social Responsibility policy reflects the principles of the Universal Declaration of the Human Rights and we guide our actions on the respect to the human and cultural diversity, on the promotion of decent work principles and non-discrimination. We also highlight our support to the eradication of child, slave and degrading labor in our productive chain.

We require that our suppliers maintain safe and healthy work conditions. We reinforce, with contractual penalties, the prohibition of child labor practices, forced labor and measures of physical, mental or psychological coercion, verbal abuse and other unethical embarrassments and we prohibit any kind of discrimination. Furthermore, we recommend that such principles are also complied with by their subcontracted, partners and service providers.

INTEGRATION

We have a work plan to integrate social responsibility management in investment projects grounded on two dimensions: human rights and local development. Based on this experience, we are elaborating a project for social responsibility management in operations. Management will occur by studying the social context, analysis, identification and handling of social risk and stakeholders involvement.

In our companies Petrobras Argentina and Petrobras Bolívia, for example, we develop some local initiatives of analyses of impacts in human rights. In Argentina, these studies aim to generate a local social investment agenda. In Bolivia, "Programa Hable" was created, so that the workers can include complaints about possible non-compliance with their rights in all our facilities.

We received, through our General Ombudsman, 12 complaints related to human rights, referring to isolate and non-recurring cases, such as coexistence problems and inadequacy of infrastructure. Ten of these complaints were solved during the year and two were filed (one because the complainant did not authorize its identification, and the other was an anonymous complaint).



The "Siga Bem" network stimulates truckers to be partners in combat against children and teenagers sexual exploitation.

COMBATING SEXUAL EXPLOITATION OF CHILDREN AND ADOLESCENTS

According to the International Labor Organization (ILO), the "demand and offer of children for prostitution purposes, production of pornographic material or pornographic shows" is one of the "worst ways of child labor". With the objective of contributing for the elimination of this practice, we are developing a work plan to face the sexual exploitation of children and teenagers surrounding our enterprises. This project is aligned to the strategies of the Secretariat for Human Rights of the Presidency of Brazil to minimize the impact of the big Brazilian enterprises in the violation of the children's and teenagers' rights, mainly concerning sexual exploitation.

Our plan, approved in 2013 estimated to be carried out up by December 2015, aims to develop orientations to combat this in our activities. The strategies defined in the document favor the collective construction of the work between Petrobras, government and civil society organizations, the strengthening of the network of children and teenager protection, the training of workers of enterprises, engagement with hired companies that operate in constructions and actions with surrounding communities of the companies.

The main advances that we obtained in 2014 were the definition of informative and educational content as an approach to combat sexual exploitation of children and teenagers with the workforce, diagnosis, elaboration of an action plan and training of our Social Responsibility teams and of hired companies for three pilot enterprises.

PROMOTION OF GENDER AND RACE EQUITY

Disseminate the principles of gender and race equity across the companies in the supply chain is one of the initiatives of Petrobras' 5th Action Plan of Pro-Equity of Gender and Race Program. These stakeholders participated in two seminars that we organized with other eight public companies on this subject.

Besides this initiative to promote the gender and diversity equity, the Enterprises Communication Network has been a channel for the dissemination of practices and lessons learned. Exclusively for the suppliers all over Brazil, the content combat violence against women, discrimination and promotes human rights.

Other important action is the "Siga Bem" Network, coordinated by our subsidiary of derivatives distribution, Petrobras Distribuidora. With collaboration of our retailer network, we developed the projects "Siga Bem Criança", which combat sexual exploitation and abuse of child, and the "Siga Bem Mulher", against the domestic violence. With the objective of turning each trucker a partner in the combat against violence, we publicized the reporting channels we support: "Disque 100", which forwards issues involving children and teenagers and other human rights matters; and "Ligue 180", which receives denunciations of violence against women. In 2014, "Disque 100" received 91.3 thousand denunciations and the Call Center for Women reached 485.1 thousand records.

ERADICATION OF THE CHILD LABOR AND LABOR IN CONDITIONS ANALOGOUS TO SLAVERY

Child labor in family farms is a point of attention in the biofuels production system. By the own nature of the family work, it represents a risk factor, pointed out in studies of the ILO. Despite the fact we had indicated the risk of occurrence of child labor, we have not received any denunciation regarding this in six years operating in the development of partnerships for the production of oilseeds.

Our subsidiary Petrobras Biocombustíveis develops, in the Brazilian semi-arid region, the "Cultivar" program, for the family farmers for the development of cultures of castor oil plant and sunflower. Farmers hired through the program receive technical assistance, certified seeds and have a contract with guarantee purchase at market price. For the 2013-2014 crop, "Cultivar" program counted on 15.7 thousand family farmers subscribed in 118 municipalities of six states of the Brazilian semi-arid region.

In order to restrain degrading, slave and child labor practices, contracts that we maintain with family farmers have clauses that prohibit such practices, mainly the use of child labor in production. Professionals responsible for agricultural technical assistance are trained to orientate the good practices in the field and to act in order to assure compliance with clauses by the hired farmers.

Concerning labor risk of conditions similar to slavery, we are developing a corporate program of eradication of this practice. The objective is to discuss actions to prevent and eradicate slavery in the Petrobras System and in the productive systems related to our businesses, enterprises and operations. As a preparation for the constitution of this program, in November, we had the Petrobras Meeting about Decent Work and Eradication of Slavery for professionals of many directories.

Local development and impacts on communities



Before the beginning of our activities, we evaluate possible impacts of the operations on the surrounding communities and we create actions to mitigate the negative impacts and to enlarge the positive ones. Our enterprises have the potential to modify the dynamics of localities, offering development of the productive chain of local economies, increase in tax and royalties collection, generation of jobs, professional training, environmental education, prospection and rescue of historical and archeological heritage.

However, our presence also gives rise to direct or indirect negative impact inherent to activities of the oil and gas sector. Some of them may be associated to seismic surveys or drilling, installation and production of oil, constructions of natural gas distribution networks, or even to expropriations, urban sprawl, increase in the vehicle traffic, dust generation, solid waste and effluents, noise, loss of habitat and fauna shifting, decrease in job offer in the demobilization of constructions and social risk, among others.

The "Pesca Solidária" Project, which is included in the Petrobras Socio-environmental Program, acts in research, environmental education and revenue generation.



EVALUATION

Our ventures go through environmental licensing processes, conducted by government entities, which include studies regarding possible environmental, social and economic influences of the action. Once the vulnerabilities and potentialities are identified, we carry out structured studies, such as the Environment Impact Report, required by the licensing entities and disclosed in public meetings and hearings. In this evaluation, health, security and environment aspects are included in all stages of our enterprises, from the project's conception until its demobilization.

The evaluation of social impact also integrates licensing of our abroad subsidiary companies operations, which operate in compliance with the legislation of the countries where we operate. We carry out community relationship actions in activities with greater potential because of the operations, such as the exploration and refining segments.

We also seek to generate revenue and job opportunity for the communities near our operations, and strengthen the relationship with local suppliers through professional qualification initiatives and insertion of small and mid-sized companies into the productive network. We support programs and projects that aim to contribute for the local development and that foment the construction of local "Agendas 21".

We entered into an agreement with the Observatory on Public Policies for Agriculture of the Rural Federal University of Rio de Janeiro (local acronym UFRRJ), to analyze the social, economic and institutional impacts of our operations in the semiarid region with the family farmers.

An initiative that we develop to reduce the long-term dependence of the communities in relation to our company is the Shared Construction of Local Solution Project. With the objective of qualifying representatives and leadership of civil society organizations for the elaboration and management of social projects for the sustainable local development, the project is carried out in six Brazilian states and allows for actions to be systematically elaborated to solve or contribute for the resolution of local problems.

Abroad, we highlight direct infrastructure investments of US\$ 208 thousand per year, besides the services supported by Petrobras Bolívia in surrounding communities of San Antonio Block, with difficulties to access water for human consumption and irrigation, electrical light, septic tanks and access roads. The social investment program of Petrobras Argentina promotes the organization, sustainability, autonomy, social leadership and participation of surrounding communities of our units in the country.

PETROBRAS AGENDA 21 PROGRAM

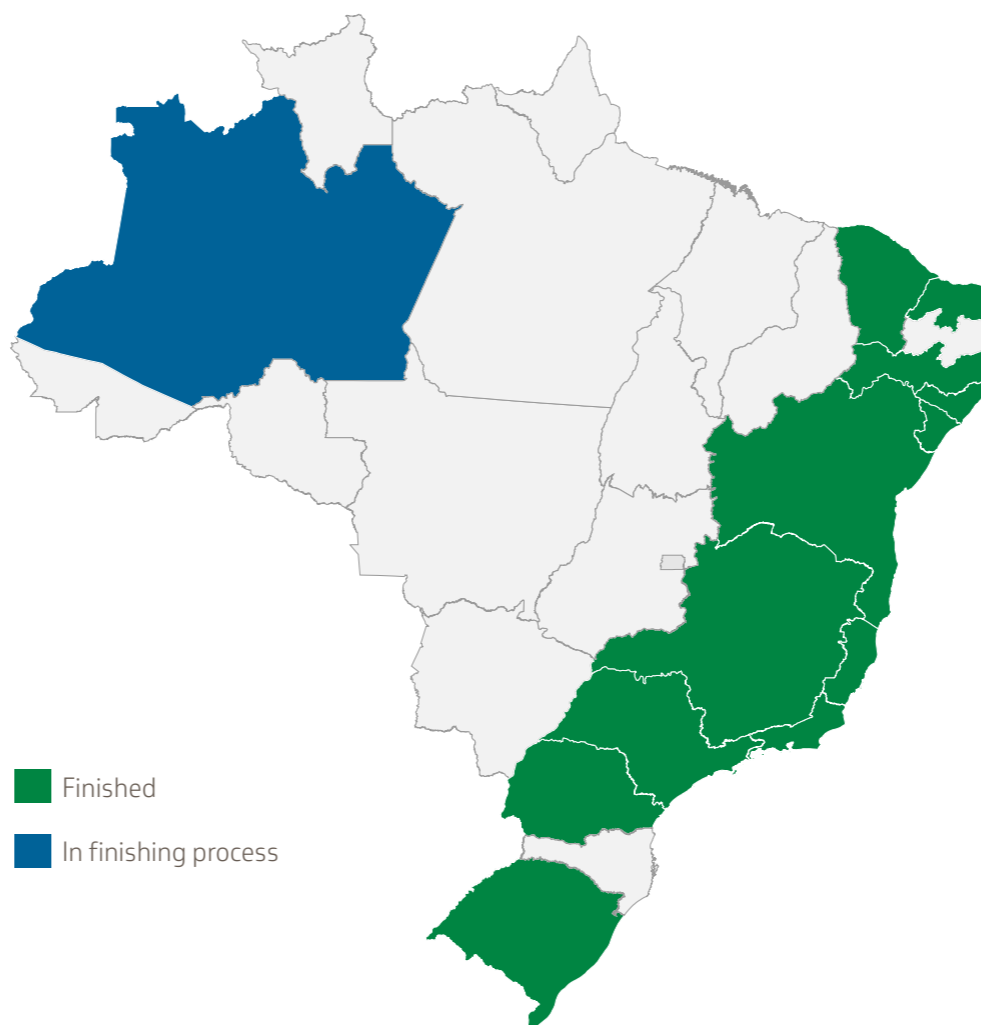
Besides the community relationship developed in our operation units, we highlight “Agenda 21” among our corporate initiatives. The methodology consists in the elaboration of a participative action plan based on the diagnosis of a community, building goals for sustainable development.

The Petrobras Agenda 21 Program (PPA21) seeks to strengthen our relationship with communities in the influence areas of our units, guaranteeing a permanent and multisectorial dialogue and fomenting sustainable development. In 2014, we concluded the implementation of the first stage of the program and began the second cycle, whose actions aim the strengthening of present community forums and development of new knowledge through social management and community communication courses. In this new stage, we focus on training of local leadership and young people that live surrounding our operation units.

In the first stage of the Program, 566 themes were presented in the community development plans in 13 Brazilian states and compiled in 18 axels, proposed by the communities, gathering the most diverse issues. The highlights were actions to be carried out for improvement of health and life conditions, education and professional qualification, issues related to partnerships for infrastructure and services improvement, besides public security, employment and revenue, environment, culture, recreation, sports and others.

We began the execution of the second stage of the program in these communities where the activities of the first stage have been developed. In this new cycle, we develop actions whose goal will be the strengthening of the created community forums. Up to 2018, the goals for PPA21 are the conclusion of the workshops by 60% of the forums of the Community “Agendas 21”, the integration of 30% of the proposals of “Agendas 21” with the regional public selections and the extension of the program coverage for 80% of the identified municipalities of the influence area.

FIRST STAGE OF PPA21 IN NUMBERS



66,287
supported families

1,735
trained mobilizing agents from the surrounding communities supported the development of the field researches

203
communities

180
social and environmental deep diagnoses on conditions of communities neighbor to our operation areas

86
municipalities

13
states

THEMES OF HIGHER INCIDENCE IN BRAZIL



21%
» Health and life conditions



17%
» Education and professional qualification



12%
» Infrastructure and service



10%
» Public security



7%
» Environment



7%
» Employment and income



5%
» Culture, recreation and sports

COMMITMENT TO COMMUNITIES

The Social Responsibility Executive Management, through the Community Relationship Management, is responsible for orientating, monitoring and evaluating relationship management with communities in our organizational units in Brazil and in other countries where we operate.

We maintain actions to stimulate the commitment of surrounding communities of our operations. In the Supply area, for example, we develop initiatives, such as visits and face-to-face meetings with the participation of the representatives of the units and of the community, to explain about our security procedures and strategies to mitigate possible impacts, such as noise, smells, explosions, pollution and accidents.

In the region where the Refinery Abreu e Lima (RNEST) is located, in Pernambuco, a project for social development dialogues in Suape region aims to contribute, through action, towards reduction of rates related to problems such as: health, teenage pregnancy, prevention of sexually transmitted diseases, violence against men and women, abusive consumption of alcohol and other drugs.

In the Region of Bacabeira, in Maranhão, we help the construction of schools, day cares and sports courts and also in professional training of teachers. In Caucaia, Ceará, we entered into an agreement with the government for implantation of indigenous reserves, including health centers and community schools, therefore, contributing towards the preservation of cultural diversity and of the life style of traditional populations.

The “Polo Naval de Rio Grande” is one of the units where a pilot of our corporate program to combat sexual exploitation of children and teenagers will occur, that include debates with community leaders.

MAPPED IMPACTS

In the exploration and production area, we have identified negative economic impacts related to fishery; conflicts due to the use of the maritime space; pressure on maritime, air and road traffic; fast demographic growth; and pressure in the final waste disposal infrastructure.

Operations of fuels and other oil derivatives distribution have potential impacts in the communities: increase in the vehicle traffic; products leakages in accidents in plants or warehouses or in transport of derivatives to supply the service stations network; and pollution. We adopted preventive measures for the facilities safety (plants, warehouses and service stations) in order to avoid incidents and accidents that may affect neighbor areas.

Among the negative impacts identified by Petrobras Distribuidora are the change in the downtown access in the community near our facilities in the municipality of Cruzeiro do Sul, in Acre, and trucker flow around Campo Grande Terminal, in Mato Grosso do Sul.

We received complaints of indigenous leaders of Aldeia Terra Nova, located in the Terra Indígena Paumari do Lago Paricá, in the Amazon region. They requested the stoppage of our exploratory activities in the region of the rivers Solimões, Purus and Tapauã, waterways used as routes for transport of equipment because they are the deepest and wider rivers in the region.

Despite the distance to our probes (around 120 Km), we carried out actions to promote communication and clarification to indigenous communities of the region. We ensured that the ferries would use only the main riverbed, not navigating by the region’s lake. We have also made a commitment to carry out river water quality analysis, besides reinforcing the Worker’s Environmental Education Program with specific content lectures about the indigenous populations.

COMMITMENT HELD

During the environmental licensing process for the construction of the Refinery Premium II, we signed an indigenous commitment term, which involves the Government of Ceará, National Indian Foundation (local acronym Funai), Federal Prosecutor’s Office, Union’s Property Bureau and indigenous communities, in order to help with the implementation of the Indigenous Reserve Tabá dos Anacés. Despite the discontinuity of the refinery project, we followed through with the commitment, and implementation of the indigenous reserve is being carried out according to the agreement.

In Colombia, we carried out social and environmental studies in the licensing process for the exploration and production in the Guajira region, where the Wayuu indigenous people and traditional afro-descendant communities are located. After the results, we verified that our vessels and other equipment were 12 Km away from the established navigation limits, distance considered safe as to not affect these communities.

During the dredging stage for the construction of a pier surrounding Rio de Janeiro Petrochemical Complex (Comperj), in 2012, fishing communities of São Gonçalo and Itaboraí manifested against the construction, which might affect the fishing, main economic activity of the region. We began a direct relationship with these fishermen, negotiating the constructions. We have also developed social actions, discussions about the local demands and meetings for negotiation of compensations.

After negotiations begun, the fishermen became our partners in the enterprise, even giving information about the tides. In 2014, we selected, through the Petrobras Integration Community Program, 12 initiatives of the region that will receive more than R\$ 2.5 million and we implemented the Comperj Community Committee, which has the participation of formal and informal leaderships and there we present actions that we develop in the region.

A great challenge was the demobilization of workers responsible for the construction of RNEST. With the end of the construction in sight, we carried out a research with around 1.5 thousand workers of the consortiums, with the objective of diagnosing the possible impacts arising from the process of dismissal of employees of the refinery construction.

We found out that most of them concluded the elementary or high school and were interested in taking a qualification course. This demand made us train them, through the Program of Labor Development, in segments to elevate scholarship and training of those in charge, this had the participation of around 800 employees.

We recorded the decommissioning of the distribution deposits of Liquefied Petroleum Gas (LPG) of Liquigas in the regions of Guarulhos and Ribeirão Preto, both in São Paulo, which occupied an area of 19.7 thousand sq. m. and 8.3 thousand sp. m., respectively. After the termination, the activities have been occurring through a service provider. Some units of Petrobras Distribuidora also began their decommissioning process: the bases of São Paulo; the basis of Dourado, in Mato Grosso do Sul; of Cuiabá, in Mato Grosso; and Ilhéus, in Bahia.

There were cases of expropriation surrounding Comperj, after we continued clearing the Pipeline System project area. There is no resettlement or monitoring of the expropriated families: the properties are indemnified/acquired and, with the amount paid, the families choose another place to live. Six registration forms were amicably negotiated in the municipality of Magé. In relation to the Gas Pipeline Route 3, from the 29 registration forms, six residences are still in negotiation process or in legal dispute.

We clear the areas through negotiation, first registering impacted properties. Later, this register is forwarded to the internal body that evaluates the property value based on the market, considering the bare ground, improvements, culture, vegetation, loss of profit, among others. After evaluation, we begin the negotiation and payment in order to obtain the deeds registration.

There were no involuntary resettlements in our companies abroad. However, in Paraguay, there was a case of temporary evacuation, occurred in January, when a tanker that transported LPG suffered a mechanics incident, which resulted in product leakage. No injuries were reported nor environmental damage, but 34 families that live in the region, totaling 149 people, were evacuated, as a precaution, for a period of around 24 hours. Petrobras Paraguai monitored the whole evacuation process and return of the families to their homes, both families that went to a municipal shelter and those who went to relatives' and friends', ensuring everyone was safe.

We suffered administrative proceedings filed by ANP, as well as prohibition notices and administrative proceedings of non-monetary sanctions. There were eight interdictions, all concluded. Considering administrative fines equal or higher than R\$ 1 million, we received fines amounting R\$ 385 million.

With regard to complaints about possible social impacts, we recorded 115 demands related to the relationship with the community, from which 107 were concluded in the year and the others are still being handled. The complaints are related to impacts in the communities, reflection of constructions, noise, degradation of roads, damage to properties, among others.

Abroad, we received 23 complaints of communities near the operation areas of Petrobras Bolivia and six in Petrobras Chile. In Bolivia, the complaints were related to delays in the payment of salaries of staff of the hired companies. In Chile, the complaints were due to situations as disturbance because of noises and odors. All of them were handled and solved.

Social Investment

In 2014, we invested around R\$ 612.2 million in more than 1.4 thousand environmental, cultural and sports projects, in Brazil and other countries we operate. The initiatives and support aim to contribute to local, regional and national development, generating revenue, promoting environmental protection, broadening access to sport practices and strengthening the culture productive chain.

Investments in social, environmental, cultural and sports projects

Type	Number	Amount (R\$ million)
Social	774	263.5
Environmental	172	107.9
Cultural	410	142.6
Sports	105	98.2
Total	1,461	612.2

Through the Petrobras Socio-environmental Program, we invested in projects for the construction of an ecologically balanced and socially equal environment, generating results for society and our company.

The initiatives that we support fit in social and environmental themes distributed in seven operation lines: inclusive and sustainable production; biodiversity and social diversity; children's and teenager's rights; forest and weather; education; water; and sports. The supported projects also contemplate gender and race equity and inclusion of disabled people.

To improve management of the social and environmental investments that we carry out through our organization units, we have a systematic that established procedures of analysis, selection, approval, monitoring and evaluation of projects that comprise the Social and Environmental Petrobras Program.



Rema Campos Project, contemplated by the Sport & Citizenship Petrobras Program, in the educational sport segment.

To monitor the projects on an integrated way all over Brazil, the program has a set of performance goals, including a computerized system for the monitoring of the implemented actions.

We accomplished the Communities Public Selection, the first regional action within the new standards of the Social and Environmental Petrobras Program. From the 297 enrollments, 57 projects developed surrounding our units were contemplated. Each one will receive R\$ 300 thousand for two years, amounting R\$ 16 million invested between 2014 and 2016.

We invested in many sport modalities, training athletes and sponsoring championships and social inclusion projects, which contribute to the access of children and teenagers to educational sports activities. The Sport & Citizenship Petrobras Program encompasses four segments: Performance Sport, Educational Sport, Participation Sport and Sports' Memory,

In the segment Performance Sport, we invest in athletes with Olympic potential, from base categories, of five modalities: boxing, fencing, taekwondo, rowing and weight lifting.

In the Motor Sport, in which we are present in motoring and motorcycling, we highlight the resumption of our partnership with Williams in Formula 1. For the new contract, the technical contribution will continue and both parties will work together with Mercedes to develop new motor fuels and lubricants for the teams' usage from the 2015 season and on.

Besides the technological aspect, Formula One is also an opportunity to bring more global visibility to our brand and to show our products quality and technology. Since 2009, we sponsor and give name to "Grande Prêmio Petrobras do Brasil de Fórmula 1".

The public selection of educational sport projects aims to invest in initiatives that promote the social inclusion through sports activities for children and teenagers, aligned to the principles of inclusion, collective construction, full education, diversity and autonomy. We will invest R\$ 45 million in the next two years in 34 projects selected from the 1,421 enrolled in the 2014 edition.

We also made the Petrobras Award of Educational Sport, which chose innovative social technologies developed by sports projects. Ten educational experiences were selected,

three of each category (university, public school and third sector) and an award was granted to Altair Severiano Nunes State School of Manaus, in Amazonas, for its initiative of gathering the knowledge of traditional games with the principles of the educational sports.

Our incentive to culture occurs on an integrated way, supporting production, diffusion and circulation of cultural heritage, formation of new publics and audiences, memory and reflection regarding Brazilian culture.

In 2014, we disclosed the result of the public selection Petrobras Cultural Minas Gerais 2014, which contemplated 36 initiatives that encompass proposal of many segments such as theater, dance, circus, opera and popular traditions.

We support the approach of issues related to gender and race in six theater plays that integrate the Petrobras Distribuidora Cultural Program. After the exhibition of each show, actors and public debated themes such as gender equity, the roles of men and women in society, discrimination and responsible parenthood.



We sponsor the Project ADD Adapted Sports School for the practice of sports by disabled children and teenagers.

Labor practices

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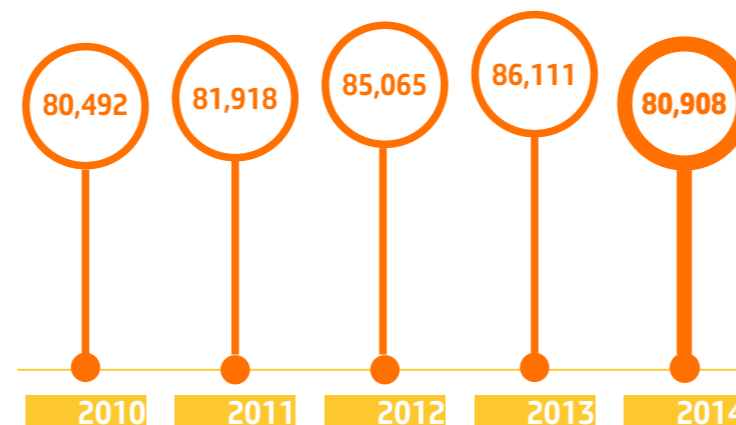
People management

We finished the year with 80,908 employees in the Petrobras System, 83.2% of these are men and 16.8% are women. In Brazil, we have 73,911 employees, 73,375 of which are hired for an undetermined period of time and the others for a determined period of time (512) or via special contract (24).

The number of employees of service provider companies was 291,074 (263,766 for Petrobras, 18,860 for local subsidiaries and 8,448 for companies of Petrobras System abroad) and of interns was 1,746.



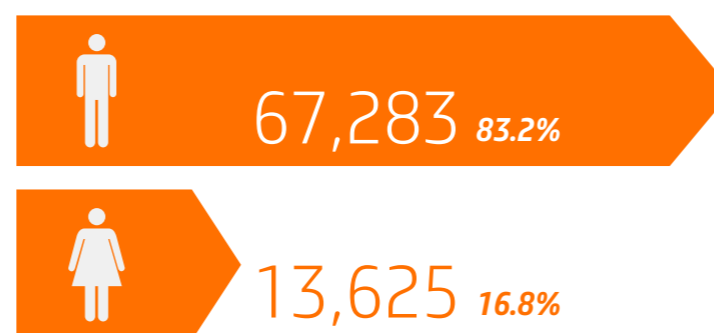
EVOLUTION OF EMPLOYEES NUMBER (workforce at Petrobras System)



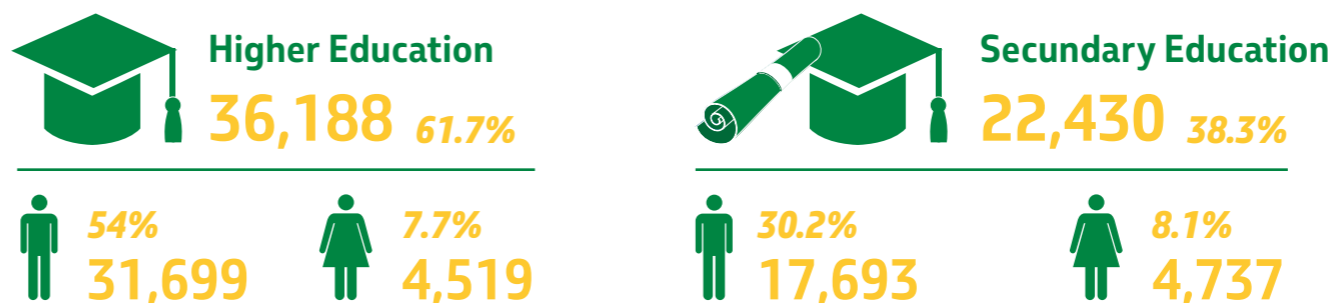
EMPLOYEES DISTRIBUTION



EMPLOYEES BY GENDER



EMPLOYEES BY JOB (only Petrobras)



In January, we announced the Voluntary Resignation Incentive Program (local acronym PIDV), to adequate our number of employees to the challenges of our Business and Management Plan and to the goals of our operational costs optimization program. The plan sought the retention of knowledge indispensable to our growth and to the operational continuity, considering security and sustainability issues.

The enrollment was voluntary and covered employees with age equal or higher than 55 years old, who did not have special contract and that had already retired by the National Institute of Social Security (local acronym INSS). A total of 8,298 employees adhered to the plan, representing 12.4% of our number of employees. We estimate that the PIDV provides a reduction of at least R\$ 13 billion in our costs between 2014 and 2018.

We offered jobs for high school and college levels in 46 different professions. In Brazil, our employees enter into the company through public selective process, with no discrimination regarding origin, race, gender, color, age or any other individual differentiation factor.

As defined by Brazilian law, we reserve 20% of vacancies for black or brown candidates and 5% for disabled people. In other countries, hiring selection is carried out through interviews and resumé analyses, prioritizing local labor, aligned to government policy of each region and respecting the country's legislation.

EMPLOYEES' RIGHTS

We operate in compliance with local legislations and conventions of the International Labor Organization (ILO) and we have corporate policies of Human Resources and Social Responsibility. All our employees are covered by collective negotiation agreements. The current Labor Collective Agreement (local acronym ACT), regarding the period between 2013 and 2015, covers the employees of Petrobras and was signed with the Unique Oil Workers' Federation (local acronym FUP) and other labor unions that represent the professional category of the workers in the oil industry.

Furthermore, our employees have representation in formal committees, such as: Commissions of Health, Security and Environment (HSE) of Own Employees and Hired Companies, Internal Commission for Accident Prevention (local acronym Cipa), ACT Monitoring Commission, Permanent National Commission of Benzene, and others.

We have not identified situations that presented restraint to freedom of association or to collective negotiation involving our employees.

We exercise the permanent negotiation process with the union entities, through which we have done significant advances in the employees' rights and ensured the exercise of participation of workers in respective labor union meetings.

In their turn, labor unions have freedom to manifest, without our interference. We respect the employees' right to associate to union entities, ensured by law, and we also recognize and disclose this right in our Code of Ethics.

We received 3,225 internal and external demands related to labor issues or to the work environment, which include 2,898 complaints and 327 denunciations. In 2014, we were able to handle 94% of complaints and denunciations, and rest will be concluded in the following year. The received cases involve psychological violence situations, benefits, employees' compensations, among others.

COMPENSATION AND BENEFITS

Our expenditure with staff in Petrobras System amounted to R\$ 31 billion and encompasses wages, profit sharing, benefits, retirement or pension plan, health care and labor charges. The amount is 13% higher than the previous year because of factors such as indemnities arising from PIDV, which amounted around R\$ 2.4 billion, and salary adjustment.

In Petrobras, the lowest wage recorded in the year was R\$ 1,521.09. The ratio between the lowest wages paid and the minimum wage, which in 2014 was of R\$ 724.00, corresponds to 2.39 for women and 2.10 for men. Besides the base salary and profit sharing, we offer to our employees health care (medical, dental, psychotherapeutic and pharmacy benefit), complementary social security plan, 180-day maternity leave, educational benefits for children, among others.

We also offer meal or food vouchers and allowances for length of service, plus those provided by law, such as transportation voucher and 13th monthly salary. All these benefits are offered to full-time employees, because we do not have the category of temporary or half-time workers.

OCCUPATIONAL DEVELOPMENT AND PERFORMANCE EVALUATION

We develop actions for our employees and we evaluate their performance based on individual goals. We stimulate the personal and professional growth of the employees, training them through courses in Petrobras University and trainings in classroom, specialized laboratories, distance education cabins and educational orientation rooms. Throughout the year, we obtained a training average of 65.5 hours per employee, including training courses and continued education.

Training hours (Average HHT)	
Total	65.5
Secondary Education	57.6
Higher Education	78.2
Men	66.7
Women	59.4

We also train our employees in social responsibility courses. The theme related to human rights was transversely covered in these courses, totaling 321 participations, with 5,104 training hours. We are organizing ourselves to consolidate the total number of hours dedicated only to training in human rights policies or procedures related to aspects of the human rights material to our operations.

All our employees are evaluated through the performance management process, which helps to align individual goals to our strategies and to stimulate the employees' competences necessary to reach the results. This process, that we carry out every year, allows the analysis of the demands for training and its results are used in level or promotion progression processes.

A research of the consulting company Global Universum considered us the ideal company for future engineers, lawyers, administrators and doctors of Brazil. According to the analysis, 43% of a total of 16 thousand undergraduate students interviewed want to work in Petrobras. We were also indicated as "the dream company" of the CEOs of companies in Brazil and we are in the second position of the ranking of the "dream company of executives".

ORGANIZATIONAL ENVIRONMENT SURVEY

To analyze our internal environment and know the critical aspects, every year we carry out the Organizational Environment Survey. Through the perception of our employees, the survey allows us to obtain information about the work conditions and relations, positive points and necessary improvements. The data collection is carried out in electronic system, which ensures the anonymity of the participants during the tabulation of answers.

The survey generates three indicators of our strategic map: Employee Satisfaction, Level of Commitment to Company and Indicator of Social Responsibility Perception.

Organizational Environment Survey			
Indicator	2012	2013	2014
Employee satisfaction (%)	68	69	70
Commitment to Company (%)	70	70	71
Social Responsibility Perception (%)	-	-	79

In 2014, the percentage of participation was 73%.

The Indicator of Social Responsibility Perception began to be calculated from the 2014 edition of the survey and intends to capture our employees perception about the social responsibility of our daily practices. The new indicator substitutes the Level of Commitment to Social Responsibility, created in 2007.

PREPARATION FOR RETIREMENT

We develop programs for the management of competences and learning that support the maintenance of the employability, offering internal courses, pre-retirement planning and assistance in the transition for the management of the end of the career. Our preparation for retirement program covers many interesting subjects, such as alternatives to the employees after leaving the company, also related to the development of new professional activities. We adapted a program and a primer to offer the necessary information for those enrolled in the Voluntary Resignation Incentive Program.



Employee working in product quality lab.

Health and safety at work

We periodically update our HSE policies, guidelines and goals, seeking to be in compliance with our Strategic Plan and with present legislation. We develop programs of medical control of occupational health, of prevention to environmental risks and of promotion of health, to ensure more adequate conditions of health, security, ergonomics and hygiene at work.

All our employees are represented in formal security and health committees. In our operating units and also in the administrative facilities, there are Internal Commissions for Accident Prevention (local acronym Cipas), responsible for reporting risky conditions at the work environment and for preserving the health and physical integrity of

the workers. Representatives of Cipas and unions have guaranteed participation in commissions created for accident investigation.

Our Labor Collective Agreement has a chapter dedicated exclusively to the health topic, which includes themes such as: periodic tests; HSE commissions; union representation on Cipa; healthy eating habits and periodic nutritional evaluation; life quality; diseases prevention; occupational health; contingency; prevention in labor security; combat to fire; biological environmental monitoring; health policy; psychological health and life quality, among others.

We develop many initiatives of prevention and mitigation of risks for the occupational activities that present high incidence or high risk of specific diseases.



Use of individual protection equipment in the industrial area of gas treatment, in Cacimbas (ES).

FATALITIES AND DISEASES

We have the Anomalies Management System and the Industrial Security System, which record the accidents and incidents occurred with our workforce.

In June, we approved our accidents reduction plan, which comprises 170 actions distributed for all areas and groups in four dimensions: leadership; qualification and experience; management of hired companies; and operational routine management.

- » Rate of recordable incidents – reduction of 10.4% comparing to 2013, which means that 1,330 workers did not suffer an accident;
- » Frequency rate of accidents with leave – decrease of 4% in the annual accumulated compared with 2013, with 100 workers not leaving work due to accidents.

Despite the improvement of these performance indicators, we recorded ten fatalities in 2014, two being direct employees and eight with employees of service provider companies. The cases involve traffic accident, fall from heights, explosion and fire. To prevent the occurrence of serious accidents, we continue developing actions to increase process security, with investments in training of technical staff, risk studies and establishment of reactive and proactive indicators specific for each performance area.

We monitored, through the percentage indicator of lost time, the evolution of the absenteeism due to accidents and diseases and their main causes, whether related or not to work. This stratified monitoring guides our actions to promote health. In 2014, the percentage was 2.36% lower than the alert limit of 2.41% established for the year.

Evolution of accidents					
Year	2010	2011	2012	2013	2014
Number of fatal victims in accidents	10	16	13	4	10
Rate of fatal victims in accidents	1.08	1.66	1.32	0.4	1.10
Total recordable incidents	5.9	6.7	6.8	5,4	4.84
Total hours worked (million)	928	931	986	1,013	911

a) The rate of fatal victims in accidents indicates the number of fatalities per 100 million man-hours of exposure to the risk.

b) The total recordable incidents is the sum of the typical cases of injury without leave, including first aid, injury with leave and fatal victims of accidents per million of worked man-hours.



Our operation units has the support of Cipas, people responsible for reporting risk conditions in the work environments and preserving the health and physical integrity of the workers.

Diversity and gender equity

We respect the human and cultural diversity and we assure the right to difference, ensuring to each worker, regardless of ones characteristics, full conditions to develop talents and potentialities. The human and cultural diversity is one of our corporate values and is grounded on three principles: equality of opportunity, respect diversity and non-discrimination. Discriminatory practices are not tolerated and occurrences are duly handled with specific procedures.

Throughout the year, we received ten manifestations related to cases of discrimination, from which in just one case there was confirmation of part of the inadequate conducts. In this case, after the occurrence of gender prejudice was confirmed, the employee in question was removed from inspection activity and supervision function. Among the other demands, three were classified as unfounded, one as non-conclusive and five were filed because the demander did not authorize identification or were anonymous.

Racial/ethnic diversity

Racial/ethnic diversity	Number of employees	Percentage (%)
White	30,529	52.08
Brown (pardos)	12,882	21.98
Black	2,799	4.77
Yellow	785	1.34
Indigenous	184	0.31
Not stated	11,439	19.51
Total	58,618	100

Data self-declared by each employee of Petrobras (Petróleo Brasileiro S.A.)

In 2014, a Brazilian federal law became effective, which institutes reserve of 20% of the vacancies for candidates self-declared black or brown in the public tenders to enter the federal public administration, public foundations and companies and in the government-owned companies. In our public tender for high school and college levels, carried out in December, we were in compliance with the new legislation and established, in the notice, the specific procedures for this case.

The female workforce has been growing throughout the years. Today, women occupy around 1.8 thousand leadership positions (15.2% of the total) and have enlarged the presence in careers and jobs historically occupied by men.



Women employee responsible for technical maintenance in gas compression station in Campos Elíseos Terminal (RJ).

In 12 jobs of the science and technology area (which includes engineers, geophysical, geologist and technician in oil exploration), the average women participation increased from 8.7% in 2004 to 13.1% in 2014.

According to survey of the National Institute for Educational Studies and Researches Anísio Teixeira (INEP), connected to the Ministry of Education, women represent only 5.1% of the enrollments in engineering areas and 3.7% in the physical, mathematics and earth sciences areas. In order to help to change this scenario, we sponsor the Program Girls and Youngster Studying Exact Sciences, Engineering and Computation. This initiative is for high school students, with the objective of arouse the interest in careers in the science and technology areas, and to women college students, to decrease the evasion in the initial stages of the courses in the same areas. We made available R\$ 5 million for the program, which already granted scholarship to 1,175 women in high school and 353 in college.

As a consequence of the Pro-equity of Gender and Race Program, of the Federal Government, we worked for increase the number of rooms to support breastfeeding, diagnosis for adequacy of physical facilities and equipment to meet the specificities of women workforce, programs of awareness and training of managers regarding gender, race/ethnicity, moral/sexual harassment, besides other initiatives.

Despite our total number of employees decreased this year, mainly due to the Voluntary Resignation Incentive Program, the percentage of women remained stable, with 16.8% of this total.

The base salary for all jobs is equal to men and women. However, there is a difference in the compensation in the category with no bonus because of the male predominance in differentiated work systems, which have specific bonus. Furthermore, service time in the company influences the compensation and, on average, male employees have three years and six months more than women. For this reason, the proportion of the compensation between men and women presents variations.

Proportion of base salary and compensation between women and men

Job category	Base salary		Compensation	
	Secondary Education	Higher Education	Secondary Education	Higher Education
Job with no bonus	1	1	0.78	0.90
Job with bonus	1	1	0.89	0.93
Total	1	1	0.85	0.92

For base salary we consider the lowest level of basic salary in our salary chart. This level is applied for both men and women.

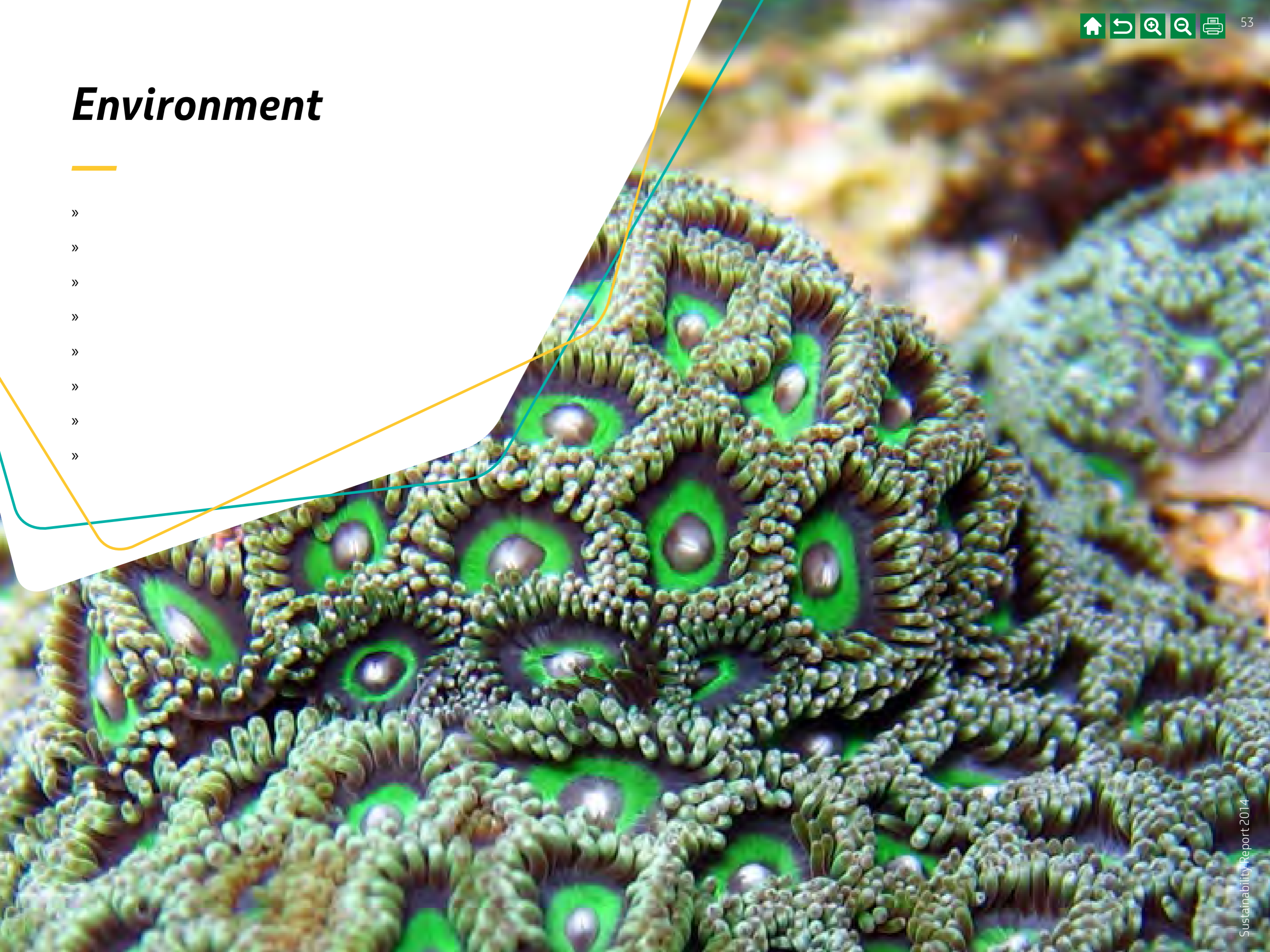
All our employees have the right to maternity or paternity leave and 1,296 (357 women and 939 men) had this benefit throughout the year. When we consider the total employees that concluded their leaves and remained as our employee in 2014, we reach 99.3% (three women employees resigned).

Until 2013, we used to disclose the number of disabled employees forwarded by the business areas, obtained from the self-declaration of the employees. From 2014 and on, the data is computed through the health computerized system, with the records carried out during the annual health tests. Not considering those hired this year, we recorded 286 disabled employees in our company.

We have the Approach to the Disabled Employee Program, whose objective is to train managers and workforce, to promote accessibility in our environments, and to act together with our employees in identifying and handling their demands. For suggestion and implementation of improvements of work conditions, this program identifies actions that already exist and map the needs from references about inclusion and demands from own disabled employees.

Environment

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Environmental strategy



Aerial view of recycle center of the Polo Arara's industrial plant.

We manage the Health, Security, Environment and Energy Efficiency (HSEE) aspects involved in our activities in compliance with an integrated group of policies, guidelines and standards. Internal HSEE standards are applied to our performance dimensions, such as legal compliance, goods and services acquisition, products management and relationship with the community. The standards also require education and training of the workforce in these fronts and endeavoring to involve suppliers and other stakeholders.

We work so that HSEE management systems in our operation units in Brazil and abroad comply with ISO 14001 (environmental management) and OHSAS 18001 (health and security management) standards. Since 2013, we processed in certified units the entire oil refined in the country.

Our objective is to reduce the activities impacts in the environment to a minimum, increasing eco-efficiency of our operations, through rational use of water, energy and other inputs, as well as managing atmospheric emissions and waste and effluents generation.

We identify and evaluate systematically the main HSEE risks associated to investment projects. The results of these evaluations are periodically monitored by the Audit Committee of the Board of Directors, which verifies the alignment with corporate orientations and compliance with management plans recommendations and risks mitigation.

Total expenditures and spending with environmental protection (R\$ millions)

Nature of the expenditures	2012	2013	2014
Environmental spending related to production/operation	2,238.7	2,727.3	2,829.2
Pollution control equipment and systems	154.1	118.7	94.1
Recovery of degraded areas projects	434.1	373.1	245.7
Investments in programs and/or external projects (including sponsorships)	101.2	104	107.9
Total	2,928.2	3,324.4	3,276.9

a) The amounts of investments in programs and/or external projects (including sponsorships) are the same as those disclosed in the "Social Investment" section.

b) In Sustainability Report 2013, the cost amount of pollution control equipment and systems and projects for recovery of degraded areas were published inverted and corrected in the table above.

CLIMATE CHANGE

We recognize the relevance of human action towards global climate change. Considering possible impacts resulting from greenhouse gases (GHG), emissions, we established a strategy for reducing the intensity of these emissions, which includes an increase of energy efficiency of our processes and products. Our corporate emissions inventory is emphasized as an essential support to this strategy.

Besides investing in the operating improvement, we seek to identify opportunities and apply innovative concepts or technologies from the project stage of new enterprises due to greater effectiveness of measures adopted in initial stages of enterprises regarding the minimization of GHG emissions intensity.

We also participate in initiatives and forums related to climate change, with the purpose of identifying and evaluating the main advances and the best mitigation practices to possible incorporation in our processes. We highlight the Global Oil and Gas Industry Association for Environmental and Social Issues (local acronym Ipieca) and the Carbon Disclosure Project (CDP).

We base the management of our operations aspects that may be related to global climate change, on two pillars: greenhouse gases emission inventory and implementation of initiatives focused on minimizing the intensity of these emissions, including actions which aim to increment energy efficiency in our operations.



Exploration and production of oil and gas in deep waters, transport by road, sea, river and ducts, which move a large volume of raw material and derivatives, and production of biofuels from oilseeds are some of our operations that may be affected by the intensification of climactic phenomena.

This aggravation of consequences of global climate change can also impact the availability of water necessary for our activities, besides increasing the cost of facilities insurance premiums and volume of investments to ensure the safety and integrity of our units.

We understand that, despite global climate change may give threats to some of our activities, it may also offer new opportunities, since that issues related to the phenomenon are treated on a proactive way and integrated to the planning process and business management. The table beside relates the potential threats associated to climate change and the opportunities that may rise from constructive management.

Guariba-Roosevelt Extractive Reserve, "Pacto das Águas" project area, which we sponsor as part of Petrobras Socio-environmental Program.



Threats and opportunities associated to global climate change

Threats	Opportunities
» Increase in the inputs' price (e.g., energy, water and raw material);	» More operational efficiency;
» Increase in insurance and reinsurance premiums;	» New markets development;
» Carbon costs (e.g., fines);	» Participation in the international carbon markets;
» Market loss;	» Increase in shares value (improvement in reputation of the company/brand);
» Restrictions on access of credit lines;	» Increasing access to international financial markets;
» New regulatory restrictions (e.g., reduction goals and taxation of products and services);	» Possibility of anticipation of the regulatory changes;
» Loss of brand credibility;	» Access to government subsidies;
» Employees dissatisfaction;	» Differentiation of company/products;
» Consumers, investors and shareholders pressures;	» Increase brand's credibility;
» Negative image with the media and general public;	» Pioneering/leadership in the market;
» Decrease the input availability;	» New investors and partners Attraction;
» Damage to structures and facilities;	» Employees satisfaction and retention;
» Interruption in supply chain;	» Introduction of new products and services adapted to impacts of climate changes;
» Logistics difficulties.	» Development of processes and technologies less natural resources dependent.

Energy efficiency

Our strategy to increment the energy performance of operations and products is based on the development of projects for increasing energy efficiency of existing assets, operation management to obtain energy gains and incorporation of requirements of energy efficiency in new projects.

Therefore, we have been investing in initiatives focused on the modernization of facilities; optimization and advanced control of process; equipment adaptation; standardization of projects and operating systems; projects to increment the efficiency of thermoelectric plants; and use of natural gas associated to oil production.

CONSUMED ENERGY

In order to meet the energy demand of the country in a period in which the hydroelectric power plants' reservoirs were low, the thermoelectrics that we operate supplied energy to the Brazilian electrical system in higher levels than the usual average, which impacts both our total consumed energy and the generated emissions.

In 2014, we consumed a total of 1.16 million terajoules (TJ), or 532 thousand barrels of oil equivalent per day (boed) of energy, consumption that represented an increase of 9.9% in relation to the previous year.

The optimization actions enabled us to save 1.6 thousand terajoules in the year (TJ/y) or 760 boed. The total saved would be enough to supply electric power to a city with a population of 148 thousand during a year.

The measures to save energy in our administrative facilities focused on the management of energy contracts, on the modernization of the illumination systems, on the use of thermal film and on operating adjustments. These actions generated an economy of R\$ 13.2 million.

Associated to financial gains, the energy optimization effort of our refineries contributes to decrease impacts in the environment. Among the main actions, we highlight improvements in our system of generation and distribution of electrical power and steam and in the energy performance of the many energy consumer systems, such as furnaces and boilers, and the determination and implementation of operational opportunities and of investments in energy efficiency.



Gas delivery point in Campos Elíseos Terminal, in Duque de Caxias (RJ).

Energy consumption in Petrobras System (in TJ)

Energy resources	2012	2013	2014
Diesel oil	75,555	92,459	92,510
Fuel oil	77,476	69,722	79,383
Natural gas	548,820	647,139	728,146
Fuel gas	120,551	112,098	131,515
Residual gas	2,452	10,068	10,350
Liquefied petroleum gas (LPG)	26	949	223
Petroleum coke	67,432	65,765	70,945
Others	7,184	50	2
Imported steam	20,505	35,933	26,224
Imported electric power	16,198	16,765	15,923
Total Energy	936,199	1,050,949	1,155,220

a) The electrical power and steam numbers are accounted based on the theoretical thermal equivalence (0.0036 TJ = 1 MWh).

b) The volume of natural gas and liquid fuels burnt in torch, in 2014, totaled 135 thousand TJ, which is not considered in the energy consumption calculation.

In five years, these initiatives resulted in an energy savings of around 2.5 million barrels of oil equivalent per year or 15 thousand TJ/year, which correspond to enough electrical power to supply a Brazilian city with an average population of 630 thousand during one year. This result represents a decrease of the energy intensity in our refining operations of around 5.2%, with an estimated decrease in the emission of carbon dioxide (CO₂) to the order of 3 thousand tons per day.

We continue our project, started in 2013, of replacing part of the natural gas consumed by the Duque de Caxias Refinery (local acronym Reduc), in Baixada Fluminense (Rio de Janeiro), for biogas generated from decomposition of the waste collected in the former Gramacho landfill site. During 2014, Reduc consumed around 40 thousand cubic meters per day of biogas, which corresponds to approximately 1.2% of its annual energy consumption.

RESPONSIBLE CONSUMPTION

We try to stimulate responsible consumption of oil derivatives. Through the Energy's Program for Rational Use of Oil and Natural Gas (local acronym Conpet), of Brazilian government's Ministry of Mines and Energy, we seek to develop partnerships with companies to evaluate the emissions of particulate matter by buses and truckers, as well as for the guidance of drivers regarding the efficient use of vehicles. Approximately 100 thousand evaluations were realized in 2014.

In the education area for responsible consumption, 16 workshops were conducted with participation of more than 650 teachers of 280 schools in six Brazilian states, in order to enable them in sustainability and energy efficiency themes.

We also participate in the Brazilian Labeling Program, developed by Conpet and by the National Institute of Metrology, Quality and Technology (local acronym Inmetro), which aims to stimulate the production and use of more efficient equipment and vehicles. The program seek to encourage the responsible consumption informing the consumer, through the National Label of Energy Conservation, about the fuel consumption of many automobile models and equipments that use gas. The Conpet Seal of Energy Efficiency highlights the vehicles and equipments that show best performance and, consequently, lower emissions of CO₂.

In 2014, 570 automobile models participated in the Vehicle Labeling Program. From the manufacturers enrolled in the program, 14 were contemplated with the Conpet Seal.

We provide an app for smartphones and tablets called Vehicle Labeling ("Etiquetagem Veicular"), which allows the consumer to compare quickly the automobile models regarding the fuel consumption and to calculate, before the purchase of a new car, which the estimated annual and month expenditure with fuel, according to its utilization profile.

Our refineries Henrique Lage (Revap), Gabriel Passos (Regap) and Alberto Pasqualini (Refap), in partnership with Conpet, developed the Project "TransportAR", that verifies the maintenance state, the opacity of the smoke emitted by the exhaust and the quality of the diesel stored in the vehicles' tanks that transport the fuel produced in the refineries. The action contributes for the preservation of the environment and for the drivers environmental education.



Petroleum coke Refap' unit.

Atmospheric emissions management

We produce and voluntarily disclose the annual inventory of atmospheric emissions resulting from our activities, which gathered, in 2014, data regarding 34 thousand active sources registered. This result shows improvement in comparison with 2013, when we monitored 15 thousand active sources.

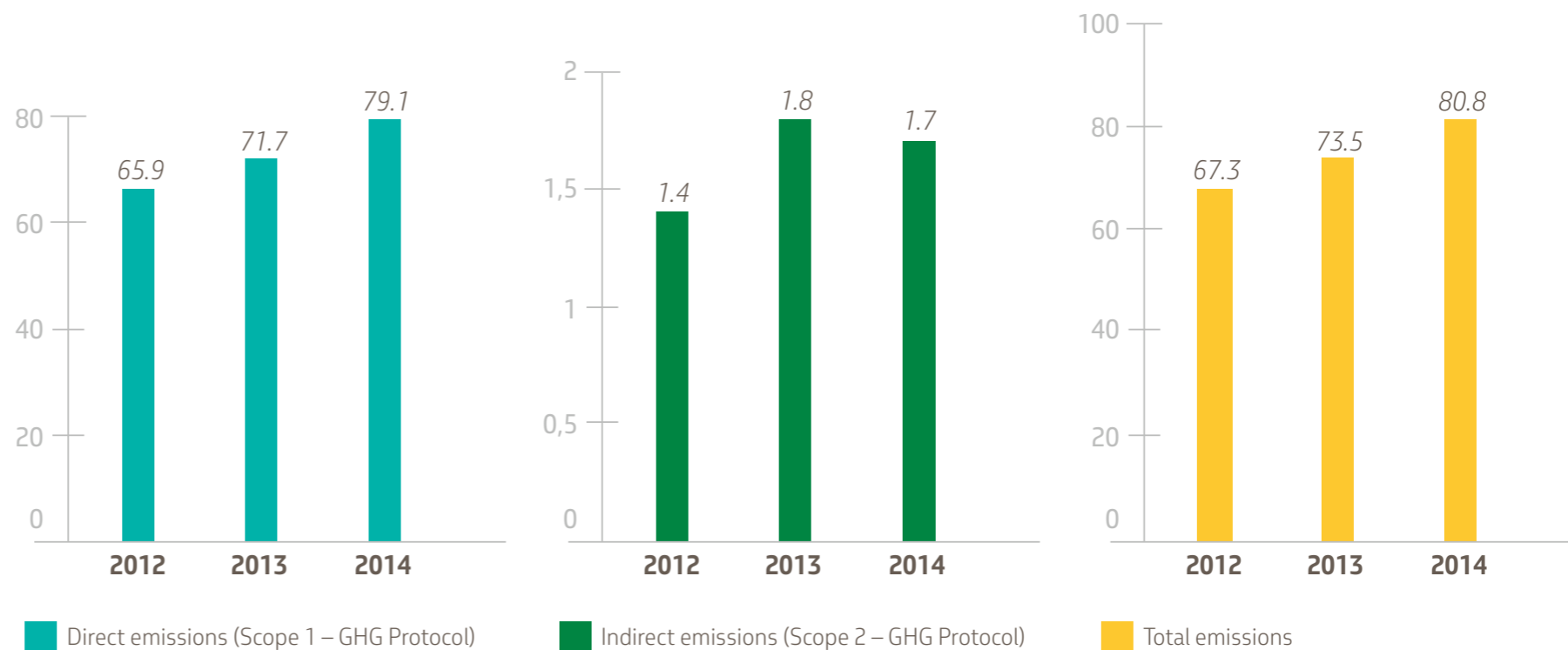
We have compiled, since 2002, this information through the Atmospheric Emissions Management System (local acronym Sigea), whose results are periodically audited by a third party, according to the external verification methodology of the standard ISO 14064.

We recorded the emission of a total volume of greenhouse gas (GHG) emissions of 80.9 millions of tons of CO₂ equivalent. This rate represents an increase around 10% in comparison with the total volume issued in 2013, arising from the expansion of our activities in the following areas: Supply, Exploration and Production and from the increase of dispatch of thermal plants.

We used 94.6% of the gas produced in our operations in Brazil. In 2014, we recorded the burn of 4.4 million cubic meters per day of gas in torch in the exploration and production activities, 24% higher than the total in 2013. The increase was already foreseen considering the operational start of five definitive production systems in sea, that presents, in this stage, higher volumes of burning gas.

Despite the growth of our activities and, consequently, the emissions of GHG, we were able to reduce the intensity of these emissions in our processes through different initiatives, highlighting the modernization of the facilities, use of more efficient equipment and standardization of projects and operating practices, in addition to investments in research and technology.

GREENHOUSE GAS EMISSIONS
(in millions tons of CO₂ equivalent)



a) Emissions relating to operations in exploration and production, refining, fertilizers, petrochemical, electric power generation, ground transportation (pipeline and road) and maritime transportation, as well as the distribution activities of in Brazil, Argentina, Bolivia, Colombia, United States, Mexico, Paraguay, Peru and Uruguay.

b) The indirect emissions refer to the purchase of electric power and steam, supplied by third parties, in the mentioned countries.

c) The inventory of atmospheric emissions is elaborated according to the orientations of the GHG Protocol – a Corporate Standard (WRI/WBCSD). Its scope includes assets which we operate and those in which we hold 50% or more financial control. The inventory's approach follows the bottom-up methodology, i.e., the total inventory is the sum of the emissions of the each source emission. The algorithms used for emission's calculation of the greenhouse gases are based on international references, of public access, such as API Compendium and the "AP-42" (US EPA).

d) In terms of greenhouse gases, the inventory comprises the emissions of CO₂ (carbon dioxide), CH₄ (methane) and N₂O (nitrous oxide). The results are expressed in millions of metric tons of CO₂ equivalent, calculated according to the Second Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).

e) We periodically submit our inventories for verification by a third party, according to the standard ISO 14064.

f) The emissions of biogenic CO₂ have little relevance and, for this reason, they don't reach the criterion established in the systematic for the inventory of emissions.

g) The possible changes in historical numerical information, related to the previous publications of the Sustainability Report, are due to improvements in the atmospheric emissions management system.

The use of our products generated a total of relevant indirect emissions around 520 million of tons of CO₂ equivalent. This amount is approximately presented, considering as assumption that all the products sold would have been used in the same year and released CO₂. We used, as a reference, the consolidated data of products sales, the GHG Protocol (Scope 3) methodology and the conservative classification of the products exported as “residual oil”.

Emissions of CO ₂ , CH ₄ and N ₂ O			
	2012	2013	2014
Carbon dioxide – CO ₂ (millions of tons)	63.1	69.6	76.8
Methane – CH ₄ (thousands tons)	171.2	159	154.0
Nitrous oxide – N ₂ O (tons)	1,944	2,085	2,291

a) Total emissions: direct + indirect.

b) The possible changes in historical numerical information, related to the previous publications of the Sustainability Report, are due to improvements in the atmospheric emissions management system.

Other significant atmospheric emissions (tons)			
Emissions	2012	2013	2014
Nitrogen oxides (NO _x)	251,318	252,039	299,285
Sulfur oxides (SO _x)	116,337	128,354	133,462
Particulate matter	18,188	17,469	21,651
Volatile organic compounds (VOCs)	262,317	249,625	248,685
Fugitive emissions	103,881	100,972	96,689
Carbon monoxide	189,202	173,560	180,676

a) Total emissions: direct + indirect.

b) It was considered as VOC the emissions of non-methane hydrocarbon comprised in the inventory.

c) The methodology used for the calculation of the reported emissions is the same described in the table “Greenhouse gases emission”.

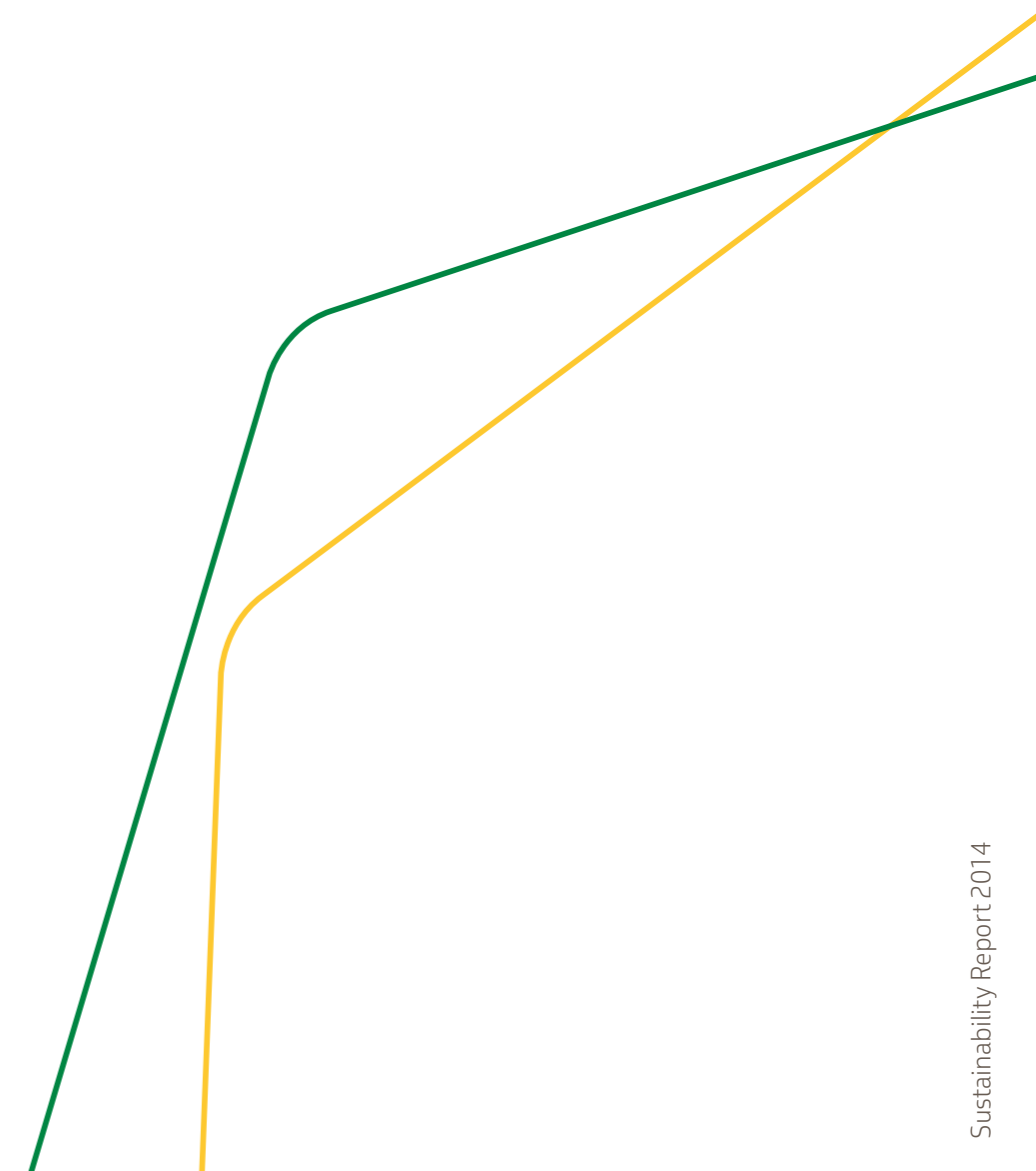
d) The possible changes in historical numerical information, related to the previous publications of the Sustainability Report, are due to improvements in the atmospheric emissions management system.

We also count with the Technological Program of CO₂ Management in the Pre-Salt Development (PRO-CO₂) and with the Thematic Network of Carbon Sequestration and Climate Change, which involves 15 Brazilian science and technology institutions.

Volume of hydrocarbon not used	
Destination	Volume (millions of m ³)
Burn in torch	3,066
Dissipated in the atmosphere	34.6

a) We consider records of the volume of gas burned in torch for the areas of Exploration and Production, Gas and Energy, Supply, International and Transport.

b) We consider records of gas released directly for the atmosphere through ventilation and depressurization events.



Biodiversity

Our operations are constantly interacting with the natural systems and its biological components and may interfere in the territories and its biodiversity. For this reason, we are committed to acting with responsibility, preventing the risks and impacts associated to our operations. Besides, we support projects of institutions and organizations of the civil society for the conservation and recovery of the biodiversity in all the Brazilian biomes and in other countries where we operate.

We adopt measures for the management of risks and impacts in the biodiversity in all the stages of our enterprises/operations. Therefore, we follow the internal procedures below with criteria related to the biodiversity theme:

- » Management standards of risks and impacts in the biodiversity;
- » Standard of identification and mapping of protected, sensitive and vulnerable areas;
- » HSE management standards in new enterprises;
- » Standards for fauna and flora management, environmental inspections and patrols in refineries, fertilizers manufactures, gas processing units, energy generation and transmission units and in our shale industrialization unit;
- » Management standards of Environmental licensing;
- » Standards for biodiversity characterization and monitoring.

These documents provide guidance as to the necessity of development and monitoring of actions for the prevention, mitigation, recovery or compensation of impacts in relevant areas in terms of biodiversity or ecosystem services, including conservation units and other protected, sensitive and natural areas that provide resources for the communities.

The compliance with the standards is evaluated by an internal system, the Process of Evaluation of HSE Management, which, in 2014, analyzed 18 units in issues related to biodiversity, identifying opportunities of improvement.

Our units have environmental licenses and authorizations required by the local governments. In order to comply with the environmental licensing requirements and with the internal standards, are necessary several studies and projects for defined objectives according to the enterprises' life cycle stage, the types of operations, the environment where they develop, as well as requirements of the environmental agencies. The results of these studies are evaluated by our experts and validated by the environmental agencies' professionals.

All these studies and projects generate a wide set of information that we are systematizing with the support

of processes and systems, such as our environmental data register, which centralizes documents regarding environmental studies and projects.

We highlight the renewal of the agreement with the Life Institute, which has been improving its certificate methodology. This is the first international certification for evaluation of the effectiveness of an organization's management regarding the results of actions focused on conservation and recovery of the biodiversity.

In the new stage of the agreement, we expect relevant discussions about a methodological model to evaluate matrixes of aspects related to the biodiversity and impacts caused by enterprises of the oil sector, ecological indicators for the analysis of projects' results, among other important and challenging themes, in order to help our management.



We sponsor the project "Abraço o Boto-Cinza", which promotes the conservation of the species (*Sotalia guianensis*), in the Sepetiba Bay, in Mangaratiba, in the state of Rio de Janeiro.

PROTECTED AREAS

In the “Biodiversity and social diversity” operating line of Petrobras Socio-environmental Program, we support projects focused on the protection and recovery of species and habitats, as well as on the associated traditional uses (which involve a variety of ethnics, people, cultures, life styles, production systems and knowledge) to preserve and conserve the biodiversity in the terrestrial and aquatic ecosystems. Around 250 fauna species were studied, monitored or protected through these initiatives.

The projects of the “Forests and Climate” operating line active in 2014 developed actions for the productive conversion, recovery of the degraded areas and conservation/management of forests and natural areas. The accumulated effort of worked areas declared by the projects was 936.3 thousand hectares, from which 96.8% of the total refer to the conservation of natural areas in indigenous land, conservation units and its surroundings.

With the increase in the efficiency of the georeferencing and monitoring processes, we also improved the accuracy of some of our data. Nine of our refining units and the shale industrialization units contains protected areas inside them, totaling around 1.1 thousand hectares, 84% in permanent preservation areas, 14% in conservation units and an area of 2% under protection of the own units.

Internal and external protected areas by operation type

Operation type	Protected areas
Oil refining and shale industrialization	<ul style="list-style-type: none"> » 3 conservation units in internal area » 54 conservation units in exclusively external area
Oil and gas Exploration and production	<ul style="list-style-type: none"> » 5 conservation units totally or partially in internal area » 213 conservation units in exclusively external area » 4 indigenous land in external area » 3 “quilombo” territories in external area » 167 archaeological sites in external area
Fertilizers manufacturing	<ul style="list-style-type: none"> » 3 conservation units in internal area » 11 conservation units in exclusively external area » 1 “quilombo” territory
LNG Transfer, storage and regasification	<ul style="list-style-type: none"> » 3 conservation units in internal area » 6 conservation units in exclusively external area » 1 indigenous land » 1 “quilombo” territory
Thermoelectric generation	<ul style="list-style-type: none"> » 1 conservation unit in internal area » 42 conservation units in exclusively external area » 1 indigenous land » 3 “quilombo” territory
Transport	<ul style="list-style-type: none"> » 11 conservation units in internal area » 129 conservation areas in exclusively external area » 3 indigenous land » 2 “quilombo” territories

a) Partial amounts related to 92 operating units.

b) This accounting did not consider the Permanent Preservation Areas (PPA) and the Legal Reserves, whose delimitation is not available on official sources. However, we carried out this mapping in the company.

c) The protected areas exclusively external to the units comprise those located in the respective influence area. The internal protected areas cover those located, partially or totally, within the unit area.

Researchers of Tamar Project with green turtle (*Chelonia Mydas*).



SENSITIVE AREAS

A total of 48 units reported the occurrence around 220 sensitive areas in its influence area.

Due the improvement in the control access, we increased from 17, in 2013, to 35 the number of units that reported the occurrence, attested by primary data, of threatened species in their influence areas. In total, we recorded 160 species included in the Red List of Threatened Species, for International Union for Conservation of Nature. These, 103 are classified as “vulnerable”, 46 as “endangered” and 11 as “critically endangered”.

Some animal species included in our sponsored projects improvement in their situation or were excluded from the Brazilian Official List of Threatened Fauna Species, published by the Ministry of Environment. This was the case of humpback whale (*Megaptera novaeangliae*) and of black-browed albatross (*Thalassarche melanophris*), which presented recovery of their population and were excluded from the list. The West Indian manatee (*Trichechus manatus*) changed from “critically endangered” to “endangered” situation. The institutions that carry out the “Baleia Jubarte” (humpback whale) Project, “Albatroz” (black-browed albatross) Project and “Manati” (West Indian manatee) project, which we have supported since 1996, 2006 and 2010, respectively, contributed to the elaboration of the Brazilian Action Plans for Conservation of the Big Cetaceans, the Albatrosses and Petrels and the Sirenians, coordinated by the Chico Mendes Institute for Biodiversity Conservation (local acronym ICMBio).

Among the other results that we reached with the Petrobras Socio-environmental Program, we highlight the increase in the annual average number of turtle nests monitored by Tamar Project. After 35 years in activity, baby sea turtles protected by the project became adults and increased the number of spawning.

From September 2013 to May 2014, approximately 2.2 million turtles were born, 300 thousand more than in the season before. Considering the evolution during the decades since 1980, there was the increase of the average annual number of nests of hawksbill sea turtle in 3,728%; the olive ridley sea turtle in 11,720%; the loggerhead sea turtle in 1,165%; the leatherback sea turtle in 592%; and the green sea turtle (in Fernando de Noronha) in 451%.

Some results of the projects we sponsor through the Petrobras Socio-environmental Program

- » The “Bichos do Pantanal” Project is carrying out the first fishes inventory of the Cáceres region, in the Alto Pantanal Basin, in Mato Grosso. One hundred and twenty species had already been mapped from 280 enrolled as existing in all Pantanal;
- » The “Caranguejo Uçã”, carried out by the NGO “Guardiões do Mar”, in the east region of the Guanabara Bay, after two years of study and work in field to acknowledge and improve the life conditions of “caranguejo uçã” (*Ucides cordatus*), reforested with 24 thousand seedlings an area of 8.7 hectares, equivalent to nine Maracanã stadiums;
- » The “Pacto das Águas” Project gathers initiatives of conservation of forests and water sources, besides the sustainable management of local cultures in the region of the Amazon located in Mato Grosso, and it generated income around R\$ 5 million for rubber tappers and Indians of tribes such as Cinta Larga, Rikbaktsa, Gavião and Arara;
- » The “Coral Vivo” Project has established, since 2006, historical landmarks in the biology and ecology knowledge on endemic coral reefs of Brazil, such as the definition of the specific periods of annual spawning of key species and the obtaining of thousands of baby corals resulting from in vitro fecundations. The project had already produced up to 500 thousands larvae in a single spawning;
- » The “Caatinga Viva” Project, created to recovery the single biome exclusively brazilian, the “caatinga”, in the Baixo Açu region, in Rio Grande do Norte, was one of the responsible for the construction of an ecological wood’s biofactory. This product, made with “carnauba” straw, waste of municipal urban pruning or an specific grass (“capim elefante”) pressed and dried, is provided to local residencies and industries, in replacement for 30% of the biomass arising from conventional wood. The project also enabled the reforestation of 600 thousand m² and the plantation of 30 thousand seedlings of native species.

Water resources

The goals of our strategy of water resources management is to ensure the supply of water necessary to our activities and to contribute with the conservation of the inputs in our influence areas, through actions of rational use.

Due to the water crisis in Brazil, the rationalization of the water use in our activities gained more importance, because the reduction of the catchment increases the resource offer for the society. Considering the local availability for catchment and use and the technical and economic viability in the action plans, we implemented the following rationalization methods:

- » Implementation of little intensive technologies in the water use;
- » Minimization of the water use in the operations and processes;
- » Reuse;
- » Identification and utilization of alternative sources of supply.

We use the Datahidro, our data base of water resources and effluents, to ensure the compliance with the corporate management standards and to monitor the information about the theme.

WATER WITHDRAWAL AND REUSE

We withdrew 206 million of cubic meters of freshwater for our operational and administrative activities of 243 sources, which 180 located in Brazil and 63 abroad.

In our operation units, the water withdrawal limits are established by the public agencies responsible for the management of water resources, which grant to us a maximum volume of water based on hydrological criteria and factors such as the multiple uses of water in a hydrographic basin and the characteristics of each location. During the year, we did not aware significant impacts in the water sources where there is direct water withdrawal or discharge of ours effluents.

The reuse projects have been receiving a significant part of our investments in rationalization of water use. The total volume of reuse was 24.5 million of cubic meters, which corresponds to 10.6% of the total of the demand of freshwater in 2014. This quantity is enough to supply a city with a population of 600 thousand for a year.

In our administrative facilities, we developed a set of actions for the reduction of the water consumption, which range from simple initiatives, such as the adequacy of sanitary system equipment and awareness of the workforce, to more complex interventions, like the elimination of losses, subdivided consumption, rainwater utilization for non-potable objectives, and optimization of processes that use water.

The rationalization actions implemented in five of our ten buildings with higher water demand (four in Rio de Janeiro and one in Bahia) provided, in 2014, a fall of around 33% of the water consumption compared to 2012. The saving, around 100 thousand m³/year, could meet the demand of a contingent of more 10 thousand employees with similar average demand per capita.

Origin of the water withdrawn by Petrobras System

Source	Volume withdrawn (millions m ³)			Volume withdrawn (%)		
	2012	2013	2014	2012	2013	2014
Surface water	128.2	122.8	126.4	66.3	63.4	61.2
Underground water	36	30.7	31.7	18.6	15.9	15.4
Municipal supply or by third parties	29.2	40.1	48.4	15.1	20.7	23.4
Total	193.4	193.6	206.5	100	100	100

Total volume of reused water

	2012	2013	2014
Reused water (million m ³)	23.5	24	24.5
Volume in relation to the total used water (%)	10.8	11.1	10.6

In January, we created the Technological Program for Treatment, Reuse and Minimization of the Water Consumption (“Pró-Água”), with investments around R\$ 24 million in 14 projects of research and development, besides studies and tests of different technologies, in partnership with seven Brazilian universities.

In 2014, the Water Treatment and Reuse Station (local acronym Etra), responsible for the treatment of sanitary and industrial sewage of all the complex of Leopoldo Américo Miguez de Mello Research and Development Center (local acronym Cenpes), gave rise to significant gains such as the utilization of 196 million liters of generated reused water. The saving was equal to R\$ 5.8 million in sewage treatment and in supply of water by the public system. Besides Etra, the system implemented by Cenpes of rainwater withdrawal from roofs and floors for the use in sanitary bowls and for irrigation contributes even more to the saving of approximately R\$ 1.4 million, reinforcing the importance of these projects.

We implemented a lot of measures to promote the rational and efficient water use in our refineries, which had allowed that the volume of reused water increased from 20.3 billion liters in 2011 to 23.3 billion liters in 2014. The additional reuse volume is equal to 3% of all the consumed water by our refineries in Brazil. This amount is enough to supply a city with a population of 75 thousand for a year.

EFFLUENTS DISCHARGE

Because of our operations, we release in the environment a volume of around 254.8 million cubic meters of industrial, sanitary and produced water effluents. Our effluents discharge processes are ruled by release standards established by law.

Total disposed water by destination in Petrobras System

Destination	Disposed volume (millions m ³)			Disposed volume (%)		
	2012	2013	2014	2012	2013	2014
Surface water bodies	204.2	217.5	242.7	93.7	94.3	95.3
Groundwater water bodies	7.9	6.7	6.3	3.6	2.9	2.5
Concessionaires for water supply or third-party companies	5.8	6.4	5.8	2.7	2.8	2.2
Total	217.9	230.6	254.8	100	100	100

In relation to the water produced in our exploration and production activities, we have projects for its treatments and reuse in onshore fields of the Northeast region. In wells of Furado field, in Alagoas, starts in operation, in June, an system of injection of produced and treated water in wells for secondary recovery. Previously, the produced water was disposed in unproductive wells.

They are in course 18 projects about implementation and/or modernization of systems of treatment and drainage of effluents. Furthermore, we have initiatives for the treatment of effluents for reuse in different units, such as the Refinery Abreu e Lima, in Pernambuco. With capacity to produce up to 580 cubic meters of water per hour, aiming the reutilization of the chain for the production of demineralized water, the initiative may generate a saving up to 5 million cubic meters of water per year.

IMPROVEMENT OF THE WATER RESOURCES MANAGEMENT

For the development of the actions related to water resources, we carry out a permanent process of improvement of our tools for information’s management, of workforce technical qualification and the monitoring of knowledge evolution and external trends related to the companies’ performance.

We make tests applying the Water Scarcity Risk Index, in order to identify and analyze the risks related to the availability of water in the different facilities. We considered, applying the index, factors such as availability of water for withdrawal, vulnerabilities and resilience aspects of the operational units. As a tool to support the decision, the index enables us to analyze preliminarily the water criticality of our units, also indicating the possible need to carry out complementary studies of water availability.

Waste



We develop initiatives to minimize solid waste generation, identifying measures to avoid the generation and acting in the reduction, reutilization and recycle of the waste produced in our activities. Together with our subsidiaries, we invest in technological development, seeking cleaner and more innovative processes, in order to increase the efficiency of the production and to meet the highest standards of security and environmental quality.

It was generated 245 thousand tons of hazardous solid waste in our processes, 26% lower than the established alert limit. Furthermore, around 65% of the hazardous waste total was sent for energy recycling routes. It is important to emphasize that the reduction of the hazardous waste generation occurred in a growth scenario of 5.3% compared to 2013 of our crude oil and condensates production and 2.1% of derivatives production in our refineries in Brazil.

We highlight the implementation of a new processing unit in the Refinery Alberto Pasqualini (Refap) in Canoas, in Rio Grande do Sul, which allowed the reuse of approximately 8.4 thousand cubic meters of oily waste streams, with recovery of hydrocarbons and production of petroleum green coke, avoiding the generation of oily waste. Among the measures to reduce the generation of waste, we highlight the chemical or biochemical mechanical cleaning process inside the tanks, carried out with no direct human contact, with recovery of the oil and reduction of the waste volume, through the solubilization and reprocessing of the sludge.

In the management of our solid waste, we seek to reduce the destination for landfills, reaching the non-hazardous waste recycling or reuse percentage of 92% of the papers, 92% of the woods, 79% of the scrap, 77% of the glasses and 74% of the plastics.

RECYCLING

From 2010 to 2014, the total percentage of recycling and reuse of dump in our enterprises increased from 6% to 38%. In the Nitrogen Fertilizers Unit III, we recycle 100% of the concrete waste generated by our constructions, with the reutilization of soft concrete scraps in the service fronts and in

the manufacture of precast. Furthermore, concrete waste was internally submitted to mechanical disruption followed by crushing. The material resulting from this process was used for the structural reinforcement of the accesses to the enterprise and also in internal accesses.

We monitor our environment services suppliers (which include transport, treatment, destination and chemical analyses of waste) to prevent and mitigate potential negative impacts, environmental, social and/or economical. In 2014, we made 1,071 document verifications and 22 in person verifications of services of this nature.

According to technical criteria established by the environmental agency responsible to license the maritime activities, only water-based drilling fluid waste and gravel can be disposed at sea. We invest in the reuse to reduce the generation of non-aqueous drilling fluids and inputs of its manufacture process. The others wastes are delivered to licensed companies to send for final destination, according to Brazilian legislation. We also carry out practices of incorporation, co-processing and recycling of gravel waste in our onshore operations.

We process approximately 232 thousand liters of oils and residual fats in two plants of Petrobras Biocombustível, in Bahia and Ceará, with an increase of 29 thousand liters in relation to 2013. We maintain a partnership with 28 cooperatives and institutions to establish a collection system for the reutilization of frying oil.

We also process 31 thousand liters of fish guts oil, from fishermen cooperatives in Ceará, for the production of biodiesel. Besides improving the revenue of these fishermen, we contribute to eliminate the environmental impact generated by the deposition of this waste in dumps in open areas of the region.

We intend to expand the biodiesel production from these raw materials, ensuring a sustainable production at competitive prices, in addition to the environmental and social benefits.

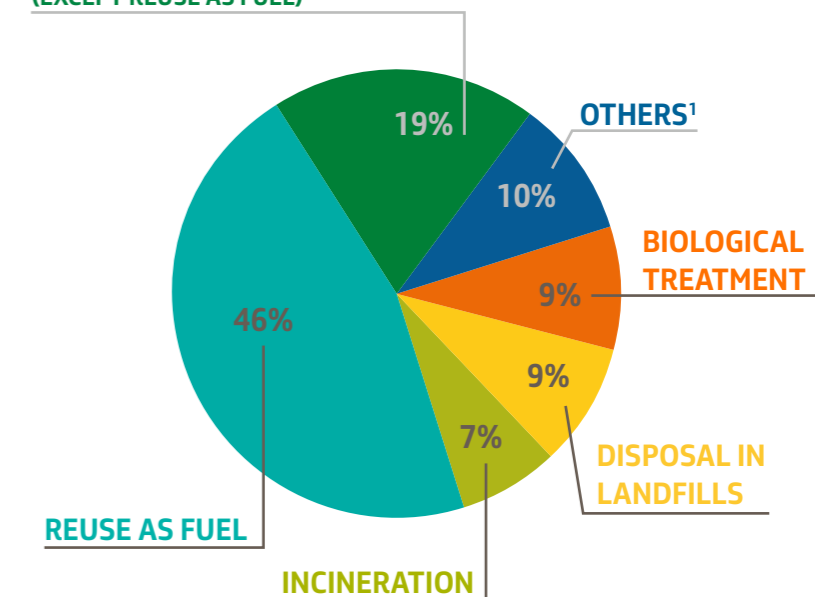
Through the Petrobras Socio-environmental Program, we sponsor 16 projects in seven states focused on recycling, social inclusion and revenue generation, benefit directly a total of approximately 16 thousand of recyclable material collectors.

Oil production X Hazardous waste generated

Year	Production (thousand m ³ /day of oil)	Hazardous waste generated (thousand tons/years)
2012	315	261
2013	307	260
2014	323	245

PERCENTAGE WASTE DISPOSAL BY DESTINATION

RECOVERY, RECYCLE AND REUSE (EXCEPT REUSE AS FUEL)



1) Waste returned to the suppliers, submitted to non-conventional destination technologies or to more than one type of treatment.

Products and services

The main environmental impacts resulting from our transport activities refer to the consumption of fuels, emission of greenhouse gases and generation of waste, besides the risk of accidents with leaks of products in the soil and water. To control these risks, we maintain management processes that predict contingency and emergency plans.

Due to the geographical dispersion and to the fleet composition (divided into own and hired, including cargo carrier), we do not have accurate measurements about the impacts related to the consumption of fuel, emissions or disposals of tires, lubricant oils and batteries.

We should also consider that many of supply companies do not exclusively work for the Petrobras System, besides other dynamic variables, such as the number and types of vehicles in motion, the engine adjustment, vehicles conservation state and the traffic conditions or road network. In spite of this, we monthly carry out measurements of black steam in the diesel vehicles, according to orientation of the Brazilian Environmental and Renewable Natural Resources Institute (local acronym Ibama).

TRAININGS

In the transport operations, besides requiring environmental license from the carrier's facilities, we periodically evaluate the validity of the register of potentially polluting activities. We also verify whether each vehicle carries the mandatory environmental license or the authorization for the transport of dangerous product issued by the regulatory agency. Annually, we offer trainings for all of drivers that works to Petrobras Distribuidora, including issues about environment.

The vehicles used in our operations do not extrapolate the maximum tolerable level for the human hearing, of 85 decibels. The measurement is a responsibility of the service provider companies, which present to us an evidential report of the procedure and its results.

PRODUCTS AND PACKAGES IMPROVEMENTS

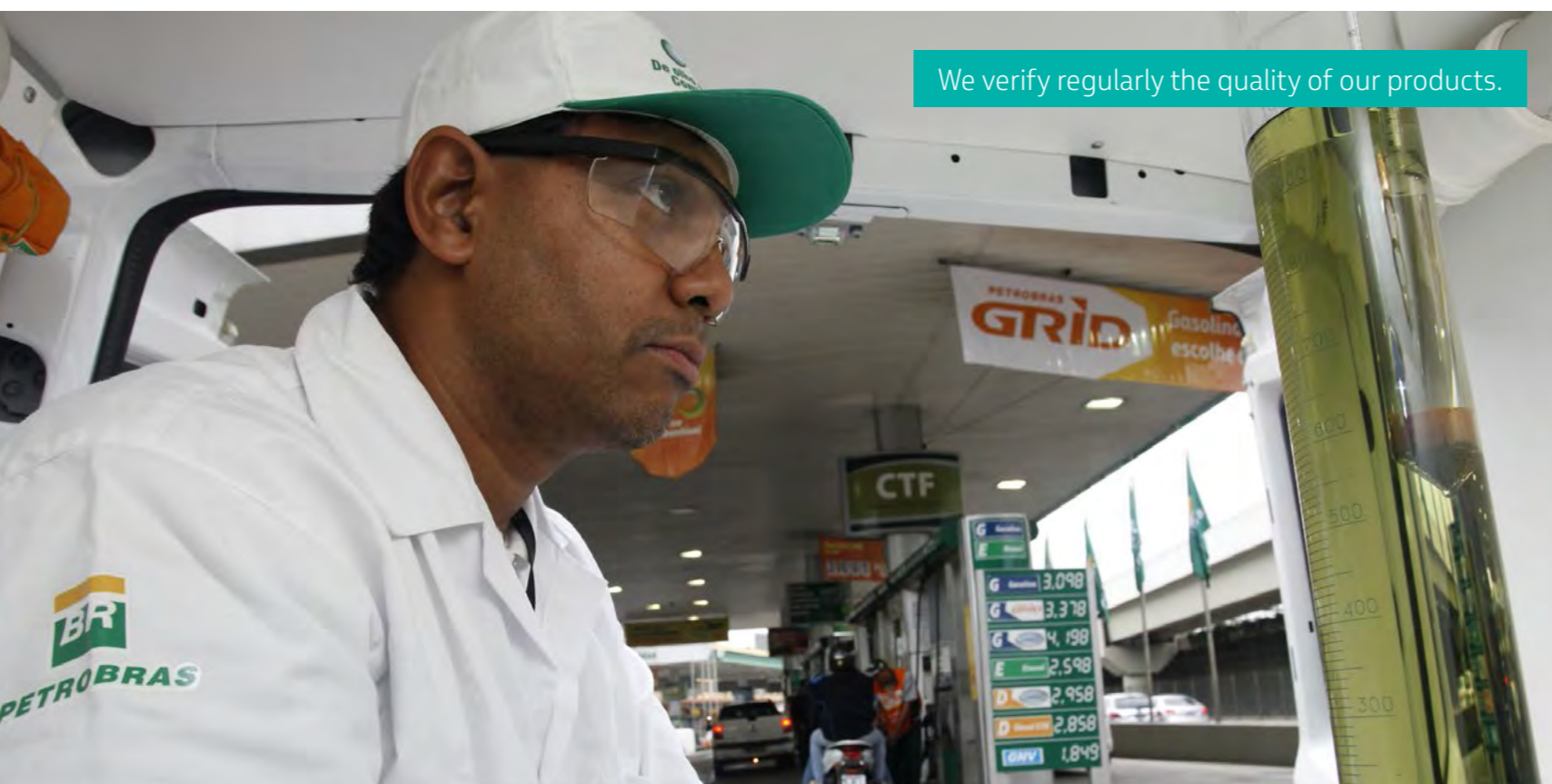
As from January, we implemented planning and improvement actions in our refinery park, due to the total replacement of gasoline with 800 mg/kg of sulfur content to the gasoline with 50 mg/kg. The gasoline that we produced and traded in 2014 has lower sulfur, aromatic hydrocarbon and olefin in its composition, generating a decrease in the vehicle emissions and in the formation of deposits in the engines in general.

Our new gasoline plants were projected in order that the products sold to the consumers don't overcome the concentration of 1% in benzene volume, according to Brazilian legislation. We don't use lead in our gasoline.

Besides the detergent and dispersant additives, our new gasoline Petrobras Grid has friction reducer additive as a differential. In tests of speed recovery in track, it presented percentage gains of 8% in time in relation to common gasoline.

We reduced 7% in the consumption of ink used in the painting of the canisters of LPG (with solid content higher than the conventional inks) comparing to 2013, due to the replacement of the industrial painting cabin of the Paulínia's Operating Center of our subsidiary Liquegás. This change also generated a reduction of 85% in the emission of particulate matter for the atmosphere.

The canisters used by the LPG national market are returnable, made of steel, and have an average useful life of 27 years. The Program "De Olho no Botijão", of Liquegás, evaluates the main requirements that influence the quality perception. We sent approximately 2.5 million canisters for the requalification process, where it was identified 80.1 thousand with no recovery condition and sent to scraping. The other canisters were duly requalified with recovery or replacement of 100% of its valves.



We verify regularly the quality of our products.

Environmental liabilities

The spills of petroleum and derivatives reached 69.5 cubic meters in 2014, 63% less than the volume recorded in the previous year and 85% lower than the alert established for the year (470 cubic meters). Our spill levels continued much lower than one cubic meter per millions of produced petroleum barrels, which constitutes an excellent result in the oil and gas sector scenario in the world.

We know that this performance arises from an improvement in our daily activities, with more efficient processes and workforce increasingly more prepared.

Furthermore, the existence of a systematic communication, treatment and record of leaks enabled the daily monitoring and evaluation of the incidents, their impacts and providences for an efficient mitigation. The decision of maintaining the actions instituted by the Zero Leak Plan, created in 2012, enabled us to optimize even more the management processes and to reduce in more than a half the risks of spills in our operations.

Spills of petroleum and derivatives (m³)

	2010	2011	2012	2013	2014
Total number of spills	57	66	71	39	32
Total volume of spills	668	234	387	187	69.5
Average volume of spill of foreign companies	2,141.5	2,748.9	1,370	1,133.9	-

- a) We consider the spills in volumes higher than one barrel (0.159 m³) that reached the environment.
- b) Until the closing of this Sustainability Report, it had not been consolidated the average number of spills in 2014 of the leader companies in the segment, raised from reports disclosed by these companies.
- c) The difference in the values of the averages of leak of other companies of the sector published in the Sustainability Report 2013 is due to changes made by the companies in their sustainability reports.
- d) The total of 69.5 m³ is equal to around 437 barrels.

RESPONSE TO SPILLS

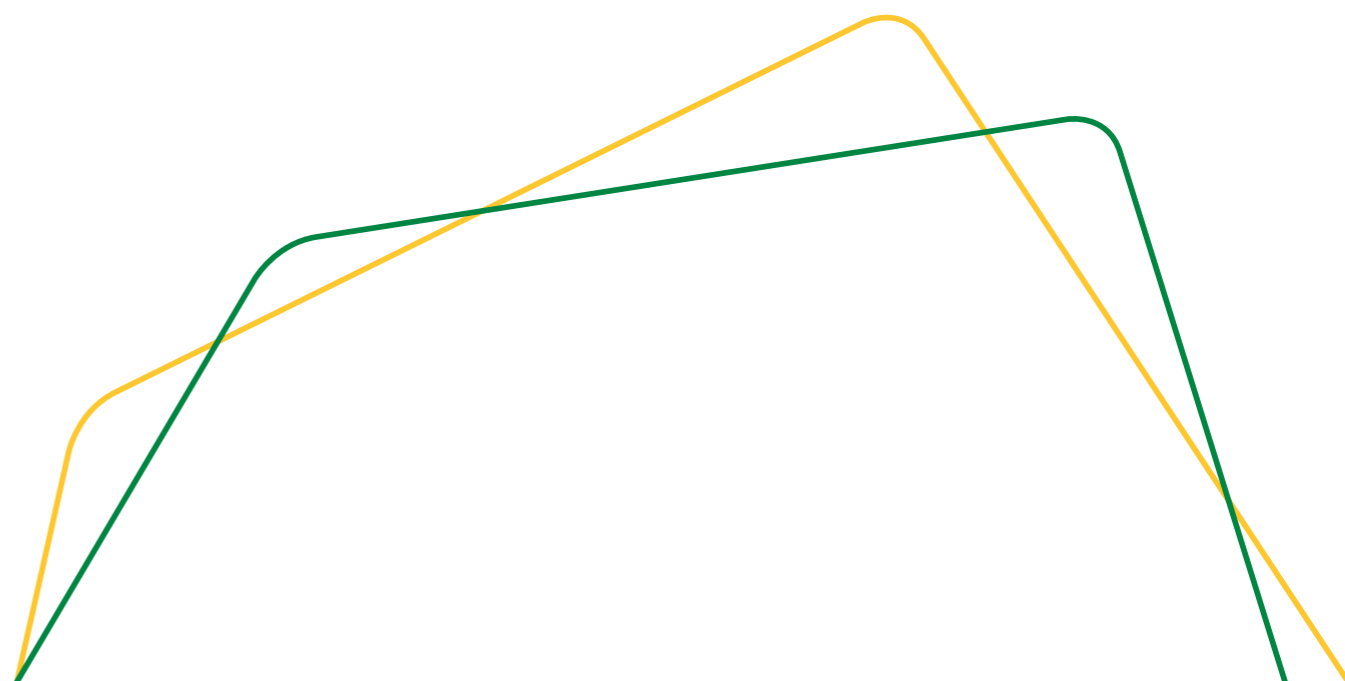
We continue valuing our contingency structure, maintaining our severe standards, procedures and plans of response to spills organized in local, regional and corporate levels. In order to quickly respond any emergency situation, we have 36 vessels to collect oil, 113 support vessels and other vehicles, 270 oil collectors, around 92 thousand meters of contention barriers, 118 thousand meters of absorbents barriers and 113 thousand liters of chemical dispersants, among other items.

We adopted the international standards for response and invested in trainings, equipment, new technologies and emergency strategies. Currently, we distribute our resources in 12 Environmental Defense Centers, which count with 11 advanced bases and centers of response to emergencies, distributed for more than 21 Brazilian cities.

We require all the teams that operate in our platforms are certificated by the International Association of Drilling Contractors (IADC), in order to ensure that our operations are in accordance with the international standards established to the drilling activity.

In the matter control of wells, we have developed partnerships with other companies of the sector to the development of solutions, such as the Program of Maritime Operating Security Reinforce (Somar), through which we meet the international guidelines of the International Association of Oil & Gas Producers (OGP).

Furthermore, we are associated to the Oil Spill Response Limited (OSRL), organization with global operation specialized in providing and complementing resources for efficient responses to petroleum spills. In 2014, we carried out 22 regional simulated exercises (including trainings of response to spills), the double of the previous year.



NON-COMPLIANCES

We recorded the receipt of two fines amounting R\$ 3.8 million due to non-compliance with environmental laws and regulations. One of them refers to the accusation of atmospheric pollution in Duque de Caxias, in Rio de Janeiro, and the other due the disposal of production water by platform P-56.

We also identified two lawsuits filed due to supposed non-compliance with environmental laws and regulations, both in course in the court of first instance , with no decision or determined amounts.

We received from the General Ombudsman six denunciations related to environmental issues. From the six demands, five were closed and one remains in treatment

In Petrobras Bolívia, we received a complaint in the beginning of the activities at the Well SBL-6 about the layout of roads and their affected areas, with differences in relation to what had been contemplated in the Environmental Impact Study and in the agreement of servitude and compensation.

The issue was treated and solved together with the community, with an addendum to the agreement with the respective compensation.

In Petrobras Paraguai, there was a formal complaint, received by our Customers Service, about a possible contamination arising from a services station. This complaint remains in treatment.

Petrobras Colômbia received a letter from neighbors of a service station that, supposedly, presented permanent odor of fuel.

We reviewed and inspected the fuel storage and distribution systems, finding normal conditions in the operation. Furthermore, we showed the documentation that the station's operations were in accordance with the legal requirements of emissions and we implemented actions to mitigate the impact generated to the community, as change of discharge hour.



Oil booms for oil discharge operation in Porto de Suape (PE).



Annexes



Annual Social Balance 2014

1 - Calculation base		2014 Value (R\$ million)			2013 Value (R\$ million)		
Consolidated sales revenue (RL)		337,260			304,890		
Consolidated net income (loss) before profit sharing and taxes (RO)		-24,771			29,257		
Consolidated gross payroll (FPB) (i)		31,671			27,025		
2 - Internal Social Indicators		Value	% of FPB	% of RL	Value	% of FPB	% of RL
Meals		1,222	3.86%	0.36%	1,063	3.93%	0.35%
Compulsory social charges		5,774	18.23%	1.71%	5,366	19.85%	1.76%
Private pension		1,978	6.24%	0.59%	1,674	6.20%	0.55%
Health		1,477	4.66%	0.44%	1,266	4.68%	0.42%
Occupational health and safety		225	0.71%	0.07%	221	0.82%	0.07%
Education		242	0.76%	0.07%	215	0.80%	0.07%
Culture		18	0.06%	0.01%	20	0.07%	0.01%
Professional training and development		365	1.15%	0.11%	423	1.57%	0.14%
Daycare or childcare assistance		58	0.18%	0.02%	39	0.14%	0.01%
Participation in profits or results		1,045	3.30%	0.31%	1,102	4.08%	0.36%
Other		50	0.16%	0.01%	90	0.33%	0.03%
Total - Internal social indicators		12,454	39.31%	3.70%	11,479	42.51%	3.75%
3 - External Social Indicators		Value	% of RO	% of RL	Value	% of RO	% of RL
Income and Employment Opportunity		87	-0.35%	0.03%	230	0.79%	0.08%
Education for Occupational Qualification		73	-0.29%	0.02%	62	0.21%	0.02%
Guaranteeing Children and Adolescents' Rights (I)		78	-0.32%	0.02%	74	0.25%	0.02%
Culture		143	-0.58%	0.04%	203	0.69%	0.07%
Sport		98	-0.4%	0.03%	81	0.28%	0.03%
Other		29	-0.12%	0.01%	25	0.09%	0.01%
Total contributions to society		508	-2.05%	0.15%	675	2.31%	0.22%
Taxes (excluding social charges)		106,319	-429.21%	31.52%	101,507	346.95%	33.29%
Total - External Social Indicators		106,827	-431.26%	31.67%	102,182	349.26%	33.51%
4 - Environmental Indicators		Value	% of RO	% of RL	Value	% of RO	% of RL
Investments related to company production/operation		3,169	-12.79%	0.94%	3,219	11.00%	1.06%
Investments in external programs and/or projects		108	-0.44%	0.03%	104	0.36%	0.03%
Total investments in the environment		3,277	-13.23%	0.97%	3,323	11.36%	1.09%
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 51% to 75%	() reaches 0 to 50% (X) reaches 76 to 100%	() had no targets () reached 51% to 75%	() reached 0 to 50% (X) reached 76 to 100%		
5 - Workforce Indicators		2014			2013		
Number of employees at the end of period		80,908			86,108		
Number of admissions during the period (II)		3,786			2,166		
Number of employees of service providers		291,074			360,180		
Number of interns		1,746			1,816		

Annual Social Balance 2014

5 - Workforce Indicators		2014	2013			
Number of employees over 45 years old (III)		33,767	37,858			
Number of women employees in company		13,625	14,371			
Percentage of management positions held by women (III)		15.2%	15.4%			
Number of Afro-descendants employees in company (IV)		19,959	20,908			
Percentage of management positions held by Afro-descendants employees (V)		24.4%	25.2%			
Number of employees with disability or special needs (VI)		286	1,127			
6 - Material data in relation to corporate citizenship		2014	Goals for 2015			
Ratio between the highest and lowest remuneration at the company (VII)		30.3	30.3			
Total number of occupational accidents (VIII)		4,406	-			
Social and environmental projects developed by the company were decided by:	() directors (X) directors and managers () all employees	() directors (X) directors and managers () all employees	() directors (X) directors and managers () all employees			
The company's workplace health and safety standards were decided by:	(X) directors and managers () all employees () all employees + Cipa	(X) directors and managers () all employees () all employees + Cipa	(X) directors and managers () all employees () all employees + Cipa			
In relation to freedom of association, right to collective bargaining and internal representation of employees, the company:	() is not involved () follows ILO standards (X) encourages and follows ILO	() will not be involved () will follow ILO standards (X) will encourage and follow ILO	() will not be involved () will follow ILO standards (X) will encourage and follow ILO			
The pension plan covers:	() directors () directors and managers (X) all employees	() directors () directors and managers (X) all employees	() directors () directors and managers (X) all employees			
Profit sharing covers:	() directors () directors and managers (X) all employees	() directors () directors and managers (X) all employees	() directors () directors and 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	() will not be considered () will be suggested (X) will be required			
In relation to employees taking part in voluntary work programs, the company:	() is not involved () gives support (X) organizes and encourages	() will not be involved () will give support (X) will organize and encourage	() will not be involved () will give support (X) will organize and encourage			
Total number of consumer complaints and criticisms: (IX)	in the Company 11,191	in Procon 36	in courts 146	in the Company 7,656	in Procon -	in courts 4
Percentage of complaints and criticisms addressed or resolved:	in the Company 95.6%	in Procon 45.7%	in courts 27.4%	in the Company 93.7%	in Procon -	in courts 44.4%
Total added value to distribute (in millions of R\$):	In 2014: 146,440			In 2013: 193,121		
Distribution of Added Value	70% government 0% shareholders	22% employees 23% others	-15% retained	55% government 5% shareholders	14% employees 19% others	7% retained

7 - Outras Informações	
I. It includes R\$ 3.5 transferred to Childhood and Adolescence Fund (local acronym FIA).	
II. Information for the Petrobras System in Brazil, related to admissions through public selection processes.	
III. Information related to the employees of the Parent Company, Petrobras Distribuidora, Transpetro, Liquigás, Petrobras Biocombustível and subsidiaries outside Brazil.	
IV. Information related to the employees of the Parent Company, Petrobras Distribuidora, Transpetro and Liquigás who declared they were black (brown or black skin color).	
V. Of the total leadership positions in the Parent Company held by employees who informed their color/race, 24.4% are held by people who declared to be Negroes.	
VI. Until 2013, the figures submitted by the business areas, obtained through self-declaration of employees. In 2014, the number was extracted from specific field of computerized health system, recorded during annual medical examination. Does not include disabled people admitted in 2014. Number referring to Parent Company.	
VII. Information related to the Parent company.	
VIII. The design process of this number was reassessed leading to the conclusion that the inherent uncertainties occasioned a projection with a significant margin of error and of little use.	
IX. The information on the Company includes the number of complaints and criticisms received by the Parent Company, Liquigás, Petrobras Distribuidora and international area.	
X. Some values differ from those disclosed in the financial statements 2014 due to revaluations carried out by independent auditors.	
(i) Consisting of salaries, benefits, FGTS, Social Security and other benefits to employees.	

Glossary

Average Megawatt (MWa)

Average energy over a specific time period. Within a year, 1 MWa amounts to 8,760 MWh.

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.

Brazilian National Agency of Petroleum, Natural Gas and Biofuel (ANP)

“Agência Nacional do Petróleo, Gás Natural e Biocombustíveis”, Brazil’s oil and natural gas regulator.

Brent

Barril por dia.

Brent

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

Bunker

Marine 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.

Field

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

Fugitive emissions

Gas emissions or equipment vapors under pressure due to unintentional or irregular leaks.

FPSO

(Floating, Production, Storage and Offloading)

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

Seismic

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

Ultra-deepwater

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

WTI

(West Texas Intermediate)

The WTI is one of the main references for contracts for the sale of oil in the Atlantic Basin and is treated as a global benchmark for the oil market.

GRI Content Index

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Location or reason for omission	External assurance
Strategy and Analysis		
G4-1	4	—
G4-2	36 and 56 Formulário de Referência (chapter 4.1 “Descrição dos fatores de risco”).	✓
Organizational Profile		
G4-3	Petróleo Brasileiro S.A. - Petrobras.	—
G4-4	8 and 9	—
G4-5	Rio de Janeiro, Brazil.	—
G4-6	7	—
G4-7	Publicly traded company.	—
G4-8	8	—
G4-9	7, 11, 31 and 46	—
G4-10	46, 47, 51, 52 and 72	✓
G4-11	47	—
G4-12	34	✓
G4-13	7, 11, 36, 41 and 42 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”).	✓
Commitments to External Initiatives		
G4-14	In line with the precautionary approach and principles, we aim to take effective measures to prevent serious or irreversible damage to the environment or human health, even if there is no scientific consensus on the subject.	—
G4-15	5, 15, 22, 52, 55, 58, 61 and 68	✓
G4-16	15 and 68	✓
Identified Material Aspects and Boundaries		
G4-17	5 Financial Statements (note 4.1. “Base de consolidação”).	—
G4-18	5 The methodology used for defining report boundaries, although updated, was the same as that adopted in our previous reports. We consider as reference criteria such as the degree of influence (shareholder or operational control) and potential significant impacts on sustainability. When there is altering the boundary for certain information in this report, we present the proper qualification and explanation.	—
G4-19	5	—
G4-20	All 13 material issues are addressed in the Report and have significant importance within the company, according to the boundaries described in G4-18 indicator.	✓
G4-21	Although all 13 material issues have potential to impact or influence outside of the organization (including suppliers, customers, partners and consumers), this report prioritizes the boundaries described in G4-18 indicator. However, the themes “Prevention of accidents and leaks” and “Health and safety” also consider partners and suppliers.	✓
G4-22	5, 55, 59, 60 and 68	✓
G4-23	5 and 72	✓
Stakeholder Engagement		
G4-24	24	—
G4-25	24	✓
G4-26	5 and 25	✓
G4-27	26	✓

GRI Content Index

GENERAL STANDARD DISCLOSURES

Report Profile		
G4-28	January 1 to December 31, 2014.	✓
G4-29	The most recent previous version is referred to the exercise of January 1 to December 31, 2013.	✓
G4-30	Annually.	✓
G4-31	rs2014@petrobras.com.br	—
G4-32	Petrobras' Sustainability Report is prepared in compliance with the comprehensive option according to GRI-G4 guidelines.	—
G4-33	5, 73 and 74	✓
Governance		
G4-34	13 and 15 Formulário de Referência (chapter 12.1 "Descrição da estrutura administrativa").	—
G4-35	13	—
G4-36	13, 14 and 15	—
G4-37	19 Formulário de Referência (chapter 12.2 "Regras, políticas e práticas relativas às assembleias gerais").	✓
G4-38	13 and 15 As of the publication of 2015 Formulário de Referência, the information concerning the independence of directors will be disclosed by the company.	—
G4-39	15	✓
G4-40	13 The processes for selecting and appointing members to our Board of Directors are based on the independence criteria listed in the Code of Best Practice of Corporate Governance, published by the Brazilian Institute for Corporate Governance (IBGC). Formulário de Referência (chapter 12.2 "Regras, políticas e práticas relativas às assembleias gerais").	✓
G4-41	15 Formulário de Referência (chapters 12.2 "Regras, políticas e práticas relativas às assembleias gerais", 12.4 "Regras, políticas e práticas relativas ao Conselho de Administração" and 16.3 "Identificação das medidas tomadas para tratar de conflitos de interesses e demonstração do caráter estritamente comutativo das condições pactuadas ou do pagamento compensatório adequado").	—
G4-42	13 and 16 Formulário de Referência (chapter 12.1 "Descrição da estrutura administrativa").	—
G4-43	15	—
G4-44	Formulário de Referência (chapter 12.1 "Descrição da estrutura administrativa").	—
G4-45	18 Formulário de Referência (chapters 5.2 "Descrição da política de gerenciamento de riscos de mercado" and 12.1 "Descrição da estrutura administrativa").	—
G4-46	18 Formulário de Referência (chapter 5.2 "Descrição da política de gerenciamento de riscos de mercado").	—
G4-47	Formulário de Referência (chapter 12.4 "Regras, políticas e práticas relativas ao Conselho de Administração").	—
G4-48	Petrobras' Sustainability Report is reviewed and approved by its internal Subcommittee on Sustainability Reporting, coordinated by Social Responsibility Executive Department.	—
G4-49	15 and 19	—
G4-50	15	—
G4-51	15 Formulário de Referência (chapter 13.1 "Descrição da política ou prática de remuneração, inclusive da diretoria não estatutária").	✓
G4-52	15 Formulário de Referência (chapter 13.1 "Descrição da política ou prática de remuneração, inclusive da diretoria não estatutária").	✓
G4-53	Formulário de Referência (chapter 13.1 "Descrição da política ou prática de remuneração, inclusive da diretoria não estatutária").	—
G4-54	72	✓
G4-55	Formulário de Referência (chapter 13.11 "Remuneração individual máxima, mínima e média do conselho de administração, da diretoria estatutária e do conselho fiscal").	—
Ethics and Integrity		
G4-56	15, 16 and 21 Formulário de Referência (chapter 12.2 "Regras, políticas e práticas relativas às assembleias gerais").	✓
G4-57	19 and 20	✓
G4-58	19 and 20	✓

Formulário de Referência is available only in Portuguese.

GRI Content Index

SPECIFIC STANDARD DISCLOSURES

Material Aspects	Disclosures on Management Approach (DMA) and Indicators	Location or reason for omission	External assurance
Preventing accidents and spills	Management approach	67 and 68	✓
	G4-EN24	68	✓
Use of natural resources and consumption of materials	Management approach	54 and 64	✓
	G4-EN1	Information not available.	—
	G4-EN2	Acquisition of goods and services is decentralized, under responsibility of the different areas and units of Petrobras System.	—
	G4-EN8	66	✓
	G4-EN9	64	—
	G4-EN10	64	✓
Managing impact on communities	Management approach	39, 41 and 42	✓
	G4-EC7	32 and 39	✓
	G4-EN30	67	✓
	G4-HR8	41	✓
	G4-OG9	41 and 62	✓
	G4-SO1	41	✓
	G4-SO2	41	✓
	G4-OG10	41	✓
	G4-OG12	42	✓
Technology research and development	Management approach	27	✓
	G4-OG8	67	✓
Management of effluents and waste	Management approach	64, 65 and 66	✓
	G4-EN22	65	✓
	G4-EN23	66	✓
	G4-EN25	We do not transport any international shipment of waste.	✓
	G4-EN26	64	—
	G4-OG5	65	✓
	G4-OG7	66	✓
Long-term business feasibility	Management approach	16	✓
	G4-OG1	10	✓
Economic impacts	Management approach	10, 11, 12, 31, 32, 33, 34 and 39	✓
	G4-EC1	31 and 32	✓
	G4-EC8	32, 33, 34, 36 e 39	✓
Biodiversity	Management approach	61	✓
	G4-EN11	62	✓
	G4-EN12	61 and 62	—
	G4-EN13	62 and 63	✓
	G4-EN14	63	✓
	G4-OG4	61	✓

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SPECIFIC STANDARD DISCLOSURES

Transparency and accountability	Management approach	19 and 20	✓
	G4-EC4	Government grants and financial assistances received from governments are presented in our Financial Statements (note 25 "Other expenses, net")	—
	G4-EN29	29 and 69	✓
	G4-EN31	43 and 55	—
	G4-EN34	69	✓
	G4-LA16	47	✓
	G4-HR12	37	✓
	G4-S06	21	✓
	G4-S08	42	✓
G4-S011	42	✓	
Employee health and safety	Management approach	47, 49 and 50	✓
	G4-LA5	49	—
	G4-LA6	50	✓
	G4-LA7	49	—
	G4-LA8	49	—
Managing greenhouse gas emissions	Management approach	54, 55, 59 and 60	✓
	G4-EC2	56	—
	G4-EN15	59	✓
	G4-EN16	59	✓
	G4-EN17	60	✓
	G4-EN18	Petrobras indicators for emissions intensity and avoided emissions are monitored and used by our business areas, but are not publicly available, because of their confidentiality level, defined by senior management for strategic reasons.	—
	G4-EN19	58	✓
	G4-EN20	We do not consolidate total emissions of substances that destroy the ozone layer in the Petrobras System, since we did not use these substances in our systems, equipment, facilities and new products, domestic or imported, in accordance with the commitments made by Brazil with the Montreal Protocol and the Brazilian legislation on the use of ozone-depleting substances (ODS). The volume of ODS emissions from the company's operations is not significant.	—
	G4-EN21	60 and 67	✓
	G4-OG6	60	✓
Energy and process efficiency	Management approach	57 and 58	—
	G4-EN3	57 and 58	✓
	G4-EN4	67	—
	G4-EN5	Petrobras indicator for energy intensity is monitored and used by our business areas, but is not publicly available, because of its confidentiality level, defined by senior management for strategic reasons.	—
	G4-EN6	57 and 58	✓
	G4-EN7	We have no precise measurements of the impacts related to the consumption of our fuels because there are many dynamic variables that influence the reliability of this calculation, such as the amount and types of moving vehicles, control of engines, vehicles conservation status, tires and the conditions of transit or road network.	—
	G4-OG2	28	—
	G4-OG3	11	—
Anticorruption mechanisms	Management approach	15, 21, 22, 23 and 35	✓
	G4-S03	22, 34 and 35	✓
	G4-S04	21, 22, 34 and 35	✓
	G4-S05	Regarding investigative processes completed in 2014, we have confirmed cases of fraud and corruption related to Lava Jato Operation, detailed in our Financial Statements (note 3). With the beginning of Compliance Execute Area activities in 2015, we are creating and improving internal procedures for investigation, sanctions, monitoring and dissemination of information on cases of fraud and corruption. The disclosure of these cases and penalties imposed (broken by nature) will take place after the approval of these processes by senior management.	—

Management

Executive Board

Aldemir Bendine

Chief Executive Officer

Ivan de Souza Monteiro

Chief Financial Officer and Chief Investor Relations Officer

Hugo Repsold Júnior

Chief Gas and Power Officer

João Adalberto Elek Junior

Chief Governance, Risk and Compliance Officer

Jorge Celestino Ramos

Chief Downstream Officer

José Eduardo de Barros Dutra

Chief Corporate and Services Officer

Roberto Moro

Chief Engineering, Technology and Procurement Officer

Solange da Silva Guedes

Chief Exploration and Production Officer

Audit Committee

Full members

César Acosta Rech

(elected by the controlling shareholder)

Marisete Fátima Dadald Pereira

(elected by the controlling shareholder)

Paulo José dos Reis Souza

(elected by the controlling shareholder)

Reginaldo Ferreira Alexandre

(elected by the minority ordinary shareholders)

Walter Luiz Bernardes Albertoni

(elected by the preferred share minority shareholders)

Board of Directors

Murilo Pinto de Oliveira Ferreira

Chairman

(elected by the controlling shareholder)

Aldemir Bendine

(elected by the controlling shareholder)

Deyvid Souza Bacelar da Silva

(elected by the employees)

Guilherme Affonso Ferreira

(elected by the preferred share minority shareholders)

Luciano Galvão Coutinho

(elected by the controlling shareholder)

Luiz Augusto Fraga Navarro de Britto Filho

(elected by the controlling shareholder)

Luiz Nelson Guedes de Carvalho

(elected by the controlling shareholder)

Roberto da Cunha Castello Branco

(elected by the controlling shareholder)

Segen Farid Estefen

(elected by the controlling shareholder)

Walter Mendes de Oliveira Filho

(elected by the minority ordinary shareholders)

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