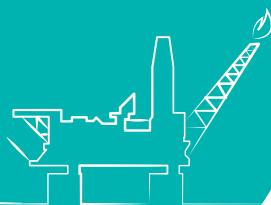


SUSTAINABILITY REPORT

2015



Performance Chart

Indicator	2011	2012	2013	2014	2015
Operational					
Oil, NGL, condensate and natural gas proven reserves (billions of barrels of oil equivalent boe ANP/SPE)	16.4	16.4	16.6	16.6	13.3
Oil, NGL, condensate and natural gas total production (thousands of barrels of oil equivalent per day - boed)	2,622	2,598	2,539	2,669	2,787
Oil, NGL and condensate production (thousands of barrels per day - bpd)	2,170	2,126	2,059	2,150	2,227
Natural gas production (thousands of boed)	452	472	480	519	560
Total sales volume in domestic market (thousands of bpd)	2,521	2,725	2,883	3,003	2,789
Total sales volume in foreign market (thousands of bpd)	1,196	1,060	909	964	1,056
Environmental					
Oil and oil products spills (m³)	233.8	387.3	187.5	69.5	71.6
Energy consumption (terajoules - TJ)	682,827	936,199	1,050,949	1,155,220	1,115,185
Greenhouse gas emissions (millions of metric tons of CO ₂ equivalent)	56.2	67.4	73.4	80.9	77.7
Carbon dioxide emissions - CO ₂ (million metric tons)	52.2	63.1	69.4	76.8	73.1
Methane emissions - CH ₄ (metric tons)	160.5	171.2	159	154	149
Nitrous oxide emissions - N ₂ O (metric tons)	1,752	1,945	2,085	2,291	2,333
Atmospheric emissions - NOx (thousands of metric tons)	222.21	251.49	252.04	299.29	267.21
Atmospheric emissions - SOx (thousands of metric tons)	120.64	116.34	128.35	133.46	120.10
Particulate matter (thousands of metric tons)	17.48	18.19	17.46	21.65	19.18
Freshwater withdrawal (millions of m³)	190.9	193.4	193.6	206.5	213.3
Water effluent discharge (millions of m³)	188	217.9	230.6	254.8	277.1
Occupational Health and Safety					
Fatalities (employees and outsourcers)	16	13	4	10	16
Fatal accident rate (casualties per 100 million hours worked – both employees and outsourced workers)	1.66	1.32	0.4	1.1	2.27
Contributions to society					
Investments in social-environmental projects (R\$ million)	-	-	-	405	271
Investments in social projects (R\$ million)	207	201	391	-	-
Investments in environmental projects (R\$ million)	172	101	104	-	-
Investment in cultural projects (R\$ million)	182	189	203	194	139
Investment in sports projects (R\$ million)	80	61	81	94	86
Financial data					
Sales Revenue (R\$ million)	244,176	281,379	304,890	337,260	321,638
Profit before financial result, equity earnings and taxes (R\$ million)	45,403	32,397	34,364	-21,322	-12,391
Net income per share (R\$)	2.55	1.62	1.81	1.65	2.67
Net income attributable to our shareholders (R\$ million)	33,313	21,182	23,570	-21,587	-34,836
Adjusted EBITDA (R\$ million)	61,968	53,439	62,967	59,140	73,859
Net indebtedness (R\$ million)	103,022	147,817	221,563	282,089	391,962
Investments (R\$ million)	72,546	84,137	104,416	87,140	76,315
Gross margin	32%	25%	23%	24%	31%
Operating margin	19%	12%	11%	-4%	-4%
Net margin	14%	8%	8%	-6%	-11%

Summary

04 MESSAGE FROM OUR CEO

05 ABOUT THE REPORT



CORPORATE PERFORMANCE

- 07 Profile and operational performance
- 09 Corporate governance
- 13 Strategy
- 15 Risk management
- 17 Ethics, transparency and accountability
- 23 Our stakeholders
- 27 Research and development
- 29 Products and services



RESULTS AND CONTRIBUTIONS TO SOCIETY

- 32 Economic and financial results
- 34 Supplier management
- 39 Local development and impacts on communities
- 41 Social investment



LABOR PRACTICES

- 44 People Management
- 47 Health and safety at work
- 50 Diversity and gender equity



ENVIRONMENT

- 53 Environmental strategy
- 56 Energy efficiency and emission management
- 59 Biodiversity
- 62 Water Resources
- 65 Waste
- 67 Environmental liabilities

ANNEXES

- 70 Annual Social Balance
- 72 Independent auditors limited assurance report
- 74 Glossary
- 75 GRI Content Index
- 81 Management/ Editorial Staff

Message from our CEO



Under the new scenario of oil prices, 2015 was a year of major challenges for the entire oil and gas industry. Continuing with efforts made from the beginning of our journey, we took measures to leverage company's efficiency, deepened expenditure cuts, renegotiated agreements with our suppliers, got funding to rollover debts in a better condition and reduced our investments.

This strategy ensured having our production capacity preserved and, even operating in an adverse scenario, we exceeded the production growth targeted for the year. With regard to pre-salt, we exceed the barrier of 1 million barrels per day, thanks to our technology excellence that was, once more, rewarded with the OTC (Offshore Technology Conference) prize, the most important award in the industry.

However, despite the progress we achieved, our result was particularly impacted by the falling price of the commodity and by currency devaluation. Nevertheless, I point out that, from a cash perspective, our cash generation exceeded the investments, reversing some recent negative results and helping us to increase cash and reduce net debts.

We remained fully committed to the targets on leveraging reduction and creation of value for our shareholders. For this reason, in our Business and Management Plan review, we prioritized those investments that have the higher return on the invested capital, specially focusing on pre-salt exploration and production. In addition, we kept working to achieve the goals of the divestment program, one of the keys to achieve these goals.

Another remark should be made on the new company's governance model. This change tailors the governance model to suit the goals set out in the Business Plan. In addition, it strengthens our management practices by promoting a greater compliance and a closer control on our processes, as well as increasing officers' accountability, providing the day-to-day business of the entire company, with the necessary agility, transparency and efficiency to overcome our challenges.

Finally, I would like to stress that, in 2016, we will work with even more firmness and dedication to build a promising future.

Aldemir Bendine
CEO (February 2015 to May 2016)

Once again Petrobras has demonstrated, over 2015, its huge recovering and overcoming capacity. Now, when releasing our sustainability report, we cannot help highlighting that overcoming meaningful obstacles and starting to build a new road is also a way to be sustainable, to move ahead improving continuously.

The release of the Strategic Plan and Business and Management Plan 2017-2021, in September 2016, was another milestone in this course to recovery. By the first time, Petrobras will have two performance indicators with the same relevance: we commit to reduce, in a two-year time frame, our debt by half, when compared to our cash generation, and to reduce the company's accident rate by 36%. The Commitment to Life program, which translates this metric, will encompass a change of grade on safe operations in our facilities.

We have ambitious goals, and our core values – respect for life, people and environment; ethics and transparency; market driven; overcoming and confidence and results – will be our best guides. By December 2018 we will be a renovated company, ready for a new phase of sustainable growth; a company realistic and driven by ethics.

These guidelines will enable us to generate value for our employees, for the company, for our shareholders and for the society in which we live. They will also help us to work in an energy market that faces a great transformation. Therefore, it is worth to restate our commitment to the UN Global Compact, which encourages us to work on initiatives that promote respect and provide support to human rights, fair labor practices, environmental protection and corruption fighting.

The Petrobras we are building is a company that features excellence in its technical, economic, social and environmental areas.

Pedro Parente
CEO

About the report

This report gathers information on our performance, strategy and management practices regarding sustainability. The document provides our stakeholders with data that will enable them to know and assess our practices. It also enables internal diagnoses intended to promote improvements in our management practices.

We have followed the guidelines for sustainability reporting of the Global Reporting Initiative (GRI) since 2001. Currently we are following the fourth generation of these guidelines (known as G4) in a comprehensive manner, with a detailed application in the GRI Content Index.

By four consecutive years, PwC has conducted the limited assurance service on the sustainability data gathered in our Sustainability Report. The working model applied and the subsequent conclusions are presented on pages 72 and 73.

As signatories of the UN Global Compact we must present, every year, the progress made on the actions taken with regard to the ten principles of the initiative. When we address one of these principles in a chapter, we use the icons below for reference.

We have merged some of the chapters included in the latest edition of the Sustainability Report, in order to allow an easier reading. We still include references, where possible, to data already presented in some other reports, such as the *Formulário de Referência 2015* (Portuguese version only) and the Financial Statements.

In some cases data are different from those published in previous Sustainability Report editions, due to data revision or changes in the way they are collected. Although this is not frequent, these data are accompanied by the proper explanation.

In this report we kept the same scope of information related to our activities in Brazil and abroad, including data regarding Petrobras (Petroleo Brasileiro SA), our subsidiaries (Petrobras Distribuidora, Transpetro, Petrobras Biocombustível, Gaspetro e Liquigás) and our companies based in third countries.

We are currently planning an improvement to our corporate reporting process for the following years. The initiative, which involves several executive offices, is mainly based on the International Integrated Reporting Council (IIRC) guidelines.

Materiality

In this edition of the Sustainability Report we reviewed our practice to define material themes. Thus, 26 themes were analyzed from the perspective of our strategy and governance practices, legal and regulatory constraints, some of our stakeholders' expectations, international references from the oil and gas industry and identification of macro trends. The result of this analysis drove to prioritizing the following topics while reporting sustainability:

- Health, safety and quality of life;
- Communication and Stakeholder Engagement;
- Business Ethics, including Prevention and Anticorruption mechanisms;
- Labor relationships and union practices;
- Long-term business strategy;
- Market presence and procurement practices;
- Atmospheric emissions and climate strategy;
- Compliance with laws and regulations;
- Product and service management and its relevant impacts;
- Supply chain management;
- Waste and effluent management;
- Water resources;
- Spill prevention and remediation.

1. RESPECT <i>and support for internationally recognized human rights in our area of influence.</i>	2. ENSURE <i>the company is not involved in violation of human rights.</i>	3. UPHOLD <i>freedom of association and recognize the right to collective bargaining.</i>	4. ELIMINATE <i>all forms of forced or compulsory labor.</i>	5. EFFECTIVELY <i>eradicate all forms of child labor in our supply chain.</i>	6. ENCOURAGE <i>practices that eliminate any kind of discrimination in employment.</i>	7. TAKE A <i>proactive stance in relation to environmental challenges.</i>	8. DEVELOP <i>initiatives and practices to promote and disseminate environmental responsibility.</i>	9. ENCOURAGE <i>the development and diffusion of environmental friendly technologies.</i>	10. FIGHT <i>against corruption in all its forms, including extortion and bribery.</i>

Corporate Performance

- **Profile and operational performance**
- **Corporate governance**
- **Strategy**
- **Risk management**
- **Ethics, transparency and accountability**
- **Our stakeholders**
- **Research and development**
- **Products and services**



Profile and operational performance

We are Petrobras, a company engaged in exploration and production, refining, sales, transport of oil and gas products, petrochemical activity, distribution of oil products, natural gas and gas-chemical, besides generation of electricity and production and sales of biofuels. We operate directly or through our subsidiaries, affiliates and subsidiaries, together called the Petrobras System. Being leaders in the Brazilian oil industry, we also have operations in Argentina, Bolivia, Chile, Colombia, USA, Gabon, Japan, Mexico, Nigeria, Paraguay, Uruguay and Venezuela.

We are a mixed-capital company, being the Brazilian Government our majority and controlling shareholder.

Our operational performance

Oil and gas exploration and production is our main business, accountable for 83% of our investments in 2015. We seek to increase our reserves and develop production to ensure meeting Brazil's growing energy demand.

According to criteria of the National Petroleum Agency (local acronym ANP) and the Society of Petroleum Engineers (SPE), the volume of our proven reserves in 2015 were near 13.28 billion barrels of oil equivalent (boe), being 82.4% oil and condensate. That means a reduction of about 20%, compared to 2014. Such reduction is due to the extraction of oil and natural gas, divestments and revisions carried out on previous estimates, based on technical criteria and economic factors.

At the end of 2015 the development rate of our proven reserves was 44.5% and the relation between these proven reserves and our production is 14.2 years. In the 51 wells drilled in Brazil (35 onshore and 16 offshore), we got an exploration success rate of 78%.



Semi-submersible platform operating at Marlim Sul oil field in Campos Basin.



E&P

83% of our investments in 2015

We produced about 2.79 million barrels of oil equivalent (boed) per day, including oil, natural gas liquids (NGL) and natural gas, result 4.3% higher than 2014 result.

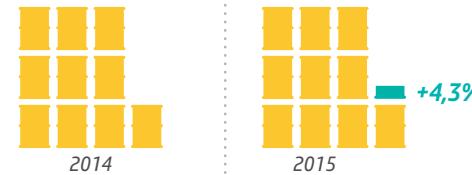
We exceeded the average oil production goal set in our Business and Management Plan for Brazil in 2015. When compared to 2014, our performance shows significant growth in production of both oil (4.6%) and natural gas (9.8%). The annual average of 767 thousand barrels per day (bpd), produced in the pre-salt, was also the largest in our history, exceeding by 56% the production of the previous year.

The production growth achieved by the P-58 platform, in the Espírito Santo portion of Campos Basin, and by the FPSO *Cidade de Mangaratiba*, in the pre-salt of Campos Basin, contributed to these results, besides the anticipation of the FPSO *Cidade de Itaguaí* operation, originally scheduled to start in November and anticipated to July.

Despite the start of production in some fields in the USA (Saint Malo, in December 2014, and Lucius, in January 2015), the completion of partial sale of assets in Colombia and Peru, in 2014, and in Argentina, in March 2015, contributed to reduce the production outside Brazil. Our recorded average production was 99 thousand bpd for oil and NGL, and 15.4 million m³ per day for natural gas.

Our refineries in Brazil recorded a total average production of 2.026 million bpd of oil products, showing a reduction of 7% from the 2014 total that matches the reduction of the in-country demand. The 40% growth in the production of Diesel S-10, a low sulfur content fuel that contributes to reduce contaminant emissions, is a remarkable milestone.

PRODUCTION



2.79 million

barrels of oil equivalent (boed) per day

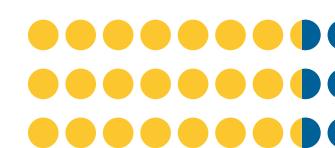
OIL AND NGL



Brazil (95.5%)

(1.9%) Other countries in South America
(1.4%) North America
(1.2%) Africa

NATURAL GAS



Brazil (82.9%)

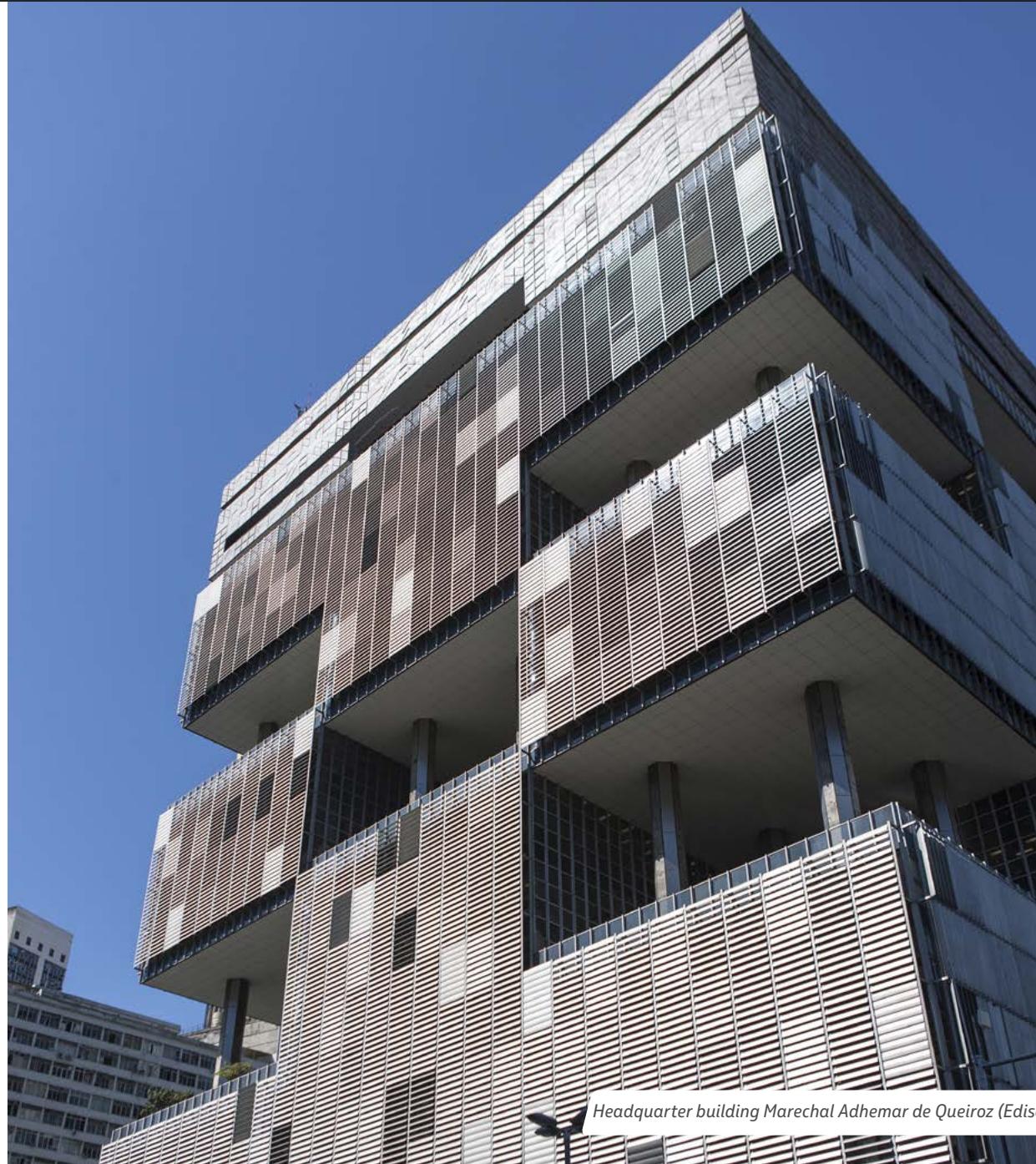
(15%) Other countries in South America
(2.1%) North America
(0%) Africa

a) Includes production from subsidiaries and companies in which we have shares do not control.

We exceeded **1 MMbbl/d** pre-salt oil production (operated production)

Over the year, we added four new ships built in Brazil, to the fleet of our subsidiary Transpetro. These vessels added about 480 thousand DWT to our transport capacity, equivalent to 12% of the total. They also updated our fleet of 55 oil tankers and leveraged the development of our transport logistic.

We expanded the amount of unit of advanced centers of automotive lubrication by 30%, when compared to 2014. There are 1.4 thousand units installed in Petrobras' gas station network throughout Brazil. Known by the brand Lubrax+, these units served about 1 million customers last year and increased by 45% the sales of the franchise network of our subsidiary Petrobras Distribuidora.



Corporate governance



Because we are a publicly traded company, we comply with the rules of the Comissão de Valores Mobiliários (CVM) and the BM&FBovespa in Brazil. We also comply with the rules of the Securities and Exchange Commission (SEC) and the NYSE in the USA; of the Latibex, Bolsa y Mercados Españoles, in Spain; and of the Comisión Nacional de Valores (CNV) and the Bolsa de Comercio de Buenos Aires, in Argentina. The organizational model we have adopted follows the best governance practices and is grounded on bylaws, Code of Good Practices and Corporate Governance Guidelines.

We meet the Sarbanes-Oxley Act guidelines, aimed at ensuring transparency in the management of companies. Thus, we seek to strengthen our credibility in the market through the enhancement of our decision-making process at senior management level and, therefore, the improvement of our business management.

We take actions to remedy the significant deficiencies that are identified, strengthening our governance and improving internal controls. Item 5.3 of the Formulário de Referência 2015 and item 15 of Form 20F provide updated information with regard to our internal controls.

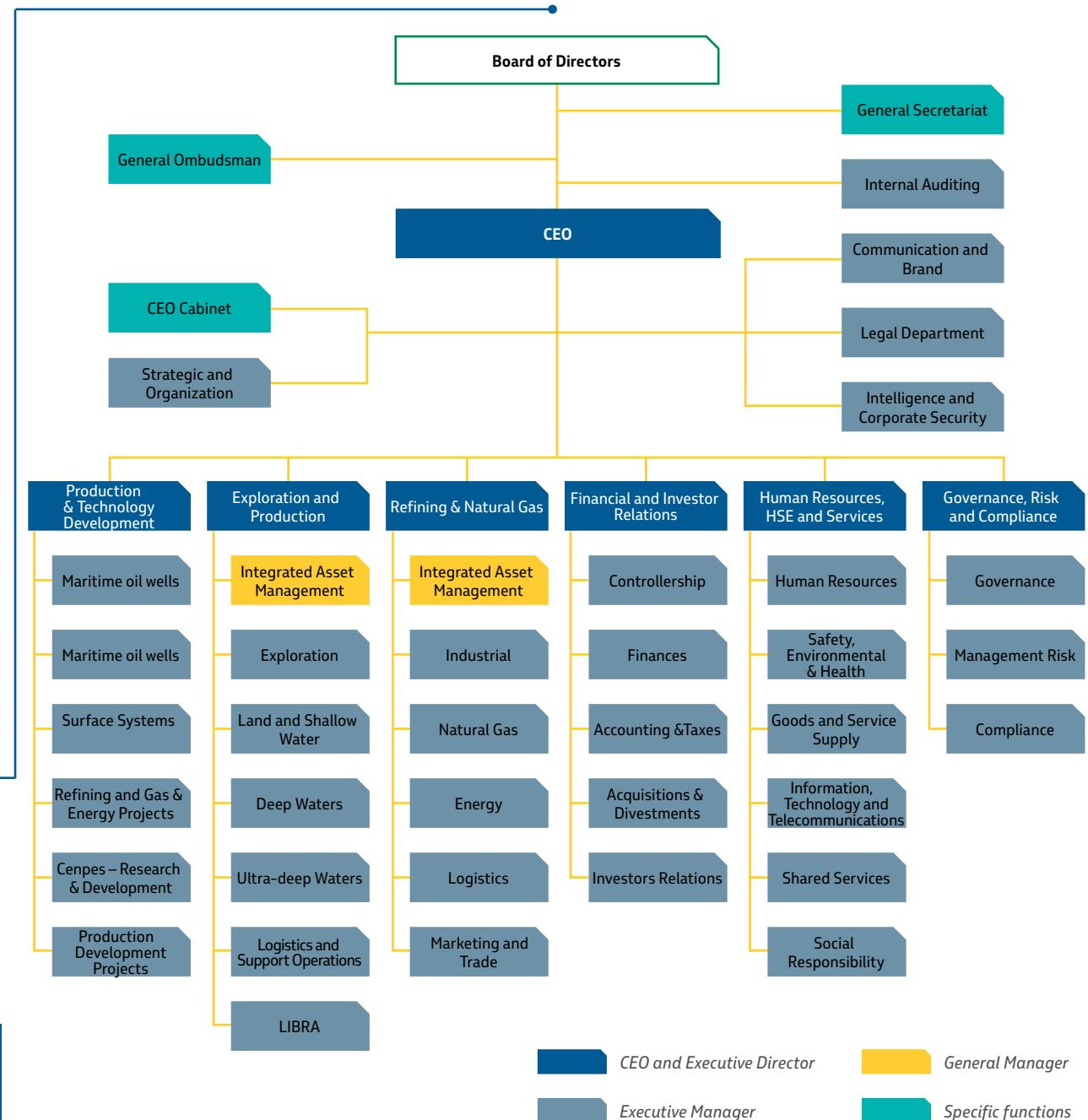
The Basic Organization Plan defines the powers of the heads of our organizational units, as well as their general duties in economic, environmental and social matters, among others.

Our new organization structure

As a result of analyzes conducted during the year, our Board of Directors approved, in October 2015 and January 2016, some changes in our organizational structure and governance and management model. The new structure entails, besides reducing management functions, redistributing activities and merging departments. We foresee that these measures will generate up to R\$ 1.8 billion per year in cost reduction.

The number of management offices reduced from seven to six, merging the Downstream and Gas & Energy departments. In addition, the total number of management functions directly reporting to the Board of Directors, CEO and directors, will be reduced from 54 to 41. It was also approved a reduction of about 43% in the number of management functions in non-operational areas.

**High-management structure
approved on March 30, 2016, under to
the new Petrobras' governance and
management model.**



- For more information see:
www.petrobras.com.br/governanca

Governance and Management

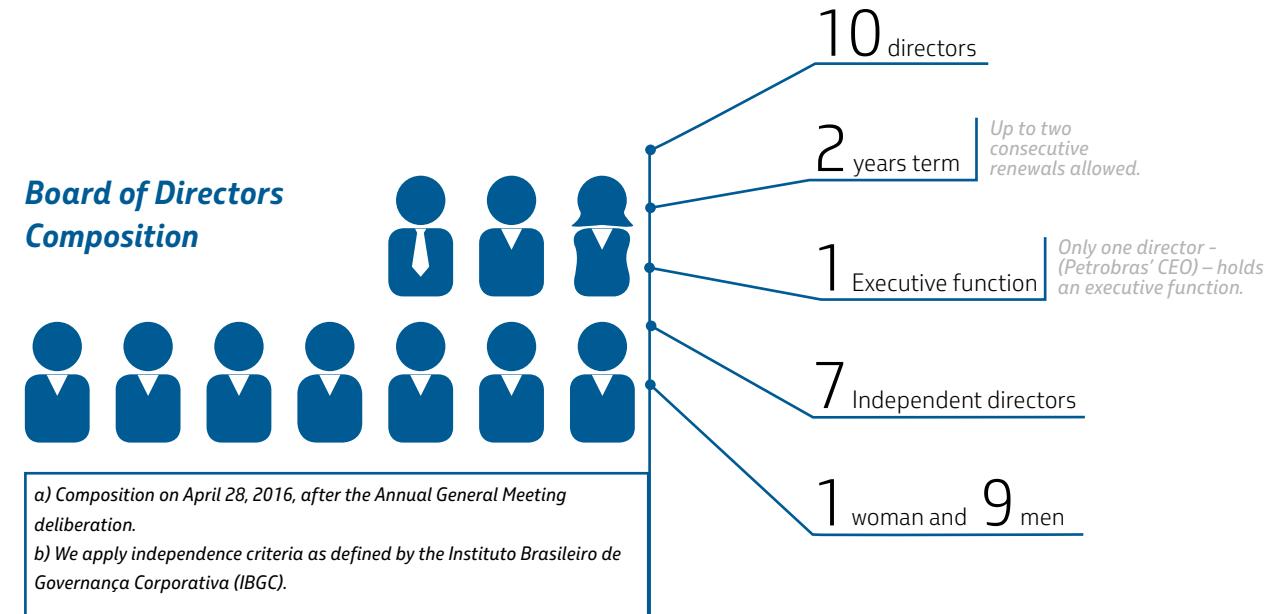
The Board of Directors and the Executive Board are the governing bodies responsible for our guidance. The Board of Directors is responsible for deliberating on the Basic Organization Plan and the election and removal of Executive Board members, among other things. It is also responsible for evaluating performance results and setting our global policies, including those regarding strategic management, commercial, finances, risk, investment, environmental and human resources. Its powers and duties are stated in our bylaws that, after being reformulated in July, provide for the existence of five advisory committees to the Board of Directors.

The Executive Board, on the other hand, manages our business in line with guidelines and strategies set forth by the Board of Directors. Under the new structure, the CEO and six directors will be the Executive Board members, with a three years' tenure (being reelection allowed) that can be terminated at any time.

In addition to the directors appointed by our controlling shareholder, the Board of Directors include, among its members, one representative of shareholders holding preferred shares, at least one representative of minority shareholders and one of employees. To avoid possible conflicts of interest, the member elected by the employees cannot participate in discussions and deliberations regarding decisions on human resources policies that involve issues such as union relation, compensation, benefits and advantages, including subjects related to complementary social security and welfare pension.

The Federal Law 12813 of 2013 addresses and clarifies issues regarding conflict of interest in state-owned enterprises and mixed-capital companies. Our bylaws, reinforced by the Corporate Governance Guidelines and our Code of Ethics prohibit any involvement in activities that

Board of Directors Composition



conflict with Petrobras' interests. Our Guide of Conduct has a specific chapter on conflicts of interest covering several stakeholders, such as members of the Board of Directors, Fiscal Council, Executive Board and Managers.

If any Board member changes their main job after being elected, the Board should be informed in order to review requirements, impediments or possible conflicts that may arise. We timely release to the market the facts deemed as relevant, including changes in the composition of the Board of Directors.

Two instruments define the limits of competence: the Limits of Performance Matrix and the Limits of Competence Table. The Matrix sets approval limits for the execution of our plans, projects and budget targets, capital investment, current investment, sales, expenditures and borrowing and guarantees programs. The Table states the amounts available to the CEO, directors and other senior managers to perform their duties and manage our activities.

The Internal Audit assesses the compliance of the acts conducted. Furthermore, we have implemented a shared sign off model, with cross-signatures of at least two managers not linked by direct-report for hiring, purchasing, disbursements and other management actions.

Our governance model also includes a Fiscal Council. The Fiscal Council is a permanent body that, among its accountabilities, supervises the acts of directors and verifies compliance with their legal and statutory duties. Our Board of Directors also includes five committees (Strategy; Finances; Audit; Safety, Environment and Health; and Compensation and Succession).

Critical issues, mainly those related to environmental, health and operational and financial safety, are submitted to the Board of Directors by the Executive Board. The Internal Audit, the General Ombudsman's Office and the Board's committees may also submit matters to the Board of Directors, either to be presented or for analysis and deliberation.

In order to systematize and grant transparency to the nomination and selection procedure of Petrobras' managerial positions, under our new governance and organizational management model all nominations must go through analyses based on qualification, management and integrity criteria, carried out by the Human Resources and Compliance units, respectively. The qualification, management and integrity criteria, as well as other relevant criteria and requirements for the selection of senior management members, will be approved by our Board of Directors in accordance with Petrobras' bylaws. The Compensation and Succession Committee should advise the Board of Directors on the proposal of such criteria, as well as provide support to the nomination and selection process for these positions.

To develop and improve the knowledge of the senior management members, we conduct an induction program that includes some visits to our facilities and the presentation of some documents, such as annual reports, minutes of ordinary and extraordinary meetings, minutes of Board meetings, Bylaws and other instruments of corporate governance. We also hire specialists, experts or external auditors for advising on matters to be deliberated. The implementation of a methodology to assess the performance of the members of our Board of Directors and Executive Board is still in study phase.

To ensure the compliance of processes and to mitigate risks, including misconduct risk, the new structure of the Governance, Risk and Compliance Office that we introduced in February, incorporated and consolidated structures and activities that were undertaken by other areas, such as the Controller's Office and the Business Risk Corporate Management area, previously under Internal Audit and Strategy & Organization, respectively.

Commitments and participations in forums and entities

In all our activities we seek to further in the compliance with the ten principles of the UN Global Compact, of which we are a signatory since 2003. We participated in the Brazilian Committee of the Compact and in its governance, human rights, labor and anti-corruption task forces.

To deepen the discussion of strategic issues and to learn and share good practices with regard to social responsibility, we engage in several initiatives and integrate various national and international associations and organizations. With regard to those issues that are specific or highly relevant to the oil and gas industry, we participate in discussions organized by the Global Oil and Gas Industry Association for Environmental and Social Issues (Ipieca), the Regional Association of Oil, Gas and Biofuels Sector Companies in Latin America and the Caribbean (Arpel) and the Brazilian Oil, Natural Gas and Biofuel Institute (IBP), among others.

In 2016, we will participate again in the annual process for evaluating companies to make up the Dow Jones Sustainability Index and the BM&FBovespa Corporate Sustainability Index. On this regard, in addition to the response to the questionnaires, we will plan actions to improve the corporate reporting process. These plans will be tailored based on the improvement opportunities identified in our performance assessment and will involve the different areas and companies of the Petrobras System.

Strategy

The sharp drop in oil prices in the global market and the depreciation of the exchange rate in 2015 impacted our business and drove us to take some actions so that we can meet the financial and operational targets set in our 2015-2019 Business and Management Plan (BMP). Thus, we reduced investments, prioritized higher return projects and minimized operating expenses.

Business and Management Plan

We released the 2015-2019 BMP in June. Main goals of the Plan are the deleveraging and the value generation for our shareholders. We target bringing back debts to the following levels:

- Net leverage, measured by the formula: net-debt / (net-debt + net-equity), lower than 40% by 2018 and than 35% by 2020;
- Net debt/EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) ratio, below 3.0 times by 2018 and 2.5 times by 2020.

In January 2016, we made some adjustments on the BMP, based on the new oil price levels and the exchange rate, intended to preserve the fundamental objectives laid down in the original version.

We reviewed the oil (Brent) price and exchange rate assumptions used to project investments and costs. Thus, we used an average Brent price of US\$ 45/barrel for 2016 (instead of the original US\$ 70/barrel assumption) and an R\$ 4.06/US\$ exchange rate (instead of the original R\$ 3.26/US\$).

The adjusted 2015-2019 BMP version foresees US\$ 98.4 billion in investments for the period, a reduction of about 24% from the originally planned (US\$ 130.3 billion) and kept the priority for oil exploration and projects in Brazil,

with emphasis on the pre-salt. In other business areas, investments are primarily intended to maintain operations and to projects related to flow oil and natural gas production.

We invested US\$ 23.1 billion out of that total in 2015 and foreseen to invest US\$ 20 billion in 2016. These adjustments on the investment budget impacted the oil production forecasted for Brazil in 2016, coming from 2.185 million barrels per day (bpd) to 2.145 million bpd. Forecast for 2020 also changed from 2.8 million bpd to 2.7 million bpd.

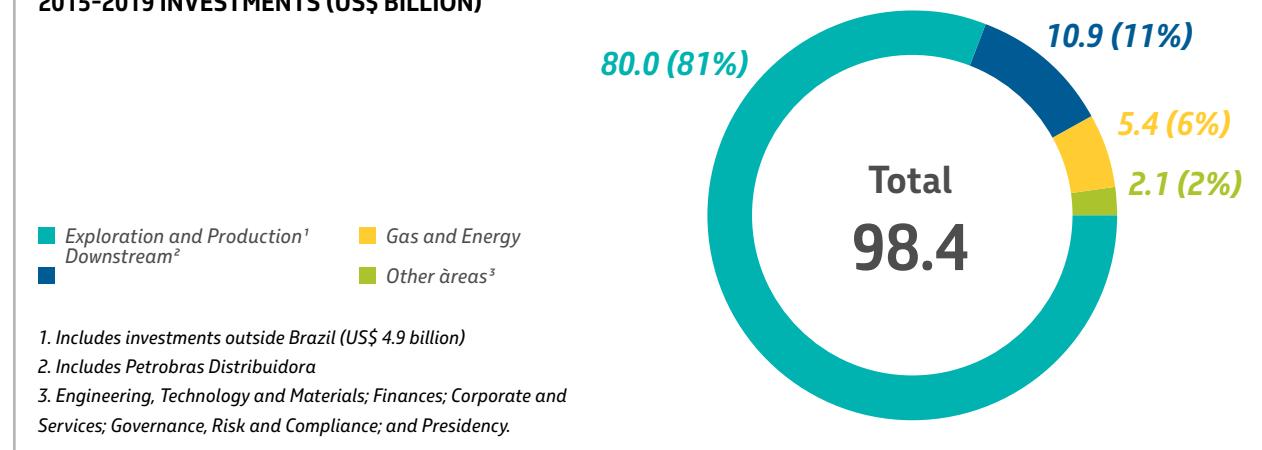
We maintained our plan for taking actions to promote optimization and productivity gains in order to reduce manageable operating expenses (costs and expenses other than those for purchasing raw material). Actions already identified have evidenced that we can achieve this goal through a greater efficiency in managing procured services, structure rationalization and business reorganization, labor costs optimization and reduction of costs of input acquisition and transport logistic.

We emphasize that the 2015-2019 BMP is subject to various risk factors that may impact our estimates, such as:

- changes in market variables such as oil prices and exchange rates;
- divestment operations and other business restructuring actions, which are subject to the market conditions existing at the time of their execution;
- achievement of oil and natural gas production targets, challenged by a scenario of problems faced with suppliers in Brazil.

- For more information see:
www.petrobras.com.br/png

2015-2019 INVESTMENTS (US\$ BILLION)



Petrobras 2040 Scenarios

Companies get a better understanding of the issues deemed as the most relevant to their business context through the formulation of scenarios. Using an in-house developed methodology we developed, during 2015, the Petrobras 2040 Scenarios. The methodology sought adapting the main existing approaches and the best practices to our culture and to our business characteristics.

The process started by surveying the main concerns about the future of the energy business among our managers and technicians. These concerns were associated to factors, such as the degree of impact they have on the energy industry or the uncertainty of occurrence. Variables related to the macro environment in which we are inserted, which help us to understand a particular concern, may be classified as critical uncertainties (when their levels of uncertainty and impact are high) or as consolidated tendencies (when their level of uncertainty is low, but they have a high business impact). Considering the possible future of these factors, within the horizon of the analysis, we built the stories of scenarios that explain how the world can evolve until 2040.

Our purpose is using these scenarios in decision-making processes, helping to identify risks, opportunities and threats, enabling the evaluation of alternative strategies and a better perception of the future.



Risk management

The creation of the Executive Office for Governance, Risk and Compliance, in 2014, and the organization of the Business Risk Executive Management, in 2015, contributed to move further our risk management, which involves reporting, to the Board of Directors and Executive Board, the effects that major risks have on our integrated results.

In June 2015 we approved our Business Risk Management Policy, which spells out five principles and ten guidelines that should drive the various initiatives related to risk management. The document also sets powers and accountabilities.

The policy not only addresses the traditional economic and financial vision, but also other management elements such

as threats to life and health and protection to property and to business information. The policy emphasizes issues like the respect for life in all its diversity, behaving ethically and in compliance with legal and regulatory requirements, and the alignment and consistency with our Strategic Plan.

We understand that risks should be considered in every decision and managed in an integrated manner; and that responses should pay attention to possible cumulative long-term and far-reaching effects. We identified 21 categories of business risk events, divided into five groups:

- Strategic: categories that can divert us from achieving our strategic objectives and/or executing our business plan;
- Business: categories related to our business segments, according to our value chain;

- Compliance: categories related to compliance with the law and relevant regulations, such as the Code of Ethics and the Guide of Conduct;
- Financial: risks of a financial nature, in particular those related to market, credit and liquidity, which can harm the soundness of cash flow and financial reports; and
- Operational: categories that may divert us from the efficient and effective use of our operational resources related to processes and information systems, among others.

Each unit that is accountable for managing business risks should identify, prioritize, monitor and report on a regular basis, together with the Business Risk Executive Management, the evolution of the main risks and their effects on our consolidated results to the Executive Board, the Audit Committee and the Board of Directors.



UO-Rio Emergency Control Center.

Our risks

We restate our commitment to work with discipline with regard to capital and profitability, in order to mitigate our financial risk. We have taken a set of actions related to our structure and processes to ensure meeting financial and operational targets, even under adverse conditions.

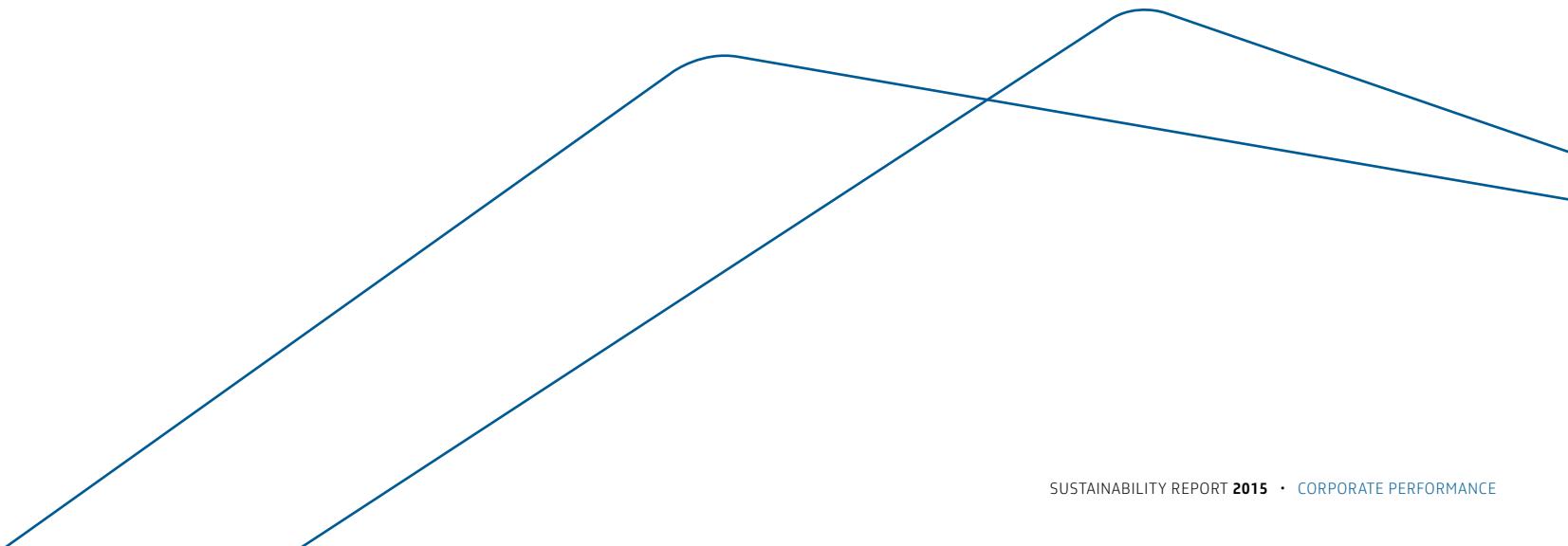
We adjusted our financial planning for 2015 and 2016 by cutting manageable costs and investments according to new levels of the Brent oil price and exchange rate (R\$/US\$). Its implementation, however, is subject to risk factors that may adversely impact projections.

Health and safety risks, such as work accidents, spills, fires and explosions, are also significant for our activity as they may result in loss of life, serious damage to the environment, damage to equipment, financial losses,

fines and remediation obligations, liability in civil and criminal litigation, beside administrative proceedings and constraints in obtaining licenses. Additional information on the mitigation of these risks can be found in the "Health and safety at work" section and along the "Environment" axis.

We understand that some situations, e.g. disagreements in the dialogue with communities and local governments, may affect the expectations of the communities where we operate, as well as the community's dynamics and our own activities' dynamics. So we approved, in October, a standard that encompasses premises, requirements, processes, macro-phases and subjects that are relevant to managing social risks, considering the macro-processes of our value chain. The document is intended to help managers to deal with these risks and should be followed throughout the Petrobras System to identify social risks related to operation, decommissioning and exploration projects, investment, acquisition and divestment.

● **More information** about our risks can be found in item 4.1 "Descrição dos fatores de risco" of the "Formulário de Referência"



Ethics, transparency and accountability



In the last year, we took several actions in order to strengthen our governance, ensure processes compliance and improve our monitoring and control mechanisms. We engaged in the development of a management model focused on quality, safety and transparency, further reducing the fraud and corruption risk.

By the end of 2014 we organized the Governance, Risk and Compliance Office and hired its director, João Adalberto Elek Junior, who was selected by an independent firm of executive recruitment. The new director has held positions in investor relations, control and risk management and finances, for national and multinational companies from diverse industries.

Moreover, in 2015 we approved the change of Board of Directors composition, intended to increase its independence, and changes to our bylaws that created the committees allowing the participation of members that are not Board of Directors members. We reformulated the Audit Committee, increasing the number of members and the frequency of meetings.

Denouncement channel and research and investigation procedure

Based on the proposed improvement actions, we reorganized our General Ombudsman's Office. We appointed a new General Ombudsman, who was selected by a recruitment firm. As part of this process, the Audit Committee and the Remuneration and Succession Committee received a candidate shortlist for analysis, and issued a recommendation to the Board of Directors. The Board approved, in November, the appointment of Mário Vinícius Claussen Spinelli. The new General Ombudsman has previously had various roles in the General Comptroller Office of the Federal Government, including as the Secretary of Strategic Information and Anti-Corruption, and has conducted academic researches on the role of ombudsman offices.

The Petrobras General Ombudsman's Office is the main channel for receiving and handling communications related to our activity.

The Petrobras General Ombudsman's Office is the main channel for receiving and handling communications related to our activity. It works directly or indirectly in five areas: requests of information through the Citizen's Information Service under the Brazilian Law 12527 of 2011, also known as the Access to Information Act; denunciations; complaints, requests, compliments and suggestions; inquiries and requests for authorization for activities that may involve conflict of interest; and claims related to health insurance benefits that are offered to employees and their dependants. The channel preserves the confidentiality of the claimants and makes available several means of contact to our shareholders (phone, letter, e-forms, personal assistance and channel for allegations, among others).

We also launched, in November, the new Petrobras Denouncement Channel, managed by a third party; an independent company that is specialized in denunciations. Available 24 hours a day and supporting three languages (Portuguese, English and Spanish), the new channel is the single point of reception for denunciations, forwarding them to the General Ombudsman's Office, where they are treated in accordance to their nature.

The channel receives and treats anonymous allegations about behavior issues involving physical or psychological violence at work (e.g. cases of moral and sexual harassment). Denunciations should include the names of the people linked to the issue, since it is mandatory precisely identifying both, the accused and any witness. It is also required, in these anonymous cases, some minimal evidence to support the investigation, such as the company's unit in which the problem occurs and facts that characterize the breach, along with dates of occurrence.

Changes in the procedure to handle denunciations include both the reception and the investigation stages. The Compliance Executive Management is responsible for investigating all denunciations arising from the Denouncement Channel and external bodies that entail fraud, corruption and money laundering reports. The General Ombudsman, in turn, monitors the denunciation treatment, from the reception up to the implementation of corrective actions. Every denunciation involving fraud and corruption is submitted to the Compliance Executive Management.

The General Ombudsman Office is the direct link between our stakeholders and the senior management. Every quarter, it submits an activity report and a detail of fraud and corruption denunciations.

Requests received

Among the 33,160 communications we received in 2015, denunciations, complaints and requests for information were the most frequent categories, being 95% of the total. We received 31,513 communications related to these three categories, 2.2 times more than the total received in 2014. This is largely due to the growth of complaints about the operation of the Pharmacy Benefit, which is offered to employees, and the growth of requests for information, received mostly from applicants to the public selection process and to internship.

Requests received by the General Ombudsman's Office	
Category	Total
Complaint	16,557
Request for Information	13,676
Denunciation	1,280
Request	1,145
Suggestion	322
Opinion	102
Compliment	66
Request for authorization	7
Inquiries (conflict of interest)	5
Total	33,160

We processed 79% of the 13,243 requests for information, which were received and closed in 2015, within 20 days, and 18% between 21 and 30 days.

The most recurrent subjects, among the received denunciations, were about the procurement of goods and services and about behavior and conduct issues. We deemed as well-founded 10% of all the completed denunciations.

With regard to denunciations of improper actions committed by employees and former employees, we take investigatory actions through Internal Investigation Commissions and also investigate denunciations arising from the Denouncement Channel.

The new Petrobras Denouncement Channel, made available in November, accounted for 22% of the denunciations received.

Among the 16,557 complaints received, the four most frequent subjects were: Complementary Health Care (local acronym AMS); people management (jobs/internships/outsourcing, compensation and benefits); procurement of goods and services; and relationship with the community. From 14,290 requested completed, 84% were deemed fully or partially well-founded.

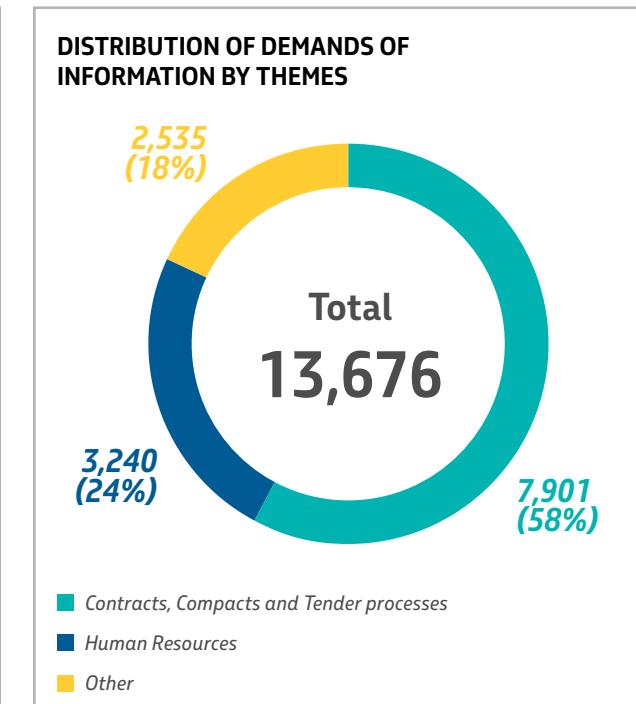
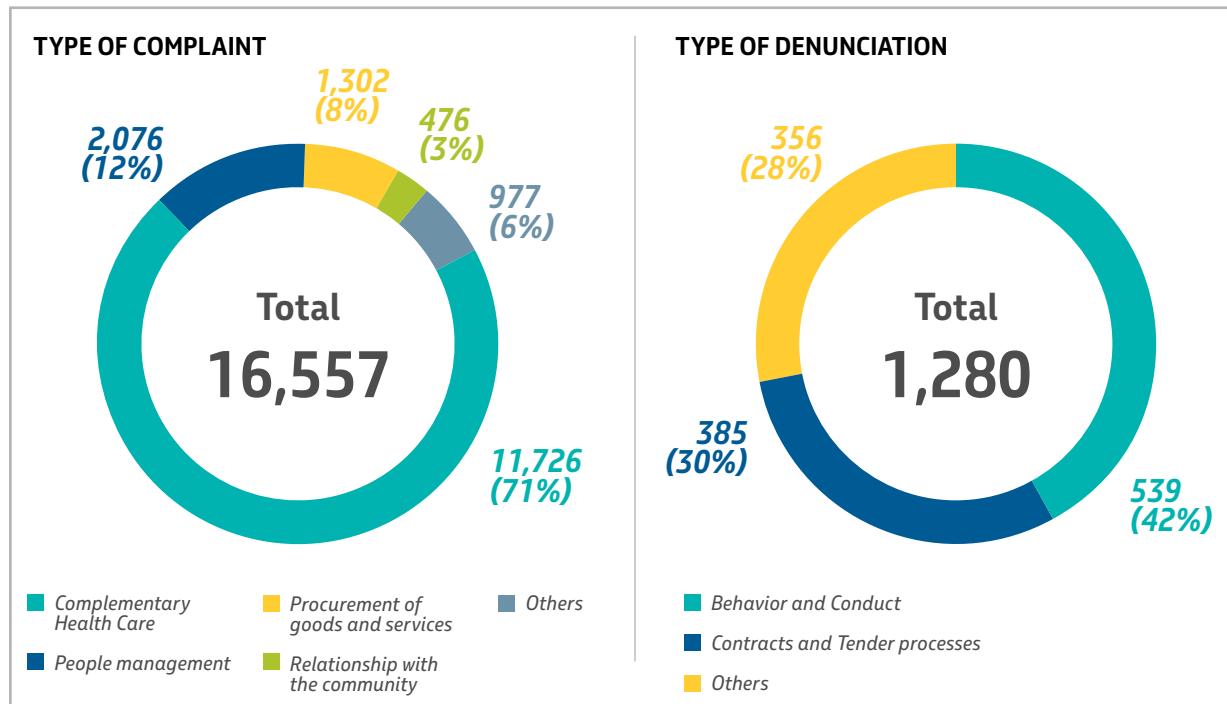
Among complaints regarding AMS, 87% were about the operation of the Pharmacy Benefit. Complaints pointed out at problems in medicine delivery, late or lack of reimbursement and difficulties to enroll and purchase.

Complaints about people management encompass issues of the working relationship with our associates. The most common topics are: jobs, internships and outsourcing; compensation (payment of employees' profit or earning sharing and payment of pension to dependants, among others); and benefits. In 2015, we received 230 complaints about benefits, 64% related to the discount of the education assistance.

The procurement of goods and services subject involves primarily complaints from contractors and suppliers (lack of payment for services or products and differences between orders recorded and material delivered to the units, among others) and complaints received from the staff of our contractors and their sub-contractors. These complaints, formulated against their employers, can unveil labor faults from suppliers that work in our facilities, such as late or lack of payment of salary, benefits, wage installments and FGTS. When we detect non-compliances, the contract supervision or managing unit takes the appropriate actions to remediate them.

We received 13,676 requests for information, 4,570 in the first semester and 9,106 in the second, an increase of 99.3% mainly accounted on "contracts and compacts" and "human resources" subjects. In these two subjects, the most recurrent issues were the access to contracts and compacts and details about contractual terms, as well as jobs and internships, contractual relationship, workforce size data and remuneration/wages figures.

The most frequent subjects were human resources and contracts and compacts, being the most recurring issues: the access to contracts and compacts; and data related to positions, incentive program to voluntary resignation, outsourcing and public selection processes, among others.



Communication of ethical principles

We invest in the dissemination of our ethical principles to the entire workforce and to our suppliers, which is conducted through various internal and external means, including training for both senior management and associates.

These principles and commitments of conduct guide our actions and drive Petrobras System's companies and our suppliers. They are stated in documents such as the Code of Ethics of the Petrobras System, Guide of Conduct, Code of Good Practices, Code of Competition Conduct, Petrobras Corruption Prevention Program Manual and Petrobras Hiring Manual.

We do not tolerate any misconduct, not just fraud and corruption, committed or suffered by employees or suppliers. For this reason, we conduct trainings, encourage

the submission of denunciations through the Petrobras Denouncement Channel and, where necessary, apply the appropriate penalties.

By the time the Guide of Conduct was released, in late 2014, we took several actions intended to disseminate its guidelines and educate on the applicable disciplinary sanctions. We also produced supporting documents, like a specific guide on souvenirs, gifts and hospitality. The Guide of Conduct should be followed by the Board of Directors, Fiscal Council, Executive Board, managers and employees. It also grounded the revision of the Petrobras Procurement Manual. Vendors of goods and services should also comply with the provisions of this document.

We also created or reinforced some mechanisms for the reduction of non-compliances in our activities, such as

audits, due diligences, related contract terms and terms of responsibility, among others.

Aiming to enhance the transparency of our misconduct fighting actions, we disclosed the disciplinary measures applied to employees of different hierarchical levels. There were 20 contract terminations, 84 suspensions and 137 written warnings. The cases involved misconducts such as negligence, breach of company rules, fraud and violation and misuse of company resources, among others.

There are three lawsuits filed under allegation of unfair competition. Two of them, filed by Congás, are at the initial proceeding stage. The third is already on appeal phase, after our conviction in the first instance, was filed by Refinaria de Manguinhos and involves the amount of approximately R\$ 1.6 billion.

Petrobras Corruption Prevention Program

Throughout the year we reinforced the dissemination of Petrobras Corruption Prevention Program among our employees and other stakeholders. The program provides continuous actions for preventing, detecting and remediating fraud and corruption facts, which are to be periodically improved and disseminated.

We invest in developing and improving risk and compliance management systems. One of the 2015 initiatives, on that regard, was the inclusion of a competence called "Commitment to Compliance" in the performance and result assessment. The assessment is conducted for all our employees, regardless of hierarchical level. Its purpose is to evaluate the ability to carry out activities focusing on the prevention of non-compliances, meeting rules, procedures, regulations and laws, thus strengthening the internal control environment as well as our image and reputation. We also reviewed the content of the "Disciplinary Regime" and "Relations at Work" documents, emphasizing corrective actions to misconduct in the corporate environment.

In addition to the structure that is responsible for compliance initiatives, approximately 100 associates, from different areas, act as Compliance Agents, helping in the communication of the information and dissemination of the compliance culture. These Compliance Agents also help to identify risks and improvement opportunities in misconduct prevention and detection mechanisms.

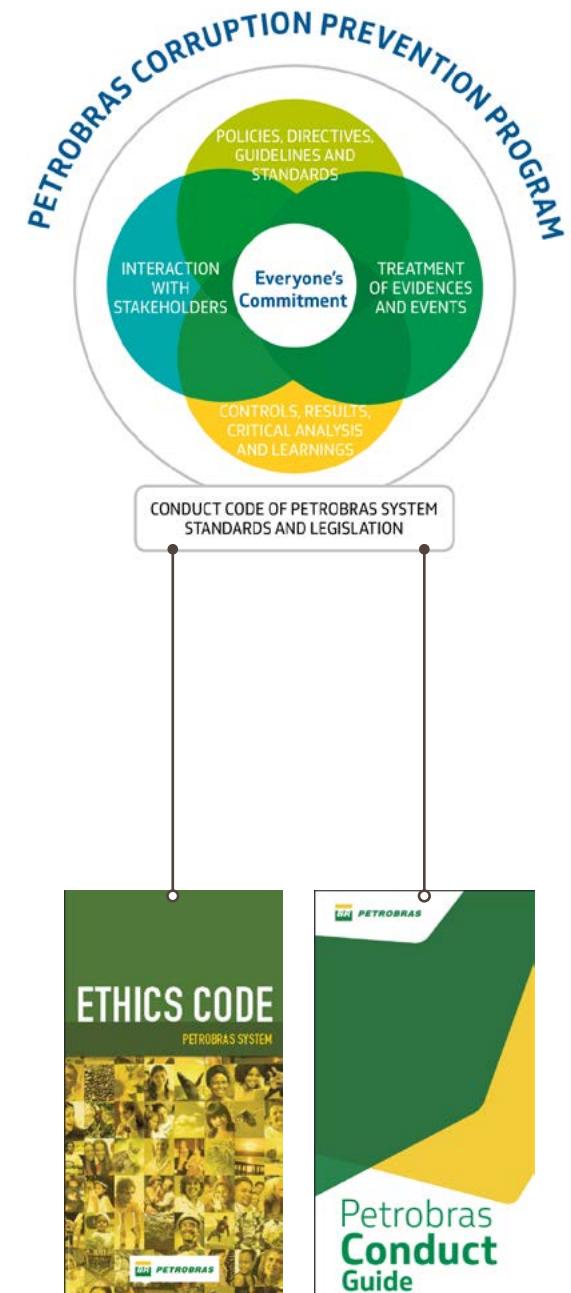
To expand our governance and internal control environment, we restricted individual decisions at all company levels, promoting joint decisions. Furthermore, all our projects must now go through an evaluation matrix that takes into account the possible risks, including from the control and transparency standpoint.

We have a scheme that segregates duties of employees who demand goods or services from those of employees who conduct the hiring process and from the process approvers. We also have matrix that sets out thresholds in attribution for signing contracts, which is periodically updated and approved by the Executive Board.

Our evaluation for either partial or total acquisition of assets and shares in companies, as well as for selection of buyers for our divestments, includes verifying –in addition to accounting, economic, financial, tax, legal and environmental aspects counterparty's reputation, ethical conduct and practices related to preventing fraud, corruption and money laundering.

For guidance, standardization and supervision of disciplinary sanctions application in fraud or corruption cases, we created the Correction Committee, under the Governance, Risk and Compliance Office. We reformulated the process for organizing the Internal Inspection Commissions, which are created when it is necessary to investigate signs or occurrences related to our workforce or our assets. Now, upon suspicion of fraud or corruption, these commissions are now composed by representatives from the Business Security, Audit or Compliance and Legal areas. If a crime is configured, their reports are submitted to the public prosecutor or police authority.

To increase the security in the procurement of goods and services and mitigate fraud and corruption risks, we made more rigorous the process for supplier management. One of the actions in this regard was implementing the Integrity Due Diligence (IDD), to assess the level of integrity risk of suppliers through questionnaires, research on open sources and hired databases, evaluation of supplier's profile, its relationship with government agents and its integrity program.



Based on our risk policy, we developed an internal procedure to set the guidelines for managing compliance risks related to fraud, corruption and money laundering. The goal is to reduce the exposure and help managers to identify, analyze, evaluate, treat and monitor these risks.

Considering the annual process of internal control certification under the US Sarbanes-Oxley act, in 2015 we assessed 21 macro-processes, which split in 58 processes and resulted in 3,378 controls auto-evaluated by our managers. In 2014 we had reviewed the matrix of internal controls of the 'Supply Goods and Services' macro-process, where we assessed fraud and corruption risks. Such action has already had reflections in 2015.

We disseminate our compliance initiatives through several communication channels to the entire workforce, including members of the senior management, and to business partners. This aims to deepen the knowledge of legal requirements and responsibilities, as well as our corporate guidelines, so that everyone is able to identify, prevent, deal with and communicate risk situations or evidence of fraud, corruption or money laundering in our business.

The different ways of dissemination take into account the different hierarchical levels to define the form and content of the communication. Some issues are common to all employees, while some others are specific and addressed to people who develop activities with greater exposure to risk.

We trained 3,254 employees, including 29 senior managers and eight presidents and directors of our subsidiaries, on "fraud and corruption prevention". With the creation of the Governance, Risk and Compliance Office, the number of employees trained in 2015 is two and a half times the number trained in 2014. In addition to classroom trainings we also provide remote training, with a content developed by the UN, aiming at achieving 100% of our employees in 2016.

We conducted some specific training sessions on fraud and corruption prevention, targeting specific audiences. We trained 14 members of the Executive Board and Board of Directors. In addition, we trained some members of the Compliance Executive Management on several subjects related to compliance actions, including corruption and money laundering prevention.

In line with the Petrobras Corruption Prevention Program, we are committed to refuse providing support and contributions to political parties or political campaigns of candidates to elections, both in Brazil and third countries.

3,254

Number of trained employees, including 29 senior managers and eight presidents and directors of our subsidiaries, on "**fraud and corruption prevention**".

Our commitments

We are signatories and participants of some voluntary commitments focused on transparency and corruption fighting, such as the Extractive Industries Transparency Initiative (EITI). Signatories since 2005, we invest US\$ 60 thousand in this initiative every year. Besides reinforcing our commitment to transparency, engaging in the EITI allows us participating and contributing to discussions in the oil and gas industry group and timely monitoring the decisions taken about requirements to be complied by signatory countries.

As signatories of the UN Global Compact we participate in some of its initiatives, such as the Work Group of the 10th principle, the initiative "Call to Action: Anti-Corruption and the Global Development Agenda" and the Theme Group Anti-corruption of the Global Compact Network - Brazil. We also integrate the Work Group of the Business Pact for Integrity and Against Corruption.

Lava Jato Operation

As published in the Sustainability Report 2014, the Federal Police investigation called "Lava Jato Operation" focused, since 2014 and during 2015, into irregularities involving goods and services suppliers. It revealed improper payments to political parties, politicians and other people, including some former Petrobras executives which were arrested and/or prosecuted for money laundering and bribery.

During the year, we kept monitoring and collaborating with the work of the Federal Police, Public Prosecutor, Judiciary, Federal Court of Accounts (TCU) and Comptroller General of the Federal Government (CGU) so that the crimes and irregularities are investigated and those responsible punished. We also collaborated with the investigation promoted by international bodies, such as the US Department of Justice and the SEC.

We assisted the relevant agents in their investigation of the facts and kept our stakeholders updated, on a regular basis, through the relationship channels. We also continued the internal investigation, which is being carried out by two independent firms and has the Special Committee as its point of contact. The Special Committee reports directly to the Board of Directors and is integrated by the Governance, Risk and Compliance Director and two independent members with high technical skill.

We shared the results of incompliance investigations with the Brazilian authorities. These investigations were conducted by the Internal Inspection Commissions (IIC), created in 2015 to investigate possible non-compliances in agreements with service providers that involved refineries, terminal modernization projects and pipeline construction, among others.

In addition to measures taken to retrieve the diverted resources, we count on provisional bans issued against companies investigated by the "Lava Jato Operation" since 2014, preventing them to participate in tenders and enter into new contracts with Petrobras. On a case by case basis, these embargos can be withdrawn as the supplier is cleared by the administrative proceeding or undergoes the Integrity Due Diligence. The IDD assesses if supplier has an effective compliance program, besides its commitment to terms and conditions regarding corruption prevention, among other requirements.

In every prosecution conducted against our former employees by criminal offences or administrative misconduct, due to corruption acts, we have been officially recognized as a victim of the investigated deviations. Therefore, we act either as prosecution office assistant or as a party that proposes action (Prosecution joinder party), as appropriate.

We have taken all the necessary measures to be indemnified by the damages caused by those actions, including damages to our corporate image. Thus, we filed seven civil lawsuits for administrative misconduct acts, including indemnification claims for moral damages.

For each lawsuit filed, a provisional ban over defendants' assets was also requested, in order to secure our future compensation. These injunctions were, indeed, granted by the respective Courts.

Moreover, as the investigations results in leniency agreements with investigated companies or plea bargaining agreements with individuals who agree to reimburse assets, we have the right to receive part of them. Thus, we received R\$ 157 million in May and R\$ 72.7 million in August as reimbursements for damage compensation.

We act as prosecution office assistant in 7 criminal trials filed in 2014 and in 13 filed in 2015, as a result of the Lava Jato Operation. At the end of the year, some of these actions were in the pre-trial phase, while some others were at lower court of appeals. They were referred to allegations for offenses such as criminal organization, corruption, money laundering and fraud in public tenders, among others.

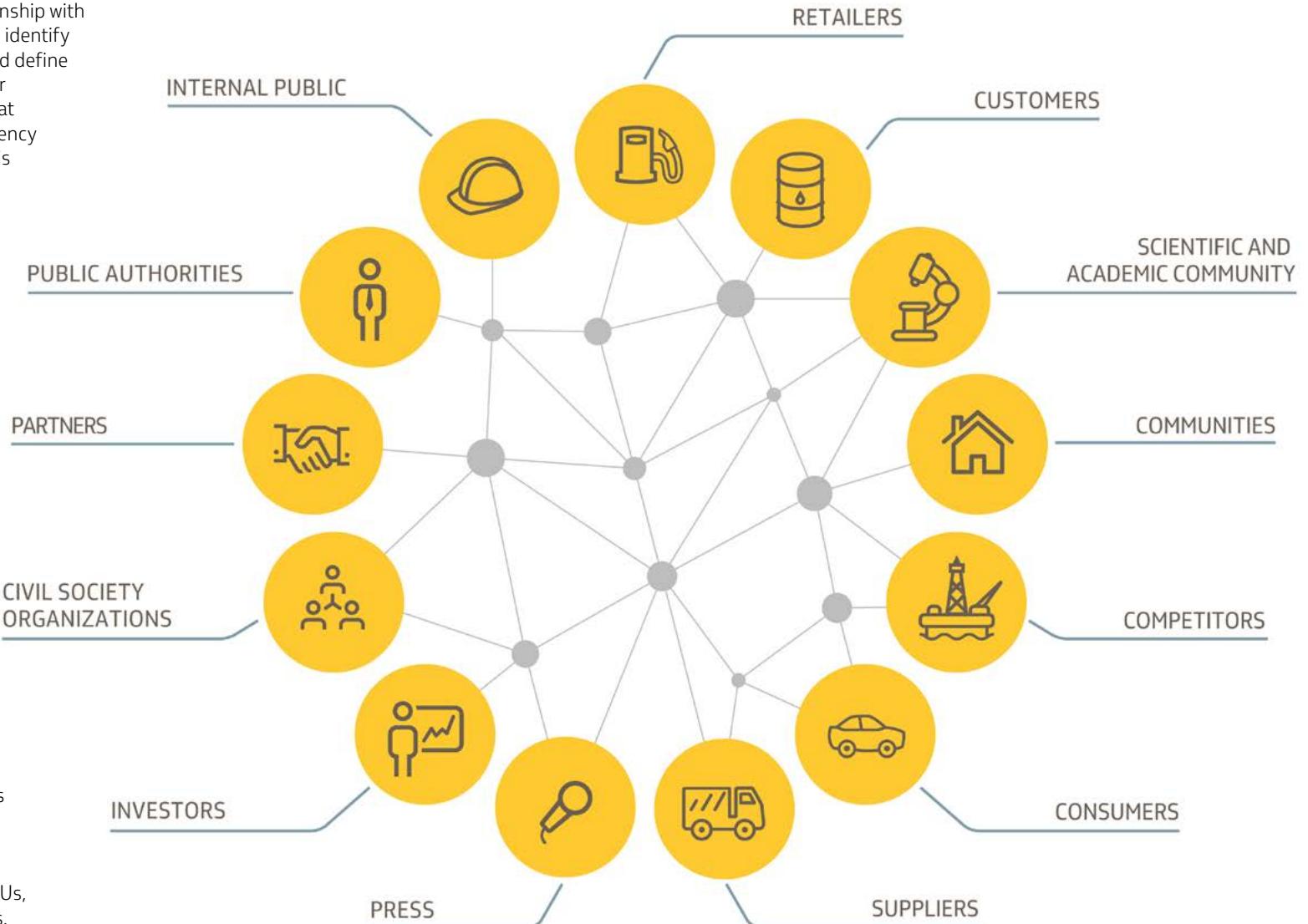
- **More information** about Lava-Jato Operation can be found in Note 3 of the "Demonstrações contábeis 2015" and in item 7.9 of the "Formulário de Referência 2015".

Our stakeholders

To develop the relationship with our stakeholders, we identify interaction needs and define strategies to address them. Our Guide of Conduct highlights that respect, dialogue and transparency should be the foundation of this relationship, in order to enable an efficient execution of our Business and Management Plan.

We have channels for receiving complaints, suggestions or inquiries. We also make releases for the various stakeholders and have websites for specific relationship with the press, clients and suppliers.

Throughout the year, we performed actions aimed at disseminating the work of the new Governance, Risk and Compliance Office, including the Petrobras Corruption Prevention Program and the new Petrobras Denunciation Channel. We launched the #DaquiPraFrente virtual environment that also provides access to the Contact Us, SAC and Ombudsman channels.



Investors

Our Investor Relations area is organized as to meet the requirements of regulatory authorities and institutional and individual investors, as well as to release communications to the market. The CVM in Brazil, created to regulate the securities market in this Country, the SEC in the US and the CNV in Argentina, are some of the main regulatory bodies relevant to our business.

Shareholders meetings are held throughout the year to carry out shareholders' deliberations. Four extraordinary meetings and one ordinary meeting were held. We promote contacts with investors and analysts through formal meetings, lectures, seminars, conferences and webcasts. We issue reports and publications, as means to provide information. The release of the Form 20F, the report filed at the SEC and the Formulário de Referência 2015 , required by the CVM, are some of the legal requirements.

To disseminate quarterly results we arrange conference calls/webcasts to address investors and analysts, press conferences to the press, and corporate TV programs to our workforce. We attended the seminars held by the Capital Markets Analysts and Investment Professionals Association (APIMEC) and conferences with institutional investors in Latin America, the United States, Europe and Asia.

The main investors' concerns are related to operational and financial results, governance and our Business and Management Plan. This information is made available on the website specific for this audience, which includes quotes, releases and relevant facts communications, financial results and calendar of events, among other information. Transparency and professional ethics, corporate reputation, economic and financial results, annual reports on business performance and trade relations are matters of interest.

Between December 2014 and January 2015, investors in the United States filed class action lawsuits against Petrobras, because they felt harmed by the price drop of our shares in the New York Stock Exchange. Additional information on these class actions can be found in Note 30.4 of 2015 Financial Statements and items 4.4 and 4.6 of Formulário de Referência 2015 .

Public Authorities

Our activities in Brazil are directly ruled by laws, regulations and requirements, including those related to environmental licenses and permits that, at federal, state and municipal level, are intended to protect human health and environment. The ANP regulates the oil and gas industry in Brazil, together with other national agencies that regulate related activities, such as electricity (ANEEL), waterway transportation (ANTAQ) and ground transportation (ANTT).

Needed for location, construction, implementation, modification, expansion, operation activities and for projects with significant potential impact, the environmental licenses are usually expensive. They require submitting various technical studies and conducting public hearings with the involved communities and other government agencies involved. Whenever necessary, we meet the local authorities to report and elaborate on the status of our projects.

We keep constantly in touch with the municipalities surrounding our projects and operating units. We receive, analyze and meet their requirements, taking joint actions and developing social-environmental partnerships, so minimizing conflicts. We also meet with environmental agencies and the Public Prosecutor's Office with regard to standards, processes and procedures, in order to solve problems related to permits and environmental requirements.

Press

We seek to manage our relation with journalists in the most appropriate way, focusing on transparency and without jeopardizing the security of our information. Our CEO, directors or employees authorized by their managers speak on behalf of the company. Any contact with this public should be led by or arranged through our Communication and Brands area.

Investigations carried out by the Federal Police, Public Prosecutor's Office and Parliament Commission on allegations of irregularities in our projects, were among the subjects most addressed and inquired by the press. We keep regular contact with these stakeholders, addressing their demands by issuing positioning and releases, in addition to arranging press conferences. The Agência Petrobras, our website specific for journalists, makes available information about the most relevant issues.

In the second edition of the "Prêmio Petrobras de Jornalismo" we awarded 17 articles in the national category and 17 in the regional category, highlighting the article of the journalist Fabiana Moraes, from the Jornal do Commercio, of Pernambuco, on the daily lives of young people that suffer sexual exploitation from their childhood.

Consumers

We conduct campaigns, digital and promotional communication activities and satisfaction surveys. We also have direct channel services for consumers, in addition to the other channels intended for transparency and interaction, such as the Ombudsman, the Citizen Information Service (SIC) and the Denunciation Channel. These channels receive and handle inquiries, complaints and requests for information about products and services.

We also offer, to Petrobras' gas stations clients, the loyalty program called Premmia, which rewards the points accumulated by these consumers with discounts at various partners, such as airlines and car rental companies. Among its initiatives, the program drew 10 subscribers to watch the Formula 1 Petrobras Grand Prix of Brazil 2015, in Interlagos, São Paulo.

Customers

We keep a permanent dialogue with our customers through meetings and periodic visits to improve our business and technical relationship. We realized the need to innovate and improve the internal process management, reducing costs, achieving measurable results and leveraging the qualification of human resources.

Some of the most relevant communication channels intended to this audience are the Customer Channel, the Customer Service Center (local acronym SAC) and the customer exclusive website, which encompasses business, operation and finances processes of our business units. We also provide technical support to customers, when it is needed to adapt to the use of our products, and carry out annual satisfaction surveys among the different customer segments.

Suppliers

Among the subjects of greatest interest for our suppliers are company's results, aspects regarding working conditions and the perception of social support, management and ethics. We hold HSE dialogues and regular meetings and encourage the dissemination of knowledge aligned to our Social Responsibility Policy, compliance with contract terms, payment status and adequate working conditions.

- **For more information see:**
Supplier management chapter

Civil Society Organizations

In our relationship with civil society organizations, our sponsorship of the various initiatives, set out in the "social investment" chapter, stands out. Main demands of these stakeholders refer to the dates of signature and term of sponsorship agreements, which are originated from the public selection conducted by the Petrobras Social-environmental Program.

Scientific and Academic Community

Our engagement with the scientific and academic community involves communication activities with universities and partner institutions, as well as sponsorship of science and technology initiatives. These stakeholders are interested in company's management, growth and results, besides foreseen job opportunities.

- **For more information see:**
Research and development chapter

Communities

We conduct regular communication actions involving residents and local community leaders of the communities located in the vicinity of our projects. Their purpose is to inform and clarify matters regarding our activities, the associated risks and the precautions to be taken, besides raising demands and disseminating various initiatives.

The communication with communities located near pipelines and natural gas facilities occurs through the integrity programs for pipelines and terminals and facilities. Our Green Phone, which enables free calls to convey complaints, abnormalities, denunciations, requests and suggestions, is intended to consolidate the relationship between the company and the population surrounding the pipeline footprints.

As employment and income are communities' concerns, we encourage our contractors to hire local workers, providing them proper qualification. These, among other demands, are forwarded to the government through the forums of the Agenda 21 program.

- **For more information see:**
Local development and impacts on communities chapter

Internal public

Our communication channels with the internal public include the Petrobras Portal (intranet), Petrobras magazine, WebTV, Conecte (internal social network), internal campaigns and relationship programs.

The main topics raised by this public are related to the overall company's image and address its management, transparency, ethics, growth and profitability.

Retailers

The Jornal do Revendedor is a bimonthly publication aimed to communicate Petrobras Distribuidora with its dealers, franchisees and teams of the gas station network. Subjects addressed with this audience include business data regarding orders, releases, deliveries, contract conditions, supply assurance, prices, information on products and services, customer service management and services for gas stations and convenience stores.

Partners

In our activities, we partner with third parties to jointly invest resources. Partnerships are based on different conditions and with various purposes (business partnerships, institutional partnerships, sponsorships, etc.). They may pursue goals like the common gain –as in business and technology partnerships or the promotion of common causes, as in agreements and endorsement of relevant initiatives.

Competitors

We are committed to maintaining with our competitors a relationship based on principles of honesty and respect, following rules that are explicitly stated in our Code of Ethics with regard to our conduct related to competition. We drive our business in accordance with the competition protection or antitrust laws and our Antitrust Code of Conduct.

Research and surveys among stakeholders

We apply surveys to assess our stakeholders' perception. With their results we develop communication diagnostics and underpin future decisions. Through these processes we seek to know their opinion and expectations, aiming at leveraging communication and relationship practices. In 2015, we carried out qualitative and quantitative surveys of public opinion, employees and suppliers.

To monitor our brand in social networks we conduct systematic evaluations of stakeholders' mentions in the social media. Thus, we identify opportunities for interaction and participation, learn about matters of interest and find out influencing opinions and participants. The result of the analysis allows us to shape a communication that is relevant to the public and that is focused on the dialogue.

Survey results and communication channel monitoring also enable us to learn about the interest that stakeholders and the public opinion have on Company' management, governance, transparency and ethics.

Research and development



Our research and development (R&D) projects and investments support the continuity of our business and the technological progress in the oil and gas industry. In 2015, we invested R\$ 2 billion in R&D.

Our partnership with some institutions, in Brazil and abroad, enable mutual development of knowledge and technology and, therefore, mutual benefit. In 2015, we partnered with more than 100 universities and research institutes, investing about R\$ 700 million. In that year, we applied for 68 patents and had 83 records granted, in Brazil and abroad.

From our Leopoldo Américo Miguez de Mello (Cenpes) Research and Development Center, we manage R&D projects and coordinate the works with the scientific and academic community on subjects related to oil, gas and energy.

R\$ 2 billion

Approximate investment in R&D in 2015.



Oil chemical technician working at Cenpes Scale Laboratory.

Technology and gains

We use software that captures and analyzes operating parameters from wells and alerts users when a problem is detected, so they can take corrective or preventive actions immediately. It replaces evaluation conducted by experts, whose decisions are subjectively taken, making their analysis more complex.

Operating since 2013, this technology has been used for the supervision of 66 wells and 906 drilling-rig days. In 2015, it allowed us savings of about US\$ 38.3 million, higher than the targeted US\$ 28 million, and avoided 43.8 days of lost-time. By early diagnosing holes in the drill column, savings may reach more than US\$ 4.8 million per occurrence, since these issues cause a 5.5 day stoppage in the production of the wells.

We started the operation of the retarded coking unit of atmospheric residue in the Abreu e Lima Refinery (RNEST), which turns it into lighter products (refinery gas, LPG, naphtha, diesel and heavy diesel) and produce, additionally, coke. By using an in-house developed pioneering technology, we can obtain yields of about 60% in middle distillates, which means a gain of about 25% over conventional technologies.

In August, we applied a technique known by the market as Floating Mud Cap Drilling (FMCD) in the drilling of a well in deep water, using a dynamic positioning drilling rig. Used for the first time worldwide, this technique turns economically and technically feasible to drill wells in reservoirs with a drop in pressure level. With this drilling technique fluids and gravel are pumped into highly permeable formations and they do not return to the surface, as it happens when conventional techniques are applied in such scenarios. In the Jabuti reservoir of Campos Basin, the FMCD technique leveraged a time reduction of around 15 days and savings of US\$ 18.1 million.

Another unique technique we developed was installing a device, designed and certified for volumes having up to 70% of gas, in a submerged centrifugal pumping module, in the Espírito Santo Basin. By enabling the handling of higher fractions of gas (without the device, pumping capacity would be limited to a maximum fraction of 40% gas), this device increased operational flexibility and leveraged a gain of a thousand barrels per day to the 7-JUB-04 well.

Technologies developed for the pre-salt layer production

As recognition to the various technologies developed for production in the pre-salt layer, we were awarded, in May, by the Offshore Technology Conference (OTC), the world's leading event dedicated to the offshore oil exploration and production. It was the third time we received this award, which is the highest recognition that an oil company can be given as an offshore operator.

One of the ten award-winning innovations was the buoy supporting risers (pipelines that take oil or gas from the seabed to the platform). Submerged to a depth of 250 meters, anchored to the seabed by tendons and connected to the platform vessel, the buoys do not transfer the full platform's movements to the rigid risers, reducing the damages caused to the pipes by fatigue and extending their service life, even under severe meteocean conditions.

In some pre-salt wells, the oil produced is associated not only with water and gas, but also with carbon dioxide (CO₂). Another awarded technique separates the produced CO₂ from the oil and gas using a membrane system. Once separated, the CO₂ is re-injected to increase pressure in the reservoirs and well productivity. Three of our platforms re-injected 670 thousand metric tons of CO₂ into reservoirs in 2015, avoiding its emission into the atmosphere.

Renewable energy

We invested R\$ 44.4 million in R&D on renewable energy production, a 49.8% reduction, compared to 2014. R&D on biofuels stands out, accounting for more than 60% of the total invested.

Investments in renewable energies research

Type of Energy	R\$ million
Advanced biofuels	18.5
First generation biofuel	9.7
Waste energy ¹	6.8
Solar energy	6.8
Wind energy	2.6
Total	44.4

¹ Urban solid waste, waste of various kinds from the isolated Petrobras unit (Urucu) and neighborhood (byproduct of the ethanol production process)

Products and services



We develop products to meet the various needs of our end users and customers, who operate in businesses such as road, air, rail and waterway transportation, agriculture, industry and thermoelectric. We have shares in companies that produce basic petrochemicals

(ethylene, propylene, benzene, etc.) and raw materials used by second generation industries that, in turn, manufacture products (plastic, rubber, etc.) that are used by leading industries to produce goods for public consumption (packaging, tires, etc.).

We also offer automotive services, such as lubrication, and relationship services, such as loyalty programs and convenience stores.

Our main products are diesel, automotive gasoline, natural gas, liquefied petroleum gas (LPG) and naphtha, the raw material for petrochemical industries. Together, in 2015 these five products accounted for 2.3 million barrels per day, 81.5% of our sales volume in Brazil.

Our gas stations in Brazil started to sell, in October, *Petrobras Grid Diesel*, which has additives that provide greater cleaning to the engine injection system. In addition to the gains in vehicle efficiency and maintenance, we check and certify the quality of the product through our *De Olho no Combustível* Program, supported by a fleet of mobile laboratories for analyzing the fuel on the field.

We also launched **Lubrax Unitractor Premium**, a lubricant for high performance tractors and heavy vehicles.

So as to assess satisfaction with the services provided at Lubrax+ units, we conducted a survey that was answered by 1,658 users. It was carried out in September and October 2015; 84% of the participant scored "nine" and "ten" (which means "fully satisfied") and 99% scored "six" or above.



Production line of the Petrobras Distribuidora lubricant Plant.

Product quality and minimizing impacts

Aiming to minimize the environmental impact generated by the consumption of our products, we seek to develop technological solutions increasingly efficient. This is the case of *Petrobras Add Cleaner*, a fuel oil used for thermal power generation in furnaces and boilers. *Add Cleaner* has an additive that reduce the emission of particulate materials. Designed for vehicles fueled by diesel and equipped with the new selective catalytic reduction technology, the *Petrobras Flua* is a liquid agent that reduces emissions of nitrogen oxides (NOx) by up to 98%.

Our LPG product and its composition variations are sold in bulk or in returnable containers (cylinders and bottles). Containers have sealed flow valves, and seal labels have safety and product usage data, in addition to the date the product has been bottled and the operating unit or company responsible.

With an average service life over 18 years, bottles sold in Brazil are mainly made of steel. In 2015, we recertified about 2.4 million bottles, by recovering or replacing their valves, and sent 144.7 thousand to scrapping/disposal. Throughout the year, we reduced the consumption of paint used in bottle painting by 11.2% over the previous year, leveraging a reduction in the emission of about 115 metric tons of volatile organic compounds.

Regulations and labeling

After analyzing every product we produce, we make available its chemical product safety datasheet, which details its features, at Petrobras Distribuidora's website. In addition to the formula and information on ingredients, the datasheets include first aid measures for different types of contact, procedures for fire fighting and spill control, instructions on handling and environmental effects of its storage, among other data.

Products such as lubricants and brake fluids, as well as their labels, comply with the relevant standards and laws. Main regulation agencies, on this regard, are the ANP and the National Institute of Metrology, Quality and Technology (Inmetro), among others. We do not sell products that are prohibited or that are in disagreement with regulatory rules, neither in Brazil nor in third countries.

Most of the requests received with regard to our products, are requests for clarification on technical matters. One of our communication channels, the Canal Cliente, targets our direct customers, enabling them to convey complaints and suggestions.

We received three fines for incompliance with laws and regulations regarding labeling of products and services, for a total of about R\$ 41,700. We did not record any complaint about proven breaches of customer privacy, neither made by third parties and validated by the organization, nor made by regulatory agencies.

Transport

We invest in projects for route improvement, accident prevention and process reformulation.

We carry out vehicle inspections and preventive maintenance actions to mitigate environmental damage and reduce risks. Together with our customers, we inspect the transport of dangerous goods in accordance with HSE standards and legal provisions, checking drivers' documentation and that loads are properly laded.

Results and Contributions to Society

- *Economic and financial results*
- *Supplier management*
- *Local development and impacts on communities*
- *Social investment*



Economic and financial results

The drop in oil prices, the rise in exchange rates and the performance of impairment of assets, significantly affected our business in 2015 and drove to recording a net loss of R\$ 34.8 billion, exceeding the R\$ 21.6 billion loss of the previous year. The result also reflects the increase of Brazilian market risk due to the loss of its investment grade, the increase of the expenses with interest rates and the foreign exchange losses. In addition to these factors, there was a 5% reduction in revenues and in the export prices of oil and oil products.

We recorded an operating loss of R\$ 12.4 billion, R\$ 8.9 billion lower than the previous year.

Our net financial expense was R\$ 28 billion, R\$ 24.1 billion higher than the financial expense in 2014. This is due to a higher foreign exchange loss, due, in turn, to the depreciation of the Brazilian Real against the US dollar and euro. It is also due to the increase of interest expenses, due to a higher indebtedness, the lower capitalization of interest and the recognition of interest over tax expense.

The drop in the average price of the Brent oil had a negative impact in our results. Its price came from US\$ 98.99 in 2014, to US\$ 52.46 in 2015.

Our gross profit increased 23% over the previous year, due to the increase in oil production and export, best margins on oil products and lower expenses with government participation and import. These effects offset the reduction in demand for oil products in the domestic market and the lower export prices.

Despite the recorded loss, EBITDA (earnings before interest, taxes, depreciation and amortization) grew 25% and operating cash flow reached R\$ 73.9 billion, due to higher diesel and gasoline prices and to the reduction in government participation and in import of oil and oil products. Our positive free cash flow of R\$ 15.6 billion enabled a reduction in net debt. We had recorded a negative R\$ 19.6 billion cash flow in 2007 and had not recorded positive free cash flow since that year.

Our capital, between ordinary and preferred shares, is R\$ 205.43 billion, divided into 13,044,496,930 shares with no par value (57.1% ordinary shares and 42.9% preferred shares).

In Brazil, our shares are mainly traded on the São Paulo Stock Exchange (Bovespa), under the PETR3 symbol for ordinary shares and PETR4 for preferred. Falling oil prices also generated a fall in our shares, which closed the year at R\$ 8.57 and R\$ 6.70, respectively. With this result, our market value was R\$ 101 billion (US\$ 25 billion) at that date.

On the New York Stock Exchange (NYSE), where ordinary (PBR) and preferred (PBR/A) shares are also traded, the fall reached 41% and 55% respectively. This result was also impacted by the 47% depreciation of Brazilian real against the US dollar. In December 31, 2015, PBR closed at US\$ 4.30 and PBR/A at US\$ 3.40.

Consolidated net income (loss)

	2011	2012	2013	2014	2015
Profit or loss (R\$ million)	33,313	21,182	23,570	(21,587)	(34,836)
Profit or loss per share (R\$/share)	2.55	1.62	1.81	(1.65)	(2.67)

a) Net profit attributable to our shareholders.

b) Figures in brackets are negative and refer to losses.

Exploration and production R\$ 63,321 million (83%)

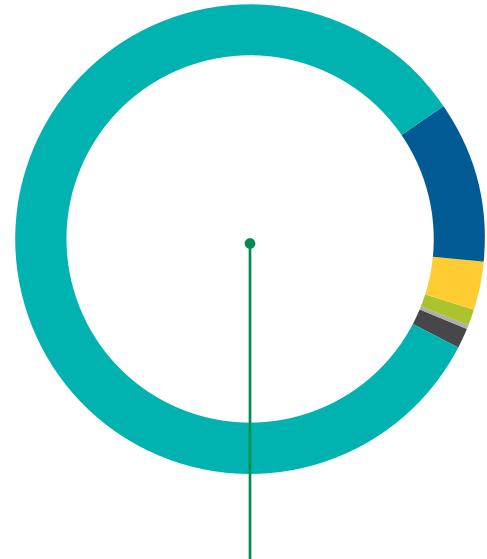
Divestment and asset sale

Focused on recovery, we formulated a plan for selling assets. We also reduced 24.5% of the investment budget for 2015–2019, which became US\$ 98.4 billion. Our divestment plan will reach US\$ 15.1 billion by the end of 2016.

We returned some fields to the ANP, mainly because they have proven not to be feasible from an economic standpoint. We sold all the assets of Petrobras Argentina (PESA) in the Austral Basin and the 49% share of Petrobras Gás SA (Gaspetro).

US\$ 15.1 billion

Value of divestment plan will reach US\$ 15.1 billion by the end of 2016.



Investment

We invested R\$ 76.3 billion, 12% less than in 2014. This reduction is in line with the adequacy of the investment portfolio set out in the 2015–2019 Business and Management Plan. The Exploration and Production activities accounted for 83% of the investment, focusing on projects intended to increase the oil and gas production capacity, especially in the pre-salt.

From the R\$ 169.9 billion value added distributed, we allocated 65% to the payment of taxes, including government participation. A total of R\$ 109.7 billion was paid in federal taxes (R\$ 50.2 billion), state taxes (R\$ 51.8 billion), municipal taxes (R\$ 725 million) and taxes paid abroad (R\$ 6.8 billion).

Financial institutions and suppliers accounted for R\$ 65.5 billion and employees and directors for R\$ 29.7 billion, including compensation, wages and benefits.

Downstream
R\$ 8,390 million (11%)
Gas and Energy
R\$ 2,581 million (3.4%)
Distribution
R\$ 853 million (1.1%)
Biofuel
R\$ 152 million (0.2%)
Corporate
R\$ 1,018 million (1.3%)

Indebtedness

Our net debt in US dollars was US\$ 100.4 billion by the end of 2015, 5% lower than the indebtedness recorded at the end of 2014. However, if exchanged into Brazilian reals, it shows an increase of 39%, due to a Brazilian currency depreciation of 47%. The average debt maturity extended from 6.1 to 7.14 years.

In 2015 we raised R\$ 56.2 billion. Cooperation agreements signed with China Development Bank, for US\$ 5 billion, bonds issued with 100 years maturity, for US\$ 2 billion, and loans with Brazilian banks were among the main sources.

R\$ 76.3 billion

Total value of investments made in 2015.

Supplier management



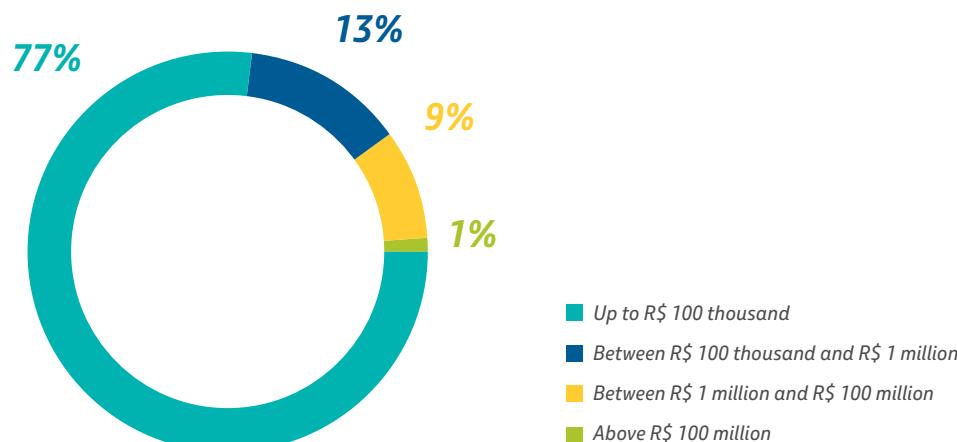
The supply chain of the oil and gas industry is complex and involves companies of different kind and sizes that provide goods and services. We constantly try to improve our management, leveraging new policies, processes and control procedures. The information in this chapter refers to the database of Petrobras and our subsidiaries Petrobras Distribuidora, Transpetro, Petrobras Biocombustível and Petrobras Bolivia.

In 2015, we procured from about 28 thousand suppliers, through approximately 10 thousand new contracts and 340 thousand new bulk orders, involving transactions for about R\$ 140 billion.

While negotiate with domestic and foreign companies; however, we prioritize local suppliers, thus, agreements and orders in Brazil accounted for 69% of that total.

In order to promote the development of the regions in which we operate, 40% of the total value of purchasing agreements for goods and services were awarded to local suppliers. This amount was purchased from 50% of the suppliers of Petrobras, Transpetro and Petrobras Biocombustível. In this year, Petrobras Bolivia signed contracts with 582 suppliers of goods and services, 67% of their total value was awarded to local suppliers, representing 95% of the number of commitments. A purchase is accounted as a local purchasing when it is made from a vendor located in the same state than the operating unit. In Bolivia, on the other hand, local purchasing is referred to suppliers that are based and organized in that country and the group includes resellers and dealers, because there are not in-country manufacturers for most of the material used in our operation.

PROCUREMENT PROFILE



a) Percentage on to the total procurement volume.

b) From the total procurement volume of the year, Petrobras accounts for 70.8%, followed by Petrobras Distribuidora (26.8%), Transpetro (1.8%), Petrobras Bolivia (0.5%) and Petrobras Biocombustível (0.1%).

Requirements for suppliers

In our Code of Ethics, we spell our commitment to select and purchase from vendors and service providers by following strictly legal and technical criteria on quality, cost and punctuality. We also require, from our suppliers, an ethical profile in their management practices and in their social responsibility and environmental practices. Unfair competition, child labor, forced or compulsory labor, besides other actions contrary to our ethical principles must be rejected, and this principle extends to our suppliers' supply chain.

To enroll in our Suppliers' Database, the applicant company undergoes an assessment on legal, finance, technical,

management, and Health, Safety and Environment (HSE) requirements. Evaluation criteria vary depending on the criticality of supplied items and the type of vendor. Our HSE Risk and Scope Categorization Matrix contributes to the proper application of rules for each type of service. It conditions the purchasing to the compliance with the minimum and recommended requirements for the risk category of the service. It also imposes higher contract and evaluation standards.

The HSE Matrix links the severity and probability of occurrence of events to six topics: community health

and safety, workforce safety, workforce health, environment, legal impact and care on company's image. The environmental component highlights liquid spill, gaseous emissions and production of solid waste.

This procedure was applied to 4.4 thousand service contracts in 2015, where about 21% were classified into the two highest risk quadrants. Their contract value was R\$ 31 billion (30% of the total). These data do not include Petrobras Bolivia and Petrobras Distribuidora, which also apply the HSE quadrant tool, but not in a systematic manner.

Significant impacts identified in the supply chain		Suppliers unable to be hired
Environmental	<ul style="list-style-type: none"> ● Leaks of oil and oil products due to product failure or inadequate operating procedures. ● Fire, explosion and damage to facilities due to product failure or inadequate operating procedures. ● Improper disposal of waste, due to inadequate operating procedures. 	2
Human Rights	<ul style="list-style-type: none"> ● Company indictment due to the use of forced or compulsory labor by the supplier. ● Inappropriate workplace due to discriminatory practices. 	0
Labor	<ul style="list-style-type: none"> ● Work accidents due to product failure or inadequate operating procedures. ● Company indictment due to breach of labor obligations by the supplier. ● Company indictment due to lack of minimum conditions of hygiene available to workers. ● Non-compliance with payment deadlines of social obligations to employees (wages, contributions to social security, health insurance and pension funds, lactation assistance). 	15
Society	<ul style="list-style-type: none"> ● Local operation problems due to lack of supplier integration with surrounding communities; ● Negative impact on business due to illegal supplier behavior. 	6

a) Impacts were identified from records and/or demonstrations from deviation occurrence reports, penalties, list of companies barred from hiring, Ombudsman and Access to Information Act.

Improvements in supplier management

The relationship with third parties may represent business opportunities aligned with our strategic and operating goals, but may also result in a risk of non-compliance with the laws, including anti-corruption law, causing possible financial damage or damages to our image and reputation. For this reason, the whole process of relationship with suppliers undergoes a review.

The Program for Improving the Management of the Database of Suppliers of Goods and Services (local acronym PGBF) is an initiative related to this review process. The program aims at enhancing the process for supplier registration and fitting the procurement process to company's needs. Its goal is enhancing the processes for qualification and selection of suppliers, as well as their performance assessment, in accordance with company's identified needs and with benchmark against major oil and gas companies worldwide.

The Petrobras Database of Suppliers of Goods and Services is enforced by the Decree Law 2745/1998. It is permanently available for any company interested in providing goods and services to Petrobras.

The PGBF involves structural and operational improvements. Some remarkable structural improvements are the segmentation of goods and services in categories, according to their relevance, and the proposed implementation of an integrated procurement management, focused on highly relevant categories. Among the operational improvements, the review of database's families (supply items) structure and their qualifying requirements stands out. To date, more than 1,200 families were reviewed.

In the second half of 2016, we will implement a supplier selection procedure for bidding through invitation to tender. The selection procedure, which is been formulated, starts from previously enrolled suppliers and applies a strict selection criteria based on indicators recorded in the database itself: HSE assessment, performance in previous contracts, integrity risk level with regard to fraud and/or corruption and financial risk level based on the probability of default.

In order to mitigate fraud and corruption risks, we carry out the Integrity Due Diligence (IDD). To get enrolled, companies must provide detailed information on their profile, business structure, history, relationship with third parties and compliance mechanisms.

The IDD starts by collecting data, related to the suitability of the company and its shareholders, captured through declarations of the counterparty and/or other reliable sources. It is possible to extend the Due Diligence procedures in accordance to the identified risks. The results are documented and used by our managers for decision-making on the beginning of the business relationship and for setting the monitoring level of potential fraud and corruption risks identified.

Approximately 28 thousand suppliers that got new purchases were educated about our anti-corruption policies and procedures. In addition, our standard contract for the supply of goods and services has provisions concerning compliance with anti-corruption laws.

Procurement processes for construction work, services, purchases and disposals are governed by the Simplified Bidding Procedure Regulations, approved by Decree 2,745/98 and the Petrobras Procurement Manual (local acronym MPC). This process follows legal, technical, quality and cost criteria.

We have reviewed the MPC and included the need for suppliers to meet the provisions of our Guide of Conduct, Code of Ethics and Social Responsibility Policy. The manual provides the actions to be taken against contractors who commit unlawful acts, which include warning, fine, suspension and ban of participation in bidding processes.

When facts that are liable to sanctions occur, we set up a Committee to Analyze the Application of Sanctions (local acronym CAASE) to investigate. Throughout the year, 238 administrative cases were analyzed by CAASE on issues related to suspected fraud, breach of contract and environmental damage, among other suppliers' non-compliances. Sanctions applied to 123 companies were in force in 2015, and 44 companies were added to the list of companies that cannot be hired.

We started the implementation of the Social Responsibility Project for Investment Projects, a set of guidelines to promote the integration of social responsibility in the supply chain that will cover all the stages of the projects. The document entails a detailed management and control of social responsibility aspects in the procurement process.

44

Number of suppliers included in the list of companies that cannot be hired because of non-compliances.



Procurement Criteria

At the time of registration, each vendor states, through the Social Responsibility Term, not to engage in forced and child labor practices, and to deter any practice of discrimination on the grounds of race, social class, nationality, religion, disability, gender, sexual orientation, or membership of union or political party. Social responsibility terms are also included in the language of our contracts, extending the restriction to slave labor to the chain of goods and services.

Some of the main procedures used by our inspectors to monitor and evaluate suppliers are:

- On-site supervision at the location where contract is performed.
- Annual assessment of documentary evidence and self-declaration terms.
- Performance Assessment Bulletin, which assesses the supplier during the provision of the service.
- Daily Work Report, which records non-compliances and the necessary improvements.
- Inspection of manufacturing processes of items of greater complexity that require technical capability, in order to mitigate the risk of equipment failures.
- Support to procurement and HSE staffs in defining the risk quadrant that matches with each type of supply.

Suppliers are subject to Discrepancy Notifications (local acronym COD), which are issued when non-conformities are identified in goods and in service performance. Once recorded the COD on the system, the supplier must carry out a plan aimed to remediate the gap. The supplier may be barred from doing business with us for a certain time, if actual impacts of a severe nature are identified or the remediation plan is not carried out. In this case, supplier is included in the list of companies that cannot be hired, published in our website.

Percentage of new suppliers evaluated and hired based on specific criteria

Criteria used in purchasing process	2013	2014	2015
Environmental	60%	61%	66%
Labor practices	100%	100%	100%
Human rights	60%	61%	66%
Impacts on society	60%	61%	66%
Total of new suppliers	18,300	18,500	21,000

a) Figures do not include data from Petrobras Distribuidora.

b) 2013 figures refer only to Petrobras and Petrobras Biocombustível.

c) Percentage related to 2014 labor practices differs from that published in the Sustainability Report 2014 due to revaluation.

Human rights in the supply chain

Surveys and risk analysis are conducted for each project in its construction phase. We recorded 18 of these active analyses among the projects that are ongoing. The main risks identified with regard to human rights, labor practices and impacts on society were: sexual exploitation of children and adolescents; strikes, demonstrations and/or work stoppages; moral or sexual harassment; lack or insufficient infrastructure for lodging/accommodation; and traffic accidents (collisions, accidents with pedestrian, reckless driving, damage to infrastructure) resulting from the movement of people and cargo related to the works. In order to prevent the occurrence of child, forced or degrading work in our operations, we maintain surveillance and control, enforce contract provisions, request the signature of social responsibility commitment term and collect labor evidence. This is especially done for activities and suppliers that are more sensitive in our supply chain.

During the cultivation of oilseeds, which are the root material for producing biofuels, we identify risks of child labor involving suppliers that are family farmers. For this reason, our contracts for procurement of raw material include specific preventions prohibiting child labor.

We comply with the laws of the countries where we operate and develop some actions to encourage good practices on labor relations and, by extension, the respect for human rights. In Petrobras Argentina, we conducted audits on transport companies to ensure compliance with the rules regarding work and rest hours of the drivers, checked the trips made and the conditions of the drivers,

according to rules of driving and rest. In Petrobras Bolivia, we conducted informative lectures on workers' rights and HSE discussions, in addition to the *Hable* program, which is also available to employees of service providers and enables a direct link for submitting suggestions, complaints and inquiries to the senior management about work practices and compliance with relevant laws.

We sponsored the *Caravana Siga Bem*, the largest initiative of itinerant social responsibility on Brazilian and Latin American roads: two fleets of trucks promote the empowerment of women and the fight against sexual exploitation of children and adolescents.

In line with our effort to promote respect for human rights by security agents, security services hired from third parties are not allowed to use weapons in some countries. In Brazil, to be entitled to carry firearms, security guards undergo regular training and psychological control.

We have had no records of risk of violation of the right to free association and collective bargaining in the contracted services.

Our General Ombudsman received 63 reports related to the category "human rights", 35 of which involved our supply chain. There are 7, out of that total, which are still being processed, 29 were filed and 7 were closed. Only one of the reports closed was deemed well-founded. We did not receive any report of sexual exploitation of children and adolescents, child labor or slave-like labor conditions.

Supplier development

Together with third party institutions, we develop several programs aimed at promoting the local industry. These initiatives bring potential benefits like the growth of industrial estates, the increase of add value in products manufactured in Brazil, investments in infrastructure and technology, tax collection, improvement in employment and wages, export expansion and import reduction.

Through the *Programa Nacional de Qualificação Profissional* we trained about 100 thousand participants. Furthermore, we carried out projects for the expansion or installation of new factories in Brazil.

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In addition, the *Progredir* program enables loans to small and medium suppliers, grounded on contracts with our companies. The program granted loans to 73% of the applicants. Another type of loan are the investment funds in credit rights, capital market instruments in which funds are paid in advance to companies that have contracts with us.

Local development and impacts on communities



In line with the principle of respect for human rights and for the law, we conducted community relation activities in order to avoid or minimize impacts of our activities and contribute to the local development. This commitment is stated in our Code of Ethics, in a specific section that sets out how should be conducted our relation with the communities surrounding our projects, including the prevention, monitoring, assessment and control of the impacts of our activity.

We believe that a relationship grounded on the respect for the rights of the communities is essential for the development of business and enables our activities and operations. We maintain permanent dialogue channels and foster partnerships in order to achieve a comprehensive understanding of the roles and responsibilities of the different stakeholders, to strengthen our ties with the community, to act as a network and to generate mutual benefits.

We define the areas focused based on the existence of direct or indirect interactions of our activities and considering the context, location, geographic arrangement, population distribution and the existing social dynamics in the surrounding area. Many complaints received are related to projects and facilities that are located near the communities and whose activities require access to residential areas.

We identify positive impacts resulting from our operations in the nearby of the communities, such as increased tax revenues and royalties, increased sales of local companies leveraged by the demand for goods and services, labor force

qualification, creation of new jobs and boosting of the local economy. However, some community complains are related to negative effects caused, either directly or indirectly, by our activity, such as conflicts on the use of maritime space, the rapid population growth and real estate speculation, the rising cost of living, interference in the use, occupation and value of land, in addition to the pressure on the infrastructure of public services and to some impacts like changes and transformation of the urban space.

Some people from the city of Araçás, in Bahia, complained because their houses were affected by our drilling rig operations. So, we carried out 44 temporary and two definitive removals of dwellers. Only one case of residents temporarily removed had not returned to the property yet, because it was the closest to the noise generated by the operation. The return is scheduled by mid 2016.

In Sergipe, people from communities of São Cristóvão blocked the road that allows access to our facilities to demand for its paving. When a court ordered their eviction, there was a confrontation between residents and local police and some damages to the property occurred. Although this is a responsibility of municipal authorities, we periodically conduct some maintenance on the road, passing road roller for earthwork and water tank truck to minimize the dust.

We survey community needs during community forums and public hearings and through various channels, such as *Fale Conosco*, Transpetro's *Telefone Verde*, *Serviço de Atendimento ao Cliente Petrobras* and through the General Ombudsman.

Indigenous peoples and traditional communities

In the relationship with indigenous peoples, quilombolas and other traditional communities, we follow the provisions of the National Policy for the Sustainable Development of Traditional Peoples and Communities, the ruling guidelines of the National Indian Foundation (Funai), Palmares Cultural Foundation and National Institute for the Historical and Artistic Heritage (IPHAN). We also follow the Indigenous and Tribal Peoples Convention No. 169 of the International Labour Organization (ILO), which protects these communities' rights and grants their integrity, when driving our actions.

Before starting our activities, we seek formal guidance from licensing agencies and from Funai, in Brazil, because of possible impacts on cultural and social conditions of traditional peoples, like indigenous and fishermen communities.

One of the conditions of the installation license for the Premium II refinery, in Ceará, was creating the Taba Anacés Indigenous Reserve, in Caucaia, and relocating the community. However, the refinery project was discontinued. Although we have not recorded any direct complaint from these communities, the Ceará Public Prosecutor's Office filed a claim from Anacés community. It alleges that construction works of the Indian reservation stopped due to the lack of payment to the building work contractor from the State of Ceará.

We honored all our commitments with regard to the reserve project during the term of the agreement signed with the local government. However, up to its expiration date the local government had neither completed the works nor submitted a consistent work plan that would allow an addendum to the agreement. In public document, the State of Ceará stated that the project did not depend on our participation.

Outside Brazil, we faced eleven disputes with communities located in the area of influence of San Alberto block, in Bolivia, related to non-compliance with labor and social obligations by contractors. Among the main measures taken, we supervised the contract performance and held monthly meetings with the communities to follow the fulfillment of social obligations. All negotiations were conducted through mediation, in order to set-up agreements.

In Colombia, we developed an ecological restoration project of sensitive and strategic coastal ecosystems, together with the Wayuu indigenous community. The action enables the use of mangrove species to protect beaches in the coast of Guajira, in Musichi and Los Flamencos sanctuary and has the support of booklets on these ecosystems, written in the indigenous' native language.

Petrobras Agenda 21 program

We continued the shaping of plans for joint actions, based on the results of community surveys conducted under the Agenda 21 methodology. During the year, we focused on strengthening the Agenda 21 forums, by reviewing the plans for community sustainable development that were implemented in 193 communities neighboring our operating units.

To support these actions we started, in May, a series of social management workshops that involved 2,422 students across the country. Participants had the opportunity to learn about text production, focused on the production of official letters intended to require, to the relevant bodies, solutions for issues raised at the forums. They also had lectures on social entrepreneurship, cooperative and solidarity economy, aiming at promoting new local businesses and identifying opportunities to improve the existing plans for sustainable development of the community. Workshops also included activities to formulate consistent social projects, able to be submitted to public authorities or private institutions.

The Petrobras Agenda 21 program encouraged the identification of potential partnerships and federal, state and municipal public policies, as well as their interfaces with the actions included in the local plans. It also promoted training activities intended to leverage the organization of enterprises, and to support communities on the organization of resident associations, cooperatives and NGO, among other initiatives. The program has, at present, 145 active forums and 17,346 directly involved participants.

Engagement and evaluation of impacts

Actions for atmospheric emission control, HSE internal assessment programs, environment impact management and risk assessment were some of the main impacts assessed in 2015. We invested in engaging and evaluating the impact on the communities surrounding of our units. As an example, we invested approximately R\$ 4.6 million in agreements and sponsorships developed in the footprint of our pipeline throughout Brazil. We carried out environment training, diagnostic and other elements that make up the indigenous component studies, partnering with public schools in the communities surrounding the Cacimbas pipeline, in Victoria, which has 130 kilometers in length. These actions are conducted biannually; the following instance is scheduled for 2016.

The process for licensing the lease of an exploratory well in the Amazonas Basin included a census of the population in the area of influence and its socioeconomic condition. We identified impacts, such as the increased flow of vehicles and heavy machinery, the greater demand of basic infrastructure services (health, public safety and solid waste management), the increased exposure of people to noise and vibration and increased risk of accidents due to machinery operation or contact with venomous animals. In response to this diagnosis, we invested in infrastructure, in environment management and supervision programs, in monitoring programs of direct and indirect impacts of the project, and in actions for prevention, control and recovery of degraded areas.

R\$ 4.6 million

Approximate investment in agreements and sponsorships developed in the footprint of our pipeline throughout Brazil.

Social investment



In addition to promoting economic growth through our activities, we carry out social investments to contribute to sustainable development in Brazil and the countries where we operate. Therefore, we invested R\$ 496.1 million in 1,512 social-environmental, cultural and sports projects. We also promote training, diagnostics and assessments that become the ground for shaping projects, help to strengthening social and environmental organizations and contribute to articulate networks and build new partnerships.



Environmental education activity of the Caranguejo Uçá Project that integrates the Petrobras Socioambiental Program.

INVESTMENT PROJECTS

Number	Social-environmental	Amount (R\$ million)
933		271
517	Cultural	139
62	Sports	86
1,512	Total	496

a) Since 2015, we are using the category "social-environmental projects", which includes amounts invested to support social and environmental projects. It also includes educational sports projects that, until 2014, were embedded into the sports category.

b) Includes all current projects, that is, all those hired in 2015 and others that, started before, were still ongoing during 2015.

Petrobras Social-environmental Program

We understand that social and environmental dimensions should be jointly addressed. For this reason, we built a network of initiatives that contribute to our commitment to integrate the economic growth and a sustainable development, through the Petrobras Social-environmental Program.

One of the projects we support in this field is the "Peixe na Mesa, Planta na Mata" project which introduces agro-ecological technologies to quilombola community dwellers in São Mateus (ES). The initiative, which has been certified as social technology, also promotes sustainable fish farming of native species and the use of solar panels. According to project coordinators, our support has enabled the communities to develop activities that result in social inclusion, citizenship, financial gain and benefit to the environment. Another remarkable benefit is the incentive to citizens for staying in their traditional quilombola communities, so reducing the risk of rural exodus.

We also encourage the articulation of learning networks, intended to exchange knowledge and disseminate social technologies. One of these initiatives is the Gereleite project, which doubled milk production in the city of Itaquiraí (MT). The project splits a productive area, of one hectare in size (equivalent to the size of a soccer field), in at least five smaller areas and applies crop rotation for cultivating different crops. The animals feed that pasture for a month and then go to another area previously demarcated. The methodology has three meaningful advantages: it doubles the production, preserves areas and develops the local economy. To learn about it, farmers participated in training, visits and discussions, activities that leveraged the multiplication of the learning on sustainable systems and usage of resources.

We launched the Social-Environmental Network, a digital platform intended to promote dialogue and to exchange knowledge, between the participants of the Social-environmental Program in various regions of Brazil and the Social Responsibility team.

Cultural projects

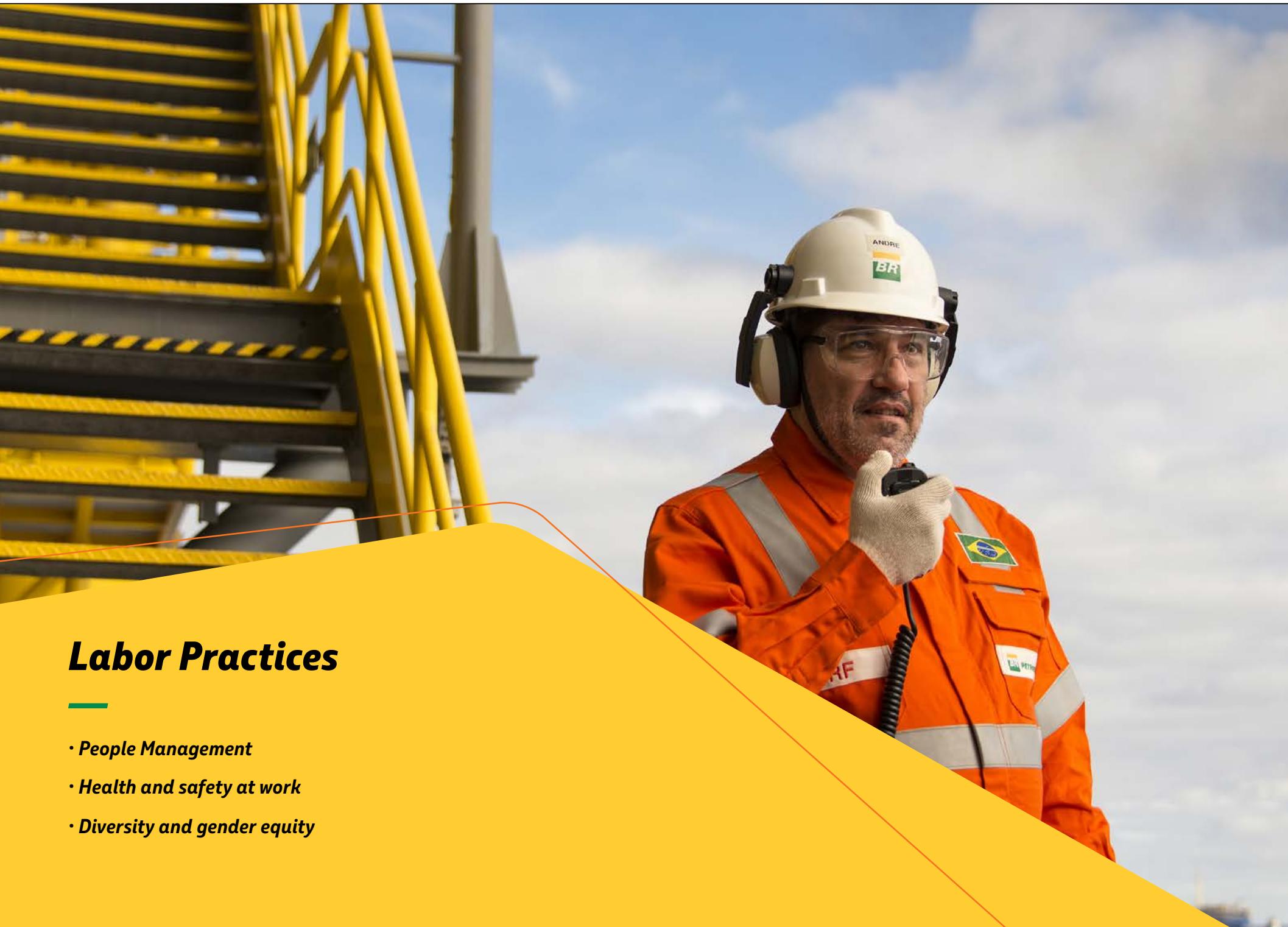
Our Petrobras Cultural Program supports projects that address the Brazilian culture in its various expressions, including its creation, production, dissemination, preservation and assimilation. We also pursue the democratic access to cultural goods and the formation of new audiences and the generation of critic and aware citizens. Linked to public policies for the sector and aimed at affirming the Brazilian identity, our program seeks to contribute to the expansion of the opportunities for creating, distributing and enjoying cultural goods and to the ongoing construction of cultural memory.

One of the initiatives in the program portfolio is *Grupo Corpo*, established as one of the most important contemporary dance companies in Brazil. The group, which has had our official sponsorship for 15 years, maintains a structure that includes a dance school, art workshops and vocational education for young people. It also has a cultural complex that includes a shed used for the development and exposure or the installation of plastic art works.

Sports sponsorship

We support sports by sponsoring Olympic sports and competitions of motorsports, where we can test and improve our products. We call *Time Petrobras* the group of athletes from different sports, including two Paralympics sports. Established athletes integrate the *Time Petrobras*, together with young people with chances to win medals in international competitions. Furthermore, we continued to support Brazilian boxing, fencing, judo, weightlifting, rowing and taekwondo confederations. We invest in the training of high performance athletes, encouraging more and higher achievements for Brazilian sports in various competitions.

We promote technology cooperation and the development of Brazilian motorsports, by sponsoring sports competitions through the *Petrobras Esporte Motor* program. We support motorsports in all the segments - prototypes, kart, touring, trucks, rally and formula - besides motorcycle category, testing our products in strict competition conditions. An example of this engagement is our technical partnership with the Williams team of Formula 1, the leading motoring category worldwide that demands the highest standards of quality and efficiency.



Labor Practices

- **People Management**
- **Health and safety at work**
- **Diversity and gender equity**

People Management



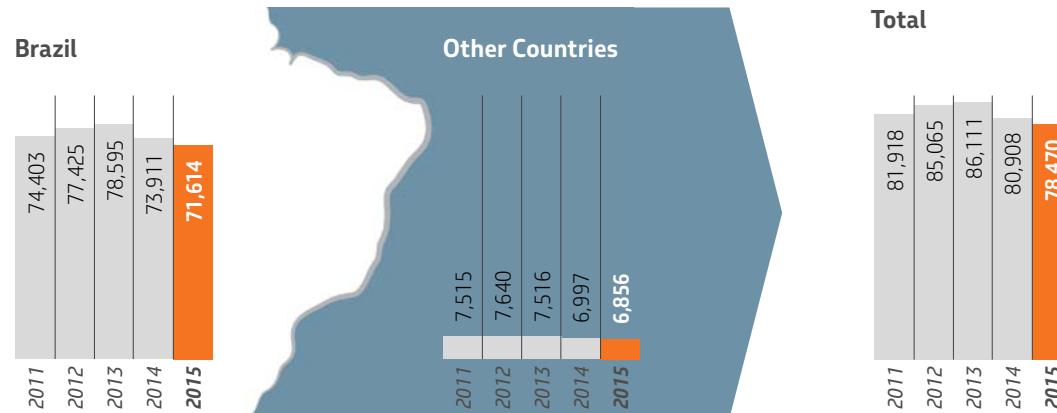
We had 78,470 employees on 31 December 2015, a reduction of 3% in relation to the previous year, due to the *Programa de Incentivo ao Desligamento Voluntário* (PIDV), a voluntary resignation incentive program. A total of 71,614 of our employees work in Brazil (91.3%), especially in the southeast region (49,671 or 69.4% of staff). Petrobras (Petroleo Brasileiro S.A.) has 72.5% of the headcount of the Petrobras System, totaling 56,874 employees.

Our job vacancies in Brazil are offered through public job openings for people with higher education in 56 different professions (20 mid-level positions and 36 top-level positions). Our selection process in Brazil does not discriminate people in relation to origin, race, sex, color, age or other differentiating features. In accordance with Brazilian law, we offer 20% of our vacancies to candidates who declare they are black or brown-skinned, and 5% to people with disabilities. In other countries, we use interviews and resume analysis to select future employees, and give priority to the local workforce. Of the total employees in Brazil, 71,143 have contracts for an indefinite term, 453 have contracts for a definite term, and 18 have special contracts.

We have 158,076 employees of service providers, a 22.4% reduction in relation to 2014. As specified by the Compensation and Succession Committee, we only consider the service providers who work at our facilities or in areas under our responsibility (platforms, buildings, pipelines, building works in our units, refineries, leased facilities, terminals, power plants, biodiesel plants, drilling rig areas and others). With regard to the profile of these associates, 49,340 work on technical services for operation support, 39,320 on infrastructure support, 29,391 for building works, and 14,740 for administration.

The *Programa de Estágio de Estudante Petrobras 2015*, an internship program we launched in January, offers vacancies for the reserve registry for several secondary, technical, and higher education positions in all units across Brazil.

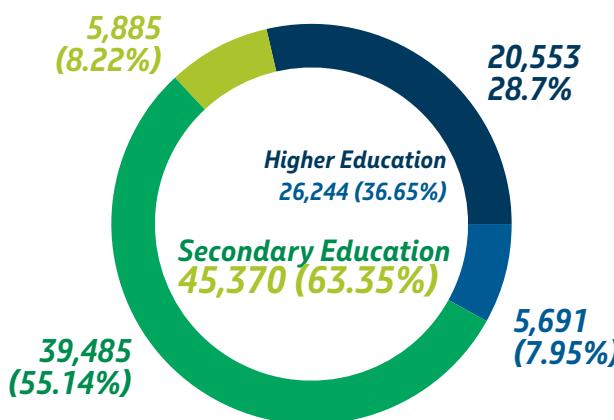
STAFF EVOLUTION



a) On December 31 of each year.

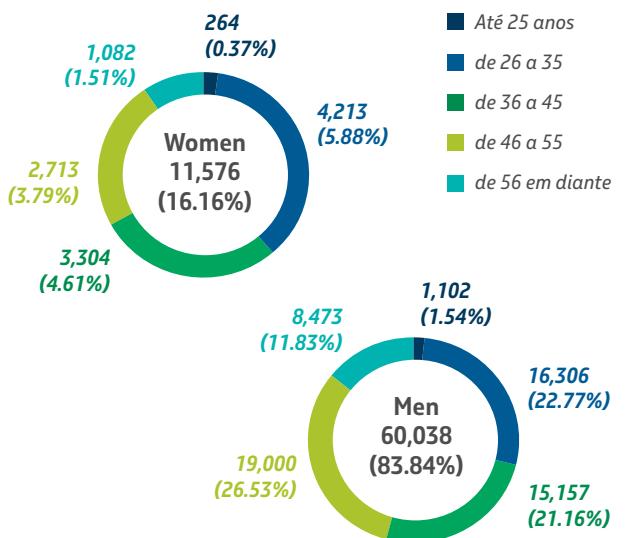
b) Total staff in 2015 includes 64,775 men (82.5%) and 13,695 women (17.5%).

STAFF BY POSITION



a) Includes only employees in Brazil.
b) Includes only employees in Brazil.

MEN AND WOMEN DIVERSITY BY AGE



a) Includes only employees in Brazil.

The recruitment and selection process is divided into two elimination and classification stages (prerequisite analysis and evaluation of basic knowledge, using an online test and face-to-face interview to assess specific knowledge and skills). By the end of the year, there were 1,438 trainees and 2,195 apprentices at Petrobras (Petroleo Brasileiro SA).

To ensure the necessary knowledge transmission and the continuity of our operations, we continued with the redundancies through the PIDV gradually initiated in 2014. By the end of 2015, 5,902 of the originally registered 7,467 employees had left the company. Since its inception, the PIDV has already helped us to save approximately R\$ 2.7 billion.

To replace the employees who left the company, we will continue to analyze our staff in the specific areas and study the best way to grant the required number of employees for our operations. The options considered include public selection processes, the continuous optimization of productivity in our areas, and new cycles of our internal mobility program (*Mobiliza*) intended to fulfill staff demands and align our needs with those of our employees.

In November, we announced a cycle of *Mobiliza* to fill 266 vacancies in Finance, Material Executive Management and Auditing, as well as in the Governance, Risk and Compliance Office, for which we initiated a specific cycle in February, when it was created.

Collective agreement and freedom of association

Our Labor Collective Agreement (local acronym ACT) became effective in September 2015. Its economic clauses are valid for one year, and the social clauses are valid for two years. At Petrobras, 100% of our employees are covered by the agreement, which includes the following chapters: salaries; advantages; benefits; job security; planning, recruitment, staff selection and movement; working conditions; industrial safety and occupational health; technological innovations; labor relations; other provisions; and validity.

To reflect accumulated inflation, measured by the national comprehensive consumer price index (IPCA), we adjusted the basic wage and minimum salary tables by level and regime, in addition to values of the benefits, such as lunch assistance, meal tickets and education assistance, from the High Risk modality of the Multidisciplinary Health Insurance ("AMS") and Pharmacy Benefit, among others.

We have established solid relations with 17 unions and a federation that represent the oil sector. Throughout the year, there was a series of protests that culminated, during the ACT negotiations, in a 27-day strike. The strike resulted in a drop in production of 2.29 million oil barrels and 48.4 million cubic meters of natural gas. However, it was possible to maintain and reach the goal of producing 2.125 million barrels of oil per day in Brazil in 2015, and the supply of oil products suffered no interruptions.

We also held committee meetings to monitor the ACT, Work Regimes, AMS, Health, Safety and Environment (HSE) and Outsourcing, with the participation of union representatives. An example of the proposals submitted to these entities was the possibility of offering to employees of the administrative regime, that have flexible hours, the option of reducing their 40-hour workweek to a 30-hour workweek by reducing their salaries by 25%.

We continuously negotiate with the unions to advance the rights of workers and guarantee the participation of employees in general meetings. We respect our employees' right to freely associate with the unions, as guaranteed by law. In fact, we recognize this right in our Code of Ethics. We have not identified any restriction on the freedom of association or collective negotiations in the Brazilian regions where we operate.

Human resources management

Our expenditure on personnel reached R\$ 29.73 billion, decrease of approximately 4% compared to 2014. This expenditure includes salaries, benefits, social security contributions, complementary pension plans and profit sharing.

In 2015, we invested R\$ 174 million in employee development and recorded the participation of 196 thousand employees in continued education courses and new employee training. We reached an average of 54 hours of training per employee. Human rights issues were transversely addressed in the social responsibility courses, with 150 attendees and 2,400 training hours.

We use the performance management process to better align our goals with our strategies and the individual corporate competencies required to reach the desired results. We recommend the evaluation of all our employees and managers.

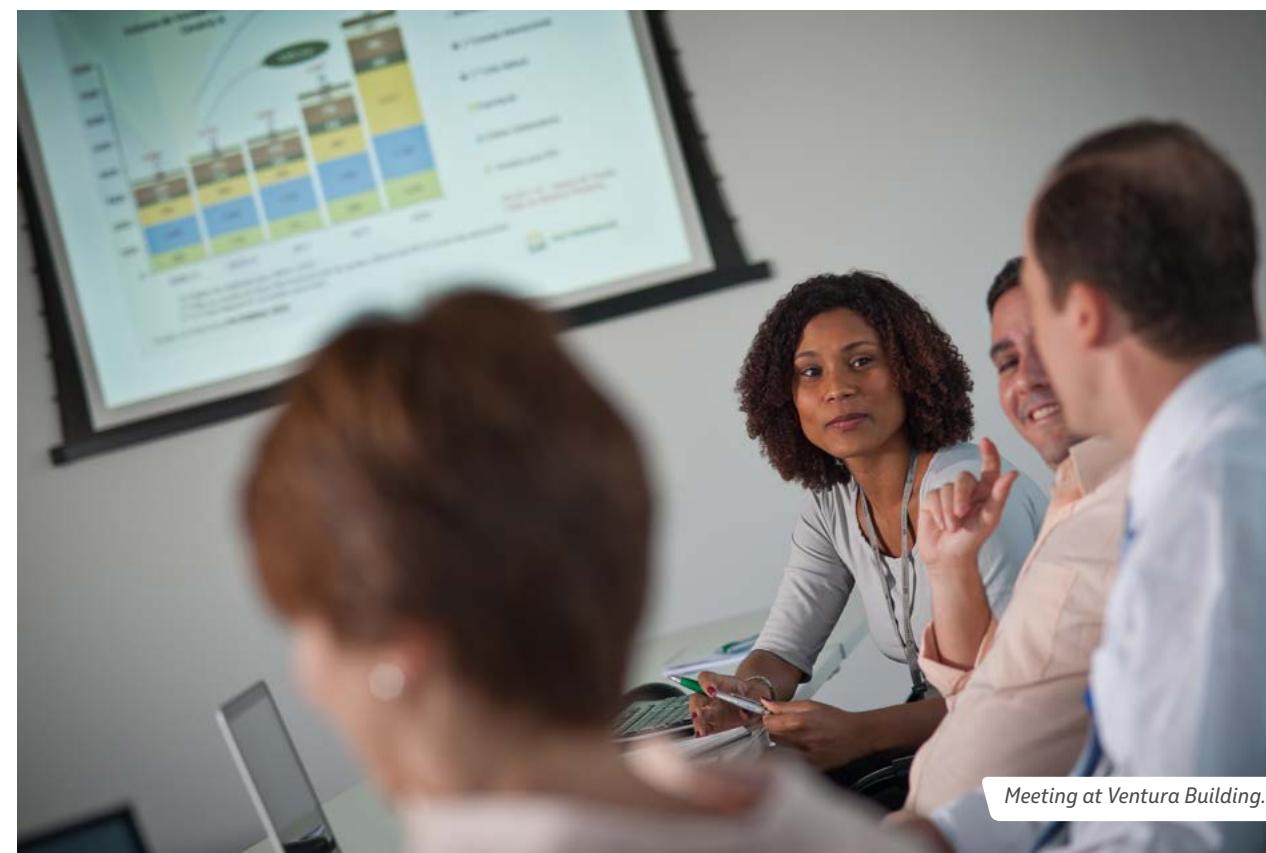
We conduct an annual organizational environment survey to analyze our in-house environment and learn about any critical aspects and improvement opportunities identified by our employees. Give the extensive review of the company structure and processes that is ongoing, the environment survey was rescheduled for the last quarter of 2016.

Until the closing of this edition of the Sustainability Report, we had not yet received the data of the 2015 review.

Although our Preparation for Retirement Program does not focus on continued employability, it covers several topics that assist these employees including thoughts on possible paths they can take and how to engage in new professional activities.

Training Hours (average MHT)	
Secondary Education	45.95
Higher Education	59.92
Men	53.06
Women	59.88
Total	54.16

a) It refers to Petróleo Brasileiro S.A.



Meeting at Ventura Building.

Health and safety at work

One of our corporate values and commitments is the pursuit of better HSE results integrated to our business and the performed production activities. In our 2030 Strategic Plan, our premise is to consolidate HSE issues as a principle of our operations and permanent commitment of the workforce.

Our HSE Policy contains 15 guidelines to ensure the transparent presentation of our guiding principles in relation to all HSE-related issues.

We have improved our HSE management practices and internal procedures to mitigate the impacts and risks

associated with our activities, especially in relation to the health and safety of our workforce. To prevent accidents or reduce their severity, we work hard to meet legal requirements, adopt strict operational standards and procedures, and drive our management to prevention of work accidents. Our workforce is trained to operate safely.

Our methodology for investigating, analyzing and recording HSE anomalies is based on corporate management standards and Brazilian and international technical standards such as OHSAS 18001. We identify and characterize industrial accidents to determine the best way to prevent new events.



Equipment Engineer working onboard FPSO Cidade de Itajaí operating in Santos Basin.

We disseminate principles, concepts and practices, carry out occupational safety and process safety actions and programs, and apply solutions to prevent injuries and diseases.

We recorded 16 fatal casualties – one employee and 15 service providers' workers – during the execution of operation and product transport activities, as follows:

Accident in FPSO vessel operated by chartered company (nine service provider workers, in the state of Espírito Santo);

- Accident related to scaffold assembly (two service provider workers, in Espírito Santo);
- Accident during maintenance of fuel oil tank (two service provider workers, in Espírito Santo);
- Accident in thermoelectric plant during boiler operation (one employee, in Rio de Janeiro);
- Traffic accident during transport of alcohol (one service provider driver, in São Paulo);
- Accident in support vessel during cargo handling (one service provider worker, in Rio de Janeiro).

In all cases, our first action was to support the families of the victims. In each situation, we immediately disclosed the event, issued a preliminary alert to initiate the analysis of accident extent, and implement emergency actions to block similar occurrences. We also started the investigation and analysis process to identify the causes of the accident and establish actions which may prevent recurrence. The lessons learned from the accidents were discussed in forums involving the managers and disclosed to the workforce.

We started consolidating the safety indicators of the Tier 1 process in January 2014, in compliance with the requirements of the oil and gas industry (API RP 754 and IOGP 456). In 2015, we recorded 51 accidents in Tier 1 process, one more than in 2014.

We monitor the percentage of time lost for illness or accidents using the Percentage of Lost Time (local acronym PTP) indicator and the evolution of absenteeism caused by illness or accidents measured in days lost. Both metrics only apply to employees of Petrobras and consider work-related or non-work related events. Our PTP in 2015 was 2.47%, just above the 2.41% alert limit set for the year. Absenteeism related to work (accident and/or illness) accounted for only 3% of total days lost due to illness in the company.

Prevention measures

The toughest challenge to prevent all harm to persons is the elimination of fatalities. To overcome this challenge, we mobilize all company sectors and companies of the Petrobras System to implement prevention programs in all our units. In order to prevent road accidents, our subsidiary Petrobras Distribuidora launched the *Pacto de Acidente Zero*, a zero accident pact initiative aimed to

raise awareness among drivers and carriers that provide services to the company on the precautions required for safe driving.

All of our employees are represented in formal health and safety committees. There are Internal Accident Prevention Commissions (local acronym Cipas), in our operating units and administrative facilities, which report risk conditions in the work environment and help protecting the health and physical integrity of workers. There are also committees in the operating units located in other countries. They are composed by employees and governed by the local legislation that rule on their characteristics and on the roles and responsibilities of their members.

Lost Time Injury Frequency Rate (TFCA)

	2011	2012	2013	2014	2015
Petrobras	0.68	0.83	0.75	0.72	0.76
Industry average	0.77	0.58	0.56	0.46	0.43

a) The Frequency Rate of Lost-Time Accidents (local acronym TFCA) represents the number of lost-time accidents per million of man-hours of risk exposure involving Petrobras employees and employees of service providers.

b) We do not set goals or Alert Limits for the TFCA indicator.

c) The average rate for the oil and gas industry considers the results disclosed by leading companies within the industry with size and nature of activities that allow comparisons with Petrobras.

Fatal victims in accidents

	2011	2012	2013	2014	2015
Number of fatal victims in accidents (local acronym NAF)	16	13	4	10	16
Industry NAF average	5	7	9	4	3
Rate of fatal victims in accidents (local acronym TAF)	1.66	1.31	0.4	1.1	2.27
Industry TAF average	1.31	1.22	1.99	1.09	0.92

a) NAF represents the number of fatal casualties in accidents, while the TAF represents the number of fatal casualties in accidents per 100 million man-hours of risk exposure. In both cases, figures encompass Petrobras' employees of Petrobras and service providers' workers.

b) Petrobras does not set goals or Alert Limits for the NAF and TAF indicators.

c) The average rate for the oil and gas industry considers the results disclosed by leading companies within the industry with size and nature of activities that allow comparisons with Petrobras.

d) We do not have information on the targets set for 2016 by companies in our peer group.

The members of the committees receive training, conduct verification routines on the safety conditions of the premises and on the actions implemented to improve these conditions, besides participating in the investigation of accidents.

We have dedicated a special chapter in our ACT to clauses referred to industrial safety and occupational health. These clauses guarantee the access of union representatives of the Investigation and Analysis Commissions to all documentation relating to accidents, near-accidents and serious incidents that have occurred in their areas of representation. The set of actions set out in the ACT covers all the locations in which we operate, in line with local laws.

We provide programs of medical control occupational health, environmental risk prevention, and ergonomics to guarantee more suitable conditions of health, quality of life, safety, and hygiene at work. We have initiatives that target the prevention and mitigation of risks in work activities.

One of the improvements these programs implemented - occupational medical examinations - have a broader scope than required by law, and currently also focus on the adoption of healthier lifestyles, disease prevention, and health promotion.

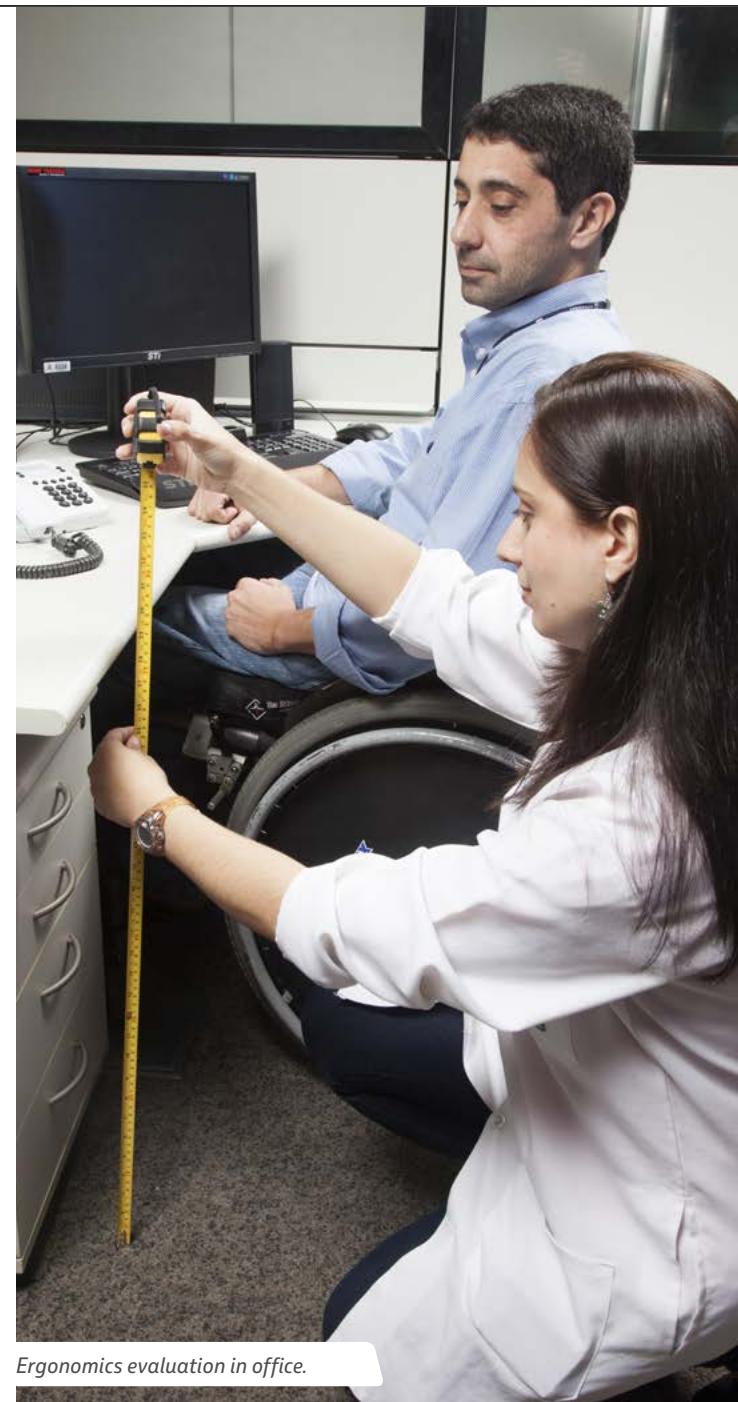
We have also carried out actions and programs that encourage physical activity and healthy eating, and promote regular nutritional advising and dental examination, healthcare for travelers, and the prevention of stress, smoking, and alcohol and drug abuse.

Our Incidence Rate of Occupational Disease (Tido) was 0.018 new cases per 1000 employees, corresponding to only one occurrence in the year. The indicator is applicable only to employees of Petrobras.

Respect for Life

Respect for life is the first item of the company's Code of Ethics and we have invested continuously in this value. In 2015, we held the event "*Seguindo em frente com segurança*", led by the CEO and directors of Petrobras, demonstrating the commitment and engagement of everyone with this value.

We launched and established ten rules of thumb, known internally as the Golden Rules, to draw the attention of the workforce to the importance of adopting attitudes that prevent harm to others and strengthen the culture of safety. The Golden Rules address issues like work permission, energy isolation, working at height and in confined spaces, hazardous areas, safe positioning, personal protective equipment, attention to changes, road safety, and use of alcohol and other drugs.



Ergonomics evaluation in office.

Diversity and gender equity



We demand respect for human and cultural diversity in our work environments and relations, and reject all forms of prejudice and discrimination. Any such cases that are personally experienced or witnesses must be appropriately notified. Our Guide of Conduct includes specific sections on respect for diversity and equality, political and religious freedom, and the fight against psychological violence and moral and sexual harassment. Our ethical principles include respect for differences and diversity in relation to ethnic group, religion, social condition, culture, language, political views, appearance, age, mental condition, gender, sexual orientation and others.

Diversity in our workforce

The female workforce, of 13,695 women, represents 17.5% of our total headcount. The role with the highest number of women in Petrobras (Petroleo Brasileiro SA) is the administrative and control technician position, with 1,262 associates, and the position with the highest participation is nutritionist, which is 100% occupied by women. In relation to age, 36.4% of our employees in Brazil are between 26 and 35 years old.

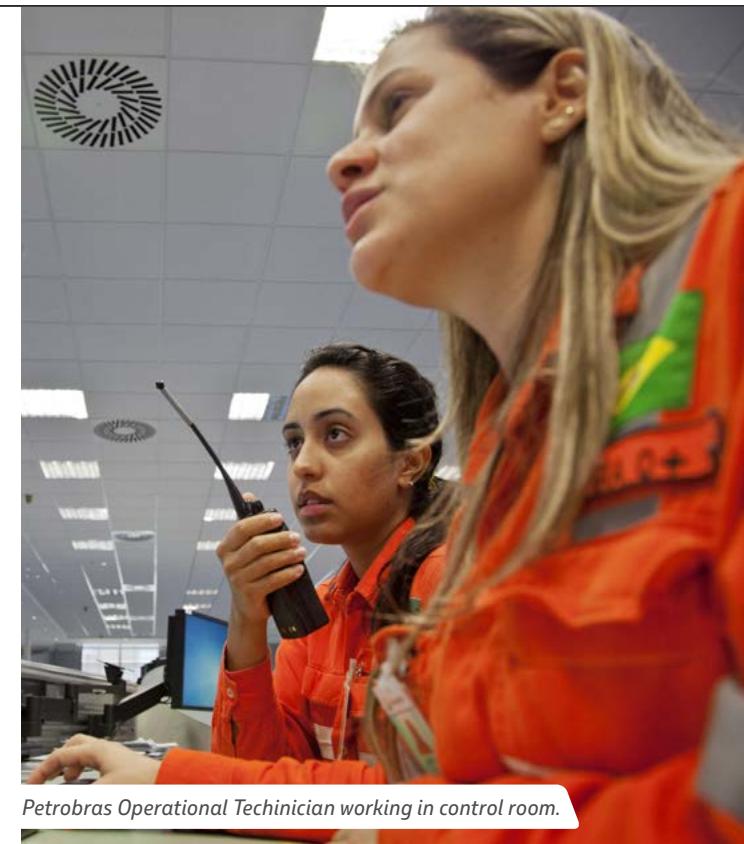
The Board of Directors, Fiscal Council, and Executive Board had a total of 25 members and substitutes on 28 April 2016. Three of them were women (the Board Director Betânia Rodrigues Coutinho, the Director of Exploration and Production Solange da Silva Guedes, and the Fiscal Council member Marisete Fátima Dadald Pereira).

Throughout the year, we granted maternity leaves to 1,194 women and paternity leaves to 452 men. Considering the leaves concluded in 2015, the rate of return to work was 99.94% since some professionals voluntarily requested to leave the company.

Ratio of average compensation – ratio women and men

Functional category	Secondary education level	Higher education level
Non-bonus earning position	0.78	0.91
Bonus-earning position	0.87	0.92
Total	0.84	0.92

- a) Average women compensation divided by average men compensation, for each group.
 b) We have a salary table with different basic salary levels equally applicable to men and women.
 c) Includes basic salaries and additional benefits, such as transport vouchers, daycare aid, travel expense allowance, etc.



Petrobras Operational Technician working in control room.

Racial/ethnical diversity by gender

Race/skin color	White	Black	Brown	Yellow	Indigenous	Not Stated
Women	5,296 (9.3%)	377 (0.7%)	1,847 (3.2%)	131 (0.2%)	28 (0%)	1,451 (2.6%)
Men	24,579 (43.2%)	2,408 (4.2%)	10,883 (19.1%)	623 (1.1%)	147 (0.3%)	9,104 (16%)
Total	29,875 (52.5%)	2,785 (4.9%)	12,730 (22.4%)	754 (1.3%)	175 (0.3%)	10,555 (18.6%)

- a) Information was self-declared by each employee of Petrobras (Petroleo Brasileiro S.A.).
 b) Considering the age factor and including men and women, the group with the highest representativeness was the group of employees who declared they were white skinned and between 31 and 40 years old, with 18.2% of the total in Brazil.

Actions performed

Throughout the year, under our pilot work plan to fight against the sexual exploitation of children and adolescents in the communities surrounding six of our projects, we conducted training sessions for social responsibility professionals. In line with that plan, we took awareness actions addressing construction site workers, through campaigns and dialogues with the internal stakeholders of our projects. We also trained workers of the protection network of the areas of education, social assistance, health, civil society, and local social projects, held seminars with the protection networks, increased the awareness of communication professionals, and mobilized the local entrepreneurship. The work started in 2013 and ended in December 2015. It involved approximately 1,600 people.

In November, for the fifth consecutive time, we were awarded with the seal of the *Programa Pró-Equidade de Gênero e Raça* of the Special Secretariat of Policies for Women (SPM) with the support of the International Labor Organization (ILO), UN Women, and the Special Secretariat of Policies for the Promotion of Racial Equality. The seal recognizes practices implemented by state-owned and private companies to promote gender and race equality. Some of the most noteworthy measures we adopted in this edition of the program include the inclusion of male employees in benefits and reimbursement of daycare assistance and the growth of the number breastfeeding rooms (from 14 to 29).

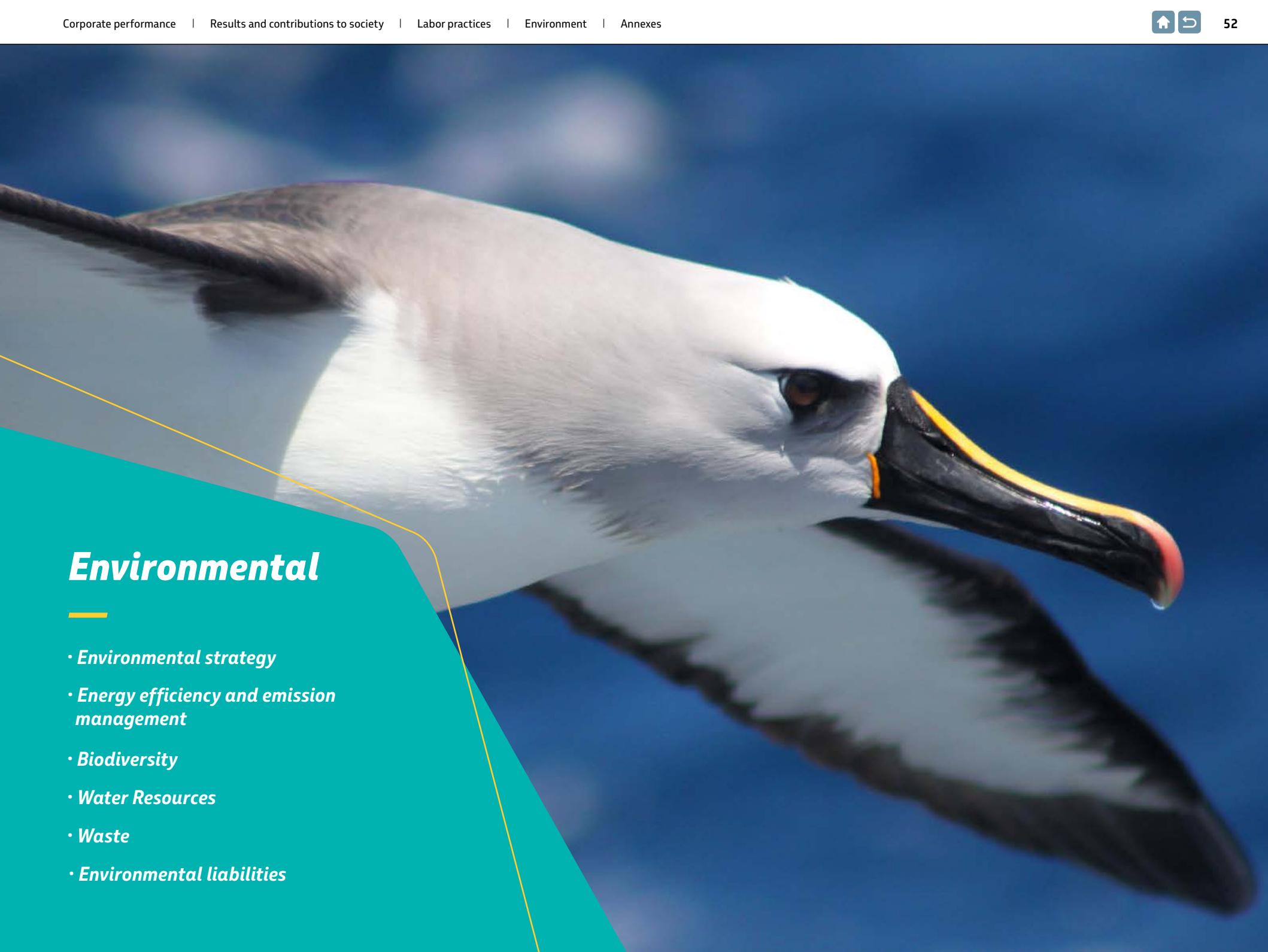
In February 2015, we approved the results of our first public selection process governed by Law 12990 of 2014, which rules that 20% of permanent job vacancies offered in selection processes must be reserved for black-skinned candidates. Provisions of the law include mixed-capital companies controlled by the Federal Government, which is our case. Among the registered candidates, 20.7% declared they were black or brown-skinned. The number of candidates that we approved, which fitted into this group, was higher than the number required by the law. Among 6,083 selected candidates, 1,586 stated they were black or brown-skinned (26% of the total).

We participate in the *Compromisso e Atitude* campaign of the SPM that fights violence against women and mobilizes society toward instruments that hold attackers accountable for their actions. With this partnership, established in 2006, we undertake to create and disseminate actions intended to our internal and external stakeholders regarding Law 11340 of 2006, known as the Maria da Penha Law, and the call center *Central de Atendimento à Mulher* (Call 180).

We received 63 reports related to human rights violations. Of these reports, 29 were filed, seven were closed, and 27 are ongoing. Of the closed cases, only one was deemed well-founded. In addition, we received 11 specific reports of discrimination, of which seven were filed, three are ongoing, and one was closed because it was deemed unfounded.

Environmental

- *Environmental strategy*
- *Energy efficiency and emission management*
- *Biodiversity*
- *Water Resources*
- *Waste*
- *Environmental liabilities*



Environmental strategy



Aiming at protecting health, life, and the environment, we work hard to identify, control, and monitor the risks of our activities and, consequently, align the safety of our processes with the best international practices. We make every effort to keep ourselves prepared for critical events and emergencies, through a contingency system with immediate and effective actions.

Our goal is reducing to a minimum the impact we produce, through the rational use of resources such as water, energy

and materials, and by efficiently managing our atmospheric emissions and the generation of waste and effluents.

The Health, Safety and Environment (HSE) Committee, one of the five advisory committees of our Board of Directors, is responsible for submitting analyses and recommendations on critical issues, mainly related to eco-efficiency and the environmental hazards of our projects, developments, and products throughout their life cycle. This Committee, in conjunction with

the Audit Committee, accompanies the results of HSE risk assessments on our investment projects. These assessments systematically check compliance with corporate guidelines and with the recommendations of the Risk Management and Mitigation Plan.

In our organizational structure, the Executive Management of Health, Safety and Environment is accountable for planning, coordinating, overseeing, reviewing, and controlling environmental activities and investments.



Recovery of riparian forest carried out by the Uçá Caranguejo Project that integrates the Petrobras Socioambiental Program.

In our pursuit of excellence in environmental management at strategic, tactical, and operational level, we rely on our corporate policy, which set out standards and practices for our units, reaching the entire workforce. In addition, we promote our health, safety and environment values and principles both internally and externally, and seek to involve our stakeholders.

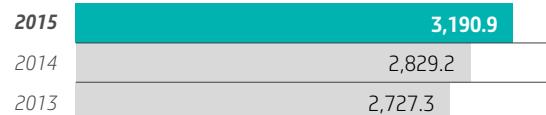
To ensure the legal compliance of our operations, we assess, guide, and support environmental licensing processes, including adjustment agreements, at local, state, and federal level, besides environmental compensation processes. To prevent and mitigate the potential environmental, social or economic impacts of our business chain, we conduct assessments on all vendors providing environmental services, including those related to the transport, disposal and chemical analysis of waste. In 2015, we recorded 356 document assessments.

We seek to mitigate the generation of environmental liabilities by defining the strategic lines of the environmental compliance plans. We create strategies and study the potential socioeconomic and cultural impacts of our works and projects, and propose social and community programs to manage these impacts.

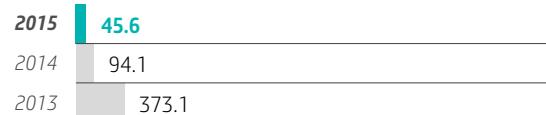
Through the Petrobras Social-environmental Program, we support projects of research institutions, civil society organizations and other partnering institutions. One of the lines of action of the program, called *Floresta e Clima*, gathers initiatives to restore degraded areas and protect natural areas.

TOTAL EXPENDITURES AND SPENDING WITH ENVIRONMENTAL PROTECTION (R\$ million)

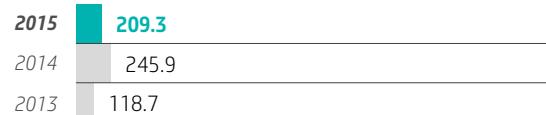
Environmental expenditure related to production/operation



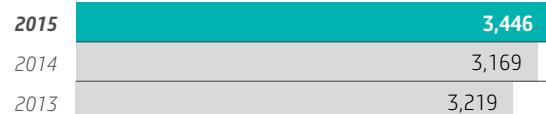
Pollution control equipment and systems



Projects to recover degraded areas



Total



a) Values do not include investment in external programs and projects (including sponsorship) detailed in the "Social Investment" section.

Climate change

The world is transitioning toward a low-carbon economy; transition strengthened by the results of the 2015 UN Conference on Climate Change (COP 21), held in December, in Paris, with leaders of several countries.

The COP 21 approved the first global agreement to reduce greenhouse gas (GHG) emissions and mitigate impacts on climate with the aim of maintaining global warming below 2°C, in relation to the pre-industrial period, and to undertake efforts to limit warming to 1.5° C by the end of the century.

To meet the voluntary goal of reducing greenhouse gas emissions by 37% in 2025 and 43% in 2030, Brazil intends to strengthen public policies and control mechanisms, reduce illegal deforestation, expand the consumption of biofuels (ethanol and biodiesel) and the use of renewable sources (wind, solar and biomass), and invest in energy efficiency.

The results obtained at the COP 21 and its possible consequences in terms of national goals and policies, can bring new prospects for the transition to a low-carbon economy and should be accompanied carefully by the oil and gas industry.

Therefore, we have established a climate change mitigation strategy that entails reducing the intensity of our GHG emissions, increasing the energy efficiency of our processes and products, and incorporating the risks and opportunities associated with climate change in our decision-making processes.

Climate change creates challenges and opportunities for our business. Consequently, we assess the potential risks and prepare to face them. These risks include the following:

- regulatory risks, which can increase operational costs associated with GHG emissions due to the demands of environmental agencies of mitigation initiatives or other regulatory measures, such as tax on greenhouse gas emissions, or even through the creation of markets for GHG emissions with emission limits, among others possible reasons;
- corporate and business risks, possibly caused by difficulties in accessing capital due to corporate image issues among investors; changes in consumer profiles and reduction of fossil fuel consumption; and energy transitions in the world economy, with the increased electrification of urban mobility that can reduce demands for our products and services;
- physical risk of climate change with extreme weather events that affect global operations in deep waters and operations close to sea level, reduced water availability, excessive rainfall that affects operational performance, which may reduce production capacity and increase operating costs.

In addition, we assess and take advantage of any opportunities arising from climate change, with emphasis on the following:

- encouraging the adoption of efficiency standards by investing in the modernization and optimization of our operations to potentially reduce operating costs;
- increasing the interest of consumers in less carbon-intensive production and consumption, such as biofuels;
- engaging in research and development of low-carbon processes and products, such as capture technology, use and storage of carbon dioxide (CO₂), renewable energies, biorefinery and advanced biofuels.

We participate in forums and initiatives on climate change, especially those promoted by the Global Oil and Gas Industry Association for Environmental and Social Issues ("Ipieca") and the Carbon Disclosure Program (CDP), in order to understand the context, plan strategies and identify opportunities to improve our processes. We achieved a significant improvement in our score for the criterion "Transparency" of the CDP, growing from the 80 points scored in 2014 to 92 points in 2015.

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Energy efficiency and emission management



We ground our strategy on the development and implementation of energy efficiency projects, the management of operations for power gains, and meet energy efficiency requirements in new projects.

To achieve the desired results, we continue to invest in actions that focus on energy integration; the modernization of our facilities; advanced process control and optimization; equipment adaptations; the standardization of operational systems and projects; the conversion of open-cycle thermoelectric plants to combined-cycle plants; and the exploitation of natural gas associated with oil production.

We also invested about R\$ 35 million in three research and development programs during 2015: PRO-CO₂ geared toward managing CO₂ in the development of the pre-salt; Emissions, to reduce emissions; and the Proconfe, which targets energy efficiency, optimization, and reliability. We also recorded operational improvements due to the identification of new technologies, still in project stages, which increased the effectiveness of the actions taken.

R\$ 35 million

Approximate value invested about in research and development programs:
PRO-CO₂, Emissions, and the Proconfe.

Consumed energy

Our total consumption was 1.12 million terajoules (TJ), or 519 thousand boed, which is 3.5% less than previous year due to a reduction in the dispatch of thermal power plants requested by the national system operator.

Actions to improve energy performance allowed us to save 12.5 thousand terajoules in the year, or 5.8 thousand boed, which is equivalent to the electricity consumption of a city of 1.2 million inhabitants. One of the most important actions taken was to optimize the transmission of gas to the flares in refineries. It enabled us to save the burning of around 110 thousand metric tons of gas in 2015, a drop in energy consumption of approximately 5.5 thousand TJ/a, or 2.5 thousand boed, which also avoided emission of approximately 308 thousand metric tons of CO₂.

With the implementation of the project for injection of friction reducer polymer in the pumping stations of the São Paulo-Brasília Pipeline (Osbra), in 2015, we hope to achieve an energy saving of at least 3,284 MWh/year, and to avoid the emission of 4.4 metric tons of CO₂ equivalent in the same period.

With an estimated investment of R\$ 30 million, we will implement, until 2017, 6 heat recovery units in the Cacimbas (ES) Gas Treatment Unit to harness thermal energy from the exhaust gases released by the turbo-compressors, increasing energy efficiency and reducing emissions.

Once all the heat recovery units have entered into operation, we estimate a reduction of up to 353 boed in the consumption of natural gas in thermal oil heaters. The natural gas that will not be used by the heaters will be made available to the market and can generate an additional

revenue of up to R\$ 20 million per year, besides preventing a direct annual emission of around 43 thousand metric tons of CO₂ equivalent into the atmosphere.

The actions we implemented in our administrative facilities generated a saving of R\$ 28.3 million, and kept focusing on energy contract management and the modernization of lighting systems.

Energy consumption within Petrobras System (in TJ)

	2013	2014	2015
Diesel oil	92,459	92,510	79,648
Fuel oil	69,722	79,383	59,415
Natural gas	647,139	728,146	719,597
Fuel gas	112,098	131,515	124,596
Residual gas	10,068	10,350	17,990
Liquefied petroleum gas (LPG)	949	223	1,254
Petroleum Coke	65,765	70,945	69,161
Others	50	2	-3,114
Imported steam	35,933	26,224	28,256
Imported electric power	16,765	15,923	18,382
Total	1,050,949	1,155,220	1,115,185

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 flared, in 2015, totaled 97 thousand TJ, which is not considered in the energy consumption calculation.

c) The line "Others" includes exported steam and electricity.

Atmospheric emission management

The total volume of direct greenhouse gas emissions was 76.9 million metric tons of CO₂ equivalent, which is 2.7% less than in 2014.

-2,7% of CO₂

Reduction of the total volume of direct greenhouse gas emissions.

A key factor that contributed to this result was the reduction of emissions from bi-fuel power plants that used natural gas instead of liquid fuels. In addition, we use 95.9% of the gas produced in our operations in Brazil, beating the all-time record.

We recorded the burning of 3.6 million cubic meters per day of flare gas in our exploration and production operations, which is 15% less than the total recorded in 2014. This reduction was the result of the Natural Gas Optimization Program, which aims to increase the operational efficiency of production units and the efficiency in the use of the natural gas we produce.

Other relevant indirect emissions, arising from the use of our products, totaled approximately 502 million metric tons of CO₂ equivalent. The volume is estimated from the assumption that all products sold were used in the same year and their carbon contents released into the atmosphere. We used data from the consolidated database of product sales and applied the GHG Protocol methodology (Scope 3). In addition, we adopted the conservative assumption of classifying exported products as "residual oil".

GREENHOUSE GAS EMISSIONS (in million metric tons of CO₂ equivalent)

Direct emissions (Scope 1 - GHG Protocol)

2015	76,9
2014	79,1
2013	71,7

Indirect emissions (Scope 2 – GHG Protocol)

2015	0,8
2014	1,7
2013	1,8

Other indirect emissions

(Scope 3 - Emissions from use of products – GHG Protocol)

2015	502
2014	520
2013	500

a) Emissions from exploration and production, refining, fertilizer manufacturing, petrochemical, power generation, land (road and pipeline) and maritime transport, as well as distribution activities in Brazil, Argentina, Bolivia, Colombia, Mexico, Paraguay, Uruguay and the United States.

b) Indirect emissions refer to the purchase of electricity and steam, supplied by third parties, in the countries mentioned.

c) The atmospheric emissions inventory is prepared according to the guidelines of the GHG Protocol. Its scope includes assets under our responsibility, regarding their operational control. The inventory approach follows the bottom-up methodology, that is, the total inventory is the result of the sum of emissions from each source. The algorithms used to calculate greenhouse gas emissions are based on publicly accessible international references, such as the API Compendium and the "AP-42" (US EPA). The priority source of greenhouse gas emission factors is the GHG Protocol.

d) In terms of greenhouse gases, the inventory includes emissions of CO₂ (carbon dioxide), CH₄ (methane), and N₂O (nitrous oxide) expressed in CO₂ equivalent, according to their respective global warming potential (GWP) published the second IPCC report (SAR).

e) We submitted all our inventories to third-party verification according to ISO 14064.

Direct greenhouse gas emissions (metric tons)

	2013	2014	2015
Carbon dioxide - CO ₂ (million)	69,6	76,8	73,1
Methane - CH ₄ (thousand)	159	154	149
Nitrous oxide - N ₂ O	2.085	2.291	2.333

Other significant atmospheric emissions (metric tons)

	2013	2014	2015
Nitrogen oxides (NOx)	252.039	299.285	267.205
Sulfur oxides (SOx)	128.354	133.462	120.056
Particulate matter	17.469	21.651	19.184
Volatile organic compounds (VOCs)	249.625	248.685	230.150
Fugitive emissions	100.972	96.689	80.888
Carbon monoxide	173.560	180.676	191.155

a) Calculations considered direct and indirect emissions.

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

c) Fugitive emissions consist of total hydrocarbons originated in process sources. Values do not include emissions from flaring.

Hydrocarbons not used (in million cubic meters)	2013	2014	2015
Flared	2,153	3,066	2,902
Dissipated in the atmosphere	59.9	34.6	72.0

a) We considered the volume records of gas flared for E&P, refining, energy, transport and distribution activities.

b) We considered records of gas released directly into the atmosphere through ventilation and depressurization.

We manage atmospheric emissions from our activities according to the annual inventory that we voluntarily disclose and that contained, in 2015, data of around 34 thousand active registered sources covering 75 different source types. This information is compiled through the Atmospheric Emissions Management System (Sigea), whose results are verified by a third party, in line with ISO 14064.

Throughout the year, we re-injected 1.3 metric tons of CO₂ into the Lula and Sapinhoá fields in the pre-salt layer of the Santos basin. We also replaced part of the natural gas consumed in refineries for landfill biogas, which prevented the emission of approximately 28 thousand metric tons of CO₂; optimized the consumption of fuel gas in the flare system, which prevented the flaring of 15.5 thousand cubic meters of gas per day in the refinery of Paulínia (Replan); and implemented cogeneration and the use of natural gas in thermoelectric power plants.

The 41 projects of the Petrobras Social-environmental Program in the line "Forests and Climate" targeted the maintenance of natural areas and the recovery and productive reconversion of degraded areas. They also contributed locally to carbon sequestration and to mitigate climate change.

Conscious Consumption

We promote the conscious consumption of oil products, mainly through the National Program for Rational Use of Oil Products and Natural Gas (local acronym Conpet), of Brazilian government's Ministry of Mines and Energy. One remarkable achievement in this regard was the performance of around 100 thousand assessments of buses and trucks to detect emissions of particulate materials and increase the awareness of drivers regarding the efficient use of their vehicles.

To stimulate the production and use of more efficient gas appliances and vehicles, we participated in the Brazilian labeling program, created by the Conpet and the National Institute of Metrology, Quality and Technology (Inmetro). Labels provide consumers with information on the efficiency and performance of car models and gas appliances. Cars and appliances recording the best results and, therefore, generating lower CO₂ emissions, are awarded with the Conpet seal.

Interactive online consultation systems in the Conpet website allow consumers to compare the efficiency of different gas appliances and vehicles. Details of the car included in the program can be found in the Vehicle Labeling application.

The Transport Energy Efficiency Program, started in 2013 as a pilot program, aims to reduce fuel consumption during product and employee movement, through transportation hired by Petrobras Distribuidora. In 2015, the program enabled a reduction of about 20 thousand cubic meters in fuel consumption and 48 thousand metric tons in CO₂ emissions.

The identified opportunities for improvement prompted Petrobras Distribuidora to adopt new initiatives, such as the modernization of the tanker fleet with vehicles with advanced technology engines; growth of average truck capacity, to reduce the number of trips; improvement of route optimizers; driver training with a focus on cost efficiency; greater use of low fuel-consumption modals; incorporation of server trucks at airports; and implementation of new bases and terminals.

In 2015, the Transport Energy Efficiency Program enabled a reduction of about 20 thousand cubic meters in fuel consumption and 48 thousand metric tons in CO₂ emissions.

Biodiversity



We interact with diverse ecosystems and their interfaces at our operational units and in the implementation of new projects. In order to establish appropriate criteria for the management of these interactions, we apply internal rules and standards which govern our risk management and the impact on biodiversity and on ecosystem services.

We adopt specific requirements aimed at mapping protected or sensitive areas and at describing and monitoring the biodiversity, in accordance with the nature of our operations. As a result of our investment in research, demands originating from our management procedures or from environmental licensing and other requirements, we have developed a set of actions, studies and projects for the improvement of environmental management and impact mitigation. Ongoing projects contemplate environmental description and monitoring, prevention and reduction of the effects on ecosystems and biodiversity and the recovery of impacted and degraded areas.

The technical reports produced from these initiatives are stored on our environmental data database, on which we have already gathered 5.7 thousand entries. Another automated system, the GeoPortal SMES, enables the integration of geo-referenced environmental databases on a unique visualization platform.

The environmental description and monitoring studies we have developed contribute to the attainment of data on species existing in the areas of influence of our activities. We have identified 190 species of flora and fauna within these areas that are under threat, based on the Red List of Threatened Species issued by the International Union for Conservation of Nature and Natural Resources (IUCN) and the Official National Lists of Species of Threatened Flora and Fauna issued by the Ministry for the Environment.



Long-nosed seahorse, a species found in the area of operation of the Ilhas do Rio Project, which is part of the Petrobras Socioambiental Program.

Internal and external protected areas

Type of protected area	Internal	Exclusively external
Conservation Units	30	429
Indigenous Lands	3	13
"Quilombo" Territory	2	13
Archeological sites	46	121

a) Partial data corresponding to 103 operational units reporting the existence of protected areas within their area of influence.

b) The protected areas exclusively external to the units include those located in the respective areas of influence. The internal protected areas cover those located partially or totally within the area of the unit itself.

Number of species threatened by conservation status (IUCN)			
	Vulnerable	Endangered	Critically Endangered
Fauna	60	21	7
Flora	24	9	6

a) The records considered were supplied by 36 units that, based on primary data, reported the occurrence of threatened species within their areas of influence.

b) The quantity of threatened species was prepared according to the IUCN Red List.

c) In accordance with the official national lists of species of threatened flora and fauna, from the Ministry for the environment, we have recorded, in our unit's areas of influence, 118 threatened species (85 vulnerable, 20 endangered and 14 critically endangered).

We have carried out a description project in the Espírito Santo basin and the northern section of the Campos basin, in partnership with various national scientific and technological institutions, which provides maximum contemplation of the environmental heterogeneity of the region. It encompasses data on oceanography, geology and geomorphology, benthic macro-fauna (on the sea bed) and plankton, deep water coral and rhodoliths (calcareous algae structures), fish, mammals, turtles and birds, among others. The information generated by the project constitutes an important tool for the environmental evaluation of the region and for decision-making support.

We have identified and evaluated the impact during the phases of installation, operation and deactivation of projects, so as to support the definition of preventative measures, mitigating measures (prevention and control) and compensatory measures. For example, we have planned the paths of our pipelines for the long-distance transport of oil and its derivatives, striving to minimize the impact of habitat fragmentation in the diverse ecosystems along the pipelines.

We have developed actions for the recuperation of degraded areas when it is not possible to prevent the impact resulting from vegetation removal during amplification work or the implantation of facilities. In our operations in the oil province of Urucu, in the Amazon, we performed soil recuperation and reforestation of the region after the drilling activities had finished. The native species used in planting are produced in a nursery maintained by the unit itself.

Also in Urucu, we have built two overhead walkways at our exploration and production plant, which function as ecological corridors for the passage of fauna. The objective is to reduce impacts such as possible collisions, besides connecting the forest fragments separated by highways. We installed the walkways in places with the highest incidence of animals and an intense flow of vehicles.

During seismic activities in marine environments we have performed passive noise monitoring, which enables us to detect, record and trace noise signals emitted by whales. The location of these signals makes it possible to estimate the animal's distance in relation to the air blasters, minimizing the operation's impact. Our offshore exploration and production units have plans for the protection of fauna and vulnerable areas, detailing protection, rescue and rehabilitation strategies in the event of an oil spill.

Support for environmental projects

Through the "Biodiversity and Social-diversity" line of the Petrobras Social-environmental Program we support projects focused on the protection and recuperation of species and habitats, as well as on associated traditional uses, to preserve and conserve biodiversity in terrestrial and aquatic ecosystems.

The "Abraç o Boto Cinza" Project, of the Boto Cinza Institute, aims to increase technical scientific knowledge and contribute to the conservation of the species (*Sotalia guianensis*) from Sepetiba (RJ) Bay. Environmental education actions and the involvement of fisherman and the local population have contributed to the creation of Brazil's first municipal marine environmental protection area – the APA Marinha Boto-Cinza.

In the Serra das Almas Natural Reserve in Crateús, in the "sertão" region (semi-arid lands) of Ceará, the "No Clima da Caatinga" project run by the Caatinga Association, disseminated technology for the mitigation of the effects of climate change and for the combat of desertification. Among these initiatives the implantation of eco-efficient wood burners stands out, leveraging a 40% reduction in the consumption of firewood. Furthermore, the project helped spread the use of solar ovens without the direct emission of carbon, honey production from native bees and the use of cisterns for rainwater storage. The project was recognized in 2014 by the United Nations Convention to Combat Desertification (UNCCD).

The Garoupa Project has the objective of preserving the true grouper (*Mycteroperca marginata*), a species threatened with extinction. At the base of the project in Ilhabela (SP), special tanks were built with controlled temperature, salinity and other forms of care to enable reproduction of the species, with the aim of replacing the populations in nature. The spawning has already resulted in more than one million fertilized eggs. After six months in the tank, the fish are released and the survivors are monitored through telemetry (remote detection and transmission of signals and data).

Besides coastal and marine environments, we also support projects that act in the preservation of six Brazilian biomes (Amazon, Caatinga, Southern Fields (Campos Sulinos), Cerrado, Atlantic Forest and Pantanal)).

Water Resources



Our management of water resources has the basic principle of constantly pursuing rationalization of water usage, aiming to guarantee the necessary supply for our activities and contribute to its conservation in the areas of influence of our facilities. The actions that seek to minimize the use of water in our activities, on the one hand reduce our overall withdrawal requirements and our dependence on this input, and on the other hand, increase the availability of the resource for use by society.

We seek to adopt low intensity technology in the use of water, the minimization of its use in operations and processes, reuse and the identification of alternative sources of supply, always considering local water availability and the technical-economic viability of our actions.

We carry out an annual inventory of water resources and effluents, consolidating the information on the volumes of water used, sources of withdrawal, discharge of potentially pollutant loads, volumes of industrial and sanitary effluent and the costs involved, among other aspects required for management. The complete inventory of 486 water using facilities is carried out through standardized internal process, subsidized by the corporative data base, Datahidro.



Water Use

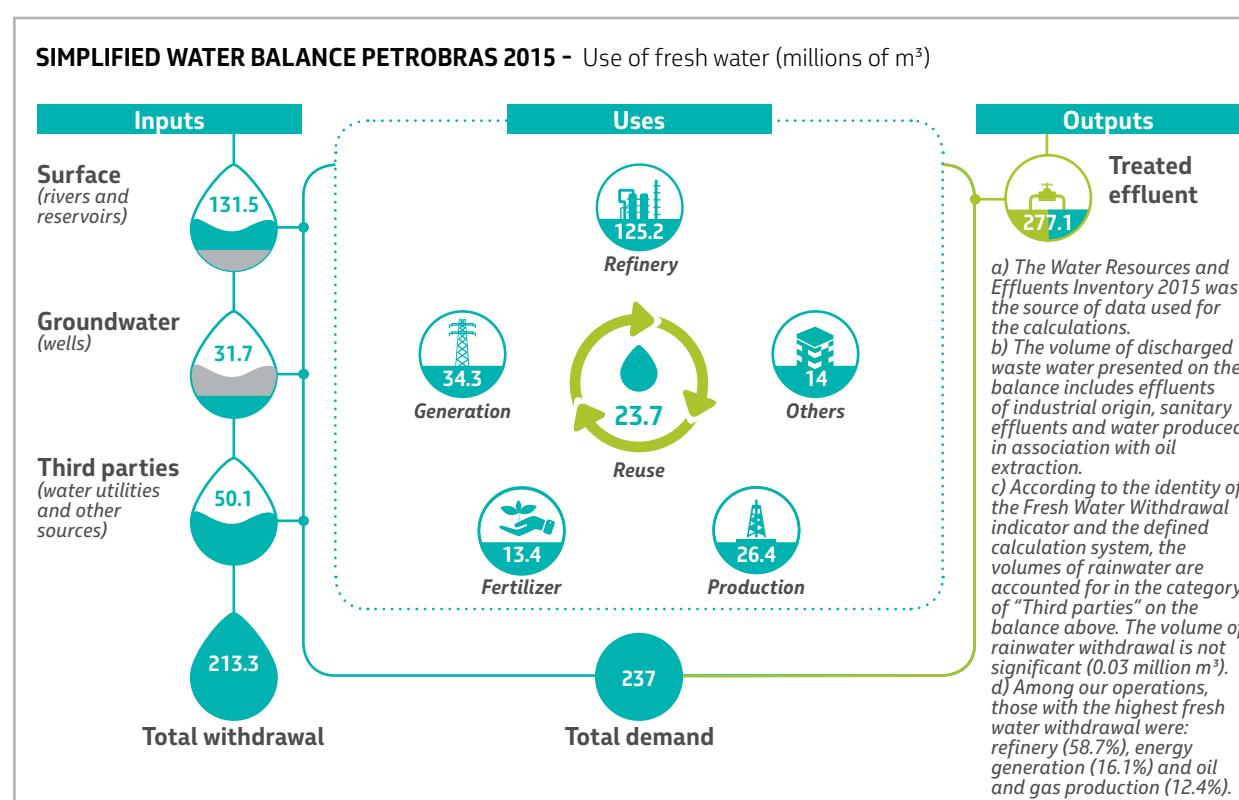
During 2015 we collected 213.3 million cubic meters of fresh water for our operational and administrative activities. We used 227 withdrawal sources, 170 of which are located in Brazil, accounting for around 90% of the total volume of fresh water we collected. In Brazil, the maximum limits for the extraction of fresh water from the environment are established by the public agencies responsible for management of water resources, considering hydrological criteria and the multiple human and ecological uses of water within a hydrographic basin.

We did not identify any significant impact on the springs where direct water withdrawal was carried out. Even so, we continually invest in monitoring protected and/or sensitive areas located in the regions of influence of our units.

A significant part of our investment in the rationalization of water usage has been aimed at developing reuse projects. Among the benefits achieved, we reduced our overall requirements for "new water" withdrawal, reducing our dependence on this input and leaving available a greater quantity of water to be used by the communities. The

total volume of reuse was 23.7 million cubic meters, which corresponds to 10% of our total fresh water demand. The reused volume is enough to supply, for example, a city of approximately 600 thousand inhabitants for one year. From these reuse actions, we estimate an annual saving of approximately R\$5 million in water withdrawal and effluent discharge costs.

So as to collaborate with the participative management of hydrographic basins where our facilities are situated, we participate in various forums, such as hydrographic basin committees. In order to follow discussions and identify possible management improvements, we are part of the National Confederation of Industry's Water Resource Network.



Total volume of reused water	2013	2014	2015
Reused water (millions of m ³)	24	24.5	23.7
Reuse in relation to total fresh water use (%)	11.1	10.6	10.0

*a) The Water Resources and Effluents Inventory 2015 was the source of data used for the calculations.
b) Refinery activities account for approximately 98% of the total reused volume*

Effluent discharge

In 2015, the volume of effluents disposed of in the environment by our operations was 277.1 million cubic meters, including industrial and sanitary effluents and water produced through the extraction of oil. This total volume of effluent contained 1.5 thousand metric tons of oils and greases, 5.3 thousand metric tons of chemical oxygen demand (DQO) and 1.1 thousand tons of ammonium (these last two pollutants were contained in effluents from refinery and fertilizer production activities in Brazil). Our effluent disposal processes are regulated by discharge standards established in law.

For the assimilation of our effluents, we use 91 bodies of surface water, 56 of groundwater and 53 water supply utilities or contractors. We did not identify relevant quantifiable or qualitative impacts on the springs where our effluents are discharged. 14 projects related to the implantation or modernization of effluent treatment and drainage systems were ongoing during the year.

Total water discharged by destination - Petrobras System

Destination	Discharged Volume (million m ³)			Discharged Volume (%)		
	2013	2014	2015	2013	2014	2015
Surface water bodies	217.5	242.7	270.7	94.3	95.3	97.7
Groundwater bodies	6.7	6.3	3.2	2.9	2.5	1.15
Water supply utilities or contractors	6.4	5.8	3.2	2.8	2.2	1.15
Totals	230.6	254.8	277.1	100	100	100

a) The Water Resources and Effluents Inventory 2015 was the source of data used for the calculations.

Water Access and risk identification

One of the priorities of our water resource management is securing access to the necessary water supply for the continuation of our activities, especially given the recent water crisis affecting the south-eastern region of Brazil in 2014 and 2015.

We make a preliminary evaluation of the exposure of our facilities to shortage risks through the "Risk of Water Shortage Index", a tool developed in partnership with the Federal University of Rio de Janeiro (UFRJ), which provide advice on where to prioritize the adoption of risk mitigation measures and investments in water security.

We apply the index to a group of operational units that account for around 90% of the total fresh water withdrawal, which enables classification of the facilities in risk magnitude bands and estimation of potential financial losses related to

exposure to these risks, which then guide our actions. We also prepare a water criticality map, which enables spatial visualization of the risks.

Among the initiatives intended to address scenarios of potential limited water availability, we can highlight those adopted in Replan (SP), which range from operational actions for optimizing the use of steam and water, to the intensification of the maintenance process and the execution of small projects that included the exploitation of groundwater. During the water crisis of 2014-2015, these actions contributed to a reduction of approximately 200 cubic meters/hour in the water withdrawn by the Rio Jaguari refinery, located in the hydrographic basin of the Piracicaba River.

Technology

We have invested around R\$10 million in Pro-Agua, a technological program specifically aimed at acting on treatment, reuse and minimization of water consumption. The program joins 18 projects in partnership with eight Brazilian universities. Operating units also receive technical-scientific assistance for the diagnosis and solution of operational problems in water and effluent treatment systems.

At the Henrique Laje (Revap) Refinery, in São Paulo, we managed to increase our concentration cycles in the cooling systems through the perfection of technology and process management, and thus reduced the water replacement requirement, without compromising operational efficiency. The change generated a saving of 23 cubic meters/hour of water.

Waste



In the last few years, particularly from the approval of the National Solid Waste Policy (Law No. 12305/10), companies, government agencies and academic institutions have intensified the discussion on the issues related to waste, its impacts and the responsibility each agent has. We continuously seek to prevent and minimize the generation of waste and to improve initiatives for its use, such as reusing and recycling. We use automated systems to manage these activities and carry out regular training on this subject for the workforce.

Together with our subsidiaries, we invest in technology development, pursuing cleaner and innovative processes to increase production efficiency while meeting safety and environmental quality standards in the treatment of the produced waste. Remarkable examples of these are the use of bioreactors for treating soil contaminated with hydrocarbons and the use of biosurfactants for treating soil contaminated with heavy metals and hydrocarbons.

Our processes generated 192 thousand metric tons of hazardous solid waste in 2015, 18% less than the 234 thousand metric tons generated in 2014.

- 18%

Reduction in hazardous solid waste recorded in processes compared to the previous year.



SOLID WASTE GENERATED - HAZARDOUS

(metric tons)

2015	192
2014	234
2013	260

- a) We reviewed the total hazardous waste generated in 2014, as reported in the last Sustainability Report edition, from 245 to 234 thousand metric tons.
b) The activities accountable for the greater solid waste generation were the well drilling and completion (fluids: 20% of the total), operational area cleaning (contaminated soils: 20%) and cleaning of tanks and other equipment (oily sludge: 17%).

By processing oily waste streams, we recover hydrocarbons for fuel production and avoid waste generation. In the Shale Processing Unit (SIX), in Paraná, this methodology avoided the generation of over 12 thousand metric tons of waste in 2015. The oil recovery unit of the Alberto Pasqualini Refinery (Refap), in Rio Grande do Sul, processed 12 thousand cubic meters of oily waste streams, recovering oil and producing petroleum green coke.

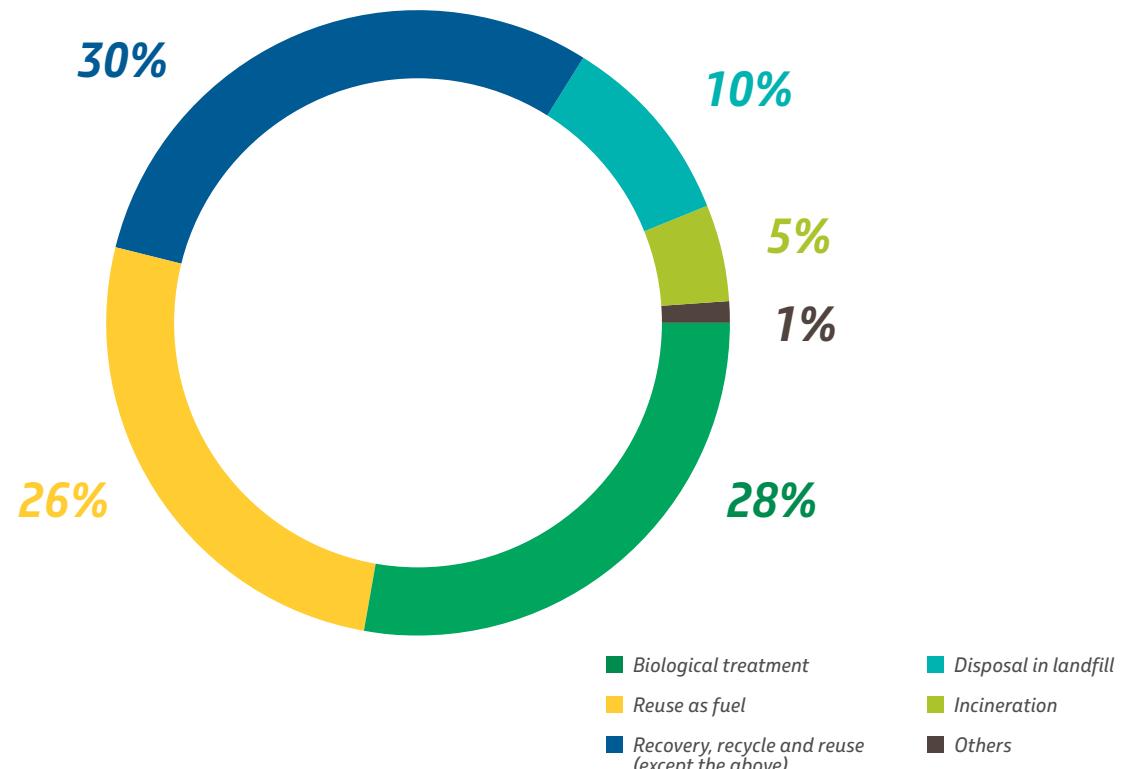
Among the oil recovery initiatives, stands out the chemical or biochemical mechanical cleaning process inside the tanks, carried out with no direct human contact, which allowed reducing the generation of hazardous waste.

We send almost 191 thousand metric tons of produced solid waste to different types of destination, according to technical and environmental criteria and in compliance with relevant laws.

According to technical criteria set forth by the environmental agency responsible to license the maritime activities, only gravel and water-based drilling fluid waste can be disposed of at sea after undergoing tests conducted on board. We invest in the reuse, in order to reduce waste generation from non water-based drilling fluids. Other type of waste is sent to licensed companies, to have their disposal performed in accordance with Brazilian law. We also carry out practices of incorporation, co-processing and recycle of gravel waste in our onshore operations.

We do not conduct cross-border movement of hazardous waste.

HAZARDOUS SOLID WASTE GENERATED BY PROCESSES - PERCENTAGE BY DESTINATION



- a) "Others" figure includes the waste returned to suppliers, submitted to non-conventional disposal technologies or to more than one type of treatment.
- b) Recovery, recycle and reuse technologies reach a significant 56% of the total, highlighting the reuse of waste as fuel, enabling its use in the cement production process. Another remarkable technology is the biological treatment, which uses microorganisms or enzymes for reducing waste toxicity or volume (landfarming, bioreactors, biopiles).
- c) Among the non-hazardous waste recycled or reused, scraps are 99%, paper 95%, wood 94% and plastics 89%.

Environmental liabilities



Some significant environmental impacts may arise from some of our operation activities, such as equipment maintenance, storage, activities on distribution networks of gas, oil and oil products, maritime transport and road transport involving third parties' tanker trucks. Our liability elimination program is aimed at diagnosing and remediating impacts.

The process for an installation decommissioning, either partial or complete, only occurs after a comprehensive analysis of the concession, which considers environment preservation aspects, operational safety assurance and cost reduction. We begin by identifying the most suitable option, based on legal and regulatory requirements; then, we submit the detail of the proposition and its protocol to the regulatory agencies, like the National Agency of Petroleum (ANP) in the case of field return. The complete facility decommissioning is one of the natural phases of the project life cycle in the oil and gas industry.

Production platforms, such as the P-12, were among the assets that were decommissioned or have undergone decommissioning process in 2015. The P-12 began operations in 1984 and ended production in February 2015. Its decommissioning process involves activities up to the end of 2016, such as subsea facilities decommissioning and abandonment completion. After this term, the platform will be sent to a shipyard and employees will be relocated to other units.



Team of the Imboassica Base Environmental Defense Center during the simulated operation of the exit of convoy for emergency service.

Spills

We recorded 25 spills of oil and oil products, which amounted to 71.6 cubic meters, 3% more than the volume recorded last year and 84% below the alert threshold of 461 cubic meters. We kept spill level below one cubic meter per million barrels of oil produced. Our system of spill communication, treatment and recording enables daily monitoring of incidents, their impacts and mitigation measures.

Tanker truck toppling was the cause of the four events with the greatest spill volume. They occurred in Chinquihue, in Chile, and in Minas Gerais, São Paulo and Paraná, in Brazil. Oil products, such as diesel, gasoline and petroleum asphalt cement hit the ground and were contained.

Non-compliances

In the waterway terminal of Angra dos Reis (Tebig), while discharging oil from the shuttle tanker Navion Gothenburg in March, there was a spill of oil mixture from the ballast tank that reached the sea. In June, we recorded a crude oil spill from the pipeline connecting the Tebig terminal to Duque de Caxias Refinery (Reduc), caused by vandalism. These incidents resulted in fines of R\$ 50 million and R\$ 2.4 million, respectively. We are negotiating both fines with the relevant environmental agency, aiming to turn them into conduct adjustment agreements.

Due to a spill from a marine pipeline, in Sergipe, we received a fine of R\$ 2.5 million.

Petrobras (excluding subsidiaries and affiliates) received, in 2015, fines for non-compliances with environment laws and regulations, for approximately R\$ 10.5 million. The main causes of these fines were non-compliances with operation

Spills of Oil and Oil Products (m³)

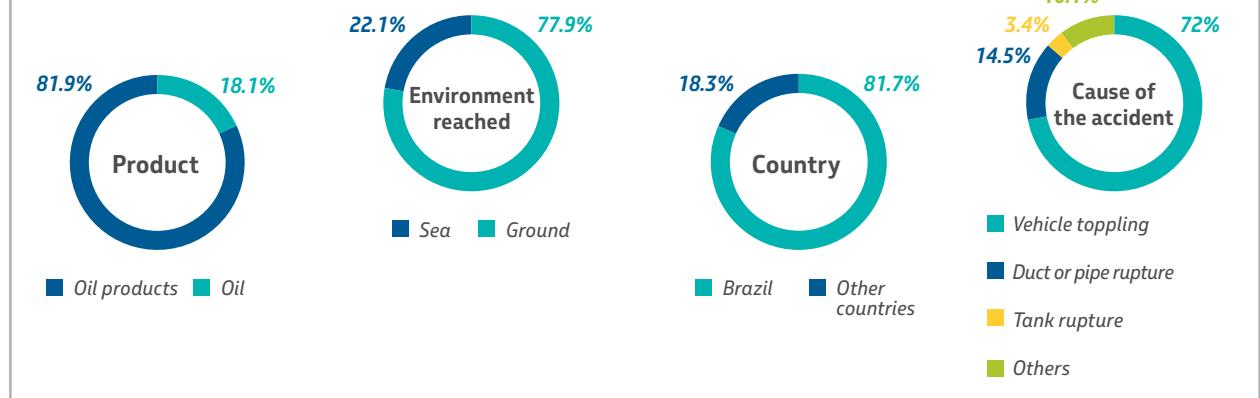
	2011	2012	2013	2014	2015
Total number of incidents	66	71	39	32	25
Total volume spilled	234	387	187	69.5	71.6
Average volume spilled by other oil and gas companies	2,748.9	1,370	1,133.9	1,453.9	-

a) We consider spills where a volume greater than one barrel (0.159 m³) reached the environment.

b) At the time of closing this Sustainability Report, data on spill volumes from companies of the Petrobras peer group were not available.

c) The 71.6 cubic meters total is approximately equivalent to 450 barrels.

CHARACTERISTICS OF SPILL INCIDENTS



license preventions, marine pipeline spills and directional drilling causing water release without consent or permission of the environmental agency.

Regarding non-monetary sanctions, we received a warning from the environmental agency, due to the expansion and modernization works of the oil storage park in São Francisco do Conde (BA), started without the necessary license.

Among the 20 communications that pointed risks of environmental impact, received by our General Ombudsman, 14 were classified as denunciations and six as complaints. Six denunciations were completed, six were filed and two remained open to be treated in 2016. All complaints were completed.

Annexes

- *Annual Social Balance*
- *Independent auditors limited assurance report*
- *Glossary*
- *GRI Content Index*
- *Management/ Editorial Staff*

Annual Social Balance

1- Calculation base		2015			2014		
		Value	% FPB	% RL	Value	% FPB	% RL
Consolidated sales revenue (RL)		321,638			337,260		
Consolidated net income (loss) before profit sharing and taxes (RO)		(41,229)			(24,771)		
Consolidated gross payroll (FPB) (i)		30,637			31,671		
2- Internal Social Indicators		Value	% FPB	% RL	Value	% FPB	% RL
Meals	1,226	4.00	0.38	1,222	3.86	0.36	
Compulsory social charges	6,162	20.11	1.92	5,774	18.23	1.71	
Private pension	2,190	7.15	0.68	1,978	6.25	0.59	
Health	1,685	5.50	0.52	1,477	4.66	0.44	
Occupational health and safety	233	0.76	0.07	225	0.71	0.07	
Education	263	0.86	0.08	242	0.76	0.07	
Culture	7	0.02	-	18	0.06	0.01	
Professional training and development	309	1.01	0.10	365	1.15	0.11	
Daycare or childcare assistance	79	0.26	0.02	58	0.18	0.02	
Participation in profits or results	-	-	-	1,045	3.30	0.31	
Other	92	0.30	0.03	50	0.16	0.01	
Total - Internal social indicators	12,246	39.97	3.81	12,454	39.32	3.69	
3- External Social Indicators		Value	% RO	% RL	Value	% RO	% RL
Social-environmental (I)	271	(0.66)	0.08	405	(1.63)	0.12	
Culture (II)	139	(0.34)	0.04	194	(0.78)	0.06	
Sport (III)	86	(0.21)	0.03	94	(0.38)	0.03	
Total contributions to society	496	(1.20)	0.15	693	(2.80)	0.21	
Taxes (excluding social charges)	113,840	(276.12)	35.39	106,319	(429.21)	31.52	
Total - External Social Indicators	114,336	(277.32)	35.55	107,012	(432.00)	31.73	
4- Environmental Indicators		Value	% RO	% RL	Value	% RO	% RL
Investments related to company production/operation	3,678	(8.92)	1.14	3,169	(12.79)	0.94	
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%	(X) reaches 76 to 100%	() has no targets () reaches 51% to 75%	(X) reaches 76 to 100%	() has no targets () reaches 51% to 75%	(X) reaches 76 to 100%	
5- Workforce Indicators		2015			2014		
Number of employees at the end of period		78,470			80,908		
Number of admissions during the period (IV)		804			3,786		
Number of employees of service providers (V)		158,076			203,705		
Number of interns (VI)		1,438			1,746		
Number of employees over 45 years old (VII)		31,268			33,767		
Number of women employees in company		13,695			13,625		
Percentage of management positions held by women (VIII)		15.3%			15.2%		
Number of Afro-descendants employees in company (VIII)		20,098			19,959		
Percentage of management positions held by Afro-descendants employees (IX)		25.3%			20.3%		
Number of employees with disability or special needs (X)		444			286		

Annual Social Balance

continuation

6- Material data in relation to corporate citizenship		2015			Goals for 2016	
Ratio between the highest and lowest remuneration at the company (XI)		32.0			32.0	
Total number of occupational accidents (XII)		3,096			-	
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
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
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
The pension plan covers:	() 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
When selecting suppliers, the ethical and social responsibility standards adopted by the company itself:	() are not considered	() are suggested	(X) are required	() will not be considered	() will be suggested	(X) will be required
In relation to employees taking part in voluntary work programs, the company:	() is not involved	() gives support	(X) organizes and encourages	() will not be involved	() will give support	(X) will organize and encourage
Total number of consumer complaints and criticisms: (XIII)	in the Company 9,455	in Procon 36	in Courts 30	in the Company 5,564	in Procon 0	in Courts 0
Percentage of complaints and criticisms addressed or resolved:	in the Company 99.1%	in Procon 47.2%	in Courts 40%	in the Company 98%	in Procon -	in Courts -
Total added value to distribute (in millions of R\$):	In 2015: 169,931			In 2014: 146,440		
Distribution of Added Value (DVA):	65% government 0% shareholders	17% employees 39% others	-21% retained	70% government 0% shareholders	22% employees 23% others	-15% retained

7 - Other informations

I. Since 2015, the Social Balance is including the amounts allocated to support social, environmental and educational sports projects. It includes the previously existing lines "Creation of Income and Employment Opportunities", "Education for Occupational Qualification", "Guaranteeing Children and Adolescents' Rights", "Other" and "Investments in external programs and/or projects", besides the portion of the line "sport" referred to projects of educational sport nature.

II. The value differs from the previous Social Balance, because those figures did not include investment in cultural projects unlinked to the current sponsorship program. Such investment was R\$ 51.6 million in 2014.

III. Since 2015, it is not including the values of educational sport projects, because they moved to the Social-environmental line. Therefore, 2014 value differs from previous Social Balance, because it does not include this investment, which accounted for R\$ 30.1 million, and also because it adds the investment in cultural projects unlinked to current sponsorship program that, in the sport segment, accounted for R\$25.2 in 2014.

IV. Data from Petrobras System in Brazil concerning admissions through the public selection process

V. Since 2015, it is just including those service providers who work at Petrobras facilities. The 2014 figure has been adjusted for comparison purposes.

VI. Data from Petrobras, Petrobras Controladora, Petrobras Distribuidora, Transpetro, Breitener and Gas Brasiliano. There are no internship programs in other subsidiaries.

VII. Data from employees of Petrobras Controladora, Petrobras Distribuidora, Transpetro, Liquigás and Petrobras Biocombustível.

VIII. Data from Petrobras Controladora, Petrobras Distribuidora, Transpetro and Liquigás employees who declared they were black skinned (brown or black skin color).

IX. People who declared they were black (brown or black skin color) held 25.3% of the total number of Petrobras Controladora management positions held by employees who reported their race/color.

X. Datum extracted from Health System records, captured through self-declaration of employees and annual medical examination.

XI. Data from Petrobras Controladora.

XII. Number of casualties. There is no specific target for the total number of work accidents. The number presented for 2016 was estimated based on the Alert Limit set for the TOR (reportable case rate) indicator, which is 4.40, and HHER projected for the year (636.68 million man-hours worked with exposure to risk).

XIII. Company data include the number of claims and complaints received by Petrobras Controladora, Petrobras Distribuidora and Liquigás. Goals for 2016 only include Petrobras Controladora and Liquigás.

(i) Consisting of salaries, benefits, FGTS, INSS and other benefits to employees.

Independent auditor's limited assurance report on sustainability information included in the 2015 Sustainability Report

To the Board of Directors and Stockholders
Petróleo Brasileiro S.A. – Petrobras
Rio de Janeiro- RJ

Introduction

We have been engaged by Petróleo Brasileiro S.A. - Petrobras ("Company" or "Petrobras") to present our limited assurance report on the compilation of the sustainability information included in the 2015 Sustainability Report of Petróleo Brasileiro S.A. – Petrobras for the year ended December 31, 2015.

Management's responsibility

The management of Petrobras is responsible for the preparation and fair presentation of the sustainability information included in its 2015 Sustainability Report in accordance with the guidelines of the Global Reporting Initiative (GRI-G4) and for such internal control as management determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

Independent auditor's responsibility

Our responsibility is to express a conclusion on the sustainability information included in the 2015 Sustainability Report, based on our limited assurance engagement carried out in accordance with the Technical Communication CTO 01, "Issuance of an Assurance Report related to Sustainability and Social Responsibility", issued by the Federal Accounting Council (CFC), based on the Brazilian standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", also issued by the CFC, which is equivalent to the international standard ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply with

ethical requirements, including independence requirements, and perform our engagement to obtain limited assurance that the sustainability information included in the 2015 Sustainability Report of Petrobras, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Brazilian standard NBC TO 3000 and ISAE 3000 mainly consists of making inquiries of management and other professionals of the entity involved in the preparation of the information, as well as applying analytical procedures to obtain evidence that allows us to issue a limited assurance conclusion on the information, taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead him to believe that the information taken as a whole might present significant misstatements.

The procedures selected are based on our understanding of the compilation and presentation of the information included in Petrobras' 2015 Sustainability Report, other circumstances of the engagement and our analysis of the areas in which significant misstatements might exist. The following procedures were adopted:

(a) planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the sustainability information included in the 2015 Sustainability Report of Petrobras;

(b) understanding the calculation methodology and the procedures adopted for the compilation of indicators through interviews with the managers responsible for the preparation of the information;

(c) applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the sustainability information included in Petrobras' 2015 Sustainability Report; and

(d) comparing the financial indicators with the financial statements and/or accounting records.

The limited assurance engagement also included tests to assess compliance with the guidelines of the Global Reporting Initiative (GRI-G4) and criteria applied in the preparation of the sustainability information included in the 2015 Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied in a limited assurance engagement are substantially less detailed than those applied in a reasonable assurance engagement, the objective of which is the issuance of an opinion on the information in a Sustainability Report. Consequently, we are not able to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an assurance engagement, the objective of which is the issuance of an opinion. Had we performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements in the sustainability information included in Petrobras' 2015 Sustainability Report. Accordingly, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate these data. Qualitative interpretations of the relevance, materiality, and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not consider in our engagement the data reported for prior periods, nor future projections and goals.

Conclusion

Based on the procedures performed, described herein, no matter has come to our attention that causes us to believe that the information included in the 2015 Sustainability Report of Petróleo Brasileiro S.A. – Petrobras has not been compiled, in all material respects, in accordance with the guidelines of the Global Reporting Initiative (GRI-G4).

Rio de Janeiro, November 7, 2016

PricewaterhouseCoopers

Auditores Independentes
CRC 2SP000160/0-5 "F" RJ

Marcos Donizete Panassol

Contador CRC 1SP155975/0-8 "S" RJ

Glossary

National Agency of Petroleum, Natural Gas and Biofuels (ANP)

"Agência Nacional do Petróleo, Gás Natural e Biocombustíveis" is Brazil's oil and natural gas regulator.

Deep water

Ocean waters in areas with water depths generally between 300 and 1500 meters. These limits usually result from aspects associated with the state-of-the-art technology required for stationary drilling or production units and limits for human diving.

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 natural gas and oil composition. The term "boed" means barrels of oil equivalent per day

Conversion

Cubic meter 1 m³ = 1,000 liters = 6.28994113 barrels

Barrel 1 b = 0.158984 m³ = 158.984 liters

Biodiesel

Alternative fuel to diesel, renewable and biodegradable, produced by 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.

Biosurfactants

Organic compounds produced by bacteria or other microorganisms, used to lower the surface tension between two liquids.

Bpd

Barrel per day.

Brent

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

Field

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

Condensed

Natural Gas Liquid, obtained from the process of normal field separation, which is kept in liquid phase at normal temperature and pressure conditions.

Petroleum coke

Solid, black and shiny product obtained by cracking heavy waste (coking). It burns without leaving ashes.

Integrity Due Diligence (IDD)

Assessment on the integrity risk we may be exposed to in the relationship with our suppliers of goods or services, conducted from data about the reputation, integrity and anti-corruption practices of suppliers.

FPSO

(Floating, Production, Storage and Offloading)
Ship featured to produce and store oil and/or natural gas, and to transfer production to shuttle tankers.

Liquefied Petroleum Gas (LPG)

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

Natural gas

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

Liquefied natural gas (LNG)

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

Exploration success rate

Number of exploratory wells with commercial oil and/or gas presence, relative to the total number of exploratory wells drilled and evaluated in the year.

Natural Gas Liquid (NGL)

Liquid-phase part of the natural gas at a given temperature and pressure on the surface, obtained from separation processes in the field, natural gas process units or gas pipeline transfer operations.

Naphtha

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

Oil

The portion of the petroleum found in liquid phase under reservoir original conditions and that remains liquid under surface conditions of temperature and pressure.

Fuel oil

Heavier fractions, obtained from atmospheric distillation of petroleum. It is widely used as fuel in industries, for boilers, furnaces, etc.

Petroleum

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

Pre-salt

Reservoir rocks that lie beneath an extensive salt layer. It is found in the coast, from the Espírito Santo to Santa Catarina states, over 800 km long and up to 200 km wide in water depths ranging from 1,500 to 3,000 m and buried at 3,000 to 4,000 m below the seabed.

Reserves

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

Proven reserves

Oil and/or natural gas reserves that, based on analysis of geological and engineering data, are estimated to be recoverable from discovered and valued reserves with a high degree of certainty and considering current economic conditions, operating methods that are generally feasible and regulations provided by Brazilian O&G and tax laws.

Seismic

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

GRI Content Index

General Standard Disclosures

General Standard Disclosures	Location or reason for omission
Strategy and Analysis	
G4-1	4
G4-2	15, 16, 35 and 40 Formulário de Referência 2015 (chapter 4.1. "Descrição dos Fatores de Risco") Report of the Administration 2015 (chapters "Corporate Strategy" and "Business Performance")
Organizational Profile	
G4-3	Petróleo Brasileiro S.A. - Petrobras.
G4-4	7, 8, 29 and 30 Formulário de Referência 2015 (chapter 7.3. "Informações sobre produtos e serviços relativos aos segmentos operacionais")
G4-5	Rio de Janeiro, Brazil.
G4-6	7
G4-7	Publicly traded company.
G4-8	7 Formulário de Referência 2015 (chapters 7.1. "Descrição das atividades do emissor e suas controladas", 7.2. "Informações sobre segmentos operacionais" and 7.3. "Informações sobre produtos e serviços relativos aos segmentos operacionais")
G4-9	7, 32 and 44 Formulário de Referência 2015 (chapters 3.1. "Informações Financeiras" and 3.2. "Medições não contábeis")
G4-10	44, 45 and 50
G4-11	45
G4-12	34
G4-13	36 Formulário de Referência 2015 (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	12, 21 and 55
G4-16	12, 21 and 55

GRI Content Index

General Standard Disclosures

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	65
G4-23	5 and 72

Stakeholder Engagement

G4-24	23
G4-25	23 to 26
G4-26	23 to 26
G4-27	5, 23, 24 25 and 26

Report Profile

G4-28	January 1 to December 31, 2015.
G4-29	The most recent previous version is referred to the exercise of January 1 to December 31, 2014.
G4-30	Annually.
G4-31	rs2015@petrobras.com.br
G4-32	Petrobras' Sustainability Report is prepared in compliance with the comprehensive option according to GRI-G4 guidelines.
G4-33	5 and 73

Governance

G4-34	10 and 11 Formulário de Referência 2015 (chapter 12.1 "Descrição da estrutura administrativa")
G4-35	11
G4-36	9
G4-37	Formulário de Referência 2015 (chapter 12.2 "Regras, políticas e práticas relativas às assembleias gerais")
G4-38	11 Formulário de Referência 2015 (chapter 12.5/6 "Composição e experiência profissional da administração e do conselho fiscal")
G4-39	11

GRI Content Index

General Standard Disclosures

G4-40	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 2015 (chapter 12.2 "Regras, políticas e práticas relativas às assembleias gerais" and 12.5/6 - "Composição e experiência profissional da administração e do conselho fiscal").
G4-41	11 Formulário de Referência 2015 (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	10 Formulário de Referência 2015 (chapter 12.1 "Descrição da estrutura administrativa")
G4-43	12
G4-44	Formulário de Referência 2015 (chapter 12.1 "Descrição da estrutura administrativa")
G4-45	15 Formulário de Referência 2015 (chapters 5.1. "Política de gerenciamento e riscos", 5.2 "Descrição da política de gerenciamento de riscos de mercado" and 12.1 "Descrição da estrutura administrativa")
G4-46	15 Formulário de Referência 2015 (chapter 5.2 "Descrição da política de gerenciamento de riscos de mercado")
G4-47	Formulário de Referência 2015 (chapter 12.4 "Regras, políticas e práticas relativas ao Conselho de Administração")
G4-48	Petrobras Sustainability Report 2015 was submitted to Executive Board and the Board of Directors analysis and validation.
G4-49	15 and 17
G4-50	11 and 12
G4-51	11 and 12 Formulário de Referência 2015 (chapter 13.1 "Descrição da política ou prática de remuneração, inclusive da diretoria não estatutária")
G4-52	11 and 12 Formulário de Referência 2015 (chapter 13.1 "Descrição da política ou prática de remuneração, inclusive da diretoria não estatutária")
G4-53	Formulário de Referência 2015 (capítulo 13.1 "Descrição da política ou prática de remuneração, inclusive da diretoria não estatutária")
G4-54	72
G4-55	Formulário de Referência 2015 (chapter 13.1 "Descrição da política ou prática de remuneração, inclusive da diretoria não estatutária")
Ethics and Integrity	
G4-56	19 Formulário de Referência 2015 (chapter 12.2 "Regras, políticas e práticas relativas às assembleias gerais")
G4-57	23
G4-58	17 and 23

GRI Content Index

Specific Standard Disclosures

Material Aspects	Disclosures on Management Approach (DMA) and Indicators	Location or reason for omission
Health, safety and quality of life	Management approach	47
	G4-LA5	48
	G4-LA6	47 and 48
	G4-LA7	49
	G4-LA8	48
	G4-OG13	48
Communication and Stakeholder Engagement	Management approach	23
	G4-24	23
	G4-25	24, 25 and 26
	G4-26	5, 24, 25 and 26
	G4-PR5	29 and 25
Business Ethics, including Prevention and Anticorruption mechanisms	Management approach	17
	G4-S03	21
	G4-S04	21
	G4-S05	19 and 22
		Unlike the GRI Content Index of the 2014 Sustainability Report, we have decided to disclose in a consolidated manner the disciplinary measures applied in cases of misconduct, not limited only to situations of fraud and corruption.
	G4-S06	21
	G4-S07	19
Labor relationships and union practices	Management approach	45
	G4-LA3	50
	G4-LA4	Although we communicate employees in advance about operational changes, there are no minimum notice periods specified.
	G4-HR4	45
Long-term business strategy	Management approach	13
	G4-OG1	7
Market presence and procurement practices	Management approach	7, 8, 32, 33, 34 and 39
	G4-EC8	38
	G4-EC9	34

GRI Content Index

Specific Standard Disclosures

Atmospheric emissions and Climate Strategy	Management approach	55	
	G4-EC2	55 and 56	
	G4-EN15	58 and 59	
	G4-EN16	58 and 59	
	G4-EN17	58	
	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	57 and 59	
	G4-EN20	We do not consolidate total emissions of substances that destroy the ozone layer in the Petrobras System. Despite this, we monitor its use in our facilities to comply with Brazilian legislation, which provides for its elimination, after a gradual reduction.	
	G4-EN21	58	
		Management approach	17, 20 and 21
Compliance with Laws and Regulations	G4-EN29	69	
	G4-S08	68 Formulário de Referência 2015 (chapters 4.3 to 4.6).	
	G4-PR2	30	
	G4-PR4	30	
	G4-PR7	30	
	G4-PR9	30	
		Management approach	29
	G4-EN12	35	
	G4-EN27	30	
Product and service management and its relevant impacts	G4-EN28	30	
	G4-EN30	59 and 61	
	G4-PR1	30	
	G4-PR3	30	
	G4-PR5	29	
	G4-OG8	8	

GRI Content Index

Specific Standard Disclosures

	Management approach	34
	G4-EN32	37
	G4-EN33	35
	G4-LA14	37
Supply Chain Management	G4-LA15	35
	G4-HR10	37
	G4-HR11	35
	G4-SO9	37
	G4-SO10	35
	Management approach	66
	G4-EN22	65
	G4-EN23	66 and 67
Waste and effluent management	G4-EN25	67
	G4-EN26	65
	G4-OG5	64 and 65
	G4-OG6	59
	G4-OG7	66
	Management approach	63
Water resources	G4-EN8	64
	G4-EN9	64
	G4-EN10	64
Spill prevention and remediation	Management approach	69
	G4-EN24	69

Management

Executive Board

Pedro Pullen Parente
Chief Executive Officer

Ivan de Souza Monteiro
Executive Director of Financial and Investor Relations

Hugo Repsold Júnior
Executive Director of Corporate Issues

João Adalberto Elek Junior
Executive Director of Governance, Risk and Compliance

Jorge Celestino Ramos
Executive Director of Refining & Natural Gas

Nelson Luiz Costa Silva
Executive Director of Strategy, Organization and Management System

Roberto Moro
Executive Director of Production & Technology Development

Solange da Silva Guedes
Executive Director of Exploration and Production

Board of Directors

Luiz Nelson Guedes de Carvalho

Chairman

(elected by the controlling shareholder)

Betânia Rodrigues Coutinho
(elected by the employees)

Durval José Soledade Santos
(elected by the controlling shareholder)

Francisco Petros Oliveira Lima Papathanasiadis
(elected by the controlling shareholder)

Guilherme Affonso Ferreira
(elected by the preferred shareholders)

Jerônimo Antunes
(eleito pelo acionista controlador)

Marcelo Mesquita de Siqueira Filho
(elected by the minority ordinary shareholders)

Pedro Pullen Parente
(elected by the controlling shareholder)

Segen Farid Estefen
(elected by the controlling shareholder)

Audit Committee

Effective members

Luiz Augusto Fraga Navarro
(elected by the controlling shareholder)

Marisete Fátima Dadald Pereira
(elected by the controlling shareholder)

Reginaldo Ferreira Alexandre
(elected by the minority ordinary shareholders)

Walter Luiz Bernardes Albertoni
(elected by the preferred minority shareholders)

William Baghdassarian
(elected by the controlling shareholder)

Responsible for the Information

Beatriz Nassur Espinosa
Executive Manager of Social Responsibility

Paulo José Alves
(CRC-RJ 060073/0-0)
Executive Manager of Accounting and Tax

Coordination & Production

Social Responsibility Executive Management

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BR Services

Disclosure

Communication and Brands Executive Management

Photos

Page 6 - Steferson Faria
Page 7 - Andre Motta de Souza
Page 9 - Andre Motta de Souza
Page 14 - Andre Motta de Souza
Page 15 - Tais Peyneau
Page 27 - Andre Valentim
Page 29 - Luiz Prado
Page 31 - Andre Motta de Souza
Page 37 - Andre Motta de Souza
Page 41 - Ana Helena Grieco Gonzalez
(Collection of Caranguejo Ucá Project)
Page 43 - Andre Motta de Souza
Page 46 - Roberto Rosa
Page 47 - Steferson Faria
Page 49 - Bruno Veiga
Page 50 - Tais Peyneau
Page 52 - Dimas Gianuca
(Collection of Albatroz Project)
Page 53 - Pedro Paulo Belga de Souza
(Collection of Caranguejo Ucá Project)
Page 60 - Athila Bertoncini
Page 63 - Paulo Múmia
Page 66 - Daniel Derevecki
Page 68 - Taís Peyneau

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