

ANNUAL REPORT 2017



Entender para Atender



Entender para Atender

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MESSAGE FROM MANAGEMENT

(GRI 102-14)

2017 was marked by an emphasis on the implementation and conclusion of the group's new business organization. In the midst of the economic scenario of recovery from one of the most severe crises in Brazilian history, we posted Consolidated Gross Revenue of R\$8.2 billion, which translates into an 11% increase against 2016.



Fernando Antonio Simões
DIRECTOR

Augusto Marques da Cruz Filho
INDEPENDENT DIRECTOR

Adalberto Calil
CHAIRMAN OF THE
BOARD OF DIRECTORS

Álvaro Pereira Novis
INDEPENDENT DIRECTOR

Fernando Antonio Simões Filho
DIRECTOR

The result of our diversification strategy - in relation to services, customers and sectors of the economy - was demonstrated once again by the resilience of our revenues and the first signs of an improvement in our margins over the course of a still challenging year. We are more optimistic for 2018, given the prospect of an economic recovery - the initial signs of which could already be observed at the end of 2017 with the improvement in the results of all our companies. We are expecting to see a continuation of this progress in 2018.

JSL Logística continues in its growth trajectory, based on meeting its customers' needs by means of innovative,

customized solutions, always looking to offer the best cost-benefit and the perpetuation of the commercial relationship. As a result, the Company remains the number one company in its area of operations in the domestic market. JSL Logística is present in more than 16 economic sectors and has around 500 clients. In 2017, JSL Logística reported Consolidated Net Revenue of R\$4.1 billion and Net Services Revenue of R\$3.8 billion. The diversification of our services boosts our experience in a very wide range of processes and contributes to the resilience of our results. It should be stressed that the largest customer only accounts for 9% of Logística's services revenue, which is fragmented

between a number of contracts, while the largest sector contributes roughly 16% of this revenue. Net Revenue from Sale of Assets in 2017 at JSL Logística was R\$365.1 million, which is a 22.1% increase in comparison to 2016, confirming that our asset base is highly liquid. In 2017, we signed new long-term agreements for a total sum of R\$1.1 billion, which attests to the confidence placed in JSL along with our ability to add value to the customer's business.

Movida successfully concluded its IPO process in February 2017. The R\$600 million raised reinforced the group's capital structure to continue investing in its growth, also

helping to develop the Company's governance, structures and maturity. In 2017, Movida registered Consolidated Net Revenue of R\$2.5 billion, which represents a 35% increase, while Net Income in 2017 totaled R\$65.7 million, more than double the figure posted in 2016. The differential of the services we offer helped Movida RAC post a 37.7% growth in the number of daily rentals, which added up to a total of 11.3 million in the year, with 410 thousand new clients and a 74% occupancy rate. Ensuring that our profile remained innovative, we launched new products such as Movida Mensal Flex and Movida Bagging, in addition to refining our CRM and yield management tools. At Movida

GTF, a selective growth strategy contributed to a 12.6 percentage-point increase in the EBITDA margin and a roughly 10% higher average monthly revenue per car. In both the RAC and GTF business lines, there has been a marked development in our administrative processes, especially in default controls, fraud, theft and faulty cars, and we expect to see further improvements over the course of 2018. Net Revenues from our Semi -New Vehicles Business totaled R\$1.5 billion, which translates into a 40% increase in Y-o-Y terms. Highlight goes to the increase in the volume of cars sold per store, with more than 51% of these sales being to end consumers.

The **Dealerships** reported Net Revenue of R\$828.9 million in 2017 and a significant increase in EBITDA to R\$20.7 million, which represents a of 3.6 percentage-point margin gain in year-on-year terms. The maintenance of the sales volume is a reflection of the fact that the economic conditions began to show an improvement at the end of 2017.

JSL Leasing posted Net Revenue of R\$24.0 million in 2017, with a relevant gain in gross profit of R\$14.5 million. The volume of operations, although still small, increased three-fold, and we are continuing to build a leasing compa-

ny in a solid, sustainable way that complements the business of rental and sale heavy assets.

Consolidated **EBITDA** was R\$1.2 billion and the EBITDA margin came out to a figure 22.6%, which is a 2.1 percentage-point increase, due to Logística's greater operational efficiency, as well as to the extraordinary items that occurred in 2016.

Consolidated **Net Income** totaled R\$16.7 million in 2017, supported by JSL Logística and for better results in Movida, as well as the slightest financial expenses in the period.

In order to sustain growth in 2017, our gross investment was R\$2.7 billion, of which R\$1.8 billion was in renewal with the remaining R\$900 million being in expansion. Consolidated JSL's net investment totaled R\$850 million, most of which was split between Movida (R\$640 million) and Logística (R\$191 million, 50% of the amount in 2016), which is a significant decrease in net investment against 2016 when the comparable figure was R\$1.1 billion. It should be stressed that this deceleration is a consequence of the end of the formation of the group's bases with the necessary reach and scale, capable of boosting our growth without significant increases in in Movida's CAPEX. We



also emphasize the opportunity for growth with the existing operating asset bases in the logistics business, bearing in mind that there is sufficient capacity to quickly absorb an increase in our customer volume, based on the economy's expected growth in 2018.

We highlight the management of liabilities and restructuring of the debt profile throughout 2017, which was mainly directed at increasing its average term along with the use of new sources of funding. With this objective, in July JSL concluded the issue of an inaugural Bond on the international capital market, with a sum of US\$325 million and a term of 7 years, which is a significant improvement in comparison to the

average term obtained on the domestic market. In January 2018 the same program was reopened and JSL raised an additional US\$300 million, increasing the average term of its consolidated net debt to 4.4 years (at the start of 2017 it was 2.4 years). Over the next few periods JSL's liability management, coupled with the Company's financial discipline, will result in improvements to its debt profile, capital structure and financial indicators. The company's net debt/ EBITDA ratio at the end of 2017 (pro forma, including standardized figures from Borgato and Fleet Services) was equal to 4.4x, which denotes a decrease against the 5.0x figure observed at the end of 2016. The deleverage has occurred due to increased operating results in all the business units.

At the end of 2017, we announced the conclusion of the operation to purchase Sociudades Borgato, which was approved by CADE without any restrictions. Sociudades Borgato operate in the Brazilian market for the rental and sale of trucks, machinery and equipment, with a focus on agribusiness. Its portfolio is complementary to JSL's current portfolio and strengthens JSL's leadership position with the creation of Vamos, Brazil's largest company in the area of rental and sale of heavy assets.

JSL starts 2018 with its business units organized into five independent but synergistic companies. Among the main changes,

Vamos, which includes activities related to the rental and sale of trucks, machinery and equipment, henceforth also includes Leasing activities and Dealerships of Heavy Vehicles. CS Brasil with focus on similar service contracts to JSL Logística e Movida, with the public sector JSL Logística will maintain its dedicated service, freight and cargo transportation activities, while Movida and the Light Vehicle Dealerships will continue to be presented independently. Among the main objectives of this new business organization, we highlight the following:

- To simplify the business structure, making it easier for the market and for the customer to understand it;

- Business units transformed into independent companies which exhibit synergies;
- Greater focus and agility in the management of each unit, with dedicated management;
- Transparency of results and a track record of deliveries;
- Comparability with companies in the same sector;
- Cycle of perpetuation of culture and of relationship with customers.

By means of this organization, we will provide support for greater autonomy and accountability on the part of the managers, with whom we share the vision of business owner, as well as perpetuating our values and strategic objectives, with the purpose of generation of value to the shareholder. Over the course of our more than 60-year history, we have built a unique business model that is aimed at undertaking services customized to meet the clients' specific needs, adding value and optimizing processes at each stage of the services performed, so that the clients can focus on their own businesses. In this way, we have built a solid culture with differentiated people, which is the basis for the perpetuation of the business.

We are immensely proud of our track record and of the goals that we have achieved so far. Since the IPO held in 2010, JSL has grown more than 5.1x in terms of revenue and 5.6x in EBITDA, mainly as a result of the organic expansion of its operations. At this point, with the adjustments we have made in recent years, we offer the market the

conclusion of the group's new organization into companies that have significant percentage shares of the sectors in which they operate, with an independent, but synergistic, management structure, in order to achieve gains in scale and reach in their businesses. We believe that, in this way, we are initiating a new consolidation cycle of our business model, which will help obtain the best results from each company.

Reinforcing our culture of work with respect and our commitment to transparency and ethics in all our commercial and professional relations, in 2016, we implemented the Compliance Program in order to ensure the perpetuation of these practices. One of the outcomes of this work is the NGO Transparency International's recognition of our anti-corruption program and of JSL as one of the most transparent companies.

We are grateful for our employees' commitment, our investors' and shareholders' trust, as well as too the financial institutions and suppliers that support us, and particularly our clients, whom we are very proud to serve, as well as to all those who contribute to help us achieve our goals.

Thank you,

Fernando Antonio Simões
MANAGING DIRECTOR OF JSL S.A.





MAIN HIGHLIGHTS AND INDICATORS FOR 2017

(GRI 201-1)

In yet another year of achievements, in the face of a challenging domestic scenario and with a focus on execution and profitability, we present below our main highlights of 2017.



Consolidated Gross Revenue of R\$8.2 billion, which represents an **11% INCREASE** in comparison to 2016

Consolidated Net Revenue of **R\$7.3 BILLION**, which translates into an 11.2% growth

Consolidated EBITDA of **R\$1.2 BILLION**, up 16% in year-on-year terms

Consolidated Net Income of **R\$ 16.7 MILLION** in 2017

Consolidated CAPEX of **R\$ 850 MILLION** in 2017

Movida's IPO in February 2017, which raised the amount of **R\$ 600 MILLION**, strengthening the company's capital structure



First international issue of JSL Bonds in the amount of **US\$ 325 MILLION** and a term of 7 years, with a subsequent issue in January/2018 of an additional **US\$ 300 MILLION** lengthening the company's net debt profile to an average term of 4.4 years and helping diversify the funding base



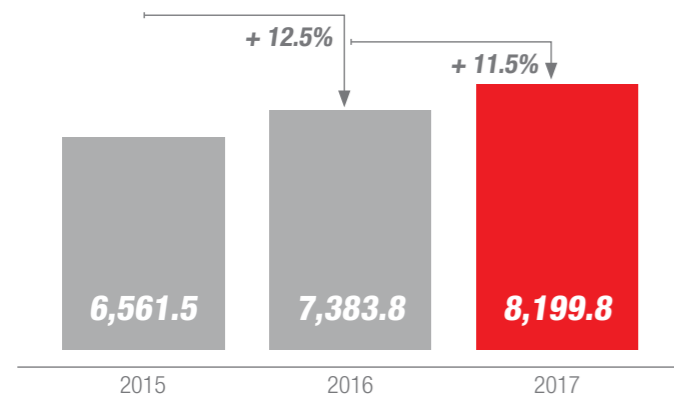
Acquisition of Sociedades Borgato, consolidating JSL's leadership position as the **LARGEST COMPANY IN BRAZIL** in the rental and sale of vehicles and heavy machinery market



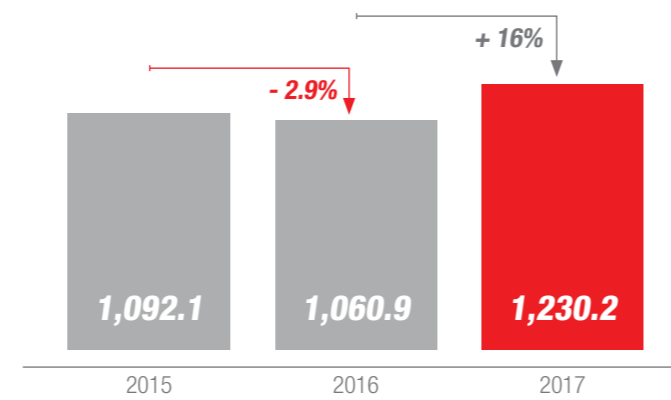
In December 2017 we announced JSL's new business organization, which will give **MANAGERS GREATER AUTONOMY** and allow the perpetuation of our values and strategic objectives.

MAIN INDICATORS

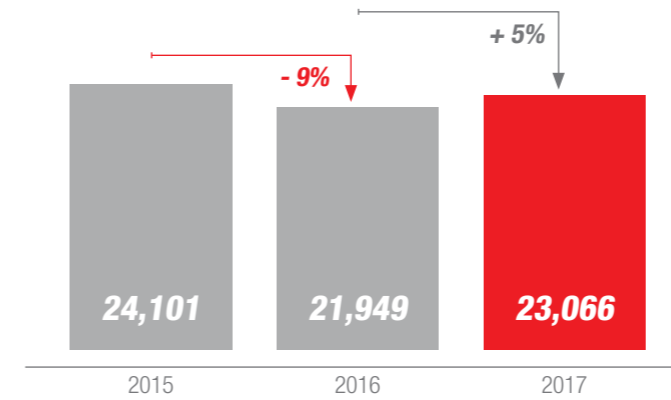
Consolidated Gross Revenue (R\$ million)



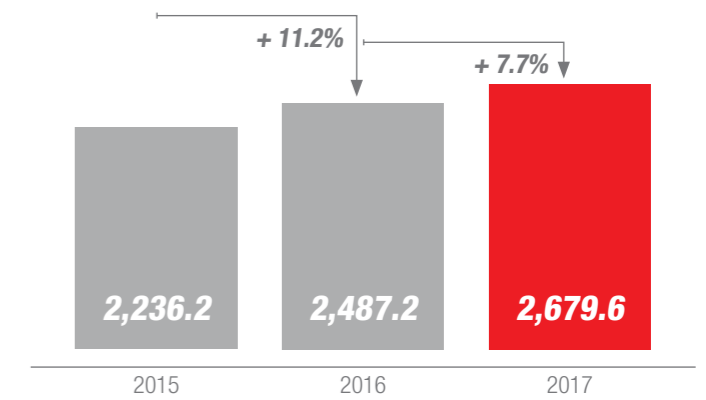
Consolidated EBITDA (R\$ million)



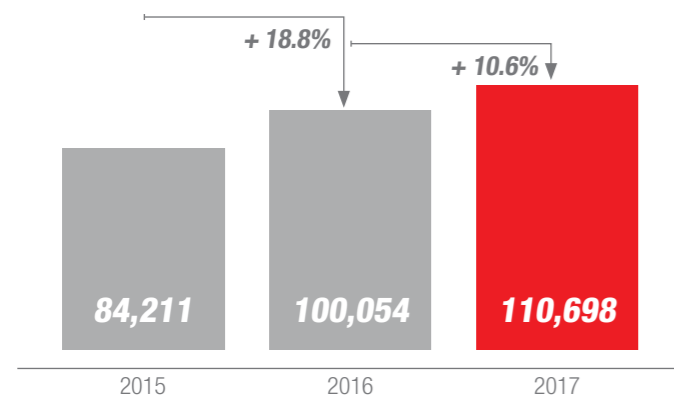
Employees



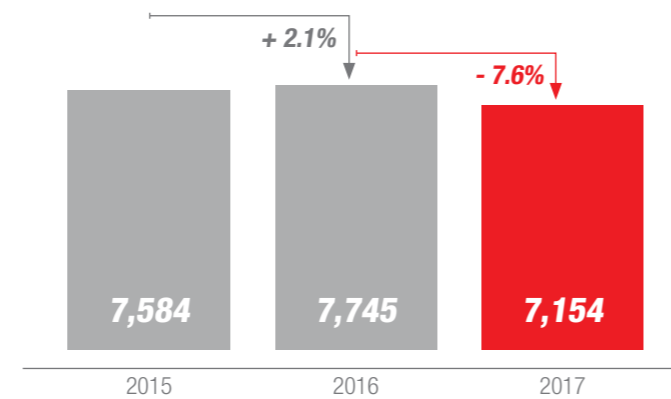
Consolidated Gross Investment (R\$ million)



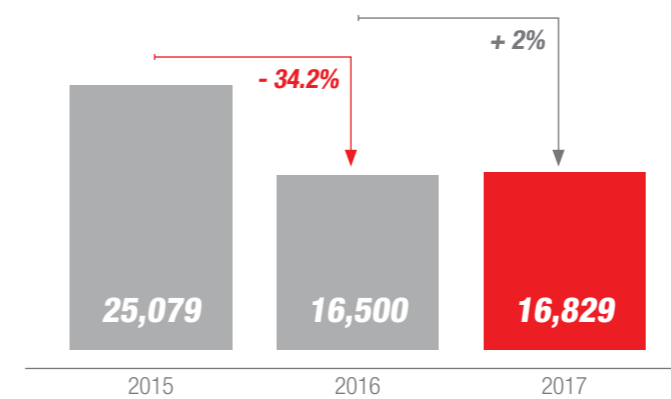
Total Assets (un)



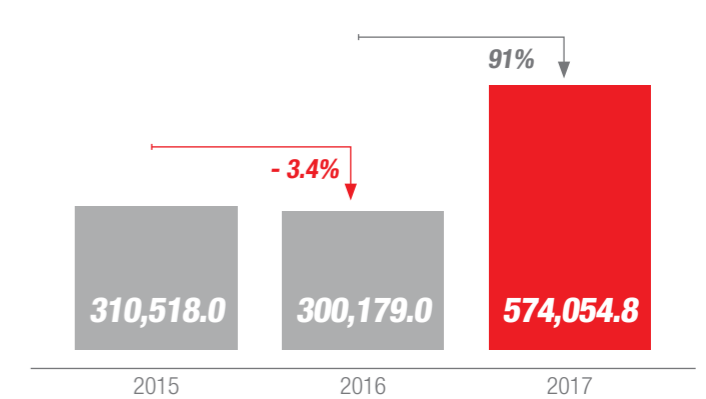
Heavy Vehicles



Employees Trained



Emissions (tCO₂e)





ABOUT THE REPORT

(GRI 102-46, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53, GRI 102-54, GRI 102-56)

With joy and pride, we present JSL's eighth Annual Report, which is published annually. Based on the Global Reporting Initiative (GRI) methodology, Standards, in its "Core" option, we disclose our business model, strategy, management and environmental, social and economic-financial information for the year 2017, including the updating of some figures up until the document's release date.

In order to define the content, we consulted our main stakeholders so as to raise the most relevant topics to be covered. Based on this, in 2016 a Materiality Matrix was drawn up, which is presented in this report.

Including all of our operations, the businesses described in this report are the same ones as those included in our Financial Statements, with highlight going to each business' impact on JSL's performance. For the most part the scope of the sustainability indicators refers to JSL Logística's activities and Movida's operations, which is where the majority of our services are concentrated and, which subsequently accounts for the greater part of the social and environmental impacts. The consolidation of the financial results includes JSL Logística, Movida, JSL Concessionárias de Veículos and JSL Leasing, and also takes into account eliminations between the businesses.

Potential significant changes in relation to figures reported in previous years, as well as changes in the calculation ba-

sis or in the indicator measurement techniques, are highlighted throughout the text.

The GRI indicators reported here were correlated with the principles of the UN Global Compact¹, an initiative that we signed up to in 2014.

The economic-financial information adheres to International Financial Reporting Standards (IFRS) and is reported based on the 2017 financial statements audited by KPMG. The full financial statements are available on the Investor Relations website (jsl.com.br/ri), including the accompanying notes and the reports of the independent auditors and of the Fiscal Council. Once again, we chose not to carry out an exter-

nal verification of the rest of the document, which is drawn up with the assistance of a specialized consulting firm. The operating data is presented based on internal management controls and on the area's specific measurement systems, which are reviewed at regular intervals by their respective officers.

Firmly committed to a concise communication of the corporate results, we present the financial and non-financial information in a unified way, in line with the discussions on the development of the Integrated Report proposed by the International Integrated Reporting Council (IIRC).

For contacts in relation to the Annual Report for 2017 we provide the following relationship channel: ri@jsl.com.br.

This report together with its previous versions, in Portuguese and English, is available for viewing or downloading at our website: ri.jsl.com.br.

1. The Global Compact is an initiative that was developed by the UN to mobilize the international business community to adopt fundamental and internationally accepted values in its business practices in the areas of human rights, labor relations, the environment and the fight against corruption, being reflected in 10 principles.



we present JSL's eighth Annual Report
**OUR BUSINESS MODEL,
STRATEGIES AND OTHER
HIGHLIGHTS OF 2017.**





JSL

(GRI 102-1, GRI 102-2, GRI 102-3, GRI 102-4, GRI 102-5, GRI 102-6)

MORE THAN 60 YEARS OF HISTORY AND HARD WORK

Operating in the market since 1956 and with clients from various sectors of the Brazilian economy, JSL S.A., which has its administrative head office in the municipality of Mogi das Cruzes, in the State of São Paulo, is the company with the largest portfolio of logistics services in Brazil, being the leader in the segment in which it operates. We operate throughout Brazil (21 Brazilian states) as well as in three other Mercosur countries (Argentina, Chile and Uruguay), and we provide high added value services, ranging from freight transportation to the total outsourcing of logistics chains, always in an integrated, flexible, customized and agile way.

Our history was built on a solid principle: understanding customers in order to serve them with quality and agility. The company's performance and its leadership position in the Brazilian market is due to its ability to plan, implement and operate customized services, in line with the needs and specific characteristics of each client.

With a pioneering approach and a leadership position in the logistics market, every year we continue to exhibit greater solidity and credibility in all businesses, reinforcing the connection between our various products and services. We maintain a constant



pace and our actions are very well directed, always with a focus on diversifying our business and looking for new opportunities.

All this began in the late 1960s, when Mr. Julio Simões founded the current JSL S.A. (B3: JSLG3). Ever since then, we have been offering innovative solutions for the needs of a rapidly developing market, in which we are at the forefront.

The dream of a better future of the young Portuguese immigrant who left his homeland became a reality, and went far beyond what he himself had imagined. JSL's more than 60 years' existence means that it has a very substantial knowl-

edge of the market, with the country's largest portfolio of logistics services.

"Understand in order to Serve" continues to be our motto, since this objective is at the very core of the company's history and of the values of Mr. Julio Simões, who in Mogi das Cruzes took the first steps towards the Company's consolidation, with a great deal of effort, boldness, work and attention to growth opportunities.

We currently employ more than 23,000 people and negotiate with around 500 clients in 16 sectors of the economy,

and even with the country's political and economic challenges, we continue to work with determination, improving our actions in order to serve and understand our customers.

Always looking at the specific characteristics of the business and the resulting specific demands from customers, over the course of our history we have developed a solid portfolio of solutions in logistics, offering them in a personalized way to each company. Our services encompass all stages of logistics, from the initial moment, such as the management of the flow of inputs, to the final stage of consumption, arriving at reverse logistics.

With more than 110,000 operating assets, JSL Group's portfolio of services includes the activities of Movida, a company for renting vehicles to individuals and legal entities, which ended 2017 with 183 car rental stores, 58 semi-new vehicles stores and 75,860 cars. For the sale of our heavy assets, we currently have 16 JSL Seminovos stores.

In addition, we have 28 JSL Dealerships of light and heavy vehicles, which operate in an independent but complementary way, in relation to the other activities. The dealerships contribute to conserving one of the country's youngest fleets, and JSL Leasing collaborates in the implementation of financial and operational leasing.

With the implementation of the SAP system at JSL Logística, in 2016, we started the automation of processes in a number of areas such as Finance, Purchasing and Accounting, among others; we have begun tracking and monitoring management information and have reduced deadlines, along with other benefits. The new tool made it possible to improve the efficiency of management and decision making inside the company. In 2017 we concluded the process of implementing the system at JSL and began to implement it at Movida.

In the face of so much positive news, it can be seen that our leadership in the Brazilian market is a tangible result of our capacity and ability to plan, implement and operate tai-

lor-made services. In addition to this, we also adhere to a policy of diversification and rapid structural adjustments, whenever necessary, which can be translated as greater agility for getting through difficult periods, in which we always seek to maintain our focus on sustainability and on our development.

In order to find out more details regarding the history of the group's companies, everyone is welcome to visit the Julio Simões Center of Memory and Culture, which is located in our administrative headquarters in the municipality of Mogi das Cruzes. Out of respect for the important legacy left behind by the company's founder, we are continuously working to ensure professionalism in terms of managing

the business, in accordance with the best market practices. Daring, vision of the future and innovation are some of the characteristics that define the day to day within the JSL, boosted by all of those who are part of our achievements and challenges. May this young and enterprising spirit continue for many years to come, so that we can share the best results with all of our stakeholders.

Main Services

(GRI 102-2)

- Provision of Logistics Services, carried out by means of our four lines of business: Services Dedicated to the

Supply Chain; Management and Outsourcing of Fleets and Equipment; Passenger Transport and General Cargo Transport.

- Rental of trucks, machinery and equipment and dealerships of MAN/VOLKSWAGEN and DAF trucks and of Valtra machinery and equipment.
- Car rental with RAC (Rent-a-Car) and GTF (Fleet Management and Outsourcing) activities.
- Sale of vehicles: via the network of dealers (Original Volkswagen, Fiat Ponto, Ford Avante) or semi new vehicle stores (Seminovos JSL or Movida Seminovos).
- Offering financial and operational leasing with JSL Leasing.

We highlight below JSL's main brands:



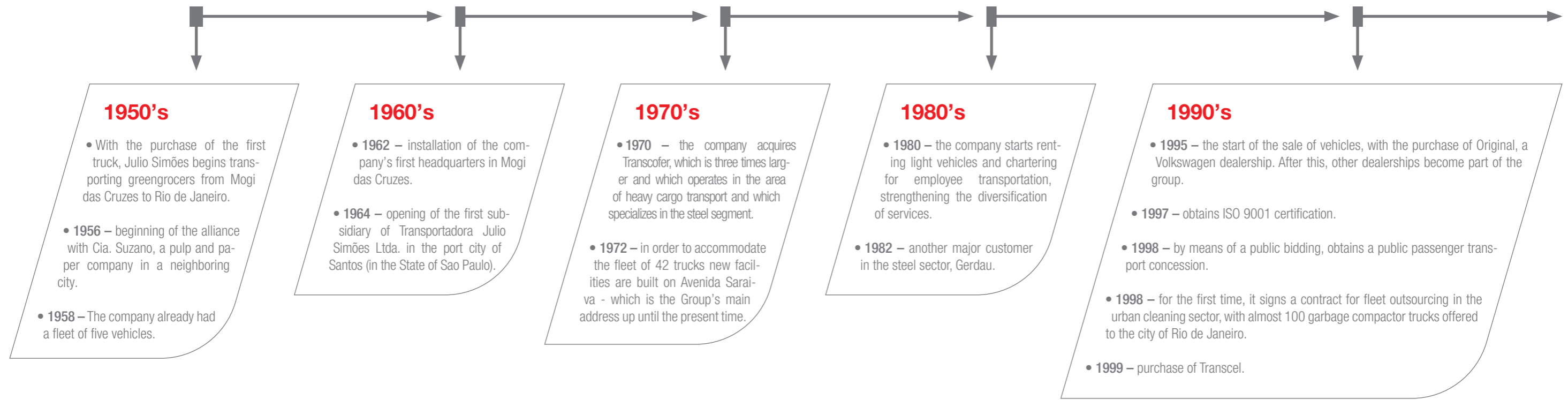
JSL Locações



Movida Participações S.A.



TIMELINE



2000's

- **2008** – acquisition of Lubiani Logística, a company that specializes in heavy transport.
- **2009** – the urban cleaning operations (under the name of Stralu) and public transportation operations (Transcel) are consolidated in CS Brasil (Companhia de Serviços). Julio Simões becomes once again a Joint-Stock Company and is given the name Julio Simões Logística S/A.

From 2010 to 2017

- **2010** – JSL goes public and is listed on the Novo Mercado, which is the highest level of corporate governance in B3.
- **2012** – start of logistics operations of MAN-RJ and merger of SIMPAR Concessionárias in order to expand the channel for the resale of the assets used.
- **2013** – acquisition of Movida Rent a Car, a car rental company.
- **2014** – start-up of JSL Leasing operations and approval of suppliers in accordance with social and environmental criteria. In addition, the company makes a signed commitment to the UN Global Compact and enters the B3 ISE Corporate Sustainability Index 2015.
- **2015** – JSL is elected the best company in the transportation sector by the magazine Exame Melhores & Maiores. Beginning of Movida Seminovos operations.
- **2016** – JSL celebrates 60 years of hard work and achievements. It acquires Quick Logística and is once again elected the best company in the transportation sector by the magazine Exame Melhores & Maiores. Beginning of the process of taking Movida public.
- **2017** – R\$600 million raised with Movida's IPO process in February 2017 and the capital structure is reinforced. JSL receives the ANEFAC Transparency Trophy 2017. Acquisition of the Borgato Group, a company that operates in the rental and sale of vehicles and heavy equipment for the agricultural sector.



MISSION, VISION AND VALUES

(GRI 102-16)

Mission

To offer logistics services and solutions with committed people, creating value for customers and shareholders and contributing to the development of the communities in which it operates.

Vision

To maintain itself as the leading Logistics Operator in the market, with the greatest range of services and innovative solutions, recognized for its quality and aligned with customers' needs; to be recognized for the professionalization of its management; to become a reference in relation to the use and sale of assets.

Values

- **Client:** To understand and to Serve, ensuring a continuous relationship.
- **People:** Make the difference in our business.
- **Work:** Nothing is built without .
- **Simplicity:** Objectivity in actions, ensuring agility.
- **Profit:** Indispensable to growth and continuity.

AWARDS AND ACKNOWLEDGMENTS IN 2017



Transparency Trophy: selection of those companies that have the most transparent financial statements in Brazil, in three categories. The analysis is carried out by master's degree and PhD students from USP (University of São Paulo) in accordance with the financial statements published.



Transparency International: JSL ranked among the 20 best companies in the report prepared by Transparency International (www.transparency.org), which evaluated the anticorruption programs and organizational transparency of Brazil's biggest companies.



Tribute from Caixa: Congratulations to JSL on its 60 years of existence and achievements.



Outstanding Supplier Award 2017: Cenibra recognized JSL in the Dedicated Transport category - Larger scale.



Biggest in the Transport Sector and Best in the Transport Sector: in the survey carried out by the publisher Editora OTM, the company was nominated in the Partners category.



Congratulations from Codema: Scania honored JSL for the company's 60 years of activity



Daimler Supplier Award 2016 Certificate - International Procurement Services: acknowledged by Daimler Mercedes as the largest company in terms of operating revenue in the road haulage sector.



Empresas Mais: the company was in 2nd place in the award given by the newspaper Estadão, in the Transport and Logistics category.



Tribute from MAN: Congratulations to JSL on its 60 years of success and leadership.



Excellence in Fleet Transport: awarded by the company Brasil Kirin in the ETRAF (Transport and Fleet Excellence) Program as the best carrier in 2016.



Top do Transporte Award: JSL was named Top of Transport in 2017 by cargo shippers, in the Automotive specialty.

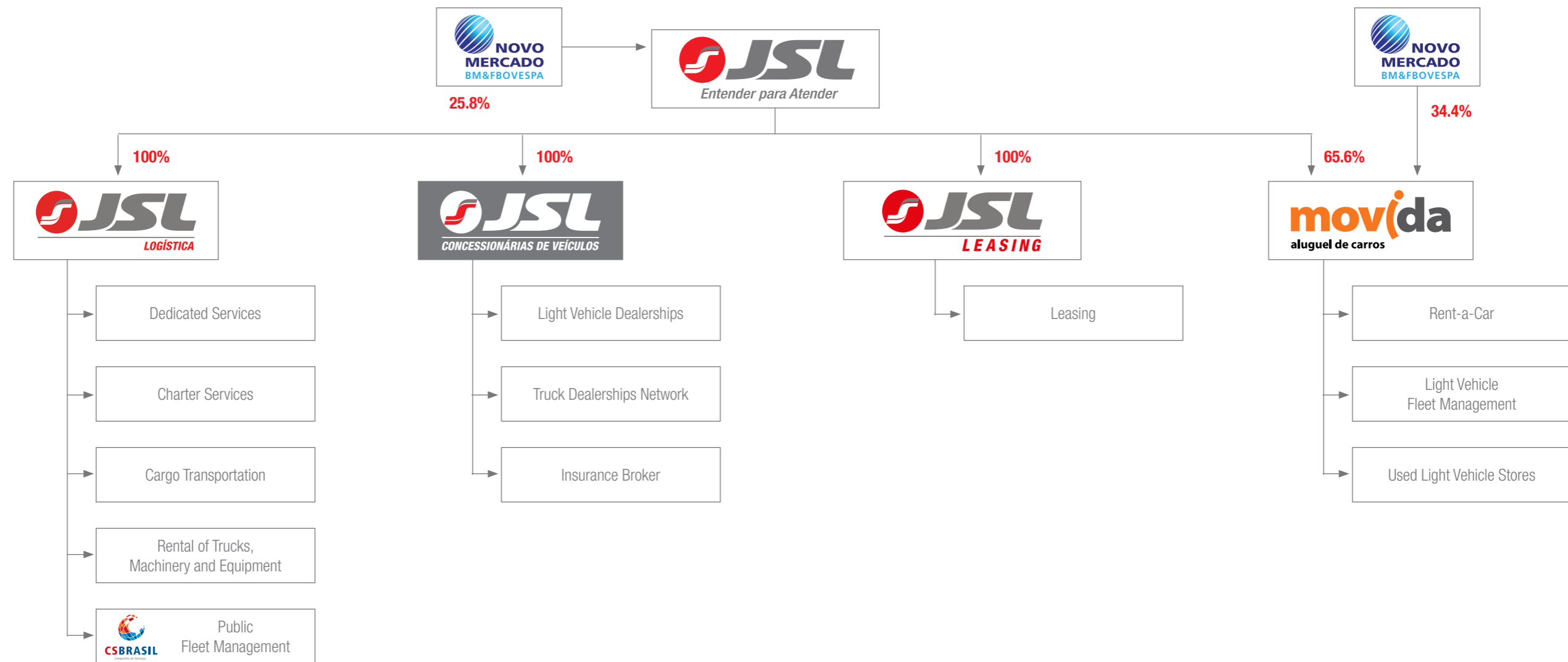


Award of the Best Companies for Workers with Disabilities: JSL was one of the finalists in the award granted by the Government of the State of São Paulo.

BUSINESSES AND MARKETS SERVED

(GRI 102-2, GRI 102-6, GRI 102-10)

Business structure in 2017 – from 2018, the Company will disclose the structure seen on page 24.



UNIQUE, DIVERSIFIED AND SYNERGISTIC BUSINESS MODEL

1 "UNDERSTAND IN ORDER TO SERVE"

PRICING AND SIGNING OF THE AGREEMENT



PRICING OF INPUTS

- Asset acquisition price
- Depreciation
- Operating expenses
- Residual value



STRUCTURE OF THE AGREEMENTS

- From 2 to 10 years
- Readjustment mechanisms
- Minimum volumes
- Cancellation fines

2 MARKED BARGAINING POWER

FINANCING AND ACQUISITION OF ASSETS



VARIOUS SOURCES OF FINANCING

- FINAME
- Leasing
- OEMs
- CRA



ACQUISITION OF ASSETS

- Largest buyer of heavy vehicles and equipment in Brazil
- Second largest buyer of light vehicles in Brazil



SCALE IN THE PURCHASE, CROSS SELLING AND CAPILARITY IN SALES

4 ASSET TURNOVER CAPACITY

SALE OF ASSETS



USED VEHICLE STORES

- 70 stores



DEALERSHIPS

- 15 Light Vehicle stores



- 13 Truck stores



3 GREATER PORTFOLIO OF SERVICES



- Dedicated Services
- Cargo Transportation
- Charter Services



- Public Fleet Management
- Urban Mobility
- Urban Cleaning
- New Business



- RAC
- Light Vehicle Fleet Management
- Used Light Vehicles



- Light
- Heavy
- Insurance

MAP OF OPERATIONS



+230 Branches in :

21 States and
4 Countries

+23,000

Direct Employees (all the companies)

+110,000 operational assets:

75,860 Movida and
34,838 JSL Logística

14 Distribution Centers throughout Brazil

1 (CLI) Intermodal Logistics Center

1 Dry Port and 1 REDEX

183 Movida - RAC

98 Own stores:

15 Light Vehicle Dealerships

13 Heavy Vehicle Dealerships

58 Light Semi New Vehicle Stores

12 Heavy Semi New Vehicle Stores

JSL Logística

We have a business model that attaches value to the commitment to understanding our clients' needs in order to serve them in a personalized and unique way. That is why by means of JSL Logística we offer practical and specific solutions, always with an eye on innovation and on the continuous improvement of our processes, in this way boosting the productivity of various sectors of the economy such as Agri-

culture, Food, Automotive, Capital Goods, Consumer Goods, Electricity, Paper and Pulp, Public, Chemical, Services, Iron and Steel and Mining and Municipal Transportation.

With operations in 21 states in Brazil along with three other Mercosur countries (Argentina, Chile and Uruguay), we rely on our Brazilian branches playing a leading role.

Our business was built on five pillars:

- **Dedicated Supply Chain Services:** integrated logistics projects; information management of the logistics chain; input flow management (inbound); internal logistics (product movement and inventory management); reverse logistics; warehousing and urban distribution, among others;
- **Chartering:** bus chartering for the transportation of customers' employees and for tourism;
- **General Cargo Transport:** "point-to-point" transport of raw materials or finished products;
- **Rental of Trucks, Machinery and Equipment:** rental of machinery and equipment; rental of light vehicles with services; rental of heavy vehicles with and without services along with other personalized services;
- **Public services:** municipal public transport, urban cleaning services, management and rental of vehicles, machinery and equipment, contracts resulting from bidding processes won for the lowest price.

By integrating operations and serving the specific characteristics of each client, we develop lasting relationships. Combining this characteristic with the set of diversified services that we offer makes it possible to identify cross-selling opportunities, thus contributing to the Company's organic growth. Taking into account our broad portfolio of services and in light of the diversification of customers, our largest customer accounts for 9% of service revenues and the

largest single sector contributes 16% of this revenue, which minimizes risk and increases opportunities for growth.

Constructed in an exclusive and customized way, under our business model the projects are carried out according to the operational premises of the agreements signed. Each agreement includes a cycle that begins with the pricing of the projects, followed by the financed purchase of specific assets. First, the resources necessary for the operation's execution are inserted, including the physical structure, the team of employees and the assets. After this we begin to provide services, with the generation of cash flow. At the end of the contractual period, which varies from 2 to 10 years, the used assets are sold by one of the Semi New-used Vehicle stores or by JSL Concessionárias de Veículos, taking into account the estimated residual value of the assets.

In 2017 we launched JSL Labs, an innovation project for connecting the Company with startups. The goal is to look for solutions that exhibit synergy with JSL's processes and that present consistent growth within the logistics market. There were more than 160 companies registered, out of which 21 were chosen and assessed by the Commercial, IT, HR, Financial, Marketing and Operations areas. About 12 of these companies will undertake paid pilot projects lasting up to 5 months in various areas of the Company, such as Finance, People Management, Treasury, Supplies and Logistics Operations.



Movida – Rent a car

Based on innovation, technology and agility, Movida consolidates the car rental (RAC) and Fleet Management and Outsourcing (GTF) activities. It operates in accordance with the culture of being of service to the client, perpetuating and reinforcing the bonds and the relationships.

In December 2017, Movida had a total fleet of 75,860 vehicles, out of which 57,059 were RAC vehicles and 18,801 were in GTF. The Company also had 58 own Movida Semi-new stores, which are used for the sale of vehicles with low mileage and only a few years of use.

We started off 2017 with a successful operation to take Movida public, raising the sum of R\$600 million, which testifies to our capital structure. After significant investments in its development since the company was acquired four years ago, Movida has achieved a prominent position and has consolidated itself as the second largest company in the RAC sector in Brazil.

Over the course of the year, we developed actions aimed at preventing losses, such as mapping the new forms of fraud and embezzlement; improvement of the biometric facial recognition system; increased use of trackers in the fleet - especially in areas of risk - and integration of locking and validation systems in the reserves.

In addition, we also created Movida Labs, an innovative project that selected 7 startup companies, with

bold proposals to co-create and transform opportunities into innovative mobility solutions. All of the companies were evaluated by the Commercial, IT, HR, Financial, Marketing and Operations areas. This is the case with Lady Driver, the first company in Brazil to offer a private transportation service with only female drivers, in addition to Flapper, the first private aviation marketplace in Brazil. The project also selected, for example, Bunee.io, a faster and more intelligent proactive platform for recruiting programmers. Movida is also going to be working in partnership with Trackage, which offers intelligent real-time monitoring solutions; Easy Credit, an online platform that assists its clients to obtain access to credit and other financial products; QueroQuitar, by means of which it is possible to locate, negotiate and settle debts over the internet; and Sambatech, which offers solutions for online videos.

Rent a car - RAC

Included among our activities is the rental of light vehicles, with daily, monthly and annual options for individuals and legal entities. We ended 2017 with 183 stores in Brazil's main cities and airports, providing our customers with agility and technological facilities.

In the light vehicle rental operation, we attach value to the provision of services and offer all our customers differentials, such as: a daily rate that covers 27 hours, personalized



service for companies, a new and diversified fleet, Carbon Free rental (which neutralizes carbon emission from rental by means of the planting of trees) a fleet equipped with CD player or USB ports in all categories, 4G Connection and Movida WiFi, GPS, express return by means of tablets, Radio Movida station, daily rates with protection included, 24-hour assistance, free mileage, youth rentals for those aged over 19 and the *Movida Move Você* (Movida Moves You) loyalty program. To improve reservations, we provide a specialized customer

service system, with a website, mobile application for all platforms, social networks and a phone service.

By means of Movida Premium, we also offer corporate rental of vehicles of a number of brands, such as Audi, Jaguar, BMW, Mini, Land Rover and Porsche.

Maintaining our innovative profile, in 2017 we launched new products such as Movida Mensal Flex and Movida



Bagging, in addition to making our CRM and yield management tools more sophisticated by using big data and artificial intelligence. We also launched Movida Trikke, with electric tricycles along Rio de Janeiro's waterfront area.

We were the first car rental company in Brazil to launch prepayment for customers in the reservation portal, providing customers with greater ease and convenience, in addition to improving the predictability of our operation.

Fleet Management and Outsourcing (GTF)

In this operation, the focus is on the rental of vehicles with long-term contracts, usually of more than 12 months, with corporate clients. This service includes the study of vehicle fleet sizing, taking into account both the acquisition and rental along with the maintenance and replacement of faulty vehicles. In order to manage these activities, we provide documentation support and online management

reports that provide transparency and agility. We offer our customers a personalized service with advanced technology and the support of our own network, which covers various contractual modalities, including: added services such as corrective and preventive maintenance, insurance, tire replacement, replacement vehicles for period of maintenance, option to purchase the vehicle at the end of the

contract along with many possibilities in terms of makes and models of vehicles. In 2017, we maintained our selective growth strategy and we now have an operation with a selected profile, also influenced by the Movida Premium brand, which is consolidated in this unit.

JSL Concessionárias de Veículos

Independently and highly complementary to the business' activities, this operation increases capillarity in terms of the distribution of light and heavy assets, ensuring a better residual value at the time of sale and contributing directly to the Company's strategy, by identifying the best moment for selling semi new vehicles and for purchasing new ones. By the end of 2017 there were 28 Volkswagen, MAN, Fiat and Ford dealership stores in seven Brazilian states, responsible for the sale of light, heavy, new and semi new vehicles to individuals and legal entities.

JSL Leasing

Customers benefit from the financial alternatives offered to facilitate access to trucks, buses, automobiles, machinery and equipment. Aligned and integrated with JSL's business model, JSL Leasing takes advantage of the opportunities connected to the chain of activities developed, such as the sale of assets from Logística or from the dealerships, to offer financial and/or operational leasing, with the purpose of acquiring vehicles and equipment.

2018 RESTRUCTURING

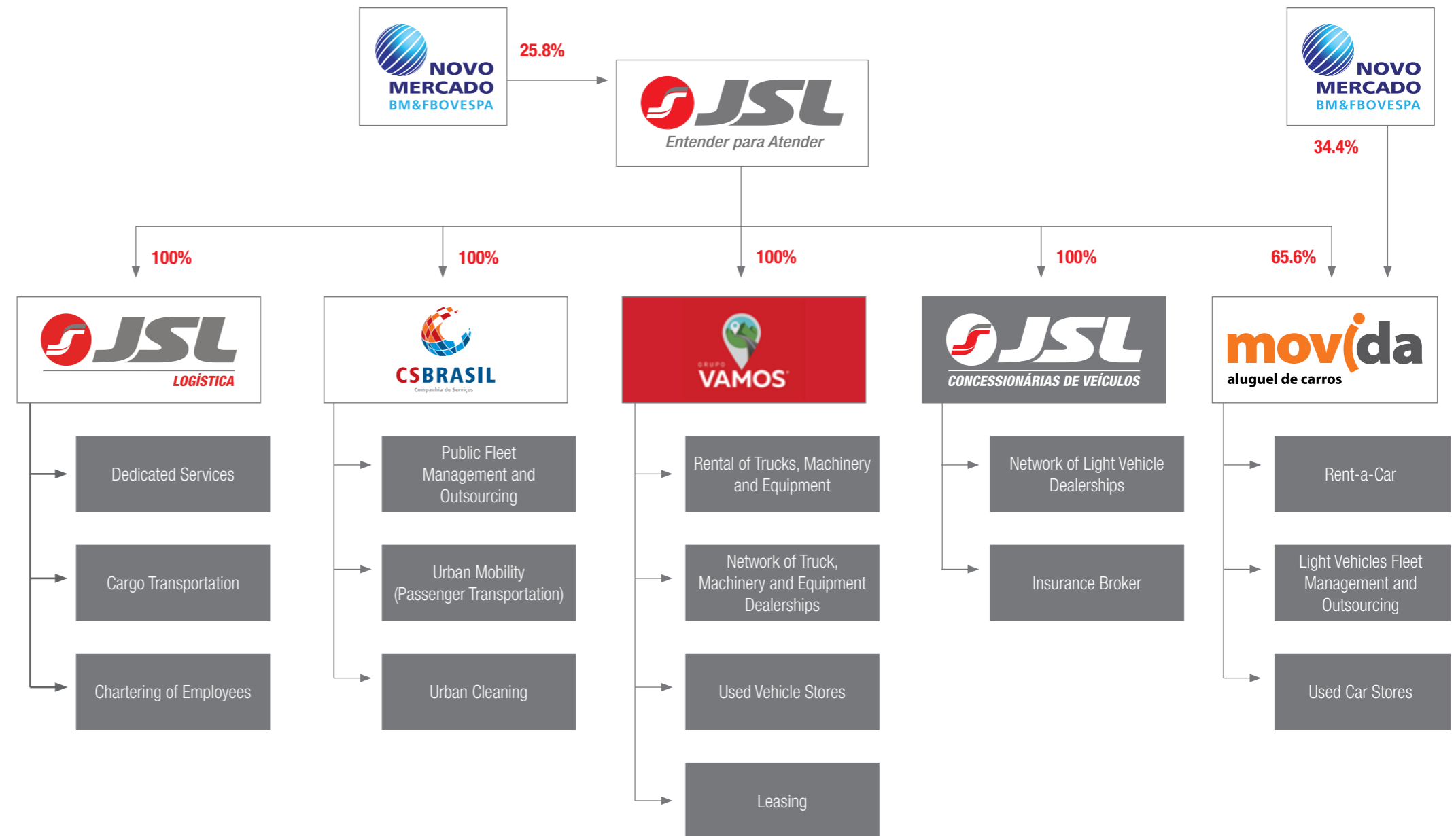
New JSL Development Cycle: Corporate restructuring

In 2018 we began a new cycle of the group's development, which will be boosted by the restructuring of our activities into five independent, synergistic companies. The goal is to simplify the corporate structure, increasing the transparency of the business units for investors and ensuring a greater focus on agility, with dedicated managers and with a view to perpetuating JSL's culture between the business units.

Among the main changes, highlight goes to the restructuring of the rental and sale of trucks, machinery and equipment, which together with the leasing activities, sale of semi new-used vehicles and heavy vehicle dealerships will become part of the structure of a new company, Grupo Vamos. CS Brasil continues to focus on service contracts with the public sector and on concessions. JSL Logística will continue with its dedicated service, charter and cargo transport activities, while Movidá and Concessionárias de Veículos Leves will continue to be presented independently.

The main objectives of the corporate reorganization are as follows:

- To simplify the business structure making it easier for customers and the market to understand it;
- Business units transformed into independent companies which exhibit synergy;
- Greater focus and agility in the management of each unit, with dedicated management;
- Transparency of results and a track record of deliveries;
- Cycle of perpetuation of culture and of relationship with customers.



CERTIFICATIONS



ISO 9001:2008 - Quality Management System

Customer service, product and provision of service are the items that are evaluated by this certification, which seeks to ensure a satisfactory standard of service quality along with its continuous improvement.



ISO 14001:2004 - Environmental Management System

With this certification, we ensure compliance with standards related to the environmental aspects and impacts generated by our activities, such as road transportation of non-hazardous products, taking into account our own fleet and independent truckers, combining the needs of the business with protection of the environment.



SASSMAQ - Safety, Health, Environment and Quality Assessment System

The focus of this certification is to attest to the reduction and prevention of accidents in the transport of hazardous and non-hazardous and packaged, solid and liquid chemical products. In this way, it aims to reduce the risks involved in transportation and distribution operations, by means of an evaluation of the environmental, health and safety management systems



BRC Global Standard for Food Safety - Business Assurance

This establishes standards for receiving, storing and shipping food products at controlled temperature and environment temperature, as well as personal care products, ensuring consumer safety.

ASSOCIATIONS OR PARTNER ENTITIES

(GRI 102-12, GRI 102-13)

JSL takes part in a number of associations and entities with a view to acting directly in multiple actions that contribute to improving the quality of life in the world, as well as encouraging discussions in the sector in which it operates. Some examples of this are:

- Program “*Na Mão Certa*” [On the Right Track], promoted by the World Childhood Foundation
- Global Plan of the UN Decade of Action
- UN Global Compact
- ABRINQ Foundation: Child Friendly Company Seal
- ABRACORP (Brazilian Association of Corporate Travel Agencies)



- ABRASCA (Brazilian Association of Publicly-Held Companies)
- ABLA (Brazilian Association of Rental Companies)
- ACAV (Brazilian Association of Latin American MAN Dealerships)
- ASSOBRAV (Brazilian Association of Volkswagen Dealerships)
- ABRACAF (Brazilian Association of Fiat Automobile Dealerships)
- ABRADIF (Brazilian Association of Ford Distributors)
- Instituto LIBERTA (Combating the sexual exploitation of children and adolescents in Brazil in all its forms)
- Instituto Ethos of Companies and Social Responsibility

In addition, in the first half of 2018 we became signatories to the Business Pact for Integrity and against Corruption, which

is designed to encourage a more ethical and fair market. In addition, we are part of the Work Group of the Business Pact for Integrity and against Corruption, which assists in the implementation of policies that promote integrity and against corruption and mobilizes companies and business entities (for further information, access: <https://www3.ethos.org.br/>).

JSL is also a member of the Work Group of the UN Global Compact Network Brazil, the objective of which is to mobilize the international business community to adopt fundamental and internationally accepted values in the areas of human rights, labor relations, environment and combating corruption, which are reflected in 10 UN principles, in its business practices.

In March 2018, we started a new partnership with Instituto Ethos of Companies and Social Responsibility, an Oscip (public interest non-governmental organization) whose mission is to mobilize, raise awareness and help companies manage their businesses in a socially responsible way, making them partners in building a fair and sustainable society.



CORPORATE
GOVERNANCE

(GRI 102-18)



CORPORATE STRUCTURE*

(GRI 102-10, GRI 102-45)

Our structure is made up of large companies, which help generate new business opportunities for the Group. In the wake of the decision to structure them as independent business units with synergy between them, creating additional value in each of the new companies, we began work on a corporate reorganization project.

The aim is to obtain greater clarity in the presentation of results and achieve a better understanding of the business units. Other benefits of this new model are as follows: lower funding costs for investments in specific segments, in order to attract investors interested in different business units; decentralizing and increasing the focus at each of the companies without losing the benefit of JSL's management, improving the capital structure and generating value for the shareholders.

Below, we present JSL's corporate structure, and it should be stressed that all the activities developed by the logistics business lines are concentrated in JSL S.A. The percentages shown in the chart represent the stake in the voting and total capital of the Subsidiaries indicated in the sequence.

With a focus on transparency, accessibility and equity of access to information for all stakeholders, we base our relationships on ethics and on a commitment to adhering to the market's best practices and principles in terms of corporate governance. To this end, we provide corporate mechanisms for the purpose of ensuring compliance with laws and regulations, always seeking to act in a preventive way based on efficient monitoring of risks and adequate management of internal processes.

We have a Board of Directors and an Executive Board, which also have the support of a Fiscal Council, created

based on the need pointed out by the minority shareholders. Our Ethics and Compliance Committee is responsible for monitoring our operations' compliance with laws, internal policies and ethical standards, guaranteeing continuous improvement of processes and the Company's continued existence, with direct reports to the Board of Directors. It should be stressed that our governance model adheres to the main guidelines laid down by the Brazilian Corporate Governance Institute (IBGC).

It is as a result of this work that, since April 2010, the company's shares have been listed on the Novo Mercado² seg-

ment of B3, which is the Brazilian stock exchange's segment with the highest level of corporate governance. Being part of this list testifies to our differentiated standard, as it increases shareholders' rights, improves the quality of the information provided and promotes agility in resolving conflicts.

In 2017 we implemented the Compliance Program and also structured and implemented Movida's Internal Control and Risk Management Committee. This enabled us to improve corporate governance and ensure the transparency of information.

2. The Novo Mercado is a segment of Bovespa that brings together companies which are committed to the highest level of corporate governance. For more information, check out: <http://www.bmfbovespa.com.br>

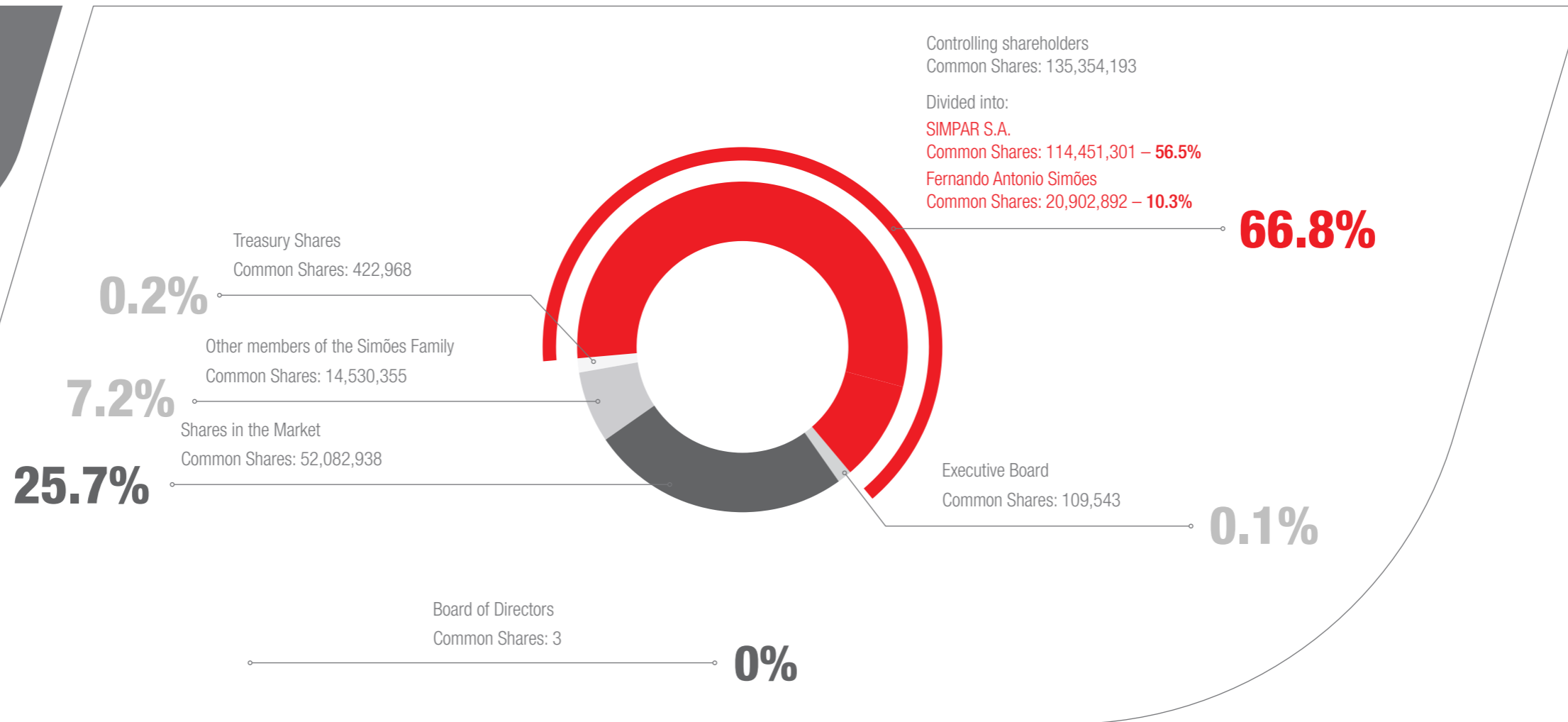
* Corporate Structure is available on the website: http://www.mzweb.com.br/juliosimoes/web/images/JSL_estrutura-societaria_pt-01.png

Subsidiaries (GRI 102-45)

AVANTE VEÍCULOS LTDA.	Dealership network of Ford light commercial vehicles.	JSL HOLDING FINANCEIRA	Participation, as a partner or shareholder, in the capital of financial institutions and other institutions authorized to operate by the Central Bank of Brazil.
BORGATO CAMINHÕES S.A.	Purchase and sale of trucks, parts, lubricants, provision of services in connection with repairs and conservation of vehicles and the such like, rental of trucks, road equipment, buses and vehicles in general.	MEDLOG PRESTAÇÃO DE SERVIÇOS LTDA.	Provision of logistics services for medicines and related products, including transport, storage and management of distribution centers, also being able to take part in other companies as a partner or shareholder.
BORGATO MÁQUINAS S.A.	Purchase and sale of new and used tractors, agricultural machinery and implements, parts and accessories, lubricants and agropastoral activities, provision of technical assistance services and the such like, purchase and sale of motor vehicles in general, import and export of goods, rental of tractors, agricultural machinery and implements, trucks, buses, vehicles in general, trailers, semi-trailers, highway equipment and the such like as well as highway transport of general cargo.	MOGI PASSES COM. DE BILHETES ELETRÔNICOS LTDA.	Issue, sale and reissue of transport vouchers and automated collective transport fare collection system electronic tickets.
CS BRASIL FROTAS LTDA.	Rental of motor vehicles, machinery and equipment of any whatsoever type, with or without a driver, and the provision of fleet management, administration and maintenance services (preventive and corrective), and in addition may also take part in other companies as a partner or shareholder.	MOVIDA GESTÃO E TERCEIRIZAÇÃO DE FROTAS LTDA.	Rental of vehicles, trucks, machinery and equipment with or without a driver; provision of fleet management, administration and maintenance services (preventive and corrective); intermediation of business.
CS BRASIL TRANSPORTE DE PASSAGEIROS E SERVIÇOS AMBIENTAIS LTDA.	Urban and highway passenger transport services; municipal public cleaning; garbage collection and transport; rental, management and maintenance of vehicles, machinery and equipment; sale of new as well as used light and heavy vehicles, machinery and equipment in general; in addition to assessing the scenario regarding opportunities for actions in the infrastructure business.	MOVIDA LOCAÇÃO DE VEÍCULOS S.A.	Rental of motor vehicles, with or without a driver; administration and licensing of trademarks in the vehicle leasing field, under the business franchise regime; and participation in other companies, as a shareholder.
JSL ARRENDAMENTO MERCANTIL	Performance of leasing operations defined in Law No. 6.099, dated September 12, 1974.	MOVIDA PARTICIPAÇÕES S.A.	Participation in other companies, as a partner or shareholder, both in Brazil as well as abroad ("holding company"). By means of its subsidiaries, it undertakes car rental and fleet management and outsourcing (GTF) activities.
JSL CORRETORA E ADMINISTRADORA DE SEGUROS LTDA.	Administration and brokerage of property insurance, life insurance, health insurance, capitalization and pension plans.	ORIGINAL VEÍCULOS LTDA.	Dealership network of Volkswagen light commercial vehicles.
JSL EMPREENDIMENTOS IMOBILIÁRIOS	Purchase and sale of chattels and real estate, rental and administration of chattels, own real estate and participation in real estate ventures and development.	PONTO VEÍCULOS LTDA.	Dealership network of Fiat light commercial vehicles.
JSL EUROPE S.A.	Direct and indirect acquisition and stakes, in any whatsoever way, in Luxembourg and/or foreign enterprises, as well as the administration, management and development of the aforesaid enterprises.	QUICK ARMAZÉNS GERAIS LTDA.	Warehousing and storage of solid, liquid and gaseous products.
JSL FINANCE S.A.	Acquisition by purchase, subscription and any other form of investment, or otherwise, as well as the transfer by sale, exchange or otherwise of securities of any whatsoever kind and the administration, control and development of its portfolio. An additional objective is the acquisition and sale of real estate, both in the Grand Duchy of Luxembourg as well as abroad, in addition to all transactions related to real estate.	QUICK LOGÍSTICA LTDA.	Logistics operations in general, such as handling of merchandise, palletization, assembly of sets of merchandise, packaging and warehousing of goods.
		RIOGRANDENSE NAVEGAÇÃO LTDA.	Exploitation of river transportation of people and cargo.
		TRANSRIO CAMINHÕES, ÔNIBUS, MÁQUINAS E MOTORES LTDA.	Dealership network of Fiat light commercial vehicles.
		VAMOS LOCAÇÃO DE CAMINHÕES, MÁQUINAS E EQUIPAMENTOS	Rental of heavy vehicles, machinery and equipment with or without a driver; and provision of fleet management, administration and maintenance services (preventive and corrective).
		YOLANDA LOG. ARM. TRANSP. E SERVIÇOS GERAIS LTDA.	Operation of the Dry Port customs terminal, located in the municipality of Recife, in the State of Pernambuco, with general storage, distribution of materials, packaging and packing of cargo, and air, road and maritime cargo transportation activities.

SHARE OWNERSHIP

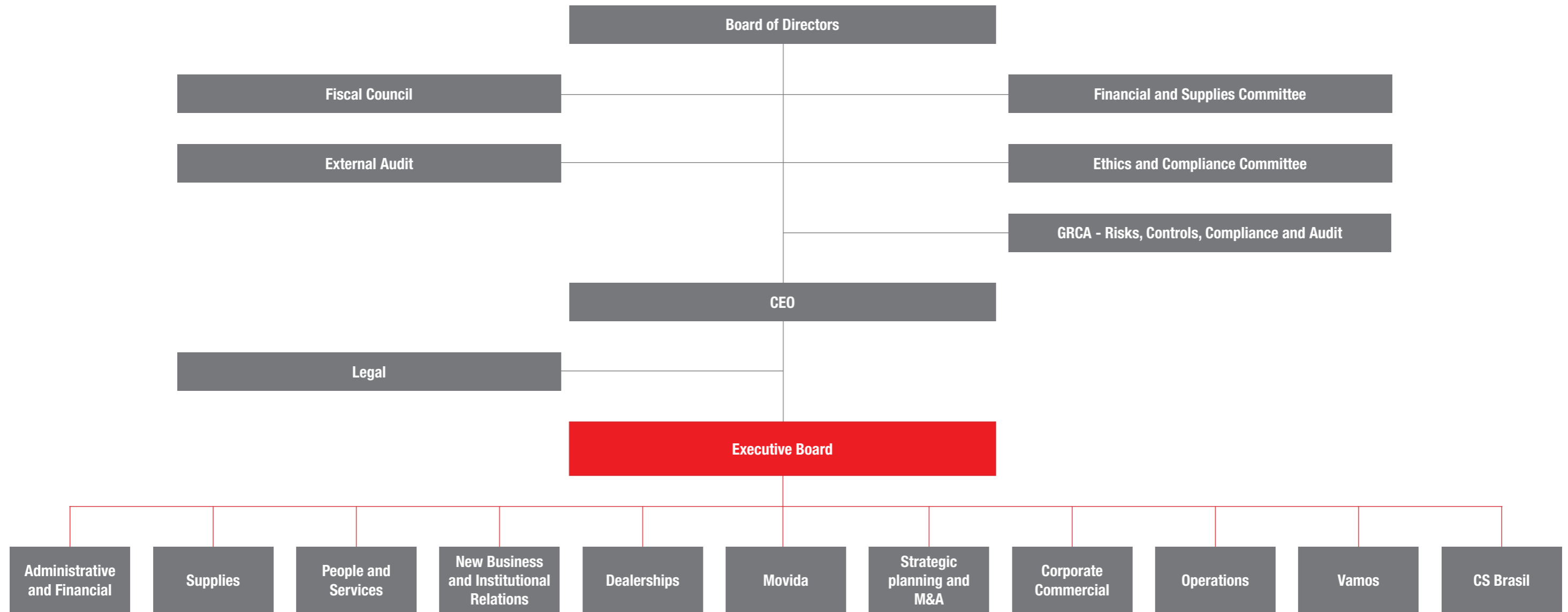
The table below shows the number of common shares held by JSL's shareholders.



Data base: 31/12/2017

ORGANIZATIONAL STRUCTURE

(GRI 102-18)



Note: base structure December 2017.

Executive Board

The Chief Executive Officer, Chief Financial and Investor Relations Officer and five other Officers, elected by the Board of Directors, meet up on a weekly basis and together make up JSL's Executive Board, the main responsibility of which is to administer and operate the business by means of practical actions, in accordance with the guidelines laid down by the Company's General Meeting or Meeting of the Board of Directors. In this way, the definitions of strategic planning, such as the financial results under the responsibility of management, the overall financial results, as well as the operational indicators are all taken into account.

Therefore, the Executive Board represents the general manage-

ment of the business, prioritizing its operational, economic, social and environmental performance. The executive officers may undertake all operations and carry out all the acts necessary to achieve the objectives of their job positions, in accordance with the provisions of the Bylaws regarding the form of representation, the scope for the practice of certain acts and the general outlines of the business established by the Board of Directors. They are responsible for drawing up and monitoring strategies and targets, as a reflection of the decisions of the Board of Directors, as well as making decisions in relation to the investment of resources by compromising, waiving, assigning rights, acknowledging debts, making agreements or entering into commitments.

Executive Officers	Position	Last elected on	Term of office
FERNANDO ANTONIO SIMÕES	Chief Executive Officer	09/13/2016	2 years
DENYS MARC FERREZ	Chief Administrative-Financial and IR Officer	09/13/2016	2 years
FABIO ALBUQUERQUE MARQUES VELLOSO	Executive Officer	09/13/2016	2 years
ADRIANO THIELE	Executive Officer	09/13/2016	2 years
SAMIR MOISES GILIO FERREIRA	Executive Officer	08/24/2017	09/13/2018
EDUARDO PEREIRA	Executive Officer	09/13/2016	2 years
FLÁVIO JOSÉ SALES	Executive Officer	09/13/2016	2 years

Note: A brief description of the curriculum of each member of the Executive Board can be found on JSL's Investor Relations website: http://ri.jsl.com.br/conteudo_pt.asp?idioma=0&conta=28&tipo=30643

Members of the Board of Directors	Position	Last elected on	Term of office
ADALBERTO CALIL	Chairman	04/27/2017	General Shareholders' Meeting 2019
FERNANDO ANTONIO SIMÕES	Director	04/27/2017	General Shareholders' Meeting 2019
FERNANDO ANTONIO SIMÕES FILHO	Director	04/27/2017	General Shareholders' Meeting 2019
ALVARO PEREIRA NOVIS	Independent Director	04/27/2017	General Shareholders' Meeting 2019
AUGUSTO MARQUES DA CRUZ FILHO	Independent Director	04/27/2017	General Shareholders' Meeting 2019

Note: A brief description of the curriculum of each member of the Board of Directors can be found on JSL's investor relations website: http://ri.jsl.com.br/conteudo_pt.asp?idioma=0&conta=28&tipo=30643

Board of Directors

Made up of five directors, two of which are independent, JSL's Board of Directors (CA) is responsible for the overall guidance of the Company's business. The board holds regular meetings four times a year, at the end of each quarter, along with extraordinary meetings whenever necessary. Decisions are made taking into account a majority of votes and stakeholders can make recommendations and suggestions to the Board through the Investor Relations area.

The diversity of profiles is essential as it enables the Company to benefit from the variety of opinions and from a more assertive and secure decision-making process. JSL's Board of Directors is formed with a view to the diversification of knowl-

edge and experience, which is continuously accumulated in different areas of activity and economic sectors. The Board of Directors' current members have very substantial experience in a number of sectors, among which we can mention: Transportation and Logistics, Pulp and Paper, Chemicals, Metallurgy, Ports, Hospitals, Banking, Construction, Retail, Oil and Gas and Electricity. In addition, the diversity of ideas is guaranteed by the different academic backgrounds and professional experiences, among which we can mention: entrepreneurship, economic, administrative, accounting, consulting, tax, corporate and third sector. Therefore, the organization seeks to balance the stakeholders' expectations with a continuous strengthening of the organizational skills.

The Board of Directors' other duties include: controlling and overseeing the Company's economic, social and environmental performance, assuming the role of guide in relation to the business' strategies in order to maximize the return for shareholders; defining policies and designing strategies for conducting the business; leading the implementation of growth strategy and the general orientation of the business; authorizing operations that use derivative financial instruments and the contracting of financial mechanisms pegged to foreign currency; issuing securities; defining the Executive Board's performance goals and its compensation; electing and/or dismissing the members of the Executive Board and overseeing the Executive Officers' management, in addition to analyzing Management's Report and its accounts.

Fiscal Council

Operating independently of the Board of Directors and of the external auditors, the Fiscal Council, which is of a non-permanent nature, is made up of three members and their respective alternates, elected at a Shareholders' Meeting, with a one-year term of office. Normally this body meets up every four months, and under extraordinary circumstances, whenever necessary, and is responsible for overseeing the actions of the managers, examining and commenting on the financial statements, always reporting its conclusions to the shareholders.

Fiscal Council	Position	Last elected on	Appointed by	Term of Office
LUIZ AUGUSTO MARQUES PAES	Permanent member	04/27/2017	Controlling Shareholder	General Shareholders' Meeting 2018
LUCIANO DOUGLAS COLAUTO	Permanent member	04/27/2017	Controlling Shareholder	General Shareholders' Meeting 2018
RAFAEL FERRAZ DIAS DE MORAES	Permanent member	04/27/2017	Minority Shareholders	General Shareholders' Meeting 2018
MARCIO ALVARO MOREIRA CARUSO	Alternate member	04/27/2017	Controlling Shareholder	General Shareholders' Meeting 2018
MARCOS SAMPAIO DE ALMEIDA	Alternate member	04/27/2017	Controlling Shareholder	General Shareholders' Meeting 2018
ROBERTO DE MAGALHÃES ESTEVES	Alternate member	04/27/2017	Minority Shareholders	General Shareholders' Meeting 2018

Note: A brief description of the curriculum of each member of the Fiscal Council can be found on JSL's investor relations website: http://ri.jsl.com.br/conteudo_pt.asp?idioma=0&conta=28&tipo=30643

The members of this council should notify the management bodies and to the General Meeting of any errors, fraud or crimes detected, and suggest measures to guarantee the protection of the Company's interests.

Financial and Supplies Committee

With the task of supporting the Board of Directors in its analyses and decisions in relation to finance and purchases, this body does not have any decision-making capacity. It is made up of an Executive Officer and two members of the Board of Directors, one of whom is independent, having the role of coordinator.

Ethics and Compliance Committee

Its purpose is to advise the Board of Directors and the Executive Board in relation to the compliance, dissemination and updating of the Company's Code of Conduct and its internal regulations. It is also responsible for analyzing, applying disciplinary measures, recommending and monitoring preventive actions in cases of violations of Brazilian legislation, particularly in relation to compliance with the Anti-Corruption Law and other laws that prohibit practices of bribery, fraud, offering or receiving of undue advantage. In order to accomplish this task, the committee makes an assessment of the efficiency and effectiveness of the Integrity Program's legal requirements, with a view to es-

tablishing a culture of compliance, encouraging mitigation and prevention of risks and losses to the business.

The Committee meets on a monthly basis and reports to the Board of Directors.

GRCA Office - Risk Management, Compliance and Internal Audit

In accordance with the best Corporate Governance practices, the GRCA Office was created in 2016, reporting independently to the Boards of Directors (of JSL and Movida), with the following duties: implementing a risk management

process, ensuring the continuity and effectiveness of the compliance program, verifying all reports from the whistleblowing channel, coordinating the training program of the related topics to all employees, developing and implementing an internal audit program and ensuring the continuity of the anti-corruption program.



ETHICAL CONDUCT

(GRI 205-1, GRI 205-2, GRI 205-3)



By means of our ongoing commitment to creating an honest and ethical working environment, we believe that it is possible to act with simplicity in relationships with stakeholders, as well as respect for others, the quality of services provided and the determination to integrate the Company's financial, social and environmental performance.

We have transparent policies and codes that guide the performance of all our business units. The Internal Audit and Compliance areas carry out assessments and monitoring of risks related to corruption and/or breaches of the Code of Conduct at all our branches and subsidiaries, by means of reports received by the whistleblowing channel. With these figures in

hand, a report is produced which is discussed each month by senior management in the Ethics and Compliance Committee, which makes a report to the Board of Directors on a quarterly basis. After verification, the necessary measures are taken, in accordance with the current legislation and the authority and responsibility of the entities involved in each process.

Following this line, in 2016 we set up a new office, responsible for the company's risk management, internal controls, compliance and internal audit. Taking into account the best corporate governance practices in terms of preserving independence and transparency of the processes, the new office reports directly to the Board of Directors.

We have a comprehensive Anti-Corruption Policy, which can be broken down into four policies: Policy on Interaction with Public Authorities; Policy on Public Bidding Process; Policy on Donations and Sponsorships; Policy on Gifts, Entertainment and Hospitality.

It should be stressed that all new employees of any of the group's companies undergo an onboarding process and receive instruction in relation to the company's codes, policies and other guidelines and procedures. In addition, end-of-year corporate events address issues of the prevention and combating of corruption along with transparency and business ethics.

In the second phase of the Compliance Program, which was initiated in the first half of 2017, new actions were launched such as compliance management with the key business partners, suppliers, commercial representatives, public bodies and customers, as well as the dissemination of the compliance culture within the Company by means of specific training and other means of communication.

In addition, a Risk, Control and Compliance Management Committee was set up for Movidia, which performs a fundamental role in terms of the monitoring and compliance of processes related to this question. The Committee is directly linked to and reports to Movidia's Board of Directors, with meetings whenever necessary, but at the very least once every quarter.

In December 2017, we initiated Self-Assessment of Risks with all the business managers, via interviews at which they identify the risks to which they are exposed in the operation. These risks are classified into three pillars: Tolerance, Probability and Impact.

Also in 2017, we evaluated the risks of the Mining, Sugarcane, Waste Transfer, Chartering and Light Vehicle Dealership businesses, and no risks related to corruption were identified. We have identified complaints of conduct involving employees in acts of theft, embezzlement and misap-



propriation, and have taken the appropriate measures. All these actions are consolidating new processes within the company, providing a solid structure with regard to ethics and compliance. In the long term, JSL expects to be a reference in this area for other companies.

Compliance Program

In 2015, in order to comply with the requirements presented by Decree Law nº 8.420/2015 (regulates Law nº 12.846/2013 - Clean Company Law or Anti-Corruption Law) and to follow the recommendations in terms of best practices proposed by the Federal Comptroller General's Office (CGU) for the purpose of establishing an effective Integrity Program, we identified the need to restructure the

mechanisms implemented and supplement them with new actions.

As a result, in November 2016, we implemented the Compliance Program, which is more comprehensive than the Integrity Program, as it focuses on preventing, detecting and remedying any act that is contrary to the law, the Company's internal norms, ethics and transparency, defining actions for the prevention, identification, guidance and, if necessary, correction of acts that are not in accordance with the legislation or our internal rules of conduct. Therefore, we highlight the internal processes and instruct our employees and service providers with regard to how to act on a daily basis.

With the aim of preventing risks that may influence the smooth running of the businesses, the Program defines a number of tools that help us with assessing the risks in relation to corruption:

- Anti-corruption policies - interaction with the public authorities;
- Participation in public tenders;
- Donations and Sponsorships; Gifts, Entertainment and Hospitality;
- Code of conduct;
- Transparent Line: a channel for clearing up doubts and providing directions;
- Outsourced Whistleblowing Channel: an independent

channel available 24 hours a day for all interested parties to report illegal acts under absolute confidentiality.

In 2017, JSL informed all of its customers and suppliers that it was implementing the Compliance Program highlighting the main actions carried out by the Company, including among others, Anti-Corruption Policies. This communication was made in order to reinforce the respectful and ethical commitment among the stakeholders.



One of the outcomes of deployment of the Compliance Program in 2017 is JSL's recognition as one of the most transparent companies, according to a survey by NGO Transparency International which assessed the transparent communication of companies and anti-corruption programs. One hundred companies and 10 financial institutions in Brazil were assessed and JSL ranked among the top 20.



Each new employee of the company takes part in a compulsory training course, with a video in which the company's senior management explains the Program's importance and everybody's commitment; guidelines of the Code of Conduct; Compliance Program and their responsibilities; Whistleblowing Channel; Transparent Line and Anti-Corruption Policies. In their initial contact with the company, the employees are given a copy of the Code of Conduct, fill out the Deed of Undertaking and the Conflict of Interest Questionnaire, and are also given the "Pocket Handbook", which is a report that contains the main topics covered in the training course.

A specific and more extensive training course is provided for the managers, with five modules: Anti-Corruption Law,

Code of Conduct, Whistleblowing Channel, Anti-Corruption Policies and Transparent Line. Based on this, they assume the mission of spreading the Program to all of the employees who are in their unit.

In addition to the training actions, we periodically publish internal communications in relation to the Compliance Program. In 2017, 19 thousand people were trained in the Compliance Program, according to the following tables.



Total number and percentage of members of the governance body that received training in anti-corruption policies and procedures, broken down by region

Region	Total number of members of the governance body by region	Total number of members of the governance body by region, who received training	Percentage of members of the governing body, by region, who received training (%)
CENTER-WEST	245	210	85.71
NORTHEAST	182	165	90.66
NORTH	111	85	76.58
SOUTHEAST	1,294	1,199	92.66
SOUTH	185	161	87.03

Total number and percentage of employees who received training in anti-corruption policies and procedures, broken down by region

Region	Total number of employees, by region	Total number of employees, by region, who received training	Percentage of employees, by region, who received training (%)
CENTER-WEST	2,651	2,407	90.80
NORTHEAST	1,877	1,545	82.31
NORTH	1,650	1,606	97.33
SOUTHEAST	14,812	12,066	81.46
SOUTH	1,717	1,409	82.06

Total number and percentage of employees who received training in anti-corruption policies and procedures, broken down by functional category

Functional Category	Total number of employees by functional category	Total number of employees by functional category, who received training	Percentage of employees, by functional category, who received training (%)
ADMINISTRATIVE	7,211	5,557	77.06
APPRENTICES	618	491	79.45
COMMERCIAL	598	441	73.75
TRAINEES	2	1	50.00
EXECUTIVES	368	297	80.71
MAINTENANCE	1,958	1,757	89.73
DRIVERS	7,162	6,287	87.78
OPERATIONAL	4,790	4,202	87.72

Code of Conduct

(GRI 102-16)

The Code of Conduct, developed based on our values and principles, guides the behavior of our direct and indirect employees, based on ethics and transparency.

Based on JSL's values, the Code synthesizes our management practices and provides guidance regarding the relationships with our various publics, including aspects related to the internal work environment, safety, harassment or conflicts of interest. It also involves topics such as infor-



mation integrity and legislation, clarifying the organization's position on matters such as corruption, relationships with public officials, favoring of suppliers, child labor and forced labor along with moral harassment, among others. New information was included in relation to the policy for freebies, gifts, entertainment and hospitality; relationships with the public sector; donations and sponsorships; responsibility for compliance at JSL, in addition to the implementation of the new Ethics and Compliance Committee.

Whistleblowing Channel

The new channel was created based on the need to further strengthen our Corporate Governance, prioritizing regulatory compliance actions and ethical conduct in the corporate environment. The Whistleblowing Channel helps with preventing and reducing the impacts caused by fraud, corruption and embezzlement, and also receives notifications of irregularities in relation to the failure to comply with current legislation, the Company's Code of Conduct or other corporate guidelines. As a result of this, it is possible to make recommendations to the governance bodies.

Operated by an outsourced company, the channel is independent and open to all our stakeholders, 24 hours a day, seven days a week, by telephone, post or e-mail. In addition to ensuring absolute secrecy and confidentiality, the channel offers the option of monitoring the complaint by means of providing the service protocol number.

In 2017, we received roughly 2,200 reports for which we implemented action plans and changes in processes and procedures, and we also took disciplinary measures, where applicable.

Transparent Line

Set up in 2016, this channel is available for clearing up doubts to provide assistance regarding how to act accordingly in the workplace. The Transparent Line has two service channels which are staffed and dealt with by the Compliance area: e-mail and a toll-free telephone number.

Risk Management and Control Process

To establish controls and procedures for clarifying the Company's guidelines regarding risk management, internal controls and compliance to employees and third parties (suppliers, service providers, business partners and consultants). This is the main objective of this process which was launched in 2016, in addition to ensuring the effective monitoring of our controls and procedures, so as to prevent the occurrence of errors, illegalities or fraud, to mitigate their impacts and to reassess, as often as necessary, the matrix of the risks that may affect the Company. Up until now, the process has only been applied to Movidá's business procedures and operations, but it will be extended to the rest of the Group.



canal
de denúncia



LINHA TRANSPARENTE
0800 726 7250

RISK MANAGEMENT

(GRI 102-11, GRI 201-2)

In our annual plan we include risk management and address the potential risks related to our business. Therefore, we outline targets and action plans in order to prevent and mitigate possible impacts, in addition to avoiding the occurrence of financial losses, environmental damage and damage to our reputation, by means of preventive and corrective measures, ensuring agility and safety in decision making.

The main risks identified in JSL's management are related to operational, social and environmental, credit and image aspects. We make every effort to minimize the possible external impacts to our business, as well as the impacts that our actions may have on society and the environment. To this end, we are supported by structured areas such as Health, Safety and Environment, Integrated Management, Legal, Assets, Claims Management and Compliance, as described in this report.

We also maintain an efficient and effective crisis management in relation to unexpected adverse events, by means of a specific committee that monitors and generates information in the case of situations that may have an impact on the Company's image. In this way, we try to predict possible critical situations, ensuring that all the main points are dealt with assertively and immediately, with accurate decisions.

We are attentive to the risks and opportunities caused by climate change and accompany the regulatory changes regarding the issue of atmospheric emissions. The low average age of our fleet, for example, may help us win new contracts, by reducing our customers' indirect emissions. In order to identify and manage risks directly related to climate change, we monitor applicable legislation and legal compliance, by means of the LegiSer system, in addition to the progressive implementation of an organizational culture focused on reporting GHG emissions.

And in a supplementary way, we have adopted technical improvements that are aimed at increasing the Group's energy efficiency:

- Adherence to the ACL (Free Market of Electricity): consumption of energy from alternative sources is encouraged;
- Compensation of vehicle GHG emissions. For example: the Carbon Free Program (Movida Rent a Car);
- Adoption of energy efficient equipment. For example: the replacement of fluorescent light-bulbs by LED light-bulbs.
- Environmental education programs aimed at the economical driving of vehicles, aiming to reducing consumption of natural resources (fuels, tires, etc.).





ECONOMIC
PERFORMANCE

OUTLOOK FOR THE SECTOR

2017 was a challenging year, as Brazil was still recovering from one of the biggest economic crises in its history. However, we noticed an upturn in growth in the second half of the year, due to the higher volumes in a number of segments, such as the Automotive, Pulp and Paper and Agribusiness sectors. In the logistics sector, JSL continued to adapt itself to its customers' new demands, given that in the midst of a recession scenario, there was an increase in the search for customized solutions and productivity. In turn, Movida continued to post solid growth, as the car rent-

al market has a high transformation potential and is at an early stage of development in Brazil.

The figures from the "2017 Survey of Economic Expectations for the Transportation Sector" carried out by the National Transport Confederation (CNT), indicates that Brazilian carriers are cautiously optimistic in relation to 2018. Among the participants, 31.9% revealed that the performance of their companies was inferior to what had been estimated for 2017. However, 19.7% of them already posted an in-

crease against 2016, due to the increase in the number of trips – up by 31.2% in those companies that took part in the survey –, reinforcing the perception of the beginning of a slow and gradual recovery in Brazilian economic activity.

In relation to the light vehicle market, based on the January 2018 letter from the National Association of Automobile Manufacturers (Anfavea), vehicle licensing was up 9.2% in 2017 in comparison to 2016, with a total of 2.2 million units sold. Production increased by 25.2% during the peri-

od, since 2017 was the year in which Brazil registered the highest level of exports in its entire history, with a 46.5% increase in the number of vehicle units exported during the year. The entity's projections for 2018 are also optimistic, as the expectation is for growth in all areas: an 11.7% increase in licensing, a 5% increase in exports and a 13.2% increase in production.

OPERATIONAL PERFORMANCE

The performance of JSL Logística and Movida activities resulted in Gross Service Revenue of R\$5.6 billion in 2017, which represents a 7.5% increase in the year.

Revenue from the Sale of Assets was R\$1.8 billion in 2017, 34.3% greater than the figure registered in the previous year. In the same period, Gross Revenue of JSL Concessionárias de Veículos totaled R\$900.2 million, which is a 0.3% drop against 2016, while JSL Leasing posted a revenue of R\$24.3 million.

In 2017, JSL posted Consolidated Gross Revenue of R\$8.2 billion, which is an 11.1% increase in year-on-year terms. Consolidated Net Revenue totaled R\$7.3 billion, which translates into an 11.2% increase in the year, confirming the resilience of the business and its continued growth, as can be seen in the next table.

Gross revenue

Revenue (R\$ million)	2016	2017	Change 2017x2016
GROSS REVENUE - JSL CONSOLIDATED¹	7,383.8	8,199.8	+11.1%
SERVICES²	5,234.4	5,627.1	+7.5%
SALE OF ASSETS²	1,349.5	1,812.8	+34.3%
DEALERSHIPS	903.3	900.2	-0.3%
LEASING	28.5	24.3	-14.7%
DEDUCTIONS	(860.7)	(944.0)	+9.7%
NET REVENUE - JSL CONSOLIDATED¹	6,523.1	7,255.8	+11.2%

1. Takes into account the consolidation of revenues of JSL Logística, JSL Concessionárias de Veículos, Movida and Leasing, already factoring in the eliminations between the businesses.
2. Takes into account the consolidation of revenues of JSL Logística and Movida, already factoring in the eliminations between the businesses.

JSL Logística

In 2017, JSL Logística presented Gross Revenue from Services of R\$4.5 billion and Net Revenue from Services of R\$4.1 billion. The business lines with the highest added value for the Company remained the most significant ones, and together, Dedicated Services and Management and Outsourcing accounted for 80.4% of Gross Revenue from Services, a 0.1% increase in relation to 2016.

Revenues from the same contracts - RSC³ showed a 4.9% increase. In 2017, the company signed New Long-Term Contracts for a total amount of R\$1.1 billion, which demonstrates the trust placed in JSL and its ability to add value to the customers' businesses.

At the end of the period, Gross Revenue from the Sale of Assets totaled R\$376.5 million.

In 2017, Costs of Services totaled R\$3.1 billion, or 82.1% of Net Revenue from Services for the year, a 0.5 percentage-point increase compared to 2016. Highlight goes to the increases in costs with Independent Truckers, as well as Parts, Tires and Maintenance. The higher costs with these items were partially offset by the decrease in Costs with Personnel and with Fuels and Lubricants and Other Costs.

Costs with the Sale of Assets totaled R\$363.8 million in 2017, an increase of 23.9% in comparison to 2016, in line with the 22.1% growth in Net Revenue from the Sale of Assets seen in 2016.

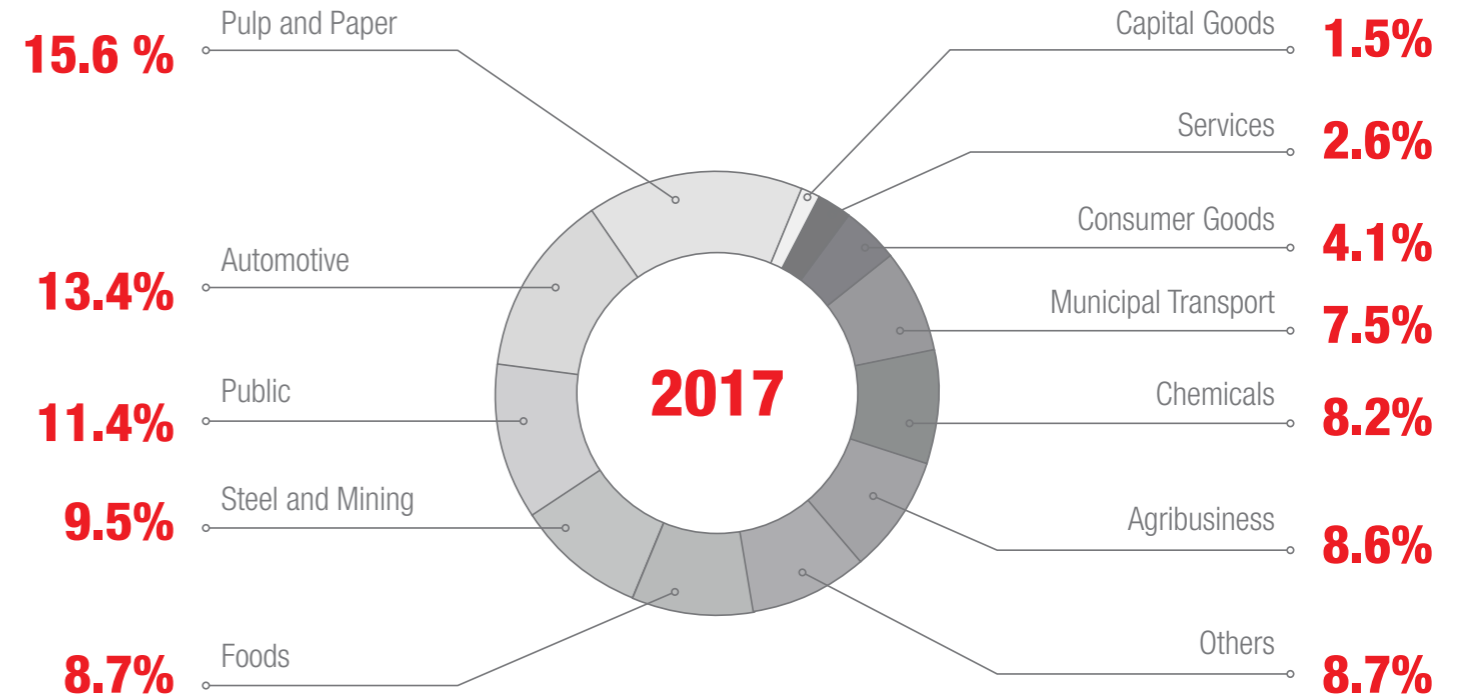
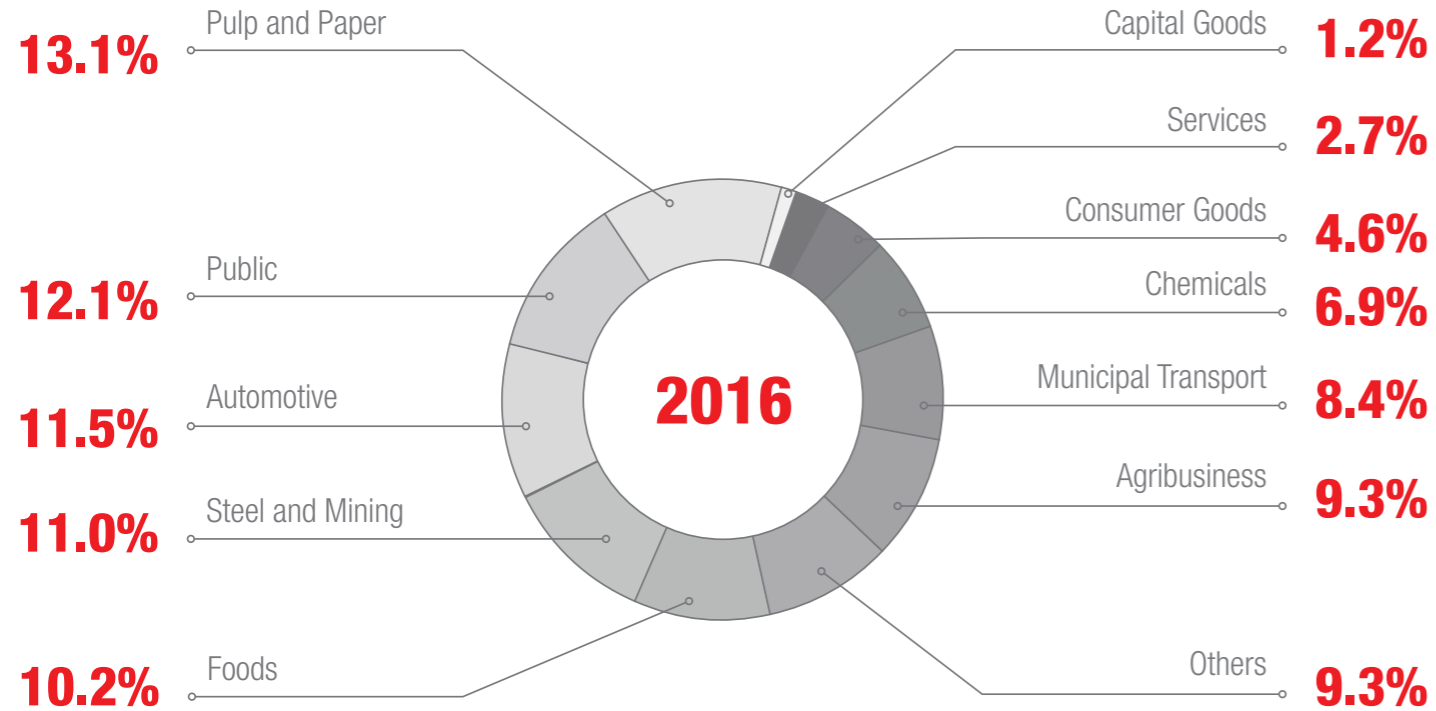
Gross revenue

Revenue (R\$ million)	2016	2017	Change 2017x2016
GROSS REVENUE FROM SERVICES	4,407.2	4,510.4	+2.3%
DEDICATED SERVICES	2,477.2	2,612.0	+5.4%
MANAGEMENT AND OUTSOURCING	1,060.8	1,014.1	-4.4%
PASSENGER TRANSPORT	519.4	449.8	-13.4%
GENERAL CARGO	288.9	369.4	+27.9%
OTHERS	61.0	65.1	+6.7%
GROSS REVENUE FROM THE SALE OF ASSETS	311.6	376.5	+20.8%
TOTAL GROSS REVENUE	4,718.8	4,886.9	+3.6%
DEDUCTIONS	(694.4)	(753.5)	+8.5%
TOTAL NET REVENUE	4,024.5	4,133.4	+2.7%

3. Only takes into account revenues in relation to contracts existing in both the comparison periods.



BREAKDOWN OF GROSS REVENUE FROM SERVICES BY SECTORS OF THE ECONOMY IN 2017



Movida

In 2017, Movida recorded Total Gross Revenue in the amount of R\$2.6 billion, made up of Gross Revenue from Services of R\$1.1 billion, 27.2% higher than in 2016, and Gross Revenue from Sales of Assets of R\$1.5 billion, which was 39.8% more than in 2016. Total Net Revenue was R\$2.5 billion, a 34.8% increase in comparison to 2016.

Gross revenue

Revenue (R\$ million)	2016	2017	Change 2017x2016
GROSS REVENUE FROM SERVICES	891.6	1,134.5	+27.2%
GROSS REVENUE FROM THE SALE OF ASSETS	1,038.8	1,452.4	+39.8%
TOTAL GROSS REVENUE	1,930.4	2,586.9	+34.0%
DEDUCTIONS	(99.8)	(118.8)	+19.0%
TOTAL NET REVENUE	1,830.6	2,468.0	+34.8%

In 2017, Costs of Services totaled R\$446.8 million, or 43.9% of Net Revenue from Services for the year, which represented an 8.1% decrease against 2016, showing the effectiveness of the dilution of the operation's fixed costs, mainly as a result of the gain in scale, which meant that increase in revenue was more pronounced than the growth in costs during the period.

JSL Concessionárias de Veículos

JSL Concessionárias registered Total Gross Revenue of R\$900.2 million in 2017, of which R\$542.5 million came from Light Vehicles, R\$177.5 million from Heavy Vehicles, R\$17.1 million from F&I and R\$163.1 million from Post-

Gross revenue

Revenue (R\$ million)	2016	2017	Change 2016x2015
LIGHT VEHICLES	543.0	542.5	-0.1%
HEAVY VEHICLES	155.0	177.5	+14.5%
F&I	17.1	17.1	+0.2%
POST-SALES	188.3	163.1	-13.4%
TOTAL GROSS REVENUE	903.3	900.2	-0.3%
DEDUCTIONS	(67.8)	(71.4)	+5.3%
TOTAL NET REVENUE	835.5	828.9	-0.8%

Sales. Total Net Revenue was R\$828.9 million, a 0.8% decrease in relation to 2016. This decrease reflects the unfavorable market conditions observed in the period.

JSL Leasing

In 2017, JSL Leasing carried out 1,672 credit operations, a significant increase in comparison to the 569 operations registered in 2016. Gross Revenue totaled R\$24.3 million, against the R\$28.5 million seen in 2016. Net Revenue totaled R\$24.0 million, in comparison to the R\$28.2 million figure posted in 2016. It should be stressed that from the third quarter of 2017

onward, the Company began to consolidate JSL Leasing's financial information in accordance with international accounting rules, which differ from the Central Bank of Brazil's rules that were previously used, which had a total impact of R\$36.4 million on Net Revenue for the year.

Gross revenue

Revenue (R\$ million)	2016	2017	Change 2017x2016
TOTAL GROSS REVENUE	28.5	24.3	-14.8%
DEDUCTIONS FROM REVENUE	(0.3)	(0.3)	0.0%
TOTAL NET REVENUE	28.2	24.0	-14.8%



FINANCIAL HIGHLIGHTS

Financial Highlights (R\$ million)	2016	2017	Change 2017x2016
TOTAL NET REVENUE¹	6,523.1	7,255.8	+11.2%
TOTAL COST¹	(5,225.8)	(5,769.7)	+10.4%
TOTAL GROSS PROFIT¹	1,297.4	1,486.1	+14.5%
GROSS MARGIN¹	19.9%	20.5%	+0.6 p.p.
OPERATING EXPENSES BEFORE FINANCIAL RESULT	(798.6)	(781.6)	-2.1%
OPERATIONAL RESULT	498.8	704.5	+41.2%
NET FINANCIAL RESULT	(748.3)	(670.5)	-10.4%
TOTAL NET RESULT	(183.2)	16.7	-
TOTAL NET MARGIN	-2.8%	0.2%	+3.0 p.p.
TOTAL EBITDA¹	1,060.9	1,230.2	+16.0%
LOGÍSTICA	793.7	878.7	+10.7%
MOVIDA	269.1	326.3	+21.3%
CONCESSIONÁRIAS DE VEÍCULOS	(9.4)	20.7	-
LEASING	13.3	4.6	-65.4%
TOTAL EBITDA MARGIN²	20.5%	22.6%	+2.1 p.p.
LOGÍSTICA ²	21.3%	23.3%	+2.0 p.p.
MOVIDA ²	33.9%	32.1%	-1.8 p.p.
CONCESSIONÁRIAS DE VEÍCULOS	-1.1%	2.5%	+3.6 p.p.
LEASING	47.2%	19.2%	-
EBITDA-A TOTAL	2,350.0	2,967.8	+26.3%

1. Consolidated Results (takes into account the elimination between Logística, Movida, Concessionárias and Leasing businesses)

2. Calculated in relation to Net Revenue from Services

The 2016 figures take into account the reclassification of PIS/COFINS between deductions and costs.

JSL's Total Net Revenue in 2017 was R\$7.3 billion, which was an 11.2% increase compared to 2016. The Company's Total Costs during the year were R\$5.8 billion, up 10.4% in relation to 2016, with JSL Logística accounting for R\$3.5 billion, Movida for R\$1.8 billion, JSL Concessionárias for R\$679.0 million and JSL Leasing for R\$9.5 million.

Total Gross Profit for 2017 was R\$1.5 billion, which is a 14.5% increase in comparison to 2016, with a gross margin of 20.5%, which translates into a 0.6 percentage-point improvement.

Operating Expenses totaled R\$781.6 million, which accounts for 10.8% of net revenue, a 1.4 percentage-point decrease against the previous year. This drop is explained by Logística's greater operational efficiency as well as by the extraordinary items related to the adjustment of the acquisition price of companies and the write-off of goodwill on investments, which had a R\$82.7 million negative impact on 2016.

Net financial expenses added up to a figure of R\$670.5 million, which is a significant 10.4% drop in comparison to R\$748.3 million recorded in 2016. This decrease is due to

the R\$39.9 million extraordinary impact resulting from the adjustment to the acquisition price of companies in 2016, as well as to the decline in the SELIC rate and the consequent reduction in the average cost of the gross debt over the course of 2017.

Consolidated Net Income in 2017 totaled R\$16.7 million, sustained by JSL Logística's better operating performance, as well as due to the lower net financial expenses in the period, as previously described.

EBITDA for the year totaled R\$1.2 billion, up 16% in comparison to 2016. EBITDA-A totaled R\$3.0 billion, a 26.3% increase against 2016. The improvement in EBITDA is attributed to the fact that economic activity in a number of sectors has begun to show an upturn together with the subsequent increase in our clients' volume, the continuous management of our business' administrative expenses, as well as the extraordinary expenses that had an impact on 2016.

INDEBTEDNESS

Indebtedness (R\$ million)	2016	2017	Change 2017x2016
CASH AND FINANCIAL INVESTMENTS	1,043.2	2,438.8	+133.8%
GROSS BANK DEBT AND CAPITAL MARKET - SHORT TERM	1,196.9	1,409.4	+16.7%
DRAWER'S RISK PAYABLE (AUTOMAKERS) - SHORT TERM	551.4	248.1	-55.0%
GROSS BANK DEBT AND CAPITAL MARKET - LONG TERM	4,552.6	6,611.4	+45.5%
FINANCIAL INSTRUMENTS AND DERIVATIVES	-	(108.3)	-
TOTAL GROSS BANK DEBT AND CAPITAL MARKET	6,300.8	8,160.7	+29.5%
TOTAL NET BANK DEBT AND CAPITAL MARKET	5,257.6	5,721.9	+8.8%

Net indebtedness in December 2017 totaled R\$5.7⁴ billion, an 8.8% increase when compared to December 2016.

Net debt at the end of the fourth quarter of 2017 was broken down as follows: 64.0% pegged to the CDI, 29.0% to fixed interest rates, 5.5% to TJLP (long term interest rate), 1.3% to the SELIC rate and 0.2% to the IPCA (Broad Consumer Inflation Rate).

The net debt/ EBITDA ratio decreased to 4.4x in December 2017 (this figure already includes the 2017 pro-forma EBITDA results from Borgato and Fleet Services), in comparison to 5.04x observed in December 2016. The net debt/EBITDA-A ratio was 1.9x in December 2017, which is an improvement against 2.2x in December the year before.

4. This sum includes Borgato's net debt of R\$216.6 million as of 12/31/17.

The deleveraging in the annual comparison can mainly be attributed to funds raised with Movida's initial public offering of shares in the market, the decrease in net investment, the increase in the operating result and the decrease in the financial expenses observed in the period.

During the year ended December 31, 2017, the Company purchased debentures related to Movida Participações S.A.'s first issue. These debentures are recorded as securities in the subsidiary and are eliminated in the consolidated result, and correspond

STATEMENT OF VALUE ADDED

(GRI 201-1)

In 2017, total value added distributed was R\$3.6 billion, which represented a 6.5% growth over the previous year, split between R\$1.4 billion for payment of staff and charges and R\$1.1 billion for interest and rents.

INVESTMENTS

Investments are linked to the portfolio of existing customers, as well as to the new customers. In 2017 investments totaled R\$2.7 billion, 65% of which was on renewal and 35% on expansion. Investments in expansion were made up as follows: R\$417 million in JSL Logística, R\$507 million in Movida and R\$2.5 million in JSL Leasing. Investments in renovation were made up as follows: R\$151 million in JSL Logística, R\$1.6 billion in Movida and R\$20.2 million in the Dealerships.

JSL Logística's investment in expansion contributes to a partial extent to revenue and cash generation in the year in which the investment is made, and starts to contribute fully once the contract matures, after twelve months of billing. In relation to Movida, the majority of the investments in expansion were aimed the fleet, which is made up of composed by highly liquid assets that have a low average age.

Revenue from the Sale of Assets during the period came totaled R\$1.8 billion, which meant that there was a net investment of R\$850 million in the year. Therefore, there was a marked

decrease in net investment against 2016, when the comparable figure was one of R\$1.1 billion. It should be emphasized that this reduction can mainly be explained by the increase in the revenue from the sale of assets as well as the Company's greater investment discipline in the period.

CAPITAL MARKET

JSL is listed on the Novo Mercado segment of B3 and its shares are included in the Index of Shares with Differentiated Corporate Governance (IGC) and the Index of Shares with Differentiated Tag Along (ITAG). Since January 2013, JSLG3 has been part of the B3's Small Cap Index (SMLL)

On December 31, 2017, JSLG3 shares were quoted at a price of R\$8.25, which represents a 9.1% devaluation when compared to December 31, 2016. At the end of 2017, the Company had a total of 202,500,000 shares, consisting of 202,077,032 outstanding shares and 422,968 treasury shares. During the year no treasury shares were cancelled.



SOCIAL
PERFORMANCE

Entender para Atender
VEÍCULO DE APOIO

INTERNAL PUBLIC

(GRI 102-8, GRI 102-41)



We ended 2017 with 23,066 employees, a 5% increase in the number of employees compared to the previous year, mainly registered in the operational structure, with highlight going to forestry services and general cargo as a result of the acquisition of the company Quick.

Most of JSL's employees work in Brazil's Southeast region (65%). 84% of the employees are men and 16% are women, with the majority being aged between 30 and 50.

95% of the total number of employees have a permanent contract and 5% have a temporary contract. In addition, 96% have a full-time contract and 4% have a part-time contract, and the entire 100% are covered by collective bargaining agreements.

Own employees by work contract and gender (GRI 102-8)

	2016		2017	
	Permanent	Temporary	Permanent	Temporary
MALE	17,964	603	18,759	603
FEMALE	3,041	341	3,265	439
TOTAL	21,005	944	22,024	1,042
	21,949		23,066	

Own employees by type of employment and gender (GRI 102-8)

	2016		2017	
	Full-time	Part-time	Full-time	Part-time
MALE	18,088	479	18,853	509
FEMALE	2,994	388	3,262	442
TOTAL	21,082	867	22,115	951
	21,949		23,066	

Own employees by work contract and region* (GRI 102-8)

	2015	2016	2017	
			Permanent	Temporary
CENTER-WEST	1,695	1,726	2,444	130
NORTHEAST	1,970	1,876	1,911	76
NORTH	1,882	1,879	1,660	78
SOUTHEAST	17,051	14,635	14,306	706
SOUTH	1,503	1,833	1,703	52
TOTAL	24,101	21,949	23,066	

* In previous reports, JSL reported the total number of employees by region and gender. This year, for purposes of alignment with the requirements of the GRI 102-8 indicator, the Company reported the total number of employees by work contract and region, which will be maintained in the coming years, in compliance with the GRI Standards.

Percentage of employees by functional category, gender, age bracket, negroes and people with disabilities (GRI 405-1)

	Administrative	Commercial	Operational
GENDER			
MALE	48.3%	69.3%	87.8%
FEMALE	51.7%	30.7%	12.2%
AGE BRACKET			
>50	5.4%	9.8%	10.2%
30 A 50	48.3%	67.4%	61.1%
<30	46.3%	22.8%	28.6%
NEGROES			
	40.2%	41.4%	58.9%
PEOPLE WITH DISABILITIES			
	0.3%	0.6%	2.2%

Percentage of members of the governance bodies, by gender and age bracket (GRI 405-1)

	Board of Directors	Fiscal Council	Executive Board
GENDER			
MALE	100%	100%	92.9%
FEMALE	0%	0%	7.1%
AGE BRACKET			
>50	77.8%	50%	32.1%
30 A 50	22.2%	50%	67.9%
<30	0%	0%	0%

In order to deal with the challenge of a high turnover rate and a high level of absenteeism in the logistics sector, we rely on the People Management team, which utilizes talent retention tools, by means the assessment of adaptation to the Company's culture, assessment of experience after periods of 45 days and 80 days and termination- and post-termination interviews, in order to identify what motivated the employee's voluntary termination and, in this way, improve the management process. Bonuses for the time spent with the company and for taking part in strategic projects are also part of this team's actions.

Other benefits offered to our employees at all of the Group's units are: Life Insurance, Medical Assistance, Transport Vouchers, Food and/or Meal (or refectory) Tickers, Basic Food Baskets (based on the collective agreement), Profit Sharing (PLR), Disability and Disability Coverage, Parental leave, Pension Plan and Equity Interest Plan. What's more, employees also benefit from psychosocial and psychological support programs. (GRI 401-2)

New hiring of employees and turnover rate by age bracket, gender and region (GRI 401-1)

	Total number of new employees hired	New hiring rate (%)	Total number of employees terminated	Turnover Rate (%)
GENDER				
MALE	7,220	37.29	6,912	35.70
FEMALE	1,696	45.79	1,514	40.88
TOTAL	8,916	83.08	8,426	76.58
AGE BRACKET				
25 OR LESS	2,398	62.66	1,813	47.37
BETWEEN 26 AND 34	3,058	41.26	2,788	37.62
BETWEEN 35 AND 44	2,428	33.81	2,465	34.33
BETWEEN 45 AND 54	840	24.40	985	28.61
55 OR MORE	192	15.95	375	31.15
TOTAL	8,916	178.08	8,426	179.08
REGION				
CENTER-WEST	2,117	82.25	1,637	63.60
NORTHEAST	676	34.02	584	29.39
NORTH	373	21.46	532	30.61
SOUTHEAST	5,121	34.11	4,969	33.10
SOUTH	629	35.84	704	40.11
TOTAL	8,916	207.68	8,426	196.81

In 2017, 8,916 employees were hired and 8,426 were dismissed, representing an 83% rate for new hires and a 76% turnover rate.

Development and training

(GRI 404-1)

Improving the actions and developing creativity are important items for the company's own growth, and for this reason we invest in professional training for all the employees. In this way, we believe it is possible to improve the performance of each one of the functions that is carried out within the Company.

The various training courses covers both issues related to professional development as well as the health and safety of our employees. The main topics addressed in the training course that were held in 2017 were as follows: Customer

Service, Economic Driving of Vehicles, Daily Safety Task Instruction (DSTI), Defensive Driving, Institutional Integration, Leadership, Motivational, Qualification of Drivers, Recycling of Procedures and Processes upon Return from Vacation, Interpersonal Relationship, Work Safety and Operational Training.

As a result of this, we registered roughly 346,642 hours of training in 2017, which represents an average of 15 hours of training per employee.

Average number of hours of training, by functional category (GRI 404-1)

Functional Category	Total number of own employees, by functional category	Total number of hours of training offered, by functional category	Average number of hours of training, by functional category
PRESIDENCY	1	32.00	32.00
EXECUTIVE BOARD (STATUTORY AND NON-STATUTORY OFFICERS AND SUPERINTENDENTS)	42	352.00	8.38
MANAGEMENT (MANAGERS AND ADVISORS)	341	2,413.00	7.08
ADMINISTRATIVE (SPECIALISTS, COORDINATORS, SUPERVISORS, ANALYSTS, ASSISTANTS AND E AUXILIARIES)	7,770	39,181.65	5.04
OPERATIONAL (OPERATIONS AND MAINTENANCE)	14,298	296,419.42	20.73
TRAINEES	1	0.00	0.00
APPRENTICES	613	8,244.19	13.45
TOTAL	23,066	346,642.26	15.03

Average number of hours of training, by gender (GRI 404-1)

Gender	Total number of own employees, by gender	Total number of hours of training offered, by gender	Average number of hours of training, by gender
MALE	19,362	320,750.13	16.57
FEMALE	3,704	25,892.13	6.99
TOTAL	23,066	346,642.26	15.03

Health and safety

(GRI 403-1, GRI 403-3)

Safety is a key aspect of our business and is constantly being monitored and improved, given that we operate in a number of sectors of the economy and the majority of our employees work at external customers or on the road. Even if our activities are not high risk, we have an ongoing commitment to reinforce our internal public's engagement in an environment of attention to safety, by means qualification and recycling projects, educational campaigns, training courses, counseling and prevention.

Among the topics covered under these programs, we highlight the defensive driving, safety in operating procedures, combating drug use, alcoholism and the improper use of stimulants, catering to customers who have special needs and sexually transmitted diseases.

In addition, since 2015 we have been operating with the Accident Management System, which provides tools for identifying the root cause along with an action plan. We also have a corporate team responsible for monitoring the investigations

into the causes of accidents, as well as analyzing and guiding operations related to preventive actions.

In order to support the quality of our employees' safety system, we rely on the Health and Safety committees - SESMT (Specialized Health Service) and Occupational Health and Safety, in addition to the CIPA (Internal Accident Prevention Committee), in which 100% of our employees are represented. For operations that are not required to establish a CIPA, we indicate a representative who has been trained along the same lines as the CIPA training.

Health and safety of own employees, by gender (GRI 403-2)

	2017		
	Total	Men	Women
INJURY RATE	2.16	2.16	0.00
OCCUPATIONAL ILLNESS RATE	0.00	0.00	0.00
DAYS LOST RATE	79.22	79.22	0.00
ABSENTEEISM RATE	0.26	0.22	0.04
NUMBER OF DEATHS	0	0	0

Health and safety of own employees, by region (GRI 403-2)

	2017					
	Total	Southeast	South	North	Northeast	Center-West
INJURY RATE	2.16	1.82	0.03	0.03	0.21	0.08
OCCUPATIONAL ILLNESS RATE	0.00	0.00	0.00	0.00	0.00	0.00
DAYS LOST RATE	79.22	66.76	0.94	0.94	7.62	2.95
ABSENTEEISM RATE	0.26	0.16	0.04	0.01	0.01	0.04
NUMBER OF DEATHS	0	0	0	0	0	0



Over the course of 2017 we also carried out a number of campaigns focused on health and safety, with highlight going to the following:

- **Safe Corner** – safety advice to all public transport users and other residents regarding the importance of respecting traffic signs and the use of pedestrian crossings.
- **Speed** – guidance to JSL employees and service providers, stressing and monitoring observance of the speed limits and the risks involved. The campaigns are carried out at all of the business units, and this contributed to the 16.62% reduction in the number of personal accidents without lost time in 2017.
- **Carnival** – campaign to give JSL employees and service providers guidance regarding the traffic risks during car-

nival, with recommendations of certain actions and attitudes that are required for the festive period.

- **Safety Does not Take a Vacation** – campaign for giving all JSL employees and service providers guidance regarding driving cars when they are on vacation, indicating the importance of paying attention to pedestrians, the rainy season and other specific characteristics of the traffic during this period.
- **Campaign I Say Yes to Safety** – lectures that deal with safety issues in the performance of work, procedures and operational standards with all employees, in addition to increasing awareness in relation to Behavior, Health, Hygiene and Home Economics. The campaign was carried out in the forestry units and billboards were used in areas where there were more people moving around.



SOCIETY

(GRI 413-1)

In order to ensure that our private social investment is distributed fairly between the communities in which we operate, we set up Julio Simões Institute, which carries out both its own projects as well as joint projects with other institutions. What motivates us is the goal of contributing to improve life in the communities, especially those that are closer to and more integrated with JSL's operations.

Working in a network, the Institute supports other organizations known for the performance of their actions. Therefore, by means of their partnership with the Julio Simões Institute, they can boost their multiplication potential, enabling them to go further than they could go alone.

In 2017 approximately R\$2 million was allocated to projects based on fiscal incentive laws, in comparison to the R\$1.9

million figure that was made available in 2016 and the R\$1.6 million in 2015. The number of beneficiaries, calculated based on the number of projects implemented, totaled 31,752 in 2017, 41,599 in 2016 and 54,309 in 2015.

In all, 57 of the JSL group's subsidiaries/stores took part in the social actions, campaigns and projects carried out by Julio Simões Institute in 2017, representing 11.10%⁵ of the Company's operations. In addition to the programs that are already under way, the Institute also supports independent projects, by means of fixed donations to social institutions and NGOs, which in 2017 benefited 2,712 people.

We also donated transport for local community projects and projects in connection with some institution, and in 2017 2,208 people benefited from this action.

• Julio Cidadão

Held since 2007, the Julio Cidadão project encourages volunteer work and promotes relief in hospital treatment by means of "clown doctors". Developed in partnership with the NGO Canto Cidadão, the project trains and monitors the volunteers who work in hospitals and ILPIs (Long Stay Institutions for the Elderly) in Mogi das Cruzes and in the surrounding region. In 2017, 2,371 people were cared for, including patients, companions and professionals.

• Cultural Gymkhana

Cultural Gymkhana - Everybody together with a single objective, formerly called Social Gymkhana, fosters the culture of volunteering at JSL, making it possible for all the employees and their families to contribute to the integration between employees, the company and communities by means of collection and donation activities and actions in NGOs or public spaces. In 2017, 11 groups were enrolled, with 1,894 volunteers taking part, 9 social institutions and 3 Public Spaces being benefited (cleaning of squares, school façades, increasing awareness among pedestrians).

• Christmas of Emotions

This campaign, which was launched in 2016, combines in a single project the employees who are interested in Julio Simões Institute's social projects, as well as encouraging volunteer work and solidarity at all JSL units. Every year, the campaign benefits children, the elderly and people with special needs.

In 2017, 10,079 personal hygiene items were donated to nursing homes (shampoo, toothbrush, toothpaste, geriatric diapers and soap), 571 elderly people were sponsored and given presents, and 17 beneficiary institutions and 597 volunteers were involved.

5. In order to calculate the percentage the following were taken into account: 232 JSL subsidiaries + 183 Movida stores + 58 Movida Semi New Vehicle stores + 12 JSL Semi New Vehicle stores + 28 dealerships.

• **Carreta Treinamento**

A traveling movie theater! This is the Carreta Treinamento project, which goes all over Brazil offering training, theater, culture, music and entertainment, always with a focus on the following themes: defensive driving, drug use, child sexual abuse and exploitation, and children's and adolescents' rights. In all, in 2017, there were 2,870 people took part in lectures, training courses and presentations.

• **Do you want it? You can!**

The Julio Simões Center for Memory and Culture launched the project in August 2012, and since then it has served students from the municipality of Mogi das Cruzes' public-school network. By means of visits to the Julio Simões Center for Memory and Culture, they have the chance to get to know the most significant episodes in the history of the entrepreneur and founder of JSL and of the Institute, Julio Simões, and are encouraged to improve skills and competences that increase their chances of achievement. In 2017, a total of 4,413 students visited the space.

• **Julio Simões Center for Memory and Culture**

In addition to the project "Do you want it? You can!", the Julio Simões Center for Memory and Culture - which was created in order to tell the story of the founder Julio Simões' determination, work, simplicity and honesty -, also receives visits from new employees and customers, with the auditorium being made available for training courses, lectures and social events. In 2017, 3,200 people were attended.

SUPPLIERS

(GRI 102-9, GRI 204-1, GRI 308-1, GRI 408-1, GRI 409-1, GRI 414-1)

Committed to the environment and with occupational health and safety, as well as being dedicated to the issue of human rights, JSL continues to ensure respect for these items in its direct relationship with suppliers. In this way, we generate shared values and keep a



close watch on the responsible practices in the value chain that are part of our activities in terms of providing services.

In our production chain, we have established alliances with suppliers from several segments, mainly in the heavy assets, light assets, fuel, tires and maintenance parts sectors. In 2017, 65% of the budget for purchases and contracts came from local suppliers, in other words, suppliers which are in the same state as the branch making the purchase. This represents a 5.78% increase in comparison to the previous year (in 2016 the comparable figure was one of 59.22%).

Bearing in mind that in logistics processes a lot of suppliers may be exposed to risks, such as environmental contam-

ination, forced or slave labor or child labor and intensive use of labor, among others, JSL always pays close attention when choosing its suppliers. In 2017, no operations or suppliers with risks of these occurrences were identified.

We have specific clauses in our contracts that deal with these issues. In addition, our key suppliers are required to sign a Deed of Social and Environmental Commitment, confirming that they are aware of JSL's guidelines and attesting to their agreement with a number of items that ensure best environmental practices, human rights, corporate governance, labor legislation and social security.

Also, at the end of 2013 we implemented approval criteria for suppliers that represented 70% of JSL's total revenues.

In 2014 we extended this to 80% and in 2015 this percentage rose to 85%, with completion of the process in 2016. Last year we also implemented supply management for suppliers, inviting all of them to check the Code of Conduct on JSL's website. As part of the management process, we identified the most critical vendors for the application of the compliance questionnaire, undertaking an assessment of their practices.

With the aim of becoming an instrument for promoting sustainability throughout our supplier chain, we intend to implement a program to recognize this public in 2018. The intention is to increase the coverage of strategic suppliers, establishing targets for the next 3 years.



In 2017, we worked hard to implement the SAP system, carrying out tests and adjustments on the tool, in addition to corporate training courses over the course of the year. With the support of this tool, we redefined our criteria for the homologation base and in 2018 we hope to attain the new system's full potential.

CUSTOMERS

Our motto "Understand in order to Serve" continues to be the basis for building relationships with our customers. Being at their service is what drives us to carry out our actions and operations, always with a view to achieving excellence in our service and a focus on the optimization of processes. Customized solutions are important for building lasting relationships, adding value to the company's production chain.

With transparency, mutual trust, agility and a customized service, we provide services in an integrated and flexible way. Based on these principles and guidelines, we establish ever stronger ties with our customers, aiming and succeeding in exceeding their expectations.

To this end, we built an operational management aimed at promoting agility in decision making, with a solid administrative structure that supports our entire base of operations. By giving priority to the quality of the services provided and to the continuous improvement of the processes, we ensure greater efficiency in terms of the resolution of demands and a clearer understanding of our customers' needs and specific characteristics.





ENVIRONMENTAL
PERFORMANCE

ENERGY EFFICIENCY AND EMISSIONS

(GRI 302-1)

In order to minimize environmental impact and contribute to increasing awareness regarding sustainability, JSL has adopted measures that make it possible to reduce consumption and waste, such as rational use of fuel, recycling of lubricating oil and the carrying out of inventory of emissions. Actions directed at energy-efficiency are implemented via practices such as replacing ordinary light bulbs with LED bulbs, using low-sulfur fuel - which reduces the emission of white smoke and increases the useful life of the lubricat-

ing oil - the use of deflectors, training courses in defensive driving and economic driving, as well as the use of special vehicles that increase occupancy and consequently reduce CO₂ emissions such as long combination vehicles (locally known as *bitrem*) and others.

One of the highlights of 2017 was the inclusion of the company's administrative headquarters in the municipality of Mogi das Cruzes in the free market of electricity, making it

possible for 100% of the unit's energy consumed to come from renewable sources (solar power, wind power and biomass). The forecast is that another unit will be included in 2018.

Energy consumption in 2017 was 40,401,699.50 kWh, an increase of 5% over the previous year. This increase is due both to the acquisition of new businesses, such as Quick Logística, as well as to the improved quality of the data

gathered, via the SAP system, in relation to data collection in 2016, which was carried out by means of spreadsheets that were filled out by the leadership at the branches.

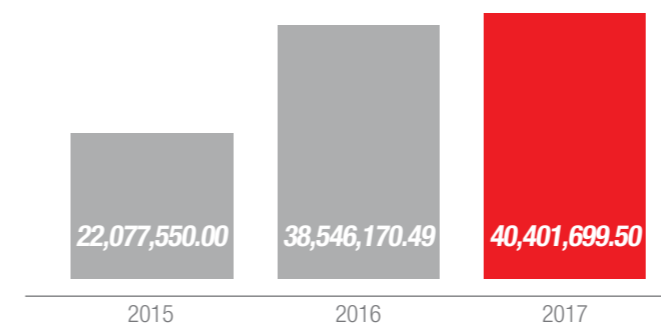
As described in the table below, the targets in terms of energy consumption reduction were achieved at the company's administrative headquarters and at the intermodal unit, both of which are ISO 14.001:2008 certified.



Target 2017	Unit	Results
1.5% REDUCTION in energy consumption*	Administrative headquarters (Mogi das Cruzes)	Target achieved and exceeded by 21% (from 4,199.6 kWh/employee/day to 3,226.54 kWh/employee/day)
	Intermodal Unit (Itaquaquecetuba)	Target achieved and exceeded by 17% (from 7,547 kWh/employee/day to 6,167 kWh/employee/day)

*Baseline: 2016's consumption.

Electricity consumption (kWh) - (GRI 302-1)



Fuel consumption (kJ) GRI 302-1

NON-RENEWABLE	
DIESEL OIL	2,909,930,216.11
GASOLINE	20,930,385.41
RENEWABLE	
ETHANOL	38,406,023.7

Emissions

(GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-6)

In accordance with the GHG Protocol guidelines, once a year JSL undertakes an Inventory of Emissions, a tool that is used internationally for understanding, quantifying and managing greenhouse gas (GHG) emissions. Another mechanism used to manage emissions are the reports from the Intergovernmental Panel on Climate Change (IPCC), an entity that carries out regular assessments of the topic

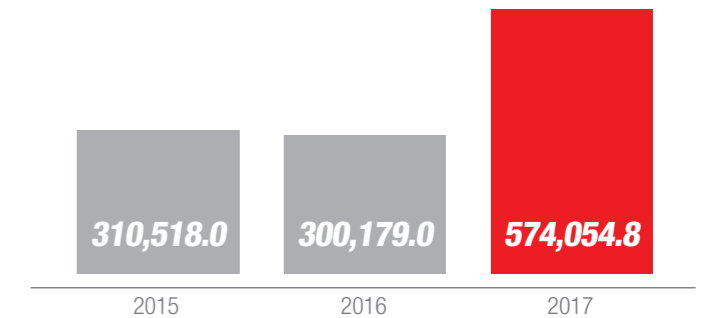
Taking into account all the of the company's operations, in 2017 direct emissions (Scope 1) and indirect emissions (Scope 2) came to a total of 574,054.8 t CO₂eq, which is a 91% increase in comparison to the 300,179.00 t CO₂eq observed in 2016.

Although the company does not have any targets regard-

ing reducing direct or indirect emissions, the company's focus on reducing energy consumption has an indirect impact on the reduction of GHG emissions. In 2017 there was no emission of any substances that deplete the ozone layer (SDO), according to the Montreal protocol.

GHG emissions (t CO₂eq)

(GRI 305-1, GRI 305-2)



Note: The chart only includes the organization's direct emissions (Scope 1) and indirect emissions (Scope 2). The organization has no control of emissions for other indirect emissions (Scope 3).

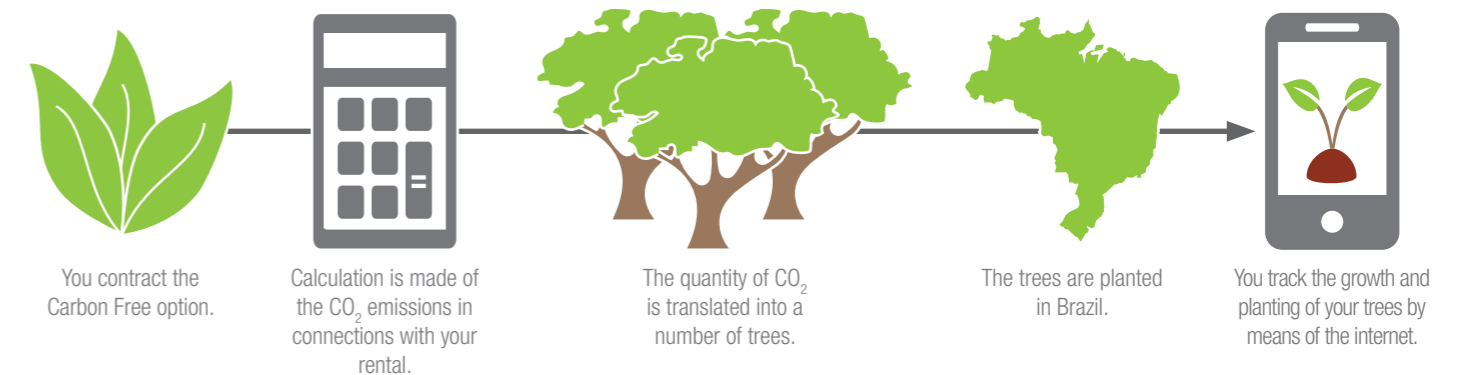
Carbon Free

The Carbon Free program is a practical initiative which, by means of the planting of trees, contributes to offsetting emissions of pollutants, reducing the impact of climate change. Since 2011, all of Movida's customers have been invited to take part in the program by paying an additional fee on top the daily vehicle rental charge. For each person signing up to the initiative, Movida contributes a direct financial amount, in this way sharing the responsibility.

In 2017, the program reached the mark of 11,020,608 km covered and 11,383 native tree seedlings planted for CO₂ sequestration. The planting of the trees is carried out by means of a partnership that has been set up with the NGO Fundação SOS Mata Atlântica.



Carbon Free Rental



WATER

(GRI 303-1)



JSL uses water in a conscious way in accordance with the legal guidelines related to this matter. This responsibility is reflected in the incentives for the implementation of reuse systems and the improvement of water use efficiency at all of the Company's units, in addition to monitoring the consumption and implementation of water treatment plants at those branches where consumption is significant. For example, at garages where vehicle maintenance is carried out, an effort is always made to identify possible ways to ration the use of water.

Campaigns aimed at increasing awareness and reducing consumption are disseminated to employees and third parties by means of JSL's communication channels.

The organization's total water consumption in 2017 was one of 542,096.20 m³, which represents a marked 117% increase over the previous year. Notwithstanding the increase, 2017's reduction targets were achieved both at the administrative headquarters and at the intermodal unit.

Total amount of water consumed, by source (m³) - (GRI 303-1)

	2016	2017
GROUNDWATER	18,117.00	87,574.60
SUPPLY OF MUNICIPAL WATER OR OTHER WATER SERVICES	231,657.00	444,505.60
RAINWATER COLLECTED DIRECTLY OR STORED BY THE ORGANIZATION	-	10,016.00
TOTAL	249,774.00	542,096.20

Note: consumption in relation to our garages.

2017's Target

Unit

Results

1.5% REDUCTION in water consumption*

Administrative headquarters (Mogi das Cruzes)

Target achieved and exceeded by **6.25%**
(from **26 liters/employee/day** to **23.9 liters/employee/day**)

Intermodal Unit (Itaquaquecetuba)

Target achieved and exceeded by **18%**
(from **96 liters/employee/day** to **77 liters/employee/day**)

*Baseline: 2016's consumption.

WASTE

(GRI 306-4)

JSL's Waste Management is aligned with Brazil's National Solid Waste Policy and by means of its practices is aimed at taking responsibility for the items it uses, with a view to minimizing the environmental impact of its activities.

In addition to monitoring the consumption of the inputs used in the operations, the company ensures that disposal of items such as tires and lubricating oil is carried out correctly, with 100% of the latter item being forwarded to the re-refining process, where it is reinserted in the production

chain of the same product. It should be stressed that the temporary storage complies with NBR 12.235, a regulatory standard for the storage of hazardous solid waste.

In 2017, 5,800 tons of hazardous waste, which is classified as per NBR 10.004, was transported and then allocated to "blending" companies, afterwards being sent to cement kilns, where they are used as an alternative energy source by means of co-processing.



C049 I

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Entender para Atender

C049

FACCHINI

MATERIALITY MATRIX

(GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-46, GRI 102-47, GRI 103-1, GRI 103-2, GRI 103-3)

In order to define the content of this report (and its respective GRI indicators), at the start of 2017 we undertook a structured consultation process with our stakeholders⁶, which resulted in the drafting of our Materiality Matrix. Therefore, we list the issues that are the most relevant ones for the organization and for our stakeholders, also taking into account the definition of the main aspects and economic, social and environmental impacts related to our business.

• Engagement Tool

The resource that we used to map the topics that make up our Materiality Matrix was an online questionnaire based on GRI guidelines; on surveys regarding topics that are relevant to the sector; on the content of JSL's 2015 Annual Report and on the company's strategic concepts.

The study addressed three major topics - Economic-financial and Management, Social and Environment -, each of

them covering seven subjects, which were ranked from the most relevant (1) to the least relevant (7). By means of this, it was possible to find out both JSL's opinion as well as that of its stakeholders regarding 21 different subjects.

• Definition of stakeholders

For the definition of the stakeholders to be consulted in the Materiality Matrix, we choose those who we regard as being strategic to the performance of our business, such

as investors, partner institutions, the press, suppliers, employees, customers and financial institutions. This choice was made based on the impact of the Company's activities, products and services on these audiences, as well as their expectations, interests and capacities. Engagement provides tools for the effectiveness of the company's decision-making process, contributing to the development of long-term relationships.

• Material topics

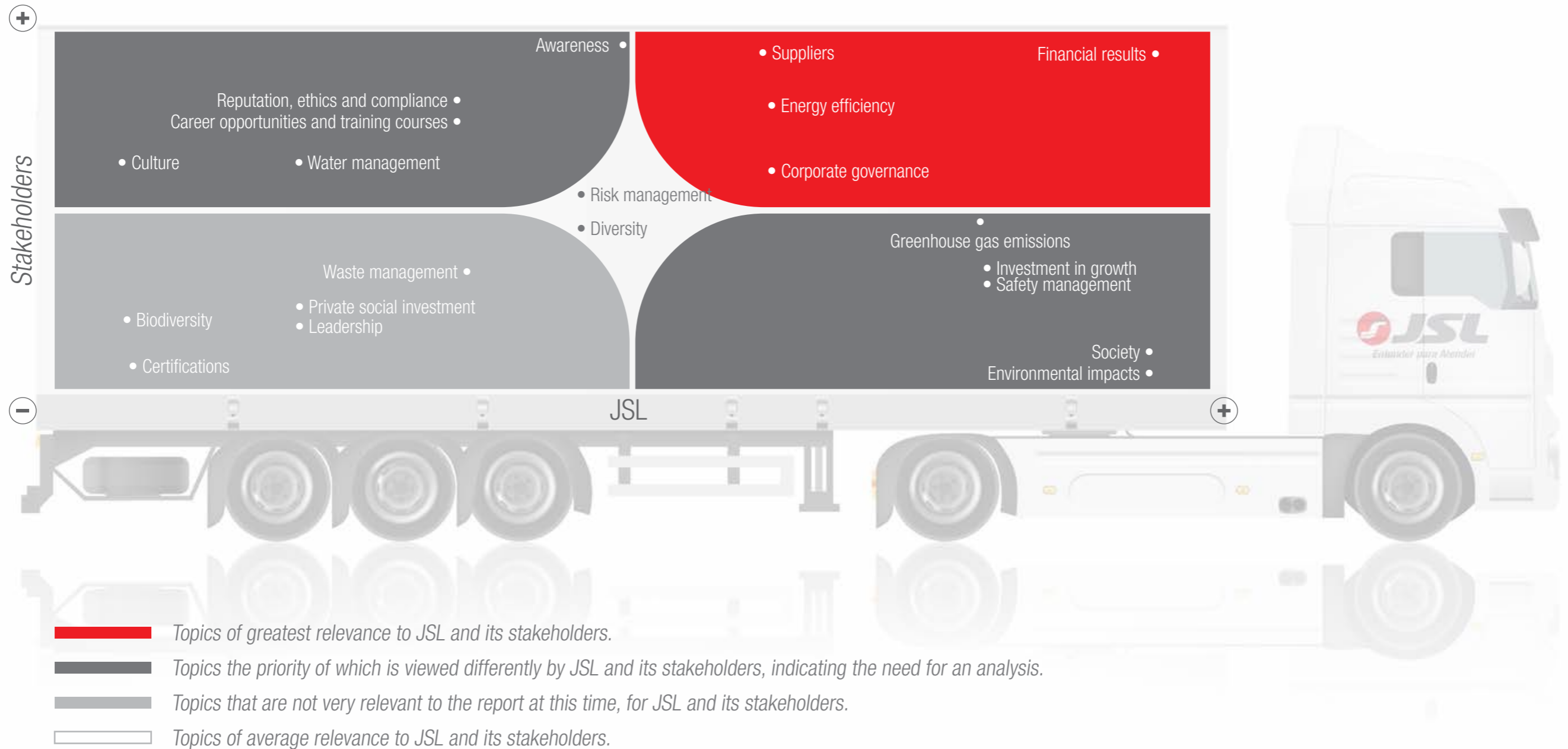
With the results obtained based on consulting the various publics, it was possible to draw up a chart that reveals the four issues that are considered to be the most relevant ones, both by the stakeholders as well as by JSL's senior management, spread across three themes and their respective subjects:

- **Economic-Financial and Management:** Financial Results, Corporate Governance;
- **Environment:** Energy Efficiency;
- **Social:** Suppliers.

After having drawn up the Materiality Matrix, a survey was made of all the GRI indicators related to the material aspects identified, as well as the definition of indicators that we consider to be important for our business. Based on this entire process, the set of indicators reported in this report was determined.

6. Acronym in English to "interested parties".





Material topics and management approach
(GRI 103-1, 103-2, GRI 103-3)

Material topics	Publics impacted	Correlation GRI Standards	JSL's management approach and assessment of the management approach
CORPORATE GOVERNANCE: KNOWING JSL'S CORPORATE GOVERNANCE AND ITS STRUCTURE.	EMPLOYEES LEADERSHIP INVESTORS	GRI 102-18	<p>JSL adheres to the market's best corporate governance practices, with a focus on transparency and accessibility to information for all stakeholders. It also has corporate mechanisms that are designed to ensure compliance with laws and regulations, operating in a preventive way by means of effective risk monitoring and proper management of the internal processes.</p> <p>It has a Board of Directors and an Executive Board, which are also supported by a Fiscal Council, established at the minority shareholders' request along with an Ethics and Compliance Committee, with the aim of monitoring the conformity of the company's operations with laws, internal policies and ethical standards, enabling continuous improvement of processes and the Company's continuation, which reports directly to the Board of Directors.</p>
FINANCIAL RESULTS: KNOWING JSL'S MAIN FINANCIAL RESULTS IN A TRANSPARENT WAY.	EMPLOYEES LEADERSHIP INVESTORS BANKS	GRI 201-1, GRI 201-2	<p>The individual and consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil, which are made up of the practices included in Brazilian corporate law, technical pronouncements, guidelines and technical interpretations issued by the Accounting Pronouncements Committee ("CPC"), approved by the Brazilian Securities and Exchange Commission ("CVM"), which are in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB").</p> <p>JSL's complete financial statements are published annually in the State of São Paulo's Official Gazette and in the newspaper O Estado de São Paulo.</p> <p>All of JSL's material facts, earnings release and other communications with the market are disclosed simultaneously in the CVM/B3 (Brazilian Securities and Exchange Commission and Bolsa, Brasil, Balcão) and on the Company's website's Investor Relations Area (http://www.jsl.com.br/ri).</p> <p>In addition, the financial results are also included in the Annual and Sustainability report.</p>
SUPPLIERS: KNOWING JSL'S PRACTICES FOR INCLUSION OF SUSTAINABILITY CRITERIA IN THE PURCHASING PROCESSES.	SUPPLIERS EMPLOYEES LEADERSHIP	GRI 102-9, GRI 204-1, GRI 308-1, GRI 407-1, GRI 408-1, GRI 409-1, GRI 414-1	<p>SL encourages more responsible practices in its value chain. In order to select and develop suppliers that share its values and practices, JSL established social and environmental criteria for qualification and approval of the aforesaid suppliers. Key suppliers sign a Socio-Environmental Term of Commitment, confirming that they are aware of JSL's guidelines and attesting to their agreement with a number of items that ensure the best environmental, human rights, corporate governance, labor legislation and social security practices.</p> <p>In 2017, the SAP system was implemented, redefining the criteria for the homologation base and the goal in 2018, is for the new system to achieve its full potential.</p> <p>In 2018, JSL also plans to implement a program to recognize strategic suppliers.</p>
ENERGY EFFICIENCY: KNOWING JSL'S ACTIONS THAT ARE DIRECTED AT ENERGY EFFICIENCY, SUCH AS THE FLEET'S RENEWAL.	SUPPLIERS EMPLOYEES LEADERSHIP INVESTORS PARTNER INSTITUTIONS	GRI 302-1	<p>JSL adopts practices that make it possible to reduce consumption and waste, such as the rational use of fuel, the recycling of lubricating oil and the carrying out of the emissions inventory. The actions aimed at energy efficiency, specifically in relation to the fleet, are as follows: use of low sulfur fuel - which reduces white smoke emissions and increases the useful life of the lubricating oil -, use of deflectors, defensive driving training courses, in addition to the use of special vehicles that increase occupancy and consequently reduce CO₂ emissions such as long combination vehicles and others.</p> <p>JSL has not set any targets in relation to this question.</p>

Matrix of aspects and impacts
(GRI 203-2)

Impactos	Economic		Environmental		Social	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
POSITIVE	Expansion of investments (branches)	Attracting new investments	Recycling of lubricating oil	Reduction of improper disposal of waste	Job creation	Creation of indirect jobs
	Contracting of local products and services	Boosting the local economy	Consumption of low sulfur content fuel	Reduction of white smoke	Professional training	Professional qualification
	Social-cultural and sports investments	Economic development	Renewal of the fleet (euro 5)	Efficient use of fuel/ Lower levels of emissions	Social-cultural and sports investments	Local development
	Increase in public collection		Development of special vehicles (road train)	Reduction of CO ₂ emissions	Increase in public collection	Improvement in the quality of life
NEGATIVE	Expansion of the operation	Demand for infrastructure and public services	Increase in CO ₂ emissions	Alteration of air quality	Increase in truck circulation	Increase in risk of accidents
	Intense use of the highway network		Consumption of lubricating oil, grease, tires, water, electricity	Depletion of natural resources	Nuisance to the population caused by operations	Sound pollution and increase in local traffic
	Reduction of labor during the demobilization period	Alteration of the local economy	Disposal of lubricating oil, grease and contaminated effluents	Soil and water pollution	Reduction of labor during the decommissioning period	Increase in the unemployment rate

GRI CONTENT INDEX

(GRI 102-55)

GRI Standards	Disclosure	Observations	Page of the report	Omission
GRI 101: FOUNDATION 2017				
GENERAL CONTENT				
ORGANIZATIONAL PROFILE				
GRI 102-1	Name of the organization.		12	
GRI 102-2	Activities, brands, products and services.		12, 14, 18	
GRI 102-3	Location of the organization's head office.		12, 69	
GRI 102-4	Location of the organization's operations.		12	
GRI 102-5	Nature of ownership and the legal form of the organization.		12	
GRI 102-6	Markets served.		12, 18	
GRI 102-7	Scale of the organization.			
GRI 102-8	Information about employees (own and third-party).		46	JSL does not have full mapping of the details of outsourced employees. For this reason, this report does not give details regarding the situation of this public.
GRI 102-9	Supply chain.		51	
GRI 102-10	Main changes in relation to size, structure or corporate ownership.		18, 27	
GRI 102-11	Precautionary principle.		37	
GRI 102-12	External initiatives.		25	
GRI 102-13	Affiliations and associations.		25	
STRATEGY				
GRI 102-14	Message from the Chief Executive Officer.		3	
ETHICS AND INTEGRITY				
GRI 102-16	Values, principles, standards and rules of conduct.		17, 36	
GOVERNANCE				
GRI 102-18	Governance structure.		26, 30	
STAKEHOLDERS' ENGAGEMENT				
GRI 102-40	List of groups of stakeholders engaged by the organization.		57	

GRI 102: GENERAL DISCLOSURES 2017

GRI Standards	Disclosure		Observations	Page of the report	Omission	
GRI 102: GENERAL DISCLOSURES 2017	GRI 102-41	Collective bargaining agreements.		46		
	GRI 102-42	Base for the identification and selection of stakeholders with which to engage.		57		
	GRI 102-43	Approach adopted for the engagement of stakeholders.		57		
	GRI 102-44	Main topics and concerns raised with the stakeholders.		57		
	REPORTING PRACTICES					
	GRI 102-45	Entities included in the consolidated financial statements.		27, 28		
	GRI 102-46	Definition of the report's content and the limits of each material issue.		10, 57		
	GRI 102-47	List of material topics.		57		
	GRI 102-48	Reformulations of information.	As from January 1, 2017, the Company began to present the PIS and COFINS credits on the acquisition of inputs and depreciation charges as credits reducing the costs of the products and services sold, in order to better reflect the nature of the respective credits and expenses. The values corresponding to these credits in relation to previous periods were reclassified for comparison purposes.			
	GRI 102-49	Changes in the report.	There were no significant changes in 2017.			
	GRI 102-50	Period covered by the report.		10		
	GRI 102-51	Date of the previous report.		10		
	GRI 102-52	Reporting cycle.		10		
	GRI 102-53	Contact details in relation to the report.		10, 69		
	GRI 102-54	"Agreement" option chosen by the organization.		10		
	GRI 102-55	Summary of GRI Standards content.		61		
GRI 102-56	External verification.		10			
MATERIAL TOPICS						
FINANCIAL RESULTS						
GRI 103: MANAGEMENT APPROACH 2017	GRI 103-1	Explanation of the material topics and their limits.		60		
	GRI 103-2	Management approach and its components.		60		
	GRI 103-3	Evaluation of the management approach.		60		
GRI 201: ECONOMIC PERFORMANCE 2017	GRI 201-1	Direct economic value generated and distributed.		7, 44		
	GRI 201-2	Financial implications and other risks and opportunities due to climate change.		37		

GRI Standards	Disclosure		Observations	Page of the report	Omission
SUPPLIERS					
GRI 103: MANAGEMENT APPROACH 2017	GRI 103-1	Explanation of the material topics and their limits.		60	
	GRI 103-2	Management approach and its components.		60	
	GRI 103-3	Evaluation of the management approach.		60	
GRI 102: GENERAL DISCLOSURES 2017	GRI 102-9	Supply chain.		51	
GRI 204: PROCUREMENT PRACTICES 2017	GRI 204-1	Proportion of spending on local suppliers at major operational units.		51	
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2017	GRI 308-1	Percentage of new suppliers selected based on environmental criteria.		51	The information regarding the percentage of new suppliers selected based on environmental criteria is not available at this time. However, we rely on specific clauses in our contracts that address these questions. Further information about our forms of management can be found in the chapter "Suppliers".
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2017	GRI 407-1	Operations and suppliers identified in which the right to freedom of association and collective bargaining may be at risk.	In none of our operations is there any possibility of breach of freedom of association and collective bargaining.		
GRI 408: CHILD LABOR 2017	GRI 408-1	Operations and suppliers with risk of the occurrence of cases of child labor.		51	
GRI 409: FORCED OR COMPULSORY LABOR 2017	GRI 409-1	Operations and suppliers with risk of the occurrence of cases of forced or compulsory labor.		51	
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2017	GRI 414-1	Suppliers selected based on social behavior.		51	The information regarding the percentage of new suppliers selected based on social criteria is not available at this time. However, we rely on specific clauses in our contracts that address these questions. Further information about our forms of management can be found in the chapter "Suppliers".
ENERGY EFFICIENCY					
GRI 103: MANAGEMENT APPROACH 2017	GRI 103-1	Explanation of the material topics and their limits.		60	
	GRI 103-2	Management approach and its components.		60	
	GRI 103-3	Evaluation of the management approach.		60	
GRI 302: ENERGY 2017	GRI 302-1	Energy consumption within the organization.		54	
CORPORATE GOVERNANCE					
GRI 103: MANAGEMENT APPROACH 2017	GRI 103-1	Explanation of the material topics and their limits.		60	
	GRI 103-2	Management approach and its components.		60	
	GRI 103-3	Evaluation of the management approach.		60	
GRI 102: GENERAL DISCLOSURES 2017	GRI 102-18	Governance structure.		26, 30	

GRI Standards	Disclosure	Observations	Page of the report	Omission
SPECIFIC INDICATORS				
ECONOMIC SERIES				
GRI 203: INDIRECT ECONOMIC IMPACTS 2017	GRI 203-2	Significant indirect economic impacts, including the extent of the impact.	60	
GRI 205: ANTI-CORRUPTION 2017	GRI 205-1	Operations submitted to assessments of risks related to corruption.	33	
	GRI 205-2	Communications and training about anti-corruption policies and procedures.	33	
	GRI 205-3	Confirmed cases of corruption and actions taken.	No cases of corruption were identified at JSL in 2017.	33
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2017	GRI 206-1	Legal actions on account of anti-competitive behavior, trust and monopoly practices.	In 2017, the JSL Group was not involved in any legal actions relating to anti-competitive behavior and/or violations of antitrust laws and monopoly regulations.	
ENVIRONMENTAL SERIES				
GRI 303: WATER 2017	GRI 303-1	Total amount of water withdrawn, by source.	56	
GRI 305: EMISSIONS 2017	GRI 305-1	Direct (SCOPE 1) Greenhouse Gas (GHG) Emissions.	55	
	GRI 305-2	Indirect (SCOPE 2) Greenhouse Gas (GHG) Emissions.	55	
	GRI 305-3	Other Indirect (SCOPE 3) Greenhouse Gas (GHG) Emissions.	55	
	GRI 305-6	Emissions of ozone depleting substances (ODS).	55	
GRI 306: EFFLUENTS AND WASTE 2017	GRI 306-4	Transport of hazardous waste.	56	
GRI 307: ENVIRONMENTAL COMPLIANCE 2017	GRI 307-1	Non-compliance with environmental laws and/or regulations.	The Company received the sum of R\$193,470 in connection with the following compliance failures: - Notice of Infraction (administrative resources), from CETESB; - Carrying out of painting without exhaust equipment or filters (painting booth).	
SOCIAL SERIES				
GRI 401: EMPLOYMENT 2017	GRI 401-1	New employee hires and employee turnover by age bracket, gender and region.	47	
	GRI 401-2	Benefits provided to the employees.	47	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2017	GRI 403-1	Workers' representation on formal health and safety committees.	48	
	GRI 403-2	Types on injury and rates of injury, occupational diseases, lost days, absenteeism and number of fatalities.	49	
	GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation.	48	
GRI 404: TRAINING AND EDUCATION 2017	GRI 404-1	Average number of hours of training, by functional category and gender.	48	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2017	GRI 405-1	Diversity of the groups responsible for governance and employees.	46, 47	

GRI Standards	Disclosure		Observations	Page of the report	Omission
GRI 412: HUMAN RIGHTS ASSESSMENT 2017	GRI 412-1	Operations that have undergone analysis or assessment of impacts on human rights.	100% of JSL's operations are analyzed for impacts related to human rights, and the HR department ascertains by means of meetings with branch managers, termination interviews, control of complaints and fines on the matter, that operations are developing their activities in accordance with the guidelines of the Human Rights Policy and JSL's Code of Conduct.		
GRI 413: LOCAL COMMUNITIES 2017	GRI 413-1	Operations with local community engagement, impact assessments and/or development programs.		50	
GRI 415: PUBLIC POLICY 2017	GRI 415-1	Total value of financial contributions to political parties.	In 2017, the Company did not make any donations to political parties.		
GRI 417: MARKETING AND LABELING 2017	GRI-417-3	Total number of cases of non-compliance with regulations and voluntary codes regarding marketing communications, including advertising, promotion and sponsorship, broken down by type of result.	In 2017 there were no cases of non-compliance with regulations and voluntary codes regarding marketing communications including advertising, promotion and sponsorship.		
GRI 419: SOCIOECONOMIC COMPLIANCE 2017	GRI 419-1	Non-compliance with laws and regulations in the social and economic area.	In 2017 no significant fines or non-monetary sanctions were applied to the JSL Group's companies in the social and economic areas, taking into account any sanctions that represent a material impact risk on the exercise of the companies' regular activities.		

GLOSSARY

- **Area four of the metropolitan region of São Paulo:** this includes the municipalities of Biritiba Mirim, Ferraz de Vasconcelos, Guararema, Itaquaquecetuba, Mogi das Cruzes, Poá, Salesópolis, Suzano and São Paulo.
- **BRC:** British Retail Consortium Global Standards for Food Safety, specific food storage certification.
- **Cross-selling:** A practice that involves selling products and providing additional services to existing customers.
- **EBITDA:** In accordance with CVM Circular Letter nº 1/2005, this is earnings before financial income (expenses) net of income tax and social contribution, minority interest, depreciation and amortization. EBITDA is not a measure according to accounting practices adopted in Brazil, does not represent the cash flow for the years shown and should not be regarded as an alternative to net income or as an alternative to cash flow as an indicator of the Company's liquidity. EBITDA has no standardized meaning and the definition of EBITDA used by JSL may not be comparable to those used by other companies.
- **EBITDA-A or Added EBITDA:** Corresponds to EBITDA plus the residual accounting cost of the sale of fixed assets, which does not represent operating cash disbursement, since it is merely an accounting representation of the write-off of the assets at the time of their disposal. Therefore, it is the opinion of the Company's Management that EBITDA-A is a more appropriate practical indicator than traditional EBITDA as an approximation of cash generation, in such a way as to gauge the Company's ability to meet its financial obligations.
- **Eliminations:** offsetting of the amounts inherent to the operations carried out between JSL Logística, JSL Concessionárias and Movida, which therefore have no effect on JSL Consolidated numbers.
- **Management and Outsourcing or Management and Outsourcing of Fleet/Equipment:** Management and outsourcing services provided by JSL by means of fleets made up of light and heavy vehicles, including scaling activities and services added to the fleet, machinery and equipment.
- **IPO:** From the English Initial Public Offering, the abbreviation IPO refers to Initial Public Offering.
- **JSL Concessionárias de Veículos or Concessionárias:** Merged into JSL in February 2012, it is a holding company with a network of light and heavy vehicle dealerships along with an insurance brokerage. The light vehicle dealerships are under the Volkswagen, Fiat and Ford brands, while the heavy vehicle dealerships are under the MAN brand. It consolidates the companies Original Veículos Ltda., Avante Veículos Ltda., Ponto Veículos Ltda., Transrio Caminhões, Ônibus, Máquinas e Motores Ltda., Vintage Corretora e Administradora de Seguros Ltda.
- **JSL Locações Ltda. or GTF:** Rental of vehicles, machinery and equipment with or without a driver, with fleet management and maintenance.
- **JSL Logística:** Includes the results of JSL's logistics operations as well as those of Schio.
- **EBITDA Margin:** Ratio between EBITDA (with positive or negative impact from the Sale of Assets) and Net Revenue from Services (does not take into account the revenue from the Sale of Assets).
- **Movida Participações S.A. or Movida:** Consolidates all the rent a car (RAC) activities operated by Movida Rent a Car Ltda., along with fleet management and outsourcing activities (GTF), carried out by JSL Locações Ltda.
- **Movida Rent a Car Ltda. or RAC:** This represents the consolidation of the information from Movida Ltda. and APTA Ltda., companies acquired in December 2013, which provide daily, monthly and annual rental of light vehicles to individuals and companies.
- **Schio or Rodoviário Schio:** Company merged into JSL in December 2011, being the Brazilian market leader in the logistics of temperature controlled products, with a turnover of R\$444 million in 2011.

FINANCIAL STATEMENTS

Assets (In thousand of Brazilian reais)	Parent Company		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Current				
Cash and cash equivalents	116,487	318,623	714,734	585,920
Marketable securities	380,680	198,982	1,718,520	457,300
Trade receivables	637,969	556,017	1,211,836	1,021,422
Inventories	25,757	22,740	246,147	164,626
Taxes recoverable	43,332	21,260	125,015	45,573
Income tax and social contribution recoverable	56,295	35,197	97,196	50,027
Prepaid expenses	4,016	3,799	18,673	12,891
Related parties	74,525	73,475	-	-
Dividends receivable	19,991	85,964	-	-
Assets available-for-sale	70,866	87,081	313,390	331,249
Advances to third parties	26,087	16,840	27,687	29,420
Other credits	4,165	2,601	15,263	18,272
Total current assets	1,460,170	1,422,579	4,488,461	2,716,700
Non-current				
Marketable securities	-	-	5,584	-
Derivative financial instruments	108,252	36,037	108,252	36,037
Trade receivables	25,905	32,507	120,603	108,356
Taxes recoverable	40,115	34,296	61,930	42,604
Income tax and social contribution recoverable	20,245	19,864	20,307	19,864
Judicial deposits	41,574	101,806	62,335	120,704
Deferred income tax and social contribution	-	-	60,626	31,438
Related parties	11,650	1,849	188	76
Fund for capitalization of authorized vehicle dealerships	-	-	39,692	52,642
Other credits	932	2,048	3,634	6,035
Total long-term assets	248,673	228,407	483,151	417,756
Investments	2,485,702	2,112,215	979	1,179
Property and equipment	1,432,578	1,644,473	6,056,614	5,386,719
Intangible assets	253,344	259,838	471,719	346,029
Total non-current assets	4,420,297	4,244,933	7,012,463	6,151,683
Total assets	5,880,467	5,667,512	11,500,924	8,868,383

Liabilities (In thousand of Brazilian reais)	Parent Company		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Current				
Trade payables	41,489	36,714	878,274	992,368
Floor plan vehicles	-	-	72,051	28,387
Suppliers financing – car makers	3,467	9,265	248,148	551,359
Borrowings and financing	504,130	750,899	982,697	888,916
Debentures	267,830	131,824	284,417	142,242
Finance leases payable	41,588	69,058	142,329	165,716
Assignment of receivables	-	-	6,043	-
Labor liabilities	119,202	104,401	211,652	179,418
Income tax and social contribution payable	-	-	8,907	11,528
Tax liabilities	31,764	26,286	76,093	51,968
Other accounts payable	21,435	23,402	167,680	151,377
Advances from customers	3,484	7	50,844	29,101
Related parties	21,978	34,415	553	1,782
Total current liabilities	1,056,367	1,186,271	3,129,688	3,194,162
Non-current				
Borrowings and financing	2,540,541	2,297,729	4,809,871	2,957,220
Debentures	1,333,049	1,107,512	1,731,065	1,406,375
Finance leases payable	47,151	94,605	70,448	189,017
Assignment of receivables	-	-	24,171	-
Derivative financial instruments	-	12,223	-	12,223
Tax liabilities	841	1,316	1,705	2,701
Provision for judicial and administrative litigation	51,254	61,366	71,463	73,712
Deferred income tax and social contribution	70,897	90,831	288,893	197,088
Other accounts payable	93,579	206,670	184,300	226,896
Total non-current liabilities	4,137,312	3,872,252	7,181,916	5,065,232
Equity				
Share capital	660,395	660,395	660,395	660,395
Capital reserve	21,961	14,060	21,961	14,060
Treasury shares	(460)	(3,741)	(460)	(3,741)
Equity valuation adjustments	82,621	4,634	82,621	4,634
Other comprehensive income (loss)	(5,400)	-	(5,400)	-
Accumulated losses	(72,329)	(66,359)	(72,329)	(66,359)
Equity attributable to the owners of the Company	686,788	608,989	686,788	608,989
Non-controlling interests	-	-	502,532	-
Total equity	686,788	608,989	1,189,320	608,989
Total liabilities and equity	5,880,467	5,667,512	11,500,924	8,868,383

Statements of income (loss) Years ended December 31, 2017 and 2016 (In thousands of Brazilian reais)	Parent Company		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Net revenue from services rendered and sale of assets used in services rendered	2,879,061	2,872,199	7,255,804	6,523,116
(-) Cost of sales, rentals and services rendered	(2,285,898)	(2,275,963)	(4,032,052)	(3,936,687)
(-) Cost of sales of assets	(179,054)	(138,005)	(1,737,637)	(1,289,069)
	(2,464,952)	(2,413,968)	(5,769,689)	(5,225,756)
(=) Gross profit	414,109	458,231	1,486,115	1,297,360
Selling and administrative expenses	(162,445)	(183,076)	(746,102)	(684,175)
Other operating expenses, net	(60,207)	(38,770)	(35,543)	(114,402)
Equity in the results of investees	193,543	64,437	-	-
(=) Profit before finance income (costs) and taxes	385,000	300,822	704,470	498,783
Finance income	86,136	119,108	209,555	201,723
Finance costs	(538,498)	(706,631)	(880,096)	(949,976)
(=) (Loss) profit before income tax and social contribution	(67,362)	(286,701)	33,929	(249,470)
Income tax and social contribution - current	-	-	(30,178)	(21,844)
Income tax and social contribution - deferred	64,620	103,527	12,967	88,140
Total income tax and social contribution	64,620	103,527	(17,211)	66,296
(=) (Loss) profit for the year	(2,742)	(183,174)	16,718	(183,174)
Attributable to:				
Owners of the Company	(2,742)	(183,174)	(2,742)	(183,174)
Non-controlling interests	-	-	19,460	-
(=) Basic and diluted loss per share at the end of the year (in R\$)			(0.0136)	(0.9012)

Statements of cash flows – indirect method, Years ended December 31, 2017 and 2016 (In thousands of Brazilian reais)	Parent Company		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Cash flows from operating activities		(Reclassified Note 2.30)	(Reclassified Note 2.30)	
(Loss) profit before income tax and social contribution	(67,362)	(286,701)	33,929	(249,470)
Adjustment to:				
Depreciation and amortization (Notes 14, 15 and 16)	232,791	292,362	525,731	547,187
Costs of sales of assets derecognized	179,054	138,005	1,737,637	1,289,069
Realization of surplus value of assets (Note 14.1)	36,139	-	-	-
Equity in the results of investees	(193,543)	(64,437)	-	-
Provision for judicial and administrative litigation (Note 26)	22,351	54,016	44,881	63,413
Estimated losses on doubtful accounts (Note 8)	8,485	13,645	60,680	68,409
Write-off of other fixed assets	59,404	-	24,913	-
Provision for and write-off of stolen and damaged vehicles	1,524	-	139,646	7,768
Gain from business combination (Note 16)	-	(62,178)	-	(62,178)
Provision for loss on ICMS recoverable	-	-	-	27,600
Adjustment to present value on assets and liabilities	(4,917)	15,393	(4,829)	24,536
Provision for inventory losses (Note 9)	942	632	1,328	204
Extemporaneous tax credits	(15,069)	-	(82,928)	-
Share-based payments (Note 30)	2,994	6,914	4,673	6,914
Gain (loss) on fair value of derivative financial instruments	(13,379)	90,402	(13,379)	107,067
Interest and monetary variations on borrowings and financing, finance leases, debentures and suppliers financing – car makers	520,881	423,372	815,524	570,511
	770,295	621,425	3,287,806	2,401,030
Decrease (increase) in assets				
Trade receivables	(86,692)	(81,995)	(216,940)	(174,564)
Inventories	(3,958)	(8,340)	(34,119)	34,440
Taxes recoverable	(34,301)	23,515	(55,571)	43,416
Related parties	55,122	2,434	(112)	334
Judicial deposits	(1,923)	(78,633)	(3,786)	(78,395)
Other credits	(9,272)	(2,905)	11,665	9,792
Prepaid expenses and Fund for capitalization of authorized vehicle dealerships	(217)	8,024	40,650	17,678
(Decrease) increase in operating liabilities				
Trade payables	4,264	2,538	(16,087)	487,169
Floor plan vehicles	-	-	43,664	(5,595)
Labor and tax liabilities	20,336	4,602	43,485	(11,988)
Advances from customers	3,477	78,897	21,743	128,915
Other accounts payable	4,085	-	(19,379)	-
Related parties	(12,437)	34,415	(1,229)	765
Changes in current and non-current assets and liabilities	(61,516)	(17,448)	(186,016)	730,138

Statements of cash flows – indirect method, Years ended December 31, 2017 and 2016 (In thousands of Brazilian reais)	Parent Company		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Cash provided by (used in) operating activities	708,779	603,977	3,101,790	3,131,168
(Investments in) redemptions of marketable securities	(181,698)	462,213	(1,271,267)	278,171
Judicial and administrative litigation paid	(32,462)	(22,185)	(47,748)	(33,055)
Income tax and social contribution paid	-	-	(32,798)	(13,116)
Interest paid on borrowings and financing, finance leases, debentures and suppliers financing – car makers	(482,121)	(426,360)	(636,669)	(591,742)
Acquisition of operational property and equipment for rental	(139,293)	-	(2,986,379)	(1,736,802)
Net cash (used in) provided by operating activities	(126,795)	617,645	(1,873,071)	756,453
Cash flows from investing activities				
Capital contribution and repurchase of shares of investees (Note 14.1)	(189,466)	(111,230)	-	-
Advance for future capital increase (Note 14.1)	-	(18,080)	-	-
Dividends and interest on capital received (Note 14.1)	72,464	16,501	-	-
Business combinations, net of cash (Note 1.2)	-	-	21,525	-
Payment for the acquisition of companies in prior years	(67,643)	(25,953)	(67,643)	(25,953)
Incorporation of subsidiary's cash	-	-	-	259
Acquisition of property and equipment	(9,647)	(6,923)	(23,372)	(57,523)
Acquisition of intangible assets	(766)	(3,553)	(10,832)	(9,971)
Net cash used in investing activities	(195,057)	(149,238)	(80,322)	(93,188)
Cash flows from financing activities				
Primary and secondary offering of shares of subsidiary	61,046	-	490,321	-
Cancelation (repurchase) of treasury shares	3,281	(34,603)	3,281	(34,603)
New borrowings, financing and debentures	2,517,061	455,020	4,598,397	689,594
Payments of borrowings and financing, finance leases and debentures	(2,389,192)	(733,393)	(2,967,526)	(1,480,541)
Assignment of receivables	-	-	30,214	-
Derivative financial instruments (paid) received	(72,480)	5,057	(72,480)	5,740
Dividends and interest on capital paid	-	(208,701)	-	(208,701)
Net cash provided by (used in) financing activities	119,716	(516,620)	2,082,207	(1,028,511)
Net (decrease) increase in cash and cash equivalents	(202,136)	(48,213)	128,814	(365,246)
Cash and cash equivalents				
At the beginning of the year	318,623	366,836	585,920	951,166
At the end of the year	116,487	318,623	714,734	585,920
Net (decrease) increase in cash and cash equivalents	(202,136)	(48,213)	128,814	(365,246)
Main non-cash transactions	(115,878)	(132,290)	(219,432)	(775,804)
Raising of finance leases and Finame for the acquisition of operational property and equipment	5,643	(55,779)	336,503	(33,729)
Changes in the balance of suppliers financing – car makers	(511)	-	146,670	-
(Payments) acquisitions of property and equipment to be financed Capital increase in subsidiaries with property and equipment, net of the respective debt	45,294	-	-	-

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(GRI 102-3, GRI 102-53)

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JSL

COORDINATION

JSL

Christiane Assis
Luciana Alves

GRI CONTENT AND WRITING

Visão Sustentável

José Pascowitch, Andrea Fumo, Luiza Silva and Silvio Luz

GRAPHIC PROJECT

O Menor Studio de Design do Mundo

PHOTOS

JSL's collection

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Social headquarters

+55 (11) 3154 4000

Rua Doutor Renato Paes de Barros, 1.017, 9º andar
Itaim Bibi - São Paulo – SP - CEP 04530-001

Administrative headquarters

+55 (11) 2377 7000

Av. Saraiva, 400
Brás Cubas - Mogi das Cruzes – SP - CEP 08745-140
www.jsl.com.br

Investor Relations

+55 (11) 2377 7178

ri@jsl.com.br
Av. Saraiva, 400
Brás Cubas - Mogi das Cruzes – SP - CEP 08745-140
www.jsl.com.br/ri

Press Office

GWA Comunicação Integrada

+55 (11) 3030-3000

Depository Bank

Bradesco S.A.

+55 (11) 3684-9441

4010.acoes@bradesco.com.br

Cidade de Deus s/n - Osasco – SP - CEP 06029-900

KPMG Independent Auditors

Rua Arquiteto Olavo Redig de Campos, 105 –

Torre A 6-7-8-11-12, Vila São Francisco, São Paulo/SP,
Brazil, CEP 04711-904

Telefone (011) 39401500

e-mail: umagalhaes@kpmg.com.br