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# Message from **management**

GRI 102-14

JSL Consolidated had a record Net Income of R\$189.2 million in 2018, 11x higher than the R\$16.7 million profit in the previous year. This result is due to all the restructuring carried out over the last 3 years, which begins to reflect positively on the profitability of our independently operating companies with business-focused management.

The group reached a Net Revenue of R\$8.1 billion, up 11.3% over 2017. Consolidated EBITDA also hit a record high of R\$1.6 billion, up 29.9% over 2017, with a margin of 24.9%, increasing around

2.3 percentage points, with the contribution of all our businesses.

In 2018, we concluded the reorganization of the existing business units into five independent companies through which we operate in segments with great potential for growth, in a leadership or prominent position within their segments. We continue to work to bring increasingly balanced and sustainable returns, starting a new cycle of development linked to consistent results. All companies have training and development of people in their DNA; we believe this is one of the great advantages of JSL Group.

“**The year 2018 was marked by the focus on execution and completion of the new corporate organization of the group. Amid a scenario of economic recovery from one of the most severe crises in the history of Brazil, we posted Consolidated Gross Revenue of R\$ 8.2 billion, an increase of 11% when compared to 2017.**”



Board of Directors: Fernando Antonio Simões - Director; Augusto Marques da Cruz Filho - Independent Director; Adalberto Calil - Chairman; Álvaro Pereira Novis - Independent Director; Fernando Antonio Simões Filho - Board Member. (with names from left to right.)

We remain focused on serving our customers, developing the relationship in a special way and contributing to increase their productivity, which we consider key to make the business relationship long-lasting with loyal customers.

JSL Logística and CS Brasil together reached a Net Revenue of R\$4.0 billion, up 6.1%, as well as an EBITDA of R\$635 million, up 11.9% y-o-y. The results of JSL Logística mirrored the major transformation to a operating model lighter in assets and

with greater efficiency, cost reduction and prices rebalanced to achieve a better profitability. CS Brasil has been reducing its participation in passenger transportation, starting a transformation of its business to focus on fleet management and outsourcing of light and heavy vehicles to publicly-held companies and mixed capital companies.

In September 2015, at the beginning of our corporate reorganization, according to our strategic planning, Vamos was created with the goal of cen-

tralizing all long-term leasing and sale activities of trucks, machinery and equipment of JSL, which has operated in this segment for over 20 years. Vamos offers, in addition to leasing, maintenance contracts that ensure a greater operational efficiency and availability of the fleet for the customer. At the end of the contract cycle, Vamos operates the sale of the assets through the network of Volkswagen/MAN truck and bus dealerships with 14 network stores, 15 Valtra stores for agricultural machinery and equipment and 11 used car stores. In 2018, Vamos posted Consolidated Net Revenue of R\$983.3 million, an 45.7% increase year-on-year. The Company posted an EBITDA of R\$452.2 million and a return on shareholders' equity of 17.2%, resulting from long-term asset lease contracts, considering that 83% of the revenue comes from contracts with maturities of 5 or more years, which are necessary for the client's business and ensure a high degree of predictability for Vamos' cash flow. The company has the potential to grow in all segments of the economy in a scenario where companies are increasingly seeking alternatives to reduce CAPEX and increase operational efficiency, thus reaching the leasing, maintenance and sale of assets solutions offered by Vamos.

Movida's figures evolved for the sixth consecutive quarter. The Company closed 2018 with its structure, processes and controls aligned and reinforced, ready for a new growth cycle. In 2018, Movida reached a record EBITDA and Net Income, totaling R\$481.7 million (+47.6% yoy) and R\$159.8 million (+143% yoy), respectively. The evolution in the results brought an increase of 5.1 percentage points, measured by the difference between ROIC (10.7%) and the cost of debt in the annual comparison. In October, after the capital increase announced at Movida, we now hold 70.1% of the Company's share capital.

Original Concessionárias registered in 2018 a Net Revenue of R\$702.5 million, up 17.5% over the

previous year and an income of R\$9.4 million. The expansion was supported by the increase in the sales volume of new and used cars, as well as the significant increase in the average ticket of new vehicles, especially for Volkswagen, the main brand in our dealerships network, which is going through an unique moment with the release of new products. In addition, the complementarity with the other businesses and the business relationship with automakers are very good for JSL Group.

JSL Leasing posted a Net Revenue of R\$31.9 million, up 32.9% year-on-year. The company carried out 1,655 credit transactions and the balance of the loan portfolio totaled R\$104.9 million at the end of the period (+35.2% year-on-year). JSL Leasing contributed to the sales growth of light and heavy assets of the group's companies and also to the build the loyalty of its customers.

The gross investment of JSL Consolidated was of R\$3.7 billion: R\$1.8 billion in expansion and R\$1.9 billion in renewal. This was intensified through our position in several segments of the economy, operating through independent companies, which offer an unique service. Net investment from the sale of assets totaled R\$2.0 billion, 90% in expansion, split between: Movida (R\$1.0 billion), CS Brasil (R\$398 million), Vamos (R\$381 million) and JSL Logística (R\$161 million). We stress that the majority of these investments were focused on contracts in managing and outsourcing the

heavy fleet of Vamos and the light fleet of Movida and CS Brasil. We are sure that these investments and business transformations in 2018 will fully support the revenue growth and the improvement of the margin and cash generation in the coming years.

We highlight the management of liabilities and the restructuring of the debt profile, raising R\$4.2 bil-

lion in 2018, including reopening the Bonds program with a fundraising of US\$300 million, with a maturity of 7 years, extending the debt profile and diversifying the funding base. Net debt in relation to EBITDA totaled 4.2x at the end of the year, down from the 4.4x at the end of 2017, even with a Net CAPEX of R\$2.0 billion in 2018, with 90%

for expansion. It's worth noting that if the EBITDA for the second half of 2018 was annualized, the leverage would be even lower, totaling 3.9x, due to the increase in cash generation from contracts with higher yields, which are not yet fully reflected in the consolidated EBITDA of the year.

Over 63-year history, we have built a unique business model that is aimed at undertaking services customized to meet specific needs of each client, adding value and optimizing processes at each stage of the services performed, so that the clients can focus on their own businesses. Thus, we have created a solid culture, with unique people, at the service of our clients, aware of the responsibility of returns compatible with each business agreement, which we believe is the basis for the perpetuation of our Company.

As we look to the future, we understand that JSL Logística is ready to obtain better returns given the still low volumes of the economy, considering that it has a solid and scalable foundation built over the past few years. The heavy vehicles rental market, in turn, is growing fast and Vamos is very well positioned through a unique and innovative business model. These are key conditions to enjoy the expansion of this market that, although traditional in developed countries, is still incipient in Brazil. Regarding Movida, we understand that the light vehicles rental market will remain with solid grounds and continuous development. Movida will continue with its DNA of serving, offering unique services, through innovation focused on enchanting and retaining its clients, setting itself apart

from its competitors.

We reinforce our support to the UN Global Compact and align our campaigns, training, policies and internal actions to the principles of the initiative, showing our commitment to a global development agenda. Throughout the year, we have invested in improving the indicators on Safety, Compliance, Emissions of Greenhouse Gas, Waste and Water, reinforcing our management strategy for sustainability. We will continue to pay attention to the environmental and social impacts of the Group as a whole, pursuing the goal of generating even more value for shareholders, customers, suppliers, employees and other stakeholders.

We are very happy with the results presented, but our greatest happiness is the conclusion of our corporate reorganization and the adjustments made in all our business over the last few years. We can highlight the evolution of Logística for an Asset Light business, the operational maturity of Movida and the change in the size of Vamos. These transformations lead us to believe that we are ready to advance further, since the results of the last quarter of 2018 already represent a third of the total for the year. All these achievements were built over the last few years together with a determined team, aligned to the values of the Group and focused on the client.

**Fernando Antonio Simões**  
MANAGING DIRECTOR OF JSL S.A

**Adalberto Calil**  
CHAIRMAN OF THE BOARD OF DIRECTORS OF JSL S.A.

Main  
highlights and  
**indicators for  
2018**



# Main highlights and indicators for 2018

GRI 201-1

Below we present our main highlights for 2018, which result from the company's progress in the last years:

We started a new development cycle through a **NEW BUSINESS ORGANIZATION**, including independent companies with their own governance and focused leaders

Record Net Income of **R\$189 MILLION** in 2018

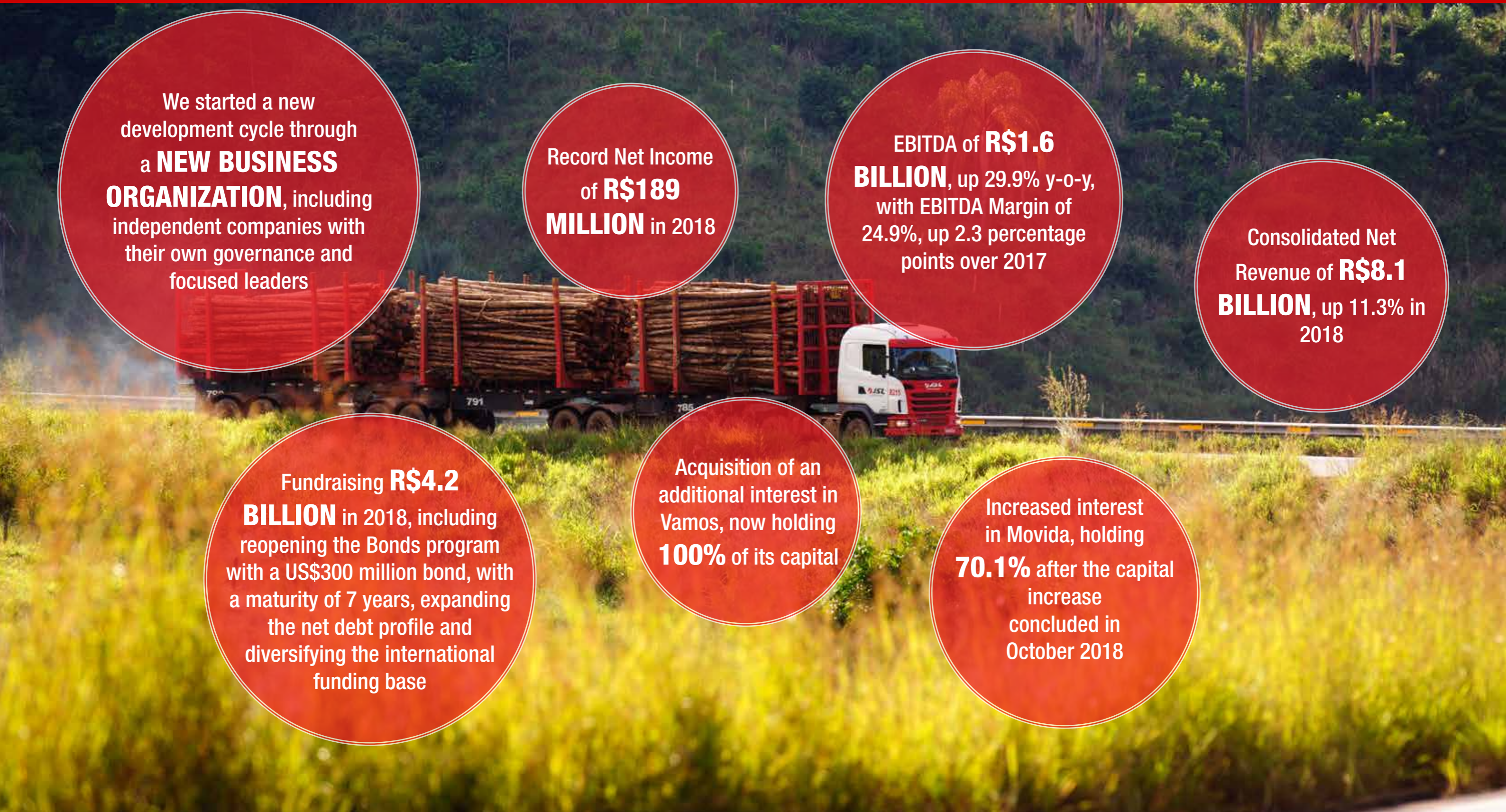
EBITDA of **R\$1.6 BILLION**, up 29.9% y-o-y, with EBITDA Margin of 24.9%, up 2.3 percentage points over 2017

Consolidated Net Revenue of **R\$8.1 BILLION**, up 11.3% in 2018

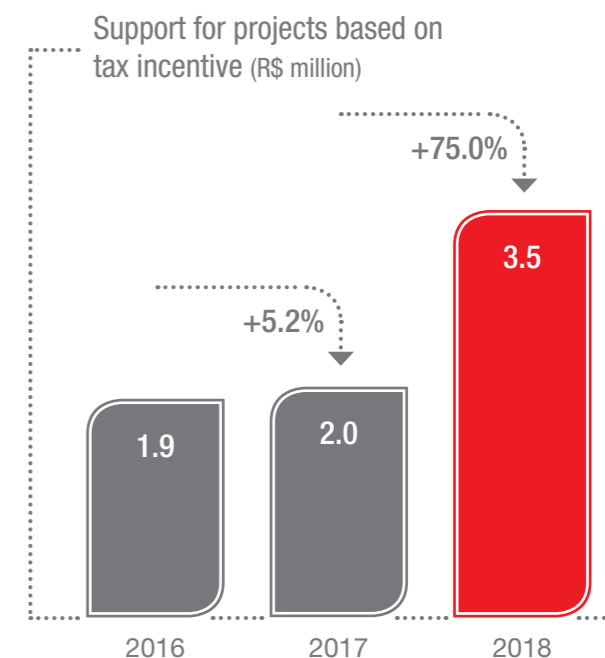
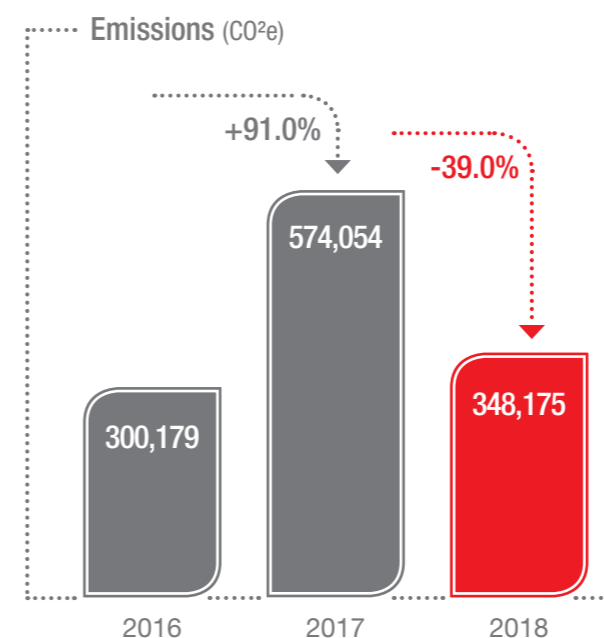
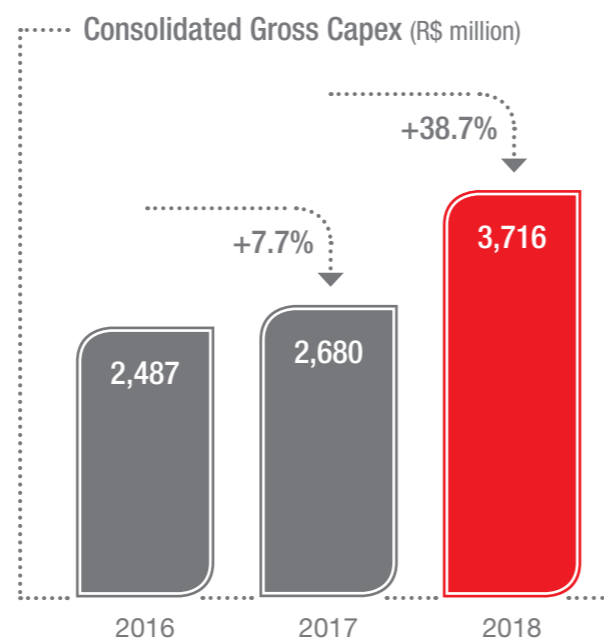
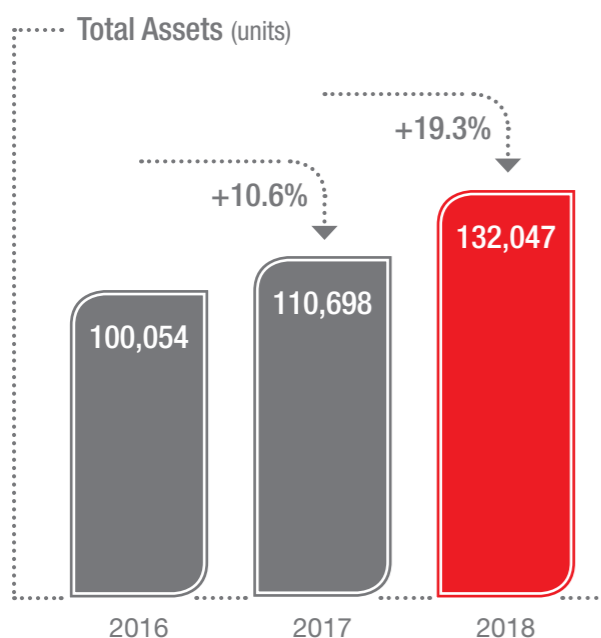
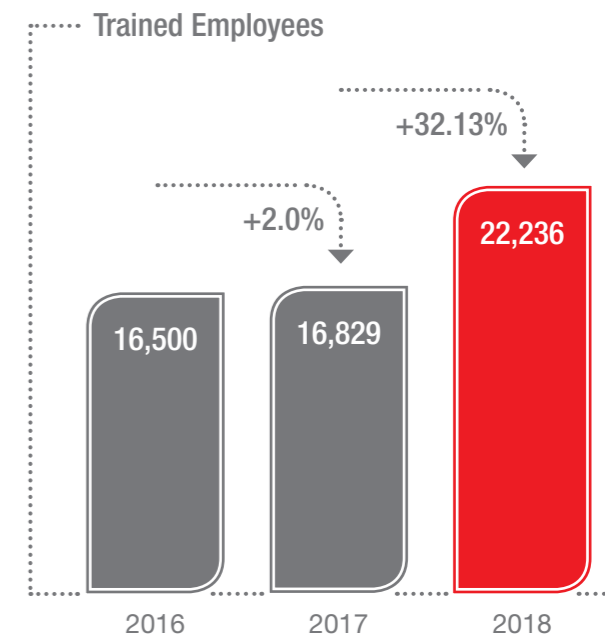
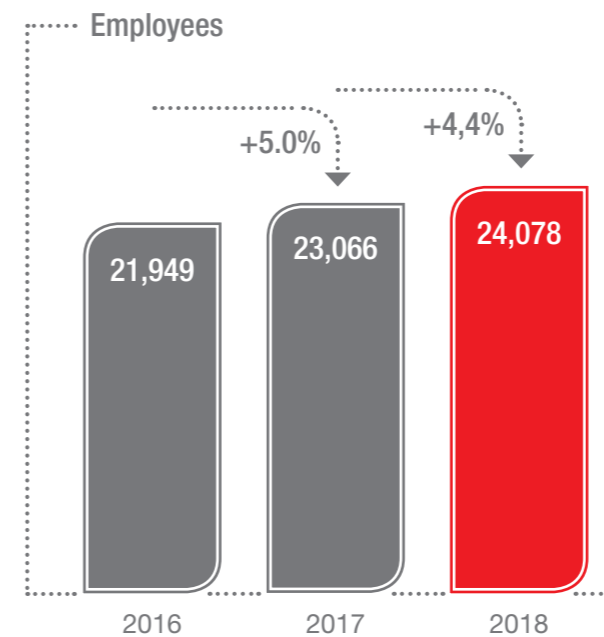
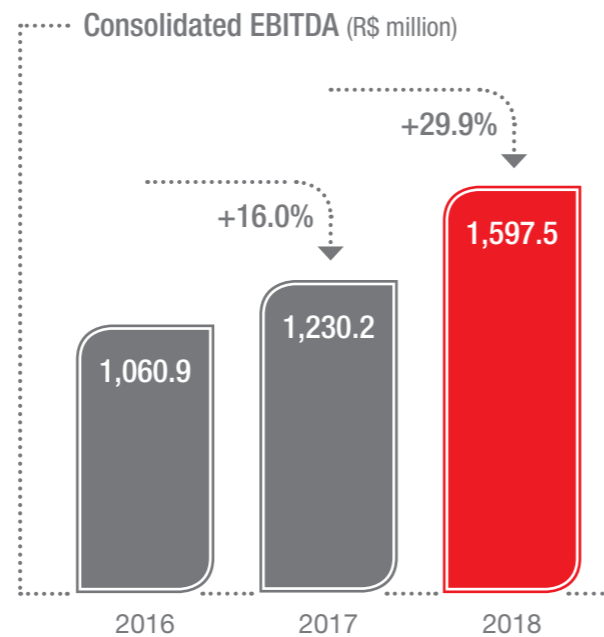
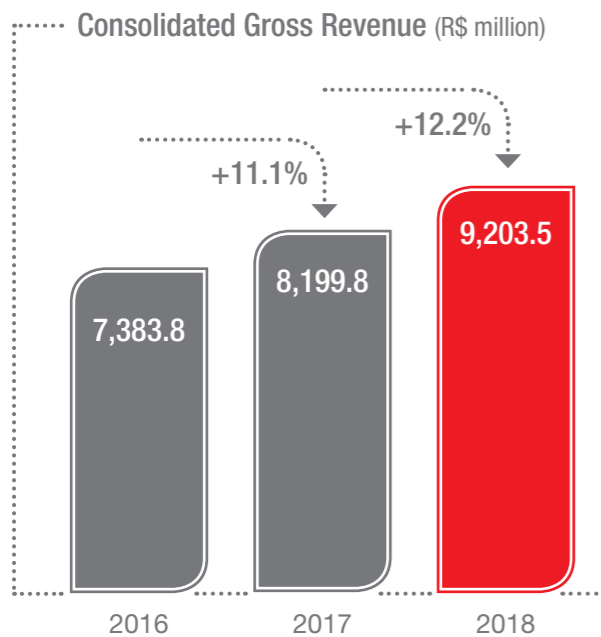
Fundraising **R\$4.2 BILLION** in 2018, including reopening the Bonds program with a US\$300 million bond, with a maturity of 7 years, expanding the net debt profile and diversifying the international funding base

Acquisition of an additional interest in Vamos, now holding **100%** of its capital

Increased interest in Movida, holding **70.1%** after the capital increase concluded in October 2018



# Main highlights and indicators for 2018



# About the report



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

We are pleased to present JSL's ninth Annual Report. This report has been prepared in accordance with GRI Standards: essential option.

In this report, we disclose our business model, strategy, management and environmental, social and economic-financial information for the year 2018 and update some figures up until the document's release date.

We consulted our main interest groups in 2017 to set the content, seeking to gather the most relevant topics to be addressed. From this consultation, a

Materiality Matrix was drawn up, which is presented in this report.

The businesses described in this report are the same ones as those included in our Financial Statements and we try to highlight the impact of each business on JSL's performance. The scope of sustainability indicators and the consolidation of financial results refer to the activities of JSL Logística, CS Brasil, Vamos, Original Concessionárias, Movida and JSL Leasing.

Potential significant changes in relation to figures reported in previous years, as well as changes in the calculation basis or in the indicator measurement techniques, are highlighted throughout this report.

The GRI indicators reported here were correlated with the principles of the UN Global Compact<sup>1</sup>, 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 2018 financial statements audited by KPMG. The full financial statements are available on the Investor Relations website ([jsl.com.br/ri](http://jsl.com.br/ri)), including the accompanying notes and the reports of the independent auditors and of the Fiscal Council. This year, we chose not to carry out an external verification of the rest of the document, which is drawn up with the assistance of a specialized consulting firm. The operating data is presented in accordance with internal management controls and from the area's specific measurement

systems, which are reviewed at regular intervals by their respective officers.

From the firm commitment to present a concise communication of the corporate results, we report 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 2018 we provide the following relationship channel: [ri@jsl.com.br](mailto: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](http://ri.jsl.com.br).

<sup>1</sup> The Global Compact is an initiative developed by the UN with the objective of mobilizing the international business community to adopt, in their business practices, fundamental and internationally accepted values in the areas of human rights, labor relations, environment and combat corruption reflected in 10 principles.





# JSL



# JSL

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

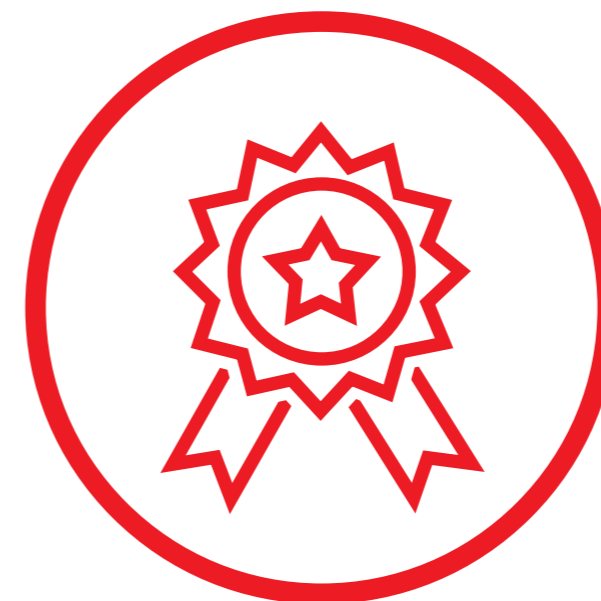
## Agility and quality to better serve

A pioneer in the logistics market, JSL continues to present every year greater solidity and credibility in all its businesses, focusing on the integration of several products and services. The diversification of business and the search for new opportunities are inherent characteristics of the company's DNA.

With over 24,000 employees, we operate 16 segments of the economy and, despite the political and economic challenges faced by the country in recent years, we have focused our efforts on improving our actions to Understand and Serve our clients.

JSL S.A. has been operating in the market since 1956 and its administrative headquarters is located in the city of Mogi das Cruzes, in São Paulo. With the broadest portfolio of logistics services in Brazil and a leader in its segment, the company operates throughout Brazil and in three Mercosur countries (Argentina, Chile and Uruguay). In a customized and fast way, we offer our clients high value-added services, including cargo transportation and total outsourcing of the logistic chains.

The Company's history started to be written in the late 50s by the founder Mr. Julio Simões, with the motto "Understand to Serve". The young Portuguese immigrant saw many opportunities when he left his native land and with effort and persistence he built a solid company that offers innovative solutions for the needs of a developing market. More than six decades have passed and, with our experience, we have a strong market knowledge.



of activities of JSL Group includes the activities of JSL Logística, CS Brasil, Vamos, Movida, Original Concessionária and JSL Leasing.

JSL Logística is a market leader and operates in four lines of business: Services Dedicated to the Supply Chain; Management and Outsourcing of Fleets and Equipment; Passenger Transport and General Cargo Transport. CS Brasil provides services to public agencies, publicly-held companies and mixed capital companies, with the purpose to specialize and optimize services in this segment.

Vamos was created at the beginning of our corporate reorganization with the purpose of centralizing all the long-term leasing and sale of JSL's trucks, machinery and equipment (without operator/driver), which already operated in this business for over 20 years. Leader in this segment in Brazil, with a unique positioning through the largest network of Volkswagen/MAN truck dealerships in the country, with 14 units, in addition to 15 Valtra dealerships and 11 used car stores.

Movida, in turn, is the leasing company for individuals and legal entities. Closing 2018 with 186 service shops for vehicle rentals, 64 used car stores and 92,875 cars.

In addition, Original Concessionárias has a network of 15 authorized dealers that sell new and used light vehicles of the brands Volkswagen (11), Fiat (3) and Ford (1).

JSL Leasing operates offering financial alternatives for the purchase of trucks, buses, automobiles, machinery and equipment.

Highly able to plan, implement and operate customized services, JSL continuously seeks to "understand to serve", prioritizing the particularities and demands of each client, always with agility and quality. That is why we have developed a portfolio with diversified solutions over the years.

JSL group has over 210 branches in Brazil, totaling over 130,000 operating assets and 120 stores for the sale of light and heavy assets.

In 2018, we concluded the reorganization of the existing business units into five independent companies through which we operate in segments with great potential for growth, in a leadership or prominent position within their segments. The wide range

# JSL

## OPERATION OF JSL GROUP

GRI 102-7



- +210** branches in:
  - 21 states
  - 4 countries
- +24,000** direct employees (all the companies)
- +130,000** operating assets
- 20** Distribution centers in Brazil
- 1** (CLI) Intermodal Logistics Center
- 1** Dry Port and 1 REDEX
- 186** rent a car stores (Movida)
- 120** Own stores:
  - 15 Authorized light vehicle stores (3 brands)
  - 29 Authorized heavy vehicles dealership stores (3 brands)
  - 64 Seminovos - light vehicles (Movida)
  - 12 Seminovos - heavy vehicles (Vamos and JSL)

With advances and achievements, each year we seek to work in accordance with our policy of diversification and fast structural adjustments, whenever necessary. This allows us to work hard and fast through difficult times, focusing on sustainability and on our continued development.

The success story of JSL is documented and can be visited at the Julio Simões Center of Memory and Culture, located in our administrative headquarters in the municipality of Mogi das Cruzes. Respecting and recognizing the important legacy left behind by the company's founder, JSL continuously works to ensure professionalism in terms of managing the business, in accordance with the best market practices.

## Main brands of JSL:



## Mission, vision and values

GRI 102-16

### Mission

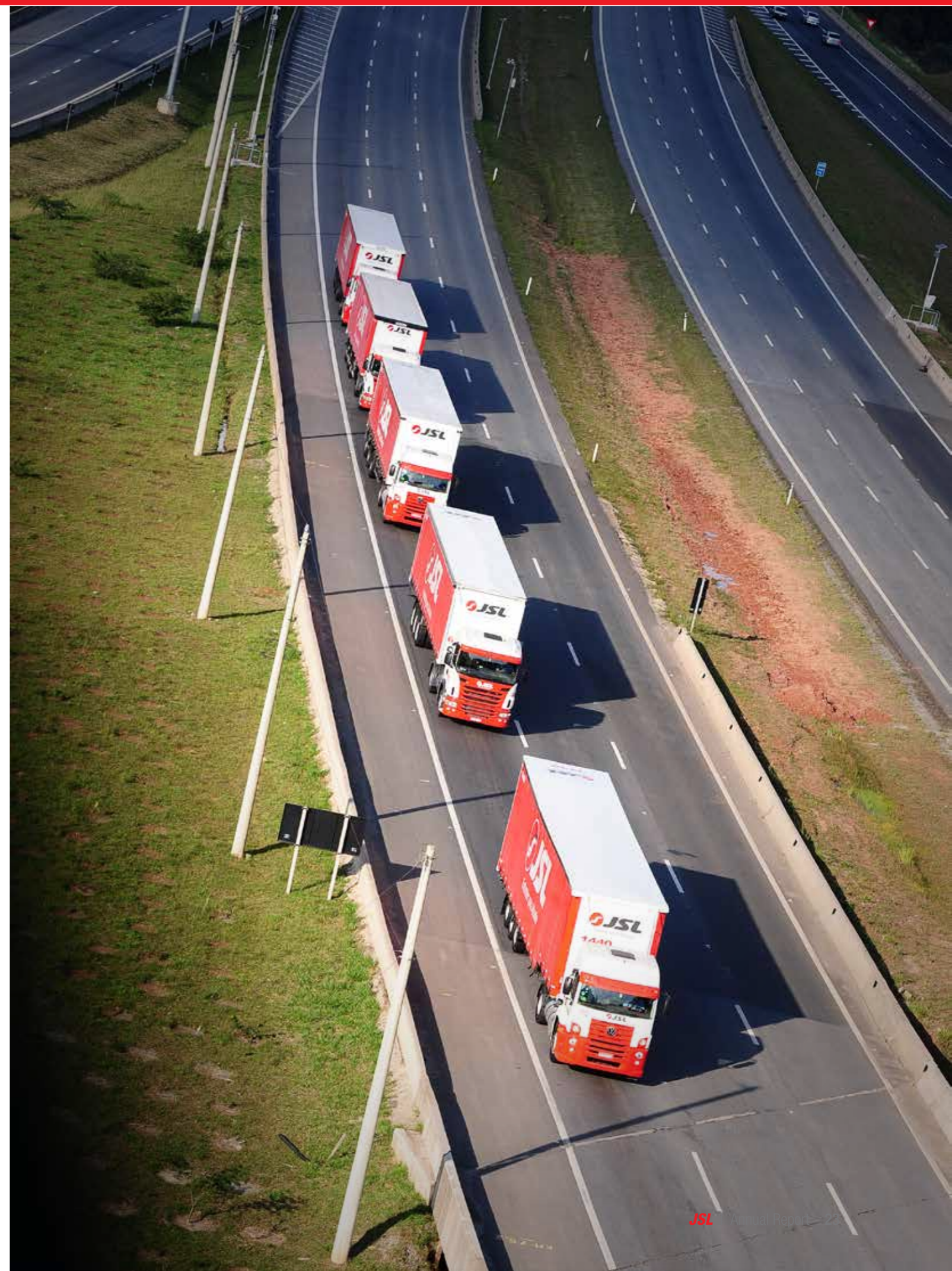
To offer logistics services and solutions with committed people, creating value for customers and shareholders and contributing to the development of the communities in which it operates.

### Vision

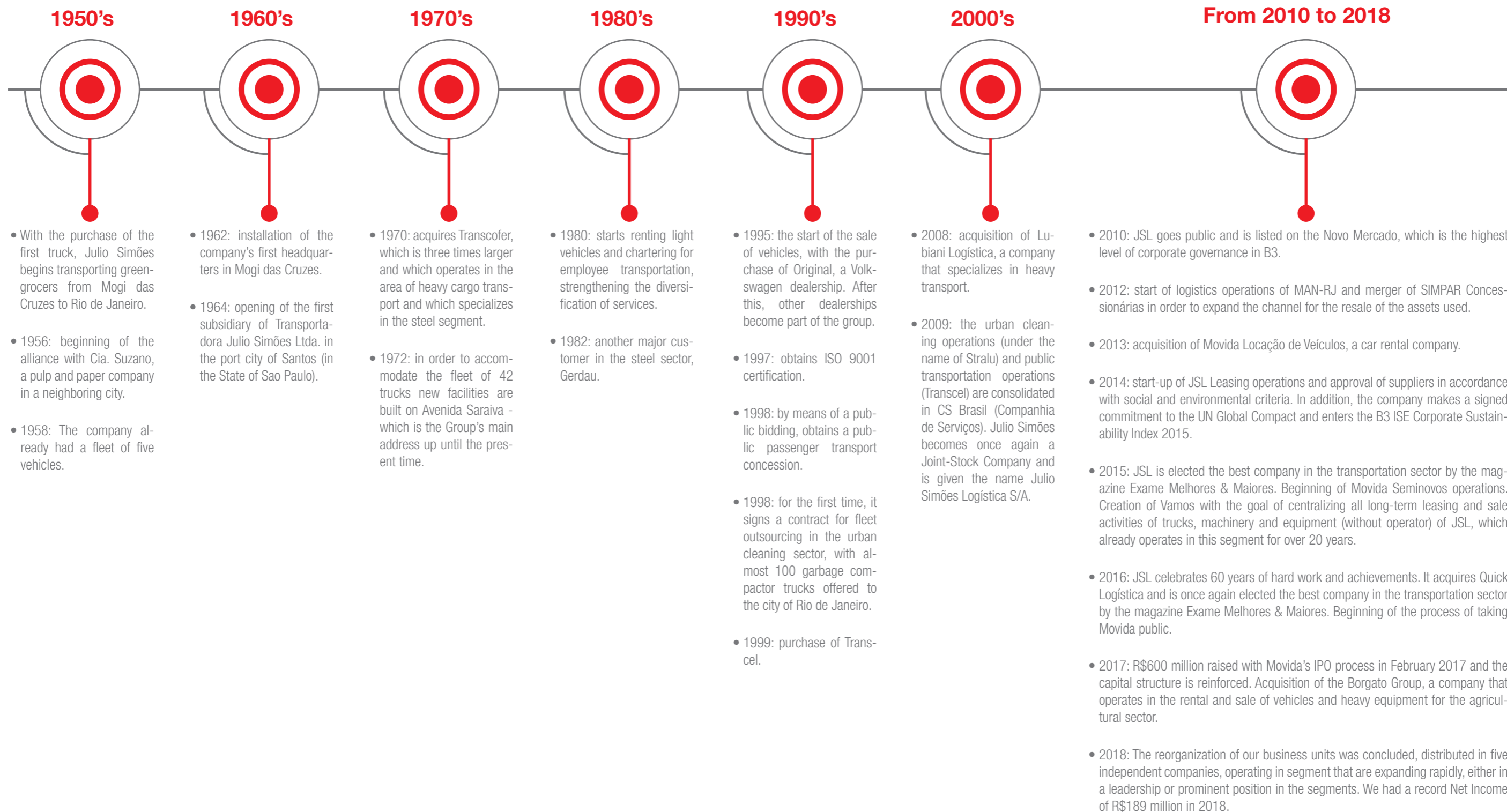
To maintain itself as the leading Logistics Operator in the market, with the greatest range of services and innovative solutions, recognized for its quality and aligned with customers' needs; to be recognized for the professionalization of its management; to become a reference in relation to the use 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 it.
- **Simplicity:** Objectivity in actions, ensuring agility.
- **Profit:** Indispensable to growth and continuity.



# Timeline



## Awards and acknowledgments in 2018



**2018 Transparency Trophy of ANEFAC (National Association of Finance, Management and Accounting Executives):** JSL was the winner of the award that chooses the 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.



**Valor 1000:** JSL ranked 82<sup>nd</sup>, rising 5 positions in the 1,000 largest companies.



**Transportation Merit Medal - NTC:** a tribute to Fernando Antonio Simões by the National Association of Freight Transportation and Logistics.



**Melhores & Maiores 2018 of Exame Magazine:** ranked 241<sup>st</sup> in the ranking of the 1,000 largest companies, placing in 7<sup>th</sup> in the Transportation Segment.



**2018 Outstanding Supplier Award:** Cenibra recognized JSL in the Dedicated Transport category - Larger scale.



**ISTO É - As Melhores da Revista Dinheiro (The Best of Money Magazine):** JSL participates in the ranking and, this year, was among the top 5 in the Ranking of Services and Transportation and was highlighted among the top 5 in the segment in Social Responsibility.



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



**Certified Investor Company GRAAC:** We were certified as an investor of GRAAC, contributing to the perpetuation of actions for children and adolescents.



**Seal Child's Friend Company - Abrinq Foundation:** Recognition from Abrinq Foundation for the actions of JSL and Julio Simões Institute.



**Estadão Empresas Mais:** JSL participates in the ranking and, this year, won the 41<sup>st</sup> place in the ranking of the 100 largest companies.

## Businesses and markets served

GRI 102-2, GRI 102-4, GRI 102-6, GRI 102-10

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

Main services provided:

- Transportation and logistics services: road freight transportation, collective transportation of passengers, storage, collection and transportation of household, commercial or industrial waste;
- Rental of trucks, machinery and equipment, sale of new parts and accessories for trucks, machinery and equipment, wholesale trade of new and

used buses and minibuses, sale of trucks, machinery and equipment, tractors, new and used agricultural machinery and implements and provision of agricultural services;

- Sale of light vehicles, resale of used vehicles, parts, machines and accessories, mechanic, provision of mechanic services, body works and painting services and brokerage in the sale of car insurance;

- Leasing of light vehicles in retail and fleet management and resale of vehicles replaced for the renewal of the respective fleets;

- Leasing and/or operating leases for the acquisition of vehicles and equipment defined in Law 6099/74..

### Current organization of JSL's businesses



## BUSINESS MODEL

### UNDERSTAND TO SERVE

#### PRICING AND SIGNING OF THE CONTRACT



##### PRICING

- Asset acquisition price
- Return on capital
- Depreciation
- Operational costs and expenses
- Taxes
- Residual value of asset
- Expected margin



##### STRUCTURE OF CONTRACTS

- Contracts of 2 to 10 years
- Annual price readjustment
- Guaranteed minimum volume
- Penalty for cancelation
- Specific assets: obligation of sale in case of early termination

### STRONG BARGAINING POWER

#### FINANCING AND ACQUISITION OF ASSETS



##### RESILIENT CASH GENERATION

- Capex pegged to contracts



##### DIVERSES SOURCES OF FINANCING

- Bonds
- Debentures
- CRA
- FINAME
- Leasing
- OEMs

##### ACQUISITION OF ASSETS

- Largest buyer of heavy vehicles and equipment in Brazil



- Second largest buyer of light vehicles in Brazil



### ASSET TURNOVER CAPACITY

#### SALE OF ASSETS AT THE END OF THE CONTRACT

- 15 dealerships – light vehicles



- 29 dealerships – heavy vehicles



- 64 used vehicles stores – light vehicles



- 12 used vehicles stores – heavy vehicles



### GREATER PORTFOLIO OF SERVICES

#### RENDERING OF SERVICES



- Dedicated Services
- Cargo transportation
- Charter buses



- Light vehicle dealerships
- Insurance broker



- RAC
- GTF
- Used vehicles stores



- GTF Public
- Urban mobility
- Urban cleaning
- New businesses



- Leasing



- Rental of Trucks, Machinery and Equipments
- Dealerships network
- Used vehicles stores network

### JSL Logística

Based on a business model that prioritizes understanding the customer needs to serve them in a customized and unique way, JSL Logística offers practical and specific solutions, based on innovation and continuous improvement of our processes, which reflects in the increase of the productivity of several segments of the economy such as Pulp and Paper, Automotive, Food, Steel and Mining, Capital Goods, Consumer Goods, Electric Energy, Public, Chemicals, Services, Municipal Transportation, among others.

Our business is structured in four 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;
- **Management and Outsourcing of Fleets and Equipment with services:** leasing machines and

equipment with services; leasing light vehicles with services; leasing heavy vehicles with services;

- **General Cargo Transport:** “point-to-point” transport of raw materials or finished products;
- **Passenger Transportation:** bus chartering for the transportation of customers’ employees and for tourism;

To develop long-term relationships, we prioritize the integration of operations and servicing the singularities of each client. Today our largest customer accounts for 11% of the revenue from services and the largest segment accounts for 18% of this revenue, which makes it possible to minimize risks and expand growth opportunities. With diversified services, we have identified several opportunities for cross-selling, which contributes to the Company’s organic growth.

Respecting the operational premises of the contracts signed, our business model stresses the importance of building customized and exclusive

projects. Each contract has a cycle that involves the pricing of projects and the financed purchase of specific assets. In the first item, we inserted the necessary resources for the operation, considering the physical structure, staff and assets. In the second item, 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 is sold by one of the used vehicle stores or by Original Concessionárias, according to estimated residual value of the assets.

In 2017 we launched JSL Labs, an innovation project for connecting the Company with startups. The main 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. Four companies reached the stage of paid pilot projects lasting up to 5 months in various areas of the Company, such as Finance, People Management, Treasury, Supplies and Logistics Operations. Two of them are currently working with us.

### CS Brasil

CS Brasil was created in 2009 and provides services to public agencies, publicly-held companies and mixed capital companies, with the purpose to specialize and optimize services in this segment. A member of the JSL Group since its inception, CS Brasil has over 60 years of experience and market knowledge and is ready to operate in several segments, with services of Municipal Public Transportation, Urban Cleaning, Fleet Outsourcing, Used Cars and Concessions and Infrastructure..

### Vamos

Leader in leasing trucks, machinery and equipment in Brazil, Vamos was created in 2015 with the goal of centralizing all long-term leasing and sale activities of trucks, machinery and equipment (without operator) of JSL, which already operates in this segment for over 20 years.

In addition to leasing, the company offers maintenance contracts that ensure a greater operational efficiency and availability of the fleet for the customer. At the end of the contract cycle, Vamos sells the assets through the network of Volkswagen/MAN truck and bus dealerships, which has 14 stores, and also through 15 Valtra stores for agricultural machinery and equipment and 11 used car stores.

More than 80% of Vamos’ revenue comes from contracts with maturities of 5 years or more, a period necessary for the client’s business, which ensures a high degree of predictability of cash flow to the company. Currently, given the scenario in which companies are increasingly seeking alternatives to reduce CAPEX and increase operational efficiency, Vamos has great potential for growth by presenting a solution for rent, maintenance and sale of assets.

Our broad portfolio of products and services has been developed to offer the best solutions for our customers. We have over 10,000 leased assets, 14 trucks and bus stores, 15 machine stores and 11 used heavy vehicles stores.

### Movida – Rent a Car

By consolidating the activities of car rental (RAC) and the Management and Outsourcing of Light Vehicle Fleets (GTF) and the sale of used vehicles (Movida Seminovos), Movida is always connected with innovation, technology, agility and sustainability. It operates in accordance with the culture of being of service to the client, perpetuating bonds and relationships, and innovating with solutions focused on urban mobility.

In December 2018, Movida had a total fleet of 92,875 vehicles, out of which 63,177 were RAC vehicles and 29,698 were in GTF. The Company also had 64 own Movida Semi-new stores, which are used for the sale of vehicles with low mileage and only a few years of use.

With significant investments in its development since the company was acquired five years ago,





Movida has achieved a prominent position and has consolidated itself as the second largest company in the RAC sector in Brazil.

We have developed a number of actions to promote service excellence, provide innovations for our customers and invest in urban mobility, offering diverse and sustainable solutions that go beyond vehicle leasing.

Movida Labs is an innovative project implemented since 2017 that selects startup companies, with bold proposals to co-create and transform opportunities into innovative mobility solutions. All of the companies are 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, Buneo.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.

In addition, in 2018, we created a project with the social organization Gerando Falcões that supports young people from poor communities to enter the job market.

We are working to seek the certification of Movida as B Company. The idea is to use the logic of the market to solve social and environmental problems. Success for companies certified by Sistema B Seal is measured through the well-being of people in society and nature. Sistema B is a non-profit foundation whose results and operations are of public interest. One becomes certified from the identification of improvement of the impact not only economic, but also social and environmental of the companies that bear the seal.

### Car rental

Included among our activities is the rental of light vehicles, with daily, monthly and annual options for individuals and legal entities, providing our customers with agility and many technological facilities. We

ended 2018 with 186 stores in Brazil's main cities and airports.

In the light vehicle rental operation, we attach value to the provision of services and offer all our customers differentials. For example: 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 of vehicles, 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.

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

In 2018, further fomenting our innovative profile, we had the phase II of Movida Mensal Flex, the monthly rent of vehicles.

In line with Movida's pioneering approach to urban mobility, we launched in Rio de Janeiro the Movida Trikke that offers electric tricycles on the waterfront for rental and, in São Paulo, the rental of electric bicycles from a strategic alliance with E-Moving, the largest startup of electric bikes rental in the country. These initiatives are part of the new mobility platform, I-Move, which converges new modalities and integrates Movida customer experience in a single ecosystem of urban mobility.

### Fleet Management and Outsourcing (GTF)

In this operation, the goal is the rental of vehicles with long-term contracts, on average of more than 12 months, with corporate clients. 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 deliver to 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 2018, 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.

### Original Concessionárias de Veículos

Independently and highly complementary to the business' activities, this operation increases capillarity in terms of the distribution of light assets. Ensuring a better residual value at the time of sale, 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 2018 there were 15 Volkswagen, Fiat and Ford dealership stores, responsible for the sale of light, heavy, new and semi new vehicles.

### JSL Leasing

The operation was created to offer financial alternatives and facilitate the 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.



## Certifications



### ISO 9001:2015 - 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 14001:2015 - 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 - 2016

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
- Clean Company - Ethos Institute
- ABRACORP (Brazilian Association of Corporate Travel Agencies)
- WTM - World Travel Market - event for the global travel industry
- FESTURIS Gramado - International Tourism Fair
- ABAV (Brazilian Association of Travel Agencies)
- ABLA (Brazilian Association of Rental Companies)
- ABRACAF (Brazilian Association of Fiat Automobile Dealerships)
- ABRADIF (Brazilian Association of Ford Distributors)
- ABRASCA (Brazilian Association of Publicly-Held Companies)
- ACAV (Brazilian Association of Latin American MAN Dealerships)
- ASSOBRV (Brazilian Association of Volkswagen Dealerships)

- Instituto LIBERTA (Combating the sexual exploitation of children and adolescents in Brazil in all its forms)
- Instituto Ethos of Companies and Social Responsibility

In March 2018, we started a new partnership with Instituto Ethos of Companies and Social Responsibility, 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.

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 purpose 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.



# Corporate **governance**



# Corporate governance

## GRI 102-18

With a focus on transparency, accessibility and equity of access to information, we cultivate ethical relationships with all stakeholders, in accordance with best practices and principles of corporate governance in the market. Through corporate mechanisms, we are in compliance with laws and regulations, prioritizing preventive action based on our efficient monitoring of risks and proper management of internal processes.

In recent years, we have developed several actions to improve our Corporate Governance model and guarantee the transparency of information, based on the main guidelines of the Brazilian Institute of Corporate Governance (IBGC). In 2017, for example, we implemented the Compliance Program, and in 2018, we structured and implemented the Risk Management, Internal Controls and Compliance Committee of the group's companies and launched the Risk Management Policy.

In 2018 we also created the Sustainability Committee of JSL, whose goal is to foster and deepen the insertion and integration of sustainability-related themes into the Company's policies and actions. We also use the Ethos indicators, a self-assessment and learning tool for corporate management that aims to incorporate sustainability and social responsibility practices into the "Vision and Strategy", "Governance and Management (Integrity)", "Social and Environmental" dimensions. In taking this step, we identified gaps and opportunities for improvement, as well as comparison with the market and developed an action plan.

Started in 2018 and with implementation planned for 2019, the process of improving public procurement management is carried out through policies and controls and also through the creation of a public portal (similar to the Transparency Portal) with a link to the information of all contracts for services rendered to public bodies. In this way, we seek to become a market benchmark in this area. Also in 2019, we will participate in the UN Working Group against Corruption, in order to lead the best practices on this issue in the market.

The company has a Board of Directors and a Board of Executive Officers, and both receive information from the Fiscal Council, based on the need indicated by the minority shareholders. The Ethics and Compliance Committee was created to monitor the compliance of the operations with laws, internal policies and ethical standards, to guarantee continuous improvement of processes and the Company's continued existence, with direct reports to the Board of Directors.

According to this solid model of governance, since April 2010, the company's shares have been listed on the Novo Mercado segment of B3, which is the Brazilian stock exchange's segment with the highest level of corporate governance<sup>2</sup>. This certifies our differentiated performance by prioritizing and expanding shareholders' rights, based on the continuous improvement of the quality of information provided and agility in solving conflicts.

In 2018, JSL was mentioned in a news report on the Port Inquiry, which examines if there was favoritism to companies linked to the port sector. Keeping our position of total transparency in our business, we carried out the process of independent diligence, hiring an external and independent company of investigation (EY Consultores) and also a specialized law firm (KLA Advogados). All the procedures of a forensic investigation were carried out and the final result shows that there were no irregularities or any illegal acts involving our Companies or its Controllers.

In addition, procedures were carried out by our independent and external auditors (KPMG Auditoria) and the final result proves that the Company has no relation or involvement in the mentioned facts.

## Corporate structure

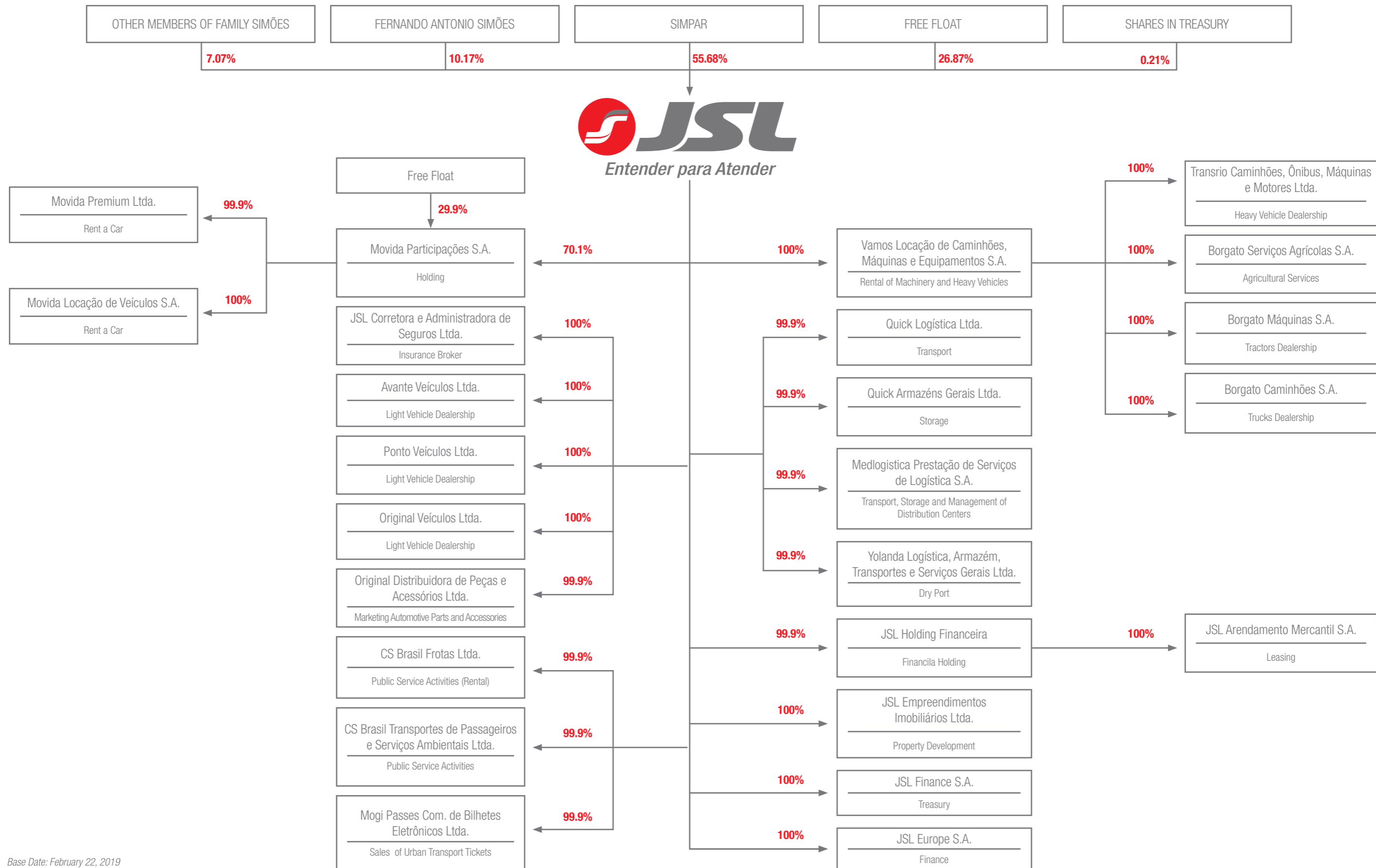
GRI 102-10, GRI 102-45

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, creating additional value in each, we began work on a corporate reorganization project.

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.

<sup>2</sup> 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>

## Organizational Structure



Base Date: February 22, 2019

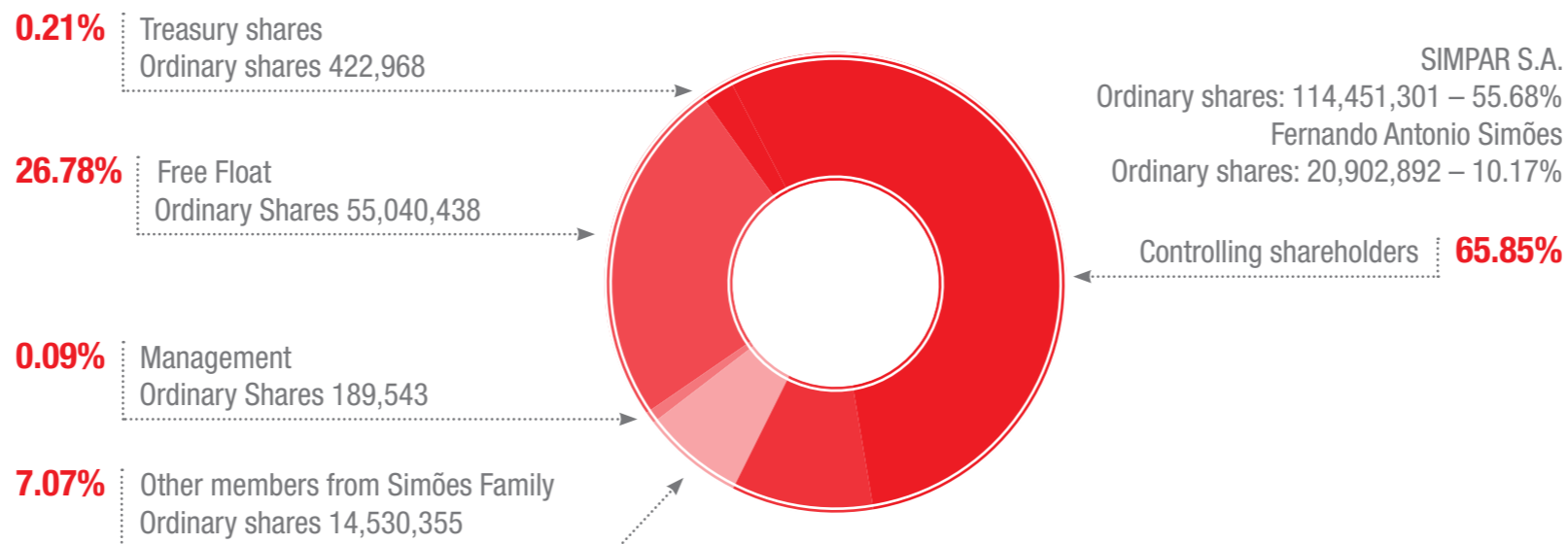
SIMPAR S.A. has as its shareholders Mr. Fernando Antonio Simões with 52% of the voting capital, and Mr. Julio Eduardo Simões, Mrs. Jussara Elaine Simões, Mrs. Solange Maria Simões Reis and Mrs. Marita Simões, with 12% each of the voting capital.

Subsidiaries GRI 102-45	
Avante Veículos Ltda.	Dealership network of Ford light commercial vehicles.
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.
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.
Borgato Serviços Agrícolas S.A.	Field preparation, cultivation and harvesting services, maintenance and repair of motor vehicles, rental of agricultural machinery and equipment, maintenance and repair of agricultural and livestock machinery and equipment
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 may also take part in other companies as a partner or shareholder.
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.
JSL Arrendamento Mercantil S.A.	Performance of leasing operations defined in Law No. 6.099, dated September 12, 1974.
JSL Corretora e Administradora de Seguros Ltda.	Administration and brokerage of property insurance, life insurance, health insurance, capitalization and pension plans.
JSL Empreendimentos Imobiliários Ltda.	Purchase and sale of chattels and real estate, rental and administration of chattels, own real estate and participation in real estate ventures and development.
JSL Holding Financeira Ltda.	Participation, as a partner or shareholder, in the capital of financial institutions and other institutions authorized to operate by the Central Bank of Brazil.
Mogipasses Com. de Bilhetes Eletrônicos Ltda.	Issue, sale and reissue of transport vouchers and automated collective transport fare collection system electronic tickets.
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.

Subsidiaries GRI 102-45	
Movida Locação de Veículos Premium Ltda.	Rental of motor vehicles, with and 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.
Movida Participações S.A.	Car, trucks, machinery and equipment rental segment, with or without driver; providing fleet management, administration and maintenance services (preventive and corrective); intermediating business; and participating, as partner or shareholder, in other companies, in the country or abroad.
JSL Europe	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.
JSL Finance S.a.r.l	Acquisition by purchase, subscription and any other form of investment, or otherwise, as well as the transfer by sale, exchange or not 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.
Medlogística Prestação de Serviços de Logística 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.
Original Distribuidora de Peças e Acessórios Ltda.	Sale of car parts and accessories
Original Veículos Ltda.	Dealership network of Volkswagen light commercial vehicles.
Ponto Veículos Ltda.	Dealership network of Fiat light commercial vehicles.
Quick Armazéns Gerais Ltda.	Warehousing and storage of solid, liquid and gaseous products.
Quick Logística Ltda.	Logistics operations in general, such as handling of merchandise, palletization, assembly of sets of merchandise, packaging and warehousing of goods.
Transrio Caminhões, Ônibus, Máquinas e Motores Ltda.	Dealership network of Volkswagen heavy vehicles.
Vamos Locação de Caminhões, Máquinas e Equipamentos S.A.	Rental of heavy vehicles, machinery and equipment with and without a driver; and provision of fleet management, administration and maintenance services (preventive and corrective).
Yolanda Logística, Armazém, Transportes 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.

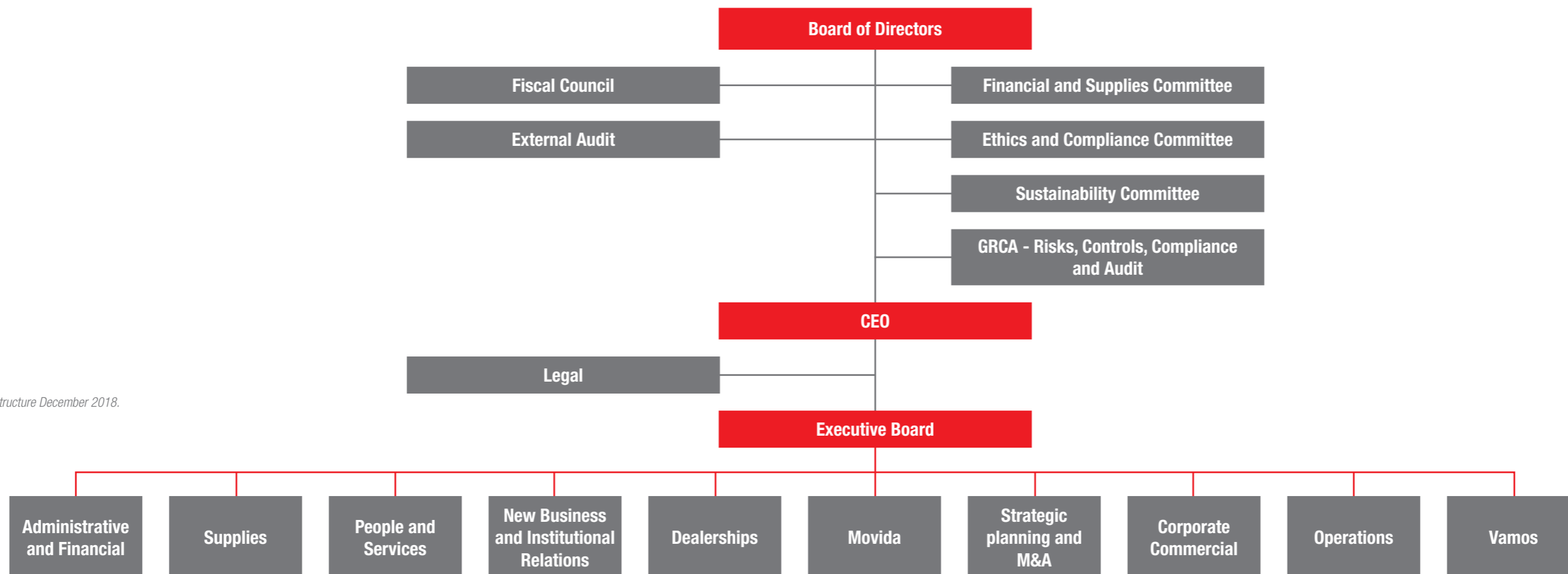
## Ownership Breakdown

The following chart sets forth the principal holders of JSL outstanding common shares and their respective shareholdings.



## Organizational structure

GRI 102-18



Note: base structure December 2018.

### Executive Board

The Chief Executive Officer, Chief Financial and Investor Relations Officer and seven 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 management 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 corporate purposes of the Company, 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	August 6, 2018	2 years
Denys Marc Ferrez	Chief Administrative-Financial and IR Officer	August 6, 2018	2 years
Fabio Albuquerque Marques Velloso	Executive Officer	August 6, 2018	2 years
Adriano Thiele	Executive Officer	August 6, 2018	2 years
Samir Moises Gilio Ferreira	Executive Officer	August 6, 2018	2 years
Eduardo Pereira	Executive Officer	August 6, 2018	2 years
Flávio José Sales	Executive Officer	August 6, 2018	2 years
José Ronaldo Barcelos	Executive Officer	August 6, 2018	2 years
Lucas Cive Barbosa	Executive Officer	August 6, 2018	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](http://ri.jsl.com.br/conteudo_pt.asp?idioma=0&conta=28&tipo=30643)

### Board of Directors

Made up of one chairman and four 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 knowledge 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: 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.

Members	Position	Date of last Election	Term
Adalberto Caill	Chairman	04/29/2019	2021 AGM
Fernando Antonio Simões	Director	04/29/2019	2021 AGM
Fernando Antonio Simões Filho	Director	04/29/2019	2021 AGM
Alvaro Pereira Novis	Independent Director	04/29/2019	2021 AGM
Augusto Marques da Cruz Filho	Independent Director	04/29/2019	2021 AGM

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](http://ri.jsl.com.br/conteudo_pt.asp?idioma=0&conta=28&tipo=30643)





### 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 ac-

tions of the managers, examining and commenting on the financial statements, always reporting its conclusions to the shareholders.

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.

Fiscal Council	Position	Date Election	Appointed by	End of Term
Luiz Augusto Marques Paes	Sitting member	04/29/2019	Controlling	2020 AGM
Luciano Douglas Colauto	Sitting member	04/29/2019	Controlling	2020 AGM
Rafael Ferraz Dias de Moraes	Sitting member	04/29/2019	Minority	2020 AGM
Marcio Alvaro Moreira Caruso	Alternate member	04/29/2019	Controlling	2020 AGM
Marcos Sampaio de Almeida	Alternate member	04/29/2019	Controlling	2020 AGM
Roberto de Magalhães Esteves	Alternate member	04/29/2019	Minority	2020 AGM

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=29&tipo=30643](http://ri.jsl.com.br/conteudo_pt.asp?idioma=0&conta=29&tipo=30643)

### 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.

the committee makes an assessment of the efficiency and effectiveness of the Integrity Program's legal requirements, with a view to establishing 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.

### 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 prohibiting practices of bribery, fraud, offering or receiving of undue advantage. In order to accomplish this task,

### 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 Movidia), 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 implement an internal audit program and ensuring the continuity of the anti-corruption program. .

### Sustainability Committee

The Sustainability Committee is the advisory body directly linked to the Board of Directors of JSL S/A, subject to the law and regulations applicable to its Internal Regulation, which regulates its operation. The purpose of the Committee is to advise the Board of Directors in the fulfillment of its legal duties regarding the sustainability of the Company's businesses and of its subsidiaries. The Committee reports to the Board of Directors, operating independently from the Executive Board of the Company.

The decisions taken by the Committee, as well as the policies and measures proposed, are recommendations to be submitted to the Board of Direc-

tors. The Committee is not a deliberative body of the Company and the recommendations made by it do not bind the Board of Directors, the Company or its subsidiaries.

The Committee has at least 3 members or at most 5 members, elected and dismissed by the Board of Directors, selected from: sitting members of the Board of Directors; executive officers and other executives of the Company; and external professionals in the area of social and environmental management and communication, with recognized knowledge on the activities that are part of the scope of the Committee. The Committee meets ordinarily each month, or, extraordinarily, whenever convened by its Coordinator or by the Chairman of the Board of Directors.

## Ethical conduct

GRI 205-1, GRI 205-2, GRI 205-3

Respect for others, the quality of services provided and the determination to integrate the Company's financial, social and environmental performance. These aspects and commitments permeate our day-to-day operations, which confirms our constant commitment to creating an honest and ethical working environment.

Through transparent policies and codes that guide the operations of all our business units, the Internal Audit and Compliance areas promote in all our branches and subsidiaries evaluations, monitoring risks related to corruption and/or violations of the Code of Conduct, using the reports received by the complaint channel. From this, a report is produced and discussed each month by the top management in the Ethics and Compliance Committee, which, in

turn, reports to the Board of Directors every three months. After verification, the necessary measures are taken, based on the current law and considering the jurisdiction and responsibility of the entities involved in each process.

In this sense, in 2016 we structured a new board, responsible for the risk management, internal controls, compliance and internal audit of the company. Subordinated to the Board of Directors, the new board follows the best practices of corporate governance aiming at preserving the independence and transparency of the processes.

Our Anti-Corruption Policy is comprehensive and detailed in four documents: 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 newly-hired employees of any of the group's companies undergo an onboarding process with instruction in relation to the company's codes, policies and other guidelines and procedures. End-of-year corporate events address issues of the prevention and combating of corruption along with transparency and business ethics. In this sense, in 2018, the Risk and Controls Management Committee was created, with the main purpose of monitoring and complying with the processes related to the matter.

Started in the second half of 2017, the second phase of the Compliance Program launched new actions such as compliance management with key business partners, suppliers, business representatives, public agencies and clients. In addition, specific training was carried out to disseminate the compliance culture within the Company.

With all these initiatives, we are consolidating new processes within the company and providing a firm and committed structure in relation to ethics and compliance. In the long term, JSL expects to be a reference in this area.

### Compliance Program

In recent years, the company has identified the need to restructure the mechanisms implemented in this area and has also developed new actions aimed at developing an efficient Integrity Program. The purpose was to meet the requirements indicated by Decree Law 8420/2015 (regulates Law 12846/2013 - Clean Company Law or Anti-Corruption Law) and follow the recommendations of best practices proposed by the Federal Comptroller General's Office (CGU).

Thus, at the end of 2016, we implemented the Compliance Program, which is broader than the Integrity Program. This is because the Compliance Program is intended to predict, detect and solve any act that is contrary to the law, the Company's internal rules, ethics and transparency. The Program also defines actions for prevention, identification, guidance and, if necessary, correction of acts that are not in line with the legislation or our internal rules of conduct. Thus, it was possible to highlight the internal processes and instruct our employees and service providers with regard to how to act on a daily basis.

To prevent risks that could potentially influence the smooth running of the business, the Program defines tools that help assess the risks related 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 ensured.

In 2017, JSL disclosed to all its clients and suppliers the goal of reaffirming the respectful and ethical commitment among stakeholders, highlighting the main actions of the Compliance Program, among them the Anti-Corruption Policies.



One of the outcomes of deployment of the Compliance Program is JSL's recognition as one of the most transparent companies, according to a survey by NGO Transparency International ([www.transparency.org](http://www.transparency.org)), which assessed the transparent communication of companies and anti-corruption programs. Overall, one hundred companies and 10 financial institutions in Brazil were assessed and JSL ranked among the top 20

This care with ethics is also present every day: 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.

There is also targeted training for managers, which is more specific and extensive, 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 2018, 100% of all JSL's operations were subject to corruption risk assessment.

In addition to the training actions, we periodically publish internal communications in relation to the Compliance Program. In 2018, we had the second wave of the program training, primarily including a module on Risk Management Policy and more than 22,000 people were trained as described in 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 GRI 205-2			
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	215	213	99.07
Northeast	210	203	96.67
North	84	83	98.81
Southeast	1,513	1,454	96.10
South	173	167	96.53

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	2,218	2,131	96.08
Northeast	2,325	2,084	89.63
North	1,457	1,415	97.12
Southeast	15,034	13,312	88.55
South	1,732	1,440	83.14

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	4,788	4,102	85.67
Apprentices	614	506	82.41
Commercial	803	608	75.72
Trainees	35	30	85.71
Executives	586	546	93.17
Maintenance	1,935	1,794	92.71
Drivers	6,748	6,283	93.11
Operational	7,257	6,513	89.75

Note: The number of employees in this indicator corresponds to a date prior to December 31, 2018 and, therefore, differs from the number reported in the GRI indicator 102-8

### Code of Conduct GRI 102-16

With the role of guiding the behavior of our direct or indirect employees, based on ethical and transparent aspects, we make our Code of Conduct available, based on our values and principles.

The Code synthesizes our management practices and provides guidance regarding the relationships with our various publics, including related to the

internal work environment, safety, harassment or conflicts of interest. Also presents themes such as information integrity and legislation, detailing 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 also 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

To prevent and reduce impacts caused by fraud, corruption and deviations, we created the Complaint Channel, after identifying the need to further strengthen our Corporate Governance, prioritizing regulatory compliance actions and ethical conduct in the corporate environment. It is also the purpose of the Complaint Channel to receive reports on irregularities regarding non-compliance with current legislation, the Company's Code of Conduct or other corporate guidelines. From this process, the governing bodies are notified and receive recommendations on the subject.



The channel is independent and open to all our stakeholders, 24 hours a day, seven days a week, operated by an outsourced company. The contact can be done in the following ways: website - <https://www.contatoseguro.com.br/jsl>; telephone 0800 726 7111; e-mail - [canaldedenuncia@jsl.com.br](mailto:canaldedenuncia@jsl.com.br). Ensuring absolute secrecy and confidentiality, the channel offers the option of monitoring the complaint by means of providing the service protocol number.

In 2018, we received 2,044 reports, for which action plans and process and procedural changes were developed. In addition, we take disciplinary action, where applicable.

### Transparent Line

The 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 0800.

### Risk management

GRI 102-11, GRI 201-2

We work continuously to minimize possible external impacts on our business and also impact our actions in relation to society and the environment. To this end, we created structured areas such as Health, Safety and Environment, Integrated Management, Legal, Assets, Claims Management and Compliance. Currently, the main risks identified in JSL's management are related to operational, social and environmental, credit and image aspects.

Annually, JSL contemplates in its planning the management of risks and the treatment of potential risks related to the business. Therefore, we outline targets and action plans to prevent and mitigate possible impacts, in addition to avoiding the occur-

rence of financial losses, environmental damage and damage to our reputation, by means of preventive and corrective measures, ensuring agility and safety in decision making.

In relation to unexpected adverse events, we have an efficient crisis management through a specific committee, responsible for monitoring and generating information in the event of situations that may impact the Company's image. Thus, we seek to predict potential critical situations, taking care that all the main points are dealt with assertively and immediately.

In the context of climate change, we seek to identify and manage risks by monitoring the applicable legislation and legal compliance, through the LegiSer system. We also have the progressive implementation of an organizational culture focused on the reporting of GHG emissions. In this way, we are aware of the risks and opportunities caused by climate change.

We also monitor regulatory changes in relation to atmospheric emissions and monitor physical hazards, such as landslides and interruption of routes; increase of cost, due to the adoption of alternative routes and increase of consumption of non-renewable resources (fuel). The low average age of our fleet, for example, is something that may help us win new contracts, by reducing our customers' indirect emissions.

And to complement all of these actions, we have adopted technical improvements focused on increasing the Group's energy efficiency, such as:

- Adherence to the ACL (Free Market of Electricity): consumption of energy from alternative sources is encouraged;
- Compensation of vehicle GHG emissions. Example: Carbon Free Program (Movida Car Rental);

- 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, with a view to reducing consumption of natural resources (fuels, tires, etc.).

Through the Risks Self Assessment with all business managers, initiated at the end of 2017 and completed in 2018, we have carried out interviews and identified the risks involved in our operation. These risks are classified into three pillars: Tolerance, Probability and Impact.

After identifying the risks with the respective perceptions of tolerance, probability and impact, the Risk Management area calculates the actual or natural risk, guaranteeing the absence of any action that the management can perform to change the probability of occurrence or impact. For this, two criteria were used: the probability of happening and the impact that it will bring to the company.

From the assessment of a risk named as a threat, we determine the level of probability and the impact by means of a 3x3 matrix, in which rows and columns are used to determine the criticality of the risk, which can be Low, Medium or High. This procedure to calculate the actual real risk was developed considering the evaluations performed with the managers and directors and had the following weights in the calculation: (1) Assessment Managers: 60% and (2) Assessment Directors: 40%. After

the self assessment and identification of the real risk, we obtained the result by company. The next step is to map the controls that have as purpose mitigate the occurrence of risks, and for this, the following actions will be performed: process mapping; preparation of flowchart; identification of controls to mitigate process risks; control design test; efficacy tests of the identified controls; formalization in the GRC System; identification of GAPS and suggestion of improvements and creation and implementation of action plans.

In 2018, we launched the Risk Management Policy in accordance with the requirements of the new market, and structured the Risk Management, Internal Control and Compliance Committee.

Through the Risk Management Process, we established 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). As a result, we effectively monitor 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.



# Economic performance



# Economic performance

## Outlook for the sector

In 2018, we observed the continuity of the recovery process of the segment started in 2017, after the period of recession observed in previous years. Since the IPO, in April 2010, JSL Group has grown by developing all its business units, with a relevant scale, in sectors of great expansion opportunity.

The data from the 2018 Carrier Economic Expectations Survey - conducted by the National Transportation Confederation (CNT) - indicate that Brazilian carriers are optimistic about 2019. The evaluations show a disappointment among carriers when assessing the results achieved in 2018 while revealing the segment's strong optimism for 2019.

According to ANFAVEA's January 2019 letter, the Brazilian auto industry consolidated in 2018 the resumption begun in 2017, based on meeting the demand suppressed by the crisis. The growth of 46.3% in sales of trucks and agricultural machinery (+12.7% over 2018) indicates a recovery in the Brazilian economy. The licensing of vehicles in 2018 grew 14.6% over 2017, with 2.57 million units sold. Production increased by 6.7% in the period, despite the drop of 17.9% in units exported in 2018, impacted by the unfavorable scenario in Argentina. For 2019, ANFAVEA estimates an increase

of 11.4% in the licensing of vehicles, as well as sales of 2.86 million units; stability in exports and a 9% increase in production.

## Financial Performance

JSL Group is well positioned in segments with great potential for growth and high fragmentation in Brazil, which offer opportunities for expansion and diversification of business with different customers and segments of the economy.

### JSL Logística

In 2018, JSL Logística had a Gross Revenue from Services of R\$4.4 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 79.1% of Gross Revenue from Services.

Net Revenue from Services totaled R\$3.7 billion, up 7.5% over 2017 and Net Revenue from Sales of Assets reached R\$288.0 million, down 9.1% y-o-y. Total Net Revenue reached R\$4.0 billion, up 6.1% year-on-year.

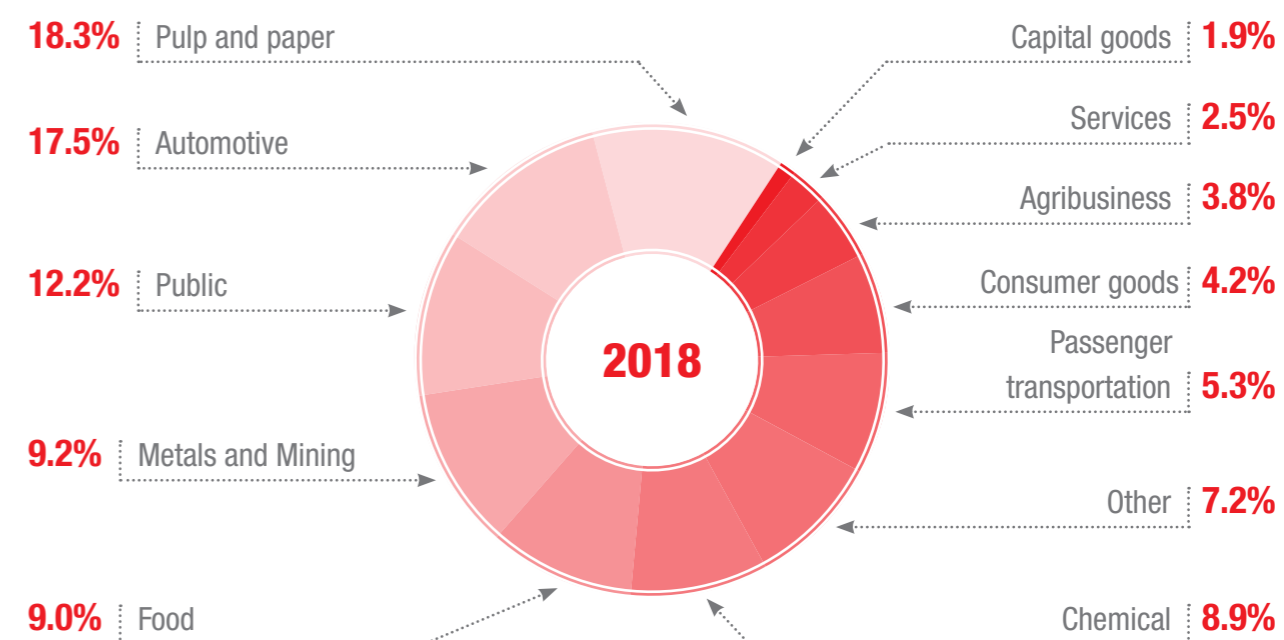
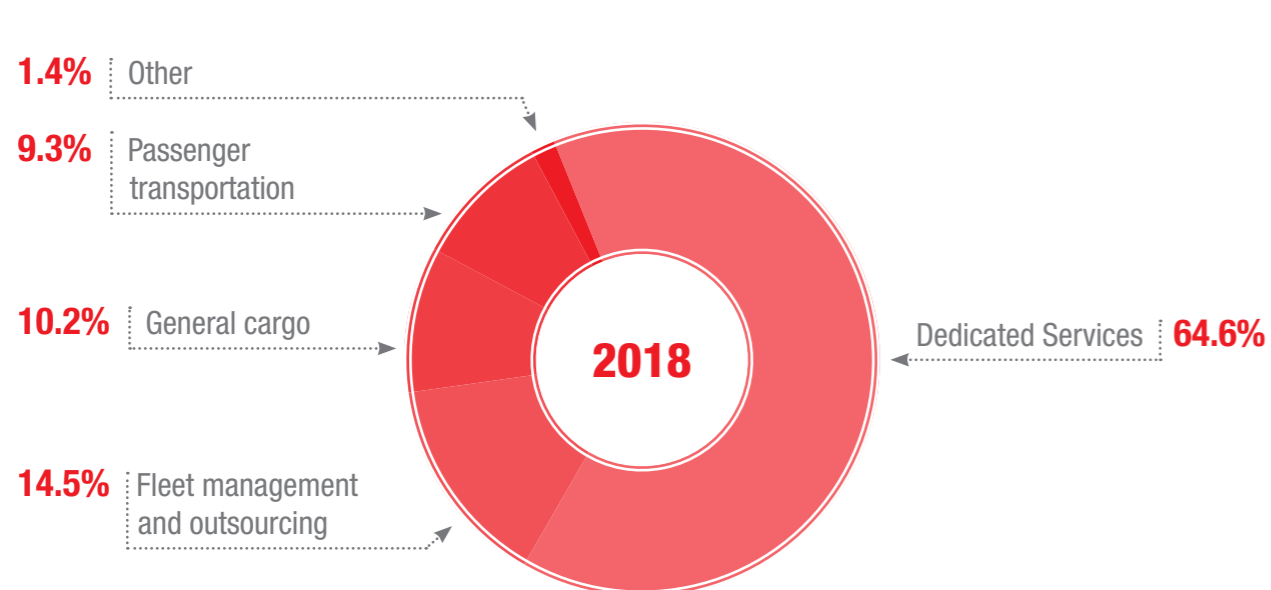
**Some additional challenges occurred in 2018. The strike of the truck drivers in May impacted part of JSL's operations, as the company uses the service of independent truck drivers and depends on the main highways and the supply of fuel, which was also interrupted. However, after the 10-day strike, the services were fully normalized, and part of the demand was recovered in the month of June. Even with this atypical scenario, the financial impact of the strike on our results was not very representative, totaling less than 0.7% of JSL S.A.'s annual EBITDA**

EBITDA totaled R\$635.0 million in 2018, up 11.9% year-on-year, while EBITDA margin reached 17.2%, up 0.6 percentage points over 2017, mainly due to the standardization of prices during this year and the still incipient improvement in volumes, in addition to the operational cost adjustments, which contributed to a better margin in the annual comparison.

Revenues from Same Contracts - RMC had a 10.6% increase. Noteworthy are the increases in General Charges, up 21.8% over 2017 and Dedicated Services, up 13.6% y-o-y. In both, growth was boosted by the subdued increase in volumes and the rebalancing of contract prices over the course of this year, in search of adequate profitability within a recovering business environment.

<i>JSL Logística (R\$ million)</i>			
	2017	2018	Change 2018x2017
<b>Gross Revenue</b>	<b>4,447.4</b>	<b>4,740.9</b>	<b>+6.6%</b>
Deductions	(704.3)	(769.6)	+9.3%
Net Revenue from Services	3,426.1	3,683.3	+7.5%
Net Revenue from the Sale of Assets Used in the Provision of Services	317.0	288.0	-9.1%
<b>Net Revenue</b>	<b>3,743.1</b>	<b>3,971.3</b>	<b>+6.1%</b>
Cost of Services	(2,979.9)	(3,171.0)	+6.4%
Cost with the Sale of Assets Used in the Provision of Services	(313.8)	(296.6)	-5.5%
<b>Total Cost</b>	<b>(3,293.7)</b>	<b>(3,467.6)</b>	<b>+5.3%</b>
<b>Gross Profit</b>	<b>449.4</b>	<b>503.7</b>	<b>+12.1%</b>
Gross Margin	12.0%	12.7%	+0.7 p.p.
<b>Total Expense</b>	<b>(202.5)</b>	<b>(179.3)</b>	<b>-11.5%</b>
<b>Operating Profit Before Earnings, Financial Expenses and Taxes</b>	<b>246.9</b>	<b>324.4</b>	<b>+31.4%</b>
<b>EBITDA</b>	<b>567.4</b>	<b>635.0</b>	<b>+11.9%</b>
EBITDA Margin wo/ Net Revenue from Services	16.6%	17.2%	+0.6 p.p.

# Breakdown of Gross Revenue from Services by Sectors of the Economy in 2018



## Vamos

In 2018, we reached a Net Revenue from Services of R\$883.4 million, up 45.1% over the previous year and Net Revenue from Sales of Assets reached R\$99.9 million, up 51.8% over 2017. Total Net Revenue reached R\$983.3 million, up 45.7% year-on-year. The increase is explained by the consolidation of Borgato, whose acquisition was completed in December 2017, in addition to the organic growth in the Net Revenue of Leases in the annual comparison, with the gradual return of the economy.

Consolidated EBITDA totaled R\$452.2 million, up 48.3% year-on-year, while EBITDA margin from services reached 51.2%, up 1.1 percentage points compared to 2017. The Company, therefore, showed in 2018 adequate profitability and cash generation capacity with resilience.

Vamos (R\$ million)			
	2017	2018	Change 2018x2017
<b>Gross Revenue</b>	<b>762.1</b>	<b>1,100.5</b>	<b>+44.4%</b>
Deductions	(87.3)	(117.3)	+34.4%
Net Revenue from Services	609.0	883.4	+45.1%
Net Revenue from the Sale of Assets Used in the Provision of Services	65.8	99.9	+51.8%
<b>Net Revenue</b>	<b>674.8</b>	<b>983.3</b>	<b>+45.7%</b>
Cost of Services	(327.1)	(552.9)	+69.0%
Cost with the Sale of Assets Used in the Provision of Services	(67.9)	(97.8)	+44.0%
<b>Total Cost</b>	<b>(395.0)</b>	<b>(650.7)</b>	<b>+64.7%</b>
<b>Gross Profit</b>	<b>279.7</b>	<b>332.6</b>	<b>+18.9%</b>
Gross Margin	41.5%	33.8%	-7.7 p.p.
<b>Total Expense</b>	<b>(98.8)</b>	<b>(98.9)</b>	<b>+0.1%</b>
<b>Operating Profit Before Earnings, Financial Expenses and Taxes</b>	<b>181.0</b>	<b>233.7</b>	<b>+29.1%</b>
<b>EBITDA</b>	<b>305.0</b>	<b>452.2</b>	<b>+48.3%</b>
EBITDA Margin wo/ Net Revenue from Services	50.1%	51.2%	+1.1 p.p.





## Movida

In 2018, Movida posted a Net Revenue from Services of R\$1.2 billion, up 16.6% over 2017 and Net Revenue from Sales of Assets of R\$1.4 billion, down 6.8% over 2017. Total Net Revenue reached R\$2.5 billion, up 2.9% year-on-year. The market for car rentals is still heated, which has allowed Movida an even greater selectivity in growth. At the end of the year, Movida had about 93,000 cars in its total fleet, 63,000 in RAC and 30,000 in GTF, an annual growth of 22%.

Movida's EBITDA totaled R\$481.7 million, a significant increase of 47.6% year-on-year, while the EBITDA margin from services reached 40.6%, up 8.5 percentage points over 2017. The performance in services contributed the most to this result, since in 2018 there was a consolidation of important operational improvements. The evolution in processes, the dilution of the contracted structure and the greater participation of GTF in the revenue helped in the expansion of the consolidated margins in relation to the previous year.



## Original Concessionárias

Original Concessionárias reached a Total Net Revenue of R\$702.5 million in 2018, up 17.5% y-o-y, mainly supported by the increase of the average ticket of new vehicles.

EBITDA totaled R\$19.6 million in 2018, compared to R\$22.8 million in the previous year, down 14% y-o-y. However, we highlight that 2017 EBITDA was positively impacted by the effect of extemporaneous ICMS credits recorded in Other Operating Revenues and Expenses, which totaled R\$16.7 million.

Original Concessionárias (R\$ million)			
	2017	2018	Change 2018x2017
Gross Revenue	631.5	737.7	+16.8%
Deductions	(33.8)	(35.2)	+4.1%
Net Revenue	597.7	702.5	+17.5%
Total Cost	(498.6)	(594.4)	+19.2%
Gross Profit	99.1	108.1	+9.1%
Gross Margin	16.6%	15.4%	-1.2 p.p.
Total Expense	(82.0)	(94.0)	+14.6%
Operating Profit Before Earnings, Financial Expenses and Taxes	17.1	14.1	-17.5%
EBITDA	22.8	19.6	-14.0%
EBITDA Margin	3.8%	2.8%	-1.0 p.p.

Movida (R\$ million)			
	2017	2018	Change 2018x2017
<b>Gross Revenue</b>	<b>2,586.8</b>	<b>2,717.2</b>	<b>+5.0%</b>
Deductions	(118.8)	(178.6)	+50.3%
Net Revenue from Services	1,017.9	1,186.4	+16.6%
Net Revenue from the Sale of Assets Used in the Provision of Services	1,450.1	1,352.2	-6.8%
<b>Net Revenue</b>	<b>2,468.0</b>	<b>2,538.6</b>	<b>+2.9%</b>
Cost of Services	(446.7)	(439.3)	-1.7%
Cost with the Sale of Assets Used in the Provision of Services	(1,376.5)	(1,292.7)	-6.1%
<b>Total Cost</b>	<b>(1,823.1)</b>	<b>(1,732.0)</b>	<b>-5.0%</b>
<b>Gross Profit</b>	<b>644.9</b>	<b>806.6</b>	<b>+25.1%</b>
Gross Margin	26.1%	31.8%	+5.7 p.p.
<b>Total Expense</b>	<b>(392.8)</b>	<b>(426.9)</b>	<b>+8.7%</b>
<b>Operating Profit Before Earnings, Financial Expenses and Taxes</b>	<b>252.1</b>	<b>379.7</b>	<b>+50.6%</b>
<b>EBITDA</b>	<b>326.3</b>	<b>481.7</b>	<b>+47.6%</b>
EBITDA Margin wo/ Net Revenue from Services	32.1%	40.6%	+8.5 p.p.

## JSL Leasing

In 2018, JSL Leasing had a Net Revenue of R\$31.9 million, up 32.9% in the annual comparison. Throughout the year, the institution carried out 1,655 credit transactions, while the balance of the loan portfolio at the end of the period totaled R\$104.9 million, up 35.2% over the year.

Due to the growth of the credit portfolio, EBITDA increased from R\$3.9 million in 2017 to R\$10.5 million in 2018, given the greater operating leverage. JSL Leasing continues to offer financial alternatives to facilitate the access to used trucks, buses, automobiles, machinery and equipment, benefiting from a gradual recovery of the sector.

JSL Leasing (R\$ million)			
	2017	2018	Change 2018x2017
<b>Gross Revenue</b>	<b>24.3</b>	<b>34.1</b>	<b>+40.3%</b>
Deductions	(0.3)	(2.3)	-
<b>Net Revenue</b>	<b>24.0</b>	<b>31.9</b>	<b>+32.9%</b>
<b>Total Cost</b>	<b>(9.5)</b>	<b>(10.4)</b>	<b>+9.5%</b>
<b>Gross Profit</b>	<b>14.5</b>	<b>21.4</b>	<b>+47.6%</b>
Gross Margin	60.4%	67.3%	+6.9 p.p.
<b>Total Expense</b>	<b>(8.5)</b>	<b>(11.0)</b>	<b>+29.4%</b>
<b>Operating Profit Before Earnings, Financial Expenses and Taxes</b>	<b>6.0</b>	<b>10.4</b>	<b>+73.3%</b>
<b>EBITDA</b>	<b>3.9</b>	<b>10.5</b>	<b>+169.2%</b>
EBITDA Margin	16.4%	32.9%	+16.5 p.p.

## JSL Consolidado

Total Gross Revenue of JSL was of R\$9.2 billion in 2018, up 12.2% year-on-year. Net Revenue totaled R\$8.1 billion, up 11.3% compared to 2017.

In 2018, the Company's Total Costs totaled R\$6.3 billion, up 9.3% over 2017.

Total Gross Profit for 2018 was R\$1.8 billion, which is a 18.9% increase by comparison with 2017, with a gross margin of 21.9%, which translates into a 1.4 percentage-point improvement.

Operating Expenses totaled R\$805.6 million, which accounts for 10.0% of net revenue, a 0.8 percentage-point decrease against 2017. The decrease is

explained by the greater operational efficiency in all the companies of the group, especially the dilution of expenses of Movida, derived from the continuity in the gain of scale and reinforcement of structure, processes and controls.

EBITDA totaled R\$1.6 billion, up of 2.3 percentage points y-o-y in the EBITDA margin. The improvement in EBITDA is explained by the evolution of results, supported by the performance of all our companies, with the increase in Logística's margins, Movida's operational evolution and growth opportunities in the Vamos' business.

Net Financial Expenses totaled R\$681.2 million, stable compared to the R\$670.5 million recorded in 2017. Despite the increase in net debt (R\$6.7 bil-

lion at the end of 2018, over R\$5.7 billion in 2017), the average cost of net debt remained at lower levels, closing 2018 at 10.1% versus 11.2% at 2017.

JSL Consolidated recorded a Record Net Income of R\$189.2 million in 2018, up 11x over R\$16.7 million in 2017, supported by the strong growth and operational efficiency of the group companies.

JSL - Consolidated <sup>1</sup> (R\$ million)			
	2017	2018	Change 2018x2017
<b>Gross Revenue</b>	<b>8,199.8</b>	<b>9,203.5</b>	<b>+12.2%</b>
Deductions	(944.0)	(1,128.1)	+19.5%
Net Revenue from Services	5,439.6	6,417.4	+18.0%
Net Revenue from the Sale of Assets Used in the Provision of Services	1,816.2	1,658.0	-8.7%
<b>Net Revenue</b>	<b>7,255.8</b>	<b>8,075.4</b>	<b>+11.3%</b>
Cost of Services	(4,032.1)	(4,699.2)	+16.5%
Cost with the Sale of Assets Used in the Provision of Services	(1,737.6)	(1,609.9)	-7.3%
<b>Total Cost</b>	<b>(5,769.7)</b>	<b>(6,309.1)</b>	<b>+9.3%</b>
<b>Gross Profit</b>	<b>1,486.1</b>	<b>1,766.3</b>	<b>+18.9%</b>
Gross Margin	20.5%	21.9%	+1.4 p.p.
Selling Expenses	(199.5)	(220.1)	+10.3%
Administrative Expenses	(486.0)	(574.3)	+18.2%
Expected Impairment of Trade Accounts	(60.7)	(9.1)	-85.0%
Other Operating Revenues (Expenses), Net	(35.5)	(1.1)	-96.9%
Equity Income	-	(1.0)	-
<b>Total Expense</b>	<b>(781.6)</b>	<b>(805.6)</b>	<b>+3.1%</b>
<b>Operating Profit Before Earnings, Financial Expenses and Taxes</b>	<b>704.5</b>	<b>960.7</b>	<b>+36.4%</b>
<b>EBITDA</b>	<b>1,230.2</b>	<b>1,597.5</b>	<b>+29.9%</b>
EBITDA Margin wo/ Net Revenue from Services	22.6%	24.9%	+2.3 p.p.
Financial Revenues	209.6	317.8	+51.6%
Financial Expenses	(880.1)	(999.0)	+13.5%
<b>Financial Results</b>	<b>(670.5)</b>	<b>(681.2)</b>	<b>+1.6%</b>
<b>Income before Income Tax and Social Contribution</b>	<b>33.9</b>	<b>279.5</b>	<b>-</b>
Income Tax and Social Contribution Tax	(17.2)	(90.3)	-
<b>Net Profit</b>	<b>16.7</b>	<b>189.2</b>	<b>-</b>
Net Margin	0.2%	2.3%	+2.1 p.p.

<sup>1</sup> Includes consolidation among Logística, Vamos, Movida, Original and Leasing, already considering the eliminations between the businesses.

**Reconciliation of EBITDA (R\$ million)**

	2017	2018	Variação 2018x2017
Net Income (Loss)	16.7	189.2	-
Financial Results	670.5	681.2	+1.6%
Income tax and social contribution	17.2	90.3	-
Depreciation and Amortization	525.7	636.8	+21.1%
EBITDA	1,230.2	1,597.5	+29.9%

**Indebtedness**

Net indebtedness in December 2018 totaled R\$6.7 billion, an 17.3% increase when compared to December 2017.

Considering JSL's consolidated cash position at the end of 2018, we will have enough resources to cover the debt rollover until the beginning of 2020. We also highlight the fact that the cash position of JSL Group represents 1.5x of the short-term debt, which we believe is an adequate level of cash at this time of uncertainty in relation to the economic scenario.

The ratio of net debt to EBITDA decreased to 4.2x in December 2018, compared to 4.4x in December 2017. The deleveraging in the annual comparison is mainly explained by the increase in EBITDA, in line with the operational improvement and growth of all the companies in the group. In turn, the ratio of net debt to EBITDA-A totaled 2.1x in December 2018, compared to 1.9x in December 2017.

During the year ended December 31, 2018, the Company repurchased its own debentures related to the 10th issue, in the amount of R\$352 million.

**Indebtedness (R\$ million)**

	2017	2018	Variação 2018x2017
<b>Cash and Financial Investments</b>	<b>2,438.8</b>	<b>4,831.8</b>	<b>+98.1%</b>
Gross Bank Debt and Capital Market - Short Term	1,409.4	2,070.2	+46.9%
Drawer's Risk Payable (Automakers) - Short Term	248.1	-	-100.0%
Gross Bank Debt and Capital Market - Long Term	6,611.4	9,931.1	+50.2%
Financial Instruments and Derivatives	(108.3)	(460.2)	-
<b>Total Gross Bank Debt and Capital Market</b>	<b>8,160.7</b>	<b>11,541.2</b>	<b>+41.4%</b>
<b>Total Net Bank Debt and Capital Market</b>	<b>5,721.9</b>	<b>6,709.4</b>	<b>+17.3%</b>

**Statement of Value Added**

GRI 201-1

In 2018, total value added distributed was R\$3.646 billion, which represented a 2.1% growth over the previous year, split between R\$1.5 billion for payment of staff and charges and R\$999 million for interest and rents.

**Investments**

To support our growth in 2018, gross investment was R\$3.7 billion, of which R\$1.8 billion is in expansion and R\$1.9 billion is under renovation. The net investment of JSL Consolidated amounted to R\$2.0 billion, focused on expansion and divided mainly between Movida (R\$1.0 billion), CS Brasil (R\$398 million), Vamos (R\$381 million) and JSL Logística (R\$161 million). The funds were mainly directed towards investments in expansion in new contracts that should strengthen future cash generation, such as leasing of heavy vehicles in Vamos and Fleet Management in Movida and CS Brasil.

The benefit of these investments in revenue growth, margin improvement and cash generation was not

yet complete in 2018. The investments made are part of JSL's strategic direction to focus on contracts that generate solid, consistent returns and remunerate the invested capital.

**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 (SMML).

On December 31, 2018, JSLG3 shares were quoted at a price of R\$6.97, which represents a 15.5% devaluation when compared to December 31, 2017. At the end of 2018, the Company had a total of 205,537,500 shares, consisting of 205,114,532 outstanding shares and 422,968 treasury shares. During 2018, no treasury shares were cancelled.



# Social Performance



# Social performance

## Internal Public

GRI 102-8, GRI 102-41

The culture of serving with simplicity involves all our employees, ensuring quality in customer service.

We ended 2018 with a total of 24,078 employees, an increase of 4% in the number of employees compared to the previous year, mainly due to the expansion of our Movida stores, the creation of the Vamos Group and the beginning of new contracts with the Company.

Most of JSL Group's employees work in Brazil's Southeast region (69%). 83% of the employees are men and 17% are women, with the majority being aged between 30 and 50.

96% of the total number of employees have a permanent contract and 4% have a temporary con-

tract. 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		2018	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Male	17,964	603	18,759	603	19,462	541
Female	3,041	341	3,265	439	3,660	415
<b>Total</b>	<b>21,005</b>	<b>944</b>	<b>22,024</b>	<b>1,042</b>	<b>23,122</b>	<b>956</b>
	<b>21,949</b>		<b>23,066</b>		<b>24,078</b>	

Own employees by type of employment and gender (GRI 102-8)						
	2016		2017		2018	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Male	18,088	479	18,853	509	19,492	511
Female	2,994	388	3,262	442	3,601	474
<b>Total</b>	<b>21,082</b>	<b>867</b>	<b>22,115</b>	<b>951</b>	<b>23,093</b>	<b>985</b>
	<b>21,949</b>		<b>23,066</b>		<b>24,078</b>	

Own employees by work contract and region* (GRI 102-8)					
	2016	2017		2018	
	-	Permanent	Temporary	Permanent	Temporary
Center-West	1,726	2,444	130	2,284	129
Northeast	1,876	1,911	76	2,083	66
North	1,879	1,660	78	1,653	71
Southeast	14,635	14,306	706	15,364	615
South	1,833	1,703	52	1,738	75
<b>Total</b>	<b>21,949</b>	<b>23,066</b>		<b>24,078</b>	

\* In its 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
<b>Gender</b>			
Male	48.40%	72.10%	87.90%
Female	51.60%	27.90%	12.10%
<b>Age Bracket</b>			
>50	4.40%	9.80%	11.40%
30 to 50	46.30%	66.40%	61.40%
<30	49.30%	23.70%	27.10%
<b>Negroes</b>			
	38.80%	38.20%	58.50%
<b>People with disabilities</b>			
	0.80%	0.70%	2.10%

Percentage of members of the governance bodies, by gender and age bracket (GRI 405-1)			
	Board of Directors	Fiscal Council	Executive Board
<b>Gender</b>			
Male	100.00%	100.00%	92.90%
Female	0.00%	0.00%	7.10%
<b>Age Bracket</b>			
>50	81.80%	75.00%	23.80%
30 to 50	18.20%	25.00%	76.20%
<30	0.00%	0.00%	0.00%

In 2018, 9,410 employees were hired and 8,250 were dismissed, representing an 80% rate for new hires and a 68% turnover rate.

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. The actions are focused on 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. Another action of this team are the bonuses for the time spent with the company and for taking part in strategic projects.

Some 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. In addition, 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 (%)
<b>Gender</b>				
Male	7,695	3.21%	6,879	2.87%
Female	1,715	3.51%	1,371	2.80%
Total	9,410	6.71%	8,250	5.67%
<b>Age Bracket</b>				
25 or less	2,559	5.33%	1,705	3.55%
Between 26 and 34	2,899	3.28%	2,716	3.07%
Between 35 and 44	2,526	2.79%	2,478	2.74%
Between 45 and 54	1,077	2.37%	969	2.14%
55 or more	349	2.07%	382	2.27%
Total	9,410	15.86%	8,250	13.78%
<b>Region</b>				
Center-West	1,453	5.02%	1,813	6.26%
Northeast	798	3.09%	498	1.93%
North	434	2.10%	403	1.95%
Southeast	5,871	3.06%	4,746	2.48%
South	854	3.93%	790	3.63%
<b>Total</b>	<b>9,410</b>	<b>17.20%</b>	<b>8,250</b>	<b>16.25%</b>

**Development and training**  
GRI 404-1

Always 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. 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 offered 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 2018 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 354,098 hours of training in 2018, which represents an average of 14.7 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	38.00	38.00
Executive Board (Statutory and Non-Statutory Officers and Superintendents)	58	425.00	7.33
Management (Managers and Advisors) Considers all Managers, including Executives and those related to the operational areas)	568	2,622.00	4.62
Administrative (Specialists, Coordinators, Supervisors, Analysts, Assistants and e Auxiliaries)	8,391	42,174.00	5.03
Operational (Operations and Maintenance)	14,379	301,630.00	20.98
Trainees	37	54.00	1.46
Apprentices	644	7,155.00	11.11
<b>Total</b>	<b>24,078</b>	<b>354,098.00</b>	<b>14.71</b>

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	20,003	329,099.00	16.45
Female	4,075	24,999.00	6.13
<b>Total</b>	<b>24,078</b>	<b>354,098.00</b>	<b>14.71</b>

**Health and safety**

GRI 403-1, GRI 403-2, GRI 403-3

We prioritize the safety of our employees in all actions and activities of the Company, and we always seek to improve and monitor all processes, given

that we operate in a number of sectors of the economy and most 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.

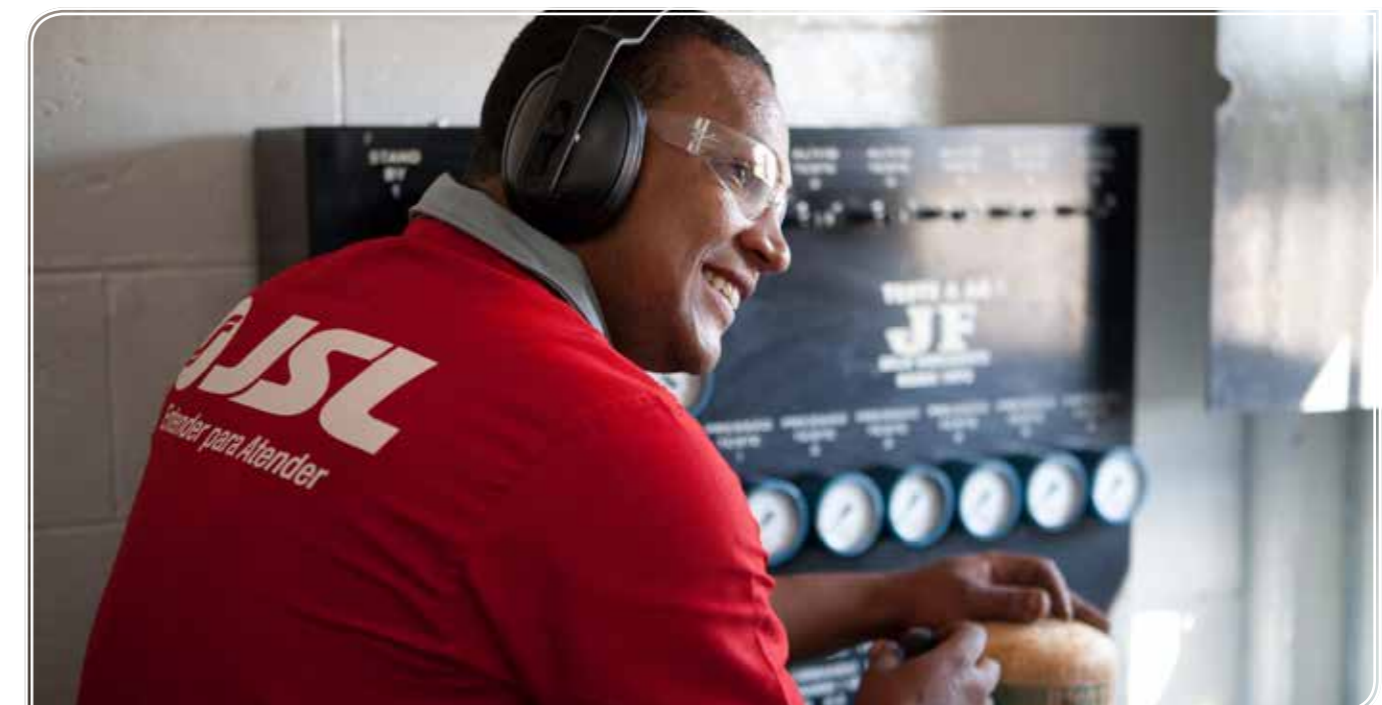
Among the subjects covered under these programs are defensive driving, safety in operating procedures, combating drug use, alcoholism and the improper use of stimulants, catering to customers who have special needs and sexually transmitted diseases.

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 re-

sponsible 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 have created 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 - JSL (GRI 403-2)			
	2018		
	Total	Men	Women
Injury Rate	1.46	1.44	0.02
Occupational illness rate	0.00	0.00	0.00
Days lost rate	63.56	58.40	5.16
Absenteeism rate	3.49	2.84	0.65
Number of deaths	0	0	0



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

	2018					
	Total	Southeast	South	North	Northeast	Center-West
Injury Rate	1.46	1.29	0.02	0.05	0.05	0.05
Occupational illness rate	0.00	0.00	0.00	0.00	0.00	0.00
Days lost rate	63.56	56.26	1.07	2.08	2.08	2.08
Absenteeism rate	3.49	2.13	0.24	0.33	0.12	0.68
Number of deaths	0	0	0	0	0	0

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

	2018		
	Total	Men	Women
Injury Rate	0.00	0.00	0.00
Occupational illness rate	0.00	0.00	0.00
Days lost rate	0.00	0.00	0.00
Absenteeism rate	2.00	1.27	0.73
Number of deaths	0	0	0

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

	2018					
	Total	Southeast	South	North	Northeast	Center-West
Injury Rate	0.00	0.00	0.00	0.00	0.00	0.00
Occupational illness rate	0.00	0.00	0.00	0.00	0.00	0.00
Days lost rate	0.00	0.00	0.00	0.00	0.00	0.00
Absenteeism rate	2.00	1.17	0.27	0.10	0.30	0.15
Number of deaths	0	0	0	0	0	0

Over the course of 2018 we also carried out campaigns focused on health and safety, with highlight going to the following:

- **Drowsiness, a Danger!:** Guidance to JSL's employees and service providers on the risks of driving when they are tired and/or not getting enough sleep in order to avoid accidents.
- **Rain, Danger on the Lane!:** A campaign that warns employees and service providers on safe driving during rain.
- **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 32.04% 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 carnival, 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 that already have a long history in the social area. Therefore, by means of their partnership with the Julio Simões Institute, they can boost their multiplication potential, reaching higher levels. The number of beneficiaries, calculated based on the number of projects implemented in 2018, totaled 32,691 in 2018 and 31,752 in 2017.

This year, approximately R\$3.5 million was allocated to projects based on fiscal incentive laws, by comparison with the R\$2 million figure that was made available in 2017 and the R\$1.9 million in 2016.

In all, 43 of the JSL group's subsidiaries/stores took part in the social actions, campaigns and projects carried out by Julio Simões Institute in 2018, representing 8.33% 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 2018 benefited 3,000 people.

We also donated transport for local community projects and projects in connection with some institution. In 2018, the action benefited 2,500 people.

In order to contribute to guarantee the rights of children and adolescents, more than 12 thousand people, among employees, third parties, clients and the population, participated in training and lectures in partnership with the Na Mão Certa Program (Childhood do Brasil), Instituto Liberta e Seal Abrinq Foundation, on the fight against sexual abuse and exploitation of children and their rights in the Statute of Children and Adolescents - ECA. This audience has become a "Child Protection Agent".

### • Julio Cidadão

Implemented in 2007, the Julio Cidadão project encourages volunteer work and promotes relief in hospital treatment by means of "clown doctors". 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 2018, 37 employees were trained, and 1,500 people were attended, among patients, companions and.

### • Cultural Gymkhana

Cultural Gymkhana, with the motto "Everybody together with a single objective", formerly called Social Gymkhana, encourages the culture of volunteering within 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 2018, 10 groups were enrolled, with 1,350 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, carried out since 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 an audience including children, the elderly and people with special needs.

In 2018, more than 538 people who received gifts such as toys, clothes, games, handbags and toiletries for institutions with special needs and with physical disabilities, such as Estância Manuel Maria, APAE and AACD, were benefited. In all, 70 volunteers participated in these actions.

### • Carreta Treinamento

A traveling movie theater! This is the Carreta Treinamento project, which goes all over Brazil offering training, theater, culture, music and entertainment, 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 2018, there were 1,990 people took part in lectures, training courses and presentations.

### • Do you want it? You can!

Since August 2012, the Julio Simões Center for Memory and Culture has attended, through this project, students from the public school of Mogi das Cruzes. With 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 expand their chances of achievement. In 2018, a total of 3,639 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 2018, 4,000 people were attended.



3. Expression in English used for "public interest".

## Suppliers

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

In the relationship with suppliers, we are committed to ensuring respect for essential issues such as the environment, health and safety at work and engagement in human rights. Thus, we seek to 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.

Alliances with suppliers in our production chain encompass several segments, mainly in the heavy assets, light assets, fuel, tires and maintenance parts sectors. In 2018, there were 6,743 suppliers in the supply chain, and we invested R\$3.6 billion in payments made to suppliers. During the year, 55% of the budget for purchases and contracts came from local suppliers, that is, suppliers located in the same state as the purchasing branch (in 2016, the percentage was 65%).

Bearing in mind that in logistics processes a lot of suppliers may be exposed to risks, such as environmental contamination, forced or slave labor or child labor and intensive use of labor, among others, JSL is very selective when choosing its suppliers. In 2018, no operations or suppliers with risks of these occurrences were identified.

In our contracts we include specific clauses that address 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.

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. In this way, we redefined our criteria for the certification base and also implemented the supply management for suppliers, inviting everyone to consult the Code of Conduct on the JSL 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.

In 2018, we began a supplier evaluation process, in accordance with social, fiscal and environmental criteria of the critical suppliers with whom we entered into contractual agreements. During the year, 99.3% of our suppliers were selected based on social criteria, such as labor practices, human rights and others, and 100% were selected based on environmental criteria.

Currently, JSL evaluates its suppliers with activities classified as high risk for the environment and establishes for them criteria and supporting documentation. This method was used for suppliers with whom the organization entered into contractual agreements in the current year.

Due to the process of implementing supplier evaluation tools, it was not possible to implement the Supplier Recognition Program in 2018. The tools are being deployed and the forecast is to have enough data for the ranking and recognition of suppliers by the end of 2019.

In 2019 we will implement a digital platform that will increase the scope of the evaluation, whose scope is to evaluate all suppliers selected as critical according to labor, environmental, human rights, slave labor and child labor criteria. In addition to the system, we already have a conscientious work among employees, and we are signatories to the Na Mão Certa Program, focused on protecting children against sexual abuse and exploitation.

## Customers

“Understanding to Serve” constantly guides our operations and actions, ensuring the construction of healthy and lasting relationships with our clients, since being at their service is what moves us daily in the accomplishment of our projects, focusing on excellence in service and optimization of processes. With customized solutions, we managed to cultivate long-term relationships, adding value to the company's production chain.

From an operational management aimed at promoting agility in decision making, through a solid administrative structure that supports our entire base of operations, JSL prioritizes the quality of the services rendered and the constant improvement of the processes. In this way, we reinforce our commitment to be effective in solving demands, understanding more clearly the singularities of our clients.

We provide services in an integrated and flexible way, with transparency, mutual trust, agility and a customized service. From these principles and guidelines, we create ever deeper links with our clients, with a focus on exceeding their expectations.



# Environmental **performance**



# Environmental performance

## Energy efficiency and emissions

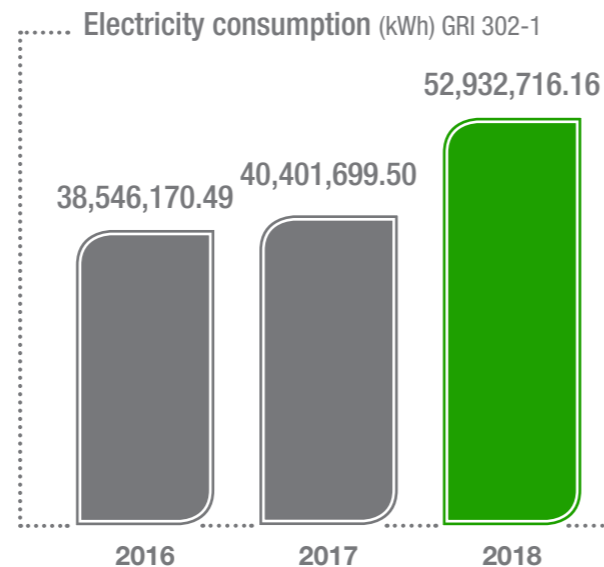
GRI 302-1

Always attentive to reducing environmental impacts and aiming to contribute to sustainability awareness, JSL adopts measures that reduce fuel consumption and waste, such as the rational use of fuel and the emission inventory.

In the area of energy efficiency there are practices such as replacing ordinary bulbs with LED bulbs, using low sulfur fuel - making it possible to reduce the emission of white smoke and increase the useful life of the lubricating oil - and the use of baffles. Other actions are defensive driving and economic driving training and the use of special vehicles that offer increased occupancy and consequently reduced CO2 emissions such as bitrens and others.

A highlight of 2018 was the inclusion in the free energy market of the intermodal unit in Itaquaquecetuba. The company's administrative headquarters in Mogi das Cruzes had been included in the previous year, which made it possible to achieve up to 50% of the energy consumption from renewable sources (sun, wind and biomass). We are currently carrying out a study to evaluate the possibility of extending to five additional branches.

Electricity consumption in 2018 was of 52,932,716.16 kWh, considering the operations of JSL and Movida. The percentage increase in electricity consumption of JSL in the previous year was of 1.4% (we did not consider Movida in this comparison since in 2017 we did not have the consumption figures of this company).



Target 2018	Unit	Results
1.5% reduction in energy consumption	Administrative headquarters (Mogi das Cruzes)	Target achieved and exceeded by <b>27%</b> (from <b>3.2 kWh/employee/day</b> to <b>2.7 kWh/ employee/day</b> )
	Intermodal Unit (Itaquaquecetuba)	Target achieved and exceeded by <b>3%</b> (from <b>6.1 kWh/employee/day</b> to <b>7.1 kWh/ employee/day</b> )

Note: the results published in the last report have been corrected in this version.

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.

Fuel consumption (kJ) GRI 302-1		
Non-renewable	2017	2018
Diesel oil	2,909,930,216.11	4,551,637.67
Gasoline	20,930,385.41	106,102,261.12
Renewable	2017	2018
Ethanol	38,406,023.74	159,698,105.06

Note: Only from 2018 we started to report the fuel consumption of Movida. In addition, in 2018 there was greater consistency in the measurement of data.

## Emissions

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

In accordance with the GHG Protocol guidelines, every year JSL undertakes an Inventory of Emissions, a tool that is used internationally for understanding, quantifying and managing greenhouse gas (GHG) emissions. In addition, other mechanism was 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.

Based on all of the company's operations, in 2018 direct emissions (Scope 1) and indirect emissions (Scope 2) came to a total of 348,175.30 t CO2eq, which is a 39% decrease by comparison with the 574,054.80 t CO2eq observed in 2017. Biogenic emissions were of 34,560.34 tCO2eq.

In 2018, JSL reviewed the criteria used to determine which greenhouse gas (GHG) emissions would be considered as "operational control" of the company, mainly as regards the consumption of fuels by mobile sources (main source of

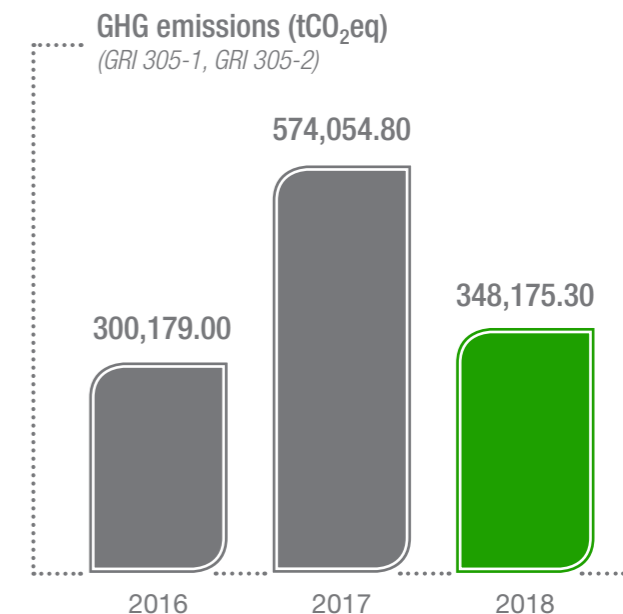
emissions of JSL). After methodological alignment, carried out directly with the Brazilian GHG Protocol Program

and with large scale customers, JSL began to allocate fuel emissions, used in the operations of its equipment, according to the "direct fuel payment" criterion.

That is, when customers pay directly for the fuel used, the emissions are accounted for in Scope 1 of customers and allocated in Scope 3 of JSL, even if operated by JSL employees. In Scope 3 of JSL, these emissions are categorized as "use of goods and services sold".

The change was adopted to improve the inventory, as well as to reinforce the principles of transparency and completeness. These principles are recommended by GHG inventories and, therefore, JSL ensures that there is no double counting in Scope 1 of JSL and its customers.

In 2018 there was no emission of any substances that deplete the ozone layer (SDO), according to the Montreal protocol.



Note: The chart only includes the organization's direct emissions (Scope 1) and indirect emissions (Scope 2).

# Environmental performance

## Carbon Free

The Carbon Free program is an 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, sharing the responsibility.

In 2018, we launched the Carbon Free for the Management and Outsourcing of Fleets - GTF, decisive for the renewal of several clients. Due to this product, Movida was awarded by Frotas & Fretes Verdes, as a Company with Process/Product Sustainability.

In 2018, more than 90,000 square meters were reforested, and 11,383 seedlings planted through this initiative, contributing to the sequestration of CO2. 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

Considering the legal guidelines, JSL seeks to use water conscientiously and rationally. In this sense, we have implemented reuse systems and improved water use efficiency in all Company units, in addition to monitoring consumption and building water treatment plants in branches where consumption is significant. Another good example is the rationing of water in garages where vehicle maintenance is performed.

In order to make employees and third parties aware of the rational use of water, JSL publishes regular campaigns through its communication channels.

In 2018, the total water consumption in the organization was 1,122,454.30 m<sup>3</sup>, considering the operations of JSL and Movidá\*. The increase in relation to JSL's water consumption in 2017 was 78.85% (we did not have Movidá's consumption figures for 2017). The increase in number is explained by the evolution of consumption accounting internally.

Notwithstanding the increase, 2018's reduction targets were achieved both at the administrative headquarters and at the intermodal unit.

Target 2018	Unit	Results
1.5% reduction in water consumption	Administrative headquarters Administrative headquarters (Mogi das Cruzes)	Target achieved and exceeded by <b>12.5%</b> (from <b>23.9 liters/employee/day</b> to <b>20.8 liters/employee/day</b> )
	Intermodal Unit (Itaquaquecetuba)	Target achieved and exceeded by <b>18%</b> (from <b>77 liters/employee/day</b> to <b>63 liters/employee/day</b> )

\*we do not have the numbers of the consumption of Movidá for 2017.

Total amount of water consumed, by source (m <sup>3</sup> ) - (GRI 303-1)			
	2016	2017	2018
Groundwater	18,117.00	87,574.60	155,481.51
Supply of municipal water or other water services	231,657.00	444,505.60	956,226.18
Rainwater collected directly or stored by the organization	-	10,016.00	200.00
Reuse system - ETA	-	-	10,546.61
<b>Total</b>	<b>249,774.00</b>	<b>542,096.20</b>	<b>1,122,454.30</b>

\* We did not have Movidá's consumption figures for 2017

**Waste**

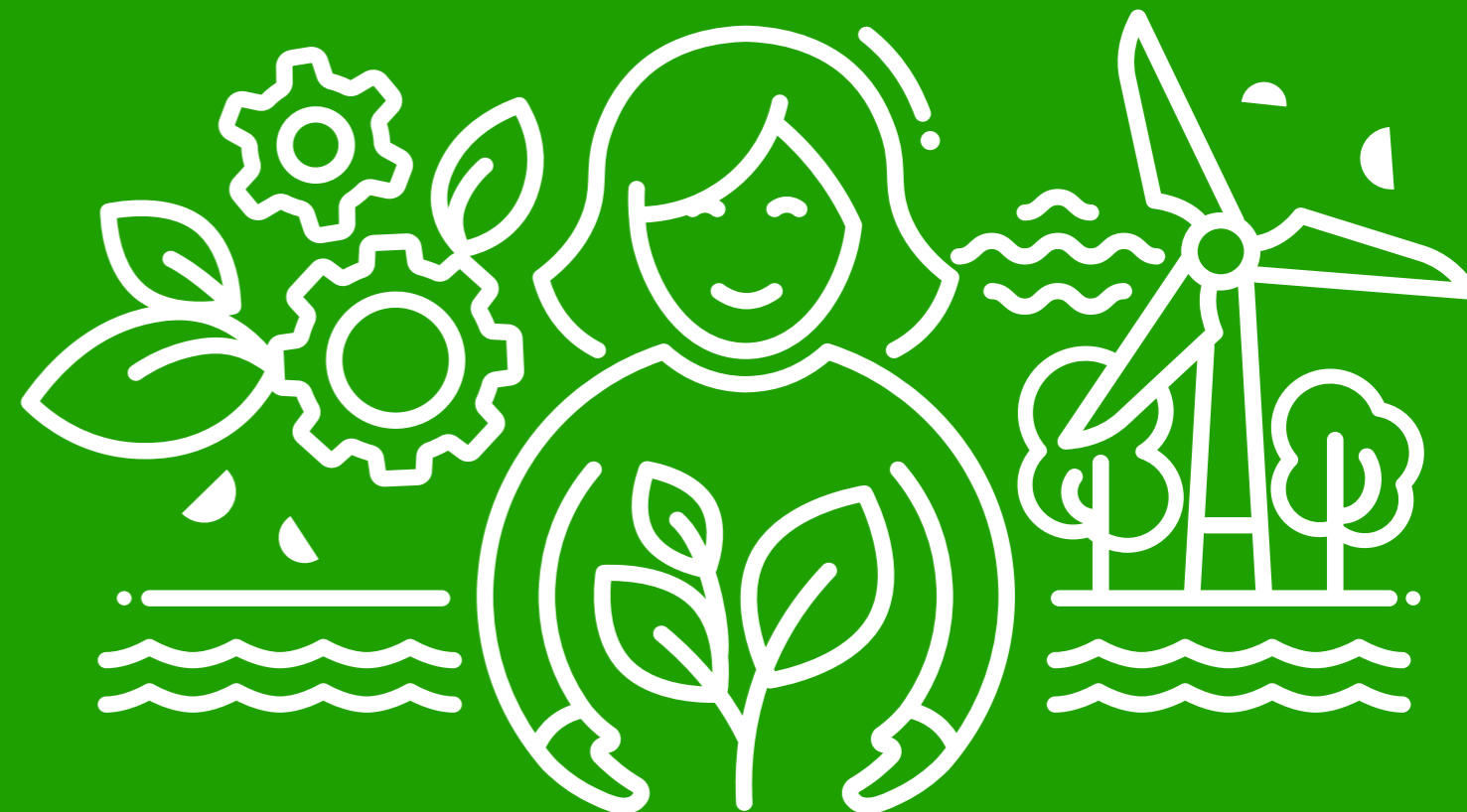
GRI 306-4

In line with the National Solid Waste Policy, JSL's Waste Management aims, through its practices, to take responsibility for the items it uses, seeking to minimize the environmental impacts of its activities.

In addition to monitoring the consumption of the inputs used in the operations, we ensure the correct 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 2018, 5,100 tons of hazardous waste were transported, which are classified according to NBR 10.004 and then destined to "blending" companies. Subsequently, they are sent to cement plants, where they are used as an alternative energy source through coprocessing.

The class I waste generated by the company is managed by duly approved customers, who carry out maintenance on vehicles and machinery and are in charge of the transportation and destination of these items.



# Materiality **matrix**



# 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 stakeholders, which resulted in the drafting of our Materiality Matrix. Thus, 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). Thus, it was possible to find out both JSL's opinion as well as that of its stakeholders regarding 21 different subjects.

### • Definition of stakeholders

The stakeholders chosen in the Materiality Matrix were selected after selecting the stakeholders we consider strategic for the performance of our business: investors, partner institutions, press, suppliers, employees, customers and financial institutions. The definition was based on criteria such as

impact of the Company's activities, products and services on these audiences, and also taking into account their expectations, interests and capacities. From the engagement of stakeholders, it is possible to measure the effectiveness of the Company's decision-making processes, thus 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.



4. Expressão em inglês utilizada para "públicos de interesse".



## Material topics and management approach

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>According to the best corporate governance practices in the market, with a focus on transparency and accessibility to information for all stakeholders, JSL has corporate mechanisms to maintain compliance with laws and regulations, prioritizing preventive action through an efficient monitoring of management of internal processes.</p> <p>In addition to the Board of Directors and the Board of Executive Officers, it also has a Fiscal Council, installed at the request of minority shareholders, and an Ethics and Compliance Committee, whose objective is to monitor the conformity of 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> <p>In 2018, the Sustainability Committee of JSL was created, with the goal to foster and deepen the insertion and integration of sustainability-related themes into the Company's policies and actions. The company completed the Ethos indicators, providing the identification of gaps and opportunities for improvement, comparison with the market and development of action plan. In 2019 will improve the management of public contracts, improving policies and controls and providing a public portal with link to the information of the contracts. Also in 2019, the Company will participate in the UN Working Group against Corruption.</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. 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 (<a href="http://www.jsl.com.br/ri">http://www.jsl.com.br/ri</a>).</p> <p>In addition, the financial results are also included in the Annual and Sustainability Report.</p>

Material topics	Publics impacted	Correlation GRI Standards	JSL's management approach and assessment of the management approach
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>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. Suppliers considered key sign a Socio-Environmental Term of Commitment, in which they confirm that they are aware of JSL's guidelines and attest 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 2018, JSL began a process of evaluation of suppliers: 99.3% of the suppliers were selected based on social criteria, such as labor practices, human rights and others, and 100% were selected based on environmental criteria.</p> <p>By 2019, implementing a digital platform will increase the scope of the supplier assessment.</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>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. In the area of energy efficiency, focusing on the vehicle fleet, the following actions are carried out: 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>The highlight of 2018 was the inclusion in the free market of energy of the intermodal unit, in Itaquaquecetuba; in the previous year was included the unit of Mogi das Cruzes. The Company is studying the expansion to five additional subsidiaries.</p>

### Indirect Positive Economic Impacts GRI 203-2

The organization has the largest portfolio of logistics services in the country, operating in urban centers and peripheral areas, along with companies of several segments and sizes. The company generates a significant number of jobs, for all levels of education. In this way, the group acts as an inducer of social development in several regions of the country.

JSL has around 15,000 employees in administrative and operational positions, generating income for families from different regions of the country and contributing to the development of the local economy that has branches installed. In addition, the Company has social programs through the Julio Simões Institute, engaging children and young people in the region, as well as employees who participate in voluntary actions in schools and hospitals.

With regard to access to products and services for the poor, JSL operates urban passenger transportation and public cleaning services in some municipalities. This product is accessible to all social classes and meets the set of applicable legal requirements and the requirements of customers and bodies.

Responsible for the private social investment of JSL S/A and its affiliated companies, Julio Simões Institute is a non-profit association formed in 2006 and works in developing and implementing its own projects, articulating with other institutions or bodies and encouraging the volunteer work. In this way, it seeks to identify, support and develop planned actions, providing effective benefits to society.

# Summary of content of GRI Standards

GRI 102-55

GRI Standards	Disclosure	Observations	Page of the report	Omission	Global Compact	SDGs	
<b>GRI 101: FUNDAMENTALS</b>							
<b>GENERAL CONTENT</b>							
GRI 102: STANDARD CONTENT	<b>ORGANIZATIONAL PROFILE</b>						
	GRI 102-1	Name of the organization.		18		-	
	GRI 102-2	Activities, brands, products and services.		18, 26		-	
	GRI 102-3	Location of the organization's head office.		18		-	
	GRI 102-4	Location of the organization's operations.		18, 26		-	
	GRI 102-5	Nature of ownership and the legal form of the organization.		18		-	
	GRI 102-6	Markets served.		18, 26		-	
	GRI 102-7	Scale of the organization.		20		-	
	GRI 102-8	Information about employees (own and third-party).		72, 73	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.	6	8
	GRI 102-9	Supply chain.		82		-	
	GRI 102-10	Main changes in relation to size, structure or corporate ownership.		26, 39		-	
	GRI 102-11	Precautionary principle.		55		7	
	GRI 102-12	External initiatives.		34		8	
	GRI 102-13	Affiliations and associations.		34		-	
	<b>STRATEGY</b>						
	GRI 102-14	Message from the Chief Executive Officer.		4		-	
<b>ETHICS AND INTEGRITY</b>							
GRI 102-16	Values, principles, standards and rules of conduct.		22, 53		4, 5, 6, 10	16	

GRI Standards	Disclosure	Observations	Page of the report	Omission	Global Compact	SDGs
<b>GOVERNANCE</b>						
GRI 102-18	Governance structure.		38, 44		-	-
<b>STAKEHOLDERS' ENGAGEMENT</b>						
GRI 102-40	List of groups of stakeholders engaged by the organization.		94		-	-
GRI 102-41	Collective bargaining agreements.		72		3	8
GRI 102-42	Base for the identification and selection of stakeholders with which to engage.		94		-	-
GRI 102-43	Approach adopted for the engagement of stakeholders.		94		-	-
GRI 102-44	Main topics and concerns raised with the stakeholders.		94		-	-
<b>REPORTING PRACTICES</b>						
GRI 102-45	Entities included in the consolidated financial statements.		39, 42, 43		-	-
GRI 102-46	Definition of the report's content and the limits of each material issue.		14, 94		-	-
GRI 102-47	List of material topics.		94		-	-
GRI 102-48	Reformulations of information.	JSL started 2018 with its business units organized in independent companies. Among the main changes, Vamos Group, which covers the leasing and sale of trucks, machinery and equipment, previously consolidated in JSL Logística, now has its numbers published independently.			-	-
GRI 102-49	Changes in the report.	There were no significant changes in 2018.			-	-
GRI 102-50	Period covered by the report.		14		-	-
GRI 102-51	Date of the previous report.		14		-	-
GRI 102-52	Reporting cycle.		14		-	-
GRI 102-53	Contact details in relation to the report.		14		-	-
GRI 102-54	"Agreement" option chosen by the organization.		14		-	-
GRI 102-55	Summary of GRI Standards content.		98		-	-
GRI 102-56	External verification.		14		-	-
<b>MATERIAL TOPICS</b>						
<b>FINANCIAL RESULTS</b>						
GRI 103: FORMS OF MANAGEMENT	GRI 103-1	Explanation of the material topics and their limits.		94		-
	GRI 103-2	Management approach and its components.		94		-
	GRI 103-3	Evaluation of the management approach.		94		-

GRI Standards	Disclosure		Observations	Page of the report	Omission	Global Compact	SDGs
GRI 201: ECONOMIC PERFORMANCE	GRI 201-1	Direct economic value generated and distributed.		10, 69		-	7,8,9
	GRI 201-2	Financial implications and other risks and opportunities due to climate change.		55		7, 8, 9	13
<b>SUPPLIERS</b>							
GRI 103: FORMS OF MANAGEMENT	GRI 103-1	Explanation of the material topics and their limits.		94		-	-
	GRI 103-2	Management approach and its components.		94		-	-
	GRI 103-3	Evaluation of the management approach.		94		-	-
GRI 102: STANDARD CONTENT	GRI 102-9	Supply chain.		82		-	-
GRI 204: PROCUREMENT PRACTICES	GRI 204-1	Proportion of spending on local suppliers at major operational units.		82		-	12
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT	GRI 308-1	Percentage of new suppliers selected based on environmental criteria.		82		7, 8, 9	-
A, GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	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.			3	8
GRI 408: CHILD LABOR	GRI 408-1	Operations and suppliers with risk of the occurrence of cases of child labor.		82		5	8
GRI 409: FORCED OR COMPULSORY LABOR	GRI 409-1	Operations and suppliers with risk of the occurrence of cases of forced or compulsory labor.		82		4	8
GRI 414: SUPPLIER SOCIAL ASSESSMENT	GRI 414-1	Suppliers selected based on social behavior.		82		1, 2, 4, 5	8
<b>ENERGY EFFICIENCY</b>							
GRI 103: FORMS OF MANAGEMENT	GRI 103-1	Explanation of the material topics and their limits.		94		-	-
	GRI 103-2	Management approach and its components.		94		-	-
	GRI 103-3	Evaluation of the management approach.		94		-	-
GRI 302: ELECTRIC POWER	GRI 302-1	Energy consumption within the organization.		86, 87		8, 9	7, 8, 12, 13
<b>CORPORATE GOVERNANCE</b>							
GRI 103: FORMS OF MANAGEMENT	GRI 103-1	Explanation of the material topics and their limits.		94		-	-
	GRI 103-2	Management approach and its components.		94		-	-
	GRI 103-3	Evaluation of the management approach.		94		-	-
GRI 102: STANDARD CONTENT	GRI 102-18	Governance structure.		38, 44		-	-

GRI Standards	Disclosure	Observations	Page of the report	Omission	Global Compact	SDGs
<b>SPECIFIC INDICATORS</b>						
<b>ECONOMIC SERIES</b>						
GRI 203: INDIRECT ECONOMIC IMPACTS	GRI 203-2	Significant indirect economic impacts, including the extent of the impact.		97	-	8, 10, 16, 17
GRI 205: ANTI-CORRUPTION	GRI 205-1	Operations submitted to assessments of risks related to corruption.		50	10	16
	GRI 205-2	Communications and training about anti-corruption policies and procedures.		50, 52	10	16
	GRI 205-3	Confirmed cases of corruption and actions taken.	No cases of corruption were identified at JSL in 2018.	50	10	16
GRI 206 ANTI-COMPETITIVE BEHAVIOR	GRI 206-1	Legal actions on account of anti-competitive behavior, trust and monopoly practices.	In 2018, the JSL Group was not involved in any legal actions relating to anti-competitive behavior and/or violations of antitrust laws and monopoly regulations.		-	16
<b>ENVIRONMENTAL SERIES</b>						
GRI 303: WATER	GRI 303-1	Total amount of water withdrawn, by source.		90	7, 8	6
GRI 305: EMISSIONS	GRI 305-1	Direct (SCOPE 1) Greenhouse Gas (GHG) Emissions.		87	7, 8	3, 12, 13, 14, 15
	GRI 305-2	Indirect (SCOPE 2) Greenhouse Gas (GHG) Emissions.		87	7, 8	3, 12, 13, 14, 15
	GRI 305-3	Other Indirect (SCOPE 3) Greenhouse Gas (GHG) Emissions.		87	7, 8	3, 12, 13, 14, 15
	GRI 305-6	Emissions of ozone depleting substances (ODS).		87	7, 8	3, 12, 13
GRI 306: EFFLUENTS AND WASTE	GRI 306-4	Transport of hazardous waste.		90	7, 8	7, 13, 15
GRI 307: ENVIRONMENTAL COMPLIANCE	GRI 307-1	Non-compliance with environmental laws and/or regulations.	In 2018, the company did not pay any fine for noncompliance with environmental laws and regulations, however, it has administrative resources awaiting decisions in progress in the respective bodies.		7	12, 13, 14, 15, 16
<b>SOCIAL SERIES</b>						
GRI 401: EMPLOYMENT	GRI 401-1	New employee hires and employee turnover by age bracket, gender and region.		75	6	5, 8
	GRI 401-2	Benefits provided to the employees.		75	-	8
GRI 403: OCCUPATIONAL HEALTH AND SAFETY	GRI 403-1	Workers' representation on formal health and safety committees.		76	-	3, 8
	GRI 403-2	Types on injury and rates of injury, occupational diseases, lost days, absenteeism and number of fatalities.		76, 77, 78	-	3, 8
	GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation.		76	-	3, 8

GRI Standards	Disclosure	Observations	Page of the report	Omission	Global Compact	SDGs
GRI 404: TRAINING AND EDUCATION	GRI 404-1 Average number of hours of training, by functional category and gender.		75, 76		6	4, 5, 8
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY	GRI 405-1 Diversity of the groups responsible for governance and employees.		74		1, 2, 6	5, 8
GRI 412: HUMAN RIGHTS ASSESSMENT	GRI 412-1 Operations that have undergone analysis or assessment of impacts on human rights.	100% of JSL's operations (685) 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.			1, 2	-
GRI 413: LOCAL COMMUNITIES	GRI 413-1 Operations with local community engagement, impact assessments and/or development programs.		80		1	4, 11
GRI 415: PUBLIC POLICY	GRI 415-1 Total value of financial contributions to political parties.	In 2018, the Company did not make any donations to political parties.			-	16
GRI 417: MARKETING AND LABELING	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 2018 there were no cases of non-compliance with regulations and voluntary codes regarding marketing communications including advertising, promotion and sponsorship.			-	-
GRI 419: SOCIOECONOMIC COMPLIANCE	GRI 419-1 Non-compliance with laws and regulations in the social and economic area.	In 2018 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.			-	16

GRI Standards disclosures published in 2016 were used

# 11. Glossary

**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, Vamos, Original Concessionárias and Movida, which therefore have no effect on JSL Consolidated numbers.

**Fleet Management and Outsourcing:** leasing of vehicles / machinery / equipment provided by JSL Logística and VAMOS 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.

**Original 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 Leasing:** Offers financial alternatives, facilitating access to trucks, buses, automobiles, machines and new equipment. Includes the results of JSL Holding Financeira and JSL Leasing S.A. Appears in the figures above in the Consolidated of JSL.

**JSL Logística:** Consolidates the logistic operations for the private segment carried out under the Corporate Taxpayer's ID (CNPJ) of the controlling company JSL S.A., as well as the companies Quick Logística Ltda., Quick Armazéns Ltda., Medlogística Prestação de Serviços de Logística S.A. and Yolanda Logística Armazém, Transportes e Serviços Gerais Ltda. The statements of JSL Logística also consolidate the companies CS Brasil Frotas Ltda., CS Brasil Transportes de Passageiros e Serviços Ambientais Ltda. and Mogi Passes Comércio de Bilhetes Eletrônicos Ltda., which are used to provide services to the public sector.

**Movida:** Carries out car rental operations and management and outsourcing of fleets of light vehicles (GTF), as well as the sale of used vehicles in stores. Includes Movida Participações SA, which consolidates Movida Premium Ltda. and Movida Locação de Veículos S.A.

**Original Concessionárias:** Network of 15 dealerships, under the brands Volkswagen, Fiat and Ford. Consolidates the companies Original Veículos Ltda., Avante Veículos Ltda., Ponto Veículos Ltda., JSL Corretora e Administradora de Seguros Ltda. and Original Distribuidora de Peças e Acessórios Ltda.

**VAMOS:** Includes the activities of leasing and marketing of trucks, machinery and equipment, as well as the authorized dealer network of MAN trucks and Valtra tractors. Consolidates VAMOS Locação de Caminhões, Máquinas e Equipamentos S.A., which in turn holds a 100% interest in the companies Transrio Caminhões, Ônibus, Máquinas e Motores Ltda., Borgato Serviços Agrícolas S.A., Borgato Máquinas S.A. and Borgato Caminhões S.A.

# Financial statements

## Statements of financial position as at December 31, 2018 and 2017 – In thousands of Brazilian reais

	Note	Parent company		Consolidated	
		12/31/2018 <sup>(1)</sup>	12/31/2017 <sup>(1)</sup>	12/31/2018 <sup>(1)</sup>	12/31/2017 <sup>(1)</sup>
<b>Assets</b>					
<b>Current</b>					
Cash and cash equivalents	5	277,290	116,487	690,324	714,734
Marketable securities	6	991,629	380,680	4,136,909	1,718,520
Derivative financial instruments	4.4	22,013	-	22,013	-
Trade receivables	7	646,038	688,597	1,334,813	1,211,836
Inventories	8	29,307	25,757	261,987	246,147
Taxes recoverable		37,326	43,332	117,507	125,015
Income tax and social contribution recoverable		64,787	56,295	110,149	97,196
Prepaid expenses		11,125	4,016	25,583	18,673
Dividends receivable	23.4	93,331	29,847	-	-
Fixed assets available for sale	9	41,869	70,866	397,784	313,390
Advances to third-parties		21,669	26,087	58,763	27,687
Other credits		30,562	18,206	35,488	15,263
		<b>2,266,946</b>	<b>1,460,170</b>	<b>7,191,320</b>	<b>4,488,461</b>
<b>Non-current</b>					
<b>Long-term assets</b>					
Marketable securities	6	1,215	-	4,532	5,584
Derivative financial instruments	4.4	433,279	108,252	438,160	108,252
Trade receivables	7	24,516	25,905	111,868	120,603
Taxes recoverable		60,944	40,115	114,222	61,930
Income tax and social contribution recoverable		20,494	20,245	24,312	20,307
Judicial deposits	20	45,821	41,574	73,400	62,335
Deferred income tax and social contribution	21.1	-	-	83,620	60,626
Related parties	22.1	39,330	11,650	346	188
Other credits		2,394	932	64,437	43,326
		<b>627,993</b>	<b>248,673</b>	<b>914,897</b>	<b>483,151</b>
Investments	10	2,938,419	2,485,702	3,754	979
Property and equipment	11	1,406,841	1,432,578	7,279,407	6,056,614
Intangible assets	12	250,557	253,344	484,576	471,719
		<b>5,223,810</b>	<b>4,420,297</b>	<b>8,682,634</b>	<b>7,012,463</b>
<b>Total assets</b>		<b>7,490,756</b>	<b>5,880,467</b>	<b>15,873,954</b>	<b>11,500,924</b>

(1) The amounts as of December 31, 2018 reflect the impacts of the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers, and the statement of financial position as at December 31, 2017 is not being restated. Note 2.20 presents the effects of the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15.

The accompanying notes are an integral part of the individual and consolidated financial statements.

## Statements of financial position as at December 31, 2018 and 2017 – In thousands of Brazilian reais

	Note	Parent company		Consolidated	
		12/31/2018 <sup>(1)</sup>	12/31/2017 <sup>(1)</sup>	12/31/2018 <sup>(1)</sup>	12/31/2017 <sup>(1)</sup>
<b>Liabilities</b>					
<b>Current</b>					
Trade payables	13	93,516	63,467	1,195,407	878,274
Floor plan	14	-	-	93,588	72,051
Suppliers financing – car makers	15	-	3,467	-	248,148
Loans and borrowings	16	847,737	504,130	1,495,151	982,697
Debentures	17	366,590	267,830	483,667	284,417
Finance leases payable	18	35,755	41,588	91,402	142,329
Assignment of receivables	19	-	-	7,410	6,043
Labor liabilities		124,921	119,202	238,034	211,652
Income tax and social contribution payable		-	-	12,356	8,907
Tax liabilities		37,183	31,764	75,856	76,093
Dividends and interest on capital payable		27,541	-	27,541	-
Other payables		32,939	21,435	175,475	167,680
Advances from customers		23,034	3,484	139,345	50,844
Related parties	22	-	-	246	553
		<b>1,589,216</b>	<b>1,056,367</b>	<b>4,035,478</b>	<b>3,129,688</b>
<b>Non-current</b>					
Loans and borrowings	17	3,253,656	2,540,541	7,092,551	4,809,871
Debentures	18	1,586,417	1,333,049	2,687,075	1,731,065
Finance leases payable	19	47,533	47,151	151,512	70,448
Assignment of receivables		-	-	16,761	24,171
Tax liabilities	20	841	841	1,103	1,705
Provision for judicial and administrative litigation	21.1	53,351	51,254	75,563	71,463
Deferred income tax and social contribution		68,895	70,897	361,234	288,893
Other payables		137,702	93,579	204,178	184,300
		<b>5,148,395</b>	<b>4,137,312</b>	<b>10,589,977</b>	<b>7,181,916</b>
<b>Total liabilities</b>		<b>6,737,611</b>	<b>5,193,679</b>	<b>14,625,455</b>	<b>10,311,604</b>
<b>Equity</b>					
Share capital	23.1	681,202	660,395	681,202	660,395
Capital reserves	23.2	33,731	21,961	33,731	21,961
Treasury shares	23.3	(103,925)	(460)	(103,925)	(460)
Earnings reserve	23.5	17,841	(72,329)	17,841	(72,329)
Other comprehensive income		(8,273)	(5,400)	(8,273)	(5,400)
Equity valuation adjustments		132,569	82,621	132,569	82,621
<b>Equity attributable to the owners of the Company</b>	24.6	<b>753,145</b>	<b>686,788</b>	<b>753,145</b>	<b>686,788</b>
Noncontrolling interests		-	-	495,354	502,532
<b>Total equity</b>		<b>753,145</b>	<b>686,788</b>	<b>1,248,499</b>	<b>1,189,320</b>
<b>Total liabilities and equity</b>		<b>7,490,756</b>	<b>5,880,467</b>	<b>15,873,954</b>	<b>11,500,924</b>

(1) The amounts as of December 31, 2018 reflect the impacts of the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers, and the statement of financial position as at December 31, 2017 is not being restated. Note 2.20 presents the effects of the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15.

The accompanying notes are an integral part of the individual and consolidated financial statements.



<b>Statements of profit or loss</b>					
<i>For the years ended December 31, 2018 and 2017 – In thousands of Brazilian reais, except for earnings (loss) per share</i>					
	Note	Parent company		Consolidated	
		12/31/2018 <sup>(1)</sup>	31/12/2017 <sup>(1)</sup> (Restated note 2.19)	12/31/2018 <sup>(1)</sup>	31/12/2017 <sup>(1)</sup> (Restated note 2.19)
<b>Net revenue from sale, rental, rendering of services and sale of assets used in services rendered</b>	25	<b>3,068,816</b>	<b>2,879,061</b>	<b>8,075,389</b>	<b>7,255,804</b>
Cost of sales, rentals and services rendered	26	(2,491,983)	(2,285,898)	(4,699,220)	(4,032,052)
Cost of sales of decommissioned assets	26	(178,045)	(179,054)	(1,609,867)	(1,737,637)
<b>Total of cost of sales, rentals, services rendered and decommissioned assets</b>		<b>(2,670,028)</b>	<b>(2,464,952)</b>	<b>(6,309,087)</b>	<b>(5,769,689)</b>
<b>Gross profit</b>		<b>398,788</b>	<b>414,109</b>	<b>1,766,302</b>	<b>1,486,115</b>
Selling expenses	26	(17,041)	(16,751)	(220,131)	(199,471)
Administrative expenses	26	(135,760)	(137,210)	(574,290)	(485,951)
Expected credit losses of trade receivables	26	(3,651)	(8,484)	(9,146)	(60,680)
Other operating income (expenses), net	26	20,321	(60,207)	(1,058)	(35,543)
Equity results from subsidiaries	10	256,801	193,543	(960)	-
<b>Profit before finance income, costs and taxes</b>		<b>519,458</b>	<b>385,000</b>	<b>960,717</b>	<b>704,470</b>
Finance income	27	93,042	86,136	317,809	209,555
Finance costs	27	(510,286)	(538,498)	(999,028)	(880,096)
<b>Profit (loss) before income tax and social contribution</b>		<b>102,214</b>	<b>(67,362)</b>	<b>279,498</b>	<b>33,929</b>
Income tax and social contribution - current	21.3	(15,224)	-	(72,495)	(30,178)
Income tax and social contribution - deferred	21.3	44,284	64,620	(17,833)	12,967
<b>Total income tax and social contribution</b>		<b>29,060</b>	<b>64,620</b>	<b>(90,328)</b>	<b>(17,211)</b>
<b>Profit (loss) for the year</b>		<b>131,274</b>	<b>(2,742)</b>	<b>189,170</b>	<b>16,718</b>
<b>Attributable to:</b>					
Owners of the Company		131,274	(2,742)	131,274	(2,742)
Non-controlling interests		-	-	57,896	19,460
(=) Basic earnings (loss) per share (in Reais)	28.1	-	-	0.6494	(0.0136)
(=) Diluted earnings (loss) per share (in Reais)	28.2	-	-	0.6335	(0.0136)

(1) The amounts as of December 31, 2018 reflect the impacts of the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers, and the statement of profit or loss for the year ended December 31, 2017 is not being restated. Note 2.20 presents the effects of the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15.

The accompanying notes are an integral part of the individual and consolidated financial statements.

<b>Statements of comprehensive income (loss)</b>					
<i>For the years ended December 31, 2018 and 2017 – In thousands of Brazilian reais</i>					
		Parent company		Consolidated	
		12/31/2018 <sup>(1)</sup>	12/31/2017 <sup>(1)</sup>	12/31/2018 <sup>(1)</sup>	12/31/2017 <sup>(1)</sup>
<b>Profit (loss) for the year</b>		131,274	(2,742)	189,170	16,718
Items that may be subsequently reclassified to profit or loss:					
Gains (losses) on cash flow hedge		41,888	(1,421)	41,888	(1,421)
Gains on cash flow hedge in subsidiaries		1,075	-	1,075	-
Income tax and social contribution on cash flow hedge		(14,608)	484	(14,608)	484
Unrealized losses on debt instruments measured at fair value through other comprehensive income		(31,228)	(4,463)	(31,228)	(4,463)
<b>Total other comprehensive income (loss)</b>		<b>(2,873)</b>	<b>(5,400)</b>	<b>(2,873)</b>	<b>(5,400)</b>
<b>Comprehensive income (loss) for the year</b>		<b>128,401</b>	<b>(8,142)</b>	<b>186,297</b>	<b>11,318</b>
<b>Attributable to:</b>					
Owners of the Company		128,401	(8,142)	128,401	(8,142)
Non-controlling interests		-	-	57,896	19,460

(1) The amounts as of December 31, 2018 reflect the impacts of the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers, and the statement of comprehensive income (loss) for the year ended December 31, 2017 is not being restated. Note 2.20 presents the effects of the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15.

The accompanying notes are an integral part of the individual and consolidated financial statements.

**Statements of changes in equity**

For the years ended December 31, 2018 and 2017 – In thousands of Brazilian reais

	Note	Share capital	Capital reserves			Treasury shares	Earnings reserve			Other comprehensive income (loss)		Equity valuation adjustments	Total equity of owners of the Company	Noncontrolling interests	Total equity
			Share-based payment transactions	Government grant reserve			Retention of earnings	Legal reserve	Accumulated losses	Hedge reserve	Unrealized losses on available-for-sale investments				
<b>Balance at December 31, 2016</b>		<b>660,395</b>	<b>11,078</b>	<b>2,982</b>	<b>(3,741)</b>	-	-	<b>(66,359)</b>	-	-	<b>4,634</b>	<b>608,989</b>	-	<b>608,989</b>	
Loss for the year		-	-	-	-	-	-	(2,742)	-	-	-	(2,742)	19,460	16,718	
Other comprehensive income (loss) for the year, net of taxes		-	-	-	-	-	-	-	(937)	(4,463)	-	(5,400)	-	(5,400)	
<b>Total comprehensive income (loss), net of taxes</b>															
Share-based payment		-	-	-	-	-	-	(2,742)	(937)	(4,463)	-	(8,142)	19,460	11,318	
Cancellation of shares	23.2	-	4,673	-	-	-	-	-	-	-	-	4,673	-	4,673	
Gain on equity interests in subsidiaries		-	-	-	3,281	-	-	-	-	-	-	3,281	-	3,281	
Government grants	23.5	-	-	-	-	-	-	-	-	-	77,987	77,987	-	77,987	
Noncontrolling interests	23.2	-	-	3,228	-	-	-	(3,228)	-	-	-	-	-	-	
Participação de não controladores		-	-	-	-	-	-	-	-	-	-	-	483,072	483,072	
<b>Balance at December 31, 2017</b>		<b>660,395</b>	<b>15,751</b>	<b>6,210</b>	<b>(460)</b>	-	-	<b>(72,329)</b>	<b>(937)</b>	<b>(4,463)</b>	<b>82,621</b>	<b>686,788</b>	<b>502,532</b>	<b>1,189,320</b>	
Changes with the first-time application of CPC 48 / IFRS 9 and CPC 47/15 (1)	2.20.3	-	-	-	-	-	-	(5,959)	-	-	-	(5,959)	(5,256)	(11,215)	
Restated balances at January 1, 2018		660,395	15,751	6,210	(460)	-	-	(78,288)	(937)	(4,463)	82,621	680,829	497,276	1,178,105	
Profit for the year		-	-	-	-	-	-	131,274	-	-	-	131,274	57,896	189,170	
Other comprehensive income (loss) for the year, net of taxes		-	-	-	-	-	-	-	28,355	(31,228)	-	(2,873)	-	(2,873)	
<b>Total comprehensive income (loss), net of taxes</b>															
Capital increase		-	-	-	-	-	-	131,274	28,355	(31,228)	-	128,401	57,896	186,297	
Share-based payment	23.1	20,807	-	-	-	-	-	-	-	-	-	20,807	-	20,807	
Treasury shares	23.2	-	7,107	-	-	-	-	-	-	-	-	7,107	-	7,107	
Gain on equity interests in subsidiaries	23.3	-	-	-	(103,465)	-	-	1,305	-	-	-	(102,160)	-	(102,160)	
Government grants	23.5	-	-	-	-	-	-	-	-	-	49,948	49,948	-	49,948	
Earnings retention	23.2	-	-	4,663	-	-	-	(4,663)	-	-	-	-	-	-	
Distribution of dividends (interest on capital)	-	-	-	-	-	15,192	2,649	(17,841)	-	-	-	-	-	-	
Dividendos (juros sobre capital próprio) destinados para distribuição	23.4	-	-	-	-	-	-	(31,787)	-	-	-	(31,787)	-	(31,787)	
Changes in noncontrolling interests		-	-	-	-	-	-	-	-	-	-	-	(59,818)	(59,818)	
<b>Balance at December 31, 2018</b>		<b>681,202</b>	<b>22,858</b>	<b>10,873</b>	<b>(103,925)</b>	<b>15,192</b>	<b>2,649</b>	-	<b>27,418</b>	<b>(35,691)</b>	<b>132,569</b>	<b>753,145</b>	<b>495,354</b>	<b>1,248,499</b>	

(1) The amounts as of December 31, 2018 reflect the impacts of the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers, and the statement of changes in equity for the year ended December 31, 2017 is not being restated. Note 2.20 presents the effects of the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15.

The accompanying notes are an integral part of the individual and consolidated financial statements.

<b>Statements of cash flows - indirect method</b>				
<b>For the years ended December 31, 2018 and 2017 – In thousands of Brazilian reais</b>				
	Parent company		Consolidated	
	12/31/2018 <sup>(1)</sup>	12/31/2017 <sup>(1)</sup> (Restated note 2.19)	12/31/2018 <sup>(1)</sup>	12/31/2017 <sup>(1)</sup> (Restated note 2.19)
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax and social contribution	102,214	(67,362)	279,498	33,929
<b>Adjustments to:</b>				
Depreciation and amortization (Notes 10.11 and 12)	195,144	232,791	636,817	525,731
Cost of sales of decommissioned assets	178,045	179,054	1,609,867	1,737,637
Equity results from subsidiaries (Note 10)	(256,801)	(193,543)	960	-
Interest and exchange variations on loans and borrowings, finance leases, debentures, suppliers financing – car makers and marketable securities	749,824	520,881	1,212,081	815,524
Gains on fair value of derivative financial instruments (Note 27)	(289,781)	(13,379)	(293,586)	(13,379)
Extemporaneous tax credits (Note 26)	(27,227)	(15,069)	(62,789)	(82,928)
Provision for impairment of assets, contingencies and other losses	5,303	33,302	130,876	246,535
Present value adjustment of assets and liabilities	(7,873)	(4,917)	(7,873)	(4,829)
Write-off of other assets	2,516	59,404	18,574	24,913
Realization of surplus value of assets (note 10.1)	8,201	36,139	-	-
Share-based payment (note 23.2 (a))	3,753	2,994	7,107	4,673
	<b>663,318</b>	<b>770,295</b>	<b>3,531,532</b>	<b>3,287,806</b>
<b>Changes in net working capital</b>				
Trade receivables	48,288	(86,692)	(148,843)	(216,940)
Inventories	(2,137)	(3,958)	53,538	(34,119)
Taxes recoverable	12,404	(34,301)	18,005	(55,571)
Trade payables	5,648	4,264	58,197	(16,087)
Floor plan	-	-	21,537	43,664
Labor and tax liabilities	11,099	20,336	25,504	43,485
Other current and non-current assets and liabilities	37,364	38,835	69,560	49,552
<b>Change in net working capital</b>	<b>112,666</b>	<b>(61,516)</b>	<b>97,498</b>	<b>(186,016)</b>
Judicial and administrative litigation paid	-	(32,463)	-	(47,748)
Income tax and social contribution paid	(23,965)	-	(86,004)	(32,798)
Interest paid on loans and borrowings, finance leases, debentures and suppliers financing - car makers	(385,791)	(482,121)	(777,461)	(636,669)
Acquisition of operational property and equipment for rental	(81,377)	(139,293)	(3,065,985)	(2,986,379)
<b>Net cash from (used in) operating activities before investments in marketable securities</b>	<b>284,851</b>	<b>54,902</b>	<b>(300,420)</b>	<b>(601,804)</b>
Investments in marketable securities	(643,392)	(181,697)	(2,087,638)	(1,271,267)
<b>Net cash used in operating activities</b>	<b>(358,541)</b>	<b>(126,795)</b>	<b>(2,388,058)</b>	<b>(1,873,071)</b>

(1) The amounts as of December 31, 2018 reflect the impacts of the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers, and the statement of cash flow for the year ended December 31, 2017 is not being restated. Note 2.20 presents the effects of the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15.

The accompanying notes are an integral part of the individual and consolidated financial statements.

<b>Statements of cash flows - indirect method</b>				
<b>For the years ended December 31, 2018 and 2017 – In thousands of Brazilian reais</b>				
	Parent company		Consolidated	
	12/31/2018 <sup>(1)</sup>	12/31/2017 <sup>(1)</sup> (Restated note 2.19)	12/31/2018 <sup>(1)</sup>	12/31/2017 <sup>(1)</sup> (Restated note 2.19)
<b>Cash flows from investing activities</b>				
Capital contribution and repurchase of shares of investees (note 10.1)	(367,990)	(189,465)	-	-
Acquisition of property and equipment for investment and intangible assets	(88,924)	(10,413)	(148,832)	(34,204)
Dividends and interest on capital received (note 10.1)	83,701	72,464	-	-
Business combinations, net of cash	-	-	-	21,525
Disposal of subsidiary, net cash (note 1.2 (d))	5,775	-	5,775	-
Finance income from assignment of receivables with subsidiaries	1,960	-	-	-
<b>Net cash used in investing activities</b>	<b>(365,478)</b>	<b>(127,414)</b>	<b>(143,057)</b>	<b>(12,679)</b>
<b>Cash flows from financing activities</b>				
Primary and secondary offering of shares of subsidiary	-	61,046	-	490,321
(Repurchase) cancellations of treasury shares	(5,459)	3,281	(5,459)	3,281
New loans and borrowings and debentures	2,085,189	2,517,061	4,633,287	4,598,397
Payments of loans and borrowings, finance leases and debentures	(1,179,062)	(2,389,192)	(1,995,006)	(2,967,526)
Payment for the acquisition of companies	(475)	(67,643)	(104,097)	(67,643)
(Payment) receipt for assignment of receivables	-	-	(6,649)	30,214
Gains (losses) on derivatives	(15,371)	(72,480)	(15,371)	(72,480)
<b>Net cash from financing activities</b>	<b>884,822</b>	<b>52,073</b>	<b>2,506,705</b>	<b>2,014,564</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>160,803</b>	<b>(202,136)</b>	<b>(24,410)</b>	<b>128,814</b>
<b>Cash and cash equivalents</b>				
At the beginning of the year	116,487	318,623	714,734	585,920
At the end of the year	277,290	116,487	690,324	714,734
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>160,803</b>	<b>(202,136)</b>	<b>(24,410)</b>	<b>128,814</b>
<b>Main non-cash transactions</b>				
Raising of finance leases and Finame for the acquisition of operational property and equipment	(133,724)	(115,878)	(567,633)	(219,432)
Capital increase in subsidiaries with property and equipment, net of the respective debt	11,148	45,294	-	-
Repurchase of shares (treasury shares note 1.2 (c))	-	-	(94,193)	-

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<b>Statements of value added</b>					
<b>Years ended December 31, 2018 and 2017 – In thousands of reais</b>					
	Note	Parent company		Consolidated	
		12/31/2018(1)	12/31/2017(1)	12/31/2018(1)	12/31/2017(1)
Sales, services rendered and sale of assets used in services rendered	25	3,736,342	3,480,242	9,203,466	8,199,829
Expected losses (impairment) of trade receivables	26	(3,651)	(8,485)	(9,146)	(60,680)
Other operating income (expenses)		68,380	(987)	127,019	52,018
		<b>3,801,071</b>	<b>3,470,770</b>	<b>9,321,339</b>	<b>8,191,167</b>
<b>Inputs acquired from third parties</b>					
Cost of sales and services rendered		(1,716,326)	(1,554,042)	(2,985,621)	(2,595,371)
Materials, electric power, services provided by third parties and others		(78,479)	(68,512)	(2,369,364)	(1,701,621)
		<b>(1,794,805)</b>	<b>(1,622,554)</b>	<b>(5,354,985)</b>	<b>(4,296,992)</b>
<b>Gross value added</b>		<b>2,006,266</b>	<b>1,848,216</b>	<b>3,966,354</b>	<b>3,894,175</b>
<b>Retentions</b>					
Depreciation and amortization	26	(195,144)	(232,791)	(636,817)	(525,731)
Other retentions		-	(81)	-	(7,171)
<b>Net value added produced</b>		<b>1,811,122</b>	<b>1,615,344</b>	<b>3,329,537</b>	<b>3,361,273</b>

(1) The amounts as of December 31, 2018 reflect the impacts of the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers, and the statement of value added for the year ended December 31, 2017 is not being restated. Note 2.20 presents the effects of the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15.

The accompanying notes are an integral part of the individual and consolidated financial statements.

<b>Statements of value added</b>					
<b>Years ended December 31, 2018 and 2017 – In thousands of reais</b>					
	Note	Parent company		Consolidated	
		12/31/2018(1)	12/31/2017(1)	12/31/2018(1)	12/31/2017(1)
<b>Value added received through transfer</b>					
Equity results from subsidiaries	10	256,801	193,543	(960)	-
Finance income	27	93,042	86,136	317,809	209,555
		349,843	279,679	316,849	209,555
<b>Total value added to distribute</b>		<b>2,160,965</b>	<b>1,895,023</b>	<b>3,646,386</b>	<b>3,570,828</b>
<b>Distribution of value added</b>					
Personnel and payroll charges	26	867,018	838,162	1,510,200	1,399,487
Federal taxes		309,737	259,677	438,878	578,603
State taxes		207,244	181,400	243,847	373,019
Municipal taxes		62,440	54,815	76,084	92,292
Interest and bank fees		510,286	538,323	999,028	856,424
Rentals		72,966	25,388	189,179	254,285
Retained earnings (losses) for the year		131,274	(2,742)	189,170	16,718
		<b>2,160,965</b>	<b>1,895,023</b>	<b>3,646,386</b>	<b>3,570,828</b>

(1) The amounts as of December 31, 2018 reflect the impacts of the adoption of CPC 48 / IFRS 9 - Financial Instruments and CPC 47 / IFRS 15 - Revenue from Contracts with Customers, and the statement of value added for the year ended December 31, 2017 is not being restated. Note 2.20 presents the effects of the adoption of CPC 48 / IFRS 9 and CPC 47 / IFRS 15.

The accompanying notes are an integral part of the individual and consolidated financial statements.

# Acknowledgments and corporate **information**

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