

SUSTAINABILITY
REPORT
2013

embraco POWER IN.
CHANGE ON.

COLD THAT TRANSFORMS

Upon waking, when we have our breakfast; in the afternoon, when we want a cold glass of water; or in the evening, when we enjoy a glass of wine at the right temperature, it's present in our life: cold. As mastery over fire was one of the most important steps for mankind, the possibility to create cold meant a revolution in our way of life.

Bringing more quality to people's daily lives is part of our mission and motivates us to constantly innovate, making modern life more enjoyable, comfortable and healthy.

We're recognized for the technology of our compressors. But we also know that just as important as producing cold with quality, is

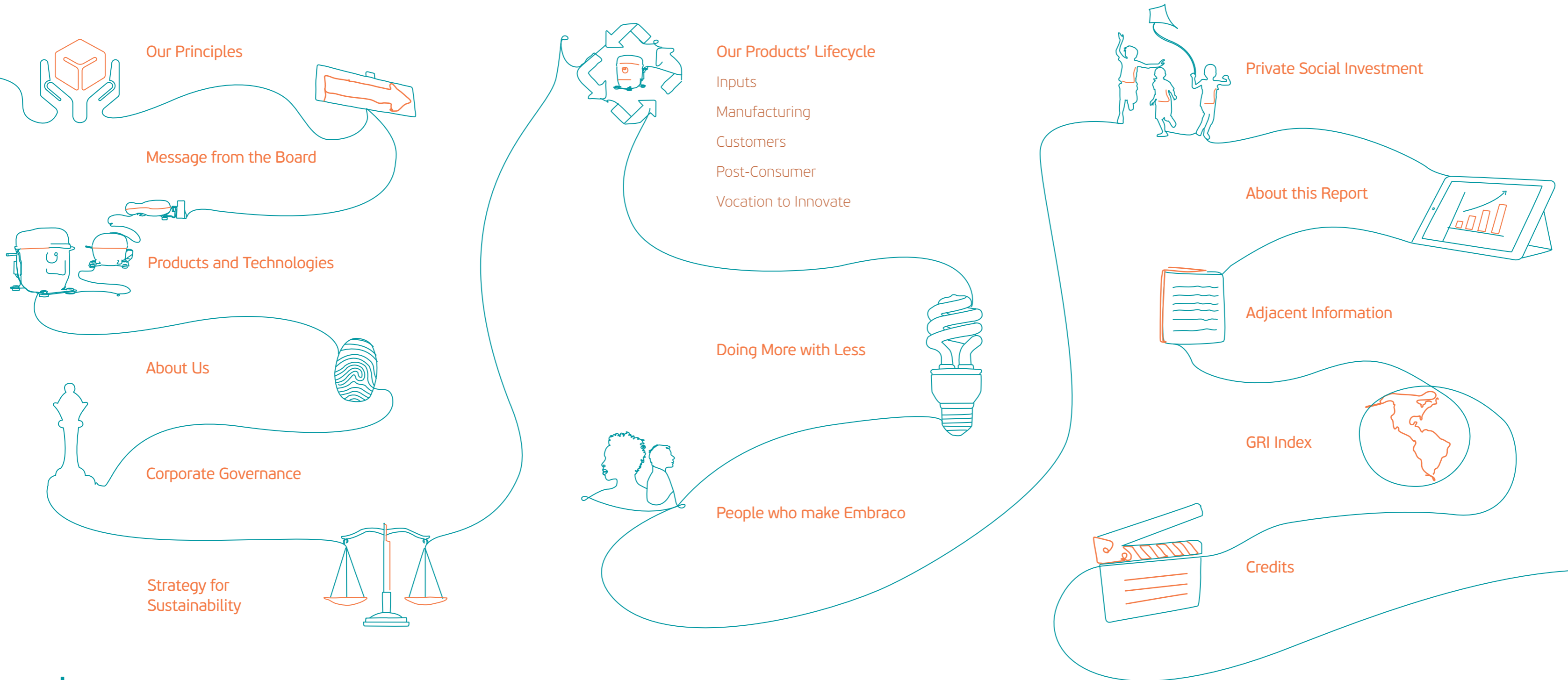
how we do this: we invest in compact products that consume fewer raw materials and less energy. With this, we reduce impacts on the environment and ensure that our customers have products that meet their needs.

Aware that we generate economic, social and environmental impacts, we strive to perfect our points of improvement, generate opportunities and benefits for our value chain while at the same time develop the community where we operate.

Through our technological vocation, talented team and customer focus we anticipate market trends and we offer, globally, innovative cooling solutions for your day to day.



SUMMARY



OUR PRINCIPLES GRI 4.8

MISSION

Offer innovative solutions for a better quality of life.

VALUES

- Diversity and inclusion
- Spirit of winning
- Integrity
- Respect
- Teamwork

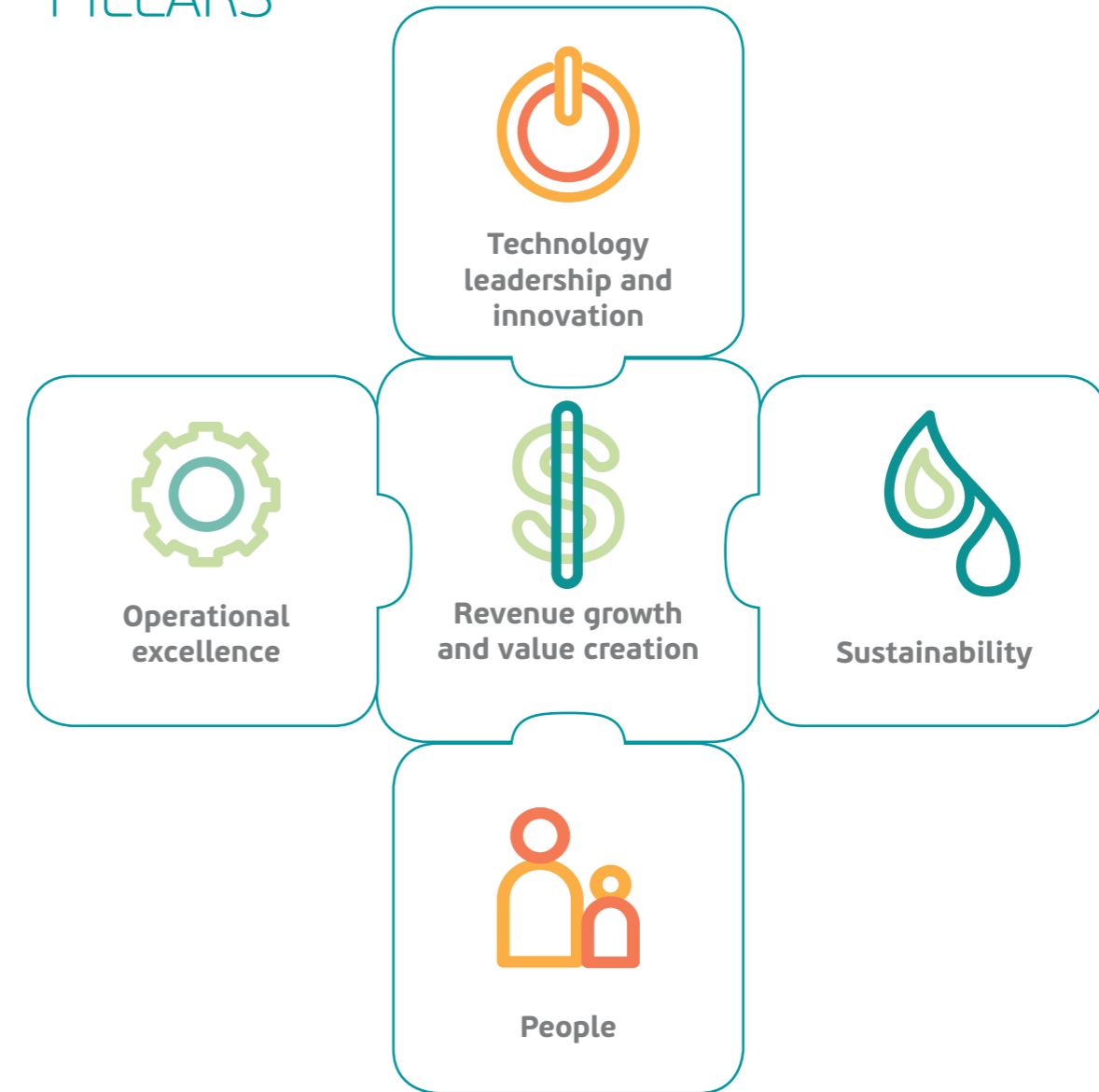
VISION

To be leader everywhere by 2020 and recognized by our customers as the preferred partner.

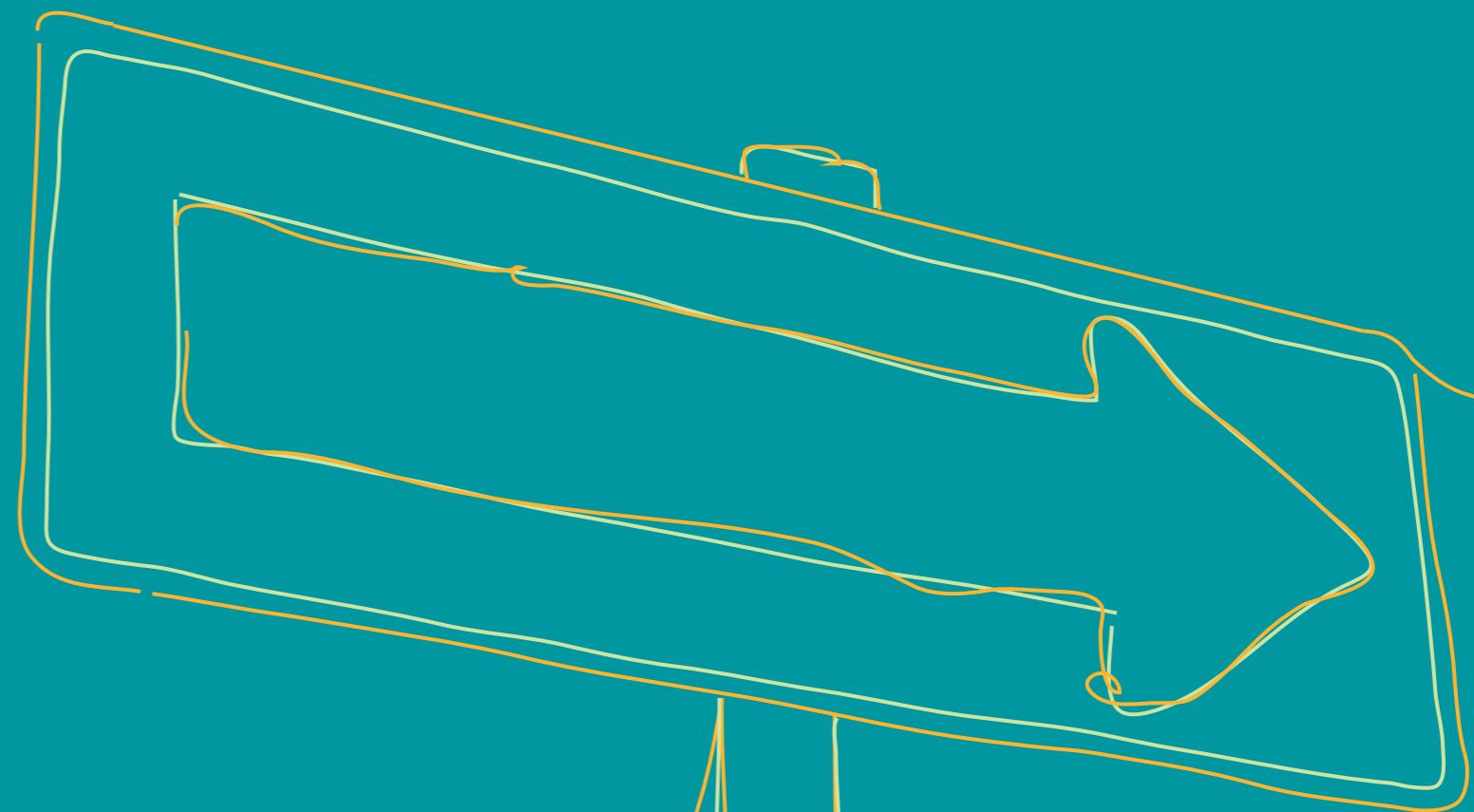
BRAND VALUES

- Delivering Intelligent Performance
- Cultivating Passion
- Shaping the Global Scenario
- Transcending the future

PILLARS



MESSAGE FROM THE BOARD



Leading for the future GRI 1.1

We have made the commitment to share with our stakeholders Embraco's main economic, social and environmental results, consistently and continuously. In this Sustainability Report, you will find our foremost achievements, challenges and strategies.

In 2013, environmental and social issues gained even more relevance in global discussions, while on the other hand, the year was characterized by an unstable economic environment. With slow economic growth, slowdown in China and stagnation in the euro zone, the period presented itself as very challenging. It was at this moment that we rethought our strategies and focused on making changes necessary to further strengthen our position as global leaders facing an ever changing market. During this year we created our new vision, which reaffirms the need for Embraco's presence in the future of society: **to be leader everywhere by 2020**

and recognized by our customers as the preferred partner.

For this, we work to deliver innovative solutions for a better quality of life. We differentiate ourselves, above all, by how we develop and produce our products with investment in technology innovation, valuing a talented and passionate team for what they do and emphasizing that sustainability is a strategic pillar of the business that permeates the entire value chain.

Our products allow longer food preservation, more efficiently and quieter to end consumers. In our production process, we seek to reduce water and energy consumption and waste generation, guiding ourselves through better use of natural resources, already scarce on the planet. We also disclose, in a public database, greenhouse gas emissions from all our operations around the world and we continue firm with our commitment of sending zero waste to landfills from our compressor operations by 2018.

In 2013 we also began implementing a methodology that will make us an even more efficient company, World Class Manufacturing (WCM), which contributes to developing increasingly agile processes, ensuring global operational excellence. In addition, through our Supplier Excellence Program, we actively influence our partners to optimize their performance and also to think in a more sustainable manner.

We believe businesses that combine concern for people and the needs of the environment sustain themselves and grow in the long term. New business models must allow for responsible and stable growth with respect to the environment. Thereby, with the launch of Nat.Genius, we revolutionized the way we deal with post-consumption. Inspired by the circular economy concept, we've created a new business focused on recycling household appliances.



Roberto H. Campos, President of Embraco.



Embraco Wisemotion technology.

Customer focus

Understanding our customers' needs and ensuring quality delivery, we anticipated trends and took important steps in 2013. As a result of our consistent incentive on research and innovation and focus on sustainability, we launched Wisemotion technology which will revolutionize the refrigeration market. Without the use of oil and using half the amount of raw materials, Wisemotion enables the development of more versatile, more efficient and quieter compressors.

We have a strong global expansion strategy that aims to provide greater agility in customer service. In 2011, we started the operation of our new factory in Mexico and in 2013 opened a business unit in Russia.

While the challenges are great, we're on track to continue being a company of sustainable growth. For this, we rely on the dedication and hard work of each one of the 12,000 people on our team and many partners worldwide.

I hope that this report will help you understand our way of producing cold, our progress in 2013 and aspirations for the future, seeking a better quality of life.

Good reading.

Roberto H. Campos
President of Embraco

A view of sustainability

Twelve years ago we made the commitment to report our social environmental information through the Sustainability Report. By means of the consistent actions described in this document we reaffirm day after day our commitment to sustainability, globally.

We know that every action generates impact on the whole. As a company, we recognize the responsibility to be present in daily life and positively influence your way of life. Therefore, we have Sustainability as one of our business' strategic pillars, seeking balance among the economy, society and environment.

We further believe that sustainable growth

is only possible with the right people focused on a clear purpose in a company that plays to win. Thus, we have become agents of change which benefit, beyond the planet, especially people. And this includes our employees, customers, shareholders, consumers, partners and the communities where we operate.

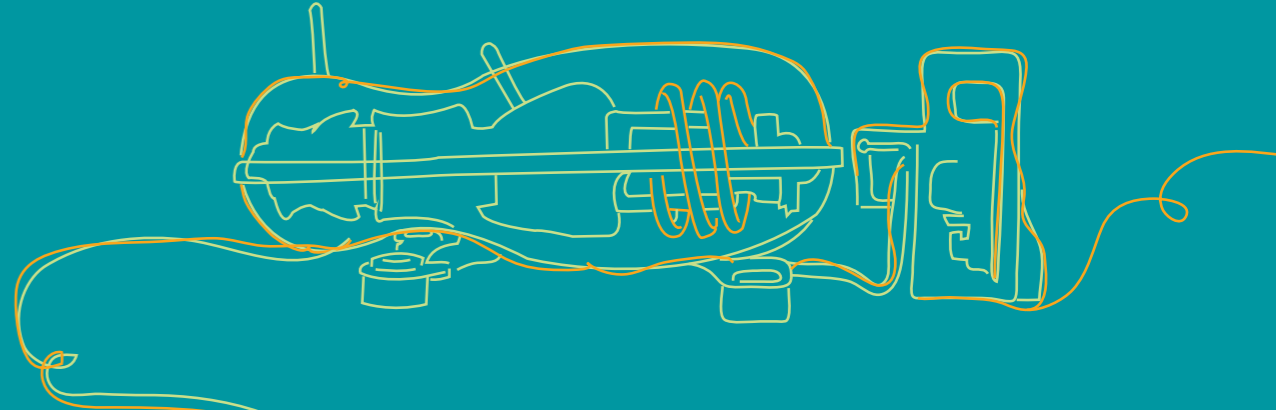
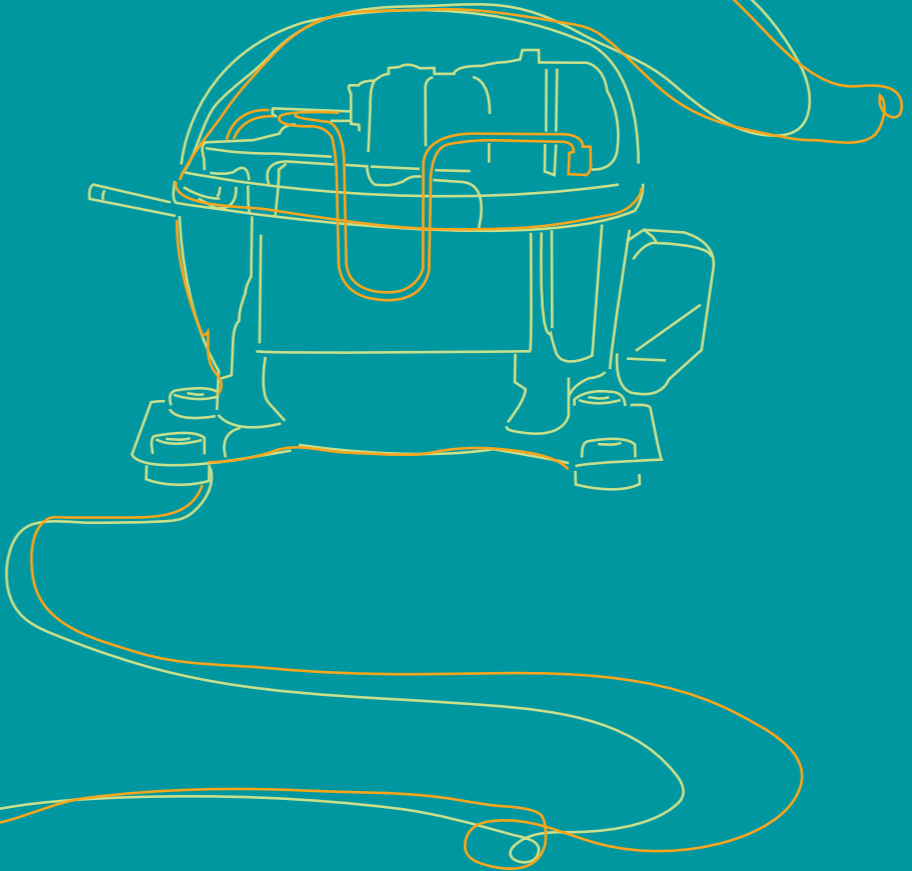
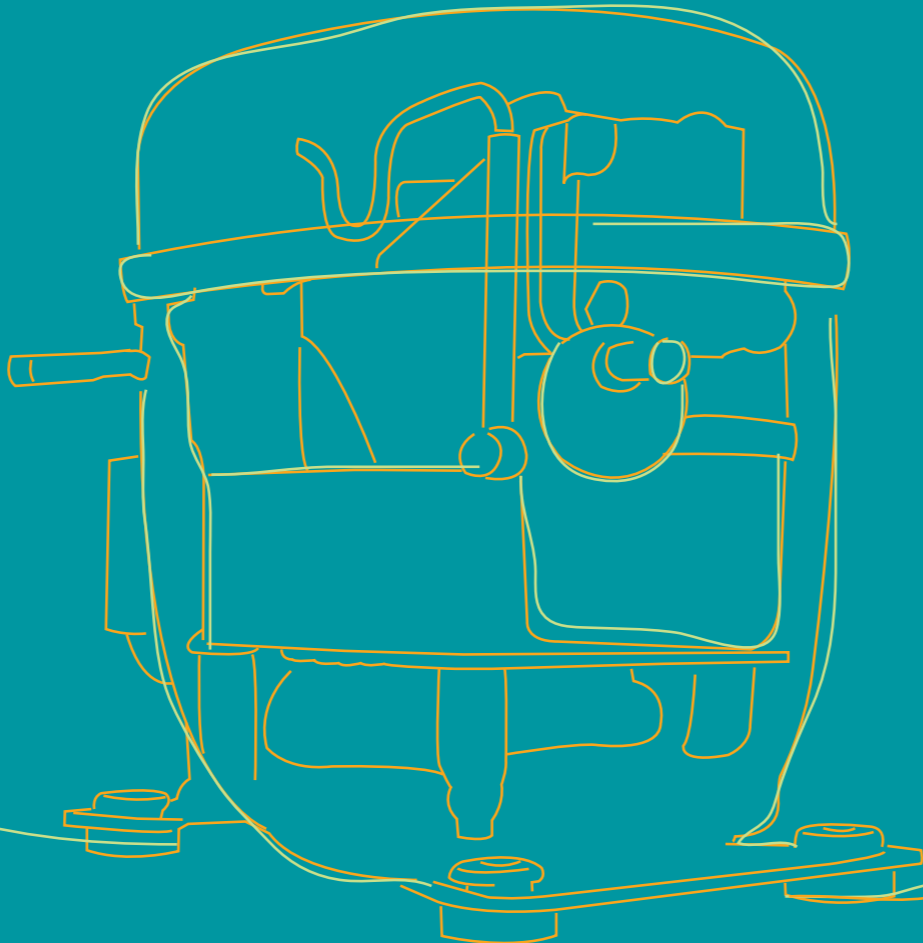
Ursula Angeli

Vice-president of Human Resources, Communication, Sustainability, Institutional Relations and EHS (Environment, Healthy and Safety)



Ursula Angeli Vice-president of Human Resources, Communication, Sustainability, Institutional Relations and EHS.

OUR PRODUCTS AND TECHNOLOGIES



Focused to best meet our customers' demands through innovation, in 2013 and 2014 we made important product and technology launches that have gained in efficiency and versatility.



One of our main launches in 2014, Wisemotion, is a technology that will revolutionize the refrigeration market, mainly because it's the first compressor for residential applications that doesn't use oil - a concept that, in addition to being greener, expands the innovation possibilities in designing new refrigerators.

This new technology is developed with smart electronic components, incorporating new materials and mechanical parts coated with a technology capable of eliminating the use of lubricant oil. In the Wisemotion compressor, the refrigerant gas goes beyond the role of cooling, also being responsible for friction point lubrication.

WISEMOTION



Embraco Wisemotion technology.



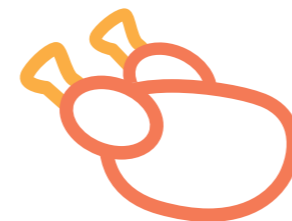
Energy Savings

With high energy efficiency levels, it **can generate consumption savings of 20%** when compared to the most sold compressors worldwide.



Compact and eco-friendly

100mm shorter, uses approximately **50% less raw material and 20% less gas refrigerant charge** than traditional compressors.



Maximum preservation

With Wisemotion it's possible to obtain minimal temperature differences inside the refrigerator, which contributes to **reducing food waste**.



Versatile

For being oil-free it can be installed in different locations, inside or outside the refrigeration system. This allows for **elaboration of new refrigerator designs** outside the traditional formats.



Silent

Brings the most modern and innovative solutions in **noise control**. The usual 'on and off' noise of traditional refrigerators is imperceptible.



Still thinking about energy efficiency, we launched in 2014 the VEGD. With a focus on the North American market, VEGD is the most efficient Fullmotion R134a compressor family, consuming 5% less energy than its predecessor (VEGZ) and with a noise level up to 5 decibels lower than the VEGY (perceived as the category's most silent compressor until then). In addition, the VEGD also provides greater stability of the refrigerator's internal temperature, since its cooling capacity is variable, adjusting itself to the most diverse needs.



Reinforcing our commitment to support the market through solutions with high efficiency, versatility and that provide savings along the entire production chain, we launched FFU, a 2 in 1 solution of the light commercial refrigeration compressor line, which can be used in vertical beverage displays, as well as horizontal freezers with glass or solid lids.

Launched in 2014, this compressor is able to reach evaporating temperatures ranging from 35°C to 0°C, and works with an energy savings up to 9% - when compared to current models with the highest efficiency level available in the market - as well as operates stably under the toughest application conditions such as high temperatures, low network voltage and consecutive starts (albeit with unequalized pressures).

With this technology, manufacturers can use the same compressor model in applications with very distinct characteristics and can still achieve maximum performance and reliability. This versatility simplifies logistics processes, inventory management and demand forecasting, since the refrigerator manufacturer can manage the demands of different types of refrigerators, such as freezers/ horizontal coolers plus food and beverage displays, using only one compressor model. The model is being produced in Brazil.





With low noise and vibration level, NEU compressors are the evolution of the NEK family, being up to 10% more efficient and with up to 10% greater cooling capacity from their predecessors. Specially designed to meet the needs of retailers, NEU compressors stand out for robustness, which ensures their performance in severe working conditions. The model is manufactured in Slovakia.



NEU family compressors.



Created to meet the commercial refrigeration market's needs, the Plug-in is a sealed unit that has as a differential fast installation and easy maintenance. The solution has the capacity to cool self-service cabinets of up to 2,000 liters, with the benefit of having its entire system assembled by us, which brings reliability and significantly reduces the occurrence of problems in the field.

One of the Plug-in's main benefits is that its installation can be done by one operator and in less time compared to conventional assembly systems. Using the Plug-in, displays that used to take up to an hour to be assembled, can now take approximately 20 minutes.



Plug-in.

New Business

Our New Business workstream has a permanent focus on innovation and alternative business segments in which we can use our knowledge in research, development and innovation and apply it in other segments to develop innovative products in new markets.

Nat.Genius

Launched in 2014, Nat.Genius is a new operation using our expertise of over 20 years in reverse compressor manufacturing and our tradition in Research and Development to offer services in reusing materials in the production chain and thus collaborate with the circular economy.

Inspired by nature, where all cycles are closed and all elements are reused at the end of their

useful life, our plan is that Nat.Genius begins operating in Brazil in 2015. The plan also foresees implementation of five reverse manufacturing units in strategic regions of the country in the coming years to attend customers from household as well as commercial refrigeration.

Circular innovation

The circular innovation process uses engineering and technology to find the best application for each recycled material. Allied to specialized reverse manufacturing, this prevents materials from returning to the primary manufacturing steps, generating expressive energy savings. Circular innovation works as follows:

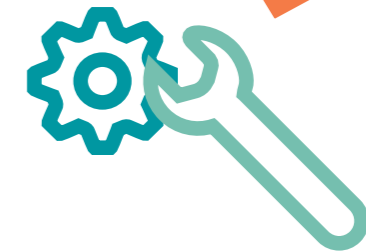


Discard



Engineering

- Statistical analysis and sorting of discarded products and materials;
- Definition of potential innovative products and their production processes.



Specialized disassembly

- Specialized separation of parts and materials of discarded products;
- Different equipment and processes for each type of discarded product.



Processing

- Appropriate component sizing and structure;
- Equipment and processes tailored to each innovative product.



Self-lubricating steel

Lubricant steel is an innovation that promises to revolutionize mechanical engineering, since it offers the possibility of eliminating the use of oil to all systems that require some lubrication to prevent friction between parts.

Developed by powder metallurgy - combining powdered iron and carbon, sintered with stocks of solid lubricants - the technology makes it possible to create a high-strength mechanical system with parts that self-lubricate throughout their entire useful life.

Plasma reactor

The result of research that began in 1992 (conducted in partnership with the Federal University of Santa Catarina), the plasma reactor is an innovative solution used to coat metal mechanical parts with a resistant and anti-corrosion layer; it coats and cleans the part in a single production cycle, enabling complete removal of all waste and making the part more reliable concerning its useful life and performance.

The technology is especially beneficial for the metal mechanical industry - such as the automotive industry - since it brings dual functions for coatings and is the world's first self-lubricating high-strength steel, which can increase industrial productivity and reduce environmental impact in production lines.

In addition to eliminating waste, the new technology doesn't use toxic gases and emits no pollutants, making it an environmentally friendly solution.

DC Mobile

Strong and robust, DC Mobile is a mobile compressor with special suspension, making it suitable for the automotive market. The technology can also be applied in refrigerators on buses, trailers, boats as well as refrigerators used for transporting organs or those powered by solar energy.

The compressor is 100% designed and manufactured in Brazil - being the only product of its kind produced in the country - and relies on, inside, Fullmotion technology.

TRADE SHOW PARTICIPATION

To stay on top of new developments in our industry and reaffirm our position as leaders in the refrigeration market, we take part in strategic business trade fairs around the globe. In 2013, the main fairs that we participated in were:

AHR - United States

January/2013

Considered the United States' largest event in the air-conditioning, heating and refrigeration segment, AHR brought together in 2013, more than 1,800 manufacturers in the city of Dallas. At the event, we presented our condensing units, optimized line for distribution market and compressors from the NT and NTU families. We have a complete portfolio of compressors using hydrocarbons (recognized for their low impact on the ozone layer), which are available for North America, with variable cooling capacity.

Febramec

March/2013

With a focus on offering smart solutions for the machinery and equipment market we also participated in the Brazilian Fair of Mechanical and Industrial Automation (Febramec) for the first time. The technologies we presented at the fair, self-lubricating steel and plasma reactor, were developed by our team of engineers in partnership with the Federal University of Santa Catarina (UFSC), resulting in four patent applications.

Feimafe

June, 2013.

During the 14th Feimafe, Latin America's main fair focused on tooling machines and quality control, we presented our self-lubricating steel and plasma reactor. Our decision to participate in the fair is included in the strategy to also offer smart solutions for the machinery and equipment market.



Our booth at FEBRAVA.

Febrava - Brazil

September/2013

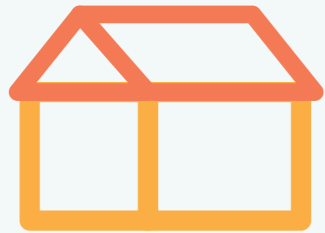
Held in São Paulo, we took to our stand at the 18th International refrigeration, air-conditioning, ventilation, heating and air treatment fair (Febrava) intelligent, silent

products, with high energy efficiency and fast cooling for various applications, highlighting the Plug-in as well as DC Mobile and Fullmotion technologies.

ABOUT US



OUR OPERATING STRATEGY



Residential

- Freezers
- Vertical refrigerators



Light Commercial

- Bakery Displays
- Large freezers for Merchandising
- Ice Machines
- Horizontal Freezers
- Ice Cream Machines
- Vending Machines
- Post Mix



Distribution and Resale

- Resale
- Spare Parts



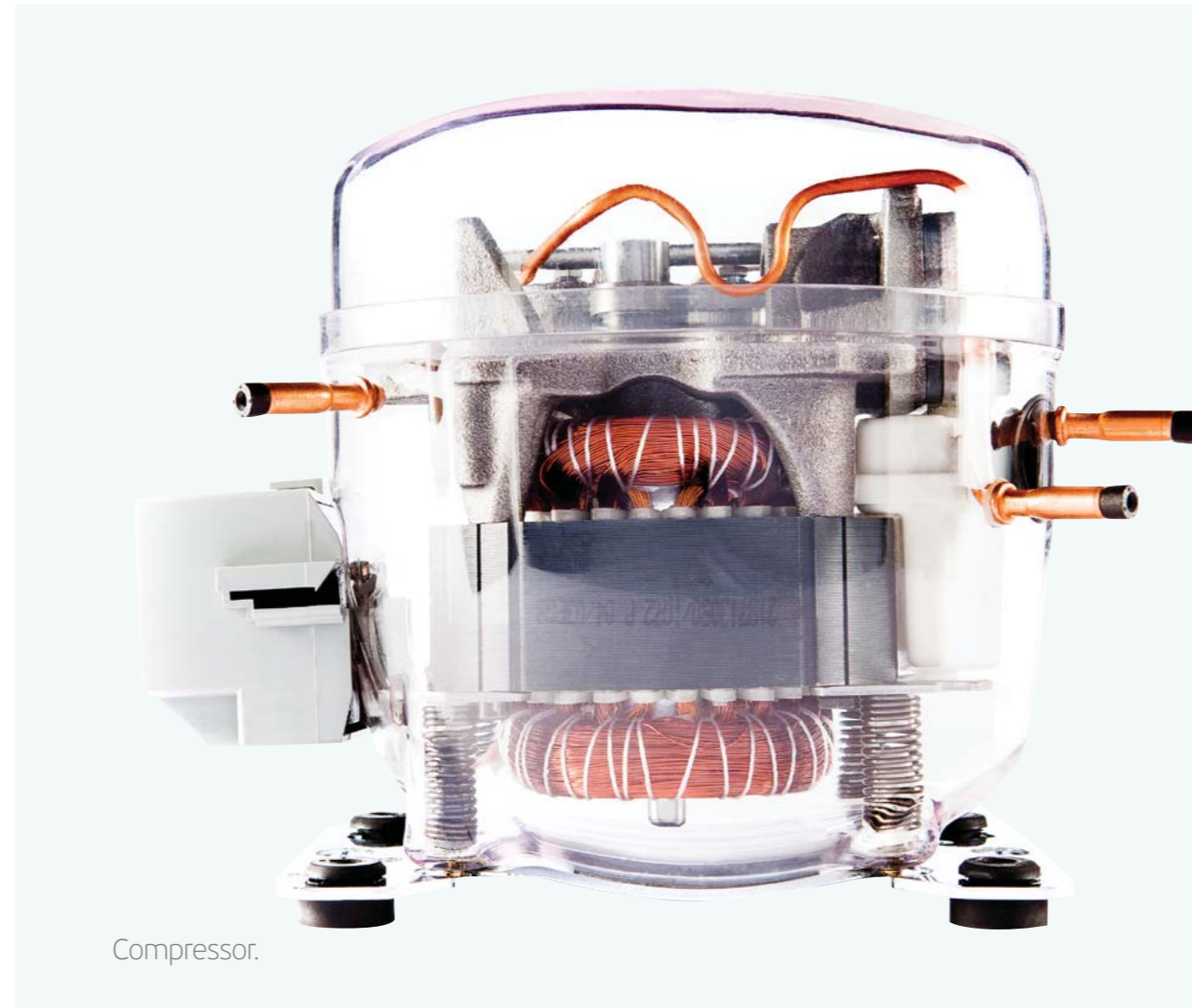
New Business

- Beyond core solutions

PROFILE AND HISTORY

GRI 2.1 2.2 2.3 2.4 2.5 2.7 2.8

We're Embraco, a global company, a world leader in the hermetic compressor market for refrigeration, founded in 1971, headquartered in Joinville (SC), Brazil. With 43 years of experience and a focus on technology and innovation, today we have a structure with presence in Brazil, Mexico, United States, Italy, Slovakia, Russia and China, customers in more than 80 countries and production capacity of over 37 million units per year.



DO YOU KNOW WHAT A COMPRESSOR IS?

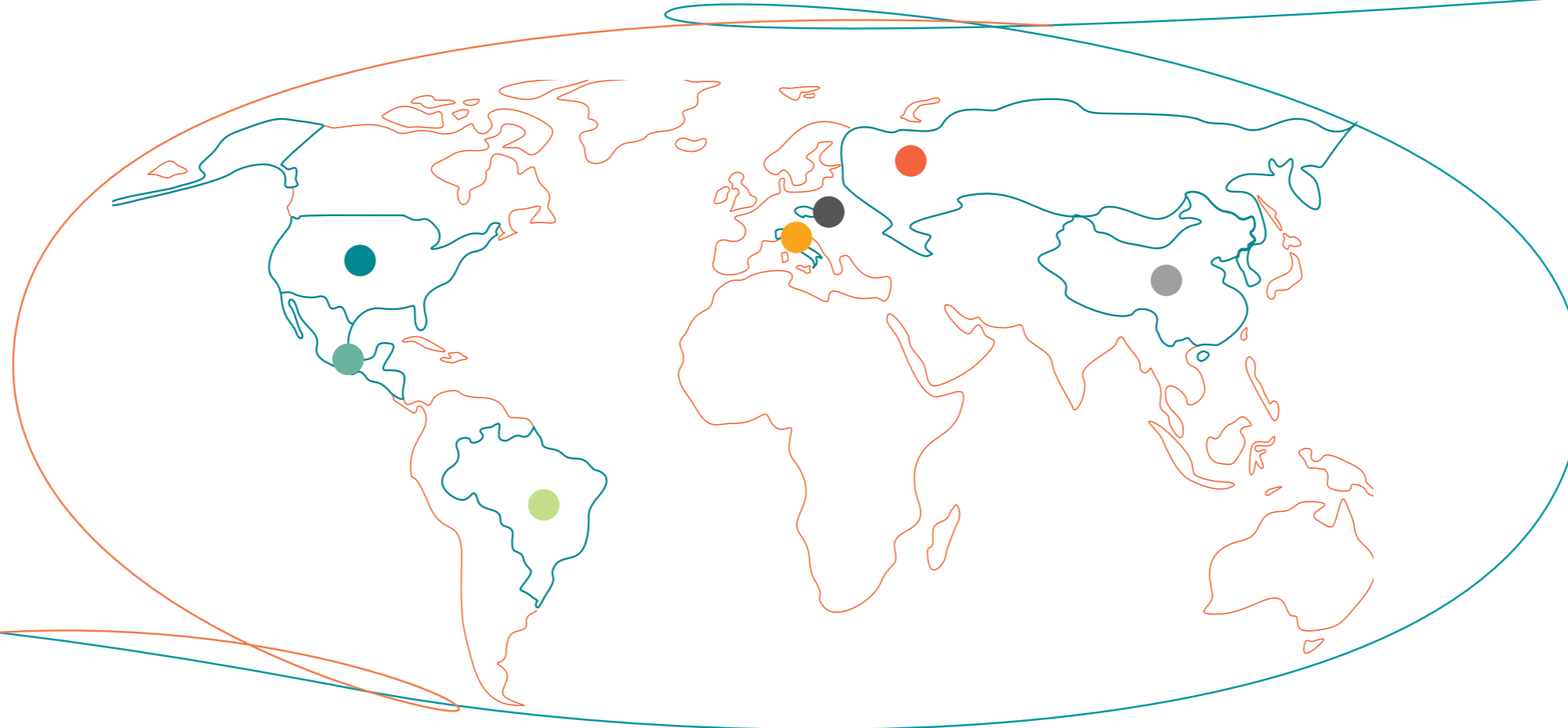
Compressors are the heart of refrigerators, freezers, wine coolers and other equipment responsible for preserving food and keeping drinks at the ideal temperature. Compressors, together with the cooling system, generate cold. Our products are part of everyday life for all people, both in homes as well as in industries and commerce. Through them, we guarantee that life is more comfortable and has more quality. You may not realize it, but cold is present at life's important moments, from the simplest meal to a remarkable celebration among friends and family.

OUR GLOBAL PRESENCE

43 years of history
completed in 2014

More than **90% of suppliers**
adhere to **Code of Conduct**

A company that's a
**reference in strategic
people management**



More than **500 people**
dedicated to **R&D**

1,277 registered **patents**

More than **40**
R&D laboratories

More than **30 thousand**
people benefited from
social investment actions

● **EMBRACO UNITED STATES**
Suwanne
Warehouse and Sales office

● **EMBRACO RUSSIA**
Moscow
Sales office

● **EMBRACO MEXICO**
Apodaca, Monterrey
Compressor factory and office

● **EMBRACO BRAZIL**
Joinville
Headquarter
Office, Compressor factory, Foundry and Electronics unit
Itaiópolis
Component and cooling systems factory

● **EMBRACO CHINA**
Beijing
Office and Compressor factory
Qingdao
Electronics unit

● **EMBRACO SLOVAKIA**
Spisska Nova Ves
Office and Compressor factory
● **EMBRACO ITALY**
Riva Presso Chieri
Office and Compressor factory

Our entire operation is driven by the objective that the business be sustainable in the long term, and for this we have Sustainability as one of the strategic pillars that guides our decision making. In Embraco, we constantly and continually evaluate our impacts and opportunities in the economic, social and environmental spheres, seeking to develop a lasting business and a value generator for all stakeholders.

Thinking sustainable is present in directing new products, along our value chain and engaging people around our values, our culture and our strategy. As a result of this process, over time we've become signatories to global initiatives, such as the Global Compact (since 2004) and the Sustainable Energy for All (since 2012) - both led by the United Nations (UN). In Brazil, we signed an Ethos Institute document which aims to strengthen the private sector's commitment to sustainable

development and implementation of the National Solid Waste Policy.

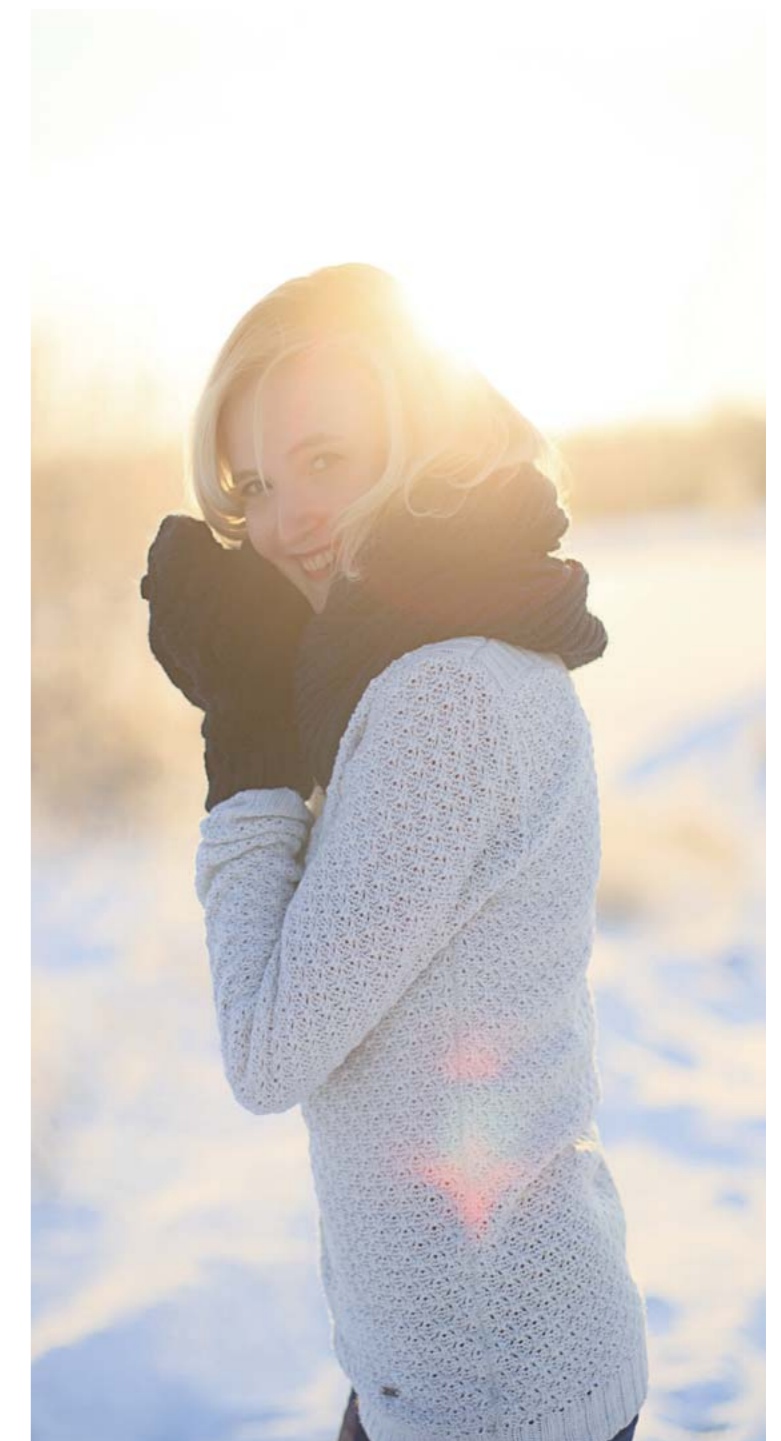
One of the most striking features in our DNA is innovation. With it we encourage development of a large research network and create products that consume less raw material and are more energy efficient, which guarantee a lower environmental impact, bring benefits and generate a perceived value for our customers, with a focus on creating extraordinary results for our business.

Historically, we've been investing 3% to 4% of our annual net revenue in Research & Development (R&D) funding that is dedicated to more than 40 state-of-the-art laboratories, which house 500 professionals, in addition to strategic partnerships with universities and research institutes in various countries. Because of this profile, we are now in possession of 1,277 patents granted worldwide.

NEW UNIT IN RUSSIA

We've operated with commercial activities in the Russian market for over 10 years, and in 2013, we inaugurated our business unit in the country, which is part of the organization's global expansion strategy and aims to offer more flexibility in serving Russian clients as well as expand business in the region.

We've operated in Europe since 1994, with manufacturing units in Slovakia and Italy, and through them we have attended the Russian market for six years. Now with an office dedicated to Russia and an exclusive sales team for the Residential, Commercial and Aftermarket segments, we support local demand more quickly, ensuring more flexibility to customers for product sales and technical support in the country.



Our brand consistency

To strengthen our global leadership, anticipate trends and create innovative solutions that offer better quality of life to consumers, in 2011 we began the process of restructuring our global brand. The new image reinforces attributes such as innovation, simplicity and power to change; reflecting the company's transformation over four decades of activities.

Power to Change is the main concept that inspires the new Embraco brand and reflects the company's operating strategy worldwide, translated into four pillars: Delivering Intelligent

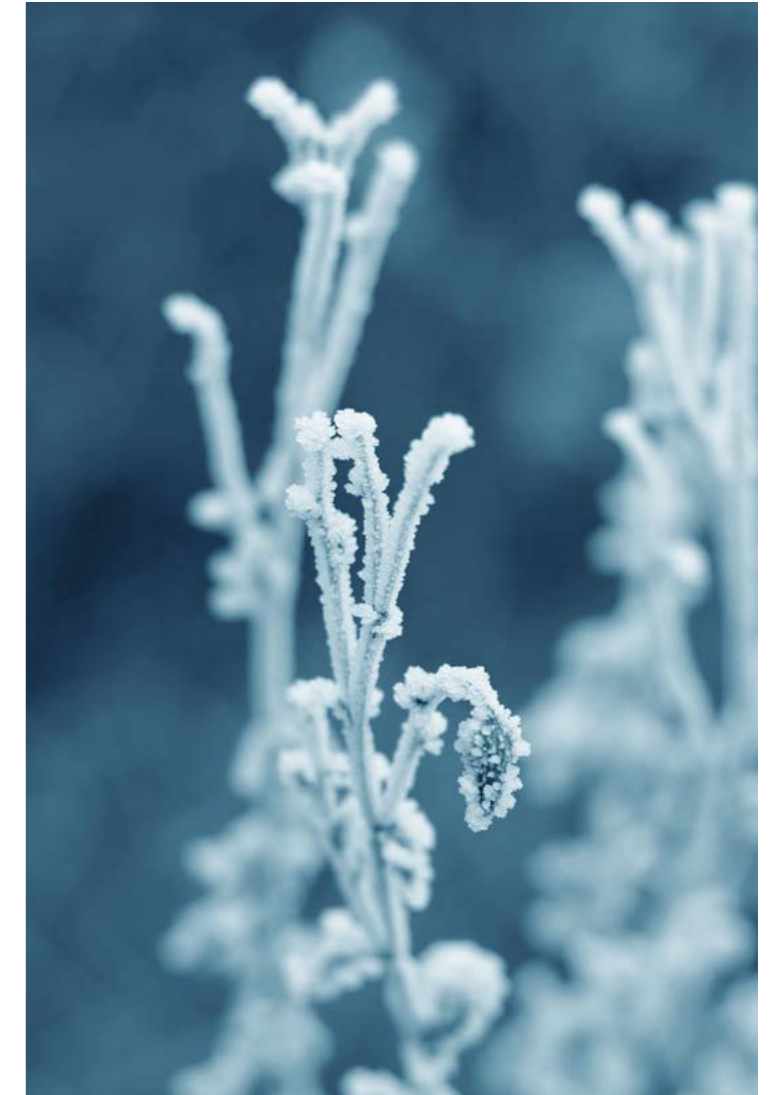
Performance (understanding customers' needs, responsiveness and efficiency in delivering innovative and customized solutions; Shaping the Global Scenario (strategic presence and global market leadership); Transcending the Future (foreseeing trends and creating the future of technology); and Cultivating Passion (pride and engagement of talents in different nations and close relationship to customers).

Two years after the launch, we constantly reinforce our new brand through actions that permeate our internal and external public.

CONTROLLER CHANGE

In 2006, after a shareholder reorganization, the company joined with Multibrás - a home appliance producer - forming, in Brazil, Whirlpool S.A., controlled by the American Whirlpool Corporation, which is today the largest home appliance manufacturer in the world.

Since it provides cooling solutions to the entire market, Embraco maintains an independent management, with a strong shield policy that ensures the confidentiality of information, protecting its business as well as that of its customers.



OUR HISTORY GRI 2.6

1970s

- Empresa Brasileira de Compressores S.A. (Embraco) is founded in 1971.
- Production exports begin to Peru, United States and Canada.

1990s

- Italy operations begin through a merger with Aspera compressor factory.
- Industrial joint venture in China is created.
- Slovakia operations begin.
- Embraco reaches the end of the decade producing 21.7 million compressors per year.

2010s

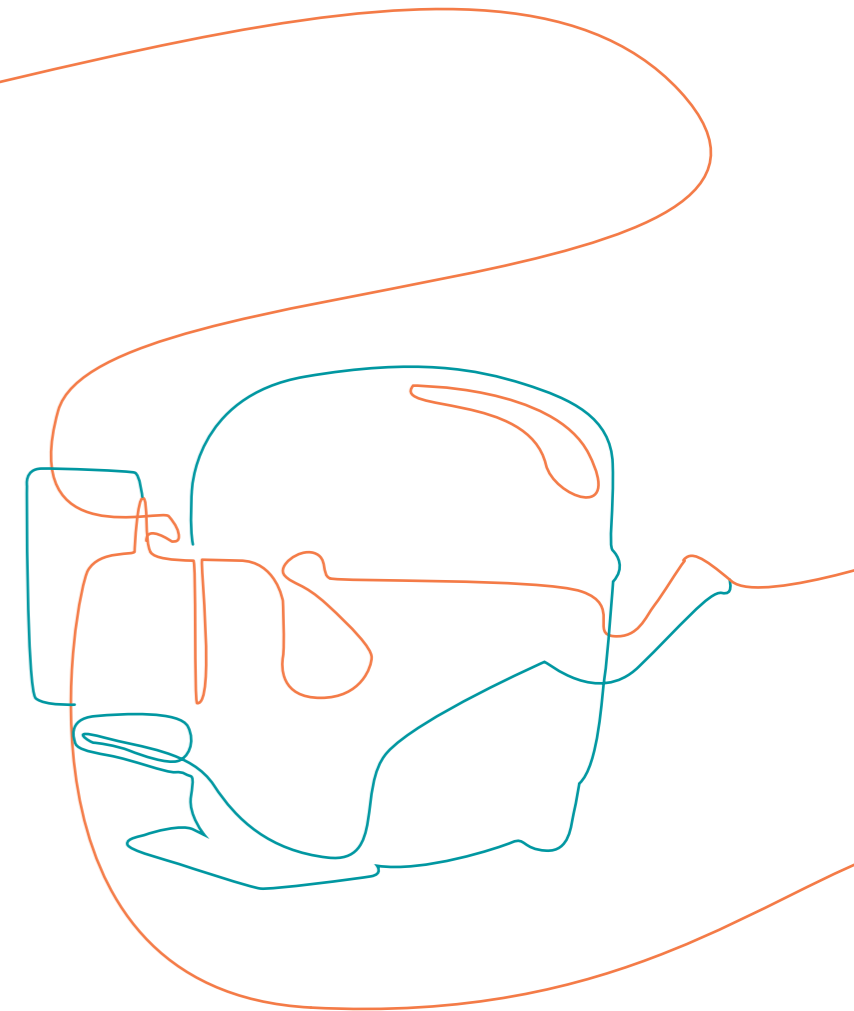
- Wisemotion and NatGenius launch.
- Inauguration of new factory in Mexico.
- New brand launch.
- Embraco Russia inauguration.

1980s

- First technical cooperation agreement, with the Federal University of Santa Catarina (UFSC).
- R&D area is created and the first compressor with 100% Embraco technology is produced.
- United States sales office inauguration.
- Participation in UN Montreal Protocol, seeking to eliminate CFC gas use.

2000s

- Mexico Sales office inauguration.
- Embraco receives international certifications, such as ISO 14001 and QC 080.000.
- Company signs UN Global Compact.
- Begins operating in Brazil with corporate name Whirlpool S.A.
- Eletronics inauguration to produce electronic components used in compressors (Brazil and China).
- China factory inauguration.



Awards and Recognitions GRI 2.10

- We were voted as one of the companies, in Brazil, with the most innovative management in the Large Company category by Financier of Studies and Projects (**Finep**). The award is the most important recognition for innovation in Brazil and has been held since 1998.
- We received the **Best Innovator** award for being one of Brazil's 10 most innovative companies according to *Época Negócios* magazine and the international consultancy A.T. Kearney. For us, innovation is in each detail of the technology cycle of products and processes.
- We were also elected, once again, one of the **Best Companies to Work for** in Brazil and, for the second consecutive time, in first place in the Diverse Industries sector, by the *Você S/A* guide.
- We were elected, for the third consecutive year, as one of the most sustainable companies in Brazil by **Exame Sustainability Guide**, one of the country's largest and most

respected publications on sustainability and corporate responsibility. We were highlighted in the Electronics sector and winner in the theme "Community relations".

The recognition is the result of consistent actions such as the Embraco Ecology Award, which for 21 years has encouraged public and private schools in Santa Catarina to undertake projects geared towards a more sustainable way of life.

- We're considered Santa Catarina's most remembered brand when it comes to Social and Environmental Responsibility. That's what Top of Mind tells us, the state's biggest and most important brand recognition and valuation award. That's what the **Top of Mind** award says, the most important prize in brand recognition and valuation of the state.
- Embraco Slovakia received, in 2013, the **Responsible Large Company** award, granted by the Pontis Foundation through

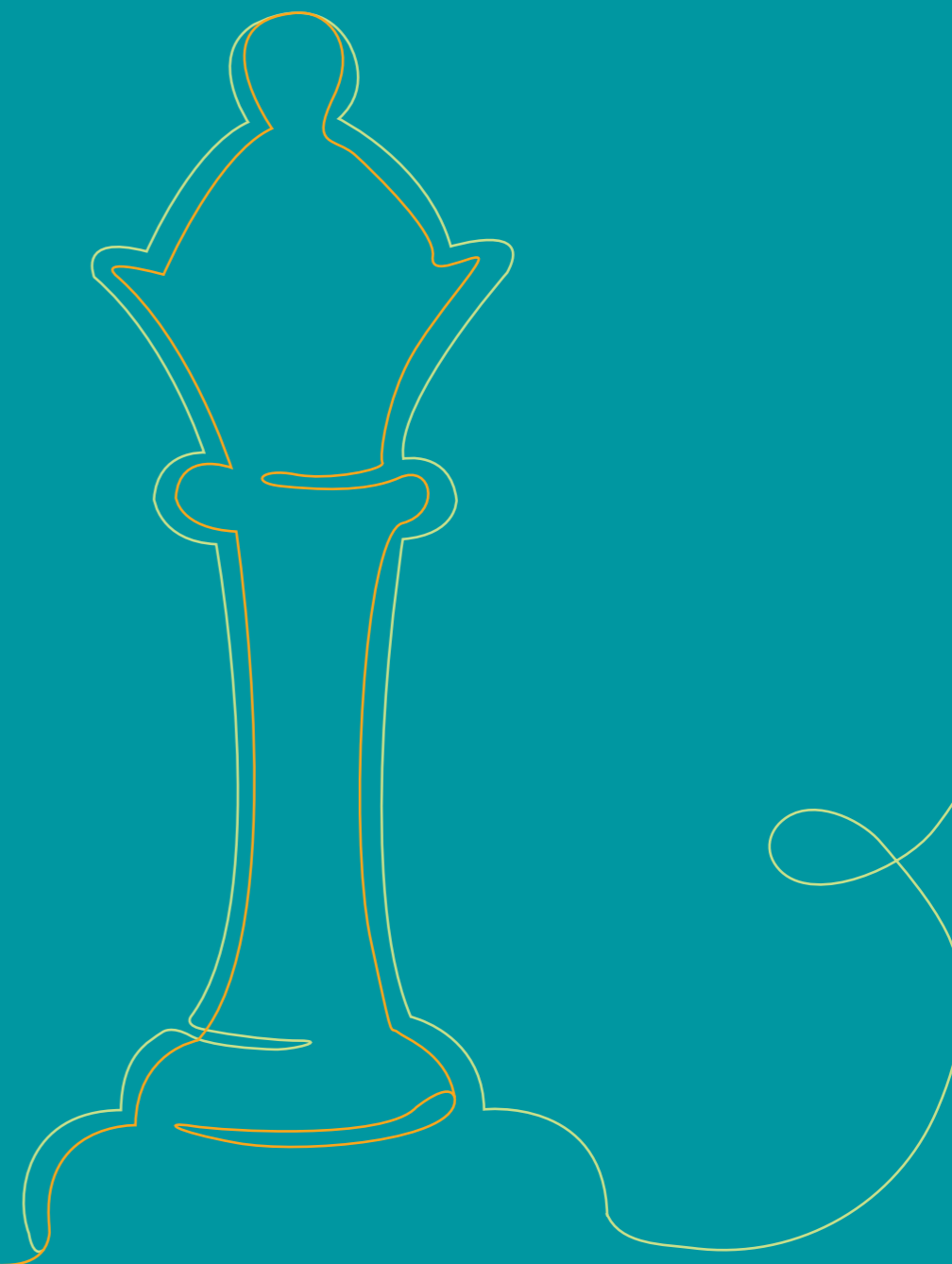
the Corporate Social Responsibility (CSR) National Award Program Via Bona Slovakia for the works developed in 2012. We were also recognized with first place in the Supporter of Volunteering and Good Partner for Community categories.

- Embraco Slovakia also received the **Cooling Award** for developing the NTU compressor, launched in 2012. The recognition was given by the **Slovak Union for cooling and air-conditioning technique**.
- Embraco United States received honorable mention in the contest **Metro Atlanta's Top 100 Workplaces**, a survey conducted by the Constitution newspaper and its partner Workplace Dynamics, involving 184 companies.
- The North American unit was also voted one of the best companies to work for (**Atlanta's Best and Brightest Companies to Work For**) by the National Association for Business Resources (NABR).



Roberto Campos receiving Guia Você S/A trophy.

CORPORATE GOVERNANCE



Corporate Governance GRI 4.1 4.10

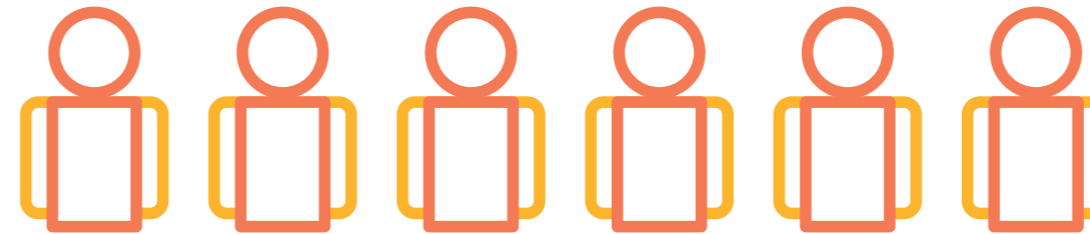
In our company the highest level of corporate governance structure - responsible for the decisions that have potential to impact all Embraco stakeholders - is the president's staff, a forum comprised of nine members who meet weekly to track implementation of the company's strategy, monitor the performance of the organization and executives through quarterly assessments and make key decisions on economic, environmental and social aspects. This forum also ensures that results are delivered to shareholders in accordance with the established goals.

Another important staff role is to perform the company's risk management - using Enterprise Risk Management (ERM) methodology - by executing action plans and defining those responsible to monitor risk factors and, in parallel, identify opportunities for Embraco's business.

COMPOSITION OF PRESIDENT'S STAFF



President



Six Vice-Presidents



Three Directors

- **Logistics**
- **Legal**
- **Procurement**

Change in structure:

Vice President for Asia GRI 2.9

Due to the importance which the Asian market has for our business and for the strategic growth that the continent has taken on a global level, in 2013 we made a change in the structure of the President's staff to create the Vice President for Asia, a position currently occupied by Luis Felipe Berthi Abboud Dau.

The purpose of this change is to ensure greater autonomy and a quick decision making process - always linked to our global strategy - and, in this way, increase our relevance in the Asian market.

Strategic engagement

To connect Embraco's management and the day to day operation aligning them to its strategy and objectives, we held events such as the Annual Leadership Meeting and Strategic Dialogues, which counts on the participation of directors who are part of the Company's staff.

Ethics and transparency GRI 4.6

Our principles and values are consolidated in our Code of Ethics and our Global Policies, as well as in documents such as our Organizational Letter of Values and our Code of Conduct. Besides employees, direct suppliers distributed throughout the Americas, Europe and Asia have access to these directives, and over 96% of them have already signed the document that - among other issues - has guidelines on the posture of the companies regarding social and environmental issues.

In order to manage all these issues, we have an Ethics Committee that meets periodically and is responsible for monitoring compliance with the code and maintaining all communication channels for claims or complaints. Our employees have a specific line (hotline) - with guaranteed anonymity.

Combating corruption GRI SO2

Besides observing and fulfilling specific legislation in each location, we adhere to requirements of the American Sarbanes-Oxley Act (SOX), created to reduce the risk of financial fraud and adopted mainly by companies with shares traded on stock exchanges. We also conduct internal audits to assess the internal control environment.

Following SOX rules, all internal controls over significant financial reports are documented and tested by the internal audit area, which also tests the controls that concern aspects related to design, performance and efficiency.

Subsequently, this information is validated and certified by an external audit on an annual basis. During 2013, 205 controls in 40% of Embraco's plants were audited.

In 2013, SOX controls were implemented in China (Compressors and Electronics) and will be audited in 2014.

Besides SOX, we use another control tool: operational audits. Currently, 100% of the units are subject to periodic review of all processes that are carried out and documented in them. In 2013, six operational audits were conducted in order to verify the internal control environment.

SOX assessed processes

	Brazil		Italy		Slovakia		United States	
	2012	2013	2012	2013	2012	2013	2012	2013
Total	13	13	9	9	9	9	6	6
Percentage	45%	45%	24%	24%	24%	24%	16%	16%

Our Employees Participation

GRI 503 504

To ensure knowledge of our practices and their applications, we continuously transmit our values to our employees. In addition, one of the tools with an essential role for this engagement is our Code of Ethics - which addresses issues such as corruption, money laundering and antitrust and trade practice laws - being the subject of presential training for new employees. Additionally, we have 15 global internal compliance and ethics policies. In 2013, we trained 1,540 people, among managers, administrative personnel and interns.

Employees trained in anti-corruption policies and procedures

	2011	2012	2013
Brazil	21%	59%	15,3%
China	9%	8%	4,8%
Italy	26%	28%	3,7%
Slovakia	13%	33%	11,6%
United States	80%	91%	100%
Russia	N/A	80%	0%
Mexico	N/A	98%	14,8%
Global	17%	47%	12,4%

Just as in the last three years, in 2013 there were no confirmed cases of corruption in Embraco.

Reporting channels - Hotline

We maintain a channel for anonymous allegations about corruption through a free hotline that is available to employees, customers, suppliers and other stakeholders. Once performed, a specific committee verifies - confidentially - all allegations received.

Reporting channels

Brazil: 0800 891 4247

Italy: 800 788 476

Slovakia: 800 961 2419

China: 11 800 711 0475

Mexico: 001 800 961 4262

Public development GRI 505

Focused on formulating guidelines for innovation, energy efficiency, professional development and refrigeration industry regulation, we actively participate in articulating public policies that contribute to our industry's development. We've established partnerships with research centers and universities in the countries where we operate, conducted research and development of technologies applied to our products and processes. We also work strategically with government agencies in these countries to utilize benefits and incentives offered to our sector. We've also established partnerships with research centers and universities in the countries where we operate, conducting research and development of technologies applied in our products and processes.

Additionally, we work strategically with government agencies in these countries to utilize benefits and incentives offered to our sector. In the list of organizations that count on our cooperation are:

PARTICIPATION IN ASSOCIATIONS AND ORGANIZATIONS GRI 4.13

- American Chamber of Commerce in Slovakia;
- Brazilian Electrical and Electronic Industry Association (Abinee);
- Brazilian Association of Advertisers (ABA);
- Brazilian Business Communication Association (Aberje)
- Brazilian Foundry Association (Abifa);
- Brazilian Association of Technical Standards (ABNT);
- Brazilian Human Resources Association (ABRH);
- Brazilian Refrigeration Association
- Brazilian Refrigeration, Air Conditioning, Ventilation and Heating Association (Abrava);
- Itaiópolis Commercial and Industrial Association (ACII);
- Slovakia Electrical Equipment Industry Association;
- Brazilian Foreign Trade Association (AEB);
- Occupational Health and Safety Professionals Association of Joinville and Region (APSSOJ);
- Joinville Business Association (ACIJ);
- Latin American Electrical and Electronic Industrial Association (Alainee);
- National Association of Manufacturers of Electro-electronic Products (Eletros);
- National Research Association
- National Research, Development and Engineering Association of Innovative Companies (Anpei)
- Human Resource Development Association – Slovakia;
- Business Leaders Forum – Slovakia;
- American Chamber of Commerce - Slovakia;
- Electricity Utility Company of Santa Catarina (Celesc);
- Center of Industries of the State of Santa Catarina (Ciesc);
- Joinville Architect and Engineer Center (Ceaj);
- Joinville – Spisská Nová Vês Sister City Committee;
- National Confederation of Industry / Brazilian Business Coalition;
- National Council for Scientific and Technological Development (CNPq);
- Federation of Industries of Santa Catarina (Fiesc);
- Federation of Industries of São Paulo (Fiesp); and
- International Electrotechnical Commission (IEC).

In relation to these entities, we highlight our work focused on the following areas:

Innovation

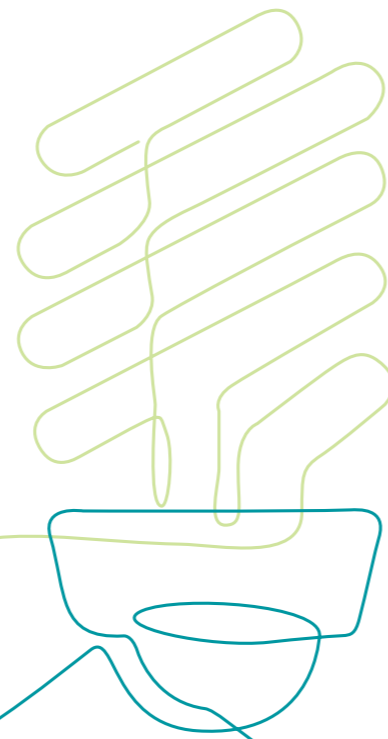
We operate in a coordinated manner together with a large group of companies to create in the units where we operate, particularly in Brazil, a favorable environment for innovation. The idea is to discuss, formulate, suggest and build policies and programs in cooperation with the competent agencies on topics such as laws to encourage innovation, patent systems and partnerships between universities and businesses.

Energy efficiency

We support the creation and adoption of programs aimed at energy efficiency. In this way, we work with major companies in the energy distribution sector with a focus on structuring research and development as well as energy efficiency projects in refrigeration systems.

Regulations

Through representative bodies, we monitor political decisions and bills that impact the refrigeration market and we collaborate towards constructing public policies and incentive programs aimed at the refrigeration sector, always focused on issues that concern the sector's energy efficiency and sustainability.



STRATEGY FOR SUSTAINABILITY

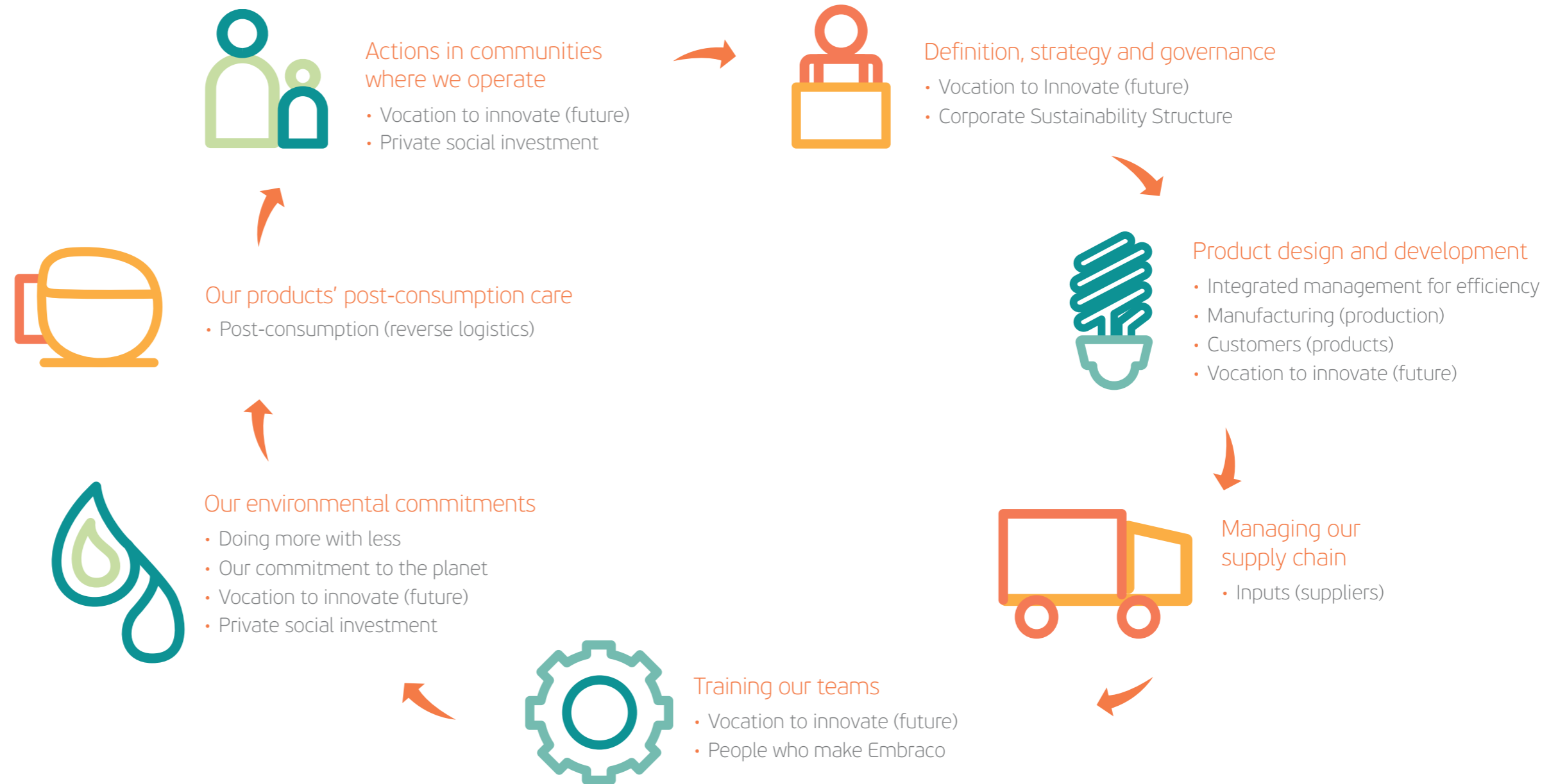


SUSTAINABLE THINKING GRI 1.2

Learn more about the initiatives that we've developed in each of these stages within the chapters of this Report, identified in this infographic by the symbol*
Learn, get inspired, participate, contribute!

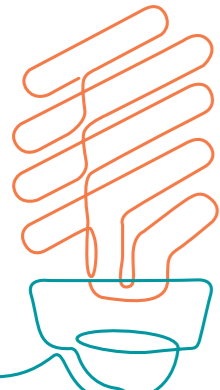
We perceive sustainability as a continuous journey that challenges, guides and inspires - day after day - our practices, decision-making and management of our businesses.

Through our business we deliver food preservation to people and, consequently, an improvement in quality of life. We have sustainability as a pillar of the business and therefore it permeates all stages of our value chain:



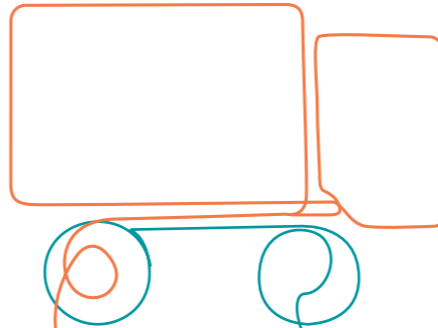
Corporate Sustainability Structure GRI 4.9

In Embraco we engage sustainability in our daily life through three workstreams: Sustainable products, Sustainable value chain and Engaged people.



Sustainable products

Innovation plays a central role in the sustainability strategy. Within this context, the energy efficiency of our products is an essential aspect. We invest in developing innovative solutions and reducing the use of raw materials.



Sustainable value chain

Our sustainability view extends to our value chain, from supply to post-consumption. In the supply chain, we work in partnership with our suppliers to incorporate into their daily practices sustainability requirements, promoting joint work on finding solutions. In post-consumption, we have a reverse compressor logistics program, ensuring the product's recycling after its disposal by the final consumer.

Engaged people

We have a private social investment policy that guides us to permanently apply resources in the communities in which we operate, through educational and environmental projects.



The structure is composed of the vice president of Sustainability (Ursula Angeli), who is also accountable for the areas of Human Resources, Communication, Environment, Health and Safety as well as Institutional Relations. We have a corporate Sustainability structure and in each one of our units there are local teams who in addition to managing corporate social responsibility, integrate sustainability into other Embraco's strategic pillars and promote engagement of various stakeholders.

OUR COMMITMENT TO THE PLANET

GRI 4.12

Sustainable Energy for All

In 2012, we became the first company based in Brazil to sign the global commitment, Sustainable Energy for All, whose goal is to double the production of energy from renewable sources by 2030.

The initiative originates from the United Nations (UN) and was launched in 2011 with the goal of promoting the mobilization of governments, business and civil society to ensure access of all to energy, increase global energy efficiency and elevate the participation of renewable sources in the energy mix.

Global Compact

For 11 years we've been a signatory of the UN Global Compact, an initiative that aims to engage the business community to

adopt fundamental and international values that include human rights, labor relations, the environment and anti-corruption. In 2012, we strengthened our commitment by signing the Global Compact's Letter of Commitment during our participation in Rio+20.

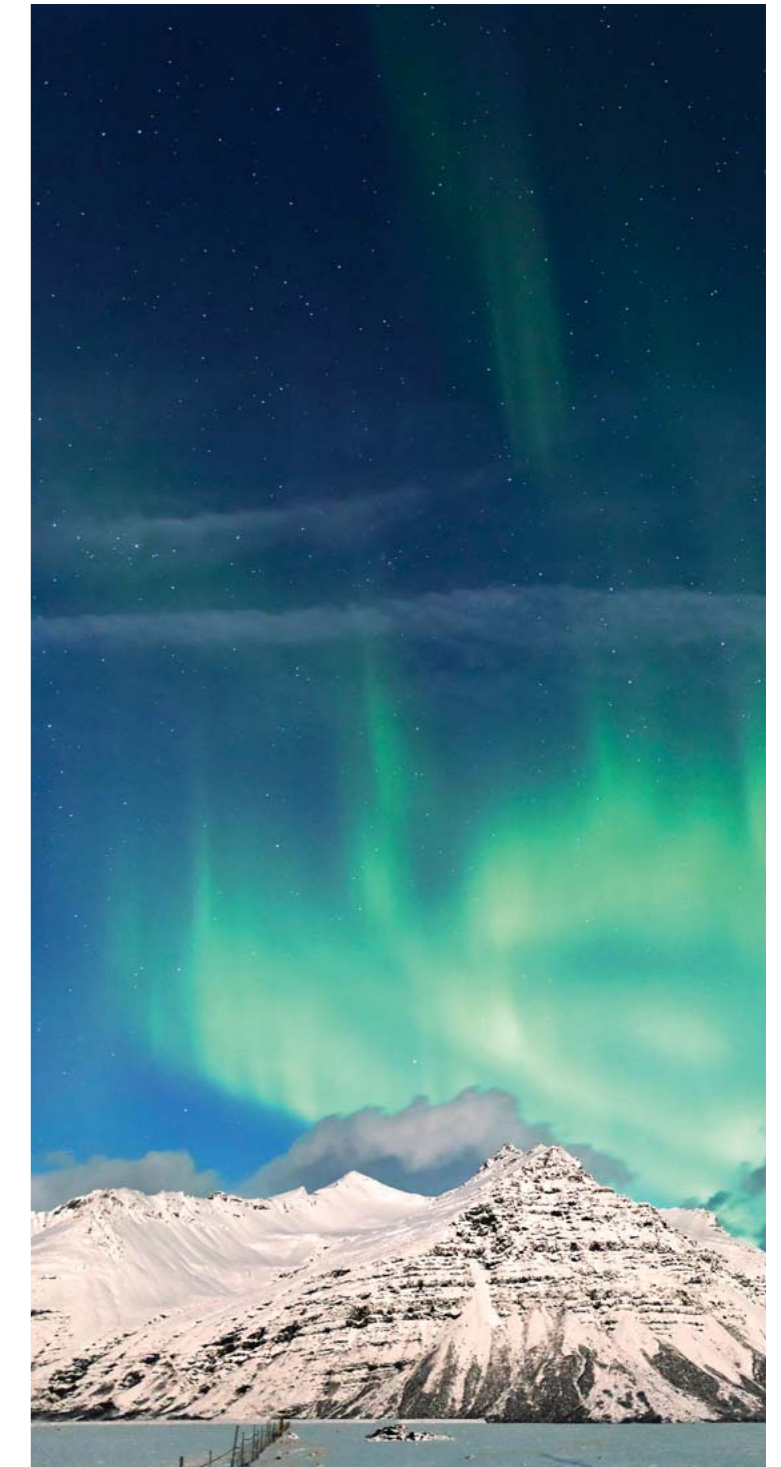
Letter of Commitment to Sustainable Solid Waste Management

On June 5, 2013 - World Environment Day - we signed a Letter of Commitment to Sustainable Solid Waste Management from the Ethos Institute, which aims to strengthen the private sector's commitment to sustainable development and implementation of the National Solid Waste Policy. The commitment is in sync with our sustainability strategy which, among its global goals, strives to send zero

waste to landfills from compressor factories by 2018 and from Foundry by 2022.

Silver Medal in Brazilian GHG Protocol

Since 2012, we receive the silver medal in the Brazil GHG Protocol - a methodology that permits accounting for greenhouse gas (GHG) emissions. The rank in the protocol attests to the inventory of all direct and indirect emissions arising from electrical energy consumption. In 2013, we conducted the inventory for 2012, with emissions of China, United States, Italy, Slovakia and Mexico along with the Brazilian plants (Itaiópolis, Foundry and Headquarters). More information about our emissions can be found in the chapter Doing More with Less in this report.







Certifications

An important part of managing our operations is adherence to global certification standards, through which we apply best practices in monitoring and operationalizing different business aspects.

Quality ISO 9001

-  Brazil (Foundry, Compressors, Components and Electronics)
-  China (Compressors and Electronics)
-  Slovakia (Compressors)
-  Italy (Compressors)
-  Mexico (Compressors)

Environmental Management System ISO 14001

-  Brazil (Foundry, Compressors, Components and Electronics)
-  China (Compressors and Electronics)
-  Slovakia (Compressors)
-  Italy (Compressors)

Occupational Health and Safety Management System - OSHAS 18001

-  Brazil (Foundry, Compressors, Components and Electronics)
-  China (Compressors and Electronics)
-  Slovakia (Compressors)
-  Italy (Compressors)

Hazardous Substances Process Management and RoHS (Restriction of Hazardous Substances IECQ QC 080.000

-  Brazil (Foundry, Compressors, Components and Electronics)
-  China (Compressors and Electronics)
-  Slovakia (Compressors)
-  Italy (Compressors)

Product Safety **GRI PR1**

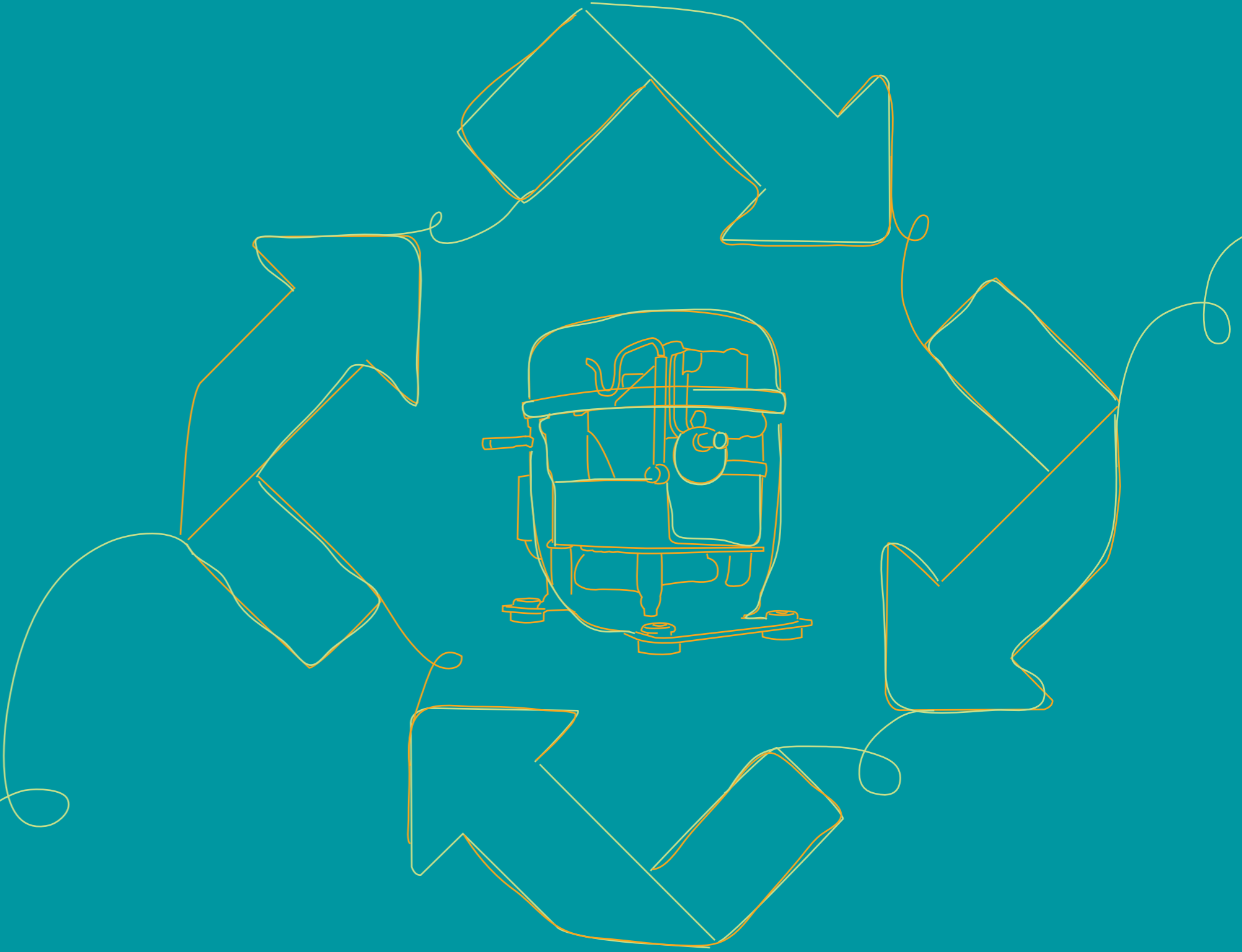
From the early stages of new product development, we work to reduce health and safety risks of employees and customers. We have a list of 655 harmful substances, which must be avoided in our processes and our products. The process is certified by the QC080000 standard.

In addition, internal and external tests (partners) are also performed to ensure transparency and quality in our manufacturing process. During the development and manufacturing of compressors we do a series of tests and simulations to detect potential improvement opportunities and avoid potential failures when the products are in the market. This evaluation is performed on 100% of compressor families, following a representative statistical sampling.



All compressors manufactured by us undergo a series of tests before reaching the market.

OUR PRODUCTS' LIFE CYCLE



Daily we seek to optimize all phases of our operation, from the materials purchased from our suppliers, to recycling our final product after the end of its useful life. The exercise

of continually analyzing our processes brings benefits such as reducing our production cost and a better relationship with all our stakeholders.

Da Vinci Project

We believe that improving the future is an ongoing commitment and inspired by Leonardo Da Vinci's phrase "Simplicity is the ultimate sophistication", we began the project that focuses on transforming our supply chain, from planning to product delivery, creating a competitive differential in the service we provide our customers. We seek efficiency in our operations, and for this to happen, we're working to strengthen integration among areas. We divided the project into 15 workstreams, which are being implemented interdependently in our units around the world: Brazil, Mexico, Italy, Slovakia and China.

The project has inserted new habits into our culture and has brought results that have already been perceived by our team as well as by our customers and our suppliers. We've consequently achieved, in practice, total adherence to our first brand value: delivering intelligent performance.

Or, in other words, understand the market and offer innovative and effective solutions through agile and sustainable processes.

Know the project's benefits: optimize the transport flow; standardize the raw material process; gain productivity; standardize plant indicators and processes; a more cohesive team, focused on meeting customer demands; better planning of our operations: customer demands, products, materials and production; intelligent inventory.

To get an idea of Da Vinci Project's impact in our operation, Embraco's portfolio included 17,000 compressor models, of which less than 50% were effectively used for sales. This excess of products in the portfolio made the operation even more complex, which could hinder optimization of sales, planning, production processes and even impact correct customer service. Since August 2012, we've reduced our available portfolio to 4,000 models.



Embraco Fullmotion Technology.

SUPPLIERS

GRI HR1 HR2 HR6 HR7

Our suppliers are an extension of our manufacturing process and, because of this, we encourage all who participate in our supply chain to adopt sustainable practices.

When a company begins supplying us with their products and/or services, we build a partnership so we can support it to evolve its business, with regard to the development

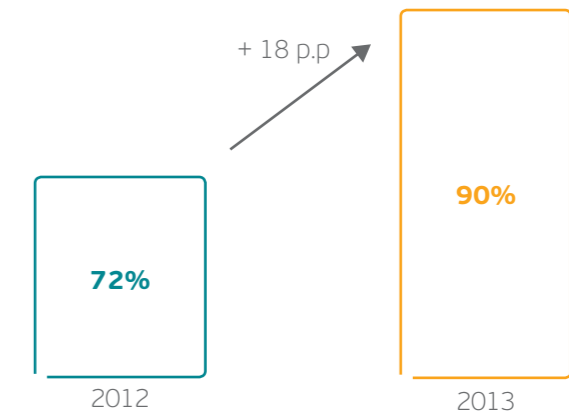
and improvement of its products, as well as in matters relating to supply chain management. In addition, suppliers must comply with our code of conduct.

In 2013 the document was sent to 100% of our direct suppliers globally and received 96% adherence. We had not cases of forced labor or child labor in any of our suppliers were identified.

Supplier self-assessment

Every two years, we invite our suppliers to complete a self-assessment questionnaire which includes questions regarding profile, labor relation rights, environmental impact management and production chain control. In 2013 we carried out this process and achieved feedback from 90% of our supplier base.

Supplier self-assessment



Supplier Adherence to the Code of Conduct in 2013

Plant	Adherence	In progress	N° of processes	%
Brazil	158	0	158	100%
China	135	5	140	96%
Europe	267	9	276	97%
Mexico	24	12	36	68%
Total	584	26	610	96%

Self assessment feedbacks in 2013

Plant	Received	In progress	N° of processes	%
Brazil	117	41	158	74%
China	135	5	140	99%
Europe	267	9	276	68%
Mexico	32	4	36	88%
Total	551	59	610	90%

Supplier Excellence Program

Developed since 2012, our Supplier Excellence Program aims to improve the performance of our supply chain in aspects related to service, quality, costs and sustainability.

The program seeks to achieve improvements in the operations of partner companies through workshops and joint work carried out between our multidisciplinary teams and supplier partner to develop different types of actions.

In 2013, 22 workshops were held with suppliers in Slovakia, Italy, China and Brazil, generating several actions to responsibly optimize our supply chain.

SUCCESS STORY - HUAXIANG FOUNDRY

In 2013 we took the Supplier Excellence Program to the Huaxiang Foundry, a global supplier with a plant in China. After initial analysis, our team concluded that there were good opportunities for improvement in the partner's production process, which could generate benefits for both companies.

With an initial focus on the quality of the machined parts process, we gathered a team of professionals from different areas of Embraco Brazil, China and Mexico, as well

as professionals from the Huaxiang Foundry, to suggest solutions, such as standardization of measurement methods of the parts. Improvements were also made as a result of the change in procedures in the production line equipment of our supplier.

Through these initiatives we were able to achieve substantial gains for our partner, such as an increase of up to 39% in the productivity of certain parts.



MANUFACTURING

World Class Manufacturing

In 2013 we began implementation of World Class Manufacturing (WCM) in our operation. Introduction of this system is in sync with our cost leadership strategy, in other words, we're reducing the cost of our compressor production to be even more competitive in the market - and, of course, without sacrificing our renowned quality.

For this we've invested in a system to standardize our processes globally and bring benefits such as simplifying and organizing our routine, gains in productivity and quality, besides reducing accidents in all units and countries where we operate.

In its implementation phase in Italy, Brazil and Slovakia operations, WCM is a methodology that remains "focused on zeros", for example,

through it we seek to have zero work accidents, zero energy and raw materials waste, zero production obstacles that increase our costs, among other zeros that contribute to elevating our performance.

As we are a global company, this methodology becomes particularly interesting and strategic, since it allows us to replicate success stories from a particular plant to other continents, always considering and respecting each region's particularities.

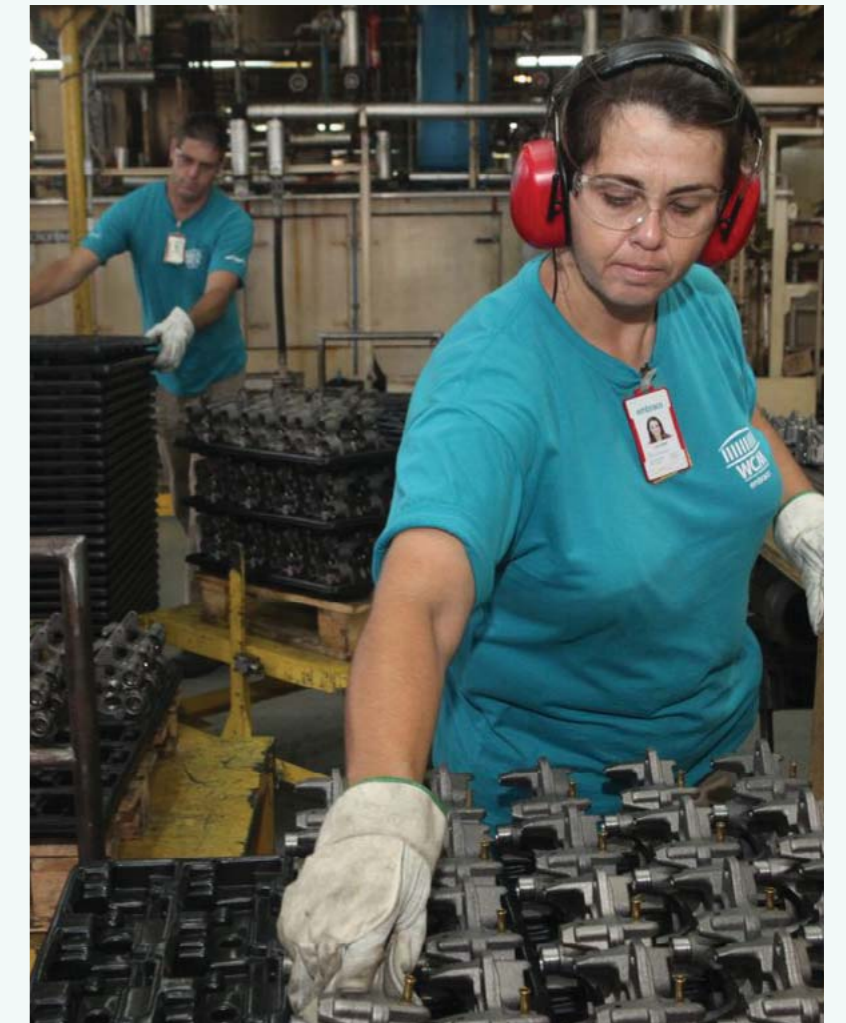
Initiated in 2013, the project implementation is expected to be completed in 2014 and impacts four management systems: Embraco Lean System (ELS); Embraco Quality System (EQS); Environment, Health and Safety System (EHS); and Productivity for Growth (P4G).

PILLARS OF WCM

WCM is based on 10 technical pillars to increase an organizations' performance.

They are:

- Safety
- Cost
- Focused Improvement
- Autonomous Activities (Autonomous Maintenance and Workplace Standardization)
- Professional Maintenance
- Quality
- Logistics
- Early Management
- People Development
- Environment and Energy



WCM: lower production costs, more competitiveness in the market.

CUSTOMERS

GRI PR5

We have customers in over 80 countries, and to meet their needs, we seek to understand how they perform their activities to always offer the best solutions.

Since 2012, we've been the only compressor manufacturer which conducts an annual survey of this public to find out what their level of satisfaction is in relation to us and understand what the main factors are that impact our customers' purchasing decisions (product quality, price, credit, logistics, portfolio, etc.). As in previous years, in 2013 the survey was conducted with partners in over 30 countries. For strategic reasons, we do not disclose the survey's result.

For 2014, an increase in scope is expected, the satisfaction survey will be conducted in 12 languages, covering over 400 customers in more than 60 countries.

Relationship with Contractors

We maintain a close relationship with contractors, who play a key role in recommending our products to customers. We invest in training these professionals so that they are able to provide more qualified service to Embraco product users and stay informed about our main launches through specific training. The work is done through a partnership with our customers: an Embraco team goes to the company and

conducts the training with support materials such as catalogs and manuals. In other cases, the training is done in our own facilities.

In 2013, we conducted training for more than 1,226 contractors from various countries.

Refrigeration Club

For 30 years we've produced a magazine with content geared towards contractors, retailers and technical assistants from the refrigeration segment. The traditional publication, which appeared in 1984 and until 2012 was named Revista Bola Preta,

was redesigned in 2013 and was renamed Refrigeration Club and today is one of the sector's most important publications.

The new magazine was conceived as part of Embraco's branding strategy "educate to promote" acting as an educational support tool in the refrigeration sector, through the dissemination of useful information to assist contractors in their day to day work.

For its redesign, we carried out an extensive study with the target public. First, we conducted a survey of contractors, counter sales and retail owners to understand what their real needs are in the day to day. Next, we prepared a differentiated editorial design, layout and visual identity.

The result of this work is a clear and accurate publication, with relevant guidelines for contractors. The pages contain interviews, opinions from recognized market professionals, technical content along with commercial, marketing and sustainability issues in a didactic and detailed manner, serving as permanent reference material for the contractor, as well as indicating courses, lectures, fairs and industry books.

The Refrigeration Club magazine is free of charge, quarterly and has a circulation of 52,000 copies distributed in different Latin American countries and offered in Portuguese and Spanish. The magazine is also available on the site www.clubedarefrigeracao.com.br, with weekly news.

CARBON FREE SEAL

In June 2014 the Refrigeration Club received the Carbon Free seal, a certification that recognizes 100% neutralization of greenhouse gas emissions generated by the publication's printing processes and distribution.

To neutralize the emissions, we promote the planting of more than 80 tree species per hectare in Areas of Permanent Preservation (APPs), offsetting 7.9 tons of emissions.



CARBON FREE

ID 2917

Revista
Clube de
Refrigeração

WWW.INICIATIVAVERDE.ORG.BR

Product labeling GRI PR3

To enhance the safety of consumers and customers, we publish on our site the compressor application manual with information on electrical installation, mounting, handling, storage, good use and solutions to the main technical problems that may occur.

On our products' labels, we disclose certifications obtained from regulatory agencies which certify the models' safety, such as the seals of Underwriters Laboratories (UL), Association for Electrical, Electronic & Information Technologies (VDE), Instituto Argentino de Normalización y Certificación (Iram), Rheinland - Technischer Überwachungs-Verein Rheinland (TUV) and China Quality Certification Centre (QCC). On compressors that have outsourced components, the label has a specific coding, indicating this special situation.

POST CONSUMPTION

GRI EN2 EN26 EN27

Anticipating the demand from society for proper disposal of post-consumer products, we manage our products at the end of their life cycle through the Top Green Program, an initiative created about 20 years ago that has enabled the collection and recycling of more than three and a half million used compressors. In 2013 alone there were nearly five thousand tons of recycled material.

However, the challenge for us to recycle and use these products as inputs in our production is not limited to the material's collection stage.

This theme is also highlighted in our R&D sector, which guides the choice of the best raw material to be used in the production process so that a large part of what is produced can be recycled. Because of this, 99% of discarded materials are treated and reused in our production cycle.

In 2014 the Top Green program becomes part of the new business Nat.Genius (see more on page 13), focused on recycling and closing the appliance and commercial refrigeration product cycle at the end of its useful life.

The main recycled materials in 2013 were:

Steel: 4,724,625 kg

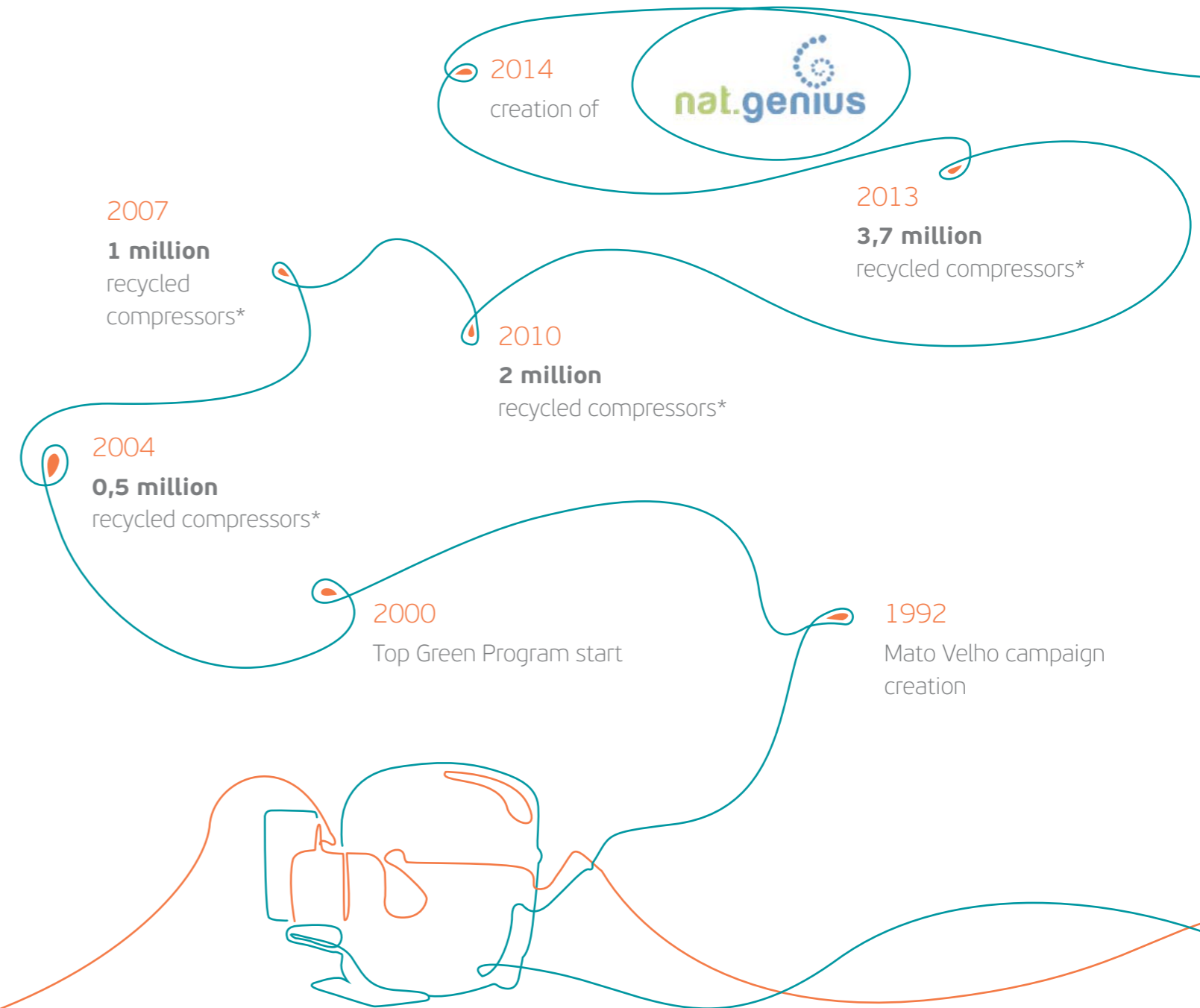
Iron: 976,520 kg

Aluminum: 38,537 kg

Copper: 328,649 kg

Oil: 138,570 l

Obsolete compressors recycling history



*Accumulated amount

VOCATION TO INNOVATE

The constant pursuit for operational excellence led us to be a company that has innovation as one of its most striking characteristics. Every day we feel challenged to look to the future and think about how tomorrow will be.

Our innovations are the result of a long Research and Development (R&D) work, fostered by continuous investment of 3% to 4% of our annual revenue and an operational structure designed to stimulate the creative side of our employees.

Recognized Innovator DNA

Innovation is part of Embraco's DNA and this characteristic led us to be drivers of the global scenario. In recognition of our daily work, we've received important awards that reflect the importance that this concept has on our agenda, such as the most innovative management of Brazil award by **Finep** and the **Best Innovator Award**, for being one of the 10 most innovative companies in Brazil.

You can find more information about the awards on page 23.

See how our innovation process works

Innovator DNA



3% to 4% of annual revenue invested in R&D



More than 500 employees dedicated to research and innovation



Partnerships with universities



Partnerships with customers



Increasingly efficient products



Reducing raw material use



Solutions focused on customer demands



Reducing our customers' electricity bill



GHG emissions reduction



Smaller products with each time more quality



New possibilities for our customers



Reduced production cost

Stimulating innovation

In 2013 we created the Innovation Program to stimulate employees from different areas to think about solutions for our strategic challenges.

Through a customized software tool, we launched a challenge for employees, encouraging them to suggest solutions to improve our production system and bring benefits to the company as well as the environment.

A pilot version of the program involved 510 people from eight areas of the company in Brazil and, in all, 52 ideas were generated, of which three were chosen as finalists and should be gradually implemented within the company.

Innovation network

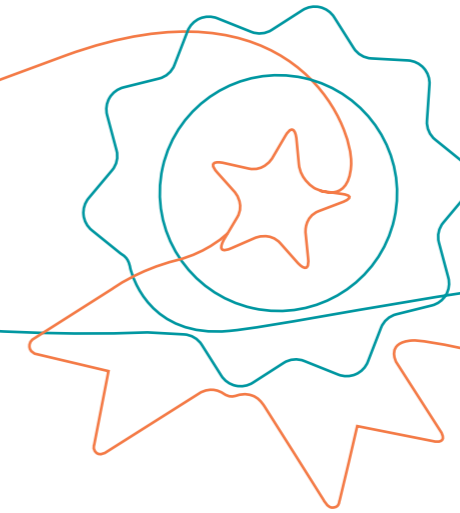
Opportunities for researchers

We have on hand a team of nearly 500 professionals - present in five countries - dedicated to new product R&D and to encourage our employees to always innovate, we offer differentiated salary opportunities for researchers - with compensation equivalent to administrative management positions.

EMBRACO INNOVATION AWARD

Held since 2011, the Embraco Innovation Award encourages Chinese students and researchers to develop high energy efficiency cooling solutions. In the awards' third edition, in 2013, we received 57 projects from students and professionals in the refrigeration market. All were analyzed by a team of over 30 members, in the criteria innovation and originality; social-environmental impact; marketing and application for the market; technical quality; and energy efficiency.

In this edition, the technical committee carefully evaluated all six final projects of 2012. After alignment with professors and evaluators, it was decided that, despite the good quality and innovative ideas of projects, none of the final projects had sufficient maturity and technical quality to receive the award. The prize value is being applied in developing prototypes and improving research.



Partnerships with universities

Since 1982, when we began our partnership with the Federal University of Santa Catarina (UFSC), Embraco has expanded its partner programs and projects with universities in order to combine expertise to find solutions that fulfill our customers' demands and are in confluence with our pillars and values.

In 2013, the great exponent of this trend was "Catarinense Talents", a partnership between the Foundation for Research Support of Santa Catarina (FAPESC), Whirlpool Latin America and Embraco to benefit state researchers, allowing masters and doctoral students to develop their theses within the partner companies.

Partnerships with our customers

To ensure meeting our customers' demands in directing our developments, within the annual survey we conducted with this public (more on page 40) we included questions about innovation to evaluate if we're being effective in our work in the customers' eyes.

We also establish strategic partnerships to bring customers into our modern laboratories so that we can develop - together - solutions that are aligned to our customers' needs (co-development).

Increasingly efficient product

Energy efficiency

Energy efficiency is a topic that is constantly on the agenda of our employees involved with new product developments. The guideline for Embraco's products is to use the least amount of energy to produce cold that preserves food.

This method of thinking and acting was responsible for an evolution in our product line: Embraco Fullmotion technology. Through it, the compressor works on demand and with less speed oscillation, in other words, if the refrigerator is at its maximum capacity (with more food), the compressor will work harder and, if it's empty, it will work less. This system allows refrigerators and freezers to save up to 40% on the electricity bill.

INNOVATION AND EFFICIENCY

Energy efficiency evolution is an aspect constantly worked in our projects focused on innovation, both to manufacture products with less consumption need as well as in our compressors' performance. Therefore, we seek in our portfolio to increase efficiency - generating better results for our customers - and minimizing the environmental impact - reducing the consumption of natural resources and disposal of used equipment, for example.

Fullmotion: global expansion of compressor production

In 2013, we announced global production expansion, by approximately 140%, of the 3rd compressor generation with Embraco Fullmotion technology by 2015. To achieve this index, we'll invest in our factories' production in Italy and China. Our expectation is to ensure faster response to global customers' needs, strengthen its presence in the Asia Pacific region and ensure its global competitiveness.

Investment in the Italian and Chinese factories is our first step to expand the supply of compressors with Embraco Fullmotion technology worldwide. Therefore, production of these compressors in these units will be dedicated to European and Asian markets, ensuring more supply of technology that enables refrigerator manufacturers to meet the market's demands for increasingly more efficient and low environmental impact equipment.

Do you know Embraco Fullmotion technology?

Pioneer in manufacturing variable speed compressors, we perfected conventional compressor on-off technology and created Embraco Fullmotion compressors.

When we compare technologies used in older refrigerators, up to 10 years old, common in many regions of the planet, Embraco Fullmotion technology brings a 40% gain in energy efficiency. This occurs because this technology allows the refrigerator - commercial or residential - to automatically "know" the system's demand, operating in accordance with the consumer's needs.

In practice, a significant energy consumption reduction, allowing consumers to save on their electricity bill, as well as bring more well-being to their day to day as it provides better food

preservation, avoiding waste and reducing noise levels of refrigerators, providing better acoustic comfort. Noise reduction in refrigerators is a trend that's increasingly present in the segment, which needs to address changing habits and customs. In this case, the solution deals with the current reality of ever-smaller spaces to live. In an increasingly crowded planet, apartments and houses where the fridge and television share the same environment are becoming each time more common. With the Embraco Fullmotion, it's possible to reduce by up to 2 decibels the noise coming from the refrigerator, which makes a significant difference for those listening. Furthermore, another advantage of this technology is faster cooling and better temperature control inside the refrigerator, which ensures food safety and more efficient conservation.



Embraco Fullmotion technology.

Since the launch in 1998, Embraco has sold over 11 million Embraco Fullmotion compressors worldwide. When compared to the technology used at the time it was launched, it's estimated that adoption of this technology would allow savings of 2.7 thousand GWh equivalent to the electricity consumption of Rome's population for 6 months.

Refrigerant gases

We are pioneers in the use of alternative gases to chlorofluorocarbons (CFCs) by refrigerant gases that have no impact on the ozone layer. Until today, we focus our efforts on developing even more innovative solutions that have less impact on the environment. This way, we prioritize, for example, application of natural refrigerant gases, offering our customers

solutions in both commercial refrigeration - with propane (R290) - as well as in household refrigeration - with isobutane (R600). Such refrigerant gases, in addition to being harmless to the ozone layer, have the benefit of having a potential of global warming virtually nil, or in other words, its contribution to global warming is not representative when compared to other major refrigerant gases on the market. Besides the environmental benefits, systems with hydrocarbon refrigerant gases help significantly in reducing energy consumption when compared to synthetic fluids. We've produced compressors with hydrocarbons for over two decades and our extensive expertise enables us to develop better and more sustainable technologies around the world.



Embraco Wisemotion pilot line.

Miniaturization **GRI EN26**

The exercise of constantly evaluating our production process allowed Embraco to reduce, over the years, the use of raw materials. Today, our products weigh - on average - 5.8 kilos, but they've already weighed - on average - 7.2 kilos. This means that we use less material to manufacture our compressors and, moreover, are producing smaller and lighter products, which besides being sustainable allow our customers to have more internal space in their products.

In 2013 Embraco used 7.1 tons of raw material less than that used in 2009.

DOING MORE WITH LESS



Doing more with less

Our entire production is guided by a philosophy called Lean Thinking. In practice, the proposal is to make it so that teams are focused on avoiding waste of all inputs used in our operation - including water and energy -, eliminate reworks and maintain factory production adjusted to our demand, avoiding, in this way, excess inventories. Consequently, these initiatives are aimed at reducing GHG emissions (Greenhouse Gases).

Our concern with what we consume is also present in the transportation issue. We avoid unnecessary travel and perform regular equipment maintenance so that they operate at full capacity and thus improve our productivity and reduce our costs.

Energy Efficiency

GRI EN3 EN4 EN5

Using less and less energy in compressor production is a goal in all our plants. In 2013, we consumed - globally - 1,468,991 GJ, meaning that there was a 7% reduction to what we consumed in 2012. Analyzing direct and indirect energy consumption, we observed that the reduction was 5% and 8%, respectively.

This reduction, in absolute terms, is due to the result of our global initiatives to reduce energy consumption as well as the variation of our production.

Energy Consumption in 2013 (GJ)

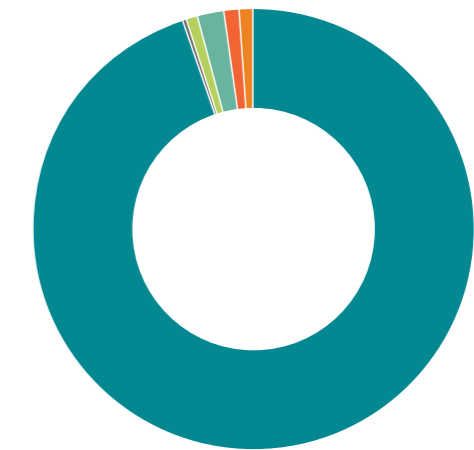
	2011	2012	2013
Direct	476,908	551,004	522,703
Indirect	913,044	1,033,215	946,288
TOTAL	1,389,953	1,584,219	1,468,991

With the decrease in production in 2013, our indicator related to energy - which measures the ratio of GJ consumed for each compressor produced - had a performance lower than that of 2012, in direct energy as well as indirect energy. This decrease is mainly explained by the fixed energy consumption, which is not linked to production variation.

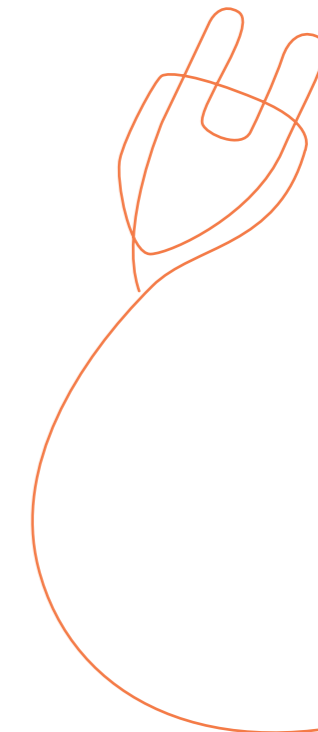
Energy Consumption in 2013 (GJ)

Direct Energy	
Natural gas	495,957
Methanol	393
Propane	4,109
LPG	13,482
Diesel	5,379
Gasoline	3,383
Total direct energy consumed	522,703
Indirect Energy	
Electricity	946,288
Total indirect energy consumed	946,288
Total energy consumed	1,468,991

Direct Energy Consumption Global

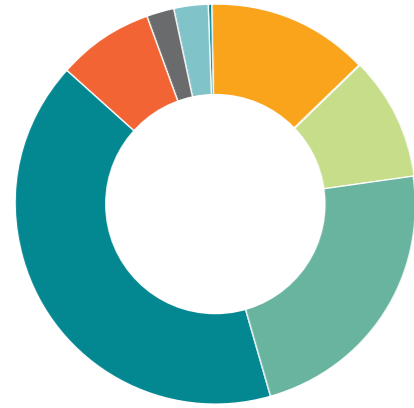


95% • Natural gas
 2% • LGP
 1% • Propane
 1% • Gasoline
 1% • Diesel
 0% • Methanol



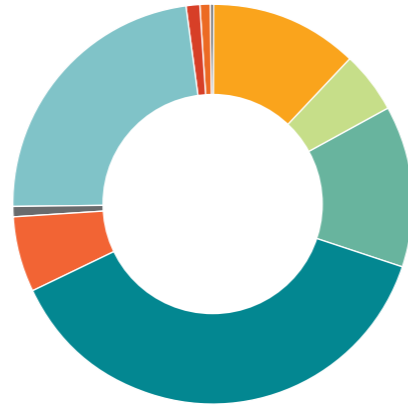
Analyzing our plants' direct and indirect energy consumption, we observe the following scenario:

Direct Energy Consumption



41% • Brazil (Compressors)
 8% • Mexico
 2% • Brazil (Components)
 3% • Brazil (Foundry)
 0% • United States
 13% • China (Compressors)
 10% • Italy
 23% • Slovakia

Indirect Energy Consumption



38% • Brazil (Compressors)
 6% • Mexico
 1% • Brazil (Components)
 23% • Brazil (Foundry)
 1% • Brazil (Electronics)
 1% • China (Electronics)
 0% • United States
 12% • China (Compressors)
 5% • Italy
 13% • Slovakia

MORE INFORMATION ON PAGE 82.

Efficiency in offices and production process GRI EN6

During 2013 we implemented projects in five countries which will save, in 2014, more than 15,000 MWh/year, enough energy to power 218,000 homes for one year.

In Brazil, replacing all light fixtures in an office, with individual switches, generated 65% savings in electricity used to light the ambiance. We also repaired leaks in the compressed air network of our plants, which will generate savings of 871.2 MWh per year.

In Italy, construction of a new cafeteria at the factory located in Riva Presso Chieri opened the possibility for us to replace the water heating system - previously done by electric boilers - for a solar heating system. For this, the Italian team opted to install a thermal heating system with a high degree of coverage, with approximately 50m2 of absorbent surface (solar panels). There are about 18 thousand gallons of heated water per day, used to prepare 300 meals daily in the factory refectory, which will generate a savings of more than 15 MWh/year.

For 2014 our objective is to reduce our global consumption by 5%, which represents a great challenge and makes our Health, Environment and Safety team feel motivated to look for creative alternatives to achieve the goal.

Efficiency in Produced Compressors

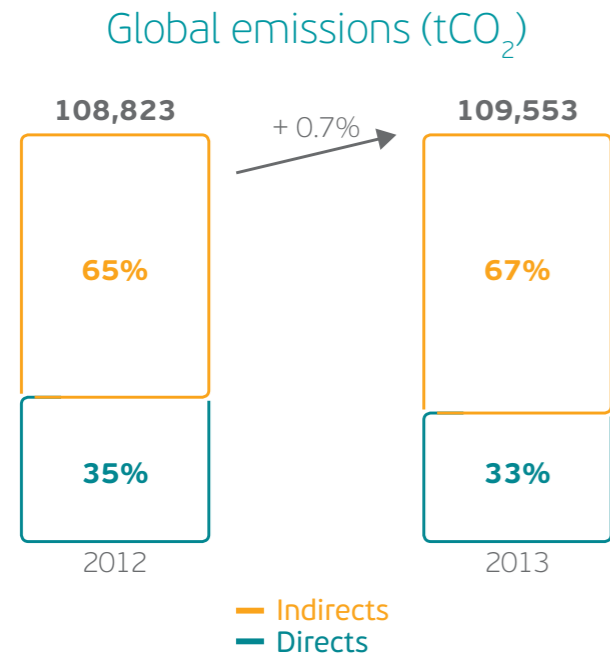
GRI EN6

Through research and innovation, Embraco invests to produce ever more efficient products. One of the leading exponents in energy efficiency is Fullmotion technology, which allows - on average - a 25% reduction in energy consumption compared with on/off compressors (more information on page 46.).

To get an idea of the impact of this reduction, in Munich (Germany) the average consumption of a common refrigerator is 227 kWh per year, while a refrigerator with Fullmotion technology consumes, on average, 170 kWh annually. Considering that the per capita electricity consumption in the German town is 7 kWh per day, and the energy saved due to using Fullmotion technology in one year could serve nearly 15 million people for a month, or even supply the German city's 1,350,000 residents during 11 months of the year.

Emissions GRI EN16

In 2013 we emitted 109,553 tons of CO₂ globally to run our operations in our plants and offices, which means a low increase of 0.7% compared to what we had emitted last year. 67% of the emissions occurred due to indirect emissions - in Embraco's case, the entire amount is due to obtaining electricity - and 33% of emissions were direct.



Analyzing emissions with a focus on our plants, we find the following overview:

Direct Emissions

Compressors units



50% • Brazil (Compressors)
 21% • Slovakia
 8% • Italy
 6% • Mexico
 15% • China (Compressors)

Other units



62% • Brazil (Foundry)
 35% • Brazil (Components)
 3% • Brazil (Electronics)

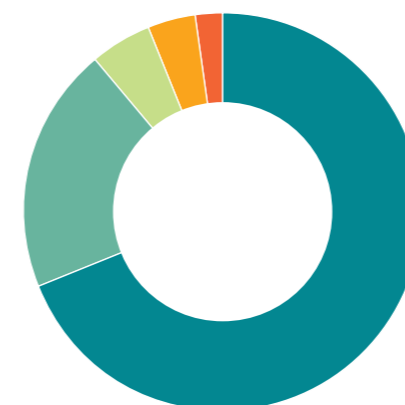
Indirect Emissions

Compressors units



35% • China (Compressors)
 19% • Brazil (Compressors)
 17% • Slovakia
 11% • Italy
 18% • Mexico

Other units



69% • Brazil (Foundry)
 20% • China (Electronics)
 5% • Brazil (Components)
 4% • United States
 2% • Brazil (Electronics)

MORE INFORMATION ON PAGE 84



UNDERSTANDING OUR DIRECT EMISSIONS BETTER

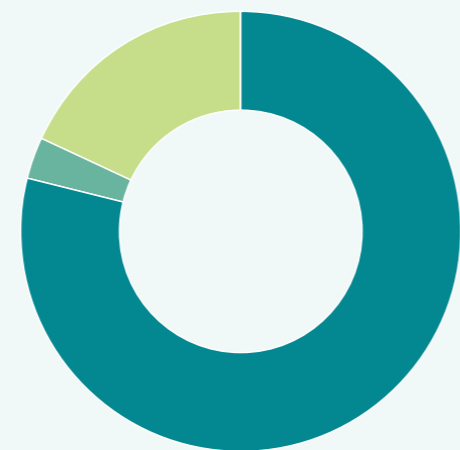
Direct emissions are classified into stationary emissions, as shown in the following chart:

- **Stationary:** emissions arising from burning fuel to generate electricity, steam, heat or power stationary equipment, such as boilers, furnaces, etc.;
- **Mobile:** emissions arising from burning fuels for transportation vehicles, such as cars, trucks, trains, aircrafts, ships, etc.; and
- **Fugitive:** emissions that aren't physically controlled but result from release of GHGs, arising from the production, processing, transmission, storage and use of fuels and other chemical agents.

Analyzing our direct emissions, we observe that, in 2013, most of them arose from

stationary emissions, as shown in the following chart:

Direct Emissions Embraco



79% • Stationary
3% • Mobile
18% • Fugitive

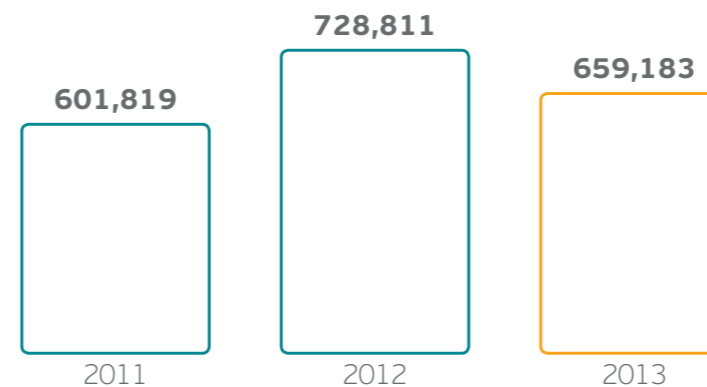
Water GRI EN8

Embraco uses different water sources around the globe. In 2013, we reduced our global water consumption by 9.6% due to actions such as the treatment and reuse of water.

Water Consumption (m³) - EMBRACO GLOBAL

	2011	2012	2013
Wells	292,583	332,195	273,448
Water supply networks	309,236	396,616	385,735
Total	601,819	728,811	659,183

Global Water Consumption (m³)

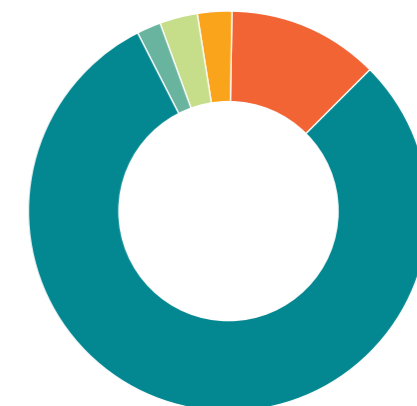


Water Consumption - Compressors units



43% • Brazil (Compressors)
7% • Italy
15% • Slovakia
14% • Mexico
21% • China

Water Consumption - Other units



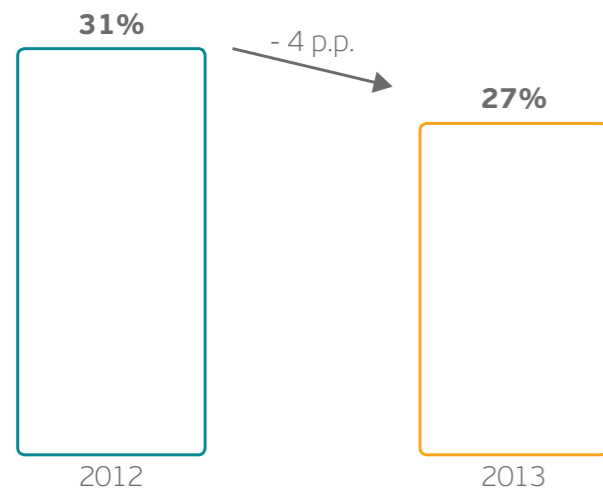
80% • Brazil (Foundry)
2% • Brazil (Electronics)
3% • China (Electronics)
3% • United States
12% • Brazil (Components)

MORE INFORMATION ON PAGE 85.

Water Reuse GRI EN10

Globally, 27% of all water that enters our units, whether from internal or external sources, is treated and recirculated. The recycled water is used in toilets, cooling towers and washing containers and floors.

Global Recirculated Water



Recycled and reused water - EMBRACO GLOBAL

	China		Brazil		Mexico		Foundry		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Total volume (m ³)	32,545	40,634	144,994	141,621	20,000	31,751	27,972	22,997	225,511	237,003
Recirculation rate (%)	24%	34%	59%	67%	31%	42%	28%	23%	31%	27%

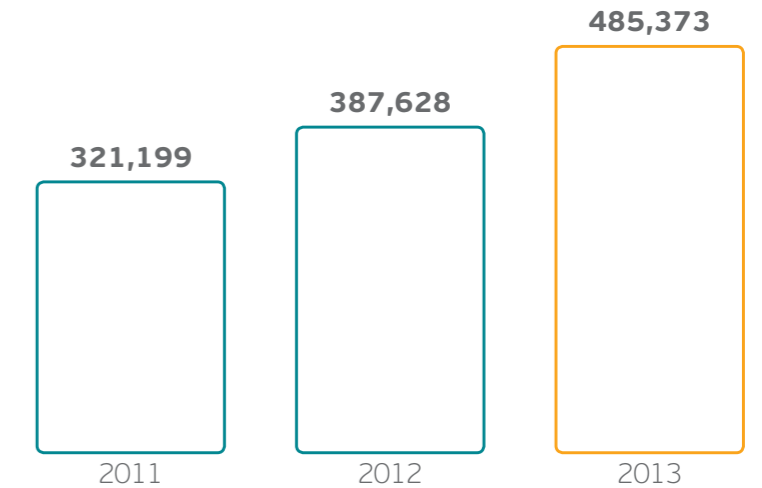
Water Discharge GRI EN21

In 2013 we discharged 25.2% more treated water than in the previous year.

Discharge of effluents (m³) - EMBRACO GLOBAL

	2011	2012	2013
Return to collection point	278,552	337,155	394,360
Public Sewage System	2,430	0	0
Evaporation	30,065	50,254	44,781
Irrigation	10,152	219	46,233
Total	321,199	387,628	485,374

Global Water Discharge (m³)



MORE INFORMATION ON PAGE 86.

Waste GRI EN22 EN24

When analyzing global waste generation, it's possible to note that between 2012 and 2013 there was a 15% reduction. In addition, the amount of hazardous waste sent to industrial landfills reduced by 27% compared to last year.

Total waste - EMBRACO GLOBAL

Non-hazardous waste (t)	2011	2012	2013
Economic recycling	96,653	107,896	89,790
Environmental recycling	77	1,042	1,625
Incineration	0	0	0,1
Landfill	16,953	18,511	16,702
Construction/remedial waste	167	0	0
Subtotal	113,849	127,449	108,117
Hazardous waste (t)	2011	2012	2013
Economic recycling	255	306	308
Environmental recycling	1,985	1,992	1,973
Incineration	880	844	784
Landfill	581	967	704
Subtotal	3,701	4,109	3,868
Total	117,550	131,558	111,985

MORE INFORMATION ON PAGE 87

We're generating less waste globally and recycling a higher percentage of our hazardous waste.

Goals

The results presented are already a consequence of our efforts to reach our global goals, which include the challenge of sending zero waste to landfills from our compressor plants until the end of 2018 and our Foundry plant until 2022.

Currently 96% of the waste we generate globally in our compressor factories is recycled.



Compressors components.

PEOPLE WHO MAKE EMBRACO





Embraco Wisemotion Test Line.

People who make Embraco

We know our market leadership is a reflection of our talent management and passion for what we do. Therefore, we believe that each one of the 12,000 people are fundamental to the success of our operations around the world.

Accordingly, our people management strategy is based on the strategic pillar - Excellence in People. Therefore, we invest time, resources and research to be a global company, comprised of professionals from different nationalities, genders, languages and cultures, who share diverse ways of seeing the world and, in this way, drive us to always innovate. This is a strong competitive differential.



Extraordinary Performance

Highly effective organization that consistently delivers results ahead of expectations.



Great People

Robust and diverse talent and leadership pipeline for the future.



Winning Culture

Internally and externally recognized as Great Place to Work.

We develop and implement human resource systems aligned with the industry best practices, to offer the best quality possible for everyone. Validating our strategic human resource management recognition, we were elected one of the Best Companies to Work for in Brazil by the Você S/A guide for two consecutive years in Brazil; and our USA unit was recognized too by major awards such as Metro Atlanta's Top 100 Workplaces and Atlanta's Best and Brightest Companies to Work for. (see page 23).

Our employees profile GRI LA1

In all, Embraco had - on December 31, 2013 - 12,444 employees distributed in six countries as follows:

Embraco Global Employees

China	United States	Italy	Mexico	Slovakia	Brazil	Russia
2,557	51	594	879	2,045	6,310	8

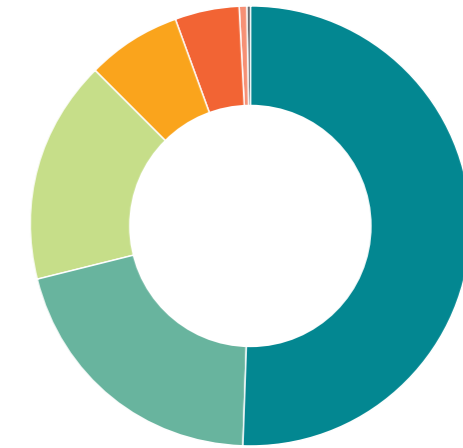
Employees by employment contract

	China		United States		Italy		Mexico		Slovakia		Brazil		Russia	
	F	M	F	M	F	M	F	M	F	M	F	M	F	M
Definite time (Temporary)	82	311	25	26	0	0	246	621	41	133	11	62	M	H
Indefinite Time (Permanent)	651	1,513	0	0	181	410	0	0	644	1,227	1,509	4,470	5	3
Interns	0	0	0	0	2	1	9	3	0	30	48	0	0	0
Total	733	1,824	25	26	183	411	255	624	685	1,360	1,550	4,580	5	3

Employees by employment type

	China		United States		Italy		Mexico		Slovakia		Brazil		Russia	
	F	M	F	M	F	M	F	M	F	M	F	M	F	M
Full workday (8h)	733	1,824	25	26	181	410	255	624	685	1,360	1,442	4,192	5	3
No control of workday	0	0	0	0	2	1	0	0	0	0	108	388	0	0
Total	733	1,824	25	26	183	411	255	624	685	1,360	1,550	4,580	5	3

Employees of Embraco



50.7% • Brazil
20.6% • China
16.4% • Slovakia
7.1% • Mexico
4.8% • Italy
0.4% • U.S.A.
0.1% • Russia

Employees by job category

	China		United States		Italy		Mexico		Slovakia		Brazil		Russia	
	F	M	F	M	F	M	F	M	F	M	F	M	F	M
Vice-presidents and President	0	0	0	0	0	0	0	0	0	0	1	5	0	0
Board	0	2	0	0	0	2	0	1	0	1	1	23	0	0
Management	8	10	0	1	2	8	0	1	2	6	7	55	0	2
Leaders	18	36	4	8	6	13	7	23	6	23	21	75	1	0
Administrative	176	289	19	11	36	64	33	102	100	214	290	876	4	1
Operational	507	1,453	2	6	139	324	206	494	577	1,116	1,230	3,546	0	0
Others	24	34	0	0	0	0	9	3	0	0	0	0	0	0
Total	733	1,824	25	26	183	411	255	624	685	1,360	1,550	4,580	5	3

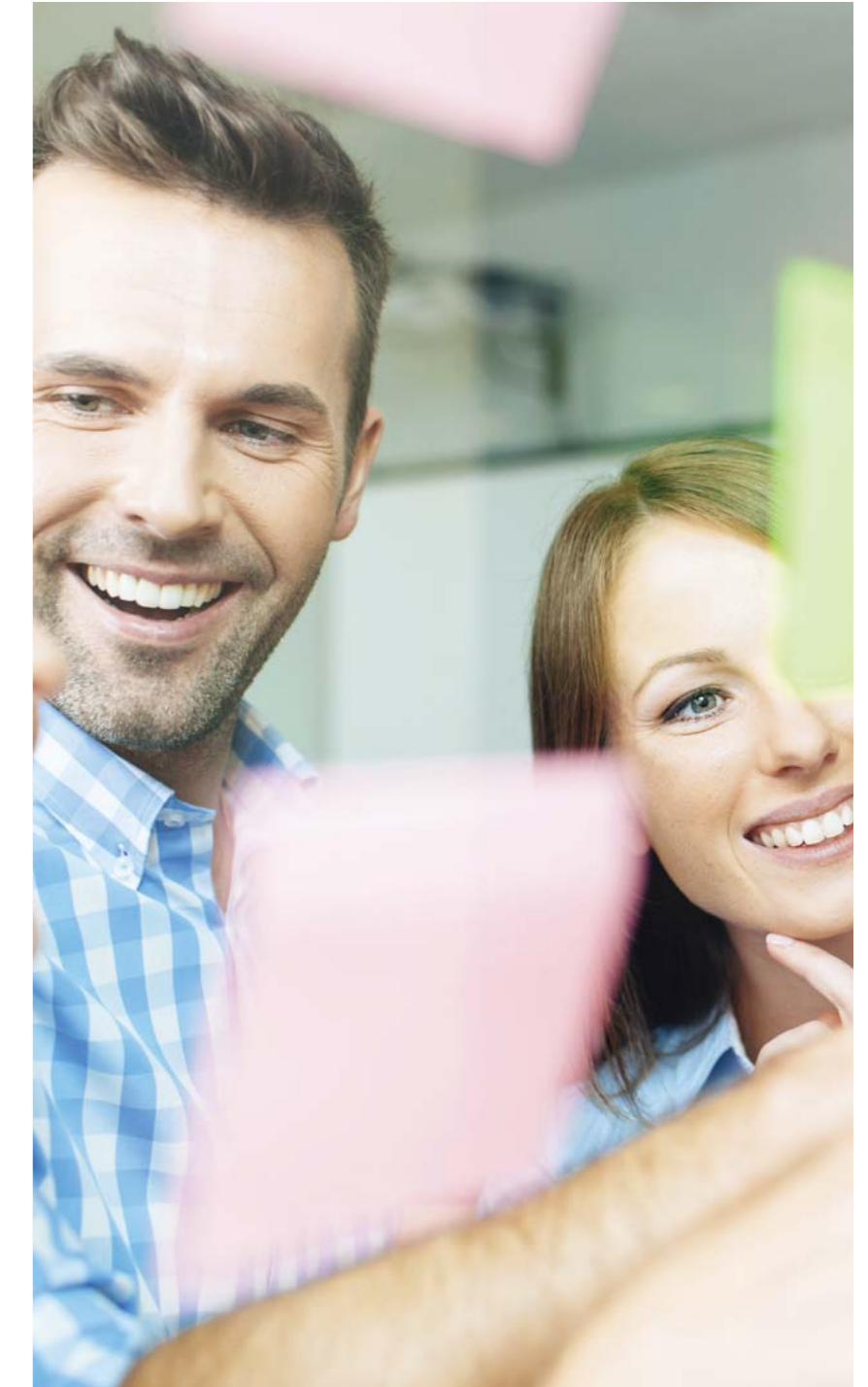
Respecting Labor Relations GRI LA4

As a global company, we are always aware of and comply with all local laws of the countries where we have plants and/or sales offices.

Employees covered by collective bargaining agreements

Unit	Percentage of employees covered
Brazil	100%
China	77%
United States	Not applicable*
Italy	100%
Slovakia	11.30%
Mexico	68%

* Our United States operation is run through a sales office and a warehouse, which - according to American law - doesn't require a collective bargaining agreement.



Diversity

We value and celebrate Diversity in all our interactions where synergy among differences around common goals makes the company increasingly prepared to work as an organization that thinks and acts globally.

Diversity permeates our entire business, culture and relationships and is seen as a management model, essential for making decisions about people, processes, products and markets. In practice, this means more leadership involvement and building a diverse and accessible environment for everyone.

One of its exponents is the Talents of Diversity Program that, since 2005, has offered employment and training courses for people with disabilities, accelerating integration and employability. Close to 230 people have already gone through the program with 70% being hired. Also considering accessibility in physical spaces, we offer sign language courses and translation along with internal awareness actions. On December 31, 2013 the number of PWDs in Embraco was 63, which corresponds to 0.5% of our workforce.

OUR OLYMPICS

On September 9th the 7th edition of Paraoliembraco was held in Joinville, a sporting event for employees with disabilities in which approximately 150 athletes with visual and auditory, intellectual and physical disabilities competed in 11 different sports - including futsal, dominoes, bowling, general, canasta, table tennis and billiards. The event was open to the public and admission was free.

Paraoliembraco is a pioneering initiative in the country. In addition to games, the event held at Embraco Sports Association featured an inclusion fair, in which entities that serve people with disabilities in the region could exhibit their social work to the community.

We also held the 26th edition of Oliembraco, our internal Olympics. The games feature 32 sports, both female and male, and, besides encourage practicing sports, act as an important integration point. The main goal, however, is to strengthen Embraco values. Oliembraco reinforces the importance of teamwork and is part of the actions of organizational climate management. Last year, 3,809 athletes participated in the event.



Athletes competing in the 7th edition of Paraoliembraco.

Embraco employees with disabilities **GRI LA13**

	Brazil*	China	Italy	Slovakia	United States	Mexico
Vice Presidents, Directors and Managers	0.14%	0.00%	0.00%	0.00%	0.00%	0.00%
Leaders	0.34%	0.00%	0.00%	0.00%	0.00%	0.00%
Team	24.91%	0.08%	2.84%	2.24%	0.00%	0.00%

* Embraco Brazil plants don't control diversity indicators for temporary employees.

Embraco employees by age **GRI LA13**

	Brazil*	China	Italy	Slovakia	United States	Mexico
Up to 30 years	2,420	1,357	16	306	3	316
30 to 50 years	3,261	1,046	478	1,313	39	534
Over 50 years	376	154	100	426	9	29
Total	6,057	2,557	594	2,045	51	879

* Embraco Brazil plants don't control diversity indicators for temporary employees.

Participation of women in workforce **GRI LA13**

	Brazil	China (Compressors)	China (Eletronics)	Italy	Slovakia	United States	Mexico
Vice-Presidents, Directors and Managers	10%	47%	0%	0%	0%	0%	13%
Leaders	21%	31%	31%	1%	0%	4%	23%
Team	26%	18%	69%	29%	33%	21%	29%

Attraction and Retention

GRI LA2

Daily we attract, recognize and develop our people to retain the best talents, also focusing on development of our leaders.

In 2013 we conducted, globally, 2,732 hirings and 2,955 terminations. The hirings were made as follows:

Hirings in 2013 by gender

	Brazil		China		United States		Italy		Mexico		Slovakia	
	F	M	F	M	F	M	F	M	F	M	F	M
	471	1,186	125	178	0	0	3	5	78	533	112	41
Total	1,657		303		0		8		611		153	

Hirings in 2013 by age group

	Brazil	China	United States	Italy	Mexico	Slovakia
< 30 years	1,145	201	0	5	337	82
30 and 50 years	486	102	0	3	267	65
> 50 years	26	0	0	0	7	6
Total	1,657	303	0	8	611	153

Dismissals were performed as follows:

Dismissals in 2013 by gender

	Brazil		China		United States		Italy		Mexico		Slovakia	
	F	M	F	M	F	M	F	M	F	M	F	M
	1,511	559	178	238	2	6	16	16	30	281	42	76
Total	2,070		416		8		32		311		118	

Dismissals in 2013 by age group

	Brazil	China	United States	Italy	Mexico	Slovakia
> 30 years	1,268	263	1	0	178	38
30 and 50 years	701	132	3	15	132	56
< 50 years	101	21	4	17	1	24
Total	2,070	416	8	32	311	118

Facing the challenges posed by the 2013 economic climate, in September we began an Organizational Effectiveness project which evaluated our processes and redefined priorities for the company to become

more efficient, simple and agile. Focused on maintaining competences that are the great differentials in our industry - such as constant maintenance of our products' quality, research & development innovation

and the new business team -, we had as a result of this project a reorganization of the administrative structure, which involved about 90 people (less than 1.5% of Embraco Brazil's total workforce).

Trainee Program

As part of our strategy to prepare leaders for the future, we have a global trainee program, held once a year in Brazil, Slovakia and China.

With the program, trainees know the company's business comprehensively so that, throughout their career, they are able to take on challenges in different areas. In the first year, they receive a strategic project and count on the support of former trainees, HR professionals and the requesting area. The professional who has the best performance (based on reviews of HR and results) will participate in the International Trainee program, where they will develop a strategic project in one of our units abroad.

Local hiring

We have no specific policies aimed at local hiring. However, due to our culture of valuing diversity and merit, we have - in general - a large percentage of local leaders in our plants, as shown in the following table:

Local hiring **GRI EC7** (Leadership positions*)

Plant	2011	2012	2013
Brazil	100%	100%	100%
China (Compressors)	79%	86%	91%
China (Electronics)	85%	83%	60%
Italy	86%	77%	91%
Slovakia	88%	88%	100%
Mexico	2%	2%	84%
United States	66%	66%	91%

* Leadership positions include: president, vice president, board and leaders.

Compensation **GRI LA14**

Based on merit and with the intent to value and retain our talents, our compensation policy aims to reward people according to their performance. To provide salaries compatible with the market, we have the support of consultants to conduct compensation and benefit surveys, monitoring the market as well as our operating segment.

In order to identify opportunities for wage growth, either through horizontal and/or vertical movement, we use internal performance evaluation tools to review the employees' salaries through the annual compensation cycle. Whenever there is a vacancy available, we guide our leaders to look for internal promotion to value the careers of all our professionals.

Proportion of base salary and compensation between women and men

	China (Electronics)	China (Compressors)	United States	Italy	Mexico	Slovakia	Brazil
Vice-Presidents, Directors and Managers	5%	63%	0%	59%	N/A*	91%	13%
Leaders	7%	243%	3%	50%	89%	106%	2%
Team	88%	391%	1%	59%	104%	117%	41%

* Mexico's director and manager positions, however, are all Brazilian expatriates and therefore are included in the number for Brazil.

Profit Sharing Program

In order to attract and motivate our employees, we maintain a variable compensation policy that aims to motivate our professionals to improve and constantly development themselves. Implemented in 1996, the Profit Sharing Program (PSP) was revised in 2013 to make it simpler and thus show more clearly to our employees the relationship between the areas' results and

those of Embraco.

Therefore, in addition to the company's general goals, each area has to choose two specific goals aligned with Embraco's strategy of that year. Additionally, our PPR program includes an individual portion - called Performance Award - which awards our employees, according to their performance.

Benefits GRI LA3

In line with our strategy to retain our talents, and strictly comply with local labor laws in all countries where we operate, our benefits policy expresses the care we have with our employees and the mission to provide him/her and his/her dependents well-being and quality of life.

For this, we also have a Sports Association, in Joinville, Brazil - where our largest flow of employees is located - which offers various activities for both employees and the community.

Benefit	Offered to permanent employees	Offered to temporary employees
Health care		
Dental care		
Food		
Transportation		
Private Pension Plan		
Life Insurance		
Maternal Care (nursery)		
Pharmacy Benefit		
Christmas gift		
Homage for length of service		
Social Assistance		
Marriage gift		
Bonus for punctuality and regular attendance		
Housing assistance		
Education aid		

Private Pension Plan GRI EC3

Only plants in Brazil, Italy and China offer a pension plan to their employees. Units installed in Slovakia, Mexico and the United States have no such benefit.

In Brazil, participation is voluntary and open to all positions. The contribution varies from 1% to 5.5% of the employee's gross monthly salary - in accordance with the salary range - being that we contribute with the same value. The plan provides coverage for normal or early retirement and disability. The pension in case of death, is paid to dependents.

In Italy, joining the pension plan is also voluntary and is foreseen in collective agreements. The contribution is 1.2% (employees) and 4% (managers). We contribute with the same value.

China has a statutory pension insurance for all employees and the contribution is 8% by the employee and 20% by Embraco.

Professional development

Performance assessment

Performance assessment is a topic widely studied by our HR area so that the process is each time more accurate and fair. To accomplish this task, we adopt the EP&R (Extraordinary Performance & Results), an assessment model with a focus on balancing the delivery of results - "what" - with quality and sustainability - "how." The model is structured in five dimensions:

- Results x Goals
- Work scope
- Leadership Practices
- Adherence to Embraco's culture
- Talent and personal development.

In addition to EP&R, in particular cases we use the 180 degree assessment, which consists of the employee's self-assessment, his/her manager's assessment and his/her direct report's assessment.

Employees that receive performance analysis GRI LA12

China (Eletronics)		China (Compressors)		United States		Italy		Mexico		Slovakia		Brazil	
F	M	F	M	F	M	F	M	F	M	F	M	F	M
83%	17%	100%	100%	49%	51%	30%	70%	100%	100%	100%	100%	100%	100%

Y Career

Our commitment to innovation always involves the talents that make up our company. To recognize the talent of our R&D teams and value the diversity of our talents, we offer our researchers compensation compatible with employees who are in management positions. This management model - called Y career - was designed to attract, retain and encourage the professional who has a technical background to invest in his/her main talent and collaborate so that Embraco constantly continues to innovate.



Corporate Education

Our Corporate Education model underwent a major restructuring in 2013 that sought to bring the Training and Development (HR) area to a People Training Strategic Model. This implies a culture change, since this new line of corporate education foresees greater alignment with the company's strategy and a more planned and proactive (and less reactive) behavior.

In practice, this means that - instead of reacting upon the need for training certain employees - we begin to define what competences are needed for each area and apply training so that our employees assimilate this knowledge in the most effective manner.

Another important change was the largest engagement of our leadership in the training process, since by bringing decision makers to the classroom, we can align our leadership and, consequently, strengthen our culture for all our employees and contribute to the standardization movement of our production worldwide.



Culture change: more active and less reactive corporate education.

Average number of training hours GRI LA10

	China (Eletronics)		China (Compressors)		United States		Italy		Mexico		Slovakia	Brazil	
	F	M	F	M	F	M	F	M	F	M	*	F	M
Executives	40	21	5	9	0	0	174	909	17	17	806	0.1	0.4
Middle management	870	621	5	5	1	2	154	2,204	20	19	2,810	0.3	0.4
Team	13	83	3.01	4	10	16	1,073	10,720	27	27	47,351	23	21
Per employee	52	288	5	5	10	13	15	59	31	31	2	23	22

* The Slovakia plant recorded, in 2013, training data per employee without distinguishing between genders.

Leadership Academy

The Leadership Academy, a program for global long-term development, underwent a restructuring to offer better solutions for our leaders at different hierarchical levels - in 2013, from the first leadership level to the president of the company attended the academy.

To carry out this restructuring, we first conducted a study to understand what the company's main needs are, what aspects of

its culture needed to be reviewed, maintained or strengthened so that this culture was aligned with Embraco's strategy. Based on these studies, the modules using different resources such as classroom, video conferencing, coaching, successful case studies and others were developed. In 2013, nearly 400 employees participated in the Leadership Academy

Scholarship

The scholarship is a benefit for employees between the operational and administrative levels that offers financial assistance to those wishing to take technical and graduate courses. Thinking strategically, the scholarship always focuses on the next hierarchical level of the employee, so he/she can be prepared for his/her next step within Embraco.

Speaking English for real!

Being a global company, we invest in training our employees so that they can speak and write in English and therefore communicate with all our plants.

Created in 2013, the Accelerated English program was developed - in partnership with language schools - to make the learning process more effective and so that we could more accurately measure the results of this initiative. In Brazil, 60 people whose English level was at the intermediate stage were invited to join the program in 2013.

The English Acceleration program uses immersion tools so that the student has intense contact with the English language during the course period. Measurement of the results is done through TOEIC¹, applied before and after the course.

Has duration of six months the following activities:

- English level assessment before and after the program
- 2 English classes per week
- 2 phone calls a week in English
- Extracurricular activities
- One day per month of full English immersion

¹ TOEIC - The "Test of English for International Communication" is an international English language proficiency test.

Health and Safety

GRI LA6 LA7 LA9

Behavior-Based Safety

Since 2011, we've adopted globally the Behavior-Based Safety (BBS) program as a tool to build a safer and healthier work environment by observing employees' behavior and positive feedback. The process is based on three main elements:

- Observations and conversations among coworkers about safety always with a positive approach focused on reinforcing safe behaviors;
- Plan actions to remove barriers that prevent safe behaviors during observations and conversations; and
- Celebrate the improvements implemented.

In December 2013 we reached the milestone of 1 million feedbacks offered to our employees.

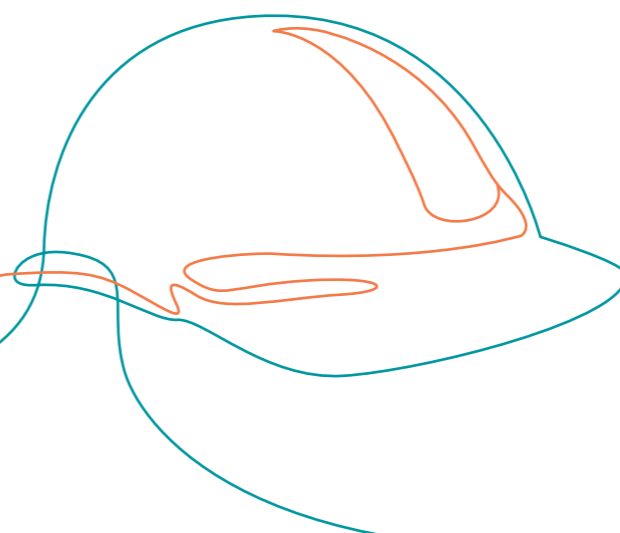
The most important step of the methodology is the stimulus to the teams through positive feedbacks made during conversations that reinforce safe behaviors. In 2013 more than 500,000 feedbacks were given to employees in all plants - considering all our units. As a result of this work, we've been able to have appreciable reductions in incident rates which, since the program's inception, have fallen 43% overall in the total accident rate and 50% in the accident rate with time away.

Global BBS numbers

Region	Feedbacks received by employees in 2013
Brazil	214,134
China	115,798
Italy	10,165
Slovakia	119,649
Mexico	26,206
United States	755
Brazil (Eletronics)	2,223
China (Eletronics)	17,438

We celebrate these numbers since they represent a step forward, however our goal remains **Zero Accident**.

With the intention of going beyond and increase even further our people' safety, in 2012 we initiated the second phase of the program and began coaching, conducted by the leaders with their teams, aiming to continuously improve the quality of conversations and feedbacks. In 2013, 2,739 coaching sessions were held in all our plants.



Since 2012, we also developed a global assessment project of all installed machinery in order to increase the safety of our manufacturing processes. Besides enabling the exchange of best practices among plants to find a solution to any problems, this initiative seeks to standardize best practices in Health and Safety management.

CIPA

Our units in Brazil rely on the Internal Commission for Accident Prevention (CIPA), consisting of a group of employees whose main aim is to support actions that prevent accidents. CIPA is present in Brazil to fulfill the Ministry of Labor's Regulatory Standard 5 (NR-5). The 92 members of this Commission incorporate into their routine monthly meetings, inspections, participation in improvement groups, running campaigns, conducting internal work accident prevention week and the environment (SIPATMA), among other activities.

Other Health and Safety initiatives

In addition to the initiatives described above, we carried out other global actions to reduce the number of accidents. They are:

- Campaigns on safety, health and environment focused on awareness of professionals working in our operations, addressing topics such as: World Day for Safety and Health at Work, World No Smoking Day and World Environment Day;
- Participation of the EHS area in the project development of new factories and machinery purchases in all units, establishing the necessary deliveries for the proper risk management as well as seeking an environment free of injuries and environmental damage.
- Creation/revision of global standards for various elements of the EHS system such as Safe Handling of Materials (industrial

vehicles, docks and general storage), Disciplinary Action Policies, Accident Registration and Investigation.

In 2014 we'll continue to invest in the various EHS workstreams such as global and local campaigns, use of BBS as a stimulus tool for safe behavior, participation in the projects of new production lines, issuance of new global standards aligned to the organization's needs, creation of new management tools and implementation of new global projects.

World Class Manufacturing

World Class Manufacturing (WCM), chosen to be our new management tool, has the item **safety** as the first among 10 technical pillars that make up its methodology, which also includes **quality, logistics, maintenance**, among others, having as its main objective the pursuit of **zero accident**. More information about WCM on page 39.



Indicators

In 2013, we reduced globally the injury rate by 29%, occupational illness rate by 33% and days away rate by 42%, compared with the previous year.

Health and Safety

	Injury Rate		Occupational Illness Rate		Days Away Rate for Accidents	
	2012	2013	2012	2013	2012	2013
Brazil (Compressors)	1.16	1.18	0.02	0.04	6.71	2.28
China (Compressors)	0.70	0.37	0.00	0.00	0.57	0.00
China (Electronics)	0.63	0.00	0.00	0.00	29.17	0.00
Italy	2.31	0.51	0.00	0.00	11.60	17.67
Slovakia	0.53	2.49	0.00	0.00	1.87	6.21
United States	0.00	0.00	0.00	0.00	0.00	0.00
Mexico	1.34	0.75	0.00	0.00	6.05	2.67
Brazil (Electronics)	1.50	0.00	0.00	0.00	0.00	0.00
Components	0.52	0.70	0.00	0.00	0.00	0.00
Foundry	1.35	3.11	0.45	0.00	0.45	7.76
Total Embraco Global	1.02	0.72	0.03	0.02	4.60	2.69

Disease Prevention GRI LA8

In 2013 we carried out a severe disease prevention work together with our employees. In the Brazil plants we promoted:

- STDs/ AIDS awareness campaign;
- Influenza Vaccination Campaign (with 6,352 doses to employees, contractors and family members);
- Breast Cancer prevention campaign and support to the international movement "Pink October", which also aims to combat the disease;
- Awareness about the importance of hand hygiene;
- Diabetes Prevention (with 2,128 tests conducted on employees, their families and general public);

In Slovakia, we supported no Smoking Day and in Mexico we conducted a Vaccination Campaign against Influenza.

PRIVATE SOCIAL INVESTMENT

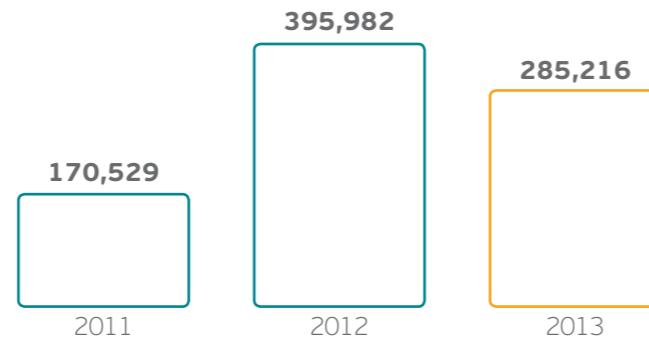


Private social investment GRI EC8

As a global company, we know that we generate direct and indirect impacts on various communities where we operate - and we make every effort to ensure that these impacts are always positive. We're willing to transform realities, so we believe that we have a responsibility to work to improve the lives of people who live in locations where we operate.

In 2013, we planned and carried out various social projects that contributed to the well-being of 33,862 people. During this period, we invested US\$ 285,215.72 thousand and offered 8,970 hours of community service in more than 30 actions, among which stand out is the Embraco Ecology Award - which this year reached its 21st edition - Embraco Volunteer program and Global Volunteer Day.

Private social investment (US\$)



Unit	Private social investment (US\$)		
	2011	2012	2013
Brazil	120,192	241,402	190,710
United States	8,495	2,550	8,700
Slovakia	36,200	52,198	62,173
China	5,642	7,103	6,600
Mexico	N/D	1,500	14,500
Italy	N/D	91,228	2,533
TOTAL	170,529	395,982	285,216

N/D – não disponível.



Mexico Global Volunteer Day volunteers.

Global Volunteer Day

Global Volunteer Day is a global event that seeks to value the communities' beauty and, through volunteer work, aims to transform reality by realizing a dream. The program encourages our employees to set aside one or two days a year to work in a location, performing different activities that directly benefit the population. In 2013 the following activities were undertaken:

- **Brazil:** on November 22 and 23, volunteers went to the Amador Aguiar Municipal School and Centro de Educação Infantil Espaço da Criança and made repairs to playgrounds, painted fences, cleaned up the yard and built vegetable gardens in mandala form

and a storage area for selective trash collection.

- **China:** on September 21, 54 volunteers helped the Mulan community to organize the local library and make signs to indicate the location of the most important points.
- **Mexico:** on October 26 restoration work of José Guadalupe Zuno Arce School was carried out by cleaning the garden, painting the handrails, restoring the school vegetable garden and planting six live oaks on the property.
- **Slovakia:** On September 21, volunteers worked in the Spišská Nová Ves National Park, collecting trash and debris, planting trees, restoring the existing cemetery within

the park and making drawings of nature alongside children with diabetes.

Although the intervention moment in the community is carried out in one or two days, Global Volunteer Day uses the Oasis methodology, which foresees intense behind the scene work in the months preceding the action so that the team involved observes and listens to the community, this way, understands what their main needs are and evaluates what types of actions can be performed - considering the number of volunteers, their different expertise and other variables. Learn more about aspects of the methodology in the table.



Brazil Global Volunteer Day volunteers.

In 2013, Global Volunteer Day involved 619 volunteers, 1,903 hours devoted to work in communities and benefited 1,600 people in different cities around the world. In that year a survey was conducted with those involved which indicated 92% satisfaction of the people in the communities and 94% of volunteers.

Embraco Ecology Award

With 21 years of history, the Embraco Ecology Award aims to disseminate environmental education among public and private schools in the city of Joinville, Santa Catarina (Brazil), encouraging the development of projects related to environmental education and inviting the participating schools to include the issue in their pedagogical-policy plan.

Divided into two categories - Action and Transformation-the Award involves the discussion of sustainable practices together with principals, teachers and students. In the Action category, the focus is on pedagogical and management aspects. In the Transformation category, the

Award encourages schools to develop projects that address three dimensions holistically: pedagogical, management and infrastructure.

Besides the pedagogical part, the Award invites the school to think of ways to consume less energy, improve acoustic comfort and integrate the environment with the school infrastructure to be an example of environmental behavior for parents and students.

In 2013, the winners received the Quero-Quero Trophy and financial resources to implement the awarded projects totaling R\$ 56,000. In the Transformation category, the Doctor Hans Dieter Schmidt Municipal School was awarded with the "Interactive School Space" project, which will transform an unused school area into a proper place for countless learning possibilities.

The Action category awarded the schools Alegria de Viver Child Education Center, Espinheiros Education Center, Lea Maria Aguiar Lepper Basic Education and Teacher Eladir Skibinski Municipal School.



Embraco Ecology Award.



Brazil Global Volunteer Day.

Since its founding in 1993, the Embraco Ecology Award has already recognized the work of 64 learning institutions from Joinville (Brazil), involving more than 100,000 people, including principals, teachers and students. In total, 93 projects have been awarded. Get more information about the Award by accessing the blog www.premioembracoecologia.wordpress.com or the site www.embraco.com.br/ecologia.

Embraco Environmental Gymkhana

Since 2011 we've conducted an environmental education work that mobilizes the school community in Itaiópolis, Brazil, through a gymkhana involving principals, teachers and students, and also has the support of the State and Municipal Secretaries of Education.

The Embraco Environmental Gymkhana promotes cooperation among the participating schools and brings the discussion about the environment to the student's world through activities such as volunteering, practicing agroecology and themed parades.

In 2013, developing educational activities, using the vegetable garden as a tool, was proposed along with developing activities related to the theme during the school year. Every month, reports on the activities were sent by schools for publication in the project's blog.

Breaking the Routine

The Volunteer Program was created 10 years ago in Brazil and its goal is to get our employees closer to the communities where we operate. Through structured actions, we offer training courses and invite them to "get their hands dirty" in periodic actions.

In 2013, the program involved volunteers in all countries in which we operate and during their work, those involved received food, transportation and materials so that their experiences were always positive and their actions increasingly effective.

Other units such as the United States, Slovakia, Italy and China also have an internal volunteer program.

SOME EXAMPLES OF VOLUNTEER PROGRAM ACTIONS

Anjos do Bem

The Anjos do Bem (Good Deed Angels) project has existed for 11 years and operates with 20 volunteers in the Embraco Ecology Award winning schools participating monthly in recreational activities with children and young people and interacting with the elderly in nursing homes.

Eecon@legria

The Eecon@legria project is primarily engaged in recreation with children of the Vitorias do Juquiá Institution reusing recyclable materials. The group has existed for eight years and, in 2013, was comprised of 22 volunteers.

Bem Aventurados

The Bem Aventurados project began in 2013 and saw the participation of 12 people to carry out recreational activities with children from the Tia ISSO institution. Among the activities developed are theatrical performances for children and revitalizing vegetable gardens.



China Global Volunteer Day volunteers.

Embraco Slovakia

In Slovakia 1,546 hours were devoted to social works in 2013, through 22 different activities. During the year, we helped clean the Nová Ves Spišská zoo, made a partnership with fishermen to clean the Hornad river (part of the same city), collaborated in reconstructing a public gallery in High Tatras, took people with mental disabilities for a trip, among many other activities donating time, affection and attention.

Sharing Best Practices

Business Leader Forum

The Business Leader Forum (BLF) is an informal gathering of 26 companies from Slovakia who meet to discuss best practices related to corporate responsibility. Besides Embraco, the Forum includes names like Volkswagen, US Steel, Slovak Telekom, HP, among others, who meet quarterly to share best practices and discuss - through seminars and workshops - topics involving questions about employees, environment, suppliers and markets.

In an event held in November 2013, Štefan Leibiczer - our Europe Purchasing Manager - presented Embraco cases on Supply Chain Responsibility for the public present in the Forum.

Sustainability Council

In 2013 we implemented the Sustainability Council, an initiative that brings together

executives from different areas and aims to discuss the company's long term strategy. The council met every three months and is led by our President, Roberto Campos, the vice president of Human Resources, Communication, Sustainability and EHS, Ursula Angeli, and the board.

Community Survey

In 2012 a survey was conducted with the community to assess the perception of Spisska Nova Ves inhabitants regarding the activities we've carried out. The survey was designed so that we could know people's opinions about the following aspects:

- Our image;
- Social assistance offered;
- Family Day;
- Quantity and quality of information provided by Embraco;
- Projects supported by us;
- Our sustainable actions;

- Embraco's association to innovation; and
- Our volunteer actions;

The survey showed that most respondents consider the support we offer to all projects and organizations with which we are involved as necessary. In addition, people who responded to the survey believe that for the next projects, we should give priority to the areas of health, sport and education.

By the end of 2013 we had registered 160 requests for donations, of which 70 have been met. Altogether, 67,000 euros were distributed in the form of social investment for the local community throughout the year.



Slovakia Global Volunteer Day volunteers.

ABOUT THIS REPORT



About this Report

GRI 3.1 3.2 3.3 3.6 3.7 3.8

The annual Embraco Sustainability Report includes part of our history, our structure, our management policies and major events and achievements of the company for the period January 1 to December 31, 2013, from an economic, social and environmental point of view.

The report follows the reporting guidelines proposed by the Global Reporting Initiative (GRI), a nongovernmental organization based in Amsterdam, Netherlands, which proposes standard reporting to provide solid parameters so that companies can be evaluated by the market before their peers, and also to enable them to assess the evolution of their own performance in relation to corporate sustainability. The principles that guided the report's design and development are: balance, comparability, accuracy, periodicity, clarity and reliability of the information divulged.

This report aims to meet the level B of the GRI 3.1 application guidelines that determine reporting all profile indicators and at least 20 performance indicators. To better understand what this means, more information is available in the chapter "GRI Index" of this report.

The GRI offers 84 performance indicators to be answered, of which we responded to 40. With the intention of making this document relevant to all our stakeholders, we consulted with our stakeholders to find out which aspects of our operation they consider most important for our business to sustain itself in the long run.

These material aspects - presented in the materiality matrix below - were our guide to choose which performance indicators we would address.

Although all performance indicators report only the year 2013, to maintain the report updated on its release date (2014, September), some contents of this publication

discuss achievements and events of 2014 too - always properly marked.

Materiality Matrix

GRI 3.5 4.14 4.15 4.16 4.17

The materiality matrix used in this report was prepared in 2011, based on the guidelines of AA1000 - Accountability Principles Standard 2008 which focuses on consultation and stakeholder engagement, developed by AccountAbility, British non-governmental organization specializing in these topics. The other reference was GRI methodology itself.

MAIN STAKEHOLDERS

- Customers;
- Suppliers;
- Employees; and
- Communities surrounding our operations.



The process included analysis of internal documents, online consultation to the internal public and customer survey, as well as interviews with then president of Embraco (João Carlos Brega), sustainability specialists and community representatives.

In 2012, materiality was updated through a query to some of our stakeholders. Material aspects, maintained in this reporting process which guided us in the choice of performance indicators are:

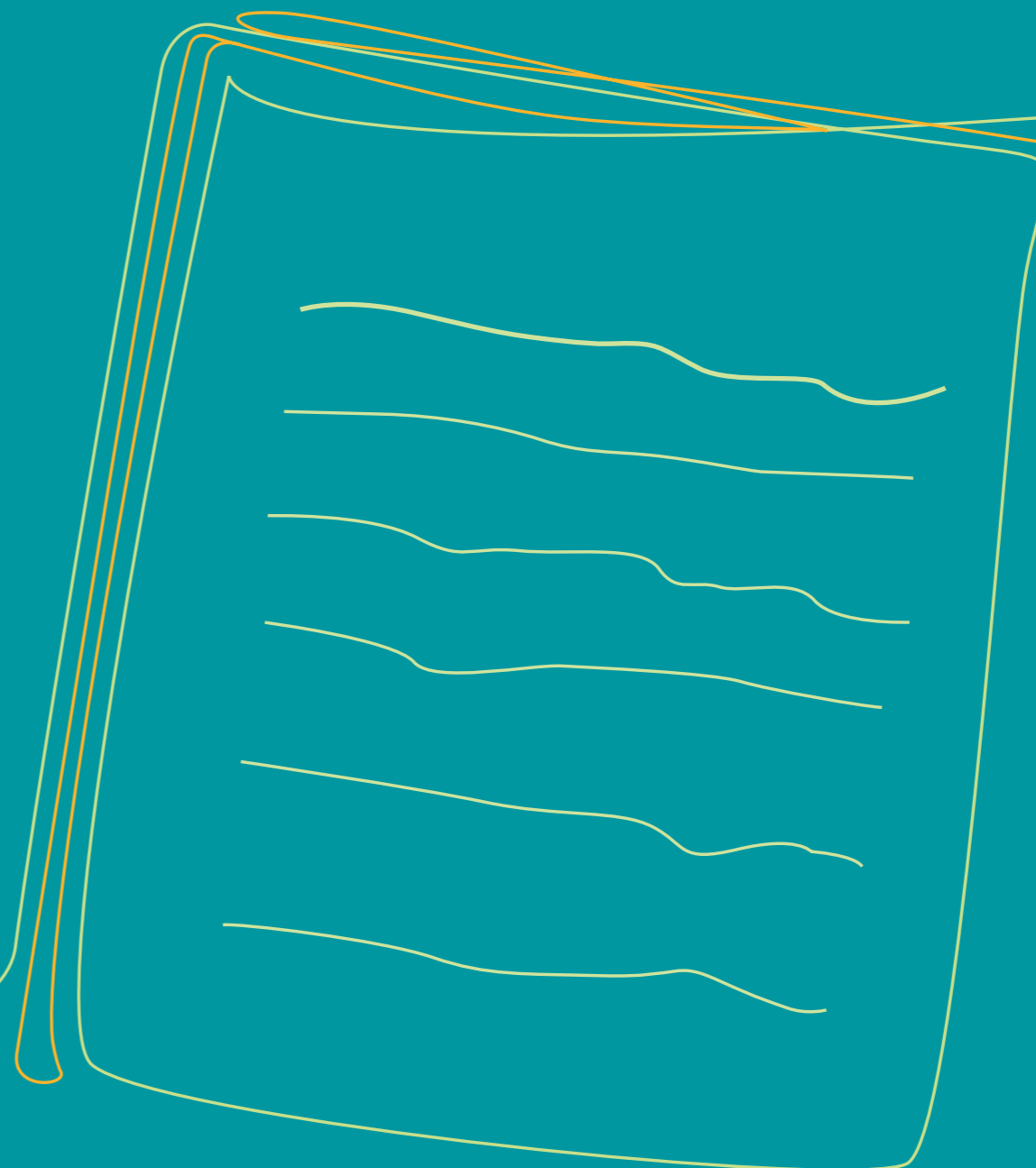
1. Eco-efficiency
2. Sustainable energy solutions
3. People development and training
4. Ethics in business
5. Minimizing environmental impact
6. Respecting and valuing diversity
7. Product quality and customer satisfaction indexes

GRI Indicators Report

From the material issues raised in this consultation with our stakeholders, the GRI indicators related to each theme were selected. To address these indicators, we created a work group - with professionals from different areas of the company - which was responsible for obtaining the information that served as input for the report.



ADJACENT INFORMATION



Direct and Indirect Global Energy Consumption GRI EN3 | EN4

Energy consumption (GJ) - COMPRESSOR UNITS

	China		Italy		Slovakia		Brazil		Mexico		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Direct Energy												
Natural gas	78,007	68,606	59,410	52,841	117,086	114,796	228,721	206,330	31,858	39,276	515,083	481,849
LPG	0	0	0	0	0	0	6,089	5,880	0	0	6,089	5,880
Diesel oil	399	220	28	0	1,531	2,006	1,845	1,926	59	37	3,862	4,189
Gasoline	1,318	1,449	0	0	0	1,801	140	131	2	2	1,459	3,383
Subtotal	79,724	70,275	59,438	52,841	118,617	118,603	236,794	214,267	31,920	39,315	526,493	495,302
Indirect Energy												
Electricity	118,718	110,224	53,675	43,412	127,707	126,749	410,855	361,046	48,135	56,451	759,091	697,883
Subtotal	118,718	110,224	53,675	43,412	127,707	126,749	410,855	361,046	48,135	56,451	759,091	697,883
TOTAL	198,441	180,500	113,114	96,254	246,325	245,352	647,650	575,313	80,055	95,766	1,285,584	1,193,184

Energy consumption (GJ) - OTHER UNITS

	Components		Foundry		Brazil (Electronics)		China (Electronics)		United States		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Direct Energy												
Natural gas	0	0	10,445	12,105	0	0	0	0	987	2,003	11,433	14,108
Methanol	367	393	0	0	0	0	0	0	0	0	367	393
Propane	3,264	4,109	0	0	0	0	0	0	328	0	3,592	4,109
LPG	3,687	4,235	3,631	3,367	0	0	0	0	0	0	7,318	7,602
Diesel oil	-	22	1,801	1,168	0	0	0	0	0	0	1,801	1,190
Subtotal	7,319	8,759	15,878	16,640	0	0	0	0	1,315	2,003	24,511	27,402
Indirect Energy												
Electricity	14,205	14,971	245,586	218,836	7,299	6,733	5,046	6,044	1,987	1,822	274,124	248,405
Subtotal	14,205	14,971	245,586	218,836	7,299	6,733	5,046	6,044	1,987	1,822	274,124	248,405
TOTAL	21,524	23,730	261,464	235,476	7,299	6,733	5,046	6,044	3,302	3,825	298,635	275,807

Emissions GRI EN16

GHG emissions (tCO2)* - COMPRESSOR UNITS

	China		Italy		Slovakia		Brazil		Mexico		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Direct Emissions	5,757	5,408	3,482	2,954	7,405	7,213	17,717	17,335	1,740	2,143	36,101	35,053
Indirect Emissions	33,046	30,682	7,201	5,831	8,939	8,872	7,381	9,650	8,022	9,408	64,589	64,444
Total	38,803	36,091	10,683	8,785	16,344	16,085	25,098	26,985	9,762	11,551	100,690	99,497

GHG emissions (tCO2)* - OTHER UNITS

	Components		Foundry		Brazil (Eletronics)		China (Eletronics)		United States		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Direct Emissions	490	563	969	1,009	62	47	0	0	73	0	1,594	1,619
Indirect Emissions	258	400	4,399	5,856	133	181	1,404	1,683	345	316	6,539	8,436
Total	748	964	5,368	6,865	195	228	1,404	1,683	418	316	8,133	10,056

* The methodology used is the GHG Protocol. All direct and indirect emissions arising from electrical energy consumption were recorded.

Water Consumption GRI EN8

Water Consumption (m³) - COMPRESSOR UNITS

	China		Brazil		Italy		Slovakia		Mexico		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Wells	0	0	176,391	139,631	40,382	30,298	0	0	0	0	216,773	169,929
Water supply networks	134,231	118,336	68,023	73,037	10,370	10,743	105,163	86,688	63,900	76,282	381,687	365,085
Total	134,231	118,336	244,414	212,668	50,752	41,041	105,163	86,688	63,900	76,282	598,460	535,014

Water consumption (m³) - OTHER UNITS

	Components		Foundry		Brazil (Electronics)		China (Electronics)		United States		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Wells	14,355	11,238	94,527	88,524	0	0	6,540	3,757	0	0	115,422	103,519
Water supply networks	2,509	4,040	5,265	11,126	3,324	2,240	0	0	3,831	3,243	14,929	20,649
Total	16,864	15,278	99,792	99,651	3,324	2,240	6,540	3,757	3,831	3,243	130,351	124,169

Water discharge GRI EN21

Discharge of effluents (m³) - COMPRESSOR UNITS

	Brazil		Italy		Mexico		Slovakia		China		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Return to collection point	75,768	146,782	48,214	38,989	0	0	83,396	79,345	63,227	50,869	270,605	315,985
Public Sewage System	0	0	0	0	0	0	0	0	0	0	0	0
Evaporation	34,218	28,343	2,538	2,052	1,313	1,086	0	0	0	0	38,069	31,481
Irrigation	0	38,972	0	0	219	217	0	0	0	0	219	39,189
Total	109,986	214,097	50,752	41,041	1,532	1,303	83,396	79,345	63,227	50,869	308,893	386,654

Discharge of effluents (m³) - OTHER UNITS

	Components		Foundry		Brazil (Electronics)		China (Electronics)		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Return to collection point	13,660	8,601	52,890	63,777	N/D	2,240	N/D	3,757	66,550	78,375
Public Sewage System	0	0	0	0	N/D	0	N/D	0	0	0
Evaporation	3,204	1,035	8,981	12,265	N/D	0	N/D	0	12,185	13,300
Irrigation	0	3,364	0	3,679	N/D	0	N/D	0	0	7,044
Total	16,864	13,001	61,871	79,721	N/D	2,240	N/D	3,757	78,735	98,719

Non-hazardous and hazardous waste GRI EN22 EN24

Total Waste (t) - COMPRESSOR UNITS

	China		Brazil		Italy		Slovakia		Mexico		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Non-hazardous waste												
Economic recycling	12,708	7,914	65,270	50,168	5,590	5,006	19,852	19,701	3,666	6,150	107,086	88,939
Environmental recycling	0	229	8	73	1,027	544	3	2	0	726	1,038	1,574
Incineration	0	0	0	0	0	0	0	0	0	0	0	0
Landfill	957	842	1,466	1,317	0	7	819	563	128	70	3,370	2,799
Construction/remedial waste	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	13,665	8,985	66,744	51,558	6,617	5,557	20,674	20,266	3,794	6,946	111,494	93,312
Hazardous waste												
Economic recycling	25	23	241	226	0	0	32	52	0	0	298	301
Environmental recycling	1	6	70	61	0	23	1,912	1,705	2	151	1,985	1,946
Incineration	39	32	683	635	0	0	0	0	92	60	814	727
Landfill	90	58	288	78	195	219	281	291	45	58	899	704
Subtotal	155	119	1,282	1,000	195	242	2,225	2,048	139	269	3,996	3,678

Total Waste (t) - OTHER UNITS

	Components		Foundry		Brazil (Electronics)		China (Electronics)		United States		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Non-hazardous waste												
Economic recycling	597	707	107	126	76	0	28	18	0	0	808	851
Environmental recycling	2	48	0	2	0	1	0	0	0	0	2	51
Incineration	0	0	0	0	0	0,1	0	0	0	0	0	0,1
Landfill	69	60	15,065	13,840	0	1	6	2	38	0	15,178	13,903
Subtotal	668	815	15,172	13,968	76	2	34	20	38	0	15,988	14,805
Hazardous waste												
Economic recycling	4	13	1	3	2	83	0	0	0	0	7	99
Environmental recycling	3	4	3	3	0	0	0	0	0	0	6	7
Incineration	8	6	22	19	0	0	0	2	0	0	31	27
Landfill	8	6	58	51	1	0	0	0	0	0	67	57
Subtotal	23	29	84	76	3	83	0	2	0	0	111	190

GRI INDEX



GRI Index GRI 3.12

Profile

Indicator	Information to be Obtained	Page or Direct Response	Status Report
Strategy and Analysis			
1.1	Statement from the organization's most senior decision maker	6	●
1.2	Description of key impacts, risks, and opportunities	31	●
2.1	Name of the organization	18	●
2.2	Primary brands, products, and/or services	18	●
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	18	●
2.4	Location of organization's headquarters	18	●
2.5	Number of countries where the organization operates, and names of countries where its main operations are located or that are specifically relevant	18	●
2.6	Nature of ownership and legal form	22	●
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	18	●
2.8	Scale of the organization, including: <ul style="list-style-type: none"> • Number of employees • Number of operations • Net sales or net revenues • Total capitalization broken down in terms of debt and equity • Quantity of products or services provided 	18	●
2.9	Significant changes during the reporting period regarding size, structure, or ownership	26	●
2.10	Awards received in the reporting period	23	●

● complet
○ partial

Indicator	Information to be Obtained	Page or Direct Response	Status Report
Report Parameters			
3.1	Reporting period	79	●
3.2	Date of most recent previous report	79	●
3.3	Reporting cycle	79	●
3.4	Contact point for questions regarding the report or its contents	98	●
3.5	Process for defining report content	79	●
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	79	●
3.7	Statement of any specific limitations on the scope or boundary of the report	79	●
3.8	Base for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organizations	79	●
3.9	Data measurement techniques and the bases of calculations	Responses to performance indicators follow the GRI protocols with respect to measurement techniques and collection of data and are based on our internal monitoring systems	●
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	In this report there are no re-statements of information provided in earlier reports	●
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	There were no changes from the previous report	●
3.12	Table identifying the location of information in the report	90 to 96	●
3.13	Policy and current practice with regard to seeking external assurance for the report	The information disclosed has not been audited	●

● complet
● partial

Indicator	Information to be Obtained	Page or Direct Response	Status Report
Corporate Governance			
4.1	Governance structure of the organization, including committees under the highest governance body	25	●
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Not applicable	●
4.3	For organizations that have a unitary board structure, state the number and gender of independent or non-executive members of the highest governance body	There are no independent or non-executive members	●
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Whirlpool SA holds an annual meeting with their shareholders. Moreover, this public has a permanent communication channel, which can be triggered by the site, by phone and by e-mail	●
4.5	Linkage between compensation for members of the highest governance body (senior managers, and other executives) and the organization's performance	Systems of variable remuneration are based on economic goals and ensure consistency between the company's performance evolution and the financial recognition of leadership	●
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	26	●
4.7	Processes in place for the highest governance body to ensure conflicts of interest are avoided	The competencies assessed of the members of the highest governance body are associated with the knowledge that the executive has of Embraco's business and their specific area of expertise	●
4.8	Statements of mission and values, codes of conduct, and internal principles	4	●
4.9	Procedures of the highest governance body for overseeing the organization's identification and management, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	32	●
4.10	Processes for performance self-assessment of the highest governance body	25	●
4.11	Explanation of if and how the organization applies the Precautionary Principle	We don't fully adopt the Precautionary Principle, but we seek to act with environmental responsibility by eliminating from products and processes substances proven harmful to the environment.	●
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	33	●
4.13	Participation in associations and/or national/international organizations	28	●
4.14	List of stakeholder groups engaged by the organization	79	●
4.15	Basis for identification and selection of stakeholders with whom to engage	79	●
4.16	Approaches to stakeholder engagement	79	●
4.17	Key topics and concerns that have been raised through stakeholder engagement	79	●

● complet
○ partial

Performance

Indicator	Information to be Obtained	Page or Direct Response	Report Status
Economic Performance			
EC3	Coverage of pension plan obligations defined by the organization	64	●
Aspect: Market Presence			
EC7	Members of senior management hired within the local community	63	●
EC8	Development and impact of infrastructure investments and services offered, primarily for public benefit, through commercial, in-kind, or pro bono engagement	72	●
Environmental Performance			
Aspect: Energy			
EN3	Direct energy consumption broken down by primary energy source	82 and 83	●
EN4	Indirect energy consumption broken down by primary energy source	49 and 50 / 82 and 83	●
EN5	Energy savings due to improvements in conservation and efficiency	49	●
EN6	Initiatives to provide energy-efficient or renewable energy based products and services	50	●
Aspect: Water			
EN8	Total water withdrawal by source	52 and 85	●
EN10	Percentage and total volume of water recycled and reused	53	●
Aspect: Emissions, Effluents, and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight	51 and 84	●
EN21	Total water discharge by quality and destination	53 and 86	●
EN22	Total weight of waste, by type and disposal method	54 and 87	●
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	54 and 87	●
Aspect: Products and Services			
EN26	Initiatives to mitigate environmental impacts of products and services	42 and 47	●
EN27	Percentage of products sold and their packaging materials that are reclaimed by product category	42	○

● complet
○ partial

Indicator	Information to be Obtained	Page or Direct Response	Report Status
Labor Practices and Decent Work Performance Indicators			
Aspect: Employmen			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	57 and 58	●
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	61 and 62	●
LA3	Benefits offered to full-time employees that are not offered to temporary or part-time employees, by the main operations	64	●
Aspect: Labor/Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements	58	●
LA5	Minimum in advanced notice period(s) regarding significant operational changes, including whether this procedure is specified in collective bargaining agreements	For being a global company and addressing different legal aspects, Embraco has no minimum period for all its plants, but respects all local laws	●
Aspect: Occupational Health and Safety			
LA6	Percentage of employees represented in formal joint management – worker health and safety committees that help monitor and advise on occupational health and safety programs	The Internal Commission for Accident Prevention (CIPA) is the only formal health and safety committee we have globally and is present in all our operations in the Brazilian territory. The 92 members of CIPA represent 100% of our workforce in Brazil, which equates to 50.7% of our global employees. More information on page 68	●
LA7	Rate of injuries, occupational diseases, lost days, absenteeism, and work-related fatalities by region and by gender	68 and 70	●
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist employees, their families, or community members regarding serious diseases	70	●
LA9	Health and safety topics covered in formal agreements with trade unions	Beijing: - The safety month, every year - Work protection, supervision and inspection Brazil: - Stability after dismissal of up to 60 days and by INSS, stability after dismissal of up to six months Mexico: - The Company must ensure and provide personal protection equipment as well as all conditions for Health and Safety mentioned in the federal work legislation Operations in Qindao, Italy, Slovakia and Russia do not have topics covered in formal agreements with trade unions	●

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● partial

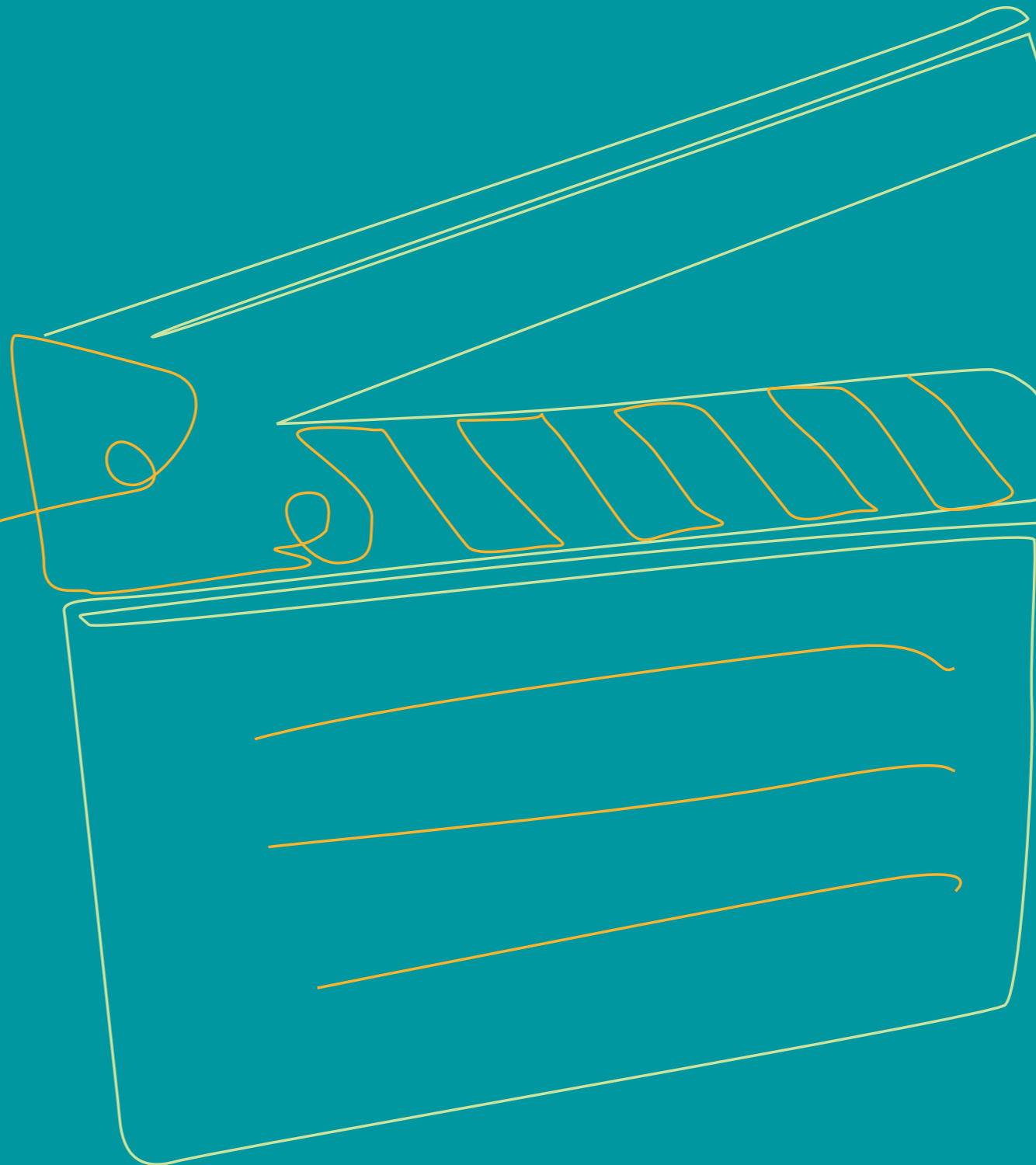
Indicator	Information to be Obtained	Page or Direct Response	Report Status
Aspect: Training and Education			
LA10	Average hours of training per year, per employee, broken down by gender and functional category	66	●
LA11	Programs for competencies management and continuous learning and end of career	We do not have a specific program for this purpose, however we have a leadership model that directs us in the way to work and develop ourselves, and – in the manufacturing areas – we have started implementation of WCM, a program whose people development pillar performs a mapping of employees' competencies of the factories and of all production processes	●
LA12	Percentage of employees receiving regular performance reviews	65	●
Aspect: Diversity and Equal Opportunity			
LA13	Composition of groups responsible for corporate governance and breakdown of employees by functional category according to gender, age group, minorities and other diversity indicators	60	●
Aspect: Equal Remuneration for women and men			
LA14	Proportion of base-salary and remuneration between men and women, broken down by functional category and operations in significant locations	63	●
Human Rights			
Aspect: Investment and Procurement Practices			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that were subjected to human rights screening	37	●
HR2	Percentage of significant contractors, suppliers and other partners that have undergone screening on human rights and the measures taken	37	●
Aspect: Child Labor			
HR6	Significant operations and suppliers identified as having significant risk for incidents of child labor and measures taken to abolish child labor	37	●
Aspect: Forced and Compulsory Labor			
HR7	Operations and suppliers with significant risk for incidents of forced or compulsory labor and measures taken to contribute to its elimination	37	●

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○ partial

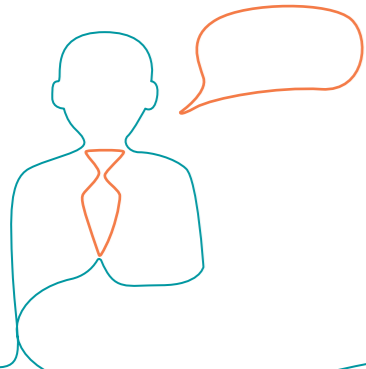
Indicator	Information to be Obtained	Page or Direct Response	Report Status
Society Performance			
Aspect: Corruption			
S02	Percentage and total number of business units submitted to risks assessments related to corruption	26	●
S03	Percentage of employees trained on anti-corruption policies and procedures of the organization	27	◐
S04	Measures taken in response to incidents of corruption	27	●
Aspecto: Políticas Públicas			
S05	Positions relative to public policy and participation in public policy development and lobbying	28 and 29	●
Product Responsibility			
Aspect: Customer Health and Safety			
PR1	Life cycle stages of products and services in which health and safety impacts are assessed for improvement, and percentage of products and services subject to such procedures	34	◐
Aspect: Product and Service Labeling			
PR3	Type of information about products and services required by labeling procedures, and the percentage of products and services subject to such requirements	41	●
PR5	Practices related to customer satisfaction, including survey results measuring customer satisfaction	40	◐

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◐ partial

CREDITS



Credits GRI 3.4

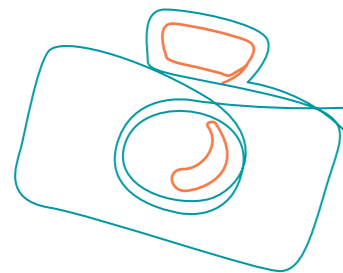


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Embraco Archive

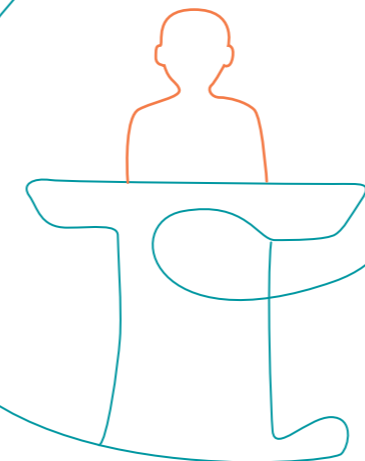
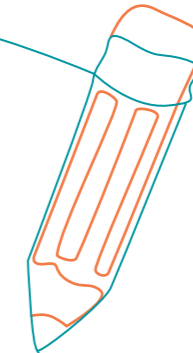


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