



INTRODUCTION

G4-18; G4-22; G4-23; G4-24; G4-25; G4-26; G4-28; G4-29; G4-30; G4-32; G4-33

Embraer is pleased to present its 2014 Annual Report, which reflects the importance attach to corporate values play within the business strategy. This in turn is focused on the constant pursuit of ever-higher levels of excellence.

The Company's activities are oriented towards sharing value with its stakeholder groups. This report has been therefore structured around Embraer's principal stakeholders — shareholders, clients, people (including employees), partners (including suppliers), society and the environment — while presenting the corporate values that relate to each.

For the 7th consecutive year, the report follows **Global Reporting Initiative (GRI)** guidelines, in line with version GRI G4 Guidelines under the in accordance – option Core. The indicators presented here cover the period from 1st January to 31st December 2014.

The report also takes into account the requirements of the **Dow**Jones Sustainability Index (DJSI) and the Brazilian Corporate

Sustainability Index (ISE), as well as the ten principles of the

United Nations Global Compact, of which the Company has been a signatory since 2008.

KPMG Independent Auditors audited the financial statements, which were compiled in accordance with International Financial Reporting Standards (IFRS). The socio-environmental data was compiled and verified internally. Significant data changes that affect comparability from one year to the next are highlighted in footnotes or text throughout the report.



A MODEL TO CREATE MORE VALUE

MATERIALITY MATRIX G4-19; G4-27; G4-37; G4-43; G4-45

With the aim of positioning sustainability issues more squarely within the strategic framework and channeling resources to areas that create the greatest value for the company and its main stakeholder groups, Embraer carried out a consultation process to identify the most important corporate social responsibility issues to be addressed in its Materiality Matrix.

The consultation was carried out through the course of 2012 and revised in 2013. As the issues can alter over time due to changes in societal concerns as well as in the business, the Materiality Matrix must be a dynamic tool. The company envisages its revision every three years as an aid to business decision-making.

The Matrix was designed with the assistance of an external consultancy. Along with business and strategy analysis, the

 Natural resources and waste management · Attraction, development Atmospheric emissions and retention of talent • Noise Human rights and Product safety worker rights Health and safety Importance for stakeholders Chemical substances management Environmental lifecycle management • Socio-economic use of product development of New sustainable local community business activities · Research, development products and services and innovation Biodiversity Philanthropy and volunteering and security Dematerialization

Influence on business strategy

Governance Environment People Value Chain Products, Services and Clients

consultation entailed interviews with internal and external stakeholders, an assessment of expectations regarding sustainability issues and an evaluation of best practices in other companies, both within and outside the industry in which Embraer operates.

The resulting matrix was endorsed by the company's top directors and an identified the key areas for management focus: governance; environment; people; value chain; and products, services and customers.

MANAGING SUSTAINABILITY G4-20; G4-21

Sustainability in its economic, social and environmental dimensions forms part of Embraer's strategic objectives and is fundamental for good business and the Company's long-term future.

The Materiality Matrix provides the basis for the **Sustainability Master Plan**, which seeks to establish strategic directives and long-term goals, adhering to relevant legal norms and Embraer's own sustainability directives.

The **Sustainability Master Plan** spans three years (2015-2017) and is comprehensive, with the exception of water, energy, waste and atmospheric emissions indicators, which are initially derived from Faria Lima, Eugênio de Melo, Taubaté, ELEB, Gavião Peixoto and Botucatu. Together these units account for 89% of Embraer's workforce. In future, the collection and consolidation of global environmental indicators will enable the Plan's second cycle, beginning in 2018, to define whole strategies for the whole company.

An annual review will identify possible adjustments needed to the Plan, taking into account growth strategies and always in line with Embraer's core value 'We build a sustainable future'.

The Sustainability Committee is an integral part of the Company's governance structure and is charged with assessing and proposing relevant strategies, indicators and goals to top leadership.

SUSTAINABILITY MASTER PLAN: MAIN GOALS 4.2

Issue	Indicator	Goal
ETHICS	% Adherence to compliance policies and procedures	100%
ATTRACTION, DEVELOPMENT AND RETENTION OF TALENT	% Favorability rating on organizational climate survey	80%
	No. Hours of training per year	500,000 hours/year
PRODUCT SAFETY	Retention of type approval certificates for commercial and executive aircraft	100% of relevant accreditations
	Retention of appropriate company accreditations across all Embraer premises identified as relevant by Business Units.	100% of relevant accredited sites
CHEMICAL SUBSTANCES MANAGEMENT	Development of new system for managing chemical substances, to ensure adequate knowledge of chemical composition of product line in order to conform to current and future environmental legislation	Phase I - definition and structure: through February 2015 Phase II - platform design and data entry: through December 2016 Phase III - full system operation by December 2017
SUPPLY CHAIN MANAGEMENT	% Suppliers classified as 'highly environmentally risky' in risk assessments	0%
EXPORT CONTROLS	% Adherence to export control policies and procedures	100% of areas covered by compliance assessment survey
NEW SUSTAINABLE BUSINESS ACTIVITIES, PRODUCTS AND SERVICES	Number of new business activities, products and services that incorporate Sustainability precepts	Launch project demonstrating incorporation of sustainability principles each year
	Energy consumption (MWh) per aircraft equivalent	3% reduction in electricity consumption per aircraft equivalent, using 2014 as base year
	Water consumption (m³) per head	4% reduction in water consumption per head, relative to 2014 base year
	Generation of waste solids/net revenue	3% reduction in generation of overall waste per US\$1m of revenue
MANAGEMENT OF NATURAL	Generation of waste solius/net revenue	3% reduction in generation of toxic waste per US\$1m of revenue; using 2013 as base year for both
RESOURCES AND WASTE	% Of industrial (manufacturing) units and Embraer service centers with ISO 14001 certification	100% of industrial units and service centers operating in 2014 hold ISO certification 14001. New facilities to achieve certification within three years of inauguration
	% Of industrial (manufacturing) units and Embraer service centers assessed for environmental liabilities	100% of industrial units and service centers operating in 2014 mapped for environmental liabilities (with respective action plans). New building acquisitions, new installations and business activities must be preceded by environmental liability due diligence assessment, with a view to ensuring Company gains access to relevant information required for decision making
ATMOSPHERIC EMISSIONS	Greenhouse gas emissions (scopes 1+2)/net revenue	3% reduction in greenhouse gas emissions (scopes 1+2) per US\$1m of revenue; using 2013 as base year
	VOC emissions/net revenue	3% reduction in VOC emissions per US\$1m of revenue, using 2014 as base year
HUMAN RIGHTS AND WORKER RIGHTS	% Of individual suits and cases arising from employee complaint per employee	Standard of excellence in the market, below the national average for companies of similar size according to individual country regulatory authorities
WORKER HEALTH AND SAFETY	Lost Time Injury Rate (LTIR)	30% reduction in LTIR relative to 2014
	% Of industrial (manufacturing) units and Embraer service centers with OHSAS 18001 certification	100% of industrial units and service centers operating in 2014 have OHSAS 18001 certification. New facilities to be certified within three years of inauguration
TRANSPARENCY AND COMMUNICATION	% Of indicators addressed in company's Global Reporting Initiative (GRI) report.	Annual GRI report – comprehensive level
	Environmental requirements in product development	Incorporate environmental standards, beyond those addressing noise and emissions, in 100% of new products launched
ENVIRONMENTAL LIFE-CYCLE MANAGEMENT OF PRODUCT	Use of simplified life cycle assessment (DfE Matrix)	Use DfE Matrix to assess 100% of new products launched; for existing products, assess products equivalent to at least 50% of Embraer's revenue
	Client-oriented at end of product life cycle	Create document containing strategic directives for end of life cycle for Embraer's products
LOCAL SOCIOECONOMIC DEVELOPMENT	Balanced Score Card (BSC) average for results of projects supported each year by Social Partnership Program	Score 4 (on a scale of 0 to 5)
	Number of Embraer volunteers engaged in Entrepreneurship, Social Partnership and other programs supported by Embraer Institute	20% increase in number of employee volunteers, relative to base year of 2014
	Pass rate of Embraer School Students in university entrance exams	Maintain pass rate above 80% for Embraer School students
RESEARCH, DEVELOPMENT AND INNOVATION	Share of annual investment in technology development applied to environmentally beneficial projects	Continuous increase in percentage of annual investment in technology development applied to projects yielding environmental gains, reaching at least 50% of the total by 2017 (for resources to be invested in 2018)

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MESSAGE FROM THE PRESIDENT & CEO

G4-1: G4-2

Dear Shareholders.

In 2014 we saw significant challenges as well as commercial triumphs, advances in product development and an expansion of manufacturing operations. Thanks to all our professionals' commitment to continuous improvement within the framework of our Entrepreneurial Excellence Program (P3E), we achieved solid financial results.

During the year we generated 14.9 billion reals in revenue and an operational profit of 1.3 billion reals. In addition, during the third quarter the value of our firm order backlog reached an historic high of US\$22.1 billion. From the cash flow standpoint, longer effective payment cycles on the part of some clients impinged on the outturn, resulting in a negative balance of 824m reals at year-end. It is also relevant to note the great effort applied to new product development and productivity improvements, entailing investments in excess of 1.2 billion reals during the year.

Performance in 2014 has reinforced our confidence in Embraer's continuing soundness and strong competitive position. The planned launch of five new product lines over the next six years will provide significant leverage for business results during the next two decades

In Commercial Aviation, which totaled 92 deliveries in the year, we made headway in developing the second generation of E-Jets (E2), maintaining our leadership position in the market for 70-130 seat aircraft. In October, our unit in Évora (Portugal) turned out the first E190-E2, which we envisage will be certified and in service by the end of 2018. The E195-E2 and E175-E2 will complete the family, entering service in 2019 and 2020 respectively.

In Executive Aviation, which closed 2014 with 116 deliveries, a milestone achievement was the Legacy 500's certification in Brazil,

the US and Europe. The other model in the family, the Legacy 450, was presented for the first time in the US and is expected to achieve certification during 2015.

We also had a good year in Embraer Defense & Security, with the production of the first prototype of the KC-390 cargo carrier, which made its maiden flight in February 2015, along with the signing of a contract for its serialization. We unveiled the first A-29 Super Tucano light attack aircraft manufactured in Jacksonville, Florida (USA) and made headway with the Integrated Border Monitoring System and Strategic Defense and Communications Geostationary Satellite programs in Brazil, all in line with their planned timetables and budgets.

We mustn't forget to highlight Embraer's winning of the National Quality Prize. Conferred by the Brazilian National Quality Foundation, this is one of the most prestigious awards for managerial excellence. Embraer's recognition in 2014 largely reflects its high employee satisfaction ratings; these reached 86% in 2014 and contributed to the Company being declared one of the Best Places to Work in Latin America (Great Place to Work Institute) and receiving special mention in the Best Places to Start a Career prize (*Você S/A* magazine).

In 2014 we maintained our focus on innovation and created the Aerospace Investment Fund (FIP), the first of its kind in Latin America. The idea for the fund started with our Innova Program, which encourages Embraer's teams to constantly develop innovative projects. Another highlight was the inauguration of the Engineering and Technology Center in Melbourne, Florida (USA), modeled on the one already operating in Belo Horizonte (Minas Gerais).

We renewed our commitment to the UN's Global Compact and retained our listings on the Dow Jones Sustainability Index (DJSI), the

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New York Stock Exchange (NYSE) and the Corporate Sustainability Index of the BM&FBovespa (ISE). In the social sphere, the Embraer Institute invested in developing quality education programs, community partnerships and activities oriented towards volunteering, entrepreneurship and preserving the history of the aeronautics industry.

Finally, I'd like to emphasize that all strategic decisions are guided by a set of beliefs expressed by our corporate values: "Our people are what make us fly"; "We are here to serve our customers"; "We strive for company excellence"; "Boldness and innovation are our hallmarks"; "We build a sustainable future"; and "Global presence is our frontier". Together, these values establish the foundation for the Company's long-term success.

In 2015 we will continue our evolution from being a Brazilian company that exports to the world to a global company headquartered in Brazil. We will remain committed to investing in our people and to maintaining ethical and professional relationships with our clients, shareholders, partners, the local community and the environment.

On behalf of Embraer's management team, I would like to thank everyone for their contribution towards our accomplishments and financial results in 2014. At the same time, I would like to reinforce our commitment to building the business's future and longevity with integrity, passion and knowhow.



Frederico Fleury Curado

President & CEO

PROFILE





A BRAZILIAN COMPANY WITH GLOBAL OPERATIONS

With its focus on entrepreneurial excellence, Embraer is one of the leading players in the global aviation industry



G4-3: G4-7: G4-9

mbraer is a Brazilian company that is a global leader in the aerospace sector. Its areas of operation are the design, development, manufacture and sale of aircraft and systems, in addition to after-sales services.

The Company seeks to deliver full satisfaction to its clients and generate shareholder value through a focus on talent, organizational excellence and innovation, supporting sustainable operations of worldwide reach.





215
aircraft delivered in 2014

ADDITIONAL HIGHLIGHTS OF 2014:

- » Market leader for commercial jets with up to 130 seats
- » More than 5,000 aircraft delivered on all continents (as of 2014)
- » 2,073 employees abroad
- » US\$20.9 billion firm order backlog



reals in exports in 2014



reals in net revenue in 2014



Business philosophy

OUR VISION

Embraer will further consolidate its position as one of the leading forces in the global aeronautics and defense and security industries. Embraer is a market leader in the segments in which it operates and commands a reputation for excellence.

OUR VALUES

Embraer's values unify and guide its employees' attitudes, maximizing potential and ensuring the Company's long-term future. These values are a set of beliefs that guide the business and strategic decision-making at all levels of the hierarchy on a daily basis. Legitimized by collective formulation, Embraer's values are a genuine part of the culture and daily routine, creating a solid ethical foundation.

"Our people are what make us fly "

Happy, capable, valued, and fulfilled people who are committed to what they do.

People who work as teams and who act with integrity, coherence, trust in each other and respect for diversity.

"We are here to serve our customers"

Customer is earned by delivering full satisfaction and by building strong and enduring relationships. Partnerships are based on genuine commitment and flexibility.

"We strive for company excellence"

The Company's activities are conceived with simplicity, agility, flexibility, and safety in mind, along with a sustained pursuit of continuous improvement and excellence. An entrepreneurial outlook based on coordinated planning, wise delegation, and disciplined execution.

"Boldness and innovation are our hallmarks"

Company in the technological vanguard, with a capacity for continuous learning; transforming from within and influencing the markets in which it operates. A strategic vision and an ability to overcome challenges with creativity and courage.

"Global presence is our frontier"

Global presence and local actions underpin the Company's competitive advantage, leveraging the best of each of the locations in which it operates. A vision of a borderless world that values diversity.

"We build a sustainable future"

A constant striving to consolidate the foundations for long-term success, delivering profitability to shareholders and heedful of quality of life, the environment and the community in general.

Embraer's business is to create shareholder value by fully satisfying its clients, securing the company's long-term future in an ethical and socio-environmentally conscious manner.

BUSINESS UNITS G4-4

The Company is focused on four business areas, outlined below:

Commercial Aviation

Serves the needs of airline companies, helping them maintain a competitive edge. Embraer counts more than 90 airlines among its customers, across more than 60 countries and with more than 1,600 aircraft in service. The Company leads the market segment for 70-130 seat aircraft, accounting for more than 50% of accumulated global sales and 60% of deliveries worldwide. In 2014, as it commemorated the tenth anniversary of the first E-Jet's entry into service, Embraer celebrated a fresh milestone with the delivery of the 1,100th E-Jet. The second generation of the E-Jets family (E-Jets E2) captured 210 firm orders and 380 commitments to buy, including Purchase Options, Purchase Rights and Letters of Intent.

Executive Aviation

Since entering this segment of the market in 2002 with the launch of the Legacy Jet in its Shuttle and Executive versions, Embraer has consolidated a position as one of the world's leading manufacturers of executive jets. In 2005, Embraer formalized its long-term commitment to this segment with the creation of Embraer Executive Jets. Its portfolio is the most extensive in the industry and comprises the Phenom 100E, Phenom 300, Legacy 450, Legacy 500, Legacy 600, Legacy 650 and Lineage 1000E. Embraer's executive jets offer clients unique advantages in terms of comfort, operational costs, maintenance and cutting-edge technology. After ten years in the market for Executive Aviation, there are more than 850 Embraer executive jets in service in more than 60 countries. The Company supports its clients through a global network of 75 proprietary and authorized service centers, in addition to spare-part distribution centers and a world-class client service center, available 24/7.

Embraer Defense & Security

Embraer Defense & Security plays a strategic role in strengthening

Brazil's defense and security systems, besides providing products and solutions to more than 50 armed forces around the world. It makes aircraft for light attack and training, tactical military transport, and conveyance of official personnel as well as special missions. It is also active in aircraft modernization; radar manufacturing; air traffic control systems and intelligence, surveillance and reconnaissance systems. Either directly or through fully controlled companies, Embraer Defense & Security participates in national strategic projects such as the F-X2 program, the Strategic Defense and Communications Geostationary Satellite (Satélite Geoestacionário de Defesa e Comunicações Estratégicas - SGDC) and the Integrated Border Monitoring System (Sistema Integrado de Monitoramento de Fronteiras - Sisfron).

Embraer Systems

Operates in the development and integration of complex systems for sectors other than aviation and defense. These entail intelligent and integrated systems for critical and regulated operations that require high-technology management and control tools of exceptional strength, reliability, safety and efficiency.

ECONOMIC DEVELOPMENT G4-EC8

Embraer contributes to economic development via export of its products and the creation of new technologies and processes. As Brazil's leader in the aircraft production value chain, Embraer's activities—from conception through development, manufacture and after-sales service—have helped to generate (both directly and indirectly) thousands of jobs for skilled workers, strengthen the national supply chain and stimulate local economies.

For the year, Embraer's exports totaled US\$3.81 billion, ranking it seventh among Brazilian exporters and making it the country's leading exporter of high value added goods.



GLOBAL PRESENCE G4-5; G4-6; G4-8; G4-9

Headquartered in São José dos Campos (São Paulo state), where it has two production facilities and a wholly owned subsidiary (ELEB, which makes landing gear systems and hydraulic and electromechanical components for the aeronautics industry), Embraer also has production units in Botucatu and Gavião Peixoto (SP); a Service Center for Executive Aviation in Sorocaba (SP); logistical centers in Taubaté and Campinas (SP); a Center for Engineering and Technology in Belo Horizonte; and offices in Brasilia (Federal District), São Paulo and Rio de Janeiro

Abroad, Embraer has offices and production facilities in the US, Portugal, France, Ireland, the UK, the Netherlands, the UAE, Singapore and China. In China Embraer also owns 51% of Harbin Embraer Aircraft Industry (HEAI), in association with a local partner, the Aviation Industry Corporation of China (AVIC). In Portugal it owns 65% of OGMA (which builds and services aerostructures).

As a global company, Embraer follows local hiring practices while exporting its values and visions from its home country.

HISTORY

Founded in 1969 as a state-controlled, mixed-capital company, Embraer was created with the objective of building Brazil's engineering science and technology knowhow and transforming the country's industrial base.

Privatized in 1994, Embraer now has a pulverized structure of share ownership. In the past 20 years it has become a leading actor in the world market.

The first aircraft Embraer designed and built was the **Bandeirante**, suitable for civilian and military use with capacity for 15 - 21 passengers.



Find out more about the history of Embraer at **www.embraerhistoricalcenter.com**–
Timeline



Innovation 64-4: 64-8

Delivering excellence to each and every Embraer customer means staying at the cutting edge, deploying the most innovative and safe technology and keeping ahead of market trends. So it is only natural that one of Embraer's core values should center on stimulating innovation: "Boldness and innovation are our hallmarks".

This value is reflected not only in an innovation-friendly environment that is open to new ideas but also in the Company's staffing itself. Part of the team is dedicated exclusively to studying new technologies and ways of doing things and making them viable for incorporation into new product lines. The engineering and technology team is 6,000-strong and of these 250 are working on pre-competitive technology development. The others are focused on product development and support, with projects based on periodic analysis of market needs and the global technological environment. The results of this continuous effort can be seen in the 2014 results: 46% of net revenues were attributable to innovations launched between 2010 and 2014. In another striking outcome of these innovation efforts, the past five years saw 271 patents applied for and 115 granted.

INNOVA EMBRAER

Designed with a view of creating an innovative culture and harnessing spontaneous and stimulated innovation, Innova Embraer provides physical environments and mechanisms that favor idea generation and development

In each of them, the numbers testify to the extent to which the search for innovation is embedded in employees' day-to-day lives, ensuring innovation it remains rooted in the Company's culture.

SPONTANEOUS INNOVATION

The Good Idea and Green Light programs provide incentives for spontaneous innovation.

Good Idea

This program, introduced in 1988, centers on generating ideas, suggestions, new tools, methods or creative and innovative techniques for getting work done more efficiently or inexpensively. In 2014 Embraer achieved a milestone of 10,000 ideas implemented, generating economic returns of US\$30m. In the 15 years since the Company has been measuring results from the program, a total of 60,000 ideas have been implemented.

Green Light

Launched in 2012, this program enables employees who successfully put forward innovative proposals to step aside from their usual duties (up to 100%, or full-time) in order to develop their ideas with financial support from Embraer. Ideas are presented to a panel of company executives. In 2014 a total of 88 ideas were proposed and 12 were approved.

STIMULATED INNOVATION

This takes place in departments whose primary role is to generate, develop and implement innovative ideas that align with Company strategy.

The Innova Challenge program is one of the mechanisms that support stimulated innovation. Throughout the year, managers from all different departments propose problems in need of solutionssuch as process improvements, cost reductions and product optimization, among others.

The Innova management team selects one of the problems, which becomes the monthly challenge. The challenge is circulated around the company and all employees are invited to submit ideas, provide feedback and even vote on the best suggestions. The originating manager, in conjunction with the Innova team, selects the best solution and the area that put forward the problem implements the solution. The 8 challenges posed during 2014 generated 660 ideas and resulted in 17 prototypes.

As a complement to Innova, regular *kaizens* are aimed at identifying significant changes that produce rapid high-return impacts on the Company's procedures. The 9,485 kaizens carried out in 2014 yielded gains of US\$31m and a US\$47m reduction in inventories.

AWARDS FOR INNOVATION

In 2014 we bolstered the reward system for innovation, on the principle that all successfully implemented internally generated innovations should be recognized and celebrated. In all, 970 employees were rewarded for 153 innovations. In addition, eight departments showing more propitious innovation climates were recognized for their innovations as well as for their pro-innovation environment of co-operation between team members and leaders.



In 2014 the Company unveiled the expansion of the Engineering and Technology Center in Minas Gerais (Cete-MG). The center's workspace has more than doubled from 700m2 to 1,550m². With room for 200 employees, it closed the year with 150, including engineers, technicians and administrative personnel. The center is focused on designing and developing products and services for the aeronautics and defense and security sectors. In the US, Embraer also inaugurated a new Engineering and Technology Center in Melbourne, Florida, modeled closely on Cete-MG.

CLIENTS



"WE ARE HERE TO SERVE **OUR CUSTOMERS**"

Focused on quality and entrepreneurial excellence, we work to deliver tailored solutions that exceed customer expectations

DMA market presence

ntrepreneurial excellence makes no sense if it doesn't delight the client. Superior quality wins customers and their satisfaction becomes a strong ally in selling new products. Embraer jets set the standard in the market segments in which the brand competes. This reflects a constant pursuit of the highest levels of customer satisfaction, with continuous investment in developing and perfecting innovative products and services that exceed customer expectations.

Features of Embraer aircraft shape development of the aviation industry globally, setting ever-higher standards of excellence, performance and quality. Consequently, in recent years Embraer's client relationship rating on the Dow Jones Sustainability Index (DJSI) has been a reference point for the industry.

87.4% rating on the Spontaneous General Satisfaction Index

SATISFACTION LEVELS G4-PR5

For the second consecutive year in 2014, customers expressed their approval of Embraer's products, services and after-sales support through the Spontaneous General Satisfaction Index compiled by our client support team. Embraer ranked second, with an 87.4% client satisfaction rating, keeping it right on the threshold of excellence. The Company retained its third-place position in the Overall Favorability Index, reinforcing the company's excellent standing in its sector. These results reflect both Embraer's ongoing commitment to delivering excellence and the market's recognition of the quality it provides.

In 2014 Embraer achieved its goal of attaining first place in a ranking of executive aviation firms for after-sales service as voted by the readers of Aviation International News. one of the world's most prestigious publications covering the sector. These results constitute additional market approval of the quality of Embraer's client services, the result of the Company's utmost commitment to delivering excellence.

To measure customer satisfaction and Embraer's position relative to its benchmarks and competitors, both Commercial Aviation and Executive Aviation use survey platforms (the Customer Satisfaction Survey and the Customer Experience Survey) that regularly gauge levels of satisfaction with product lines, services, after-sales support and customer relation interfaces. The results enable comparison with other companies operating in the same sector.



Commercial Aviation

The Commercial Aviation business closed 2014 with 92 jets delivered, most of which were of the E-Jet 175 model (76 to 88 seats). Healthy sales of 70 to 130 seat aircraft kept Embraer at the forefront of this segment, accounting for more than 50% of accumulated global sales and 60% of deliveries.

Net profits for the commercial aviation sector as a whole were around US\$10 billion in 2013. In 2014, they doubled, according to the International Air Transport Association (IATA). North American airlines accounted for US\$12 billion of the total, providing a favorable backdrop for Embraer's sales during the year.

North American clients were the biggest buyers of the E-Jet 175, which has undergone various improvements to passenger comfort and aircraft aerodynamics, resulting in fuel consumption savings of up to 6.4% compared to the original model. Some of the sales to the US market reflect a new dynamism in that country's regional air-travel market, increasing demand for 76-passenger jets to replace 50-seat aircraft. This trend led to Embraer capturing 80% of new sales in the US.

Commercial Aviation maintained a diverse base of clients in 2014, leading to confirmed orders for new planes from airlines such as AZAL (Azerbaijan), Azul Linhas Aéreas (Brazil), ICBC Financial Leasing (China), Tianjin Airlines (China), Republic Airways (USA), SkyWest (USA), United Airlines (USA), Air Costa (India), Fuji Dream Airlines (Japan), JAL (Japan), Royal Air Maroc (Morocco), Aurigny Air Services (UK), Borajet (Turkey) and Trans States Holdings.

Commercial Aviation closed 2014 with a confirmed order backlog of US\$13.5 billion.

LOOKING AHEAD

The role played by leasing companies in the sale of aircraft to airlines has become increasingly important to the global market for both new and used aircraft. Currently, these companies deliver 40% of aircraft manufactured worldwide.



E-JETS: A DECADE OF SUCCESS

An emblem of Embraer's excellence in aircraft, the E-Jets family in 2014 celebrated the tenth anniversary of the first E-Jet delivery. A total of 1,100 E-Jets have been delivered since then; these have accumulated more than 10m hours of flying time and transported more than 50m passengers all over the world.

The maturity of the E-Jet line, gained through continuous improvement both of the product and after-sales services, illustrates Embraer's commitment to generating value not just for airlines but also for their clients, the passengers.

According to the *schedule reliability* indicator—which measures airlines' punctuality-the E-Jets registered 99.3% reliability. This means that for every thousand flights, only seven departed the gate behind schedule.

E2: the new generation

In 2018 the first of the new generation of E-Jets will enter service. The Évora (Portugal) facility in 2014 cut metal on the first prototype. This constitutes an important milestone, in which the aircraft passes from the design phase to production. In addition, the new model gained its first certification in the US.

During 2014, Embraer also held its third Advisory Board in the US. The event, which helps ensure that the end product fulfills key customer requirements, brings together clients from all over the world and presents them with details of the development project. Customer involvement at early stages fed through to the sales figures: since the program launched, there have been 210 firm orders and 380 commitments to buy, including Purchase Options, Purchase Rights and Letters of Intent.

This sales success is justified by the new aircraft's unique cutting-edge features: a more spacious and comfortable cabin, along with increased flexibility for reconfiguring seats, thereby reducing costs; latest generation engines that are more efficient; and full 4th generation fly-by-wire flight controls, improving flight quality and increasing fuel efficiency – and thus reducing environmental emissions.

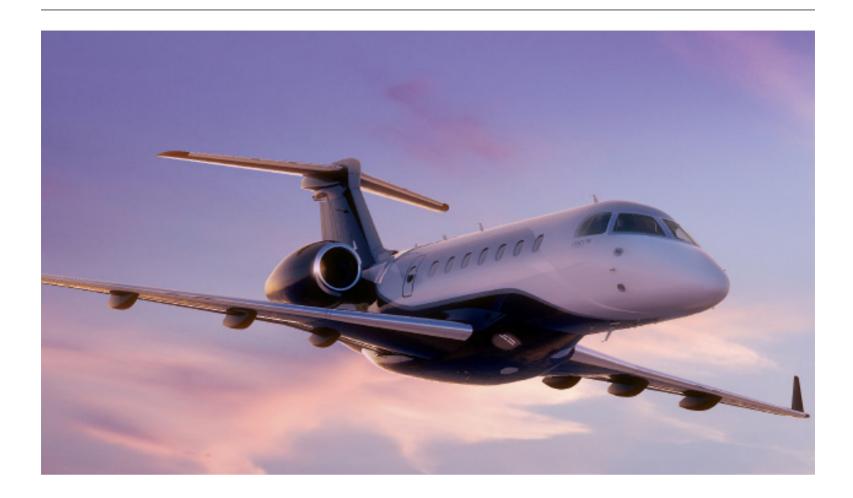
In July a full-sized mock-up of the E2 passenger cabin was exhibited at the Farnborough International Air Show in the UK.



of deliveries globally in the 70 to 130 seats segment.



firm order backlog in 2014.



Executive Aviation

With their unique features, Embraer's Executive jets always offer high standards in their respective categories, providing clients with excellent levels of comfort, performance, technology and innovation at a low operational cost, in addition to peace of mind and flexibility in the after-sales period, with high quality customer service and simplified maintenance procedures.

In 2014 the Executive Aviation business unit accounted for US\$1.6 billion in revenues. A total of 116 units were delivered, of which 92 were light jets and 24 large ones. At end-year the accumulated firm order backlog stood at US\$1.9 billion. Embraer accounts for 16.2% of the world market for executive jets in terms of the volume of units delivered and 7% of sales revenue, according to the General Aviation Manufacturers' Association report.

Focused on delivering value, Executive Aviation concluded development of the Legacy 500, a midsize jet with performance and features typical of bigger aircraft, developed with fly-by-wire technology and precepts, bringing a new standard of cabin comfort and flight quality, along with a low pilot workload. Equipped with a digital flight control system, the Legacy 500 has a 1.82m high

passenger cabin, similar to that of some aircraft in the category immediately above. It accommodates eight to twelve passengers, with chairs that convert into beds for complete relaxation at a relatively high cabin altitude equivalent to 6,000 feet. The model is further distinguished by the fact that it requires a shorter sized runway than its competitors for takeoff and landing. The on-board entertainment system includes high-definition video, surround sound; multiple audio and video input options, a cabin management system and three communication and data transmission options, including Internet access.

The Legacy 500 is now ready for operation, having gained certification in 2014 from the Civil Aviation Agency (Agência Nacional de Aviação Civil - ANAC) in Brazil, the European Aviation Safety Agency (EASA) in the EU and the Federal Aviation Administration (FAA) in the US.

The Legacy 450, in the mid-light category, continues in the testing phase for entry into the market during 2015.

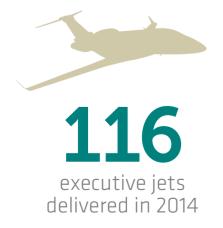


PHENOM FAMILY REACHES MILESTONE: 500 IETS DELIVERED

The Prime Fraction Club's purchase of a Phenom 300 marked the 500th delivery for the executive jet family. It is a significant milestone only five and a half years after the first jet's launch. (The Prime Fraction Club is a company that markets, administers and coordinates the sharing of luxury goods such as private jets in Brazil.)

Phenom jets are being flown by 400 clients in 37 countries, serving corporations, public officials, shared or chartered flights, aviation schools, aeromedical transport and owner-pilots. In total, the fleet of Embraer executive jets in operation has accumulated more than 370,000 flying hours.

Winning a range of prizes for innovation and design. the Phenom 100E and Phenom 300 are the leaders in their respective classes and have redefined the notion of excellence in the light jet segment, using the latest generation technology and providing superb performance and safety, as well as comfort and style.



LOOKING AHEAD

Embraer aims to be one of the world's top three manufacturers of executive jets. The brand is becoming ever stronger in the market and aims to further increase its desirability. The sterling performance of the Phenom 300, the launch of the Legacy 500 and outstanding after-sales service and support are some of the tools that will help turn this vision into reality.

Growth of the market for executive jets is expected mainly to follow trends in the US, where air travel expanded during 2014, indicating a healthier economy and clear recovery from the 2008 economic crisis. The indications are that companies have resources available for this kind of investment. Moreover, the US has more millionaires than any other country; mostly they are entrepreneurs who see the benefit of private jets as tools to speed up deal making and maximize business potential by increasing scheduling flexibility.

New service center for executive jets

In March 2014 Embraer inaugurated a new service center at the Bertram Luiz Leupolz (SOD) airport in Sorocaba (São Paulo state). The facility is the fruit of more than 50m reals in investment. Extending to 20,000 m², the service center has two hangars, one focused on maintenance and repair of components and the other focused on executive jet operations.

Currently, there are more than 30 companies installed in the facility, reflecting its convenient location near the city of São Paulo, good municipal infrastructure with favorable meteorological and air traffic conditions and the prospect of improvements to airport infrastructure. This service center is expected to directly generate up to 250 specialized jobs in the coming years.





Defense & Security

Embraer Defense & Security plays a crucial role in strengthening Brazil's defense and security systems. As it invested in expanding operations in Brazil and abroad, the business unit closed 2014 with annual revenue of 3.4 billion reals, a 32% improvement over the 2013 result. In addition, it logged a historic record of US\$5.5 billion in firm orders.

In 2014 the chief highlight was the rollout of the KC-390 military transport aircraft, a joint project between Embraer and the Brazilian Air Force (FAB). The KC-390 is a multi-mission military aircraft that offers low operational costs and the flexibility to execute a wide range of operations, including cargo and troop transport and launching, in-flight refueling, search and rescue and aerial firefighting, among others. It is equipped to fly in diverse climatic conditions, for example in the Antarctic. It completed its maiden flight in February 2015.

In 2014 the Gavião Peixoto facility saw the inauguration of a hangar (more than 30,000m2 in size) and the installation of a production line for the new cargo carrier. The year also saw the signing of a 7.2 billion real contract for the FAB's purchase of 28 units over the course of a ten-year period, plus logistical support, maintenance and spare

parts. Moreover, other countries expressed interest in acquiring a further 32 aircraft.

SUPER TUCANO

The year also saw Embraer unveil the first A-29 Super-Tucano, manufactured at Embraer's Jacksonville facility in Florida. This followed Embraer's success, in partnership with the US's Sierra Nevada Corporation, in winning a competitive bid for the supply of 20 aircraft to the US Air Force (USAF) for its Light Air Support (LAS) program.

Embraer delivered 7 Super Tucanos during 2014. In all, the company has manufactured and delivered nearly 200 aircraft to various air forces all over the world.

Other highlights

Important projects such as the Integrated Border Monitoring System (Sistema Integrado de Monitoramento de Fronteiras - Sisfron) and the Strategic Defense and Communications Geostationary Satellite (Satélite Geoestacionário de Defesa e Comunicações Estratégicas - SGDC) continue on track and in line with their original timetables.



SISFRON got underway in 2013 when the Tepro consortium, made up of two companies controlled by Embraer Defense & Security. Savis Technology & Systems and Bradar (Bradar Indústria e Aerolevantamento), won the bid to develop the program.

The initial phase of Sisfron will monitor 650km of Brazil's land border along the boundary between Mato Grosso do Sul, Paraguay and Bolivia. As a whole, Sisfron envisages the monitoring and protection of all Brazil's land borders, totaling 16,886 km.

The geostationary satellite is being developed under the supervision of Visiona Space Technology Ltd., an association between Embraer and Telebras. The satellite aims to supply the Brazilian Government's satellite communications requirements, including the National Broadband Program and a broad spectrum of strategic defense transmissions. The satellite is expected to launch in 2016.

In its capacity as FAB's strategic partner, Embraer signed an agreement with Saab for joint delivery of Brazil's F-X2 project. Embraer will have an important role in general management of the program and will carry out a good share of the development, manufacture and delivery to FAB of the latest generation Gripen NG fighter aircraft in its single-seat and dual-seat versions.

OTHER OPERATIONS

Agricultural aviation

The Ipanema agricultural airplane is the only Embraer model to have been in production since the company's foundation. Since 1971, when the first units were delivered. Embraer has sold a total of 1,365 Ipanema aircraft. An important milestone was achieved in 2004 when Ipanema became the world's first aircraft to achieve certification as an ethanol-fueled airplane. Since then, 280 units of the ethanol-fueled model have been delivered, along with 204 conversion kits that convert aircraft powered by aviation gasoline (avgas) into ethanol-powered units, taking the total number of ethanol-powered aircraft to 484. Following the ethanol innovation, two Ipanema models are now offered: the EMB 202 (Avgas) and the EMB 202A (Ethanol), with the latter leading sales.

Aircraft deliveries by business unit

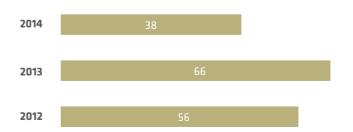
	2014	2013	2012
COMMERCIAL AVIATION			
E170	1	4	1
E175	62	24	20
E190	19	45	62
E195	10	17	23
TOTAL	92	90	106
EXECUTIVE AVIATION			
Phenom 100	19	30	29
Phenom 300	73	60	48
Legacy 500	3	-	-
Legacy 600/650	18	25	19
Lineage 1000	3	4	3
TOTAL	116	119	99
DEFENSE & SECURITY			
Super Tucano	7	6	14
EMB 145 AEW&C	-	-	2
TOTAL	7	6	16
TOTAL AIRCRAFT	215	215	221



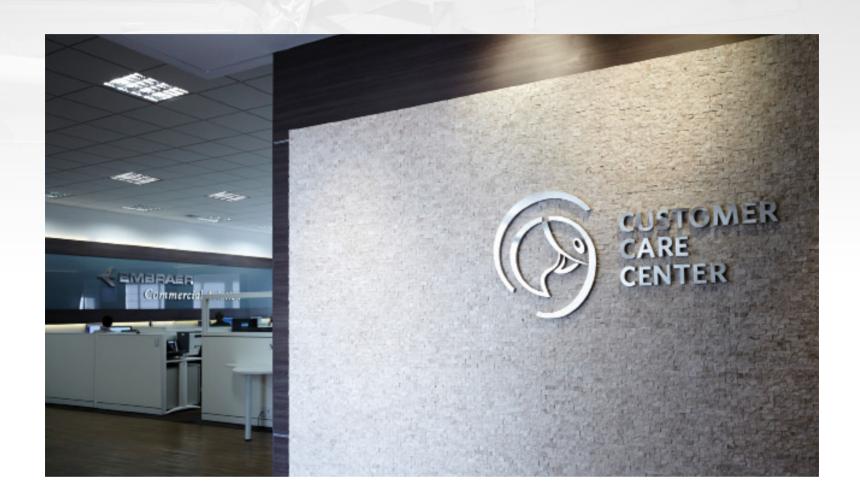


Ipanema, the world's first certified ethanol-powered aircraft.

Ipanema sales







SALES SUPPORT

ECC Leasing is an Embraer subsidiary responsible for providing sales support and reducing financial risks relating to the buying and selling of aircraft. Since its creation in 2002, it has supported 153 units manufactured by Embraer. In 2014, it handled 66 aircraft, including Embraer planes and other manufacturers' aircraft that were acquired via trade-in during the sale of new Embraer units. Of this total, 10 were sold, 22 are under operational leases, and 34 are available for release onto the market, being either under negotiation or in the process of being delivered to ECC Leasing customers.

SALES FINANCE

Currently, leasing structures cover 40% of the global commercial jet fleet, and their share is expected to rise to 50% by the end of the decade. Capital market financing remains firm, as new banking regulations and the worldwide adoption of the Cape Town Treaty combine to increase its efficiency relative to other structures.

Although Brazil's export credit agency, BNDES-Exim, has increased its role during the past year, it has accounted for only 20% of financing for E-Jets since their launch. Official financing is expected to continue to play an important role in the aeronautic sector, filling gaps left by the private sector and providing more significant support for Embraer's future exports to the North American market.



COMMERCIAL AVIATION

Standard capacity – single class



EXECUTIVE AVIATION















Embraer aircraft contain features that shape development of the aviation industry globally, setting ever-higher standards of excellence,

DEFENSE & SECURITY



Aircraft modernization • Aircraft Maintenance, Repair and Overhaul (MRO) • Unmanned Aerial Vehicles (UAV) • Training and Operational Support (TOS) • Surveillance Systems***/C41**** • Air Traffic Control Systems • Remote Sensing • Air Surveillance Radars • Satellites.

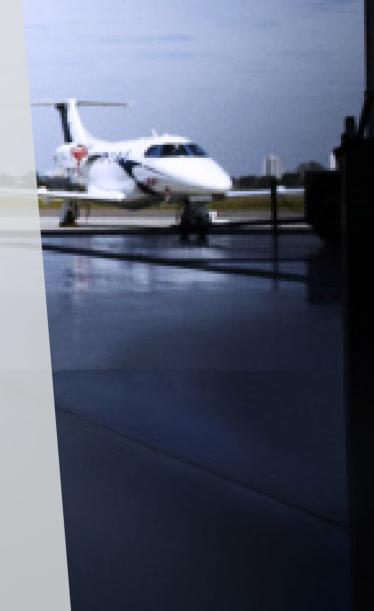
AGRICULTURAL AVIATION





EMBRAER SYSTEMS

Development and integration of complex systems for sectors beyond aviation and defense.



^{*}Under development.

^{**}Transport of official personnel, MEDEVAC, in-flight inspection (FIS).

^{***} Application for defense & security.

^{****}Command, Control, Communication, Computation and Intelligence.



SHAREHOLDERS





EXCELLENCE WITH A FOCUS ON VALUE CREATION

A management model centered on quality and transparency inspires confidence and delivers value for shareholders

ith the constant pursuit of entrepreneurial excellence constituting one of its core values, Embraer has built a reputation for efficient, independent and transparent management, and this lays the foundations for its long-term success. Credibility is central to Embraer's relations with its shareholders. For this reason the company is constantly investing in perfecting its ethical and reliable governance standards, creating value streams through actions that meet these expectations, as envisaged in the Embraer Entrepreneurial Excellence Program (P3E).

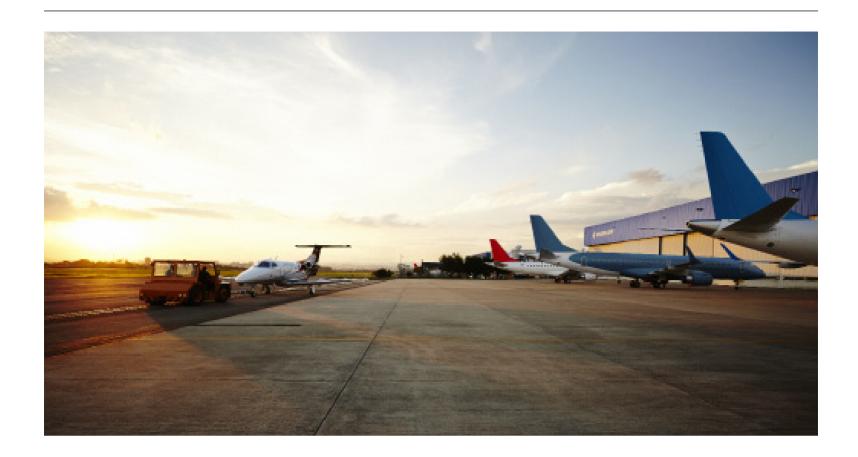
Strategy and management

The Embraer Business System (SEE in its Portuguese acronym) defines the Company's management model and is geared to creating value for all stakeholder groups (shareholders, clients and suppliers, employees, society and the environment). Based on the Management Excellence Model (MEG) developed by the Brazilian Fundação Nacional da Qualidade (National Quality Foundation, FNQ), the SEE envisages the formulation and implementation of longterm plans (as specified in the Company's Strategic Plan) along with short-term projects (as defined in the Action Plan). The first sets out macro strategies and projects for the next 15 years, while the second focuses on operational, economic-financial and sustainability targets for the next two years. Both are fully aligned with each other and together ensure the creation of shareholder value and lay the foundations for the business's longevity.

SUPPORTS FOR IMPLEMENTING THE **EMBRAER BUSINESS SYSTEM**

- » Embraer Entrepreneurial Excellence Program (P3E): Based on lean management precepts, the P3E consists of four pillars: enhancing Embraer's organizational culture, developing people, ongoing training of leaders and a pursuit of efficiency and excellence in all processes.
- » Certification of Environmental, Health and Safety Systems of **all Brazil-based operations:** such as the ISO 14001 (environmental management) and OHSAS 18001 (occupational health and safety) that Embraer has held since 2002.
- » Sustainability indices: listings on Dow Jones Sustainability Index (DJSI), New York Stock Exchange (NYSE) and BM&FBovespa's Corporate Sustainability Index (Índice de Sustentabilidade Empresarial - ISE).
- » Management Excellence Model (MEG): a systematic organizational management model developed by the FNQ (National Quality Foundation). Since adopting the MEG in 2010, Embraer has sustained annual improvements in the quality of its management under this model, winning an FNQ award in 2014.

Our people – innovative and committed to excellence - are the keys to our business success and the creation of shareholder value.



EMBRAER'S STRATEGIC PLAN

Embraer's long-term Strategic Plan centers on five main areas:

- » Commercial Aviation Solidify Embraer's leadership position in its segment, expanding the customer base, perfecting the E-Jets, and pursuing excellence in the customer support model.
- **Executive Aviation -** Consolidate Embraer's position as one of the world's leading manufacturers of executive jets, increasing its market share, developing new products and sustaining high levels of customer satisfaction with client services and support.
- » Defense & Security Be a key player in Brazil's national defense and security system, diversify product and service offering and expand its international presence, while pursuing excellence in customer support.
- **» Diversification –** Invest effort in diversifying Embraer's business via a focus on synergies with the Company's core competencies.
- » People, sustainability, organization and processes Keep advancing as a global organization committed both to delivering customer satisfaction and valuing its people; a Company that grows sustainably and serves as reference in the market for innovation and corporate excellence.

NATIONAL QUALITY AWARD 2014

In 2014 the National Quality Foundation (Fundação Nacional da Qualidade) recognized Embraer's management excellence by awarding it the National Quality Prize (PNQ). It is a major accomplishment in the Company's ongoing pursuit of excellence.

Each year, the National Quality Foundation identifies the best management practices in Brazilian organizations. Its awards recognize business improvements and efforts to achieve excellence, helping boost the competitiveness of Brazilian firms.



Embraer entrepreneurial excellence program (P3E)

DMA Economic performance

DMA Market presence

Launched in 2007, the Embraer Entrepreneurial Excellence Program (P3E) is a centerpiece of the company's management model. It aims to elevate the Company's management, processes and products to the highest level of excellence. During the past seven years, the program has helped the Company achieve ever-greater efficiency in its process execution, with productivity gains and cost reductions throughout its operations.

The program registered an important evolution during 2014. The first step entailed tightened alignment with Company strategy, improving the program's focus on creating value for Embraer's stakeholders. New excellence targets were disseminated via value streams throughout the program's improvement cells. In this way, day-to-day employee management became local without losing its direct link to company-wide strategy directives.

The value streams permeate the improvement cells and these are awarded bronze, silver or gold classifications depending on achievements. The classification system will be reviewed during 2015 such that promotion—for example from bronze to silver—will be contingent on the measurement of stakeholder value creation.

The P3E deploys Lean Management concepts and consists of the following four pillars:

- » Organizational culture
- » People development
- » Leadership development
- » Business efficiency

As envisaged in the P3E's pillars constant engagement takes place with business leaders to ensure they remain aligned and committed to ensuring the Company's operational efficiency and competitiveness.

As part of the P3E, *kaizens* aim at process review and optimization, with a focus on achieving productivity gains and reducing waste. In 2014, 9485 *kaizen* projects were completed. More than the numbers, the *kaizens* are about making advances and reaching targets.

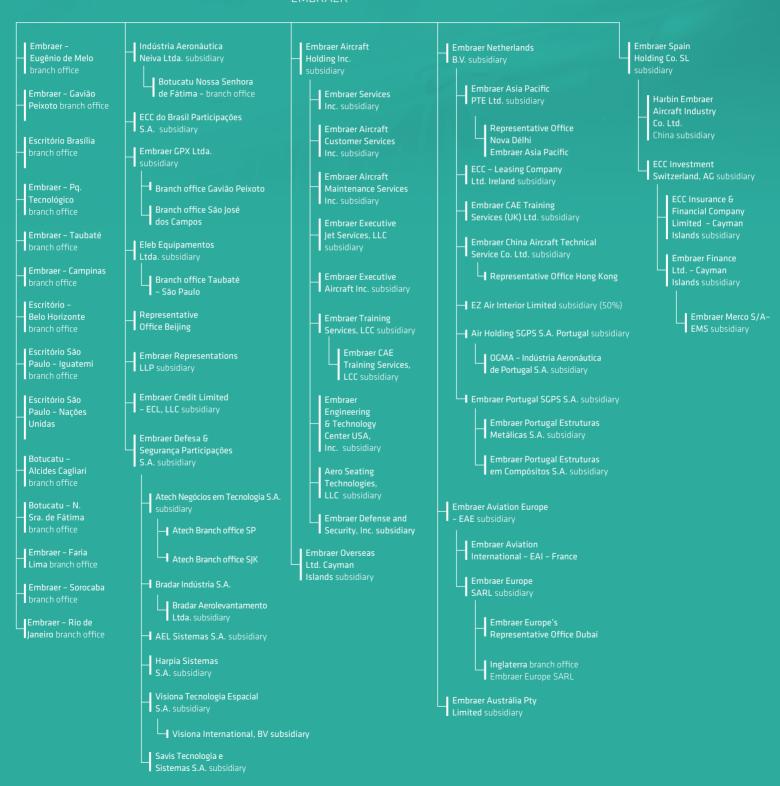
Governance 64-34

Embraer's corporate governance is aimed chiefly at ensuring the Company's long-term future via an efficient, holistic and ethical management approach that adheres to the highest international norms. This model is founded on transparency, independence and accountability; it aims to uphold and maximize the Company's value in the eyes of all its stakeholders. In 2014, for the 16th consecutive year, the Company was one of the top-placed in the Transparency Trophy in recognition of the quality of its financial statements. The Trophy is awarded jointly by Anefac (National Association of Finance, Administration and Accountancy Executives)/Fipecafi (Institution/Foundation for Accounting, Actuarial and Financial Research)/Serasa Experian (research and investment data).

Embraer's shares are listed on the New Market (Novo Mercado) of the São Paulo Stock Exchange (Bolsa de Valores de São Paulo - BM&FBovespa). It also has shares listed on the New York Stock Exchange (NYSE) in addition to being listed on the Dow Jones Sustainability Index (DJSI) and the Corporate Sustainability Index (Índice de Sustentabilidade Empresarial – ISE), which are comprised of companies with recognized sustainable management practices. These listings identify the world's top-performing companies in terms of sustainable management; retaining Embraer's inclusion therefore constitutes one of top management's goals within the Action Plan.



ORGANIZATIONAL STRUCTURE





CORPORATE STRUCTURE 64-34

Embraer's pulverized structure of share ownership extends voting rights to all shareholders, without distinction; a single stockholder or group of stockholders is allowed to exercise the vote for up to a maximum of 5% of shares. Company statutes entail further provisions to discourage concentration of shareholdings or American Depositary Receipts (ADRs) negotiated on the NYSE, such as a stipulation that no shareholder is allowed to own 35% or more of the Company's capital, except with the express authorization of the Federal Government, and subject to a public share offering.

The tag-along mechanism guarantees all shareholders - including minority shareholders - the right to the same conditions of sale in the event of an offer to buy the Company. However, the Brazilian Federal Government retains a special class of share, the golden share, which gives it veto powers over certain issues of strategic importance to the Company and the Brazilian State.

GOVERNANCE STRUCTURE G4-34; G4-46

General Meeting

The General Meeting is the Company's highest deliberative assembly, its remit defined by relevant legislation and Company statutes. Decisions are taken by majority vote, with foreign shareholders restricted to 40% of the votes present, in order to ensure national considerations prevail in light of the strategic nature of the aerospace sector.

The corporate structure aims to integrate the Company's activities, expediting business management and client satisfaction and always adapting to the specific circumstances of the countries in which Embraer operates.

Board of Directors G4-38; G4-39; G4-40; G4-42; G4-44

The Board of Directors defines the Company's directives, goals, budgets, and investment plans and approves the Strategic and Action Plans. It also monitors the Company's performance against goals. appoints independent auditors, decides on stock issues and bonuses, elects and dismisses members of the Board of Executive Officers, and oversees management.

With a two-year mandate, the Board is elected by assembly and comprises 11 active members, seven of them independent. The Brazilian Government nominates one advisor and employees put forward two: a representative of the Embraer Employee Investment Club (Clube de Investimentos dos Empregados Embraer - CIEMB) and another elected directly by non-shareholding employees.

Internal rules establish parameters aimed at ensuring the Board includes a range of knowledge and skills, to ensure maximum efficiency and the incorporation of diverse viewpoints.

Evaluation of the Board's and its members' performance assesses individual and group contributions to achieving established objectives. Each year an external consultancy assists with annual 360o evaluations in which all advisors evaluate each other.

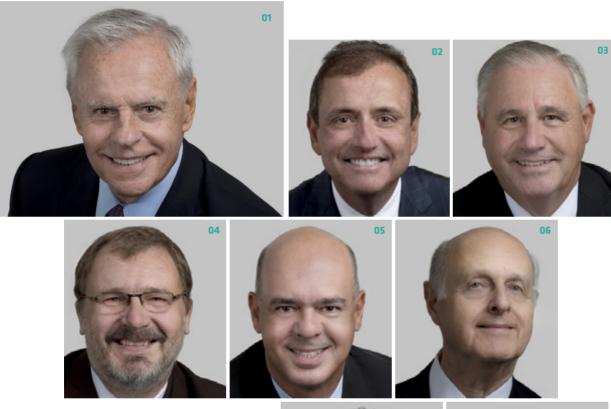
Advisors and the board Chairman are paid a fixed monthly sum, with additional remuneration payable for service on Committees.

Composition of Board of Directors elected on April 25th, 2013

Alexandre Gonçalves Silva	CHAIRMAN
Sergio Eraldo de Salles Pinto	VICE-CHAIRMAN
Antonio Franciscangelis Neto	
Arno Hugo Augustin Filho	
Ernani de Almeida Ribeiro Junior	
Israel Vainboim	
João Cox Neto	BOARD MEMBERS
Josué Christiano Gomes da Silva	
Paulo Roberto de Oliveira	
Samir Zraick	
Vitor Paulo Camargo Gonçalves	

COMPOSITION OF BOARD OF DIRECTORS

Elected in General Assembly on April 25th 2013



- » **01** Alexandre Gonçalves Silva Chairman
- » **02** Sergio Eraldo de Salles Pinto Vice-chairman
- » 03 Antonio Franciscangelis Neto
- » **04** Arno Hugo Augustin Filho
- » **05** Ernani de Almeida Ribeiro Junior
- » **06** Israel Vainboim
- » **07** João Cox Neto
- » 08 Josué Christiano Gomes da Silva
- » 09 Paulo Roberto de Oliveira
- » 10 Samir Zraick
- » 11 Vitor Paulo Camargo Gonçalves















ceiling on shareholding



maximum voting share at General Meeting



active members on Board of Directors. seven of them independent

Auxiliary Committees G4-14; G4-46

Three committees report directly to the Board of Directors:

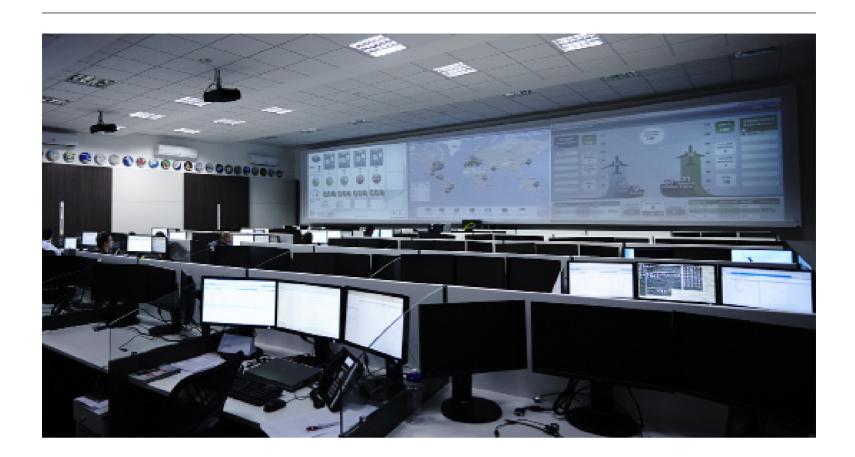
- **» Strategy Committee:** monitors Company's management and results and is responsible for assisting the Board of Directors in formulating the Strategic Plan and the Action Plan, focusing on objectives, macro projects, and evaluation of potential new business opportunities.
- » Audit and Risk Committee: assists in identifying and managing business risks inherent to the Company's activities; ensuring the appropriateness of risk management models, directives, and policies, and verifying managerial and accounting information released to the public and to regulatory agencies; this includes supervising the quality of financial reporting and compliance with legal and regulatory requirements. In addition, the Committee makes recommendations for the selection of the external auditors and supervises their activities, among other functions.
- **» Human Resources Committee:** supports the Board of Directors in selecting and dismissing Company directors, defining their respective functions, setting remuneration and human resources policies, administering the Company's share option and purchase programs and recommending the allocation of funds to employee associations and charities, and to recreation and private retirement plans

Fiscal Board

This comprises a minimum of three and a maximum of five active members along with an equal number of alternates (shareholders or otherwise). Members are elected to one-year terms in an Ordinary General Meeting. The Fiscal Board reports directly to the Company's shareholders and is charged with overseeing administrative management, through regular quarterly meetings or extraordinary meetings to review the financial statements.

Composition of Fiscal Board elected on April 16th 2014

Ivan Mendes do Carmo	PRESIDENT	
Eduardo Coutinho Guerra	VICE-PRESIDENT	
Nelson de Menezes Filho		
José Mauro Laxe Vilela	FB MEMBERS	
Taiki Hirashima		



Board of Executive Officers

The Board of Executive Officers is responsible for managing the Company in accordance with the Strategic Plan and the Action Plan. Appointed by the Board of Directors to a two-year mandate, it is supported by several management committees (Sustainability, Ethics, Financial Management and Environmental Risks) along with external consultancies and audit firms. It is evaluated by the Board of Directors and rewarded in line with market benchmarks and according to performance against the economic-financial, operational, and socio-environmental goals set out in the Action Plan.

Composition of Board of Executive Officers - with effect from February 28th 2014

Frederico Pinheiro Fleury Curado	PRESIDENT & CEC
Artur Aparecido Valério Coutinho	EXECUTIVE VICE PRESIDENT, OPERATIONS (COO)
Jackson Medeiros de Farias Schneider	EXECUTIVE VICE PRESIDENT, DEFENSE & SECURITY
José Antonio de Almeida Filippo	EXECUTIVE VICE PRESIDENT, FINANCE (CFO) AND INVESTOR RELATIONS
Marco Tulio Pellegrini	EXECUTIVE VICE PRESIDENT, EXECUTIVE AVIATION
Mauro Kern Junior	EXECUTIVE VICE PRESIDENT ENGINEERING AND TECHNOLOGY
Paulo Cesar de Souza e Silva	EXECUTIVE VICE PRESIDENT, COMMERCIAL AVIATION
Terena Penteado Rodrigues	EXECUTIVE VICE PRESIDENT & GENERAL COUNSEL
Mauricio Aveiro	VICE PRESIDENT, HUMAN RESOURCES AND ORGANIZATIONAL DEVELOPMENT
Nelson Salgado	VICE PRESIDENT, INSTITUTIONAL RELATIONS AND SUSTAINABILITY



COMPOSITION OF BOARD OF EXECUTIVE OFFICERS

with effect from February 28th 2014

















- » **02** Artur Aparecido Valério Coutinho Executive Vice President, Operations (COO)
- » 03 Jackson Medeiros de Farias Schneider Executive Vice President, Defense & Security
- » **04** José Antonio de Almeida Filippo Executive Vice President, Finance (CFO) and Investor Relations
- » **05** Marco Tulio Pellegrini Executive Vice President, Executive Aviation
- » 06 Mauro Kern Junior Executive Vice President, Engineering and Technology
- » 07 Paulo Cesar de Souza e Silva Executive Vice President, Commercial Aviation
- » 08 Terena Penteado Rodrigues Executive Vice President & General Counsel
- » 09 Maurício Aveiro Vice President, Human Resources and Organizational Development
- » 10 Nelson Salgado Vice President, Institutional Relations and Sustainability









RISK MANAGEMENT G4-14; G4-46; G4-EC2

Through a process overseen by its Risk and Internal Controls department, Embraer identifies, maps, categorizes and monitors risks and business opportunities. Risk and Internal Controls reports to the Executive Vice President for Finance and Investor Relations, with a dotted line to the Audit and Risk Committee (CAR), as well as supporting the Company's chief executives.

Following the conclusion of a review carried out during 2013 risk management was integrated more closely into the activities of the Internal Audit and Compliance Directories in 2014.

CATEGORIZATION G4-41

Risks are classified into strategic, operational, financial and regulatory/legal. A brief explanation of each category follows:

- **1. Strategic:** related to senior management decisions that have the potential to affect the Company's economic value and based on continuous monitoring of market trends. Through the Investor Relations Directory, Embraer provides stakeholders with advance notice of any issues that could present a risk to the Company's operations and brand.
- **2. Operational:** these involve possible losses (of production, assets, customers or income) resulting from faults, shortcomings or inadequacies of internal processes, people and systems, as well as external events such as natural disasters.
- **3. Financial:** risks associated with exposures from financial operations. The Company takes steps to ensure cash flows are administered in a manner that maximizes operational cash flow, generates returns from financial transactions, and raises financial resources for application in the business. Guided by the Financial Management Policy approved by the Board of Directors, the Financial Committee analyzes and issues positions on trends with the potential to cause financial exposure.
- **4. Regulatory/legal:** Embraer adheres to relevant regulations governing the aerospace sector (in all stages of the aircraft manufacturing process, from project development to after-sales support) as well as to environmental laws and any other legislation relevant to its areas of operation.

Internal Audit: this department is responsible for all auditing activities. It acts independently and reports directly to the Risk and Audit Committee of the Board of Directors.

External Audit: Company norms governing the contracting of services unrelated to the external audit carried out by its independent auditors ensures there are no conflicts of interest or impairment of independence and objectivity.

KPMG Independent Auditors are responsible for the external audit of Embraer's financial statements. In 2014, Embraer retained KPMG for services unrelated to the external audit (these consisted of tax reviews). Its fees totaled 102,800 reals, equivalent to around 1.3% of the consolidated honorariums incurred for the external audits of Embraer and its controlled companies. Given the restricted scope and specific nature of the procedures carried out, these services did not impinge on the External Auditors' independence or objectivity.

The Company has been fully cooperating with the US Securities and Exchange Commission (SEC) and the US Department of Justice (DOJ) in the ongoing investigation into possible noncompliance with the US Foreign Corrupt Practices Act (FCPA). Outside attorneys were hired to conduct the process independently. They are in regular contact with both agencies, and ensure they receive all requested documentation and information.

In alignment with Embraer's Strategic Planning, the Risk department identifies, maps, categorizes and monitors risks and business opportunities



COMPLIANCE G4-S03

DMA Anti-corruption

The ethics and compliance program aims to ensure Embraer adheres to the highest standards of integrity and international best practices, as well the legislation of all the countries in which it operates, especially in matters of anti-corruption and export controls. This is an issue of fundamental importance for Embraer, as expressed in its Materiality Matrix.

The Compliance Directory reports directly to the Audit and Risk Committee, which in its turn is linked to the Board of Directors. It is focused on promoting and upholding an ethical culture, ensuring ongoing efforts to improve corporate governance and its supporting mechanisms, such as the Code of Ethics and Conduct, internal checks and audit procedures; while continually drawing attention to the importance of the issues, including through training sessions for all stakeholders, internal and external.

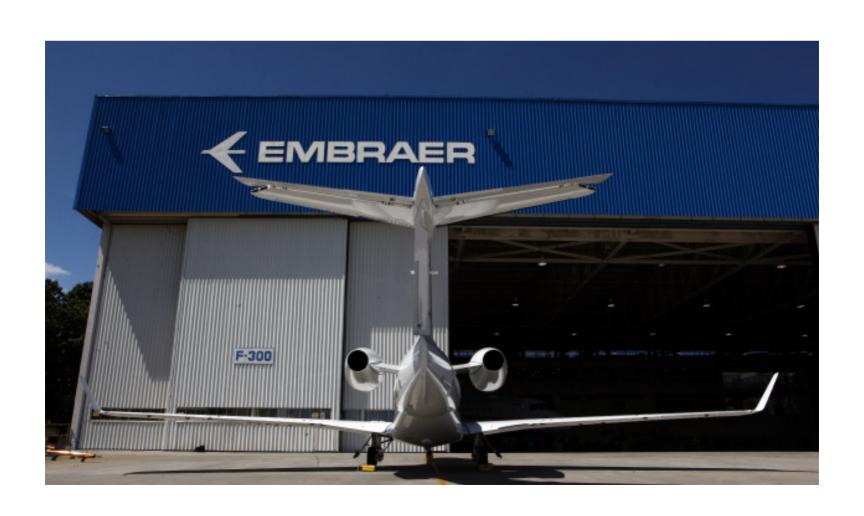
In addition to the Board of Directors and the Board of Executive Officers, more than 11,000 staff received anticorruption training in 2014, along with more than 500 suppliers, both Brazilian and foreign.

During the year, 100% of Embraer units and subsidiaries were continuously monitored by the company's anticorruption risk control system, via mechanisms such as risk assessment and internal and external auditing, along with periodic tests based on the anticorruption matrix and its associated internal checks, as carried out by the Internal Audit Directory.

Internal controls and anticorruption measures cover risks related to procurement and contracting of third party intermediaries, sales processes and analysis of clients, patronage transactions and donations, as well as expenditure on corporate gifts, travel and entertainment.

Anticorruption Training - Code of Ethics and Conduct so4

	2013	2014
Managers	100% (1,152)	100% (1,171)
Non-managers	51.05% (9,520)	77.80% (14,000)



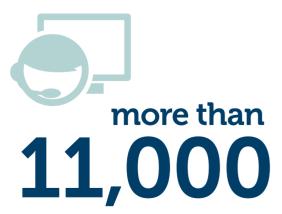
ETHICS, CONDUCT AND TRANSPARENCY

G4-56; G4-57; G4-HR3; G4-HR10

Embraer's Code of Ethics and Conduct reflects a commitment to achieving business objectives in a socially responsible manner. valuing relationships with shareholders, employees and suppliers, protecting the environment and contributing to the development of local communities in which the Company operates.

During 2014 the Code underwent its third revision, ensuring it keeps pace with the highest standards of accounting, transparency and integrity. The revision emphasizes and reinforces areas such as compliance with anticorruption legislation (in Brazil and elsewhere). and adherence to anti-trust and international trading laws, as well as monitoring of conflicts of interest, in addition to reaffirming Embraer's commitment to the principles of the UN's Global Compact. Since 2013 Embraer has also been an active member of the World Economic Forum's Partnering Against Corruption Initiative (PACI) and in 2014 it became a member of the International Forum on Business Ethical Conduct (IFBEC).

The Company's ethics and compliance program, along with its main mechanisms for ensuring business probity, were also highlighted in the new Code of Ethics and Conduct, which enumerates the monitoring mechanisms and available channels for the resolution of possible violations. The Code of Ethics and Conduct can be viewed at www.embraer.com.br by clicking on the "Ethics and Compliance" icon.



workers trained on anti-corruption policies

CANAL HELPLINE

G4-49: G4-58

DMA Non discriminatio

In 2014 the Helpline logged no internal or external incidents of discrimination on the grounds of ethnic origin, skin color, sex, religion, ideology, national origin or social background.

The Helpline is a confidential channel through which employees and other interested parties can report ethical and behavioral issues related to possible violations of Embraer's policies or national laws and regulations. All information is directed to an independent company for processing before being channeled to the Compliance department.

All information is treated confidentially and the complainant is provided with the ability to monitor the status of his or her case on the Helpline's website.

The independent company that processes complaints submitted to the Helpline does so in accordance with its own policies, procedures and labor instructions, following a defined methodology.

Embraer does not tolerate retaliation against any party reporting a concern in good faith.

- » www.embraer.com.br, Helpline icon, or
- » www.embraerhelpline.com
- » Helpline numbers:

Brazil: 0800-721-5968 Portugal: 800-180-118 USA: 1-877-900-8779 Singapore: 800-130-2122 China: 400-120-4946 France: 0805-080608

Complaints through the Helpline channel

TOTAL INCIDENTS FILED	184
Disciplinary measures	64
Warnings and suspensions	12
Dismissals	12
Other*	40

^{*}Coaching, monitoring, training, awareness-raising and improvement to policies and processes







THE QUALITY POLICY: MAIN DIRECTIVES

- » Design, produce, and support high-quality and safe products:
- » Focus on preventive measures;
- » Ensure that all employees are familiar with, understand, and adhere to the quality standards in a responsible manner during the course of their work;
- » Ensure the continuous improvement of all business processes with customer satisfaction in mind by involving employees and teams at all levels.

COMPANY POLICIES 64-56

Embraer's corporate policies are distributed widely and all employees are familiar with them. They are created by the Company's own values as well as leading practices in the market. Some of them are as follows:

- » Export Control Policy: revised in 2014, this addresses Embraer's procedures for dealing with international suppliers and clients and includes information on international trading laws and embargos. This year, more than 120 staff—those deemed agents of compliance –received advanced training in preventing business risks relating to exports.
- » Anticorruption Policy: approved in 2013, this entails training programs, awareness-raising sessions on anticorruption laws and due diligence procedures, including for suppliers and companies with which Embraer is interested in partnering. The aim is to ensure the highest level of integrity, impeding corruption in all its forms.
- » Risk Management Policy: provides the directives that will guide the work of the Risk Management and Internal Controls Directory for the next few years. The directives are created by the best market practices as well as the guidelines issued by the Brazilian Institute of Corporate Governance (Instituto Brasileiro de Governança Corporativa - IBGC), the Committee of Sponsoring Organizations of the Treadway Commission (COSO II), and ISO 31000, among others.
- **» Financial Management Policy:** approved by the Board of Directors, the Policy sets out the guidelines for administering Company finances relating to cash flow and capital structure. Key indicators are monitored and reported to the Financial Management Committee, the Board of Executive Officers, the Audit and Risk Committee and the Board of Directors.
- **» Human Resources Policy:** aims to transmit the Company's thinking and position on the proper treatment of its greatest asset: its people. Across all the countries where the Company operates, anyone with responsibility for managing people must ensure the Human Resources policy is applied in all business-related situations.
- » Environmental and Occupational Health and Safety policy: updated in 2013, Embraer's Environmental and Occupational Health and Safety Policy aims to ensure that all Company operations are environmentally sustainable, safe and healthy (read more about this in the "People" and "Community and the Environment" chapters). Its directives envisage ongoing employee training,



- » Flight Safety Policy: encourages a rigorous commitment to building ever-safer aircraft that exceed national and international certification standards. Employees are encouraged to report risk situations, ensure that results data get to the relevant people, and guarantee that necessary changes needed to keep step with safety recommendations are implemented.
- » Intellectual Property Management Policy: Embraer is conscious of the need to protect the rights and results of its intellectual creations, such as inventions, industrial drawings, brands, processes, systems, software and products. In its Intellectual Property Management Policy, the Company commits itself to, for example: Incentivizing innovation and creativity to promote technological development and ensure the Company's products and services retain their competitive edge; Ensuring the protection and registration of intellectual property resulting from knowledge and innovation generated in the Company; Extracting the economic value embodied in intellectual property, with a focus on increasing the competitiveness of its distinctively different and innovative products, processes, and services, as well as exploring new business opportunities.
- » Quality Policy: Embraer is certified under ISO 9001 and AS 9100 (international standards for Quality Management Systems for Aviation, Space, and Defense Organizations). The implementation of the Embraer Entrepreneurial Excellence Program (P3E) since 2007 has also resulted in a further tightening of these standards.

New standards were introduced to keep step with the regulatory environment, notably via the 3rd Edition of Embraer's Code of Ethics and Conduct, which reinforces anticorruption measures.

PARTICIPATION IN INITIATIVES AND ASSOCIATIONS G4-15: G4-16

Embraer contributes to the formulation of public policies through its participation in associations, multilateral organizations and voluntary initiatives, always in keeping with its Compliance Program and Code of Ethics and Conduct.

Some of the highlights of Embraer's involvement in associations and voluntary initiatives in 2014 are as follows.

- » Signing of UN Global Compact's **Call to Action**, an appeal from the private sector to governments to promote anticorruption measures and implement related policies aimed at establishing good governance systems;
- » Publication of the book Roadmap for Sustainable Aviation Biofuels for Brazil - A Flightpath to Aviation Biofuels in Brazil, product of the Sustainable Aviation Biofuels for Brazil (SABB) program carried out in partnership with Boeing, Fapesp and Unicamp. The book offers an extensive evaluation of the technological, economic and sustainability opportunities and challenges related to the development and sale of aviation biofuels in Brazil; and
- » The signing by Embraer and Boeing of a cooperation agreement aimed at jointly establishing a center for research and development into the formulation and evolution of sustainable hiofuels for aviation.

Main associations and initiatives

In Brazil

- » Brazilian Association of Public Companies (ABRASCA in Portuguese)
- » Brazilian Defense And Securities Industry Association (ABIMDE)
- » General Aviation Association of Brazil (Associação Brasileira de Aviação Geral (ABAG)
- » Aerospace Industries Association of Brazil (AIAB)
- » Brazilian Foreign Trade Association (AEB)
- » São José dos Campos Technology Park Association
- » National Association for Research and Development of Innovative Companies (ANPEI)
- » Paulista Eastern Cone Innovation and Competitiveness Center (CECOMPI)
- » National Industry Confederation (CNI)
- » The Brazil-US Business Council
- » São Paulo State Industries Federation (FIESP)
- » Associação Brasileira de Ciências Mecânicas (ABCM)



- » Brazilian Institute of Corporate Governance (IBGC)
- » Industrial Development Studies Institute (IEDI)
- » Movement for Business Innovation (MEI)
- » Brazil GHC Protocol Program
- » Sustainable Aviation Biofuels for Brazil (SABB)

Internationally

- » Aerospace Industries Association (AIA)
- » Air Transport Action Group (ATAG)
- » Aviation Working Group (AWG)
- » Brazil Industries Coalition (BIC)
- » American Chamber of Commerce (AMCHAM)
- » Portuguese Chamber of Commerce in Brazil (CPCB)
- » Brazilian Center for International Relations (CEBRI)
- » China Brazil Business Council (CEBC)
- » Brazil-US Business Council (CEBEU)
- » European Policy Center (EPC)
- » Foundation for the Global Compact
- >> Foundation Center for the Study of Foreign Trade (FUNCEX)
- » General Aviation Manufacturers Association (GAMA)
- » Initiative Towards Sustainable Kerosene for Aviation (ITAKA)
- » International Aerospace Environmental Group (IAEG)
- » National Aeronautic Association (NAA)
- » Organization for Economic Co-operation and Development (OECD)
- » International Civil Aviation Organization (ICAO)
- » World Trade Organization (WTO)
- » Sustainable Aviation Fuel Users Group (SAFUG)
- » US Chamber of Commerce
- » Woodrow Wilson Center
- » World Economic Forum (WEF)



INTANGIBLE ASSETS

Part of the annual review cycle for Embraer's Strategic Plan entails a process of identifying intangible assets and assigning them priorities. All the Company's actions, based on its six core values, are geared towards strengthening these same assets: brand value, people (employees and leadership) and the intellectual property and knowledge generated by the Company's innovations. The following table sets out the methods used for the periodic evaluation of these assets.

ASSET	Evaluation method
Brand	MONITORING POSITIVE AND NEGATIVE MATERIALS RELATING TO EMBRAER BRAND FAVORABILITY INDEX OF ORGANIZATIONAL ENVIRONMENT INCLUSION IN BOVESPA AND DOW JONES SUSTAINABILITY INDICES (ISE AND DJSI)
Knowledge	MONITORING ACTIVITIES INDEX IN PRACTICE COMMUNITIES MATURITY OF PRACTICE COMMUNITIES INDEX OF KNOWLEDGE RECYCLING
Intellectual Property	PORTFOLIO OF INVENTION PATENTS PORTFOLIO OF INDUSTRIAL DESIGN PATENTS PORTFOLIO OF TRADE SECRETS
People	ORGANIZATIONAL CLIMATE SURVEY RANKING OF BEST PLACES TO WORK ANNUAL COMPETENCY EVALUATIONS TRAINING PROGRAMS FEEDBACK EVALUATION OF RESULTS
Leadership	ANNUAL LEADERSHIP CYCLE EXTERNAL EVALUATIONS 360° ASSESSMENTS ASSESSMENT COMMITTEE

MAIN AWARDS AND RECOGNITIONS	Awarding organization
National Quality Prize	NATIONAL QUALITY FOUNDATION (FNQ)
Época Negócios 360° - Vehicles and Auto parts sector	ÉPOCA NEGÓCIOS MAGAZINE
Most Admired Companies in Brazil	CARTA CAPITAL MAGAZINE
150 Best Places to Work1	VOCÊ S/A MAGAZINE AND INSTITUTE OF MANAGEMENT FOUNDATION (FIA)
Best Places to Start a Career2	VOCÊ S/A MAGAZINE, FIA AND CIA DE TALENTOS (RECRUITMENT COMPANY)
Best Places to Work in Brazil1	ÉPOCA MAGAZINE, GREAT PLACE TO WORK INSTITUTE
Best Companies to Work for in Latin America	GREAT PLACE TO WORK INSTITUTE
Florida's Best Companies to Work For ³	FLORIDA TREND MAGAZINE (US)
Best Company in People Management ⁴	VALOR CARREIRA MAGAZINE, VALOR ECONÔMICO NEWSPAPER, AON HEWITT
Company that Communicates Best with Journalists	NEGÓCIOS DA COMUNICAÇÃO MAGAZINE
Brazil's Most Valuable Brands	ISTO É DINHEIRO
Product Support Survey	AIN MAGAZINE
Product Support Survey	PROPILOT MAGAZINE
Valuable Executive – Frederico Curado – Vehicles and Parts Category	VALOR ECONÔMICO NEWSPAPER

¹For sixth consecutive year; ²Identity Category; ³For fourth consecutive year; ⁴Companies with more than 16,000 employees

Financial highlights 64-EC1

Embraer's net revenue totaled 14,935.9m reals (US\$ 6,288.8m) in 2014, according to estimates and 10% above the 13,635.8m reals (US\$ 6,235.0m) outturn for 2013. Taking into account Commercial and Executive Aviation and Defense & Security, Embraer delivered 215 aircraft during the year, the same number as delivered in 2013.

Revenue grew as a result of several factors, including an exchange rate movement of almost 9% that boosted income in reals and spurred growth of revenue in the Defense & Security business unit, which rose by 32% relative to 2013.

As a result of these trends, the gross margin was 19.8%. This was 2.9 percentage points below the 2013 outturn, principally owing to a change in the product mix in Commercial Aviation—which increased deliveries of E175 aircraft, that sells at a lower price point than the E190 and E195—and a decline in the number of large jets sold by Executive Aviation.

REVENUE BY BUSINESS UNIT AND GEOGRAPHICAL REGION

In 2014 Commercial Aviation's net revenue reached 7,475.6m reals. 4% higher than in 2013. Executive Aviation recorded revenue of 3,847.3m reals, up 5% on the previous year. Defense & Security achieved net revenue of 3.428.8m reals, a 32% increase on the previous year. Other activities generated revenue of 184.2m reals.

The North American market remains Embraer's largest, accounting for 48% of revenue. In an ongoing reflection of the economic crisis in Europe, the European market's revenue continued to decline, falling to 14%. The share of revenues generated in the Brazilian market remained stable at 21%, while the share of revenue earned in Latin America. China and Asia Pacific fell to 3%, 4% and 4% respectively while Africa and the Middle East rose to 6% of the total.

During the year, Embraer's export sales totaled US\$3,811.6m, making the Company Brazil's seventh largest exporter and a substantial support to the foreign trade balance.



growth of net revenue



of sales were in the US market



OPERATIONAL RESULTS AND OPERATING MARGIN (EBIT)

In 2014 Embraer recorded an operational result and margin of 1,303.8m reals (US\$ 543.3m) and 8.7% respectively. The operational outturn was in line with our expectations but the margin fell somewhat short, shrinking by 19% relative to 2013. The decline is largely attributable to the change in the aircraft mix delivered by Commercial Aviation and the fall in sales of large jets on the part of the Executive Aviation business, as explained earlier.

NET PROFIT AND EARNINGS PER SHARE

Embraer's net profit in 2014 was 796.1m reals, up 2% on 2013. Earnings per share were 1.09 reals.

CASH POSITION

Contrary to projections, Embraer ended fiscal 2014 with a negative net cash position of 823.8m reals (US\$403.6m). This was chiefly due to revenue falling short of expectations and an increase in the value of accounts receivable, reflecting longer payment cycles on the part of some clients.



VALUE-ADDED STATEMENT (VAS) G4-EC1

The purpose of the VAS is to demonstrate the wealth Embraer generates and distributes to different sectors of the community represented by shareholders, employees, financial institutions and the municipal, state and federal governments. Added value totaled 4,940.7m reals and represented 33% of net revenue in 2014.

CONSOLIDATED - MILLION REALS	2014	2013	2012
Revenue	16,343.0	15,163.1	13,094.6
Inputs Acquired from Third Parties	(11,144.2)	(9,968.8)	(8,774.6)
Gross Value Added	5,198.8	5,194.3	4,320.0
Depreciation and Amortization	(676.8)	(633.3)	(545.7)
Net Value Added Produced by the Company	4,522.0	4,561.0	3,774.3
Value Added Received in Transfer	418.7	345.3	276.8
Distribution of Value Added	4,940.7	4,906.3	4,051.1
Staff	2,502.3	2,368.5	2,089.5
Government (taxes, levies and contributions)	1,058.1	1,126.0	977.8
Interest payments and rents	553.7	625.4	284.8
Interest on own capital and dividends	214.3	202.1	182.5
Retained profits/losses	581.8	575.6	515.3
Participation of non-controllers	30.5	8.7	1.2

TAXES AND SOCIAL CONTRIBUTIONS

The taxes, social contributions, and municipal, state and federal fees that measure part of Embraer's contribution to the wider community totaled 1,058.1m reals in fiscal 2014.

CAPITAL MARKET

Embraer's shares have been listed on the New Market (Novo Mercado) of the São Paulo Stock Exchange (BM&FBovespa) since 1989 and on the New York Stock Exchange (NYSE) via American Depositary Receipts (ADRs), level III, since 2000.

In 2014, Embraer maintained its listing in the theoretical portfolios of the Brazil Index (IBrX) as well as in the Special Corporate Governance Stock Index (Índice de Ações com Governança Corporativa – IGC), the Special Tag Along Stock Index (ITAG), the Industrial Sector Index (INDX), the Bovespa Value Index 2nd Tier (IVBX-2) and the Brazil 50 Index (IBrX50).

Embraer's shares (EMBR3) were trading on the BM&FBovespa at R\$24.44 at the end of 2014, 29% higher than at the close of the previous year, while the overall index was down 3% over the same period. The American Depositary Shares (ADS) of the Company (ERJ) listed on the NYSE traded at US\$36.86 at the end of 2014, up 15% year-over-year, compared to an 8% rise in the Dow Jones index.

Embraer's market capitalization reached US\$6.8 billion at the end of 2014, up from US\$5.9 billion a year earlier.



in net profit in 2014

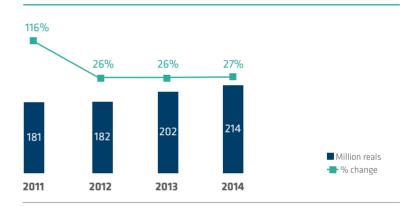


Embraer's shares are listed on BM&FBovespa's Corporate Sustainability Index (ISE) and the Dow Jones Sustainability Index (DJSI).

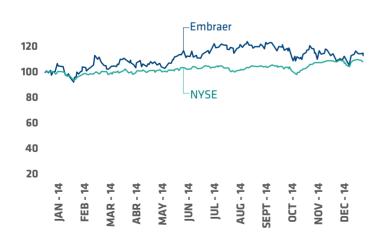
DISTRIBUTION OF CONTROLLING COMPANY **RESULTS AND SHAREHOLDER REMUNERATION**

In 2014, Embraer distributed 214.4m reals to its shareholders, comprising 198.3m reals of interest on own capital and 16.1m reals in dividends. This represented a payout of 27% of consolidated net profits of 796.1m reals. Earnings per share were 1.09 reals.

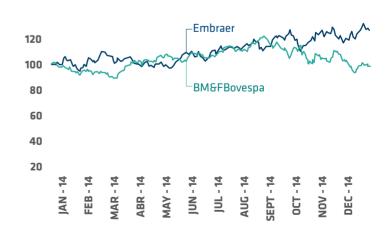
Distributed dividends



Share performance: ERJ-NYSE (01/01/2014 = 100)



EMBR3-BM&FBOVESPA Performance (01/01/2014 = 100)





















"OUR PEOPLE ARE WHAT MAKE US FLY"

Our professionals' commitment to excellence is the key to our business success

mbraer's professionals are the main reason for the Company's achievement of excellence in its financial results and other objectives, including the creation of stakeholder value. More than that, it is they who help turn the dream of flying into a reality.

Embraer made a push to globalize people management processes in 2014, with a view of supporting professional development and continuous training of leaders. The mechanisms offered by *My Embraer*, the online people management tool introduced in 2013, have developed in this regard, a good example being its training module.

Other solutions implemented during the year were the employee competency evaluation module; the recruitment and selection module; the succession module and the training and development module. The Employee Central (EC) module, which will bring together information on employees from all over the world, is set for completion in 2015.

PROUD TO BE EMBRAER

Embraer's commitment to its internal stakeholders is reflected not only in an array of formal projects and programs but also in a sense of pride among employees in being part of Embraer and working through its values.

The workplace environment survey carried out at the end of 2013 yielded a favorability score of 83.7%. Another survey carried out during 2014 with the aid of an external company resulted in an even higher score of 86%. The goal is to reach 90% by 2020. The favorability score is a focus of action plans at all levels of leadership.

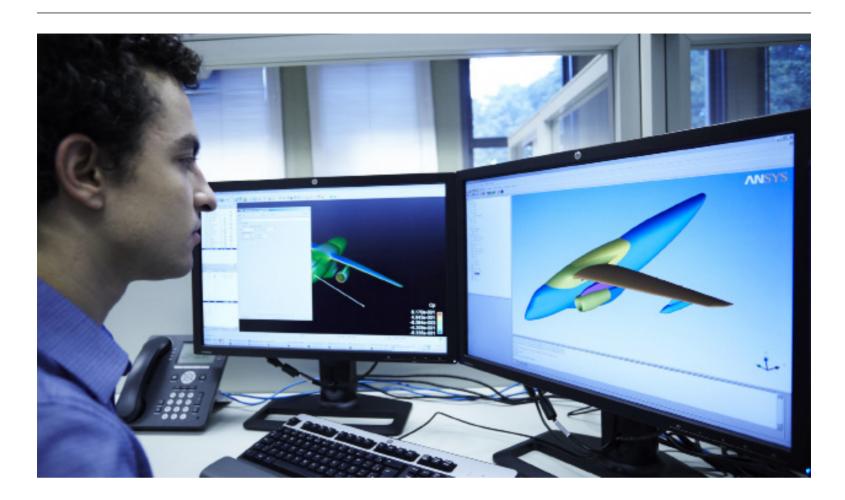
Embraer's working environment also resulted in the Company winning various quality awards presented by relevant organizations and the media during 2014 (see prizes on p. 42).

PORTRAIT OF OUR PEOPLE 64-10

Embraer's work force consists of 19,167 employees, of whom 17,094 are based in Brazil and 2,073 abroad.



For the sixth year, Embraer was ranked among the best places to work by Great Place to Work Institute/Época magazine and for the fourth year by Florida Trend magazine.



Number of employees

		2013¹		2014
FUNCTIONAL LEVEL	Male	Female	Male	Female
Director ²	84	7	79	8
Manager	364	55	234	43
Supervisor	670	68	726	81
Pilot	104	0	106	0
Engineer	3,642	526	3,708	576
Professional	1,263	956	1,271	961
Technician	2,940	258	3,013	277
Administrative	526	425	490	386
Operational	6,800	590	6,619	589
Total by gender	16,393	2,885	16,246	2,921
OVERALL TOTAL	1	9,278		19,167

		2013		2014
CONTRACT TYPE	Male	Female	Male	Female
Fixed term	264	90	226	67
Permanent	16,129	2,795	16,020	2,854
Total by gender	16,393	2,885	16,246	2,921
TOTAL		19,278		19,167

		2013³		2014
TYPE OF CONTRACT	Male	Female	Male	Female
Full time	15,247	2,674	16,219	2,916
Part time	0	6	27	5
Total by gender	15,247	2,680	16,246	2,921
OVERALL TOTAL		17,927		19,167

NUMBER OF EMPLOYEES		20144		
BY REGION	Male	Female	Male	Female
Southeast region	14,791	2,506	14,569	2,520
Center-west region	2	3	2	3
Total by gender	14,793	2,509	14,571	2,523
OVERALL TOTAL		17,302		17,094

¹ In 2013 trainees and interns were listed separately. Trainees are now categorized under operational. Some interns are trainees with disabilities and categorized under administrative; others are National Service for Industrial Apprenticeship (SENAI) apprentices and categorized as operational.

² Director level includes President &CEO, Vice-presidents and Directors. Note: the change in leadership numbers between 2013 and 2014 reflects the fact that in 2014 hierarchy classifications were harmonized across domestic and international operations.

³ In 2013 some information from overseas operations was not available so figures only reflected Brazil operations.

⁴ Brazil.





of leadership positions filled internally

86

favorability rating in workplace environment survey

100,000

training session attendances

EXCELLENCE IN PEOPLE

Of the four pillars of the P3E, three are intrinsically linked to people: evolution of the organizational culture, talent development and continuous training of company leadership. The fourth value—the search for excellence and efficiency in all processes—intersects with the other pillars.

The Blue Day is the flagship project focusing on organizational culture. Every two months employees are invited to come to work wearing a blue shirt, symbolizing the conclusion of a reflection period focusing on one of the Company's values.

For people development and continuous training of the Company's leadership, Embraer works on attracting, retaining and developing its staff, and this social aspect is accorded great importance in the Materiality Matrix. Most open positions are filled internally: this is the case for 85% of leadership positions and 50% at other levels. Embraer's success in attracting, retaining and developing talent are important differentiating features shaping the business's ability to retain its competitive edge.

DIVERSITY

Launched in 2012, the Embraer On The Path to Diversity program aims to increase the employability of individuals with disabilities by offering them high-quality technical training courses. To this end, Embraer developed a two-year apprenticeship program in partnership with the Center for Business-Schools Integration (Centro de Integração Empresa-Escola – CIEE) and the National Service for Industrial Apprenticeship (Serviço Nacional de Aprendizagem Industrial – SENAI). The program offers professional qualification courses in IT, mechanical and electrical subjects, as well as coaching in workplace behaviors. Practical training takes place at Embraer, in the departments most relevant to the subjects being taught.

RELATIONS WITH LABOR UNIONS G4-11; G4-LA8; G4-HR4

Embraer fully respects its employees' freedom to associate in a labor union. At the Company's Brazil operations, 8.3% of personnel are unionized and salary adjustments and other clauses agreed in collective bargaining meetings between the Company and the unions are extended to everyone, with the result that 100% of employees are covered by collective bargaining agreements.

Collective bargaining agreements signed with the unions cover workplace safety issues such as: individual protective equipment; health and safety committees made up of leadership and employees; participation of employee representatives in health and safety inspections and accident investigations; and education and training, complaint procedures and periodic inspections.

PROFESSIONAL DEVELOPMENT

DMA training

Keeping the workforce up to date and equipped to deliver maximum efficiency, innovation and excellence requires Embraer to invest continuously in training.

Training sessions are divided into technical subjects (around 300 such sessions are available) and behaviors (40 courses). During 2014 employees in Brazil took part in courses amounting to a total of 100,000 sessions.

During technical training, the employee is always accompanied by a tutor (a colleague who must have at least four years' experience at Embraer). Enrollment in behavior-related courses is determined individually, based on the competency evaluations that form the basis for the employee's Personal Development Plan.

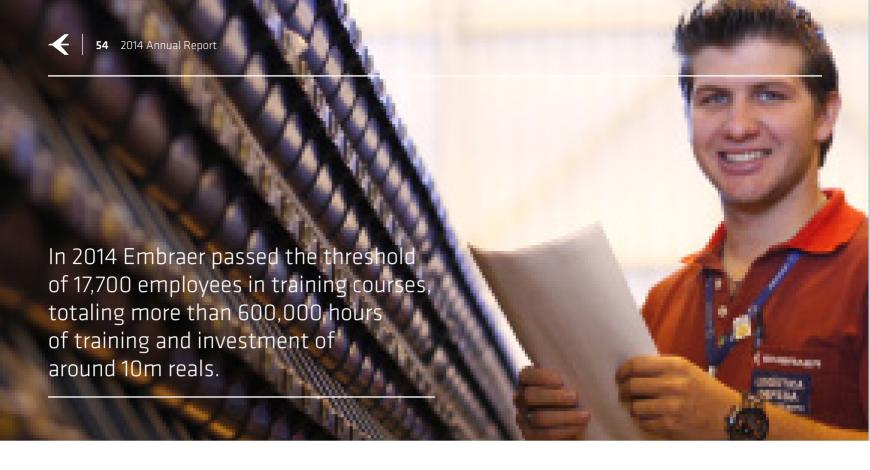
In 2014 there was an overall increase in the number of employees attending training courses and a reduction in the overall number of hours owing to the increased preponderance of shorter courses.

During 2015, the training department will give greater focus to developing online courses, to provide employees with greater flexibility. The aim is to devise new training formats via the Learning Management System (LMS), applying the principles and precepts set out in Embraer's educational model.

G4-LA9			2012		2013		2014
		Male	Female	Male	Female	Male	Female
	TOTAL HOURS	1,327	262	803	270	1,101	297
Director	TOTAL EMPLOYEES AT FUNCTIONAL LEVEL	60	6	84	7	79	8
	HOURS PER EMPLOYEE AT FUNCTIONAL LEVEL	22	44	10	39	14	37
	TOTAL HOURS	6,618	1,389	6,244	1,390	4,512	1,692
Manager	TOTAL EMPLOYEES AT FUNCTIONAL LEVEL	212	33	364	55	234	43
	HOURS PER EMPLOYEE AT FUNCTIONAL LEVEL	31	42	17	25	19	39
	TOTAL HOURS	28,454	2,707	42,731	4,279	31,266	3,901
Supervisor	TOTAL EMPLOYEES AT FUNCTIONAL LEVEL	592	56	670	68	726	81
	HOURS PER EMPLOYEE AT FUNCTIONAL LEVEL	48	48	64	63	43	48
	TOTAL HOURS	730	0	1,160	0	1,332	0
Pilot	TOTAL EMPLOYEES AT FUNCTIONAL LEVEL	85	-	104	0	106	0
	HOURS PER EMPLOYEE AT FUNCTIONAL LEVEL	9	0	11	0	13	0
	TOTAL HOURS	156,432	23,465	158,778	27,585	133,344	23,180
Engineer	TOTAL EMPLOYEES AT FUNCTIONAL LEVEL	3,083	416	3,642	526	3,708	576
	HOURS PER EMPLOYEE AT FUNCTIONAL LEVEL	51	56	44	52	36	40
	TOTAL HOURS	48,564	33,890	44,047	27,723	31,691	21,669
Professional	TOTAL EMPLOYEES AT FUNCTIONAL LEVEL	1,026	774	1,263	956	1,271	961
	HOURS PER EMPLOYEE AT FUNCTIONAL LEVEL	47	44	35	29	25	23
	TOTAL HOURS	121,090	16,413	115,267	21,893	98,781	14,151
Technician	TOTAL EMPLOYEES AT FUNCTIONAL LEVEL	2,088	181	2,940	258	3,013	277
	HOURS PER EMPLOYEE AT FUNCTIONAL LEVEL	58	91	39	85	33	51
	TOTAL HOURS	33,186	14,587	20,002	19,118	16,108	13,558
Administrative	TOTAL EMPLOYEES AT FUNCTIONAL LEVEL	503	333	526	425	490	386
	HOURS PER EMPLOYEE AT FUNCTIONAL LEVEL	66	44	38	45	33	35
	TOTAL HOURS	187,077	11,111	242,002	17,779	197,431	14,677
Operational	TOTAL EMPLOYEES AT FUNCTIONAL LEVEL	6,393	484	6,800	590	6,619	589
	HOURS PER EMPLOYEE AT FUNCTIONAL LEVEL	29	23	36	30	30	25
	TOTAL HOURS	583,478	103,824	631,033	120,038	515,565	93,126
TOTAL	TOTAL EMPLOYEES	14,042	2,283	16,393	2,885	16,246	2,921
	HOURS PER EMPLOYEE	42	45	38	42	32	32

Note: there was a change in the data in 2014, when Embraer's own functional categorizations were used. Consolidated training hours per capita, which had factored in all training participants, was adjusted to focus on numbers of Embraer employees.

Data for 2013 and 2014 are global; 2012 data cover only Brazil operations.



TUITION REIMBURSEMENT

The Study Bursary program offers another option for certain training courses. It provides help with costs for employees to take courses outside the Company, for instance language training, graduate and post-graduate courses. The courses must align with the individual's Personal Development Plan.

POST-CAREER G4-LA10

Embraer also has a Post-Career Program to support employees planning a new life phase. Participation is voluntary and in 2014 numbers of those enrolled as well as funds invested increased relative to 2013.

Internal courses and pre-retirement planning

	2012	2013	2014
Participants	147	80	116
Sum invested (in reals)	280,010	170,476	190,820
Number of bursaries	176	80	116

Note: Numbers are for Brazil operations only

RETIREMENT PLAN COVERAGE G4-EC3: G4-EC5

Embraer offers all its Brazil-based employees and those of some subsidiaries and majority-owned companies the EmbraerPrev plan, a defined-contribution complementary pension plan. Participation is voluntary, in accordance with Brazilian legislation. There are no restrictions on joining the plan; benefits take into account length of service. Embraer offers employees in its overseas operations similar benefits adapted to local laws and market conditions.

HARNESSING INTERNAL TALENT

In keeping with the Company's Human Resources Policy and Values, the process of identifying candidates for open positions gives priority to internal harnessing of talent, through promotion (vertical growth) or sideways transfer (horizontal growth). Vacancies are advertised externally only once internal possibilities have been exhausted. With employees' quality of life in mind, Embraer gives preference to candidates living close to the Company's premises—although there are no explicit policies or local agreements governing this issue.



TRAINING PROGRAMS 64-FC7

DMA indirect economic impacts

During 2014 Embraer invested 5m reals in two major programs that provide training relevant to working within the Company or a career outside: the Embraer Designer Program (PPE) and the Engineering Specialization Program (PEE).

The Embraer Designer Program is carried out in partnership with the São Paulo Faculty of Technology (FATEC) and trains young professionals to work as aeronautical designers. The trainees take part in a full cycle of technical training and personal development monitoring, working at Embraer as technical apprentices with good prospects of a permanent position at the end of their training.

The Engineering Specialization Program is carried out in partnership with the Technological Institute of Aeronautics (ITA) and enables successful participants to gain a professional master's degree in aeronautical engineering. Based on a systematic study of Embraer's product lines, the trainees develop hands-on familiarity with technical and practical procedures as well as receive personal (and inter-personal) development training. Though there are no obligations, the trainee may have the possibility of securing employment at Embraer upon completion of the course.

Embraer employees (including technicians, specialists and business leaders) participate in these courses in terms of content development, teaching, mentoring and the technical team, thereby prompting an interchange between experienced generations and those who will determine future potential.

Lowest salary paid at Company's operational units relative to official minimum wage by gender G4-EC5

Country	Gender	Lowest salary paid		Reference wage	% over reference
		2013	2014		
Brazil -	MALE	BRL 1,155.00	BRL 1,337.60	BRL 724.00 ¹	84.75
DIAZII	FEMALE	BRL 1,148.62	BRL 1,337.60		84.75
USA -	MALE	US\$ 2,621.41	US\$ 1,733.33	US\$ 1,374.53 ²	26.1
	FEMALE	US\$ 2,588.42	US\$ 2,080.00		51.32
China —	MALE	CNY 9,500.00	CNY 12,000.00	CNY 1,560.00 ³	669.23
	FEMALE	CNY 7,000.00	CNY 6,117.52		292.15
Singapore –	MALE	SGD 1,943.00	SGD 2,413.00	NA	
	FEMALE	SGD 2,207.00	SGD 2,742.00	NA	
Portugal –	MALE	EUR 700.00	EUR 700.00	EUR 565.834	23.71
	FEMALE	EUR 821.54	EUR 700.00		23.71
France -	MALE	EUR 1,890.00	EUR 1,891.99	EUR 1,455.00 ⁵	30.03
	FEMALE	EUR 1,475.23	EUR 1,891.99		30.03

¹ Brazilian minimum wage; 2minimum wage in Florida; 3minimum wage in Beijing; 4minimum wage in Portugal; 5minimum wage in France.

Note: there are important differences between basic pay in different operational units because pay levels are affected by local country legislation. In China, the especially large gap between Embraer's minimum salary and the local minimum wage reflects the fact that the Company's activity in this country is largely administrative. Data take into account key operating units. Data do not cover representative offices in Ireland and the Netherlands (whose payroll on Dec 31st 2014 comprised 0.04% of the Company's total).



TRAINING PROGRAMS 64-FC8

Embraer is involved in several partnerships focused on professional training, education and development.

Indirectly, Embraer's involvement supports external Engineering courses such as those run by the Technological Institute of Aeronautics (ITA), a renowned research institute in São José do Campos to which Embraer has been linked since its foundation. Embraer's operation in Gavião Peixoto also indirectly supports the Aeronautical Engineering program (USP/São Carlos), SENAI's Aircraft Maintenance technical course and the advanced course in the Technology of Aircraft Maintenance, both of them in São Carlos (São Paulo state).

Embraer's role in stimulating learning and capacity building in the aerospace sector contributes to increasing Brazil's international competitiveness in the international market for high-technology manufacturers.

A highlight of 2014 was a partnership with FlightSafety, through which Embraer developed training programs specific to the Legacy and Lineage executive jets and the E-Jets commercial aircraft. The program's first class of Legacy 500 pilots trained in the FlightSafety training center in Missouri (US) in 2014. Classrooms are equipped with advanced technology, including a flight simulator.



of employees are on full-time contracts



reals invested in engineering training partnerships

PERFORMANCE EVALUATION 64-1 A11

During 2014, via My Embraer (the online people management tool) the Company rolled out its competency assessment program across all its operations in Brazil and abroad. The program generates Personal Development Plans (PDPs) that help employees reach their goals and help align these with Embraer's values.

The three assessment models are as follows:

Leadership evaluations

Identifies strengths and development opportunities against Embraer Business Leader competencies. Evaluation is a combination of self-assessment and feedback from immediate superiors and subordinates, peers and clients (360° model).

Competency assessment

This evaluates all employees, including those in leadership positions. It promotes excellence and professional development using organizational competencies. Consisting of five stages (self-assessment, manager's assessment, consensus meeting, development of PDP and signature) the evaluation is performed on an annual basis, with the support of My Embraer.

Automatic Salary Progression Assessment

This has decision-making power. Assuming satisfactory performance, the employee receives an automatic pay increase. In cases of unsatisfactory performance, employment is terminated. This assessment is for early operational staff at the start of their career and with up to a maximum of 84 months of tenure in the organization.

During 2015 the competency evaluation system will enable managers to sign subordinates up for relevant courses as soon as the PDP is developed, with the help of the My Embraer tool.

Performance assessment and career development

		2014
	Male	Female
Total employees	16,246	2,921
Employees evaluated	14,616	2,570
% By gender	90	88
% OVERALL		90

Hiring in 2014 – by region, age group and gender (and as % of workforce) **G4-LA1**

Region	Age group		Male		Female	Ov	erall total
Dala Havizanta (MC)	UNDER 30	19	0.1%	11	0.1%	30	0.2%
Belo Horizonte (MG)	30 TO 50	3	0.0%	2	0.0%	5	0.0%
Belo Horizonte Total		22	0.1%	13	0.1%	35	0.2%
Botucatu (SP)	UNDER 30	38	0.2%	8	0.0%	46	0.2%
DOLUCALU (SP)	30 TO 50	8	0.0%	1	0.0%	9	0.0%
Botucatu Total		46	0.2%	9	0.0%	55	0.3%
Brasília (DF)	30 TO 50		0.0%	1	0.0%	1	0.0%
Brasília Total			0.0%	1	0.0%	1	0.0%
Gavião Peixoto (SP)	UNDER 30	92	0.5%	26	0.1%	118	0.6%
	30 TO 50	20	0.1%	5	0.0%	25	0.1%
Gavião Peixoto Total		112	0.6%	31	0.2%	143	0.7%
	UNDER 30	251	1.3%	128	0.7%	379	2.0%
São José dos Campos (SP)	OVER 50	6	0.0%	1	0.0%	7	0.0%
	30 TO 50	74	0.4%	37	0.2%	111	0.6%
São José dos Campos Total		331	1.7%	166	0.9%	497	2.6%
São Paulo (SP)	UNDER 30	2	0.0%	1	0.0%	3	0.0%
3d0 Pdul0 (3P)	30 TO 50	3	0.0%	2	0.0%	5	0.0%
São Paulo Total		5	0.0%	3	0.0%	8	0.0%
Sorocaba (SP)	UNDER 30	5	0.0%	3	0.0%	8	0.0%
20LOCADA (2b)	30 TO 50	9	0.0%		0.0%	9	0.0%
Sorocaba Total		14	0.1%	3	0.0%	17	0.1%
	UNDER 30	9	0.0%	10	0.1%	19	0.1%
Taubaté (SP)	OVER 50	1	0.0%		0.0%	1	0.0%
	30 TO 50	6	0.0%	6	0.0%	12	0.1%
Taubaté Total		16	0.1%	16	0.1%	32	0.2%
China ——	UNDER 30	3	0.0%	2	0.0%	5	0.0%
CIIIId	30 TO 50	4	0.0%	1	0.0%	5	0.0%
China Total		7	0.0%	3	0.0%	10	0.1%
	UNDER 30	59	0.3%	16	0.1%	75	0.4%
USA	OVER 50	70	0.4%	11	0.1%	81	0.4%
	30 TO 50	181	0.9%	23	0.1%	204	1.1%
USA Total		310	1.6%	50	0.3%	360	1.9%
	UNDER 30	7	0.0%	1	0.0%	8	0.0%
France	OVER 50	4	0.0%		0.0%	4	0.0%
	30 TO 50	9	0.0%		0.0%	9	0.0%
France Total		20	0.1%	1	0.0%	21	0.1%
Deutstand	UNDER 30	42	0.2%	4	0.0%	46	0.2%
Portugal ——	30 TO 50	36	0.2%	11	0.1%	47	0.2%
Portugal Total		78	0.4%	15	0.1%	93	0.5%
Holanda	30 TO 50	1	0.0%	1	0.0%	2	0.0%
Holanda Total		1	0.0%	1	0.0%	2	0.0%
Singapore	30 TO 50	4	0.0%	2	0.0%	6	0.0%
Singapore Total		4	0.0%	2	0.0%	6	0.0%
Total geral		966	5.0%	314	1.6%	1.280	6.7%
TOTAL GERAL		966	5.0%	314	1.6%	1.280	6.7%

Staff turnover in 2014 – by region, age group and gender (and as % of workforce)

Region	Age group		Male		Female	C	Overall total
Belo Horizonte (MG)	UNDER 30	6	0.0%	1	0.0%	7	0.0%
	30 TO 50	1	0.0%		0.0%	1	0.0%
Belo Horizonte Total	5.7	7	0.0%	1	0.0%	8	0.0%
	UNDER 30	55	0.3%	12	0.1%	67	0.3%
Botucatu (SP)	OVER 50	1	0.0%		0.0%	1	0.0%
	30 TO 50	35	0.2%	8	0.0%	43	0.2%
Botucatu Total		91	0.5%	20	0.1%	111	0.6%
Brasília (DF)	30 TO 50		0.0%	1	0.0%	1	0.0%
Brasília Total			0.0%	1	0.0%	1	0.0%
	UNDER 30	28	0.1%	4	0.0%	32	0.2%
Gavião Peixoto (SP)	OVER 50	7	0.0%		0.0%	7	0.0%
	30 TO 50	60	0.3%	7	0.0%	67	0.3%
Gavião Peixoto Total		95	0.5%	11	0.1%	106	0.6%
	UNDER 30	165	0.9%	80	0.4%	245	1.3%
São José dos Campos (SP)	OVER 50	100	0.5%	21	0.1%	121	0.6%
	30 TO 50	274	1.4%	87	0.5%	361	1.9%
São José dos Campos Total		539	2.8%	188	1.0%	727	3.8%
	UNDER 30	1	0.0%		0.0%	1	0.0%
São Paulo (SP)	OVER 50	1	0.0%		0.0%	1	0.0%
	30 TO 50	6	0.0%	1	0.0%	7	0.0%
São Paulo Total		8	0.0%	1	0.0%	9	0.0%
Sorocaba (SP)	30 TO 50	3	0.0%		0.0%	3	0.0%
Sorocaba Total		3	0.0%		0.0%	3	0.0%
	UNDER 30	2	0.0%	6	0.0%	8	0.0%
Taubaté (SP)	OVER 50	2	0.0%		0.0%	2	0.0%
	30 TO 50	6	0.0%	4	0.0%	10	0.1%
Taubaté Total		10	0.1%	10	0.1%	20	0.1%
	UNDER 30	1	0.0%	3	0.0%	4	0.0%
China ——	OVER 50	1	0.0%		0.0%	1	0.0%
	30 TO 50	7	0.0%	3	0.0%	10	0.1%
China Total		9	0.0%	6	0.0%	15	0.1%
	UNDER 30	55	0.3%	9	0.0%	64	0.3%
USA	OVER 50	69	0.4%	3	0.0%	72	0.4%
	30 TO 50	142	0.7%	22	0.1%	164	0.9%
USA Total		266	1.4%	34	0.2%	300	1.6%
	UNDER 30	7	0.0%	4	0.0%	11	0.1%
France ——	OVER 50	10	0.1%		0.0%	10	0.1%
	30 TO 50	27	0.1%	6	0.0%	33	0.2%
France Total		44	0.2%	10	0.1%	54	0.3%
	UNDER 30	4	0.0%		0.0%	4	0.0%
Portugal —	30 TO 50	7	0.0%	1	0.0%	8	0.0%
Portugal Total		11	0.1%	1	0.0%	12	0.1%
	OVER 50	1	0.0%	<u> </u>	0.0%	1	0.0%
Singapore	30 TO 50		0.0%	3	0.0%	8	0.0%
Singapore Total		6	0.0%	3	0.0%	9	0.0%
TOTAL GERAL		1,089	5.7%	286	1.5%	1.375	7.2%
		,					

REMUNERATION AND BENEFITS 64-1 A2

DMA Employment

Embraer provides all its employees with life insurance, a health plan and incapacity or invalidity benefits (through the life insurance plan), maternity and paternity leave (180 days and 5 days respectively), a retirement plan (Embraer Prev – the private plan is optional) and a share purchase plan (CIEMB – optional). In its overseas operations, the Company follows local legislation.

HEALTH AND SAFETY G4-1 A6

DMA Health and Safety

Embraer attaches great importance to the pursuit of excellence in its occupational health and safety program. It undertakes continuous educational and preventative initiatives under its Environmental and Health & Safety Policy (MASS in Portuguese). Revised in 2013, MASS is a holistic directive that sets goals in keeping with the Company's standards of excellence.

For the past 13 years Embraer has also retained its OHSAS 18001 international occupational health and safety certification, having implemented all the measures envisaged in this standard in areas such as health and safety, planning, implementation and operation, verification and corrective measures, critical review by leadership and continuous improvements; all these areas are described the Management System handbook. Each year, the Company sets Goals and Objectives for the Management System, aimed at preventing mishaps and improving working conditions. Performance indicators are presented monthly to the Board of Directors and the Board of Executive Officers and discussed in Critical Analysis meetings that review the Management System.

Excellent accident prevention requires continuous attention: the Board of Directors and the Board of Executive Officers review indicators every month

A decline in accidents and incidents in the past year may be attributable to ongoing preventative initiatives such as the Communication and Educational Initiatives Plan, the Behavioral Program, the Occupational Therapy Program (PERTO), Managing Ergonomic Risk Factors and Prevention through Design (PtD). Embraer's meticulous approach to safety management saw it ranked top in its sector, for the fifth consecutive year, in the health and safety leadership category of the Dow Jones Sustainability Index.

Educational Initiatives and Communications Plan: launched in 2012 with the backing of senior leadership, this aims at instilling habits of prevention. The Five Golden Rules for Health and Safety were formulated on the basis of employee feedback on health and safety issues, including barriers to overcome and suggestions for how to implement policy. Each year sees the launch of fresh initiatives aimed at deepening adherence to each rule, the last of which is to share best practices with visitors and third parties.

Behavioral Program: created in 2008, this has now trained more than 5,000 staff. Having already been rolled out to production, logistics, planning and quality areas, in 2014 it was extended to administrative departments and included in the *cockpitemb* electronic portal developed internally for managing operational activities.

Embraer Occupational Therapy Program (PERTO in Portuguese): led by physiotherapy specialists, since its start in 2010 PERTO has worked on reeducating employees on appropriate workplace postures, with the goal of minimizing injury risks. In 2014, the program expanded its scope and reach in terms both of operational units and technologies.

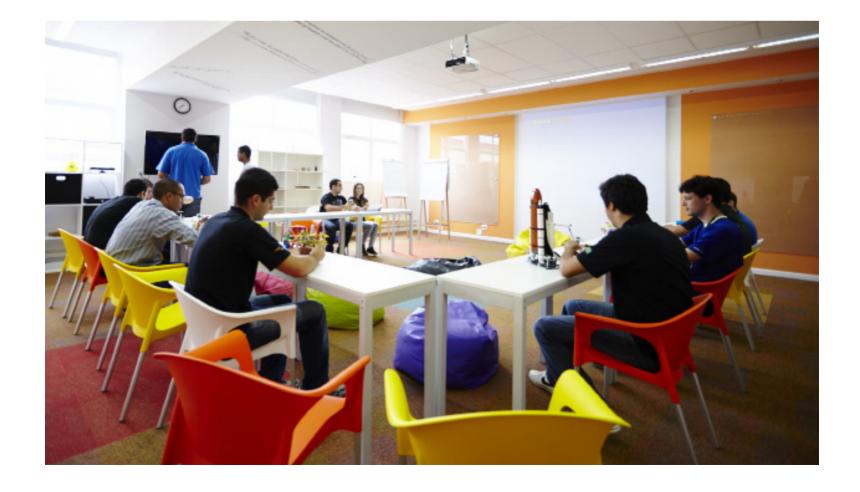
Managing Ergonomic Risk Factors: since 2001 this has worked on identifying ergonomic risks at workstations and developing solutions to address them. Having begun as a pilot initiative in one operational unit, it now covers all premises throughout Brazil. In 2014 work began on developing proprietary software to address ergonomics in the aeronautics industry.

Prevention through Design (PtD): as a result of a *kaizen* in 2013, this program implanted health and safety requirements into the development stages of new product lines. The newest aircraft, the E2 and the KC-390, had already undergone ergonomic assessment with the goal of preventing accidents and illnesses and reducing the incidence of re-workings.



HEALTH AND SAFETY IN NUMBERS - EMBRAER EMPLOYEES	2012	2013	2014
Total accidents	221	196	184
Incident frequency rate with and without absence from work ^{1,2}	7.75	6.47	6.00
Workdays lost (to injury + illness)	1,018	1,221	982
Severity Rate (injury + illness) ³	35.71	40.29	32.05
Occupational illness rate ⁴	0.67	0.92	0.49
Absenteeism Rate (excluding maternity/paternity leave) ⁵	4.7	// -	-
Fatalities	0	0	0
HEALTH AND SAFETY IN NUMBERS – CONTRACTORS	2012	2013	2014
Incident frequency rate with and without absence from work ^{6,7}	8.85	9.23	7.20
Fatalities	0	0	0

¹The frequency rate corresponds to the total number of work accidents whether or not they result in time off work, divided by hours actually worked (HAW) and multiplied by a million. ² Severity and frequency rates take into account HAW, including 8hr 36min work day plus overtime. Data from the Sorocaba unit were inrporated in 2014. ³ Severity rate corresponds to number of lost workdays divided by HAW and multiplied by a million. 4 Illness rate corresponds to total number of work-related illnesses whether or not they result in time off work, divided by HAW and multiplied by a million. ⁵ Information not available. ⁶ The frequency rate for contractors corresponds to the total number of work accidents whether or not they result in time off work, divided by HAW and multiplied by a million. ⁷ The HAW for contractors was estimated assuming 220 hours per month per individual contractor at Faria Lima, Eugênio de Melo, Taubaté, Gavião Peixoto, Botucatu units, and from 2014 including Sorocaba. Note: Data cover all Brazil operations. They do not cover travel accidents, whether or not they result in loss of workdays. Total days lost in consecutive days. Work accident data was computed according to NBR 14280 (Brazilian regulation), which translates ILO resolution, in which total number of work accidents is divided by HAW and multiplied by a million. Recording of accidents and illness is carried out via a system that facilitates accident investigation and the creation of an action plan to develop preventative and/or corrective measures.





Embraer has held OHSAS 18001 certification for more than ten years as a result of its rigorous approach to environmental health and safety.

SUPPORTING QUALITY OF LIFE G4-LA7

Based on its health and safety policy, Embraer implements a series of preventative initiatives that focus on employees' occupational health, quality of life and wellbeing. The Company's wellness programs are based on an epidemiological profile developed through periodic medical check-ups that attract 100% of employees.

The highlight is the Well-Being program launched in 2009 and focused on improving quality of life and wellbeing for employees and their families, and interns.

The program encourages the adoption of good habits, with support to help individuals achieve a healthier daily lifestyle, reducing health risk factors, improving the quality of the work environment, and underpinning productivity and business excellence.

Well-Being Bulletin: a weekly publication about health, quality of life and wellbeing, distributed by email and intranet.

Articles cover a range of themes related to physical, mental and emotional health as well as offering cultural and leisure recommendations and tips.

Well-Being without Cigarettes: offers employees and their direct dependents treatment to help quit smoking, combining individual and group therapy. Treatment and medications are covered 100% by Embraer.

Well-Being without Drugs: provides support to employees and their direct dependents, as well as interns, to treat chemical dependency. The program entails specialized treatment for the drug user, as well as support for his/her family and manager.

Well-Being on the Scales: offers to help employees and their direct dependents, as well as interns, achieve healthy weight loss. One of the programs is based on the methodology developed by Weight Watchers.

Well-Being and Maternity: offers the option of extending maternity leave from 120 to 180 days along with a pre-natal course for expectant mothers. During the course, doctors, nutritionists, psychologists, pediatric orthodontists and obstetric nurses help the expectant parents to support each other, and provide useful guidance on pre-natal readiness and care of the newborn baby.

Well-Being and You: entails a range of initiatives to help improve the health of employees struggling with excess weight and/ or obesity, as well as related ailments such as hypertension, cholesterol problems and diabetes. The program is carried out within Embraer and led by a multi-disciplinary team of doctors, nutritionists and psychologists.

Well-being and Physical Activity: offers employees and their direct dependents incentive programs and facilities to encourage them to engage in physical activity and sport, providing infrastructure at the Embraer Sports Association, in addition to various exercise programs including the 30-Minute Gym.

Lecture Program: offers awareness raising, discussion and guidance for making quality-of-life improvements through the adoption of healthy daily habits. The lecture topics focus on improving health and preventing problems.



Health Week: this aims to encourage employees, their families and contractors to take better care of their health and wellbeing. Health Week took place in 2014 in conjunction with the Internal Accident Prevention Week (SIPAT). Employees throughout Embraer's Brazil received guidance on how to make behavioral changes and take preventive measures to minimize health, safety and environmental risks; along with instruction on creating a precautionary environment, familiarizing employees with corrective measures they can request to make the working environment more sustainable—thus contributing to continuous improvement.

Vaccination Program: with a focus on prevention, Embraer's vaccination program is extended to all employees and their direct dependents. It carries out various vaccination campaigns, for example flu.

Reinsertion Program: led by a multidisciplinary team, this aims to increase safety as well as minimize problems caused by prolonged absences from work, encouraging the absentee to adopt healthy habits, thus improving their wellbeing for the return to work. Employees undergo monitoring during their absence and upon their return.

Support programs for serious illnesses

Program beneficiary	Education/ training	Counseling	Prevention/ risk control	Treatment
Employees	X	Х	Х	X
Employees' families	X		Х	X
Contractors	X		X	

JOINT REPRESENTATION G4-LA5

An Internal Accident Prevention Committee (Comissão Interna para Prevenção de Acidentes - CIPA) has been in operation at Embraer since 1971. Currently Embraer has active CIPAs covering all its manufacturing operations. The number of members in CIPA is defined by regulatory norm NR-05 of Administrative Ruling no. 3124/78 issued by Brazil's Labor Ministry.

CIPA is made up of employees elected annually by secret ballot, along with an equal number of representatives appointed by Embraer's management. The employer appoints CIPA's president and the elected and serving employees elect the Vice-president. CIPA meets once a month to discuss issues relating to employee health and safety and circulates meeting minutes to relevant trade unions.

Once a year, CIPA organizes a week of activities focused on accident prevention, with the participation of most Embraer employees.

Each operating unit has its own CIPA, its size proportionate to the number of employees. Any Embraer employee, whatever his or her level, can take part in a CIPA.

Note: during 2014 the number of employees serving on CIPA increased due to CIPA's extension to the Belo Horizonte premises.

Percentage of employees represented on formal health and safety committees

Committee	2012	2013	2014
Share of employees represented by CIPA	100%	100%	100%
No of CIPA delegates (all Embraer manufacturing premises)	140	140	148



of employees are represented on formal health and safety committees.



PARTNERS





VALUE-SHARING STRATEGY

Embraer works to develop high-quality relationships with its business partners, sharing with them its values and vision

G4-12; G4-13

n order to fully achieve excellence, Embraer needs to secure its suppliers' engagement with its quality standards and corporate values. This is because commercial partnerships, whether for procurement, innovation, development or training, will remain fundamental to keeping the Company on the path to a sustainable long-term future.

Embraer disseminates the management and governance principles it adopts internally throughout its value chain, both to share knowledge about the most efficient practices and ensure suppliers and partners also achieve excellence.

SUPPLY CHAIN G4-EN32; G4-EN33

DMA environmental assessment of suppliers

In selecting its suppliers, Embraer considers issues such as price competitiveness, quality, reliability, technical and productive capacity, socio-environmental responsibility, financial health, logistics, risks, certifications and experience.

Embraer ensures its suppliers' compliance with environmental and health requirements by means of contract clauses that are based on the Company's Code of Ethics and Conduct and risk analysis process. Applicable to 100% of suppliers contracted by Embraer, these clauses establish the supplier's obligation to comply with sector-specific legislation as well as socio- environmental standards and human rights norms.

During 2014 most of Embraer's suppliers underwent an environmental impact assessment. This consists of completing a risk analysis questionnaire containing a specific section on environmental, health, safety and social legislation and assessing nine dimensions:

financial, business, production, quality, after-sales, foreign trade, supply chain, engineering and environment.

Embraer's supply-chain management deploys tools such as: a scorecard for monthly monitoring of indicators; a joint action plan in which Embraer executives and suppliers discuss strategic issues that might impinge on operations; and a risk assessment to monitor supply risks and conduct in-person audits of the supplier's factory floor.

Currently 68 Brazilian companies provide products and services for aircraft manufactured by Embraer. This supply chain produced 48,000 different parts in 2014, representing a 12.5% increase on the previous year.

INTEGRATED DEVELOPMENT

Occasionally, suppliers are also involved in product development. This helps promote a collaborative environment, entailing discussion of suppliers' ideas and suggestions and their incorporation into aeronautics development projects. This process, known as Integrated Product Development (IPD), connects suppliers and Embraer to work jointly on aircraft design. After initial meetings, all parties can continue to collaborate on the project in a virtual (online) environment.

This close working relationship with its suppliers resulted in Embraer ranking in first place--for the second consecutive year-in the supply chain category of the Dow Jones Sustainability Index.

Embraer requires its suppliers to comply with norms for handling and disposing of potentially hazardous substances.

SUPPLY CHAIN DEVELOPMENT

Embraer created its Supplier Development Program (PDF) in 2011 to help promote the development of its supply chain in Brazil.

Carried out through the classroom, the program entails modules such as: business leadership, strategic planning, financial management, project management, inventory management and people management, as well as kaizen weeks.

At the end of 2014 the PDF was reformulated and is now called the Program to Develop the Aeronautics Value Chain (PDCA in Portuguese). It is currently being developed in partnership with the Brazilian Industrial Development Agency (ABDI).

Practical capacity building takes place via kaizen weeks for suppliers. Suppliers are also encouraged to carry out their own kaizens –in 2014, there were 668 kaizens, a significant improvement on 2013, when there were 399. Suppliers are encouraged to cultivate lean management precepts using a tool based on SAE J4000 and J4001 standards, which outline best practices and highlights improvement areas, transmitting lean management thinking to suppliers as envisaged in the Embraer Entrepreneurial Excellence Program (P3E).

Through 2014, there have been 11 kaizen weeks. And a survey of suppliers in 2014 showed a 95% favorability rating. As a thank you for their work, the company holds an annual event for suppliers, awarding a prize for the company that has made the best use of P3E concepts and achieved significant changes.

FIRST AEROSPACE INVESTMENT FUND IN LATIN AMERICA

In 2014 Embraer launched the Aerospace Investment
Fund (Fundo de Investimento em Participações
Aeroespacial – FIP), the first in Latin America to
focus exclusively on the aerospace sector. It is a joint
initiative with the Brazilian National Development Bank
(BNDES), FINEP (the federal government's Funding
Authority for Studies and Projects) and Desenvolve SP,
a development agency for the state of São Paulo. The
FIP's chief objective is to support small and medium
sized companies (SMEs) involved in developing
aerospace systems and to help them collaborate, with
a view of strengthening the aerospace, aeronautics,
defense and security supply chain. The FIP Aeroespacial
will have an initial capital of 131.3m reals.



in initial capital for Aerospace Investment Fund (FIP)





WE BUILD A SUSTAINABLE FUTURE

Entrepreneurial excellence is intrinsically linked to community engagement and respect for the environment

ngagement with civil society and respect for the environment constitute standards of conduct to which Embraer adheres in all its activities. Listening to the local community and managing the environmental impacts of Embraer's products throughout their life cycle are among the key foundations to building a sustainable future and generating shareholder value.

The sustainability value is constantly being reinforced through the Embraer Entrepreneurial Excellence Program (P3E), which sets out goals and action plans for all departments at all levels.

The Company also has a **Sustainability Master Plan** centered on issues of key importance to the business as identified by top leadership in conjunction with groups of stakeholders. Indicators, strategies and goals are specified for each individual topic.



of students taught at Embraer Schools gained entry to public universities



invested by Embraer in social programs in Brazil

Social responsibility 64-EC7; 64-S01

DMA local community

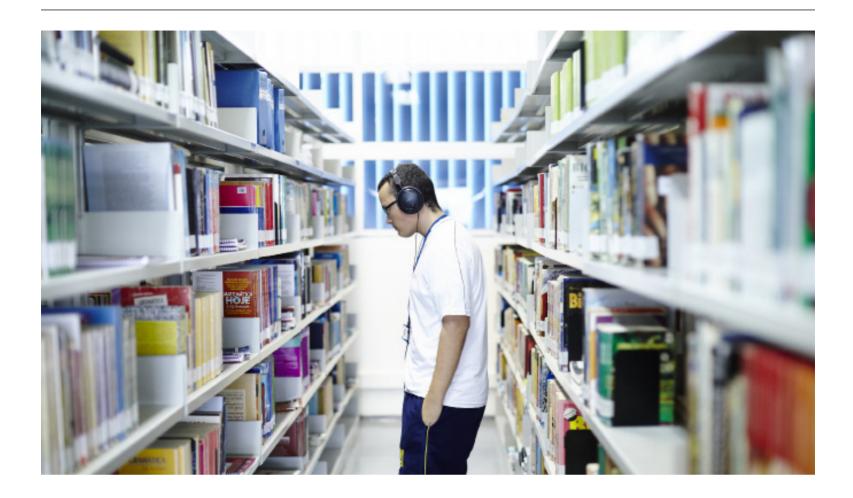
Embraer's social investment prioritizes education on the basis that this is the most efficient means of creating an inclusive and just society. Embraer Institute for Education and Research (IEEP), responsible for managing the Company's social investments, has a brief to create value in the local community through different kinds of social projects (local socioeconomic development; research, development and innovation; and ethics). During 2014 Embraer invested nearly 20m reals in social programs linked to the Embraer Institute's six pillars: educational excellence; social partnership programs, entrepreneurship programs; socio-environmental responsibility; volunteering programs and historical preservation.

Through public consultations, the local community actively participates in defining the scope of social programs. The needs and expectations of the different regions involved are thus factored in, incorporating them into the Company's strategic priorities for social investment and thus adding value to Embraer's image in the communities where it operates.

EMBRAER HIGH SCHOOLS

The Juarez Wanderley and Casimiro Montenegro Filho high schools, located in São José dos Campos and Botucatu respectively (both in the state of São Paulo) offer the three high school years on a full time basis to students from the public school system. In the 12 years since it began, the Embraer High School project has become a reference point in its field, with high pass rates on entrance exams for both public and private universities. In all, 2,200 students have been educated at the São José dos Campos school and in 2015 the school in Botucatu will see its first class. The schools are fully financed by Embraer and in addition to study grants they provide free uniforms, school meals and transportation.





A University Preparation Program (PPU) developed with the Embraer Schools aims to transmit the main principals of university study and help students choose their courses. The PPU encourages students to develop research projects in areas that interest them. In 2014 they carried out projects in electrical engineering, robotics, clean energy generation and biofuels, topics also relevant to Embraer.

During 2014 Embraer Institute instigated a review of the Embraer Schools' selection criteria, with the goal of ensuring they stay reflective of local community realities. From 2015, the selection procedure will start to factor in socioeconomic criteria, in addition to extending the requirement for a minimum of nine years' attendance in public schools.

SCHOLARSHIP FUND

With the objective of encouraging students from low-income families to continue their studies, the Embraer Institute developed the Scholarship Fund program, targeted at top performing students with limited financial means who have passed entry exams for admission to public or private universities with full exemption of tuition. The fund is compound by donations from partner corporates

and more than 800 individual supporters. Former fund beneficiaries are responsible for refunding the assistance received once they are established in the labor market and following the expiry of a grace period. In 2014, the program benefited 267 students.

PARTNERSHIP WITH CIVIL SOCIETY

The Social Partnership Program (Programa de Parceria Social - PPS) provides financial support for educational projects developed by civil society organizations with the active participation of the local community. During 2014, more than 6,700 people benefitted from the program, with initiatives incorporating Embraer employees as volunteers.





4,37

Embraer employees involved in volunteer activities in Brazil and abroad

EMBRAER HISTORICAL CENTER

The Embraer Historical Center was created in 2006 with the aim of recovering, preserving and raising awareness about Embraer's history and that of the Brazilian aeronautical industry, the uniqueness and significance of which interests scholars both in Brazil and abroad. Available documentation sheds light on the time before Embraer was founded and covers the history of aeronautical initiatives as a whole. Material is accessible on the Center's website. at www.embraerhistoricalcenter.com.

VOLUNTEERING AT EMBRAER

Volunteering is an important facet of Embraer's engagement with the local community. The Shining Wings company portal aims to spur a culture of volunteering such that it permeates Embraer Institute's other activities. In 2014, more than 4,370 employees took part in volunteer activities in Brazil and abroad.

ENTREPRENEURSHIP

Since 2012, Embraer Institute has been running entrepreneurship programs aimed at young students. Embraer employees share their knowledge and experience with students from the public school system in programs such as Let's Talk About Ethics, which addresses ethical conduct in personal and professional life. In 2014 the Mini-Enterprise initiative received an award from the State of São Paulo's Junior Achievement chapter.

OVERSEAS INITIATIVES

Embraer also implements social responsibility programs outside Brazil. During 2014 the Company supported 15 such projects, involving more than 170 employee volunteers in the US and Portugal. These initiatives are aligned with the social partnership, entrepreneurship and preserving history pillars of Embraer Institute.



The effectiveness of Embraer's initiatives to reduce consumption of water, energy and materials and greenhouse gas emissions (GHG) are reflected in its ISO 14001 certification (since 2002).

Environmental responsibility

DMA environmental products and services

Embraer's environmental approach is governed by the principles and directives entailed in the MASS Policy (Meio Ambiente, Saúde e Segurança no Trabalho - Environment, Health and Safety at Work). The MASS Policy helps guide the Integrated System for Environmental, Health and Safety at Work and Quality Management. Lema, an external consultancy, transmits legislative updates and Embraer Normative Systems (ENS) ensures they are applied, guaranteeing full adherence to environmental norms.

In addition to legal compliance, the MASS Policy advocates impact mitigation and risk management initiatives, with a focus on eco efficiency (ensuring procedural optimization and resource economy), engaging the supply chain, product development (Design for the Environment) and climate change.

DEVELOPMENT WITH SUSTAINABILITY G4-EN27

From the outset, Embraer's aircraft are designed with an emphasis on incorporating innovations and adhering to environmental norms. The Integrated Development of Environmentally Sustainable Products Program (DIPAS in Portuguese) incorporates Design for the Environment (DfE) methodologies. DIPAS acts in three areas: noise and emissions certifications, to guarantee adherence to legal norms and harness environmentally responsible opportunities to add value; monitoring environmental legislation of all Embraer's international markets; and product life cycle-from the manufacture of parts to the aircraft's end-of-life dismantling.

DIPAS takes part in design meetings with the engineering and sustainability teams and contributes to the planning process, analyzing components and materials used. Its work also extends to the supply chain, to ensure that procurement practices fulfill environmental requirements.

Regarding the end of a product's life cycle, Embraer is affiliated to the Aircraft Fleet Recycling Association (AFRA), headquartered in Washington DC, which works with the aerospace industry on recycling and disposal.

In coming years, one of DIPAS's challenges will be to further develop the system for managing chemical substances, a fundamental issue for Embraer's business. It is also planning the creation of a tracking system for airplane parts, something that is expected to become a legal requirement in the future.

With the goal of encouraging the spread of DfE practices through Brazil's manufacturing sector, for the second consecutive year Embraer organized a workshop, Design for the Environment: opportunities and challenges for Brazilian manufacturing in partnership with the National Service for Industrial Apprenticeship (SENAI), the National Industry Confederation (CNI), the Technological Institute of Aeronautics (ITA), and representatives from Brazilian and foreign business, academia and consultancies in 2014.

NOISE

Aircraft noise is a priority theme for the aerospace industry, which has been achieving significant progress in recent decades.

With respect to noise certifications, Embraer's aircraft fall within norms stipulated by the UN's International Civil Aviation Organization (ICAO).

Within Embraer, the noise issue is focus of a specialized engineering team and the Silent Aircraft (Aeronave Silenciosa) program, which researches and develops tools and mechanisms to reduce noise emissions at take off and landing.

ATMOSPHERIC EMISSIONS

DMA Emissions

The aeronautics industry's fuel consumption, and resulting emissions of greenhouse gases (GHG), account for approximately 2% of all global emissions.

In 2012, Embraer signed an aeronautics industry sustainability pact, an initiative of the Air Transport Action Group (ATAG) and an extension of a commitment signed in 2008, which pledged a 50% reduction of GHG emissions by 2050, using 2005 as the base year.

During 2014 Embraer's inventory of GHG emissions achieved ISO 14064 Part 1 certification for the fourth consecutive year. This standard establishes norms for quantifying, monitoring, verifying and validating GHG emissions.

40% reduction in direct emissions between 2013 and 2014

INITIATIVES TO REDUCE CO, EMISSIONS

» Installation of occupancy sensors to turn lighting off, increasing light bulb lifespan.

Expected reduction in GHG emissions: 188.92 tCO₂e

- **»** Boiler conversion to direct fired, resulting in a 30% reduction in consumption of liquefied petroleum gas (LPG).
- » Optimization of external transport, with review and adjustment of routes and the creation of a freight management system.

1,920km a year reduction in road travel in urban areas 39,840km a year reduction in road travel in interior areas Expected reduction in GHG emissions: 18.97 tCO₂e

» Reduction in lighting use time in two buildings dedicated to final assembly of the KC-390.

Expected reduction in GHG emissions: 43.38 tCO₂e

» Replacement of sodium vapor lamps with LED lighting.
Expected reduction in GHG emissions: 22.65 tCO₂e

» Natural lighting and ventilation project in F30 building.
Expected reduction in GHG emissions: 22.08 tCO₂e

» Heating of restaurant's kitchen water using solar panels, for a 69% reduction in natural gas consumption.

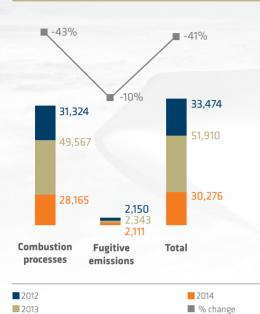
Expected reduction in GHG emissions: 119.62 tCO₂e

» Saving of of 27 tons of fuel per year.
Expected reduction in GHG emissions: 84.77 tCO₂e

» Reduction of pre-flight (production flight) engine turnover and review of procedures.

Saving of 9.9 tons of fuel per year Expected reduction in GHG emissions: 31.08 tCO₂e per year

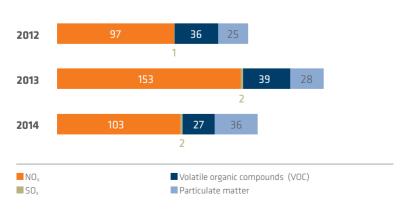
Direct GHG emissions by source (scope 1) - in tCO₂e **G4-EN15**



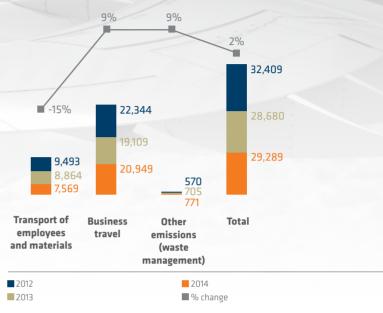
Indirect GHG emissions by source (scope 2) - in tCO₂e G4-EN16



NO_x, SO_x and other significant atmospheric emissions (t) **G4-EN21**



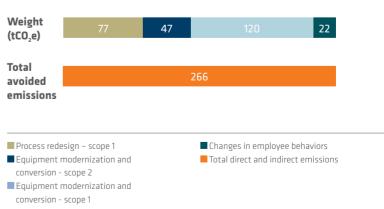
Other relevant indirect GHC emissions (scope 3) - in tCO₂e G4-EN17



Note: gases included in calculations and global warming potential (or GWP source): carbon dioxide (CO₂) -1; methane (CH₄) -25; nitrous oxide (N₂O) -298; hydrofluorocarbons (HFCs) -140 to 11,700; perfluorocarbons (PFCs) -8,830.

Emissions reduction (tCO₂e) 2014

G4-EN19





Total weight of waste G4-EN23

Data from São José dos Campos (SJK), Eugênio de Melo (EGM), Taubaté (TTE), ELEB, Gavião Peixoto (GPX) and Botucatu (BOT) units

2012	2013	2014	% change
1,108	1,223	1,295	6%
10,325	10,643	10,368	-2%
240	577	853	47%1
1,179	1,219	1,190	<1%
15	19	4	-79% ²
534	432	557	29%
13,401	14,113	14,267	1%
	1,108 10,325 240 1,179 15	1,108 1,223 10,325 10,643 240 577 1,179 1,219 15 19 534 432	1,108 1,223 1,295 10,325 10,643 10,368 240 577 853 1,179 1,219 1,190 15 19 4 534 432 557

HAZARDOUS WASTES (TONS)	2012	2013	2014	% change
Recycling	26	75	103	38%³
Recovery (including recovery of energy)	2,296	2,005	1,997	<1%
Incineration (burning of mass)	38	9	2	-78%
Sanitary landfill	25	-	-	-
Co-processing	971	1,028	1,067	4%
TOTAL	3,356	3,117	3,169	1%

¹Change reflects increased use of abrasive at TTE; ²Change reflects reduced compost material at TTE; ³Change reflects increased soluble oil at TTE; ⁴Change reflects reduced mask and tetracloroethylene waste at TTE



in water consumption: baseline for consumption reduction target in Sustainability Master Plan

WASTE MANAGEMENT

DMA waste

Embraer has a systematic approach to waste management. At all the Company's premises, there are designated collector receptacles; these are subsequently transported to "intermediate areas" and from there are immediately dispatched to relevant sorting depots, depending on the type of waste.

An outsourced company transports the waste to partners that perform waste co-processing, decontamination, repurposing, recycling, and disposal. All these companies are properly accredited and undergo periodic audits. Embraer does not import or export hazardous wastes. The goal established in 2014 of not sending hazardous wastes to land fills was met.

ENERGY EFFICIENCY

DMA energy

In 2013, Embraer contracted a company that specializes in route planning in order to optimize the efficiency of transporting employees, based on studies carried out in 2012. Initially focused on the Faria Lima facility in São José dos Campos, the project has made headway at all Brazilian premises and is expected to be implemented during the first half of 2015.

Embraer incorporates environmental requisites into product development through its Environmentally Sustainable Products Program (DIPAS).



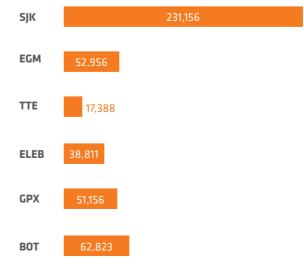


Total energy purchased and consumed (GJ) G4-EN3

2012 913,792 1,174,957 2013 879,986 2014 Electrical energy GJ Fuel consumption GJ ■ Total

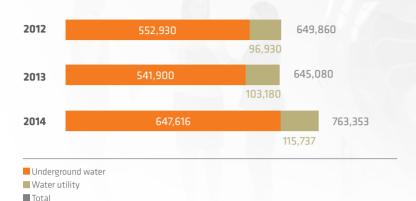
Note: it is not possible to determine primary energy consumption in the production of indirect energy. Brazilian utilities (hydroelectric, thermoelectric, etc.) are not legally obliged to disclose information on sources of energy production.

Electricity consumption in 2014 by operating unit (GJ)



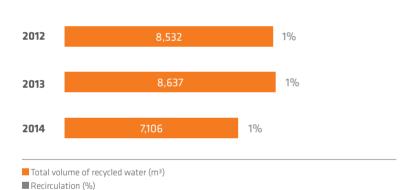
Total water withdrawal by source (m³) G4-EN8

Data relating to SJK, EGM, TTE, ELEB, GPX and BOT units



Water reuse and recycling*

G4-EN10



*At GPX unit

WATER MANAGEMENT

DMA Water

Embraer uses water supplied by local utilities as well as drawing it directly from the water table, on the basis of prior concession and grant in accordance with prevailing federal and state requirements. The water table source is periodically monitored in accordance with parameters established by Ordinance 2914/11 (Brazilian legislation). Embraer measures and monitors both industrial and human consumption on a monthly basis.

All effluents are treated in accordance with relevant environmental legislation. Only two Embraer operating units discharge effluents into bodies of water (Gavião Peixoto, which discharges into the Mulada stream, and Taubaté, discharging into the Boçoroca stream). They do so only after proper processing at a wastewater treatment plant. The volume of effluents is well below the absorption capacity of these bodies of water, neither of which is located in located in a designated environmental conservation area.

Total water discharges G4-EN22

Volume (m³)	2013	2014	Treatment	Destination
Domestic	442,602	372,878	-	
Faria Lima	292,078	213,196	SABESP	PUBLIC SEWAGE NETWORK
Botucatu	46,551	54,435	SABESP	PUBLIC SEWAGE NETWORK
Eugênio de Melo	56,249	46,867	SABESP	PUBLIC SEWAGE NETWORK
Gavião Peixoto	36,650	38,009	BIOLOGICAL TREATMENT	CORPO D'ÁGUA – CÓRREGO DA MULADA
Taubaté	11,074	20,371	BIOLOGICAL TREATMENT	BODY OF WATER
Industrial	79,472	72,233	-	-
Faria Lima	28,627	23,708	PHYSICAL/CHEMICAL TREATMENT	PUBLIC SEWAGE NETWORK
Botucatu	39,716	37,702	PHYSICAL/CHEMICAL TREATMENT	PUBLIC SEWAGE NETWORK
Eugênio de Melo	4,161	4,160	PHYSICAL/CHEMICAL TREATMENT	PUBLIC SEWAGE NETWORK
Gavião Peixoto	920	615	PHYSICAL/CHEMICAL TREATMENT	BODY OF WATER - MULADA STREAM
ELEB	6,048	4,923	PHYSICAL/CHEMICAL TREATMENT	PUBLIC SEWAGE NETWORK

Note: Taubaté (SP) emits no industrial effluents

BIODIVERSITY AND PROTECTION OF THE ENVIRONMENT

Embraer's industrial facility in Gavião Peixoto has a 356.71-hectare Permanent Conservation Area (APP in Portuguese) where, prior to Embraer's arrival, sugar cane and oranges had been cultivated. Of the recovered area, 32.38 hectares are designated as an APP and 328.74 hectares as a legal reserve. This environmental compensation initiative promotes regeneration of the ecosystem and encourages the return of wildlife to the area.

This facility's industrial processes are high technology and low environmental impact, classifying the Company as posing light to moderate environmental risks. The municipality's urban population is not directly affected by the Company's activities, nor does the latter cause substantial environmental impacts, since building the facility required little change to the topography in this extensive terrain.

Embraer's new facilities are being built using materials that aim to reduce environmental impacts. The two most recent, in Évora (Portugal) and the Service Center in Sorocaba, São Paulo, Brazil, adhere to sustainable construction and green design precepts.





GRI INDEX



GENERAL CONTENT

Aspect	Description	Page/response	External Verification	Correlation with Global Compact
Strategy and	G4-1 message from the president & CEO	6,7	No	
analysis	G4-2 description of main impacts, risks and opportunities	4, 6, 7	No	
	G4-3 organization name	10	No	
	G4-4 main brands, products and/or services	12, 14	No	
	G4-5 location of organization's headquarters	13	No	
_	G4-6 countries where main operations located, or those most relevant for sustainability aspects of report	13	No	
	G4-7 organization's nature and juridical status	10	No	
	G4-8 markets in which organization operates	13, 14	No	
Organizational	G4-9 organization's size	10, 13	No	
profile	G4-10 profile of employees	50, 51	No	Principle 6: Labor
	G4-11 % of employees covered by collective bargaining agreements	52	No	Principle 3: Labor
	G4-12 description of organization's supply chain	66	No	
	G4-13 significant changes in size, structure, shareholdings and supply chain	66	No	
	G4-14 description of organization's precautionary approach	36, 39	No	
_	G4-15 externally developed charters, principles, or other initiatives	43	No	
	G4-16 membership of associations and organizations	43	No	
	G4-17 entities included in consolidated financial accounts and entities not addressed in report	This annual report covers all Embraer units. All units of the Embraer included demonstrations consolidated financial, are part of the scope of this report.	No	
	G4-18 process for defining report content	2	No	
Identified	G4-19 list of material aspects	3	No	
material aspects and boundaries	G4-20 aspect boundary within organization	3	No	
ana boandanes	G4-21 aspect boundary outside organization	3	No	
	G4-22 change in formulation of data presented in previous reports	2	No	
	G4-23 significant changes in scope and aspect boundaries relative to previous reports	2	No	
	G4-24 list of stakeholder groups engaged by organization	2	No	
Stakeholder .	G4-25 Criteria for identification and selection of stakeholder groups to be engaged	2	No	
engagement	G4-26 Approach to stakeholder engagement	2	No	
	G4-27 Main issues raised during stakeholder engagement	3	No	
	G4-28 Reporting period	2	No	
	G4-29 Date of most recent previous report	2	No	
Outline of report	G4-30 Reporting cycle	2	No	
	G4-31 Contact information for queries on report and its content	86	No	
	G4-32 GRI application level applied and where to find GRI table	2	No	

	No	2	G4-33 Current policy and practices with respect to seeking external verification for the report	
	No	32, 33, 34	G4-34 Organization's governance structure	
	No	3	G4-35 Highest governance body's process for delegating authority for economic, environmental and social matters	Governance
	No	86	G4-36 Executive-level positions responsible for economic, environmental and social matters	
	No	3	G4-37 Processes for consultation between stakeholder groups and highest governance body on economic, environmental and social matters	
	No	34	G4-38 Composition of highest governing body and its committees	
	No	34	G4-39 Chair of highest governing body	
	No	34	G4-40 Nomination and selection procedures for positions on highest governing body and its committees	
	No	39	G4-41 Processes for preventing and managing conflicts of interest	
	No	34	G4-42 Highest governance body's role in setting policies on goals and impact management	
	No	3	G4-43 Initiatives to improve highest governing body's understanding of economic, environmental and social issues	
	No	34	G4-44 Highest governing body's performance evaluation procedures	
	No	3	G4-45 Allocation of responsibilities for implementing economic, environmental and social policies	
	No	34, 36, 39	G4-46 Highest governing body's role in evaluating efficiency of organization's risk management processes	
	No	34	G4-47 Frequency with which highest governing body evaluates risks, opportunities and impacts	
	No	President and CEO	G4-48 Highest governing body responsible for formally approving sustainability report and ensuring coverage of all material aspects	
	No	41	G4-49 Procedures for communicating critical concerns to highest governing body	
Principle 10: Anti-Corruption	No	41, 42	G4-56 Organization's values, principles, standards and behavioral norms	
Principle 10: Anti-Corruption	No	41	G4-57 Internal and external guidance mechanisms on ethics and adherence to standards	Ethics and integrity
Principle 10: Anti-Corruption	No	41	G4-58 Internal and external mechanisms to communicate concerns about unethical behavior	

SPECIFIC CONTENT

ECONOMIC CATEGORY

Aspect	Description	Page/response	External Verification	Correlation with Global Compact
	G4-Disclosure on Management Approach (DMA)	32	No	
	G4-EC1 Direct economic value generated and distributed	45, 46	No	
Economic ——— performance	G4-EC2 Financial implications and other risks and opportunities relating to climate change	39	No	Principle 7: Environment
	G4-EC3 Coverage of pension plan benefits	54	No	
N.Al t	G4- Disclosure on Management Approach (DMA)	18, 32	No	
Market ——— Performance	G4-EC5 Ratio of local minimum wage to lowest salary paid by the organization, by gender	54, 55	No	Principle 6: Labor
	G4- Disclosure on Management Approach (DMA)	55	No	
Indirect economic impacts	G4-EC7 Impact of infrastructure investments for benefit of public	55	No	
impaces	G4-EC8 Description of significant indirect economic impacts	12, 56	No	



ENVIRONMENT CATEGORY

Aspect	Description	Page/response	External Verification	Correlation with Global Compact
	G4-Disclosure on Management Approach (DMA)	76	No	
Energy	G4-EN3 Energy consumption inside organization	77	No	Principles 7 and 8: Environment
_	G4-Disclosure on Management Approach (DMA)	78	No	
Water	G4-EN8 Total water withdrawal by source	78	No	Principles 7 and 8: Environment
	G4-EN10 Volume and percentage of water recycled and reused	78	No	Principle 8: Environment
_	G4-Disclosure on Management Approach (DMA)	74	No	
	G4-EN15 Direct GHG emissions	75	No	Principles 7 and 8: Environment
Emissions —	G4-EN16 Indirect GHG emissions	75	No	Principles 7 and 8: Environment
ETHISSIONS	G4-EN17 Other indirect GHG emissions	75	No	Principles 7 and 8: Environment
_	G4-EN19 Reduction of GHG emissions	75	No	Principles 7 and 8: Environment
	G4-EN21 NOx, SOx, and other significant air emissions	75	No	
_	G4-Disclosure on Management Approach (DMA)	76	No	
	G4-EN22 Total water discharge by quality and destination	78	No	Principle 8: Environment
Effluents and waste	G4-EN23 Total weight of waste by type and disposal method	76	No	Principle 8: Environment
	G4-EN24 Number and volume of significant spills	There were no significant spills or notification of spills in 2014	No	Principle 8: Environment
Products and —	G4-Disclosure on Management Approach (DMA)	73	No	
services	G4-EN27 Initiatives to mitigate environmental impacts	73	No	Principles 8 and 9: Environment
_	G4-Disclosure on Management Approach (DMA)	66	No	
Environmental assessment	G4-EN32 % Of new suppliers screened using environmental criteria	66	No	Principle 8: Environment
of suppliers	G4-EN33 Significant actual and potential negative environmental impacts in supply chain	66	No	Principle 8: Environment
SOCIAL CATEGORY - LA	BOR PRACTICES AND DECENT WORK			
Aspect	Description	Page/response	External Verification	Correlation with Global Compact
_	G4-Disclosure on Management Approach (DMA)	59	No	
Employment	G4-LA1 Total number and rates of new employee hires and employee turnover	57, 58	No	Principle 6: Labor
	G4-LA2 Comparison of benefits provided to full time and temporary employees	59	No	
	G4-Disclosure on Management Approach (DMA)	59	No	
	G4-LA5 % Of employees represented on formal health and safety committees	62	No	
Occupational	G4-LA6 Rates of injury, occupational illness and work days lost	59, 60	No	
health and safety	G4-LA7 Employees with high incidence or high risk of illness related to their occupation	61	No	
_	G4-LA8 Health and safety issues addressed in formal agreements with unions	52	No	

	G4-Disclosure on Management Approach (DMA)	53	No	
Training and	G4-LA9 Average hours of training per year	53	No	Principle 6: Labo
education	G4-LA10 Competency management and continuous learning programs	54	No	
	G4-LA11 % Of employees receiving performance evaluations	56	No	Principle 6: Labo
	G4-LA14 % Of new suppliers screened using labor practices criteria	100% of suppliers reviewed were hired and adhere to labor clauses specified in contracts; they are also monitored through risk assessments	No	
Assessment of suppliers for labor practices	G4-LA15 Significant actual and potential negative environmental impacts in supply chain	Embraer ensures its suppliers comply with social, economic and environmental norms through contract clauses applicable to 100% of contractors and Risk Analysis assessment in developing new suppliers. Any verified violation of Code of Ethics and Conduct expressed in contract clauses is liable to lead to rescinding of supplier contract.	No	
SOCIAL CATEGORY - H	HUMAN RIGHTS			
Aspect	Description	Page/response	External Verification	Correlation with Global Compact
Investments	G4-HR1 Significant investment agreements and contracts that include human rights clauses	100% of our contracts contain clauses addressing human rights.	No	Principles 1 and 2 Human rights
Non-discrimination	G4-Disclosure on Management Approach (DMA)	41	No	
	G4-HR3 Total number of incidents of discrimination and corrective actions taken	41; No internal or external incidents of discrimination on the grounds of ethnic origin, skin color, sex, religion, ideology, national origin or social background were reported to the Company's official Helpline in 2014.	No	Principle 6: Labo
Freedom of	G4-Disclosure on Management Approach (DMA)	52	No	
association and collective bargaining	G4-HR4 Degree of application of right to freedom of association and operations and suppliers identified as at risk	52	No	Principle 3: Labo
Child labor	G4-HR5 Operations and suppliers identified as at risk for having incidents of child labor and actions taken	100% of suppliers reviewed were hired and adhere to labor clauses specified in contracts; and they are monitored by means of risk assessments	No	Principle 5: Labo
Forced or compulsory labor	G4-HR6 Operations and suppliers identified as at risk for having incidents of forced or compulsory labor and actions taken	100% of suppliers reviewed were hired and adhere to labor clauses specified in contracts; and they are monitored by means of risk assessments	No	Principle 4: Labor
Screening of suppliers using human rights criteria	G4-HR10 % Of new suppliers screened using human rights criteria	41	No	Principle 2 Human rights
Grievance	G4-Disclosure on Management Approach (DMA)		No	
mechanisms relating to human rights issues	G4-HR12 Number of grievances and complaints relating to human rights issues filed, addressed and resolved		No	
SOCIAL CATEGORY - S	SOCIETY			
Aspect	Description	Page/response	External Verification	Correlation with Global Compact
	G4-Disclosure on Management Approach (DMA)	70	No	
Local communities	G4-S01 % Of operations entailing local community engagement, impact assessments, and development programs	70	No	Principle 1 Human rights
	G4-Disclosure on Management Approach (DMA)	40	No	
Anti-corruption	G4-S03 Units undergoing anti-corruption risk assessments	40	No	Principle 10 Anti-corruptior
	G4-S04 % Of employees trained in anti-corruption policies and procedures	40	No	Principle 10 Anti-corruptior
Screening of suppliers using social impact criteria	G4-S09 % Of new suppliers screened using social impact criteria	100% of suppliers were engaged on the basis of social impact clauses in contracts, with which they are in compliance	No	
SOCIAL CATEGORY - F	PRODUCT REPONSIBILITY			
Aspect	Description	Page/response	External Verification	Correlation with Global Compact
Product and		18	No	



ANNUAL SOCIAL **BALANCE SHEET -CONTROLLING COMPANY**

1 - BASIS FOR CALCULATION	2014 (000 reals) 2013 (000 reals)					013 (000 reals)
Net Revenue (NR)			10,846,351			10,662,935
Operational Result (OR)			796,085			777,689
Gross Payroll (GP)			2,058,643			1,920,119
2 - INTERNAL SOCIAL INDICATORS	000 reals	% of GP	% of NR	000 reals	% of GP	% of NR
Meals	29,724	1.44%	0.27%	26,713	1.39%	0.25%
Compulsory social contributions	359,781	17.48%	3.32%	317,980	16.56%	2.98%
Private pension	63,106	3.07%	0.58%	57,390	2.99%	0.54%
Health	113,678	5.52%	1.05%	111,097	5.79%	1.04%
Occupational health and safety	15,643	0.76%	0.14%	24,101	1.26%	0.23%
Education	498	0.02%	0.00%	426	0.02%	0.00%
Culture	186	0.01%	0.00%	107	0.01%	0.00%
Professional training and development	12,160	0.59%	0.11%	19,539	1.02%	0.18%
Crèches or related support	1,144	0.06%	0.01%	1,087	0.06%	0.01%
Share in revenue and/or profits	97,475	4.73%	0.90%	81,092	4.22%	0.76%
Other	48,663	2.36%	0.45%	41,529	2.16%	0.39%
Total – Internal social indicators	742,058	36.04%	6.83%	681,061	35.48%	6.38%
3 - EXTERNAL SOCIAL INDICATORS	000 reals	% of GP	% of NR	000 reals	% of GP	% of NR
Education	19,945	2.51%	0.18%	21,040	2.71%	0.20%
Culture	0	0.00%	0.00%	0	0.00%	0.00%
Health and sanitation	0	0.00%	0.00%	0	0.00%	0.00%
Sport	0	0.00%	0.00%	0	0.00%	0.00%
Food security and fighting hunger	51	0.01%	0.00%	51	0.00%	0.00%
Other	745	0.09%	0.01%	793	0.10%	0.01%
Total contributions to society	20,741	2.61%	0.19%	21,884	2.81%	0.21%
Taxes (excluding compulsory social contributions)	412,829	51.86%	3.81%	319,148	41.04%	2.99%
Total - External social indicators	433,570	54.47%	4.00%	341,032	43.85%	3.20%
4 - ENVIRONMENTAL INDICATORS	000 reals	% of GP	% of NR	000 reals	% of GP	% of NR
Investments related to business output/operations	12,806	1.61%	0.12%	15,405	1.98%	0.14%
Investments in external projects and/or programs	0	0.00%	0.00%	66	0.01%	0.00%
Total environmental investments	12,806	1.61%	0.12%	15,471	1.99%	0.14%
In terms of establishing "annual goals" for minimizing waste, reducing general consumption during the course of manufacture/operation and increasing the efficiency of the use of natural resources, the company	doesn't set goals meets 0 to 50%	☐ meets 51 to 75% ☑ meets 76 to 100		☐ doesn't set goals☐ meets 0 to 50%	□ meets 51 to 75° ☑ meets 76 to 10°	

5 – STAFFING INDICATORS		2014			2013	
N° of employees at end-period	17,094				17,302	
N° of new hires during period	788			1,660		
N° of outsourced personnel		3,227			2,897	
N° of interns		337			404	
N° of employees aged over 45		3,055			2,964	
N° of women employees		2,523			2,509	
% Leadership positions held by women		10.58%			9.77%	
N° of black employees		829			793	
% Leadership positions held by black employees		2.67%			2.57%	
N° of people with disabilities or special needs		709			771	
6 - RELEVANT INFORMATION PERTAINING TO CORPORATE CITIZENSHIP		2014		Goals for 2015		
Ratio of highest to lowest compensation paid		49		No goal set		
Total number of work accidents		184			166	
The company's social and environmental projects were defined by:	leadership	■ leadership and managers	all employees)	leadership	☑ leadership and managers	all employees)
Occupational safety and sanitation standards were defined by:	☐ leadership and managers	all employees	🗷 all plus Cipa	leadership and managers	all employees	🛛 all plus Cipa
Concerning freedom of union association, right to collective bargaining and internal representation of workers, the company:	is not involved	follows ILO guidelines	■ encourages and follows ILO	will not be involved	will follow ILO guidelines	will incentivize and follow ILO
Private pension plan encompasses:	leadership	☐ leadership and managers	■ all employees	leadership	☐ leadership and managers	■ all employees
Profit or revenue sharing encompasses:	leadership	☐ leadership and managers	■ all employees	leadership	☐ leadership and managers	■ all employees
In selecting suppliers, the same ethical norms and standards of social and environmental responsibility adopted by the company:	not considered	X suggested	required	will not be considered	₩ wll be suggested	will be required
As regards employee participation in volunteering projects, the company:	does not get involved	supports	organizes and incentivizes	will not get involved	☐ will support	will organize and incentivize
Total number of customer complaints and criticisms:	to company	to Procon	in court of law	to company	to Procon	in court of law
% of complaints and criticisms addressed or resolved:	to company%	to Procon%	in court of law%	to company%	to Procon%	in court of law
Total added value for distribution (000s reals)	In 2014: 3,969,878			In 2013: 3,887,2	46	
Distribution of Value Added (DVA):	18.46% government 4 5.40% shareholders 1		14.66% retained	22.98% governme 5.20% shareholde	nt 48.18% employees rs 8.83% third parties	14.81% retained
7 - OTHER INFORMATION						



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