



**embraco**

POWER IN.  
CHANGE ON.

SUSTAINABILITY REPORT  
2011

SUSTAINABILITY REPORT  
2011

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## INTERVIEW WITH THE PRESIDENT

# PREPARED FOR ANOTHER HUNDRED YEARS

IN THIS INTERVIEW, PRESIDENT JOÃO CARLOS BREGA TALKS ABOUT EMBRACO'S TRAJECTORY AND ITS INNOVATIVE SPIRIT.

What is your assessment of 2010?

We are living a special moment in Embraco. In 2011, the company celebrates 40 years, and we have many reasons to celebrate, both in terms of what we have already accomplished as well as regarding the future. In 2010 alone there were several achievements: we increased our capacity in China by 50%, we launched new products in Brazil and renewed Slovakia's entire product line. Our perspective is to move forward on our path of growth, consolidating our global presence. For this, we have a very well prepared team which year after year has been able to make a difference and drive the business.

How does the company prepare itself for the future?

The challenge is permanent. We want to build an increasingly more global company, which is a much broader concept than having an international presence which requires a totally different mindset. For this we seek to foster diversity ensuring inclusion. Embraco needs to reflect, at all levels and functions, the geographic diversity of its operations. We want all regions where we are present to have a voice within the company. This enriches our corporate culture and represents a competitive advantage over competitors.



## What else can we highlight in this regard?

Another challenge, for which we prepare ourselves constantly, is to maintain technological leadership, since technology is what enables us to develop and deliver innovative and smart solutions that make a difference for our customers' business.

On this point, we have one important differential: energy efficiency, a flag that the company raised a long time ago and which has been gaining visibility around world. Our leadership in this theme multiplies our opportunities. The future of the compressor industry should necessarily go through with lower energy consumption and smaller products besides using electronics.

In 2011, Embraco initiates a new operation in Mexico. What is the role of this plant for the company's strategic plans?

The new plant reinforces the global component of the company's operations and represents another important step in improving the services supplied to our customers. In addition, the new plant is already being formed under the concept of environmental responsibility. Both the architectural project and production planning were designed to reduce consumption of natural resources such as water and energy. These concerns are present in all our units, of course, but the fact that the change begins in the project allowed us to use modern techniques and achieve more significant results. The reuse of water, for example, will reach 90%.

### THE FUTURE OF THE COMPRESSOR INDUSTRY WILL GO THROUGH WITH LOWER ENERGY CONSUMPTION

In the environmental area, you already mentioned two focuses of the company's operations: reducing the direct impacts of production and the commitment to energy efficiency. On the social side, what role does the company intend to play?

We operate in a society and we know our responsibility. We are committed to doing what is correct and legally appropriate, while at the same time we want to contribute to the development of communities. In all our units, we develop projects with children and adolescents in the areas of education, health and environment. Each unit has the freedom to develop their own projects depending on the local need.

**The focus on innovation is not new in the company, and consistent investment in this area was reflected in major advances in 2010, such as micro compressors, linear technology and oil-free models. For Embraco, is innovation a fundamental aspect for the business' continuity?**

No doubt, but we do not want innovation for innovation. The most important thing for us is to ensure that innovation meets customer needs and that it is accompanied by simplicity. What makes something innovative to succeed, besides being new and relevant, is to be accessible to all. The customer needs to

### INNOVATION MUST MEET CUSTOMER NEEDS AND IT MUST BE ACCOMPANIED BY SIMPLICITY

understand the solution we present and be able to put it into practice.

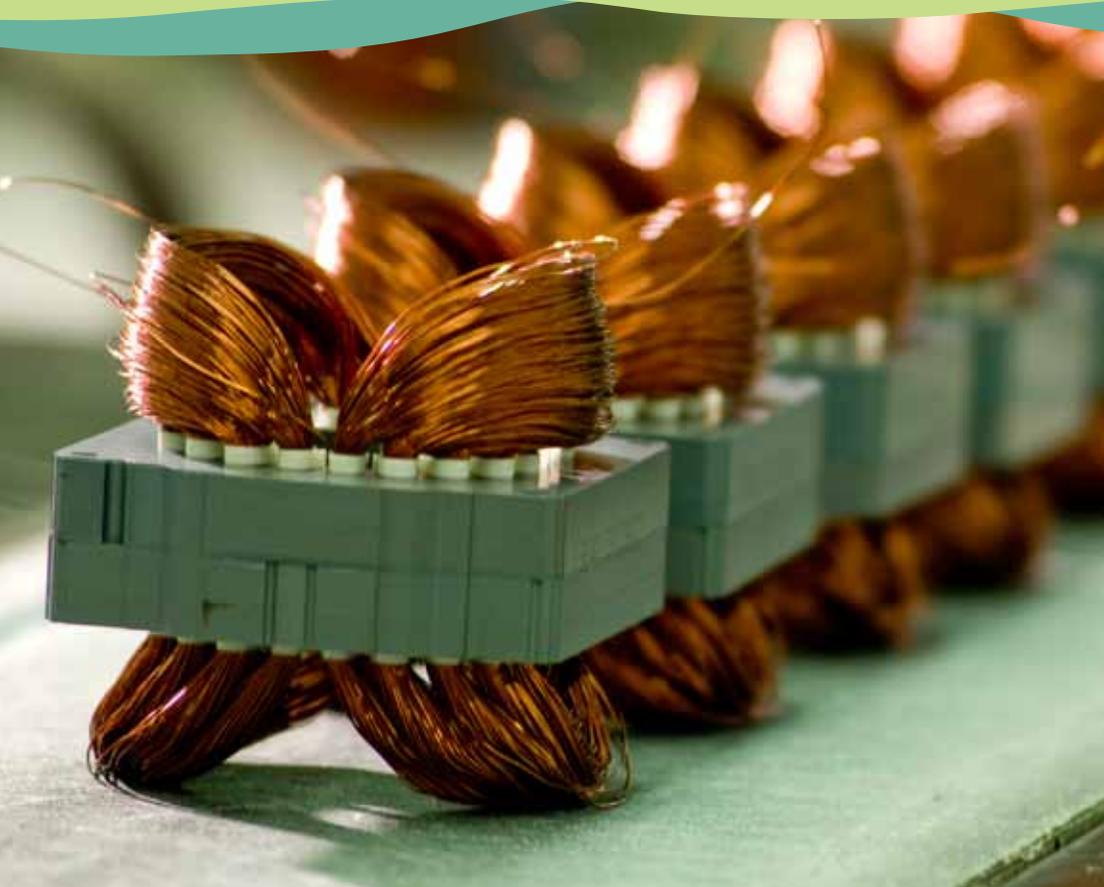
**Is the company ready for another 40 years?**

Absolutely. My certainty is based on corporate governance and the knowledge it has of the market. We already have a consolidated history, a past. We have faced different market conditions, and over the years, we have maintained ourselves as the leader and have demonstrated ability to grow. With flexibility and planning we seek to anticipate trends and prepare ourselves for the future. We are prepared for another hundred years!

**João Carlos Brega**  
President



## PROFILE



## WHO WE ARE

We are world leaders in the manufacture of refrigeration compressors. Beyond the production capacity (32 million units in 2010), we are a reference in low energy consumption models and we differentiate ourselves through our innovative character, the result of continuous investment in research and development.

In 2010 we were pioneers in the development of a new technology, together with the company Fisher & Paykel, from New Zealand, and the North American Whirlpool Corporation. The new compressor combines high energy efficiency with a linear design, more compact, dispensing the use of oil. Besides the obvious environmental benefit, the elimination of oil multiplies product application possibilities because it can be placed in any position within the equipment without risk

of leaks. Looking to the future, we have created and we are already testing micro-compressors, which could be used to cool electronic equipment and portable items such as firefighter uniforms and in the medical field. *(To learn more about linear technology and micro-compressors, see pages 21 and 22 of this report.)*

Embraco is headquartered in Joinville, Santa Catarina (Brazil), where it was founded in 1971. In 2006, Embraco, until then a publicly traded company, went through a reorganization that merged it with the household appliance manufacturer Multibrás, forming in Brazil, Whirlpool SA, controlled by the U.S. Whirlpool Corporation, shareholder of the two organizations since the 1990s. The two operations, household appliances and compressors continue to operate as independent business units while maintaining their specificities and peculiarities.



**EMBRACO NORTH AMERICA**  
**Suwanne, Georgia**  
warehouse and sales office

**EMBRACO MEXICO**  
**San Pedro García**  
office

**EMBRACO ITALY**  
**Riva Presso Chieri**  
office and compressor factory

**EMBRACO SLOVAKIA**  
**Spisská Nová Ves**  
office and compressor factory

**EMBRACO CHINA**  
**Beijing**  
office, compressor factory and electronic component factory



**EMBRACO BRASIL**  
**Joinville, Santa Catarina**  
headquarters, office, compressor factory, electronic component factory and foundry  
**Itaiópolis, Santa Catarina**  
component and cooling system factory

Our units are based in six countries, from which we serve 80 markets on all continents. We have four compressor factories, three factories for compressor components (parts and electronic controls) and a foundry. In 2011, this structure will be expanded with the opening of a compressor factory in Mexico, which should add 2.5 million compressors per year to our production capacity and enhance service to the North American market.

- **Production capacity:** 32 million compressors per year
- **Employees:** 10 thousand
- **Products:** compressors for refrigeration equipment (refrigerators, wine cellars and cold rooms), refrigeration systems and electronic temperature controls (for cooling systems)
- **Differentials:** world leader in compressor market and benchmark in technology and energy efficiency

## NEW BRAND

For us, being leaders in the refrigeration market is the result of hard work, commitment, strategic vision and boldness to innovate. But in the same way that leadership represents the recognition for what we already do, it also presents itself in the form of a challenge: we need to anticipate trends, be ahead, lead the way and build today the company that we want to be in the future.

With our new brand positioning, launched in July 2011, we seek to explain the essence of this whole process. Each of the values of the new brand expresses the double idea of potential and challenge, present and future, concrete reality and flexibility for evolution.

**Delivering Intelligent Performance:** We believe in what we do, we understand the market in which we operate and thereby deliver answers, many times to questions that did not even exist. Our intelligence is in the very close relationship with our customers, in the innovative solutions that we present, in the restlessness that makes us more agile in responding to different needs.

**Cultivating Passion:** We formed a team of extremely talented people, passionate about what they do, who have in their DNA the spirit of winning, the drive to overcome and to innovate. We are proud of what we produce and of the competence

that we find in the midst of so many diverse people and cultures.

**Shaping the Global Scenario:** We are leaders. Restless leaders, who understand the responsibility of our position. We know clearly that it is us who guide and influence the world market. It is us that reinvent, that transform ... But our difference is that we have an open mind to the new, to cultural differences and this makes us understand that there is always plenty to learn.

**Transcending the Future:** Inspired by innovation, we anticipate trends. Who said it is impossible to transcend the

future? It is with this questioning spirit that we invest in research and development in any economic scenario.

The concept of **Power to Change** is a catalyst for all actions driven by these four values: as leaders, we want to mobilize people and drive change.

The new brand follows the company's evolution in recent years, at the same time serving as a reference for what we want for the future. More than a graphic symbol, it reflects an evolution of the company's culture and must be present in everyone's attitudes.

## HISTORY

### 1971 FOUNDATION

In 1971, Empresa Brasileira de Compressores S.A. – Embraco was created, built in Joinville, a city located in the highly industrialized state of Santa Catarina in southern Brazil. Three years later, in 1974, operations began and the first compressors were produced. In the first decade, we gave our first step towards globalization. In 1977, we started exporting compressors to Peru. A year later, the United States and Canada entered the customer list.

### 1980 TECHNOLOGY INDEPENDENCE

In the beginning of this decade, we entered into an agreement that would catapult and stimulate our capacity for innovation. In 1982, we established the first technical cooperation agreement with the Federal University of Santa Catarina. The idea was to develop our own technology to improve production. In 1983, we formed the Research & Development area. These two initiatives enabled, in 1987,

for the first compressor with 100% Embraco technology to reach the market. In this year we also participated in the UN's Montreal Protocol, which seeks to eliminate the use of CFC (harmful to the ozone layer) and opened a sales office in the United States.



## CORPORATE GOVERNANCE

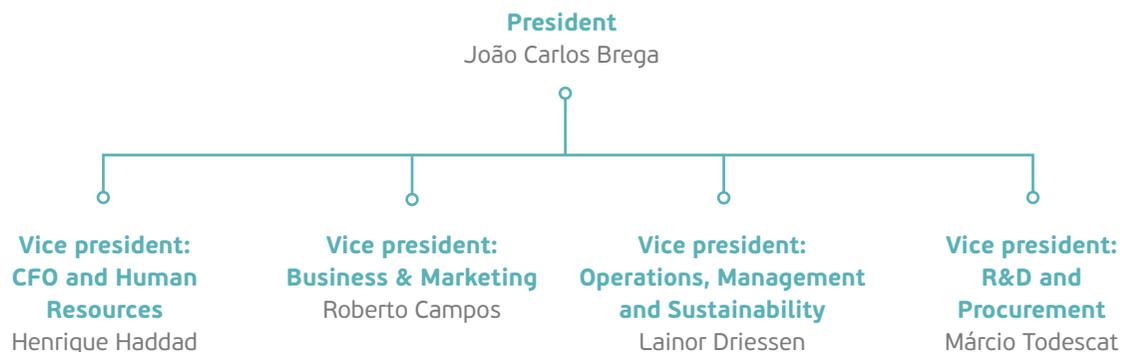
Teamwork, integrity, respect, spirit of winning and diversity with inclusion are the values that guide us in conducting business, and with solid governance structures we seek to create value for shareholders, customers, partners and society.

2010 was a year of changes in Embraco. To give more agility to decision-making processes, strengthen the strategic alignment and meet the new market challenges, we improved our internal structures, and in early 2011 we began operating under an even leaner and more agile model.

In the new structure, the Executive Committee, the main governance body, is composed by the presidency and four

vice-presidents. That bring together key areas. Our goal was to put into practice a new mindset on how to manage the company, promoting a balance between routine actions that ensure the results today, with transformation initiatives that ensure the long-term results. At the directorship level, and in all leadership, the changes mean more autonomy and responsibility for the joint construction of the results.

In this way, we seek to strengthen our ability to respond to the changing scenario and seize new opportunities of a globalized and dynamic market.



### 1990 INTERNATIONAL OPERATIONS

This was the decade in which we consolidated ourselves in the international market. In 1994, we hoisted flags in Italy, by acquiring the Aspera compressor plant. A year later, we became pioneers in creating the first Brazilian joint venture in China, Beijing Embraco Snowflake. In 1998, we began operating in Slovakia.

We reached the mark of 50 million compressors produced in 1990. Two years later, the Brazil unit obtained ISO 9001 certification and started production for CFC alternative gas compressors, pioneers in Latin America. In 1996, we launched the VCC, which revolutionized the market for energy efficiency. In 1993, we made an

important decision for sustainability by creating, in Joinville, the Embraco Ecology Award, an incentive for environmental education in learning institutions.

With the new acquisitions, by the end of the decade, we reached the mark of 21.7 million compressors produced per year.

**Monitoring**

The Executive Committee oversees Embraco's economic, environmental and social planning practice, the performance of the organization and the executives themselves. Assessments are quarterly, guided by our five strategic pillars: revenue growth, technology leadership, operational excellence, sustainability and people.

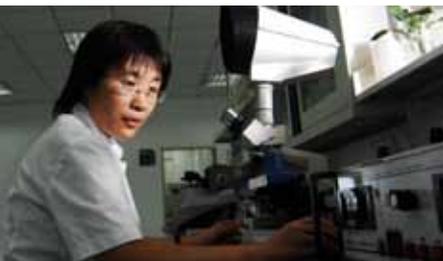
The Committee is also responsible for identifying and managing issues related to adherence and compliance with adopted international standards in the company and internal codes and principles of conduct.

**Risks and opportunities**

To manage and minimize risks every six months we review the risk spreadsheet following the Enterprise Risk Management methodology, which includes a description of each risk, the probability of occurrence, the impact if it occurs, activities to control it and the areas responsible for monitoring it. The same tool also guides the analysis of opportunities within each strategic pillar. In 2010, for example, focused on the sustainability pillar, the new Mexico plant's project, included reuse of water and thermal insulation of the facilities as well as accessibility to people with disabilities.



**NEW FACTORY IN MEXICO**  
Moving closer to our clients



**2000 CONTINUOUS IMPROVEMENT**

We have deepened the strategy of being a global company. We opened a sales office in Mexico and became signatories to the UN's Global Compact. In Brazil, we began operating with the corporate name Whirlpool SA, in 2006, the same year we started production at a new factory in China. In 2007, plants in Brazil, Italy and Slovakia were certified by the QC 080000, which

seeks to eliminate harmful substances from the environment. In the same year, Embraco Snowflake was certified by ISO 14001. In 2003, we began the activities of Embraco Electronic Controls (EECON) to produce electronic components used in compressors. Five years later, EECON opened a new factory in China.

**2010 A NEW REVOLUTION**

In 2010, we launched the microcompressor, revolutionary product in the market allowing for the so-called portable cold. Furthermore, we defined Embraco's new brand which shows how we want to be seen by the world and how we are going to face the challenge of being an even more global company.



## ETHICAL CONDUCT

The principles and values that guide our actions are brought together in the Letter of Organizational Values, the Code of Conduct and the Code of Ethics, to which all employees commit themselves. In 2010, we reinforced the presence of the Code of Ethics together with our network of direct material suppliers, and most of the partner companies signed the document and adhered to its precepts. *(For more information about this initiative and Embraco's work with its supply chain, refer to page 22.)*

To ensure alignment of the entire company, we maintain Ethic Committees, which receive complaints, queries and provide information to employees. The committees also encourage employees to report any suspicion of irregularity to leadership, and we continuously train leaders on how to act in these situations. General managers of the factories, the legal sector, Human Resources area and vice presidencies can also be contacted directly to receive and analyze complaints.

### WE VALUE ETHICS AND INTEGRITY IN ALL OF OUR RELATIONSHIPS

Complaints can be made by electronic mail or even through calls made using a specific line, ensuring the employee's anonymity. In the Brazilian unit there is also a network of computer terminals available, the Open Channel, where questions and suggestions can be sent to the board.

From November 2009 to October 2010, we received 14 contacts. The channels mostly used were committees and the hotline (telephone channel).

## WORK DRIVERS

### Mission:

Offer innovative solutions for a better quality of life

### Values:

- Diversity with inclusion
- Spirit of Winning
- Integrity
- Respect
- Teamwork

### Pillars:

- Technology Leadership and Innovation
- Operational Excellence
- Revenue Growth and Value Generation
- People
- Sustainability

## AWARDS

### Quality and Innovation

- For the fourth time winner of the FINEP Technological Innovation Award 2010, sponsored by the Ministry of Science and Technology. The company ranked first in the categories Innovation Management and Large Company, competing with 885 institutions throughout Brazil.
- Third place in the ranking The Most Innovative Companies in Brazil 2010, conducted by the *Época Negócios* magazine in partnership with the consulting firm AT Kearney. The survey involved 120 organizations of different segments.
- For the fourth consecutive year winner in the Ranking Champions of Innovation 2010 in the category Electro-Mechanics. The award is organized by the magazine *Amanhã*.

- Professor Caspar Erich Stemmer Award for Innovation in Santa Catarina in the category Innovative Company of Large/Medium Size. The initiative is of the Foundation to Support Scientific and Technological Research of Santa Catarina (Fapesc).
- CNI Award (National Confederation of Industry) - Regional Stage for the Quality Control Circle – Opening New Paths (Anchor Ejector PW/4TM project).

### EMBRACO'S PERFORMANCE WON SEVERAL AWARDS IN 2010. HERE ARE THE MAIN ONES

### Social responsibility and best practices

- Top of Mind 2010 – *A Notícia* newspaper and the MAPA Institute: Embraco is the most remembered brand in social responsibility, environmental preservation and investment in culture.
- Award of Best Strategic Cooperation Project and Award of Innovative Supplier, granted by the Haier Group, in China, to Embraco China.
- Outstanding Economic Contribution, given by the Administration Committee of the Economic Development Zone of Beijing Tianzhu Airport to Embraco China.
- Capital Civilized Company and National Excellent employees' Home Award, granted by the local government to Embraco China.



### VICE-PRESIDENT OF R&D AND PROCUREMENT MÁRCIO TODESCAT (right)

receives the Finep  
Innovation Award 2010  
from Finep Director  
Fernando Ribeiro

## MANAGEMENT DIFFERENTIALS



## EMBRACO WAY OF MANAGEMENT

A company is like a living organism: it needs to change, adapt itself and seek strategies to overcome the challenges imposed by the world. With Embraco it is no different. We systematically promote improvements in how we conduct business by seeking to build value for our stakeholders, to ensure a common language throughout the organization and to balance the short and long term results.

As a methodology base for this search we count on the Embraco Way of Management (EWM). With EWM, we want to become more global and dynamic, deepen relationships with our customers and be in sync with market trends. We know that to achieve these results strategic direction from top management is not enough. It is necessary to provoke a cultural change, adjust the

**MORE THAN 90% OF OUR EMPLOYEES  
RECEIVED TRAINING ON THE EWM**

concept that we have of our company, and ensure that the entire organization internalizes new processes.

The new management model was adopted in 2009, with leadership training, and in 2010 was consolidated in the company. We disseminated the concept to more than 90% of employees with training in administrative and manufacturing areas. Throughout the year, close to 9,000 employees received specific training on the EWM, and the main concepts of the model have been reinforced within the routine communication and strategic alignment of the organization at events like the annual Leadership

Meeting and the Strategic Dialogues, which involve the Executive Committee.

To measure the efficiency with which EWM is integrated into our routine, we perform an annual assessment of the

**WE WANT TO PROVOKE A CULTURAL CHANGE AND ENSURE THAT THE ENTIRE ORGANIZATION INTERNALIZES NEW PROCESSES**

management model. On visits to the units, we measure the adequacy of processes and results to EWM using a scale of 0 to a thousand points. The 2010 assessment showed improvements in all units, and we reached our goal of achieving a minimum of 650 points in all of them. The corporate area (which brings together the company's global management teams) stood out for the maturation in one of the essential aspects of the model, the cooperative work among the teams. In 2011, our goal is to further strengthen adherence to EWM and that all areas reach at least 700 points in the assessment.

**MANAGEMENT BY PROCESSES**

In the previous management model, but already incorporated into the EWM, we created the Evolution project to redesign the processes of our entire organization. The goal is to ensure more flexibility and agility to the company. Instead of thinking in areas or sections with determined responsibilities, we prefer to see each of Embraco's actions as a complete process involving different teams in a harmonic way.

To fully understand this idea, we can cite the example of our innovation process. In the company, innovation is not restricted to the staff of Research & Development (R&D), but counts on the participation of professionals from other areas, such as employees from the factory and marketing. Thus, we can capture far more ideas and develop more comprehensive and relevant actions.

The advantages of this new way of thinking about business are proportional to

the challenges that are required in implementing this cultural change, but since 2008, when it was launched, Evolution has visibly advanced. In 2010, we were able to map and redesign six of the company's 12 priority processes. In line with our strategy to bring down the internal walls and to think globally, the review initiative itself was an example of management by process. The work was carried out in Embraco's different units in the world and involved managers and professionals from the company's various areas.

Part of the finance process, for example, was developed in Italy with the participation of teams from all units. In China, we developed the first step in the People process. In Slovakia, we made important decisions about the supplies process. After diagnosis and defining where we want to go, we began to implement changes in 2011 and we expect to consolidate the execution of processes throughout the year.

**FLEXIBILITY AND AGILITY IN THE COMPANY WITH THE EVOLUTION PROJECT**





WE AVOID UNNECESSARY TRANSPORT  
AND ADJUST OUR PRODUCTION TO  
THE PACE OF CONSUMPTION

## CONTINUOUS IMPROVEMENT

The Lean Thinking philosophy is our primary internal leverage in the effort for continuous improvement focused on combating waste. Lean means light, lean, without excesses. When applied to our work, this concept means avoiding unnecessary transport, eliminating reworks and adjusting production to the pace of consumption, without excess inventory. The results are clear: productivity increase, consumption reduction and efficient cost control.

To achieve Lean in practice we follow a semi-annual plan: the Value Stream Map, which acts as an X-ray of opportunities for improvements in different areas of the company and indicates the degree of priority for the action. Throughout the year, each area manager convenes specific meetings to address each opportunity. There are *kaizens* (Japanese term for continuous improvement), which last, on average, one week.

LEAN PHILOSOPHY CONTRIBUTES  
TO MAKING THE COMPANY MORE  
EFFICIENT

In 2010, 478 *kaizens* were performed, 17% more than the previous year. Among the concrete results, we had an improvement of 10.1% in the parts per hour index, equivalent to implementing one production line, but without the costs. Thanks to Lean, we also improved production organization (layout of lines), we raised levels of work safety and formally implemented the help chain in all factories, a system that ensures a quick response from the team in case of a production stop.

## COLLECTIVE CONSTRUCTION

Quality Control Circles (QCC), which voluntarily unite employees with the aim of identifying opportunities for improvement and finding solutions to the factories' routine, worked as never before in 2010.

Our goal was to increase from 40% to 60% the number of employees who are part of the QCC in Embraco Brazil. Mission accomplished. At the end of the year 62% of professionals were part of some Circle in Brazil. There were 426 QCCs, 2,700 participants and 4,200 projects. In China, the goal was to reach 45 groups, but the plant was able to form 63 teams and had the participation of 537 employees.

The increase in the engagement of teams and employees in the QCCs is the result of direct leadership action, which encouraged employee participation and made them aware about the importance of each one in the company's betterment. The solutions found help to improve Embraco's performance worldwide. In addition

to improving the company's routine, the QCCs reinforce the commitment of all with the results and the culture of overcoming challenges. The contribution of the circles' members has the company's recognition: there are prizes, gifts and opportunities to exchange information with other Circles.



## EXAMPLES

### CASE: BRAZIL

The work of two Brazilian QCCs collaborated, for example, to achieve the goals of reducing water consumption. With the installation of a small piece in the faucets, it was possible to increase pressure in the pipe and reduce the flow by 40%. In one of Embraco Brazil's component washing systems, a simple change reduced water consumption from 384 cubic meters to 212 cubic meters per year - a savings

of 172 cubic meters, equivalent to the consumption of 31 people during one month<sup>1</sup>. The use of chemical products also fell. From 236.64 kilos to 165.6 kilos, a reduction of 30%.

To achieve these savings, it was only necessary to install inside the washing tank a smaller container, formatted to the task's necessity.

<sup>1</sup> According to the Foundation for Consumer Protection and Defense of São Paulo (Procon- SP), the average monthly consumption of treated water per person is 5.4 m<sup>3</sup>.

### CASE: CHINA

In China, one of the groups had the mission to develop an automatic equipment to reduce the operators' manual work, who need to remove compressors from the production line. Each piece of equipment weighs 8 kilos, and the repeated effort during each shift led many to give up

the job. The circle members created a sort of automatic "drawer". In addition to the positive impact in the satisfaction level with the work environment, the new system helped to increase the line's productivity.

## COMMITMENT TO SUSTAINABILITY



## CONCRETE RESULTS

Sustainability is one of the pillars of our work. In business management, the concept translates into reducing the environmental impacts of the production process and of products, encouraging best practices in the supply chain and developing communities where we operate. A common feature of all actions is education for sustainability that we seek to promote in all relationships with strategic publics.

With regard to products and investment in communities, our history is long and full of achievements. Our compressors are highlighted globally for energy efficiency, which in practice means lower energy consumption throughout their life cycle. *(Read more about our initiatives in energy efficiency and innovation*

*on page 20.)* In addition, we are innovating by creating new compressors that dispense the use of lubricant oil.

We are also systematically decreasing the amount of raw materials used in the manufacture of compressors and reducing the use of rare metals or those which have few natural reserves, like copper, for example. Our idea is to replace them with lighter and more abundant alternatives. The replacement process began some years ago and brought good results in 2010. We were able to produce 15% of all compressors using aluminum wire instead of copper. In addition to the environmental benefits, the financial impacts were immediate with significant cost savings. Our goal is to reach 2013 with 40% of our compressors being manufactured with aluminum wires.

Sustainability in practice

**Energy efficiency:** save energy during the compressor's useful life.

*(Learn more on page 20.)*

**Reduce production impacts:** less material, less water and energy consumption, less waste generated.

*(Learn more below and on pages 21 and 24.)*

**Social investment:** drive initiatives that take care of the environment and promote health and education of children and adolescents.

*(Learn more on page 25.)*

**Supplier engagement:** encourage partners to align with the company's sustainability parameters.

*(Learn more on page 23.)*

**Education for sustainability:**

raise awareness and mobilize people, sowing a new culture for the future.

*(Learn more on pages 23 and 25.)*

**Production process**

In 2010, we moved firmly in reducing the operation's direct environmental impacts, beginning with the efficient use of water and energy. All plants exceeded their targets of reducing energy, which together meant a reduction of 9.1% per compressor produced. The performance was the result of a balanced mix of investment in new equipment, review of processes and awareness.

Also with an eye on the target, we expanded the applications of our water reuse system. Previously, reused water served for irrigation of plants, toilet flushing and reservoirs in case of fire. In 2010, we began to channel it also for the factory's cooling system. With this measure, the Brazil plant was able to reuse half of the water captured from the public water supply network.

In Italy, the solution was more profound and required remodeling the plant's cooling system, which prevents machines from overheating. The Italian unit had cooling capacity for eight production lines, but only one was operating. Operation of the complete system caused waste. Once the problem was noticed, we resized the system to just one line, and the plant's total consumption fell by 28%.

Still with a focus on managing the impacts of the production process, we perfected waste monitoring in 2010, and based on the information gathered, we

were able to draw up policies to reduce the generation and ensure its correct destination. We want to mature in the control of these three items (water, energy and waste) to define our strategy with respect to the emission of greenhouse gases.

All together, our initiatives have resulted in water savings of 106.7 million liters. It is enough for the daily consumption of nearly 150,000 people for one year. In energy, the savings was 32,376 MWh. This is equivalent to an annual supply of a small city with more than 12,000 inhabitants.

Operation	Water savings (l)	Energy savings	
		(MWh)	%
Brazil	27,569,355.01	25,195.83	12.9%
Italy	52,490,817.90	551.27	1.7%
Slovakia	12,905,423.47	5,128.54	7.2%
China	13,724,154.24	1,501.08	3.0%
<b>Total</b>	<b>106,689,750.62</b>	<b>32,376.72</b>	<b>9.1%</b>

### Community

The funding for social projects has matured since 1992, and in 2010 they benefited approximately 25,400 people in Brazil, China, Slovakia, Italy and the United States. (For more information about our community investments, refer to page 25 – Social investment.) These are initiatives that promote education, environment and health actions for children and adolescents.

In 2010, the Embraco Ecology award completed 18 years. The idea of the initiative is to awaken the new generation's respect for the environment. This year the award has something new: it began benefiting three competitors in the Seed category, not only two, as it was until 2009. In total, including the other categories there are eight winning schools.

The Embraco Ecology award is disputed by elementary and early childhood education schools in Joinville, Brazil. In the last edition, there were 45 registered schools. The winners, in addition to the Quero-Quero<sup>1</sup> trophy, also receive finan-

cial resources to be used in the implementation of their proposals.

Since 2009 we have also had the Embraco Ecology award in Slovakia (learn more on page 26).

### Supply chain

We have taken important steps to take sustainability beyond our walls and promote the alignment of the entire supply chain. In 2009 we shared our Code of Conduct with our direct materials suppliers (those that make up the final product) in the Americas, and in 2010 we extended the process to supplier networks in Europe and Asia. Most of them (92% overall and 85% to 95% depending on region) committed themselves to the document and have already made the self diagnosis of socio-environmental practices. The next step, to be developed in 2011 and 2012, is to jointly construct action plans. (To learn more about the actions developed in partnership with suppliers and customers, see item Value Chain of this report.)

<sup>1</sup>Name of a Brazilian bird.



## COMPANY CULTURE

The commitment to sustainability has been part of the company's practices since 80s and has since been integrated into management. We have worked diligently to ensure that the concept is present in all corners of the company, and year after year we have recorded progress towards this goal. In the area of training and engagement of the internal public, we took an important step in 2010, with the cycle of leadership training in all operations.

This step is very important because they will be the main agents for disseminating the culture of sustainability. The training was conducted with presentational workshops, with practical

exercises and discussions on our understanding of how to be a sustainable company. From now on, the concept will be disseminated in detail to all our employees.

To intensify the process of transforming our corporate culture and strengthen the formal side of our commitment to sustainability, we have also inserted the theme into the management tools. The objectives related to the reduction in water and energy consumption, for example, are part of the company's indicator panel, and the achievement of the goals is directly reflected on the results of various professionals' performance assessment.

## AGAINST THE GREENHOUSE EFFECT

Our concern with sustainability also extends to the care taken to slow down global warming, a result of greenhouse gas emissions. Our search for solutions to this problem focuses on two strategies. One of them is to develop products with greater energy efficiency. Indirect emissions of CO<sub>2</sub> generated by the energy production needed to operate any cooling equipment represent 80% of the sector's total impact on global warming, according to the TEWI index (Total Equivalent Warming Impact). Therefore, the less energy consumed, the better it will be for the environment.

The other strategy is to reduce the direct impact of the gases used, and we are investing in cutting-edge research to develop equipment that operates with gases of less greenhouse effect potential. Natural refrigerants, such as propane, are increasingly used in commercial and air conditioning systems. Our manufacturing technology for compressors, lubricating oil free, also

### WHILST INVESTING IN ENERGY EFFICIENCY, WE REDUCE THE ENVIRONMENTAL IMPACT OF OUR PRODUCTS IN ITS ENTIRE LIFE CYCLE

contributes in reducing the impacts on the greenhouse effect, as it reduces the amount of gas used in the equipment.

In addition, we have a production line of EK compressors, which use CO<sub>2</sub> as its refrigerant gas. It may seem paradoxical, since CO<sub>2</sub> is considered one of the main "villains" of global warming. But it is necessary to understand that this gas is used as a standard impact measure on the greenhouse effect because it is one of the most present in the atmosphere, but its potential effect can be more than a thousand times smaller than that of conventional refrigerants such as R134. In the case of fugitive emissions, when there is the occasional release of fluid refrigerants into the atmosphere during the replacement of a component or due

to a perforation in the refrigeration systems' line, for example, a ton of R134 causes a damage equivalent to 1,300 tons of CO<sub>2</sub>.

The demand for a CO<sub>2</sub> based refrigerator was indicated by Coca-Cola, our partner in the project's beginning, when the compressors were used in the Beijing 2008 Olympics. This kind of change requires time and adjustment of the market itself, but we are looking to advance this trend.

### INNOVATION AND TECHNOLOGY CAN CONTRIBUTE TO SLOW DOWN CLIMATE CHANGE

### NEW REFRIGERANT GASES

we invest in technology to reduce the GHG emissions of our products.



## INNOVATION AND ENERGY EFFICIENCY



## INNOVATION IS IN OUR DAY TO DAY LIFE

The commitment to innovation defines who we are, how we face the day-to-day challenges and how we build opportunities. Formally speaking, it means the systematic investment in research and development (3% of annual net sales) and in the team of professionals dedicated to the subject (450 in total).

But our focus on the future is not restricted to one area or one process. It is integrated into our business culture, with visible results in the quality and suitability of our products and production processes and in the awards won. (Refer to page 11.) Approximately 70% of company revenues in 2010 were generated by new products launched from 2007 to 2010. During this period, we filed 97 patents (25 in 2010 alone) in major markets worldwide, shaping the portfolio of coming years.

Our compressors are among the best in the world, and year after year we are moving forward in a cycle of continuous improvement, developing new technologies and anticipating demands to offer solutions that are each time more efficient and reliable for the needs of customers in each of the markets where we operate.

In 2010, we applied Embraco's VCC variable capacity technology in commercial refrigeration equipment (refrigerated counters, refrigerators used in supermarkets) already used in the domestic segment.

In this case, the machine remains on and adjusts itself to operate according to the cooling demand, maintaining the temperature constant. By avoiding the

on and off of conventional compressors, variable speed technology results in a 35% energy savings with the same cooling capacity.

Embraco VCC equips the world's most efficient refrigerators. In the most demanding markets such as Japan, for example, it represents up to 40% of all

## NEW TECHNOLOGY

In partnership with the New Zealand company Fisher & Paykel and the Whirlpool Corporation, Embraco launched a new technology in 2010 with the Linear Oil Free compressor. In addition to combining the most efficient option in terms of energy consumption (variable speed technology) with a linear and lean design, which multiplies the application possibilities, the product also eliminates the use of lubricating oil for its operation.

For the environment the new technology makes it possible to save non-renewable resources in manufacturing

equipment sold annually. In Embraco, its production has been reinforced. In China, we expanded from 400,000 to 800,000 annual production capacity of this type of equipment in 2010, and in May 2011 we will reach 1.6 million. In Brazil the production line adaptations will raise annual production capacity of 1.6 million to 2.4 million still in 2011.

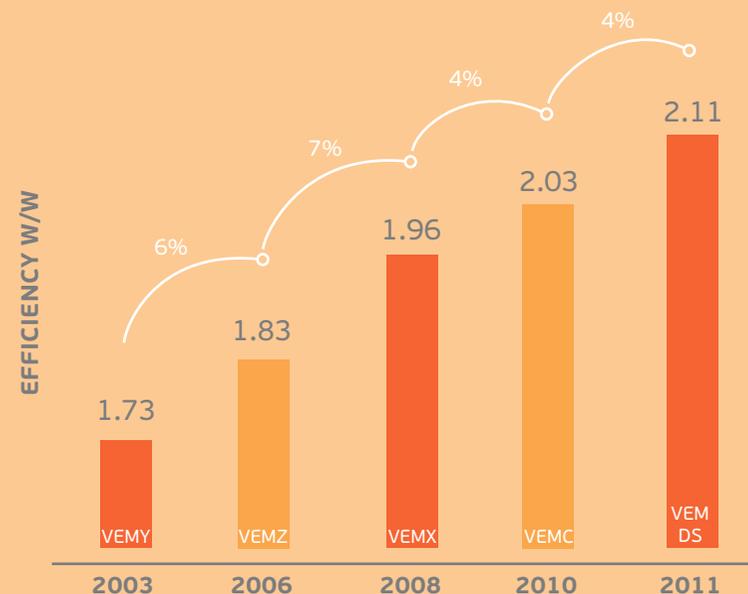
and reduce the risk of contamination in product disposal. For customers, the main direct advantage is the application flexibility: the compressor can be used in any position inside the equipment.

The Linear Oil Free underwent tests in customers in 2010 and in 2011 is already being manufactured in a pilot production line installed in Embraco Brazil. In total, the project involved the filing of 82 patents. To reach the production stage has been the result of five years of research and an investment of US\$ 20 million.

### Constant evolution

Maintaining our products' performance excellence is a dynamic process and requires continuous improvement. We want to improve always, and nothing is left out of this quest, even products that already stand out with the best results. In the VEM compressor line, for example, each new generation of com-

pressors is more efficient than the previous one. Equipment launched in 2010 consumes 17.34% less energy than the three previous generations, launched in 2003, and the evolution process continues. In 2011, we have already launched a new generation, reducing consumption by 4% compared to 2010.



## WE HAVE BUILT KNOWLEDGE

### PARTNERING WITH UNIVERSITIES IN DIFFERENT PARTS OF THE WORLD

#### Partnership work

We innovate very much, but not alone. In order to develop high energy efficiency, sustainable products which meet needs and expectations we maintain partnerships with universities in several countries, in projects that mobilize hundreds of people in knowledge production and sharing. The Federal University of Santa Catarina has a special role in this joint construction, with the POLO Laboratory, from the same university, dedicated to refrigeration and concentrates many of the development initiatives.

The union between academia and Embraco is also reflected in the labor market, with benefits for both parties. About 40% of the professionals working in the company's Research & Development (R&D) area had their potential identified while carrying out projects together with universities.

## PORTABLE COLD

Can you imagine a portable compressor, the size of a permanent marker, able to maintain a comfortable temperature inside the uniforms of those working in extreme conditions such as firefighters, miners or military? Or cooling electronic devices that do not permit the use of fans? We can.

We started imagining, believing, and for six years of work we invested time, staff and resources to make the micro-compressor project, a reality. The first samples went into tests in customers at the end of 2010, and the pilot production line begins operating in the second half of 2011.

The microcompressor has the potential to revolutionize diverse segments of the cooling market and offer an option that is more practical, easy to use and with better results. The new equipment is two to three times more efficient (consumes less energy for the same thermal result) than the thermoelectric technology, currently used in most applications intended for the microcompressor.



## THE PRODUCT

#### Two versions:

- o 2.7cm diameter X 11 cm (the size of a permanent marker) and
- o 5.0 cm diameter X 14 cm long (smaller than a can of soda)

**Applications:** personal cooling, electronics, medical equipment, automotive areas

#### Uses battery: portable

**Oil free:** application flexibility, reduced consumption of a non-renewable material, reduced environmental impacts at the end of useful life.

## VALUE CHAIN

ENGAGED  
SUPPLIERS

Exercising our role as leaders, we want to encourage other agents of the production chain where we operate and stimulate them to adopt sustainability initiatives. This is a work that must be built step by step, based on partnership and joint construction. In 2010, we completed the distribution of codes of conduct to all direct material suppliers (those used in the final product). Among the suppliers located in the Americas, the compliance rate was 85%, in Europe 94% and reached 95% in Asia. In the entire network, compliance was 92%.

**92% OF OUR DIRECT MATERIAL  
SUPPLIERS HAVE FORMALLY JOINED  
OUR CODE OF CONDUCT**

We also began mapping our partners' compliance level to various socio-environmental parameters. Each company was invited to complete a questionnaire about labor practices, respect to human rights and environmental management, among other topics. The self-assessment was answered by 85% of suppliers in Asia and 95% of those based in Europe and the Americas. With this study in hand, we can help them construct improvement plans, and the critical suppliers will have periodic monitoring to assess progress.

Since 2008, the certification of new suppliers, which already covered the assessment of quality control and processes,

began to include issues related to sustainability, such as managing hazardous substances and the proper training of employees. In 2012, the plan is to include the same criteria for periodic audits. In this way, we want to make it clear to all partners how much the commitment to sustainability drives our business.

**Encouragement and recognition**

In annual meetings with suppliers, when we assess improvements and business opportunities, the commitment to sustainability is always part of the discussion and motivates the exchange of experiences. In 2010, the theme also inspired the holding of a special meeting in Brazil, with lectures and workshops on sustainability in the supply chain.

We further seek to value the initiatives of partners who are more engaged and

**WE ENCOURAGE OUR PARTNERS IN ADOPTING GOOD SOCIAL AND ENVIRONMENTAL PRACTICES**

committed to our common goals. An example was the Supplier Sustainability Award, sponsored by Embraco China 2010. A multidisciplinary team from the company analyzed documents and evidence from 10 companies with the highest scores in the self-assessment and the winner was the company Roshow Technology Co. Ltd.

**NO WASTE**

With the Top Green program, we reduce the generation of waste and promote recycling of raw materials such as steel, copper, iron and aluminum. The program encourages refrigeration technicians to collect used compressors and deliver them to shops accredited by Embraco. Participation in the initiative earns discounts on new compressors. For the company, it means an increase in the supply of raw materials, and for the environment, it means keeping non-renewable materials in the production cycle.

In 2010, Top Green assured the reuse of materials from 389,486 compressors. The steel and cast iron are recycled directly in the foundry and copper and aluminum are sold to suppliers and re-processed. Nothing remains.

The compressors' lubricant oil is also recycled. In 2010, there were 116 liters. In addition to reducing waste the program prevents the risk of improper disposal of the compressors.



## SOCIAL INVESTMENT AND COMMUNITY



## PEOPLE FIRST

We work to improve the efficiency of our products to increase the company's revenues and to be recognized by the global market, but we also work (and a lot) to improve people's lives, especially, those that live in the communities near our six plants.

We have a global social policy that is always being revitalized. The 2010 target was to increase by 10% the number of beneficiaries. We achieved the target and surpassed it with ease. More than 25,000 people have been impacted by Embraco's social investment actions in Brazil, Italy, Slovakia, China and the United States.

We mobilized our employees for more than 2,000 hours of voluntary initia-

tives. We have made the difference in all countries where we operate.

One example is the project "Prove – A Different Day" held in the community of Paranaguamirim in Joinville, Brazil, which has one of the worst Human Development Index (HDI) of the city. About 70 employees and family members worked for days in the location, along with members of nongovernmental organizations, schools and neighborhood residents' association.

**IN 2010, OUR SOCIAL INVESTMENT INITIATIVES AND VOLUNTEERING PROGRAMS HAVE BENEFITED MORE THAN 25,000 PEOPLE, MAKING A DIFFERENCE IN THE COMMUNITY**

Together, we created a community vegetable garden, where once stood a vacant lot, we cleaned some streets that used to be a place to discard trash, and we reformed the neighborhood school. In the school, the participants painted the walls, made the recreational space more beautiful and tidied up the children's playground.

#### EMBRACO ECOLOGY AWARD HAS BOOSTED THE AWARENESS INITIATIVES REGARDING WASTE IN A SCHOOL IN SLOVAKIA

##### Waste management

The Povýšenia sv. Kríža, Smižany school won the 2010 edition of Embraco Slovakia Ecology Award with a project to raise awareness about waste and to implement internal management systems. Teachers and students involved the waste generation theme in different disciplines such as science, mathematics and Slovak. The importance of separating materials even inspired the creation of a poem. In one of the activities outside the classroom, students went to

the region's landfill. There, they collected samples of small animals to examine the level of contamination and measure the damage that the waste can cause to the environment, in the school's laboratory. The proposal drew so much attention that a Slovak television station broadcasted a report on the project.

##### Supporting local art

Our presence in the community extends to encourage artistic expression. In Joinville, in Brazil, we supported the publication of an illustrated book, broadcasting of a radio program on jazz and dance performances.

Seven cultural projects approved by the Cultural Foundation of Joinville, Brazil, received benefits through the Municipal Patronage Law – a fiscal incentive from city hall.

We also renewed the partnership with the Bolshoi Theatre School, through the Rouanet Law. Close to 90% of more than 200 students receive full scholarships, as well as uniforms, transportation, food and medical care.

#### IN THE UNITED STATES, WE ORGANIZED A TASK FORCE TO CLEAN STREETS AND SIDEWALKS

##### Cleaning streets

In the factory in the United States we put into practice the Adopt a Road project, which promotes the cleaning of streets and removal of trash and debris from sidewalks. There were four collective cleanup actions throughout the year, held every Saturday in Suwanee, where Embraco is located. The work is quick, but intense. In less than one hour, the volunteers collected about 400 liters of trash, especially fast food packaging.

##### Energy efficiency to the community

The More Energy for Our Health project delivered 69 refrigerators to hospitals in Brazil and Slovakia and to schools in China. The objective of this initiative is to reduce the entities' electric bill and improve the preservation of vaccines, food and other products that require quality refrigeration.



#### MORE ENERGY FOR OUR HEALTH

69 refrigerators  
distributed in Brazil,  
Slovakia and China

**VOLUNTEERS FROM EMBRACO BRAZIL**

teach workers from a local hospital how to fight fire using the correct equipments



**Embraco goes to the hospital**

For seven months, volunteers from Embraco Brazil worked together to improve the management of the São José Municipal Hospital, in Joinville, in southern Brazil. About 60 employees devoted, each one, more than 30 hours to discover and develop management practices to improve the entity's service to the population. The initiative was a voluntary action designed to involve the company's leadership.

Among the volunteers were professionals specialized in various areas such as health, safety and quality coordinating actions on six workstreams: Inventory Management, Quality Management, Waste Management, Fire Brigade, 5S Program and Kaizen Processes.

**OUR VOLUNTEERS ARE MOBILIZED IN ALL OF THE COUNTRIES WHERE WE ARE PRESENT**

One team, for example, chose to act in the bidding process for supplies and medicines. Volunteers estimate that the time spent on the bidding process could fall from 120 to 67 days, thanks to the knowledge transfer on the use of Embraco's *kaizen* tool, which aims to streamline the work.

Volunteers also applied a new methodology for inventory management, which improves control of receiving and dispatching materials. The methodology was applied in the hospital's pharmacy and in the storeroom following the same process used by Embraco.

**Italy and China**

Volunteers also worked with great motivation in Italy and China. In Italy, the My Ecological School project counted on six volunteers who, for three months, provided support to over 60 students from the Scuola Media Quarini di Anzveno. The project's idea is to bring environmental education to a city school

through Embraco volunteers who are specialists in different subjects.

Under the program, the content of activities is jointly created between the school and volunteers and the activities are carried out during class time.

In China, our volunteer program called Warm Hands, in 2010, gathered 61 volunteers, totaling 491 hours of work. In one of the institutions in which we operate, Sun Village, volunteers tutored, told stories to students, helped teachers and cared for children whose parents are in prison. In total, 980 people were benefited from the project.

## INTERNAL PUBLIC



## GLOBAL COMPANY

From early on, our history has been marked by the ability to break barriers and expand our boundaries. We began expanding our market, with exports starting in the 70s. In the 80s we brought down the technological barrier and in the 90s, driven by the market's challenges and opportunities, we began constructing a global company.

The search for growth opportunities, strategic location, technology, professionals or raw materials led us to different parts of the world. We have units in six countries and sell to 80 countries. In today's Embraco, there is much of Brazil, China, Italy, Slovakia, Mexico and the United States and of the different ways to see the world in each one of these countries. We want to ensure that this cultural richness helps us build the Embraco of the future, and this goal is reflected in our people management strategies.

We are building a broad concept of diversity which aims to recreate in our offices and corridors the cultural diversity that exists in the world. We want to deepen the internationalization of careers. This means taking Chinese to Brazil, Brazilians to Italy, Italians to Slovakia ... In this way, the global culture will be much closer to our employees and will help us understand the world's other cultures and demands.

We strive to create internally a diverse work environment, which values and develops the different potentials, in a strategy that matures and consolidates day-to-day in the company. In 2010, for the first time, we now have a local employee in the factory's highest position. It is in Slovakia, where Norbert Brath assumed the directorship. (See his interview on next page.)



NORBERT BRATH IS PART OF EMBRACO'S TEAM SINCE 2000 AND, IN 2010, BECAME THE DIRECTOR OF EMBRACO SLOVAKIA

## A SLOVAK DIRECTOR

Norbert Brath is a mechanical engineer, born in 1977, in Nitra, in western Slovakia. Since joining Embraco in 2000, he has built a solid career and has invested in growth opportunities. He was Production Planner, Quality Leader and R&D Manager, and in 2010 became the first career professional of a factory to take over the directorship.

**How does it feel being the first career professional of a unit to take on the directorship of a factory in Embraco?**

Embraco is a global company that offers opportunities to all employees, no matter the nationality. We have many examples of this. We have an Italian colleague leading logistics processes and the Embraco Mexico project counts on the participation of people from other plants.

It is a great honor for me and at the same time I feel an immense responsibility to manage a unit with more than 2,000 employees. I am very hap-

py with this opportunity and I will give my best to meet expectations. I count on a very strong management team. We're going to support each other and continue to grow as a team.

**What are the main challenges in your position?**

The main challenge is dealing with people of different languages and cultures. About this it is great that Embraco is implementing a rotation system among the plants. For example: today our R&D Manager, in Spisska, is Brazilian. Last year we had a logistics colleague who was from the United States. I had the opportunity to work for six months in Brazil, understanding the culture, people, processes, and learning the language.

A strong point of Embraco is the investment in people's potential. There is always someone who can help contribute, and everyone has the opportunity to develop and to grow.

**What are your main goals?**

The main objectives for Embraco Slovakia in the coming years are to complete our vision of being a model company in all aspects of the business in which we operate. We need to deliver values to all stakeholders, produce products of impeccable quality, improve the level of our services to consumers and continue to develop the competencies of our internal public. We will continue to grow our cooperation with the community in the field of sustainability and corporate social responsibility.

**Future talents**

The Trainee Program, which captures young professionals with high potential from the market, was revamped in 2010, with the increase of training hours and inclusion of international development opportunities.

To the participants who best perform their functions during the program, we are offering an opportunity to lead the company's projects in other plants. This means a rapid and excellent chance to start their global careers.

In 2010, we also entered into a partnership with a well-known international entity, AIESEC, a non-profit institution present in over 100 countries that promotes professional exchange of students and young professionals.

Embraco China has already received two young Brazilians. Embraco Brazil hosts an Italian in Human Resources and a Chinese will start her activities in communication beginning in September

2011. After the internship, if the professional complies with the requirements needed and shows to be a talent for the organization, we may invite him/her to stay in the company, whether in their home country or in any of our units.

**Health and Safety**

Our employees' health and safety is a priority, and in 2010, several operations surpassed the mark of 2 million hours worked without accidents with days away (see table).

Our factories have OHSAS 18001 certification, the main international standard for occupational health and safety management and year after year we seek to improve our internal procedures. The theme is present in the team trainings, starting in the training carried out in the integration of new employees, and is reinforced in periodic campaigns for awareness and engagement.

In 2010, we conducted audits of the Global Standards of Health, Safety and Environment in the Brazil and China units and began the implementation of the Hazardous Energy Identification and Block program. We also started the global BBS program (Behavior Based Safety). In the first step, we performed a diagnosis of all units to identify the strengths and opportunities for improvement in behavior on safety issues.

**Hours worked without accidents with time away<sup>1</sup>**

Slovakia	2,000,605
China	2,016,150
EECON	2,653,252
Brazil (Joinville – compressors)	2,672,543
Brazil (Itaiópolis – compressors)	5,960,375

<sup>1</sup>Totals registered in 2010.

**WITH FOCUS ON CONTINUOUS IMPROVEMENTS, WE HAVE BEGUN A GLOBAL PROJECT OF BEHAVIOR BASED SAFETY**



### Valuing and recognition

Our Profit Sharing Program (PPR), which rewards performance against pre-established goals, was perfected in 2010 to become even more attractive and adjusted to the specificities of the different teams. The idea was to align it with the market and to value those who perform in accordance with the company's culture and pillars. We also created a bonus program for the corporate area. This brought the managers even closer to the company's global goals and deepened their commitment to achieving results. Thus, the objectives became clearer, increasing the efficiency of our efforts to reach the best final result.

To further clarify the responsibility of each one in the company's results, the leadership promoted periodical conversations with the teams and discussed the application of global goals in the work routine.

### OUR VARIABLE SALARY PROGRAMS VALUE THE EFFORTS OF EVERYONE IN ACHIEVING OUR OBJECTIVES AND GOALS

#### Multiplying opportunities

Throughout the year, we held three meetings of the Gender Forum in Brazil. In these meetings, we discussed issues about the differences between men and women. The idea was to deepen the knowledge of the characteristics of each one, from the way of thinking to the health and emotional differences of each one.

We also promoted meetings for women only. Baptized as Roundtable for Women Leaders, the dialogues were attended by 20 people. This time was very useful for them, since the majority of the employees are men. With the roundtables, the women took the opportunity to debate this issue openly, commenting on their perceptions, limitations, and detecting opportunities for improvement.



### A GOOD PLACE TO WORK

In Slovakia, we participated in a study organized in 2010 by the consulting firm Hewitt Associates to assess the climate of companies in all European Community countries, with 43 just in Slovakia. The survey was focused on employee engagement and the level of satisfaction with people management practices. The consultancy analyzed the employee satisfaction in the

areas of people, work, compensation and benefits and quality of life.

Embraco's unit was one of the top 10 companies surveyed in Slovakia, and ranked second among large companies. From the results of the survey, we identified opportunities for improvement and we have already begun an action plan.

## MATERIALITY

## STRUCTURED PROCESS



Since 2005, when we adopted the Global Reporting Initiative (GRI) methodology (to learn more about this methodology and its application on this report, refer to page 36) as a base for developing our sustainability report, we have sought to improve the publication every year, focusing on the quality of the indicators and in establishing a historical series of information that allows the reader to objectively evaluate our trajectory. As part of this pursuit for constant improvement, we conducted this year, for the first time, a structured process to define those material themes for our business when it comes to sustainability.

**THE DEFINITION OF MATERIAL ISSUES FOCUSES ON MANAGEMENT AND COMMUNICATION OF SUSTAINABILITY**

To construct the materiality matrix we counted on the support of an outside consultant, who based the work on two guidelines. The first is the AA1000 standard – Accountability Principles Standard 2008, which focuses on consultation and engagement of stakeholders and was developed by AccountAbility, a British non-governmental organization specialized in these themes. The other reference was the GRI methodology

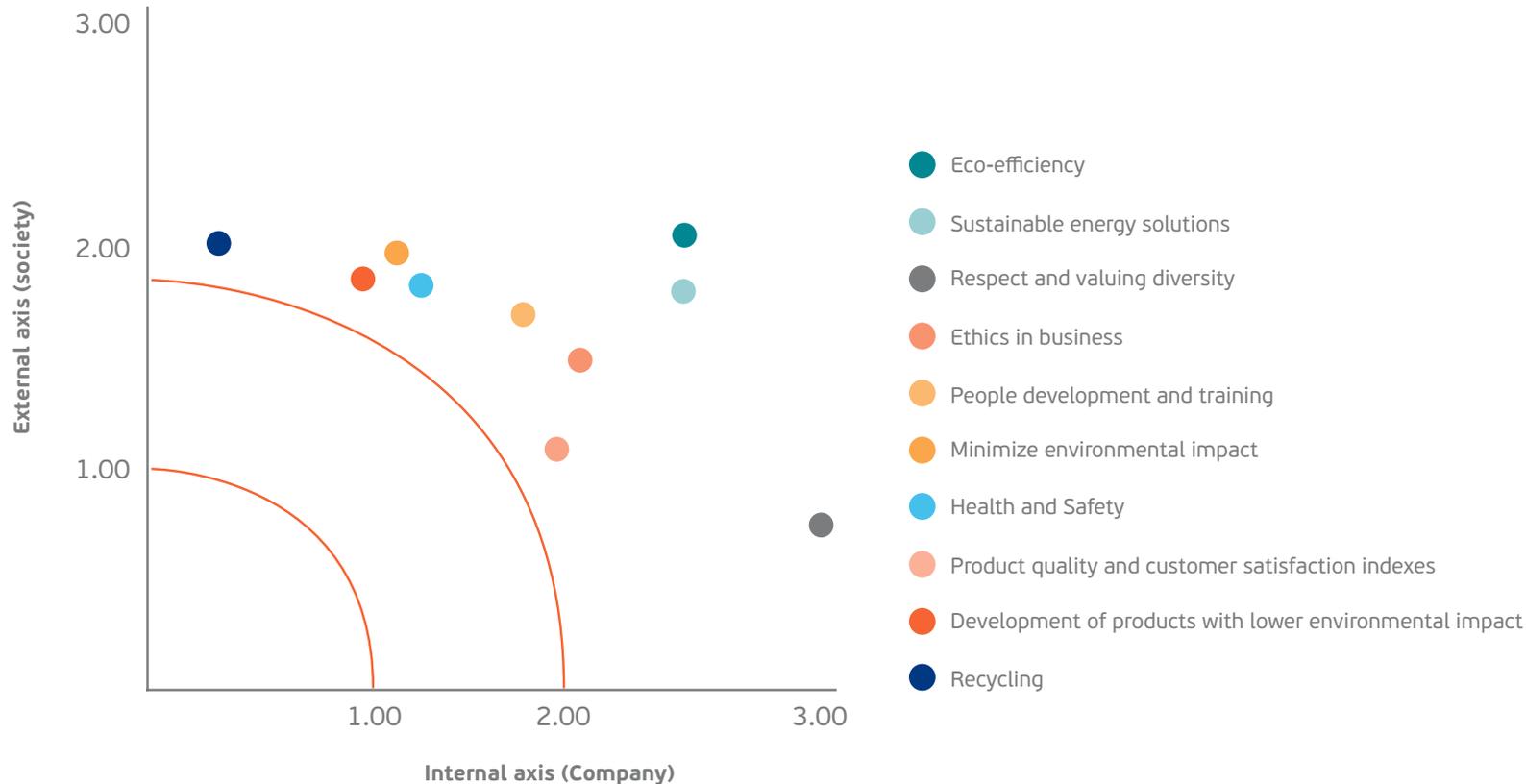
THE MATERIALITY MATRIX EXPRESSES THE COMPANY'S VISION, SECTOR DRIVES AND STAKEHOLDERS' OPINION

itself, which in addition to guidance on the construction process, also provides guidance on the use of the result of materiality in the sustainability report.

As component elements of the matrix, we have used: national and international studies, our principles, internal codes and strategic plans and consultations with specialists and two of our key stakeholder groups, employees and the community. (See the complete list on page 35.)

Results

Through the process, we defined the 10 key themes for Embraco, available in the matrix aside.



“THE ISSUES RAISED BY THE CONSULTED STAKEHOLDERS ARE ALIGNED WITH OUR SUSTAINABILITY VISION AND WILL BE CONSIDERED FOR THE DEFINITION OF OUR STRATEGY.”

“WE BELIEVE THIS FIRST CONSULTATION IS AN IMPORTANT MILESTONE FOR THE COMPANY AND WE UNDERSTAND THAT THE PROCESS SHOULD BE DEEPENED IN THE COMING YEARS IN ORDER TO STRENGTHEN THE RELATIONSHIP WITH OUR PUBLICS AND IMPROVE THE INCORPORATION OF SOCIETY’S DEMANDS INTO OUR BUSINESS.”

LAINOR DRIESSEN  
VICE PRESIDENT OF OPERATIONS,  
MANAGEMENT AND SUSTAINABILITY

**Application**

The process of defining materiality was conducted in parallel with the preparation of the report, without affecting the previous selection of GRI indicators that would be reported, which is based on our historical reporting. However, in the final stages of publication, the themes defined guided the selection and editing of the content and we seek to give consistent responses to each of them (see table).

In addition to giving focus to sustainability reporting, the definition of materiality will serve to improve the management of the theme in the company. Based on the results, our four vice-presidents considered priorities five of the themes. They are: **eco-efficiency and minimizing the environmental impact of operations; products with lower environmental impact and high energy efficiency; respect and valuing diversity; quality of products and services and customer satisfaction; and health and safety.**

These themes will be deepened by the company’s leadership globally so that we plan and implement concrete actions with a focus on each of them.

MATERIAL THEME	PAGES
Eco-efficiency	17, 20 and 21
Sustainable energy solutions	20 and 21
Respect and valuing diversity	28, 31 and 54
Ethics in business	10
People development and training	30 and 53
Minimize environmental impact	16, 17 and 19-21
Health and Safety	30 and 57
Product quality and customer satisfaction indexes	4, 20 and 57
Development of products with lower environmental impact	20-22
Recycling	24

# MATRIX COMPONENTS

## Studies and publications

In the process' first stage, the analysis of studies on sustainability in the supply chain has enabled us to define the 37 themes with the greatest potential impact on our business. Organized in the environment, community, employees, suppliers, customers, business management and government macro-issues, this list served as the base for the evaluation of all information sources used in the matrix.

- **Supply Chain Sustainability:** focused on the impact of a companies' supply chain for sustainable development, showing the main critical issues and suggestions for action. The material was developed by the Global Compact, a United Nations agency for companies that are committed to social responsibility practices and by the BSR, an organization that brings together over 250 companies worldwide to develop business strategies for sustainability. It was released in 2010.

- **Development with Less Carbon – Latin America Answers to the Challenge of Climate Changes** publication developed by the World Bank in 2009, which demonstrates the impact of human activity to climate changes and alternatives for building an economy with less environmental impact.

- **SAM Sustainability Yearbook:** publication launched in 2011 with sustainability practices and cases in 58 sectors. The material was produced by Sustainability Asset Management (SAM), the investment group focused exclusively on sustainable investment.

## Internal Axis

Two elements, with equivalent weights in the composition of the matrix:

- Interview with our President, João Carlos Brega, focused on the company's strategy and plans. Weight: 50%.

- Analysis of internal documents that depict the company's formal commitment to sustainability: Letter of Organizational Values, Code of Ethics, Embraco Leadership Agenda 2011, Embraco Supplier Code of Conduct, Information Disclosure Policy and Social Responsibility Management Manual. Weight: 50%

## External axis

Composed of three elements with different weights:

- Survey with employees: counted on the participation of 70 professionals from the company in Brazil, China, Slovakia, the United States and Italy. Weight: 50%. We seek a balanced blend of employees from administrative and production areas, and this criterion directed invitations for participation and the form to present questionnaires (in an online and printed version, to ensure participation of areas that do not have computers).

- The decision to consider the internal public in the external axis of the matrix aimed to identify their opinion as individuals, with their own and independent opinions of the organization.

- Interviews with specialists: to give an in-depth and technical view about Embraco's challenges related to sustainable development, four specialists were consulted on issues of product life cycle, sustainable retailing and role in the community. Weight: 25%.

- Interviews with community representatives: our company has a strong connection with the community, due to the number of employees, economic impact in the region and relationship. In order to present their views on the company's operation, we consulted representatives of three organizations: United Nations Development Programme (LNDP), Department of Social Welfare in Joinville (Santa Catarina, Brazil) and Department of Education of Joinville (Santa Catarina, Brazil). Weight: 25%.

# METHODOLOGY

The publication followed the Global Reporting Initiative (GRI) G3 guidelines, the leading global benchmark in sustainability reporting. According to our self-assessment of Embraco, the report reached an application level B of the guidelines, with complete or partial response to 24 core performance indicators and 3 additional performance indicators. (See next page.)

The definition of the publication's content was guided by a materiality process conducted by an external consultancy. (More information on pages 32 to 35.)

## GRI APPLICATION LEVELS

	C	C+	B	B+	A	A+
Report content	<b>G3 Profile</b>		Respond to all criteria listed for Level C plus: 1.1, 2.1 to 2.10, 3.1 to 3.8, 3.10 to 3.12; 4.1 to 4.4, 4.14 and 4.15.	Respond to items: 1.1, 2.1 to 2.10, 3.1 to 3.8, 3.10 to 3.12; 4.1 to 4.4, 4.14 and 4.15.	Respond to all criteria listed for Level C plus: 1.2, 3.9, 3.13, 4.5 to 4.13, 4.16 and 4.17.	Same as requirement for Level B
	<b>G3 management approach</b>	Not required.	Information on the Management Approach for each indicator category	Information on the Management Approach for each indicator category	Management Approach disclosed for each indicator category.	
	<b>G3 Performance Indicators &amp; Sector Supplement Performance Indicators</b>	Respond to a minimum of 10 performance Indicators, including at least one of each of the following performance areas: social, economic and environmental.	With External Verification	Respond to a minimum of 20 performance Indicators, including at least one of each of the following areas: economic, environmental, human rights, labor practices, society and product responsibility.	With External Verification	Respond to each core G3 and Sector Supplement Indicator (whenever there is a final approved version) with due regard to the materiality principle of one of the following forms: (a) responding to the indicator or (b) explaining the reason for the omission.

# GRI CONTENT

● Complete
 ○ Parcial

## GRI ITEMS

### Strategy and Analysis

1.1	Statement from the CEO or president-director about the relevance of sustainability to the organization and its strategy. Refer to pages 3 and 4.	<span style="color: #008080;">●</span>
1.2	Description of key impacts, risks, and opportunities. Refer to pages 3 and 4.	<span style="color: #008080;">●</span>

### Organizational Profile

2.1	Name of the organization. The organization's name is Whirlpool SA, and Embraco is how we are known in the market.	<span style="color: #008080;">●</span>
2.2	Primary brands, products, and/or services. Refer to page 6.	<span style="color: #008080;">●</span>
2.3	Operational structure of the organization, including main divisions, operating units, subsidiaries, and joint ventures. Refer to page 6.	<span style="color: #008080;">●</span>
2.4	Location of the organization's headquarters. Joinville, in Santa Catarina (Brazil).	<span style="color: #008080;">●</span>
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to sustainability. Refer to page 6.	<span style="color: #008080;">●</span>
2.6	Nature of ownership and legal form. Refer to page 5.	<span style="color: #008080;">●</span>
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). Refer to page 6.	<span style="color: #008080;">●</span>
2.8	The company's size (number of employees, net sales, total capitalization, total assets). Data on the total number of employees are on page 50. As we are a business unit of Whirlpool LAR, our financial information is not disclosed separately. To know the consolidated data of Whirlpool Latin America, see the electronic address <a href="http://www.whirlpool.com.br/investidor.aspx">http://www.whirlpool.com.br/investidor.aspx</a> .	<span style="color: #008080;">●</span>
2.9	Major decisions during the reporting period regarding location or changes in operations, including opening, closing and expansion of operational units. Refer to pages 3, 4 and 6.	<span style="color: #008080;">●</span>
2.10	Awards received. Refer to page 11.	<span style="color: #008080;">●</span>

-  Complete
-  Parcial

**Report Parameters**

**Report Profile**

3.1	<p><b>Reporting period covered by the report.</b> We seek to focus the report in the period from January 1 to December 31, 2010, especially with regard to the GRI performance indicators. However, in some sections of the text, to give greater context to information, allow a broader analysis of the trajectory or to add data in relation to goals and future projections, we do not follow this temporal parameter. All cases in which this occurs are easily identified, and the time period to which the information relates is clearly specified.</p>	
3.2	<p><b>Date of the previous report.</b> 2009.</p>	
3.3	<p><b>Reporting cycle.</b> Annual.</p>	
3.4	<p><b>Contact point for questions regarding the report or its contents.</b> Refer to page 61.</p>	

**Report Scope**

3.5	<p><b>Process for defining report content, including the process for determining materiality and prioritization of issues within the report and identifying the stakeholders that the organization expects to use the report.</b> Refer to pages 32-35.</p>	
3.6	<p><b>Boundary of the report (countries/regions, divisions/facilities, joint ventures/subsidiaries).</b> We included all Embraco units which were in operation in 2010, during the reporting period. In order to know what these units were, see page 6.</p>	
3.7	<p><b>Statement of any specific limitations on the scope of the report.</b> In response to all indicators, we seek to follow the defined scope for the report, consolidating the data by country to allow a more detailed analysis. However, many of the information relating to performance indicators are more relevant in the manufacturing units and, therefore, our monitoring systems do not cover commercial operations in the United States and Mexico. For being very small units, with 63 and 6 employees, respectively, we believe that the absence of the information does not compromise the accuracy of the account. Furthermore, we present specific data on these units where it was possible to collect the information.</p>	
3.8	<p><b>Basis for report elaboration relative to joint ventures, non-integral subsidiaries, leased facilities, outsourced operations, and other situations that can significantly affect comparability between periods or between reporting organizations.</b> As stated in items 3.6 and 3.7, whenever possible, the indicators cover all the operations, not having, therefore, the risk of affecting comparability.</p>	
3.9	<p><b>Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.</b> The responses to the performance indicators follow the GRI protocols with respect to data measurement techniques and compilation, and are based on our internal monitoring systems. The cases in which the values come from estimates are indicated in the text.</p>	
3.10	<p><b>Explanation of the nature and consequences of any restatements of information provided in earlier reports and the reasons for such restatement</b> There was no restatement of data, but the Report 2010 corrects misinformation that had been disclosed in the 2009 publication in relation to company performance on indicators EN8 (page 45) and LA13 (page 54).</p>	
3.11	<p><b>Significant changes compared to previous reporting periods in regards to scope, boundary, or measurement methods applied in the report.</b> Although there has been no change in basis of calculation, measurement techniques and scope adopted, the report reflects the increase in business registered by the company in 2010.</p>	

-  Complete
-  Parcial

GRI Summary

3.12 Table identifying the location of the standard disclosures in the report.  
Refer to pages 37-57.



Assurance

3.13 Policy and current practice with regard to seeking independent verification for the report. If not included in the opinion accompanying the report, explain the scope and basis of any external verification provided, as well as the nature of relationship with the auditor.  
The information disclosed did not have an audit



Governance, Commitments, and Engagement

Governance

4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.  
Refer to page 8.



4.2 Indicate whether CEO or the Chair of the highest governance body is also an executive officer (and, if so, in which function and the reasons for this arrangement).  
Refer to page 8.



4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent or non-executive members.  
There are no independent or non-executive members.



4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.  
Whirlpool SA, which includes Embraco's operation, holds annual meeting with shareholders and offers on its website, a telephone channel and an e-mail address to receive recommendations.  
For more information, visit <http://www.whirlpool.com.br/investidor.aspx>  
On Embraco's day to day, employees submit suggestions via the ombudsman, the Open Channel.  
In order to inform staff and stimulate them to be part of strategic business decisions, we conducted a large annual meeting (Leadership Meeting), which brings together at the company's headquarters the leaders of the operating units worldwide. In addition, each area of the company carries out alignment meetings with varying frequency. In the Procurement area, for example, meetings are annual, and in Communications, biennial.



4.5 Linkage between compensation for members of the high management body, senior managers, and executives (including departure/decision arrangements), and the organization's performance (including social and environmental performance).  
The variable remuneration systems, described on page 31, are focused, especially, on economic targets, ensuring coherence between the evolution of the company's performance and leadership compensation.



4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.  
Refer to page 10.



4.7 Process for determining the qualifications and expertise of the members of the highest governance body for defining the organization's strategy, including issues related to economic, environmental, and social performance.  
Refer to pages 8 and 9.



-  Complete
-  Parcial

4.8	Internally developed statements of mission and values, codes of conduct, and principles relevant to economic, environmental, and social performance, as well as the status of their implementation. Refer to page 10.	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including identifying and managing relevant risks and opportunities, as well as adherence or compliance with internationally agreed standards, codes of conduct and principles. Refer to pages 8 and 9.	
4.10	Processes for evaluating the highest governance body's own performance, especially with respect to economic, environmental, and social performance. Refer to pages 8 and 9.	
4.11	Explanation of whether and how the precautionary approach or principle is used by the organization. We do not fully adopt the precautionary principle, but we seek to act with environmental responsibility by eliminating from the products and processes substances proven harmful to the environment.	

**Commitments to external initiatives**

4.12	Externally developed economic, environmental, and social charters, sets of principles, or other voluntary initiatives to which the organization subscribes or endorses. Since 2004, Embraco is a signatory to the Global Compact, a movement led by the United Nations (UN), which promotes social inclusion, environmental sustainability and reducing inequality. In 2008, Embraco Slovakia also adhered to the initiative.	
4.13	<p><b>Significant participation in associations (such as industry associations) and/or national/international advocacy organizations.</b></p> <p><i>Among the main entities in which we participate, we can mention:</i></p> <p>ABINEE – Brazilian Electrical and Electronic Industry Association  ANPEI – National Research, Development and Engineering Association of Innovation Companies  CNI/CEB – National Confederation of Industry / Brazilian Business Coalition  ELETROS – National Association of Manufacturers of Electro-electronic Products</p> <p><i>Among the main entities in which we participate or with which they interact, we can mention:</i></p> <p>ABA – Brazilian Association of Advertisers  ABERJE – Brazilian Business Communication Association  ABIFA – Brazilian Foundry Association  ABRAVA – Brazilian Refrigeration, Air Conditioning, Ventilation and Heating Association  ABRH – Brazilian Human Resources Association  ACII – Itaiópolis Commercial and Industrial Association  ACIJ – Joinville Corporate Association  AEB – Brazilian Foreign Trade Association  ALAINEE – Latin American Electrical and Electronic Industrial Association  APSSOJ – Occupational Health and Security Professionals Association of Joinville and Surrounding Areas  Brazil-México Chamber of Industry, Commerce and Tourism</p> <p>CAP – São Francisco do Sul Port Authority  CEACEX – State Council for Foreign Trade Advancement  CEAJ – Joinville Architect and Engineer Center  CEBC – Brazil-China Business Council  CIESC – Center of Industries of the State of Santa Catarina  CELESC – Electricity Utility Company of Santa Catarina  CERTI Foundation – Center of Reference in Innovative Technologies  Joinville – Spisská Nová Vês Sister City Committee  Honorary Consulate of the Slovak Republic in the South of Brazil  Itaiópolis Volunteer Fire Brigade  FIESC – Federation of Industries of the State of Santa Catarina  Forum of Business Leaders  Forum of Social Leaders  MCE – Santa Catarina Movement for Excellence  SINDITHERME Employers' Federation  SINTIMESC – Inter-municipal Union of Workers in Metallurgical, Mechanical, and Electrical Material Industries of Santa Catarina  Joinville Volunteer Fire Brigade  Sociesc – Santa Catarina Educational Society  SECESU / SC – Informatics and Telecommunications Users Society</p>	

- Complete
- Parcial

**Stakeholder Engagement**

<b>4.14</b>	<p><b>List of stakeholder groups engaged by the organization.</b> Our main stakeholders are customers, suppliers, employees and communities surrounding our operations.</p>	<span style="color: #008080;">●</span>
<b>4.15</b>	<p><b>Basis for identification and selection of stakeholders to be engaged.</b> The strategic importance to our business is the main criterion for defining priority publics to be engaged.</p>	<span style="color: #008080;">●</span>
<b>4.16</b>	<p><b>Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder groups.</b> The approaches and the main dialogue channels with our stakeholders are described on pages 23 (focus on suppliers), 25-27 (community), 28-31 (employees) and 57 (customers).</p>	<span style="color: #008080;">●</span>
<b>4.17</b>	<p><b>Main issues and concerns that were raised through stakeholder engagement and what measures the organization has adopted to address these issues and concerns</b> Refer to pages 33 and 34.</p>	<span style="color: #008080;">●</span>

**ECONOMIC PERFORMANCE**

**Management Approach**

Refer to pages 5, 23 and 31.



**Economic Performance**

**EC3 Coverage of the defined benefit pension plan obligations that the company offers.**

Our pension plans vary according to and are adapted to the different market characteristics of the countries where we operate. In Brazil, for example, there is the Open Benefit Generating Plan (PGBL), with participation voluntary and open to all positions. Embraco contributes with values ranging from 1% to 5.5% of the employee's gross monthly salary according to the salary range. The employee contribution follows a progressive scale linked to age: the minimum represents half the amount paid by Embraco, and the maximum, double. The investment focuses on fixed-income holdings, and based on market projections, we estimate a rate of return of 11.30%. The plan covers the normal retirement (at 60 years old), early (at 55 years) and by disability, in addition to death benefits, payable to the spouse and children. There are two types of pension. One is managed by a committee of employee representatives (nationwide), with a minimum employee contribution equivalent to 6.91% of gross salary and a company contribution of 1.20%. The other is based on private pension funds, for which only the employee contributes (with 6.91% of gross salary). The pension plan adopted in China follows the local laws, with monthly contributions made by the company and the employee to the Social Security Office of the Government. The rate paid by the employee corresponds to 8% of the salary, and that paid by the company is 20%. The pension plan is also a legal requirement in Italy, and the contributions of the company and employees vary according to the position held. For the directors, Embraco contributes with 27.81% of the salary while the employee pays 13.19%. In managerial and administrative positions, the company contributes with 25.01%, and the employees, with 10.39%. We do not offer a pension plan in Slovakia, and what was offered in the sales office located in Mexico was terminated in 2010 due to the installation of a new plant in the country.



**Amounts invested in 2010 (US\$)**

Brazil	China	Slovakia	United States	Italy	Mexico	Total Embraco
1,997,765	4,097,678	0	65,862	5,185,606	0	11,346,911

● Complete

○ Parcial

Market Presence

**EC7** Procedures for local hiring and proportion of senior management hired from the local community in important operational units.  
We do not have local recruitment policies.



Indirect Economic Impacts

**EC8** Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.  
In partnership with the inspection agency of Joinville (SC), we installed a traffic light for pedestrians at the corner of the company contributing to the safety of all who cross the street. With a specific focus on our internal team, we conducted an awareness campaign about the importance of traffic signs. In both initiatives, the investment reached approximately US\$ 10,000.  
Also in Joinville, we have invested US\$ 7,500 in the Flower Joinville Project, sponsored by the municipal government to stimulate companies to adopt green areas and assume the costs of maintenance. We have adopted a square and a public garden in the city.



ENVIRONMENTAL PERFORMANCE

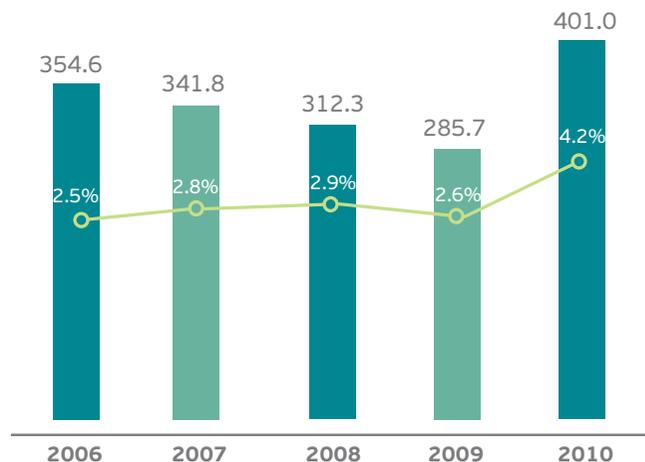
**Management Approach**  
Refer to pages 17, 19 and 24.



Materials

**EN1** Materials used by weight or volume.

**MATERIALS USED (t)**



○ Renewable materials

**NOTE 1** Considers the main materials used in the manufacturing processes - steel, copper, aluminum and casted - and the wood packaging used for transporting products.

**NOTE 2** Data through 2009 only consider the operations in Brazil. Those concerning 2010 include all Embraco plants in the world (Brazil, China, Italy and Slovakia), and reflect the increase in production recorded in the year.



- Complete
- Parcial

Energy

**EN3** Direct energy consumption broken down by primary energy source.

**EN4** Indirect energy consumption broken down by primary energy source.

Driven by increased production (28%), the total direct energy consumption in 2010 grew by 21% compared to the previous year, but the consumption per compressor produced fell by 5%. In the consumption profile, the major changes with respect to 2009 were the reduction in the use of propane, the increased consumption of liquefied petroleum gas (LPG) and the elimination of kerosene from the company's energy matrix (see table). Natural gas continues to be the main source of direct energy in all operations and the only one used in factories.

Indirect energy consumption is concentrated in the purchase of electric energy, and reflecting the increased production, grew by 17% in absolute terms in relation to 2009, with significant differences among the various units. The foundry, located in Brazil, had the highest increase (25%), and Embraco Italy, the lowest (9%). Despite the increase in absolute consumption, the relative consumption (indirect energy/compressor produced) fell 9.1% in the global operation.

For 2011, the target is to further increase production eco-efficiency: we want to reduce consumption by 10% per compressor produced, considering the main energy sources used, natural gas and electricity. The projects that will help us achieve this goal are already in progress, and include: identify consumption by equipment, conduct an annual energy audit and establish an improvement plan; optimize the production plan and the use of air compressors, replace low yield motors and improve the HVAC systems.

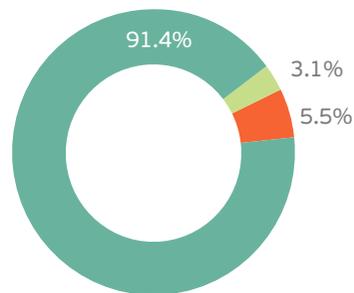
Energy consumption (MJ)

	Brazil		China		Slovakia		Italy		Total Embraco	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
<b>Direct Energy</b>										
Natural gas	175,133,910	224,060,655	64,949,605	69,893,635	83,917,486	108,406,072	64,595,895	67,008,830	388,596,896	469,369,192
Methanol	372,842	411,840	7,603	0	0	0	0	0	380,445	411,840
Propane	3,716,471	3,032,424	0	0	0	0	0	0	3,716,471	3,032,424
Kerosene	0	0	115,232	0	0	0	0	0	115,232	0
LPG	9,099,830	12,978,919	0	0	0	0	0	0	9,099,830	12,978,919
Diesel oil	1,477,594	1,786,200	0	205,442	1,210,519	1,974,861	0	0	2,688,113	3,966,503
Gasoline	77,795	122,706	0	1,115,925	1,377,387	1,170,369	0	0	1,455,182	2,409,000
<b>Total</b>	<b>189,878,442</b>	<b>242,392,744</b>	<b>65,072,440</b>	<b>71,215,002</b>	<b>86,505,392</b>	<b>111,551,302</b>	<b>64,595,895</b>	<b>67,008,830</b>	<b>406,052,169</b>	<b>492,167,878</b>
<b>Indirect Energy</b>										
Electric energy	568,752,462	666,968,951	91,260,000	107,927,640	98,256,294	119,348,590	51,674,386	51,679,717	809,943,142	945,924,898
<b>Total</b>	<b>568,752,462</b>	<b>666,968,951</b>	<b>91,260,000</b>	<b>107,927,640</b>	<b>98,256,294</b>	<b>119,348,590</b>	<b>51,674,386</b>	<b>51,679,717</b>	<b>809,943,142</b>	<b>945,924,898</b>
<b>TOTAL</b>	<b>758,630,904</b>	<b>909,361,695</b>	<b>156,332,440</b>	<b>179,142,642</b>	<b>184,761,686</b>	<b>230,899,892</b>	<b>116,270,281</b>	<b>118,688,547</b>	<b>1,215,995,311</b>	<b>1,438,092,776</b>

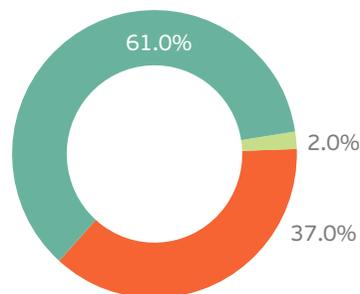
- Complete
- Parcial

It is important to note that the total consumption in Brazil includes, in addition to the compressor factory, located in Joinville(SC), two other units that provide materials for the company's global operation; a foundry, also in Joinville, and a component factory, in Itaiópolis. The graphs below represent the share of each unit in the consumption.

**DIRECT ENERGY**



**INDIRECT ENERGY**



- Compressors
- Foundry
- Components

**EN5** Energy savings due to improvements in conservation and efficiency.

We carried out several projects aimed at energy efficiency in our units, such as the campaign to reduce the consumption of compressed air in the Brazil plant, for example, but there is no exact information on the savings from these initiatives. In China's case, we were able to quantify the savings in 17,754 GJ in the year as a result of monitoring. A plan focused on increasing eco-efficiency of the factories is in progress and aims to reduce by 10% the electricity and natural gas used in the manufacture of each compressor in 2010. For more information, see the answer of the indicators EN3 and EN4.



- Complete
- Parcial

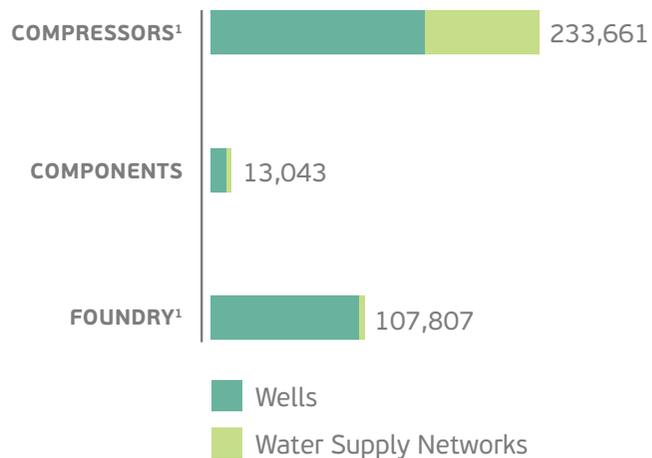
Water

**EN8** Total water withdrawal by source (m³).

Through initiatives for the efficient use of water in our operations, the absolute consumption in 2010 grew only 4.44% in comparison with 2009, while global production increased by 28%. This means a reduction of approximately 22% in the use of water per compressor produced, and the goal is to continue reducing the relative consumption by 10% each year until 2012. To learn more about the initiatives on this topic, see the item Production Process (page 17) in this Report.

	Brazil		China		Slovakia		Italy		Total Embraco	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Wells	205,210	264,925	0	0	0	0	125,786	78,062	330,996	342,987
Water supply networks	98,820	89,586	127,855	136,482	75,209	90,796	15,519	18,675	317,403	335,539
<b>TOTAL</b>	304,030	354,511	127,855	136,482	75,209	90,796	141,305	96,737	648,399	678,526

**CONSUMPTION BRAZIL – 2010 (m³)**



<sup>1</sup> This corrects and updates the information reported in the Embraco Sustainability Report 2009.

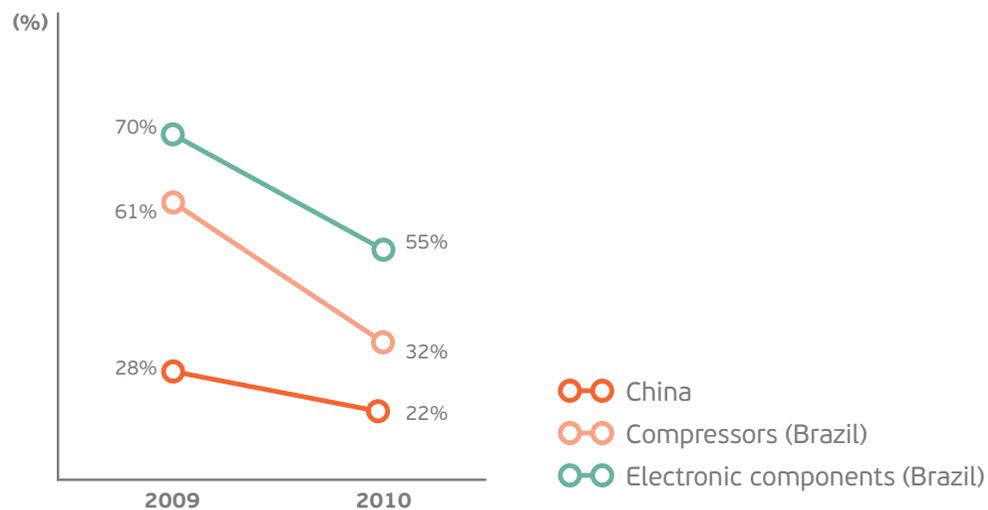
- Complete
- Parcial

**EN10** Percentage and total volume of water recycled.

Only our units located in China, Foundry in Joinville (SC) and the compressor factory in Joinville (SC), reuse water, in percentages ranging from 22% (China) to 55% (compressor factory in Brazil). In 2010, the use of recycled water fell in the three units, as well as the percentage of recycled water used for consumption in production. In the group of units monitored, the recycling of water represented 28% of consumption in 2010. In 2009, it was 36%.

Use of recycled water (m³)	2009	2010
China	35,698	30,026
Compressors (Brazil)	137,323	128,443
Foundry (Brazil)	60,312	34,103
<b>TOTAL</b>	<b>233,333</b>	<b>192,572</b>

**USE OF RECYCLED WATER (%)**



- Complete
- Parcial

**Emissions, Effluents, and Waste**

**EN21 Total water discharge by quality and destination.**

Following the consumption profiles, the water discharge is higher in the compressor factory located in Brazil. In 2010, 233,590 m<sup>3</sup> were discharged, of which 55% for recycling in the effluent treatment process.

In all units, we invested in the treatment of waste water, and therefore, the discharge is done mostly at the collection point, according to the following table.

Discharge total (m<sup>3</sup>)<sup>1</sup>

	Brazil		China		Slovakia		Italy		Total Embraco	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Discharge to collection point	115,550	136,114	89,243	103,726	0	69,325	134,240	91,900	339,033	401,065
Public Sewer Systems	0	0	0	0	75,209	0	0	0	75,209	0
Evaporation	66,725	45,086	1,279	0	0	0	7,065	4,837	75,069	49,924
Irrigation	0	0	1,662	3,139	0	0	0	0	1,662	3,139
Recycling (from process effluent treatment)	121,754	169,410	35,672	29,617	0	0	0	0	157,426	199,027
<b>TOTAL</b>	304,028	350,610	127,855	136,482	75,209	69,325	141,305	96,737	648,399	653,155

<sup>1</sup>Estimate based on water consumption.

The following table provides detailed information on the water disposal in the three units located in Brazil, with variations due to differences in the types of business.

Discharge in Brazil (m<sup>3</sup>)<sup>1</sup>

	Compressors		Components		Foundry	
	2009	2010	2009	2010	2009	2010
Discharge to collection point	56,821	72,435	6,423	6,541	52,306	57,138
Public Sewer Systems	0	0	0	0	0	0
Evaporation	54,862	32,712	2,981	2,672	8,882	9,702
Irrigation	0	0	0	0	0	0
Recycling (from process effluent treatment)	84,252	128,443	0	0	37,502	40,967
<b>TOTAL</b>	195,935	233,590	9,404	9,213	98,690	107,807

<sup>1</sup>Estimate based on water consumption.

- Complete
- Parcial

**EN22** Total weight of waste by type and disposal method.

From 2009 to 2010, waste generation in the company increased 40% in absolute terms and in relative terms 9% (weight of waste generated for each compressor produced). Our target is to readjust the waste management systems in 2011 all production units.

	Brazil		China		Slovakia		Italy		Total Embraco	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
<b>Waste disposal (kg)</b>										
<b>Hazardous wastes</b>										
Landfill	200,464	400,863	0	0	141,020	199,150	0	0	341,484	600,013
Incineration	464,500	1,537,950	98,210	74,178	0	0	0	0	562,710	1,612,128
Environmental Recycling <sup>1</sup>	80,236	128,891	0	0	1,381,570	1,840,796	55,986	381,022	1,517,792	2,350,709
Economic Recycling <sup>2</sup>	260,339	194,149	0	0	0	41,400	0	0	260,339	235,549
Others	0	0	160	0	0	0	0	0	160	0
<b>Total</b>	<b>1,005,538</b>	<b>2,261,853</b>	<b>98,370</b>	<b>74,178</b>	<b>1,522,590</b>	<b>2,081,346</b>	<b>55,986</b>	<b>381,022</b>	<b>2,682,484</b>	<b>4,798,399</b>
<b>Non-hazardous waste</b>										
Landfill	12,838,368	17,146,051	795,070	771,157	681,700	821,980	0	355,410	14,315,137	19,094,598
Environmental Recycling <sup>1</sup>	26,550	24,910	1,080	0	0	0	5,608,828	10,420	5,636,458	35,330
Economic Recycling <sup>2</sup>	44,236,671	64,197,647	10,528,448	12,492,920	12,515,740	19,069,570	0	5,898,740	67,280,859	101,658,877
Remediation of building waste	116,600	140,110	0	0	0	0	0	0	116,600	140,110
<b>Total</b>	<b>57,218,189</b>	<b>81,508,718</b>	<b>11,324,598</b>	<b>13,264,077</b>	<b>13,197,440</b>	<b>19,891,550</b>	<b>5,608,828</b>	<b>6,264,570</b>	<b>87,349,054</b>	<b>120,928,915</b>
<b>TOTAL</b>	<b>58,223,727</b>	<b>83,770,571</b>	<b>11,422,968</b>	<b>13,338,255</b>	<b>14,720,030</b>	<b>21,972,896</b>	<b>5,664,814</b>	<b>6,645,592</b>	<b>90,031,538</b>	<b>125,727,314</b>

<sup>1</sup> Environmental recycling: reusing the material in Embraco`s production process.

<sup>2</sup> Economy Recycling: selling the material for reuse by another organization.

- Complete
- Parcial

The following table details the waste disposal in the three units located in Brazil.

Waste disposal (kg)	Compressors		Components		Foundry	
	2009	2010	2009	2010	2009	2010
<b>Hazardous wastes</b>						
Landfill	168,321	369,870	8,173	7,629	23,970	23,364
Incineration	464,500	1,537,950	0	0	0	0
Environmental Recycling <sup>1</sup>	64,082	62,346	16,154	9,895	0	56,650
Economic Recycling <sup>2</sup>	233,235	187,103	7,040	4,134	20,064	2,912
Others	930,138	2,157,269	31,366	21,658	44,034	82,926
<b>Non-hazardous waste</b>						
Landfill	877,100	1,134,590	14,640	7,972	11,946,628	16,003,489
Environmental Recycling <sup>1</sup>	0	0	0	0	26,550	24,910
Economic Recycling <sup>2</sup>	43,735,427	63,585,114	378,736	463,342	122,508	149,191
Remediation of building waste	116,600	140,110	0	0	0	0
<b>Total</b>	<b>44,729,127</b>	<b>64,859,814</b>	<b>393,376</b>	<b>471,314</b>	<b>12,095,685</b>	<b>16,177,590</b>
<b>TOTAL</b>	<b>45,659,265</b>	<b>67,017,083</b>	<b>424,742</b>	<b>492,972</b>	<b>12,139,719</b>	<b>16,260,516</b>

<sup>1</sup> Environmental recycling: reusing the material in Embraco `s production process.

<sup>2</sup> Economy Recycling: selling the material for reuse by another organization.

- Complete
- Parcial

## SOCIAL PERFORMANCE – LABOR PRACTICES

### Management Approach

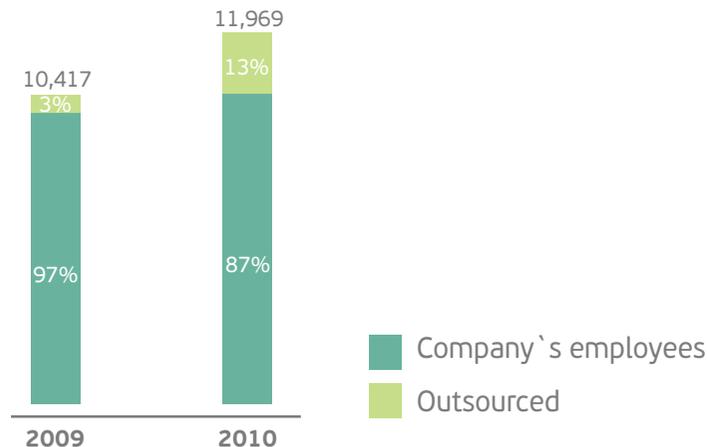
Refer to pages 28, 30 and 31.

### Employment

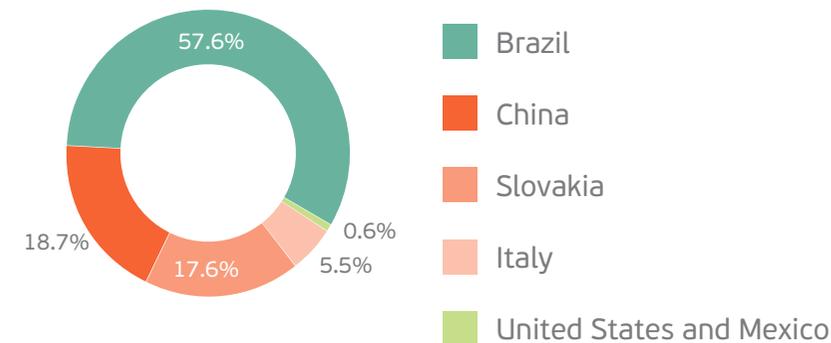
**LA1** Total number of employees broken down by employment type, employment contract and region.  
In 2010, total number of employees grew 15%, a reflection of the increase in business.

	Brazil		China		Slovakia		United States		Italy		Mexico		Total Embraco	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
<b>Employees</b>														
Full-time	4,820	5,735	1,303	1,588	1,685	1,617	59	59	621	617	6	6	8,494	9,622
Temporaries	854	582	589	23	152	176	10	4	0	4	1	0	1,606	789
Trainees	10	11	0	6	6	8	0	0	1	5	0	0	17	30
<b>Total</b>	<b>5,684</b>	<b>6,328</b>	<b>1,892</b>	<b>1,617</b>	<b>1,843</b>	<b>1,801</b>	<b>69</b>	<b>63</b>	<b>622</b>	<b>626</b>	<b>7</b>	<b>6</b>	<b>10,117</b>	<b>10,441</b>
<b>Outsourced</b>	<b>300</b>	<b>570</b>	<b>0</b>	<b>621</b>	<b>0</b>	<b>309</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28</b>	<b>0</b>	<b>0</b>	<b>300</b>	<b>1,528</b>
<b>TOTAL</b>	<b>5,984</b>	<b>6,898</b>	<b>1,892</b>	<b>2,238</b>	<b>1,843</b>	<b>2,110</b>	<b>69</b>	<b>63</b>	<b>622</b>	<b>654</b>	<b>7</b>	<b>6</b>	<b>10,417</b>	<b>11,969</b>

### TOTAL NUMBER OF EMPLOYEE



### BREAKDOWN OF EMPLOYEES<sup>1</sup> (2010)



<sup>1</sup> Includes outsourced.

- Complete
- Parcial

**LA2** Total number and rate of employee turnover by age group, gender, and region.

Employees who have resigned

	Brazil		China		Slovakia		United States		Italy		Mexico		Total Embraco	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
<b>By gender</b>														
Men	536	781	182	502	97	30	6	2	47	10	0	0	868	1,325
Women	141	164	43	21	68	23	4	3	24	3	0	0	280	214
<b>By age group</b>														
Less than 30 years old	301	510	162	496	65	14	NA	1	0	0	0	0	NA	1,021
Between 30 and 50 years old	326	363	35	27	77	26	NA	4	49	8	0	0	NA	428
More than 50 years old	50	72	28	0	23	13	NA	0	22	5	0	0	NA	90
<b>TOTAL</b>	<b>1,354</b>	<b>1,890</b>	<b>450</b>	<b>1,046</b>	<b>330</b>	<b>106</b>	<b>10</b>	<b>10</b>	<b>142</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>2,286</b>	<b>3,078</b>

Employees who were dismissed

	Brazil		China <sup>1</sup>		Slovakia		United States		Italy		Mexico		Total Embraco	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
<b>By gender</b>														
Men	282	1,102	514	779	26	131	3	2	3	5	0	0	828	2,019
Women	65	387	38	119	4	60	2	4	0	4	1	0	110	574
<b>By age group</b>														
Less than 30 years old	243	1,066	526	821	18	113	NA	1	0	2	1	0	NA	2,003
Between 30 and 50 years old	99	413	26	77	10	70	NA	4	3	7	0	0	NA	571
More than 50 years old	5	10	0	0	2	8	NA	1	0	0	0	0	NA	19
<b>TOTAL</b>	<b>694</b>	<b>1,489</b>	<b>1,104</b>	<b>1,796</b>	<b>60</b>	<b>382</b>	<b>5</b>	<b>12</b>	<b>6</b>	<b>18</b>	<b>2</b>	<b>0</b>	<b>1,871</b>	<b>5,186</b>

NA: data not available.

<sup>1</sup> The strong production seasonality in China boosts the numbers of dismissals and hiring.

- Complete
- Parcial

Breakdown (%) of turnover in 2010

	Brazil		China		Slovakia		United States		Italy		Mexico	
	Dismissed	Resigned	Dismissed	Resigned	Dismissed	Resigned	Dismissed	Resigned	Dismissed	Resigned	Dismissed	Resigned
<b>By gender</b>												
Men	74	83	87	96	69	57	33	40	56	77	0	0
Women	26	17	13	4	31	43	67	60	44	23	0	0
<b>By age group</b>												
Less than 30 years old	54	72	91	95	59	26	17	20	22	0	0	0
Between 30 and 50 years old	38	28	9	5	37	49	67	80	78	62	0	0
More than 50 years old	8	0	0	0	4	25	17	0	0	38	0	0

NA: data not available.

Labor and Governance Relations

**LA4** Percentage of employees covered by collective bargaining agreements.

The inclusion of employees in collective bargaining agreements follows the rules and specificities of each country where we operate. In Brazil, China and Italy, all employees are included, while in the United States and Mexico, by the very nature of the market and the lack of legal obligation, there is no such agreement. Freedom of association is guaranteed to employees and union participation, in 2010, reached 100% in China, 41% in Italy and 19% in Brazil.

	Brazil		China		Slovakia <sup>1</sup>		United States		Italy		Mexico	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Employees (%) covered by collective bargaining agreements	100	100	100	100	NA	NA	0	0	100	100	0	0
Empregados (%) filiados a sindicatos	27	19	100	100	NA	NA	NA	NA	46	41	NA	NA

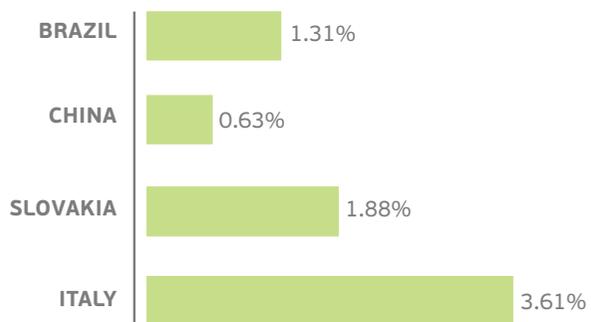
NA: data not available.

<sup>1</sup> By Slovak legislation, information about the coverage of collective agreements and membership of employees to trade union organizations are confidential.

- Complete
- Parcial

**LA7** Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.

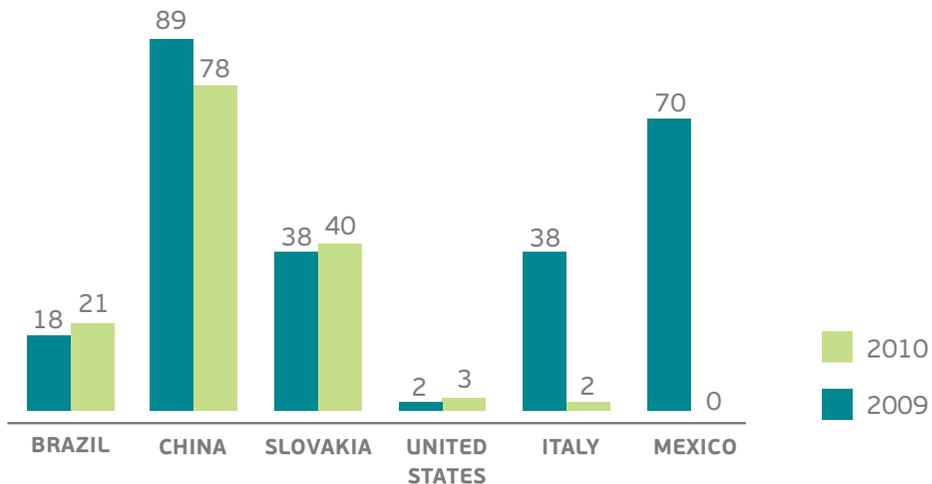
**RATE OF ABSENTEEISM<sup>1</sup> (2010)**



**Training and Education**

**LA10** Average hours of training per year per employee broken down by employee category.

**AVERAGE TRAINING (h)**



Complete

Parcial

Diversity and Equal Opportunity

**LA13** Composition of bodies responsible for corporate governance and breakdown of employees per category according to gender, age group, minorities, and other indicators of diversity

Participation of women in the workforce (%)

	Brazil		China		Slovakia		United States		Italy		Mexico	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Vice-presidency, board and management	9,2 <sup>1</sup>	6	30	41	12	12	NA	1	0	0	0	0
Supervision and leadership		9	41	26	12 <sup>2</sup>	12	NA	9	15	14	1	0
Teams	19,7	23	14	10	34	35	NA	36	30	32	3	25

NA: data not available.

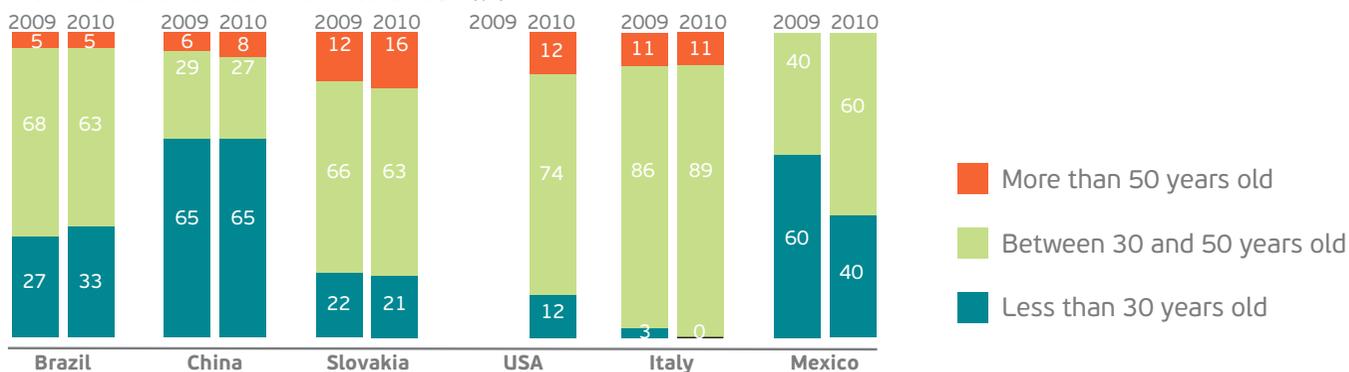
<sup>1</sup> In the Brazil plant data for high and middle leadership are computed together.

<sup>2</sup> This corrects information disclosed in the Embraco Sustainability Report 2009.

Participation of people with disabilities in the workforce (%)

	Brazil		China		Slovakia		United States		Italy		Mexico	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Vice-presidency, board and management	0	2	10	10	0	0	0	0	0	0	0	0
Supervision and leadership	0	2	0	0	0	0	0	0	0	0	0	0
Teams	5	5	1	1	1	1	0	0	0	2	0	0

WORKFORCE BREAKDOWN BY AGE GROUP (%)



-  Complete
-  Parcial

## SOCIAL PERFORMANCE – HUMAN RIGHTS

### Management Approach

Refer to pages 23 and 24.



### Investment and Procurement Practices

**HR1** Percentage and total number of significant investment agreements that include human rights clauses or that were subjected to human rights screening.  
All significant investment agreements include human rights clauses.



**HR2** Percentage of significant suppliers and contractors that have undergone screening on human rights and the measures taken.  
Of Embraco's 416 suppliers throughout the world, 92% have formally adhered to the company's code of conduct, which have human rights clauses. These suppliers have undergone assessment, in the form of a questionnaire, on this subject.  
None of the assessments conducted in 2010 indicated violations of human rights.



### Child Labor

**HR6** Operations identified as having significant risk for incidents of child labor and measures taken to contribute to the abolition of child labor.  
We have not identified risks of using child labor in our supply chain, and the theme is part of the sustainability checklist adopted in the preliminary assessment for the accreditation of partners. This risk may exist between some companies that supply to our partners. In our networking meetings, we encourage companies to adopt Embraco's sustainability parameters in their own value chains through meetings of awareness.



### Forced and Compulsory Labor

**HR7** Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.  
We have not identified risks of use of forced or compulsory labor in our supply chain, and the theme is part of the sustainability checklist adopted in the preliminary assessment for the accreditation of partners. This risk may exist between some companies that supply to our partners. In our networking meetings, we encourage companies to adopt Embraco's sustainability parameters of in their own value chains through meetings of awareness.



## SOCIAL PERFORMANCE – SOCIETY

### Management Approach

Refer to pages 10, 40 and 56.



### Corruption

-  Complete
-  Parcial

**S02 Percentage and total number of business units submitted to risks assessments related to corruption.**

All our units undergo periodic operational audits. They are determined by the corporate audit committee at the end of each year from risk assessment interviews carried out with the president and vice presidents.

Additionally, our units in Brazil, Slovakia, United States and Italy are within the scope of the Sarbanes-Oxley Law (SOx). This means that they have strict internal control regarding financial reports. Employees involved in this process receive specific training, presental or online, through Whirlpool's Virtual University. The performance and effectiveness of control systems related to the adequacy of SOx are tested by the Internal Auditors of the company and undergo independent external verification. In 2010, we monitored a total of 31 cases (see table).

	Brazil	Slovakia	United States	Italy
Cases evaluated (absolute number)	10	8	5	8
Cases evaluated (% of total number of cases existing in the unit)	32	26	16	26

**S03 Percentage of employees trained on anti-corruption policies and procedures of the organization.**

Embraco's positioning against corruption can be found in the Code of Ethics, distributed to all employees, and the integration training courses for new employees covers themes such as money laundering and anti-trust actions.

Among the administrative and managerial positions, these themes are subject to periodic training, which may be in the presental or online format. In 2010, trainings on preventing money laundering covered 100% of the public.

The trainings on antitrust cases involved 2,128 employees of all units in 2010, including 1,054 in Brazil. By incorporating the theme in the integration training, the percentage of coverage was near 100% on this theme.

**S04 Measures taken in response to incidents of corruption.**

As in 2009, in 2010 there were no recorded cases of corruption. To avoid this type of conduct, we have made available to the internal public our Code of Conduct, and direct everyone to report any violation of the principles explained in the document. The complaint may be made directly to a superior or via a Hotline, a toll free telephone line with attendants in Portuguese, English and Spanish. The complaints made by employees to this channel remain anonymous and checking the complaint occurs confidentially.

**Public Policies**

**S05 Positions relative to public policy and participation in public policy development and lobbying.**

Through various forums, we participate in the discussion of public policy and seek to collaborate with the development of the sector where we operate with actions aligned to our strategic planning.

In Brazil, for example, Guilherme Lima, manager of Institutional Relations, is vice president of the National Research, Development and Engineering Association of Innovation Companies (Anpei) that brings together companies, representatives of ministries and development public bodies. He also serves on the Advisory Board of the Research and Projects Financing (FINEP), the Thematic Council of Industrial Policy and Technological Development of the National Confederation of Industry (Copin-CNI/Anpei) and the Advisory Board of the Center for Strategic Studies and Management (CGEE / Anpei). We maintain an ongoing dialogue with trade associations (see complete list on page 40) to ensure that decisions follow legal and ethical standards adopted by us, always focusing on economic, social and environmental sustainability.

Through Embraco Slovakia, we support projects developed in partnership with local authorities. In Mexico, the dialogue with the National Council of Science and Technology with the state government of Nuevo León aims to collaborate with the construction of public policies related to innovation, energy efficiency, tax issues, product regulations and certifications.



-  Complete
-  Parcial

## SOCIAL PERFORMANCE – PRODUCT RESPONSIBILITY

**Management Approach**  
Refer to pages 47 and 57.



### Customer Health and Safety

**PR1** Products and services life cycle phases whereby health and safety impacts are assessed for improvement, and the percentage of goods and services subject to these procedures.

In developing new products we take into account the health and safety of employees and customers. In the phases ranging from idealization to customer delivery, for example, we seek to identify and reduce the risk of toxicity based on a list of 546 hazardous substances that must be avoided in our processes and products. Some have already been banned and others are being progressively eliminated. The process is certified by the QC80000 standard and involves testing carried out internally and by external partners, providing greater transparency and quality.

Throughout product design and manufacture, we apply simulation tools to test performance under extreme conditions, with safety factors that reproduce the time of use for more than 10 years. The goal is to eliminate safety fault risks even after the end of life cycle planned for the product.

These procedures are complemented by a fault detection process, which follows the perspective of customers and evaluates field products (those that were on the market and were returned to the company for review). The goal is to identify faults and to act preventively; reducing impacts on customers and providing feedback to development area for product improvement. This assessment is performed in 100% of the compressor families produced by Embraco, following statistical sampling representative of each compressor model and family, and contributes with information that advances the product development and improvement cycle.

We have also created a series of manuals and catalogs that guide customers on how to properly and safely use the compressors and refrigerant gases. With a focus on responsible disposal, the manuals and packaging contain information on the optimal disposal procedure and the chemical compatibility of waste.



### Product and Service Labeling

**PR3** Type of information about products and services required by labeling procedures, and the percentage of products and services subject to such requirements.

All compressors are accompanied by handling guidelines, data relating to components and, of course, a guide on the proper disposal without harming the environment. This information can also be found on our website and are essential for the customer to use the product in the best possible way. The guidelines that accompany the products marketed by Embraco also extend the identification to outsourced components.

The care is not limited to the internally developed production phases, and we seek to identify the use of harmful substances throughout the supply chain to strictly comply with international standards and legislation. Electronic products, for example, comply with international legislation that controls the presence of harmful substances to health and the environment. Every year, our business units in Brazil, China, Slovakia and Italy are audited and evaluated according to criteria in the standard QC 080000 HSPM (Hazardous Substance Process Management).



**PR5** Practices related to customer satisfaction, including surveys results which measure this satisfaction.

Every three years we conduct a worldwide survey on Embraco`s Customer Satisfaction, in partnership with an outsourced company. In the latest survey, carried out in 2008, we interviewed 206 people. The results were encouraging. 91% of respondents would recommend Embraco to their own customers and partners. Among products and services, quality and good origin were the aspects most cited, with 33%. Technology, good services, affordable prices and also trust deserve highlights.

In the same year, Embraco was seen as the largest compressor supplier for 91% of respondents. With the result in hand, an internal committee reviews the data, identifies gaps and forwards to the areas responsible for the definition and implementation of improvement plans with the aim of improving our relationship with customers. The next survey is already scheduled: it will be in 2011.



## ANNEX: SOCIAL INVESTMENT – PROJECTS 2010

### Fiscal Year 2010 Cash and In-Kind Donations (US\$)

Fiscal Year 2010 – Cash Donations	Embraco Brazil	Embraco Italy	Embraco Slovakia	Embraco China	Embraco U,S,
Education	56,471	5,642	4,363	7,800	1,150
Housing			7,800		7,626
Environment	1,412	18,445	8,351		800
Other	83,028		7,800		
<b>TOTAL</b>	<b>140,911</b>	<b>24,087</b>	<b>28,314</b>	<b>7,800</b>	<b>9,576</b>
<b>Fiscal Year 2010 – In-Kind/Product Donations</b>					
Education	6,842	2,000	860		
Housing			43,628		
Environment	1,590				390
Other	3,636		180	3,200	
<b>TOTAL</b>	<b>12,068</b>	<b>2,000</b>	<b>44,668</b>	<b>3,200</b>	<b>390</b>
<b>Fiscal Year 2010 – In-Kind/Product Donations</b>					
Education	176,471				
Housing					
Environment					
Other	121,664				
<b>TOTAL</b>	<b>298,134</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Total 2010 Volunteering Activity

	Embraco Brazil	Embraco Italy	Embraco Slovakia	Embraco China	Embraco U,S,
Hours of community service	1,578	415	655	491	210
Number of volunteers	296	12	19	61	30



# ANNEX: SOCIAL INVESTMENT – PROJECTS 2010

## 2010 Main Projects' Indicators

### Embraco Brazil

Embraco Ecology Award	2,599 people benefited (teachers and students) US\$ 78,582 invested
Volunteer program	7,965 people benefited (activities for community) (Joinville and Itaiópolis) 1,578 hours of community service 269 volunteers in 2010 US\$ 6,986 invested
Hospital Management Project	60 Volunteers in 2010 2,000 hours of community service
Digital knowledge space	1,137 people benefited in Joinville and Itaiópolis (activities for community) US\$ 6,455 invested
Sports schools	312 people benefited in Joinville and Itaiópolis (activities for community) US\$ 35,474 invested
Support to Resgate Project	231 people benefited (activities for community) US\$ 56,470 invested
Embraco Theater group	1,240 people benefited (activities for community) 148 hours of community service 8 volunteers in 2010 US\$ 10,164 invested
Embraco Choir	4,510 people benefited (activities for community) 77 hours of community service 19 volunteers in 2010 US\$ 6,350 invested

### Embraco Italy

Environmental Education with local schools	65 students from Secondary School benefited 6 volunteers involved 8 projects finalized on "My Ecological School: sustainable solutions for a eco-compatible school"
Environment Day	519 people benefited (activities for community) 45 hours of community service 16 volunteers activities US\$ 11,000 invested
Clean the world initiative	320 students involved
Poetry award	300 students participating of the Award US\$ 4,500 invested
Orphanage Hesed	US\$ 3,550 invested 10 volunteers involved
Sponsor a Child	10 children from Africa sponsored (educational program) for one year US\$ 4,200 invested



## ANNEX: SOCIAL INVESTMENT – PROJECTS 2010

### Total 2010 Volunteering Activity

#### Embraco Slovakia

Volunteer program	460 people benefited (activities for community) 655 hours of community service 16 volunteers activities in 2010 97% - community satisfaction
Embraco Ecology Award	2,600 people benefited (2 schools project, 1 joined project prepared by 8 schools for ZOO) 95% - community satisfaction US\$ 8,351 invested
Spisska Nova Ves Hospital	20 hours of community service (dealing with christmas collection) 98% - community satisfaction US\$ 47,990 invested
Support to nurseries	530 people benefited (support for 5 nurseries) 94% - community satisfaction US\$ 1,587 invested
Parents needed initiative	1,150 - people benefited (Foster house Mlynky - Biele Vody, website visitors) 45 hours of community service 91% - community satisfaction
Clean the Slovak Paradise	319 hours of community service 56 volunteers participating 97% - community satisfaction

#### Embraco China

Volunteer program	980 people benefited (Sun Village, Global Village of Beijing,) 491 Hours community services of the whole year in total
Earth Hour	418 signatures promising they will switch off lights that hour
Refrigerator Donation Project	US\$ 3,200 invested
Sponsorship in Behang University	22 people benefited US\$ 7,800 invested

#### Embraco U.S.

March of Dimes	US\$ 7,626 invested 197 participants
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**SUSTAINABILITY REPORT  
2011**

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**This publication is Embraco's responsibility. If you have questions, suggestions or comments, please contact:**

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**SUSTAINABILITY REPORT  
2011**

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