

# 2012 SUSTAINABILITY REPORT



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## A BRIDGE TO THE FUTURE

The year 2012 was marked by significant challenges. The macroeconomic scenario remained unstable due to the impacts of the crisis that began in 2008. However, if the economic agenda challenged political and business leaders, social-environmental discussions also gained relevance.

Twenty years after ECO-92, Brazil was, once again, host of an important global meeting: Rio+20. More than 30,000 people - including heads of State and representatives from 100 countries - participated in discussions on how to maintain human, social and economic development that is, at the same time, sustainable.

We also engaged in this debate. Besides participating in the event, we adhered to Sustainable Energy for All, a United Nations initiative that aims to ensure universal access to sustainable energy, as well as doubling the energy

efficiency rate and renewable energy percentage in the global energy matrix by 2030. Since 2004, we have also been signatories of the UN's Global Compact, which mobilizes companies to align their strategies with ten principles in the areas of human rights, labor, environment and anti-corruption. Every year, we reaffirm this commitment.

We know that our business can contribute positively to global efforts in reducing electrical energy consumption. In over 40 years of existence, Embraco has always guided itself by innovation and technology leadership, focus on the customer and pursuit of operational excellence.

In 2012, we reinforced one important triad for our company, which is comprised of shareholders, customers and employees. Shareholders invest in the organization, and therefore we need to ensure an attractive return for them. We also managed to deepen the relationship with our customers which is expressed in the special care taken with the product we deliver to the market. The third point is people. We understand that this triad can only be sustained if we invest in valuing the professionals who work with us.



“Our commitment to innovation challenges us to always think of tomorrow, building a bridge to the future.”

— **Roberto H. Campos**, President of Embraco

### Bold goal

Our commitment to sustainability has driven us to move forward in contributing to a more conscious world. And, in our business, we do this in three ways: in the production process, in the value chain and in offering products with less environmental impact.

In our production process, we seek to reduce energy and water consumption and waste generation. In 2012, we established a bold goal: to not send waste to landfills by the end of 2015. We completed the greenhouse gas emissions inventory of all our units, following the GHG Protocol methodology. In China, we launched compressors smaller than conventional ones and more efficient in terms of energy. In Mexico,

we inaugurated a plant that follows Green Building principles, designed to reduce energy and water consumption and waste generation.

In our value chain, we influence our partners through the Supplier Excellence program. In post-consumption, we have the Top Green Program, which recycles compressors at the end of their useful life. Finally, our social investment policy has contributed towards advances in the countries where our units are located.

We're a company that was born in Brazil and today has operations on four continents and customers in over 80 countries. We're aware of our responsibilities to our stakeholders, especially the communities in

which we are part of. In 2012, the Embraco Ecology Award - environmental education program conducted in Brazil - turned 20. This experience shows us that a long standing social project requires, besides commitment, a strong alliance between the private sector and society.

Our products contribute to sustainability because they allow the end consumer to use less electrical energy, preserve their food longer and have quieter refrigerators.

Embraco has a history of commitment and dedication to innovation that enables us to deliver to society what we do best: the cold that allows people, in all corners of the world, to live a more joyful, comfortable and healthy life, celebrating life. This mission can only become a reality through the engagement of our teams, which, even located in different parts of the world - North America, Europe and Asia - share the same passions: cold and the future. This is what unites us. Our commitment to innovation challenges us to always think of tomorrow, building a bridge to the future. All this is what makes Embraco a unique company.

**Roberto H. Campos**  
President of Embraco



# WHO WE ARE



# COLD IS OUR BUSINESS

Have you ever wondered how your life would be without refrigeration? If we didn't have the compressor, responsible for producing cold in refrigerators and refrigerated counters, for example, we wouldn't be able to keep foods and drinks preserved and fresh.

We know that life with refrigeration is more comfortable, healthier and more dynamic. We see cold as a vital energy that is present in most essential products in our day to day, and that not only transforms, but makes our lives gain a new meaning (see *infographic on page 09*).

We're recognized for the quality of our compressors. But we also know that just as important as producing cold with quality is how we do this: we invest in compact products that consume less raw materials and energy. In this way, we reduce impacts on the environment and ensure that our customers have the products that meet their needs.

We engage our suppliers so that they

We're global market leaders in hermetic compressors\* for refrigeration. The achieved position is a result of delivering intelligent solutions and investing in innovation, technology and people development.

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\* In this model, the equipment is fully enclosed by a sealed metal casing. Only a specialist can open it and access components.



adopt practices aligned to sustainability and we monitor our operations through water and energy consumption as well as waste generation indicators. Also, we follow trends and move quickly to bring them to consumers. We also know our responsibility to the communities in which we are part of. Therefore, we've defined a global social investment

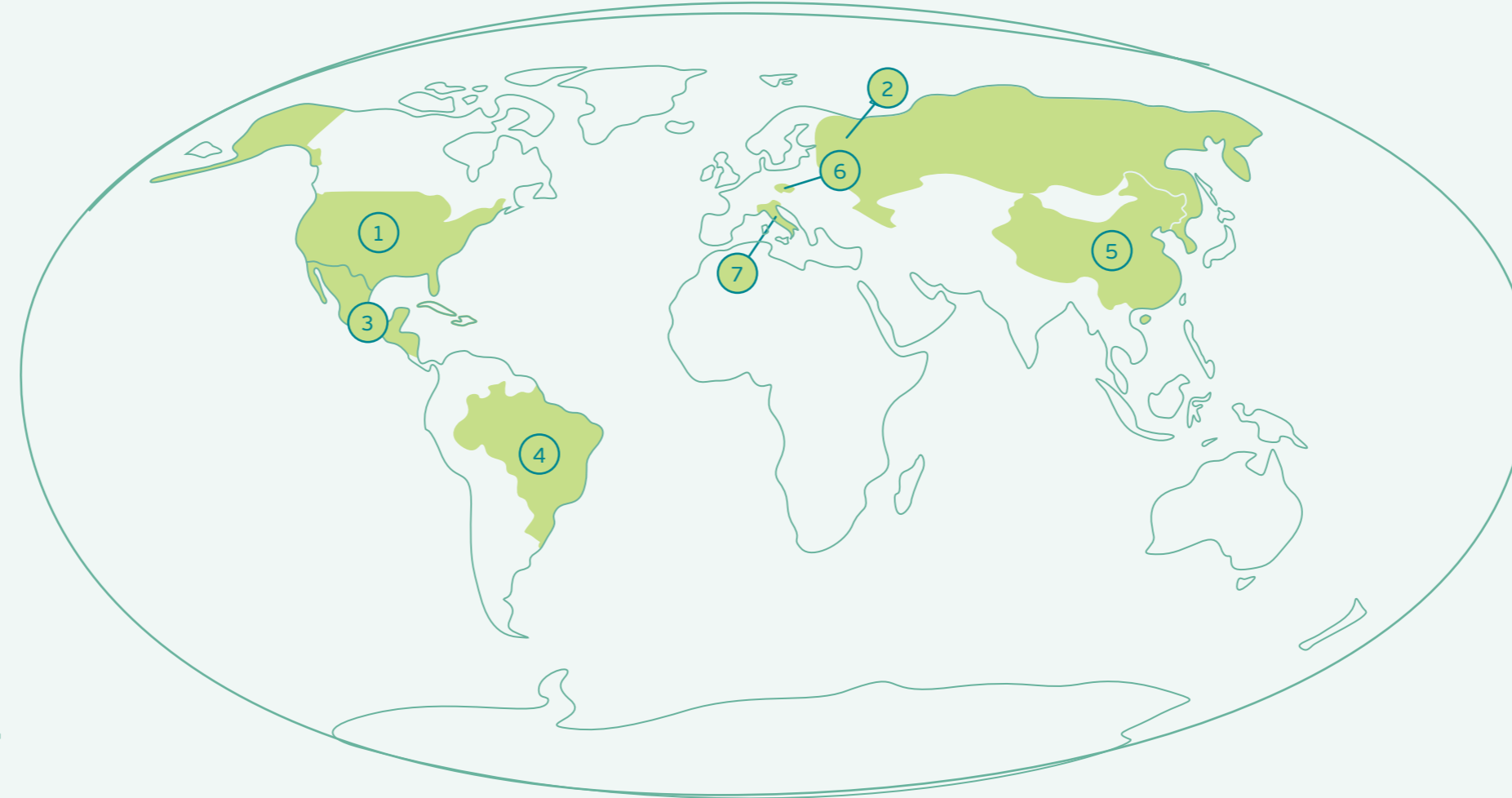
policy, focused on education and the environment. Through it we develop actions and projects that meet the needs of the communities where we operate.

These are the actions that reinforce our global presence and technology vocation, allowing us to deliver the best refrigeration for your day to day.

**GLOBAL PRESENCE**

# GLOBAL PRESENCE

More than 12,000 employees work in our factories and offices. We're present in seven countries, located on three continents. The physical structure consists of two distribution centers and nine factories: five of compressors, one of components, two of electronics and a foundry. From our units, products are distributed to more than 80 countries.



**1 EMBRACO UNITED STATES**

Suwanne  
Warehouse and sales office

**2 EMBRACO RUSSIA\***

Moscow  
Warehouse and sales office  
*\* Inaugurated in May 2013*

**3 EMBRACO MEXICO**

Apodaca, Monterrey  
Compressor factory and office

**4 EMBRACO BRAZIL**

Joinville  
Headquarters, office, compressor  
factory, Foundry and Embraco  
Electronics  
Itaiópolis  
Component and cooling  
systems factory

**5 EMBRACO CHINA**

Beijing  
Office and compressor  
factory  
Qingdao  
Embraco Electronics

**6 EMBRACO SLOVAKIA**

Spisska Nova Ves  
Office and compressor  
factory

**7 EMBRACO ITALY**

Riva Presso Chieri  
Office and compressor  
factory

**EMBRACO IN NUMBERS  
(2012)**

**1,277** registered patents

**42 years** of history,  
completed in 2013

More than **40 R&D**  
laboratories

More than **30 thousand  
people** benefited from  
Embraco's social investment  
actions in Brazil, China, Italy,  
United States, Mexico and  
Slovakia

More than **90%** of suppliers  
adhered to the **Code of  
Conduct**

**3% to 4%** of annual revenue  
invested in **research** and  
**development**

## TIME LINE

Our story began in 1971, the year that Embraco was founded, in the city of Joinville, Santa Catarina (Brazil), where the headquarters are located. Beginning in 2006, the company, which had open capital, underwent a corporate reorganization and merged with the household appliance manufacturer Multibrás. The partnership created, in Brazil, Whirlpool SA, controlled by North American Whirlpool Corporation. Even being a subsidiary, we maintain our management independently. For this, we have a strong shield policy which ensures information confidentiality, protecting our customers and partners.

Learn more about our main achievements in each decade.

### 1970

#### THE BEGINNING

- Founding of *Empresa Brasileira de Compressores S.A* (Embraco)
- Production exports begins

### 1980

#### RESEARCH AND INNOVATION CONSOLIDATION

- First technical cooperation agreement with Federal University of Santa Catarina (UFSC)
- Development of proprietary technologies begins
- Embraco United States inauguration
- Foundry inauguration

### 1990

#### FOCUS ON INTERNATIONAL EXPANSION

- Operations in Italy begin
- Industrial joint venture in China is created
- Operations in Slovakia begin

### 2000

#### COMMITMENTS AND OPPORTUNITIES

- Sustainability becomes one of our strategic pillars
- Embraco receives international certifications, such as ISO 14001 and QC 080.000
- Company signs UN Global Compact
- Begins operating in Brazil with the corporate name Whirlpool S.A.
- Electronics unit inauguration (Brazil and China)
- China factory inauguration
- New Business area begins

### 2010

#### TECHNOLOGY LEADERSHIP

- Refinement of sustainability strategy in the company
- Operations in Mexico begin
- Launch of Embraco's new brand
- Embraco Russia inauguration



## AWARDS AND RECOGNITIONS

### 2012

- Recognized as one of the 21 most sustainable companies in Brazil by **Exame Sustainability Guide**. It's the second consecutive time Embraco has received this award.
- Voted one of the **Best Companies to Work for in Brazil**, according to Você S/A magazine's guide. Embraco ranked first in Various Industry Sector and was highlighted in Best Leadership Practices.
- Support Foundation for Research and Innovation in the State of Santa Catarina (Fapesc) granted Embraco first place in the **Stemmer Innovation Award** in the category Innovative Company of Large and Medium Size. The cases submitted presented three products that sought solutions to size reduction and energy efficiency.
- In 2012, Embraco was classified for the state level of **SESI Quality in Work Award**. Sesi's initiative aims to strengthen social responsibility and recognize best practices in life quality at work. The

award was recognition for the Embraco Volunteer Program (Prove).

### 2013

- Embraco Slovakia won the award **Responsible Large Company 2012**, granted by the Pontis Foundation through the Corporate Social Responsibility (CSR) National Award Program Via Bona Slovakia. It was also recognized with first place in the Supporter of Volunteering and Good Partner for Community categories.
- Embraco United States received honorable mention in the contest **Metro Atlanta's Top 100 Workplaces**. The Journal-Constitution and its partner Workplace Dynamics surveyed 184 companies. The North American unit was also voted one of the best companies to work for (**Atlanta's Best and Brightest Companies to Work For**) by the National Association for Business Resources (NABR).

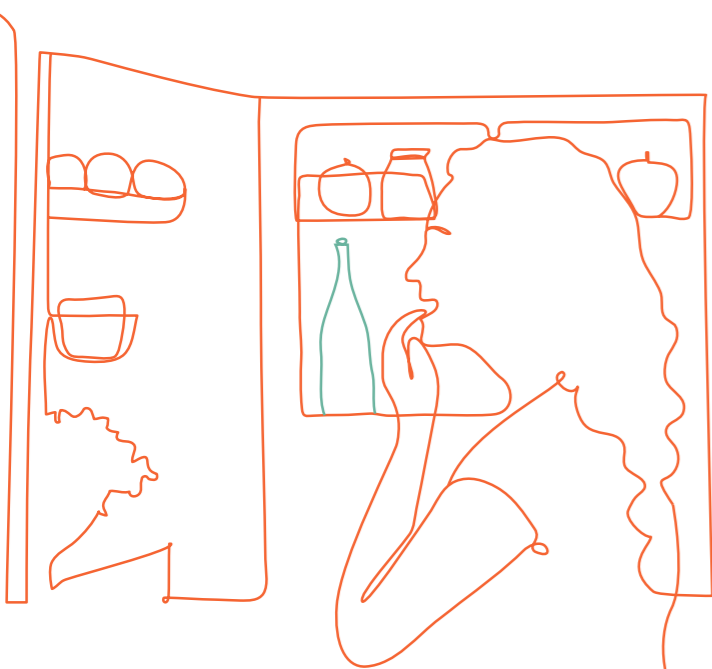
EMBRACO SLOVAKIA  
TEAM RECEIVES  
RESPONSIBLE LARGE  
COMPANY 2012  
AWARD.



# EMBRACO BUSINESS

We're world leaders in producing hermetic\* compressors for refrigeration. They're the heart of refrigerators, freezers, wine cellars and other equipment responsible for preserving food and keeping drinks at the ideal temperature. Compressors, together with the cooling system, generate cold.

Our products are part of everyone's daily life, in homes as well as in industry and commerce. Through them, we guarantee that life will be more comfortable and have more quality. You may not realize it, but cold is present in important life moments, from the simplest meal to a memorable celebration among friends and family. See below some of the main applications of our compressors.



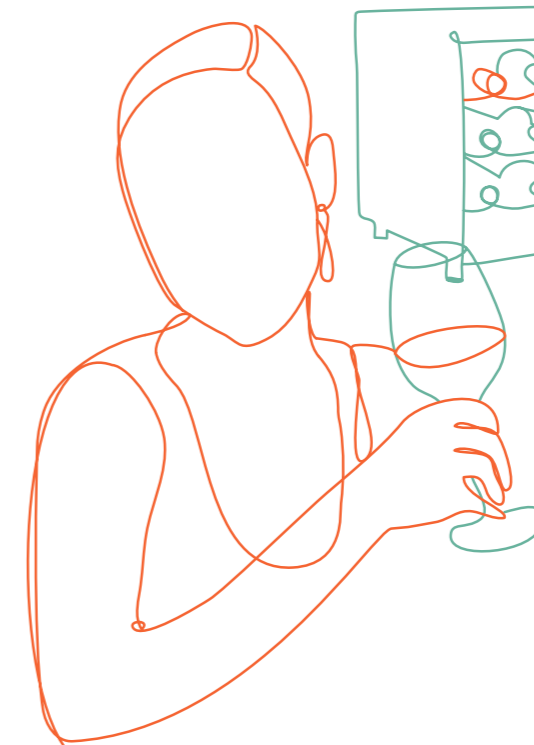
## IN THE MORNING

The refrigerator's cold allows food conservation important for a good breakfast, keeping milk, eggs and butter fresh. Refrigerated drinking fountains provide chilled water and are essential for the regions where it's hot all year round.



## IN COMMERCE

The compressor can be found in many sections of the supermarket: in the freezer that keeps food chilled and exposed to consumers, the refrigerated islands in the center of the aisles that hold frozen foods and in the bakery's showcases that conserve cakes and sweets. In commerce, vertical and horizontal freezers ensure the ideal temperature of drinks, ice cream and frozen foods.



## IN CELEBRATIONS

Who doesn't like to enjoy a wine served at the right temperature? Our products are in wine cellars, which help maintain the temperature of beverages such as wine perfect for drinking. Additionally, the food served at dinners and parties is also conserved through the compressor.



## AT LUNCHTIME

Refrigeration is essential in professional kitchens of restaurants. The compressor is used in freezers and medium and large refrigerators, refrigerated drawers and the buffet tables themselves used for self-service. In convenience stores, companies and universities, the compressor is present in equipment that sells soft drinks, juices, water and ice cream.

\* In this model, the equipment is fully enclosed by a sealed metal casing. Only a specialist can open it and access components.



# HOW WE UNDERSTAND SUSTAINABILITY



## OUR STRATEGY

“Sustainability guides our business  
and our actions as a global company.”

— Ursula Angeli, VP of Human Resources, EHS,  
Communication and Sustainability

For us, sustainability is a dynamic journey that challenges us constantly. It serves as an inspiration to our daily practices and guides us in making decisions and in managing our business. We believe in the power of change and the strength of our example.

Delivering the benefit of refrigeration involves complex management of all phases present in our production process, from designing the product, managing our supply chain, training our teams and environmental commitment to participating in the community where we operate and the care taken with our products' post-consumption.

In 2012, we initiated a review of our sustainability strategy. As a result of this process, we created in 2013, the Sustainability Council,

which aims to discuss the company's long term strategy. The council meets every two months and is composed of our president, Roberto Campos, the vice president of Human Resources, Communication, Sustainability and EHS, Ursula Angeli, and the board. Its coordination is shared among the corporate areas of Sustainability, EHS and Strategic Planning. Furthermore, we also strengthened our directives, focusing on the following aspects:

- **Sustainable products** Innovation plays a central role in our Sustainability strategy. Within this context, our products' energy efficiency is a key aspect. We invest in developing innovative solutions and in reducing the use of raw materials;

- **Engagement of people** We have a private social investment policy that guides us to permanently apply resources in the communities in which we operate, through educational and environmental projects;
- **Sustainable value chain** Our sustainability view extends to our value chain, from supply to post-consumption. In the supply chain, we work in partnership with our suppliers to incorporate into their daily practices sustainability requirements, promoting joint work on finding solutions. In post-consumption, we have a reverse compressor logistics program, ensuring the product's recycling after its disposal by the final consumer.

# IDEAS THAT INSPIRE

## Sustainable Energy for All

In 2012, we became the first company based in Brazil to sign the Sustainable Energy for All global commitment. It's a United Nations initiative, launched in 2011, which aims to ensure universal access to energy, increase global energy efficiency and increase the share of renewable sources in the energy matrix. To this end, it promotes mobilization of governments, business people and civil society. The goal is to double energy production from renewable sources by 2030.

## Global Compact

For 10 years we've been signatories to the UN's Global Compact. The initiative aims to engage the business community in adopting core and international values that include human rights, labor relations, environment and anti-corruption. In 2012, we strengthened our commitment to the program by joining the Global Compact's Letter of Commitment. The signing was done during Rio+20.

Aware that sustainable development requires broad engagement of society's various sectors, we join external initiatives that drive effective change.

## Rio+20

We participated in the panel on energy that's part of the Corporate Sustainability Forum's schedule, the main event held for companies during Rio+20. We were also chosen to participate in a debate on sustainable development with a select international group, formed by 50 executives and opinion makers. In the meeting, we discussed how the private sector can develop an objective and clear action plan for the next five years. The event was named Brazil Dialogue - Building a Roadmap for Sustainable Development.

## Silver Medal in Brazilian GHG Protocol

Embraco received in 2012, silver medal classification - which certifies inventory of all direct and indirect emissions arising from electrical energy consumption - in the GHG Protocol Brazil, an important classification, which demonstrates that Embraco is concerned with its greenhouse gas emissions (GHG). The

GHG Protocol is a methodology that permits accounting for GHG emissions. In 2012, we conducted an inventory for 2011, with emissions from Italy, Slovakia and Mexico along with Brazilian plants (Itaiópolis, Foundry and Headquarters), and, in 2013, we published the global inventory relating to 2012 (*more information in GRI Content, EN16 indicator, on pg. 60*).

## Letter of Commitment for Sustainable Solid Waste Management

We signed the document on World Environment Day, on June 5, 2013. Embraco's initiative on signing the Ethos Institute document seeks to strengthen the private sector's commitment to sustainable development and implementation of the National Policy on Solid Waste. The commitment is inserted in Embraco's sustainability strategy, which, among its global goals, aims to send zero waste to landfills by 2015 (*more information in GRI Content chapter, EN22 indicator, on pg. 61*).

## ZERO WASTE

Waste management is part of our sustainability strategy and permeates the value chain, including suppliers, production and post-consumption. Today, approximately 96% of the wastes we generate globally in our compressor factories are recycled.

Among our global goals, we have the challenge of sending zero waste to landfills by the end of 2015. In Brazil, for example, we've modified procedures, revitalized the structure of selective collection and developed actions such as recycling garden, construction and powder paint wastes.

Waste management is also present in our Supplier Excellence Program, which promotes waste reduction in the supply chain. In 2012, we encouraged a supplier to send its rubber waste for recycling, avoiding disposal of 22 tons to landfills. In 2013, nearly 100 tons were recycled. In post-consumption, the Top Green Program collected and recycled compressors discarded by end users. In 2012, 500,000 units were recycled, equivalent to more than 4,000 tons of steel and 1,300 tons of iron.

## OUR CERTIFICATIONS

### ISO 9001 (quality)

Foundry (Joinville), Brazil Compressors (Joinville), Brazil Components and Cooling Systems (Itaiópolis), Brazil Electronics, China Electronics (Qingdao), China Compressors (Beijing), Slovakia, Italy and Mexico.

### OHSAS 18001 (occupational health and safety management system)

Foundry (Joinville), Brazil Compressors (Joinville), Brazil Components and Cooling Systems (Itaiópolis), Brazil Electronics, China Electronics (Qingdao), China Compressors (Beijing), Slovakia and Italy.

### ISO 14001 (Environmental Management System)

Foundry (Joinville), Brazil Compressors (Joinville), Brazil Components and Cooling Systems (Itaiópolis), Brazil Electronics, China Electronics (Qingdao), China Compressors (Beijing), Slovakia and Italy.

### IECQ QC 080.000 (hazardous substance environmental management) and RoHS (Restriction of Hazardous Substances)

Foundry (Joinville), Brazil Compressors (Joinville), Brazil Components and Cooling Systems (Itaiópolis), Brazil Electronics, China Electronics (Qingdao), China Compressors (Beijing) and Slovakia.





# MANAGEMENT AND STRATEGY

## EFFICIENCY IN OPERATIONS

Our strategic planning has helped us become a more efficient, agile and global company. Through the Embraco Management Model – **Embraco Way of Management (EWM)** –, we've created a path for all of our units and we share our best practices. The global synergy enables us to improve the results we deliver to our stakeholders and build a common language, which is materialized in global processes.

To evaluate application of our management model in the units, since 1992, we've conducted an annual learning cycle. Until 2012, the approach focused on interviews in the areas and used only National Quality Award (NQA) criteria as a reference. Starting in 2013, it began being done through an audit process, which also considers requirements developed by Embraco itself, without losing connection with market practices, translated in NQA.



“Embraco's management model defines our common language. It's the way we choose to operate daily and ensure delivery of results, maintaining synergy among our units.”

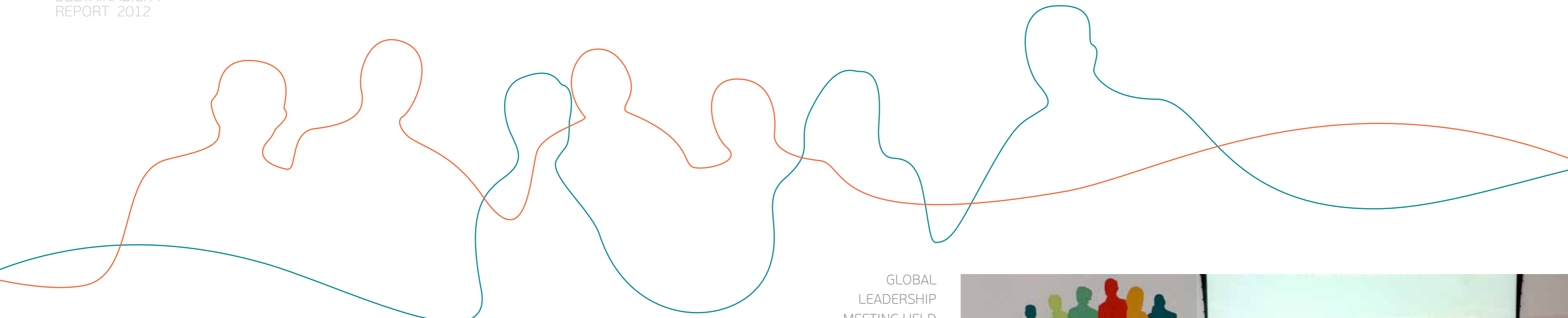
— **Janaína Weiss**, Director of Corporate Management Model

The management model was redesigned in 2009. Since then, several initiatives have been created to internalize the EWM concept. As an example, we have the Leadership Academy, a long-term global development program designed for leaders, managers, directors and vice presidents. One of its modules provides specific training on the discipline in execution concept. As for factory employees, an internal team, acting as an EWM multiplier, shares knowledge.

Development and deployment of our strategy are part of our Management Model.

To align, communicate and share our goals, we organize events such as the Annual Leadership Meeting and Strategic Dialogues, which have the participation of directors who are part of the company's staff.

We've developed our goals based on business prospects considering the shareholder, the market, our processes, people and strategy. KPIs (key performance indicators) relevant to each of these perspectives are defined, which are systematically monitored, to ensure achieving the results.



## CORPORATE GOVERNANCE

The governance structure's highest authority is the president's staff. It consists of nine members, including the president, five vice-presidents and three directors (Logistics, Legal and Procurement). The group meets weekly and is responsible for monitoring execution of the company's strategy and for making key decisions in Embraco's economic, environmental and social aspects. It also ensures that results are delivered to shareholders in accordance with established goals. Through quarterly reviews,

the committee monitors performance of the organization and executives.

Another important staff function is defining what risks will be monitored from Enterprise Risk Management (ERM) methodology. The work includes executing action plans and defining those responsible for monitoring. Another ERM objective is to identify business opportunities.

GLOBAL  
LEADERSHIP  
MEETING HELD  
IN 2012.





### New organizational structure

We promoted, throughout 2012, some changes in the organizational structure, which, currently, has five vice presidents: Research and Development; Operations; Business and Marketing; Finance, IT and Strategic Planning; Human Resources, EHS, Communication and Sustainability.

Last year, the following changes occurred in leadership positions:

- Embraco's presidency was assumed by Roberto H. Campos, who had occupied the Vice-Presidency of Business and Marketing along with Electronics. The executive replaced João Carlos Brega, who is now responsible for the Presidency of Whirlpool Latin America;

- the sustainability area, which included the Vice Presidency of Operations, became part of the newly created Vice Presidency of Human Resources, EHS, Communication and Sustainability. Ursula Angeli is the current vice president;
- the Vice Presidency of Research & Development was reformulated, was renamed Vice-Presidency of Research & Development & Innovation, and who assumed the area was Lainor Driessen. He also took on the post of Vice President of Operations;
- Mário Ussyk continues as Vice President of Quality, Lean & Assets and now also leads the Mexico Project - Phase II.

## OUR PRINCIPLES

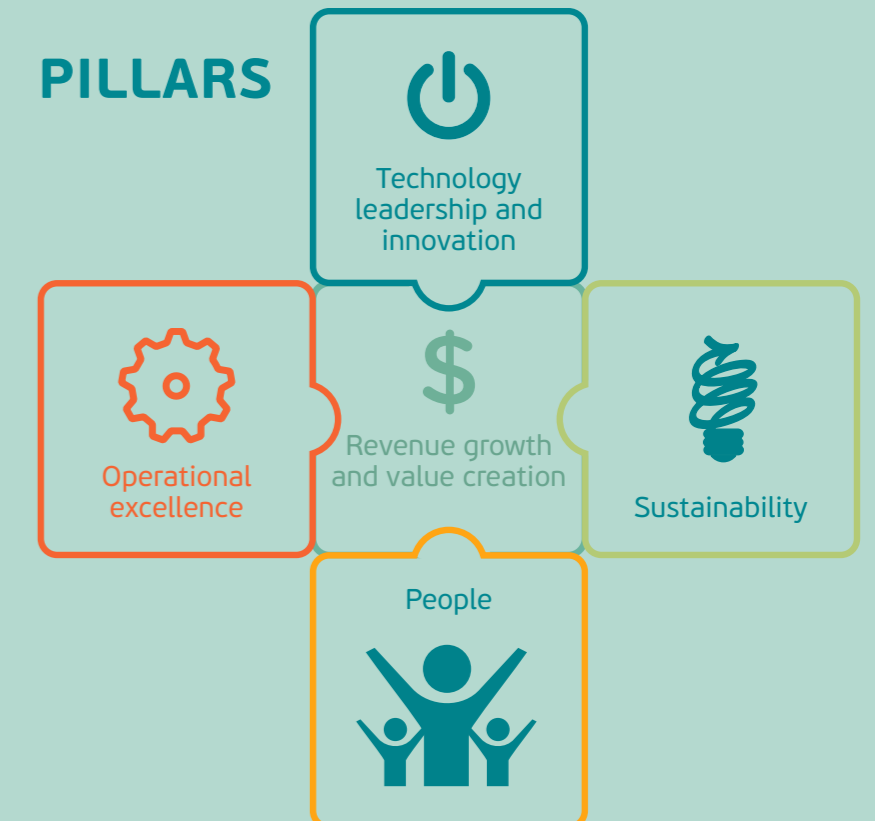
### MISSION

Offer innovative solutions for a better quality of life.

### VALUES

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

### PILLARS



Sustainability is one of Embraco's strategic pillars.

OUR LEADERSHIP PARTICIPATES IN TRAINING DURING THE GLOBAL LEADERSHIP MEETING WHICH TOOK PLACE IN 2012.



## Transparency and ethics

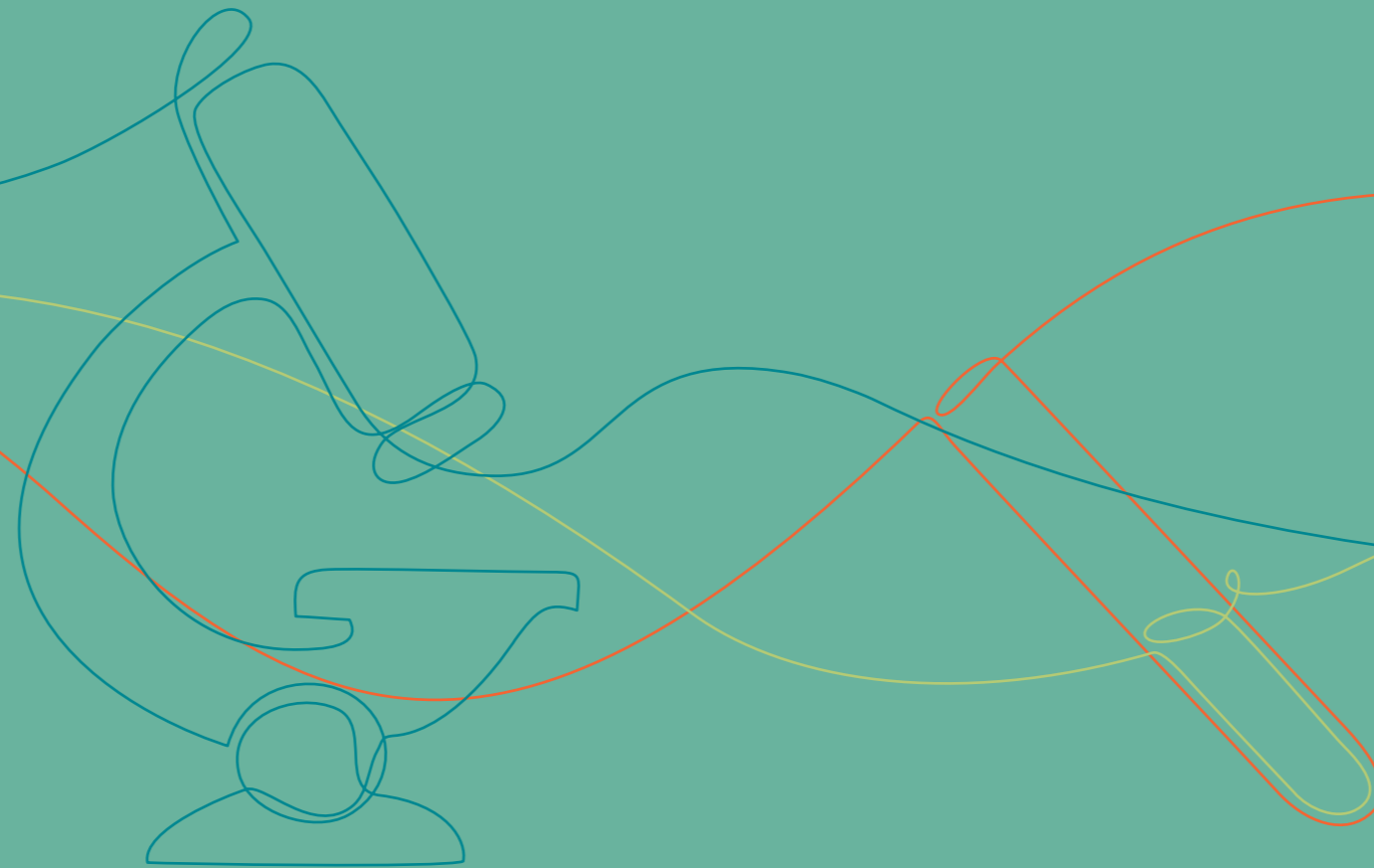
We've adopted international management and corporate governance standards. We adhere to the requirements of the Sarbanes-Oxley (SOX) North American law, created to reduce the risk of financial fraud and adopted, mainly, by companies whose shares are listed on the stock exchange. We also conduct internal audits to assess the internal control environment.

Our principles and values are brought together in Whirlpool Corporation's Code of Ethics and Global Policies, Letter of Organizational Values and Code of Conduct. All employees have access to these directives, and more than 90% of direct suppliers distributed throughout the Americas, Europe and Asia signed the document, which has guidelines on the companies' posture in relation to social-environmental issues.

The Ethics Committee meets regularly and is responsible for monitoring compliance of the code and maintenance of all communication channels for requests or complaints. Complaints can be made directly in the Legal and Human Resources departments. Also a specific line (hotline) is available, which guarantees anonymity (*more information in GRI Content chapter, EN22 indicator, on pg. 68*).

## SUSTAINABILITY STRUCTURE

The structure is composed of the Vice President of Sustainability (Ursula Angeli), who also answers for the areas of Human Resources, Communication, Environment, Health and Safety. Below the VP, are the director of Sustainability and Communication (Rosângela Coelho) and Corporate Sustainability Manager (Annelise Vendramini), who coordinates the local Sustainability teams in each country where we have operations. The area's mission is to manage corporate social responsibility, in order to integrate sustainability into Embraco's strategic pillars and promote engagement of the various stakeholders.



# HOW WE MANUFACTURE OUR PRODUCTS

↳ **research and  
innovation**

→ manufacturing  
process

→ supplier  
partnership

→ customer

→ post-consumption

# RESEARCH AND INNOVATION





“To develop products with less environmental impact and obtain more efficiency in costs and industrial processes, we’ve invested in various solutions that combine innovation with sustainability. For this, two workstreams are essential: close interaction with academia and regular surveys with large customers.”

— **Fábio Klein**, director of Technology & Innovation

## PRODUCTS MORE EFFICIENT

Innovation and technology are fundamental to our business. Therefore, we invest 3% to 4% of annual revenue in Research & Development (R&D). Commitment to develop innovative solutions involves, necessarily, recognizing our teams' talent and valuing diversity. Our researchers have compensation compatible to employees who hold administrative positions - people management model called Y career. This strategy ensures that our professionals have opportunities in areas related to their expertise.

As an example of our ongoing investment in research and development, we've created a device called Control Board. The electronic

board was made in 2012, through the joint efforts of our Electronics units from Brazil and China. The equipment concentrates in a single board the inverter's performance (which controls the compressor) and the thermostat (which controls the refrigeration appliance). Until then, two boards were needed to control these two parts of the cooling system.

### Energy efficiency

This is our main attribute in product development. Our compressors allow the refrigeration unit to produce the cold required to preserve food, but using the smallest possible measure of energy.

When we think of energy efficiency, one of our highlights is variable speed technology (VCC), which we call Fullmotion. With it, the compressor runs with less speed oscillation and has its performance optimized. This generates great electrical energy savings, and permits it to work on demand. That is, if the refrigerator is at its maximum capacity (with more food), the





compressor works harder and, if empty, works less. Thanks to Fullmotion technology - present in products such as refrigerators and freezers – it's possible to save up to 40% on the electricity bill.

We also prioritize technologies that reduce greenhouse gas emissions, which harm the planet. We follow the guideline of adhering each time more to using natural refrigerants. Natural refrigerants' great advantage is low Greenhouse Warming Potential (GWP), measurement that expresses the contribution to global warming. At the same time, we remain aligned to new legislation on the subject.

Among the solutions adopted is the refrigerant gas R290 (propane), recognized by the European and Asian markets for providing very low impact on the ozone layer. Use of the technology gained further support beginning in 2011, when the gas was approved in the United States. One of the most common applications is in vending machines, for selling soft drinks.

Over the years, we've also reduced the use of raw materials. Our products, which already weighed 7.2 kilos, now weigh about 5.8 kilos. This means that we're producing smaller, lighter compressors with less material consumption.

## RESEARCH AND DEVELOPMENT CENTERS

Approximately 500 employees work in the study of new solutions in the five units in which we have operations.

EMBRACO REPRESENTATIVES ATTEND THE POLO (UFSC) LABORATORY'S 30 YEAR COMMEMORATION. THE UNIVERSITY WAS THE COMPANY'S FIRST PARTNERSHIP WITH EDUCATIONAL INSTITUTIONS.



### Knowledge generation

We believe that one of the most efficient ways to develop new technologies is to establish partnerships with private companies, universities, research centers and government. We were pioneers in establishing a partnership with the Federal University of Santa Catarina (UFSC) - alliance that, in 2012, completed 30 years. The Refrigeration and Thermophysics Research Laboratory (Polo), of the University's Mechanical Engineering department, was built with our sponsorship.

We also participate in co-development projects with our customers. In some cases, we lend our laboratories so that companies can use the equipment and make the necessary tests on their products.

Partnerships related to innovation are included in our strategy of being a global company. We develop projects with governments, companies and research institutions in Brazil, the United States, Mexico, China and Germany.

## EMBRACO INNOVATION AWARD

Two hundred million refrigeration equipment. This is China's reality, which received, in 2011, our first innovation award, the Embraco Innovation Award. The idea is to encourage students and researchers to develop refrigeration solutions with high energy efficiency.

In the awards' second edition, in 2012, we received 57 projects from students and refrigeration market professionals. All were analyzed by a team of over 30 members, for innovation and originality; social-environmental impact; marketing and application for the market; technical quality; and energy efficiency.

In addition to having a winner in each category, we created the Innovation Fund Award, in which funds will be divided among the next year's six best projects. The goal is to apply the money in developing prototypes or improving research.

### NEW SOLUTIONS

In 2012, globally, 45 Embraco solution protections were made. Among them are 39 applications for invention, two utility models and four industrial designs. These are ideas that will soon be converted into even more efficient and sustainable products than those offered today.

## LESS ENERGY, GREATER WINE QUALITY

In 2012, we developed an innovative solution in partnership with the company Art des Caves, a leader of acclimatized wine cellars in Brazil. Our research investment resulted in producing a compressor when, placed in a wine cellar, allows a 30% reduction in energy consumption. The technology enables that the optimum temperature be reached with 25% more speed, remaining stable and with constant humidity.

Besides quiet, the compressor rotates at a lower frequency, and this helps reduce vibration, preventing the bottles from being shaken, which can compromise the wine's quality.



## PORTFOLIO

# OUR VES PRODUCT PLATFORM

Every day, we work to optimize cooling solutions for our customers and consumers, seeking to integrate new innovation and technology concepts. That's how the VES product platform came about, which was developed with Fullmotion variable capacity technology for household applications, today produced in the China unit.

To develop the platform, we improved the products that we already had, without losing their functionality, with

material consumption reduction, noise level reduction and energy efficiency gain, adding value to our products. Moreover, the variable capacity technology makes the VES line operate at a high speed, so the refrigerator reaches the desired temperature more quickly. This ensures better preservation of the stored food, plus optimizes the refrigerator's internal temperature control.

This means less noise in your refrigerator, lower electricity bill and less food waste.

### Noise

- Two decibels quieter\*
- New design, which eliminates noises

### Efficiency

- 4% increase in energy efficiency\*
- Minimum speed to reach 1,200 rpm

### Vibration

- 25% less\*
- Optimized suspension

\*If compared to the VEM family, which preceded VES development.



“We believe that self lubricating steel will revolutionize the way to think about mechanical engineering, because all the systems that need some lubrication to avoid friction can use our technology and eliminate the use of oil. It’s a sustainable alternative, which will have great application potential, especially in the automotive industry.”

— **Marcos Fábio Lima**,  
Embraco’s director of New  
Business

### Self-lubricating steel

Recently, we launched a high-strength steel with lubricating potential. The solution was developed by means of powder metallurgy – combining powdered iron and carbon, sintered with solid lubricants. The metal composition causes lubricating to occur throughout the part’s entire useful life. In 2012, pilot batches began being sent to industries and customers. Our goal is that in two years, the technology is manufactured in large scale for the market. The solution benefits mainly the metal-mechanical industry, like the automotive segment. It increases productivity and reduces environmental impact in production lines.

## ECO-EFFICIENCY IN THE AUTOMOTIVE INDUSTRY

Plasma technology has been researched by Embraco, in partnership with the Federal University of Santa Catarina (UFSC), since 1992. It’s also applied in plasma reactor production - equipment used in the automotive industry to coat metal mechanical parts with layers of durable and anticorrosive material. The coating using plasma technology is faster, requires a smaller amount of chemical products, doesn’t emit greenhouse gases and complies with ISO 14000 - international

standard that establishes a set of environmental management guidelines. Since the technology was created, we’ve made several advances. Our newest plasma reactor model has a dual function: while the part is coated, it’s also cleaned, making the production cycle more efficient and eliminating waste generation. Furthermore, it brings eco-efficiency gains in the process. With one less step in manufacturing the part, it’s possible to reduce energy and water consumption.

↳ research and  
innovation

→ **manufacturing  
process**

→ supplier  
partnership

→ customer

→ post-consumption

# MANUFACTURING PROCESS



## STANDARDIZING PROCESSES

We believe in the importance of working from a single model, integrated into all units and countries where we operate. So, since 2011 we've been developing the Management Routine project. Among the various ongoing actions is the pursuit to standardize procedures, activities and indicators that measure our results.

Project implementation - expected to be completed in 2014 - has an impact on six management systems: ELS System (Embraco Lean System), EQS (Embraco Quality System), EHS System (Environment, Health and Safety System) and Productivity for Growth (P4G, Cost Reduction System). We also began working

with Document Management System (DMS) software, which makes it possible to interface with documents from all plants. Standardization has the benefit of simplifying and organizing the routine, gaining productivity and quality as well as reducing accidents.

In 2012, we began a process of standardizing the manufacturing processes using the Methods Time Measurement (MTM) methodology. Using this method allows deeper analysis of the operations and increases the standardization level. In 2012, the work involved Brazil unit's areas. The outlook is that the action be expanded to other plants in 2013.

We work with a single  
and integrated  
model in all units  
and countries  
where we operate.

## DO MORE WITH LESS

*Lean Thinking* philosophy guides our way of thinking. The proposal is to make teams focused on avoiding waste, eliminating rework and maintaining the factories' production adjusted to consumption, without excess inventories.

Our concern extends to transport rationalization. We've avoided unnecessary movements and performed periodic equipment maintenance so that we operate at full capacity. In this way, we've improved our productivity while at the same time reduced costs.



# TECHNOLOGY AND ENVIRONMENT

We manage our operations so that we can become a reference in environmental management. Reducing the environmental impact involves improving our production processes. Within our factories, we manage waste generation and recycling as well as total consumption and that relative to water and energy. Relative consumption has as a reference our production volume. In other words, our environmental goals are a guideline for rational use of natural resources and waste control.

Monitoring our indicators counts on our employees' participation, who are engaged to achieve each time better results in the operations' eco-efficiency.

Embraco Mexico is our newest plant. Construction was completed in 2011 and complied with, from the beginning of the works, the green building concept.

The factory has a special energy consumption and water temperature control system. All equipment is highly energy efficient, and the structure was prepared to reuse water. The main energy source is natural gas. The building has thermal insulation and values the use of natural light and ventilation, reducing the need to use air conditioning. Accessibility for people with disabilities is ensured by access ramps, elevators and wide accesses.



“We want to advance sustainability concepts at every product manufacturing stage, from the compressors' conception to post-consumption.”

— **Lainor Driessen**, VP of Operations and VP of Research and Development



## DIRECT IMPACTS

In 2012, we advanced in our operations' management. Among the highlights\* are:

- **Energy consumption per compressor:** -3% (direct energy) and -5% (indirect energy);
- **Waste generation per compressor:** - 6%;
- **Volume of water reused:** : 225,511 m<sup>3</sup>, representing 31% of total consumption;
- **Energy saved through investments in modernization and efficiency:** 65,492 GJ.

\*The above information pertains to the global results concerning compressor production. Learn more in GRI Content chapter.

## Carbon inventory

In 2012, we began to publish our greenhouse gas emission results in the Brazil GHG Protocol, a public database, elaborated by an international organization, in partnership with Getulio Vargas Foundation's (FGV) Center for Sustainability Studies and World Resources Institute (WRI). The goal is to encourage companies to publish their greenhouse gas emission (GHG) inventories.

We reported 2011 emissions of our units in Brazil, Slovakia and Italy. Therefore, our report was classified as a silver medal of the Brazil GHG Protocol. This means that we account for direct greenhouse gas emissions in the production process and indirect arising from electrical energy consumption. In 2013, the inventory was extended to Embraco's other units, making it a global action (*learn more in GRI Content chapter, EN16 indicator*).

## ITALY'S EXAMPLE

In Embraco's Italian unit, goals to reduce energy consumption have not only been met but exceeded. Thanks to investments in eco-efficiency and infrastructure, since 2005 the total volume of energy consumed per compressor produced fell 58%.

In defining action plans, energy consumption is correlated with the production volume. Thus, despite the growth in the number of compressors produced by the Italian unit, the average consumption (which relates the amount

of energy spent per compressor) has fallen over the years. This shows that we can grow and remain competitive while at the same time control and reduce our environmental impact.

For the period between 2013 and 2015, several projects are planned. The aim is to adopt more energy-efficient equipment or replace these machines for solar energy. The expectation is that we no longer consume over 2 million kWh per year and no longer emit more than 1,200 tons of CO<sub>2</sub> equivalent.

# SUPPLIER PARTNERSHIP

## CONTINUOUS IMPROVEMENT

“Innovation is the key for us to overcome the current social-environmental challenges. We’re the market leader in hermetic compressors for refrigeration, seeking to guide the sector for excellence in energy efficiency. Our suppliers have the capacity for research and development and can contribute greatly so that advances happen.”

— **André Vincent**, Corporate Director of Materials

We’ve invested in a close relationship with our suppliers to contribute to the transformation of the companies that are by our side. Since 2012, we’ve been developing Embraco’s Supplier Excellence Program. The goal is to improve our supply chain’s performance in aspects related to service, quality, costs and sustainability. Embraco’s first unit to implement the program was Brazil.

From this experience, the work spread to Europe and Asia. In 2012, the strategic processes were revised to improve supply chain management and integrate the areas that interface with these suppliers and partner companies. As part of the processes, suppliers were prioritized in each region to develop workshops. Over a period of three to five weeks, a multidisciplinary team from Embraco joins a partner supplier’s team and develops actions for improvements, dividing the gains made at the end of the process.

There were 11 workshops – five in Brazil, four in



More than 90% of suppliers follow our Code of Conduct.



Europe and two in Asia. The main results were waste reduction, product redesigns, lower environmental risk, quality gain and greater delivery speed.

Integrating sustainability to the process was considered a practice highlighted by *Guia Exame* award in 2012. We were recognized as one of the most sustainable companies.

### Guide for suppliers

The Supplier Code of Conduct guides our partners on which social-environmental criteria will permeate the relationship with Embraco. The document has already been signed by more than 90% of our suppliers around the world. We reinforce, therefore, the guideline that an important premise to contract a supplier requires passing through acceptance of the Code of Conduct's criteria, a document that's the base for supply chain trainings and assessments. One of these evaluations is the Social-Environmental Self-Assessment. Addressing human rights, labor relations, environmental management and subcontracting, the action was developed with direct materials suppliers in Brazil, Europe and Asia.

In 2012, based on this self-assessment, we defined the priority suppliers to develop and conduct trainings, visits and development meetings.

## WASTE IS RAW MATERIAL FOR SYNTHETIC GRASS

The Supplier Excellence Program has already reaped important benefits. In 2012, the work done with a partner, a producer of rubber products and precision gaskets, stood out. With the expectation of reducing by up to 90% rubber waste sent to landfills, a process was developed to recycle rubber rejects, burrs and mats that were once discarded in landfills. This material can now be shredded and resold to manufacture synthetic grass, widely used in soccer fields.

# CUSTOMERS

## BESIDE THEM

We've worked to strengthen the relationship with the companies with which we do business and with our customers' customers. For this, we developed a series of actions aimed at this public.

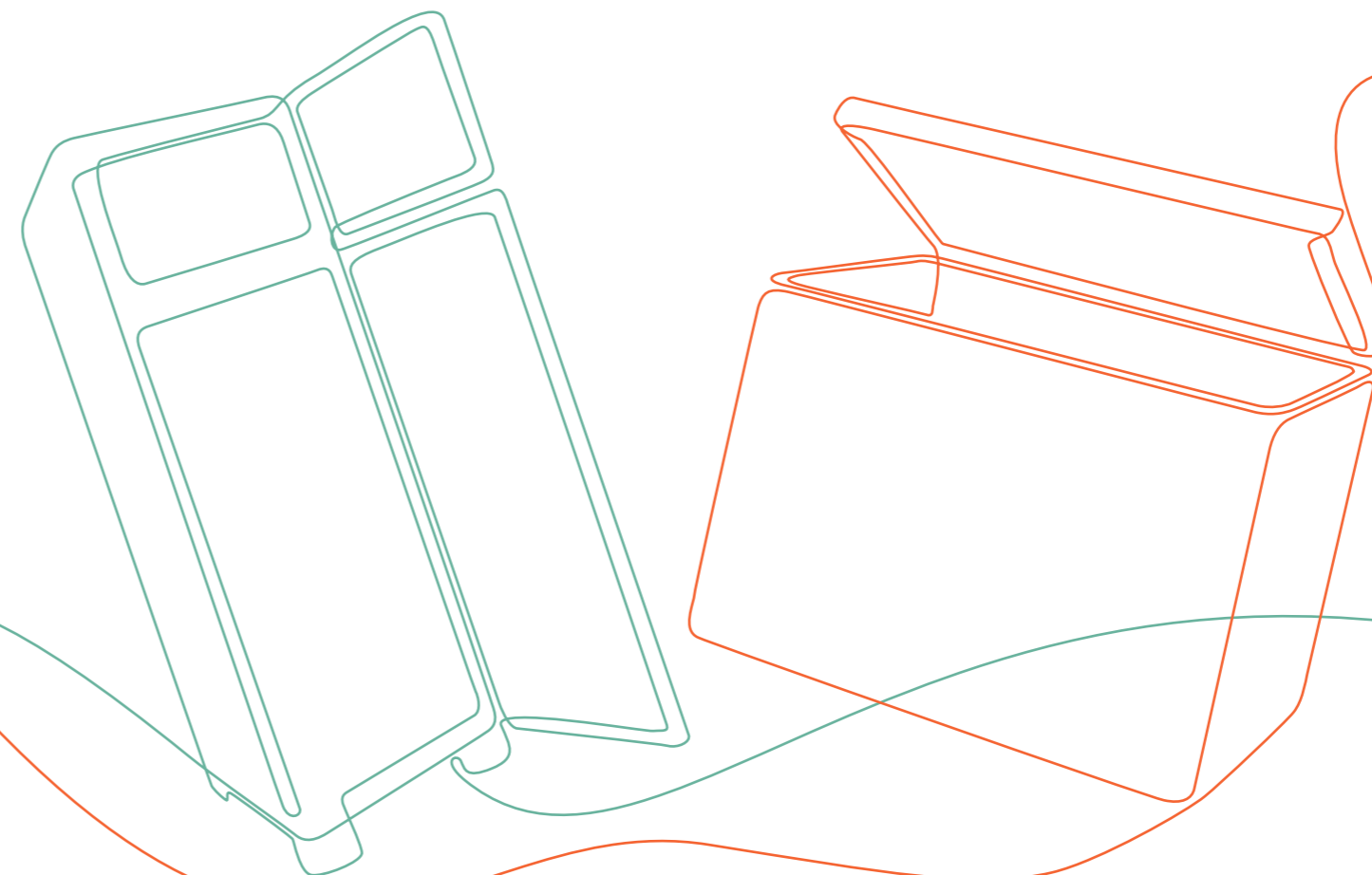
Every year, we conduct a satisfaction survey with customers in 33 countries. The survey includes the household, commercial and replacement markets. Based on this information, we define the best service strategy.

Another highlight is our participation in events and meetings. We were in four major world business fairs, in China, the United States and Germany. The initiative contributed to strengthening our presence in the global market.

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

### COMMUNICATION CHANNELS

We receive questions, comments and other customer contacts via the link "Contact Us" available on our site ([www.embraco.com](http://www.embraco.com)). Contact is made by email. The channel was developed to meet demands according to each public, such as students, contractors and retailers. We also maintain a fan page on Facebook (EmbracoBR) and an account on Twitter (@embraco).



## Support to contractors

In 2012, we conducted trainings for more than 1,800 technical contractors from various countries. They're responsible for installing our products in equipment. We invest in qualifying these professionals so that they're able to provide better service to Embraco's product users. The work is done through a partnership with our customers. A team from Embraco goes to the company and conducts the training with support materials, such as catalogs and manuals. In other cases, the training is done in our own facilities. The technical contractor plays a key role in recommending our products to the final customer and needs to understand in detail how they should work.

For 30 years we've also produced a magazine with content geared to contractors. The traditional publication, which until 2012 was called *Bola Preta Magazine*, was reformulated in 2013 and received the name Refrigeration Club.

The new magazine was formatted from an extensive study with the target public. First, we conducted a survey with technicians, counter sales and retail owners to understand what their real needs are in



the day to day. Then, we elaborated a differentiated editorial, layout and visual identity project.

The result of this work is a clear and precise publication, with appropriate guidelines for contractors. The pages bring interviews, opinions from recognized market professionals, technical content and reports on courses, lectures, trade fairs and sector books. Refrigeration Club magazine is free, quarterly and began circulating in 2013. It's also available on the internet ([www.clubedarefrigeracao.com.br](http://www.clubedarefrigeracao.com.br)).

## INFORMATION WITHIN EASY REACH

We've developed a Smartphone application especially targeted at contractors - professionals working with refrigeration equipment. The Troubleshooting App is practical and easy to use and helps technicians solve problems in compressors.

The application's content displays a list of possible mechanical and electrical equipment failures, also indicating how to adjust them. In addition to making repairs faster, the contractor's service gains quality. The Troubleshooting App is compatible with Android and iOS operating systems.



# POST-CONSUMPTION

# REVERSE LOGISTICS

The Top Green Program systematizes all our actions related to the end of the products' life cycle. The main objective is that compressors are collected after use, preventing components and hazardous wastes from being discarded in common landfills. Since the program was created 12 years ago, more than 3 million used compressors have been collected and recycled.

Thanks to our investment in research, that guides the choice of the best raw material to be used in the production process, much of the compressor can be recycled. The first step is to separate each one of the components (copper, aluminum, steel, iron, and oil). Currently, 99% of the materials are processed and reused. Most of the materials generated are directly reused in the company's production cycle. The surplus is forwarded to partner companies.

We operate in all stages of the compressors' life cycle. Even after the product is discarded, our responsibility continues.

WE COLLECT  
COMPRESSORS  
AFTER USE,  
AVOIDING THE  
IMPROPER DISPOSAL  
OF COMPONENTS  
AND WASTE.



## TOP GREEN

Materials reused in 2012

**Steel:** 4,093,692 kilos

**Iron:** 1,330,450 kilos

**Aluminum:** 88,697 kilos

**Copper:** 559,471 kilos

**Oil:** 191,039 liters

**547,321**

compressors were recycled through the Top Green program in 2012.

## RECYCLED WOOD

Throughout the year, we recycled and reused over 25% of wooden pallets shipped to customers in 2012. Therefore, we avoided consumption of approximately 57 thousand reforestation trees and generation of 21 tons of CO<sub>2</sub>.



# PEOPLE THAT MAKE EMBRACO

## OUR TEAMS' VALUE

Our people management policy prioritizes valuing, developing and retaining talent. We invest time, resources and research to be a global company. This positioning goes far beyond having international operations. We want that diversity be present in our day to day and that our teams be comprised of professionals from different nationalities, genders, languages and cultures. That they have different ways of seeing the world and that they stimulate us to always innovate. This is a strong competitive differential.

This strategy is consolidated from the moment of attracting talent, either through the Trainee Program, Internship Program or hiring people with disabilities, or through the Talents of Diversity Program.

Our leadership training programs also play a key role for the business. We're committed to qualify inspiring leaders who engage the

"Where there is diversity of thought it's always a great challenge to make decisions and do business. However, when these thoughts do converge, the innovative power is much more consistent, because they see solutions from several different lenses."

— **Ursula Angeli**, VP Human Resources, EHS, Communication and Sustainability

entire team to follow our values and our vision of the world.

We also value the technical career, promoting salaries for researchers equivalent to those of management positions, we offer the Profit Sharing Program (PPR) and adopt strict controls in factories to ensure the safety of all our employees.

### Health and safety

We matured the Behavior-Based Safety (BBS) program, being developed since 2011, with the goal to train our employees to adopt safe behavior in their daily activities in Embraco. The main tool for this stimulus is positive feedbacks made directly between coworkers - quick orientation conversations in





We invest in  
process safety in  
our plants and  
in training our  
employees to  
prevent accidents.

BEHAVIOR-BASED  
SAFETY (BBS)  
PROGRAM AIMS TO  
ENCOURAGE SAFE  
BEHAVIOR.

order to develop safer behaviors. On average, each of our employees received 2.2 feedbacks each month, in 2012, globally.

We also took an important step during the year. In the program's second phase - called BBS Sustainability Project - coaching work began, conducted by the leaders with their teams, with the goal of continuously improving the quality of conversations and feedbacks. In 2012, there were 2,223 coaching sessions in all our plants.

To avoid accidents and increase safety of our manufacturing processes, in 2012 a global evaluation project of all installed machines was initiated, in order to make processes safer by identifying and executing necessary improvements, as well as enabling exchange of best practices among plants to solve their problems. This project will continue in 2013 and 2014. Corporate procedures were also developed and/or revised, seeking to standardize best practices in EHS management.

## Future leaders

Through our Trainee Program, we intensify the strategy of being a global organization and create conditions to attract and retain young professionals focused on leadership. In 2012, we refined the program, which began prioritizing development of new ideas, reflection about Embraco's day to day and consolidation of diversity in the company.

One of the most important practical changes refers to the professional profile that we want to attract. Far beyond technical knowledge, the trainee should have competence to be a good leader. Embraco Trainee goals have also been changed. Instead of using the number of applications as an indicator of success, we drew up two long-term goals: retain 60% of the trainees in the company within five years and ensure that 100% of the talents become leaders in a period of up to four years. In 2012, eight trainees entered the program in Brazil, 14 in China and 14 in Slovakia.

## FOCUS ON QUALITY

Looking to detect specific improvement opportunities, we developed strategies such as Value Stream Map, a biannual planning that describes what can be changed in our units. From this survey, managers convene teams to exchange ideas, in which actions are proposed that can improve our routine. The meetings are called kaizens. Since the work began in the company, 2,383 kaizens have been performed - with 421 just in 2012.

Another instrument that encourages collective construction are the Quality Control Circles (QCC), conducted for 15 years. Small groups meet, voluntarily, to discuss various topics, from simple solutions - such as changes in lighting - to changes

in the compressors' production process. Since the QCC's creation, Embraco has implemented more than 8,000 projects and turned the initiative into a national reference. Currently, 2,957 employees work in 496 QCCs, which have already developed 4,326 projects. In 2012 alone, 12 QCC teams were formed.

## YOUNG TALENT

One of those selected in the last edition of the Embraco Trainee Program was advertising professional Julia Antipoff, 25. She was selected to work in the Information Technology area, implementing a corporate collaboration network, Get Connected.

For this, she did a diagnosis of the tool's necessity in several areas of the company, held benchmarks and coordinated the pilot project. "It was a very good experience for my career. Through the Trainee Program, I had contact with professionals from different areas and perfected skills such as leadership and teamwork", she says.



## Diversity

Since 2005, the Talents of Diversity program has developed people with disabilities (PWDs). In the first year, along with working in their respective areas, these people receive training courses. Already 185 people have been through the program (39 in 2012 alone), and the hiring rate at the end of the program is 70%. Currently, 5.2% of our workforce is made up of people with disabilities. The total number is 352 PWDs - among them, are physically disabled, hearing impaired, visually impaired and intellectually disabled.

Since 2008, we've invested in the safety of people with disabilities. The chemical laboratory team, for example, adapted the location by pasting sign language stickers on countertops and equipment. The messages contain warnings about appropriate safety measures and procedures. Currently, two hearing impaired employees work in the laboratory. This improvement is part of the accessibility projects, which include installation of tactile floors in greater circulation areas, lowered curbs, ramps, wider doors and elevator.

In 2012, we revised our Diversity Policy, established in 2005, looking to broaden its scope. Before, the focus was on social issues, and the policy was seen as a program model. Now, with the new guideline, diversity permeates our entire

## Our Diversity Policy was reviewed to ensure global alignment on the topic.

business, culture and relationships and is seen as a management model. This means more leadership involvement and building a diverse environment, accessible to all. We mapped our people management processes to identify opportunities for revision, adaptation and formalization of procedures and tools in order to increasingly align our practices to our positioning.

Therefore, we created the document Diversity & Inclusion Management, which brings the goals and parameters that ensure global alignment on the subject, strengthening our culture and supporting the organization's strategies. For 2013, the challenge is to improve the view of diversity on the company's management processes.

WE INCLUDE OUR PEOPLE WITH DISABILITIES IN DIFFERENT AREAS OF THE COMPANY.



## INCENTIVE FOR TEAMWORK

In 2012, we celebrated the 25th edition of Oliembraco, our internal Olympics. The games feature 32 sport categories, female as well as male, and, in addition to encouraging sports activities, acts as an important integration moment. The main goal, however, is to strengthen Embraco's values. Oliembraco reinforces the importance of teamwork and is part of the actions of organizational climate management. Last year, 5,516 athletes participated in the event - the largest number in our history.

In parallel, we also organize Paraoliembraco, geared towards people with disabilities. In this sixth edition, 150 people participated - almost double from the previous year. Competitors

participated in sports such as pool, table tennis, dominoes, deaf futsal and athletics.

Osmarino Huzar's worked for 10 years as a technician in the Foundry and collects Oliembraco medals. He makes a point to sign up in different modalities. He competes from the more traditional sports such as soccer, volleyball and cycling, to tournaments such as truco and canasta. "We're really encouraged by our supervisors and by all leaders to take part in Oliembraco. It's a great event for us", he says. Although not an Embraco employee, his wife, Vanessa Machado Schatzmann, also joins the fight for the medals, and daughter Laís accompanies her parents the whole time.

### English Acceleration Program

Language expertise is essential for the work routine of various employees. For this, in 2012, we invited 30 high-performance professionals to participate in a new English study format. Per week, each student does two 1.5 hour presential classes (which count as time worked), participates in two 15-minute phone conversations with the teacher and completes an extracurricular activity. Once a month, the group takes part in an immersion with eight-hours of classes, always on Saturdays.

We sponsor 70% of the costs, and the employee, 30%. Who improves their performance in Toeic (proficiency exam) and has the required minimum attendance receives full reimbursement of the amount invested. In the first year, 70% of students progressed in the evaluation. From 2013 on, the project should be expanded to all other company plants.

### MOTHERS CLOSE TO THEIR CHILDREN

To give special attention to employees who are mothers, we have various benefits. We're part of the Brazilian federal government program Citizen Company, which extends maternity leave from 120 to 180 days. In the Joinville unit, we also maintain a nursery inside the factory, which can be used by mothers and fathers (if there are openings) until the child is one year and three months old.





# PRIVATE SOCIAL INVESTMENT

# LOCAL DEVELOPMENT

We're willing to transform realities. Therefore, we look to build strong and lasting relationships with our partners, so that they achieve the best results. In 2012, we planned and executed social projects, contemplating ideas that, in some way, improve people's lives.

Among these actions, are the traditional Embraco Ecology Award and also unprecedented initiatives, such as the Olympics for Children, in Slovakia. In Europe, we began a permanent campaign for blood donation. As a global company, we believe that our social actions must be present in the local communities where we operate.

## Education for sustainability

The Embraco Ecology Award celebrated its 20th edition in 2012, with the slogan "An invitation to transform the world". The date served as impetus to implement some changes in the format and make it even better, in partnership with State and Municipal Secretaries of Education. The program aims to disseminate environmental education among public

For 20 years  
the Embraco  
Ecology Award  
has disseminated  
environmental  
education in Joinville  
(SC) schools.

IN ALL COUNTRIES  
WHERE WE OPERATE,  
OUR EMPLOYEES  
ARE ENCOURAGED  
TO PARTICIPATE IN  
VOLUNTEER WORK.

**30,590**

children and adolescents  
were benefited from  
Embraco social investment  
actions in Brazil, China, Italy,  
United States and Slovakia,  
in 2012.

**10,237 HOURS**

of services provided to  
communities in all countries  
where we operate in 2012.



and private schools in the municipality of Joinville, Santa Catarina (Brazil).

In registering the 2012 works (awarded in 2013), the Sustainable Educator Space methodology, developed by the Ministry of Education (MEC), was incorporated into the Award. Today, the directive is recognized as a public policy in Brazil and encourages schools to have a balanced relationship with the environment.

The Embraco Ecology Award encourages development of projects related to environmental education and invites schools to include the topic in its political-pedagogical plan.

Discussion on sustainable practices involves principals, teachers and students. Besides the approach within the different disciplines, the school will be motivated to think of ways to consume less energy, improve acoustic comfort and integrate the environment with the school infrastructure.

With the new methodology, the Embraco Ecology Award began adopting two categories: Action and Transformation. In both categories, preschool and

elementary school projects can participate. In the Action category, the focus is on pedagogical and management aspects. In Transformation, the idea is to encourage schools and teachers to develop projects that address three dimensions comprehensively: pedagogical, management and infrastructure.

From these award changes, we contributed to the emergence of reference schools in Joinville, which can serve as inspiration and example for the whole country. Besides promoting meetings with educators, developing targeted communication and events, we offer a consultancy that tracks the projects' progress in participating learning institutions.

In its 20-year history, the Embraco Ecology Award

has had over 700 registered projects, 93 implemented and more than 100,000 people affected. It reached its 20<sup>th</sup> edition included among the United Nations' Global Compact Best Practices (UN, 2012), recognized by the Eco, American Chamber of Commerce, and Expression of Ecology awards, also inserted in the presentation curriculum of environmental education conferences inside and outside Brazil.

In 2012, we created an exclusive blog for the award ([www.premioembracoecologia.wordpress.com](http://www.premioembracoecologia.wordpress.com)). With it, it's possible to spread good ideas and encourage participation of learning institutions, showing sustainable practices developed in the units. Further information can be accessed by the site [www.embraco.com/ecologia](http://www.embraco.com/ecologia).

## BLOGS FOR ECOLOGY

In 2012, with Itaiópolis' Secretary of Education, we held the third edition of the Ecology Network project. The goal is to get closer to students and encourage them to become agents of change through environmental education. We train, orient and instruct participants to be aware of sustainability issues. Once aware, these youths stimulate and engage others in transforming realities and developing communities. All work is disseminated through blogs that show what students are doing and what results they've already achieved.



## SEED-PAPER PRODUCTION

In Alegria de Viver Child Education Centre (CEI) in Joinville (SC), the paper used is not going to the trash. Once discarded, the material is planted on the school's property and turns into trees, fruits and vegetables. It's not magic, but creativity. Thanks to the production of seed-paper made by students and teachers themselves, what was waste becomes food.

The project was the winner of the Embraco Ecology Award 2012. It began after the school noticed the large amount of paper that was used daily. The idea's simple, but very effective. School personnel recycle paper and, in the mixture, insert good quality seeds. "It's the second time, in three years, we've received the Embraco Ecology Award. The first was in 2010. Recognition is important because it gave credibility to obtain partnerships with the community. Also, monitoring with meetings and the company's orientation helped to greatly improve the school's structure", states Rose Maria Felizari, principal of Alegria de Viver CEI in Joinville (SC).

## ENVIRONMENT AND EDUCATION

For two years we've conducted in Itaiópolis (SC) – municipality where one of Embraco's units is located - an environmental education program that mobilizes the school community. The Embraco Environmental Gymkhana involves principals, teachers and students, and has the support of the State and Municipal Secretaries of Education.

Eight schools participated in the Gymkhana in 2012. During the school year, students and teachers performed seven tasks related to the themes nature, education, inclusion and quality of life. The actions involved volunteer work, agroecology and thematic parade.

The Environmental Gymkhana opens space for discussion about the environment and environmental education more effectively in schools, plus strengthens actions already carried out by Embraco and enables the exchange of experiences with the community.



CEREMONY  
COMMEMORATING  
THE EMBRACO  
ECOLOGY AWARD'S  
20TH ANNIVERSARY  
IN 2012.

### Incentive to volunteer

We're committed to engaging our employees in volunteer work together with the community. One of the important actions is Global Volunteer Day - a large event, held in coordination with all units. The program encourages our employees to set aside one or two days a year to work in a community. In 2012, 4,200 hours of volunteer work involved 343 people.



For **Global Volunteer Day**, we use the Oasis methodology, which helps us realize dreams by developing initiatives that address the communities' demands more effectively.

We share seven steps, involving all stages of the work and including aspects such as knowledge of the community, organization and planning, joining forces and collective work, celebration and encouraging new actions. They are:

### 1 GAZE

observe the community, people and site's characteristics. Know the situation well and what can be improved.

### 2 AFFECTION

live with people, listen, discuss and establish a relationship of trust and affection with the community.

### 3 DREAM

build the image of what you want to have or do. Go beyond simply identifying problems, but connect the people's individual dreams.

### 4 CARE

organize, plan and seek resources to transform the dream into reality. It's the beginning of the mobilization and of the changes.

### 5 MIRACLE

is time to work, join forces, to act collectively and explore what's best in the community towards a common dream.

### 6 CELEBRATION

time when participants gather to observe the results and celebrate the good work.

### 7 RE-EVOLUTION

is the time to think about the future, to reap the learnings and encourage the community to participate in new projects.

GLOBAL VOLUNTEER DAY LEARN ABOUT THE MAIN RESULTS OF 2012			
Unit	Volunteers	Hours worked	Activities
Brazil	200	3,500	Made improvements in <i>Morro do Meio</i> community, in Joinville. Actions in Santo Antonio Hospital, in Itaiópolis.
Slovakia	90	720	Actions in Slovak Paradise National Park. Various activities, such as trash collection, were performed.
China	40	320	Work with the Mulan Community, which supports migrant workers and their families.
Italy	40	280	Actions in an orphanage.
USA	10	40	Work done at Covenant House, a nonprofit organization dedicated to homeless people.
Mexico	25	198	Support to Mexican entity Unido, which develops activities with disabled children.



EMBRACO  
VOLUNTEERS HELP  
PAINT THE SCHOOL'S  
WALL IN THE LATEST  
EDITION OF PROVE A  
DIFFERENT DAY.

### Community service

Created almost ten years ago, the volunteer project Prove stands out for bringing Embraco employees closer to the community in a very practical way. The work is carried out in two lines of action: Prove Management and Prove A Different Day.

In China, employees took advantage of Prove A Different Day to paint the outside of a school which provides support, mainly, for migrant workers' children. In Itaiópolis, in Santa Catarina (Brazil), a hospital also received new paint, and the parking lot was renovated.

Another 2012 highlight was Prove Management, conducted together with the Environmental Police of the State of Santa Catarina in Brazil. To optimize

their management, we invited our professionals linked to the management model Embraco Way of Management (EWM) to share technical knowledge with the team.

A plan to modernize the police's administration was prepared by Embraco's team. With the orientations, the institution increased inventory and made advances in managing the purchase of materials and equipment through public bidding. HR professionals participated with the group from Embraco, to show how we can use corporate volunteering as a climate, integration and team engagement tool. The HR team's monitoring was essential to the project, showing the benefits of corporate volunteering.





OUR EFFORTS EARNED US THE RESPONSIBLE LARGE COMPANY AWARD, THROUGH VIA BONA SLOVAKIA, IN EARLY 2013.

### Actions in Slovakia

In 2012, we were present in traditional activities carried out before the season opening of the zoo in Spišská Nová Ves. Embraco volunteers helped clean paths and plant trees. Another action was the partnership with fishermen to clean the Hornad river in Spišská Nová Ves.

We also prepared a special event geared towards children: the Olympic Games for Children. There were eight competitions,

involving sports such as running and long jump. About 70 children participated in our first edition of the event.

Another important action in Slovakia was the incentive for our employees to donate blood. Whoever qualifies to participate doesn't need to go to the city's hospital. It's possible to make a donation in their own area of the company. In total, we were able to collect approximately 80 liters of blood. The idea is that the donation inside our company be held at least twice a year.

All these efforts have helped us build a consolidated image in Slovakia. And this enabled us to win public recognition. We were voted the Country's Most Responsible Company, in 2012. The award was granted by the Pontis Foundation, through the Corporate Social Responsibility (CSR) National Award Program Via Bona Slovakia. In addition to winning the event's main award, we were first in the category Company Philanthropy: Supporter of Volunteering.

## BEST PRACTICES

The Business Leader Forum is one of the most important initiatives that we participate in Slovakia. The forum brings together various companies and aims to disseminate best practices in the country. In 2012, we were in three work group meetings: Active Aging, Eco-Efficiency and Responsible Supply Chain. The main idea of these meetings was to understand the importance of each one of these topics and share activities with other members.

We also participated in an international conference called Market of Best-Practices. In the event, we presented our volunteer program and showed our cooperation with a local project with suppliers. Besides this, we were in other meetings that brought together all 25 forum participants. In the meetings, we talked about our experience and received inspiration from ideas shared by other Business Leader Forum member companies.

# GRI CONTENT



# METHODOLOGY

Embraco's Sustainability Report 2012 is guided by the Global Reporting Initiative (GRI) directives, a multi-stakeholder organization based in Amsterdam, Netherlands.

Performance indicators cover the period from January 1 to December 31, 2012 and include all Embraco units, in the seven countries where it has operations. The Mexico unit, recently inaugurated, is being reported for the first time. Another novelty is in the data presentation. In countries where there is more than one unit - Brazil and China - the information ceased to be consolidated into single data, showing more clearly each operation's impact. The cases in which the division was made are highlighted in the report.

In the content presented in other texts, we bring information that extends to 2013. In this

way, we ensure that the report is updated at the moment it's released.

According to our self-assessment, the report reached the level B on applying GRI 3.0 directives (see the illustration on the side), which determines reporting of all profile items, information on management approach and at least 20 performance indicators, including at least one indicator of the following areas: economic, environmental, human rights, labor practices, society and product responsibility. We report here 29 indicators (24 complete and 5 partial).

Application levels	C	C+	B	B+	A	A+
G3 Profile	Respond to profile 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 to 4.15	With external verification	All profile and governance indicators: 1.1 to 4.17	With external verification	All profile and governance indicators: 1.1 to 4.17	With external verification
Information about G3 management approach	Not required		Information on the Management Approach for each indicator category		Management Approach disclosed for each indicator category.	
G3 Performance Indicators & Sector Supplement Performance Indicators	Minimum of 10 performance indicators, including at least one of each of the following dimensions: social, economic and environmental.		Minimum of 20 performance indicators, including at least one of each dimension: social, economic and environmental.		Mandatory reporting of sectoral indicators after one year of release of the supplement's final version	

## Materiality

Since 2005, we've adopted GRI guidelines in preparing the sustainability report. The principles that guided the report's design and development are: balance, comparability, accuracy, periodicity, clarity and reliability of the information divulged.

We also use a materiality matrix to define the report's content and ensure that our reporting process has relevance for our stakeholders.

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

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

In 2012, materiality was updated through a query to some of our stakeholders. Material themes were kept in the 2012 reporting process.

MATERIAL THEME
Eco-efficiency
Sustainable energy solutions
People development and training
Ethics in business
Minimizing environmental impact
Respect and valuing diversity
Product quality and customer satisfaction indexes

### Contact data for questions regarding the report's content

If you have doubts, suggestions or comments, send them to: [comunicacao@embraco.com](mailto:comunicacao@embraco.com)

### Corporate Communication and Sustainability Office

Rua Rui Barbosa, 1,020, post office box 91  
CEP 89219-901 – Joinville-SC – Brazil

# GRI TABLE

● complete  
● partial

Profile information			
Strategy and analysis			
Item	Description	Reported	Page
1.1	Message from the President	●	02 and 03
1.2	Description of key impacts, risks and opportunities	●	02 and 03
Organizational profile			
2.1	Name of the organization	●	06
2.2	Primary brands, products, and/or services	●	05 and 06
2.3	Operational structure of the organization	●	06
2.4	Location of the organization's headquarters	●	07
2.5	Countries where the organization operates and where its main operations are located	●	06
2.6	Nature of ownership and legal form	●	07
2.7	Markets served	●	06
2.8	Company's size	●	06
2.9	Main changes during the period covered by the report	●	There were no significant changes in the organization's size or the ownership structure. Changes in management structure are detailed in the body of the report.
2.10	Awards received during the period covered by the report	●	08
Report parameters			
3.1	Period covered by report	●	January 1 to December 31, 2012 (exceptions are clearly indicated).
3.2	Date of most recent previous report	●	The previous report was published in 2012, with data relative to 2011.
3.3	Reporting cycle	●	Annual
3.4	Contact data regarding the report's contents	●	54
3.5	Process for defining report content	●	54
3.6	Boundary of the report	●	All Embraco units that were in operation in 2012, the reporting period, were included. To know what these units are, see the map on page 06.
3.7	Statement of any specific limitations on the scope or boundary of the report	●	The report's scope covers the units: Brazil (Foundry, Compressors and Electronics), China (Compressors and Electronics), Slovakia, Italy, Mexico and the United States. Only in the SO3 indicator Russia unit data are reported.
3.8	Base for report elaboration	●	Whenever possible, the indicators cover all operations, and therefore there is no risk of comparability being affected. The most significant change was the Mexico unit's inclusion in the report, which had an impact on some indicators. These cases are clearly marked.

Item	Description	Reported	Page
3.9	Data measurement techniques and the bases of calculations	●	Answers to performance indicators follow GRI protocols with respect to measurement techniques and compiling data and are based on our internal monitoring systems.
3.10	Reformulations of information provided in previous report	●	There were no data reformulations. However, the 2012 report corrects inaccurate information published in the previous report.
3.11	Significant changes in scope, boundary or measurement methods applied in the report	●	The Mexico unit was included in the report. Changes in measurement techniques are described in footnotes of tables and graphs.
3.12	Table identifying the location of information in the report	●	GRI Table
3.13	Current policy and practice with regards to seeking external verification for the report	●	The information divulged wasn't audited.
<b>Governance, commitments, and engagement</b>			
4.1	Governance structure of the organization	●	18
4.2	Presidency of the highest governance body	●	Roberto Campos.
4.3	Independent or non-executive members of the highest governance body	●	There are no independent or non-executive members.
4.4	Mechanisms for shareholders and employees to provide recommendations	●	Whirlpool SA, of which Embraco is a subsidiary, holds an annual meeting with its shareholders. It also has a permanent communication channel available, which can be accessed by the site, by phone and by email. Learn more at <a href="http://www.whirlpool.com.br/investidor.aspx">www.whirlpool.com.br/investidor.aspx</a> . Further information is available in the Management and Strategy chapter (page 14).
4.5	Link between compensation and organizational performance (including social and environmental)	●	The variable remuneration systems are based on economic goals and ensure coherence between the evolution of the company's performance and leadership's financial recognition.
4.6	Processes to ensure that conflicts of interest are avoided	●	18
4.7	Qualifications of members of the highest governance body	●	The evaluated competences of the members that compose the highest governance body are associated with the knowledge that the executive has of Embraco business and his/her specific area of operation.
4.8	Statements of mission and values, codes of conduct and internal relevant principles	●	17 and 18
4.9	Responsibilities for implementation of economic, social and environmental policies	●	18
4.10	Processes for performance self-assessment of the highest governance body	●	16
4.11	Explanation of if and how the organization applies the Precautionary Principle	●	We don't fully adopt the Precautionary Principle, but we seek to act with environmental responsibility by eliminating from products and processes substances proven harmful to the environment.
4.12	Charters, principles or other initiatives developed externally	●	12

Item	Description	Reported	Page
4.13	Participation in associations and / or national / international organisms	●	Brazilian Electrical and Electronic Industry Association (Abinee); Brazilian Association of Advertisers (ABA); Brazilian Business Communication Association (Aberje); Brazilian Foundry Association (Abifa); Brazilian Human Resources Association (ABRH); Brazilian Refrigeration, Air Conditioning, Ventilation and Heating Association (Abrava); Itaiópolis Commercial and Industrial Association (ACII); Slovakia Electrical Equipment Industry Association; Brazilian Foreign Trade Association (AEB); Occupational Health and Safety Professionals Association of Joinville and Region (APSSOJ); Joinville Business Association (ACIJ); Latin American Electrical and Electronic Industrial Association (Alainee); National Association of Manufacturers of Electro-electronic Products (Eletros); National Research, Development and Engineering Association of Innovative Companies (Anpei) Human Resource Development Association - Slovakia; Business Leaders Forum - Slovakia; American Chamber of Commerce - Slovakia; Electricity Utility Company of Santa Catarina (Celesc); Center of Industries of the State of Santa Catarina (Ciesc); Joinville Architect and Engineer Center (Ceaj); Joinville - Spisská Nová Vês Sister City Committee; National Confederation of Industry / Brazilian Business Coalition (CNI/CEB).
4.14	List of stakeholder groups engaged by the organization	●	Our main stakeholders are customers, suppliers, employees and communities surrounding our operations.
4.15	Basis for identification and selection of stakeholders to be engaged	●	Strategic importance to our business is the main criterion for defining the priority public to be engaged.
4.16	Approaches for stakeholder engagement	●	11, 32-36, 41-51
4.17	Main issues and concerns raised through stakeholder engagement	●	54

# PERFORMANCE INDICATORS

## Economic performance

Disclosure on Management Approach: consult pages 7, 14 and 15.

## Economic performance

### EC3 Coverage of pension plan obligations

● partial

Only plants in Brazil and Italy offer pension plans to their employees. There are no such benefits for units installed in China, Slovakia, Mexico and the United States.

In Brazil, participation is voluntary and open to all positions. The contribution varies from 1% to 5.5% of the employee's gross monthly salary in accordance with the salary range. We contribute the same value. The plan provides coverage for normal or early retirement and for disability. The pension, in case of death, is paid to dependents. In Italy, joining the pension plan is also voluntary and is provided in collective bargaining agreements. The contribution is 1.2% (employees) and 4% (managers). We contribute with the same percentage. At the end of 2012, our cumulative amount was over US\$ 450,000.

## Market presence

### EC7 Local hiring

● complete

We don't have any specific policies aimed at hiring locally. Leadership positions are: president, vice president, administrative, officers and leaders.

Local hiring (leadership positions)	2010	2011	2012
Brazil	100%	100%	100%
China (Compressors)	77%	79%	86%
China (Electronics)	82%	85%	83%
Italy	86%	86%	77%
Slovakia	88%	88%	88%
Mexico	N/A	2%	2%
United States	66%	66%	66%

N/A - not applicable.

## Indirect economic impacts

### EC8 Impact of investments in infrastructure offered for public benefit

● complete

We carry out private social investment actions in all countries in which we operate. In some plants - Brazil, Slovakia and Mexico - the actions also involve working with communities. Thus, it's possible to understand the population's key needs, as well as raise awareness of employees and residents of these regions about the company's social responsibility activities.

Unit	Private social investment (US\$)	
	2011	2012
Brazil	120,192	241,402
United States	8,495	2,550
Slovakia	36,200	52,198
China	5,642	7,103
Mexico	N/A	1,500
Italy	N/A	91,228
<b>TOTAL</b>	<b>170,529</b>	<b>395,982</b>

N/A - not available.



Learn about the main actions developed in 2012.

Unit	Project/activity	Description	Benefited
Brazil	Embraco Ecology Award	Financing environmental education projects prepared by schools.	1,760 teachers and students.
	Volunteer Program	In all, 302 volunteers provided 5,193 hours of community service in 2012.	6,640 children and adolescents from Itaiópolis and Joinville, Santa Catarina.
	Digital Knowledge Space	Digital inclusion project carried out in Itaiópolis (SC).	317 children and adolescents.
	Sports School	Social inclusion through sport.	800 children and adolescents from Itaiópolis and Joinville, Santa Catarina.
	Support to NGO Rescue Project	Monthly financial transfers to non-governmental organization, which is based in Joinville (SC) and focused on education.	264 children and adolescents.
	Embraco Theatre Group	Employees make presentations to the community. In 2012, eight volunteers provided 132 hours of service.	3,800 children and adolescents.
	Itaiópolis Environmental Games	Schools are invited to participate in a game with an environmental theme.	2,862 students were involved.
	Embraco Choir	The choir, made up of 14 employees, performed 166 hours of community service.	2,340 children and adolescents.
Slovakia	Embraco Ecology Award	In 2012, the award's fifth edition was held. The four winning schools received investments to develop environmental education projects.	2,200 children and adolescents.
	Nursery schools	Financing of renovations and donations of school supplies and toys.	1,400 children and adolescents.
	People with disabilities	Support for three projects involving children with diabetes, blind children and people with disabilities.	200 children and adolescents.
	Hockey league in elementary school	Support in constructing a playground and creating a league in an elementary school in the city of Spisska Nova Ves, Slovakia.	More than 2,000 children and adolescents.
United States	Global Soap Project	Recycling soap to be used by low-income and homeless people.	
	Campaign to encourage donations	Fundraising support to finance research on childhood cancer, developed in St. Jude Children's Research Hospital, located in Memphis, United States.	
	GolfeWIE Tournament	Fundraising to finance women's studies in the electronics field.	
	Earth Day	Mobilization against wasting energy and promoting a healthy environment at work, at home and at school.	
Mexico	Volunteer Program	304 hours of service	181 people

Unit	Project/activity	Description
China <sup>1</sup>	Global Volunteer Day	45 volunteers provided construction services for the Mulan community.
	Volunteer Program	Various volunteer actions, including waste collection in Xiangshan Mountain.
	Angelmom	Taking care of babies with physical disabilities.
	Environmental Education	Environmental projects in Dandelion Middle School
	Support to Mulan community	Donations and incentive to children's development.
	Great Friend project	Work developed in partnership with the Guashi Fund. Volunteers create friendships with Dandelion Elementary School students, whose families are at social risk.
	Dandelion School Volunteer Program	Volunteers offer safety training and support adolescents in career development.
	Donation to Qinghai Lake Primary School	Clothes donation.
Italy	Soundscape Museum	Donation of resources to the municipality that houses the museum.
	Hesed Family (Homestay)	Donation of resources to benefit children with social and family problems.
	U.G.I. (Union of Italian Parents)	Parents Association to support research related to childhood cancer.
	Poetry award	Initiative to promote poetry in the local school.

<sup>1</sup> Most investments are characterized as *pro bono*.

## Environmental performance

Disclosure on Management Approach: consult pages 11, 13, 22, 23, 29 e 30.

The Mexico and the United States units were included in 2012 in the report's scope and therefore impacted Embraco's environmental performance.

## Energy

### EN3 Direct energy consumption broken down by primary energy source

● complete

Refer to indicator EN4's response.

### EN4 Indirect energy consumption by primary source

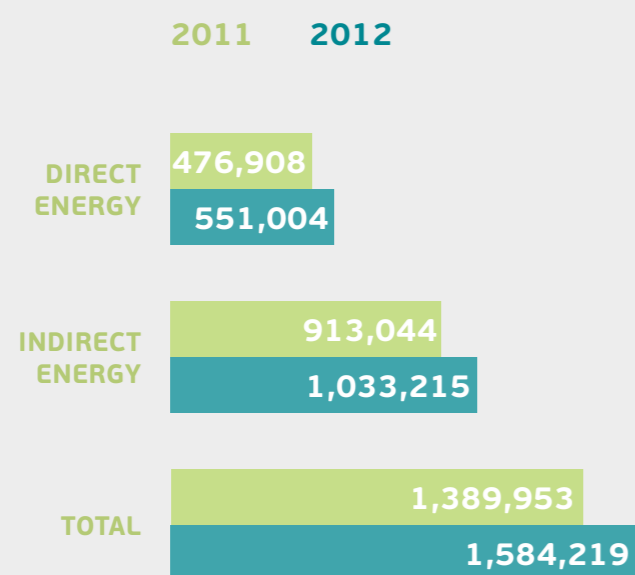
● complete

Energy consumption (GJ) <sup>1</sup>		
Embraco Global	Total	
Direct energy <sup>2</sup>	2011	2012
Natural gas	454,340	526,515
Methanol	387	367
Propane	2,554	3,592
LPG	12,927	13,407
Diesel oil	3,946	5,663
Gasoline	2,754	1,459
Subtotal	476,908	551,004
Indirect energy		
Electricity	913,044	1,033,215
TOTAL	1,389,953	1,584,219

<sup>1</sup> Starting in 2012, we began using the unit of measure GJ, replacing MJ. The data referring to 2011 were converted.

<sup>2</sup> In the previous report, environmental recycling was one of the items that comprised the data for the direct energy consumption in 2011. However, this isn't an energy source, and therefore the data has been excluded.

### ENERGY CONSUMPTION – (GJ)



Energy consumption (GJ) <sup>1</sup>												
COMPRESSOR UNITS	China		Italy		Slovakia		Brazil		Mexico <sup>2</sup>		Total	
Direct energy <sup>3</sup>	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Natural gas	65,048	78,007	60,161	59,410	101,695	117,086	217,656	228,721	-	31,858	444,559	515,083
LPG	-	-	-	-	-	-	5,292	6,089	-	-	5,292	6,089
Diesel oil	238	399	-	28	2,006	1,531	1,702	1,845	-	59	3,946	3,862
Gasoline	1,324	1,318	-	-	1,329	-	101	140	-	2	2,754	1,459
Subtotal	66,609	79,724	60,161	59,438	105,030	118,617	224,751	236,794	-	31,920	456,551	526,493
Indirect energy												
Electricity	103,326	118,718	50,903	53,675	110,256	127,707	392,609	410,855	-	48,135	657,094	759,091
TOTAL	169,935	198,441	111,064	113,114	215,286	246,325	617,360	647,650	-	80,055	1,113,646	1,285,584

<sup>1</sup> Starting in 2012, we began using the GJ unit of measure, replacing MJ. The data referring to 2011 were converted.

<sup>2</sup> Inclusion of the Mexico and United States units in the indicator's scope occurred in 2012.

<sup>3</sup> In the previous report, environmental recycling was one of the items that comprised the data for the direct energy consumption in 2011. However, this isn't an energy source, and therefore the data has been excluded.

Energy consumption (GJ) <sup>1</sup> OTHER UNITS	Components		Foundry		Brazil (Electronics)		China (Electronics)		United States <sup>2</sup>		Total	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Direct energy <sup>3</sup>												
Natural gas	-	-	9,781	10,445	-	-	-	-	-	987	9,781	11,433
Methanol	387	367	-	-	-	-	-	-	-	-	387	367
Propane	2,554	3,264	-	-	-	-	-	-	-	328	2,554	3,592
LPG	3,878	3,687	3,758	3,631	-	-	-	-	-	-	7,635	7,318
Diesel oil	-	-	-	1,801	-	-	-	-	-	-	-	1,801
Subtotal	6,818	7,319	13,539	15,878	-	-	-	-	-	1,315	20,357	24,511
Indirect energy												
Electricity	12,932	14,205	232,456	245,586	6,205	7,299	4,357	5,046	-	1,987	255,950	274,124
<b>TOTAL</b>	<b>19,750</b>	<b>21,524</b>	<b>245,995</b>	<b>261,464</b>	<b>6,205</b>	<b>7,299</b>	<b>4,357</b>	<b>5,046</b>	<b>-</b>	<b>3,302</b>	<b>276,307</b>	<b>298,635</b>

<sup>1</sup> Starting in 2012, we began using the GJ unit of measure, replacing MJ. The data referring to 2011 were converted.

<sup>2</sup> Inclusion of the Mexico and United States units in the indicator's scope occurred in 2012.

<sup>3</sup> In the previous report, environmental recycling was one of the items that comprised the data for the direct energy consumption in 2011. However, this isn't an energy source, and therefore the data has been excluded.

Energy matrix	China	Italy	Slovakia	Mexico	United States	Brazil
Conventional thermal	79%	73%	24%	80%	70%	9%
Hydroelectric	18%	18%	21%	14%	6%	82%
Other renewable sources	1%	9%	2%	4%	4%	6%
Nuclear	2%	0%	53%	2%	20%	3%

Source: World Energy Council – 2012 Sustainable Energy Index.

### EN5 Energy savings due to improvements in conservation and efficiency

● complete

We invest in the modernization and efficiency of equipment and motors and installation of devices that regulate gas consumption. Employees were also engaged to increase the number of compressors manufactured while maintaining the same energy consumption. As a result, we saved 65,491 GJ of energy.

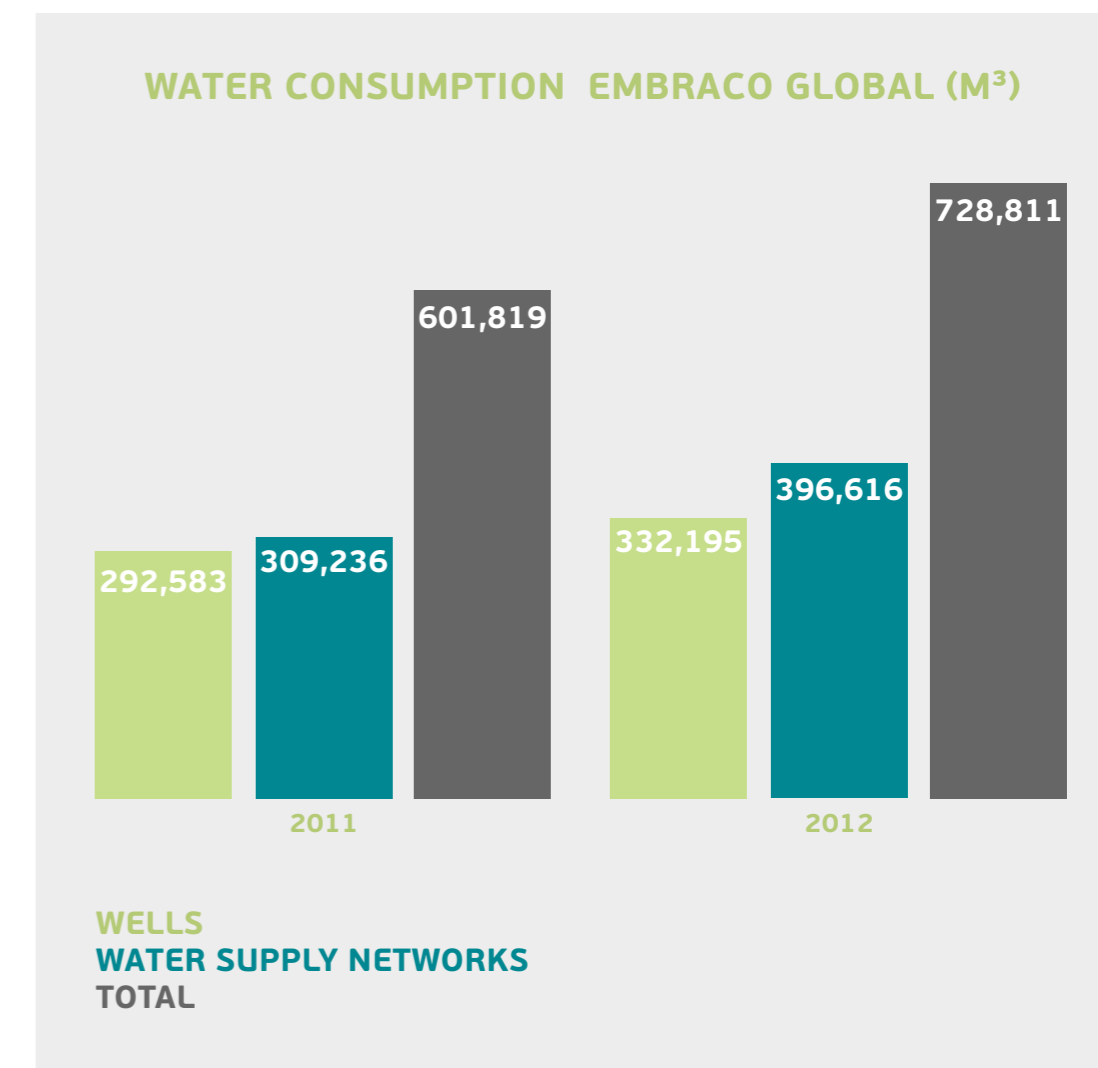
Unit	Energy saved (GJ) <sup>1</sup>
Brazil (all units)	24,893
China (Compressors)	3,180
China (Electronics)	1,699
Slovakia	35,719
<b>Embraco Global Total</b>	<b>65,491</b>

<sup>1</sup> Starting in 2012, Embraco began using the GJ unit of measure, replacing MJ.

## Water

### EN8 Total water withdrawal by source

● complete



Water consumption (m <sup>3</sup> )		
EMBRACO GLOBAL	2011	2012
Wells	292,583	332,195
Water supply networks	309,236	396,616
<b>Total</b>	<b>601,819</b>	<b>728,811</b>

Water consumption (m <sup>3</sup> ) – COMPRESSOR UNITS												
	China		Brazil		Italy		Slovakia		Mexico <sup>1</sup>		Total	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Wells	-	-	147,692	176,391	37,443	40,382	-	-	-	-	185,135	216,773
Water supply networks	131,465	134,231	67,061	68,023	16,784	10,370	88,027	105,163	-	63,900	303,337	381,687
<b>Total</b>	<b>131,465</b>	<b>134,231</b>	<b>214,753</b>	<b>244,414</b>	<b>54,227</b>	<b>50,752</b>	<b>88,027</b>	<b>105,163</b>	<b>-</b>	<b>63,900</b>	<b>488,472</b>	<b>598,460</b>

<sup>1</sup> Inclusion of the Mexico unit in the indicator's scope occurred in 2012.

Water consumption (m <sup>3</sup> ) – OTHER UNITS												
	Components		Foundry		Brazil (Electronics)		China (Electronics)		United States <sup>1</sup>		Total	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Wells	12,015	14,355	93,003	94,527	-	-	2,430	6,540	-	-	107,448	115,422
Water supply networks	2,662	2,509	1,131	5,265	2,106	3,324	-	-	-	3,831	5,899	14,929
<b>Total</b>	<b>14,677</b>	<b>16,864</b>	<b>94,134</b>	<b>99,792</b>	<b>2,106</b>	<b>3,324</b>	<b>2,430</b>	<b>6,540</b>	<b>-</b>	<b>3,831</b>	<b>113,347</b>	<b>130,351</b>

<sup>1</sup> Inclusion of the United States unit in the indicator's scope occurred in 2012.

### EN10 Percentage and total volume of water recycled and reused

● complete

The absolute volume of water recycled by Embraco increased from 29% in 2011 to 31% in 2012. Water is reused in production processes, toilet flushing, cooling towers and floor washing. Altogether, in 2012, 225,511 m<sup>3</sup> of water were reused.

Water recycled and reused – EMBRACO GLOBAL										
	China		Brazil		Mexico <sup>1</sup>		Foundry		Total	
	2011	2012	2011	2012	2011 <sup>1</sup>	2012	2011	2012	2011	2012
Total volume (m <sup>3</sup> )	22,546	32,545	118,007	144,994	-	20,000	35,771	27,972	176,324	225,511
Recirculation rate (%)	17%	24%	55%	59%	-	31%	38%	28%	29%	31%

<sup>1</sup> A inclusão da unidade Mexico no escopo do indicador ocorreu em 2012.

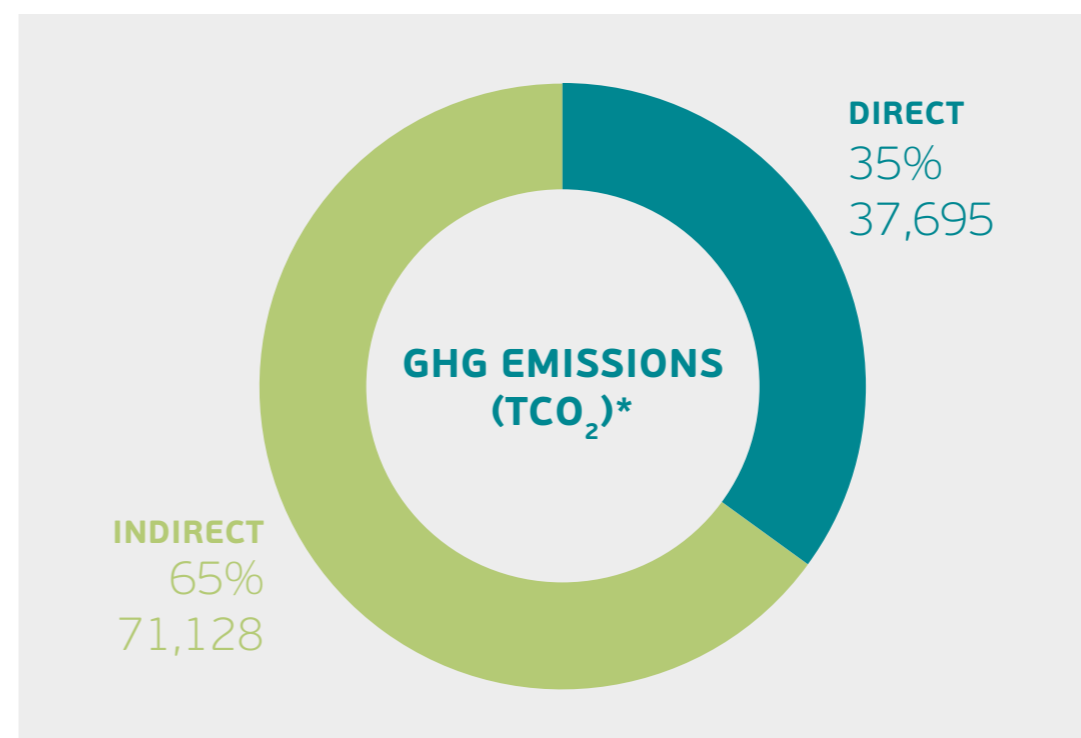
## Emissions, effluents and waste

### EN16 Total direct and indirect greenhouse gas emissions

● complete

GHG emissions (tCO <sub>2</sub> )* – EMBRACO GLOBAL	
Direct	37,695
Indirect	71,128
<b>Total</b>	<b>108,823</b>

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





GHG emissions (tCO <sub>2</sub> )* – COMPRESSOR UNITS						
	China	Brazil	Italy	Slovakia	Mexico	Total
Direct	5,757	17,717	3,482	7,405	1,740	36,101
Indirect	33,046	7,381	7,201	8,939	8,022	64,589
<b>Total emissions direct + indirect</b>	<b>38,803</b>	<b>25,098</b>	<b>10,683</b>	<b>16,344</b>	<b>9,762</b>	<b>100,690</b>

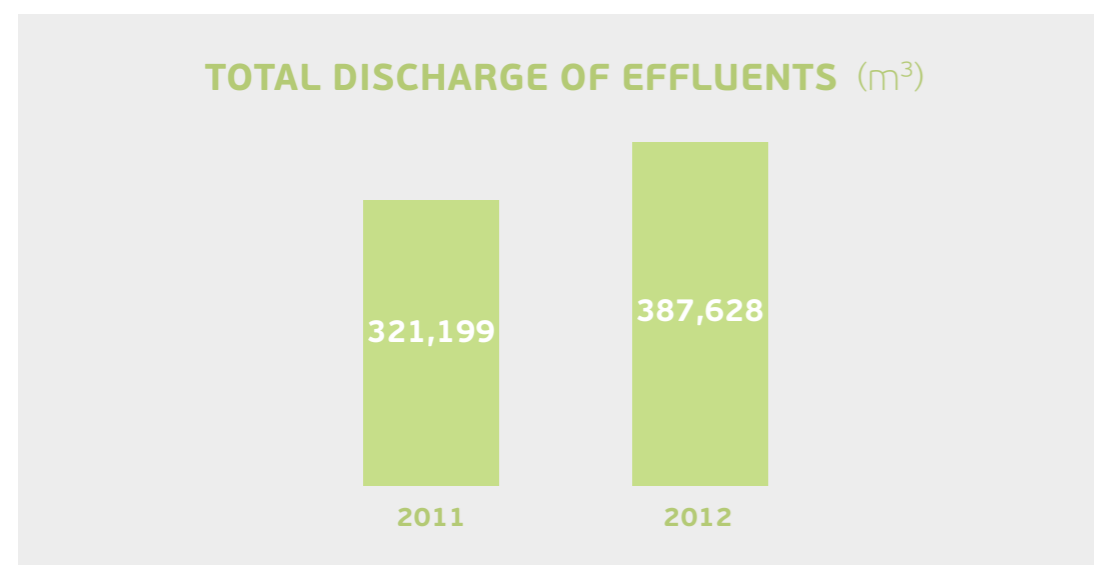
GHG emissions (tCO <sub>2</sub> )* – OTHER UNITS						
	Components	Foundry	Brazil (Electronics)	China (Electronics)	United States	Total
Direct	490	969	62	-	73	1,594
Indirect	258	4,399	133	1,404	345	6,539
<b>Total emissions direct + indirect</b>	<b>748</b>	<b>5,368</b>	<b>195</b>	<b>1,404</b>	<b>418</b>	<b>8,133</b>

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

#### EN21: Total water discharge by quality and destination

- complete

Absolute water discharge increased by 20% in 2012, compared to the previous year.



Discharge of effluents (m <sup>3</sup> ) – EMBRACO GLOBAL		
	2011	2012
Return to collection point	278,552	337,155
Public Sewage System	2,430	-
Evaporation	30,065	50,254
Irrigation	10,152	219
<b>Total</b>	<b>321,199</b>	<b>387,628</b>

Discharge of effluents (m <sup>3</sup> ) – COMPRESSOR UNITS													
	Brazil		Italy		Mexico		Slovakia		China		Total		
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	
Return to collection point	66,573	75,768	N/A	48,214	N/A	-	82,964	83,396	69,854	63,227	219,391	270,605	
Public Sewage System	-	-	N/A	-	N/A	-	-	-	-	-	-	-	
Evaporation	30,065	34,218	N/A	2,538	N/A	1,313	-	-	-	-	30,065	38,069	
Irrigation	-	-	N/A	-	N/A	219	-	-	-	-	-	219	
<b>Total</b>	<b>96,638</b>	<b>109,986</b>	<b>N/A</b>	<b>50,752</b>	<b>N/A</b>	<b>1,532</b>	<b>82,964</b>	<b>83,396</b>	<b>69,854</b>	<b>63,227</b>	<b>249,456</b>	<b>308,893</b>	

Discharge of effluents (m <sup>3</sup> ) – OTHER UNITS										
	Components <sup>1</sup>		Foundry		Brazil (Electronics)		China (Electronics)		Total	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Return to collection point	7,164	13,660	49,891	52,890	2,106	N/A	-	N/A	59,161	66,550
Public Sewage System	-	-	-	-	-	N/A	2,430	N/A	2,430	-
Evaporation	-	3,204	-	8,981	-	N/A	-	N/A	-	12,185
Irrigation	1,680	-	8,472	-	-	N/A	-	N/A	10,152	-
<b>Total</b>	<b>8,844</b>	<b>16,864</b>	<b>58,363</b>	<b>61,871</b>	<b>2,106</b>	<b>N/A</b>	<b>2,430</b>	<b>N/A</b>	<b>71,743</b>	<b>78,735</b>

N/A - not available.

<sup>1</sup> The unit that manufactures electronic components in Brazil is in a transition process from its own Sewage Treatment Plant (STP) to one from the condominium, which, until now, has no hydrometer for measurement. Meanwhile, the discharge data of the unit that manufactures electronic components in China weren't available for the year 2012.

#### EN22: Total weight of waste by type and disposal method

- complete

#### GENERATED WASTE EMBRACO GLOBAL (T)



In 2012, absolute waste generation increased 12% over the previous year. Embraco Compressors Brazil unit is the largest generator of waste, representing 52% of the global total. The Foundry Unit is responsible for sending the largest volume of waste going to landfills, 77% of the amount.

The destination for recycling and sanitary landfills remained stable - 85% and 15%, respectively. For economic recycling (sale of material for reuse by another organization) steel, paper and plastic scraps were sent. As for environmental recycling (sale of material for reuse by another organization), lamps and industrial towels are sent. For incineration, Sludge oil and contaminated solids are sent. And,

for landfills, foundry sand, biological sludge from sewage treatment plant (STP) and physico-chemical sludge from STP.

WASTE TOTAL – EMBRACO GLOBAL		
Non-hazardous waste (t) <sup>1</sup>	2011	2012
Economic recycling	90,857	107,894
Environmental recycling	5,873	1,040
Landfill	16,951	18,548
Construction/remedial waste	167	-
Subtotal	113,848	127,482
Hazardous waste (t) <sup>1</sup>	2011	2012
Economic recycling	255	305
Environmental recycling	1,985	1,991
Incineration	879	845
Landfill	580	966
Subtotal	3,699	4,107
<b>TOTAL</b>	<b>117,547</b>	<b>131,589</b>

<sup>1</sup> Data from the previous report were reported in kilograms, and not tons, as indicated in the report. This information was adjusted this year. Information on waste disposal method is provided by the contractors responsible for their destination.

TOTAL WASTE – COMPRESSOR UNITS												
Non-hazardous waste (t) <sup>1</sup>	China		Brazil		Italy		Slovakia		Mexico <sup>2</sup>		Total	
	2011	2012	2011	2012	2011	2012	2011	2012	2011 <sup>2</sup>	2012	2011	2012
Economic recycling	9,945	12,708	63,460	65,270	61	5,590	16,569	19,852	N/A	3,666	90,035	107,086
Environmental recycling	-	-	-	8	5,857	1,027	-	3	N/A	-	5,857	1,038
Landfill	926	957	1,092	1,466	140	-	672	819	N/A	128	2,830	3,370
Construction/remedial waste	-	-	167	-	-	-	-	-	N/A	-	167	0
<b>Total</b>	<b>10,871</b>	<b>13,665</b>	<b>64,719</b>	<b>66,744</b>	<b>6,058</b>	<b>6,617</b>	<b>17,241</b>	<b>20,674</b>	<b>0</b>	<b>3,794</b>	<b>98,889</b>	<b>111,494</b>
Hazardous waste (t) <sup>1</sup>	2011		2012		2011		2012		2011 <sup>2</sup>		2012	
	2011	2012	2011	2012	2011	2012	2011	2012	2011 <sup>2</sup>	2012	2011	2012
Economic recycling	21	25	193	241	-	-	32	32	N/A	-	246	298
Environmental recycling	-	1	62	70	133	-	1,780	1,912	N/A	2	1,975	1,985
Incineration	50	39	808	683	-	-	-	-	N/A	92	858	814
Landfill	-	90	401	288	-	195	147	281	N/A	45	548	899
<b>Total</b>	<b>71</b>	<b>155</b>	<b>1,464</b>	<b>1,282</b>	<b>133</b>	<b>195</b>	<b>1,959</b>	<b>2,225</b>	<b>N/A</b>	<b>139</b>	<b>3,627</b>	<b>3,996</b>

<sup>1</sup> Data from the previous report were reported in kilograms, and not tons, as indicated in the report. This information was adjusted this year. Information on method of waste disposal is provided by the contractors responsible for their destination.

<sup>2</sup> Inclusion of the Mexico unit in the indicator's scope occurred in 2012.  
N/A - not available.

TOTAL WASTE – OTHER UNITS												
Non-hazardous waste (t) <sup>1</sup>	Components		Foundry		Brazil (Electronics)		China (Electronics)		United States <sup>2</sup>		Total	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Economic recycling	534	597	183	107	78	76	27	28	N/A	-	822	808
Environmental recycling	-	2	16	-	0	-	-	-	N/A	-	16	2
Landfill	35	69	14,084	15,065	-	-	2	6	N/A	38	14,121	15,178
<b>Total</b>	<b>569</b>	<b>668</b>	<b>14,283</b>	<b>15,172</b>	<b>78</b>	<b>76</b>	<b>29</b>	<b>34</b>	<b>N/A</b>	<b>38</b>	<b>14,959</b>	<b>15,988</b>
Hazardous waste (t) <sup>1</sup>	2011		2012		2011		2012		2011		2012	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Economic recycling	5	4	4	1	-	2	-	-	N/A	-	9	7
Environmental recycling	6	3	1	3	2	0	1	-	N/A	-	10	6
Incineration	-	8	21	22	-	-	-	0	N/A	1	21	31
Landfill	5	8	27	58	-	1	-	-	N/A	-	32	67
<b>Total</b>	<b>16</b>	<b>23</b>	<b>53</b>	<b>84</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>N/A</b>	<b>1</b>	<b>72</b>	<b>111</b>

<sup>1</sup> Data from the previous report were reported in kilograms, and not tons, as indicated in the report. This information was adjusted this year. Information on method of waste disposal is provided by the contractors responsible for their destination.

<sup>2</sup> Inclusion of the Mexico and United States units in the indicator's scope occurred in 2012.  
N/A - not available.

## Social performance – labor practices and decent work

Disclosure on Management Approach: consult pages 40, 41, 42, 43 and 44.

### Employment

**LA1:** Total number of employees by employment type, employment contract and region

- partial

Between 2010 and 2012, Embraco increased by 30% the total number of employees - considering direct, temporary and outsourced.

Number of employees – Embraco Global		
Employees	2011	2012
For indefinite period	9,932	12,284
Temporaries	1,216	229
Subtotal	11,148	12,513
Outsourced	963	3,283
<b>TOTAL</b>	12,111	15,796

Number of employees														
Employees	Brazil		China		Italy		Slovakia		United States		Mexico		Total	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
For indefinite period	5,427	6,740	1,915	2,232	599	606	1,933	1,995	58	57	N/A	654	9,932	12,284
Temporaries	831	45	94	122	1	9	289	0	1	0	N/A	53	1,216	229
Subtotal	6,258	6,785	2,009	2,354	600	615	2,222	1,995	59	57	N/A	707	11,148	12,513
Outsourced	643	2,120	167	693	24	14	129	456	0	0	N/A	0	963	3,283
<b>TOTAL</b>	6,901	8,905	2,176	3,047	624	629	2,351	2,451	59	57	N/A	707	12,111	15,796

N/A – not available.

**LA2:** Total number and rate of employee terminations by age group, gender, and region

- complete

Number of terminations – Embraco Global		
	2011	2012
Total	1,937	2,489

Number of terminations														
By gender	Brazil		China		Italy		Slovakia		United States		Mexico		Total	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Men	1,078	1,220	399	215	21	7	58	45	6	2	N/A	277	1,562	1,766
Women	253	398	91	117	3	4	26	28	2	0	N/A	176	375	723
By age group														
<30 years	697	1,090	425	215	0	1	28	20	1	0	N/A	153	1,151	1,479
From 30 to 50 years	560	482	65	89	24	8	40	37	6	1	N/A	297	695	914
>50 years	74	46	0	28	0	2	16	16	1	1	N/A	3	91	96
Total	1,331	1,618	490	332	24	11	84	73	8	2	N/A	453	1,937	2,489

Rate of terminations (%) – 2012							
By gender	Brazil	China	Italy	Slovakia	United States	Mexico	Total
Men	18	9.1	1.1	2.3	3.5	39.2	14
Women	5.9	5	0.7	1.4	0	24.9	6
By age group							
<30 years	16.1	9.1	0.2	1	0	21.6	11
From 30 to 50 years	7.1	3.8	1.3	1.9	1.8	42	7
>50 years	0.7	1.2	0.3	0.8	1.8	0.4	1
Total	23.8	14.1	1.8	3.7	3.5	64.1	20

## Relationship between workers and governance

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

● complete

Because of a change in Slovakia's government, the percentage of employees affiliated with unions rose from 8% to 14%. In Brazil, most employees are covered by collective bargaining. The United States doesn't have this type of agreement.

	Brazil		China		Italy		Slovakia		Mexico	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Affiliated with unions (%)	19 <sup>1</sup>	19	89	100	33	35	8	14	N/AV	67
Collective bargaining agreement (%)	98	98	N/A	100	100	100	100	100	N/AV	67

<sup>1</sup> Adjusted value.

N/A - not applicable.

N/AV - not available.

## Work health and safety

**LA7:** Rate of injuries, occupational diseases, lost days, absenteeism, and work-related fatalities by region

● partial

Health and safety* - Total Embraco Global		
	2011	2012
Injury rate	0.94	1.02
Occupational illnesses rate	0.03	0.03
Total days lost	7.53	4.6

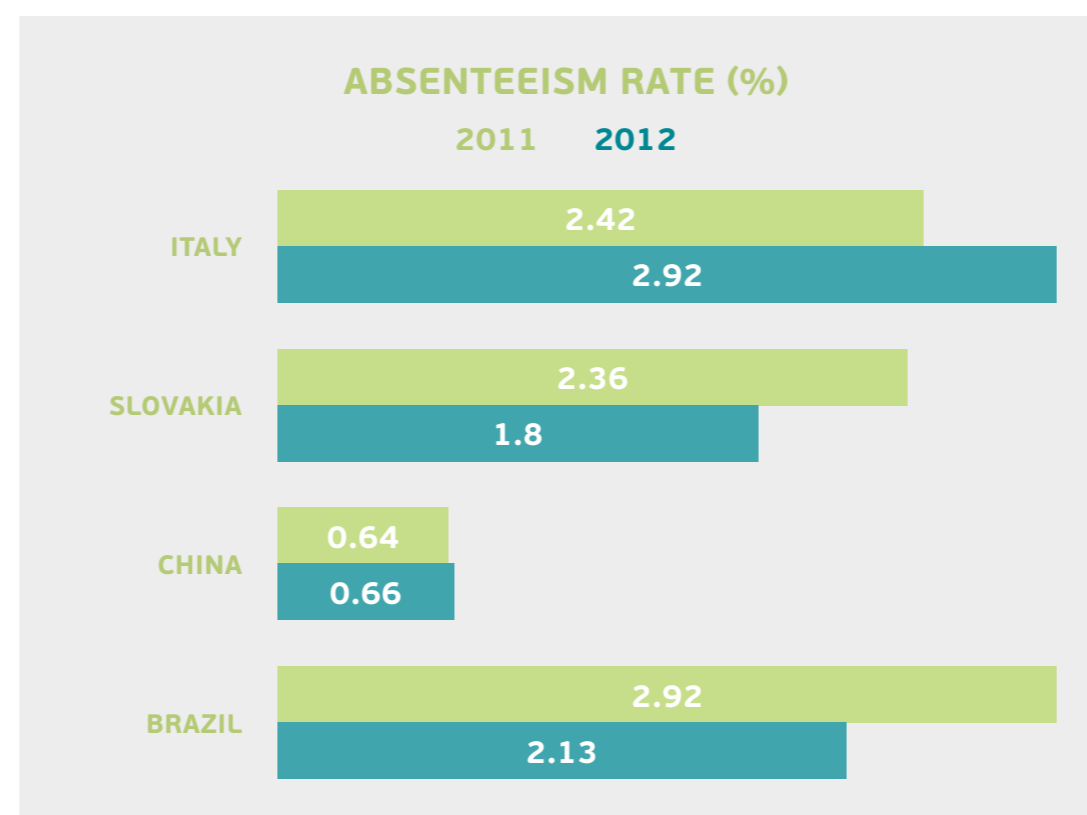
\* In 2012, there were no deaths recorded in Embraco's units.

Health and safety*						
	Injury rate (%)		Occupational illnesses rate (%)		Total days lost	
	2011	2012	2011	2012	2011	2012
Brazil (Compressors)	1.07	1.16	0.03	0.02	5.77	6.71
China (Compressors)	0.79	0.70	0	0	4.68	0.57
China (Electronics)	0.50	0.63	0	0	0	29.17
Italy (Compressors)	2.99	2.31	0	0	35.1	11.6
Slovakia (Compressors)	0.40	0.53	0	0	13.8	1.87
United States	0	0	0	0	0	0
Mexico (Compressors)	N/AV	1.34	N/AV	0	N/AV	6.05
Brazil (Electronics)	N/AV	1.5	N/AV	0	N/AV	0
Components	N/AV	0.52	N/AV	0	N/AV	0
Foundry	N/AV	1.35	N/AV	0.45	N/AV	0.45
Total Embraco Global	0.94	1.02	0.03	0.03	7.53	4.6

\* In 2012, there were no deaths recorded in Embraco's units.

N/AV - not available.

Absenteeism rates of the following units were divulged starting in 2012: China Electronics (1.26%), Brazil Electronics (0%), Components (0%), Foundry (0%) and Embraco Global Total (8.34%).



## Training and education

**LA10:** Average hours of training per year, per employee, broken down by functional category

● complete

Average training (h)*							
	Brazil	Italy	Slovakia	United States	China (Compressors)	China (Electronics)	Mexico <sup>1</sup>
Executives	0	185.5	5.86	0	81.5	6.96	0
Middle management	0.92	1,405.5	5.38	4	91.3	60.72	56
Team	17.54	5,509	1.47	10	54.8	182.46	35
Average per employee	18.46	12	3.13	13	70.1	52.59	8

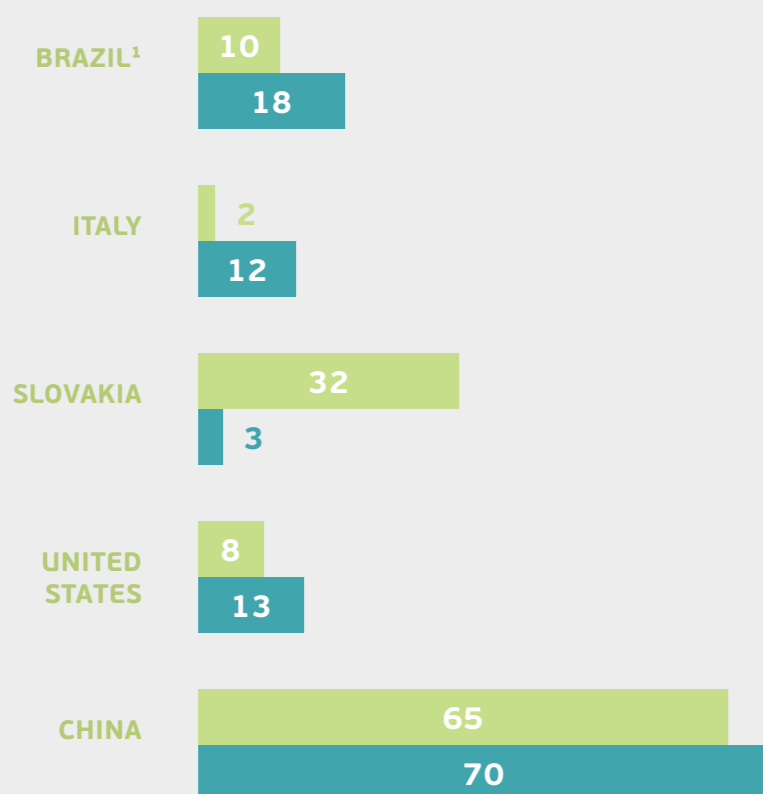
<sup>1</sup> The Mexico unit has few hours of training, because it's a new plant.

\* In 2012, data from the China units (Electronics) and Mexico became part of this indicator's scope. Brazil plants' data are consolidated.



### AVERAGE HOURS OF TRAINING PER EMPLOYEE\*

2011 2012



<sup>1</sup> There is no monitoring by plant.

\*The Mexico unit was included in the indicator's scope only in 2012; therefore there is no historical data.

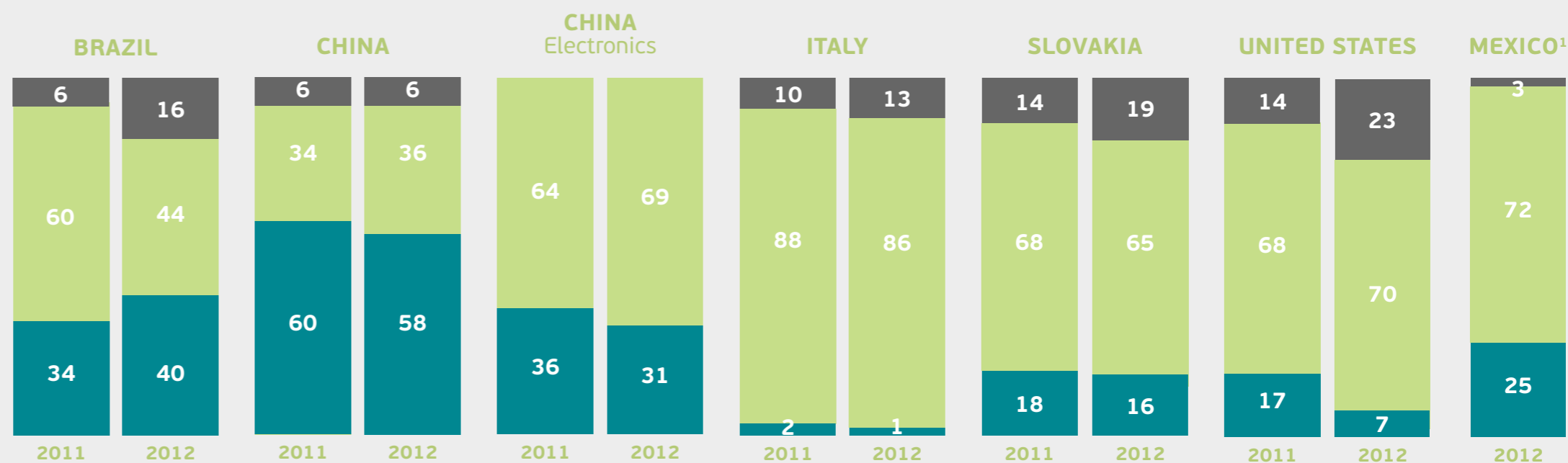
## Diversity and equal opportunity

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

● complete

### AGE DISTRIBUTION OF WORKFORCE (%)

OVER 50 YEARS  
BETWEEN 30 AND 50 YEARS  
UP TO 30 YEARS



<sup>1</sup> Data relating to 2011, when the unit went into operation, aren't available.

People with disabilities (%)*								
	Brazil		China (Compressors)		Italy		Slovakia	
	2011	2012	2011	2012	2011	2012	2011	2012
Executives	2.3	3	0	0	0	0	0	0
Middle management	1.1	1	0	0	0	0	0	1
Teams	5.2	5	0.3 <sup>1</sup>	0.2	2	2.6	1	2

<sup>1</sup> The percentage refers only to people who have a medical examination to prove disability. The number is higher than the official data shows.  
\* United States, China (Electronics) and Mexico units don't have people with disabilities among employees. In the previous report, supervisors were included in the middle management category. In 2012, only leader positions are considered in middle management.

Participation of women in the workforce (%)						
	Executives		Middle management		Teams	
	2011	2012	2011	2012	2011	2012
Brazil	7	8	9	18	24	26
China (Compressors)	29	50	32	40	19	23
China (Electronics)	0	0	33	29	87	84
Italy	0	11	17	26	32	32
Slovakia	13	13	28	32	34	35
United States	0	0	0	30	43	47
Mexico	N/A	0	N/A	16	N/A	37.2

N/A - not applicable.

### LA14 Proportion of base-salary between men and women by functional category

- complete

Salary variations in the same category may occur due to different levels of professional experience.

Salary ratio between men / women								
	Brazil (Compressors)	Italy	Slovakia	United States	China (Compressors)	China (Electronics)	Brazil (Electronics)	Mexico
Executives	85%	71%	98,32%	N/A	114%	N/A	0%	N/A
Middle management	101%	90%	79,93%	82%	91%	76%	88%	97%
Teams	73%	90%	86%	94%	103%	41%	39%	68%

N/A - not applicable.

## Social performance – human rights

Disclosure on Management Approach: consult pages 28 and 29.

### Procurement process

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

- complete

Refer to indicator HR2's response.

**HR2** Percentage of contractors, significant suppliers and other significant business partners that have undergone screening on human rights and the measures taken.

- complete

We have a specific code of conduct for suppliers, in which human rights issues are addressed. From 91% to 100% of suppliers are subjected to this document, depending on the unit. In most of them, they're considered significant contracts that have a value over R\$ 1 million.

Foundry conducted, in 2012, an evaluation with 48 suppliers. Of these, 12.5% were audited in person. In 2013, a new survey will be made, with the aim of evaluating the suppliers' evolution. Also there will be a training meeting focused on items with lower scores.

## Child and forced labor or compulsory labor

**HR6** Operations and suppliers identified as having significant risk for incidents of child labor and measures taken to abolish child labor

- complete

Refer to indicator HR7's response.

**HR7** Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor and measures taken to contribute to eliminate forced or compulsory labor

- complete

We don't have operations with significant risk for incidents of child labor and slave or forced labor. However, we're aware that hiring suppliers involves this type of risk. A control tool used is the Supplier Code of Conduct, which addresses the human rights issue and must be followed by all units. In Brazil Electronics and China Electronics, the supplier qualification process includes audits and visits.

## Social performance - society

Disclosure on Management Approach: consult page 18.

## Corruption

### S02 Units submitted to risk assessments related to corruption

- complete

As Embraco is a subsidiary of Whirlpool Corporation, it must adopt the same practices with regard to the control of risks related to corruption and therefore complies with the Sarbanes-Oxley Act (SOX) requirements.

All internal controls over significant financial reporting are documented. Our internal audit area is responsible for testing internal SOX controls in the areas related to design, performance and efficiency. The information is validated and certified by an external audit on an annual basis. In 2012, 228 controls were audited, in 40% of Embraco's plants.

In 2013, SOX controls will also be implemented in China (Compressors and Electronics). Therefore, 60% of our units will be in accordance with the North American law.

Another important control tool is operational audits. Currently, 100% of the units are subject to periodic review processes. In 2012, there were six operational audits in order to verify the internal control environment.

SOX processes evaluated								
	Brazil		Italy		Slovakia		United States	
	2011	2012	2011	2012	2011	2012	2011	2012
Total	12	13	9	9	9	9	6	6
Percentage of unit's processes	33%	45%	17%	24%	25%	24%	25%	16%

### S03 Percentage of employees trained in anti-corruption policies and procedures

- partial

Our Code of Ethics covers topics such as corruption, money laundering and antitrust actions. It's distributed and properly explained in new employee integration training. Additionally, we have 15 global internal policies that address the theme. In 2012, we trained 1,180 people, including managers, administrative and interns.

Employees trained in anti-corruption procedures – EMBRACO GLOBAL		
	2011	2012
Brazil	21%	59%
China	9%	8%
Italy	26%	28%
Slovakia	13%	33%
United States	80%	91%
Rússia	N/A	80%
Mexico	N/A	98%
Total	17%	47%

N/A – not applicable.

### S04 Measures taken in response to incidents of corruption

- complete

Just as in the last two years, in 2012 there were no cases of corruption identified. We've adopted a number of anticorruption

tools, including the Code of Ethics, the Supplier Code of Conduct and compliance training. Anonymous complaints about corruption can be made through a free hotline, which is available to employees, customers, suppliers and other stakeholders. A specific committee checks, confidentially, all complaints received. The contact numbers are disclosed in the Management and Strategy chapter.

#### Channels for reporting

Brazil: 0800 891 4247

Italy: 800 788 476

Slovakia: 800 961 2419

China: 11 800 711 0475

Mexico: 001 800 961 4262

## Public policies

### S05 Positions regarding public policies

- complete

We actively participate in articulating public policies that contribute to the refrigeration sector's development. Our focus is on formulating guidelines for innovation, energy efficiency and regulation. The company's work is primarily done through senior management's actions in class entities and trade associations.

In the list of organizations that count on our cooperation, are the National Association of Research and Development of Innovative Companies (Anpei), Brazilian Association of Electrical and Electronic Industry (Abinee), Brazilian Association of Technical Standards (ABNT), Federation of Industries of the States of Santa Catarina and São Paulo (Fiesc and Fiesp), National Council of

Scientific and Technological Development (CNPq) and International Electrotechnical Commission (IEC).

### Essential positions taken by these entities

<b>Innovation</b>	We lead a large group of companies that operates in a coordinated manner to create, in Brazil, an environment conducive to innovation. The idea is to discuss and formulate claims on topics such as laws to encourage innovation, the patent system and partnerships between universities and businesses.
<b>Energy efficiency</b>	We work with major energy sector companies (Cemig and Celesc). The focus of these partnerships is to structure research and development along with energy efficiency projects in refrigeration systems.
<b>Regulations</b>	Through representative entities, we monitor policy decisions and bills that impact the refrigeration market.

## Social performance - product responsibility

Disclosure on Management Approach: consult pages 35 and 36.

## Customer safety and health

### PR1 Evaluation of impacts on health and safety during the life cycle of products and services

- complete

From the new product development's initial stages, we work to reduce health and safety risks of employees and customers. We have a list of harmful substances, which must be avoided in our processes and products. Altogether, there are 632 controlled substances. Until 2012, there were 546. Some have already been banned, and others are being eliminated. The process is certified by the QC080000 standard. Tests are also conducted internally and by

external partners, which ensure greater transparency and quality.

During the compressors' development and manufacturing, we make a series of simulations. With the tests, we can detect potential improvement opportunities and avoid failures when the products are in the market. This evaluation is performed on 100% of compressor families, following a representative Statistical sampling.

## Products and services labeling

### PR3: Type of information about products and services required by labeling procedures subject to such requirements

- complete

Concern with harmful substances involves post-consumption. We developed, 12 years ago, the Top Green program, which aims to collect used compressors. Since 2000, we've already removed more than 3 million products from the market. The material is disassembled, and the components are sent for recycling, reuse or proper disposal, preventing damage to the environment. Today, we're able to send for recycling 99% of the total weight of each compressor.

To improve the safety of consumers and customers, we publish the compressor application manual. It includes information about electrical installation, mounting, handling, and storage as well as solutions to the main technical problems that may occur. The content, available on the company website, also provides guidelines on the proper use of the equipment.

We disclose on labels certifications obtained from the regulatory bodies which attests to the models' safety. This is the case of seals:

Underwriters Laboratories (UL), Association for Electrical, Electronic & Information Technologies (VDE), Instituto Argentino de Normalización y Certificación (Iram), Rheinland – Technischer Überwachungs-Verein Rheinland (TUV) and China Quality Certification Centre (CQC). Compressors that contain outsourced components, have a label with different encoding, indicating this special situation.

### PR5: Practices related to customer satisfaction, including survey results

- partial

Since 2012, we've conducted a satisfaction survey with our customers. Through phone calls or email, partners located in more than 30 countries respond to a complete questionnaire, which includes aspects such as purchasing decision, customer recommendation, product quality and performance in addition to technical assistance quality.



# CREDITS

## General coordination

Embraco – Corporate Communication and Sustainability Office

## GRI consultancy, writing and editing

Report Sustentabilidade

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