

# Embraer S.A.

ISIN CODE: BREMBRACNOR4

Overall score 37/100

## Sector: Aerospace Emerging Market

Companies in sector panel: 3

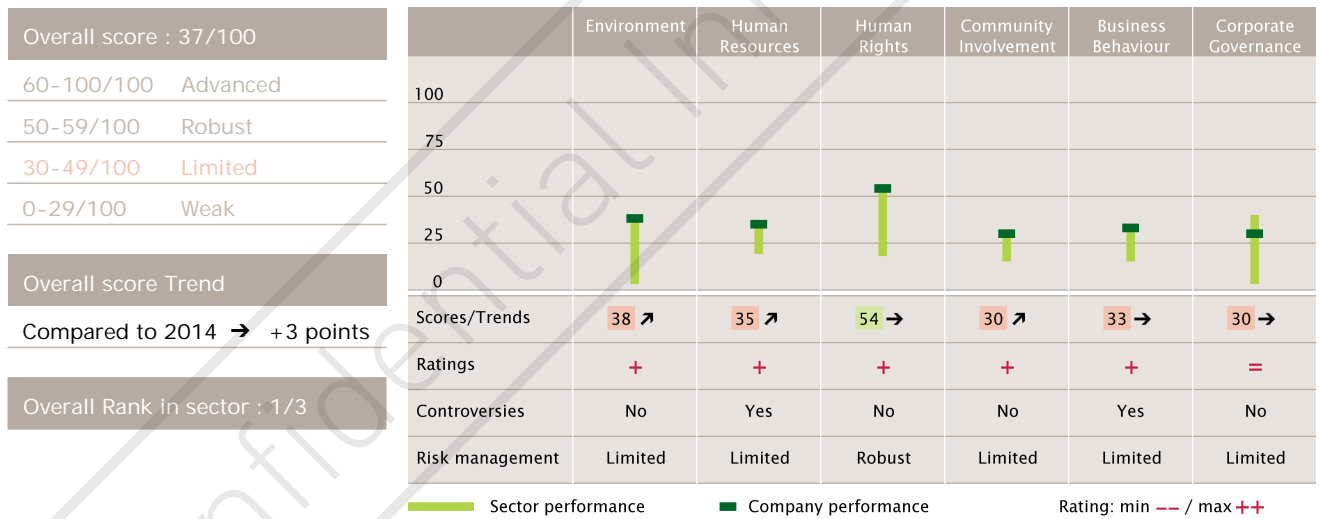
Information rate: 75% (Sector average: 42%)  
Company cooperation level: Not responsive \*

### General information

Embraer SA is a Brazil-based holding company primarily engaged in the manufacture of aircrafts. The Commercial Aviation segment is involved in the development, production and sale of commercial jets, as well as in the provision of support services, with emphasis on the regional aviation industry and aircraft leasing. The Defense and Security Business segment mainly includes the research, development, production and modification of defense aircrafts as well systems and software design. The Company was founded by Ozires Silva on August 19, 1969 and is headquartered in Sao Jose dos Campos, Brazil.

Main Economic Segment**	Turnover 2014
Commercial aviation	50.3 %
Executive aviation	25.3 %
Defence and security	23.2 %

### Overall CSR performance & trends



- Embraer's overall approach to manage its CSR performance is considered to be limited (37/100) in absolute terms. This performance has slightly improved since our last review of the Company (34/100).
- The Company's displays a homogeneous approach to manage its ESG impacts. In fact, the Company exhibits limited performances regarding the Environmental, Governance and Social pillars.
- Embraer has been involved in allegations related to 3 sustainability drivers (Labour relations, Corruption and Product safety). The Company responded to two of the three allegations.

Company inclusion in Vigeo Indices\*\*\* : NO

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\* On a 4-level scale: proactive, responsive, partially responsive, not responsive  
 \*\* See detailed economic indicators in Selected financial data section  
 \*\*\* Based on the most recent Index at the date of publication

## Management of Risks and Opportunities

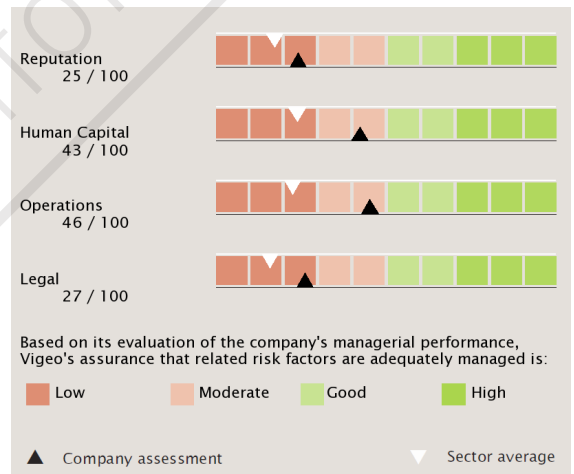
Weight of the Sustainability drivers	Weaknesses		Strengths	
	3	<ul style="list-style-type: none"> <li>Use and disposal of products</li> <li>Reorganisation</li> </ul>	<ul style="list-style-type: none"> <li>Corruption</li> </ul>	<ul style="list-style-type: none"> <li>Human rights and arms proliferation</li> <li>Board of Directors</li> </ul>
2	<ul style="list-style-type: none"> <li>Anti-competitive practices</li> <li>Social and economic development</li> <li>Atmospheric emissions</li> <li>Pollution prevention</li> <li>Product safety</li> <li>Shareholders</li> <li>Executive Remuneration</li> </ul>	<ul style="list-style-type: none"> <li>Audit &amp; Internal Controls</li> <li>Energy</li> <li>Social dialogue</li> <li>Environmental standards in the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Non-discrimination and diversity</li> <li>Waste</li> </ul>	<ul style="list-style-type: none"> <li>Environmental strategy</li> <li>Health and safety</li> </ul>
1		<ul style="list-style-type: none"> <li>Career management</li> <li>General interest causes</li> </ul>	<ul style="list-style-type: none"> <li>Fundamental labour rights</li> </ul>	
	Weak 0 to 29 points	Limited 30 to 49 points	Robust 50 to 59 points	Advanced 60 to 100 points

- **Board independence and functioning** represents an area of potential opportunity for the Company. The composition, structure and duties of Board members are essential elements to an adequate balance of power at Board level. Embraer reports to provide trainings to Board members, and conducts a yearly evaluation of their performance. Thus Vigeo has a good level of assurance on the Company's intentions and efforts to ensure Directors dedication.

- Also, the Company appears to have other areas of opportunity linked to its workforce. As in all industries, the **human capital** is vital for a Company's success. Embraer appears to display strengths in fields related to its workforce, such as **human rights, labour rights and non-discrimination**. But the one that might be the most advantageous for the Company's operations is **health and safety**. In fact, guaranteeing a minimum level of safety to its employees might provide the Company with the satisfaction of retaining employees and avoiding additional fees linked to accidents and injuries. In addition to measures to reduce stress of employees and an OHSAS 18001 certification, Embraer's safety indicators have shown improving trends on the past years which might have impacted positively its operational efficiency.

- The Company reports on developing a comprehensive **environmental strategy** which represents the basis on which accurate actions can be built to mitigate the heavy environmental impacts. However, the overall lack of disclosure on its other commitment linked to its environmental responsibilities such as **atmospheric emissions, pollution prevention and environmental standards in the supply chain** lowers Vigeo's assurance.

- **Corruption prevention and product safety** are areas of potential risk for Embraer since it has faced allegations related to both issues. Also, the lack of formalisation regarding safety of its products and the basic measures reported to prevent corruption lowers Vigeo's assurance on the Company's ability to mitigate associated risks.



\* We consider legal security as an element of a company's tangible or intangible assets. We define legal risk as the potential impact - negative or positive - on these assets, considering the management of CSR issues possibly involving the company's legal responsibility. Under no circumstances should our opinion be construed as a due diligence or an assurance in the meaning of regulations such as, for instance, the Sarbanes-Oxley Act in the USA or the Loi de Sécurité Financière in France

## Company performance in all the Sustainability Drivers

Weight of the Sustainability driver		Overall score 37/100		Trend	Score
		<b>Environment</b>		↗	<b>38</b>
ENV1.1	2	Environmental strategy		→	71
ENV1.2	2	Pollution prevention		→	23
ENV2.2	2	Energy		↗	46
ENV2.4	2	Atmospheric emissions		→	25
ENV2.5	2	Waste		↗	50
ENV3.1	3	Use and disposal of products		→	21
		<b>Human resources</b>		↗	<b>35</b>
HRS1.1	2	Social dialogue		↗	41
HRS2.3	3	Reorganisation		→	12
HRS2.4	1	Career management		↗	43
HRS3.2	2	Health and safety		→	60
		<b>Human rights</b>		→	<b>54</b>
HRT1.1	3	Human rights and arms proliferation		→	58
HRT2.1	1	Fundamental labour rights		→	50
HRT2.4	2	Non-discrimination and diversity		↘	51
		<b>Community involvement</b>		↗	<b>30</b>
CIN1.1	2	Social and economic development		→	29
CIN2.2	1	General interest causes		↗	32
		<b>Business behaviour (c&amp;s)</b>		→	<b>33</b>
C&S1.1	2	Product safety		↘	15
C&S2.3	2	Environmental standards in the supply chain		↗	38
C&S3.1	3	Corruption		→	44
C&S3.2	2	Anti-competitive practices			29
		<b>Corporate governance</b>		→	<b>30</b>
CGV1.1	3	Board of Directors		↗	53
CGV2.1	2	Audit & Internal Controls		↘	47
CGV3.1	2	Shareholders		→	7
CGV4.1	2	Executive Remuneration		→	0

**Weak** (0-29/100)
  **Limited** (30-49/100)
  **Robust** (50-59/100)
  **Advanced** (60-100/100)

⚡ **Involvement in allegations**
⚡ **Involvement in allegations with evidence of corrective measures**

N/R means that this Sustainability Driver is not analysed for this Company

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## Selected financial data

Key data	Revenue	EBIT	Employees
2014	USD 6,288.8m	USD 543.3m	22,301
2013	USD 6,235m	USD 713.4m	21,648
2012	USD 6,167m	USD 611.9	20,150
2011	USD 5,790.9m	USD 318.2m	19,266
2010	USD 5,364.1m	USD 391.7m	18,884

Main shareholders	2016
OppenheimerFunds, Inc	11.1 %
Baillie Gifford & Co.	6.8 %
PREVI (Brazilian federal government)	6.7 %
Brandes Investment Partners LP	6 %
BNDES Participações SA (Brazilian federal government)	5.3 %

Geographical breakdown	Revenue 2014	Employees 2014
North America	48.8 %	nd
Latin America	24.2 %	nd
Europe	14.2 %	nd
Asia Pacific	9.3 %	nd
Other	3.5 %	nd

All Economic Segments	Turnover 2014
Commercial aviation	50.3 %
Executive aviation	25.3 %
Defence and security	23.2 %
Other	1.2 %

## Selected ESG Indicators

	2015
Non-executive Board member(s) responsible for CSR issues	N/A
Executive remuneration linked to CSR performance	N/A
3-year energy consumption trend (normalized to turnover)	↑
Percentage of independent Board members	45
Percentage of women on Board	0
Percentage of women in Executive team	10.6
Percentage of women in workforce	14.7
Percentage of employees covered by collective agreements on working conditions	100
3 year trend for safety at work	↑
Involvement in armament	Yes

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N/A means that the data is not available.

## Involvement in disputable activities: summary

This section is dedicated to disputable activities in which the company is involved. 9 disputable activities are analyzed (see list below) following 30 parameters. Additional analysis and full database access are available as an option.

For more information please contact us at [customer.service@vigeo.com](mailto:customer.service@vigeo.com)

	Level of involvement	% of revenues
<input type="checkbox"/>	Alcohol	%
<input type="checkbox"/>	Animal maltreatment	%
<input type="checkbox"/>	Armament	%
<input type="checkbox"/>	Hazardous chemicals	%
<input type="checkbox"/>	Gambling	%
<input type="checkbox"/>	GMOs in food & feed	%
<input type="checkbox"/>	Nuclear energy	%
<input type="checkbox"/>	Sex industry	%
<input type="checkbox"/>	Tobacco	%

(\* Alcohol, Animal maltreatment, Hazardous chemicals, Gambling, GMOs in food & feed, Nuclear energy, Sex industry, Tobacco : 2014  
Armament : 2015)

A company's level of involvement (Major, Minor, No) in a disputable activity is based on:

- An estimation of the revenues derived from disputable products or services
- The precise nature of the disputable products or services provided by the company

## CSR performance per domain

■ Sector performance  
■ Company performance  
Rating: min -- / max ++

ENVIRONMENT		
	2014	2016
100		
75		
50		
25		
0		
Score		38
Allegations		No
Rating		+
Risk management		Limited

### Key issues

The industry's main environmental impact occurs during the use of aircraft. The civil aviation is responsible for 8% of the worldwide fuel consumption, which implies a major impact on greenhouse effect. The dismantling and recyclability of aircraft components, which is under the responsibility of the aircraft's final assembler also needs to be addressed at design stage. The management of environmental impacts from the use and disposal of products is therefore central in the aerospace sector. Other important issues include the environmental strategy, as industrial processes used entail several pollution risks and the reduction of impacts from energy use since most of these processes are energy intensive.

### Company performance

- Embraer's absolute performance is limited in the Environment domain.
- The Company's performance has improved compared to the previous review (6 points).
- The Company reports on a comprehensive environmental strategy, that tackles all environmental issues at stake for the sector, with quantitative targets backed up with an environmental management system and resources for eco-design. In addition, the Company has shown improvement of indicators linked to CO2 and NOx emissions. However, areas for progress are reported as regards pollution prevention and control, energy use and atmospheric emissions and management of environmental impacts from the use and disposal of products as limited measures are communicated to ensure these responsibilities.
- The Company has not faced allegations in the period under review according to stakeholders' sources.

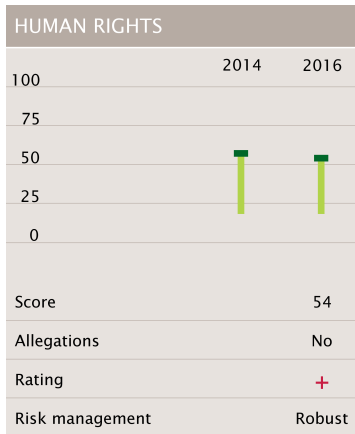
HUMAN RESOURCES		
	2014	2016
100		
75		
50		
25		
0		
Score		35
Allegations		Yes
Rating		+
Risk management		Limited

### Key issues

Given the wave of job cuts in the industry in recent years, one of the key issues for the Aerospace sector is the management of reorganisation. Companies are expected to implement measures to prevent and limit redundancies and to promote the reemployment of dismissed workers. Health and safety is another important issue for the sector as manufacturing activity exposes workers to risks of accidents, professional diseases due to exposure to toxic substances (VOC, nanomaterials, etc.), repetitive movements, and stress. Initiatives in this field will be regarded as key, all the more as companies in the sector are increasingly operating in countries where H&S regulation may be less protective.

### Company performance

- The Company's absolute performance in the Human Resources domain is limited.
- This performance has improved compared to the previous review (8 points).
- Embraer reports on a formalised commitment to address the promotion of labour relations and commits to informing its employees through employee representatives. Also, a robust performance is recorded concerning health and safety conditions thanks to a relevant commitment supported by a dedicated structure and extensive measures to reduce stress at work. Concerning career management, the company has set up an internal job marketplace and reports to provide all its employees with trainings. However, the Company's turnover rate has increased. Embraer fails to report on how it handles reorganisation, in addition its workforce has decreased which lowers its performance.
- The Company has faced conflicts with a union in Brazil; however, it has cooperated with the union until both parties agreed on a solution.

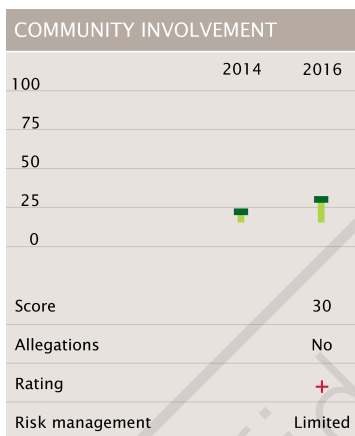


### Key issues

The prevention of human rights violations is the most sensitive human rights issue for the Aerospace sector. Indeed, a lack of controls of arms sales leading to uncontrolled arms proliferation may fuel conflicts, poverty and human rights violations worldwide. Companies involved in or accused of violations of international treaties may face significant reputational damages, given the human rights organization's high credibility and media power. Other issues analysed under this domain are non-discrimination and the respect of basic labour rights.

### Company performance

- Embraer's absolute performance in the Human Rights domain is robust.
- This performance has remained stable compared to the previous review of the Company.
- The Company has set up efficient and permanent measures with regard to the respect for human rights including external audits. Regarding the respect for freedom of association and the right to collective bargaining, Embraer reports on a formalised commitment supported by permanent measures with third party involvement to monitor the respect of freedom of association within its operations. Embraer communicates on efficient measures to support its comprehensive commitment to promoting diversity including measures dedicated to people with disabilities. The Company shows mixed trends regarding the share of women in management positions, which has increased, and the share of people with disabilities which has declined.
- The Company has not faced allegations in the period under review according to stakeholders' sources.

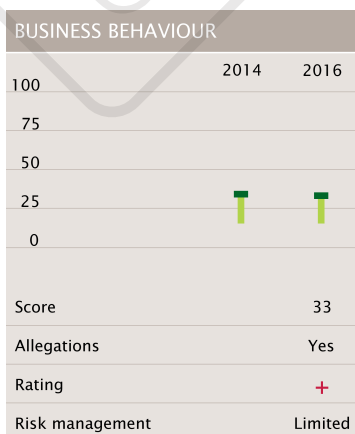


### Key issues

Historically, the Aerospace sector has had significant influence on local communities. The promotion of local social and economic development is therefore the main issue at stake for the sector. If well managed, the development of industrial operations can represent economic and social opportunities for the local communities and positively affect the company's reputation. On the other hand, site closures may have major negative impacts in terms of employment and economic development and thus harm the company's image, if poorly managed.

### Company performance

- Embraer's performance in the Community Involvement domain is limited in absolute terms.
- This performance has improved compared to the previous review of the Company (8 points).
- The Company has disclosed a formalised commitment to ensure the promotion of the social and economic development of areas where it operates, yet it fails to reports on programmes in place toward these responsibilities. Embraer states that it supports general interest causes and reports on efficient measures in this regard including a dedicated foundation, financial support and allowing staff-time. Yet, the Company does not report indicators on contributions to general interest causes.
- The Company has not faced allegations in the period under review according to stakeholders' sources.



### Key issues

Companies in the aerospace sector are in frequent interactions with governments, including in countries where there is little concern for ethical practices. These interactions expose companies to high risks of corruption, all the more as arms export often involves active corruption and bribery to win markets. In addition, given the often oligopolistic structure of the markets in which Aerospace companies operate, the prevention of anti-competitive practices is key for the sector. Vigeo assesses therefore all sector companies on this issue this year.

### Company performance

- Embraer's performance in the Business Behaviour domain is considered to be limited in absolute terms.
- This performance has remained stable compared to the previous review of the Company.
- Although Embraer has disclosed a formalised commitment to ensure the prevention of corruption, a limited performance is recorded because of the limited measures allocated and the absence of reporting on corruption incidents. The general



references made toward the integration of environmental factors in the supply chain and the few measures allocated toward this responsibility account for the weak performance achieved in this sustainability driver. Similarly, the general references and the absence of information on a crisis management system justify the weak performance obtained regarding product safety.

- The Company has faced allegations related to product safety and corruption. The Company reports only on the second one.

CORPORATE GOVERNANCE		
	2014	2016
100		
75		
50		
25		
0		
Score		30
Allegations		No
Rating		=
Risk management		Limited

### Key issues

Corporate governance is critical for ensuring that a well functioning system of checks and balances protects the interests of all of the company's stakeholders. The effectiveness of the Board of Directors is a key issue to be addressed: this can be gleaned from information on Board composition (independence and competencies) and its way of functioning (regularity of Board meetings, evaluation of performance). Other important corporate governance factors include the effectiveness of the Audit and Internal control system, the protection of Shareholders Rights and the establishment of Executive Remunerations which align executives' and company's interests.

### Company performance

- In the Corporate Governance domain, Embraer displays a limited absolute performance.
- This performance has remained stable compared to the previous review of the Company.
- The Company's Board is 45% independent and its chairman is considered to be independent. In addition, the Company reports to provide training to its Directors. The Audit Committee is mostly independent and has a comprehensive role in overseeing internal and external controls, yet CSR risks are not covered. Concerning the respect of shareholders' rights, anti-takeover devices and major voting rights restrictions have been identified. Finally, the Company fails to reports on executive remuneration which lowers its weakens its performance.
- The Company has not faced allegations in the period under review according to stakeholders' sources.

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## Detailed analysis

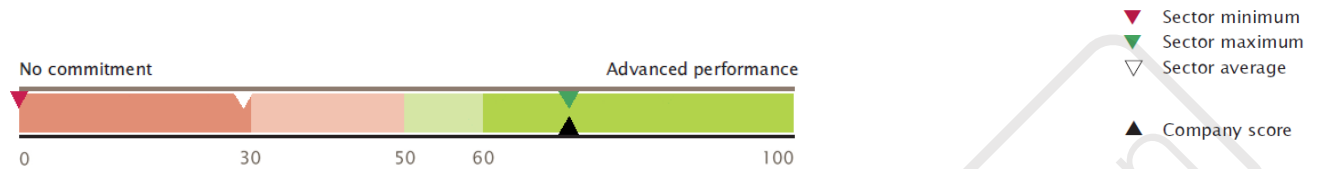
<b>Environment</b>		<b>10</b>
<b>ENV1.1</b>	Environmental strategy and eco-design	10
<b>ENV1.2</b>	Pollution prevention and control (soil, accident)	11
<b>ENV2.2</b>	Minimising environmental impacts from energy use	12
<b>ENV2.4</b>	Management of atmospheric emissions	13
<b>ENV2.5</b>	Waste management	14
<b>ENV3.1</b>	Management of environmental impacts from the use and disposal of products	15
<b>Human Resources</b>		<b>17</b>
<b>HRS1.1</b>	Promotion of labour relations	17
<b>HRS2.3</b>	Responsible management of reorganisations	18
<b>HRS2.4</b>	Career management and promotion of employability	19
<b>HRS3.2</b>	Improvement of health and safety conditions	20
<b>Human Rights</b>		<b>22</b>
<b>HRT1.1</b>	Respect for human rights standards and prevention of arms proliferation	22
<b>HRT2.1</b>	Respect for freedom of association and the right to collective bargaining	23
<b>HRT2.4</b>	Non-discrimination	24
<b>Community Involvement</b>		<b>25</b>
<b>CIN1.1</b>	Promotion of the social and economic development	25
<b>CIN2.2</b>	Contribution to general interest causes	26
<b>Business Behaviour (C&amp;S)</b>		<b>27</b>
<b>C&amp;S1.1</b>	Product Safety (process and use)	27
<b>C&amp;S2.3</b>	Integration of environmental factors in the supply chain	28
<b>C&amp;S3.1</b>	Prevention of corruption	29
<b>C&amp;S3.2</b>	Prevention of anti-competitive practices	31
<b>Corporate Governance</b>		<b>32</b>
<b>CGV1.1</b>	Board of Directors	32
<b>CGV2.1</b>	Audit & Internal Controls	33
<b>CGV3.1</b>	Shareholders	34
<b>CGV4.1</b>	Executive Remuneration	35

## Environment

Score : 38

### ENV1.1 Environmental strategy and eco-design

(score: 71, weight: 2)



#### Visibility of commitment to environmental issues

*The company has issued a formalised commitment to environmental protection in its Code of Ethics, and sets specific targets in this regard. The company reports that it is targeting to reduce its emissions and the use of chemical substances. In addition, the company is a signatory of the Global Compact and communicates on this principle.*

#### Relevance of environmental strategy

*The company commits to all its responsibilities in terms of environmental protection:*

- Pollution prevention and control (soil, accident)
- Minimising environmental impacts from energy use
- Management of atmospheric emissions
- Waste management
- Management of environmental impacts from the use of products (noise, CO2 and NOx emissions)
- Management of environmental impacts from the disposal of products

#### Ownership of commitment

The commitment applies throughout the company, supported by senior management.

#### Means allocated to environmental management

The company has allocated resources to environmental management, including training, communication and monitoring.

#### Coverage of certified environmental management systems

*Embraer units in Brazil are certified by the ISO 14001 norm, however it is unclear if it represents a majority of sites.*

#### Relevance of commitment to eco-design

The company commits to integrate life-cycle analysis conclusions in the design of its products.

**Resources allocated to eco-design**

The company has allocated resources for eco-design and includes eco-design in its R&D processes. In addition, all relevant actors intervening during the lifecycle of the products are involved in this approach. Embraer indicates that it adopted product life cycle management since 2011 and created the Integrated Development of an environmentally Sustainable product programme, that ensures adoption of Design for environment practices during the development of aircrafts. The objectives are to minimize environmental impacts at the materials extraction and processing stages, and to improve environmental performance at the later phases of the product life cycle: operation and disposal. The Company states that it has implemented a methodology for incorporating environmental requirements into new product development, ensuring issues related to pollution emissions, noise, and the use of materials, are taken into account. During Rio+20, on June 19, 2012, an embraer 195 jet manufactured by embraer and operated by azul linhas aéreas Brasileiras, carried out an experimental flight using renewable fuel. The flight was the result of a project that began in 2009. Besides embraer and azul, the project involves amyris, which makes the biofuel, and Ge, which makes the engines. A study by the Institute for International Trade Negotiations into the life cycle of the biokerosene produced by amyris has shown that the sugarcane-based fuel can reduce Co2 emissions by up to 82%, compared to fossil-based kerosene.

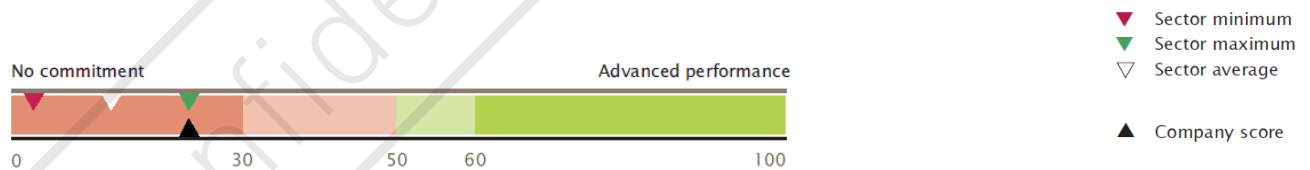
**Coverage of measures allocated to eco-design**

There is no evidence that the company has conducted life-cycle analyses for a majority of its products.

<b>Leadership</b>	<b>86</b>	<b>Implementation</b>	<b>55</b>	<b>Results</b>	<b>N/A</b>
Visibility	100	Means & resources	79	Performance	N/A
Relevance	100	Scope	N/A	Trends	N/A
Ownership	30	Coverage	30		

**ENV1.2 Pollution prevention and control (soil, accident)**

(score: 23, weight: 2)



**Relevance of commitments on pollution prevention and control**

The company's commitments take into account accidental pollution prevention on its own sites.

**Means allocated to pollution prevention and control**

No information is available on resources allocated to pollution prevention and control, however the company has ISO14001 certified sites.

**Coverage**

There is no evidence that the company company has allocated resources to pollution prevention and control at a majority of the company's sites.

**Existence of accidental pollution**

The company does not disclose data on its environmental incidents and nothing was found in public sources.

**Corrective measures after a significant accidental pollution.**

Information obtained from the company and public sources regarding corrective measures taken after a significant accidental pollution is insufficient.

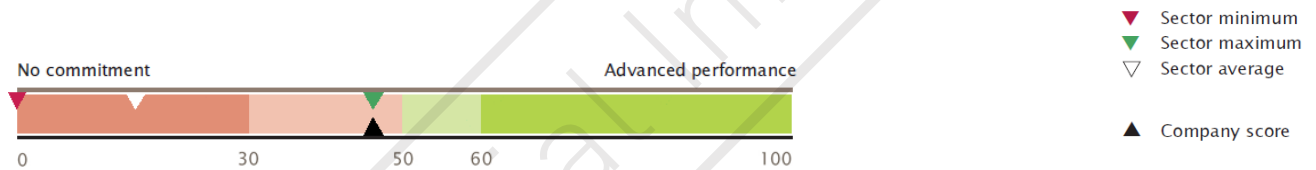
**Rehabilitation of polluted soil**

Information obtained from the company and public sources regarding the rehabilitation of polluted soil is insufficient.

<b>Leadership</b>	<b>30</b>	<b>Implementation</b>	<b>30</b>	<b>Results</b>	<b>8</b>
Visibility	N/A	Means & resources	30	Performance	0
Relevance	30	Scope	N/A	Trends	10
Ownership	N/A	Coverage	30		

**ENV2.2 Minimising environmental impacts from energy use**

(score: 46, weight: 2)



**Relevance of the company's commitment in terms of reducing its energy consumption.**

The company's commitment to reduce its energy consumption is general as no qualified targets are publicly disclosed.

**Relevance of the company's commitment in terms of reducing its energy-related emissions.**

The company has set quantified targets with regard to its energy-related emissions, and these cover the entire group. The company targets to reduce its GHG emissions (scope 1 + 2) by 3% (base year: 2013; target year: unclear).

**Means allocated.**

The company has set up monitoring systems for its energy consumption and related emissions. In addition, it works to optimize its production processes. The company has a heat exchanger, linked to the compressor, to heat the water of the paint shop hence reducing its consumption of natural gas and related GHG emissions.

**Coverage**

The company has taken such measures in a minority of sites. The heat exchanger is implemented in the paint shop at the Faria lima plant, in Sao José dos Campos; resulting in an annual reduction of 589,704 m<sup>3</sup> in consumption of natural gas and 1,217 tons of Co2eq.

**Energy consumption**

The company's indirect energy consumption, normalised to sales, has decreased but not continuously over the past three years by 20% from 0.0442 (GWh / M USD) in 2012 to 0.0388 (GWh / M USD) in 2014.

**CO2 emissions linked to energy consumption (direct AND indirect\*, when applicable)**

The company's CO2 emissions (direct and indirect) linked to energy consumption, normalised to sales, have decreased continuously over the past three years by 8% from 0.0119 (Kt / M USD) in 2012 to 0.0103 (Kt / M USD) in 2014.

**SO2 emissions linked to energy consumption**

The company's SO2 emissions linked to energy consumption, normalised to sales, have increased over the past three years by 94% from 0.0001 (t / M USD) in 2012 to 0.0003 (t / M USD) in 2014.

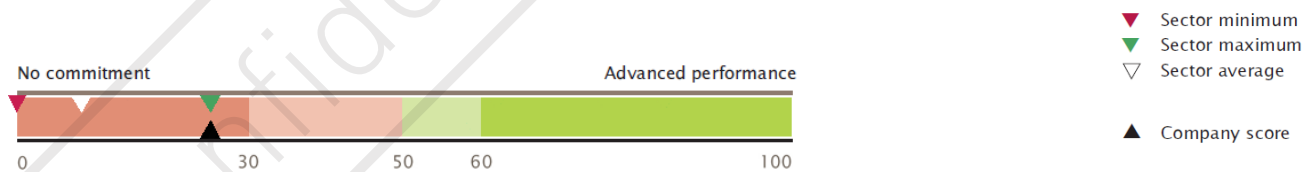
**NOx emissions linked to energy consumption**

The company's NOx emissions linked to energy consumption, normalised to sales, have decreased but not continuously over the past three years by 12% from 0.0157 (t / M USD) in 2012 to 0.0138 in 2014.

<b>Leadership</b>	<b>48</b>	<b>Implementation</b>	<b>51</b>	<b>Results</b>	<b>38</b>
Visibility	N/A	Means & resources	65	Performance	38
Relevance	48	Scope	N/A	Trends	N/A
Ownership	N/A	Coverage	30		

**ENV2.4 Management of atmospheric emissions**

(score: 25, weight: 2)



**Relevance of the company's commitment in terms of reducing its atmospheric emissions.**

The company's commitment to reduce its atmospheric emissions is general as no quantified targets are publicly disclosed.

**Means allocated**

The company has set up monitoring systems for its atmospheric emissions.

**Coverage**

There is no evidence that the company has taken such measures in a majority of sites. Of note, 95 fixed emission sources at the Company's units are monitored twice a year.

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**Volatile Organic Compounds (VOC) emissions**

The company's VOC emissions, normalised to sales, have decreased but not continuously over the past three years by 37% from 0.0058 (t /M USD) in 2012 to 0.0036 (t /M USD) in 2014.

**Greenhouse gas emissions\* NOT RELATED to energy consumption (in CO2 equivalent)**

The company does not disclose quantitative data on greenhouse gas emissions not related to energy consumption.

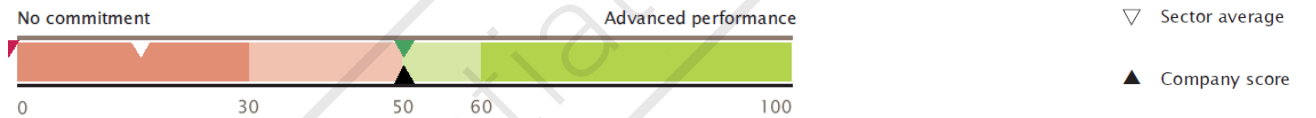
**Ozone Depleting substances\* (in CFC-11 equivalent)**

The company does not disclose quantitative data on ozone depleting substances emissions.

Leadership	30	Implementation	30	Results	15
Visibility	N/A	Means & resources	30	Performance	15
Relevance	30	Scope	N/A	Trends	N/A
Ownership	N/A	Coverage	30		

**ENV2.5 Waste management**

(score: 50, weight: 2)



**Relevance of the company's commitment with regard to its non-hazardous waste production.**

The company has set quantified targets with regard to its non-hazardous waste production, and these cover the entire group. The company is targeting to reduce its generated waste by 3%.

**Relevance of the company's commitment to reducing its hazardous waste production.**

The company has set quantified targets with regard to its hazardous waste production, and these cover the entire group. The company is targeting to reduce its generated waste by 3%.

**Means allocated to waste management**

In addition to monitoring systems and end-of-pipe technologies, the company works to optimise its production processes.

*The company has in place procedures for transporting wastes emitted by the production process. There are also working instructions for correct handling of wastes at the moment they are separated. An outsourced company externally transports the wastes to partners that perform co-processing, decontamination, reuse, recycling, and disposal. Embraer reports that industrial residues such as solvents, lubricating oils, batteries, paint remanants and biological slush, are whether incinerated, recovered or recycled.*

*Also, light fixtures are recycled and decontaminated through an automatic system with a conveyor belt where glass, aluminum and mercury vapor are separated by a vacuum system. The glass is ground and stored in containers for recycling; the mercury is absorbed by activated carbon filters. The ground glass is used as a polishing element in ceramics, the aluminum is recycled and the pure mercury is sold to instrument industries.*

*The residues coming from the painting, chemical machining and compound material manufacturing processes are segregated and separated at the licensed residues center. At the co-processing company the residues undergo the class segregation process, where they are triturated for blend preparation, mixture of residues with high calorific power to feed the cement ovens. The blend may be fed as fuel or as raw material for manufacturing of clinker. This process avoids disposal of hazardous residues in landfills for industrial waste.*

**Coverage**

*There is no evidence that the company has taken such measures at a majority of the company's sites.*

**Non-hazardous waste**

*The company's non-hazardous waste production, normalised to sales, has decreased but not continuously over the past three years by 11% from 0.0021 (Kt / M USD) in 2012 to 0.0019 (Kt / M USD) in 2014.*

**Waste treatment / recycling**

*The percentage of waste reused has decreased over the past three years by 4.42 points from 61.7% in 2012 to 60% in 2014.*

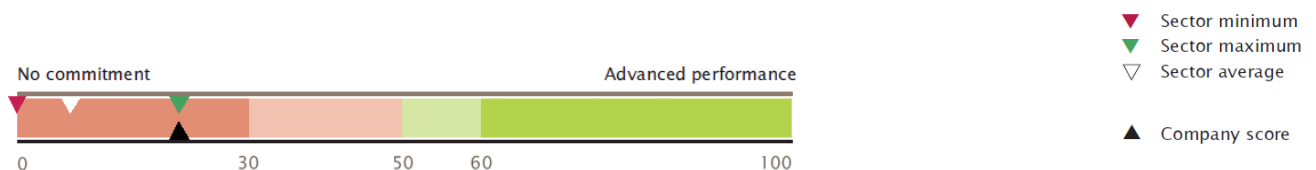
**Hazardous waste**

*The company's hazardous waste production, normalised to sales, has decreased continuously over the past three years by 22% from 0.00054 (Kt / M USD) in 2012 to 0.00042 (Kt / M USD) in 2014.*

<b>Leadership</b>	<b>65</b>	<b>Implementation</b>	<b>51</b>	<b>Results</b>	<b>33</b>
Visibility	N/A	Means & resources	65	Performance	48
Relevance	65	Scope	N/A	Trends	0
Ownership	N/A	Coverage	30		

**ENV3.1 Management of environmental impacts from the use and disposal of products**

(score: 21, weight: 3)





**Relevance of commitments related to the use of products/services.**

*The company's commitment to limit impacts from the use of its products covers its main responsibilities:*

- reduction of CO2 emissions
- reduction of NOx emissions
- reduction of Noise emissions

*However, no quantified targets have been disclosed by the company.*

**Materiality of means on the use of products**

*Means set up by the company include some of the available technical optimisations for its products:*

- *Use of lighter materials: Embraer has a project in place that aims to prioritize the use of composite rather than metallic materials in airplane structures, thus reducing aircraft weight and, consequently, fuel consumption.*
- *Improved aerodynamics: The company has a project for reducing aerodynamic drag focused on reducing fuel consumption by increasing the aircrafts' aerodynamic efficiency.*
- *In-flight optimisation techniques: an aircraft operating manual was developed, providing information for operators on how to reduce fuel consumption and emissions.*
- *R&D on components/engines allowing the use of biofuels: a series of public workshops convened by embraer, Boeing, and the Sao Paulo Research Foundation took place, seeking to create a outline the opportunities and challenges in producing and distributing biofuels in the aviation market.*

**Coverage with regard to measures affecting the use of the product**

*There is no evidence that the company has taken these measures in a majority of its product portfolio.*

**Share of products with a reduced impact**

*The company does not disclose data on the share of its products that have a reduced environmental impact.*

**Relevance of commitments related to the disposal of products.**

*The company's commitment to limiting impacts related to the disposal of its products is general as no quantified targets are publicly disclosed.*

**Materiality of means on the disposal of products.**

*Information obtained from the company and public sources regarding means allocated to limiting the environmental impacts related to the disposal of its products is insufficient.*

**Coverage with regard to measures affecting the elimination of the product**

**Share of products that are collected and reused**

*The company does not disclose data on the share of its products that are collected or reused.*

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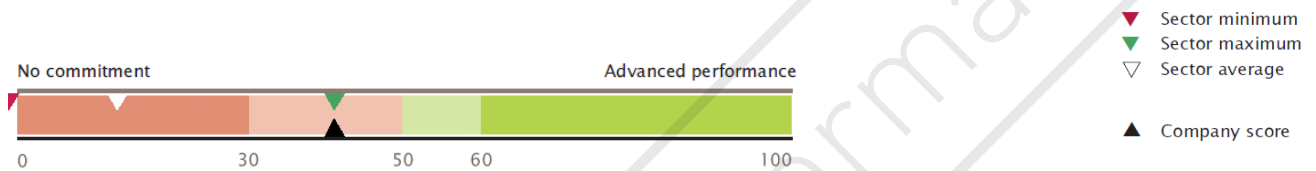
<b>Leadership</b>	<b>48</b>	<b>Implementation</b>	<b>15</b>	<b>Results</b>	<b>0</b>
Visibility	N/A	Means & resources	15	Performance	N/A
Relevance	48	Scope	N/A	Trends	0
Ownership	N/A	Coverage	15		

## Human Resources

Score : 35

### HRS1.1 Promotion of labour relations

(score: 41, weight: 2)



#### Visibility of commitment

The company has issued a formalised commitment to promote labour relations in its Code of Ethics.

#### Relevance of commitment

The company commits to informing its employees through the employee representatives.

#### Ownership of commitment

The commitment applies throughout the company, supported by senior management.

#### Coverage of employee representative bodies

Information obtained from the company and public sources regarding the percentage of sites where employee representation structures are in place is insufficient.

#### Subjects covered by collective bargaining

Collective bargaining between the company and employee representatives deals with subjects related to the employment conditions, including:

- health & safety
- training
- career development.

#### Employee representative bodies in countries with restrictive legislation

Information obtained from the company and public sources regarding how the company promotes employee representation in countries with restrictive legislations is insufficient.



**Quality of social dialogue**

The company has faced conflicts. According to an article published by Reuters on November 2014, workers at an Embraer manufacturing site went on strike demanding a 10% wage hike. The union had said that the offer of a 7.4% raise was not sufficient as inflation in Brazil is running at about 6.5 percent annually.

**Company's responsiveness**

The company reports transparently on the existence of this allegation and in addition has taken corrective actions to address them: Embraer said that the strike stopped it from delivering planes, processing bills and conducting other "critical operations" after union workers blocked factory doors. In addition, it was reported that the Company made a first offer of 7.4% salary raise which was not accepted by the union. After that the Company approved a 9.88% raise.

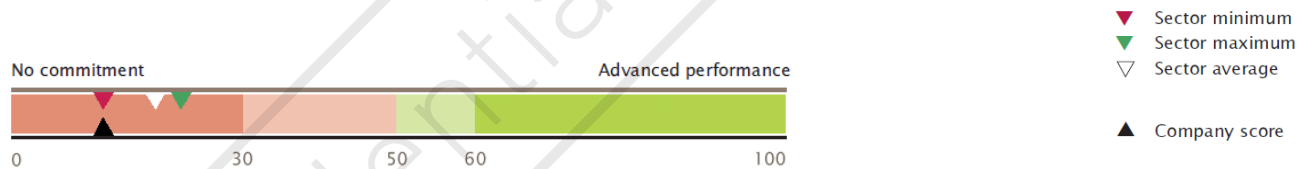
**Coverage of collective agreements on working conditions**

Collective agreements on working conditions cover a 100% of employees.

Leadership	37	Implementation	13	Results	74
Visibility	65	Means & resources	0	Performance	74
Relevance	30	Scope	65	Trends	N/A
Ownership	30	Coverage	0		

**HRS2.3 Responsible management of reorganisations**

(score: 12, weight: 3)



Embraer S.A. does not report any information about any employees' layoffs during the period under review, and no information was found in the media about any restructurings carried out by the Company.

**Relevance of commitment to manage reorganisations responsibly**

The company does not disclose any commitment to manage reorganisations responsibly.

**Involvement with employee representatives**

The company does not disclose any commitment to inform and consult employee representatives on reorganisations.

**Means allocated to prevent and manage reorganisations**

Information obtained from the company and public sources regarding measures allocated to prevent and manage reorganisations is insufficient.

**Coverage**

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

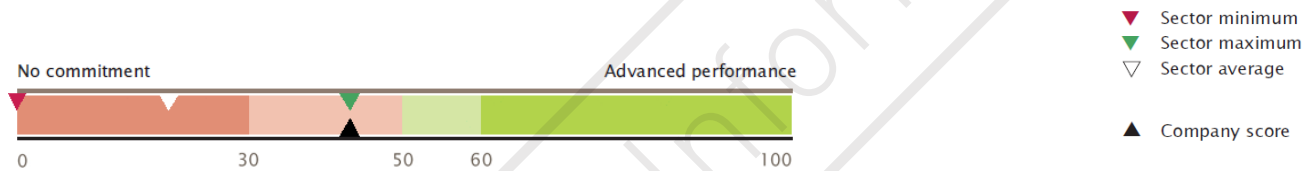
**Result of the company's commitment to manage reorganisations responsibly**

*The information on reorganisations recently conducted by the company is insufficient, moreover its workforce has decreased since 2013.*

<b>Leadership</b>	<b>0</b>	<b>Implementation</b>	<b>0</b>	<b>Results</b>	<b>35</b>
Visibility	<b>N/A</b>	Means & resources	<b>0</b>	Performance	<b>35</b>
Relevance	<b>0</b>	Scope	<b>N/A</b>	Trends	<b>N/A</b>
Ownership	<b>0</b>	Coverage	<b>0</b>		

**HRS2.4 Career management and promotion of employability**

(score: 43, weight: 1)



**Visibility of commitment**

*The company makes some general statements promoting career management and training in its 2014 Annual Report.*

**Relevance of commitment**

*The company's commitment to promoting career management and training only addresses part of its responsibilities:*

- Adapt employees' skill sets to their career paths
- Enable the progressive improvement in employees' qualification levels

**Ownership of commitment**

*The Head of HR is not part of the company's Board or Executive Committee. However it is unclear whether line managers are evaluated on their performance in terms of HR management.*

**Career management systems**

*The company has set up an internal job opportunity marketplace. Moreover, the company has developed career management schemes. The company has in place internal mobility, whether via promotions (vertical growth) or lateral movement (horizontal growth). Also, Embraer offers employees who are about to retire the post-Career program, which includes a series of initiatives, such as: the life Development project; Financial planning; entrepreneurialism and having one's own Business; Being a Volunteer; and Social Media and networks.*

**Coverage of career management systems**

*There is no evidence that these career management systems cover a majority of the company's employees.*

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**Types of training provided to non-managers**

The training programmes are mostly aimed at adapting employees' skills to the requirements of their current position.  
*Embraer awards grants to partially cover the cost of courses relevant to the business (technical or university training).*

**Means allocated to training for all employees**

*The number of training hours per employee has decreased by 17% over the past five years, from 42.94 in 2010 to 35.61 in 2014.*

**Mobility / turnover**

*The employee turnover rate has increased by 1.2 points over the past five years from 5.5% in 2010 to 7.2% in 2014.*

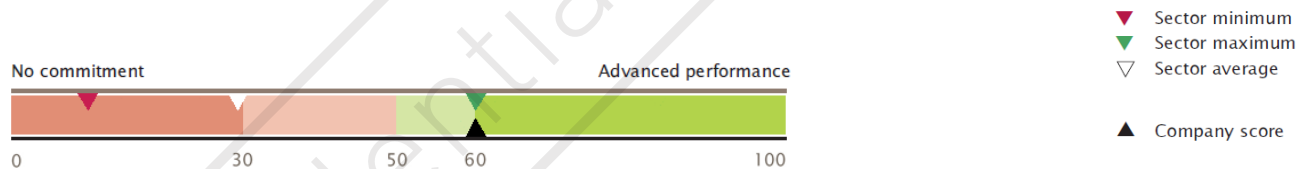
**Training delivered during the year under review**

All the company's employees received training during the year under review.

<b>Leadership</b>	<b>30</b>	<b>Implementation</b>	<b>40</b>	<b>Results</b>	<b>60</b>
Visibility	<b>30</b>	Means & resources	<b>50</b>	Performance	<b>60</b>
Relevance	<b>30</b>	Scope	<b>30</b>	Trends	<b>N/A</b>
Ownership	<b>30</b>	Coverage	<b>30</b>		

**HRS3.2 Improvement of health and safety conditions**

(score: 60, weight: 2)



**Visibility of health & safety commitments**

*The company has made a formalised commitment to health and safety issues in its Code of Ethics, , and has set up quantitative targets in this regard. The company's target is to reduce the Lost Time Injury Rate (LTIR) by 30% and to have all its industrial units OHSAS 18001 certified.*

**Relevance of commitment**

*The company's commitment only addresses part of its responsibilities:*  
 - reduce the number of work accidents and their severity  
 - ensure awareness about health and safety issues

**Ownership of commitment**

*The commitment applies throughout the company, supported by senior management. In addition, responsibility for commitments is allocated to a dedicated structure. The Health and Safety Committee meets once a month to address matters relating to health and safety, and organizes the annual Internal accident prevention Week.*

**Means allocated to health and safety** *The company has allocated means to address these issues, including a certified health and safety system:*

- *Awareness raising programmes: Based on feedback from employees and mid-level management, the Five Golden rules for health and Safety were formulated. They have received the explicit support of the Company's management; and both leaders and employees are directly involved in putting health and safety rules into practice on a daily basis.*
- *Internal monitoring: The company monitors the absenteeism rate and the accident frequency rate.*
- *Risk assessments: The company has in place a Behavioral Program, characterized by teamwork, and is completed by appropriate employees who are trained to monitor risk behaviors on a daily basis.*
- *internal H&S audits: which are included in the OHSAS certification.*
- *OHSAS 18001 certifications: The company has achieved OHSAS 18001 international occupational health and safety certification.*

**Coverage of health and safety system** *There is no evidence that the health and safety measures cover the majority of the company's employees.*

**Means allocated to reduce stress at work** *The company has allocated extensive to address stress at work, including:*

- *Awareness raising for employees: Embraer has a number of programs focusing on the occupational health and quality of life of its employees and their families. For instance, the Well-being without Stress program encourages a review of habits and reflection on how to manage daily stress, via weekly meetings with a multidisciplinary team consisting of a psychologist, doctor and nutritionist, who together develop a practical guide to managing stress.*
- *Measures to improve ergonomics: In partnership with the Federal university of São Carlos, the project has developed a project in order to to identify, study and develop solutions to ergonomic risk factors on jobs in the operational areas.*
- *Job redesign: With professionals specialized in physical therapy, the company has developed "Embraer Occupational Therapy Program" which purpose is to prevent possible injuries, working on muscular conditioning and improvements in executing work tasks.*

**Coverage of means allocated to address mental health** *Information obtained from the company and public sources regarding the percentage of employees that benefit from means allocated to address mental health is insufficient. Of note, in 2012, 82 employees attended the Well-being without Stress. However, there is no evidence that the remaining measures allocated to address mental health cover the majority of the company's employees.*

**Accident frequency rate** *The frequency rate has decreased continuously over the past five years by 63%, from 16.33 (/200,000 hwkd) in 2010 to 6 (/200,000 hwkd) in 2014.*

**Accident severity rate** *The company's severity rate has decrease continuously over the past three years by 10% from 35.71 (incident/200,000 hwkd) in 2012 to 32.05 (incident/200,000 hwkd) in 2014.*

**Other health and safety indicators** *The rate of absenteeism has increased by 1.32 points from 3.38% in 2010 to 4.7% in 2012. No updated information has been published.*

**Stakeholders' feedback** *A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.*

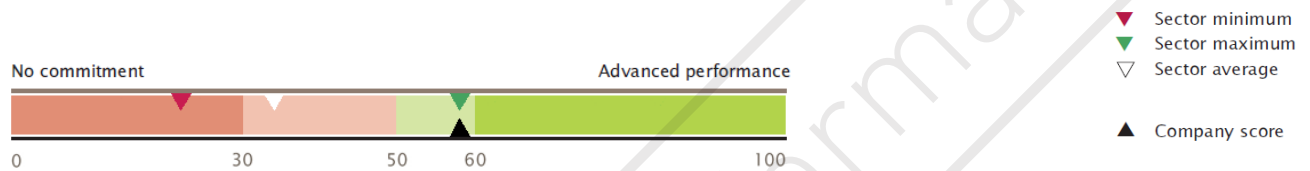
<b>Leadership</b>	<b>67</b>	<b>Implementation</b>	<b>52</b>	<b>Results</b>	<b>60</b>
Visibility	<b>100</b>	Means & resources	<b>77</b>	Performance	<b>60</b>
Relevance	<b>30</b>	Scope	<b>N/A</b>	Trends	<b>N/A</b>
Ownership	<b>65</b>	Coverage	<b>15</b>		

## Human Rights

Score : 54

### HRT1.1 Respect for human rights standards and prevention of arms proliferation

(score: 58, weight: 3)



The Company has operations in Brazil rated as "Free" in terms of political rights and civil liberties by Freedom House.

#### Visibility of commitment

*The company has issued a formalised commitment to respect and promote human rights in society in its Code of Ethics. Also, the company is a signatory of the Global Compact and communicates on this principle.*

#### Relevance of commitment

*The company's commitment to respect and promote human rights in society is general.*

#### Ownership of commitment

The commitment applies throughout the company, supported by senior management.

#### Means allocated

*The company has set up a permanent system, with third-party involvement, to prevent complicity in human rights violations, that includes:*

- Confidential reporting system: In case of non-compliance with the terms described in the Code of Ethics, including the non-respect of human rights, Embraer has a confidential, safe and anonymous mechanism (Channel for Harmful Practices) which allows employees to inform about the non-compliance or potential distortion noticed in regards to the contents of the Code.
- External audits: All denunciation are automatically sent to an independent external auditing company, that after a preliminary analysis, submits them to the "Ethics Committee" that analyzes and recommends the applicable corrective actions.

#### Coverage

*There is no evidence that the company has set up such systems in all of its operations facing the highest risks in terms of human rights abuses.*



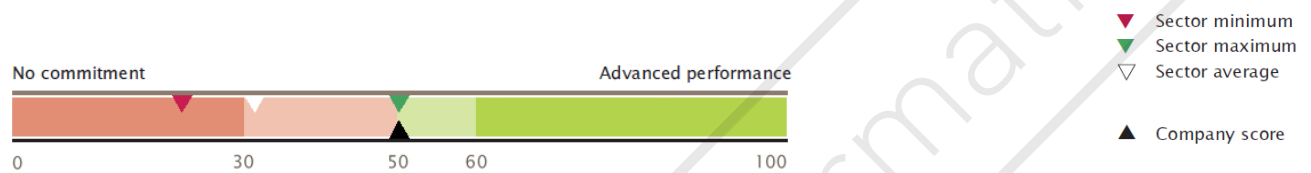
**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

<b>Leadership</b>	<b>37</b>	<b>Implementation</b>	<b>72</b>	<b>Results</b>	<b>65</b>
Visibility	<b>65</b>	Means & resources	<b>100</b>	Performance	<b>65</b>
Relevance	<b>30</b>	Scope	<b>N/A</b>	Trends	<b>N/A</b>
Ownership	<b>30</b>	Coverage	<b>30</b>		

**HRT2.1 Respect for freedom of association and the right to collective bargaining**

(score: 50, weight: 1)



The Company operates in Brazil rated as sensitive in the 2015 ITUC annual survey of violation of Trade Union Rights.

**Visibility of commitment**

*The company has issued a formalised commitment to freedom of association and the right to collective bargaining in its Code of Ethics. Also, the company is a signatory of the Global Compact and communicates on this principle.*

**Relevance of commitment**

*The company's commitment generally addresses freedom of association and the right to collective bargaining.*

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management.

**Monitoring**

*The company has implemented permanent measures, with third-party involvement, to monitor the respect of freedom of association within its operations:*  
 - External audits: All denunciations are automatically sent to an independent external auditing company, that after a preliminary analysis, submits them to the "Ethics Committee" that analyzes and recommends the applicable corrective actions.

**Promotion of collective bargaining**

*Information obtained from the company and public sources regarding measures in place to inform employees about their trade union rights is insufficient.*

**Coverage**

*There is no evidence that the company has set up such systems in all of its operations facing the highest risks in terms of labour rights.*

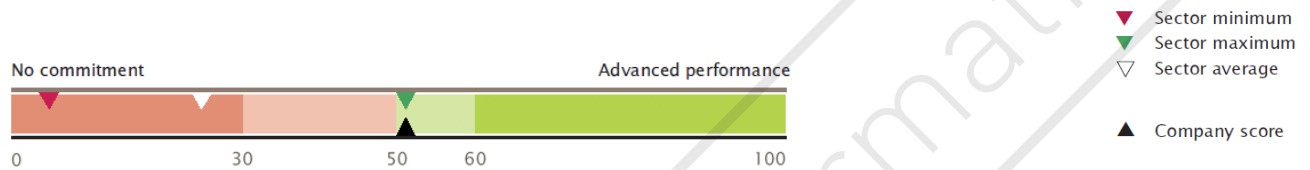
**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

<b>Leadership</b>	<b>37</b>	<b>Implementation</b>	<b>49</b>	<b>Results</b>	<b>65</b>
Visibility	<b>65</b>	Means & resources	<b>57</b>	Performance	<b>65</b>
Relevance	<b>30</b>	Scope	<b>N/A</b>	Trends	<b>N/A</b>
Ownership	<b>30</b>	Coverage	<b>30</b>		

**HRT2.4 Non-discrimination**

(score: 51, weight: 2)



**Visibility of commitment**

The company has issued a formalised commitment to non-discrimination in its Code of Ethics. Also, the company is a signatory of the Global Compact and communicates on this principle.

**Relevance of commitment**

The company's commitment to non-discrimination explicitly defines most of the categories and the management processes to which these apply:

- gender;
- race, ethnicity, nationality;
- social background ;
- religion ;
- sexual orientation;
- family responsibilities;
- disabilities;
- political opinion;
- age;
- sensitive medical conditions;
- Discrimination in employment decisions (hiring / promoting / redundancies).

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management.

**Means allocated**

The company has set up a few measures to prevent discrimination:

- Confidential reporting system: In case of non-compliance with the terms described in the Code of Ethics, including discrimination, Embraer has a confidential, safe and anonymous mechanism (Channel for Harmful Practices) which allows employees to inform about the non-compliance or potential distortion noticed in regards to the contents of the Code.
- Affirmative action programmes: In 2012, Embraer's path to Diversity program was created with the objective of increasing the number of people with disabilities on the company's payroll. In partnership with the Company-School Integration Center and the national Industrial apprenticeship Service, a hundred people with disabilities are undergoing theoretical and practical training to become trainees in administrative and auxiliary production positions.

**Coverage**

The company has set up programmes to promote diversity (affirmative action programmes) in a majority of its operations. The Embraer's path to Diversity program is in place in Brazil, which represents 90.5% of the workforce.

**Results in terms of gender distribution**

The share of women in management positions has increased but not continuously over the past five years by 2.42 points from 8.16% in 2010 to 10.58% in 2014.

**Results in terms of employment of persons with disabilities**

The share of persons with disabilities in the total workforce has declined over the past three years by 0.78 percentage points from 4.88% in 2012 to 4.10% in 2014.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

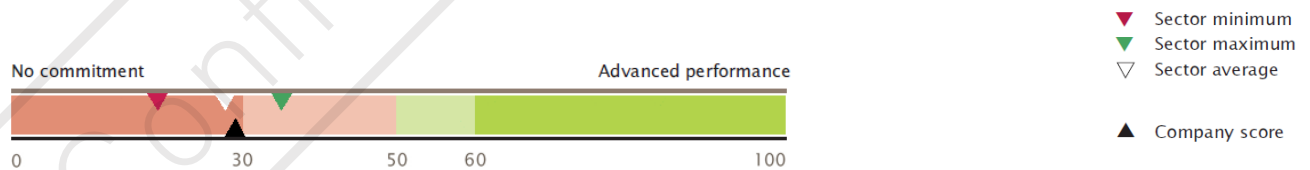
<b>Leadership</b>	<b>65</b>	<b>Implementation</b>	<b>48</b>	<b>Results</b>	<b>41</b>
Visibility	<b>65</b>	Means & resources	<b>30</b>	Performance	<b>65</b>
Relevance	<b>100</b>	Scope	<b>N/A</b>	Trends	<b>32</b>
Ownership	<b>30</b>	Coverage	<b>65</b>		

**Community Involvement**

Score : 30

**CIN1.1 Promotion of the social and economic development**

(score: 29, weight: 2)



**Visibility of the policy**

The company makes references to promote local social and economic development in its 2014 Annual Report. However, the visibility of this policy is lowered by its absence of formalisation.

**Relevance of commitment**

The company's commitment to promote local social and economic development addresses only part of its responsibilities:  
 - Promote the creation and development of local businesses

**Ownership of commitment** *It is unclear who is responsible for the company's commitment.*

**Means allocated** *The company has allocated some means to address social and economic development, including:  
- Actions to support the creation of local businesses: the company reports that it has been running entrepreneurship programs aimed at young students.*

**Geographical coverage** *There is no evidence that these means are allocated in the majority of company sites.*

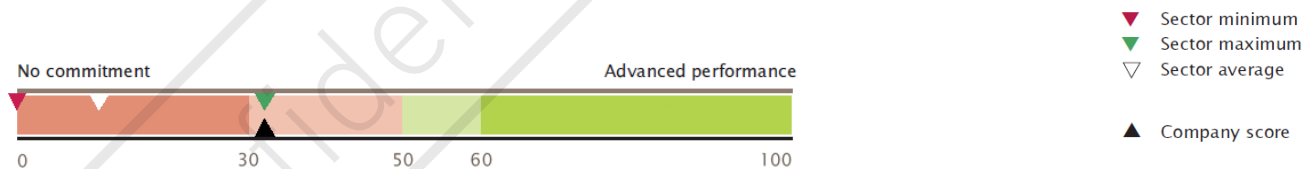
**Performance trend** *The company does not report indicators on social and economic development.*

**Stakeholders' feedback** *A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral*

<b>Leadership</b>	<b>21</b>	<b>Implementation</b>	<b>30</b>	<b>Results</b>	<b>35</b>
Visibility	<b>30</b>	Means & resources	<b>30</b>	Performance	<b>65</b>
Relevance	<b>30</b>	Scope	<b>N/A</b>	Trends	<b>0</b>
Ownership	<b>0</b>	Coverage	<b>30</b>		

**CIN2.2 Contribution to general interest causes**

(score: 32, weight: 1)



**Relevance of commitment** *The company's commitment to supporting general interest causes addresses some of the relevant issues for the sector:  
- Education.*

**Ownership of commitment** *The commitment applies throughout the company, supported by senior management. In addition, the Embraer Education and Research Institute employees are directly involved.*

**Means allocated**

The company has allocated some means to general interest causes, including:

- Financial support: through its Social Partnership Program, Embraer provides financial support to a variety of educational projects developed by non-governmental organizations in the communities where the company is present.
- Dedicated foundation: in 2001, Embraer established the Embraer Education and Research Institute to promote education in order to achieve the development of society.
- Allowing staff time: Embraer encourages its employees to participate in volunteer projects.

**Geographical coverage**

There is no evidence that these measures cover all of the company's sites.

**Trend in contributions to general interest causes**

Information obtained from the company and public sources regarding the company's contributions to general interest causes is insufficient to determine a trend. Of note, the company reports that it has invested BRR 21 million in social programmes in Brazil during 2014.

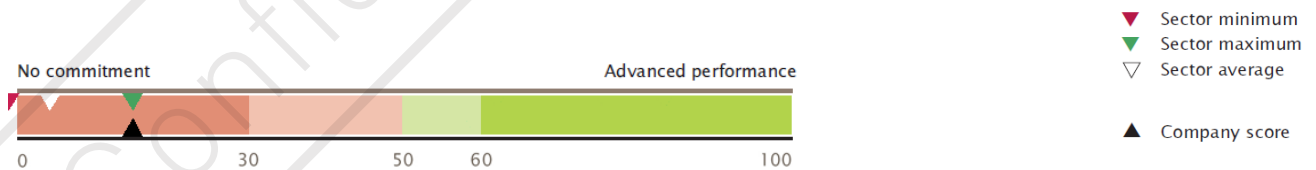
<b>Leadership</b>	<b>65</b>	<b>Implementation</b>	<b>30</b>	<b>Results</b>	<b>0</b>
Visibility	N/A	Means & resources	30	Performance	N/A
Relevance	65	Scope	N/A	Trends	0
Ownership	65	Coverage	30		

**Business Behaviour (C&S)**

Score : 33

**C&S1.1 Product Safety (process and use)**

(score: 15, weight: 2)



**Visibility of commitment**

The company has made references to product safety in its 2014 Annual Report.

**Relevance of commitment**

The company's commitment addresses product safety.

**Ownership of commitment**

It is unclear who is responsible for the company's commitment.

**Product safety management systems**

The company has allocated some resources to ensure product safety that include:  
 - Quality management system (ISO 9001): Embraer has held ISO 9001 since 1996.  
 - External audit: the civil aviation authorities evaluates new products and updates of already-certified projects that are released to operators only after formal demonstration of the safety requirements and the resulting approval by the authorities.

**Crisis management system**

Information obtained from the company and public sources regarding crisis management system is insufficient.

**Coverage**



**Stakeholders' feedback**

The company has faced an allegation during the period under review (campaigns): stakeholders raise concerns. According to an article published by the Jakarta Post on February 2016, a light-attack and trainer turboprop aircraft, made by Sao Paolobased Embraer SA, crashed into a house belonging to a local resident named Mujianto shortly after leaving Abdul Rachman Saleh Airbase in Malang for a test flight. The incident killed four people, including the plane's pilot and onboard technician. The Debris have been removed, however investigations continue.

**Company's responsiveness**

The company does not report comprehensively on its response to this allegation.

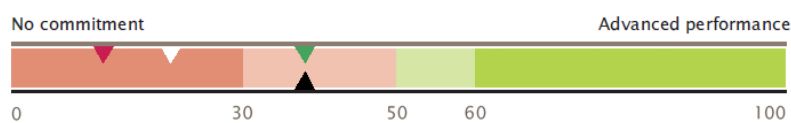
**Tranparency and trends of indicators relative to product safety**

The company does not disclose any indicator relative to the outcomes of its product safety policy.

<b>Leadership</b>	<b>24</b>	<b>Implementation</b>	<b>11</b>	<b>Results</b>	<b>11</b>
Visibility	30	Means & resources	15	Performance	15
Relevance	30	Scope	N/A	Trends	0
Ownership	0	Coverage	0		

**C&S2.3 Integration of environmental factors in the supply chain**

(score: 38, weight: 2)



- ▼ Sector minimum
- ▼ Sector maximum
- ▽ Sector average
- ▲ Company score

**Visibility of commitment** *The company has issued a formalised commitment to including environmental factors in supply chain management in its Code of Ethics, and set specific targets. The company reports that its goal is to reduce the percentage of suppliers classified as highly environmentally risky to 0%.*

**Relevance of commitment** *The company's environmental requirements for suppliers are general and refer only to applicable laws or corporate environmental policies.*

**Ownership of commitment** The commitment applies throughout the company, supported by senior management.

**Means allocated** *The company has set some measures to include environmental factors in supply chain management:*  
*- Integration of environmental issues into contractual clauses: all Embraer suppliers sign an environmental responsibility agreement and must adhere by Embraer's Code of Ethics.*  
*- Supplier assessments: Embraer conducts evaluations to suppliers to stop supplying the company when considered high risk.*

**Coverage** *There is no evidence that those measures cover all of the company's sites.*

**Audits of suppliers/subcontractors** *The company includes environmental aspects in its standard quality audits of suppliers. Embraer provides specific evaluations as well as audits for suppliers that are considered to be critical providers of environmental.*

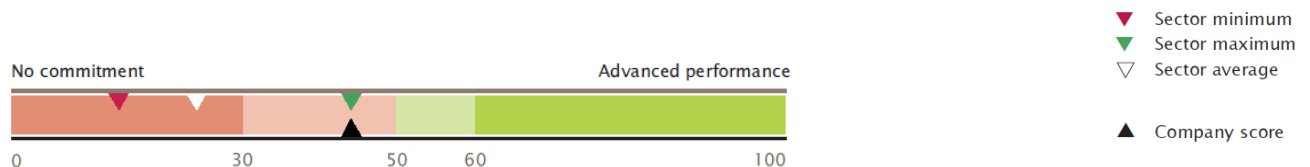
**Share of corrective measures vs problems uncovered** The company does not disclose quantitative data on the share of environmental problems in the supply chain that were addressed by corrective measures.

**Stakeholders' feedback** A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.


Leadership	48	Implementation	30	Results	35
Visibility	100	Means & resources	30	Performance	35
Relevance	30	Scope	N/A	Trends	N/A
Ownership	30	Coverage	30		

**C&S3.1 Prevention of corruption**

(score: 44, weight: 3)



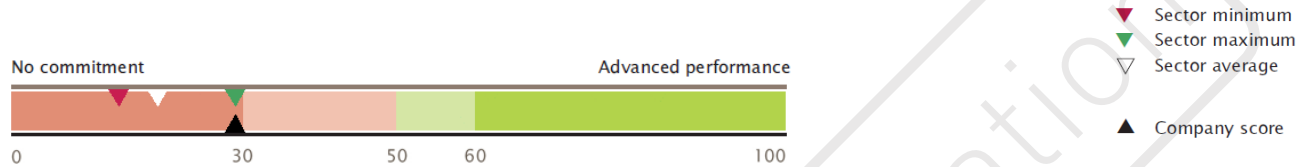


<b>Visibility of commitment</b>	<i>The company has issued a formalised commitment to preventing corruption in its Code of Ethics. In addition, Embraer is a signatory of the Global Compact and communicates on this principle.</i>
<b>Relevance of commitment</b>	<i>The company's commitment to preventing corruption addresses only part of its responsibilities:</i> <ul style="list-style-type: none"> <li>- bribery</li> <li>- money laundering</li> <li>- extortion</li> </ul>
<b>Ownership of commitment</b>	<i>The commitment applies throughout the company, supported by senior management. In addition, the Compliance Department is responsible for the oversight and implementation of this policy.</i>
<b>Involvement of employees</b>	<i>The company has instituted formal training programmes for relevant employees on corruption prevention. The company reports that it has trained more than 11,000 employees on anti-corruption policies.</i>
<b>Means allocated</b>	<i>The company has set up internal controls to prevent corruption that include:</i> <ul style="list-style-type: none"> <li>- The possibility to contact internal audit, legal or compliance departments directly &amp; confidentially</li> <li>- A dedicated hotline and email address: the company reports that it has put in place a helpline where employees can report any concern or complaints.</li> </ul>
<b>Coverage</b>	<i>The measures implemented cover all significant parts of the company as well as sales agents.</i>
<b>Reporting</b>	<i>The company discloses quantitative data on the corruption incidents reported internally: the company states that 184 incidents were filed during 2014.</i>
 <b>Stakeholders' feedback</b>	<i>The company has faced an allegation during the period under review (judiciary processes): stakeholders raise concerns. According to an article published by Reuters on May 2015, Embraer SA has entered talks with the U.S. Department of Justice aimed at closing an anti-corruption investigation launched in 2010 for alleged bribes made in the Dominican Republic. It was reported that, Brazilian authorities have also filed a criminal action against eight Embraer employees accusing them of bribing officials in the Dominican Republic in return for a USD 92 million contract to provide the country's armed forces with attack planes.</i>
<b>Company's responsiveness</b>	<i>The company reports transparently on the existence of this allegation: Embraer said an eventual resolution of the matter with the Justice Department could lead to sanctions, adding that it was impossible to predict how long the discussions would take or what result they would produce.</i>

<b>Leadership</b>	<b>48</b>	<b>Implementation</b>	<b>53</b>	<b>Results</b>	<b>30</b>
Visibility	<b>65</b>	Means & resources	<b>48</b>	Performance	<b>30</b>
Relevance	<b>30</b>	Scope	<b>N/A</b>	Trends	<b>N/A</b>
Ownership	<b>65</b>	Coverage	<b>65</b>		

**C&S3.2 Prevention of anti-competitive practices**

(score: 29, weight: 2)



**Visibility of commitment**

*The company has issued a formalised commitment to prevent anti-competitive practices in its Code of Ethics.*

**Relevance of commitment**

*The company's commitment to preventing anti-competitive practices addresses part of its responsibilities:  
- industrial espionage*

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management.

**Involvement of employees**

*Information obtained from the company and public sources regarding reporting involvement of employees in preventing anti-competitive practices is insufficient.*

**Means allocated**

*Information obtained from the company and public sources regarding reporting mechanisms to monitor anti-competitive behaviour is insufficient.*

**Coverage**

**Reporting**

The company does not disclose any quantitative data on the number or nature of antitrust incidents reported internally.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

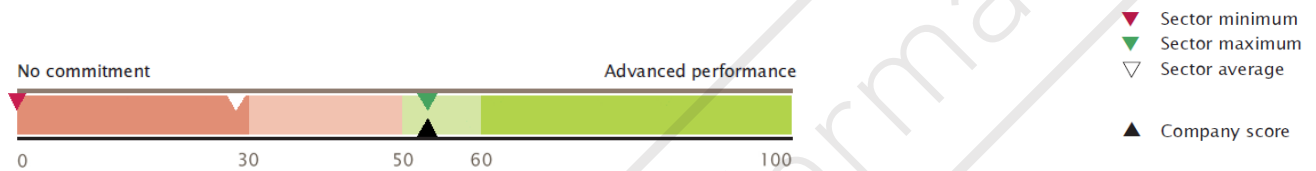
<b>Leadership</b>	<b>44</b>	<b>Implementation</b>	<b>0</b>	<b>Results</b>	<b>43</b>
Visibility	<b>65</b>	Means & resources	<b>0</b>	Performance	<b>43</b>
Relevance	<b>30</b>	Scope	<b>N/A</b>	Trends	<b>N/A</b>
Ownership	<b>30</b>	Coverage	<b>0</b>		

## Corporate Governance

Score : 30

### CGV1.1 Board of Directors

(score: 53, weight: 3)



#### Existence and independence of Nomination Committee

A specific committee is in place, however information disclosed on its members is insufficient as the information reported in the website and the annual report do not match.

#### Independence of board Chairman

In accordance with standards advocated by Vigeo, the roles of Chairman and CEO are separated, and the Chairman is considered independent.

#### Total % of independent shareholder-elected board members

The board is between 34 and 50% independent, which is slightly less than the recommended level.  
Five of the 11-member Board are considered independent.

#### Skills and backgrounds of non-executive board members

Non-executive board members have complementary and relevant skills and backgrounds.

#### Training and expertise provided to board members

Training is provided upon joining the board.  
At the time a new Director is elected, he or she will undergo a training program, coordinated by the Human Resources Committee, in order to gain a basic knowledge about the Company, its business, products, culture, as well as the strategies in place and the issues that are relevant to the company.

#### Regularity of and attendance at board meetings

Regular meetings are held, but no attendance rates are disclosed.  
The company indicates that Board meetings are held eight times during each year.

#### Regular election of board members

Board members are elected at least every 3 years.  
Board members are eligible for re-election following 2-year terms.

**Evaluation of board functioning and performance**

Performance is evaluated regularly, but with no disclosure on the results.  
*The company reports that every year a formal evaluation will be conducted to assess the performance of each Director, including the Chairman of the Board, the Board as a corporate body, and its Committees. Such evaluation will be carried out by the Human Resources Committee with the help of an outside expert adviser, and the procedures to be followed will be endorsed by the Board. The basis for evaluation of the proficiency of a Director includes familiarity with the By-laws of the Company, basic knowledge of corporate finance and knowledge of the domestic and international economy.*

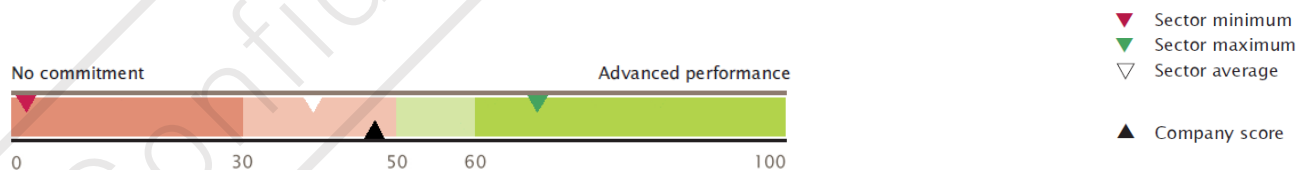
**Review of CSR issues at board meetings**

*CSR issues were formally reviewed at the board level during the last fiscal year; however it is unclear whether non-executive board member are part of the Sustainability Committee.*

Non-independent board members (excl. employee representatives)	Role	Current or Former Executive	More than 9 years on board	Stock options or warrants	Paid >1/2 executive salary	Owens or represents >3% company's shares	Other
Antonio Franciscangelis Neto	Human Resources Committee						Represents the Brazilian Government
Arno Hugo Augustin Filho							Considered non-independent by the company
Ernani de Almeida Ribeiro Junior							Considered non-independent by the company
Paulo Roberto de Oliveira							Considered non-independent by the company
Samir Zraick	Audit and Risk Committee		X				
Vitor Paulo Camargo Gonçalves							Considered non-independent by the company

**CGV2.1 Audit & Internal Controls**

(score: 47, weight: 2)



**Existence and independence of Audit Committee**

All members are non-executive directors, and the majority are independent.  
*Three members of the 4-member Audit Committee are considered independent.*

**Skills and backgrounds of Audit Committee members**

*Members appear to have financial and audit experience as well as relevant operational experience.*

**Operational and CSR risks covered by the company's internal controls system**

The system covers the standard issues related to financial, operational, and legal risks.

**Role of the Audit Committee in overseeing internal and external controls**

The Audit Committee does not oversee CSR risks but has a comprehensive role that includes:

- Oversee internal audit and internal controls
- Review accounting policies and be responsible for updates
- Nominate the statutory auditor
- Oversee the work of the external auditor
- Approve the type of audit and non-audit services provided and fees paid to the external auditor

**Independence of the firm's external auditors**

*Information obtained from the company and public sources regarding the independence of the firm's external auditors is insufficient.*

**Inclusion of CSR issues in company reporting**

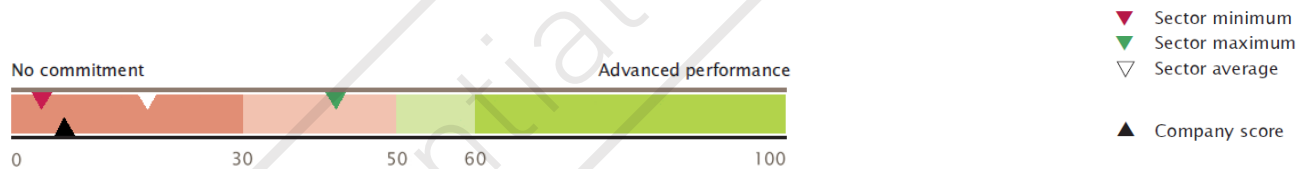
*The company publishes significant social and environmental reporting, with quantitative indicators, but this reporting is not reviewed by a 3rd party.*

**Reliability of the company's internal controls system**

A review of stakeholder sources did not reveal any allegations for internal control failures against the company during the period under review: stakeholders' feedback is neutral.

**CGV3.1 Shareholders**

(score: 7, weight: 2)



**Voting rights restrictions**

Major voting rights restrictions have been identified.  
*The golden share, held by the Federative Republic of Brazil, is entitled to the same voting rights as the holders of common shares. In addition, the golden share entitles the holder thereof to veto rights over several corporate actions.*

**Existence of anti-takeover devices**

Anti-takeover devices have been identified.  
*The golden share entitles the holder thereof to veto rights over the transfer of control.*

**Ability to add items to the agenda of the AGM and to convene an EGM.**

*Information obtained from the company and public sources, regarding the ability to add items to the agenda of the AGM and to convene an EGM, is insufficient.*

**Access to voting at General Meetings**

There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

**Governance and CSR items put to a vote at General Meetings**

Not all major items are put to a shareholder vote. In particular, shareholders are not given the opportunity to express an opinion on executive remuneration through a (non-binding) shareholder vote.

*The following items are not put to a vote at the AGM:*

- Changes in capital (increases, buy-backs)
- Changes to bylaws
- Selection of external auditors

**Voting results of the latest AGM**

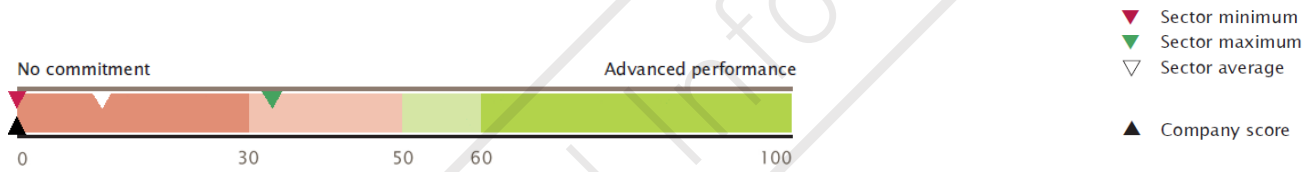
*Information obtained from the company and public sources regarding voting results of the latest AGM is insufficient.*

**Feedback from shareholders and other stakeholders on the company's corporate governance performance**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

**CGV4.1 Executive Remuneration**

(score: 0, weight: 2)



**Existence and independence of Remuneration Committee**

No specific committee is in charge of executive remuneration, which might raise concerns.

**Disclosure of senior executives' individual remuneration**

Disclosure of individual executive remuneration data for senior executives is insufficient.

**Link between Short Term Incentive Plans and the economic and CSR performance of the company**

There is no disclosure on what rules guide the company in allocating bonuses and other short-term incentives to senior executives.

**Link between the main Long Term Incentive Plan and the economic performance of the company**

There is no disclosure on what rules guide the company in allocating stock options and other long-term incentives to senior executives, and what performance conditions are attached to the right to exercise these incentives.

**Severance pay for senior executives**

*Information obtained from the company and public sources regarding severance pay for senior executives is insufficient.*

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## Allegations and controversies

Domain	Sustainability driver	Page
<b>HRS</b>	HRS1.1 - Promotion of labour relations	18
<b>C&amp;S</b>	C&S1.1 - Product Safety (process and use)	28
<b>C&amp;S</b>	C&S3.1 - Prevention of corruption	30

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## Detailed Scores And Ratings

### Current and previous ratings

Period	Environment	Human Resources	Human Rights	Community Involvement	Business Behaviour (C&S)	Corporate Governance
2016/03	+	+	+	+	+	=
2014/03	+	+	+	+	+	=

### Scores per domain

Domain	Average score	Leadership	Implementation	Results
Environment	38	51	37	14
Human Resources	35	30	21	54
Human Rights	54	46	60	57
Community Involvement	30	36	30	23
Business Behaviour (C&S)	33	42	27	30
Corporate Governance	30	30	36	24

### Scores per criteria

Sub-domain	Criterion	Score
Environment 1	1	71
	2	23
Environment 2	2	46
	4	25
	5	50
Environment 3	1	21
Sub-domain	Criterion	Score
Human Resources 1	1	41
	3	12
Human Resources 2	4	43
	2	60
Human Resources 3	2	60
	4	60
Sub-domain	Criterion	Score
Human Rights 1	1	58
	1	50
Human Rights 2	1	50
	4	51

Sub-domain	Criterion	Score
Community Involvement 1	1	29
	2	32
Community Involvement 2	2	32
	1	15
	3	38
Business Behaviour (C&S) 1	1	15
	3	38
Business Behaviour (C&S) 2	1	44
	2	29
Business Behaviour (C&S) 3	1	44
	2	29
Sub-domain	Criterion	Score
Corporate Governance 1	1	53
	1	47
Corporate Governance 2	1	47
	1	7
Corporate Governance 3	1	7
	1	0
Corporate Governance 4	1	0
	1	0

General Overview

Position versus  
sector peers Rest of the World

	Environment	Human Resources	Human Rights	Community Involvement	Business Behaviour (C&S)	Corporate Governance	Overall score
CNE1000001Y8 AviChina Industry & Technology Co. Ltd.	-	-	-	-	-	+	17
<b>BREMBRACNOR4 Embraer S.A.</b>	<b>+</b>	<b>+</b>	<b>+</b>	<b>+</b>	<b>+</b>	<b>=</b>	<b>37</b>
KR7047810007 Korea Aerospace Industries Ltd.	-	-	-	=	-	-	11

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