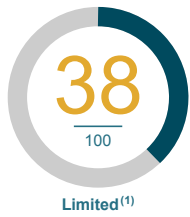


## Company and Sector Performance

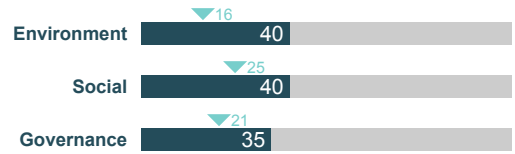
Company performance    Sector average performance    Sector performance

### ESG OVERALL SCORE

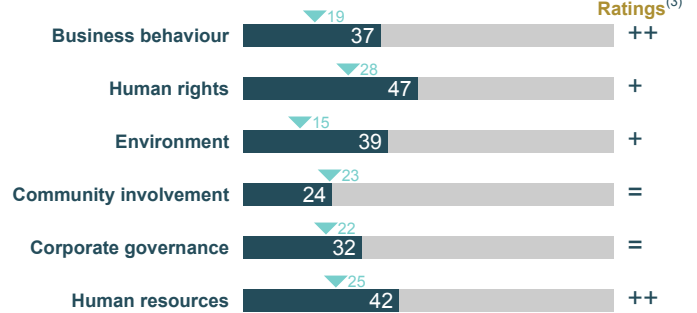


Information rate	83%
sector average	45%
Cooperation level <sup>(2)</sup>	Not responsive
High severity controversies	Yes
Rank in Sector	1/3
Rank in Region	101/890
Rank in Universe	893/4453

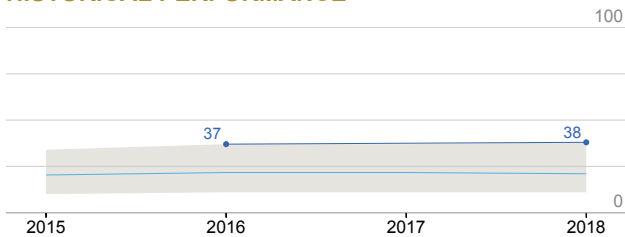
### ESG PERFORMANCE (/100)



### 6 DOMAINS PERFORMANCE (/100)



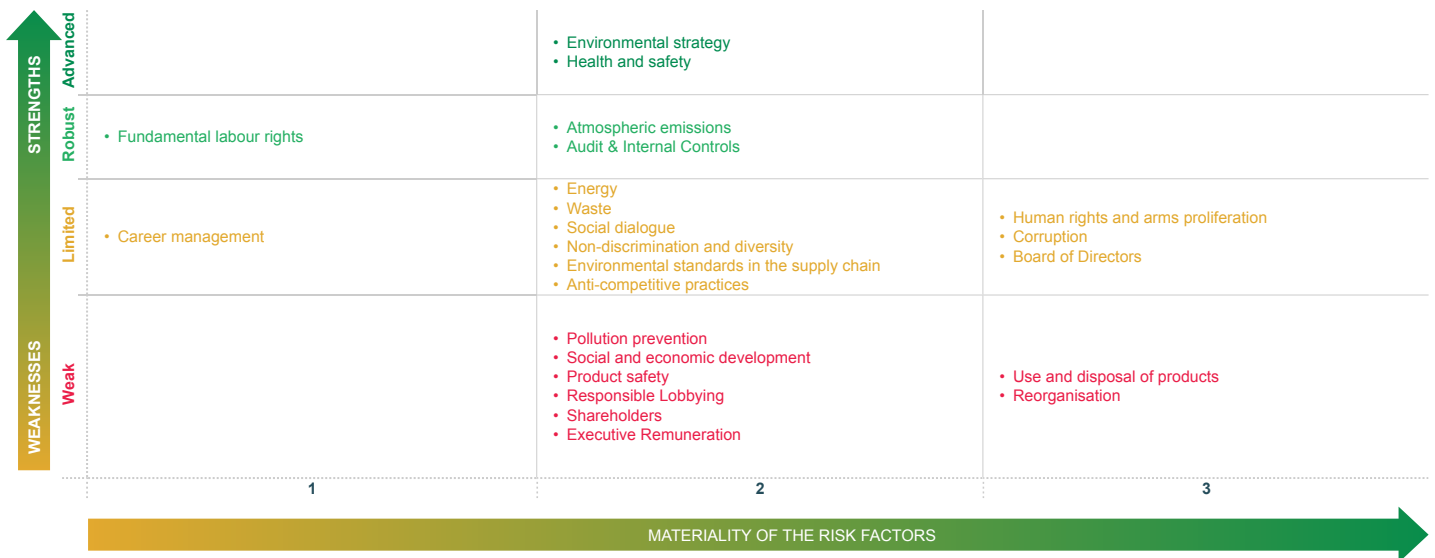
### HISTORICAL PERFORMANCE



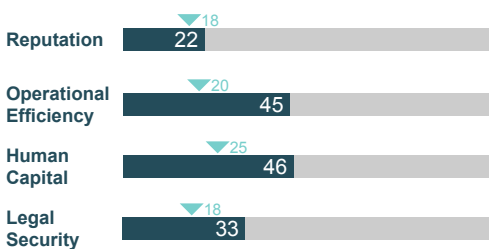
Company inclusion in Vigeo Eiris indices<sup>(4)</sup>: No

## Management of risks and opportunities

### MATERIALITY & PERFORMANCE MATRIX



### RISK MITIGATION INDEX (/100)



### ANALYST FOCUS

TOPIC	COMMENT	TREND
Reorganisations	Embraer underwent restructuring processes that reportedly affected around 5,000 workers during 2016 and 2017. Although the Company seems not to make a commitment to mitigate the impacts of reorganisations, Embraer now reports on significant measures implemented in this regard.	↗
Environmental Performance	Even though the Company's environmental performance has remained stable overall, its management of atmospheric emissions has increased significantly while its approach to waste management has apparently deteriorated. These changes are mainly attributable to Embraer's performance indicators on these issues.	→
Fundamental Human Rights	Although the Company still reports on a formalised commitment to address this issue, it seems that only basic measures, namely an awareness-raising programme, appear to be in place to support its commitment.	↘

## Carbon Footprint and Energy Transition\*

"The Carbon Footprint & Energy Transition research provides an assessment of a company's carbon footprint combined with the strategy to manage risks and opportunities related to the transition to a low carbon economy. NI (No Info) is used to indicate that the information is not available."

### CARBON FOOTPRINT



SCALE	EMISSIONS (T CO2 EQ)	CATEGORIES
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

### ENERGY TRANSITION SCORE



ENERGY TRANSITION SCORE	CATEGORIES
60-100	Advanced
50-59	Robust
30-49	Limited
0-29	Weak

## Goods and services contributing to sustainable development\*

"Sustainable Goods & Services research provides a positive screening on companies to identify business activities devoted to sustainable solutions."



INVOLVEMENT	CATEGORIES
>=50%	Major
20-49%	Significant
0-19%	Minor
0%	None

## Involvement in controversial activities\*

"The Controversial Activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs."

Involvement in controversial activities: Not available in this version

### Screened Areas:

- Alcohol
- Animal welfare
- Chemicals of concern
- Civilian firearms
- Fossil fuels
- Gambling
- Genetic engineering
- High interest rate lending
- Military
- Nuclear power
- Pornography
- Reproductive medicine
- Tobacco

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

(1) Performance level: weak (0-29/100), limited (30-49/100), robust (50-59/100), advanced (60-100/100)  
 (2) Cooperation level on a 4-level scale: proactive, responsive, partially responsive, not responsive  
 (3) Ratings outline companies' benchmarked domain performance within a sector, on a 5-level scale: "-", "=", "+", "++", "+++" (4) Indices: based on the most recent indices at the date of publication. More details on vigeo-eiris.com.

Company performance in all the Sustainability Drivers

		Weight	Overall score 38/100				Trend	Score	Leadership	Implementation	Results
			<b>Environment</b>				→	39	59	33	16
E	ENV3.1	3	Use and disposal of products				→	21	48	15	0
E	ENV1.1	2	Environmental strategy				→	67	86	48	N/A
E	ENV1.2	2	Pollution prevention				→	27	30	30	22
E	ENV2.2	2	Energy				→	43	65	51	14
E	ENV2.4	2	Atmospheric emissions				↗	54	65	30	66
E	ENV2.5	2	Waste				↘	32	65	30	0
			<b>Human Resources</b>				↗	42	30	41	56
S	HRS2.3	3	Reorganisation				↗	28	0	48	35
S	HRS1.1	2	Social dialogue				→	46	37	13	88
S	HRS3.2	2	Health and safety				→	60	67	58	55
S	HRS2.4	1	Career management				→	43	30	40	60
			<b>Human Rights</b>				↘	47	46	45	49
S	HRT1.1	3	Human rights and arms proliferation				↘	44	37	30	65
S	HRT2.4	2	Non-discrimination and diversity				→	49	65	65	16
S	HRT2.1	1	Fundamental labour rights				→	50	37	49	65
			<b>Community Involvement</b>				↘	24	21	30	22
S	CIN1.1	2	Social and economic development				→	24	21	30	22
			<b>Business Behaviour (C&amp;S)</b>				→	37	34	39	38
G	C&S3.1	3	Corruption				→	48	48	65	32
S	C&S1.1	2	Product safety				↗	23	24	11	35
E	C&S2.3	2	Environmental standards in the supply chain				→	42	48	42	35
G	C&S3.2	2	Anti-competitive practices				↗	43	44	42	43
G	C&S3.3	2	Responsible Lobbying					23	0	20	49
			<b>Corporate Governance</b>				→	32	20	41	35
G	CGV1.1	3	Board of Directors				↘	47	20	79	41
G	CGV2.1	2	Audit & Internal Controls				↗	53	52	50	56
G	CGV3.1	2	Shareholders				↗	14	8	18	16
G	CGV4.1	2	Executive Remuneration				↗	7	0	0	22

■ 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

## Benchmark

### Position versus sector peers

Position versus sector peers		Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance	Overall Score
<b>BREMBRACNOR4</b>	<b>Embraer</b>	+	++	+	=	++	=	<b>38</b>
CNE1000001Y8	Avichina Industry & Technology	-	-	-	-	-	=	14
KR7047810007	Korea Aerospace Industries	-	-	-	+	-	-	11

## General information

Embraer is a Brazil-based holding company founded in 1969 and primarily engaged in the manufacture of aircraft. The Company is involved in the development, production and sale of commercial jets, as well as in the provision of support services, with an emphasis on the regional

aviation industry and aircraft leasing. Embraer also engages in the research, development, production and modification of defence aircraft, as well as systems and software design.

## Selected financial data

Key data	Revenues	EBIT	Employees
2016	USD 6,217.5m	USD 206.0m	20,348
2015	USD 5,928.1m	USD 331.5m	23,050
2014	USD 6,288.8m	USD 543.3m	22,301
2013	USD 6,235.0m	USD 713.4m	21,648
2012	USD 6,167.0m	USD 611.9m	20,150

Main shareholders	2017
Brandes Investment Partners LP	14.4%
Mondrian Investment Partners Ltd.	10.1%
BNDES Participações SA	5.3%
BlackRock Fund Advisors	3.3%

Geographical Breakdown	Turnover 2016	Employees
North America	62.9%	N/A
Asia Pacific	12.7%	N/A
Brazil	10.8%	N/A
Europe	8.4%	N/A
Others and Latin America (except Brazil)	5.2%	N/A

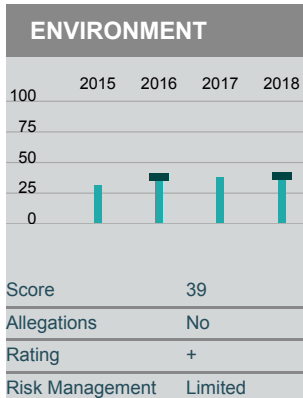
Main economic segment	Turnover 2016
Commercial Aviation	56.7%
Executive Aviation	27.8%
Defense and security	15%
Other	0.5%

## Selected ESG Indicators

	2017	2015
Non-executive Board member(s) responsible for CSR issues	No Info	N/A
Executive remuneration linked to CSR performance	No Info	N/A
3-year energy consumption trend (normalized to turnover)	N/A	↘
Ratio of payments to employees vs. shareholders (3-year trend)	N/A	N/A
Percentage of independent Board members	60	45
Percentage of women on Board	20	0
Percentage of women in Executive team	9	11
Percentage of women in workforce	15.7	14.7
Percentage of employees covered by collective agreements on working conditions	100	100
3 year trend for safety at work	↘	↘
Involvement in armament	Yes	Yes
Transparency on payment of tax	N/A	N/A

## CSR performance per domain

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



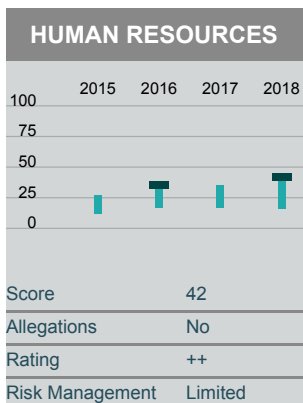
### Key issues

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

- The Company's absolute performance in the Environment domain is considered limited in line with the previous review.

- Embraer reports on a comprehensive environmental strategy that includes all environmental issues at stake for the sector. It discloses quantitative targets backed up by an environmental management system and evidence of resources for eco-design. The Company continues to disclose key performance indicators for a majority of issues at stake, although trends are mixed. Finally, a key area for progress is still the management of environmental impacts from the use and disposal of products; limited measures are communicated, especially on product disposal.



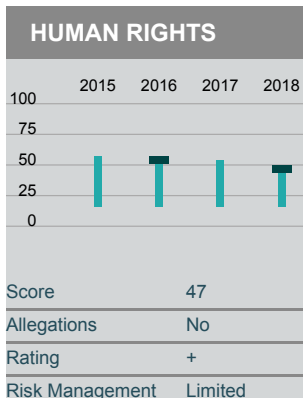
### Key issues

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

- Embraer's absolute performance in the Human Resources domain remains limited, although there has been an improvement compared with the previous review.

- The Company's improvement in performance is mainly related to its management of reorganisations. Although Embraer still appears not to make a commitment on this issue, the Company now reports on associated measures to taken, such as significant financial compensation and re-training for affected employees. An advanced performance is still recorded on health and safety conditions thanks to a relevant commitment supported by a dedicated internal structure and extensive measures to reduce stress at work. Related performance indicators, such as lost time injury rate and severity rate, show positive trends.



### Key issues

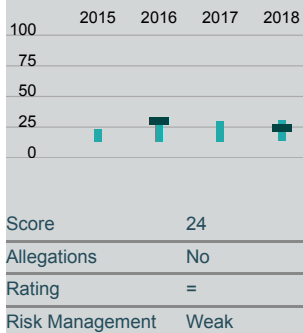
The prevention of human rights violations is the most sensitive human rights issue for the Aerospace sector. Indeed, a lack of controls of arms sales leading to uncontrolled arms proliferation may fuel conflicts, poverty and human rights violations worldwide. Companies involved in or accused of violations 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

- The Company's absolute performance in the Human Rights domain has deteriorated since the last review and is now considered limited.

- Although the Company has a formalised commitment to prevent complicity in human rights violations, measures in place to manage this issue seem to be awareness raising only. The Company continues to commit to the prevention of discrimination and has reportedly implemented a few measures, such as affirmative action programmes. The diversity performance indicator related to the share of women in management positions has, however, decreased in recent years.

**COMMUNITY INVOLVEMENT**



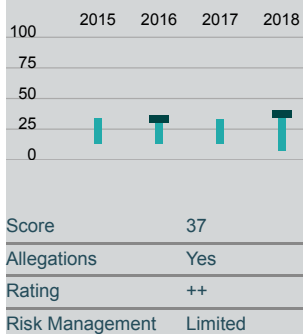
**Key issues**

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**

- The Company's absolute performance in the Community Involvement domain has deteriorated since the last review and is now considered weak.
- The Company makes references to promote local social and economic development, yet it fails to reports sufficiently on programmes related in place toward these responsibilities. The company reports only on gross taxes it pays, without a breakdown on a regional or country basis. Embraer operates in IMF 'offshore financial centres' and does not justify its presence on the country.

**BUSINESS BEHAVIOUR (C&S)**



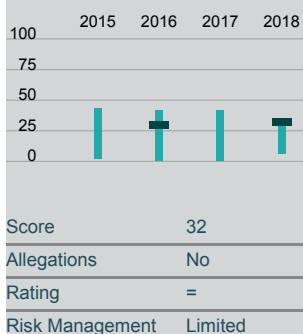
**Key issues**

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 absolute performance in the Business Behaviour domain is considered to be limited, in line with the previous review.
- The Company still reports on a formalised commitment to prevent corruption. Additional measures, such as risk assessments and due diligence are now reported to be allocated to this issue. For the newly assessed issue of ensuring the transparency and integrity of lobbying practices, Embraer seems to report on measures implemented only in countries where a legal obligation to register is in place.
- During this review, Embraer has faced three controversies related to corruption. While the Company appears to be non-communicative on one of the cases, Embraer has been reactive on the other two cases.

**CORPORATE GOVERNANCE**



**Key issues**


Sound corporate governance is required to oversee a company's strategic direction, including the CSR strategy. Vigeo's framework has been adapted to capture the level of integration of CSR topics at Board-level, supplementing traditional signals on efficient governance practices. Directors are notably evaluated on their level of diversity and experience with operational, financial, and CSR topics (CGV1.1). The audit and internal controls system is examined regarding the efficiency and reach of its risk management (CGV2.1). Shareholders are expected to have fair voting rights and access to all relevant information on material CSR issues (CGV3.1). Executive remuneration is assessed for transparency and alignment with the interests of company's shareholders and other stakeholders (CGV4.1).

**Company performance**

- Embraer's absolute performance in the Corporate Governance domain is limited and is in line with the previous review.
- The Company's Board of Directors displays a high level of independence, however, the chair is not considered independent. The Board is composed of diverse members including an employee representative. The Audit Committee is mostly independent and has a comprehensive role in overseeing internal and external controls, yet CSR risks are apparently still not covered. Basic shareholders rights appear not to be respected as major voting rights restrictions, including a Golden Share, appear to be in place. Finally, executive remuneration remains an area for improvement, as the Company appears to be completely silent on this topic.


## CSR performance per criterion

### Detailed Analysis

<b>Environment</b>		<b>10</b>
ENV1.1	Environmental strategy and eco-design	10
ENV1.2	Pollution prevention and control (soil, accident)	12
ENV2.2	Minimising environmental impacts from energy use	13
ENV2.4	Management of atmospheric emissions	15
ENV2.5	Waste management	16
ENV3.1	Management of environmental impacts from the use and disposal of products	18
<b>Human resources</b>		<b>20</b>
HRS1.1	Promotion of labour relations	20
HRS2.3	Responsible management of reorganisations	22
HRS2.4	Career management and promotion of employability	24
HRS3.2	Improvement of health and safety conditions	26
<b>Human rights</b>		<b>29</b>
HRT1.1	Respect for human rights standards and prevention of arms proliferation	29
HRT2.1	Respect for freedom of association and the right to collective bargaining	31
HRT2.4	Non-discrimination	33
<b>Community involvement</b>		<b>35</b>
CIN1.1	Promotion of the social and economic development	35
<b>Business behaviour (C&amp;S)</b>		<b>37</b>
C&S1.1	Product Safety (process and use)	37
C&S2.3	Integration of environmental factors in the supply chain	39
 C&S3.1	Prevention of corruption	41
C&S3.2	Prevention of anti-competitive practices	44
C&S3.3	Transparency and integrity of influence strategies and practices	46
<b>Corporate governance</b>		<b>48</b>
CGV1.1	Board of Directors	48
CGV2.1	Audit & Internal Controls	50



CGV3.1	Shareholders	52
CGV4.1	Executive Remuneration	54

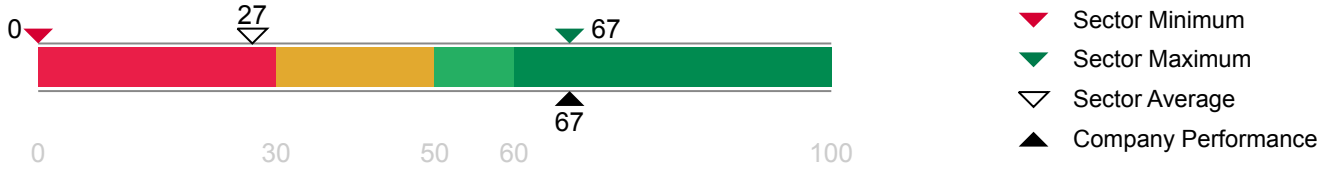
-  Involvement in allegations
-  Involvement in allegations with evidence of corrective measures

Environment

Score: 39

ENV1.1 Environmental strategy and eco-design

(score: 67, weight: 2)



Visibility of commitment to environmental issues

The company has issued a formalised commitment to environmental protection in its Environment, Occupational Health and Safety Policy and in its Annual Report. In addition, the company reports that it is targeting to reduce its energy consumption, CO2 and atmospheric emissions, waste production and the use of chemical substances. 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 significant resources to environmental management.

- Environmental manual specifying procedures and responsibilities
- Internal audits that assess the effectiveness of the EMS
- Management review of the EMS (at Executive Level)
- Environmental performance measured against targets
- External verification of reporting on environmental performance

The company has allocated significant resources to environmental management within the framework of ISO 14001:

- Environmental manual specifying procedures and responsibilities
- Internal audits that assess the effectiveness of the EMS

In addition, the company has also reported on having:

- Environmental performance measured against targets: The company has identified its environmental key issues and has set targets in this regards.

Coverage of certified environmental management systems

Between 25% and 49% of the company's sites/offices have a certified

environmental management system.

*The company reports that 47% of its sites are certified to ISO 14001.*

**Relevance of commitment to eco-design**

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

*The company commits to the management of the product's environmental life cycle and integrates efficient technologies in the design and development of aircrafts.*

**Resources allocated to eco-design**

The company has allocated resources for eco-design and includes eco-design in its R&D processes.

*Embraer indicates that it adopted product life cycle management and have 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 minimise 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, an embraer 195 jet manufactured by embraer carried out an experimental flight using renewable fuel.*

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

The company has conducted life-cycle analyses for a minority of its products.

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

<b>Leadership</b>	<b>86</b>
Visibility	100
Relevance	100
Ownership	30

<b>Implementation</b>	<b>48</b>
Means & resources	65
Coverage	30

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

(score: 27, 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.

- pollution control audits
- training
- risk assessment/identification studies
- implementation of risk prevention procedures (emergency plans, simulation exercises)

Coverage

47% of the company's sites are reported to be certified to ISO 14001.

Existence of accidental pollution

As of 03/2018, Embraer did not appear to be involved in any controversy related to this sustainability driver.

Rehabilitation of polluted soil

Information obtained from 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>22</b>
Relevance	30	Means & resources	30	Trends	22
		Coverage	30		

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

(score: 43, weight: 2)



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

The company has set quantified targets with regard to its energy consumption, and these cover the entire group.

*The company aims to reduce 3% its consumption of energy per equivalent plane by 2017, in relation to the base year 2014.*

**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 by 3% the emission of greenhouse gases (scope 1+2) per USD million of revenue, in relation to the base year 2013.*

**Means allocated.**

The company has set up monitoring systems for its energy consumption and/or its related emissions. In addition, it works to optimize its production processes.

*The company reports on 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 reported to be implemented in the paint shop, at the Faria Lima plant, in Sao José dos Campos.*

**Energy consumption**

Information obtained from company and public sources regarding energy consumption is insufficient.

*The company's energy consumption, normalised to sales, has decreased but not continuously by 45% over the past five years, from 0.0549 GWh per USD million in 2012 to 0.03 GWh per USD million in 2016, however it is unclear whether the scope of the information provided by the company is the same over the past five years.*

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

*The company's greenhouse gas emissions (direct and indirect) linked to energy consumption, normalised to sales, have increased by 6% over the past three years, from 7 tonnes per USD million in 2014 to 7.4 tonnes per USD million in 2016. Atmospheric emissions data is reported to concern only 7 sites.*

**SO2 emissions linked to energy consumption**

*The company's SO2 emissions (direct and indirect) linked to energy consumption, normalised to sales, have remained stable over the past three years at 0.3 kg per*

USD million in 2016.

**NOx emissions linked to energy consumption**

*The company's NOx emissions (direct and indirect) linked to energy consumption, normalised to sales, have decreased continuously by 11% over the past three years, from 16.4 kg per USD million in 2014 to 14.6 kg per USD million in 2016.*

<b>Leadership</b>	<b>65</b>	<b>Implementation</b>	<b>51</b>	<b>Results</b>	<b>14</b>
Relevance	65	Means & resources	65	Performance	14
		Coverage	30		

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ENV2.4 Management of atmospheric emissions

(score: 54, weight: 2)



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

The company has set quantified targets with regard to its atmospheric emissions, and these cover the entire group.

*The company aims to reduce 3% its emissions of VOC per million dollars of revenue by 2017 in relation to the base year 2013.*

Means allocated

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

Coverage

The company has taken such measures in a minority of sites.

*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.*

Volatile Organic Compounds (VOC) emissions

*The company's VOC emissions, normalised to sales, have decreased continuously by 81% over the past five years, from 5.84 kg per USD million in 2012 to 1.13 kg per USD million in 2016.*

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

*The company's greenhouse gas emissions not related to energy consumption, normalised to sales, have decreased but not continuously by 20% over the past five years, from 5.25 tonnes per USD million in 2012 to 4.21 tonnes per USD million in 2016.*

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

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

Leadership	65	Implementation	30	Results	66
Relevance	65	Means & resources	30	Performance	66
		Coverage	30		

ENV2.5 Waste management

(score: 32, 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% per USD million of revenue by 2017, with 2013 as baseline year.*

**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 generation of toxic waste by 3% per USD million of revenue by 2017, with 2013 as baseline year.*

**Means allocated to waste management**

The company has set up monitoring systems for its waste production and has technological systems in place such as end-of-pipe processes to reduce its impacts.

*The company has set up monitoring system and reports on its total waste, separated by type and disposal method. In addition, the company reports that it has applied on its sites the lean management philosophy is the essence of P3E. Guided by the optimisation of processes which results in the reduction of waste.*

**Coverage**

The company has taken such measures in a minority of sites.

*There is no evidence the company has taken such measures at a majority of its manufacturing sites.*

**Non-hazardous waste**

*The company's non-hazardous waste production, normalised to sales, has increased by 22% over the past three years, from 2.3 tonnes per USD million in 2014 to 2.8 tonnes per USD million in 2016.*

**Waste treatment / recycling**

*The percentage of waste recycled has decreased by 3.2 percentage points over the past three years, from 60.01% in 2012 to 56.81% in 2016.*

**Hazardous waste**

*The company's hazardous waste production, normalised to sales, has increased by 53% over the past three years, from 0.50 tonnes per USD million in 2014 to 0.77 tonnes per USD million in 2016.*



<b>Leadership</b>	<b>65</b>	<b>Implementation</b>	<b>30</b>	<b>Results</b>	<b>0</b>
Relevance	65	Means & resources	30	Performance	0
		Coverage	30	Trends	0

**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

**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 (e.g composites materials)
- improved aerodynamics
- in-flight optimisation techniques
- efficient propulsion/combustion techniques (e.g lean-burn combustion)
- R&D to reduce contrails
- R&D on components/engines allowing the use of biofuels or alternative fuels
- Low NOx combustion techniques
- gas turbines with lower noise and vibration characteristics
- acoustic diverter at the air bypass

*The company reports on having the Integrated Development of Environmentally Sustainable Products Programme covering these items.*

- aerodynamic improvement of aircrafts;
- intensive use of lighter materials to reduce the aircraft structural weight;
- aircraft development with more electrical systems and less dependency on the engine energy generation;
- taking part in the development of new generations of engines in cooperation with propulsion system manufacturers;
- and the search for alternative fuels.

*Of note, the company also reports on technological research to reduce internal and external noise levels, however, further information on this has not been found on the company's report.*

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

The company has taken measures only in a small part of its product portfolio.

*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.

*The company commits to monitors product life cycle, from the manufacture of parts to the aircraft' s end-of-life dismantling.*

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

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

- work on increasing the life-span of components
- use of repair techniques allowing refurbishing
- participation in recycling or product collection networks
- marking parts to facilitate recycling
- Reduced use of materials (reduction at the source)
- Full traceability on nanoparticles in products
- Reduced use of rare earth elements

*Of note, the company reports on having a technical guide containing operational guidelines for customers for the proper disposal of products at the end of their life. However, further information on the topic has not been found.*

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

Information obtained from company and public sources regarding the percentage of sites covered by measures affecting the elimination of the product is insufficient.

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

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

<b>Leadership</b>	<b>48</b>	<b>Implementation</b>	<b>15</b>	<b>Results</b>	<b>0</b>
<b>Relevance</b>	<b>48</b>	<b>Means &amp; resources</b>	<b>15</b>	<b>Trends</b>	<b>0</b>
		<b>Coverage</b>	<b>15</b>		

Human resources

Score: 42

HRS1.1 Promotion of labour relations

(score: 46, 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 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
- CSR issues
- remuneration
- working hours
- training
- career development
- work time flexibility
- employability/life long learning
- stress management
- equal opportunities

Employee representative bodies in countries with restrictive legislation

*Although the company operates in countries with restrictive legislations such as United States and Brazil, information obtained from the company and public sources regarding how the company promotes employee representation in these countries is insufficient.*

Stakeholders' feedback

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

*As of 03/2018, Embraer did not appear to be involved in any controversy related to this sustainability driver.*

**Coverage of collective agreements on working conditions**

Collective agreements on working conditions cover more than 75% of its employees.

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

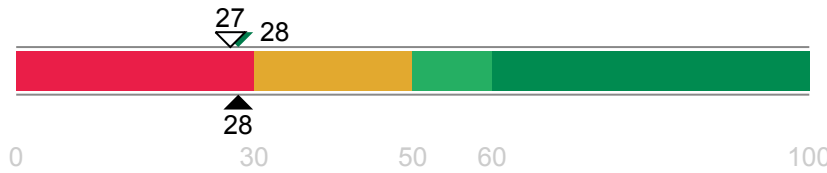
<b>Leadership</b>	<b>37</b>
Visibility	65
Relevance	30
Ownership	30

<b>Implementation</b>	<b>13</b>
Means & resources	0
Scope	65
Coverage	0

<b>Results</b>	<b>88</b>
Performance	88

**HRS2.3 Responsible management of reorganisations**

(score: 28, weight: 3)



- ▼ Sector Minimum
- ▲ Sector Maximum
- ▽ Sector Average
- ▲ Company Performance

**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**

The company has allocated significant measures to limit the impacts of reorganisations:

- significant financial compensation
- early retirement
- reduction of labour time
- internal mobility programme
- outplacement services
- individualised follow-up of employees
- re-training

*The company reports on a Voluntary Dismissal Programme which includes in addition to the severance pay, compensation of 40% of the nominal monthly salary proportional to employees' time of service in the company, six months of health and dental plan coverage. In addition, the company also mentions providing support through lectures and career qualification and/or transition workshops.*

**Coverage**

These means are allocated for a minority of the company's employees affected by the reorganisations.

*The company reports that these measures applied to 1,463 employees, however there is no evidence on the share this number represents.*

**Stakeholders' feedback**

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

*As of 03/2018, Embraer did not appear to be involved in any controversy related to this sustainability driver.*

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

The company does not provide any information on the impacts of reorganisations on employment.

Leadership	0	Implementation	48	Results	35
Relevance	0	Means & resources	65	Performance	35
Ownership	0	Coverage	30		

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**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:

*Annual Report.*

**Relevance of commitment**

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

- Anticipate short and long-term employment needs and skill requirements
- Adapt employees' skill sets to their career paths
- Enable the progressive improvement in employees' qualification levels
- Put in place a concerted career management framework, which is transparent and individualized

**Ownership of commitment**

The Head of HR is not part of the company's Board or Executive Committee. However 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 and/or has formalised the skill requirements for the various job positions. Moreover, the company has developed career management schemes geared towards seniors.

*The company reports on having in place an internal mobility, whether via promotions (vertical growth) or lateral movement (horizontal growth). Also, Embraer offers employees who are about to retire the post-Career programme, 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**

These career management systems cover a minority of the company's employees.

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

**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 38.12 hours per employee in 2012 to 31.72 hours per employee in 2016.*

**Mobility / turnover**

*The employee turnover rate has increased by 7.35 percentage points over the past three years from 7.2% in 2014 to 14.55% in 2016.*

**Training delivered during the year under review**

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

*Embraer reports that 88% of its employees received training during 2016.*

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

**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%, compared to 2014, and to have all its industrial units OHSAS 18001 certified. Both targets are set for the end of 2017.

**Relevance of commitment**

The company's commitment only addresses part of its responsibilities:

- ensure awareness about health and safety issues
- reduce the number of work accidents and their severity
- prevent occupational disease due to the exposure to hazardous substances (VOCs, nanomaterials etc.)
- improve ergonomics
- ensure security of employees when travelling abroad
- reduce long exposure to high noises
- stress management

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management. In addition, responsibility for commitments is allocated to a dedicated structure or local managers are held accountable.

The Health and Safety Committee meets once a month to address matters relating to health and safety, and organises 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:

- training/awareness raising programmes
- internal monitoring
- risk assessments
- internal H&S audits
- H&S competitions
- remuneration based on H&S performance
- OHSAS 18001 certifications

- 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 its accident frequency rate.  
 - Risk assessments: The company has in place a Behavioral Programme, characterised 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**

The health and safety measures cover a minority of the company's employees.

*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:

- monitoring of absenteeism/rate of occupational disease
- job redesign (work organisation)
- assessment of stress through analysis of internal H&S data
- monitoring of stress through opinion surveys
- awareness raising for employees
- identification of stress sources
- stress support instruments (hotline, counselling service, employee assistance programme, etc)
- training on stress for employees
- training on stress for managers
- measures to improve ergonomics/ ergonomic design of workplaces

- *Monitoring of absenteeism rate*  
 - *Awareness raising for employees: Embraer has a number of programmes focusing on the occupational health and quality of life of its employees and their families. For instance, the Well-being without Stress programme 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 company has developed a project in order to identify, study and develop solutions to ergonomic risk factors on jobs in the operational areas.*  
 - *Job redesign: With professionals specialised in physical therapy, the company has developed "Embraer Occupational Therapy Programme" 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**

The measures allocated to address mental health cover a minority of the company's employees.

*There is no evidence that the measures allocated to address mental health cover the majority of the company's employees.*

**Accident frequency rate**

*The Lost Time Injury Rate has decreased, but not continuously, by 33% over the past three years, from 1.77 accidents with leave per 200,000 hours worked in 2014 to 1.19 accidents with leave per 200,000 hours worked in 2016.*

**Accident severity rate**

*The company's severity rate has decreased, but not continuously, by 28% over the past five years, from 35.71 workdays lost per 200,000 hours worked in 2012 to 25.65 workdays lost per 200,000 hours worked in 2016.*

**Other health and safety indicators**

*The company's rate of occupational diseases has decreased continuously by 65% over the past three years, from 0.49 diseases per 200,000 hours worked in 2014 to 0.17 diseases per 200,000 hours worked in 2016. Of note, the company reports on its "absentee rate separated by women", which stands at 4.20%, however the exact year this share represents is not disclosed.*

**Stakeholders' feedback**

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

*As of 03/2018, Embraer did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>67</b>
Visibility	100
Relevance	30
Ownership	65

<b>Implementation</b>	<b>58</b>
Means & resources	77
Coverage	30

<b>Results</b>	<b>55</b>
Performance	55

Human rights

Score: 47

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

(score: 44, weight: 3)



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.

- prevent arms proliferation
- prevent complicity in human rights violations

The company commits to ensure that it is not complicit in human right abuses.

Ownership of commitment

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

Means allocated

The company has set up a basic system to prevent complicity in human rights violations, that includes:

- awareness-raising programmes for employees
- external investigation of allegations
- training programmes for employees
- grievance mechanisms
- human rights impact assessments
- on-going monitoring on compliance with exports regulations
- internal audits
- specific contractual clauses
- innovative measures to allow the traceability of exports
- external audits/verification

- Awareness-raising programmes for employees: Embraer reports that awareness is reinforced through internal and external communication which supports compliance topics, including human rights, in the company. All employees are informed of new measures and developments via intranet, e-mail, Embraer's internal television and mainly from the leadership in regular meetings.

Of note, the company mentions it has the Ethics and Compliance training in place.

Coverage

The company reports that it provides training and awareness raising in all countries where it operates and has sites, subsidiaries, affiliates and business partners.

**Stakeholders' feedback**

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

*As of 03/2018, Embraer did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>37</b>
Visibility	65
Relevance	30
Ownership	30

<b>Implementation</b>	<b>30</b>
Means & resources	30
Coverage	30

<b>Results</b>	<b>65</b>
Performance	65

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

(score: 50, weight: 1)



**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.

- protection of freedom of association and the right to organize
- respect of the right to collective bargaining
- respect and protection of workers' representatives
- explicit support for ILO Conventions C87, C98, C135 ,or similar international texts on union rights
- prevent employee representative discrimination
- guarantee the effective exercise of the trade unions rights in the workplace
- prevent violations of the freedom of association and the right to organize

**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:

- occasional risk mapping
- occasional internal audits
- on-going monitoring of labour rights risks
- regular internal audits
- external audits/verification
- external investigation of allegations
- cooperation with unions: joint audits, joint grievance procedures etc.

- 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 analyses and recommends the applicable corrective actions.

**Promotion of collective bargaining**

Information obtained from 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 system 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.

*As of 03/2018, Embraer did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>37</b>
Visibility	65
Relevance	30
Ownership	30

<b>Implementation</b>	<b>49</b>
Means & resources	57
Coverage	30

<b>Results</b>	<b>65</b>
Performance	65



HRT2.4 Non-discrimination

(score: 49, weight: 2)



Visibility of commitment

The company has issued a formalised commitment to non-discrimination in its Code of Ethics. In addition, 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
- sensitive medical conditions
- trade union membership or activities
- Discrimination in employment decisions (hiring / promoting / redundancies)
- Discrimination in working conditions (working hours / training / remuneration / social security)
- race / ethnicity / nationality
- social background
- religion
- sexual orientation
- family responsibilities (including pregnancy)
- disabilities
- political opinion
- age

Ownership of commitment

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

Means allocated

The company has set up significant measures to prevent discrimination and promote diversity:

- awareness raising
- maternity pay (greater than the statutory requirement)
- paternity pay (greater than the statutory requirement)
- job sharing initiatives
- monitoring of salary disparities
- training
- monitoring
- confidential reporting system / grievance procedures
- disciplinary procedures / corrective measures
- affirmative action programmes
- flexitime initiatives
- child care facilities/child care subsidies

career break opportunities

- Monitoring of diversity indicators such as the percentage of female workers in management positions.
- 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: Embraer's path to Diversity programme 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 and monitoring is group wide. The Embraer's path to Diversity programme 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 decreased over the past three years by 1.2 percentage points to stand at 14.3% in 2016. Of note, female employees represented 15.72% of the workforce in 2016.

**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 0.37 percentage points, from 3.70% in 2014 to 3.33% in 2016.

**Stakeholders' feedback**

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

As of 03/2018, Embraer did not appear to be involved in any controversy related to this sustainability driver.

<b>Leadership</b>	<b>65</b>
Visibility	65
Relevance	100
Ownership	30

<b>Implementation</b>	<b>65</b>
Means & resources	65
Coverage	65

<b>Results</b>	<b>16</b>
Performance	65
Trends	0

Community involvement

Score: 24

CIN1.1 Promotion of the social and economic development

(score: 24, weight: 2)



Visibility of the policy

The company makes references to promote local social and economic development in its 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:

- Optimise the impact of operations on the local economy
- Promote the creation and development of local businesses
- Promote the transfer of technology and skills to developing countries
- Promote the employment and training of local personnel
- Reduce the social impacts related to site closures, openings, and restructuring
- Implement a responsible tax strategy

Ownership of commitment

It is unclear who is responsible for the company's commitment or to which parts of the company it applies.

Means allocated

The company has allocated some means to address social and economic development, including:

- Actions to support the creation of local businesses
- Actions to actively hire local suppliers
- Actions to promote the employment and training of local communities (including vulnerable groups)
- Actions to support transfer of technologies and skills to developing countries

- Actions to support the creation of local businesses: the company reports that it has been running entrepreneurship programmes aimed at young students.

Geographical coverage

There is no evidence that these means are allocated in the majority of company's sites.

Performance trend

Information obtained from company and public sources regarding the quantitative outcomes of local social and economic development projects is insufficient to determine a trend.

The company reports that the Embraer Institute have been supported more than 150 projects over the past three years. Embraer also mentions that 271 university

students were benefited during 2016, a total of 2840 since the creation of the institute.

**Transparency of tax reporting**

The company reports only on gross taxes paid. There is no breakdown on a regional or country basis.

- taxes paid in some countries of operations
- taxes paid in some regions of operations
- taxes paid in key regions of operations
- taxes paid in key countries of operations
- sales per zone
- operating profit per zone
- number of employees per zone
- ratio between tax paid and headline corporate tax rate per zone
- explanation for significant differences between tax rate actually paid and expected tax rate

**Presence in IMF 'offshore financial centers' and/ or in jurisdictions considered by the OECD as not compliant enough with tax transparency rules**

The Company operates in IMF 'offshore financial centres' and/ or in jurisdictions considered by the OECD as not compliant enough on tax transparency rules, with no justification for this presence.

*The company operates in Cayman Islands ,an IMF 'offshore financial centre' , with no justification for this presence.*

**Stakeholders' feedback**

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

*As of 03/2018, Embraer did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>21</b>	<b>Implementation</b>	<b>30</b>	<b>Results</b>	<b>22</b>
Visibility	30	Means & resources	30	Performance	30
Relevance	30	Coverage	30	Trends	0
Ownership	0				

Business behaviour (C&S)

Score: 37

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

(score: 23, weight: 2)



Visibility of commitment

The company has made references to product safety in its:  
*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 or to which parts of the company it applies.

Product safety management systems

The company has allocated some resources to ensure product safety that include:

- quality management system (e.g. ISO 9001/ TQM 9002/9003/ Six Sigma)
- internal audit
- external audit
- R&D to develop safer products
- risk assessment (for example on nanomaterials in products)
- sector specific certifications

- *Quality management system (ISO 9001): Embraer reports on having ISO 9001.*  
 - *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 company and public sources regarding crisis management system is insufficient.

Coverage

*There is no evidence that the company has set up such systems in a majority of the company's sites*

Stakeholders' feedback

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

*As of 03/2018, Embraer did not appear to be involved in any controversy related to this sustainability driver.*

**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>
Visibility	30
Relevance	30
Ownership	0

<b>Implementation</b>	<b>11</b>
Means & resources	15
Coverage	0

<b>Results</b>	<b>35</b>
Performance	65
Trends	0

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

(score: 42, weight: 2)



**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% by December 2017.

**Relevance of commitment**

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

- ISO 14001 certification of all suppliers
- Ban of certain materials (e.g monitoring of ROHS compliance)
- Minimum percentage of recyclable products
- Efficient components in terms of air and/ or noise emissions
- Requirements to declare chemical substances falling under the REACH regulation
- Reduced use of rare earth elements

**Ownership of commitment**

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

**Means allocated**

The company has set up relevant measures to include environmental factors in supply chain management:

- integration of environmental issues into contractual clauses
- supplier questionnaires
- supplier support (training, technical assistance, etc.)
- training/awareness raising of employees in charge of purchasing
- non-compliance procedures for suppliers (re-auditing, re-training, eventual ending of contracts)
- risk assessments for suppliers

- Integration of environmental issues into contractual clauses: all Embraer suppliers sign an environmental responsibility agreement and must adhere by Embraer's Code of Ethics.

- Risk assessments for suppliers: Embraer reports that its suppliers are subject to risk assessments that include monthly monitoring of performance indicators, face-to-face audits at contractor companies' plants and the periodic assessment of environmental impact surveys. In addition, Embraer reports to conduct evaluations to suppliers and to stop supplying from the company when considered high risk.

**Coverage**

The measures implemented cover a minority of purchases/suppliers.

*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/subcontractors.

*Embraer reports to provide specific evaluations as well as audits for suppliers. Those suppliers that are considered to be critical (providers of environmental and occupational services) are subject to specific evaluations and, when necessary, to in loco audits.*

**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

*As of 03/2018, Embraer did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>48</b>
Visibility	100
Relevance	30
Ownership	30

<b>Implementation</b>	<b>42</b>
Means & resources	48
Coverage	30

<b>Results</b>	<b>35</b>
Performance	35



C&S3.1 Prevention of corruption

(score: 48, weight: 3)



Visibility of commitment

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.

Relevance of commitment

The company's commitment to preventing corruption addresses only part of its responsibilities:

- giving / receiving bribes
- restriction of facilitation payments
- protection of proprietary information
- kickbacks
- gifts and invitations
- extortion
- fraud
- embezzlement
- money laundering
- conflicts of interest
- illegal financing of political parties
- prohibition of facilitation payments

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved.

The Compliance Department is responsible for the oversight and implementation of this policy.

Involvement of employees

The company has instituted formal training programmes for relevant employees and contractors on corruption prevention.

The company reports that it provides communication and training in policies and procedures for fighting corruption for its employees, including managers and supervisors. In addition, it also provides training for third parties: commercial representatives, law firms and logistics contracts.

Means allocated

The company has set up internal controls to prevent corruption that include:

- approval procedures for gifts, etc. by an independent department
- external audits (by an independent, external specialised organisation)
- external investigations of allegations
- the possibility to contact internal audit, legal or compliance departments directly & confidentially

- a dedicated confidential hotline or email address
- internal audits (internal verification of compliance with the company's code of conduct etc.)
- risk assessment of company vulnerability
- due diligence on joint ventures
- due diligence in evaluating contracts/suppliers
- systems for appointment/remuneration of agents
- identify and black list known bribe payers

- *The possibility to contact internal audit, legal or compliance departments directly & confidentially: The company reports on a compliance website, on which employees and suppliers can contact the Compliance department directly and confidentially.*

- *A dedicated hotline and email address: the company reports that it has put in place a confidential helpline where employees can report any concern or complaints.*

- *Internal audits: Embraer reports on the "Compliance system", and audits are mentioned to be performed in order to enhance the system in place.*

- *Risk assessment of company vulnerability: The company provides evidence on identifying its risks related to corruption and on implementing actions to mitigate risks.*

- *Due diligence in evaluating contracts/suppliers: The company reports on performing due diligence of its suppliers.*

## Coverage

The measures implemented cover all significant parts of the company as well as sales agents.

*Employees, partners and suppliers all over the world can contact the helpline.*

## Monitoring of the number or nature of corruption incidents reported internally

The company explicitly states that no incident of corruption was reported internally in the last fiscal year.

*The company reports that confirmed incidents of corruption and actions taken have not been reported during the last fiscal year.*

## Stakeholders' feedback

As of 03/2018, Embraer was involved in three controversies of significant and high severity:

- *Case 1 (09/01/2018): UPDATE: Corruption case against Embraer over purchase of aircrafts, continues in Mozambique*
- *Case 2 (15/03/2017): Embraer middleman received USD 5.76 million kickbacks to influence Indian deal in 2008*
- *Case 3 (21/12/2017): Former Embraer Sales Executive Pleads Guilty to Foreign Bribery and Related Charges.*

*A complete analysis of the severity of each case mentioned is available in Vigeo Eiris' Controversy Product.*

## Company's responsiveness

Overall, the company is reactive

*For each of the above mentioned cases, Embraer's response is considered:*

- *Case 1: The company is reactive: the Company reports in a detailed way on its position to the case.*
- *Case 2: The company is reactive: the Company reports in a detailed way on its position to the case.*
- *Case 3: The company is non communicative: the company does not appear to be transparent on this case.*

*The analysis of Embraer management of each case is available in Vigeo Eiris'*

*Controversy Product.*

<b>Leadership</b>	<b>48</b>
Visibility	65
Relevance	30
Ownership	65

<b>Implementation</b>	<b>65</b>
Means & resources	65
Coverage	65

<b>Results</b>	<b>32</b>
Performance	32

C&S3.2 Prevention of anti-competitive practices

(score: 43, 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:

- market-sharing
- abuse of dominant position
- dumping
- industrial espionage
- price-fixing
- non respect of confidential agreements

Ownership of commitment

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

Involvement of employees

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

Means allocated to prevent anti-competitive practices

The company has set up internal controls to prevent anti-competitive practices that include:

- approval procedures for contract prices etc. by an independent department
- the possibility to contact internal audit, legal or compliance departments directly & confidentially
- a dedicated confidential hotline or email address
- risk assessment of vulnerability areas within the company
- internal audits (internal verification of compliance with the company's code of conduct etc.)
- external audits (by an independent, external specialised organisation)
- external investigations of allegations

- *The possibility to contact internal audit, legal or compliance departments directly & confidentially: The company reports on a compliance website, on which employees and suppliers can contact the Compliance department directly and confidentially.*  
 - *A dedicated hotline and email address: the company reports that it has put in place a confidential helpline where employees can report any concern or complaints.*

- Internal audits: Embraer reports on the "Compliance system", and audits are mentioned to be performed in order to enhance the system in place.

**Coverage**

The measures implemented cover all significant parts of the company as well as sales agents.

*Employees, partners and suppliers all over the world can contact the helpline.*

**Monitoring of the number or nature of antitrust incidents reported internally**

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

*As of 03/2018, Embraer did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>44</b>	<b>Implementation</b>	<b>42</b>	<b>Results</b>	<b>43</b>
Visibility	65	Means & resources	32	Performance	43
Relevance	30	Coverage	65		
Ownership	30				

**C&S3.3 Transparency and integrity of influence strategies and practices**

(score: 23, weight: 2)



**Visibility towards stakeholders**

The visibility of the company's commitment to ensuring transparency and integrity of lobbying practices is insufficient.

**Comprehensiveness of the commitment**

The company does not disclose any commitment to ensuring transparency and integrity of lobbying practices.

- to prevent any contrast with public international conventions (UN, ILO, OECD)
- not obtain or try to obtain information, or any decision, dishonestly
- not to misrepresent themselves to mislead third parties and/or staff of public authorities
- openly declare the company's business interests
- ensure that information provided is up-to-date, complete and not misleading
- not induce staff of PA to contravene rules of behaviour applicable to them
- if the company employs former staff of PA, to respect their obligation of confidentiality
- to be transparent on the amounts of donations to political parties/organisations

**Ownership of commitment**

The company does not disclose any commitment to ensuring transparency and integrity of lobbying practices.

**Involvement of employees**

Information regarding the involvement of employees in ensuring transparency and integrity of lobbying practices is insufficient.

**Measures allocated**

The company appears to allocate some measures to ensure transparency and integrity of lobbying practices:

- publication of detailed information on lobbying activities
- approval procedures for gifts, travel or other privilege by an independent department
- a dedicated confidential hotline or email address
- internal monitoring for lobbying budget
- internal audits for lobbying activities
- independent party for monitoring lobbying budget/external audit
- external investigations of allegations
- disclosure of the positions in the period of preparation of a debate and during the debate

- publication of detailed information on lobbying activities: The company reports, through OpenSecrets website, on the issues it lobbied for.

- internal monitoring for lobbying budget: The company has its lobbying budget published on OpenSecrets website.

**Coverage**

The measures implemented cover only parts of the company notably the countries where a legal obligation to registering is in place.

The lobbying budget seems to be provided only for the United States, where it is a legal requirement.

**Reporting**

The company reports the total budget dedicated to lobbying practices.

Embraer reports on a total of USD 660,000 in lobbying budget for the year 2017.

**Stakeholders' feedback**

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

As of 03/2018, Embraer did not appear to be involved in any controversy related to this sustainability driver.

<b>Leadership</b>	<b>0</b>
Visibility	0
Relevance	0
Ownership	0

<b>Implementation</b>	<b>20</b>
Means & resources	15
Coverage	30

<b>Results</b>	<b>49</b>
Performance	49

Corporate governance

Score: 32

CGV1.1 Board of Directors

(score: 47, weight: 3)



**[LISTED COMPANIES] Existence and independence of Nomination Committee** No specific committee is in charge of director nomination, which might raise concerns.

**Independence of the Board Chairman** The roles of Chairman and CEO are separated, but the chairman is not considered independent.

**Responsibility allocated over CSR issues** Information on the responsibilities allocated over CSR issues is insufficient.

**Share of independent shareholder-elected Board members** [LISTED COMPANIES] In accordance with standards advocated by Vigeo, the Board is more than 50% independent.  
*6 members of the 10-member of the Company's Board of Directors are considered to be independent. In addition, one employee representative sits on the Board.*

**Diversity of the skills and backgrounds of the Board** The Board of Directors diversity appears to be robust:

- At least 30% of directors are women
- At least 40% of directors are women
- Employee representative(s) sitting on the Board
- Board members with demonstrated professional experience in the company's sector of activities
- Board members with demonstrated expertise on CSR issues

*- Employee representative(s) sitting on the Board: One employee representative is sitting on the board.*  
*- Board members with demonstrated professional experience in the company's sector of activities: Mr. Araújo is reported to be Secretary of the Brazilian Air Force and Mr. Magalhães Filho has held several positions within the company.*

**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 programme 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.*

**Regular election of Board members** [LISTED COMPANIES] Board members are elected at least every three years and



these elections are not staggered.

Board members are eligible for re-election following 2-year terms.

Performance is evaluated regularly, but with no disclosure on the results.

#### Evaluation of Board's functioning and performance

The company reports that every year a formal self-evaluation is conducted to assess the performance of each Director, including the Chairman of the Board, the Board as a corporate body, and its Committees.

#### Review of CSR issues at Board meeting

The formal CSR reporting has been signed by CEO, but there is no evidence that relevant CSR issues are reviewed at Board meetings.

#### Regularity of and attendance at Board meetings

Regular meetings are held, but no attendance rates are disclosed.

The company reports that regular meetings of the Board are held eight times during each year, however, no further information on attendance rate is provided by the company.

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid > 1/2 executive salary	Represent > 3% company's shares	Other	Independency
Alexandre G. Silva	Chairman of the Board		X						X					
Sergio Salles Pinto	Chairman Audit and Risk Committee		X			X								X
Alexandre Magalhaes		X												
Cecília M. Siqueira			X											X
Dejair Losnak				X										
Israel Vainboim			X			X			X					
Joao Cox Neto			X			X								X
José M. R. de Araújo			X									X	Federal Government Representative	
Maria Letícia Costa			X											X
Pedro Wongtschowski			X											X
Raul Calfat			X			X								X

CGV2.1 **Audit & Internal Controls**

(score: 53, weight: 2)



**[LISTED COMPANIES] Existence and independence of Audit Committee**

All members are non-executive directors, and the majority, including the committee's chair, are independent.

*3 members of the 4-member Audit Committee are considered independent*

**Skills and backgrounds of Audit Committee members**

Members appear to have financial and/or audit experience AND 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.

- Business ethics
- Prevention of arms proliferation and human rights abuses
- Environmental impacts from the use of products
- Responsible management of reorganisation
- Employees' health and safety

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

There is a confidential reporting system in place for accounting issues. In addition, the Audit Committee 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

*The company state it has a confidential reporting system called Helpline Whistleblowing Channel, which can be use to report accounting issues.*

**Management of the CSR risks**

Information obtained from company and public sources regarding the management of the CSR risks is insufficient.

- Balanced scorecard
- Risk-related training
- Monitoring of key risk indicators
- Reporting system to the Board
- Risk mapping/materiality assessment
- A Board Risk Committee with no executive part of it

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

The audit firm receives non-audit fees, but these represent only 25% or less of total fees.

*Non-audit fees represented 7% of total fees paid to KPMG Auditores Independentes in 2016.*

**Inclusion of CSR issues in the company's reporting**

The company publishes significant CSR reporting on key material issues.

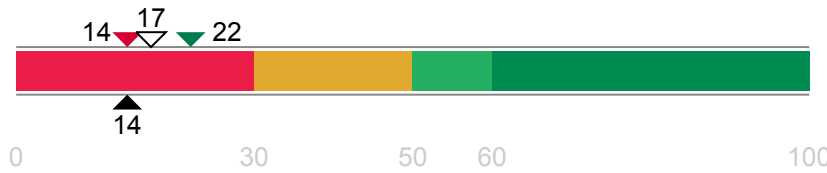
**Stakeholders' feedback**

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

*As of 03/2018, Embraer did not appear to be involved in any controversy related to this sustainability driver.*

CGV3.1 Shareholders

(score: 14, weight: 2)



**Nonexistence of 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. No shareholders or Shareholder Group may cast votes in excess of 5% of the issued and outstanding shares of the Corporation. The foreign shareholders may not cast at each Shareholders' meeting votes in excess of 2/3 of the votes that may be cast by the Brazilian Shareholders in attendance.*

**Nonexistence 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.*

**Safeguards on transactions with major shareholder(s)**

More than half of the board is independent. However, there are no additional safeguards in place to monitor transactions between the company and its major shareholder(s).

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

*The company does not provide information on the share ownership required to add items to the agenda of the AGM*

**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.

**Ability to vote on relevant issues in separate resolutions at AGM**

Not all major items are put to a shareholder vote.

*The following items are not put to a vote at the AGM:*  
 - Election of board members (a separate resolution for each member).  
 - Changes in capital (increases, buy-backs)  
 - Changes to bylaws  
 - Selection of external auditors

**Presentation of CSR strategy to shareholders and investors**

Information disclosed from the entity and public sources regarding the presentation of CSR strategy to shareholders and investors is insufficient.

- Business ethics
- Prevention of arms proliferation and human rights abuses
- Environmental impacts from the use of products

- Responsible management of reorganisation
- Employees' health and safety

**Board's attitude towards CSR-related shareholder resolutions**

Information obtained from company and public sources, regarding the Board's attitude toward legitimate CSR related shareholder resolutions is insufficient.

**Stakeholders' feedback**

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

*As of 03/2018, Embraer did not appear to be involved in any controversy related to this sustainability driver.*

CGV4.1 Executive Remuneration

(score: 7, weight: 2)



**[LISTED COMPANIES] 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** [LISTED COMPANIES] Executive remuneration is disclosed, but on a collective rather than on an individual basis.

**Link between Short Term Incentive Plans and the 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 performance of the company** Information on the rules and performance conditions guiding the allocation of long-term incentives to senior executives is insufficient.

**Link between variable remuneration and CSR performance of the company** There is no disclosure on the links between variable remuneration of executive and the CSR performance of the company.

- Business ethics
- Prevention of arms proliferation and human rights abuses
- Environmental impacts from the use of products
- Responsible management of reorganisation
- Employees' health and safety

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

**Evolution of CEO-to-employee compensation ratio** Information obtained from company and public sources regarding the compensation of CEO and the average employee salary is insufficient.  
*Neither CEO nor employees' compensation were found in the company's reporting.*

**Stakeholders' feedback** A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral  
*As of 03/2018, Embraer did not appear to be involved in any controversy related to this sustainability driver.*

## Detailed Scores and Ratings

### CURRENT AND PREVIOUS RATINGS

Period	Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance
2018/03	+	++	+	=	++	=
2016/03	+	+	+	+	+	=
2014/03	+	+	+	+	+	=

### SCORES PER DOMAIN

Domain	Average Score	Leadership	Implementation	Results
Environment	39	59	33	16
Human resources	42	30	41	56
Human rights	47	46	45	49
Community involvement	24	21	30	22
Business behaviour (C&S)	37	34	39	38
Corporate governance	32	20	41	35

### SCORES PER CRITERIA

Sub-domain	Criterion	Score
Environment 1	1	67
	2	27
Environment 2	2	43
	4	54
	5	32
Environment 3	1	21

Sub-domain	Criterion	Score
Human resources 1	1	46
Human resources 2	3	28
	4	43
Human resources 3	2	60

Sub-domain	Criterion	Score
Human rights 1	1	44
Human rights 2	1	50
	4	49

Sub-domain	Criterion	Score
Community involvement 1	1	24

Sub-domain	Criterion	Score
Business behaviour (C&S) 1	1	23
Business behaviour (C&S) 2	3	42
Business behaviour (C&S) 3	1	48
	2	43
	3	23

Sub-domain	Criterion	Score
Corporate governance 1	1	47
Corporate governance 2	1	53
Corporate governance 3	1	14
Corporate governance 4	1	7

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## Overview of the latest updates

Date of the latest update	Information updated
2018/07	Carbon & Energy Transition
2018/03	Controversial Activities Screening
2018/03	<b>Full ESG profile</b>

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