

ANNUAL REPORT 2013



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Our vision

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

The business

Embraer's business is about creating value for its shareholders by keeping its customers fully satisfied. "Creating value," means maximizing the Company's value and ensuring its longevity, while practicing high ethical standards consistent with a well-developed social and environmental conscience. The Company is focused on four business areas: Commercial Aviation, Executive Aviation, Defense & Security and Systems.

Our values

Our people are what make us fly – happy, competent, valued, and fulfilled people who are committed to what they do. People who work as teams and who base their actions on integrity, coherence, respect, and mutual trust.

We are here to serve our customers – we earn customer loyalty by delivering full satisfaction and by building strong and enduring relationships. Our partnerships are based on real commitment and flexibility.

We strive for company excellence – the Company's actions are oriented towards

simplicity, agility, flexibility, and safety, with ongoing pursuit of continuous improvement and excellence. An entrepreneurial outlook based on integrated planning, responsible delegation, and disciplined execution.

Boldness and innovation are our hallmarks – state-of-the-art technology, an innovative organization that is constantly learning; capable of transforming from within and being influential in the markets in which it operates. Strategic vision and ability to overcome challenges creatively and courageously.

Global presence is our frontier – the Company's competitiveness is founded on a combination of global presence and local actions, leveraging the best of each of the locations in which it operates. Embraer envisions a world without borders, one that values diversity.

We build a sustainable future – Embraer strives ceaselessly to build the foundation for the Company's longevity, delivering profitability to shareholders and respecting quality of life, the environment and society in general.

INTRODUCTION

Embraer's Annual Report 2013 is structured around its six core values, as are all the Company's activities.

GRI 2.1

The Company's six core values distil a set of beliefs that guides the business and daily strategic decisions at every level of the hierarchy. Formulated collectively, these values pervade the Company's culture and shape its employees' behavior; they provide a solid ethical foundation from which Embraer generates value for its customers, shareholders, employees, society and other stakeholders.

Embraer's Annual Report, which follows Global Reporting Initiative (GRI) guidelines for the sixth consecutive year, demonstrates the importance the Company attaches to its values and for this reason is structured around them. **GRI 3.3**

The report falls into the following chapters:

- "Global presence is our frontier" profiles the Company and its global presence;

- "We are here to serve our customers" covers the operational performance of each business unit and our initiatives for ensuring customer satisfaction;
- "We strive for company excellence" covers business strategy, financial performance and corporate governance practices;
- "Boldness and innovation are our hallmarks" spotlights our investments in new ideas and solutions;
- "Our people are what make us fly" looks at initiatives geared towards supporting our professionals;
- "We build a sustainable future" outlines the initiatives adopted by Embraer to reduce the impact of its activities on the environment and society.



EMBRAER MAIN INDICATORS

| Sums in R\$ Million* | 2013 | Variation 2013 vs. 2012 | 2012 | 2011 |
|---|----------|-------------------------|----------|----------|
| Net Revenues | 13,635.8 | 12% | 12,180.5 | 9,837.9 |
| Gross Margin | 22.7% | -1.5 p.p. | 24.2% | 22.5% |
| Earnings Before Interest and Tax (EBIT) | 1,605.8 | 32% | 1,217.1 | 521.8 |
| EBIT Margin | 11.8% | 1.8 p.p. | 10.0% | 5.3% |
| Adjusted EBITDA ¹ | 2,239.1 | 27% | 1,762.8 | 923.1 |
| Adjusted EBITDA Margin | 16.4% | 1.9 p.p. | 14.5% | 9.4% |
| Net Profit | 777.7 | 11% | 697.8 | 156.3 |
| Net Margin | 5.7% | - | 5.7% | 1.6% |
| Investments ² | 7,267.8 | 31% | 5,519.0 | 4,245.8 |
| Indebtedness | 5,140.6 | 22% | 4,222.7 | 3,110.2 |
| Net Cash | 1,005.5 | 59% | 631.2 | 831.6 |
| Total Assets | 23,760.3 | 23% | 19,374.2 | 16,598.6 |
| Net Assets | 8,509.1 | 24% | 6,846.4 | 5,848.4 |
| Indebtedness/Net Assets* | 0.6 | - | 0.6 | 0.5 |
| ROA | 3.3% | -0.3 p.p. | 3.6% | 0.9% |
| ROE | 9.1% | -0.9 p.p. | 10.2% | 2.7% |
| ROCE (US\$) | 14.7% | 1.4 p.p. | 13.3% | 7.9% |
| Inventory | 5,358.3 | 22% | 4,407.7 | 4,291.0 |
| Inventory Turnover* | 2.0 | -5% | 2.1 | 1.8 |
| Asset Turnover* | 0.6 | - | 0.6 | 0.6 |
| Firm Order Backlog (US\$ billion) | 18.2 | 46% | 12.5 | 15.4 |
| Aircraft Deliveries (units) | 215 | -3% | 221 | 212 |
| Number of Employees | 19,278 | 7% | 18,032 | 17,265 |
| EBIT per Employee (R\$ thousand) | 83.3 | 23% | 67.5 | 30.2 |
| Dividends Paid | 202.2 | 11% | 182.4 | 180.9 |
| Earnings per Share* (R\$) | 1.07 | 11% | 0.96 | 0.22 |
| Number of Shares* ³ | 729,001 | 1% | 725,023 | 723,667 |

All figures are compiled in accordance with International Financial Reporting Standards (IFRS).

*Except Indebtedness / Net Assets, Inventory Turnover, Asset Turnover, Earnings per Share, and Number of Shares.

¹ Represents net profits, plus net financial income (expenses), exchange rate fluctuations, income tax and social contribution tax, depreciation and amortization, and minority holdings.

² Amounts include investments in development and capital expenditure, including physical and intangible assets.

³ Excludes 9.5 million shares held in treasury in 2013, 14.1 million in 2012 and 16.8 million in 2011.

MESSAGE FROM THE PRESIDENT & CEO GRI 1.1

In a year whose challenges were associated with a recovering economic context, Embraer notched up important achievements and met its commitments – including in terms of projected deliveries, income and operating margin – thus maintaining its credibility in the marketplace.

2013 was a landmark year for our Commercial Aviation business in terms of results. We launched the E-Jets E2 family – the second generation of E-Jets for the 70 to 130-seat segment – while consolidating the broad global market appeal of the current generation (E-Jets). We delivered the thousandth E-Jet and booked substantial orders, contributing to the expansion of our client base to 65 airline companies in 45 countries.

In spite of ongoing difficulties in the executive aviation sector, Embraer's Executive Aviation business expanded its market share and pushed ahead with its investment plan for the development of new products, with the first prototype of the Legacy 450 making its maiden flight and advances achieved in the development of the Legacy 500, which should enter service during 2014.

2013 was a year of intense activity for Embraer Defense & Security, which accomplished noteworthy results in several business areas. The successful conclusion of the KC-390 military transport jet's Critical Project Review allowed for the release of designs and the start of the prototype's production; it is expected to make its first flight at the end of 2014. Other highly significant developments were the signing of contracts for 20 Super Tucano jets for the US Air Force's Light Air Support (LAS) program and for Brazil's

Strategic Defense and Communications Geostationary Satellite (Satélite Geoestacionário de Defesa e Comunicações Estratégicas – SGDC).

In keeping with the Company's plan to diversify its business activities, it created Embraer Systems, which is focused on the development and integration of complex systems for sectors other than aviation and defense.

In 2013 Embraer continued investing in the expansion of its operations in Brazil and worldwide. In the USA, the Melbourne facility delivered its first Phenom 300 executive jet and Jacksonville saw the inauguration of the unit that will produce Super Tucano jets for the LAS program. Facilities in Evora (Portugal) and Harbin (China) moved forward with their operational and investment plans.

Inside the Company, the Entrepreneurial Excellence Program (P3E) continues to thrive with the active involvement of all employees, bringing about an effective process of continuous improvement. The P3E is also helping maintain a high degree of job satisfaction and enthusiasm for the organizational environment, the latter earning a record approval rating of 84% in 2013.

Added recompense for all these efforts came in the form of various external awards and recognitions. These included the National Innovation Prize awarded by the Brazilian National Industry Confederation (CNI), SEBRAE (Brazilian Support Service for Small and Micro Enterprises) and the Competitive Brazil Movement (Movimento Brasil Competitivo); and recognition by various rankings including the Best Places to Work in Brazil (As Melhores

Empresas para Você Trabalhar) compiled by Você S.A. and *Exame* magazines; the Great Place to Work Institute survey and the Best Places to Work in Florida, USA, compiled by Florida Trend. Another highlight was *Exame* magazine's selection of Embraer as Company of the Year.

In terms of the wider community, Embraer High School inaugurated its second branch in the town of Botucatu (Brazil), with a class of 120 students from the public school system.

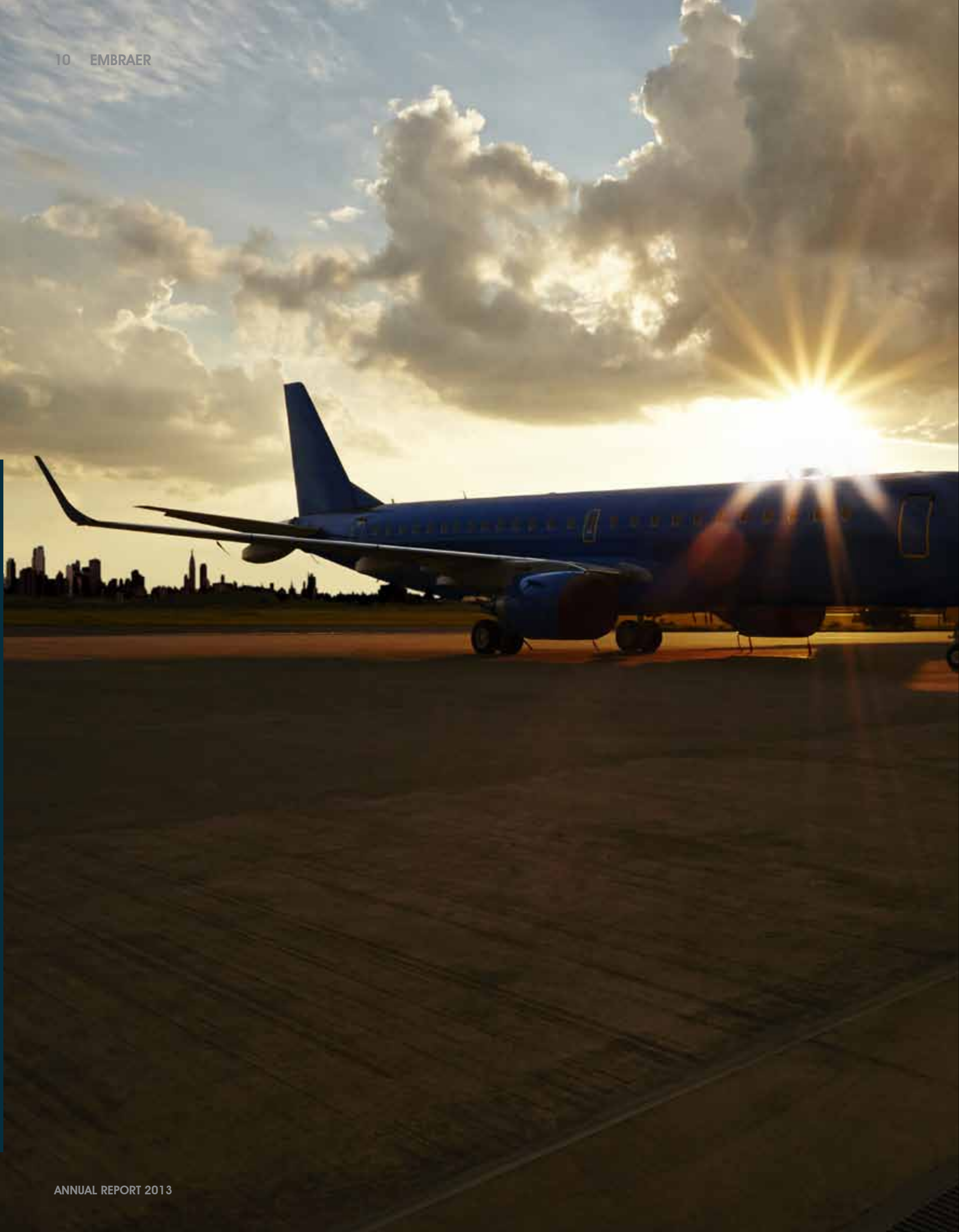
Embraer remains committed to the principles of the UN's Global Compact and has been deepening its sustainability practices, including through its recent enrollment in the World Economic Forum's Partnering Against Corruption Initiative (PACI). For the fourth consecutive year, the Company was listed in the 2013/2014 Dow Jones Sustainability Index (DJSI) and also in BM&FBovespa's Corporate Sustainability Index (ISE).

In 2014 we expect to continue growing and improving our processes, investing in our people, in technological innovation and in relationships with our clients, shareholders, suppliers and society in general, in a bid to build a sustainable future and secure the Company's longevity.

On behalf of Embraer's Board of Executive Officers and the Board of Directors, I thank everyone both inside and outside the Company who contributed towards our development and accomplishments in 2013.



Frederico Fleury Curado
President & CEO





**GLOBAL PRESENCE IS
OUR FRONTIER**

A GLOBAL COMPANY HEADQUARTERED IN BRAZIL GRI 1.2

Since its foundation, Embraer has been transforming knowledge and technology into entrepreneurial excellence in the various market segments in which it operates



Embraer was founded in 1969 as a state-controlled, mixed-capital company. Privatized in 1994, it designs, develops, manufactures and sells aircraft and systems, in addition to providing technical support and after-sales service to customers. Its activities span Commercial Aviation, Executive Aviation, Defense & Security and Systems. **GRI 2.2**

With offices and factories in various parts of the world and more than five thousand aircraft delivered across all continents, Embraer today is one of Brazil's biggest exporters. **GRI 2.5**

Embraer's headquarters are located in Brazil, in the city of São José dos Campos (São Paulo state). In Brazil the Company has industrial facilities and service centers in São José dos Campos, Gavião Peixoto, Botucatu and Sorocaba, along with logistical centers in the cities of Taubaté and Campinas; a Center for Engineering and Technology in Belo Horizonte and offices in Brasília, São Paulo and Rio de Janeiro.

Embraer also has offices and production facilities in Fort Lauderdale (USA), Melbourne (USA), Jacksonville (USA), Villepinte (France), Farnborough (UK), Dubai (United Arab Emirates), Singapore, Dublin (Ireland), Amsterdam (Holland) and Beijing (China).

Embraer's centers for service and the sale of spare parts are located in São José dos Campos, Sorocaba and Gavião Peixoto (Brazil), Le Bourget (France), Alverca (Portugal) and, in the USA in Fort Lauderdale, Nashville, Mesa and Windsor Locks. There are also parts distribution centers in Louisville and Minneapolis (USA), Singapore, Beijing and Dubai.

Aside from its office in Beijing, in China Embraer also owns 51% of Harbin Embraer Aircraft Industry (HEAI), in association with a local partner, the

Aviation Industry Corporation of China (AVIC). The Company's other main industrial center is in Portugal, with a facility in the city of Évora and the OGMA subsidiary in Alverca.

Embraer's net income was R\$13,635.8 million in 2013, with 53% from Commercial Aviation, 27% from Executive Aviation, 19% from Defense & Security and 1% from other activities. At the end of the year, the firm order backlog stood at US\$18.2 billion. **GRI 2.8**

Embraer ended 2013 with 19,278 employees of whom 17,302 are located in Brazil and 1,976 abroad. Embraer-controlled and associated companies employed a further 2,370 staff. **GRI 2.8**

Business units **GRI 2.2 E 2.7**

Commercial Aviation: ERJ 145 and E-Jets families. The customer base consists of more than 80 airlines from over 50 countries. It leads the market for commercial jets with 70-130 seats.

Executive Aviation: Phenom, Legacy and Lineage families. More than 720 aircraft delivered, in over 50 countries.

Embraer Defense & Security: aircraft for light attack and training, tactical military transport, and conveyance of official personnel; aircraft modernization; unmanned aerial vehicles (UAV), and intelligence, surveillance and reconnaissance systems. Currently Embraer serves more than 50 armed forces.

WHERE EMBRAER OPERATES WORLDWIDE GRI 2.3, 2.4, 2.5, 2.7, 2.9



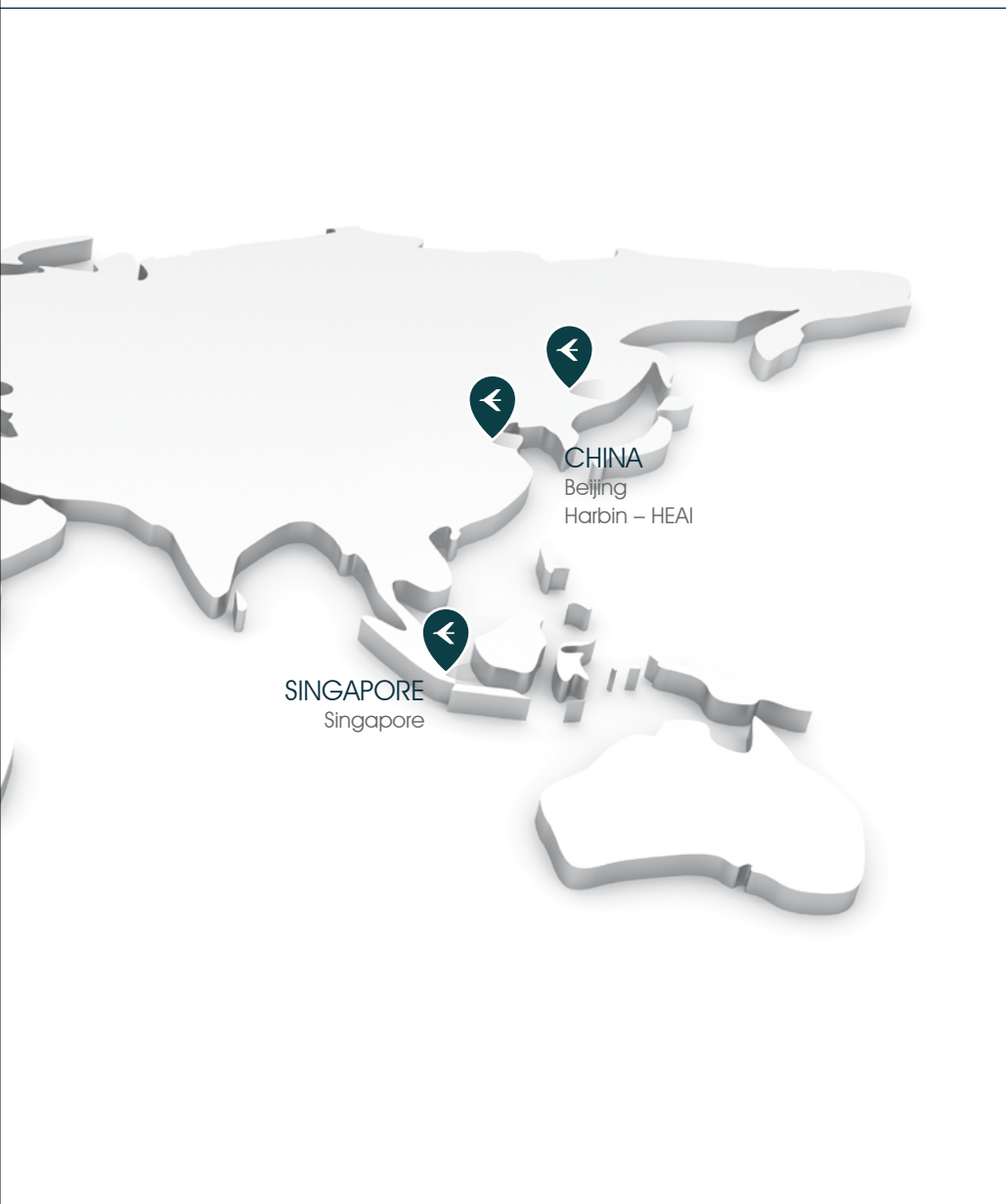
Assembly of the Super Tucano in the USA

In March 2013 Embraer inaugurated the Jacksonville (USA) facility that will assemble Super Tucano jets for the US Air Force's Light Air Support (LAS) program. The first jet is on track for delivery by the end of 2014. In total, this program has already created more than 50 direct jobs and it indirectly helps to support another 1,400.

Consolidation of international operations

In 2013 the Melbourne (USA) facility delivered the first Phenom 300 executive jet. It was another important achievement demonstrating the maturity of this new assembly line.

The first Legacy 650 jet to be manufactured in China successfully made its maiden flight in 2013. It was produced by Harbin Embraer Aircraft Industry Co. (HEAI), a joint venture between Embraer and the Aviation Industry Corporation of China (AVIC); the first unit was delivered at the start of 2014.



New business unit GRI 2.9

In line with the Company's strategy to diversify its business operations, it created a new business unit in the city of Rio de Janeiro (Brazil) in 2013. Embraer Systems focuses on the development and integration of complex systems for sectors other than aviation and defense.





**WE ARE HERE
TO SERVE OUR
CUSTOMERS**

QUALITY, EFFICIENCY AND SAFETY GRI PR5

Continuous striving to satisfy our customers, identify their needs and deliver tailored solutions is what keeps Embraer's business growing





Guaranteeing customer satisfaction is Embraer's central concern. Consequently, the Company constantly invests in improving its services and developing products which fully meet market needs, as well as in improving client support services.

After a client purchases an aircraft, Embraer conducts periodic surveys to gauge customer satisfaction. The relevant business areas analyze the results and use them to formulate their action plans. All participating clients receive feedback on their contribution.

In the following sections the Company presents the main results and highlights of each of its business units in 2013.

COMMERCIAL AVIATION

In 2013 Embraer's Commercial Aviation business followed global growth trends. According to the International Air Transport Association (IATA), global net profits for the sector totaled US\$ 13 billion, nearly double the US\$ 6.1 billion recorded in 2012.

Against this backdrop, Embraer projects a 4.8% annual increase in demand for air transport over the next two decades. Around 6,400 commercial jets of up to 130 seats will be needed over the period to support the renewal of the global aircraft fleet and the projected growth in demand.

Embraer has consolidated its leadership of the market for jets with 70 to 130 seats, accounting for an accumulated 60% of all deliveries since 2004 and serving 65 airline companies in 45 countries.

Approximately 200 E-Jets were sold in 2013, with over 300 purchase rights, to a diverse customer base, such as United Airlines (USA), Skywest (USA), Republic Airways (USA), American Airlines (USA), Austral (Argentina), Conviasa (Venezuela), JAL (Japan), British Airways (UK), Belavia (Belorussia), Air Costa (India), Aurigny Air Services (UK) and Saratov Airlines (Russia).

The E-Jets have been widely acclaimed for their versatility, economy, passenger comfort and operational efficiency. Just nine years after the first E-Jet entered service, in 2013 Embraer's commercial jets clocked up two important milestones: 10 million flight hours and the delivery of the thousandth new jet, an E175, for Republic Airlines (USA).

With a view to bolstering the competitiveness of its offering and increasing its market share, Embraer has been developing improvements to the E-Jets, in particular a new version of the E175 entailing a significant reduction in fuel consumption. Commercial Aviation closed 2013 with a total of US\$12.2 billion in firm orders.

Second generation of E-Jets

June 2013 saw the launch of the second generation of the E-Jets family. The E-Jets E2 generation consists of three new aircraft: the E175-E2, the E190-E2 and the E195-E2. The application of the latest technologies in the new jets' engines, wings and avionics will reduce fuel consumption, emissions, noise and maintenance costs, besides maximizing airlines' operational efficiency. The new cabin design will provide an even more comfortable experience for passengers. The E190-E2 model is expected to enter service in the first half of 2018.

The launch of the E-Jets E2 line has been attracting eager interest in the market: SkyWest Inc., the largest regional airline company in the world, has confirmed an order for 100 E175-E2 jets, along with 100 options to purchase. International Lease Finance Corporation (ILFC), a leasing company, confirmed a purchase order for 25 E190-E2 and 25 E195-E2, with options on an additional 50. Other airline companies from Africa, Asia, Europe and Latin America also expressed interest in acquiring E-Jets E2.



EXECUTIVE AVIATION

Worldwide in 2013, executive jet manufacturers delivered a total of 677 aircraft, up 2% on 2012. In 2014 expectations are for a slight increase in demand, which still remains below the levels that preceded the global financial crisis.

Embraer's Executive Aviation division continued to expand its market share, from 14.9% of global executive jet deliveries in 2012 to 17.6% in 2013. In revenue terms, Embraer's share of the market rose from 7.3% to 7.8% over the same period according to a report by the General Aviation Manufacturers Association (GAMA).

Embraer delivered its 400th Phenom jet and the Federal Aviation Administration (FAA) certified the assembly line for the Phenom 300 at Embraer's Melbourne (USA) facility.

The Legacy 500 development program clocked up 930 hours of test flights in 2013; the jet is slated to enter service during the 2014. The Legacy 450 made its maiden flight in December 2013 and is expected to enter service in 2015.

The Lineage 1000 jet was upgraded with a new cabin and new functionalities, as well as an extension of its flight range, and was renamed the Lineage 1000E.

The Phenom 100 jet also benefited from the installation of new functionalities that, combined with new passenger cabin options, saw it become the Phenom 100E.

Throughout 2013 Embraer expanded its global customer service network, a highlight being the opening of a service center in Sorocaba (Brazil). With this, Embraer now has six proprietary service centers and a total of 68 service centers worldwide.

For the second consecutive year, *Aviation International News* ranked Embraer as one of the top two firms for after-sales service in the executive aviation market.

Executive Aviation closed the year with a firm order backlog worth US\$ 2.4 billion.





EMBRAER DEFENSE & SECURITY

Embraer Defense & Security plays a crucial role in strengthening Brazil's defense and security systems and has been increasing its client base, which encompasses 48 countries in addition to Brazil. In 2013 revenues were up 25% on the previous year, reaching US\$ 2.6 billion. Further growth is expected in 2014.

The development of the KC-390 military tactical transport and in-flight refueling jet is proceeding on schedule, with its Critical Project Revision (CDR) completed in March 2013. The manufacture of parts for assembly of the first prototype also got underway and it should make its first flight at the end of 2014. At end-2013 letters of intention to purchase 60 aircraft had been signed by Brazil, Argentina, Colombia, Chile, Portugal and the Czech Republic.

In 2013 the US Air Force (USAF) selected the A-29 Super Tucano for its Light Air Support (LAS) program for advanced training missions. Embraer will supply 20 aircraft from its factory in Jacksonville (USA) in partnership with the Sierra Nevada Corporation—a US company that develops technological solutions for the aerospace and electronics segments.

Embraer Defense & Security is also undertaking out projects to modernize military aircraft, three of them for the Brazilian Air Force, one for the Brazilian Marines and one for the Colombian Air Force. They involve the EMB 145 AEW&C, an advanced aerial alert and control aircraft, AMX subsonic fighters, F-5 and A-4 Skyhawk supersonic fighters and the EMB 312 Tucano training aircraft.

Embraer Defense & Security continues with its strategy to diversify into non-aeronautics sectors. In 2013 it increased its shareholding in Atech Business Technologies Ltd to 100%; the company is now a fully owned Embraer subsidiary. In addition, it completed important phases of the Integrated Border Monitoring System (Sistema Integrado de Monitoramento de Fronteiras - Sisfron) through the Tepro consortium, made up of two companies controlled by Embraer Defense & Security: Savis Technology & Systems and Bradar (Bradar Indústria e Aerolevantamento).

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

In 2013, Visiona Space Technology Ltd., an association between Embraer and Telebras, was contracted to carry out the integration and launch of the Strategic Defense and Communications Geostationary Satellite (Satélite Geoestacionário de Defesa e Comunicações Estratégicas - SGDC). The SGDC aims to meet the Brazilian Government's satellite communications needs, including the National Broadband Program and a broad spectrum of strategic defense transmissions.

At end-2013 Embraer Defense & Security's firm order backlog totaled US\$ 3.6 billion.



PORTFOLIO

Commercial aviation Standard capacity – single class

ERJ 145 Family
37 to 50



E170
70 to 78



E175
78 to 88



E190
98 to 114



E195
108 to 124



E175-E2*
80 to 88



E190-E2*
97 to 106



E195-E2*
118 to 132



Executive Aviation

Phenom 100E
6 to 8



Phenom 300
8 to 11



Legacy 450*
7 to 9



Legacy 500*
8 to 12



Legacy 600
13 to 14



Legacy 650
13 to 14



Lineage 1000E
13 to 19



Defense & Security

A-29 Super Tucano



ISR



Special Missions**



KC-390*



Aircraft Modernization • Aircraft Repair and Maintenance • Unmanned Aerial Vehicles (UAV) • Aerial Surveillance Radar • Satellites • Training and Operation Support Systems (TOSS) • Systems of security*** / C4I**** • Air Traffic Control Systems • Remote Sensing

Agricultural Aviation Embraer Systems

Ipanema



Development and integration of complex systems for sectors other than aviation and defense.



*Under development | ** Transport of official personnel, MEDEVAC, in-flight inspection (FIS)
*** Defense and security application | **** Command, Control, Communication, Computers and Intelligence

ORDER BACKLOG – 12/31/2013

| Aircraft | Firm orders | Options | Deliveries | Firm order backlog |
|----------|-------------|---------|------------|--------------------|
| E170 | 188 | 26 | 187 | 1 |
| E175 | 375 | 472 | 187 | 188 |
| E190 | 569 | 169 | 496 | 73 |
| E195 | 145 | 22 | 128 | 17 |
| E175-E2 | 100 | 100 | 0 | 100 |
| E190-E2 | 25 | 25 | 0 | 25 |
| E195-E2 | 25 | 25 | 0 | 25 |
| Total | 1427 | 839 | 998 | 429 |

AIRCRAFT DELIVERIES BY BUSINESS UNIT

| | 2013 | 2012 | 2011 |
|---------------------|------|------|------|
| Commercial Aviation | 90 | 106 | 105 |
| ERJ 145 | - | - | 2 |
| E170 | 4 | 1 | 1 |
| E175 | 24 | 20 | 10 |
| E190 | 45 | 62 | 68 |
| E195 | 17 | 23 | 24 |
| Executive Aviation | 119 | 99 | 99 |
| Phenom 100 | 30 | 29 | 41 |
| Phenom 300 | 60 | 48 | 42 |
| Legacy 600/650 | 25 | 19 | 13 |
| Lineage 1000 | 4 | 3 | 3 |
| Defense & Security | 6 | 16 | 8 |
| Super Tucano | 6 | 14 | 8 |
| EMB 145 AEW&C | - | 2 | - |
| Total | 215 | 221 | 212 |

OTHER HIGHLIGHTS

Product safety GRI PR1, PR3

Embraer adheres to the highest production standards and strives for continuous improvement of both people and processes. New products and updates of already-certified projects are released to operators only after formal demonstration of the safety procedures and the resulting approval by the certifying authorities. In addition, Embraer continuously monitors aircraft in operation and provides constant updates to aircraft's technical operation and maintenance manuals.

All aircraft developed for civilian use are certified by the National Civil Aviation Agency (Agência Nacional de Aviação Civil - ANAC) in Brazil, by the Federal Aviation Administration (FAA) in the US, and by the European Aviation Safety Agency (EASA) in the EU. These agencies are also responsible for formally evaluating and approving—against rigid safety criteria—the publications, technical manuals and maintenance procedures for Embraer's products and services.

Embraer holds its supply chain to the same rigorous safety and efficiency standards, including procedures for handling and disposing of potentially hazardous substances.

When possible risks are identified, they are immediately evaluated by Embraer's Product Safety Committee, which oversees a holistic risk management process aimed at minimizing risk exposure.

In the event of an accident or serious incident involving one of its products, Embraer participates in the investigations and provides the relevant authorities with whatever support they need, in keeping with the norms set by the International Civil Aviation Organization (ICAO).

In 2013, it was recorded three incidents involving Commercial Aviation aircraft; these took place in Botswana (resulting in 2 fatalities), Nigeria (16) and Namibia (33). There were no fatalities in an incident involving an Executive Aviation jet in the US. In all cases, Embraer sent representatives to assist in the investigations. Although not all the inquiries had been concluded at the end of 2013, no faults with the planes have been identified as contributing factors.

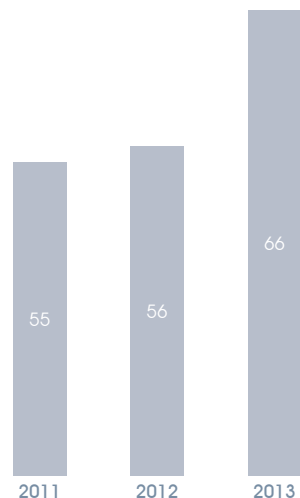
Agricultural Aviation

Embraer's Ipanema airplane remains the leader in agricultural aviation in Brazil, commanding a 65% market share. The model is used primarily for crop spraying. The Ipanema series includes the only assembly line produced ethanol-powered aircraft in the world, resulting in a lower operating and maintenance costs and improved performance. The ethanol version now accounts for 40% of the fleet in operation.

In 2013, a total of 70 Ipanema aircraft were sold in Brazil and Mercosur, representing a 6% increase on the previous year. Ipanema also reached an historic milestone of 1,300 units delivered since it was launched.

DELIVERIES

Ipanema aircraft



Asset management support

Since its creation in 2002, ECC Leasing, an Embraer subsidiary that provides sales support and helps reduce financial risks in the process, has administered 168 jets, both Embraer aircraft and those acquired via trade-in from other manufacturers. Of this total, 84 were re-marketed, 26 are under operational leases, and 54 are either available for release onto the market, under negotiation or in the process of being delivered to customers, and four continue to be used by Embraer for completing testing and certifications.

Sales finance

Expectations are for a progressive improvement in the global economy and increased participation of commercial banks in the aviation sector, which is already seeing more diversification and the entry of new participants, such as Japanese and Chinese banks and local financial institutions in the Middle East and Australia. The role of leasing is expected to keep growing, financing 50% of the global commercial jet fleet by the end of the decade. Capital market financing remains firm, as new banking regulations and the worldwide adoption of the Cape Town Treaty combine to increase its efficiency relative to other structures.

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



WE STRIVE FOR
COMPANY
EXCELLENCE



GENERATING PRESENT VALUE IN EMBRAER'S STRATEGY GRI 1.2

Through its business administration and corporate governance models, Embraer strives to achieve growth of shareholder returns on a daily basis, along with sustainable development of the business



Management Model

Embraer's management model is formally described in the Embraer Entrepreneurship System. It envisages the formulation and implementation of long-term plans as specified in the Company's Strategic Plan along with short-term projects as defined in the Action Plan. While the first defines macro strategies and macro projects for the next 15 years, the second deals with goals to be achieved within the next two years, including operational, economic-financial and sustainability goals.

The Strategic Plan and the Action Plan are fully aligned with each other and geared towards securing the business's longevity and generating value for stakeholders. They also address Embraer's objectives in terms of increasing its competitiveness in the market, improving its entrepreneurial excellence model, seeking continuous improvement to processes, diversifying its business activities and expanding its global operations.

The Strategic Plan centers on five main areas:

- **Commercial Aviation:** solidify its leadership position in its segment, expanding the customer base, working on perfecting E-Jets, and pursuing excellence in the customer support model;
- **Executive Aviation:** consolidate itself as one of the world's leading manufacturers of executive jets, increasing market share, investing in the development of new products and maintaining high levels of customer satisfaction with services and support;
- **Defense & Security:** be a critical player in Brazil's defense and security system, diversifying its portfolio of products and services and expanding its international presence, as well as pursuing excellence in customer support;
- **Diversification:** direct efforts towards diversifying Embraer's business, maintaining synergy with the Company's core competencies;

- **People, sustainability, organization and processes:** carry on being a global organization committed to delivering customer satisfaction and valuing its people; a Company that grows sustainably and serves as a benchmark for innovation and corporate excellence.

Continuous management improvement - P3E

Launched in 2007, the Embraer Entrepreneurial Excellence Program (P3E) seeks to raise the Company's management, processes and products to an ever-higher level of excellence. Based on *Lean Manufacturing* concepts, the P3E consists of four pillars: developing Embraer's organizational culture, developing people, constantly training leaders and striving for efficiency and excellence across all processes. As explicitly set out in one of the pillars, continuous engagement takes place with leaders to ensure they remain in alignment with each other and committed to ensuring the Company's operational efficiency and competitiveness.

As part of the P3E, the *Kaizen* concept encompasses the review of processes with a view to their optimization, with an emphasis on increasing productivity and eliminating waste. In 2013, more than 5,100 *kaizen* projects were completed.

Since the creation in 2012 of the Embraer Entrepreneurship System (Sistema Empresarial Embraer - SEE), we have consolidated improvements in the quality of our management, attaining level 8 on the scale compiled by the National Quality Foundation (Fundação Nacional da Qualidade - FNQ).

CORPORATE GOVERNANCE

To ensure that management of the Company is focused on sustainable development and securing the business's longevity, the corporate governance model is founded on ethical principles and conforms to the highest market standards both in Brazil and the US. This model is geared towards transparency, independence, and accountability; it aims to preserve the Company's value and increase its potential.

Embraer has a pulverized structure of share ownership and is a member of the New Market (Novo Mercado) of the São Paulo Stock Exchange (Bolsa de Valores de São Paulo - BM&FBovespa), where companies that adhere to the highest standards of corporate governance are listed. Embraer's shares are also traded on the New York Stock Exchange (NYSE) and continue to be listed on the Dow Jones Sustainability Index (DJSI) and the Corporate Sustainability Index of the BM&FBovespa (Índice de Sustentabilidade Empresarial - ISE), which comprise companies with recognized sustainable management practices. **GRI 2.6**

The Company's chosen shareholding distribution extends voting rights to all shareholders, without distinction. The tag-along mechanism guarantees all shareholders the same rights in the event of an offer to buy the Company. However, the Brazilian Federal Government retains a special class of share, the golden share, which gives it veto powers over certain issues of strategic importance

to the Company and the Brazilian State. **GRI 4.4**

The General Meeting is the Company's highest deliberative assembly; in keeping with Company statutes decisions are approved by a majority of Brazilian shareholders, with foreign shareholders restricted to 40% of the votes present. Company statutes also impose some restrictions aimed at discouraging excessive concentration of shareholdings or American Depositary Receipts (ADRs): at the Shareholders' General Meeting, no single stockholder or group of stockholders may exercise the vote on behalf of more than 5% of total shares; and no shareholder is allowed to own 35% or more of the Company's capital, except with the express authorization of the Federal Government, and subject to a public share offering. **GRI 4.6**

Corporate and governance structure **GRI 4.1**

Embraer's corporate structure is geared towards maximizing the effectiveness of the Company's management, by integrating operations and customer satisfaction functions, and always seeking to meet local market needs in all the countries in which it operates. The governance structure is made up of the Board of Directors and its three advisory committees (Strategy Committee, Audit and Risk Committee, and Human Resources Committee), the Fiscal Board, the Board of Executive Officers, Internal Auditors and Independent External auditors.

CORPORATE STRUCTURE

EMBRAER HOLDING



COMPOSITION OF BOARD OF DIRECTORS

Elected in the General Meeting on 25th April, 2013



01 Alexandre Gonçalves Silva
Chairman

02 Sergio Eraldo de Salles Pinto
Vice-chairman

03 Antonio Franciscangelis Neto

04 Arno Hugo Augustin Filho

05 Ernani de Almeida Ribeiro Junior

06 Israel Vainboim

07 João Cox Neto

08 Josué Christiano Gomes da Silva

09 Paulo Roberto de Oliveira

10 Samir Zraick

11 Vítor Paulo Camargo Gonçalves



Board of Directors GRI 4.1, 4.3, 4.4, 4.7

The Board of Directors defines guidelines, goals, budgets, and investment plans; it also approves the Company’s Strategic and Action Plans. During its two-year mandate, the Board also monitors the Company’s performance, appoints independent auditors, decides on stock issues and bonuses, elects and dismisses members of the Board of Executive Officers, and keeps checks on management.

It comprises 11 active members, 7 of them independent. The Brazilian Government names one member and employees nominate two others: a representative of the Embraer Employee Investment Club (Clube de Investimentos dos Empregados Embraer - CIEMB) and another elected directly by non-shareholding employees. Since 2010, Embraer has been implementing procedures to evaluate the Board’s and its members’ performance; the evaluation assesses individual and group contributions to achieving established objectives and ensuring excellent corporate governance.

Auxiliary committees GRI 4.1, 4.7, 4.9, 4.11

Strategy Committee: keeps track of Company administration and results and is responsible for assisting the Board of Directors in formulation of the Strategic Plan and the Action Plan, with a focus on objectives, macro projects, and evaluation of potential new business opportunities.

Audit and Risk Committee: assists in identifying and managing business risks inherent to the Company’s activities; adapting risk management models, guidelines, and policies, and verifying managerial and accounting information released to the public and to regulatory agencies – this includes

supervising the quality of financial reporting and compliance with legal and regulatory requirements. In addition, the Committee makes recommendations for the selection of the external audit company and supervises its activities, among other functions.

Human Resources Committee: provides support to the Board of Directors in selecting and dismissing Company directors, defining their respective functions, setting remuneration and human resources policies, administering the Company’s share option programs and recommending the allocation of funds to employee associations and charities, and to leisure and private retirement plans.

Fiscal Board

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

| COMPOSITION OF THE FISCAL BOARD ELECTED ON 16 TH APRIL 2014 GRI 4.2 | |
|---|----------------|
| Ivan Mendes do Carmo | President |
| Eduardo Coutinho Guerra | Vice-President |
| Nelson de Menezes Filho | |
| José Mauro Laxe Vilela | FB Member |
| Taiki Hirashima | |

COMPOSITION OF BOARD OF EXECUTIVE OFFICERS

With effect from 28th February 2014



01 Frederico Pinheiro Fleury Curado
President & CEO

02 Artur Aparecido Valério Coutinho
Executive Vice President, Operations (COO)

03 Jackson Medeiros de Farias Schneider
Executive Vice President, Defense & Security

04 José Antonio de Almeida Filippo
Executive Vice President, Finance
and Investor Relations (CFO)

05 Marco Tulio Pellegrini
Executive Vice President, Executive Aviation

06 Mauro Kern Junior
Executive Vice President,
Engineering and Technology

07 Paulo Cesar de Souza e Silva
Executive Vice President,
Commercial Aviation

08 Terena Penteado Rodrigues
Executive Vice President & General Counsel

Board of Executive Officers

The Board of Executive Officers is responsible for managing the Company in accordance with the Strategic Plan and the Action Plan. It is appointed by the Board of Directors to a two-year mandate, and is supported by several management committees such as the Sustainability, Ethics, Financial Management and Environmental Risks committees. It can also call on specialized consultancies and audit firms. It is evaluated by the Board of Directors and rewarded according to the fulfillment of the economic-financial, operational, and socio-environmental goals set out in the Action Plan. **GRI 4.10**

Risk management **GRI 1.2, 4.11**

Led by the Company's top tiers of governance, Embraer's risk management operation is geared towards maintaining transparency and safety and ensuring the long-term security of the Company's operations and resources.

Following several important advances, Embraer's risk management has achieved significant maturity in global terms. These advances include the completion in 2013 of a review – conducted in partnership with a specialized consultancy – of the principal risks inherent to the Company's business. The Company also established a mechanism to increase the visibility of these risks, in addition to mapping respective mitigation actions and introducing risk indicators as governance tools. In addition, an external audit highlighted significant advances in the overall consolidation of controls and procedures relevant to financial statements, in accordance with the Sarbanes-Oxley Law.

The management and corporate governance practices adopted by Embraer are applicable to all the Group's companies in Brazil and abroad, including joint ventures. Risks are categorized into strategic, operational, regulatory, and financial. The next section provides a short explanation of each:

Strategic

Strategic risks are associated with senior management decisions that have the potential to cause a substantial decline in the Company's economic value. They may be

related, for example, to the development of especially innovative products; to the global economic crisis; increased trade barriers in foreign markets; the scarcity of credit in the international financial markets; and rising costs in Brazil due to inflation, an overvalued currency (Brazilian Real), and a rising tax burden. Accordingly, risk management and planning for the aviation sector require constant monitoring of the main trends in the market.

Embraer provides stakeholders with advance notice of any issues that could present a risk to the Company's operations and brand.

Operational

Operational risks involve possible losses (of production, assets, customers or income) resulting from faults, shortcomings or inadequacies of internal processes, people and systems, as well as external events such as natural disasters.

Financial

Financial risks are those associated with exposures from financial operations. The Company has a duty to ensure cash flows are administered effectively, in order to maximize operational cash flow, manage risks and returns specific to financial transactions, and raise and apply financial resources according to established policies.

The Company's Financial Management Committee analyzes and issues positions on the outlook for market and production trends and any situations that imply a potential financial exposure for the Company, always in accordance with the Financial Management policy approved by the Board of Directors.

Regulatory/legal

Embraer operates in all stages of the aircraft manufacturing process, from project development to after-sales support, adhering strictly to the relevant industry regulations. **GRI PR1**

Independent auditors

In fulfillment of the Brazilian Security and Exchange Commission's directive no. 381/03, in 2013 Embraer retained KPMG Independent Auditors to carry out functions unrelated to the external audit (these consisted of tax reviews). Its fees totaled R\$ 612,600, equivalent to around 8% of the consolidated honorariums incurred for the external audits of Embraer and its controlled companies. Given the restricted scope and specific nature of the procedures carried out, these services do not impinge on the external auditors' independence and objectivity.

In the environmental sphere, Embraer assesses its operations in search of opportunities to mitigate the effects of global warming and of greenhouse gas (GHG) emissions, for example by controlling consumption, adjusting its energy mix, applying new technologies, and developing new products. **GRI EC2, EN26**

In 2013 the main business executives, along with the CFO and the President & CEO, completed a review of Embraer's overall risk assessment materials.

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

Policies

Embraer ensures that all its employees are familiar with its corporate policies. These are closely aligned with the Company's values and with the best market practices. Some of these policies are briefly outlined below:

Risk Management Policy

Embraer's risk management directives are described in its Risk Management Policy. Approved in 2013 by the Audit and Risk Committee and the Board of Directors, this is expected to guide the work of the Risk Management and Internal Controls department for the next few years. Risk management policies are based on the best market practices and guidelines from the Brazilian Institute of Corporate Governance (Instituto Brasileiro de Governança Corporativa - IBGC), the Committee of Sponsoring Organizations of the Treadway Commission (COSO II), and ISO 31000, among others.

Financial Management Policy

Approved by the Board of Directors, the Policy contains the guidelines for administering Company finances related to cash flow and capital structure. Key indicators are

monitored and reported to the Financial Management Committee, the Board of Executive Officers, the Audit and Risk Committee and the Board of Directors.

Human Resources Policy

This communicates the Company's thinking and position on the treatment of its greatest asset: its people. Across all the countries where the Company operates, anyone with responsibility for managing people must ensure the policy is applied in all business-related situations.

Quality Policy

Embraer is certified under ISO 9001 and AS 9100 (international standards for Quality Management Systems for Aviation, Space, and Defense Organizations). The implementation of the Embraer Entrepreneurial Excellence Program (P3E) since 2007 has also entailed a further tightening of these standards.

The Quality Policy's chief directives are as follows:

- Design, produce, and support high-quality products with adequate safety standards;
- Focus on preventive measures;
- Ensure that all employees know, understand, and adhere to the quality standards in their work in a responsible manner;
- Ensure the continuous improvement of all business processes with a view to customer satisfaction, through the involvement of employees and teams at all levels.

Intellectual Property Management Policy

Embraer is conscious of the need to protect the rights and results of its intellectual creations, such as inventions, industrial drawings, brands, processes, systems, software and products. In its Intellectual Property Management Policy, the Company commits itself to, for example:

- Incentivizing innovation and creativity to promote technological development and ensure the Company's

products and services retain their competitive edge;

- Ensuring the protection and registration of intellectual property resulting from knowledge and innovation generated in the Company;
- Extracting the economic value embodied in intellectual property, with a focus on increasing the competitiveness of distinctively different and innovative products, processes, and services, as well as taking advantage of new business opportunities.

Environmental and Occupational Health and Safety Policy **GRI 4.8, 4.11**

Updated in 2013, Embraer's Environmental and Occupational Health and Safety Policy seeks to ensure that all Company operations are environmentally sustainable, safe and healthy (read more in the chapter "We build a sustainable future"). Its directives envisage continuous improvement and investment in employees' skills; compliance with environmental and occupational health and safety legislation; and the adoption of preventive practices, corrective actions and innovative solutions.

Flight Safety Policy **GRI 4.11**

This policy encourages a rigorous commitment to building ever-safer aircraft that exceed national and international certification standards. Employees are incentivized to report risk situations, ensure that results data get to the relevant people, and that necessary changes are made to ensure fulfillment of safety recommendations.

Participation in initiatives and associations GRI 4.12, 4.13, SO5

Embraer looks to engage in discussions affecting civil society, as well as contributing to the formulation of public policies that touch on issues of direct relevance to the business, always in keeping with its Compliance Program and Code Of Ethics and Conduct. It is an active participant and a vocal advocate of sectorial demands in the Technology Park Association of São José dos Campos, the Aerospace Industries Association of Brazil (AIAB) and the Paulista Eastern Cone Innovation and Competitiveness Center (CECOMPI). When it comes to Brazilian industry more broadly, Embraer is active in the National Industry Confederation (Confederação Nacional da Indústria - CNI), the São Paulo State Industries Federation (Federação das Indústrias do Estado de São Paulo - FIESP) and the Industrial Development Studies Institute (Instituto de Estudos para o Desenvolvimento Industrial - IEDI).

Among the initiatives to which Embraer subscribes or of which it forms part, the most important are the UN's Global Compact, the Brazilian GHG Protocol Program (of which Embraer is a founding member), the Carbon Disclosure Project (CDP) and the Latin American Companies Circle.

Embraer is also a member of the Brazilian Institute of Corporate Governance (Instituto Brasileiro de Governança Corporativa - IBGC), the Brazilian Association of Public Companies (Associação Brasileira das Companhias Abertas - ABRASCA), the Brazilian Investor Relations Institute (Instituto Brasileiro de Relações com Investidores - IBRI), and the National Investors' Institute (Instituto Nacional de Investidores - INI).

In addition, Embraer participates in organizations that seek to widen understanding of the international agenda. These include the Brazilian Foreign Trade Association (Associação de Comércio Exterior do Brasil - AEB), the Brazilian International Relations Center (Centro Brasileiro de Relações Internacionais - CEBRI), the Brazil China Business Council (Conselho Empresarial Brasil China - CEBC), the World Economic Forum (WEF), the Aviation Working Group

(AWG), and the Air Transport Action Group (ATAG), among others. Finally, it also keeps track of relevant issues at the International Civil Aviation Organization (ICAO), the World Trade Organization (WTO) and the Organization for Economic Co-operation and Development (OECD).

Supply chain

In selecting its suppliers, Embraer considers issues such as price competitiveness, quality, reliability, technical and productive capacity, socio-environmental responsibility, financial health, logistics, risks, certifications and experience. Supplier contract models signed by Embraer include clauses that establish the supplier's obligation to comply with relevant legislation and socio-environmental standards, and prohibit the use of child and forced labor. In 2013 no suppliers were dropped or posed risks of human rights violations or use of child or forced labor.

Supply chain management entails the use of tools such as: a Score Card for monthly monitoring of indicators; a joint action plan in which Embraer executives and suppliers discuss strategic issues that might affect operations; and Risk Assessment, to monitor supply risks and conduct in-person audits of the supplier's factory floor.

Supply chain development

Through the National Supplier Development Program (Programa de Desenvolvimento de Fornecedores Nacionais - PDF), Embraer invests in capacity building in its supply chain. Developed in the classroom, the initiative entails modules such as: business leadership, strategic planning, financial management, project management, inventory management and people management, among others.

Practical capacity building takes place during Kaizen Weeks for Suppliers, attended by relevant staff in the supply area. In addition, suppliers are encouraged to carry out Independent Kaizens—in 2013 there were 386 Kaizens. Practical implementation is achieved via a tool based on the SAE J4000 standard, which outlines and guides best practices with suppliers and clients.

Compliance

Conforming to the highest international standards of good practice as well as local and international legislation, Embraer strengthened its Compliance program with a focus on promoting anti-corruption efforts and export controls.

The Compliance Directory, which acts independently and reports directly to the Audit and Risk Committee and the Board of Directors, is responsible for the management of this program. It is focused on continuously improving processes, training employees and promoting a culture of ethics and business integrity in internal and external interactions.

Ethics and transparency **GRI 4.8**

Embraer’s Code of Ethics and Conduct ensures the Company’s commitment to best practices in accounting and corporate transparency and integrity. Based on the Company’s values and the principles of the Global Compact, the document is available in Portuguese, English, French and Mandarin. It is distributed to all the Company’s employees and those of its subsidiaries in Brazil and overseas at the time of hiring or whenever there is a new update. The Code of Ethics and Conduct is available for consultation on www.embraer.com by clicking on the “Ethics and Compliance” icon.

Embraer also has a Helpline, responsible for gathering, recording, evaluating, and discussing complaints received from all sources, permitting anybody to report possible violations of the Code of Ethics and Conduct, corporate governance practices or legislation. An independent company administers the Helpline; this ensures the anonymity and confidentiality of complaints.

In 2013 the Ethics Committee evaluated 176 complaints, of which 26% were deemed valid. In terms of complaints relating to discrimination, the Company logged four in 2013; however after proper analysis, they were judged to be unfounded. **GRI HR4**

Also in 2013, Embraer implemented an anti-corruption policy and became an active member of the World Economic Forum’s Partnering Against Corruption Initiative (PACI), as well as being a signatory to the UN’s Global Compact.



Contact points – Channel for lodging complaints: Helpline **GRI 4.4**

Embraer intranet: accessible to all employees

Embraer website (www.embraer.com): icon “Ethics and Compliance”, Helpline section or by calling one of the following numbers:

Brazil: 0800-721-5968

Portugal: 800-180-118

USA: 1-877-900-8779

Singapore: 800-130-2122

China: 400-120-4946

France: 0805-080608

PERCENTAGE OF EMPLOYEES (AND TOTAL NUMBER) TRAINED IN ANTI-CORRUPTION PROCEDURES (%)¹ **GRI 503**

| | 2011 | 2012 | 2013 |
|--------------|-------|-------|----------------|
| Managers | 1.49% | 3.43% | 100%** (1,152) |
| Non managers | (240) | (617) | 51.05% (9,520) |

¹ Percentages are based on the following employee totals: 17,265 (2011); 17,970 (September 2012); 18,650 (2013).

** As anticipated in 2013, the Company fulfilled the goal of training 100% of the employees working in areas of highest risk exposure. In addition, 96% of employees were trained in the Code of Ethics and Conduct that addresses the anti-corruption theme in one of its chapters. In 2014, Embraer aims to carry out phase II of its anti-corruption training, covering 100% of managers and all employees working in areas of highest risk exposure.

During the course of the year Embraer carried out a risk assessment analysis focusing on corruption-related risks across all its units, subsidiaries and majority-owned companies. In addition, 96% of employees were trained on the Code of Ethics and Conduct, to which they individually and formally adhere; and 100% of leaders underwent training on anti-corruption policies.

The goal for 2014 is to sustain continuous improvement in this area through the Company's ethics and compliance program, with a strengthening of training programs and risk monitoring; a tightening of policies and controls; and participation in organizations that support initiatives to combat corruption and promote corporate integrity. **GRI SO2**

Intangible assets

A process of identifying intangible assets and according them priority attention forms part of the annual review cycle for Embraer's Strategic Plan. All the Company's actions, based on its six values, are also geared towards the strengthening of these assets: brand value, people (employees and leadership) and the intellectual property and knowledge generated by its innovations. The following table sets out the methods used for the periodic evaluation of these assets.

| Asset | Evaluation method |
|-----------------------|--|
| Brand | Monitoring of positive and negative materials relating to Embraer brand |
| | Favorability index of Organizational Environment |
| | Inclusion in Bovespa and Dow Jones sustainability indices (ISE and DJSI) |
| Knowledge | Monitoring activities index in Practice Communities |
| | Maturity of Practice Communities |
| | Index of knowledge recycling |
| Intellectual Property | Portfolio of invention patents |
| | Portfolio of industrial design patents |
| | Portfolio of trade secrets |
| People | Organizational environment survey |
| | <i>Ranking of best places to work</i> |
| | Competency evaluation – annual cycle |
| | Feedback on training programs |
| Leadership | Evaluation of results |
| | Annual leadership cycle |
| | <i>Performance evaluations</i> |
| | 360-degree assessments |
| | Assessment committee |

AWARDS AND RECOGNITION

GRI 2.10

| Award | Awarding organization | Category |
|---|--|--|
| Época Negócios 360° annual ranking | Época magazine | Industry Leader in the Vehicles and Autoparts Sector |
| Best and Biggest | Exame magazine | Company of the Year for 2012. |
| Top Vale | O Vale newspaper | Industry of the City – Vale do Paraíba Region. |
| The Most Admired Companies in Brazil | Carta Capital magazine | One of the top ten most admired Brazilian companies. |
| Viracopos Prize for Logistical Excellence | Viracopos Airport Operator (ABV) | Industry Leader in the Vehicles and Autoparts Sector |
| Valor 1000 | Valor Econômico newspaper | 35 th place in the general ranking of 1,000 Biggest Companies and 4 th place in the final classification of the vehicles and parts sector. |
| Reputação Corporativa | Exame / Merco (Business Monitor of Corporate Reputation) | Ranked among the top 100 Brazilian companies measured by reputation. |
| Transparency Trophy | Fipecafi (Institution/Foundation for Accounting, Actuarial and Financial Research) - Serasa Experian (research and investment data)– Anefac (National Association of Finance, Administration and Accountancy Executives) | Classified as one of Brazil's most transparent companies due to the quality of its financial statements. |
| 15 th ABRASCA prize for Best Annual Report | ABRASCA (the Brazilian Association of Public Companies) | Considered one of Brazil's 10 best annual reports |
| The best of Dinheiro | Isto É!Dinheiro magazine | The Best in Social and Environmental Responsibility, Fourth in Vehicles and Autoparts Sector |
| National Innovation Award | CNI (National Industry Confederation) | Technological Innovation Projects. |
| 5 th Brazilian Congress for Innovation in Industry | CNI / SEBRAE | Value Chain innovation. |
| Best in People Management | Valor Econômico newspaper | The Best Brazilian Company in People Management ("More than 15,000 employees" Category) |
| Best Places to Work | Great Place to Work Institute and Época magazine | Nominated one of the best places to work in Brazil. |
| Guide to the Best Places to Work | Você S/A and Exame magazines | Nominated one of the top 150 companies to work for. |
| Guide to the Best Places to Start a Career | Você S/A magazine | Elected the best company at which to start a career. |
| Best Companies to Work for in Latin America | Great Place to Work Institute | Nominated one of the best companies to work for in Latin America. |
| Best Companies to Work for in Florida | Florida Trend Magazine | Embraer was voted one of Florida's Best Companies to Work for in 2013 |

ECONOMIC-FINANCIAL PERFORMANCE GRI EC1

In 2013 Embraer met and in some cases surpassed its published targets for annual revenue, operating margin (EBIT) and EBITDA.

Net revenue and gross margin

Net revenue for the year totaled R\$ 13,635.8 million (US\$ 6,235.0 million) in 2013, according to Company estimates. This was a 12% increase on 2012, when net revenue summed R\$ 12,180.5.

Embraer delivered 215 aircraft during the year, slightly below the 221 delivered in 2012. Even so, revenue grew as a result of several factors, such as:

- Exchange rate fluctuations during the period had a positive impact on revenues expressed in Brazilian Reals;
- An increased number of Executive Aviation deliveries and a change in the product and service mix, with an increased share of large executive jets, Legacy and Lineage, at higher sales values than light Phenom jets;
- Revenue growth of the Defense & Security business unit.

The gross margin was 22.7%, 1.5 percentage points lower than in 2012, principally because of a change in the product mix in Commercial Aviation; it increased deliveries of the E175 aircraft, which has a lower price point than the E190 and E195 models.

Revenue by business unit and geographical region

In 2013 Commercial Aviation's net revenue reached R\$ 7,186.4 million, 3% lower than in 2012. However, Executive Aviation recorded revenue of R\$ 3,658.7 million, up 41% on the previous year. Defense & Security achieved net revenue of R\$ 2,601.0 million, a 25% increase on the year-earlier period. Other activities generated revenue of R\$ 189.6 million.

The North American market, which had been losing ground in Embraer's revenue mix since 2009, recovered its leading position, accounting for 29% of total sales. Reflecting the economic crisis in Europe, the European market's revenue share fell to 22%. China's share fell to 6% while the Asia Pacific and Latin America regions rose to 9% and 8% respectively. In relative terms, growth of sales in Brazil were the strongest and the home market accounted for 21% of the Company's total revenues in 2013.

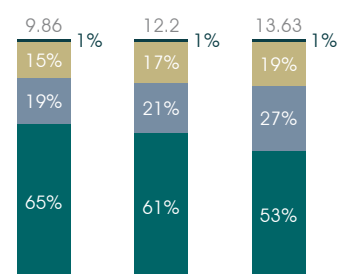
During the year, Embraer's export sales totaled US\$ 4,136.7 million, making the Company Brazil's seventh largest exporter and an important support to the country's trade balance.

Operational results and operational margin (EBIT)

In 2013 the Company recorded an operational result and margin of R\$1,605.8 million (US\$ 713.4 million) and 11.8% respectively. Both figures were improvements on the Company's initial estimates for the year. The 32% increase in the operational result relative to 2012 is explained principally by the rise in net revenue, the appreciation of the US Dollar relative to the Brazilian Real, an improvement in operational efficiency thanks to the Embraer Entrepreneurial Excellence Program (P3E) and the reversal of provisions relating to financial guarantees in

NET REVENUE BY SEGMENT

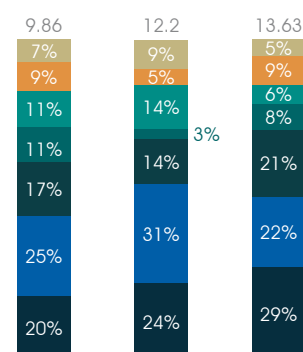
R\$ Billions



■ Commercial Aviation
■ Executive Aviation
■ Defense & Security
■ Other

NET REVENUE BY REGION

R\$ Billions



■ North America
■ Europe
■ Brazil
■ South and Central America
■ China
■ Asia Pacific
■ Africa & Middle East

2013 Estimates

NET REVENUE (US\$)

**5.9–6.4
billion**

EBIT (US\$)

**530–610
million**

EBIT MARGIN 9.0%–9.5%

EBITDA (US\$)

**770–900
million**

EBITDA MARGIN 13.0%–14.0%

connection with American Airlines' bankruptcy proceedings; the airline company successfully exited bankruptcy proceedings in December 2013.

Investment in research totaled R\$ 158.1 million (US\$ 74.7 million) in 2013 and was below the Company's original expectations of US\$100 million, despite full achievement of operational targets. Commercial expenses came to R\$ 978.8 million, 4% higher than in 2012 primarily because of the appreciation of the US Dollar.

In spite of the annual salary adjustment concluded at the end of 2012, which increased payroll disbursements in the Company's Brazilian operations by around 6%, administrative expenses declined by 17% to R\$ 453.7 million, equivalent to 3.3% of annual revenue, compared to 4.5% in 2012.

Other operating expenses totaled R\$ 100.6 million in 2013, owing principally to the one-off effect of the reversion of provisions of US\$147 million related to AMR's bankruptcy proceedings.

EBITDA reached R\$ 2,239.1 million (US\$ 1,004.0 million) in 2013, 27% higher than in 2012, and the EBITDA margin was 16.4%; both surpassed original Company estimates.

In 2013, Embraer recorded net financial expenses of R\$ 221.4 million, significantly higher than the previous year, primarily because of a US\$98 million repurchase of part of its exposure in Residual Value Guarantees (RVGs) related to the ERJ 145 family.

Net income and earnings per share

Embraer's net profit in 2013 was R\$ 777.7 million, an increase of 11% on 2012. Profits per share were R\$ 1.0668.

Financial indicators

Embraer ended fiscal 2013 with a solid cash flow, expressed in a net cash position of R\$ 1,005.5 million, 59% higher than the previous year and outweighing indebtedness. This increase was due principally to the high level of deliveries and the strong generation of free cash flow in the final quarter of the year; free cash flow ended the year at R\$ 568.1 million. Embraer's total cash position rose by R\$ 1,292.2 million to stand at R\$ 6,146.1 million at the end of 2013.

Embraer closed the year with gross indebtedness of R\$ 5,140.6 million, 22% higher than the year earlier owing to an increase in long-term borrowing. In September 2013, the Company carried out a successful debt exchange operation, in which US\$ 146.4 million of bonds maturing in 2017 and US\$ 337.2 million maturing in 2020 were exchanged for new paper maturing in 2023. The exchange extended the average maturity of the Company's debt, taking it to 6.2 years. As a result of the operation, the cost of debt held in US Dollar fell from 6.10% to 5.81% a year, and the cost of debt denominated in Brazilian Real rose from 4.7% to 6.17% per year.

Embraer's cash allocation strategy continues to be one of its main tools for mitigating exchange rate risk. First, by achieving a balance of assets denominated in Real and

Dollar, the Company seeks to neutralize the impact of its exchange-rate exposure on the balance sheet. At the end of 2013, the proportion of cash held in each currency was exactly 50%. Second, the Company carries out exchange-rate hedging operations to manage its exposure to cash flow denominated in Brazilian Real. In 2014, nearly 60% of Real-denominated cash flow is hedged.

Inventories ended the year at R\$ 5,358.3 million, up 22% on the previous year largely owing to the appreciation of the US Dollar during the period; otherwise inventories would have increased by 6% in real terms. Inventory turnover was largely stable at 2.0 in line with operational requirements and the Company's production cycle.

The 22% increase in gross indebtedness was fully compensated by an increase in net equity, resulting in the gross debt to equity ratio remaining stable at 0.6. Total assets rose by 23% and asset turnover remained stable at 0.6. Return on Assets (ROA) and Return on Equity (ROE) were 3.3% and 9.1% respectively, virtually stable on the previous year.

Value-added Statement (VAS) GRI EC1

The purpose of the VAS is to show the wealth Embraer generates and distributes to stakeholder groups represented by shareholders, employees, financial institutions and the municipal, state and federal governments. Added value totaled R\$ 4,906.3 million and represented 36% of net revenue in 2013.

| Consolidated R\$ million | 2013 | 2012 | 2011 |
|--|----------------|----------------|----------------|
| Revenue | 15,163.1 | 13,094.6 | 10,403.1 |
| Inputs Acquired from Third Parties | (9,968.8) | (8,774.6) | (7,691.6) |
| Gross Value Added | 5,194.3 | 4,320.0 | 2,711.5 |
| Depreciation and Amortization | (633.3) | (545.7) | (401.2) |
| Net Value Added Produced by the Company | 4,561.0 | 3,774.3 | 2,310.3 |
| Value Added Received in Transfer | 345.3 | 276.8 | 268.5 |
| Total Value Added for Distribution | 4,906.3 | 4,051.1 | 2,578.8 |
| Distribution of Value Added | 4,906.3 | 4,051.1 | 2,578.8 |
| Staff | 2,368.5 | 2,089.5 | 1,357.9 |
| Government (taxes, levies and contributions) | 1,126.0 | 977.8 | 612.8 |
| Interest payments and rents | 625.4 | 284.8 | 436.8 |
| Interest on own capital and dividends | 202.1 | 182.5 | 226.2 |
| Retained profits/losses | 575.6 | 515.3 | (69.9) |
| Participation of non-controllers | 8.7 | 1.2 | 15.0 |

Taxes and social contributions

The taxes, social contributions, and municipal, state and federal fees that measure part of Embraer's contribution to society totaled R\$ 1,126.0 million in fiscal 2013.

Capital market

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

In 2013, Embraer continued to be listed in the theoretical portfolios of the Brazil Index (Índice Brasil - IBiX) as well as in the Special Corporate Governance Stock Index (Índice de Ações com Governança Corporativa - IGC), the Special Tag Along Stock Index (Índice de Ações com Tag Along Diferenciado - ITAG), the Industrial Sector Index (Índice do Setor Industrial - INDX) and the Bovespa Value Index 2nd line (Índice Valor Bovespa 2ª Linha - IBVX-2). In addition, the Company

re-joined Bovespa's IBrX50 portfolio and the 2014 Corporate Sustainability Index (Índice de Sustentabilidade Empresarial - ISE).

In the US, for the fourth consecutive year, Embraer was selected for inclusion in the 2013/2014 Dow Jones Sustainability Index (DJSI).

Embraer's shares (EMBR3) traded on the BM&FBovespa at R\$ 18.89 at the end of 2013, 31% higher than at the close of the previous year, while the overall index was down 15% over the same period. The American Depositary Shares (ADS) of the Company (ERJ) listed on the NYSE traded at US\$ 32.18 at the end of the year, up 13%, compared to a 27% rise in the Dow Jones index.

Embraer's market capitalization reached US\$ 5.9 billion at the end of 2013, up from US\$ 5.3 billion a year earlier.

DIVIDENDS DISTRIBUTED

R\$ Million

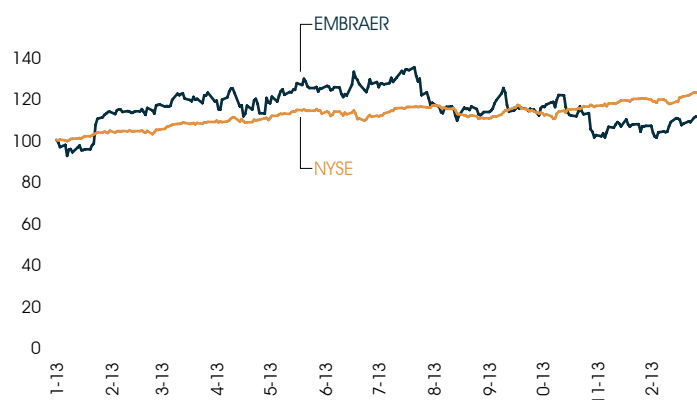


Distribution of controlling company results and shareholder remuneration

In 2013, Embraer distributed R\$ 202.2 million to its shareholders, comprising R\$ 153.2 million of interest on own capital and R\$ 49 million in dividends. This represented a payout of 26% of consolidated net profits of R\$ 777.7 million. Profits per share were R\$ 1.07.

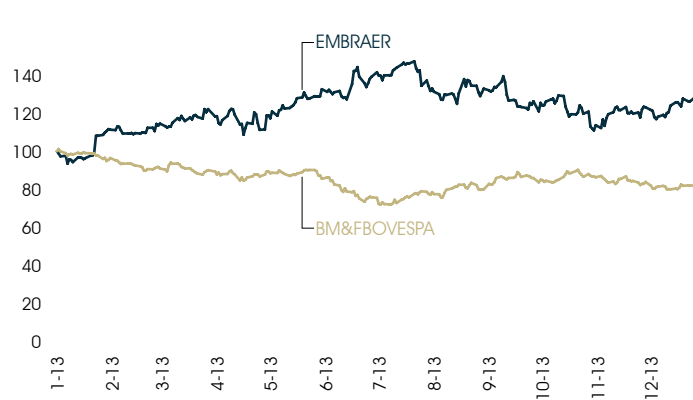
ERJ – NYSE PERFORMANCE

01/01/2013 = 100




EMBR3 – BM&FBOVESPA PERFORMANCE

01/01/2013 = 100







EMBRAER



**BOLDNESS AND
INNOVATION ARE
OUR HALLMARKS**

INNOVATING FOR GROWTH

Thanks to a culture and internal procedures strongly geared towards stimulating innovation, Embraer is known for being fertile in cutting edge technologies

Continuous innovation is what keeps Embraer among the biggest companies in the global aviation sector. Each year, the Company creates new initiatives designed to spur its employees onto new ideas, always providing the support to implement them.

The Innovation Policy and the Innovation Management Model contain, respectively, the principles and requirements for Embraer's innovation processes. The Company's chief tool for instilling a fertile internal atmosphere and stimulating innovation-oriented activities is the Innova program, which provides mechanisms and physical spaces that favor the development and consolidation of innovative ideas.

Embraer also has a team dedicated exclusively to researching and making viable new technologies and processes that might add value to the Company. On average, this team develops 40 to 50 projects a year, based on a periodic analysis of market needs and the global technological environment.

Incentive programs

Innova works through both spontaneous and stimulated innovation. In the case of the first, the Green Light program evaluates innovative proposals submitted voluntarily by employees. When a proposal is approved, its proponents receive time and resources to develop their projects.

The Innova Challenge program works to stimulate innovation: managers set a challenge for their subordinates, who then work together to devise and flesh out possible solutions. The 12 challenges launched in 2013 generated 539 ideas. Based on these ideas, 24 prototypes went into a final implementation phase in 7 innovation projects.





NATIONAL INNOVATION AWARD

An Embraer innovation won the Technological Innovation Project category of the National Innovation Prize awarded jointly by the Brazilian National Industry Confederation (CNI), Brazilian Support Service for Small and Micro Enterprises (SEBRAE) and the Competitive Brazil Movement (Movimento Brasil Competitivo). The winning project was Embraer's new AHEAD-PRO - Aircraft Health Analysis and Diagnosis system. This preventive monitoring system was created to provide constant real-time updates on the operating condition of the aircraft's components.

The Innovation Reward Program is a new initiative established in 2013. On the principle that all successful innovations should be recognized and celebrated, systematic procedures were set up to capture, analyze and reward such achievements. In 2013, 235 people were recognized for 95 innovations, both spontaneous and stimulated.

A collaborative environment

Embraer also continues to operate its Good Idea Program, which encourages employees to submit suggestions for ways to improve performance on operational safety, ergonomics and the environment. In 2013 the Program celebrated its 25th year of operation, with a total of 50 thousand new ideas put into practice.

Of the 13,074 ideas put forward during 2013, 7,660 were put into practice, generating cost savings of close to US\$ 34.1 million.

The knowledge-creation network

As well as developing new technologies in house, Embraer has a program able to co-ordinate and execute multidisciplinary projects in partnership with teaching and research institutes in Brazil and overseas; these projects operate as a knowledge network.

An example is the Cabin Comfort and Design project, developed in partnership with São Paulo University (Universidade de São Paulo - USP), Santa Catarina University (Universidade Federal de Santa Catarina - UFSC) and the Federal University of São Carlos

(Universidade Federal de São Carlos - UFSCar), with financial support from the São Paulo Research Foundation (Fundação de Amparo à Pesquisa do Estado de São Paulo - FAPESP) and the federal government's Funding Authority for Studies and Projects (Financiadora de Estudos e Projetos - FINEP). The main results of the project were the generation of knowledge and building of in-house skills for developing passenger-focused aircraft interiors, along with the creation in USP of a new Center for Engineering Comfort (CEC).

Embraer also signed a partnership with UFSCar and the National Paralympic Committee for the Universal Cabin project; this aims to facilitate the collection of data through monitoring the travel and day-to-day activities of athletes with physical or visual impairments.

In addition to these activities, Embraer also participates actively in discussions with leading business and government figures to strengthen public policies around the National Innovation System, so as to encourage technological innovation in the corporate sector and research into emerging technologies.

Product Lifecycle Management

In 2013 Embraer launched a project to modernize its Product Lifecycle Management (PLM) program. Advantages include a shortening of the development cycle for new products and the prospect that these enter operation at a more advanced stage of maturity.



INNOVATION IN FIGURES

34%

of Embraer's net income was generated by innovations put into effect between 2009 and 2013

12,400

innovations implemented in 2013

227

patents were applied for between 2009 and 2013

91

patents were awarded between 2009 and 2013

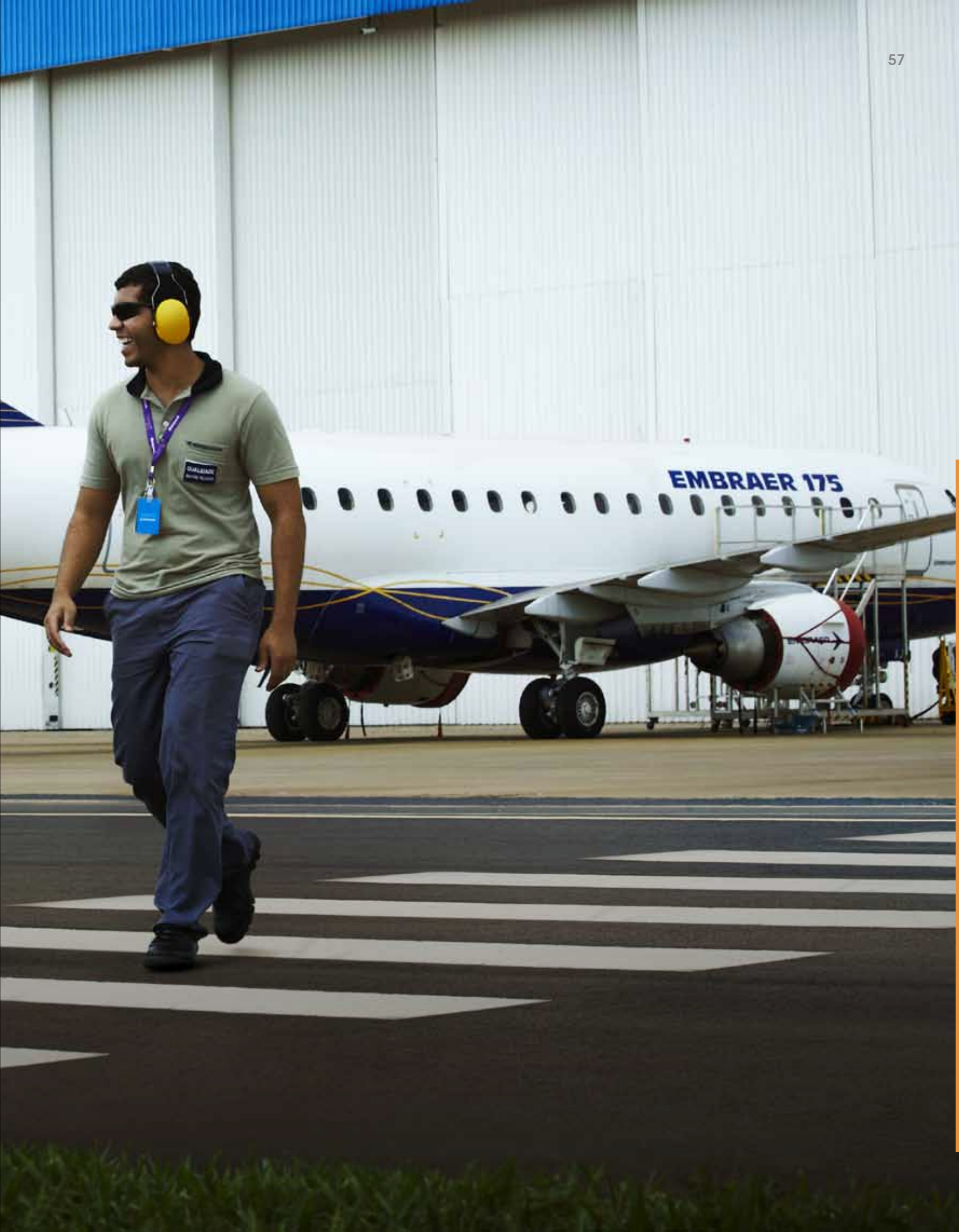
MATERIALS CONCEPT LAB

In September 2013, Embraer inaugurated the Materials Concept Lab, at the Company's facility in the Eugênio de Melo district in the region of São José dos Campos, Brazil. The lab carries out research into innovative and sustainable Brazilian materials that might be used in aircraft interiors, and possibly in the automobile industry. These environmentally low-impact materials include metals, ceramics, polymers, textiles and composites.





OUR PEOPLE
ARE WHAT
MAKE US FLY



A GOOD PLACE TO WORK

Every year, Embraer invests in new tools and people management programs to ensure its staff achieve job satisfaction and uphold the Company's values

Embraer's prime intangible assets are its employees. Their intelligence, experience and individual contributions are what keep the Company at the technological cutting edge and make it a global watchword for innovation. With a view to retaining this talent, which is so critical to preserving the Company's competitiveness and leadership, Embraer seeks to provide favorable working conditions, professional development plans and quality of life and well-being.

The Company ended december 2013 with 19,278 employees, of which 17,302 were based in Brazil and 1,976 abroad. In Brazil, 99.3% of the employees are full time and permanent. In addition, there were a further 2,370 employees in partly-owned or controlled subsidiaries at the end of 2013. **GRI LA1**

| NUMBER OF EMPLOYEES BY FUNCTIONAL LEVEL GRI LA1 | 2011 | | 2012 | | 2013 (*) | |
|---|--------|--------|--------|--------|----------|--------|
| | Male | Female | Male | Female | Male | Female |
| Director | 65 | 5 | 60 | 6 | 84 | 7 |
| Manager | 212 | 29 | 212 | 33 | 364 | 55 |
| Supervisor | 575 | 58 | 592 | 56 | 670 | 68 |
| Pilot | 89 | 0 | 85 | 0 | 104 | 0 |
| Engineer | 2,871 | 368 | 3,083 | 416 | 3,642 | 526 |
| Professional | 1,022 | 744 | 1,024 | 774 | 1,263 | 956 |
| Technician | 2,031 | 166 | 2,074 | 179 | 2,940 | 258 |
| Administrative | 437 | 256 | 461 | 282 | 487 | 387 |
| Operational | 6,459 | 464 | 6,320 | 444 | 6,697 | 533 |
| Trainee | 40 | 2 | 45 | 51 | 38 | 40 |
| Apprentice | 64 | 32 | 86 | 42 | 104 | 55 |
| Total by gender | 13,865 | 2,124 | 14,042 | 2,283 | 16,393 | 2,885 |
| Total | 15,989 | | 16,325 | | 19,278 | |

*Figures include units in Brazil and abroad

| PERSONNEL BY TYPE OF CONTRACT GRI LA1 | 2011 | | 2012 | | 2013 (*) | |
|--|--------|--------|--------|--------|----------|--------|
| | Male | Female | Male | Female | Male | Female |
| Fixed term | - | - | - | - | 264 | 90 |
| Permanent | 13,865 | 2,124 | 14,042 | 2,283 | 16,129 | 2,795 |
| Total by gender | 13,865 | 2,124 | 14,042 | 2,283 | 16,393 | 2,885 |
| Total | 15,989 | | 16,325 | | 19,278 | |

*Figures include units in Brazil and abroad

| NUMBER OF EMPLOYEES IN PARTIALLY-OWNED SUBSIDIARIES | |
|---|-------|
| CHINA (Joint Venture) | 216 |
| OGMA (Portugal) | 1,567 |
| ECTS (US and UK) | 41 |
| Atech (Brazil) | 212 |
| OrbiSat (Brazil) | 249 |
| Harpia (Brazil) | 5 |
| Visiona (Brazil) | 22 |
| Savis (Brazil) | 58 |
| Total | 2,370 |

HIRING RATE BY GENDER (PERSONNEL HIRED/TOTAL PERSONNEL AT END-PERIOD) GRI LA2

| | 2012 | | 2013 (*) | |
|-----------------|-------|--------|----------|--------|
| | Male | Female | Male | Female |
| Total by gender | 4.70% | 1.70% | 8.89% | 2.30% |
| Total | 6.50% | | 11.19% | |

EMPLOYEE TURNOVER BY GENDER (STAFF DEPARTURES/ TOTAL PERSONNEL AT END-PERIOD) GRI LA2

| | | | | |
|-----------------|-------|-------|-------|-------|
| Total by gender | 3.70% | 0.90% | 3.73% | 0.88% |
| Total | 4.60% | | 4.61% | |

*Figures refer to operations in Brazil and abroad

HIRING 2013 (BRAZIL OPERATIONS)

| Unit Area | Category Age | Male | | Female | | Overall Total | |
|---------------|--------------|-------|------|--------|-------|---------------|-------|
| BHZ | 30 to 50 | 8 | 0.0% | 1 | 0.01% | 9 | 0.1% |
| | Up to 30 | 28 | 0.2% | 4 | 0.02% | 32 | 0.19% |
| BHZ Total | | 36 | 0.2% | 5 | 0.03% | 41 | 0.24% |
| BOT | 30 to 50 | 44 | 0.3% | 13 | 0.08% | 57 | 0.34% |
| | Up to 30 | 192 | 1.1% | 23 | 0.14% | 215 | 1.28% |
| BOT Total | | 236 | 1.4% | 36 | 0.21% | 272 | 1.61% |
| BSB | Up to 30 | | 0.0% | 1 | 0.01% | 1 | 0.01% |
| BSB Total | | | 0.0% | 1 | 0.01% | 1 | 0.01% |
| GPX | 30 to 50 | 52 | 0.3% | 6 | 0.04% | 58 | 0.34% |
| | Over 50 | 3 | 0.0% | | 0.00% | 3 | 0.02% |
| | Up to 30 | 170 | 1.0% | 31 | 0.18% | 201 | 1.19% |
| GPX Total | | 225 | 1.3% | 37 | 0.22% | 262 | 1.55% |
| SJK | 30 to 50 | 171 | 1.0% | 51 | 0.30% | 222 | 1.32% |
| | Over 50 | 8 | 0.0% | 3 | 0.02% | 11 | 0.07% |
| | Up to 30 | 603 | 3.6% | 206 | 1.22% | 809 | 4.80% |
| SJK Total | | 782 | 4.6% | 260 | 1.54% | 1,042 | 6.18% |
| SOD | 30 to 50 | 11 | 0.1% | 1 | 0.01% | 12 | 0.07% |
| | Up to 30 | 3 | 0.0% | 1 | 0.01% | 4 | 0.02% |
| SOD Total | | 14 | 0.1% | 2 | 0.01% | 16 | 0.09% |
| TTE | 30 to 50 | 2 | 0.0% | 2 | 0.01% | 4 | 0.02% |
| | Up to 30 | 12 | 0.1% | 10 | 0.06% | 22 | 0.13% |
| TTE Total | | 14 | 0.1% | 12 | 0.07% | 26 | 0.15% |
| Overall Total | | 1,307 | 7.8% | 353 | 2.09% | 1,660 | 9.85% |

Hiring and turnover rates were calculated as a percentage of average total Embraer personnel in 2013. (16,856.67)

EMPLOYEE DEPARTURES 2013 (BRAZIL OPERATIONS) GRI LA2

| Unit | Category Age | Male | | Female | | Overall Total | |
|---------------|--------------|------|------|--------|------|---------------|------|
| BHZ | Up to 30 | 3 | 0.0% | 3 | 0.0% | 6 | 0.0% |
| | 30 to 50 | 1 | 0.0% | | 0.0% | 1 | 0.0% |
| BHZ Total | | 4 | 0.0% | 3 | 0.0% | 7 | 0.0% |
| BOT | Up to 30 | 49 | 0.3% | 17 | 0.1% | 66 | 0.4% |
| | 30 to 50 | 41 | 0.2% | 3 | 0.0% | 44 | 0.3% |
| | Over 50 | 4 | 0.0% | | 0.0% | 4 | 0.0% |
| BOT Total | | 94 | 0.6% | 20 | 0.1% | 114 | 0.7% |
| GPX | Up to 30 | 39 | 0.2% | 2 | 0.0% | 41 | 0.2% |
| | 30 to 50 | 49 | 0.3% | 6 | 0.0% | 55 | 0.3% |
| | Over 50 | 7 | 0.0% | | 0.0% | 7 | 0.0% |
| GPX Total | | 95 | 0.6% | 8 | 0.0% | 103 | 0.6% |
| SJK | Up to 30 | 115 | 0.7% | 39 | 0.2% | 154 | 0.9% |
| | 30 to 50 | 177 | 1.1% | 50 | 0.3% | 227 | 1.3% |
| | Over 50 | 68 | 0.4% | 3 | 0.0% | 71 | 0.4% |
| SJK Total | | 360 | 2.1% | 92 | 0.5% | 452 | 2.7% |
| TTE | Up to 30 | 7 | 0.0% | 4 | 0.0% | 11 | 0.1% |
| | 30 to 50 | 5 | 0.0% | 5 | 0.0% | 10 | 0.1% |
| | Over 50 | 1 | 0.0% | 2 | 0.0% | 3 | 0.0% |
| TTE Total | | 13 | 0.1% | 11 | 0.1% | 24 | 0.1% |
| Overall Total | | 566 | 3.4% | 134 | 0.8% | 700 | 4.2% |

COMPOSITION OF GROUPS RESPONSIBLE FOR CORPORATE GOVERNANCE AND DISTRIBUTION OF PERSONNEL
BY FUNCTIONAL CATEGORY, GENDER, AGE, ETHNICITY AND OTHER DIVERSITY INDICATORS¹ GRI LA13

| | 2011 | | | 2012 | | | 2013 | | |
|--|------|--------|-------|------|--------|-------|------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| GENDER (%) – EACH FUNCTIONAL CATEGORY MUST ADD UP TO 100% | | | | | | | | | |
| Board of Directors | 100% | 0% | 100% | 100% | 0% | 100% | 100% | 0% | 100% |
| Directors | 93% | 7% | 100% | 91% | 9% | 100% | 89% | 11% | 100% |
| Managers | 88% | 12% | 100% | 87% | 13% | 100% | 86% | 14% | 100% |
| Supervisors | 91% | 9% | 100% | 91% | 9% | 100% | 92% | 8% | 100% |
| Engineers | 89% | 11% | 100% | 88% | 12% | 100% | 87% | 13% | 100% |
| Pilots | 100% | 0% | 100% | 100% | 0% | 100% | 100% | 0% | 100% |
| Salespeople | 100% | 0% | 100% | 100% | 0% | 100% | 100% | 0% | 100% |
| Professionals | 58% | 42% | 100% | 57% | 43% | 100% | 57% | 43% | 100% |
| Administrative | 63% | 37% | 100% | 62% | 38% | 100% | 58% | 42% | 100% |
| Technicians | 92% | 8% | 100% | 92% | 8% | 100% | 91% | 9% | 100% |
| Operational | 93% | 7% | 100% | 92% | 8% | 100% | 92% | 8% | 100% |
| Trainees | N/D | N/D | N/D | N/D | N/D | N/D | 59% | 41% | 100% |
| BLACK (%) | | | | | | | | | |
| Managers | 0.01 | - | 0.01 | 0.01 | - | 0.01 | 0.01 | - | 0.01 |
| Supervisors | 0.02 | - | 0.02 | 0.02 | - | 0.02 | 0.02 | - | 0.02 |
| Engineers | 0.09 | 0.01 | 0.10 | 0.12 | 0.01 | 0.13 | 0.12 | 0.02 | 0.14 |
| Professionals | 0.04 | 0.01 | 0.05 | 0.06 | 0.01 | 0.07 | 0.08 | 0.01 | 0.09 |
| Administrative | 0.05 | 0.01 | 0.06 | 0.03 | 0.06 | 0.09 | 0.04 | 0.03 | 0.07 |
| Technicians | 0.13 | - | 0.13 | 0.13 | - | 0.13 | 0.15 | - | 0.15 |
| Operacionais | 0.96 | 0.06 | 1.02 | 0.92 | 0.04 | 0.96 | 0.92 | 0.06 | 0.98 |
| ASIAN (%) | | | | | | | | | |
| Directors | 0.01 | - | 0.01 | 0.01 | - | 0.01 | - | - | - |
| Managers | 0.03 | 0.01 | 0.04 | 0.03 | 0.01 | 0.04 | 0.03 | 0.01 | 0.04 |
| Supervisors | 0.13 | 0.01 | 0.14 | 0.12 | 0.01 | 0.13 | 0.13 | 0.01 | 0.14 |
| Engineers | 1.21 | 0.08 | 1.29 | 1.19 | 0.09 | 1.28 | 1.09 | 0.09 | 1.18 |
| Pilots | 0.02 | - | 0.02 | 0.02 | - | 0.02 | 0.01 | - | 0.01 |
| Salespeople | 0.01 | - | 0.01 | 0.01 | - | 0.01 | 0.01 | - | 0.01 |
| Professionals | 0.19 | 0.15 | 0.34 | 0.17 | 0.15 | 0.32 | 0.14 | 0.14 | 0.28 |
| Administrative | 0.01 | 0.01 | 0.02 | - | - | - | - | 0.01 | 0.01 |
| Technicians | 0.35 | 0.03 | 0.38 | 0.31 | 0.02 | 0.33 | 0.26 | 0.01 | 0.27 |
| Operational | 0.13 | 0.01 | 0.14 | 0.15 | 0.01 | 0.16 | 0.12 | 0.01 | 0.12 |
| MIXED RACE (%) | | | | | | | | | |
| Managers | 0.01 | - | 0.01 | 0.01 | - | 0.01 | 0.01 | - | 0.01 |
| Supervisors | 0.11 | 0.01 | 0.12 | 0.10 | 0.01 | 0.11 | 0.11 | 0.01 | 0.12 |
| Engineers | 0.27 | 0.04 | 0.31 | 0.25 | 0.05 | 0.30 | 0.27 | 0.04 | 0.31 |
| Professionals | 0.11 | 0.05 | 0.16 | 0.13 | 0.06 | 0.19 | 0.12 | 0.06 | 0.18 |
| Administrative | 0.09 | 0.06 | 0.15 | 0.09 | 0.07 | 0.16 | 0.06 | 0.04 | 0.10 |
| Technicians | 0.51 | 0.05 | 0.56 | 0.51 | 0.05 | 0.56 | 0.44 | 0.05 | 0.49 |
| Operational | 2.07 | 0.16 | 2.23 | 1.92 | 0.14 | 2.06 | 1.81 | 0.12 | 1.93 |

COMPOSITION OF GROUPS RESPONSIBLE FOR CORPORATE GOVERNANCE AND DISTRIBUTION OF PERSONNEL
BY FUNCTIONAL CATEGORY, GENDER, AGE, ETHNICITY AND OTHER DIVERSITY INDICATORS¹

| | 2011 | | | 2012 | | | 2013 | | |
|--|-------------------|----------|-------------------|----------|----------|-------------------|----------|----------|---------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| WHITE (%) | | | | | | | | | |
| Directors | 0.39 | 0.03 | 0.42 | 0.36 | 0.04 | 0.40 | 0.34 | 0.04 | 0.38 |
| Managers | 1.28 | 0.17 | 1.45 | 1.25 | 0.19 | 1.44 | 1.10 | 0.17 | 1.27 |
| Supervisors | 3.35 | 0.34 | 3.69 | 3.38 | 0.32 | 3.70 | 3.33 | 0.31 | 3.65 |
| Engineers | 16.39 | 2.17 | 18.56 | 17.33 | 2.40 | 19.73 | 18.64 | 2.78 | 21.42 |
| Pilots | 0.54 | - | 0.54 | 0.50 | - | 0.50 | 0.45 | - | 0.45 |
| Salespeople | 0.06 | - | 0.06 | 0.05 | - | 0.05 | 0.03 | - | 0.03 |
| Professionals | 5.99 | 4.45 | 10.44 | 5.86 | 4.52 | 10.38 | 5.91 | 4.56 | 10.47 |
| Administrative | 2.58 | 1.53 | 4.11 | 2.98 | 1.92 | 4.90 | 2.55 | 1.84 | 4.39 |
| Technicians | 11.71 | 0.96 | 12.67 | 11.75 | 1.02 | 12.77 | 12.14 | 1.17 | 13.30 |
| Operational | 37.88 | 2.88 | 40.76 | 36.25 | 2.79 | 39.04 | 35.05 | 2.92 | 37.98 |
| INDIGENOUS INDIAN (%) | | | | | | | | | |
| Operational | 0.01 | - | 0.01 | 0.01 | - | 0.01 | 0.01 | - | 0.01 |
| EMPLOYEES WITH DISABILITIES (%) | | | | | | | | | |
| Directors | 0.01 | - | 0.01 | 0.01 | - | 0.01 | 0.01 | - | 0.01 |
| Managers | 0.06 | - | 0.06 | 0.06 | - | 0.06 | 0.04 | - | 0.04 |
| Supervisors | 0.23 | - | 0.23 | 0.23 | - | 0.23 | 0.22 | 0.01 | 0.23 |
| Engineers | 0.60 | 0.01 | 0.61 | 0.57 | 0.01 | 0.58 | 0.54 | 0.01 | 0.55 |
| Pilots | 0.04 | - | 0.04 | 0.04 | - | 0.04 | 0.03 | - | 0.03 |
| Salespeople | 0.01 | - | 0.01 | 0.01 | - | 0.01 | - | - | - |
| Professionals | 0.24 | 0.05 | 0.29 | 0.23 | 0.05 | 0.28 | 0.25 | 0.03 | 0.28 |
| Administrative | 0.19 | 0.04 | 0.24 | 0.47 | 0.35 | 0.82 | 0.38 | 0.27 | 0.65 |
| Technicians | 0.83 | 0.02 | 0.85 | 0.77 | 0.02 | 0.79 | 0.72 | 0.02 | 0.74 |
| Operational | 2.21 | 0.03 | 2.24 | 2.02 | 0.06 | 2.08 | 1.85 | 0.07 | 1.92 |
| Total | 4.43 ² | 0.16 | 4.58 ³ | 4.40 | 0.48 | 4.89 ⁴ | 4.05 | 0.61 | 4.46 |
| AGE GROUP (%) – EACH CATEGORY MUST SUM TO 100% | | | | | | | | | |
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 |
| Brazil | | | | | | | | | |
| Male | 83.77 | 87.38 | 94.07 | 82.22 | 86.77 | 94.31 | 81.47 | 86.24 | 93.81 |
| Female | 16.23 | 12.62 | 5.93 | 17.78 | 13.23 | 5.69 | 18.53 | 13.76 | 6.19 |
| Outside Brazil | | | | | | | | | |
| Male | 23.87 | 21.13 | 11.20 | 80.97 | 79.26 | 88.62 | 82.06 | 78.52 | 87.27 |
| Female | 76.13 | 78.87 | 88.80 | 19.03 | 20.74 | 11.38 | 17.94 | 21.48 | 12.73 |

¹ Data refer to Brazil operations, except for the last table (% by age group) which offers a breakdown between Brazilian and foreign operations.

² There was a discrepancy in summing this indicator in the previous report. The figure reported in 2012 was 4.34%

³ There was a discrepancy in summing this indicator in the previous report. The figure reported in 2012 was 4.61%

⁴ There was a discrepancy in summing this indicator in the previous report. The figure reported in 2012 was 4.91%

**LOWEST SALARY PAID AT COMPANY'S OPERATIONAL UNITS
RELATIVE TO OFFICIAL MINIMUM WAGE GRI EC5**

| Country | Gender | Lowest salary paid by Company | Official minimum wage used as reference | Percentage over official minimum wage (%) |
|--------------------|--------|-------------------------------|---|---|
| Brazil | Male | BRL 1,155.00 | BRL 680.00 | 69.85% |
| | Female | BRL 1,148.62 | BRL 680.00 | 68.91% |
| China ¹ | Male | CNY 9,500.00 | CNY 1,400.00 | 578.57% |
| | Female | CNY 7,000.00 | CNY 1,400.00 | 400.00% |
| US | Male | USD 2,621.41 | USD 1,256.67 | 108.60% |
| | Female | USD 2,588.42 | USD 1,256.67 | 105.98% |
| France | Male | EUR 1,890.00 | EUR 1,445.38 | 30.76% |
| | Female | EUR 1,475.23 | EUR 1,445.38 | 2.07% |
| Portugal | Male | EUR 700.00 | EUR 485.00 | 44.33% |
| | Female | EUR 821.54 | EUR 485.00 | 69.39% |
| Singapore | Male | SGD 1,943.00 | NA | NA |
| | Female | SGD 2,207.00 | NA | NA |

¹In the case of China, the especially large gulf between Embraer's basic pay and the local minimum wage reflects the fact that the Company's activity in this country is largely administrative.

On the Path to Greater Diversity

At the start of 2013, the Government of the State of São Paulo awarded Embraer the Paulista Diversity Seal in recognition of the Company's efforts to promote social inclusion and diversity. The Company's chief initiative

in this regard is the Embraer On The Path to Diversity program. Launched in 2012, it aims to provide training for individuals with disabilities to equip them for the labor market and increase their employability. To this end, Embraer developed a two-year apprenticeship program in partnership with the Center for Business-Schools Integration (Centro de Integração Empresa-Escola – CIEE) and the National Service for Industrial Apprenticeship (Serviço Nacional de Aprendizagem Industrial – SENAI). The program offers 100 places for individuals with disabilities. They spend the first year with the Company's partner institutions acquiring work skills and technical qualifications; the second year entails a hands-on apprenticeship at Embraer.

New tool for people management

2013 saw the implementation of the My Embraer system, a new integrated people management tool. Using a single global database, the tool encourages the integration of all people management processes, from attracting an employee to when they leave the Company. It provides both managers and employees with easy access to information on an employee's profile, professional development and performance.

Embraer and workplace environment indices

In the first half of 2013, Embraer carried out a workplace environment survey among its employees. The overall favorability index reached 84%, surpassing the stipulated goal of 75%. The next challenge is to achieve a uniform result, reaching a 75% score in all the Company's business units and departments.

Other important indicators are the external awards Embraer received in 2013:

- AON Hewitt/ *Valor Econômico* survey: elected Brazil's best company for People Management for the second consecutive year.

- Great Place to Work Institute/ *Época* magazine survey: for the 5th consecutive year, Embraer was highlighted as one of the best companies to work for.
- Guide to the Best Companies to Work For (*As Melhores Empresas para Você Trabalhar*) / *Você S.A.* and *Exame* magazines: elected one of the best 150 companies to work for and the best company to start a career.
- Great Place to Work Institute survey: elected one of the best companies to work for in Latin America.
- *Florida Trend*: elected one of the best places to work in Florida (USA) for the third consecutive year.

Professional development

With a view to developing professionals capable of generating distinctive value for the Company's stakeholders on a sustainable basis, Embraer invests in training and capacity-building.

Embraer uses professional development systems tailored to each level of seniority, functional sphere and business area. These take into account three dimensions: work experience, training courses completed and experience outside the Company.

In 2013 Embraer registered an increased number of training hours in comparison to the previous year. A total of 17,252 employees located in Brazil and elsewhere took part in courses, amounting to 151,000 training sessions over 751,000 hours. Total investment was approximately R\$ 11.5 million.

Another highlight of the Company's approach to supporting professional development is the Study Scholarship program, through which Embraer awards grants to cover part of the cost of technical college or university courses relevant to the business. In 2013, the benefit was extended to 235 employees, for a total investment of R\$ 226,799.

Embraer also has a Post-Career Program for continuous learning and competency development for professionals about to retire. In 2013, 80 employees participated in the program, entailing investment of R\$ 170,476.

Harnessing internal talent GRI EC7

In keeping with the Company's Human Resources Policy and values, the process of identifying candidates for open positions gives priority to the internal mobilization of employees, through promotion (vertical growth) or sideways transfer (horizontal growth). Vacancies are advertised externally only after internal possibilities have been exhausted.

Although there is neither explicit policy nor agreement with local organizations, with employees' quality of life in mind Embraer gives preference to candidates living close to the Company's facilities. For example, in Sorocaba's new facility, 60% of personnel are local hires and the remaining 40% transferred from other Embraer facilities.

At the end of 2013, 87% of the Company's senior management (managers, directors and vice-presidents) was drawn from local communities (within 50km of their respective facility). For other positions, this figure stood at 92%.



In partnership with the Technological Institute of Aeronautics (Instituto Tecnológico de Aeronáutica – ITA) Embraer is developing the Engineering Specialization Program (Programa de Especialização em Engenharia – PEE). Aimed at recent graduates of various engineering disciplines, the PEE is a 16-month professional master's program in aeronautical engineering.

Since 2001, the program has trained more than 1,300 engineers. In 2013, 120 engineers participated in the PEE, entailing total investment of approximately R\$ 8 million.

AVERAGE NUMBER OF TRAINING HOURS PER YEAR. BY FUNCTIONAL AREA AND GENDER GRI LA10

| Functional area/seniority | 2011 | | 2012 | | 2013 | |
|----------------------------|------|--------|------|--------|------|--------|
| | Male | Female | Male | Female | Male | Female |
| Directors | 29.6 | 34.4 | 43.8 | 64.7 | 24.9 | 32.3 |
| Management | 35.5 | 40.4 | 36.2 | 44.3 | 31.1 | 41.5 |
| Team Leaders/ Coordinators | 44.2 | 43.8 | 48.9 | 45.7 | 52.0 | 30.1 |
| Technical/ Supervision | 55.5 | 63.8 | 51.3 | 59.3 | 46.3 | 57.0 |
| Administrative | 41.3 | 40.8 | 45.0 | 36.3 | 35.4 | 32.6 |
| Operational | 32.8 | 30.4 | 33.4 | 26.7 | 39.4 | 37.4 |
| Trainee | 46.7 | 38.4 | 97.7 | 55.7 | 73.3 | 65.6 |
| Total | 43.1 | 45.2 | 44.4 | 45.3 | 44.0 | 41.3 |

Facilities located in Brazil and abroad

Competency management, continuous learning and end-of-career programs GRI LA11 Internal courses and Pre-Retirement Planning

| | | |
|------|--------------------------|---------|
| 2011 | Number of participants | 121 |
| | Amount invested (R\$) | 114,092 |
| | Number of grants awarded | 195 |
| 2012 | Number of participants | 147 |
| | Amount invested (R\$) | 280,010 |
| | Number of grants awarded | 176 |
| 2013 | Number of participants | 80 |
| | Amount invested (R\$) | 170,476 |
| | Number of grants awarded | 80 |

Values refer to facilities located in Brazil and abroad

Percentage of employees that received a performance appraisal and career development plan (%) GRI LA 12

| | 2011 | | 2012 | | 2013 | |
|-----------------------|------|--------|------|--------|------|--------|
| | Male | Female | Male | Female | Male | Female |
| Competency Assessment | 98.8 | 97.7 | N/A* | N/A* | 99.3 | 99.3 |

Operations in Brazil

*Owing to the launch of My Embraer, competency assessments were not carried out in 2012

The Embraer Designer Program (Programa Projetista Embraer – PPE) focuses on training technical staff to work as aeronautical designers. In 2013, 58 participants completed the course, which was carried out in partnership with the Paulo Souza Center, under the aegis of the Technology Faculties (Faculdades de Tecnologia, FATECs) of São José dos Campos (Brazil).

In 2014, the Embraer Business Leader School will enter into operation, establishing and confirming the Company's pedagogical model.

Competency assessment

All Embraer personnel, including those in leadership positions, undergo annual competency assessments. With the introduction of the new personnel management tool, My Embraer, the entire process was completed online in 2013. Among other objectives, the assessments seek to ensure staff members are aligned with the Company's organizational philosophy; to define Individual Development Plans (Plano de Desenvolvimento Individual – PDIs); and to show the employee and his/her manager the progress achieved. In 2014, the assessment procedure will be the same across all Embraer's global operations.

Remuneration and benefits GRI LA3

In setting compensation, Embraer takes into account factors such as job complexity, individual performance and market benchmarks, the latter established through periodic salary surveys. In keeping with legislation and best practice in the market, the Company offers its Brazil-based employees and their dependents a health plan that covers consultations, therapies, tests and unlimited hospitalizations. Other benefits include: a dental plan, meals, transport, child care assistance, pharmacy benefits, 180 days of maternity leave, support to parents of children with special needs, life insurance and a complementary pension plan, among others.

Complementary Pension Plan GRI EC3

Embraer offers its Brazil-based employees the EmbraerPrev plan, a defined-contribution complementary pension plan. Participation is voluntary, in accordance with Brazilian legislation.

Each participant sets his or her individual contribution within defined salary parameters. Embraer makes matching contributions.

In 2013, assets held in coverage of the plan totaled R\$1.2 billion.

This benefit is also offered to employees of Embraer's facilities in the US and France, in versions adapted to local market conditions.

Health and safety

Embraer's actions to ensure a safe working environment led to it being recognized once again as a leader among aerospace and defense companies for health and safety practices, with its inclusion in the Dow Jones Sustainability Index (DJSI) for the fourth consecutive year.

Health and safety indicators are monitored and discussed by the Company's top leadership, supported by Embraer's Policy for the Environment, Occupational Health and Safety. In addition, for the past ten years Embraer has retained its OHSAS 18001 international occupational health and safety certification.

The Embraer Entrepreneurial Excellence Program (P3E), has a specific module addressing health and safety issues, with a view to promoting continuous improvements in working procedures and making them ever safer –including for outsourced personnel.

Other initiatives aimed at promoting a safe environment and preventing accidents are as follows:

- **Educational Initiatives Plan** – aimed at strengthening the health and safety culture, it is sponsored by the company's Directors and involves key corporate leaders and other employees in daily practice of the "Five Golden Rules for Health and Safety".
- **Behavioral Program** – through group work, this program encourages a team safety ethos and encourages the reporting of near-accidents and risk situations with a view to reducing the number of incidents.
- **Embraer Occupational Therapy Program (Programa Embraer de Reequilíbrio Tensional Ocupacional – PERTO)** – works on prevention in conjunction with physiotherapy specialists who advise on muscular conditioning and practical reorientation procedures in the workplace.
- **Managing Ergonomic Risk Factors** – in partnership with the Federal University of São Carlos (UFSCar), this initiative identifies and analyzes ergonomic risks at workstations and develops solutions.

47%

reduction in the frequency rate of accidents requiring absence and 16% reduction in the frequency rate of accidents overall

An Internal Accident Prevention Committee (Comissão Interna para Prevenção de Acidentes - CIPA) has been in operation at Embraer since 1971. The number of members in CIPA is defined by regulatory norm NR-05 of Administrative Ruling no. 3124/78 issued by Brazil's Labor Ministry, and depends on availability of personnel at each facility. The Committee meets once a month to discuss employee health and safety issues; minutes from the meeting are sent to the respective labor unions.

Embraer fully applies all clauses of collective bargaining agreements signed by its union representatives. These include specific items concerning occupational safety, such as individual protective equipment; joint health and safety committees comprising managers and workers; the right to refuse unsafe work; periodic inspections; adherence to International Labor Organization (ILO) and Global Compact norms; and issues relating to CIPA, among others. **GRI LA9**

PERCENTAGE OF EMPLOYEES REPRESENTED BY FORMAL HEALTH AND SAFETY COMMITTEES GRI LA6

| CIPA - Internal Accident Prevention Committee | 2011 | 2012 | 2013 |
|---|------|------|------|
| | 100% | 100% | 100% |
| Total number of CIPA members | 140 | 140 | 140 |

INJURY RATES, OCCUPATIONAL ILLNESSES, LOST WORK DAYS, ABSENTEEISM AND JOB-RELATED DEATHS, BY REGION AND GENDER GRI LA7

| EVALUATION CRITERIA | 2011 | 2012 | 2013 |
|---|---------------|--------------|---------------|
| Number of accidents requiring absence ^{1,2} | 84 | 73 | 41 |
| Number of accidents without absence | 148 | 148 | 155 |
| Number of employees at facilities ³ | 15,095 | 15,297 | 16,490 |
| Number of accidents per employee ⁴ | 0.015 | 0.014 | 0.011 |
| Total hours actually worked (HAW) ⁵ | 28,968,055.98 | 28,503,764.8 | 30,304,034.48 |
| Number of days lost to accidents | 7,448 | 787 | 564 |
| Rate of days lost ⁶ | 257.11 | 27.61 | 18.61 |
| Frequency rate of accidents requiring absence ⁷ | 2.90 | 2.56 | 1.35 |
| Index of frequency of accidents with and without absence ⁸ | 8.01 | 7.75 | 6.47 |
| Investment in accident and illness prevention, per employee (R\$) | R\$ 745.21 | R\$ 1,162.60 | R\$ 1,074.85 |
| Frequency rate of occupational illnesses ⁹ | 0.28 | 0.39 | 0.40 |
| Number of occupational illnesses ¹⁰ | 8 | 11 | 12 |
| Number of days lost to illness | 239 | 231 | 657 |
| Absenteeism rate ^{11,12} | 4.32 | 4.7 | N/D |
| Accidents resulting in death | 1 | 0 | 0 |
| EVALUATION CRITERIA – THIRD PARTIES | | | |
| Index of frequency of accidents with and without absence | 13.65 | 8.85 | 9.23 |
| Accidents resulting in death | 0 | 0 | 0 |

1 - Accidents requiring absence from work include a fatal accident that occurred in 2011 and was computed at 6,000 days lost, in accordance with NBR 14.280 (a Brazilian regulation).

2 - Accidents requiring absence from work are those where the employee does not return to work the day after the incident.

3 - The number of employees was based on the total for all Embraer's Brazilian operations in December of each year.

4 - The number of accidents per employee was calculated by dividing the number of employees by the total number of accidents.

5 - HAW (hours actually worked) including overtime plus the normal employee workday of 8 hours and 36 minutes; the 2013 figure includes the addition of the HAW at Embraer Ltd.'s offices in Brasília, Belo Horizonte, Parque Tecnológico, São Paulo and São Paulo Nações Unidas.

6 - The rate corresponds to the total of days missed, divided by the HAW and multiplied by a million.

7 - The total number of job-related accidents requiring absence from work divided by the HAW and multiplied by a million.

8 - The total number of job-related accidents with and without absence from work divided by the HAW and multiplied by a million.

9 - The total number of job-related illnesses with and without absence from work divided by the HAW and multiplied by a million.

10 - The total number of job-related illnesses with and without absence from work measures new cases of illness.

11 - The absenteeism rate is an average proportionate to the number of employees in each unit.

12 - The absenteeism rate takes into consideration all absences, including legal absences (such as maternity leave and blood donation), health-related, and unauthorized late arrivals and absences.

13 - The HAW for third party personnel was estimated on the assumption of 220 hours per month per individual at the Faria Lima, Eugênio de Melo, and Taubaté facilities and in 2013 including the Gavião Peixoto e Botucatu facilities.

14 - Transit accidents, whether or not they lead to absences, are not included in the data.

15 - Investments in preventing accidents and illnesses, as well as in uniforms and individual protective equipment include expenditures and investments geared to ensuring or improving occupational safety conditions. They include training sessions, re-education programs, ergonomics, industrial hygiene, and improvements to machinery, equipment and support tools.



Health and safety goals for 2014

- Reduce the overall frequency rate of accidents by 10% relative to the frequency rate for accidents in 2013.
- Reduce the overall frequency rate of accidents involving service providers by 10% relative to the frequency rate for accidents in 2013.
- Reduce the frequency rate of accidents involving service providers and requiring absence from work by 5% relative to the frequency rate for accidents in 2013.
- Reduce health-related absenteeism by 5% relative to total absenteeism in 2013.

Relations with labor unions GRI HR5 E LA4

Embraer fully respects its employees' freedom to join a labor union. At the Company's Brazil operations, 7.9% of personnel are unionized, but salary adjustments and other clauses negotiated in meetings with unions are extended to everyone, with the result that 100% of the Company's employees are covered by collective bargaining agreements.

These agreements cover workplace safety issues such as: individual protective equipment; health and safety committees comprised of leadership and employees; participation of employee representatives in health and safety inspections and accident investigations; among others.

Quality of Life GRI LA8

Embraer has a range of different company programs focused on occupational health and employees' quality of life. The Well-Being program is a good example. Focusing on employees and their dependents, the program blends a set of initiatives that aim to stimulate the adoption of healthy habits. The Well-Being program entails the participation a range of specialist professionals, such as psychologists, doctors and nutritionists.

The program's "modules" are as follows:

- Well-Being without Cigarettes – offers treatment to help quit smoking
- Well-Being without Drugs – treats chemical dependency
- Well-Being with the Scales – for healthy weight reduction
- Well-Being and Maternity – provides help, advice and special absence leave for mothers
- Well-Being and the Heart – guidance and monitoring for individuals with heart problems
- Well-Being with Physical Activity – encourages physical and sports activities

- Well-Being and Stress – encourages a review of habits and techniques for day to day stress management
- Well-Being and You – to improve the health of those suffering from chronic illnesses, overweight, hypertension, diabetes and dyslipidemia.

Embraer also supports a Vaccination Program for all employees and their direct dependents. In 2013, the Company invested over R\$1.4 million in vaccinating more than 30 thousand employees and their families.

Embraer Values

During 2013 Embraer carried out an extensive action plan to reinforce its Values concepts among all its employees worldwide, stimulating reflection and daily practice. In April, the Values were also formally instituted at Embraer's recently opened facility in Évora, Portugal.

In December Embraer held its first Global Blue Day to celebrate the value "Global presence is our frontier". It entailed 30 hours of uninterrupted activities, involving all Embraer units and employees spread across all corners of the world.



Internal Communications

The Excellence in Communications Program, which seeks to instill habits of continuous and high-quality internal communication, has seen the introduction of more modern electronic internal media. In April 2013, the CEO launched a blog on the Company's intranet as a means of communicating directly with employees in units all around the world and in which he talks about the Company's strategy and achievements.

A person wearing headphones and a white shirt is working in a library or archive, reaching for a book on a shelf. The background is filled with bookshelves and books, creating a professional and focused atmosphere.

WE BUILD A SUSTAINABLE FUTURE



SUSTAINABILITY AS THE FOUNDATION FOR DEVELOPMENT

Sustainable management is a core part of strategy at Embraer, which sees care for the society and environment as an intrinsic part of good business performance

Embraer seeks to conduct its business by aligning economic objectives with socio-economic aspects, always with the goal of delivering client satisfaction and generating value for shareholders and employees.

In 2013, the Sustainability Committee was revamped and its internal norms defined. Composed of representatives from all over the Company, its role is to discuss sustainability issues affecting the Organization and to present strategic recommendations to top leadership. In 2014 the challenge is to extend the collection of sustainability indicators with a view to improving the Company's overall sustainability management.

Environmental Responsibility GRI EN26

Throughout the year, environmental management was bolstered both by a review of the environmental directives and policies which guide the Company's activities, and by risk mitigation initiatives aimed at diminishing environmental risks and reducing environmental impacts.

With the update of the Environment and Occupational Health and Safety Policy, the Company has reinforced its principles and defined clear directives on themes such as eco-efficiency, supply chain engagement, product development (Design for Environment practices) and climate change concerns.

The Integrated Development of Environmentally Sustainable Products (Desenvolvimento Integrado do Produto Ambientalmente Sustentável - DIPAS) initiative, which was launched by Embraer in 2001 to embed environmental requirements into the development of new aircraft





UPDATING OF ENVIRONMENTAL POLICY

In 2013, Embraer updated its Environment and Occupational Health and Safety Policy (EOHS), which guides the Company's actions concerning the environment and occupational health and safety. The policy was rolled out to all the Company's facilities in Brazil and overseas. In general terms, its principles include the following:

- the environment and occupational health and safety are priority issues for Embraer;
- development of new technologies with reduced impact on the environment and individuals;
- eco-efficiency and continuous improvement of occupational health and safety;
- selection of suppliers and outsourced services that demonstrate respect for the environment and occupational health and safety norms in their practices and procedures;
- fulfillment of all legal requirements in environmental and occupational health and safety legislation;
- co-operation in developing products, processes, equipment and fuels with lower greenhouse gas emissions;
- combating pollution;
- concern with climate change;
- life-cycle management of the Company's products;
- adoption of new renewable energy sources;
- integration of environmental and occupational health and safety goals into Embraer's strategic plans;
- reduced use of non-renewable materials and increased use of recycled and recyclable materials.

including the E-Jets E2 family, continued its work in 2013. It achieved a reduction in the volume of waste produced during the manufacture of wiring along with a repurposing of waste materials generated by the manufacture of parts made from carbon fiber composites.

Also as part of the program, Embraer held lectures and, along with other entities such as the Brazilian Aeronautics Technology Institute (ITA) and the National Industry Confederation (CNI), developed courses and workshops on sustainability and Design for Environment.

Biofuels Program GRI EN4, EN6 EN7, EN18

In 2013 Embraer, in partnership with the São Paulo Research Foundation (FAPESP) and Boeing, launched a white paper, the Flight Plan for Aviation Biofuels in Brazil. The document outlines pathways for the development in Brazil of a biofuels industry serving the air industry.

Researchers and Brazilian and foreign representatives of the aeronautics industry, airline companies, manufacturers and government agencies evaluated the opportunities and technological challenges; the various raw materials; conversion methods and logistics; along with the economic viability and sustainability of producing this type of fuel in Brazil.

The State University of Campinas (Universidade Estadual de Campinas - UNICAMP) coordinated the inter-disciplinary study. The biofuel resulting from this research and investment process would be drop-in; that is, it could be added to fossil fuels in existing structures such as ducts, tanks and pumps, as well as being used in the aircraft themselves, without creating any incompatibility or need for modifications.

Atmospheric emissions GRI EN16, EN17, EN18

Fuel consumption in the aeronautics industry and the resulting emissions of greenhouse gases (GHG) account for approximately 2% of all global emissions. In 2012, Embraer signed an aeronautics industry sustainability pact, an initiative of the Air Transport Action Group (ATAG) and an

extension of a commitment signed in 2008, which pledged a 50% reduction of GHG emissions by 2050, using 2005 as the base year.

In 2013, Embraer kept up its initiatives to reduce the volume of direct and indirect emissions. Some examples are as follows:

- Optimization of Operation 200 – consisting of the collection of data on engine vibration levels during aircraft ground testing. The project's implementation resulted in a 757-liter reduction in average fuel consumption per aircraft manufactured.
- Heat exchanger – use of heat generated by compressor cooling to heat water for the paint spray booth, saving 589,704 m³ of natural gas which would otherwise be used to supply this heat.
- Risk analysis for engine vibration – shortening of additional production flights for the E190 aircraft, reducing emissions by 53 tons of CO₂.
- Solar heating system – to heat the water used for cleaning the kitchen and utensils of the restaurant in the Faria Lima unit in São José dos Campos (Brazil). The unit's roof has 180 solar panels, covering a total area of 12 x 13 meters. It is estimated that each m² of solar paneling reduces atmospheric emissions by 1 ton of CO₂ annually, although there is no specific calculation of how many gigajoules (GJ) of energy are saved as a result of the project. **EN5**

Waste management GRI EN24

Embraer employs a systematic approach to waste management. All the Company's facilities are furnished with designated collectors; these are subsequently transported to "intermediate areas" and from there are immediately dispatched to relevant separation points, depending on the type of waste.

An outsourced company transports the waste to partners that perform co-processing, decontamination, repurposing, recycling, and disposal. All these companies are properly accredited and undergo periodic audits. Embraer does not import or export hazardous wastes. The goal established in 2012 of not sending hazardous wastes to land fills was reached at the end of the first half of 2013.

Energy efficiency GRI EN4, EN6 EN7

In 2013, Embraer contracted a company specializing in route-planning in order to optimize the efficiency of transporting employees, based on studies carried out in 2012. Initially planned for the Faria Lima facility in São José dos Campos, the project was made progress at all Brazilian facilities and its implementation is scheduled for the first half of 2014.

| NON-HAZARDOUS WASTES (TONS) <small>GRI EN22</small> | 2011 | 2012 | 2013 |
|---|------------------|------------------|------------------|
| Compost | 1,122.49 | 1,108.79 | 1,222.58 |
| Repurposing | | | |
| Recycling | 9,604.2 | 10,324.58 | 10,643.4 |
| Recovery (including recovery of energy) | 176.54 | 239.93 | 577.52 |
| Incineration (burning of mass) | | | |
| Sanitary landfill | 1,144.34 | 1,178.9 | 1,208.85 |
| Underground injection of waste | | | |
| On-site storage | | | |
| Other – biological treatment | 588.02 | 534 | 432 |
| Other – co-processing | 41.94 | 15.06 | 19.39 |
| Total | 12,677.54 | 13,401.26 | 14,103.74 |
| HAZARDOUS WASTES (TONS) | 2011 | 2012 | 2013 |
| Compost | | | |
| Repurposing | | | |
| Recycling | 23.76 | 25.94 | 74.76 |
| Recovery (including recovery of energy) | 1,917.64 | 2,295.78 | 2,005.63 |
| Incineration (burning of mass) | 11.54 | 38.16 | 9.1 |
| Sanitary landfill | 31.33 | 25.03 | 0 |
| Underground injection of waste | | | |
| On-site storage | | | |
| Other – autoclaving | 0.66 | 1.17 | 1.24 |
| Others – co-processing | 955.92 | 971.33 | 1,027.9 |
| Total | 2,940.85 | 3,357.41 | 3,118.63 |

Non-renewable intermediate energy sources purchased and consumed – Electricity* GRI EN4

| 2011 (GJ) | 2012 (GJ) | 2013 (GJ) | Faria Lima | EGM | TTE | ELEB | GPX | BOT |
|-----------|-----------|-----------|------------|--------|--------|--------|--------|--------|
| 406,332 | 439,992 | 437,389 | 228,816 | 52,236 | 13,428 | 36,842 | 48,888 | 57,179 |

*It is not possible to determine the primary energy consumption for producing indirect energy, since utilities (hydroelectric, thermoelectric, etc.) are not legally obliged to disclose the production source of energy in Brazil.

Water management GRI EN8, EN10

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

In 2013 the volumes of domestic and industrial effluents grew 15% and 1% respectively compared to the previous year. Embraer applies a physical-chemical or biological treatment to its effluents, before disposing of them in the public sewer system or into a body of water.

No bodies of water are significantly affected by the disposal of water from Embraer's operations. Only two of the Company's facilities dispose of effluents in bodies of water (Gavião Peixoto in the Mulada stream and Taubaté in the Paraíba do Sul river) after proper treatment in an appropriate sewage treatment plant. The volumes disposed of are well below the water bodies' capacity to

absorb them and neither of the water bodies is located in a designated environmental conservation area. GRI EN 25

Disposal of water by use and destination GRI EN21

| 2013 | Volume (m³) |
|------------|-------------|
| Domestic | 442,602 |
| Faria Lima | 292,078 |
| BOT | 46,551 |
| EGM | 56,249 |
| GPX | 36,650 |
| TTE | 11,074 |
| ELEB | -* |
| Industrial | 79,472.6 |
| Faria Lima | 28,627 |
| BOT | 39,716 |
| EGM | 4,161 |
| GPX | 920.6 |
| TTE | 0** |
| ELEB | 6,048 |

*ELEB does not have these data.

**TTE does not have any industrial effluents.

Water consumption by source GRI EN8

| | 2011 | 2012 | 2013 | Faria Lima | EGM | TTE | ELEB | GPX | BOT |
|---|------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|
| Surface water (rivers, lakes, wetlands, oceans) | | | | | | | | | |
| Underground water | 524,390 m³ | 552,930 m³ | 541,900 m³ | 307,960 m³ | 114,280 m³ | | 26,930 m³ | 92,740 m³ | |
| Rainwater harvesting | | | | | | | | | |
| Effluents from third party entity | | | | | | | | | |
| Utility/water supplier | 90,450 m³ | 96,930 m³ | 103,180 m³ | | | 16,910 m³ | | | 86,270 m³ |
| Total | 614,840 m³ | 649,860 m³ | 645,090 m³ | | | | | | |

Biodiversity and protection of the environment GRI EN11, EN12, EN13, EN14

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

This facility's industrial processes are considered to be of a high technological level and low environmental impact, classifying the Company as an industry of light to moderate environmental risks. The municipality's urban population is not directly affected by the Company's activities, nor do the latter cause substantial environmental impacts, since building the facility required little change to the topography in this extensive terrain. The noise generated by takeoff and landing operations can be heard up to a maximum of 8 km away, so the surrounding communities are not affected.

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

Social Responsibility GRI EC8, SO1

Through the Embraer Education and Research Institute (Instituto Embraer de Educação e Pesquisa - IEEP), the Company adopts a structured approach to social investments. These are focused primarily on promoting

education, in the belief that this is the most efficient means of fostering a society's development and achieving social inclusion. In 2013 Embraer invested R\$ 21 million in these kinds of programs and projects.

The centerpieces of Embraer's social investment initiatives are the two Embraer Schools. Fully funded by the Company, these offer three years of high school to students from the public school system. In addition to study grants, the students receive uniforms, study materials, meals and transport.

Scholarship Fund

Through its Scholarship Fund, the Company seeks to assist Embraer High School alumni who have been offered places at universities located far from São José dos Campos and lack the financial means to cover subsistence expenses. The Company contributes 25% of the financing of the scheme, the rest being supplied by partner companies, along with voluntary contributions from around 800 employees and former Fund beneficiaries; after joining the job market, these begin to pay back the sums received during their university studies. In 2013, some 302 university students drew monthly assistance of R\$ 616.20, and 270 former beneficiaries paid back part of what they had received.

Social Partnership RI EC8 E SO1

Embraer provides financial support to educational projects developed by Non-Governmental Organizations (NGOs) in the communities where the Company is active. Through its Social Partnership Program (Programa de Parceria Social - PPS), Embraer employees work alongside the NGOs in the design and implementation of social initiatives and volunteering activities.

Success in education

The Embraer High School – Juarez Wanderley in São José dos Campos has capacity for 600 students. In 2013 100% of students who completed their studies here were offered places in at least one university, 86% of them at public universities. In the 2011 National High School Exam (Exame Nacional do Ensino Médio - ENEM), Juarez Wanderley was ranked top in writing skills, eighth overall in the State of São Paulo and 27th nationwide. In 2013, a total of 3,900 young people applied for 200 places for the first year of high school, equivalent to 19.5 candidates competing for each available place.

Classes at Embraer High School – Casimiro Montenegro Filho in Botucatu got underway in February 2013. Construction of the new location, which has places for 360 pupils, entailed investment of approximately R\$ 5 million. The pedagogical system is the same as at Juarez Wanderley, envisaging ten hours of classes per day and focusing on academic excellence, preparation for university, professional training, and environmental, social, and cultural education.



Between 2004 and 2013, the Company supported 119 projects, involving 1,300 employees and benefitting 54,000 children and adolescents. Investments during the period totaled nearly R\$ 4 million.

Volunteering at Embraer GRI EC8 E SO1

The Wings for Good Program seeks to foster – and ensure great importance is attached to – a corporate volunteering ethos both within and outside Embraer. The initiatives that the program supports may be carried out by the Embraer Institute or by public or private social organizations endorsed by the Company. In 2013, more than 3,500 employees took part in an array of initiatives benefitting around 4,200 people.

The Mini-company program GRI EC8, SO1

Mini-company is a program that encourages entrepreneurship among 9th grade students in public schools. Developed with Junior Achievement, a São Paulo NGO, the Mini-company program works in partnership with the Municipal Departments of Education in São José dos Campos, Gavião Peixoto and Botucatu (Brazil), and involves Embraer volunteers.

The program lasts for 15 weeks, with three hours a week of classes, and covers financial, production, human resources, marketing, and leadership topics. The participants are encouraged to form mini-companies that, at the end of the program, are liquidated and any profits donated to social institutions. Over a period of 11 years, about 1,300 students and 350 Embraer volunteers have taken part. In 2013, R\$ 74,000 was invested in the program.

Stimulating regional development GRI EC9

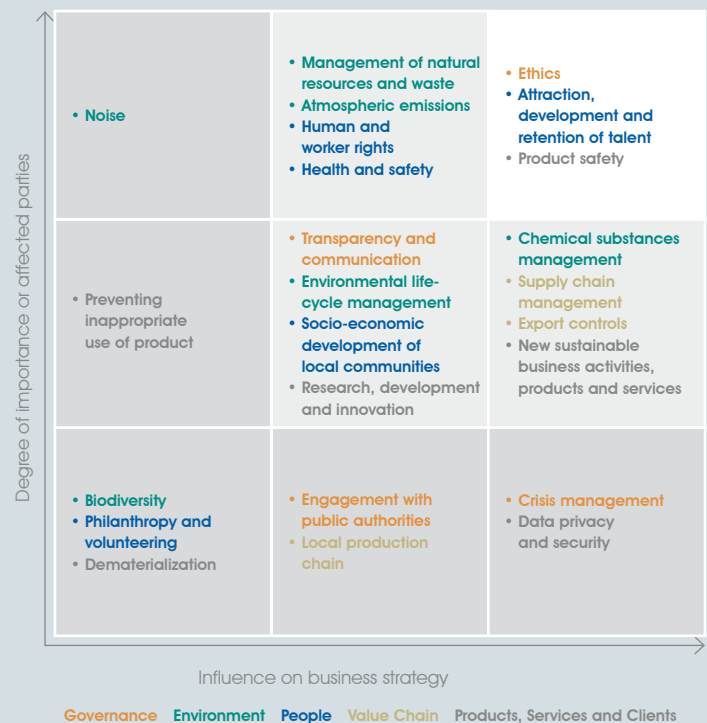
Embraer's operations create favorable impacts on local communities near where the Company operates. The industrial facility in the city of Gavião Peixoto, in the interior of São Paulo State, has significantly boosted industrial development and, consequently, spurred the local economy. The construction of new factories and the arrival of service-providing firms help generate both direct and indirect jobs.

Technological development is especially important in this regard. The city of São Carlos, near Gavião Peixoto, is home to the University of São Paulo's São Carlos School of Engineering (EESC.USP), as well as the Federal University of São Carlos (UFSCar). Both institutions offer courses in engineering and exact and technological sciences. They have been investing more and more in building and expanding laboratories and research centers, as well as granting study grants and developing research projects—including studies in the aerospace field.

Materiality Matrix GRI 4.14 E 4.15

Embraer identified the creation of a Materiality Matrix to be a crucial step in its goal of positioning sustainability issues within a more strategic framework as well as prioritizing and focusing efforts on the highest-impact areas in terms of creating value for the business and its chief stakeholders. A consultation with stakeholders was carried out throughout 2012 in conjunction with an internal process to define the sustainability issues of greatest relevance to the business.

Revised in 2013, the Materiality Matrix will be the basis for defining indicators, goals and action plans for the coming years, as well as a reference point for Embraer's next Annual Report. Since the issues can shift substantially over time as a result of changes both in societal demands and in the business, the Materiality Matrix must be a dynamic tool, subject to revision every three years; it will constantly seek to maximize positive impacts on decision-making.



ABOUT THE REPORT

Understanding the document

For the sixth consecutive year, Embraer's Annual Report follows Global Reporting Initiative (GRI) guidelines. It sets out the Company's economic-financial and socio-environmental performance during the year in accordance with version G3.1, application level B. In all, 52 indicators are dealt with, covering the period from 1st January to 31st December 2013. **GRI 3.1, 3.2, 3.3**

The economic-financial data presented describe operations in Brazil and other countries where Embraer has facilities. The socio-environmental results are restricted to the facilities located in Brazil. **GRI 3.6 E 3.7**

In defining the report's contents and GRI indicators included, the Company took the 2012 annual report as its starting point. It also took into consideration the requirements of the Dow Jones Sustainability Index (DJSI) and the ten principles of the United Nations Global Compact, of which the Company has been a signatory since 2008. **GRI 3.5 E 3.8**

KPMG Independent Auditors audited the financial statements, which were compiled in accordance with International Financial Reporting Standards (IFRS). The socio-environmental information was gathered and consolidated using internal methods and was not verified externally. Significant changes that affect data comparability are noted throughout the report, as are any developments subsequent to the period covered by the publication, along with socio-environmental data related to the Company's international units. **GRI 3.13, 3.5, 3.8, 3.9, 3.10, 3.11**

Any questions, comments, or suggestions regarding the 2013 Annual Report may be emailed to investor.relations@embraer.com.br. Other information can be obtained on Embraer's investor relation's site (<http://ri.embraer.com.br>). **GRI 3.4**



Statement GRI Application Level Check

GRI hereby states that **Embraer SA** has presented its report "2013 Annual Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 28 April 2014

A handwritten signature in black ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 17 April 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

GRI INDEX

GRI 3.12

PROFILE INFORMATION

| Indicator | Description | Reported | Page/Response | Global Compact |
|-----------|-------------|----------|---------------|----------------|
|-----------|-------------|----------|---------------|----------------|

Strategy and Analysis

| | | | | |
|-----|--|----------|---------------|--|
| 1.1 | Message from the President & CEO | Complete | 8 | |
| 1.2 | Description of key impacts, risks, and opportunities | Complete | 12, 32 and 39 | |

Organizational profile

| | | | | |
|------|--|----------|-----------|--|
| 2.1 | Name of the organization | Complete | 6 | |
| 2.2 | Primary brands, products and/or services | Complete | 13 | |
| 2.3 | Operational structure of the organization | Complete | 14 | |
| 2.4 | Location of the organization's headquarters | Complete | 14 | |
| 2.5 | Countries where the organization operates and where its principal operations are located | Complete | 13 and 14 | |
| 2.6 | Nature of and type of ownership | Complete | 34 | |
| 2.7 | Markets served | Complete | 13 and 14 | |
| 2.8 | Size of reporting organization | Complete | 13 | |
| 2.9 | Significant changes during the period covered by the report | Complete | 14 and 15 | |
| 2.10 | Awards received during the period covered by the report | Complete | 45 | |

Report parameters

| | | | | |
|------|---|----------|----------|--|
| 3.1 | Reporting period for information provided | Complete | 82 | |
| 3.2 | Date of most recent previous report | Complete | 82 | |
| 3.3 | Reporting cycle | Complete | 6 and 82 | |
| 3.4 | Contact point for questions regarding the report or its content | Complete | 82 | |
| 3.5 | Process for defining report content | Complete | 82 | |
| 3.6 | Boundary of the report | Complete | 82 | |
| 3.7 | Declaration of any specific restrictions on the scope or boundary of the report | Complete | 82 | |
| 3.8 | Basis for reporting | Complete | 82 | |
| 3.9 | Data measurement techniques and bases of calculations | Complete | 82 | |
| 3.10 | Reformulation of information provided in earlier reports | Complete | 82 | |
| 3.11 | Significant changes of scope, boundary, or measurement methods applied in the report | Complete | 82 | |
| 3.12 | Table identifying the location of information in the report | Complete | 84 | |
| 3.13 | Policy and current practice with regard to seeking external verification for the report | Complete | 82 | |

Governance

| | | | | |
|-----|--|----------|---|--------|
| 4.1 | Governance structure of the organization, including committees of the highest governance body | Complete | 37 | 1 - 10 |
| 4.2 | Leadership of highest governance body | Complete | 37 | 1 - 10 |
| 4.3 | Independent or non-executive members of the highest governance body | Complete | 37 | 1 - 10 |
| 4.4 | Mechanisms for shareholders and employees to submit recommendations | Complete | 34, 37 and 43 | 1 - 10 |
| 4.5 | Linkage between compensation and the organization's performance (including social and environmental performance) | Complete | There is no relationship between compensation and sustainability performance. | 1 - 10 |
| 4.6 | Procedures to ensure conflicts of interest are avoided | Complete | 34 | 1 - 10 |
| 4.7 | Qualifications of the members of the highest governance body | Complete | 37 | 1 - 10 |
| 4.8 | Mission and values statements, codes of conduct, and relevant internal principles | Complete | 4, 41 and 43 | 1 - 10 |

 PROFILE INFORMATION

| Indicator | Description | Reported | Page/Response | Global Compact |
|-----------|---|----------|--|----------------|
| 4.9 | Responsibilities for implementing the organization's economic, environmental, and social policies | Complete | 37 | 1 - 10 |
| 4.10 | Procedures for the highest governance body's self-assessment | Complete | 39 | 1 - 10 |
| 4.11 | Explanation of whether and how the organization applies the precautionary principle | Complete | 37, 39 and 41 | 7 |
| 4.12 | Externally-developed charters, principles, or other initiatives | Complete | 41 | |
| 4.13 | Memberships in national and/or international associations | Complete | 41 | |
| 4.14 | List of stakeholder groups engaged by the organization | Complete | 42 and 81 | |
| 4.15 | Basis for identification and selection of stakeholders to be engaged | Complete | 15. To identify stakeholders, Embraer accessed the same groups consulted for the development of the Embraer Entrepreneurship System, geared to business management. Because of their importance, these stakeholders were consulted to build the materiality matrix, and provided input on topics of high priority to Embraer's business. | |
| 4.16 | Approaches to stakeholder engagement | Complete | The approach to the engagement of stakeholders is available in the following chapters: Our people are what make us fly; We build a sustainable future; We are here to serve our customers; and We strive for company excellence. | |
| 4.17 | Key topics and concerns raised through stakeholder engagement | Complete | The main topics and concerns raised by the stakeholders are available in the following chapters: Our people are what make us fly; We build a sustainable future; We are here to serve our customers; and We strive for company excellence. | |

 Management Approach

| Dimension | Aspects | Reported | Page/Response | Global Compact |
|-----------|---------------------------------------|----------|-------------------------------|----------------|
| EC | Economic performance | Complete | 46, 47, 48, 49 and 82 | 1, 4, 6 and 7 |
| | Market Presence | Complete | 14 and 15 | |
| | Indirect economic impacts | Complete | 78, 79 and 80 | |
| EN | Energy | Complete | 74 and 76 | 7, 8 and 9 |
| | Water | Complete | 77 | |
| | Biodiversity | Complete | 78 | |
| | Emissions, effluents, and waste | Complete | 74, 75 and 76 | |
| | Products and services | Complete | 72 | |
| LA | Employment | Complete | 57, 58, 59, 60, 61, 62 and 63 | 1, 3 and 6 |
| | Labor/management relations | Complete | 68 | |
| | Occupational health and safety | Complete | 41, 65, 66 and 67 | |
| | Training and education | Complete | 63 and 64 | |
| | Diversity and equality of opportunity | Complete | 62 and 64 | |

| | | | | |
|----|------------------------------|----------|---------------|---------------------|
| HR | Procurement practices | Complete | 42 | 1, 2, 3, 4, 5 and 6 |
| | Non-discrimination | Complete | 43 | |
| | Freedom of association | Complete | 68 | |
| | Child labor | Complete | 42 | |
| | Forced and slave labor | Complete | 42 | |
| SO | Community | Complete | 78, 79 and 80 | 10 |
| | Corruption | Complete | 43 | |
| | Public policy | Complete | 41, 42 and 74 | |
| PR | Customer health and safety | Complete | 20, 26 and 28 | 1 and 8 |
| | Product and service labeling | Complete | 28 | |

| Indicator | Description | Reported | Page/Response | Reason for Omission | Global Compact |
|----------------------------------|---|----------|---------------|--|----------------|
| Economic performance | | | | | |
| EC1 | Direct economic value generated and distributed | Complete | 46 and 48 | | - |
| EC2 | Financial implications and other risks and opportunities stemming from climate change | Partial | 40 | The risks associated with climate changes are evaluated along with other environmental risks, through the Company's risk management processes. The exposure to impact and its intensity are evaluated as low. | 7 |
| EC3 | Coverage of the organization's pension plan obligations | Complete | 65 | | - |
| Market presence | | | | | |
| EC5 | Change in ratios of entry-level wages to local minimum wage, by gender | Complete | 62 | | 1 |
| EC7 | Local hiring | Complete | 63 | | 6 |
| Indirect economic impacts | | | | | |
| EC8 | Impact of infrastructure investments provided for public benefit | Complete | 78, 79 and 80 | | - |
| EC9 | Description of significant indirect economic impacts | Complete | 80 | | - |
| Environmental performance | | | | | |
| Energy | | | | | |
| EN4 | Indirect energy consumption by primary source | Complete | 74, 75 and 76 | | 8 and 9 |
| EN5 | Energy saved due to conservation and efficiency improvements | Partial | 74 | In 2013, a solar heating project was implemented, but the Company does not have an estimate of how many GJ are saved. The Company has energy meters for groups of buildings and hangars at the Faria Lima plant. A project exists for the installation of additional meters in order to increase the level of detail on consumption and the perception of savings obtained with efficiency projects. | 8 |

| Indicator | Description | Reported | Page/Response | Reason for Omission | Global Compact |
|---|---|----------|---------------|---|----------------|
| EN6 | Initiatives to provide energy-efficient products and services | Partial | 74 and 76 | The product concept is geared to fuel usage optimization. Embraer does not have quantitative data on the reduction of energy consumption. | - |
| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved | Partial | 74 and 76 | There are still no criteria for selection based on low energy consumption, and we do not have procedures to reduce indirect energy. | - |
| Water | | | | | |
| EN8 | Total water withdrawal by source | Complete | 77 | | 8 and 9 |
| EN10 | Percentage and total volume of water recycled and reused | Complete | 77 | | 8 |
| Biodiversity | | | | | |
| EN11 | Location and extent of land owned | Partial | 78 | | 8 |
| EN12 | Significant impacts on biodiversity of activities, products, and services | Complete | 78 | | 8 |
| EN13 | Habitats protected or restored | Complete | 78 | | - |
| EN14 | Strategies for managing impacts on biodiversity | Partial | 78 | During the evaluation of environmental aspects and impacts, negative effects from activities upon biodiversity were not detected. In addition, the Company is not established in sensitive areas, does not directly work with vegetable or animal resources, and is not exposed to any pertinent legislation. | - |
| Emissions, effluents, and waste | | | | | |
| EN16 | Total direct and indirect greenhouse gas emissions | Complete | 74 and 75 | | 8 |
| EN17 | Other relevant indirect greenhouse gas emissions | Complete | 74 and 75 | | 8 |
| EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved | Complete | 74 | | 7, 8 and 9 |
| EN19 | Emissions of ozone-depleting substances | Complete | 75 | | 8 |
| EN20 | NOx, SOx, and other significant atmospheric emissions | Complete | 75 | | 8 |
| EN21 | Total water discharge by quality and destination | Complete | 77 | | 8 |
| EN22 | Total weight of waste by type and disposal method | Complete | 76 | | 8 |
| EN24 | Weight of transported hazardous waste | Complete | 76 | | - |
| EN25 | Description of protection and biodiversity value of bodies of water and habitats | Complete | 77 | | - |
| Products and services | | | | | |
| EN26 | Initiatives to mitigate environmental impacts | Complete | 40 and 72 | | 7, 8 and 9 |
| Social performance - Labor practices and decent work | | | | | |
| Employment | | | | | |
| LA1 | Total workforce by employment type, work contract and region, broken down by gender | Complete | 58 | | - |

| Indicator | Description | Reported | Page/Response | Reason for Omission | Global Compact |
|--|--|----------|---|---|----------------|
| LA2 | Total number and rate of new hires and employee turnover by age group, gender, and region | Complete | 59 | | 6 |
| LA3 | Comparison of benefits provided to full-time and temporary employees by major operational location | Complete | 64 | | - |
| Labor/management relations | | | | | |
| LA4 | Percentage of employees covered by collective bargaining agreements | Complete | 68 | | 1, 2 and 3 |
| Occupational health and safety | | | | | |
| LA6 | Percentage of workforce represented on formal health and safety committees | Complete | 66 | | 1, 2 and 3 |
| LA7 | Rates of injury, occupational illness, lost days, and absenteeism, and total number of work-related fatalities, by region and gender | Partial | 66 It was not possible to segment data by region and gender. | This information is managed, but the rate of absenteeism will not be available before the report is published. | 1 |
| LA8 | Education, prevention, and risk-control programs | Partial | 68 | We did not identify workers engaged in occupational activities with a high incidence or high risk of specific diseases, and the Company's programs are focused on prevention. | 1 |
| LA9 | Health and safety topics covered in formal agreements with trade unions | Complete | 66 | | 1 |
| Training and education | | | | | |
| LA10 | Average hours of training per year per employee, by gender and functional category | Complete | 64 | | 6 |
| LA11 | Programs for skills management, lifelong learning and retirement | Complete | 64 | | - |
| LA12 | Percentage of employees receiving regular performance reviews, by gender | Complete | 64 | | - |
| Diversity and equality of opportunity | | | | | |
| LA13 | Composition of leadership bodies and committees and breakdown by group and gender | Complete | 60 | | 1 and 3 |
| Social performance - Human rights | | | | | |
| Procurement process | | | | | |
| HR1 | Description of policies and directives addressing human rights issues | Partial | 42 | | - |
| HR2 | Supplier companies subject to human rights screening | Complete | 42 | | 1, 2, 3 and 4 |
| Non-discrimination | | | | | |
| HR4 | Total number of incidents of discrimination and corrective actions taken | Complete | 43 | | 1, 2 and 3 |
| Freedom of association | | | | | |
| HR5 | Freedom of association policy and degree of application | Complete | 68 | | 1, 2 and 3 |
| Child labor | | | | | |
| HR6 | Measures taken to promote effective abolition of child labor | Complete | 42 | | 1, 2, 3 and 5 |
| Forced/slave labor | | | | | |
| HR7 | Measures to promote the eradication of forced labor | Complete | 42 | | 1, 2, 3 and 4 |
| Social Performance – Society | | | | | |
| Community | | | | | |

| Indicator | Description | Reported | Page/Response | Reason for Omission | Global Compact |
|--|---|----------|---|---------------------|----------------|
| SO1 | Programs and practices to assess and manage impact of operations on local community | Partial | 78, 79 and 80 The Company does not yet monitor this percentage. The stakeholder engagement policy will be launched in 2014 | | - |
| Corruption | | | | | |
| SO2 | Facilities assessed for corruption-related risks | Complete | 43 | | 10 |
| SO3 | Percentage of employees trained in anticorruption policies and procedures | Complete | 43 | | 10 |
| Public policy | | | | | |
| SO5 | Stance on public policies | Complete | 41 | | 10 |
| Social performance - Product responsibility | | | | | |
| Customer health and safety | | | | | |
| PR1 | Policies to ensure health and safety of customer during use of product | Complete | 28 and 39 | | 1 |
| Product and service labeling | | | | | |
| PR3 | Type of product and service information required by labeling procedures | Complete | 28 | | 8 |
| PR5 | Practices related to customer satisfaction, including results of surveys | Complete | 18 and 19 | | - |

SOCIAL PERFORMANCE INDICATORS

Annual Social Statement – Controlling Company

| 1 – Basis of calculation | 2013 (R\$ thousand) | | | 2012 (R\$ thousand) | | |
|---|---|----------------------------|--------------------------------|---|----------------------------|-----------------------------------|
| Net revenue (NR) | 10,662,935 | | | 10,230,261 | | |
| Operating result (OR) | 777,689 | | | 697,792 | | |
| Gross payroll (GP) | 1,920,119 | | | 1,843,551 | | |
| 2 – Internal social indicators | Value (thousand) | % over GP | % over NR | Value (thousand) | % over GP | % over NR |
| Meals | 26,713 | 1.39% | 0.25% | 25,939 | 1.41% | 0.25% |
| Mandatory social charges | 317,980 | 16.56% | 2.98% | 393,063 | 21.32% | 3.84% |
| Supplementary retirement | 57,390 | 2.99% | 0.54% | 51,669 | 2.80% | 0.51% |
| Health | 111,097 | 5.79% | 1.04% | 105,841 | 5.74% | 1.03% |
| Occupational health and safety | 24,101 | 1.26% | 0.23% | 30,619 | 1.66% | 0.30% |
| Education | 426 | 0.02% | 0.00% | 265 | 0.01% | 0.00% |
| Culture | 107 | 0.01% | 0.00% | 102 | 0.01% | 0.00% |
| Training and professional development | 19,539 | 1.02% | 0.18% | 24,956 | 1.35% | 0.24% |
| Childcare or childcare assistance | 1,087 | 0.06% | 0.01% | 883 | 0.05% | 0.01% |
| Profit and/or results sharing | 81,092 | 4.22% | 0.76% | 68,221 | 3.70% | 0.67% |
| Other | 41,529 | 2.16% | 0.39% | 41,146 | 2.23% | 0.40% |
| Total – Internal social indicators | 681,061 | 35.48% | 6.38% | 742,704 | 40.29% | 7.26% |
| 3 – External social indicators | Value (thousand) | % over OR | % over NR | Value (thousand) | % over OR | % over NR |
| Education | 21,040 | 2.71% | 0.20% | 21,585 | 3.09% | 0.21% |
| Fighting hunger and food safety | 51 | 0.00% | 0.00% | 46 | 0.01% | 0.00% |
| Other | 793 | 0.10% | 0.01% | 1,075 | 0.15% | 0.01% |
| Total contribution to society | 21,884 | 2.81% | 0.21% | 22,706 | 3.25% | 0.22% |
| Taxes (excluding social security contributions) | 319,148 | 41.04% | 2.99% | 490,132 | 70.24% | 4.79% |
| Total – External social indicators | 341,032 | 43.85% | 3.20% | 512,838 | 73.49% | 5.01% |
| 4 – Environmental indicators | Value (thousand) | % over OR | % over NR | Value (thousand) | % over OR | % over NR |
| Investments related to production/ operation of company | 15,405 | 1.98% | 0.14% | 7,698 | 1.10% | 0.08% |
| Investments in external programs and/or projects | 66 | 0.01% | 0.00% | 59 | 0.01% | 0.00% |
| Total investments in environment | 15,471 | 1.99% | 0.14% | 7,757 | 1.11% | 0.08% |
| Regarding the establishment of "annual goals" to minimize waste and consumption in general in production / operation and increase the efficient use of natural resources, the company | () does not have goals () achieves 51 to 75% () achieves 0 - 50% (X) achieves 76 - 100% | | | () does not have goals () achieves 51 - 75% () achieves 0 - 50% (X) achieves 76 to 100% | | |
| 5 – Personnel indicators | 2013 | | | 2012 | | |
| Number of employees at the end of the period | 17,302 | | | 16,325 | | |
| Number of hires during the period | 1,660 | | | 1,129 | | |
| Number of outsourced personnel | 2,897 | | | 2,835 | | |
| Number of trainees | 404 | | | 253 | | |
| Number of employees above 45 years of age | 2,964 | | | 2,765 | | |
| Number of women working in the company | 2,509 | | | 2,283 | | |
| % of management positions held by women | 9.77% | | | 9.91% | | |
| Number of black employees in the company | 793 | | | 784 | | |
| % of management positions held by black employees | 2.57% | | | 2.61% | | |
| Number of people with disabilities or special needs | 771 | | | 798 | | |
| 6 – Relevant information relating to corporate citizenship | 2013 | | | Goals 2014 | | |
| Ratio between the highest and lowest remuneration in the company | 59 | | | There are no goals | | |
| Total number of work accidents | 196 | | | 176 | | |
| The social and environmental projects developed by the company were defined by: | () directors | (X) directors and managers | () all employees | () directors | (X) directors and managers | () all employees |
| The occupational health and safety standards were set by: | () directors and managers | () all employees | (X) all + CIPA | () directors and managers | () all employees | (X) all + CIPA |
| Concerning freedom of union association, the right to collective bargaining and internal representation of employees, the company: | () not involved | () follows ILO rules | (X) encourages and follows ILO | () will not be involved | () will follow ILO rules | (X) will encourage and follow ILO |
| Supplementary pension benefits contemplate: | () directors | () directors and managers | (X) all employees | () will not be involved | () directors and managers | (X) will encourage and follow ILO |
| Profit and/or results sharing considers: | () directors | () directors and managers | (X) all employees | () directors | () directors and managers | (X) all employees |
| In selecting suppliers, the same ethical and social responsibility and environmental standards adopted by the company: | () are not considered | (X) are suggested | () are required | () are not considered | (X) will be suggested | () will be required |
| Regarding the participation of employees in voluntary work programs, the company: | () is not involved | () supports | (X) organizes and encourages | () will not be involved | () will support | (X) will organize and encourage |
| Total value added for distribution (R\$ thousand) | In 2013: 3,887 | | | In 2012: 3,508 | | |
| Distribution of value added (DVA) | 22.98% government 48.18% employees 5.20% shareholders 8.83% third parties 14.81% retained | | | 23.16% government 49.72% employees 5.20% shareholders 7.23% third parties 14.69% retained | | |

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