

VI. Social and environmental responsibilities

Management believes that the main indicator of sustainability for a Company is profit generation and a solid financial structure. This factor indicates that the consumers pay for the Company's products more than the cost of the inputs extracted from nature to produce and distribute them and ensures the Company's continuity, job generation and the satisfaction of millions of customers.

However, the financial indicators for times fail to translate all the interfaces of a company with its social and environmental universe. Aware of our responsibility as a leading Company in our segment and employer of over 25 thousand employees, we are improving our processes, aiming to reduce the consumption of inputs and raw materials, including water and all forms of energy, residue generation and losses of resources that represent not only costs to the Company but also exhaust the environment when consumed beyond the necessary. These purposes have been the basis of a number of actions we carried out throughout the years.

In 2014, the actions focused on the completion of structure works, among which the Biological Effluent Treatment Plants (ETEBs) of the units of Crato and Fortaleza, whose operations started in January and February 2014, respectively, with the effluent being used in irrigation and flush toilets. . At Grendene, only around 20% of the water consumption is related to industrial processes; the other 80% are consumed by Grendene's personnel.

Special attention was dedicated to the consumption of water, energy and waste generation. The actions developed reduced costs and operational risks, as well as the environmental impact.

When comparing to 2013, the following reductions should be highlighted:

- 1) 3% of water consumption per manufactured pair.
- 2) 2% of energy consumption per manufactured pair.
- 3) 38% of waste generated per manufactured pair.

In order to reduce water consumption, the Company invested in reuse of effluents in irrigation and toilet bowls, as well as in low-consumption taps, on-line monitoring and replacement of old toilet tanks for those with lower water consumption. We also provided highly-energy-efficient induction engines in some machines and equipment, in addition to other technological solutions for proper equipment use. All these actions resulted in a decrease of 2,411 MWh used per year.

Various awareness raising actions were implemented amongst the employees about consumption of energy (rational use of air conditioning), water (report any leaks and keep the taps closed), paper (reduce the number of print copies of reports and documents), selective garbage collection and reduction of waste in general.

Actions developed together with customers were also taken, such as the recognition of Grendene for joining WalMart's Sustainability Pact. Grendene has become the only awarded company of the footwear industry in the Brazilian supply chain.

In 2014, Grendene has become the first footwear company to be granted with the Supply Certificate by the Brazilian Association of Textile Retail (ABVTEX). The purpose of this certificate is to allow the retail market to certify and monitor its suppliers regarding Environmental, Social and Labor Relation practices.

