

VI. Social and environmental responsibility

We believe that the principal indicator of sustainability of a company is its generation of profit and financial solidity. This factor means that consumers pay, for the company's products, more than the cost of extracting the inputs from nature and their manufacture and distribution. Further, it ensures continuity of the company and generation of employment, and also satisfaction of the needs of millions of clients that buy and use its products.

However, we recognize that the financial statements do not always portray all the interfaces of a company with its social and environmental surroundings, and that the financial indicators can react slowly to problems of relationship with society or the environment. Being aware of our responsibility as a leading, benchmark Company in our segment and employer of more than 24,000 employees, we have continued to improve our processes with numerous actions over the years to reduce consumption of inputs and raw materials, including water and all the forms of energy, and generation of all types of waste and loss of resources – which not only represent costs for the company but also exhaust the environment when consumed beyond the necessary level.

Grendene's focus in relation to sustainable development is on a three-part approach: *reduce, reuse, recycle*. The following are outstanding actions with this focus in 2015:

Reduction of consumption of potable water, in which investments were made in replacement of taps, toilet flush systems, changes in the irrigation system and implementation of reuse of effluents in all units. We reuse 40% of our treated effluents in toilet bowls, urinals and irrigation. By the end of 2016 we aim to have reached 60% reuse of the effluent generated. For reuse of effluent we use ultrafiltration. At Grendene, only some 20% of the consumption of water is used in industrial processes: 80% is used by its personnel.

We continue to direct special attention to consumption of water, consumption of energy, and generation of all types of waste. The actions that we take have generated not only reduction in costs and operational risks but also a lower environmental impact.

With highlight the following reductions from 2014 to 2015:

- 1) 20%, in water consumed per pair produced;
- 1) 3%, in consumption of electricity per pair produced;
- 3) 9% in generation of wastes per pair produced;

As a result of these projects and the care that the Company takes for the environment, Grendene obtained the Suppliers' Certificate from ABVTEX, the Brazilian Textile Retailing Association, becoming the first footwear company to receive this certificate. The purpose of the certificate is to enable the retail sector to certify and monitor its suppliers in relation to practices of Environmental, Social and Employment Relations responsibility.



Grendene was also awarded the 22nd **Expression of Ecology** Prize, in the *Environmental Management* Category – the *Green Wave* Trophy, for its Project *Water Management – treatment and re-use in operations*. This award, given by Editora Expressão, is certified by the Brazilian Environment Ministry as the leading environmental award of the South of Brazil. It publicizes the actions of companies and institutions to reduce the effects of pollution on the environment, which help to conserve natural resources and develop awareness of sustainable development.