

VI. Social and environmental responsibility

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.

We understand, however, that the financial indicators not always 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. Various actions intended to achieve these objectives have been implemented over the years.

In 2013, the actions focused on the completion of structure works, among which the Biological Effluent Treatment Plants (E.T.E.s) of the units of Crato and Fortaleza, whose operations started in January and February 2014, respectively.

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

In the comparison with 2012, the following **reductions** should be highlighted:

- 1) 6.54% of water consumed per pair produced;
- 2) 4.42% of energy consumed per pair produced;
- 3) 5.40% of residue generation per pair produced;

In order to reduce water consumption, the Company invested in new hydrometers for on-line monitoring and reused effluents treated from sanitary effluent treatment plants to irrigate the green areas of Sobral Unit (100% of areas irrigated). Also, pilot tests of energetic efficiency were conducted and, among other technological solutions for the proper use of equipment, high efficiency induction motors started to be used. As a result, taking into consideration only the use of high efficiency motors, we had a reduction of 173,524 kWh/year and a reduction of emissions by 161 Ton/CO₂ per year (GHG emissions inventory - MCT/Nov-13). We also started a gradual replacement of the traditional filament light bulbs in our offices by LED bulbs, known to reduce the energy consumption.

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 faucets closed), paper (reduce the number of print copies of reports and documents), selective garbage collection and reduction of residues in general.

Actions developed together with customers were also taken, such as the participation of Grendene in the 3rd. edition of Wal-Mart's program.

Actions implemented in one of our line of products reduced the consumption of virgin material by 45 metric tons, energy consumption by 74 thousand kWh and, consequently, CO₂ emissions were reduced by 68 metric tons per kWh.