

INTEGRATED REPORT **2012**





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How to Read This Report

GRI

3.4

This report contains information on Votorantim Industrial (VID) for 2012.

In this report you will find information on our corporate identity, governance, businesses and their performance, risk management, actions on environmental issues and our relations with the community and other stakeholders.

Throughout the report you will also find references to correlations of Votorantim's material issues with the indicators of the Global Reporting Initiative (GRI) and the principles of the United Nations Global Compact (UNGC), both of which we use as guidelines for our operations and initiatives.

The report also contains our complete audited financial statements (FS), including the opinion of our external auditors and an assurance statement by an independent third party.

This information is also available on our website at: www.votorantim.com.br/ri.

Your opinion on our report is very important to enable us to continually improve our reporting and management processes. We would welcome your assistance by answering the questionnaire on our report at: <http://www.votorantim.com.br/en-us/pesquisarelatorioanual/pages/pesquisa.aspx>. You can also contact us by e-mail at: contato@vpar.com.br.

We hope you find the report a good read!

Guide to references

GRI

GRI
Indicators



UN Global
Compact
Principles




Material
Issues

Management Letter

GRI
1.1,1.2,3.11

FOR 2012 WE HAVE ADOPTED THE MODEL OF AN INTEGRATED REPORT CONTAINING FINANCIAL, SOCIAL AND ENVIRONMENTAL INFORMATION.





Three years ago, when we launched our first sustainability report, for the year 2010, we committed ourselves to dealing transparently with the opportunities and challenges which are inherent to Votorantim's business activities and to continuing to invest in our growth in a consistent manner.

Consequently, following our corporate governance principles, in each new cycle of strategic planning we incorporated new issues into our thinking and actions. At that time, we reported on our use of natural resources, on the generation of professional growth opportunities for our employees and of our increase in knowledge of the communities where our operations are located. Climate change and biodiversity issues were also on the agenda of issues most relevant to us at that time.

It was also in that first sustainability report that we defined the material issues that were to be the key drivers of Votorantim's strategy and actions in sustainability. From a strategic standpoint, these issues have become crucial factors in all of the Votorantim Group's investment decisions, in order to ensure the sustainability of our business in relation to both environmental limits and social questions.

In 2008, we had already validated our Sustainability Principles, which underlie the way we do business and the objectives we pursue. These Principles, allied to our Values, Management Beliefs and Vision, have contributed to motivating the group's leadership and employees around common goals.

In 2011, we made a significant step forward, by committing to adhere to the guidelines of the UN Global Compact. Furthermore, as part of our evolutionary approach,

we developed a single combined annual report, which included financial information and sustainability indicators in one document. Now in 2012, we have taken a step further and adopted the model of an integrated report (proposed by the International Integrated Reporting Council (IIRC)), which in addition to reporting on the organization's financial and sustainability information (financial, operational, social, and environmental), also relates this information to the market context, the business strategy and model, the corporate governance structure, and the group's vision of the future.

From our very first sustainability report we have prepared the reports according to the standards developed by the Global Reporting Initiative. These standards have been adopted by a large majority of those major international companies who are recognized for their high level of corporate governance. Regardless of the classification that we would receive from GRI, our objective was to report only those indicators that we could fully manage. In our first report in 2010, we reported on a total of 38 GRI indicators. In this report, we are now reporting on 62 GRI indicators. Much more than a mere numerical increase, this represents a substantial advance in the maturity of the company's approach to sustainability, which is now viewed as a management tool and linked to business development.

Our strategic planning process now incorporates both short and long-term targets related to our material issues. Furthermore, we have linked our managers' performance evaluation (and part of their variable remuneration) to improvements in sustainability indicators.

// We are investing R\$ 15 billion between 2011 and 2013 to support our business growth. "

In relation to environmental issues, we spent more than R\$ 520 million on activities and projects in 2012. We also conducted a major project to consolidate compliance with all of the environmental legislation requirements, which led to a significant improvement in our management of this area. In June 2012, we signed a memorandum of understanding with the State Government of São Paulo (SP) for the creation of the largest privately-owned reserve of preserved Atlantic Rainforest in Brazil. The reserve extends for 35,000 hectares and is located in the Juquiá river basin, in the southern part of the State of São Paulo. Within the area of the reserve Votorantim operates a complex of eight hydroelectric plants. The surrounding area has been preserved for more than 50 years, in a clear demonstration of the long-term nature of the group's vision of the future. Votorantim acquired the land surrounding the rivers in the region in order to avoid deforestation and to guarantee the preservation of the network of springs, thereby ensuring a plentiful and permanent supply of water for both the population in the region and the operation of the plants. The partnership with the State Government aims to contribute to scientific research, ecosystem conservation, and development of programs, projects and actions involving local communities and governments, with the overall objective of making the reserve the nucleus of sustainable development in the region.

In 2012, the Votorantim Institute celebrated 10 years of activities, with an accumulated amount of R\$ 461 million in social investments, of which 70% were funded from its own resources. The Institute was instrumental in defining the approach to prioritizing the municipalities directing our social investments, as from 2013, in projects and local development initiatives. In a further initiative aimed at local community development, we completed new research on our supply chains with the aim of identifying opportunities to create shared value in the locations where we operate. This project will begin to be implemented in 2013.

In safety management, we regrettably recorded 12 fatalities in our operations in 2012, 6 in Brazil and 6 abroad. The occurrence of these sad events led to a profound reflection in relation to our operational controls and a reassessment of our procedures aimed at reversing this situation. These efforts are being coordinated by the Thematic Teams of the Votorantim Management System, with the full involvement of the top leadership of the organization.

The issue of safety has become even more relevant than before due to the rapid progress in our process of internationalization. The challenges associated with operating in more countries are even greater, not only in regard to safety issues, but also in relation to the dissemination of Votorantim's corporate identity, represented by our Sustainability Principles, Values, Management Beliefs and Vision.

Between 2011 and 2013, we plan to invest around R\$ 15 billion to achieve our expansion goals in Brazil and overseas. In 2012, in the **Cement Business** we completed the asset swap with Cimpor and began to operate in five new countries in Europe, Asia and Africa which are of great strategic importance to our international expansion. These assets added 16.3 million tons (t) to our production capacity. We also strengthened our presence in the basic construction materials market in South America, by increasing our shareholdings in companies in Uruguay and Argentina.

In the **Mining and Metals Business**, it was a year when companies around the world suffered from the effects of the global economic situation. It was also a year when we strove to bring our operational results into balance by focusing on improving our customer relationships and product mix. We strengthened our mining business by giving support to important projects that could be developed and made operational in the short term, such as metallurgical coal

// We believe that sustainability is one of the most effective ways to generate value for the organization."

in Colombia and alumina in Pará, as well as our copper, zinc, lead and silver operations in Peru.

In the **Steel Business**, we inaugurated our rolling mill at Sitrel (Siderúrgica Três Lagoas) at the end of 2012, with an installed capacity of 400,000 tons per annum (p.a.) of steel. This will supply demand from the construction and infrastructure markets in the Center-West region.

In the **Pulp Business** the highlight in 2012 was the setting up of a joint-venture (JV) between Fibria and the American company Ensyn Corporation (Ensyn) for the production of bio-fuels from biomass from timber, as an alternative to using eucalyptus fiber.

With respect to the **Orange Juice Business** we are now capturing the synergies from the merger, in 2011, between Citrosuco and Citrovita. In 2012, we completed the integration of the two companies and the new company adopted the name Citrosuco. We now face the challenge of promoting the increased consumption of orange juice, especially in our international markets.

In the area of **power generation** we operate 30 hydroelectric plants and 5 cogeneration plants which together supply 58% of the electric power consumed by the Votorantim Group. In 2013, we will widen the focus of Votorantim Energia's activities by marketing our expertise in energy management to future customers.

In 2012 we restructured our risk management and compliance areas both in the corporate center and the business divisions, by the creation of a formal monitoring method. Risks were discussed and prioritized according to the degree of criticality and their impacts on costs and operations, whether financial, operational or strategic.

For 2013 and the succeeding years our growth prospects are positive. We foresee an improvement in those international markets to which we export a large part of our production. We are confident in Brazil's capacity to complete the major infrastructure projects necessary for the country's development. We also see business opportunities, principally in cement, concrete, steel and aluminum, from construction related to the World Cup in 2014 and the Olympic Games in 2016.

For a company that is reaching 95 years of history in 2013, continuing on the path toward sustainability, which we started some years ago, means only the beginning of a long journey. It is also a journey of no return. Our challenges, as will be demonstrated throughout this report, are many. But we believe in our ability to overcome them, as an organization, and with the commitment of our employees to this cause.

We operate in an increasingly globalized and dynamic market, with easy access to technology and with the constant emergence of new competitors in other countries - some of which, on occasion, ignore certain ethical principles that for us are non-negotiable. In this context, what ultimately makes a difference in the market is not only the technical quality and operational efficiency of companies, but also the added-value of their products and services. We are convinced that sustainability, in its broadest sense, is one of the most effective ways to add value to our business.



José Roberto Ermírio de Moraes
*Chairman of the Board
of Votorantim Participações (VPar)*



Raul Calfat
*Chief Executive Officer
Votorantim Industrial*

Market Context

IN 2012, WORLD GROWTH
WAS LOWER THAN FORECAST.



Global market

At the end of 2011, the market's expectations for 2012 were grounded in cautious optimism. Despite an IMF report's title of "Deceleration of Growth, Rising Risks", this report, published in 2011, forecast relatively strong rates of growth for global Gross Domestic Product (GDP) for 2012 and 2013, 4.0% and 4.5% respectively.

In line with this forecast, growth was in fact strong in the first quarter of 2012. Industrial production grew 7.5% worldwide and the future price index for metal commodities, as measured by the Commodity Research Bureau, increased 10%. Markets were optimistic as to global economic stability in the following months since, in the US, an agreement was reached to resolve tax issues and, in Europe, measures were agreed to maintain the economic stability of Greece.

However, this positive situation soon evaporated and the markets returned to a vision of macroeconomic instability and slowed global growth due to the following factors: firstly, the impasse in Europe, which raised long-term interest rates and destabilized important economies like Spain and Italy; secondly, the electoral contest in the US, which made it impossible to negotiate a reasonable solution to soften the effects of the "fiscal cliff"; and, thirdly, the decision of the Chinese government, fearful of generating new imbalances, to not apply the same level of stimulus that had been introduced in 2009.

A study released by the magazine The Economist reported that the world economy had grown by 3% in 2012, despite it being a difficult year. The largest economy in the world, the U.S., grew a little over 2%, confirming a trend of gradual recovery which began in 2010, after the global financial crisis of 2009.

The euro zone countries as a whole were in recession in 2012, with a fall in GDP of around 0.4%. The region's

biggest economy, Germany, did not go into recession, but registered a mere 0.8% growth. At the other extreme, China and India, although growing less than expected, ended the year with robust growth rates of 7.8% and 5.4%, respectively.

Brazilian market

Even though Brazil's economic performance in 2012 caused frustration in world markets, with a growth in GDP of only 0.9%, the National Confederation of Industry (CNI) announced positive results.

In 2012 industrial turnover, compared to 2011, rose in 12 of the 19 industry sectors surveyed by the CNI. The largest increase was recorded in the pulp and paper industry, where the indicator rose 28.2% and in manufacturing, despite the adverse market conditions, sales rose by 2.4%.

The real estate sector in Brazil suffered from the economic slowdown. However, the pace of the cement market remained above average, driven by favorable dynamics of the labor market. The country's unemployment rate ended the year 2012 at 5.5%, according to the Monthly Employment Survey (PME) published by the Brazilian Institute of Geography and Statistics (IBGE). Also, according to the IBGE, this was the lowest annual figure since records began in March 2002.

Government concessions and public-private partnerships for the construction of roads, railways, ports and airports maintained the boom in the infrastructure sector and this will continue to be a growth factor for investments in the coming years. In 2012, the Brazilian Development Bank (BNDES) approved R\$ 133 billion in projects related to infrastructure and the total investment in the sector, according to estimates by the Brazilian Association of Infrastructure and Basic Industry (ABIDB), reached the level of 2.5% of GDP.

Business Overview

WE ARE CELEBRATING
95 YEARS OF BUSINESS
ACTIVITIES IN 2013.





In 2013, the Votorantim Group is celebrating 95 years of business activities. In this period of almost a century we have built a large Organization with a diverse range of businesses and opportunities and we strive continually to conduct our activities in an ethical, responsible and conscientious manner.

In our daily routine we seek to effectively integrate sustainability issues into our strategy and business operations, demonstrating that it is the same energy and the same direction that inspire us to achieve results, whether of a financial or a non-financial nature.

Thus, we have, as the core driver of our strategy:

LONG-TERM GROWTH, WITH RESPONSIBILITY.

In the following sections we have summarized the important elements of our strategy, activities and performance for each of our business divisions.

GRI

2.1, 2.2,
2.3, 2.6,
2.7, 2.8,
3.6, 3.8

Business divisions

Votorantim Industrial (VID) is a privately-held, 100% Brazilian-owned company.

It is the industrial arm of the Votorantim Group, one of the largest business conglomerates in the country. We have a diversified portfolio of businesses controlled by a centralized management structure. We began our activities in 1918, in Brazil.

Our business model is based on investing in a diversified portfolio of businesses which offer a wide range of products, services and business opportunities.

At the end of 2012 we had 54,303* employees (including permanent employees, trainees, apprentices and temporary farm workers) and 75,231 third-party contract staff.

***Note:** the total number of employees in this report is different from the figure published in the Management Report due to updated numbers for the employees of Votorantim Cimentos North America (VCNA) and Milpo, Peru. In VID's central corporate areas there are 900 employees.

Our business divisions can be summarized as follows:

VOTORANTIM INDUSTRIAL (VID) – BUSINESS DIVISIONS

Business Division	Products / Services	Aspiration
Votorantim Cimentos (VC)	Cement, concrete, aggregates (gravel and sand) and complementary products such as: mortar, hydrated lime, lime paint, blocks, tiles, white cement and agricultural lime.	Remain as one of the largest building materials companies in the world through vertical integration and geographic diversification, observing standards that ensure a sustainable level of profitability.
Votorantim Metais (VM)	Aluminum, zinc, nickel, copper, silver, metallic indium, metallurgical coal, cobalt, cadmium, anhydrous sodium sulfate, copper sulfate, zinc oxide, sulfuric acid, powdered lime and mineral concentrates.	<ul style="list-style-type: none"> • Zinc: To be among the leading integrated low-cost producers and have a global presence. • Nickel: To improve the competitiveness of our operational assets and broaden our base of mineral reserves. • Aluminum: To be the market leader in primary aluminum, downstream products and recycling in Brazil. • Other metals: To evaluate opportunities and develop or enhance exploration.
Votorantim Siderurgia (VS)	Long steel bars.	To be a leading player in the Latin American market for long steel bars.
Votorantim Energia (VE)	Company-owned electric power generation.	To contribute to increasing the competitiveness of the business divisions, by ensuring the supply of electric power and natural gas with competitive pricing and reduced risk.
Fibria	Pulp.	To maintain our position as the market leader and be a preferred supplier to large customers.
Citrosuco	Orange juice (fresh and concentrate).	To maintain our position as the industry leader in orange juice.

Market Focus	Geographical Distribution of Operations / Commercial Activity
<ul style="list-style-type: none"> • To grow organically by increasing our production capacity, both by the expansion of our existing facilities and by the opening of new plants. • To increase the degree of internationalization of our business through acquisitions and investments in increased capacity. • To offer an increasingly diverse range of products and services, making us a company specializing in basic construction materials. • To improve processes. 	<ul style="list-style-type: none"> • Operations and performance in Brazil. • Operations and performance overseas: North America, South America, Europe, Asia and Africa.
<ul style="list-style-type: none"> • To strengthen the integrated production process. • To ensure efficiency and offer quality products at competitive prices. • To seek viable opportunities for the exploration of new mineral reserves and creation of new products. • To strengthen our operations in Peru. 	<ul style="list-style-type: none"> • Operations and performance in Brazil. • Overseas: operating plants in Peru, Colombia, the U.S. and China and global commercial activities.
<ul style="list-style-type: none"> • To increase the participation of the steel business in VID's portfolio. • To develop new opportunities. • To improve customer relationships and loyalty. 	<ul style="list-style-type: none"> • Operations and performance in Brazil. • Operation and activities in Latin America: Colombia and Argentina.
<ul style="list-style-type: none"> • To integrate and coordinate all of VID's company-owned power generation operations. • To ensure the supply of electric power and natural gas to VID, thereby contributing to the increased competitiveness of the business divisions. • To coordinate VID's Energy Efficiency Program. 	<ul style="list-style-type: none"> • Operations and performance in Brazil.
<ul style="list-style-type: none"> • To maintain our position as the world leader in the production of pulp from eucalyptus. • To manage renewable and sustainable forests. • To ensure access to timber for current operations and future growth. 	<ul style="list-style-type: none"> • Operations in Brazil and worldwide
<ul style="list-style-type: none"> • To maintain our position as the largest producer of orange juice in the world. • To strengthen our export-oriented profile. • To strengthen our expertise along the entire production chain and seek out new opportunities. 	<ul style="list-style-type: none"> • Operations and performance in Brazil. • Overseas: operating facilities in the U.S. and global commercial activities.

The uses of our products and services

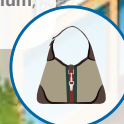
Our products and services are used in many everyday applications, such as: general construction, infrastructure projects, roof tiles, water tanks, floor coverings, cars, airplanes, electric power pylons, industrial machinery, gates, bicycle chains, crops, sunscreens, detergents, refrigerators, disposable diapers, cosmetics and many other items that people use every day.



Lighter-weight bicycles are made of **aluminum**.



Zinc oxide is used in making cosmetic products.



Buckles for handbags are made of zamac, which is an alloy made from **aluminum**, copper, **zinc** and magnesium.



Antennas are made from **steel** galvanized with **zinc**.

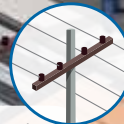


Metal posts, in general, are galvanized with **zinc**.



Tires contain **zinc** oxide and car wheels are made of **aluminum**.

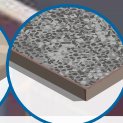
Zamac (an alloy of **aluminum**, copper, **zinc** and magnesium) is used in castings.




Electric power is used in industries, commerce and residences.



Steel products such as rebar (in bars or coils), angle-brackets and wires are used in many types of construction activities.



Cement, concrete, mortar and aggregates are used in construction in general.



Aluminum is used in the manufacture of plane fuselages, buses and cars.

Paving made from **concrete** is highly durable.

Aluminum is used in the manufacture of wires and cables.

Household appliances have paint that contains **zinc** and components that are galvanized with **zinc** or **nickel**.

Orange juice is packed in cartons which are made of paper (from **pulp**) coated with **aluminum** sheet

Anhydrous sodium sulfate, a by-product of **nickel** production, is used by the soap and detergent industry.

Paper for personal hygiene and general use are produced from **pulp**.

Zinc oxide is used in fertilizers for agriculture.

Agricultural lime is used to correct soil acidity.

Automotive parts may contain **zinc**, **nickel** and **aluminum**.

Where we operate

GRI

2.4, 2.5,
2.9

Our headquarters are located in the city of São Paulo in Brazil and we operate in 21 countries overseas: Argentina, Australia, Austria, Belgium, Bolivia, Canada, Chile, China, Colombia, Hungary, India, Japan, Morocco, Peru, South Africa, Spain, Switzerland, Tunisia, Turkey, the United States, and Uruguay.

Compared to the previous year, we have undergone changes to the geographical distribution of our business with the expansion of our international operations in Spain, India, China, Turkey, Morocco and Tunisia, as well as a new mine in Peru. In addition, Votorantim Metais opened an office in South Africa, to evaluate projects in the whole of the African continent.



In total, we have the following plants and facilities:

- **Fibria:** 3 fully-owned pulp plants and 1 pulp plant with shared management;
- **Citrosuco:** 5 orange juice plants;
- **Votorantim Cimentos - VC:**
34 cement plants; 22 grinding mills;
13 mortar plants; 328 concrete plants;
84 facilities for aggregate products;
2 lime plants; and 1 clinker plant. In addition we have participations in: 8 cement plants; 3 grinding mills; 65 concrete plants; 1 mortar plant; 18 facilities for aggregate products; 3 lime plants; and 1 clinker plant;
- **Votorantim Metais - VM:** 4 aluminum plants; 8 zinc plants; and 3 nickel plants;
- **Votorantim Siderurgia - VS:** 5 steel plants; 1 limestone mine, 3 iron-ore mines, 16 cut-and-bend centers; 5 metal-recycling facilities; and 1 forested area.
- **Votorantim Energia - VE:** 30 hydroelectric power plants (20 company-owned and 10 participations in consortiums) and 5 co-generation plants in Brazil.



Material issues

Our material issues (for sustainability) have been identified based on substantial research and analysis including: analysis of the impacts of environmental limits and social questions on the long-term sustainability of our businesses using the methodology The Natural Step; discussions among senior management, with the support of specialized consultants, on the business implications of our Sustainability Principles; and benchmarking with companies that had already undergone a similar process where comparable to VID, either because they had operations in the same industry sectors or because they also managed a diversified business portfolio. In 2012, we submitted these material issues to the scrutiny of our principal stakeholder groups. The result of these

consultations was the validation of the proposed material issues, and some suggestions for the inclusion of further issues, which will be incorporated into the strategic planning process in 2013.

All together we validated the **9 material issues** which are considered to be the most critical for VID. These material issues have been integrated into our strategic positioning and represent our key challenges to advance towards the long-term sustainability of our businesses, and to ensure consistency with both our corporate identity, represented by our Vision, Aspirations, Values, Management Beliefs and Sustainability Principles, and the specific strategies of each business division.

Our material issues are:



1

Responsible growth

An organized approach to corporate governance is essential to ensuring the realization of VID's vision statement.

Pages Correlated

34, 40, 43, 79, 83, 85, 89, 91 e 94



2

Products, services and customers

Through our diverse portfolio of products, we are in a position to promote sustainability values in the supply chain and to stimulate responsible consumption.

26, 80, 83, 91, 94 e 96



3

Supply chain

As the leading company in our supply chain we encourage suppliers to adopt sustainability practices which are in line with Votorantim's compliance standards and best practices in order to reduce risks and maximize opportunities.

3, 33 e 47



4

Occupational health and safety, including of third parties

Ensuring the welfare, health and safety of our employees and contractors is a basic premise of our operations, which, by their nature, involve certain kinds of risks.

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5

Employee development

Our employees are the foundation of value creation by the organization and are essential to promoting our growth. By the development of our employees' skills we can contribute to building a more just and inclusive society.

50, 52 e 54



Votorantim Institute: Project Supported in Minas Gerais



6

Relations with, and development of, the communities where we operate

We are a part of the communities where we operate and can contribute to their development both socially and in the preservation of the environment, thereby creating value for all.

Pages Correlated

57 e 58



7

Eco-efficiency and the responsible use of resources

We use large amounts of raw materials and energy in our processes and so we need to guarantee the availability and efficient use of these productive resources in the long term.

62, 64, 65, 68 e 69



8

Greenhouse Gas (GHG) emissions from industrial activity

As a large emitter of GHGs we are committed to following the best practices and international agreements on climate change and constantly seek to reduce our emissions.

68, 71 e 73



9






Biodiversity and ecosystem services

As owners and users of large areas of land located in regions which are important from the perspective of biodiversity and ecosystem services we are committed to being in line with international conservation agreements in order to ensure the sustainability of natural resources in the long term.

74

Challenges and commitments






Since our material issues were formalized in 2011, we have closely followed our progress on each issue. We have also defined short-term (2013) and long-term (2020) goals for each issue, which we believe demonstrates the consistency of our positioning and our transparency in regard to our sustainability commitments.

OUR CHALLENGES (MATERIAL ISSUES)	PUBLIC COMMITMENTS – 2012	STATUS 2012
1. Responsible growth	To incorporate the results of stakeholder consultations in the strategic planning process.	
2. Products, services and customers	Start to study the life-cycle assessment (LCA) of the most important products.	
3. Supply Chain	Develop and publish a corporate policy for contracting local suppliers.	
4. Occupational health and safety, including third parties	Standardize the treatment for critical risks in all VID's business divisions (accessibility, signing, and investments in equipment vulnerable to critical risks).	
5. Employee development	Define criteria and the process for data consolidation on internal recruitment across all business divisions (fill vacancies with internal resources).	

Legend:

 Achieved  In progress  Under study

WHAT WE DID IN 2012	TARGETS FOR 2013/2020
<p>To have incorporated the results of the stakeholder consultations, which took place between the end of 2011 and the middle of 2012, in the strategic planning process. Specific targets have been set for each area.</p>	<p>2013: Develop a corporate plan for engagement with strategic stakeholders.</p> <p>2020: The inclusion of sustainability issues in strategic planning, systems, controls and management of goals, implemented in all of VID's operations.</p>
<p>Prepare LCA studies for zinc, nickel and aluminum.</p> <p>Certified the steel products of the Barra Mansa and Resende plants under the ABNT Environmental Label.</p> <p>Made a partnership with the Brazil Steel Institute, to test some methodologies for applying LCA in steel products.</p> <p>LCA studies for exports of pulp to customers in Europe and the tissue paper segment are being developed</p>	<p>2013: Implement a pilot project to identify attributes of value creation for customers.</p> <p>2020: To have mapped the life cycle of our main products.</p>
<p>Developed a corporate policy for local suppliers and included minimum criteria in the process for supplier approval/registration.</p>	<p>2013: Implement a pilot program to develop local suppliers.</p> <p>2020: To have met the corporate policy requirements for contracting local suppliers for all VID's business divisions.</p>
<p>Implemented an audit protocol for critical risks.</p> <p>Expanded training at the School of Health and Safety in the Votorantim Academy by inclusion of the "Safety Vision for Senior Management" program aimed at presidents, directors and general managers.</p> <p>Conducted two workshops for top management on Safety and Management of Third Parties.</p>	<p>2013: Implement an awareness program on risks and fatalities.</p> <p>2020: Achieve a frequency rate of accidents with lost time of less than 1, in every business division.</p>
<p>Implemented a panel of indicators for human resource management (DHO). Four groups of indicators: short-term, long-term, culture and governance.</p> <p>The internal mobility program announced 165 vacancies of which 98 (59%) were filled by existing employees.</p> <p>Launched the "Indicar" program which seeks to receive suggestions of candidates for recruitment from our employees.</p> <p>Developed the "Potenciar (Realize Potential)" program which brings together trainees and selected young employees to participate in a process of professional development with a leadership profile.</p> <p>At the management level we achieved a rate of 70% of internal recruitment and transfer between the business divisions. In 2011 this rate was 65%.</p>	<p>2013: Implement the "EVP" program (Employee Value Proposition).</p> <p>2020: To have 80% of leadership positions filled from internal candidates.</p>

OUR CHALLENGES (MATERIAL ISSUES)	PUBLIC COMMITMENTS – 2012	STATUS 2012
6. Relations with. and development of, the communities where we operate	Establish criteria for prioritizing locations for implementation of socioeconomic development programs.	
	Maintaining stability in consumption per ton produced.	
7. Eco-efficiency and the responsible use of resources	Complete the mapping of waste and the analysis of opportunities.	
8. Greenhouse Gas (GHG) emissions from industrial activity	Apply carbon analysis to large VID projects	
9. Biodiversity and Ecosystem Services	Customize a model for assessing impacts on ecosystem services for use by VID.	

Legend:

 Achieved
  In progress
  Under study

WHAT WE DID IN 2012	TARGETS FOR 2013/2020
<p>Developed a tool for prioritizing the locations where we will implement development actions which are aligned to the Millennium Development Goals.</p> <p>Through the Networks program, a partnership between the Votorantim Institute and the BNDES, 45 projects were selected to receive non-refundable grants, aimed at fostering local production chains.</p>	<p>2013: Implement a pilot program for the long-term planning of social activities.</p> <p>2020: Implement social business strategy, aligned with the Millennium Development Goals, to qualify the relationship and to contribute to the development of communities in 100% of the operations classified as priorities.*</p>
<p>Project and energy efficiency management that resulted in an improvement of 0.37% in energy efficiency. Savings of 859,500 GJ equivalent to R \$ 9.2 million.</p> <p>Identified 8 possible projects for replacement of current biomass inputs.</p>	<p>2013: Improving energy efficiency by 0.4% in our industrial plants.</p> <p>2020: Improving energy efficiency by 5% per ton of production (base 2010).</p>
<p>Fortaleza de Minas / MG significantly increased the co-processing of waste (slag) for the cement industry. Continue with research into the opportunities for the re-use of red mud.</p> <p>Juiz de Fora began to process part of its Class I waste in its polymetals facility.</p> <p>Steel division reduced the amount of hazardous waste disposed of in landfills by 43% (26,000 tons in 2010 to approximately 15,000 tons in 2012). The main change was in relation to the disposal of electric arc furnace dust. This waste is now feedstock for the Juiz de Fora plant of Votorantim Metais.</p> <p>Fibria developed alternatives for the re-use and re-cycling in its Aracruz and Jacaré plants, especially with the use of biomass as fuel.</p>	<p>2013: Carry out a feasibility analysis for identifying waste with recycling potential.</p> <p>2020: Reduce the disposal of hazardous waste to landfill by 50% and the external use of dams for metallurgical mineral waste by 50% (base 2010 - in relation to the waste generated / ton product).</p>
<p>Developed and implemented a methodology for the analysis of new projects regarding the possible options for reducing the GHG emissions of the project and for the evaluation of the impact of carbon in its operations.</p> <p>Expanded the carbon inventory to include 32 suppliers, through an initiative of the CEBDS Thematic Group for Energy and Climate Change. Paid for the training of these suppliers, which will enable the improvement of Votorantim's carbon footprint.</p>	<p>2013: Conduct a study on the IFC's Equator Principles aiming at the improvement of our social and environmental management.</p> <p>2020: Maintain or reduce the amount of carbon emissions per ton of production (base 2010).</p>
<p>Conducted a study to evaluate the tools for assessing dependency and the valuation of ecosystem services (in partnership with the Brazilian Business Council for Sustainable Development-CEBDS and other companies).</p> <p>Initiated the implementation of ESR (Ecosystems Services Review) methodology in a pilot plant, through the PESE (Business Partnership for Ecosystem Services), an initiative of the WRI (World Resource Institute), CEBDS and FGV.</p> <p>Expanded this methodology to four other Votorantim operations.</p> <p>Systematized information on biodiversity in regions where we have activities. Prepared a plan to map the degree of conservation of the priority areas.</p>	<p>2013: Complete the pilot project for the ESR methodology.</p> <p>2020: Evaluate the impacts of ecosystems and value biodiversity at VID's major plants.</p>

*Note: The target was changed in relation to 2011, with the aim of making it more objective, thereby facilitating its measurement.

These overall commitments and targets for VID were broken down by business division and their respective strategic plans include formal commitments and targets from 2013 onwards. These commitments and targets will be used in the steering of each business division and will affect the variable remuneration of the management team.

GRI

3.5, 4.14,
4.15, 4.16,
4.17

Stakeholder engagement

In 2012 the validation process for our identified material issues and the possible identification of new issues advanced to a higher level with the inclusion of stakeholder consultations, which we believe will contribute to the overall improvement of the Organization.

With the support of specialized consultants (BSD Consulting) we defined the scope of our first consultation with external stakeholders at the corporate level. This consultation, by means of interviews, was carried out at the end of 2011 and during the first half of 2012. The objective was to collect information and opinions that would help us to assess the challenges and commitments on the already identified priority issues as well as to identify possible adjustments and new material issues.

This first consultation with VID's external stakeholders included representatives of: institutional investors, experts, the financial sector, media, government,

public sector entities, civil society organizations and trade associations. In total 51 interviews were carried out.

The overall conclusion was that the nine material issues already being prioritized should be maintained. Other issues surfaced, such as: certain aspects of legislation and legal issues, operating license management, mechanisms for identifying and resolving grievances and conflicts, etc. The new issues will be analyzed in the strategic planning process for 2013.

This consultation process will now take place every two years, with different groups of stakeholders, so that we have access to information and opinions relevant to the continuous improvement of our operations and actions.

Besides this consultation through interviews, the stakeholder engagement process also included specific actions with each stakeholder group.

Our **Materiality Matrix** is as follows:

LEVEL OF IMPORTANCE FOR EXTERNAL STAKEHOLDERS	Leadership and social influence	Traceability and control of the production chain Contribution to Brazilian industrial development Indirect economic impacts	Succession Mechanisms for the identification and solution of complaints and conflicts	Sustainable use of resources Pollution prevention and license management Community involvement Employee training Local development
	Sustainable consumption		Guaranteeing workers' rights	Financial health and fund-raising capacity Management of impacts on biodiversity Climate change
	Fighting corruption and the formation of cartels Respect for rights and customs	Worker health and safety/ Risks and accidents at work	Respect for minorities	Integrated management
	Management remuneration practices Social investment Protection of the health and safety of the consumer Protection and privacy of consumer information Consumer service Fair contractual practices			
LEVEL OF IMPORTANCE FOR THE COMPANY				



Ratings

Our high level of operational and financial management is reflected in our “investment grade” rating, which enables us to access lower interest rates on borrowings in both the national and international financial markets.

Votorantim Industrial is classified as investment grade by three of the most important global rating agencies, as follows:

Rating Agency	National Scale	Global Scale	Perspective	Last updated
Standard & Poor's	brAAA	BBB	Stable	Nov/12
Moody's	Aa1.br	Baa3	Stable	Apr/12
Fitch Ratings	AAA(bra)	BBB	Stable	May/12

In 2012, Standard & Poor's and Moody's maintained their 'BBB' and 'Baa3' ratings respectively, while **Fitch Rating raised our rating from “BBB-” to “BBB”** (on March 29). According to Fitch Rating the rating increase was based on our strong capital structure and the fact that we were well positioned to benefit from the increased demand for cement in the

Brazilian market. This increase in rating is in line with our objective to achieve credit metrics which are consistent with those required for the maintenance of an investment grade rating.

Certifications

We have obtained the following certifications:

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Certifications			
Standard	Description	Nº. of Facilities Certified	Business
International Organization for Standardization (ISO) 9001	Quality management systems.	35	VC/FIBRIA/VS/VM
ISO 14001	Environmental management.	24	VC/FIBRIA/VS/VM
ISO 50001	Energy management.	1	VC
ISO 20000	Excellence in information technology (IT) management.	1	VID
OHSAS 18001	Certification in occupational health and safety management.	7	VC/FIBRIA/VM
ISO 17025	Certification in the general requirements for the operations of calibration laboratories.	3	FIBRIA/VM
Social Accountability Standard SA8000	Social responsibility.	1	VC/VM
Halal	Certification of products prepared according to Islamic dietary rules.	5	CITROSUCO
Kosher	Certification of products prepared according to the dietary laws of Judaism.	7	CITROSUCO
PDV	Certification of food safety.	2	CITROSUCO
SAS 70	Certification Statement on Audit Standard No. 70 Type II.	1	VID
Rainforest Alliance Certified	Environmental certification.	7	FIBRIA / CITROSUCO
FSSC 22000 (Food Safety System Certification)	Certification of safety management systems for food processing, including risk control in the supply chain.	2	CITROSUCO
GMP+	These Standards aim to ensure the safety of foods for animals along the supply chain. The certification is for citrus pulp pellets destined for consumption by animals.	3	CITROSUCO
SGF/IRMA (Sure-Global-Fair / International Raw Material Assurance)	The SGF/IRMA is a voluntary control system that attests that raw material suppliers for European industries are in conformity with the required conditions, principally in relation to hygiene and processing.	4	CITROSUCO
AIB (American Institute of Baking)	The AIB International consolidated standards are key requisites that must be complied with by manufacturers for the safe processing of food.	2	CITROSUCO
Falcão Bauer label of approval	Environmental Performance.	2	VS
Brazilian Association of Technical Standards (ABNT) environmental labeling	Voluntary standard which reflects global practices for the certification and labeling of the environmental performance of products or services.	2	VS
Greenguard	This standard attests that the products do not emit toxic substances that could affect air quality or people's health.	Votomassa product line	VC VC
ECO	Certification of eco-efficient concrete products by the ReadyMixed Concrete Association of Ontario, Canada.	25	CBM Ready Mix (Canadá)
Energy Star	Certification of energy efficient products by the Environmental Protection Agency of the United States.	1	VC Suwannee American Cement LLC (SAC)
Forest Stewardship Council (FSC)	Certification of forest management.	5	FIBRIA
Brazilian Program for Forest Certification (CERFLOR)	Certification of forest management.	7	FIBRIA

VID implements Sarbanes-Oxley

In 2012, we obtained an opinion from PricewaterhouseCoopers (PwC) indicating that our system of internal controls was in line with the rules established in the U.S. Sarbanes-Oxley (SOX) legislation. SOX aims to improve the internal financial and accounting controls of companies, in order to ensure management transparency, accounting credibility and the security of confidential information. Although the SOX legislation established criteria for listed companies, i.e. those with shares traded on stock exchanges, VID opted to adhere to this process to demonstrate the high level of development of our corporate governance and internal processes and controls.

Voluntary commitments

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We are **signatories** of, or voluntarily adhere to, the following commitments:

GLOBAL VOLUNTARY COMMITMENTS

- **UN Global Compact:** Since 2011, Votorantim Industrial has been a signatory of the Global Compact. This is an initiative of the United Nations (UN) whose aim is to mobilize the business community to adopt certain internationally accepted and fundamental values and practices in relation to human rights, labor relations, the environment and the fight against corruption. More information at: <http://www.unglobalcompact.org/>
- **Cement Sustainability Initiative (CSI):** The CSI is an international protocol adopted by a group of the largest producers of construction materials in the world, and that are committed to sustainable development. The initiative promotes the exchange of experiences between its participants and the dissemination of best practices. The participating organizations take on voluntary commitments and targets related to social and environmental issues. Votorantim Cimentos formally adhered to the CSI as a founding member in 1999. More information at: <http://www.wbcdcement.org/>

BRAZILIAN VOLUNTARY COMMITMENTS

- **Open Letter to Brazil on Climate Change:** Votorantim Industrial is a signatory to this initiative, established in 2009. The participating companies have made a series of commitments to reduce the impacts of climate change and also have presented proposals for action to the Brazilian federal government. More information at: <http://www.forumempresarialpeloclima.org.br/default.php>
- **Programa Na Mão Certa ("Right Direction Program"):** Fibria and Votorantim Cement became signatories to the "Business Compact", an initiative of Childhood Brazil and the Ethos Institute of Business and Social Responsibility, with technical support from the International Labour Organization. The Business Compact is an integral part of the "Right Direction" Program and promotes the incorporation of the fight against the sexual exploitation of children and adolescents on Brazilian highways into the social responsibility strategies of the participating companies. More information at: <http://www.namaocerta.org.br>

GLOBAL VOLUNTARY COMMITMENTS

- **Carbon Development Project (CDP) - Supply Chain:** Fibria is a participant in the CDP Supply Chain project as a sector leader. It was the first company in the global forestry sector to achieve this status. Under this commitment the company must take climate risks in its supply chain into consideration in future investment decisions and also mobilize its suppliers to take on commitments to manage climate change within their own companies. More information at: <https://www.cdproject.net/en-US/Programmes/Pages/CDP-Supply-Chain.aspx>
- **Water Footprint Network (WFN):** Fibria is a member of the Water Footprint Network, which seeks to strengthen its commitment to sustainable development through the strategic management and rational use of water, based on the WFN guidelines. This initiative measures and discloses the impacts of human consumption and production on water resources. More information at: <http://www.waterfootprint.org>
- **New Generation Plantations Project:** Fibria is a participant in this project, which involves businesses and governments, and aims to evaluate and implement the forest management concepts and techniques that best meet the combined demands of forestry economic activity, biodiversity conservation and human needs. This initiative was created by the World Wildlife Foundation. More information at: <http://www.newgenerationplantations.com/>
- **Forest Footprint Disclosure:** Fibria participated in this survey which aimed to assess how companies operated in forest management in terms of their "forest footprint" based on their dependence on five main commodities, namely, soy, palm oil, timber, cattle products and bio-fuels, in both their own operations and/or supply chains. The survey was first held in 2010 and the report indicated Fibria as a company which was committed to using 100% certified wood in the near future. More information at: <http://www.forestdisclosure.com/>

BRAZILIAN VOLUNTARY COMMITMENTS

- **Business Charter for the Conservation and Sustainable Use of Biodiversity:** Fibria signed this charter in 2009, thereby assuming a set of commitments on preserving biodiversity in Brazil. More information at: http://www1.ethos.org.br/EthosWeb/pt/4635/servicos_do_portal/noticias/itens/ethos_e_meb_articulam_protecao_da_biodiversidade_no_brasil.aspx
 - **Brazil Vision 2050:** Votorantim Industrial participated in drafting the guidelines for the document "Brazil Vision 2050". The participating companies defined a work agenda that was later presented at the United Nations Conference on Sustainable Development in Rio de Janeiro (Rio+20) Conference in June 2012. More information at: <http://cebds.org.br/cebds-lanca-visao-brasil-2050-uma-nova-agenda-de-negocios-para-o-pais/>
 - **Atlantic Rainforest Restoration Pact:** Fibria participates in this pact which aims to integrate the efforts of public and private institutions, governments, businesses and homeowners in order to leverage results in: the conservation of biodiversity; the generation of employment and income in the production chain for restoration activities; maintenance, valuation and payment for environmental services; and the development of an appropriate legal framework for the agricultural activities in the 17 states of the Atlantic Rainforest biome. More information at: <http://www.pactomataatlantica.org.br>
 - **Charcoal Sustainability Protocol:** Votorantim Siderurgia, along with other steel companies operating in Brazil, signed a protocol in 2012 aimed at ensuring that the pig iron used or manufactured employed charcoal produced from planted eucalyptus forests as a raw material in its production. This document was prepared under the supervision of the Brazil Steel Institute (IABr) and applies to all its members. More information at: <http://www.acobrasil.org.br/site/portugues/sustentabilidade/sustentabilidade-carvao-vegetal.asp>
-

Honors and awards

In 2012, the companies of the Votorantim Group received a number of honors and awards, of which we would like to, highlight the following:

- Antonio Ermírio de Moraes, businessman and former controlling shareholder of Votorantim, was decorated with the **Bandeirantes Medal**, which is considered to be the highest honor awarded by the State of São Paulo to its citizens. The medal was presented by Governor Geraldo Alckmin to Luís Ermírio de Moraes, the son of Antonio Ermírio, and a member of the Board of Directors.
- Votorantim Cimentos received the following honors and awards:
 - Survey on the **Most Admired Companies in Brazil** organized by the Carta Capital magazine in the category: "Manufacturer of Construction Materials".
 - Pini Prize - 2012: **Best supplier to the construction industry** in the categories "Portland Cement" and "Concreto Dosado em Central".
 - Anamaco Award 2012: 1st place in "Cement and Hydrated Lime" and 2nd place in "Adhesive Mortars".
 - Top Anamaco Award 2012: **"Sales and Marketing"** for the projects "VC em Campo" and "Cartão VC Mais".
 - 16th **"Best Product of the Year"** Award by the "Revenda Construção" magazine: 1st place in the "Cement" category. In addition, we obtained 2nd place in "Textured Coatings" and 3rd place in the category "Mortar and Hydrated Lime".
- For Votorantim Metais we would like to highlight the following achievements::
 - VM was included in the list of **"Best Companies to Work For - 2012"**. This was the first time that the company had been included in this ranking. VM achieved the highest score among those companies that entered the ranking for the first time, and was voted "Revelation of 2012."
 - The Juiz de Fora (MG) plant was the winner of the **"Brazil Protection Prize - 2012"** in the category "SST Policies for Outsourced Staff", for its case study on "Management of Outsourced Staff".
 - VM's zinc division was awarded the prize for **"Mining Environmental Management"** by the Brazilian Union for Quality (UBQ), with the support of the government of the State of Minas Gerais, for its management practices and its focus on sustainability employed at the Morro Agudo plant in Paracatu, MG.
- Votorantim Steel received the **Ruy Ohtake Trophy** (19th edition of the ranking for the industry's reputation and image, organized by the magazine Revenda Construção). VS was awarded 2nd place for "Best supplier of steel bars". This award was based on a survey of retailers in the building materials sector. VS also received an "honorable mention" in the Anamaco 2012 Awards in the category "Steel bars."
- For Fibria we would like to highlight the following recognition:
 - The **"ANPEI Seal of the Innovative Company"** awarded by the National Association for Research and Development of Innovative Companies (ANPEI), in recognition of companies that invest in innovation and development in Brazil.
 - Fibria was ranked among the **100 most sustainable companies in Brazil** by Imprensa magazine. The selection criteria were based on publicly available information published by magazines and newspapers in Brazil in 2011.

For information on all of our honors and awards during 2012 please read the report available on our website: www.votorantim.com/relatorio.

Corporate Identity

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4.8

THE FOUNDATIONS OF OUR CORPORATE
IDENTITY GUIDE OUR BUSINESS
PRACTICES AND OUR RELATIONS
WITH STAKEHOLDERS.



Our corporate identity is expressed by a set of founding principles and guidelines, as follows:

- Vision
- Values
- Aspirations
- Management Beliefs
- Sustainability Principles

These are the foundations of our essence and they guide our market positioning, our business practices and our relationships with our stakeholders.

Vision

To ensure the growth and sustainability of the organization as a large family-owned group, which is respected and admired by the communities where it operates, and focused on creating economic, environmental and social value, based on:

- Ethics and values that guide responsible business conduct.
- Highly competitive business divisions.
- Constant drive to incorporate creative and innovative products and services in its portfolio.
- People who are motivated to achieve high performance.

Values

Our values are represented by the acronym SEREU:

- **Solidity** – To seek sustainable growth with value creation.
- **Ethics** – To act responsibly and transparently.
- **Respect** – To respect people and be willing to learn.
- **Entrepreneurship** – To have the courage to grow, innovate and invest.
- **Union** – The whole is stronger than the sum of the parts.



Aspirations

Our aspirations are summarized in two propositions:

- To grow in the longterm and in a sustainable manner.
- To achieve world-class standards in our operations and management, comparable to those of the best global companies.

Management Beliefs

Our Management Beliefs are:



• Talent development

We invest time and effort in developing our talented employees because we believe in and trust them.

• Meritocracy

We believe that people are individuals and deserve to be treated fairly and in accordance with their personal performance.

• Excellence

We believe we can always do more and better, to overcome challenges with discipline, humility and simplicity.

• Pragmatism

We believe it is essential to devote time and energy to what is most relevant, with objectivity and without losing sight of the big picture and the future trends.

• Open dialogue

We believe that an atmosphere of trust will foster open dialogue and ensure that all have room to speak and to be heard, and also that a diversity of opinions leads to better solutions.

• Partnerships

We believe that our success is a result of collaborative efforts, strengthened by genuine relationships and partnerships in which everyone wins.




• Sense of ownership

We believe in people who take on responsibility, work with passion and lead by example, celebrating their achievements and using mistakes as opportunities for learning.

Sustainability Principles

We seek the long-term survival and continuous expansion of our business, based on appropriate and consistent results. We believe that sustainability is vital to ensure the permanent growth of the organization, as expressed through our corporate identity.

Increasingly companies are scrutinized both by the market and by society in relation to sustainability. Our efforts and actions in sustainability are guided by our Sustainability Principles, which are in turn aligned with the principles of the UN Global Compact.

Our Sustainability Principles	
<div>  </div> <div>1, 2, 8</div>	1. To be recognized by society as a socially and environmentally responsible organization.
<div>  </div> <div>1 a 10</div>	2. To have sustainability as a strategy, guiding governance, management, education, and decisions and investments, thereby creating value.
<div>  </div> <div>3 a 9</div>	3. To consistently improve our economic, social and environmental performance, striving to achieve world-class standards of efficiency and operational reliability
<div>  </div> <div>3 a 6</div>	4. To be recognized as a company that attracts, develops and retains talent for creating value and building a fair and inclusive society.
<div>  </div> <div>1 a 6</div>	5. To be committed to the welfare, health and safety of our employees, customers and partners.
<div>  </div> <div>1, 2, 4, 5, 8</div>	6. To contribute to the development of the communities where we operate.
<div>  </div> <div>3, 4, 5, 6,10</div>	7. To encourage the cooperation and participation of all employees and stakeholders in building partnerships and working together in order to generate value for all.



VM: Aluminio

GRI

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Code of Conduct

Votorantim first launched its Code of Conduct in 2005, to establish guidelines for conducting our business activities. In 2012, the code was updated to address, even more clearly, the issues related to the use of child labor and forced or compulsory labor, which we most explicitly repudiate. The Code also included more current topics, such as information security responsibilities and use of electronic information systems.

The code is available (in several languages) to all of our employees in Brazil and overseas, and also to contractors, partners, suppliers and other stakeholders, on our website at: <http://www.votorantim.com/pt-br/ouvidoria/codigoConduta/Paginas/codigoConduta.aspx..>

New standards of anti-corruption measures

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We have developed a Corporate Global Anti-corruption Policy which applies to all of our transactions. We have sought to internalize the best international practices by aligning them with the US Foreign Corrupt Practices Act and the U.K. Bribery Act. This policy addresses issues such as bribery and facilitation payments, accounting rules, internal controls and the management of relations with third parties. The text of the policy is available on our website at: www.votorantim.com

GRI

SO4, HR4,
HR5, HR6,
HR7



3, 4,
5 e 6



3

Corporate Ombudsman

Our Corporate Ombudsman is accessible by all our stakeholders (both in Brazil and overseas), such as employees, suppliers, customers, local communities, the media and others. The Ombudsman deals with any issue, but especially matters relating to our Code of Conduct, such as harassment (moral or sexual), discrimination, suspicion of fraud, abuse of power, embezzlement, unlawful acts and other forms of non-compliance.

All requests and complaints are treated with confidentiality and impartiality (identification is optional). The Ombudsman can be accessed in the following ways:



- Phone: 0800-8911729
- Website: <http://www.votorantim.com/pt-br/ouvidoria>

Complaints are recorded in a specific stand-alone system. Investigations are carried out by Corporate Audit. The results are sent to the Corporate Ombudsman, who is responsible for responding to the sender of the complaint. All incidents are discussed and handled in bimonthly meetings between representatives from the Corporate Conduct Committee and the Business Division Conduct Committees. A summary of the minutes of each meeting is sent to the VID's Board and to the Chief Executive Officer (CEO).

The VID Corporate Conduct Committee is composed of representatives of the Business Division Conduct Committees, Internal Audit, the Legal Department, and the Corporate Human and Organizational Development Committee. It is responsible for handling special cases arising in the Business Division Conduct Committees, for establishing

criteria for cases not provided for in the Code and situations of conflict of interest, for ensuring uniformity in the application of the criteria used, and for championing the good functioning of the Ombudsman in the organization.

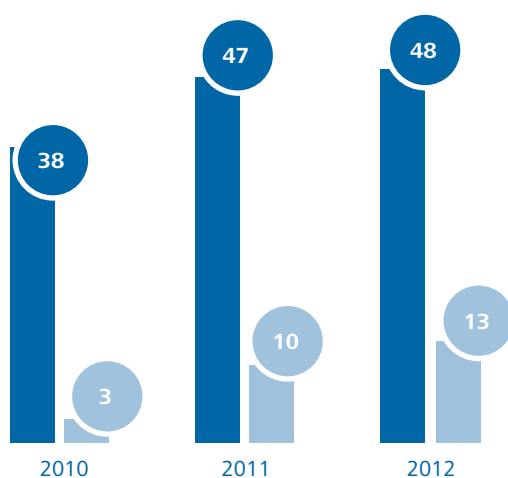
In 2012, we implemented an **Ombudsman Policy**, applicable to the whole organization, in order to standardize guidelines and policy interpretations and to formalize the procedures and processes.

Our approach to remediation, for recurrent infringements, is based on rules for consequence management. These rules are defined in the code, namely: guidance, warnings, transfers or reallocations, and dismissals or termination of contracts.

In 2012, the Ombudsman handled 194 complaints.

GRI
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RESULTS OF CORPORATE AUDIT ACTIONS



- Total number of employees punished or dismissed for corruption.
- Number of cases of contracts not renewed with partners due to violations related to corruption.

For 2013, our goal is to enhance the training of specialist ombudsmen through specific training programs, to create a stronger Ombudsman culture in all the business divisions and functional areas.



Corporate governance

Our strategy of corporate governance is based on the following factors:

- Family controlled.
- Highly qualified management team.
- Integrated vision.
- Control environment managed under high standards of governance.
- Business continuity in the long term.
- Corporate policies and guidelines of the Code of Conduct.

We are committed to permanently improving our governance model. A new corporate governance structure, we began to implement aiming to prepare the organization to be controlled, in the long-run, by the next generation of shareholders, and to facilitate the effective realization of new growth opportunities. New bylaws for Votorantim Industrial are being developed including specific regulations for the new structure of Board advisory committees. Although Votorantim is a privately-held organization, it follows the high standards and practices adopted by major publicly-owned corporations that give great emphasis to transparency and equality in their relations with their stakeholders. This includes the disclosure of quarterly financial results.

GRI

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4.3, 4.4,
4.7, 4.9

Corporate governance structure

The Votorantim Group governance structure contemplates specific roles and responsibilities for VID, appropriate to its industrial nature.

The Votorantim Group governance structure is as follows:

The Board of Votorantim Participações

The Board of VPar is the highest body of governance in the Votorantim Group and is responsible for the strategic positioning and the overarching guidelines for the operational performance of the group's industrial and financial business segments.

The Board of VPar consists of eight members. These are shareholders resident in Brazil, who are elected by the General Assembly for a term of three years. Re-elections are permitted. These eight members represent the four family holding companies. Each family holding company selects and appoints its members.

The Board of Votorantim Industrial has the same composition as the Board of VPar. The Board of VID is responsible for the strategy for all the industrial activities, focusing on the product portfolio, activities, operational performance and industrial projects in the industrial business divisions. These Boards do not have any independent or non-executive members.

Committees

VID's Board is supported by four committees, called "Advisory Committees":

- **Finance Committee**
- **Compensation and Human Resources Committee**
- **Corporate Responsibility and Reputation**
- **Audit Committee**

These committees are composed of members of VID's Board and non-shareholder members. The issues related to sustainability are addressed by all the committees.

There are also Executive Committees for specific issues and for supporting the business portfolio.

Family Board

This represents the family shareholders, disseminating and preserving their beliefs and values. It is responsible for the development of future generations, and focuses on the succession process based on a sense of belonging and pride.

The Family Board consists of up to three members of each of the four family holding companies, with a total of up to 12 members. Each family holding company appoints its respective Board members. There are no independent members or executives on the Family Board.

The Board members do not have substitutes. In the case of a Board member being absent or impeded from carrying out his/her responsibilities, he/she can be substituted. The term of office of each member is two years and may be renewed.

The internal structure of the Board is composed of: the President, the Vice President, and members. The members appoint the President and Vice President from among themselves. The Vice President replaces the President in the case of temporary incapacity or in the case of permanent impediment, until the end of the mandate.

Votorantim Institute

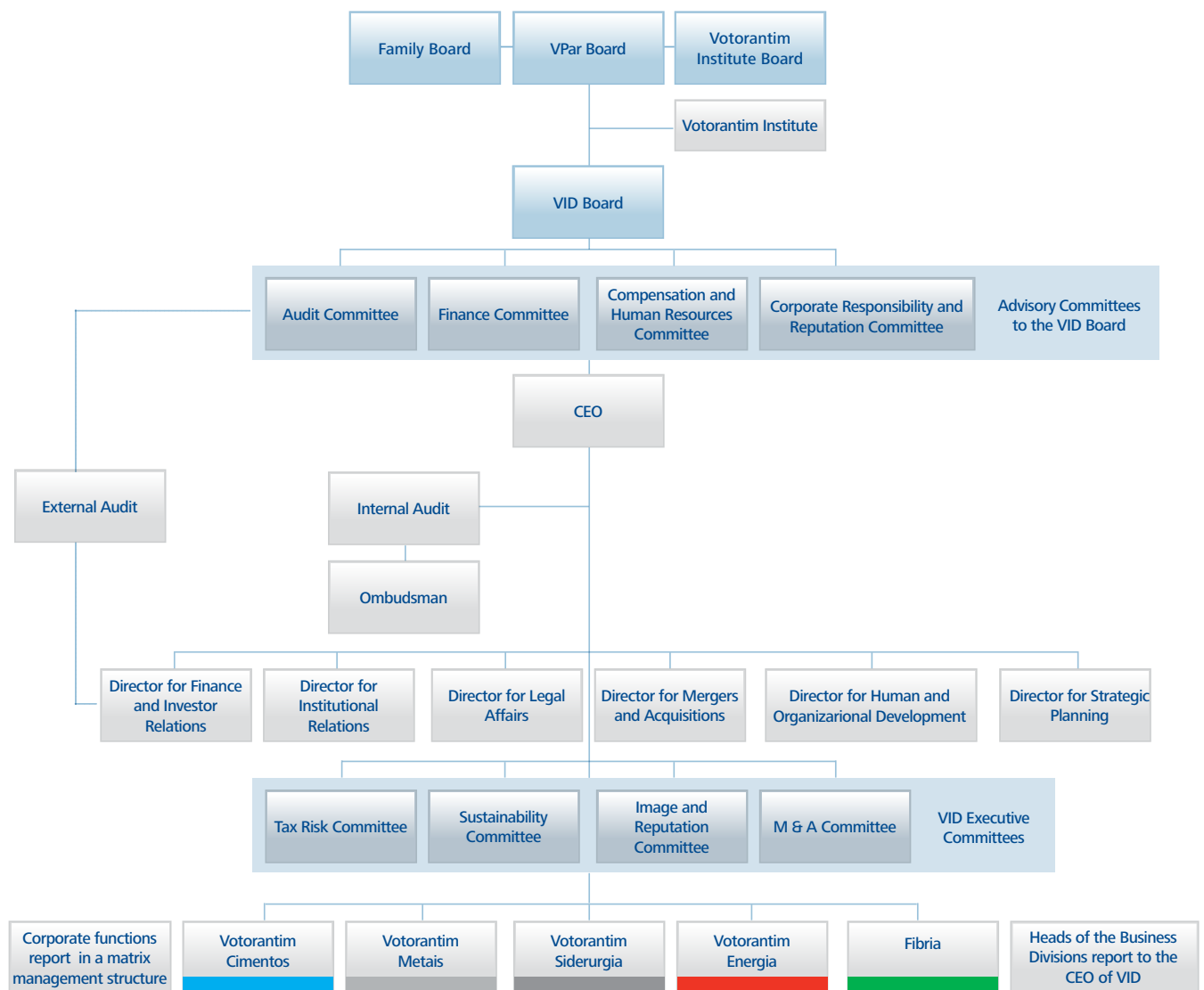
The Institute is the group's social investment arm and, working hand-in-hand with the business divisions, disseminates social responsibility concepts and practices throughout the organization, with an emphasis on the local communities where we operate. It contributes to promoting long-lasting relationships and economic development in these communities, and also supports the business divisions in the evaluation of their social investment projects.

Votorantim Institute Committee

This committee reports directly to the Board of VPar and is responsible for the strategic planning and annual budget of the group's social investments. It has an external member (from the BNDES) and meets quarterly.

VID's Sustainability Committee

This committee establishes guidelines based on VID's Sustainability Principles and sets the goals for the material issues and the voluntary commitments made by the business divisions. VID's Sustainability Committee is a decision-making body and meets quarterly. It is chaired by the CEO of VID and is composed of the presidents / CEOs of the business divisions, as well as the managing directors of the corporate functional areas and the Votorantim Institute. The committee's secretary is VID's managing director for sustainability. All of VID's senior managers have specific goals related to sustainability issues in their annual individual assessments and discussions on these challenges are an integrated part of the strategic planning process.



Note:

- (1) The corporate areas of Information Technology and Risks and Compliance report functionally to the Finance and Investor Relations areas.
- (2) Citrosuco is formally a subsidiary of VPar.

A family group

Since 2001, the Family Board has been running a **Family Development Program**, which is a process of further education, guided by the values and principles of the family along with a long-term vision. It aims to develop family members for professional success, whether within the Votorantim Group or not.

Young family members join the program at the age of 15, and undertake a training program structured around three perspectives: Family, Individual and the Votorantim Group.

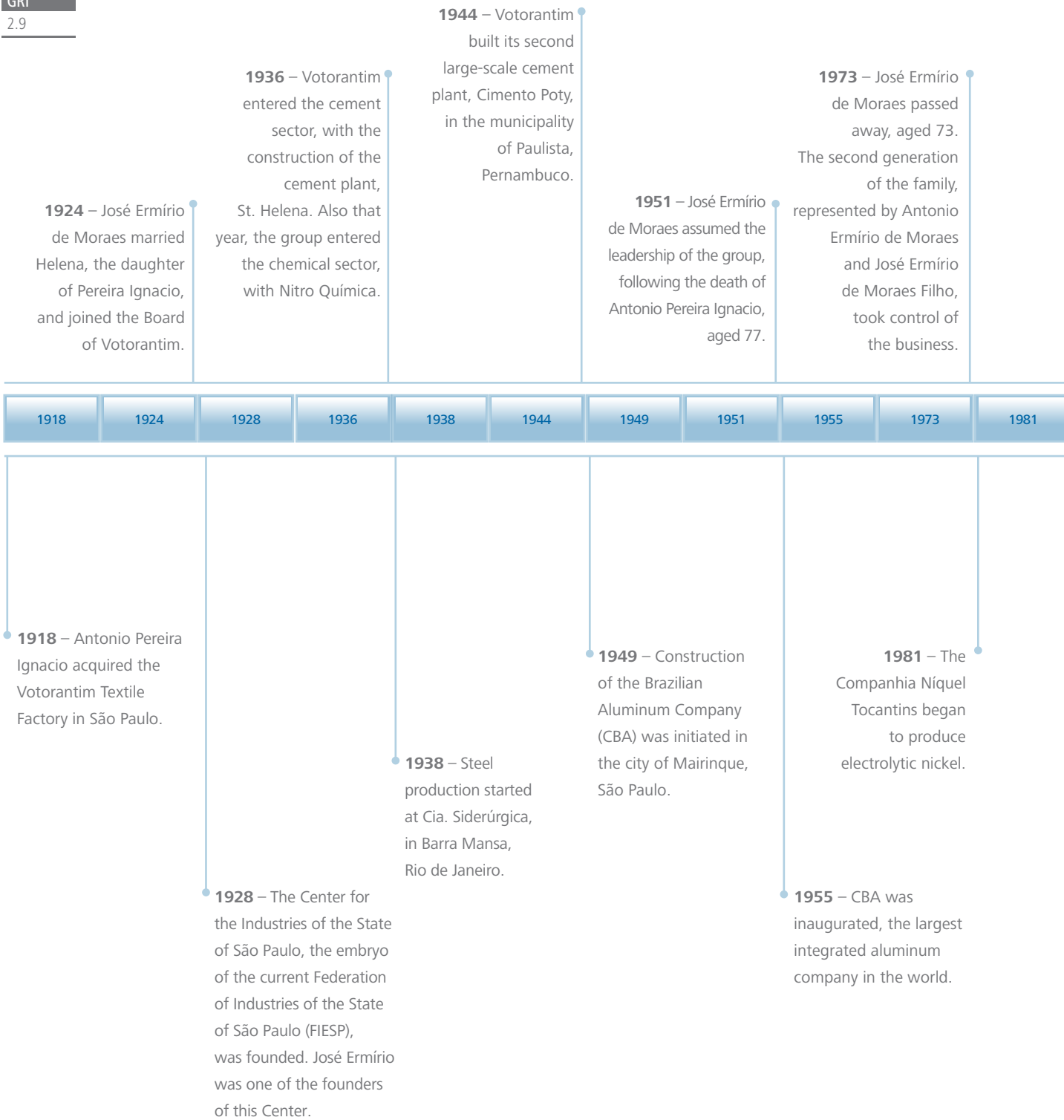
The objectives of the program are firstly, to develop shareholders who can ensure the longevity of the Votorantim Group as a family business, and secondly, to train and prepare them to work as responsible Board members, who are able to make decisions together in the various Boards and committees that make up the governance of the group. We understand that each Board member must have market experience, self-confidence and strong qualifications. The program is currently preparing the 4th generation of family members.

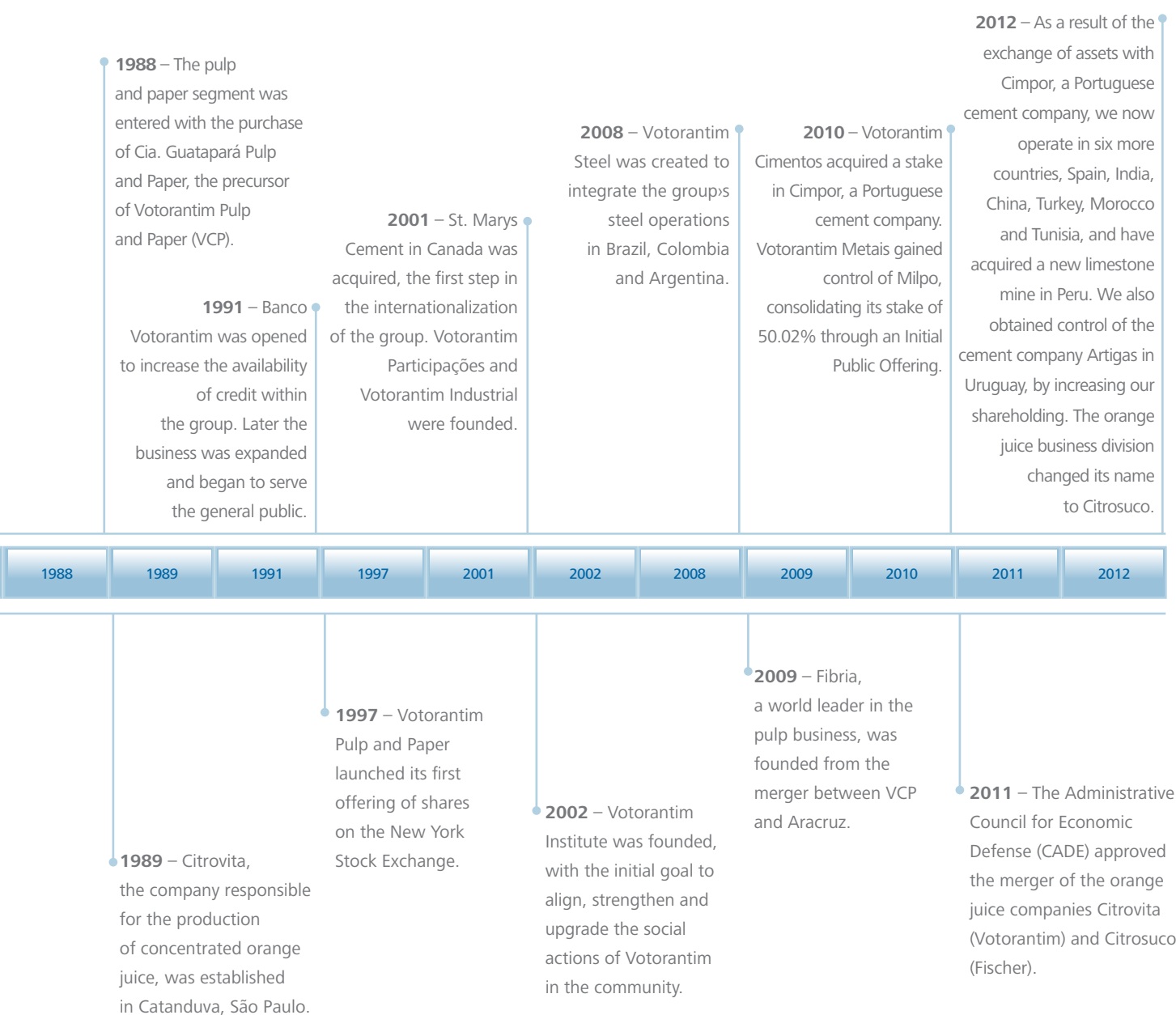
VE: Barra Hydroelectric Plant



Votorantim’s history, in brief

GRI
2.9





Hydroelectric plant named after Carlos Ermrio de Moraes

In November 2012, in the year in which it marked ten years of operations, the Machadinho Hydroelectric Plant, located on the border of the states of Santa Catarina (SC) and Rio Grande do Sul (RS), was re-named **Hydroelectric Plant Machadinho - Carlos Ermrio de Moraes** in honor of the former Chairman of the Board of Votorantim Participaes, who passed away in August 2011 after having worked for over 30 years in the group. This tribute was an initiative of **Murilo Ferreira**, the President of the Vale do Rio Doce mining company. Machadinho is controlled by a consortium composed of Votorantim, Vale do Rio Doce and five other companies and is located on the Pelotas River, on the border between Piratuba (SC) and Maximiliano de Almeida (RS). The naming ceremony took place in Braslia, and was attended by representatives of the electric power sector, shareholders of the Consortium Machadinho and relatives of Carlos Emrio de Moraes. At the opening of the event, a letter from Brazilian President **Dilma Rousseff** was read, highlighting the phrase "the tradition of a family that participates actively in the construction of modern Brazil."

Business Model and Performance

1





VID

Strategic planning

Our long-term strategic plan (Five-Year Plan) is updated annually and involves discussions between the corporate center and the business divisions. The strategic plan and projected results are based on assumptions developed from research on macroeconomic trends, market and industry sector scenarios and competitive analysis. Our business division plans incorporate the impacts of expansion projects/ investments, the performance management of the plants, risk analysis and the material issues linked to sustainability.

The validation of the strategic plan is formalized after discussions with VID's Board.

In this process, the focus and performance of each business division are defined, and resources are allocated to investments on the basis of their economic return and impact on our competitive position. The evaluation of projects and the prioritization of strategies are based on criteria which consider the efficient use of resources, the adequacy of the organizational structure, the material issues of sustainability and the technological development expected.

The annual planning process involves the following key steps:

- **Strategic Dialogue**

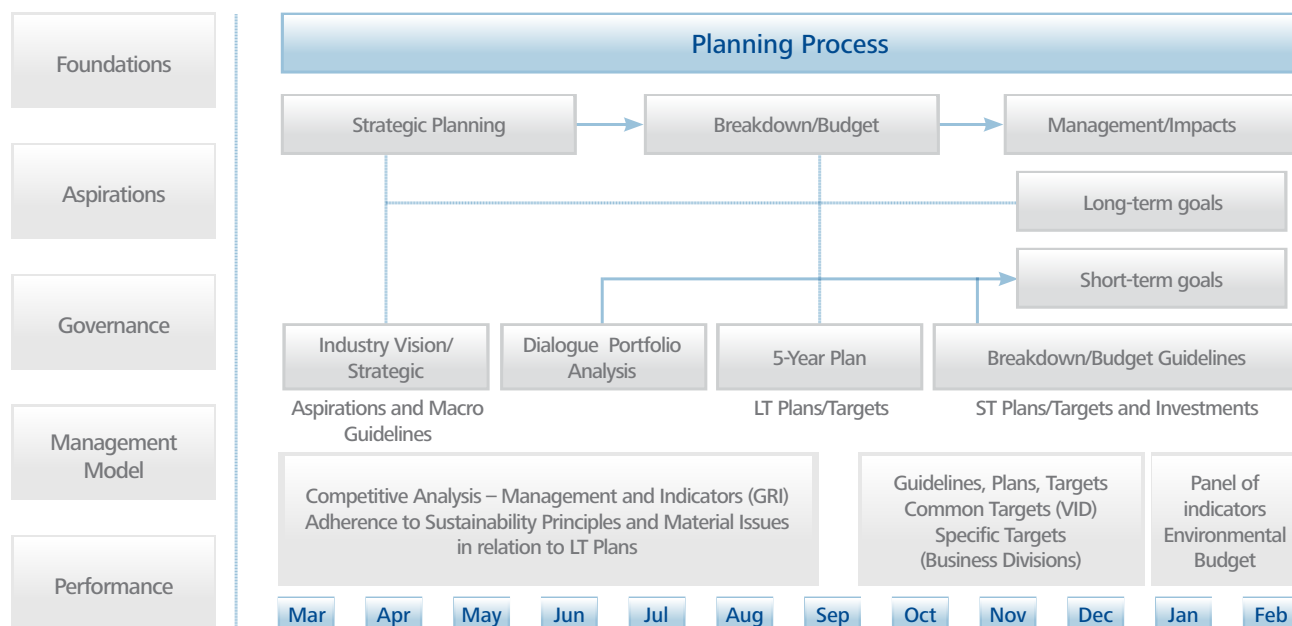
The main strategic paths to be pursued are decided upon, based on a broad discussion of our industry sectors, scenarios and trends among representatives from the business divisions, the corporate center and VID's Board.

- **Multi-Year Plan and Budget**

Based on the above-mentioned broad discussions of macro-strategy, a five-year strategic plan is finalized, which defines the long-term goals for each business division. This long-term plan provides the basic parameters for setting the next year's annual budget targets and the breakdown of these targets into variable compensation goals for all levels of the organization. It is important to note that these individual goals are also tied to the group's material issues, which contributes to reinforcing our commitment to sustainability. We have integrated the Multi-Year Plan and the sustainability strategic plan.

Our strategic
planning reinforces
our commitment
to sustainability

Diagram of the strategic planning cycle:



Strategic plan includes the material issues for sustainability

The 5-year strategic plan, developed in 2012 for the period 2013 to 2017, included issues and projects related to sustainability, with emphasis on our 9 priority material issues. The preparation of the sustainability strategic plan involved the participation of 79 specialists from many functional areas in the business divisions and the corporate center, namely: Sustainability, Environment, Health & Safety, Energy, Sales, Procurement, Human and Organizational Development (DHO), Distribution/Logistics, Information Technology and Internal Communications, VID's corporate center and the Votorantim Institute.

Votorantim Management System (SGV)

The Votorantim Management System was developed to facilitate the management and implementation of the strategic plan. The system assists us to continually improve our procedures and practices, by capturing synergies, by transferring skills between the business divisions and by implementing best market practices. The SGV system is administered by the Corporate Management Committees (coordinated by senior management) with the support of specialist Thematic Teams, which are made up of experts from the business divisions and coordinated on a rotational basis).

A committee composed of the presidents and general managers of the Business Divisions meets quarterly to monitor the progress of the Thematic Teams and define the guidelines for their activities.

Thematic Teams:

- Environment
- Energy
- Health and Safety
- Operations and Six Sigma
- Capital Expenditure (Capex)
- Logistics
- Procurement
- Maintenance

Corporate Management Committees:

- DHO
- Legal Department
- Information Technology
- Sustainability
- Risk Management
- Advocacy

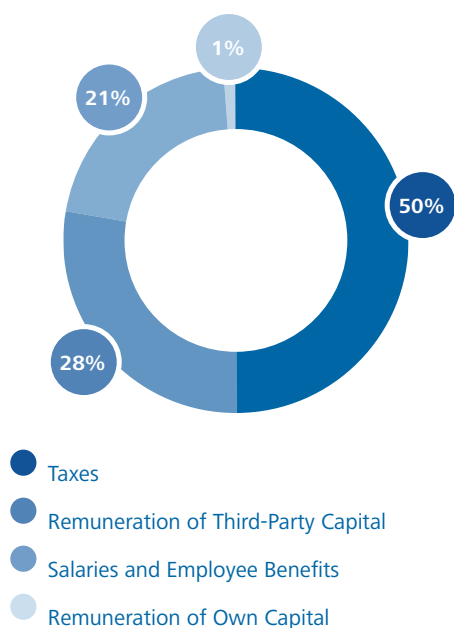
The Corporate Management Committees and the Thematic Teams have annual targets derived from the strategic plan. These targets involve financial, environmental and social questions, which are then broken down further for allocation to the business divisions.

Responsible growth

We have a diversified portfolio of businesses, several of which have a low correlation with each other, with their performance being linked to both the domestic and overseas markets. Despite the worsening global economic crisis and challenging macroeconomic conditions domestically, this diversification has proven effective and ensured strong results, reinforcing our confidence in our ability to continue growing.

Total Income – DVA (R\$ Millions)			
	2010	2011	2012
Product Sales and Services	24,779	28,100	29,513
Other Operational Income (Expenses)	3,210	(1,182)	88
Provision for Bad Debts	134	15	(14)
Total Income	28,123	26,933	29,587

STATEMENT OF VALUE ADDED/ SVA - VID - 2012



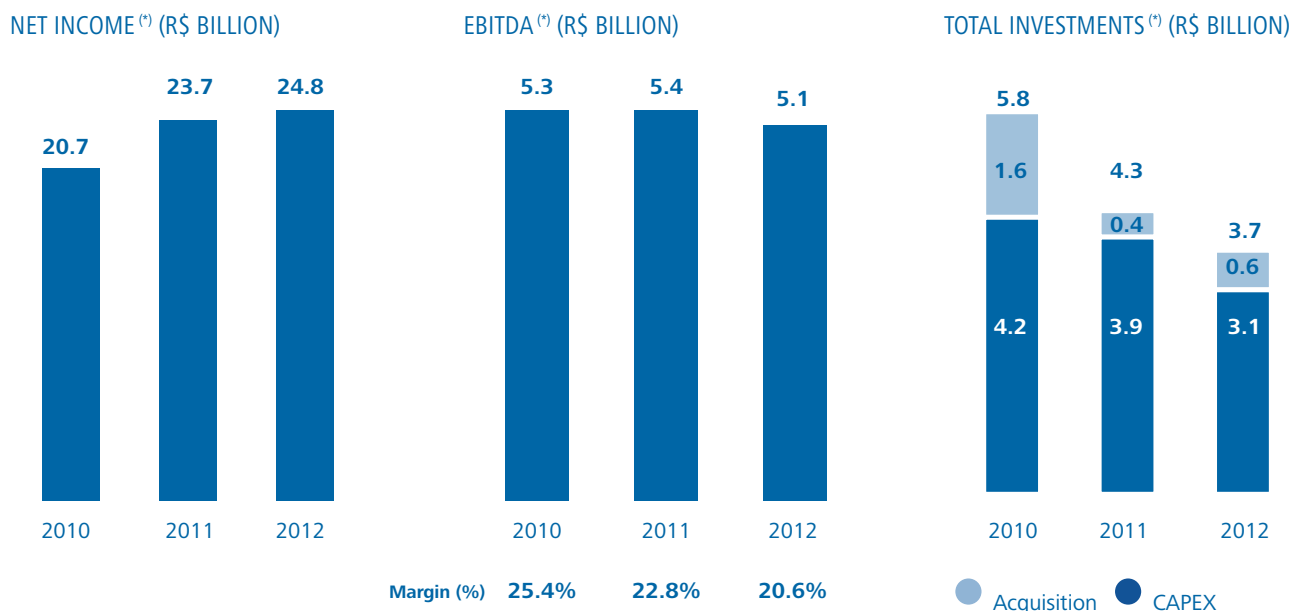
In 2012, the result of Other Operational Income (Expenses) positively impacted the Statement of Value Added (SVA), mainly due to lower provisions for the impairment or loss of assets, as well as the completion of the transaction exercising our options to purchase shares of Fibria. In addition, we recorded extraordinary gains, as follows: R\$ 267 million from the Cimpor asset exchange corresponding to the difference between the fair value and the cost value of our participation in Cimpor, and R\$ 73mm from the revaluation of our 38.39% stake in Cementos Artigas SA from the difference between its cost value and its fair value at the acquisition date.

Net Income

Consolidated net income increased to **R\$ 24.8 billion** in 2012, up 5% compared to 2011. The main reasons for the increase were the higher volume of cement sales, as a result of the expansion of productive capacity, and the 17% devaluation of the real, since a significant portion of our income is tied to the US dollar. Consolidated net income by segment was as follows: Cement 40%; Metals and Mining 38%; Steel, 14%; and Pulp, 8%.

Net Income (R\$ Millions)			
	2010	2011	2012
Gross Income			
Product Sales	18,211	20,571	21,206
Export Sales	6,045	5,812	6,340
Energy Supplied	255	370	614
Income from Services	268	1,347	1,353
	24,779	28,100	29,513
Taxes on Sales and Services and Other			
Deductions	(4,105)	(4,441)	(4,721)
Net Income	20,674	23,659	24,792

NET INCOME - 2012



(*) Note: Considered VID's participation on Fibria of 29,42%

Earnings before Interest, Taxation, Depreciation and Amortization (EBITDA)

EBITDA totaled **R\$ 5.1 billion**, with a margin of 21%. This was 5% lower compared to the prior year, primarily due to lower profitability in the metals and mining segment. EBITDA by segment was as follows: Cement 60%; Metals and Mining 20%; Steel 7%; and Pulp 13%.

Total costs increased by 9% due to the start-up of new cement plants and the Sitrel rolling mill, and the increased volume of purchases of concentrate for the production of zinc and nickel.

The selling, general and administrative increased 52%, mainly as a result of increased freight expenses for exports.

Net Profit

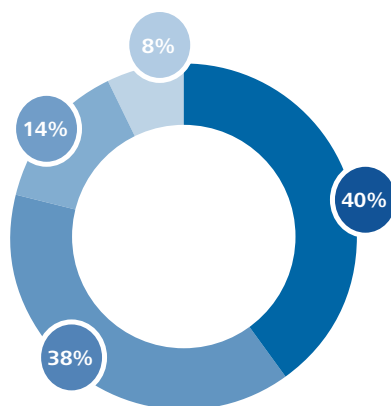
Net Profit was impacted by the combined effects of discontinued operations and accounting adjustments for the value of certain investments and for the realizable value of deferred income tax. The biggest impact of discontinued operations was due to the sale of our shareholding in the capital of Usiminas, which in 2011 had contributed R\$ 868 million to our results.

The most significant negative impact of accounting adjustments was the recognition of R\$ 1,145 million of impairment expenses related to the reduction of the value of deferred income tax in the metals and mining segment and the writing-off of the goodwill on the purchase of our steel operations in Colombia. On the other hand, the incorporation of the assets from the Cimpor asset swap generated a gain of R\$ 569 million.

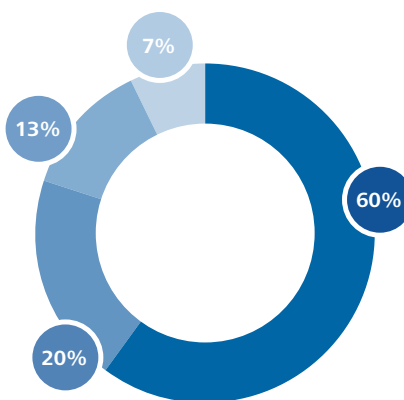
The net profit for 2012 was **R\$ 87 million**, lower than in 2011.

DISTRIBUTION BY SEGMENT - 2012

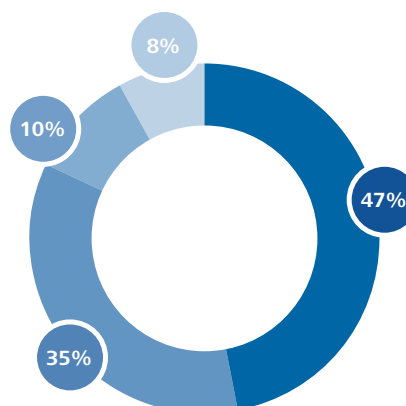
NET INCOME ^(*) (%)



EBITDA ^(*) (%)



TOTAL INVESTMENTS ^(*) (%)



(*) Note: Considered VID's participation on Fibria of 29,42%

Investments

Investments totaled **R\$ 3.1 billion** in 2012, of which 54% was destined for expansion projects and 46% for maintenance, modernization, safety, health and environmental measures. We remain focused on expanding our cement production capacity and this represented 64% of the total investments in new capacity. The new investments contributed to diversifying our geographical reach in Brazil enabling us to provide better service to regions with strong demand to reduce the distribution costs in these areas. Other highlights of 2012 included the expansion of our zinc mines at El Porvenir and Cerro Lindo in Peru, to ore processing capacities of 6,000 and 15,000 tons/day respectively, and the completion of the Sitrel plant in Mato Grosso do Sul (MS), which added 400 thousand tons/year in long steel rolling capacity.

Liquidity and debt

At the end of 2012, our gross debt totaled **R\$ 25.4 billion**, an increase of R\$ 3.0 billion compared to year-end 2011. The increase in debt in Reais was due mainly to the impact of the devaluation of the real on our US dollar denominated debt. In addition our total US dollar debt increased during the year (equivalent to R\$ 948 million) due to the incorporation of the Cimpor assets.

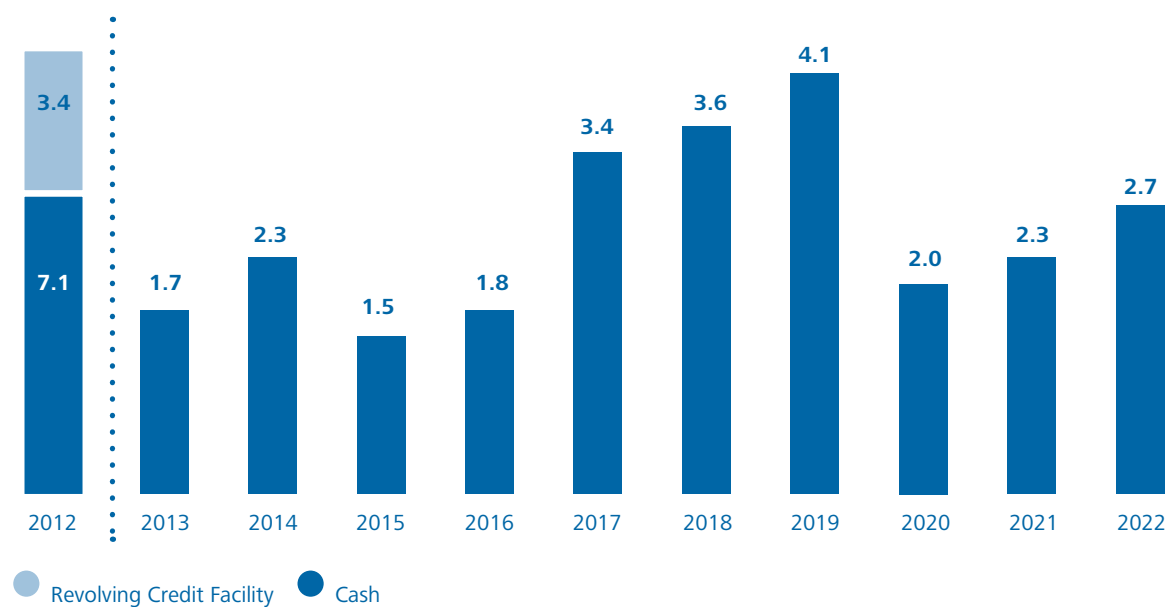
Since we did not need additional financing during the year our transactions in the capital and commercial bank credit markets were to further improve our debt profile. We issued debentures in the amount of R\$ 1.2 billion towards the end of the year to refinance part of our liabilities denominated in US dollars, namely: a bond issued by VID maturing in January 2014 and a loan taken out by VM for Cajamarquilla, its subsidiary in Peru.

Our debt profile ended 2012 with a smooth repayment schedule and average maturity of 7.5 years. This was in line with our strategy of avoiding concentrating maturities of principal in a single year and of keeping our average debt maturity above seven years.

Our **cash balance** at the end of 2012 was **R\$ 7.1 billion**, an increase of R\$ 1.0 billion from the value of 2011, mainly due to the proceeds from the sale of Usiminas.

Net debt ended 2012 at R\$ 18.4 billion, an increase of R\$ 760 million. Our leverage measured by the ratio of Net Debt to EBITDA reached 3.61 times at the end of 2012 partly due to a decrease of R\$ 298 million in EBITDA. If we exclude the increased debt from the Cimpor transaction, our leverage would have been 3.46times. Although this ratio has occasionally exceeded our goal, we continue to work towards maintaining a downward trend until we reach the goal set out in our strategy.

DEBT AMORTIZATION PROFILE (R\$ BILLION)



AVERAGE DEBT MATURITY (years)



Votorantim issues 30-year bonds

Although Votorantim is a privately-held company, it was the first Brazilian company to issue bonds with a 30-year term, raising US\$ 750 million in April 2011 and another US\$ 500 million (re-issue) in February 2012. This demonstrates the credibility of the group and the market's confidence in our performance.

GRI
SO4


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3

Management of the supply chain

By managing our supply chain we are able to identify opportunities for synergies between our various business divisions, minimize supply availability risks, set standards of performance in accordance with our values and our Code of Conduct, and foster the development of suppliers in the regions where we operate.

To address supply chain management we have established the **Procurement Thematic Team**, which will focus on the development of standards and practices common to all our business divisions.

In our day-to-day negotiations and relationships with our suppliers we require them to comply with current legislation, to act ethically and responsibly and to put an emphasis on safety and security in dealing with environmental requirements and human rights, in line with our group values. All suppliers are informed of our Code of Conduct.

We **conduct regular evaluations of suppliers** with the support of our Audit department, not only with regard to productivity, performance and the solutions offered, but also in relation to their adherence to legislation and respect for human rights.

All business divisions use a centralized system to manage contracts and issue orders. In 2012, we launched an internal standard for our operations in Brazil, defining the **minimum criteria for acceptance as a Votorantim registered supplier** with the aim of standardizing such requirements for all the business divisions and for our many different categories of materials and services.

Also in 2012, we organized several workshops to set plans for the support of suppliers in the regions where we operate. This work resulted in the development of various standards and evaluation criteria that will enable us execute projects aimed at the development of local suppliers near our plants in 2013.

Automatic blocking of suppliers with incomplete documentation


4

In 2012, we implemented a system to put an **automatic block on suppliers** if they appeared on the list of companies classified as maintaining “workers in slave-like conditions” as per ministerial decree n ° 2/2011 issued by the Brazilian Ministry of Labor. Our system is updated following each new publication of the list in order to block any business relationships with these companies.

GRI
LA6, LA7

4

Occupational health and safety

Our operations, due to their nature and characteristics, involve certain risks. As a result the health and safety of our employees and business partners is paramount and are a top priority in our planning and in our day-to-day activities.

We have a dedicated management system on this subject that is coordinated by our **Health and Safety Team**, which is composed of representatives of all the business divisions. We also have a Committee

for **Management of Health and Safety** in every business division, composed of the directors and specialists of that division, which discusses the results and the programs implemented on a monthly basis.

In all of our plants we maintain internal committees that are responsible for implementing the management practices for health and safety in plant operations.

GRI
LA6

Employees represented by health and safety committees

Period	2010	2011	2012
Over 75%	OK	OK	OK

We have implemented a number of initiatives in health and safety with the primary focus on prevention, as follows:

- We have a **Corporate Health and Safety Manual** which provides assumptions and guidelines to guide prevention actions and to ensure the ongoing assessment of the risks associated with operations in each plant. This manual was updated in November 2012 and the new version will be distributed to each business division in early 2013, with a wide disclosure campaign and the full support of the VID leadership team.
- The **prevention controls** are checked regularly. The Health and Safety Team undertakes a critical analysis of programs implemented on a monthly basis and this analysis is then discussed by the team and the Business Management Committee.
- In addition to regular internal audits that each business division conducts, the Health and Safety Team coordinates **corporate audits** related to the main safety risks. In these audits, the activities are checked for compliance with critical hazard protocols. In 2012, seven such audits were carried out. By following these procedures we are able to identify our best internal practices and prepare improvement plans for both the plant being audited and VID's overall operations.
- The team also organizes **programs on awareness of safety and health** and on the assessment of occupational risks in plant operations.
- In 2012, we implemented a **protocol of critical risks** for the auditing of those business divisions which have operations in the agribusiness sector (mostly farms) i.e. Votorantim Siderurgia, Citrosuco and Fibria.
- We also have the program **"Movimento Alerta"**, which is a corporate initiative aimed at disseminating safety information, on an ongoing basis, to all VID employees. Under this initiative we encourage behaviors appropriate to the work environment through the **"Comportamento Seguro"** program in order to reduce the risk of accidents at work.

- We also have a workgroup focused on the management of relations with third parties in order to strengthen the monitoring of occupational hazards which exist in the activities carried out by contracted service providers.

- In the Votorantim Academy of Excellence there is a **School of Health and Safety** which aims to widen and reinforce management concepts and practices for health and safety among the leadership team, particularly general managers and middle managers. There were 249 participants during 2012.

Despite all the prevention efforts we have undertaken, we had an increase in accident frequency rates in 2012, as follows:

GRI LA7	Rates of injury, occupational diseases, lost days, absenteeism and work-related fatalities			
		2010	2011	2012
	Frequency rate of accidents of employees and third-party contract staff (permanent)	7,5	5,2	7,2
	Frequency rate of accidents of employees and third-party contract staff with time lost (permanent)	1,7	1,1	1,8
	Fatalities (*) - employees and third-party contract staff (permanent and in projects)	6	3	12

(*) Note: Does not include accidents while commuting.

In addition to the increased accident frequency rates in 2012 compared to the prior year, we unfortunately also had **12 fatal accidents (6 in Brazil and 6 in other countries)**, which we deeply regret since we constantly strive to achieve the goal of zero fatal accidents.

We have strengthened our actions focused on health and security in the group, especially in the last quarter of 2012 and first quarter of 2013, of which we highlight:

- We held **two meetings** with our top management on the subject of safety (including a workshop on the management of relations with third-parties) at the Votorantim Academy. General managers and directors participated.
- We have programmed courses **to reinforce health and safety training** for specialists and middle and high level leadership, which will take place at the School of Health and Safety in the Votorantim Academy for Excellence.

- We have intensified our efforts in the monitoring of existing occupational hazards under the **Third-Party Management Program**.
- We conducted a debate at the **Leadership Meeting** between the managing directors of the business divisions about the fatalities that occurred and the measures to be taken.

In 2013, we will promote discussions with the Health and Safety Managers from all of our business divisions, in order to find synergies, to enhance the sharing of best practices and to plan and implement new prevention and corrective actions.

Employee development

Human Resources (HR) policies and managements

We believe in the power of talent. As our businesses develop we increasingly seek to create a high performance organization composed of professionals who have developed and progressed internally. In line with this positioning one of the organization's Management Beliefs is "**Cultivation of Talents**". By promoting more of our professionals from within the organization, based on our Management Belief "**Meritocracy**", we create the conditions which allow our people to develop the skills and competencies necessary to our operations, thereby growing with the organization and rising to occupy key positions.

In 2012, we had 18 people who were promoted to leadership positions.

Of these, half were professionals promoted internally and half were professionals recruited in the market.

Our objective for the near future is to fill 80% of our leadership positions from internal promotions.

The **Votorantim Development System (SDV)** was created with the goal of establishing a unified system of personnel development, based on the strategic advantages of our business divisions and anchored in our group values, thereby capturing and leveraging synergies from our business and geographic diversity.

Our **Corporate Management Committee for Human and Organizational Development** deals with day-to-day management processes and is responsible for the development of new policies, processes and programs, as well as ensuring that they are being properly applied throughout the organization.

In 2012, we made progress on the following points related to the management of people:

- We implemented **indicators for DHO management**, which are now being used by corporate and business areas and by the various committees integrating the Votorantim Leadership System (SLV), such as Security, Maintenance, Capex, etc. The indicators were based on a study conducted in 2011 of a model for monitoring human resources actions and topics, especially in relation to the retention and promotion of internal staff with leadership potential. We took a four-pronged approach to these indicators: short-term, long-term, culture and governance.
- We reactivated the **Functional Committees**, composed of managers from a variety of business functions, to share information and discuss career mobility, transfers and promotions, as well as to establish actions to improve the technical competence of the people who work in these roles.
- In relation to the process of disseminating our **Management Beliefs** (which began in 2011 with training and communication initiatives), we conducted additional communication actions in 2012 and made a review of processes and practices, based on these Management Beliefs. Also in 2012, we launched our campaign on Management Beliefs at our overseas facilities, including in North America, Colombia, Peru, Argentina and Austria. In these locations we use our "Belief Meter" ("Crençômetro") on a monthly basis to assess the perceptions, the level of knowledge and the practical application of these Beliefs by employees that was above 85%.



Fibrja: Três Lagoas Plant

GRI
LA1

Own Employees	2012	Brazil	Other Countries
Salaried Employees	28,099	86%	14%
Hourly-Paid Staff	15,835	57%	43%
Trainees	60	100%	0%
Total Own Employees	43,994	76%	24%
Temporary Farm Workers	8,872	100%	0%
Interns and Apprentices			
Interns and Summer Interns	847	99.50%	0.50%
Apprentices	590	98%	1.90%
Total Trainees and Apprentices	1,437	99%	1.00%
Service Providers			
Permanent Activity	32,017	-	-
Service Providers in Projects	43,215	-	-
Total Service Providers	75,232	-	-
GENERAL			
Own Employees+ Interns + Apprentices	54,303	80%	20%
Service Providers	75,231	-	-
Grand Total	129,534	-	-

Notes:

- 1) For the purposes of better understanding this information, please note that the data reported here includes all of the organization's plants and facilities, and not only those units shown in the Coverage Table. This information is available at: www.votorantim.com/report and in the chapter on "GRI Indices / Indicators" of this report.
- 2) Citrosuco: does not include temporary farm workers.



Trainee Program 2012/2013

GRI
LA12

Attracting and retaining talent

We conduct annual **performance evaluations of our employees**. Through this process, it is possible to identify development needs, set out the prospects for career development, define challenges to be overcome and encourage a constructive dialogue between leaders and other employees. Once the assessments are made, the Personnel Management

Committees of the business divisions meet in order to align and consolidate the results and to define the strategies and actions to be followed. The final results are analyzed by the Corporate Management Committee of DHO, which then sets the general guidelines for the attraction, development and retention of employees and succession planning.

GRI
LA12

5

Employees receiving regular evaluations on performance and career development

Period	2010	2011	2012
% Employees with performance evaluations - Profit and Results Sharing Program (PPR)	82.0%	85.8%	75.5%
% Employees with performance evaluations –Variable Compensation (RV)	18.0%	14.1%	22.2%
% Employees with performance evaluations	100.0%	99.9%	97.7%

In 2012, we continued with our **“Programa Movimenta”**, which aims to promote the career development of managers through the promotion/ transfer of employees to new jobs created in-house, thereby giving our existing employees opportunities for growth and enabling those who are ready to take on new challenges and have new work experience. Of 165 vacancies available, 98 were filled with internal resources.

In January 2013, we launched the **“Indica” program**, in which employees can refer people to Votorantim as candidates for open positions. As they are familiar with our values and beliefs they can more easily identify people known to them who are aligned with our corporate identity, thus increasing the chances of successful recruitment. In line with our Management Belief “Cultivation of Talents” our first option is to value existing employees and fill vacancies through internal programs, such as “Programa Movimenta” or “Pool Sucessório”. If there is no possibility to fill the position internally then we use the programs for external recruitment.

In relation to **diversity** we have taken steps in relation to gender and people with special needs. We continue to work towards making the company an attractive option for employment for women. In the administrative areas, 52% are female, while overall, including the industrial operations, we have increased this figure to 13% from 12% in the prior year. In the trainee program the proportion of females hired jumped from 27% to 38%.

In the case of people with **special needs** each of our business divisions has taken on specific initiatives. In 2010, Votorantim Metais set up an Apprentice Program for People with Special Needs at the aluminum plant CBA (SP). The participants

were trained as apprentices, in the same way as in the "Primeiro Emprego (First Job)" program. Currently, 168 young people with handicaps are employed at CBA. In 2012, Votorantim Siderurgia, in partnership with the Municipality of Resende (RJ), sponsored a training program for 80 people with special needs to enter the job market in the southern region of the State of Rio de Janeiro. Votorantim Cimentos implemented a diversity program in 2012, which surveyed open positions with the aims of: increasing the recruitment of people with special needs; mapping accessibility; and making presentations to the HR managers of the production units to increase their awareness of this challenge.

GRI	
LA2	6

Total Number of Employees and Rate of Employee Turnover by Age Group, Gender and Region

	2012	Region		Age Range			Men	Women	Average Time at Company
		Brazil	Other Countries	Under 30 years	30-50 years	Over 50 years	%	%	years
Employees									
Total Employees at 31/12/2012 (*)	41,157	33,311	7,846	11,153	24,363	5,641	87%	13%	7.0
Employees Dismissed in 2012	6,840	6,201	639	2,958	3,331	551	80%	20%	5.7
Turnover	17%	19%	9%	27%	14%	10%	-	-	-

Note:

- 1) The calculation of the total number of employees used to calculate the turnover rate did not consider temporary employees, trainees and apprentices, since the employment contract is for a fixed period.
- 2) For the purposes of better understanding this information, please note that the data reported here includes all of the organization's plants and facilities, and not only those units shown in the Coverage Table. This information is available at: www.votorantim.com/report and in the chapter on "GRI Indices / Indicators" section of this report.

Votorantim's trainee program attracts 26,000 applicants

In 2012, 26,000 candidates applied for our **trainee program**, 29% more than in the previous year, and we hired 45. We increasingly seek to attract young people who adhere to and are compatible with our Values, Management Beliefs and Sustainability Principles and have potential to reach management positions.

Education and training

The **Votorantim Academy of Excellence** (our corporate university) was established in 2006 with the following objectives: coordinate our initiatives in the development and training of our employees; ensure control over the development of management practices and critical company knowledge; support cultural development; and contribute to the integration of our business divisions, thereby ensuring that we have trained employees who are focused on high performance and aligned with our corporate culture.

We have developed an **"Individual Development Plan"** (PDI) program which, based on individual performance evaluations, allows us to identify employee training needs and evaluate each manager's progress. Through the PDI program, employees and managers discuss development needs and prioritize the types of training or skills that must be developed.

Each business division develops training which focuses on corporate and specific needs including: institutional training; technical courses; scholarships for language courses; courses required by legislation; and training on health and safety developments. All of these are fine-tuned according to the functions and activities related to the specific business division.

In 2012, for each business division we identified the strategic and critical "know-how", i.e. the knowledge which comes from experience in the function and which is not readily found in the market. This applies particularly to certain technical functions where we need to invest more proactively in the development of these professionals. This is called the **"Development Map"** project, and it involved the participation of 132 specialists in six critical areas: Maintenance, Capex, Environment, DHO, Health and Safety and Sustainability. Based on this project we developed training plans to define the paths for the development of "know-how" and the dissemination of knowledge to a wider audience.

Once this know-how was defined we evaluated 522 professionals who were working in the areas of Maintenance, Capex, Environment, DHO, Health

and Safety, and Sustainability, to assess the existing level of knowledge on these subjects in the organization.

We also created the **"Potenciar (Realize Potential)"** program, which aims to facilitate the transition from academic life to professional life for young employees who have recently graduated and demonstrate high growth potential. This program accelerates the development of professionals with leadership potential. In 2012, there were 1,776 participants in the program.

Within the Votorantim Academy of Excellence we have launched a specific School for Human and Organizational Development in order to train **DHO** professionals to work with cultural transformation processes. We set up an internal forum to discuss the mission of DHO with 352 participants, and we also organized an international seminar on career development.

The Votorantim Academy of Excellence conducted another edition of **"School of Challenges"**, which was created to accelerate the development of talent across the organization. During 2012, a total of 307 employees participated, divided into eight groups. Each group worked for a year on a topic relevant to the businesses, with the support of experts from the Academy.

In total, 3,334 employees, at all functional levels, were trained at the Academy of Excellence. This training totaled 42,145 hours, representing an average of 13 hours of training per year per employee.

Calculation of the average number of hours of training per year, per employee, and per employee category

	2010	2011	2012
Managing			
Director/President	8.40	21.05	9.45
Manager	23.80	37.86	68.57
Coordinator/			
Consultant	17.00	65.05	29.09
Technician/Analyst/			
Supervisor		36.29	31.61
Trainee	27.80	295.60	362.85
Operator		25.68	72.43
Intern		5.79	11.13
Apprentice		6.96	23.53
Média Geral	18.30	55.26	62.30

Remuneration

VID's employees are entitled to variable compensation based on the criteria of our Profit and Results Sharing Program in addition to guidelines issued by the Collective Agreements with trade unions.

The PPR is tied to the goals of employees (which are individual for managers and collective for other employees) and to corporate goals, which are defined from the breakdown of our strategic plan and corporate budget. The goals encompass: economic, social and environmental issues; operational management issues; and strategic issues.

Benefits

Our benefits exceed the parameters defined in the Collective Agreements. As well as the agreed benefits we seek to take into consideration the characteristics of each business and regional needs.

In addition to the benefits provided by law (health assistance; accident assistance; periodic medical examinations; laboratory tests; maternity leave; paternity leave; variable compensation (PPR); uniforms; and company and third-party transportation assistance), all of our employees are entitled to medical and dental assistance, group life insurance and private pension plans. There are other additional benefits, which vary by business division.

All employees may choose to join the private pension plans that we provide through the Senator Joseph Ermírio de Moraes Foundation (Funsejem), which is a non-profit, closed-end, private pension company responsible for the administration of the plans. Funsejem, founded in 1994, is a long-term savings scheme in which both the employee and the organization contribute to the formation of individual employee retirement funds.

In relation to our health plan, we invested **R\$ 118.9 million** in 2012 (R\$ 133 million in 2011). In 2012, the total investment in employee benefits was **R\$ 584.8 million** (R\$ 481.9 million in 2011).

Other forms of employee recognition

We have a number of different ways to recognize and reward our employees. Every year in December, outstanding employees receive awards at our **Management Meeting**, a corporate event held to present the achievements of the year and address the prospects for the next year. Present at this meeting are top management and members of the Board of Directors of Votorantim (altogether around 350 participants).

During the event, the **"Highlights of the Year"** are announced for each business division and those teams that have made a significant contribution to their businesses are honored. Similarly, teams that have made significant contributions to **"Safety"** are congratulated.

Another important award at this meeting is the **"Social Leader"** award, which is sponsored by the Votorantim Institute (the social responsibility arm of the Votorantim Group). This annual award is for Votorantim's own employees or contracted staff who have undertaken important initiatives, actions or projects focused on sustainability.

The objective of this award is to strengthen a culture of sustainability. The award recognizes employees at all levels who contribute to the implementation of practices that generate benefits for business and society, mobilize partners and organize networks. Currently, this award applies to the following countries: Brazil, Argentina, Bolivia, Colombia and Peru.

In December 2012, during the Management Meeting, the Votorantim Institute hosted the ceremony for the 6th edition of the Social Leader award. Each winner received a trophy that was presented by shareholders and members of top management. Further information on the awards and the winning projects can be found at <http://www.institutovotorantim.org.br>, in the section "Votorantim Group / Social Leader Award".

Since the award was created in 2007, more than 60 employees have been honored.

The employees representing the teams that in 2012 won the “Outstanding Performance Award” and the “Outstanding Safety Award” are shown in the table below:

Plant	Performance Award	Safety Award
VID	Eduardo Russo: for conducting a project to design the Votorantim Reserve, which involved a multidisciplinary team from the corporate center and Votorantim Energia.	The award applies only to the business divisions.
VC	Marcelo Chamma: for creating the Complementary Products Business.	John Moroz: for operating four years without accidents in 2012 in the Canada Building Materials plant of VCNA
VM	Carlos Barrena: for a 50% expansion of the ore processing capacity of the Cerro Lindo plant in Peru.	Fernando Rezende: for actions taken in the Três Marias (MG) plant which reduced rates of lost-time accidents by 50% from 2011 to 2012.
VS	Emerson Ribeiro: for excellence in the commissioning of the Sitrel plant.	Javier Grosz (AcerBrag, Argentina): for the only VS plant with zero lost-time accidents.
CITROSUCO	BórisWiazowski: for a project on the synergies between Citrovita and Citrosuco in the formation of a new company.	Fabio Mitsuru Saito (Citrosuco North America): for achieving 4 million hours without lost-time accidents in 2012.
FIBRIA	Claudia Steiner (Florestal Vale do Paraiba): for exceeding targets for costs, productivity and operations.	Renato Bastos (Ottoni - TrêsLagoas): for achieving 407 days without lost-time accidents.

GRI
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Relations with trade unions

 3

In our Code of Conduct, which applies to all of our business divisions, we respect the right of our employees to free association including membership of trade unions.

We maintain ongoing relationships and open dialogue with the unions representing the employees. We respect the freedom of association of employees and the collective bargaining process

involves representatives of the trade unions that represent our workers. The results of negotiations are disseminated to employees through our internal communication channels.

In 2012, we had no fines or warnings from supervisory bodies with regard to the processes of association and collective bargaining.

GRI
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Percentage of employees covered by collective bargaining agreements

Percentage of employees covered by collective bargaining agreements in relation to the total number of employees (%)

2010	2011	2012
95.4%	98.0%	96.4%



Relations with and development of the communities where we operates

The presence of a Votorantim plant generates impacts and opportunities for local socioeconomic development. We are present in more than 300 municipalities in Brazil.

The **Votorantim Institute** supports our business divisions in finding solutions that contribute to community relationships and development. It is responsible for advising on social actions and vetting the social investments made by the divisions and plants. The Institute not only provides guidelines and tools for social investment actions but also contributes to the management and evaluation of the impacts of such actions.

The Institute's work covers the following areas:

- Guidance and technical support for the business divisions regarding the diagnosis, planning and monitoring of their social action performance.
- Development of social technologies.
- Support for projects.
- Production of knowledge and information content.

The following actions in 2012 are of note:

- Under the **Networks** program (a partnership between the Institute and the BNDES to encourage local production chains in municipalities), 115 projects received technical support for the development of business plans. The projects were distributed across 25 municipalities in ten Brazilian States where VC, VM, VS and Fibria have operations. Of these projects, 45 were selected to receive non-refundable grants. In the third phase of the program, which will end in 2015, the selected organizations will receive about R\$ 33 million and the technical support of consultants specializing in business management, to put the proposed projects into practice and generate employment opportunities and income.

- A methodology for **stakeholder engagement** has been developed to provide tools for managing the impacts of operations on the relationships with stakeholders and it was applied in **18 municipalities** in 2012. After completing the mapping of impacts and of stakeholder groups, we developed 56 new plans for stakeholder engagement involving communities, suppliers, and employees, among others.
- We set up the "**Votorantim Partnership for Education (PVE)**" program that promotes social mobilization and provides support to public administration entities in order to contribute to the improvement of the public educational system. In 2012, over 300 activities were organized in **27 municipalities** that resulted in the mobilization of 3,053 participants and, overall, involved more than 78 thousand people. Among the various initiatives was the essay contest "Tempos da Escola", which attracted more than 6,000 entries and awarded prizes to 78 students. In 2012, PVE entered the competition "Prêmio Objetivos do Milênio Brasil" sponsored by the Brazilian President's Office and United Nations Development Programme, and was commended for being among the 50 finalists from the 1,680 entries.
- The **PAIS Project** - Integrated Sustainable Agro-ecological Production - was a partnership between Votorantim Institute and Fundação Banco do Brasil that took place in the cities of Fortaleza de Minas (MG) and Vazante (MG) and involved representatives of Votorantim Metais and Votorantim Siderurgia. The project involved **50 families** and approximately 200 people overall. The project achieved its objective of ensuring food security and also raised the average family income by 53%, according to data collected in October 2012.

- In 2012, the Votorantim Institute supported **36 cultural projects** with funding from both its own resources and government tax incentives. One of the partner organizations is Fundação Dorina Nowill, which is dedicated to assisting people with vision impairment problems. Our joint project produced five audio books and distributed 50 thousand copies to five thousand libraries across the country.

The Votorantim Institute completed ten years of existence in 2012. Throughout this period it has developed its activities around three key objectives:

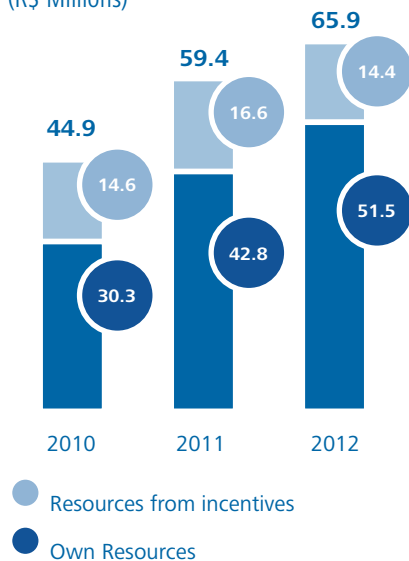
- Integrated approach to the challenges of the business.
- Commitment to relationships and community development.
- Technical and methodological rigor.

The consolidated amount of private social investment for all initiatives and all business divisions totaled **R\$ 65.9 million** in 2012 (11% increase over the total for 2011, R\$ 59.4 million), of which R\$ 51.5 million came from its own funds and R\$ 14.4 million from investment incentives in support of public policy. This investment was employed in 204 projects and **benefited around 1.3 million people**.

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SOCIAL INVESTMENT (R\$ Millions)



The methodology developed by Votorantim Institute has been adopted by Critical Friends International

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In June 2012, the methodology developed by Votorantim Institute for stakeholder engagement was recognized for its excellence and integrated into the platform, created by **Critical Friends International**, which brings together the best practices of **stakeholder engagement** at a global level. The Institute's stakeholder engagement methodology was established in 2009, based on the AA1000 standard of the non-profit organization Accountability, with the aim of providing operating units with a management tool that could contribute to improving engagement processes and relationships with the communities where we operate. Following these guidelines the units hold planning workshops which bring together employees from different functional areas in order to identify strategically important stakeholder groups and to prepare engagement/development plans. These plans are intended to manage the impacts of operations on these groups and prioritize the opportunities for relationships. The Institute monitors and guides the implementation of the actions undertaken for three years. From the fourth year onwards the unit assumes responsibility for the engagement process. The engagement plans, approved by the operating unit's management team, seek to ensure that the proposed actions are aligned with our overall strategy and will also bring returns to its business division and to VID.

In 2012, **we held 60 workshops** on stakeholder engagement, totaling 480 hours of training and involving 291 employees. All of VID's business divisions have adopted this methodology and it has been applied in 18 municipalities.

The Stakeholder Engagement Manual is available on the Votorantim Institute's website at: www.institutovotorantim.org.br.

Relations with other stakeholders

Investors and analysts

VID has an Investor Relations area to attend to the information needs of investors and market analysts (fixed income and credit).

We organize an annual event in Brazil called **“Meeting the Market”** for investors, analysts, and business partners and contacts. In these meetings, we present and discuss issues such as: performance; business strategy; expansion plans and/or investments; changes in our portfolio of products and services; and sustainability. We also host an annual meeting in New York called **“Votorantim Day”**.

In addition, we hold quarterly meetings, via teleconference, to present our latest results to the market. There are also **“live”** meetings for overseas operations, where we respond to questions coming from many different countries.

In 2012, we continued with our **“Welcome to the Analyst”** program, which aims to strengthen our relationships with international financial market analysts, as well as to give us an opportunity to highlight our competitive differentials, our focus on excellence in our production processes and our sustainability initiatives. During 2012, we welcomed **11 analysts and 6 investors** from institutions in Brazil and abroad to our cement, pulp and aluminum facilities. The objectives of these visits were to improve the visitors’ knowledge about these operations and highlight to them our competitive differentials, products and projects.

It is worth noting that the increased level of information provided by Votorantim to the market and our increased support to analysts, such as the launch of the **“Welcome to the analysts”** program, reaped benefits. In 2012 a total of nine analysts were spontaneously covering the performance of the company and our bond trading market, compared to 6 in 2011. All of these analysts gave a positive recommendation for investments in our bonds. More details can be found on our Investor Relations website at www.votorantim.com.br/ri under **“Notice to Creditors / Analyst Coverage.”**

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Government

On a daily basis we monitor parliamentary activities, including committees and legislation, at the municipal, state and federal levels (Congress and Senate), particularly those that are linked to the industry sectors or business areas of the Votorantim Group. Many politicians, when it comes to large industrial projects, consult our executives to exchange information and opinions.

At an institutional level we are permanently in contact with the governments of the municipalities in the locations in which we operate, and participate in discussions about public policy and support for the development of local communities. We also participate in forums at various levels of government, including ministries and other public bodies, to discuss and present our needs and/or proposals for regulations.

We participated in an initiative of the Federal Government in 2012, to put together the **“Plano Brasil Maior (Greater Brazil Plan)”**, which is a project to integrate measures to stimulate the Brazilian industry to ensure greater competitiveness in the manufacturing sector.

We invested
R\$ 65.9 million
in social projects
in 2012, 11% more
than in 2011.

Political parties

In order to guide our relationships with candidates for public office we have prepared a manual on our **Code of Conduct for electoral processes**. The main aim is to provide institutional and legal security for our participation in this process.

The manual provides background information and recommendations that serve as guidelines for Votorantim's corporate conduct during electoral processes. We understand that the behavior of the institution, as well as each of its employees, must follow principles of soundness, ethics, respect, entrepreneurship and unity and that participation in the electoral process should be guided by legality, ethics and transparency.

The manual is updated periodically in accordance with the laws and criteria established by the government for each election. It is distributed to all of the organization's managers.

We understand that electoral donations contribute to the furtherance of democracy in Brazil. Our involvement, if and when it occurs, is not tied to political ideologies or programs. We seek to maintain contacts with those candidates and elected officials who have a connection with the economic sectors or the cities and regions in which the organization has operations. We only consider supporting candidates who are known to be ethical. All of our electoral donations are registered at the Superior Electoral Court (TSE) - please see: <http://inter01.tse.jus.br/spcweb.consulta.receitasdespesas2012/abrirTelaReceitasCandidato.action>.

Policy on electoral donations published

In 2012 we published a **Corporate Policy on Electoral Donations** that complements the Code of Conduct for Electoral Processes issued in 2008. In addition to strengthening the scope of governance and Votorantim's participation in these processes, the policy was made available to the parties and candidates seeking election in 2012.

Votorantim's donations were made in accordance with the relevant legislation and details are available on the website of the TSE. For further details on policy, please consult our website: www.votorantim.com.

In 2012,
we began
construction of
our "Reputation
Platform"

Image and reputation

Since 2011 Votorantim has taken a more structured approach to the management of the organization's image and reputation. The first step was the creation of the Committee on Corporate Responsibility and Reputation, reporting directly to the Board of Votorantim. The goal was to establish and consolidate a more robust system of corporate governance, under which the shareholders would act as the guardians of Votorantim's image and reputation and be guided by its values, beliefs and strategy.

The second step was to restructure the corporate Institutional Relations area in April 2012. This area took on the task of helping to build Votorantim's image and reputation through a brand management process that was integrated with the processes for government relations, media relations and sustainability in order to create value in our relationships with our various groups of stakeholders.

Brand and corporate communications

In 2012, we began construction of our **"Reputation Platform"** with the following objectives:

- Prepare a proposal for the Board of Votorantim on the governance of image and reputation management - roles and responsibilities.
- Define the image that we want to project and how we want to be perceived, through both corporate positioning and brand architecture tied to the business strategy.
- Provide organizational guidelines on the form and content of actions that impact the image of Votorantim, ensuring consistency in our communications.
- Discuss the opportunities for brand exposure, networking and/or quality dialogue that can result in the establishment of lasting partnerships with stakeholder groups, the minimization of risks and the strengthening of the image and reputation of the organization, both internally and externally.
- Evaluate the perceptions of different types of stakeholder groups of Votorantim and its business and activities, through surveys, monitoring and mapping (indicators).

With the purposes of deepening our knowledge of the organization's key stakeholder groups and making progress towards a higher quality of dialogue, the area of Brand and Corporate Communications conducted a survey, together with the Reputation Institute, to better understand the perceptions of customers, the press, government and investors in relation to Votorantim.

The research is now in the consolidation phase and we have started to put together action plans for the relationship with each stakeholder group.

Relations with the media

We recognize the roles of the media as both moderators of public debate and as legitimate watchdogs of the activities of government and organizations. Accordingly, our relations with the media are based on transparency in relation to the disclosure of information about the Votorantim Group.

Our Media Relations area is part of the corporate holding company and defines the guidelines to be adopted by the business divisions (and all of their operating units) in their contacts with the media. These guidelines are consolidated in the Handbook of Media Relations, accessible to all employees, and its application is the responsibility of the Communication areas of the business divisions and the holding company.

In 2013, based on the results of research carried out with journalists Image and Reputation in the project, the contents of the Handbook should undergo a revision.



Votorantim Reserve: Juçara Palmetto



7

Eco-efficiency and the responsible use of resources

Since we operate in several basic industrial sectors of the economy we are acutely aware of the environmental impacts of our operations. Correspondingly, we have firmly committed to responsibility for the environment in our strategic positioning and are continually investing in the application of new technologies, research, studies and actions to make improvements and mitigate risks and impacts.

To drive this process forward, we have established an Environment Thematic Team which discusses action plans for issues related to emissions, waste, water, biodiversity, and licenses for all the business divisions. We also set up a **Thematic Team for Energy**, which focuses on actions and projects for energy efficiency and flexibility and the overall optimization of the group's energy matrix. The implementation of actions in the business divisions is carried out by teams of the Environmental and Sustainability departments.

In order to manage and monitor our actions we have a system to consolidate all of our indicators, a proprietary methodology for classification of environmental risks, and centralized control for licenses and the related conditions. The management processes are based on the guidelines set out in our **Corporate Manual for the Environment**.

In addition we monitor the ongoing international discussions on environmental issues.

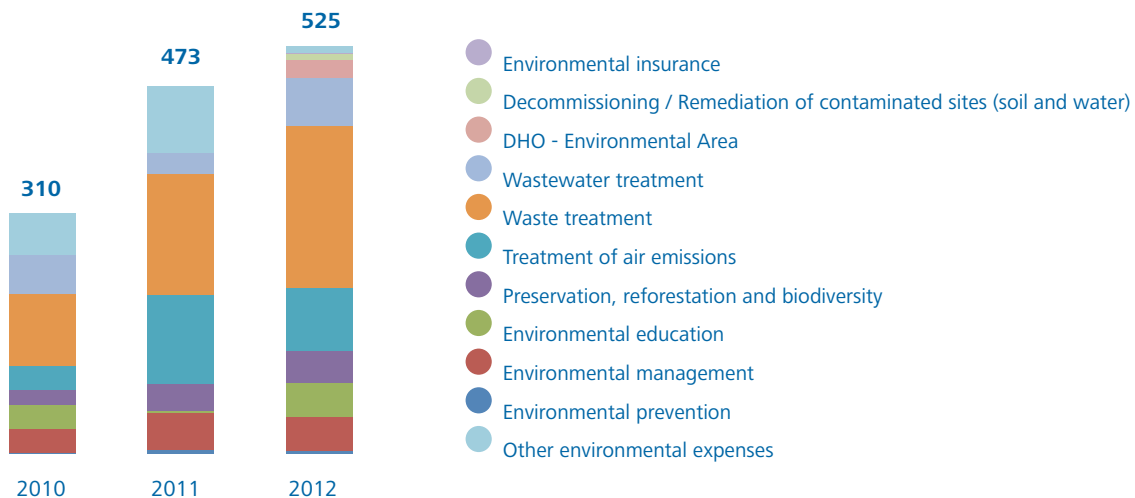
In 2012, we participated in conferences and made presentations on Votorantim's best practices at environmental forums such as: Rio + 20; the UN Climate Change Conference (COP 18) in Doha, Qatar; and the Conference of Parties to the UN Convention on Biological Diversity (COP 11) in Hyderabad, India.

In 2012, we invested **more than R\$ 520 million in environmental management actions and projects** in VID, an increase of around 10% compared to the total for 2011 (R\$ 472.6 million). This amount included outlays on both operational expenses and investments.

Corporate management of licenses and related conditions

In 2012, we implemented a new centralized system for controlling the operating licenses of our units: the Management System for Government Licenses (GLM). Prior to this the control of licenses was carried out locally at each plant. The new system allows us to manage deadlines, to anticipate license needs and to generate management reports that assist us in decision-making and budget control. In 2012, we registered 448 operations in this new system. Our goal is to achieve coverage of 100% of our operations within 2 years, including all of the countries in which we operate.

TOTAL EXPENDITURE ON INVESTMENTS AND EXPENSES FOR ENVIRONMENTAL PROTECTION, BY TYPE (R\$ Million)



Provisions for Environmental Risks and the Decommissioning of Plants

GRI
EN30

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In 2012, in order to adapt to new accounting rules, we undertook a project to review, update and standardize the calculation of environmental liabilities and contingencies and asset decommissioning obligations for accounting purposes. The project aimed to: strengthen the governance of the issues of **environmental liabilities and contingencies from the accounting perspective**; ensure the application of criteria for provision recognition and the bases for measurement appropriate to provisions and contingent liabilities; and disclose sufficient information in the notes to the financial statements to enable users to understand the nature, timing and amounts based on the prevailing accounting standards International Financial Reporting Standards, Accounting Pronouncement Committee (CPC) standards and International Accounting Standards).

Following the completion of this review, we recognized processes with a possibility of loss in the amount of **R\$ 646 million**, and we revised the provisions for asset decommissioning up to **R\$ 870 million**.

For more information please see our financial statements at: www.votorantim.com.

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Raw materials consumption

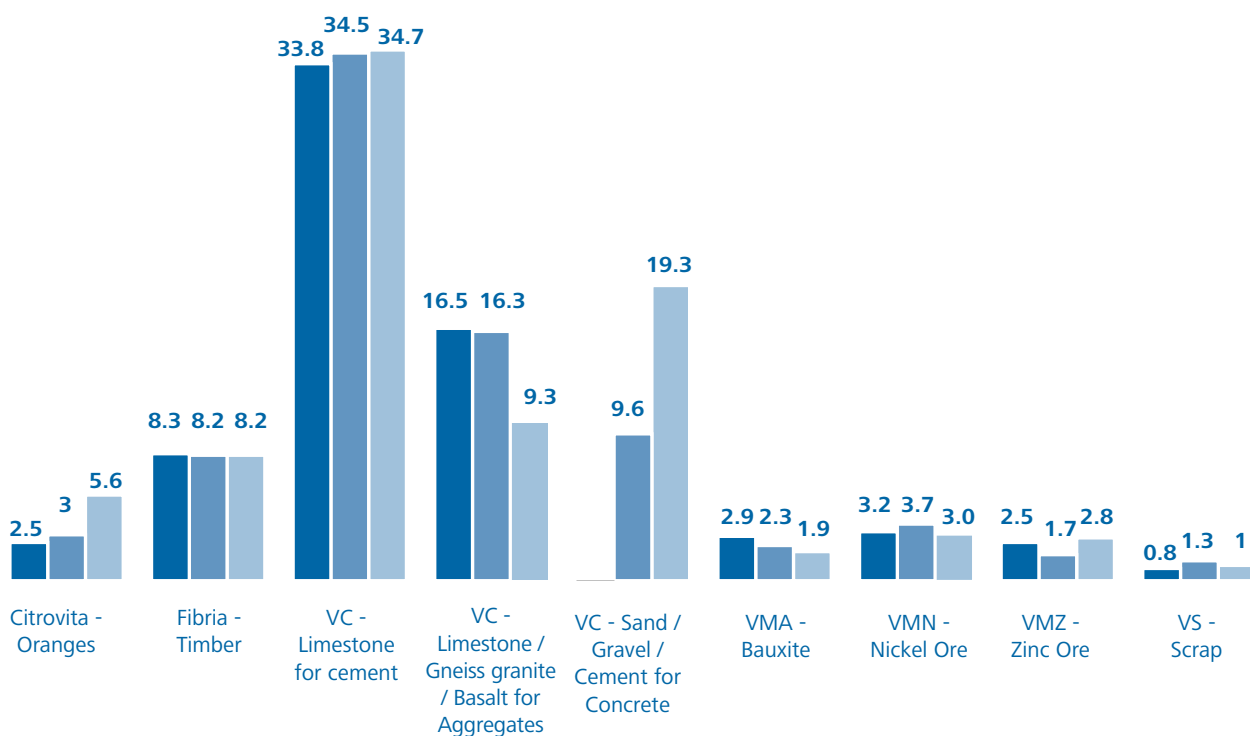
We strive to use raw materials in a responsible manner in all of our production processes. Raw materials are managed by each business division according to its operational characteristics and needs.

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MATERIALS USED BY WEIGHT AND VOLUME (MILLION TON)

7

● 2010 ● 2011 ● 2012



Resende - VS- Scrap Yard

GRI
EN2

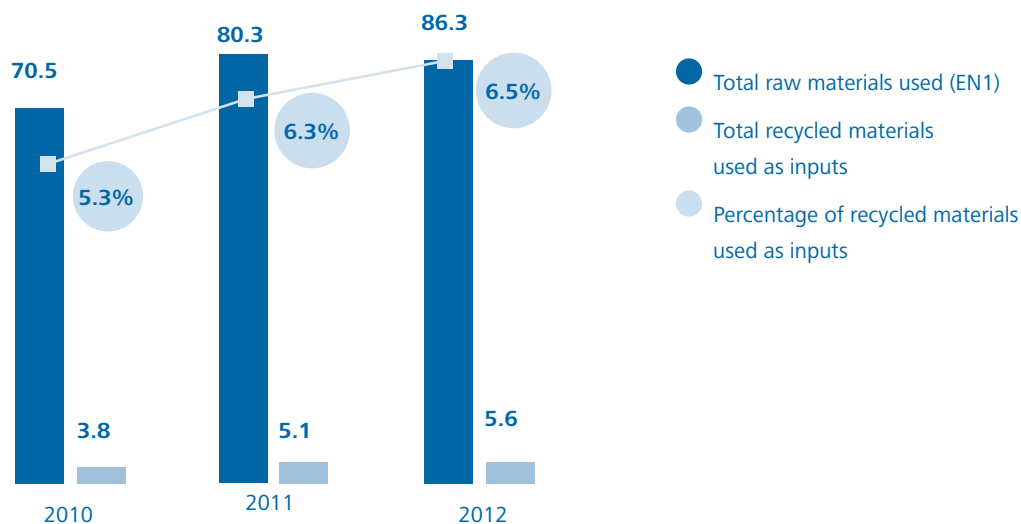
In order to reduce cost and risks and gain efficiency we have conducted research to seek alternatives to replace raw materials.

7 e 8

Recycled materials used (million tons)	2010	2011	2012
Total raw materials used (EN1)	70.51	80.26	86.30
Total recycled materials used as inputs	3.77	5.07	5.60
Percentage of recycled materials used as inputs	5.3%	6.3%	6.5%

GRI
EN2

RECYCLED MATERIALS USED



GRI
EN3, EN4

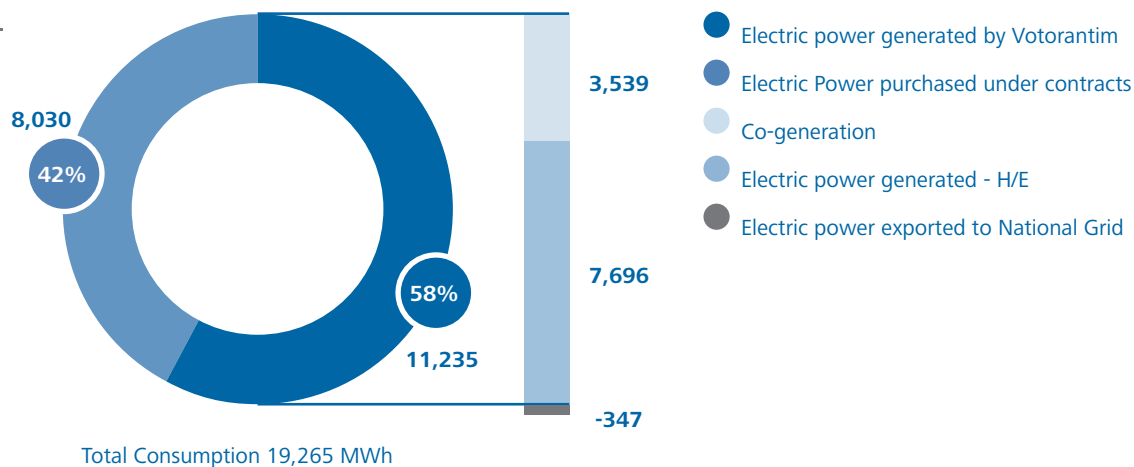
Generation and consumption of electric power

Votorantim Energia is responsible for the administration of energy supply contracts and the operation of the hydroelectric plants owned by VID, and also represents VID in the consortia in which we hold participations.

7 e 8

ELECTRIC POWER CONSUMPTION AND GENERATION ('000 MWH)

7





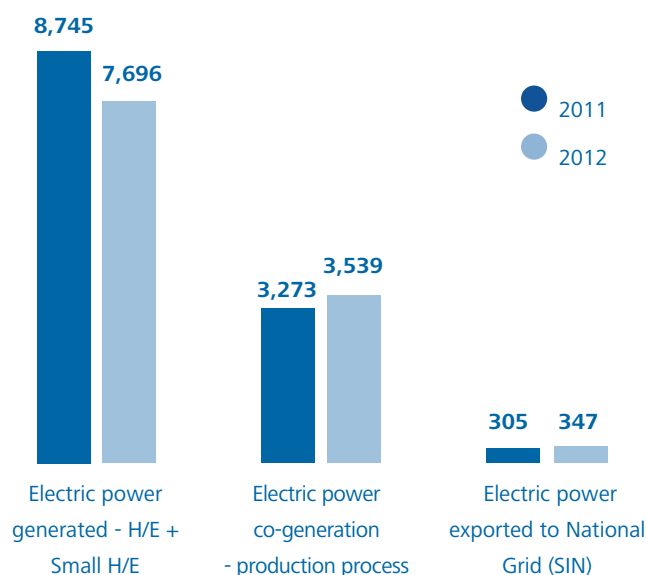
In 2012, we increased the cogeneration of electricity in our production processes by 7.5%, reaching a total of 3,538 million megawatt hours (MWh) distributed among: the Citrosuco plants in Catanduva, Matão and Limeira (SP); the Votorantim Metais plants in Cajamarquilla and Niquelândia (Goiás (GO); and the Fibria plants in Jacareí (SP), TrêsLagoas (MS) and Aracruz (ES).

Fibria, in addition to using the energy from internal cogeneration by burning biomass, was able **export 346,749 MWh of excess energy to the National Integrated Energy System.**

The power generation from group-owned hydroelectric plants was reduced by 12% compared to 2011. This reduction was due to a low level of rainfall during the year, significantly below the average levels of prior years. Due to this shortage of rain, some of the water in our reservoirs was channeled to the public water supply of nearby cities, thus negatively affecting the power generation capacity of these plants.

GRI
EN3, EN4

ELECTRIC POWER (AMOUNTS IN MIL MWH)



In 2012, our total power consumption for the group was 19,265 million MWh. This total included all of our plants and facilities in Brazil and overseas, mines, farms and plantations.

Of this total, we generated 11,235 million MWh internally through our own hydroelectric and cogeneration plants, making us 58% energy self-sufficient during the year.

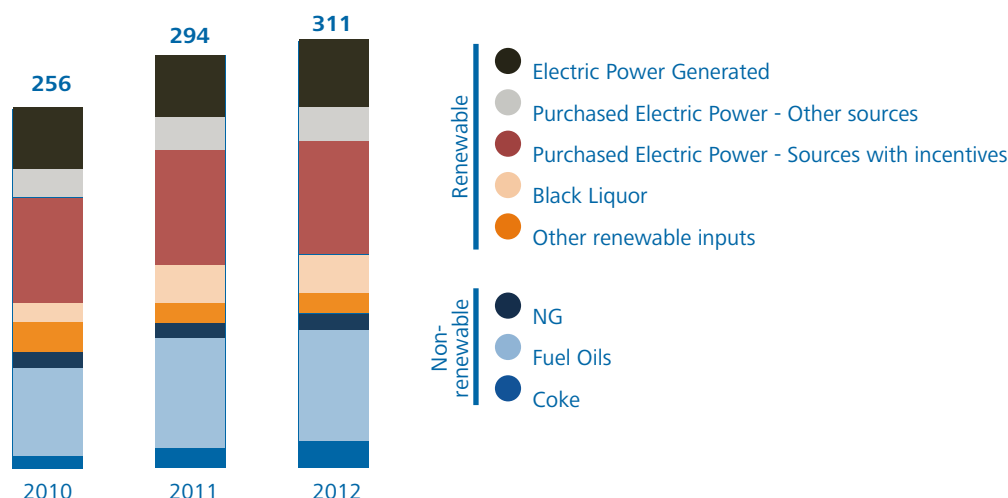
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EN3,EN4

Energy matrix

Apart from electric power, we are also a large user of various types of fuels in our production processes, such as for combustion in furnaces and boilers and for transport, among others. We strive for energy flexibility in our operations and are constantly analyzing the possibilities of using renewable fuels.

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ENERGY MATRIX (IN GJ)



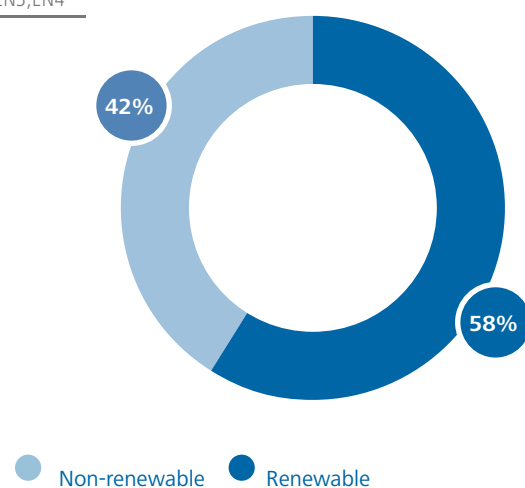
In 2012, renewable energy sources in our energy matrix totaled 181,477 million gigajoules (GJ), representing around 58% of our total consumption of inputs. This value was 2% lower than the value for 2011 as a result of the inclusion of data for our PazDelRio plant, owned by Votorantim Steel in Colombia, which increased coal consumption.

However, we can report on some actions that have contributed to the increased consumption of renewable energy sources at some plants:

- **Fibria:** Increased the consumption of black liquor in its Aracruz (ES) plant by 2%; met 21% of energy needs using renewable sources; achieved a proportion of 51% in the use of solid biomass for steam generation.
- **Citrosuco:** Increased its consumption of energy from renewable sources by 72%; acquired plants in Matão and Limeira in the State of São Paulo which use solid biomass in their boilers for power generation.

GRI
EN3,EN4

ENERGY MATRIX PROFILE



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EN26

Energy Efficiency Program

Since 2007 we have had an **Energy Efficiency Program** and have measured the energy performance of each industrial process in terms of the gigajoules consumed per ton produced.

We monitor the energy consumption of our manufacturing plants through a system called **Energy Balance**. This system maps the input of energy into each macro process of each industrial plant, thereby allowing us to track how much energy is consumed at the process level, as well as providing information on the type of energy used, i.e. electric power, natural gas, biomass, etc. We analyzed the total consumption of each input required for each ton of product produced.

Using this information we can compare the consumption year by year and monitor the energy efficiency of the entire organization. In this way we can establish whether our energy efficiency is improving or deteriorating per ton of output.

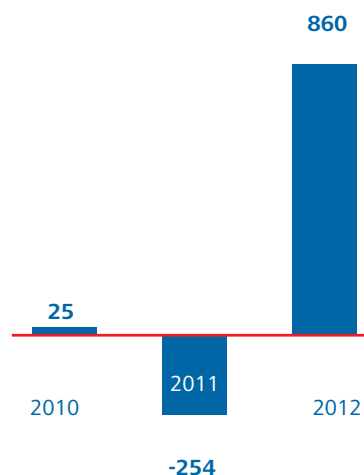
The information on Energy Balance is inputted monthly into the intranet site "Portal Votorantim" by representatives of each plant and access is controlled to ensure the quality and accuracy of the data.

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ENERGY EFFICIENCY

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GRI
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● Total energy saved due to improvements in conservation and efficiency (Thousands of GJ)

As a result of the implementation of the **Energy Efficiency Program** in the production processes of our main plants we have achieved energy savings of around **6.5 million GJ** (for the period 2007 to 2012), which is equivalent to **R\$ 69.9 million** of savings in monetary terms. In 2012 the Energy Efficiency Program was operational in 32 plants in Brazil and 2 plants overseas.

VS: Barra Mansa Plant



Overall we recorded a **0.37% improvement in energy efficiency for VID**, compared to 2011. This improvement was due to the positive results obtained in specific plants, of which we highlight:

- **Fibria:** The positive result overall was mainly due to the good performance of the Aracruz (ES) and Três Lagoas (MS) plants. A high level of production combined with good coordination between the operation and maintenance departments led to improvements in equipment performance according to priorities set by the Internal Commission for Energy Conservation (CICE) and the Energy Workgroup.
- **Votorantim Metais:** VM appointed a Director for Technology and a Manager for Energy with mandates to act on opportunities to reduce energy consumption and increase the flexibility of the energy matrix. The most important projects were prioritized in the company's strategic plan and then developed in detail at a technical level. Examples include: "Recovery Boiler" and "Vapor Recovery in Autoclaves" in the Três Marias (MG) plant; "Micro-mill" for water use in the Vazante (MG) plant; "Replacement of Steam Ejectors" in the Niquelândia (GO) plant; and the evaluation of new opportunities to reduce natural gas consumption in the CBA (SP) plant.
- **Votorantim Siderurgia:** The Resende (RJ) plant achieved a reduction in energy consumption of 7.15% compared to 2011, mainly from the improved performance of the steelmaking process due to chemical and electrical adjustments in the furnace. The Barra Mansa (RJ) plant achieved a reduction of 1.56% during the year from the month of September onwards, mainly due to the resumption of normal production and the implementation of improvements in the continuous casting mill.

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Waste management

Our activities, particularly in mining, generate significant quantities of waste materials. For this reason we pay close attention on a daily basis to the generation, storage, processing and disposal of waste in our industrial processes.

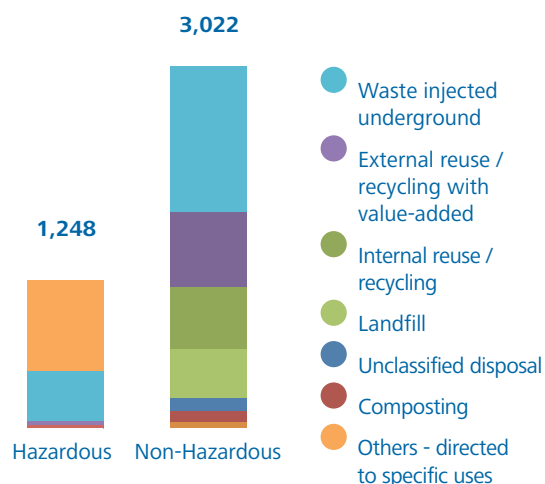
The day-to-day management of water resources is carried out by each business division and includes actions both to optimize use and to reduce consumption.

Our business divisions have invested in research and have implemented actions in production processes and in the reuse and recycling of waste in order to meet both the regulations of the National Solid Waste Plan and our own internal target of a 50% reduction in waste disposal to landfills by 2020.

We are constantly undertaking studies on the transformation of waste into products or into inputs for other activities. This is one of the topics within the scope of our Environment Thematic Team.

In 2012 we generated a total of 4,270,869 tons of waste, which were disposed of as indicated in the table below:

TOTAL WASTE BY TYPE AND DISPOSAL METHOD (THOUSAND TONS)



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Management of water and effluents

Given that we are a large consumer of water and that we have a wide range of operations we must manage our different uses of water on a case-specific basis.

The day-to-day management of water resources is carried out by each business division and includes actions both to optimize use and to reduce consumption.

The Environment Thematic Team holds meetings to discuss consumption trends and the results and prospects for our improvement initiatives. The business divisions also hold specific discussions within the scope of the Environmental Management System.

In order to achieve constant reductions in water usage we are continually investing in projects for re-circulating water in our production processes and in environmental education campaigns.

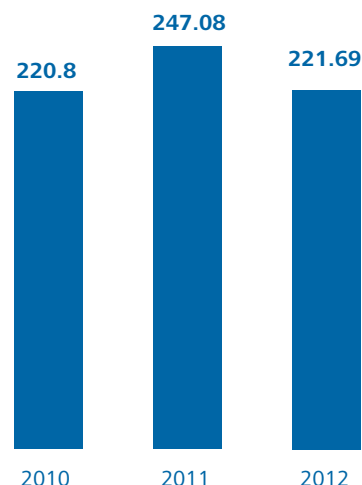
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Total Water Withdrawal by Source (in thousand m³)			
	2010	2011	2012
Surface water	185,164	217,093	254,892
Ground water	2,193	6,450	13,619
Water supplied by municipalities or other companies	383	1,547	38,884
Rainwater	0	0	0
Condensed vegetable extract (a waste product from the processing of oranges containing water)	1,992	2,131	2,635
Use of effluents from other organizations	0	0	0
TOTAL	189,732	227,221	310,030

Note: The total volume of water taken increased in 2012 due to the increased number of plants and alterations in measurement methodology.

The quality parameters of all effluents are measured daily in accordance with applicable laws. The quantities of water consumed are measured in the same units and recorded in Environmental Performance Index (IDA) for each plant on the group intranet "Portal Votorantim".

TOTAL WATER DISCHARGED (MILLION M³)



Greenhouse gas emissions from industrial activity

Greenhouse gases

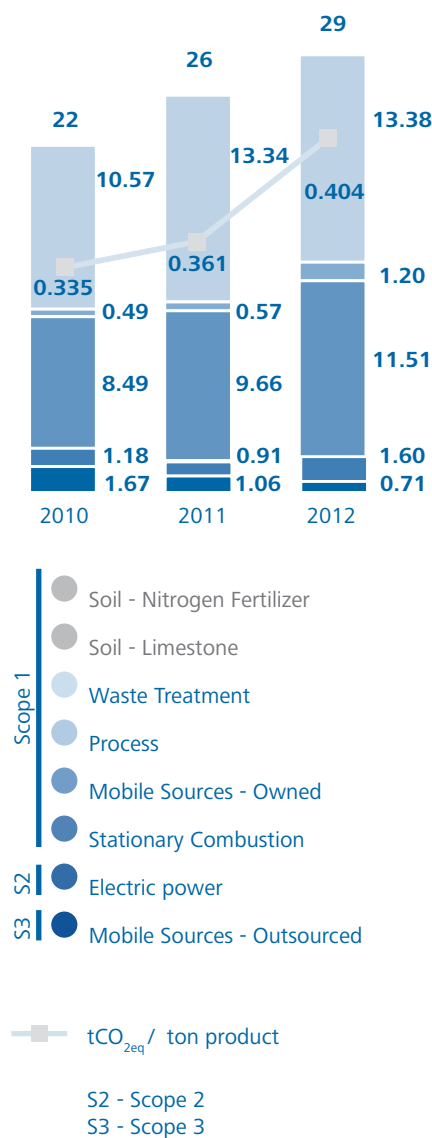
Our operations are highly intensive in the use of energy. Furthermore, in the case of cement production, the main raw material (limestone) releases a substantial amount of carbon dioxide (CO₂) during the manufacturing process. Because of these characteristics the group emits large quantities of GHGs.

In view of this, and with the recommendation of our Capex Thematic Team, we included the mandatory use of a GHG emission analysis tool in our Procedures Manual for new projects in 2012. Through the use of this tool we can identify the options, in the process of choosing investments, that promote the reduction of GHG emissions in our processes as well as being able to assess the impact of carbon in the ongoing operations after start-up.

We continually strive to maintain or reduce our GHG emissions in order to have the lowest possible rate of emissions per ton produced.

We were one of the first Brazilian companies to prepare and publish carbon inventories. Since 2009, we have prepared an annual **corporate emissions inventory** (covering direct and indirect emissions from all operations), which even includes both VID in-house and third-party transportation (Scope 3). We are also founding members of the Brazil GHG Protocol initiative (more information at: <http://www.registropublicodeemissoes.com.br/>), which aims to encourage a corporate culture for the preparation and publication of GHG emission inventories and provide participants with access to international tools and standards.

GHG EMISSIONS (MILLION tCO_{2eq})



Note: The calculations for ton CO_{2e}/ton product do not include Citrosuco's production volumes.

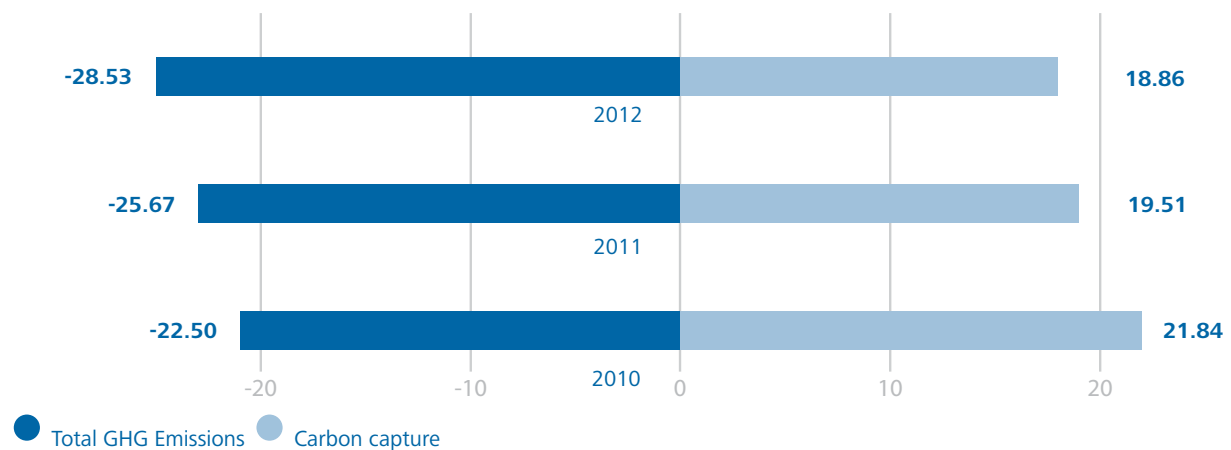
Our forestry operations sequester and store carbon in significant amounts. The preparation of our inventory of emissions and carbon sequestration follows international accounting standards and is audited by an independent external body.

Votorantim presented its GHG inventory methods at the United Nations Conference in Qatar

In December 2012, Votorantim gave a presentation on its strategies for climate mitigation and adaptation at the UN climate change conference (COP 18) held in Doha, Qatar in a side event organized by the Brazilian Business Council for Sustainable Development (CEBDS). Also participating in the event were Tasso Azevedo, special advisor at the Ministry of the Environment, Paula Benatti, an advisor on the environment at the National Federation for Industry (CNI), and Thierry Berthoud, a director at the **World Business Council for Sustainable Development (WBCSD)**.

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CARBON BALANCE - VID
(MILLION tCO₂EQ)



We are closely following the opportunities in the carbon markets. Since 2005, we have implemented projects with carbon credits that have already generated revenues. In 2009, we sold carbon contracts totaling 106,000 tCO₂e and generated R\$ 5.3 million of revenues.

In 2012, we certified a further 224,667 tCO₂e of carbon credits, for trading or compensation, arising from the second period of credits for a project certified by the UN under the Clean Development Mechanism (CDM). This project, named **"CDM for Hydroelectric Plant with Existing Reservoir – Votorantim/Pedra do Cavalo - "**, is located in the State of Bahia. This project can be reviewed on the United Nations Framework Convention on Climate Change website at: <http://cdm.unfccc.int/Projects/DB/DNV-CUK1160397342.29/view>.

Initiatives to reduce emissions of greenhouse gases and the reductions achieved

Projects which generated reductions in 2012	Location	Effective reductions (tCO ₂ e/year)	Status
H/E Plant with existing reservoir	VC - Pedra do Cavalo	224,667	2° issue of CERs approved
Projects on-going in 2012	Location	Estimated reductions (tCO ₂ e/year)	Status
Fossil fuel substitution	Citrosuco - Catanduva	52,413	In the approval process
Heat recovery (steam recovery in flash autoclave tanks)	VM - Três Marias	10,245	Project approved by the UNFCCC and being implemented at the plant
Energy efficiency (substitution of S-900 steam injectors)	VM - Niquelândia	21,779	Project terminated by the UNFCCC without generating credits
Heat recovery	VM - Niquelândia	54,330	Project terminated by the UNFCCC without generating credits
Micro-mill - Barragem Aroeira	VM - Vazante	240	Project in final technical design
VCS Project (Voluntary Market) - H/E plant with low rate of deforestation for reservoir	VM - Salto Pilão	168,000 VERs/year	Project awaiting issue of VERs
VCS Project (Voluntary Market) - improved natural gas combustion - calcination	VM - CBA	7,563 VERs/year	With procurement, reviewing proposals for detailed design
VCS Project (Voluntary Market) - improved natural gas combustion - boilers	VM - CBA	13,768 VERs/year	With procurement, reviewing proposals for detailed design

Fostering the preparation of carbon inventories in the supply chain

Votorantim, together with other companies of the Brazilian Business Council for Sustainable Development, sponsored the training and preparation of the first carbon inventory by 32 suppliers. As a result, in the medium term, we will be able to improve the accounting for our carbon "footprint" in our core products.

Other emissions

We monitor our manufacturing processes in order to comply with the emission parameters established in the licensing process, as well as with the criteria set by governmental environmental agencies. Our goal is to minimize other emissions, such as nitrogen oxides (NO_x), sulfur oxides (SO_x), particulate matter (PM) and heavy metal waste on the basis of production per ton.

Emissions of NO_x, SO_x and PM (t)	2010	2011	2012
NO _x Emissions	39,674	43,092	40,510
SO _x Emissions	22,351	27,789	31,252
PM Emissions	7,438	10,130	12,511
Total - Emissions of NO _x , SO _x and PM (t)	69,463	81,011	84,273
Emissions of Heavy Metals	2010	2011	2012
Emissions of Heavy Metals - Mercury	0.24	0.34	0.18
Emissions of Heavy Metals - Cadmium	0.07	0.15	0.64
Emissions of Heavy Metals - Thallium	0.09	0.46	0.55
Total - Emissions of Heavy Metals	0.40	0.95	1.37
Other Air Emissions	2010	2011	2012
Volatile Organic Compounds	587.97	609.53	439.94
Total Emissions	70,051	81,621	84,713

Note: The total absolute emissions have increased year on year due to the new industrial plants going into operation.

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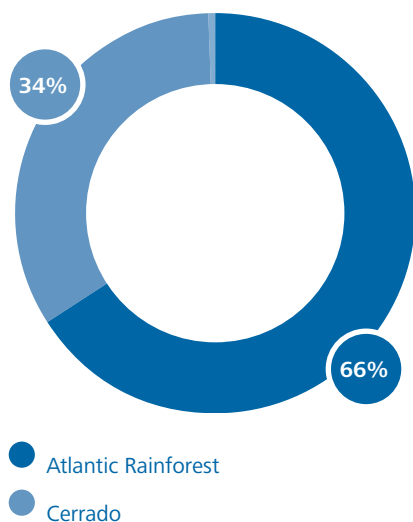
Biodiversity and ecosystem services

Votorantim is the owner and user of large areas located in regions where the level of interest in conservation is high and, in many cases, which have a high rate of biodiversity and provide a significant level of ecosystem services. Undertaking research on these assets and employing a structured approach to their responsible use are essential factors in maintaining our industrial actions in such regions.

Votorantim Industrial's operations in Brazil are located mainly in the Cerrado (savannah) and Atlantic Rainforest biomes although we do also have some plants in the Pampas and Caatinga regions.

Biome	Total Area of Habitat (sq km)	Actions Taken
Atlantic Rainforest	1,982.32	1% restored, 3% protected, 97% restored and/or Protected
Cerrado	1,006.65	100% restored and/or protected
Cerrado and Atlantic Rainforest (transition zone)	0.12	100% protected
TOTAL	2,989.09	

BIOMES PROTECTED



Ecosystem services on the agenda

Together with CEBDS, the Center for Sustainability Studies of the Getulio Vargas Foundation (GVces), the World Resources Institute (WRI), and other companies, in 2012 we founded the **Business Partnership for Ecosystem Services (ESSP)** with support from the United States Agency for International Development. Under this partnership we will participate in a pilot project for the implementation of the tool developed by WRI and the World Business Council for Sustainable Development, called **Ecosystems Services Review**, which assesses the impact and dependence of a specific project in relation to the available ecosystem services. We completed the first phase of our pilot program at our VM operation in Rondon do Pará (Pará (PA)) and, based on the knowledge acquired, our specialists applied the methodology to four other plants: an energy plant in Complexo Juquiá (SP); a steel plant in Resende (RJ); a cellulose plant at Aracruz (ES); and a cement plant in Primavera (PA). The full study will be published in 2013. By using the ESR tool we expect to expand our knowledge about ecosystem services with a focus on dependence, thereby providing information above and beyond that obtained from environmental impact assessments.

With respect to biodiversity and ecosystem services, we can highlight the following actions taken by VID in 2012:

- We concluded the tasks in our partnership with the Brazilian Business Council for Sustainable Development and other companies, in relation to the study of the tools available to assess aspects of dependency / impact and the valuation of ecosystem services. We evaluated the following tools: Artificial Intelligence for Ecosystem Services; Integrated Valuation of Ecosystem Services and Trade-offs; Ecosystems Services Review (ESR); Corporate Ecosystem Valuation; and Business Ecosystems Training. After completing this evaluation process **we selected the ESR tool for undertaking pilot studies at selected plants.**
- We presented our initiatives on biodiversity and ecosystem services at the **Conference of the Parties to the Convention on Biological Diversity (COP 11)** in India. We also participated in discussions on the future of ecosystem services, conducted by CEBDS, and an event sponsored by The Economics of Ecosystems and Biodiversity (TEEB).



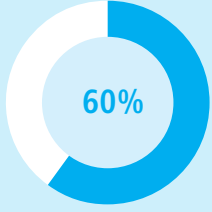
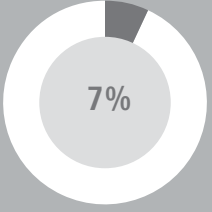
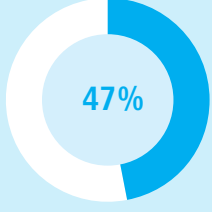
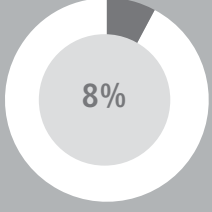
- In November 2012, we organized a seminar in São Paulo, entitled **“Biodiversity - Beyond Valuation”**. The purpose of the event was to discuss the outlook for biodiversity, ecosystem services, payment for environmental services and the roles for the paper industry and government. We evaluated risks and opportunities, presented good examples of ongoing initiatives and identified the challenges yet to be met. In addition to Votorantim Industrial specialists, the seminar featured presentations by: Fernando Tatagiba (Director of the Forestry Department of the Ministry of Environment); Fernanda Gimenes (CEBDS); Elaine Lerda and Daniela Teixeira (Padma Consulting); Helena Pavese (Conservation International Brazil / Brazil TEEB); Jane Mauro (Petrobras); Daniel Black (Souza Cruz); Cynthia Machado (Fauna & Flora International); and Gabriela Burian, Global Director of Sustainable Agricultural Ecosystems for Monsanto, who came from the company’s global headquarters in the United States especially for the seminar. At the governmental level, we discussed the existing federal and state laws that relate to payment for environmental services.

Votorantim and the State Government of São Paulo signed a protocol for the establishment of the Votorantim Reserve

The Secretary for the Environment for the State of São Paulo, acting on behalf of the State’s Forestry Foundation, and Votorantim signed a letter of intent for the creation of the **Votorantim Reserve**, which covers an area of about 35 thousand hectares and is located in Vale do Ribeira in the south of the State of São Paulo. This area has been preserved by Votorantim for over 50 years. It will be the largest privately-owned reserve in the Atlantic Rainforest biome. The reserve is located next to the Jurupará State Park and together they will form an ecological corridor running between the coast and the interior of the state.

Under the agreement, the management of the reserve will be shared between Votorantim and the State Government. In addition to scientific and academic studies, the reserve will be used to host activities related to: environmental education; ecotourism; preservation of endangered species; and the socioeconomic development of the region.

Business divisions

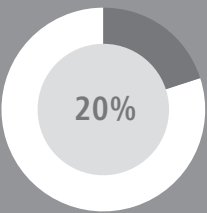
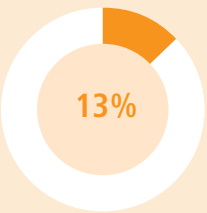
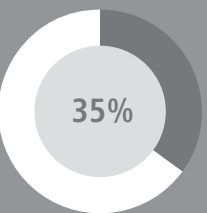
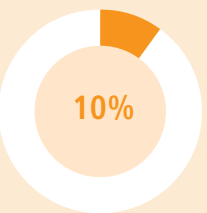
	Votorantim Cimentos	Votorantim Siderurgia
Number of employees	15,573	5,996
Total sales	27.3 million tons of cement	1.7 million tons of steel
% share of total EBITDA (VID)	 60%	 7%
EBITDA (R\$ millions)	3,167	351
% share of total CAPEX (VID)	 47%	 8%
Investments on environmental projects (R\$ million)	34.4	28.3
Principal plants and facilities	34 cement plants and 22 grinding mills	5 steel plants
Social investment in the locations where we operate (R\$ millions)***	10	4.2

*The energy generated by VE is used internally in Votorantim's production processes. **Citrosuco is a subsidiary of VPAR.

Notas: 1) Citrosuco does not include temporary farm workers, with a total of 8,872.

2) The total number of employees in this report differs from the figure published in the Management Report due to the revised figures for the number of employees of VCNA and Milpo. VID's corporate center areas have 900 employees.

3) Considered VID's participation on Fibria of 29,42%

Votorantim Metais	FIBRIA	CITROSUCO	Votorantim Energia
12,540	4,032	5,965	425
448,000 tons of Aluminum 34,000 tons of Nickel 672,000 tons of Zinc	5.4 million tons of pulp	152 million boxes of oranges	11,2 mil MWh energy generated*
		**	Consolidated results for the remaining business divisions
1,060	664	**	
		**	
43.7	143.1	1.6	4.3
Aluminum: 4, Nickel: 3, Zinc: 8	3 plants	3 plants	30 hydroelectric plants and 5 cogeneration plants
6.8	11.7	0.7	3.5

Votorantim Cimentos

Business profile

Votorantim Cimentos (VC), founded in 1936, is one of the top ten cement producers in the world and the leading company in the cement sector in Brazil.

Our business portfolio consists of four major product lines:

- **Cement**
- **Concrete**
- **Aggregates**
- **Complementary Products**

In Brazil, we have 16 cement plants, 11 grinding mills, 110 concrete plants, 28 aggregate plants, 8 mortar plants and 1 lime plant. All of these are strategically located near major consumer markets, which ensures logistical efficiency and good margins. In addition, we have a minority interest in the Mizu and Itambé companies, which own 3 cement plants, 2 grinding mills and 1 mixer.

In North America, our subsidiary Votorantim Cimentos North America operates plants in both Canada and the United States, where overall we have 5 cement plants, 2 grinding mills, 140 concrete plants and 34 aggregate plants.

In Europe, Africa and Asia, we have operations in China, Spain, India, Morocco, Tunisia and Turkey. They are owned by our subsidiary VCEAA, which operates 13 cement plants, 8 grinding mills, 78 concrete plants, 22 aggregate plants, 5 mortar plants, 1 lime plant and 1 clinker plant.

In South America we operate through participations in Argentina, Bolivia, Chile, Peru and Uruguay. In these countries we have 5 cement plants, 3 grinding mills, 65 concrete plants, 18 aggregate plants, 1 mortar plant, 3 lime plants and 1 clinker plant.

The total number of employees in all of our operations was 15,573 at the end of 2012.

Our business strategy has been based on the expansion of our operations, combined with increased operational and management efficiency, an expanding range of products and services and constant cost management, and is divided into two major fronts:

Organic growth by increasing our production capacity through both expansion projects at our existing facilities and the opening of new plants.

Increased internationalization of our business through acquisitions and investments in growth.

Increasingly, we are positioning ourselves as a basic construction materials company with a national reach and a wide range of products and services to meet the many diverse needs of customers in this sector.

To achieve this ambition, we are investing in increased capacity, not only in cement but also in concrete, aggregates and complementary products. We seek to grow organically, through expansion projects and acquisitions.

In 2102, we concluded the asset swap related to our 21.21% stake in **Cimpor**, the Portuguese cement company. As a result of this transaction we **gained assets in 7 countries**, Spain, India, China, Turkey, Morocco, Tunisia and Peru. This added 16.3 million tons p.a. to our global cement production capacity, which reached 52.2 million tons p.a. and represented an increase of 45% in our total capacity. In Brazil we ended 2012 with a production capacity of 30.1 million tons p.a.

We reinforced our presence in South America through the acquisition of control of the cement company Artigas in Uruguay; we now hold 51% of its capital. We also increased our share in Avellaneda, Argentina to 49%. We are also present in Bolivia, through Itacamba, a company controlled indirectly by Artigas, and Chile, through a 15% minority stake in Bio-Bio.

In 2012, we inaugurated a cement plant in Cuiabá (Mato Grosso (MT)), adding 1.2 million tons of installed capacity, and expanded the grinding mills of Cimesa (Laranjeiras - Sergipe (SE)) and Rio Branco do Sul (Paraná (PR)), adding a further 0.9 and 1.0 million tons of installed capacity, respectively. Furthermore, we opened 4 new concrete plants and 2 new aggregate plants.

We are focused on the positive outlook for infrastructure projects and housing in Brazil and continue to invest in our sector. This involves the opening and/or expansion of plants to increase production capacity and thus sustain our growth in the industry

and maintain our position of market leadership. By increasing our production of cement, concrete, aggregates and mortar, we are preparing to meet the forecasted increased demand for the coming years, thereby reaffirming our commitment to the development of Brazil.

We increasingly seek to be recognized not only as a cement company, but also as a company with a broad range of services and wide variety of products. For example, in 2012 our concrete business in Brazil initiated a process of diversification in terms of geographical distribution. Although primarily concentrated in the State of São Paulo, the business has started to develop new markets, mainly in the Northeast and Midwest regions. Another example is the performance of the complementary products business, which has the second highest index for value generation in Votorantim Cimentos (after the cement business itself), as the construction commodity, architecture and agribusiness segments have experienced significant growth. Our production in this business doubled from 2010 to 2012. Our goal is to continue growing by investing in increased production capacity.

VC has renewed its membership and its targets in the Cement Sustainability Initiative

Since we joined the **Cement Sustainability Initiative (CSI)** in 1999 we have renewed our membership year on year. The CSI is an important global commitment for cement companies and is coordinated by WBCSD. This initiative is a common platform for the world's largest producers of construction materials and stimulates the exchange of experience between the companies, to disseminate best practices and to establish a number of commitments and voluntary targets aimed at compensating and mitigating the impacts of the cement industry on the environment. In 2012, the CSI charter completed its first seven-year reference period, beginning in 2006, for targets and indicators. As from 2013, we are now pursuing the goals for the second CSI reference period.

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Responsible growth

The Brazilian construction market has been booming and government policies aimed at encouraging infrastructure projects have had a significant positive effect on the demand for our products and services.

In 2012, our **sales volume** rose to **27.3 million tons of cement** and net sales revenues totaled R\$ 9.8 billion, up by 5% and 9%, respectively, compared to 2011.

This increase in sales volume was due mainly to the start-up of operations of new plants and grinding mills and improvements in our operational efficiency. It is also important to note that our average cement price rose to R\$ 222.00 / ton, 4% higher than 2011.

Cement production is a highly capital intensive activity and is based on the extraction and processing of natural resources. Thus, our cost structure is composed mainly of processing costs (energy) and the maintenance and operation of plants. In 2012, the total amounts for "cost of goods sold" and "selling, general and administrative expenses" increased by 10% and 30%, respectively. This occurred mainly as a result of the start-up of operations of new plants and the increase in US sales volume, which experienced increases in maintenance, freight and labor costs.

Our adjusted **EBITDA** in 2012 was **R\$ 3.2 billion**, with a margin of 32%, 11% higher than last year. This was driven mainly by price increases of 4% and 12%, and volume increases of 4% and 17%, in the Brazilian and North American markets, respectively.



2

Products, services and customers

In Brazil, we sell more than **40 products**, including cement, concrete, aggregates (crushed stone and sand) and complementary products such as mortar, hydrated lime, lime paint, blocks, tiles, white cement and agricultural lime.

In Brazil our products are sold under the following brand names: Votoran, Itaú, Poty, Tocantins, Aratu, Votomassa, Matrix, Engemix, Cimento Ribeirao, Pavilit, Normalit and Blocolit. In North America, Europe, Africa and Asia, we work with various brands, which include: St. Mary's, Suwannee, CBM, HuttonTransport, Prairie and Prestige, Cementos Cosmos, Palmer, AsmentTemara, JbelOust, Ybitas and Kamal.

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Relationships with customers

Regarding our relationships with our customers, we can highlight the following activities in 2012:

- We continued to maintain a **"Customer Council "**, which is a forum for discussion to analyze specific situations and to find new solutions in partnership with customers. The meetings aim to bring customers closer to VC, to increase mutual understanding between the parties and to develop improvements, based on customer suggestions and criticisms. Council meetings are held quarterly in São Paulo, Campinas, Ribeirão Preto, Porto Alegre, Florianopolis, Brasília, Goiania, Cuiaba, Recife, Fortaleza and Salvador. Each Council has a membership of 20 customer businesses, of a variety of sizes, selected by the sales team in each region.
- We are also continuing with our program called **"VC in the Field"**, which organizes visits by VC employees from a variety of functional areas, together with the sales team, to the customer's premises. Organized every six months, the goal of these visits is to disseminate the culture of focusing on customer satisfaction throughout the company. In the two editions of the program (2011 and 2012) a total of 800 VC employees visited about 1,000 customers.
- With the **"Open Doors"** program we invited customers to visit our plants and to learn about our production processes. This program was initially designed to receive visitors from the local community but since 2011, we have developed a version more appropriate for customers. The objective of the visit is to show the customer how we operate and how cement is produced. In 2012, we received around 2,500 customers in 82 group visits.
- Besides the initiatives mentioned above, we have others which have been grouped together in a single project, aimed at **improving the level of service and the quality** of relationships with our customers. This project, initiated in 2012 and still in the pilot phase, has ambitious goals for improving processes, developing plants and enhancing products and services. We are constantly looking for ways to improve the flow of orders and deliveries and all of our logistic processes, to improve the quality of our products, to facilitate supply agreements, to develop new funding strategies and to improve our communication with customers, thereby further leveraging our strong distribution network and our wide diversity of options of products and services.
- It is also worth mentioning that, in 2012, we implemented the Mesh Logistics **Optimizer (OML)** system. This software helps us to make market supply forecasts that take into consideration short- and medium-term demands and covers deliveries scheduled to be made between 1 week and 15 months from the order date. This project was implemented in the cement business. The Optimizer system centralizes all our data on production, inventory, transportation and tax issues and allows us, within minutes, to simulate scenarios and identify the best plan for delivery routes. This analysis had previously taken as long as several days to complete.
- The degree of overall satisfaction of VC's customers has improved continuously in the last three satisfaction surveys we conducted:

Survey carried out during:	Number of customers interviewed:	Overall satisfaction index:
22/03 to 13/04		
2011	1,701	77%
10/10 to 24/11		
2011	1,510	84%
01/06 to 30/11		
2012	2,330	87%



Use of our products

Regard to **sustainable construction**, in 2012, we conducted studies on the subject and, in 2013, began to prepare life-cycle assessments of our products. We also plan to create a specific area to disseminate sustainable construction solutions.

With the discovery of the “pre-salt” offshore deep-sea oil reserves the demand for cement for ever deeper oil-well drilling has risen sharply. VC was already producing cement for oil-wells and now we are now developing a **special product for these very deep wells**.

At a global level, concrete is the second most used material in the world, second only to water. Cement is an eco-efficient construction material that can contribute significantly to the sustainability of buildings because of its physical properties. In 2011 we reached our goal of producing 85% compound cement and 15% cement without additions. Compound cement is manufactured with the addition of recycled materials which, as well as reducing the production cost, contribute to reducing carbon emissions and the consumption of raw materials. This 85% rate of production of compound cement contributed to our 25% reduction in carbon emissions (per ton of cement) in the production process.



Our **solutions for mortar and concrete** products help to eliminate waste in the construction sites. One example of this positioning is our mortar product line, Votomassa, which has obtained the Greenguard certification. This certification attests that the product does not emit any toxic substances that could affect indoor air quality or people’s health, according to guidelines set by the National Toxicology Program of the United States of America.

Cement cartel

In November 2011, the Secretariat of Economic Law (SDE) of the Ministry of Justice issued its opinion on the investigation, which began in 2006, into an alleged cartel in the cement sector. This opinion was delivered to the Administrative Council for Economic Defense (CADE), which is conducting the investigation. In its opinion, the SDE accused certain companies and executives of having committed acts in violation of Brazil’s competition laws. The companies cited were: Holcim do Brasil S.A., Votorantim Cimentos S.A., Camargo Corrêa Cimentos S.A., Cimpor Cimentos do Brasil Ltda., Itabira Agro Industrial S.A., Companhia de Cimento Itambé, Associação Brasileira das Empresas de Serviços de Concretagem (ABESC), Associação Brasileira de Cimento Portland (ABCP), and Sindicato Nacional da Indústria do Cimento (SNIC).

The Votorantim Group affirms that it has always acted in accordance with the law and does not endorse anti-competitive practices. During the administrative process, the company will present its defense, according to applicable procedures.

Votorantim Metais

Business profile

Votorantim Metais (VM) was established in 1996 after a restructuring of the Votorantim group's business model. VM is responsible for our businesses in metals including zinc, nickel and aluminum, and other metals.

In Brazil, we own and operate four industrial plants and seven mining and processing units. Overseas, we own and operate industrial plants in Peru (Cajamarquilla), the United States (USZINC) and China; metal ore mining in Peru (Milpo); metallurgical coal mining in Colombia; commercial offices in the United States, China and Austria; and metal ore mining offices in Argentina, Canada, Peru, Colombia and South Africa.

Production capacity:

- Aluminum: 475,000 tons / year.
- Zinc: 739,000 tons / year.
- Nickel: 40,000 tons / year.

Surveys of market entities, such as the consultancy firm Brook Hunt, indicate that Votorantim Metais one of the top five global producers of zinc, the largest manufacturer of electrolytic nickel in Latin America and the Brazilian market leader in the production of primary aluminum.

With our fully integrated production process, our business strategy is to ensure that we offer an efficient supply of quality products at competitive prices. We are also seeking to identify new opportunities for mining and to strengthen our operations in Peru.

Besides the above-mentioned products, we aim to move forward in the coming years on projects related to the mining of bauxite reserves in Pará, for the production of alumina, and the expansion of our metallurgical coal mining in Colombia.

VM ended 2012 with 12,540 employees.

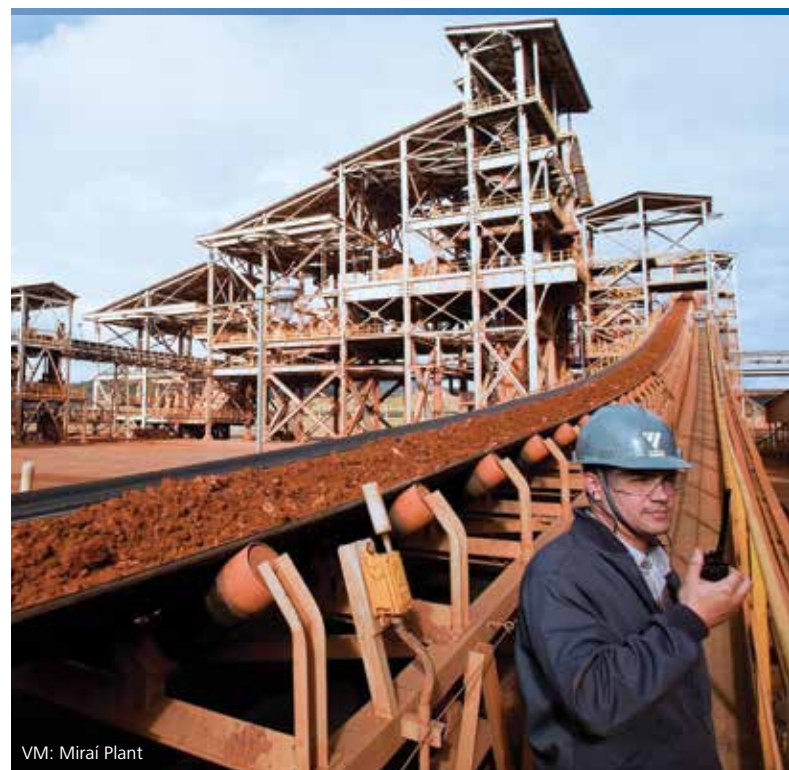
VM presents the Rondon Alumina Project

In July 2012, we participated in "Expo Rondon", an agricultural fair in Rondon do Pará (PA), in order to introduce the company to the local community and give a presentation on the Rondon Alumina project.

This is a project for the construction of an **integrated alumina refinery** and a bauxite mine in Rondon do Pará. Alumina is produced from bauxite and is used for manufacturing aluminum, as well as in other applications such as insulators and ceramics. A feasibility study of the project was undertaken in 2012.

Following the approval of the project and the obtaining of the necessary environmental permits, the construction work is scheduled to begin in 2013 and the start-up of operations in 2016. The annual production capacity is estimated at 3 million tons of alumina and 7.7 million tons of washed bauxite.

The investment has been budgeted at R\$ 6.6 billion.



VM: Mirai Plant

Responsible growth

The year 2012 proved to be a difficult year for the global market for metal commodities. The average London Metal Exchange prices were substantially lower (aluminum: - 16%; zinc: - 12%; and nickel: - 24%) due to weak global economic growth and the slowdown of the Chinese economy. In addition, higher inflation in Brazil reduced the margins and profitability of the whole sector, including our operations.

The **sales volume of our aluminum operations remained constant at 448,000 tons**, with sales to export markets up by 8%. The zinc sales volume decreased by 5% to **672, 000 tons** due to the lower ore content in the concentrate used in production. The **nickel operation** increased its **sales volume** by 3%, to **34,000 tons**, spurred by higher external demand.

Net sales revenues in 2012 totaled R\$ 9.2 billion, 3% higher than in 2011. Of this total, the revenues from aluminum rose to R\$ 3.0 billion, 2% higher than in 2011; zinc operations (including the Milpo mine results) reached US\$ 4.8 billion, 6% higher than in 2011; and the nickel operations closed the year at US\$ 1.4 billion, 4% lower than in 2011.

The cost of goods sold for the aluminum operations rose 11%, due primarily to an increase in electricity consumption and the negative impact of the devaluation of the real against the dollar on natural gas prices. The costs of the zinc operations were 20% higher than in the prior year, mainly impacted by higher electricity rates and higher amounts of concentrate consumed in the production process. The cost of goods sold for the nickel operations totaled R\$ 1.2 billion, 7% higher than in 2011, mainly due to the increase in the cost of concentrate, the main raw material.

EBITDA fell by 37%, to a total of **R\$ 1.1 billion**, with zinc operations accounting for 74%, aluminum for 24%, and nickel for 2%. Contributing to this result were a 5% decrease in zinc volume and an increase in expenses for concentrate and electric power.

Products, services and customers

We currently offer the following products: zinc, nickel, aluminum, cobalt, cadmium, anhydrous sodium sulfate, copper sulfate, zinc oxide, sulfuric acid, metallurgical coal, metallic indium, powdered lime and mineral concentrates.

Relationships with customers

- In 2012, we organized the third edition of our **“Meeting the Customer”**, an annual event that brings together representatives of a variety of VM customers. This meeting is aimed at strengthening customer relationships; discussing scenarios, trends and the prospects for the economy and the industry; exchanging opinions on the metal consumer markets; and working together to identify opportunities for growth. The meeting attracted about 300 participants representing various clients. The event discussed the global conditions and market trends around the theme “Challenges for growth.”
- In the aluminum market we are initiating a **new form of relationship with the market** based on information from a customer survey of purchasing criteria, as well as trends and our knowledge of the market. This new commercial approach, which began to be implemented in 2012, will be the starting point to pursue a growth strategy. We have defined the civil construction, packaging and energy segments as our main targets and areas where we can leverage our competitive advantages. We have redefined our market approach and restructured the marketing and customer segmentation process. We will develop a specific approach for each customer segment. We hope that, as from 2013, we will be able to capture more value by serving customers in a more tailored way.

Use of our products

Our products and services are used in many applications in everyday life. In the case of Votorantim Metais our products are designed mainly for the market segments of civil construction, consumer goods, packaging, transportation, pharmaceutical and energy (wires and cables).

Our zinc, nickel and aluminum products have the following main uses:

Zinc	
Special high grade zinc	Galvanized processes and electrolytic galvanizing in various formats: ingots, jumbos and pellets.
Zamac	Die casting and centrifuged casting.
Special zinc alloys	Zn4E, Galfan, ZnNi alloys and other alloys developed according to customer specifications.
Zinc dust	Production of alkaline batteries and paints for corrosion protection.
Zinc oxide	Vulcanization of rubber; cosmetics; zinc phosphate; medicines; glazed ceramics; polymers; agribusiness; animal nutrition; etc.
Zincal 200	Soil pH correction and maximization of fertilizer effects.
Concentrates	Manufacture of metallic lead, silver and lead.
Sulfur dioxide	Bleaching of cellulose, sugar and kaolin, preservatives for food products and the production of bisulphites.
Sulfuric acid	Manufacture of fertilizers for agriculture.
Copper sulfate	Applications in agriculture, livestock farming, mining, electroplating and the chemical industry.
Cadmium	Fabrication of nickel-cadmium batteries, paint pigments and metal alloys.
Nickel	
Electrolytic nickel	Electroplating, super alloys and non-ferrous alloys.
Nickel coins	Titanium baskets.
Cobalt	Production of super alloys, magnetic alloys, cutting tools, chemical products, batteries, fertilizers, animal feed, among others.
Anhydrous sodium sulfate	Chemical products, pottery, textiles and related products, detergents and soap, glass, and pulp and paper.
Sulfuric acid	Sugar-ethanol (ethyl alcohol) complex, pulp and paper, chemicals in general and fertilizers.
Aluminum	
Castings	Manufacture of coils, ingots, slabs, billets and properzi rebars.
Processed	Plates, coils, sheets, profiles, wires and cables.

In 2012, we can highlight the following:

- The Colombian government has approved an extension (for another 26-years) of a contract with PazDelRio, **to develop and sell metallurgical coal**. Production is forecast to increase from 200 thousand tons per year to 2.5 million tons per year by 2020.
- The São Miguel Paulista (SP) and Niquelândia (GO) plants began to sell, on a larger scale, **products derived from the processing of nickel** which have applications in the agribusiness and chemical industries. Prior to this these by-products were marketed on a small scale. Examples are cobalt, sodium sulfate, etc.
- We are currently analyzing our processes for operations, sales, marketing and technical assistance services, as well as assessing the feasibility of **doing life-cycle assessments for all products** in order to improve their quality and to enhance customer contacts. We are initiating life-cycle assessments for aluminum foil as well as primary zinc and nickel.

Zero waste at the Morro Agudo plant

VM's plant at Morro Agudo (in Paracatu, MG) is working on the concept of "zero waste". Through changes in the manufacturing process, the company has managed to turn material that was once waste into a product and source of income. The tailings from our operations, which had previously been divided into industrial limestone powder (PCI) and agricultural lime powder (PCA), are now converted 100% into PCA, thereby ending the generation of industrial waste at the plant. The new product was named Zincal 200. In 2012, **we sold about 700 thousand tons** of powdered agricultural lime for the correction of soil acidity. The partnership with Votorantim Cements was essential to the improvement of distribution logistics and the introduction of Zincal 200 to new markets such as Mato Grosso, Piauí, Goiás and São Paulo.

Votorantim Siderurgia

Business profile

Votorantim Siderurgia (VS) was established in July 2008 with the objective of improving the positioning of the **Steel Business** division within the overall structure of the organization. The establishment of VS was also as a reflection of the growth of the steel market, its increasing importance on the national and international scene and the specific characteristics of the sector, such as technology and product diversity. We have operations in Brazil, Argentina and Colombia.

In Brazil, we have three plants in operation - Barra Mansa (RJ), Resende (RJ) and the recently opened Sitrel lamination plant in Três Lagoas (MS). Overseas, we have a controlling stake in PazdelRio, Colombia's only integrated steel plant producing long steel bars, and also own AcerBras, the second largest producer of long steel bars in Argentina. We strive to be recognized by customers as the best supplier of long steel bars in the Americas.

Production units:

- Brazil: 3 steel plants; 1 forested area; 7 cut-and-bend centers; 5 metal-recycling facilities;
- Colombia: 1 steel plant; 1 limestone plant; 3 iron-ore mines; 6 cut-and-bend centers;
- Argentina: 1 steel plant; 3 cut-and-bend centers.

Production capacity:

- Brazil: 1,292 thousand tons / year.
- Argentina: 291 thousand tons / year.
- Colombia: 396 thousand tons / year.

Note: Finished goods (long steel).

Our strategy is to provide the best products and service to our customers by focusing on customer relationships and loyalty and developing new business opportunities.

In 2012, we completed testing and obtained the certification of our Sitrel plant (Siderúrgica Três Lagoas - MS), which started operations in January 2013. Sitrel is a company which is jointly owned by Votorantim Siderurgia and the businessman Alexandre Grendene. The initial production capacity is 400 thousand tons of rolled steel per year.

VM ended 2012 with 5,996 employees.

New metal recycling unit opens

In November 2012, we inaugurated our fifth Metal Recycling Unit (RMU) in São Paulo with the capacity to handle up to **15 thousand tons of scrap per month and process about 7 thousand ton per month**. We operate three more RMUs in São Paulo and one in Minas Gerais. The RMUs are strategic to our operations because scrap represents 70% of the raw material cost of steel. When we buy recycling material from small- and medium-sized producers we can obtain a lower price which makes the steel more competitive. In the RMUs the scrap is stored and processed before being sent to the plants. In 2013, we plan to open another RMU, in Paraná. Our goal is to reach eight metal recycling facilities in the coming years.

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Responsible growth

Despite stable demand and a significant increase in the volume of steel imported into Latin America, mainly from China and Turkey, the long steel segment recovered strongly in 2012, enabling VS to increase its net income by 9% and its EBITDA by 72% compared to 2011.

In 2012 the **sales volume totaled 1.7 million tons**, 2% lower than in 2011, since the increases in sales volume in Brazil and in Argentina were more than offset by the decrease in sales volume in the Colombian market. **Net revenue totaled R\$ 3.3 billion**, driven mainly by price increases of 7% and 11% and increased sales of 2% and 1% in Brazil and Argentina, respectively.

The total cost of goods sold increased by 7% in 2012, as a result of increased primary production (in Brazil and Argentina) and the high inflation in the Argentine market. The total selling, general

and administrative expenses decreased by 16% to end the year at R\$ 653 million, mainly as a result of the optimization of freight expenses.

EBITDA totaled R\$ 351 million as a result of increased net revenues and operating efficiency and reduced sales and administrative costs, especially freight expenses.

Expansion of forest area

We have increased our forest area in order to supply vegetable charcoal to our Curvelo (MG) plant. We own Coal Production Units (UPCs) and we built new furnaces in 2012. The Curvelo (MG) plant was leased by VS and has a blast furnace which produces pig iron for use in our industrial plants in Rio de Janeiro (Resende and Barra Mansa). This plant, which began operations in 2012, produces **120 thousand tons of pig iron per year**, which is equivalent to about 30% of our demand for pig iron. Our goal is to gradually reduce our share of purchased pig iron and vegetable charcoal and, in the coming years, we plan to produce 100% of our charcoal requirements.



Products, services and customers

The main VS products are **long steel bars** sold under the brands Votorão (Brazil), AcerBrag (Argentina) and Acerías PazdelRio (Colombia). The steel we produce is used mainly in the civil and mechanical construction segments. Among the products manufactured are rebar rods and reels for reinforced concrete, cut and bend materials ("ObraFacil" brand), annealed wires, latticework frames, soldered screens, profiles, angles, carbon-steel machine wire for drawing and cold rolling, round bars and flat bars.

We also operate iron ore and limestone mines as well as maintaining a forestry unit in Minas Gerais, comprising four eucalyptus plantations for the production of vegetable charcoal and pig iron.



Relationships with customers

- In 2012, we launched the **"VS Leadership on the Attack"** project in which senior managers from the various functional areas of VS made visits to strategic customers. The goal of this project is to forge closer and closer ties with our customers, as well as obtaining market knowledge. This project is part of the **"Performance and Customer Service"** program, which aims to promote our Management Belief "Sense of Ownership" among senior managers in their daily activities. The first edition of the program brought together 40 managers drawn from the business divisions, administrative support staff, and staff from 14 sales areas.
- In 2012, we also implemented a **program of visits by our customers** to our plants in Barra Mansa (RJ) and Resende (RJ). During the year we received 274 visitors at these two plants.



VS: Barra Mansa Plant

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- In 2012, Votorantim Siderurgia was the official sponsor of the **67th International Conference**, organized by the Brazilian Association of Metallurgy, Materials Mining (ABM), from July 31st to August 3rd in Rio de Janeiro. The conference brought together business leaders and industry professionals from the mining, steel and non-ferrous segments, from Brazil and abroad, as well as experts from universities and research centers, consultants, suppliers of equipment and services and students. This conference is recognized as an important forum for discussions and business relationships in the metals and mining sectors in Latin America.

Use of our products

- VS became the first steel company in Brazil to manufacture electro-soldered screens and metal frames for construction sites using the Danish **"BubbleDeck"** system of building floor slabs, which uses plastic balls in the concrete. By using this system, the slabs are up to 35% lighter, thereby allowing wider unsupported spans. This also results in the elimination of some of the beams and walls which support the weight of the slabs, thus saving time and materials. An example is the construction of the new Administrative Center for the Federal District (CADF) in Brasília, which is also the first application of **BubbleDeck** technology in Brazil. We will supply about 1,800 tons of steel for use in the BubbleDeck system. The building is expected to be completed in 2013.
- One of the most important differentials for VS in its customer relationships is the **"ObraFácil (Easy Job)"** product. VS delivers cut and bent steel in the client's own molds. It is a solution which rationalizes costs and waste and improves quality at the construction site, since the product is already sized according to the needs of the project, thereby providing greater value to the customer. The **"ObraFácil"** system of cut and bent steel products provides more convenience and savings for construction sites. We currently have 7 **"Obra Fácil"** facilities in the cities of São Paulo (SP), Betim (MG), Rio de Janeiro (RJ), Praia Grande (SP), Camaçari (BA), Curitiba (PR) and Aparecida de Goiânia (GO).

Votorantim Energia

Business profile

Votorantim Energia (VE) was established in 1996 as part of the reorganization of the management structure of the Votorantim Group. VE has the mission of contributing to the improvement of the competitiveness of the business divisions through the following principal activities:

- Integrate and coordinate all of the company-owned power generation operations of VID.
- Ensure the supply of electric power and natural gas to meet the growth of VID's industrial operations in the short, medium and long-terms.
- Coordinate VID's Energy Efficiency program.

We also have the mandate for the following activities: management of the electric power produced by company plants; allocation and control of energy demand; construction management of new hydroelectric plants; studies and proposals for optimization measures; advice on regulatory issues; and support for the business divisions in analyzing the viability of new energy sources.

We operate 20 company-owned hydroelectric plants and participate in 10 consortia in other plants, in addition to **5 co-generation plants**, with a total installed capacity of 4.5 million MW. We have a portfolio of projects of over 400 MW planned to come on-stream in the coming years. We intend to use this capacity to meet demands from both the business divisions and the market.

In 2012, we managed around **2.7 million MW of energy contracts as well as 583 million cubic meters of natural gas** for VID's manufacturing operations.

Also, in 2012, we undertook a series of studies and analyses regarding the expansion of the scope of our mandate. For 2013, we are preparing to participate in the energy markets, offering solutions in energy management and energy contracts to customers in the industrial, commercial and service sectors.

At the end of 2012 VE had a total of 425 employees, distributed in the hydroelectric plants and our other activities.

VE: Pedra do Cavalo Plant



New law is beneficial to our businesses

A new, Provisional Measure (MP) 579, passed by the federal government in 2012, dealt with the extension of concessions for generation, transmission and distribution of energy, as well as the reduction of the tax burden on electric power consumption. The new law is very beneficial to all of our businesses, since we operate mainly in manufacturing industries which are very dependent on the use of electric power.

This government policy decision will produce a chain reaction of gains by reducing both the taxes on energy sales prices and the transmission expenses of supplying power to our plants. In our case, furthermore, the benefits of the new law will also apply to the power supply that is generated in our company-owned plants. This law will enable Brazilian industry to reduce its costs, bringing it closer to the level of its international competitors.

Another important point addressed by MP 579 was that the concessions for own production of hydroelectric power not exceeding 50 MW could be extended for up to 30 years. VE's Juquiá complex, for example, is covered by this rule. This will guarantee about 20% of the energy consumption of our aluminum company, CBA, owned by Votorantim Metais, for the next three decades.

GRI

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Responsible growth

Since Votorantim Energia generates no revenue from external sales to third-parties, we highlight some of the actions that brought internal cost-reduction gains to the Votorantim Group companies:

- **The energy costs avoided for the year**, i.e. the amount that the Votorantim Group saved in the purchase of electric power, amounted to **R\$ 900 million**, which contributed to increasing the group's EBITDA.
- We achieved savings of about R\$ 20 million in the operations of company-owned hydroelectric plants by optimizing the costs of operations, construction, maintenance and environmental measures.
- We have reduced the area of vegetation being cut down along our transmission lines in the Sorocaba and Juquiá complexes (SP). The regular cutting of vegetation is necessary to avoid contact between the high-voltage transmission lines and the native forest, which could cause shutdowns or accidents.
- This new policy led to a reduction of 4.12 million square meters in the area cut down per year (equivalent to 501 football fields) and generates savings of about R\$ 800 thousand per year (or R\$ 16.2 million saved over the next 20 years). Besides these savings there is the benefit of an increase in the area of forest cover in the region.
- The hydroelectric plant at Salto Pilão (SC), in which Votorantim owns a 60% stake, increased its installed capacity from 182.3 megawatts to 191.89 megawatts (which is sufficient to power a city with 700,000 inhabitants). This change will bring VE a gain of about R\$ 3 million per year.

Fibria

Business profile

Fibria was created in 2009 by the merger of Aracruz with Votorantim Pulp and Paper, and is the world leader in short-fiber pulp. Fibria owns 3 industrial units and holds a stake in the pulp company Veracel. It also owns a forest area of 1,105 thousand hectares, of which 412 thousand are destined for environmental conservation. In addition, Fibria has contracts with independent timber suppliers, which in 2012 totaled 3,321 contracts and 102 thousand hectares of eucalyptus production.

Our **annual production capacity is 5.3 million tons of pulp** from 3 company-owned plants located in Três Lagoas (MS), Aracruz (ES), Jacaré (SP) and from our participation in the Veracel plant in Eunápolis (BA), in the joint-venture StoraEnso. In partnership with Cenibra, we operate the Portocel port facility in Aracruz (ES). This is only Brazilian port which specializes in loading pulp. We operate an integrated system of logistics, which combines road, rail and sea routes, for the efficient transport of timber and cellulose from the forest to the port.

Our strategy is based not only on guaranteeing our supply of timber for both our current and future operations by managing renewable and sustainable forests, but also by pursuing excellence in our manufacturing operations and logistics.

In terms of **innovation** we are one of the companies in our sector that most invests in research and we have done so consistently for over 40 years. We are constantly evaluating world-class cutting-edge technologies for forestry and pulp production. In 2012 we invested approximately R\$ 42.0 million in new technologies, 8% more than the R\$ 38.8 million invested in 2011.

In 2012, we can highlight the establishment of a **strategic alliance between Fibria and Ensyn Corporation**.

The agreement included the purchase of shares and the formation of a joint-venture (50:50) for the production of bio-fuels. Furthermore the JV includes the development of a fuel production unit in Brazil. We acquired a 6% stake in Ensyn for US\$ 20 million.

Ensyn is a US company which owns a technology used to produce liquid fuel from renewable materials, such as waste timber and biomass, and which can be used to replace fossil fuel oil in power generation and heat, for example. This fuel is obtained from waste wood and biomass.

This partnership marks the entry of Fibria into “bio” business and provides opportunities for us to act in areas which are complementary to pulp production, thus maximizing the value of our renewable forest plantations.

Fibria ended 2012 with 4,032 employees.

Genetic improvement and biotechnology

We brought 15 new types of eucalyptus clones into the operational phase in our nurseries. Most important are the first hybrid clones (of *Eucalyptus globulus*) which have been developed specifically for the climatic conditions of the states of Espírito Santo and Bahia. The entry into operation of these new clones will bring benefits in both forest productivity and industrial earnings. Productivity in terms of ton of pulp per hectare per year is expected to increase by over 3%. We have implemented a new and innovative system of seedling production “in vitro” which uses temporary immersion bioreactors, developed specifically for the cultivation of eucalyptus. This new system provides a productivity **gain on the order of 30 times** compared to the traditional system of laboratory seedling production and will ensure the delivery of 100% of cloned garden seedlings to all our commercial nurseries.



GRI
EC1

Responsible growth

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Despite the instability in the global macroeconomic situation and the many challenges for the pulp industry in 2012, the increased the pulp demand from emerging markets enabled Fibria to increase its **sales volume** to **5.4 million** tons, 4% higher than in the previous year, exceeding even the level of production in the period.

Net sales revenues in 2012 totaled **R\$ 6.2 billion**, 5% higher than in 2011.

The cost of goods sold totaled R\$ 5.2 billion, up 2% compared to 2011, due primarily to the higher pulp volume sold (4%) and the appreciation of the dollar (vs. the Real). The selling, general and administrative expenses totaled R\$ 584 million in 2012, down 7% compared to 2011, as a result of the organizational restructuring process and lower expenses for third-party services and travel.

EBITDA was **R\$ 2.3 billion**, representing a margin of 36%, an increase of 15% compared with the prior year. This result can be explained by the higher volume of pulp sold, by the 7% increase in the net price of pulp in Reais (due to the 17% appreciation of the dollar vs. the Real in the period) and the lower administrative costs due to the organizational restructuring.

Fibria ended 2012 with a solid financial position, an improved capital structure and reduced leverage. In April 2012, Fibria conducted a public offering of primary shares in an amount of R\$ 1.4 billion. Additionally, we sold forest areas and other land assets in the south of Bahia and completed the agreement for the sale of the Losango forest area in Rio Grande do Sul. The net debt was reduced to the lowest level since the company was founded in 2009.

2

Products, services and customers

Fibria serves clients in **42 countries** through eight distribution centers and 6 sales and representation offices in cities in Europe, Asia and North and South America. Our offices are located in São Paulo (Brazil, headquarters), Nyon (Switzerland), Csomád (Hungary), Miami (US), Hong Kong and Beijing (both in China).

Relationships with customers

Fibria has a high concentration of sales: the four largest customers account for over 50% of sales.

Because of this the sales area is staffed by account managers that serve the customer from the start to the end of the commercial process. The daily routine of these account managers includes the monitoring of sales, deliveries and even product development for customers. Thus, we are constantly receiving customer feedback and so that we can respond immediately.

In the second half of 2011, Fibria prepared its first **customer satisfaction survey**, conducted by a specialist company. The results were made available in the first half of 2012 and resulted in four initiatives, grouped into an overall action plan, to address the needs for improvement in product quality, sustainability and logistical services. One of the initiatives, introduced in 2012, was the signing of an agreement among Fibria, the Landless Workers Movement (MST), the government of Bahia, the School of Agriculture Luiz de Queiroz (ESALQ - USP) and the National Institute for Land Reform (INCRA), which resulted in a project to create an agricultural settlement for about **1,200 families** on 12,000 hectares in the far south of Bahia. The project also included training and support for agro-forestry production.

In order to adapt the **evaluation of customer satisfaction** to the new reality of the market, in 2012 we initiated the development of a new process for evaluating customer satisfaction. This revised process will be implemented during 2013. After completion of the survey we will review the process with a view to making further improvements in 2014.

Use of our products

In 2012, 90% of the pulp produced by Fibria was exported and used in the manufacture of paper for personal hygiene (54%), printing and writing (29%) and special situations (17%).

The pulp produced at Fibria's plants in Aracruz (ES), Jacaréi (SP) and Três Lagoas (MS) is in accordance with international standards for use in the manufacture of packaging for various types of food. In particular we obtained an opinion from Isega, the German certification institute, that these plants were in compliance with the provisions of the Food and Drug Administration, the agency responsible for regulating and supervising the safety of foods, drugs, cosmetics, and other materials in the US.

Since pulp is a product which is stable under normal conditions of handling and storage, it offers no risks to the health and safety of the customer. Moreover, the product has been evaluated at the various stages of its lifecycle, i.e. product concept development, research and development, certification, manufacturing and production, marketing and promotion, storage, distribution and supply, use and disposal service, and reuse or recycling.

New forest certifications

In 2012, we obtained certification by the **Forest Stewardship Council** for forest management and the chain of custody in our operations and forests in Espírito Santo, Bahia and Minas Gerais. All of our Aracruz plants (ES / BA / MG) are FSC certified. The certification is based on social, environmental and economic indicators and attests that the wood used in the production of pulp comes from managed forests which are economically viable, environmentally appropriate and socially beneficial. This covers forestry operations, the transport logistics and the industrial process up until the final sale to the customer. All of Fibria's facilities have obtained the FSC certification, and the company is now the largest supplier of FSC certified pulp in the world.

Citrosuco

Business profile

In 2012, we completed the most critical phase of the operational process of the merger between Citrovita, of the Votorantim Group, and Citrosuco, of the Fisher Group. The company resulting from this process, called **Citrosuco S/A Agroindústria**, began operations in July 2012. It is the largest producer of orange juice in the world and also accounts for 40% of all orange juice produced and exported by Brazil.

The management of the company is shared with the two founders, each holding a 50% stake. The company's CEO responds to the Board of Directors, which is made up of representatives of both shareholders.

Citrosuco operates along the whole production chain of orange juice, from farming to the distribution of the product through terminals all over the world.

Plants and facilities:

- 4 plants in the State of São Paulo (Matão, Catanduva, Limeira and Araras) and 1 in Florida (US).
- 6 offices - Brazil, China, Austria, US, Australia and Japan.
- 7 shipping terminals - Brazil, Belgium, US, Japan and Australia.
- 5 company-owned ships and 1 multi-cargo vessel.
- 29 farms in the states of São Paulo and Minas Gerais.

Our processing capacity is 152 million boxes of oranges per year.

We established a project for synergies in order to capture the synergies that had been identified during the merger process. Gains were identified in the following areas: farming, sales, logistics, industrial processing, human and organizational development, raw materials, information technology, controlling and finance.

Citrosuco ended 2012 with 5,965 employees. In addition to our own employees we hired 8,872 temporary farm workers to work during the harvest ("safristas").

Citrosuco: Araras Plant



GRI
EC1

Responsible growth

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Following the finalization of the merger in July 2012, Citrosuco began its operations. In the first 6 months we focused on generating value from capturing the synergies resulting from the merger. In this way these synergies contributed to the creation of value from the optimization of operational processes involving the distribution, product portfolio, energy matrix, etc. Other support functions were similarly evaluated and optimized. Overall, these actions resulted in improvements in the quality of the final products, along with higher efficiency in the procurement chain and in costs.

Altogether we completed 60 projects involving 10 business areas, thereby strengthening the company's commitment to responsible and sustainable growth.

2

Products, services and customers

Citrosuco is strongly export-oriented, and has clients in over a hundred countries. Our largest markets are Europe (around 65%) and the US (15%).

GRI
PR5

Relationships with customers

We have very close relationships with our customers which are, in large part, global brands that are concerned about ensuring responsible behavior in their supply chains. In this respect we share common principles. Based on our focus on sustainability we have adopted a series of good practices in relation to the environment, our employees and society in general. These same practices are in consonance with the certifications we have obtained.



Citrosuco: Itapetininga Plant

Our plants are visited regularly by our global clients. We have an active after-sales service and keep in constant contact with our clients' research and development and quality control areas, in order to exchange information and to develop products in accordance with consumer tastes in our various markets.

In terms of customer satisfaction, we have an evaluation process, which is based on the perceptions of our sales teams during their contacts with customers (at fairs, conferences and technical visits) and on the frequency of complaints during the period being evaluated. The sales team checks the level of service provided during the period, such as: product availability, delivery, documentation, customer technical support, and quality of the product received. If any commentaries are deemed necessary these are sent to the Quality Assurance area for further action. Moreover, in the case of any spontaneous remarks by the customer, these are analyzed by the sales area and then forwarded to the Quality Assurance area for further action.



Use of our products

Our main products are whole orange juice (ready to drink) and orange-juice concentrate (which has had the excess water removed). There are also some by-products, such as oils, essences, alcohol and pulp, which have varied applications in a number of industry sectors.

Study identifies the benefits of drinking orange juice

A study was conducted in 2012 to assess whether regular consumption of orange juice, by normal or overweight individuals, modifies anthropometric (weight, height, waist circumference, etc.), biochemical, immunological, oxidative and nutritional parameters. The study was conducted by Universidade Estadual Paulista "Julio de Mesquita Filho" (UNESP) - Faculty of Pharmaceutical Sciences of Araraquara (SP), with support from Citrosuco.

The results showed that regular consumption of orange juice does not contribute to weight gain and decreases the risk of cardiovascular events, the oxidizing capacity, the immunological response and lipid profile..

Citrosuco began its operations in July 2012 as the largest orange-juice manufacturer in the world.

Risk Managements

GRI
4.11

IN 2012 WE MADE PROGRESS
IN BUILDING OUR RISK
MANAGEMENT PLATFORM.





VID

We have a structured platform for risk management, which has been evolving towards its current configuration since 2008. The management of risk is the responsibility of our Risk and Compliance area. It is based on the Corporate Risk Policy and is aligned to our strategic planning process.

All our risks, whether financial, operational, commercial, technological, environmental, reputational, etc., are identified, analyzed and classified into categories according to their degree of criticality and impact on our costs and operations. The risk analysis considers economic, social and environmental aspects. There is a routine periodic monitoring of all identified risks with their respective risk managers.

In 2012, we completed the stage of data collection and analysis of risks and moved forward with the task of building a risk management platform, step by step, as follows:

- Standardization of the information to be collected.
- Identification and detailed description of risks that had not previously been mapped.
- Discussion meetings on the most critical risks with the participation of the CEO and senior managers of the corporate center and the business divisions.
- Development of specific action plans for each business division.
- Strengthening of the training of professionals involved in the topic.
- Inclusion of risk management as a permanent item on the agenda of all of our principal corporate committees, not only in the Risk and Audit Committees, as was previously the custom. The CEO participates in the monthly meetings on risks in the Audit Committee.

In 2013, we will work to integrate and standardize the approach to risk management in of all the business divisions, so as to take advantage of the synergies that exist in some processes and activities. We also seek to develop indicators, in an automated management system, and increase training for risk managers.

Votorantim Cimentos (VC)

Strategic risks are evaluated in the context of VC's long-term strategy. We have prepared a matrix of strategic risks and actions, focusing on:

- Expansion of production volume.
- Regulatory environment.
- Emissions of pollutants, disposal and/or reuse of waste, usage of water and soil, and mining.
- Climate change.
- Socio-geographic and economic impacts in the communities where we operate.

Operational risks and controls are evaluated in light of current conditions. In 2012, we prepared a matrix of operational risks and implemented measures for control and improvements, as well as reexamining the processes for the environmental issues associated with our operations.



Votorantim Metais (VM)

VM's business risks have been identified and addressed by the functional areas and their managers through the use of methodology which is aligned with that used by VID's Risk and Compliance area.

Our priority risks are already being monitored by managers, on a collective basis, at regular meetings. Specific actions for the mitigation of the causes of each risk are routinely monitored. Our risk matrix has a strong focus on the volatility of metal prices and exchange rates, as well as on material operational aspects of logistics, procurement and the regulatory environment.

In 2013, we will ensure that the ongoing discussions of business risks continue to be part of VM's agenda, and we will focus on identifying indicators for the constant monitoring of these risks.

Votorantim Siderurgia (VS)

Our strategic risks have been identified using a methodology that is aligned with VID's Corporate Risk area. For these risks, we have prepared a corporate risk matrix with the risk factors and the monitoring actions.

Risks have been prioritized and are followed up in a timely manner by the business areas under the guidance of VS's Corporate Risk area. For material operational, financial and business risks we have prepared action plans that are monitored, on a collective basis, under the responsibility of VID's Corporate Risk area.

In 2013, the focus will be on the identification of risk indicators for each of the prioritized risks.

Fibria

We have a Risk Management Policy which establishes guidelines for the company and a Corporate Risk Management area which helps us to identify and analyze our material risks and recommend the appropriate actions to take. We consider a wide range of risks including: market, operational, credit, reputational, environmental, natural physical events and regulatory. We view risks as factors that impact corporate results and require constant monitoring in relation to growth goals and profitability expectations.

Climate change can impact our economic and financial results, due to the nature of our business, which is based on the use of natural resources. We evaluate issues such as the equilibrium of ecosystems, the productivity of crops, and the availability of water and energy for industry. We adopt the precautionary principle in the management and operation of our industrial and forestry activities. We have adopted measures for the controlling and monitoring of production, such as agronomic studies and genetic improvement in the production of eucalyptus. These measures take into consideration factors such as the adaptation of species to different climatic conditions and the monitoring of water consumption in forest areas, among others. Also as part of our climate change management we have prepared an emission inventory of greenhouse gases for Fibria's operations.

Citrosuco

Citrosuco is a "new company", formalized in July 2012 as a result of the merger between Citrovita, Votorantim Group, and Citrosuco, Fischer Group. Therefore we are still establishing a set of policies and practices for the company at the level of rigor and detail that we require.

Votorantim Energia (VE)

In line with the application of VID's corporate risk strategy to the business divisions, we identify all the risks related to the business, and establish preventive and mitigating actions.

In terms of environmental risks, in 2012, 17 new plants began using an Environmental Risk Rating Tool (FCRA) to identify the risks associated with the construction and operation of VE's hydroelectric plants. This tool has already been applied in three existing plants - Pedra do Cavalo (BA), Picada (Juiz de Fora, MG) and Sobragi (MG)

In 2013, we will ensure that the ongoing discussions of business risks continue to be part of VE's agenda, and we will focus on identifying indicators for the constant monitoring of these risks.



Citrosuco: Catanduva Plant

Vision of the Future

WE BELIEVE THAT 2013 WILL
BE MARKED BY A COMPLEX GLOBAL
ECONOMIC ENVIRONMENT, BUT WE
REMAIN OPTIMISTIC.





We believe that 2013 will be marked by a complex global economic environment, but we remain optimistic.

The measures to stimulate the industry announced by the Brazilian government in 2012 were a major breakthrough in supporting the industrial development of the country. Factors such as lower interest rates, a repositioning of the exchange rate, new legislation on ports, measures to prevent tax wars between states, and tax exonerations in general demonstrate the government's concern with stimulating industry growth and increasing its competitiveness. We believe that institutions in Brazil are converging strongly towards a return to a healthy and sustainable level of growth for the country.

According to projections by the Confederação Nacional da Indústria (CNI), the Brazilian economy should grow by around 4% in 2013. For the industrial GDP, which grew 0.9% in 2012, the expectation for 2013 is an expansion of 4.1%.

Among the various industry sectors, we are optimistic about infrastructure: there are huge opportunities in Brazil, examples being the World Cup in 2014 and the Olympics in 2016. The expectations for 2013 are expected to be characterized by a qualitative change in the growth of the construction sector. Firstly, the market for housing credit should continue to be healthy, and secondly, the government initiative to accelerate the package of concessions for infrastructure investment could stimulate the continuation of the current cycle of growth in the sector.

At a global level, the demand for raw materials is forecast to continue growing. According to WBCSD, the world

population in 2010 was 6 billion inhabitants, with around 3 billion (50%) living in urban areas. For 2050, the projection is that the world population will reach 9 billion people, with about six billion (70%) living in cities. In addition, we expect the US economy to continue on its route to recovery, the economies of the euro zone to show some sign of improvement and China and India, and other emerging countries, to continue with a consistent level of growth.

Considering this context, we will continue with our plan to invest selectively in expansion projects, following the trend of recent years. We remain steadfast in our goal to increase the efficiency of our operations, grow our businesses sustainably and reduce financial leverage as measured by net debt / EBITDA towards our goal. In parallel, we are working on internal initiatives that contribute to improved profitability, with a focus on reducing operating costs and increasing the effectiveness of our management systems. The search for synergies and continuous improvement processes will also be a constant, as well as offering a product mix that maintains the highest customer satisfaction.

In parallel, we will work on internal initiatives that add value to the organization, such as reducing operating costs, reducing risk, seeking out new opportunities and increasing the effectiveness of our management systems. The search for synergies and the continuous improvement of our processes will also be a constant concern in 2013. Our overarching goal is to offer a product mix that meets the dynamic realities of the market, while maintaining a high level of customer satisfaction with all of Votorantim's products.

José Roberto Ermírio de Moraes talks about development

In December 2012, the financial newspaper “Valor Econômico” published a special supplement on the economic perspectives for 2013, including interviews with prominent businesspeople and economists. The Chairman of the Board of Votorantim, Mr. Jose Roberto Ermírio de Moraes, was interviewed as a representative of Brazilian industry. In his interview he highlighted some of the key issues as follows:

Valor: *In your view, what is likely to happen to Brazilian industry in the coming year?*

José Roberto Ermírio de Moraes: On average, its performance should be better than in 2012 [...]. Since the outlooks for the US and Europe do not appear to be worsening, with even a slight improvement for the US, then this suggests good prospects for Brazil.[...].

Valor: *And the measures taken [by the Government] this year, how do you see them?*

Ermírio de Moraes: Here we are at a very particular moment: it's the first time that I have seen a strong alignment of everyone, seeking to improve the competitiveness of Brazilian industry. A conclusion like this, an alignment between all the sectors – government, society and business – I consider to be a great advance. [...] The reduction in interest rates, the exchange rate, the law on ports, and now the measures [...] to equalize the rates of ICMS [value-added tax on goods and services] among the states at 4% in order to avoid future fiscal wars. During the crisis in 2008, all of the stimulus effort was directed to the end of the industry chain, through incentives to consumers. Now, we see that it is moving to investment.

Valor: *But which questions need to be tackled?*

Ermírio de Moraes: Those questions that have still not been well resolved: flexibility in the labor laws (the model is extremely antiquated and not compatible with today's needs), the tax burden, which the Government is reducing, but which can't be done from one day to the next. [...]



Valor: *And the issue of education: you have mentioned this constantly...*

Ermírio de Moraes: This is a point I want to emphasize: the quality of education in Brazil. The budgets made by the [.....] governments have been very generous, but Brazil, in international assessment tests, still leaves much to be desired. It is this leap in quality that we need to make to create a modern economy, with a view to manufacturing products with a higher added-value. It is the step that China has been making for the last 30 years: they have attacked the issue of infrastructure. Very soon they will compete with the Koreans, the Japanese, Germans, with high-tech products, quality, and competitive costs. Brazil has to move in this direction. We can no longer continue to be just a producer of raw materials and semi-manufactured products. That will not lead to a per capita income of US\$ 40,000 in 30 years. It will continue to be around US\$ 15,000..

The full version of the interview can be found at: http://www.iedi.org.br/artigos/imprensa/2012/iedi_na_imprensa_20121219_resultado_deve_ser_melhor_que_em_2012.html.

VID's leadership team discusses the economic scenario and outlook

VID's annual **Leadership Meeting** was held in December 2012. Following the presentation of the achievements of the prior year, the leadership team discussed the economic situation and the outlook and prospects for the coming year.

From the presentation given by our Corporate Strategic Planning and Management area, we can highlight the following points:

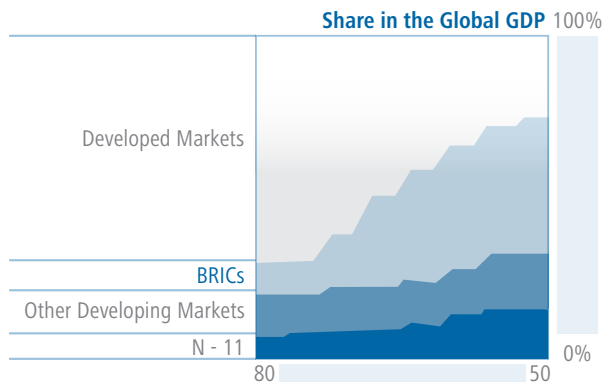
China and India should continue to grow strongly.

Global GDP Ranking 1980 - 2050

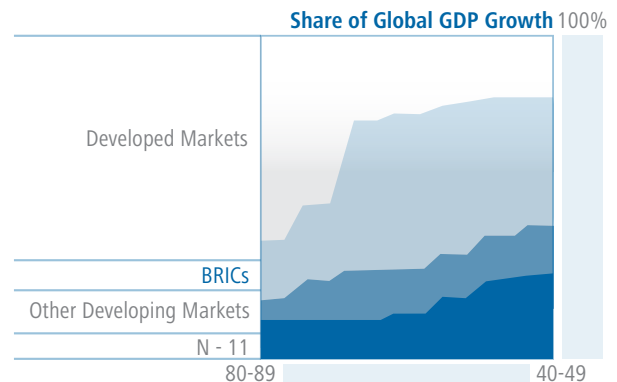
1980	2000	2010	2050
1 ^o	1 ^o	1 ^o	1 ^o China
		2 ^o China	
			3 ^o India
	5 ^o China		
		10 ^o India	
11 ^o China			
12 ^o India			
	13 ^o India		
20 ^o	20 ^o	20 ^o	20 ^o

- Other emerging countries, besides the BRICS (Brazil, Russia, India, China and South Africa), will gain significance in the global economy.

The participation of the BRICs in global GDP should double in the coming years...

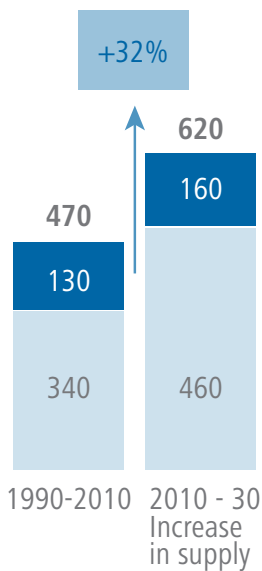


...and other emerging market countries will gain relevance for global growth

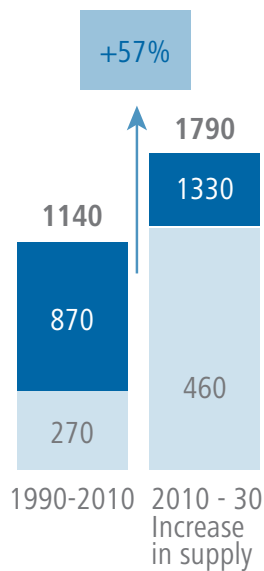


- Population and economic growth will lead to a demand for additional natural resources, as much as 250% above the level of the 1990s.

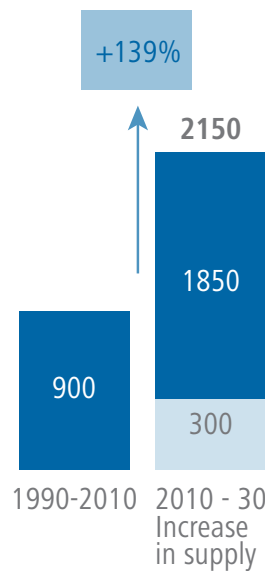
Primary Energy - QBTU



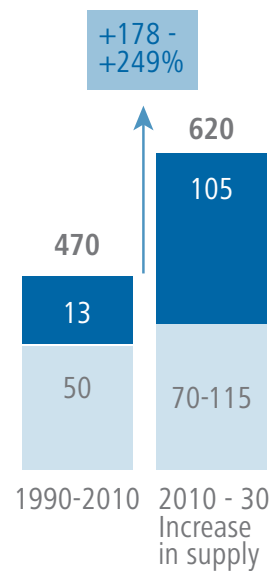
Steel Iron Ore (mm ton)



Water Cubic km



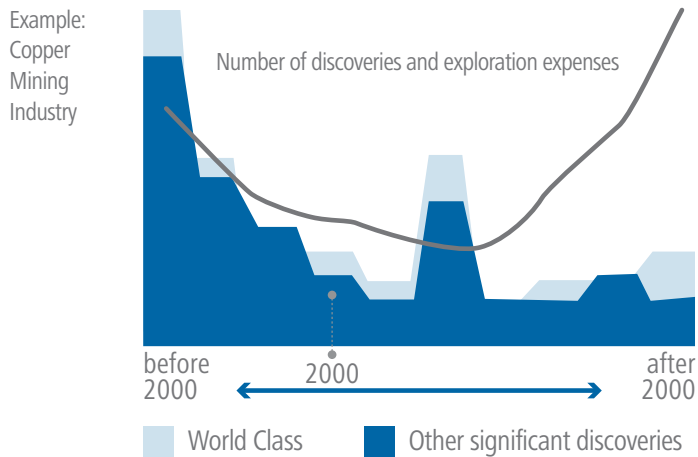
Land - Mm ha farmed



■ Incremental Supply ■ "Replacement " of Supply (historical rates)

- Bottle-necks in "supply of resources" result in ever increasing exploration expenditures in increasingly inhospitable regions.

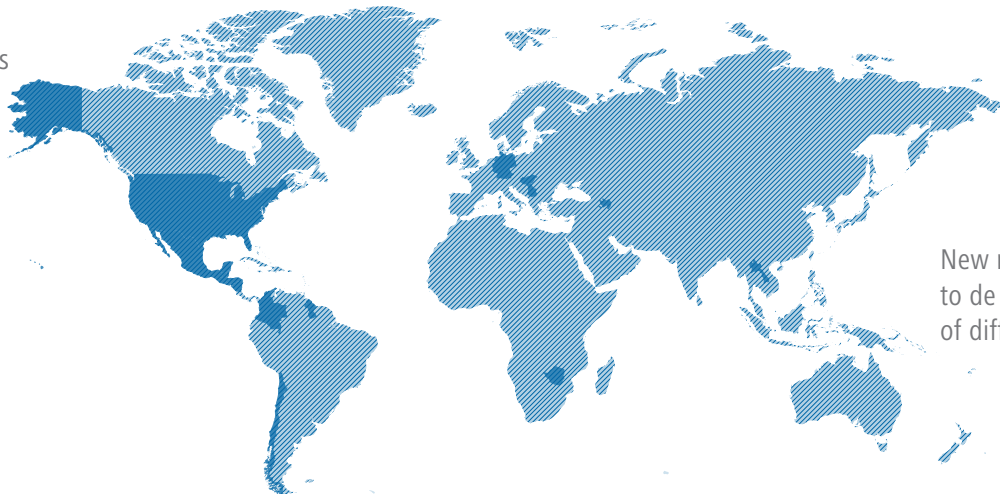
Increasing demand for copper ore accelerates the depletion of resources...



...mining moving to more unstable and challenging regions

Areas being mined - 2011

Areas being mined
in developed countries
with "easy" access



New mines likely
to be in "areas
of difficult access"

About the Report

TRANSPARENCY
AND RESPONSIBILITY
IN REPORTINGS





GRI

3.1,3.2,
3.3,3.7,
3.9,3.10,
3.13

Last year we made the strategic decision to publish, for the first time, a single report for the year 2011. This combined information which, in prior years, had been published in two separate Annual and Sustainability Reports. We called this report the Votorantim Industrial Integrated Report 2011.

As another step in our constant search for improvement of the reporting process, we have developed **this year's report**, on the results of financial year 2012, according to the preliminary guidelines on integrated reporting issued by the **International Integrated Reporting Council**. The IIRC has championed the importance of companies publishing an integrated report and is working on the development of reporting format (due to be released in 2013) that can serve as a model for the wider business community. The essence of an integrated report (explaining in a simplified manner) is to present financial and non-financial information in an integrated, cohesive manner, with a clear narrative and with sustainability issues embedded in the organization's strategy, market positioning and business activities.

Our goal is to be increasingly transparent and responsible in our reporting, disclosing in a structured manner our strategies and activities to our principal stakeholder groups and to society in general.

With this in mind, this report covers our strategies, activities, products, services, projects, operations and business divisions of Votorantim Industrial (Votorantim Cimentos, Votorantim Metais, Votorantim Siderurgia, Votorantim Energia, Fibria and Citrosuco), with the main focus on our performance in 2012. With respect to the information related to the GRI indicators, specific limitations on the scope or boundary of these indicators are mentioned throughout the report in the form of notes.

Our report has been audited by PwC for financial and for non-financial information. The report has also been reviewed by the Global Reporting Initiative.

This report will be published in English, Portuguese and Spanish versions and in print, PDF, Web and iPad formats. Additionally, specific reports on each business division will be issued for distribution to employees and to external audiences.

We value your opinion and would be pleased to receive your views on this report, by accessing a questionnaire at the following link: <http://www.votorantim.com.br/en-us/pesquisarelatorioanual/pages/pesquisa.aspx>.

All reports will be available on our website at: www.votorantim.com/relatorio.

Declaration of Application Level



Statement GRI Application Level Check

GRI hereby states that **Votorantim Industrial** has presented its report “2012 Votorantim Industrial 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 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 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, 9 April 2013



Nelmar Arbex
Deputy Chief Executive
Global Reporting Initiative

The “+” has been added to this Application Level because Votorantim Industrial has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

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 28 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

Correlations with the UN Global Compact Principles



Here at Votorantim we believe that sustainability is not a goal per se but a continuous process of improvement that must be applied transversally to all of our operations. We face many challenges because of the broad scope and long reach of our activities. To address them we have improved our governance and management systems, year on year, in order to incorporate sustainability issues in our strategic planning process.

We believe that a pathway of growth is only possible if it is compatible with the sustainable development of society. We seek sustainable results, for the long-term, recognizing

that they are dependent on a continual effort to mitigate the social and environmental impacts of our operations and to foster the development of the surrounding local communities.

Our formal commitment to the UN Global Compact was an important step in this direction. Its principles on human rights, the environment, work relations, anti-corruption measures and other issues have become guidelines for our activities and practices. The correlations between the UN Global Compact Principles and our strategies, business activities, products, services and processes are referenced in the table below.

Principle	Pages
Principles of Human Rights	
1. Respect and protect human rights	18, 27, 28, 32, 47
2. Prevent human rights violations	18, 27, 28, 32, 47
Principles of Labor Rights	
3. Support freedom of association at work	18, 27, 28, 32, 33, 56
4. Abolish forced labor	18, 27, 28, 32, 33, 47
5. Abolish child labor	18, 27, 28, 32, 33
6. Eliminate discrimination in the workplace	18, 27, 28, 32, 33, 53, 55
Principles of Environmental Protection	
7. Support a precautionary approach to environmental challenges	18, 27, 28, 47, 63, 64, 65, 68, 73, 74
8. Promote environmental responsibility	18, 27, 28, 32, 47, 63, 64, 65, 68, 73, 74
9. Encourage technologies that do not harm the environment	18, 27, 28, 32, 33, 59, 63, 68
Principles against Corruption	
10. Combat corruption in all its forms including extortion and bribery	18, 27, 28, 32, 33, 81

This report and further information about the shares of Votorantim Industrial in the Global Compact are available at: www.unglobalcompact.org/participant/14362

Assurance Report

Independent auditor's limited assurance report on the Integrated Report for 2012

To the Board of Directors
Votorantim Industrial S.A.
São Paulo - SP

Introduction

We have been engaged by Votorantim Industrial S.A. and its subsidiaries (the "Company") to present our limited assurance report on the compilation of social and environmental information included in the Integrated Report for 2012 of Votorantim Industrial S.A. and its subsidiaries, related to the year ended December 31, 2012, as well as on the compliance with the requirements established by GRI-G3 for reports with Application Level B.

Management's responsibility for the Integrated Report for 2012

The management of the Company is responsible for the preparation and fair presentation of the social and environmental information included in the Integrated Report for 2012 in accordance with the criteria described in the Global Reporting Initiative (GRI-G3) for Application Level B, and for such internal control as it determines is necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the social and environmental information included in the Integrated Report for 2012, based on our limited assurance engagement carried out in accordance with the Technical Communication CTO 01 - "Issuance of an Assurance Report related to Sustainability and Social Responsibility", issued by the Federal Accounting Council (CFC), based on the Brazilian standard NBC TO 3000 - "Assurance Engagements Other than Audit and Review", also issued by CFC, which is equivalent to the international standard ISAE 3000 - "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply with ethical requirements, including independence requirements, and perform our engagement to obtain limited assurance that the social and environmental information included in the Integrated Report for 2012, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Brazilian standard NBC TO 3000 and ISAE 3000 mainly consists of making inquiries of management and other professionals of the Company involved in the preparation of the information, as well as applying analytical procedures to obtain evidence that allows us to issue a limited assurance conclusion on the information taken as a whole. A limited assurance engagement also requires the performance of additional procedures, when the independent auditor becomes aware of matters that lead him to believe that the social and environmental information taken as a whole might present significant misstatements.

The procedures selected are based on our understanding of the aspects related to the compilation and presentation of the social and environmental information included in the Integrated Report for 2012, other circumstances of the engagement and our consideration of the areas in which significant misstatements may exist. The following procedures were adopted:

- (a) planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the information included in the Integrated Report for 2012;
- (b) understanding the calculation methodology and the procedures adopted for the compilation of

indicators through interviews with the managers in charge of the preparation of the information;

- (c) applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the Integrated Report for 2012;
- (d) comparing the financial indicators with the financial statements and/or accounting records;
- (e) interviewing the members of management responsible for the information during technical visits to the following business units: Fibria (Corporate - São Paulo), Votorantim Agroindustrial (Limeira), Votorantim Energia (Corporate - São Paulo), Votorantim Cimentos (Araçaguama, Cajamar, Jaguaré, Rio Branco, Santa Helena, Corporate - São Paulo and Corporate - Curitiba), Votorantim Metais (Alumínio, Niquelândia and Juiz de Fora and Corporate - São Paulo), Votorantim Siderurgia (Resende and Corporate - São Paulo) and Votorantim Industrial (Corporate - São Paulo), considering the assessment of the materiality of these units in relation to the group of industrial and corporate units of the Company;
- (f) Verifying, with regard to the units above, the following GRI.G3 indicators selected as the most significant for each business unit visited:

Fibria

Corporate business unit - São Paulo:

- . Environmental performance: EN8, EN21.
- . Performance referring to labor practices and decent work: LA4, LA7.
- . Social performance referring to the society: SO3.

Votorantim Agroindústria

Business unit of Limeira:

- . Environmental performance: EC2, EN3, EN4, EN8, EN11, EN21, EN28, EN30.
- . Performance referring to labor practices and decent work: LA4, LA7, LA8, LA10, LA13.
- . Social performance referring to the society: SO3, SO8.

Votorantim Energia

Corporate business unit - São Paulo:

- . Performance referring to labor practices and decent work: LA8, LA10.
- . Social performance referring to the society: SO3.

Votorantim Cimentos

- . Business unit of Araçaguama:
 - .. Environmental performance: EN1, EN3, EN4, EN22.
- . Business unit of Cajamar:
 - .. Environmental performance: EN1, EN3, EN4, EN8, EN21, EN22.
- . Business unit of Jaguaré:
 - .. Environmental performance: EN1, EN2, EN3, EN4, EN8, EN22.
- . Business units of Rio Branco and Santa Helena:
 - .. Environmental performance: EN1, EN2, EN3, EN4, EN8, EN20, EN21, EN22.
- . Corporate business unit - São Paulo:
 - .. Environmental performance: EN28, EN30.
 - .. Performance referring to labor practices and decent work: LA4, LA7, LA8, LA10.
 - .. Social performance referring to society: SO3.
- . Corporate business unit - Curitiba:
 - .. Economic performance: EC1.
 - .. Environmental performance: EN16, EN17, EN20.

Votorantim Metais

- . Business units of Alumínio, Niquelândia and Juiz de Fora:
 - .. Environmental performance: EN1, EN2, EN8, EN20, EN21, EN22.
 - .. Performance referring to labor practices and decent work: LA4, LA7, LA8, LA10.
 - .. Social performance referring to society: SO3.
 - .. Environmental performance specific to the mining and metals segment: MM1 and MM3.
- . Corporate business unit - São Paulo:
 - .. Environmental performance: EN1, EN2, EN3, EN4, EN8, EN20, EN21, EN22.
 - .. Performance referring to labor practices and decent work: LA4, LA7, LA8, LA10.
 - .. Social performance referring to society: SO3.
 - .. Environmental performance specific to the mining and metals segment: MM1 and MM3.

Votorantim Siderurgia

- . Business unit of Resende:
 - .. Environmental performance: EN1, EN2, EN8, EN20, EN21, EN22.
 - .. Performance referring to labor practices and decent work: LA4, LA7, LA8, LA10.
 - .. Social performance referring to society: SO3.
- . Corporate business unit - São Paulo:
 - .. Environmental performance: EN1, EN2, EN8, EN20, EN21, EN22.
 - .. Performance referring to labor practices and decent work: LA4, LA7, LA8, LA10.
 - .. Social performance referring to society: SO3.

Votorantim Industrial

- . Corporate business unit - São Paulo:
 - .. Economic performance: EC1.
 - .. Environmental performance: EN3, EN4, EN11, EN13, EN16, EN17, EN28, EN30.
 - .. Performance referring to labor practices and decent work: LA1, LA10, LA13.
 - .. Performance referring to human rights: HR4.
 - .. Social performance referring to society: SO8

- (g) Verifying the compliance with the requirements established by GRI-G3 for reports with Application Level B.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied in a limited assurance engagement are substantially less detailed than those applied in a reasonable assurance engagement, the objective of which is the issuance of an opinion on the social and environmental information included in the Integrated Report for 2012. Consequently, we were unable to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement, the objective of which is the issuance of an opinion. If we had performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements in the social and environmental information included in the Integrated Report for 2012. Therefore, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate these data. Qualitative interpretations of the relevance, materiality and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not consider in our engagement the data reported for prior years, nor future projections and goals.

Conclusion

Based on the procedures performed, described herein, no matter has come to our attention that causes us to believe that the social and environmental information included in the Integrated

Report for 2012 of Votorantim Industrial S.A. and its subsidiaries has not been complied, in all material respects, in accordance with the specific guidelines of the Global Reporting Initiative (GRI-G3) for reports with Application Level B.

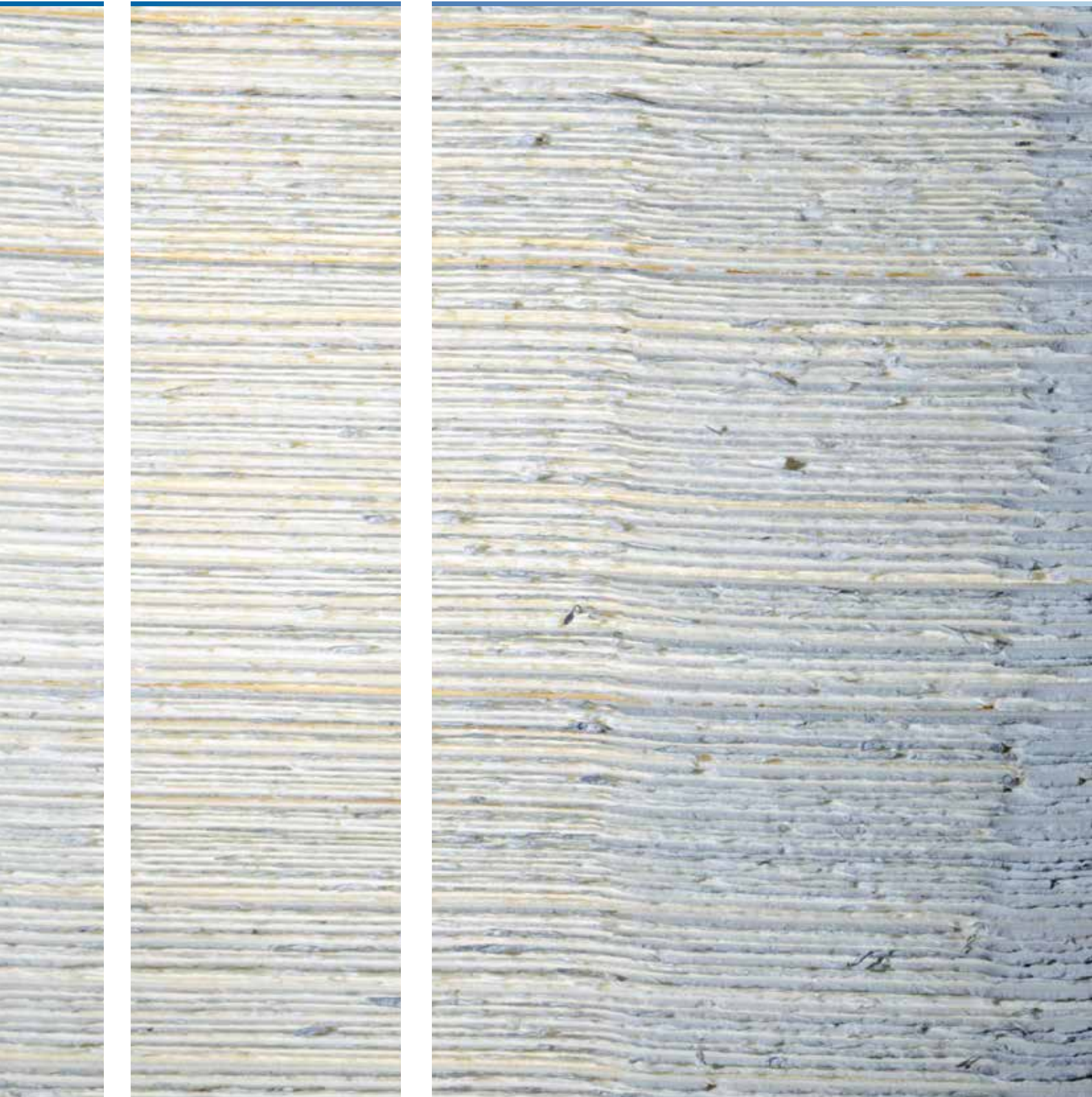
São Paulo, April 24, 2013

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Manuel Luiz da Silva Araújo
Contador CRC 1RJ039600/O-7 "S" SP



GRI Indices / Indicators



GRI Indicators

GRI Description

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Indicadores GRI

GRI Description

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PERFORMANCE INDICATORS

Economic performance

EC1 - Direct economic value earned and distributed, including income, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.

43, 44, 45, 46, 58, 79, 83, 85, 86, 89, 91 and 94

COMPLETED

Composition of Value-Added (R\$ / thousand)

2010

2011

2012

DIRECT ECONOMIC VALUE GENERATED

1) Income

1.1) Sales of products and services	24,779	28,100	29,513
1.2) Other net operational income (expense)	3,210	(1,183)	88
1.3) Provision for bad debts		15	(14)
Total Income	28,123	26,932	29,587

2) Inputs acquired from third parties

2.1) Cost of goods and services sold	(14,895)	(14,834)	(16,904)
2.4) Gross value-added	13,228	12,098	12,683
3.1) Depreciation, amortization and depletion	(1,881)	(2,128)	(2,544)
4) Net value-added produced	11,347	9,970	10,139

5) Value-added received by transfers

5.1) Equity pick-up	319	356	122
5.2) Realization of other investment write-downs			(91)
5.3) Financial income	2,047	672	869
2.6) Total value-added received by transfers	2,366	1,028	900
2.7) Total value-added available for distribution	13,713	10,998	11,039

7) Distribution of value-added

3.1) Personnel costs and payroll taxes	1,421	1,894	2,301
7.1.1) Direct remuneration	1,140	1,574	1,917
7.1.2) Benefits	281	320	384
7.2) Taxes and contributions	6,023	4,997	5,547
7.2.1) Federal	2,514	2,976	3,239
7.2.2) State	2,801	2,632	2,709
7.2.3) Municipal	27	32	34
7.2.4) Deferred taxes	681	(643)	(435)
3) Remuneration of Third-Party Capital	3,111	2,825	3,104
7.3.1) Financial expenses	2,998	2,680	2,876
7.3.2) Rental payments	113	145	228
4) Remuneration of Own Capital	3,158	1,282	87
7.4.1) Dividends	626	291	35
7.4.2) Participation of non-controlling shareholders	856	57	(64)
7.4.3) Retained earnings	1,578	66	116
7.4.4) Net income from discontinued operations.	98	868	

8) Value-added distributed	13,713	10,998	11,039
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Comments:

“1. VID’s systems not allow us to discriminate the investments for the local community that are contained in operational costs.
2. The economic value generated is equal to the economic value distributed.
3. Total operating costs are equivalent to the total income less the total economic value to distribute.”

VID PRODUCTION (MILLION OF TONS)

Period	2010	2011	2012
Votorantim industrial (vid) production	67.12	71.16	70.66

PERFORMANCE INDICATORS

EC2 - Financial implications and other risks and opportunities for the organization's activities due to climate change	Table of contents		
	COMPLETED		
Financial implications (R\$ / thousand)	2010	2011	2012
Insurance costs	-	-	69,590.00
Carbon credits	-	-	0.00
Irrigation projects	6,886.74	17,482.00	8,230.99
Energy with incentives	2,600.00	5,203.76	0.00
Other	-	-	0.00
Total		22,685.76	77,820.99

Comments:	"There was a significant increase in the total amount due to including the costs of insurance in 2012.		
	1. Besides the carbon-credit projects underway we have identified opportunities for emission reduction projects through the Sustainability and Corporate Environmental Areas of the Business Divisions.		
	2. Through the CEBDS (Brazilian Business Council for Sustainable Development), a consortium of companies was set up to sponsor the preparation of a study to assess the impacts of adaptation to climate change. The study was completed in 2012 and will be released and published on the site CEBDS in April 2013.		
	3. VID participates in a number of business forums in order to contribute to the discussion the regulation of Brazil's climate change legislation, including: the Brazilian Forum on Climate Change; the Climate Focus Group (of CEBDS); the Climate Thematic Group of "Plano Indústria" (CTPln); the Business Initiative for the Climate (GVces); the Brazilian GHG Protocol Program (GVces); and the Climate Forum (Ethos).		
	4. VE constantly monitors weather conditions and the forecasts for the medium-term It carries out simulation studies of rainfall levels, reservoir levels and availability of water for power generation.		
	5. Due to the merger, our investments in irrigation have been restructured.		
	6. In view of this, and with the recommendation of our CAPEX thematic team, we included the mandatory use of a GHG emission analysis tool in our Procedures Manual for new projects in 2012. Through the use of this tool we can identify the options, in the process of choosing investments, that promote the reduction of GHG emissions in our processes as well as being able to assess the impact of carbon in the on-going operations after start-up.		
	7. Insurance: VID's business divisions, in Brazil and abroad, contract insurance for their operations, with first-line insurers. Among the various policy coverages we have is "Flooding", to covers damage to our operations resulting from this risk, and civil responsibility (RC) for emergency pollution, which covers damage to third parties resulting from accidental pollution.		

EC3 - Coverage of defined benefit pension obligations of the fund offered by the organization	Table of Contents		
	COMPLETED		
PENSION PLAN (IN%)	2010	2011	2012
Coverage by the Votorantim Prev plan.	103%	106%	102,0%
Coverage by the Votorantim NE plan.	108%	104%	104,0%
Employee participation in pension plans	71%	83%	90,0%
Participation of plant employees in pension plans	2010	2011	2012
Votorantim Cimentos VOTOPREV + VCNE * (2)	61.8%	81.0%	90.0%
VCNE	-	87.8%	82.2%
Fibria Celulose	87.3%	93.9%	89.1%
Votorantim Energia	30.8%	100.0%	97.2%
Votorantim Metais	95.7%	92.6%	89.4%
Votorantim Siderurgia*(3)	52.2%	94.2%	94.2%
Votorantim Citrosuco (Agroquímica)	18.1%	22.0%	35.4%
Votorantim Industrial & Participações*(1)	57.1%	81.8%	80.0%
Atlas	-	92.5%	99.0%
Other Business Divisions (VOTOPREV + VCNE)	60.9%		100.0%
Estimated total value of pension plan obligations (R\$)	2010	2011	2012
Total amount contributed by the sponsor	2,621,520.25	38,845,503.65	25,964,670.88
Total amount contributed by the participants	4,229,299.23	180,450,368.10	51,396,094.36
Estimated total value of pension plan obligations		825,401,117.78	964,440,719.48

PERFORMANCE INDICATORS

EC3 - Cobertura das obrigações do plano de pensão de benefício definido que a Organização oferece	Índice Remissivo
	COMPLETO
<p>"The Group offers pension plans to its employees through the Foundation Ermirio Senador José Ermirio de Moraes (FUNSEJEM), a closed-end, non-profit, private pension company, responsible for the administration of the plans. Established in 1994, the plans administered by FUNSEJEM are structured in the form of ""defined contribution"" funds and provide participants with the formation of a long-term savings fund for retirement, in which both the participating employee and Votorantim make contributions. Over the years, the FUNSEJEM has evolved through improvements proposed and approved in the Regulations of the Votorantim Prev Benefit Plan. In the year 2012 improvements were made in the Plan and disclosed to participants via the website and the Futuro Journal. FUNSEJEM discloses the benefits of pension plans to employees through correspondence, lectures, training by the DHO's, and also through the integration meeting. In these meetings, the newly-hired employees can clarify all their doubts and receive a information kit for FUNSEJEM, containing the Statutes, Regulation of the VotorantimPrev Plan, the Explanatory Booklet and application forms. As a result the percentage membership of the Plan, after considering turnover, is 90%. Furthermore, in 2012, four videos on the plan Votorantim Prev were launched on the Group's website, in the section on financial education and welfare of employees. They address issues such as the benefits of the plan, contributions, the investment profiles and the tax impacts. FUNSEJEM also launched an e-learning (distance learning) course on Votorantim Prev, on the Group training portal, designed for DHO professionals, and Foundation partners, for the dissemination of the plan among employees. The DHO also opened an exclusive portal with operating procedures, forms, contacts, among others, to facilitate access to information from the Plan. A relationship area was created, directed to serving the needs of participants and sponsors.</p> <p>Due to the merger of Citrosuco and Citrovita, this Pension Plan has been suspended pending approval by PREVIC.</p>	

Comments: 1. The values for 2010 and 2011 have been amended in accordance with the methodology used in 2012 to allow comparability.

EC8 - Development and impact of infrastructure and services provided Investments Primarily for public benefit through commercial, in-kind, or pro bono engagement.	Table of Contents
	PARTIAL

Comment: " Votorantim invests in infrastructure projects in order to generate benefits for society. The business units have autonomy in defining these investments which are typically focused on: Construction of roads, improvement of urban roads, purchase of goods (motorbike, boat, trailer ...) for use by public agencies, for inspections, conducting regional events, construction and renovation of hospitals and schools. The results from the projects described above were: reduction of truck traffic on urban roads; improved quality of life of the surrounding communities; improvements in the inspection procedures of public bodies; improvements in health and education indicators. The amount invested in 2012 was: R \$ 118,078,603.11

- 1) Includes only the operations of VS, VE, VC and Fibria.
2) This indicator is being reported for the first time in 2012 (base year)

ENVIRONMENTAL PERFORMANCE

Materials			
64			
EN1 - Materials used per weight and volume	COMPLETED		
Consumption of the Main Materials (Million Tons)	2010	2011	2012
Citrosuco - Oranges	2.50	2.70	5.59
Fibria - Timber	8.31	8.16	8.17
VC - Limestone for cement	33.80	34.50	34.71
VC - Limestone / Granite / Gneiss / Basalt for Aggregates	16.50	16.30	9.34
VC - Sand / Gravel / Cement for Concrete	N/D	9.60	19.28
VMA - Bauxite	2.90	2.30	1.89
VMN - Nickel Ore	3.20	3.70	3.05
VMZ - Zinc Ore	2.50	1.70	2.81
VS - Scrap	0.80	1.30	1.46
Total volume of materials (million tons)	70.51	80.26	86.30
Consumption of Main Materials (million tons)	2010	2011	2012
Consumption of Seedlings - Fibria		90.00	68.03

Comment: 1. VC - Limestone: Total aggregates and other materials, such as sand and concrete.
2. VS: Inclusion of data for the PazDelRio plant (Integrated Plant)
3. VM: Inclusion of data for Milpo
4. All of the above materials are direct materials (are present in the final product). Except for oranges (Citrosuco) and timber (Fibria) all the materials are non-renewable.
5. VE: Indicator not applicable.

ENVIRONMENTAL PERFORMANCE

Materials			
		64 and 65	
EN2 - Percentage of materials used from recycling		COMPLETED	
Recycled Materials Used (Million Tons)	2010	2011	2012
Materials used by weight and volume (EN1)	70.51	80.26	86.30
Recycled materials used	3.77	5.07	5.60
Percentage of materials used from recycled materials	5.3%	6.3%	6.5%

Comment	In 2012 the criterion for recycled materials was changed, and now considers only those materials that are present in the final product.
	1. Indicator does not apply to Votorantim Energia.
	2. Percentage calculated based on the main materials used in production.
	3. VS: Inclusion of data for the PazDelRio plant (Integrated Plant) 4. VM: Inclusion of data for Milpo

Energy			
EN3 - Direct energy consumption broken down by primary energy source (Thousands of GJ)		65, 66 and 67	
		COMPLETED	
Direct Energy Non-Renewable (ENR)	2010	2011	2012
Fuel oil	11,877	11,942	12,123
Natural Gas	22,089	16,770	18,347
Coke	63,057	75,750	82,387
Other non-renewable	5,346	12,678	16,793
Total Consumption of Non-renewable Direct Energy (NRE)	102,369	117,140	129,651
Direct Renewable Energy	2010	2011	2012
Black Liquor	76,466	85,701	87,497
Solid Biomass	10,724	10,324	-
Grindings	2,111	5,946	-
Other Renewable	676	8,942	24,405
Total Consumption of Renewable Direct Energy (RE)	89,977	110,913	111,902
Total Consumption of Direct Energy (NRE and RE)		228,053	241,553

Comment	1. Citrosuco, VC and Fibria: The increase of non-renewable inputs was due to the consumption of petrol and diesel for transport.
	2. Citrosuco Increase of renewable energy due to: the accounting for ethanol for transport which had not been included in prior years; the increased consumption of biomass due to the acquisition of plants, in Limeira and Matão (Citrosuco), that utilize cane sugar in the boiler for electric power generation.
	3. VM: Increase in the consumption of diesel (for transportation) due to the inclusion of Milpo.
	4. VS: Increase in coke consumption due to inclusion of Paz Del Rio plant
	5. Fibria: Increase of non-renewable energy consumption (diesel and gasoline), since were not accounted for in prior years.
	6. VE: Indicator not applicable.

EN4 - Indirect energy consumption by primary source (Thousand GJ)		65, 66 and 67	
		COMPLETED	
Period	2010	2011	2012
Electric power - Own Generation	43,088	43,031	40,445
Electric power - General Purchases	20,036	23,018	28,908
Electric power - Purchase with incentive	265	179	222
Total Consumption of Indirect Energy		66,228	69,575

Comments:	1. Increase in co-generation of electric power in manufacturing processes was due to the inclusion of new Citrosuco plants.
	2. This reduction in electric power from Own Generation was due to a low level of rainfall during the year, significantly below the average levels of prior years.
	3. Included values of both own and consortium plants (General Purchase).
	4. Votorantim does not consume non-renewable indirect energy.
	5. Indicator does not apply to Votorantim Energia.
	6. VM: Inclusion of information on the Milpo plants
	7. VS: Inclusion of information on the PazDelRio plant.

Energy Matrix (EN3 + EN4)	2010	2011	2012
Total Consumption of Energy (Direct + Indirect)	255,735	294,281	311,128
Percentage of Non-Renewable Energy (NRE) in the Matrix	40.0%	39.8%	41.7%
Percentage of Renewable Energy (RE) in the Matrix		60.2%	58.3%

ENVIRONMENTAL PERFORMANCE

Energy

EN5 - Energy saved due to conservation and efficiency improvements (GJ)

68 and 69

COMPLETED

Important: The data that make up this indicator are taken from the carbon inventory spreadsheet

Period	2010	2011	2012
Total energy saved due to improvements in conservation and efficiency (Thousands of GJ)	25	-254	860
Improvement in energy efficiency (%) - EN5	2010	2011	2012
Percentage improvement in efficiency of energy utilized	0.02%	-0.11%	0.37%

Comments: The positive result was due to:

1. Fibria Positive result overall mainly due to the good performance of the Aracruz and Três Lagoas plants. A high level of production combined with good coordination between the operation and maintenance departments led to improvements in equipment performance carried out according to priorities set by CICE (Internal Commission for Energy Conservation) and the Energy Workgroup.
2. VM: Due to CBA's result.
3. VS: Mainly due to the Resende plant where a project was undertaken to improve the management of energy use.

Water

EN8 - Total water withdrawal by source

70

COMPLETED

Withdrawal By Source (Thousand M3)	2010	2011	2012
Surface water	185,164	217,093	254,892
Underground water	2,193	6,450	13,619
Rainwater	-	-	-
Water supply companies	383	1,547	38,884
Effluents from another organization	0	0	0
Vegetable water condensate	1,992	2,131	2,635
Total water withdrawal by source	189,732	227,221	310,030

Comment: 1. The increase in total water withdrawal was due to:

- VS: Inclusion of data for the PazDelRio plant - VM Inclusion of data for Milpo
- 2. VC: The specific increase in water from water-supply companies was due to the inclusion of new units.
- 3. Votorantim does not account for rainwater.
- 4. Indicator not applicable to VE.

Biodiversity

EN11 - Location and size of land owned, leased, managed in protected areas, or adjacent to, and areas of high biodiversity value outside protected areas

74

PARTIAL

Biome of the area	Plant located inside conservation area (UC) (Km ²)	Inside the conservation area or adjacent to it
Atlantic Rainforest	1,879.11	53% inside and 47% adjacent
Cerrado	99.01	100% inside
Cerrado and Atlantic Rainforest (Transition zone)	114,78	100% inside
Total inside conservation/protected area	2,093	

Comment: 1. There was a change in the process of consolidating the information for this indicator, therefore the information for 2011 has not being included.

2. Type of operation found in the biomes: Manufacturing / Production and Extraction.
3. The data do not include information on VC.
4. VM: Milpo plant was not considered .
5. VS: Inclusion of data for the PazDelRio plant
6. Citrosuco Inclusion of farms.

ENVIRONMENTAL PERFORMANCE

Biodiversity			
EN13 - Protected or restored habitats		74 and 75	
		PARTIAL	
Geographical location of the area (State)	Área total do Habitat (Km²)	Definição do Habitat	Bioma
Biodiversity Management Plan - Vidal Ramos	10.12	Protected area	Atlantic Rainforest
Area 1 - Atlantic Rainforest	1,879.51	Area restored / protected	Atlantic Rainforest
Area 2 - Cerrado	1,003.55	Area restored / protected	Cerrado
Area 4 - Restinga	54.03	Area restored / protected	Atlantic Rainforest
Reforestation APP Piraju	0.23	Protected area	Atlantic Rainforest
Maintenance of Reforestation APP Piraju	2.13	Protected area	Atlantic Rainforest
Enclosure of Piraju	0.01	Protected area	Atlantic Rainforest
Restoration plan for degraded areas in Piraju	0.08	Restored area	Atlantic Rainforest
Reforestation APP H/E Ourinhos	16.60	Protected area	Atlantic Rainforest
Enclosure of APP H/E Ourinhos	0.01	Restored area	Atlantic Rainforest
Maintenance of Reforestation APP H/E Ourinhos	1.38	Protected area	Atlantic Rainforest
Maintenance of reforestation related to the restoration plan for degraded areas in Ourinhos	5.64	Restored area	Atlantic Rainforest
Maintenance of enclosure in APP Salto do Rio Verdinho	0.12	Protected area	Atlantic Rainforest / Cerrado
Maintenance of Enclosure APP Picada	0.04	Protected area	Cerrado
Itamarati de Minas project	0.06	Restored area	Atlantic Rainforest
Project Mirai	0.57	Restored area	Atlantic Rainforest
Poços de Caldas project	4.57	Restored area	Atlantic Rainforest
Fortaleza de Minas project	5.29	Restored area	Atlantic Rainforest
Juiz de Fora project	0.14	Restored area	Atlantic Rainforest
Project Morro Agudo	0.15	Restored area	Cerrado
Project Vazante	2.19	Restored area	Cerrado
Barra Mansa - Faixa do Bananal	0.15	Area restored / protected	Atlantic Rainforest
APPs and Legal Reserve - Resende	1.76	Area restored / protected	Atlantic Rainforest
Forest areas - gravel pits and quarries disabled	0.73	Restored area	Cerrado
Area of coal mine - Barra Mansa	0.04	Area restored / protected	Atlantic Rainforest
TOTAL	2,989		

Comment: 1. There was a change in the process of consolidating the information for this indicator, therefore the information for 2011 has not being included.
 2. VS: Inclusion of information on the PazDelRio plant.
 3. VM: Milpo plant was not considered .
 4. Citrosuco No information was reported.

EN14 - Strategies, current actions and future plans for managing negative impacts on biodiversity		74 and 75	
		COMPLETED	

Comment: 1. Information available throughout the Report.
 2. VC: Indicator first reported in 2012.
 3. VS: Inclusion of information on the PazDelRio plant.
 4. VM: Milpo plant was not considered .
 5. Citrosuco: No information was reported.

ENVIRONMENTAL PERFORMANCE

Biodiversity

EN15 - Number of IUCN Red list species and national conservation list species with habitats of in areas affected by operations, by level of extinction risk.

Table of Contents

COMPLETED

Number of endangered species per risk level	2010	2011	2012
Critically endangered	11	14	19
Endangered	13	24	50
Vulnerable	23	61	93
Near threatened	0	53	72
Least concern	0	2,321	3,575

Note: Classification according to the IUCN Red List.

Comments:

1. The increase in the number of species was due to the improvement in the process of information management and expansion of information gathering.
2. Information regarding plants on Brazil.
3. VC: No information was reported.
4. Citrusuco No information was reported.

Emissions, Effluents and Residues

EN16 - Total direct and Indirect greenhouse gas emissions, by weight (GHG)

71 and 72

COMPLETED

Direct GHG Emissions (tCO _{2eq})	2010	2011	2012
Stationary Combustion	8,491,052	9,663,864	11,512,454
Mobile Sources - Owned	486,613	567,797	1,199,640
Process	10,569,319	13,339,980	13,378,520
Waste Treatment	50,971	67,550	44,633
Soil - Limestone	27,172	24,913	26,352
Soil - Nitrogen Fertilizer	26,262	37,725	60,412
Total Direct Emissions - Scope 1	19,651,389	23,701,829	26,222,013
Indirect emissions (tCO _{2eq})	2010	2011	2012
Electric power	1,177,481	907,802	1,596,112
Total Indirect Emissions - Scope 2	1,177,481	907,802	1,596,112

Comment:

1. The increase in total emissions is related to comments from EN3 and EN4.
2. The methodology used was the GHG Protocol. For processes where the GHG has not defined methodology, the IPCC guidelines were used.
3. Indicator does not apply to Votorantim Energia.

EN17 - Other relevant indirect greenhouse gas emissions, by weight

71 and 72

COMPLETED

OTHER INDIRECT GHG EMISSIONS (tCO _{2eq})	2010	2011	2012
Transportation by third parties (cargo, goods, etc.)	1,667,639	1,058,331	714,237
Total	1,667,639	1,058,331	714,237
Total Emissions	22,496,509	25,667,962	28,532,361
Carbon capture	21,840,783	19,595,939	18,860,156
Stock	103,649,523	105,329,708	112,105,785
Suppression	31,844	302,804	2,285,730

Comment:

1. The increase in total emissions is described in the comments on the EN3 and EN4 indicators.
2. The methodology used was the GHG Protocol. For processes where the GHG has not defined methodology, the IPCC guidelines were used.
3. Indicator does not apply to Votorantim Energia.
4. Carbon capture 95% refer to Fibria's forestry activities.

ENVIRONMENTAL PERFORMANCE

Emissions, Effluents and Residues

EN18 - EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved (GHG)		73	
		COMPLETED	
Projects that generated emission reductions in 2010	UM - Site	Effective reductions in tCO _{2e} / year	Status
H/E plant with existing reservoir	VC - Pedra do Cavalo	59,485	Awaiting 2nd issue of CERs
Fuel swap	VC - Cubatão	2,074	Awaiting 2nd issue of CERs
Energy Efficiency	Plants with the Energy Efficiency Program	6,562 (corresponding to the years 2007 to 2010)	Program in progress
Projects on-going in 2010	UM - Site	Effective reductions in tCO _{2e} / year	Status
Replacement of Fossil Fuel	Citrosuco - Catanduva	20,000 a 100,000	Preparation of PDD
VCS Project (Voluntary Emissions Market) - H/E with a low deforestation rate for the reservoir	VM - Salto Pilão	290,876	Project approved by VCS in Nov/2010 - waiting for verification
Heat Recovery	VM - Três Marias	10,245	Project approved by the UNFCC in December/2010
Energy Efficiency	VM - Niquelândia	21,764	EOD review report
Heat Recovery	VM - Niquelândia	53,197	EOD review report
Projects that generated emission reductions in 2011	UM - Site	Effective reductions in tCO _{2e} / year	Status
H/E plant with existing reservoir	VC - Pedra do Cavalo	59,485	Awaiting 2nd issue of CERs
Fuel swap	VC - Cubatão	9,829 (corresponding to the crediting period of the project from 2004 to 2011)	Project finalized
Projects on-going in 2011	UM - Site	Effective reductions in tCO _{2e} / year	Status
Replacement of Fossil Fuel	Citrosuco - Catanduva	52,413	In the approval process
Heat Recovery	VM - Três Marias	10,245	Project approved by the UNFCC and being implemented at the plant
Energy Efficiency	VM - Niquelândia	21,779	Project in process of approval by the designated operational entity (EOD)
Heat Recovery	VM - Niquelândia	54,330	Project in process of approval by the designated operational entity (EOD)
VCS Project (Voluntary Emissions Market) - H/E with a low deforestation rate for the reservoir	VM - Salto Pilão	168,000 VERs/ano	Project awaiting issue of VERs
Projects that generated emission reductions in 2012	UM - Site	Effective reductions in tCO _{2e} / year	Status
UHE em reservatório existente	VC - Pedra do Cavalo	224,667	Approved 2nd issue of CERs
Projects on-going in 2012	UM - Site	Effective reductions in tCO _{2e} / year	Status
Replacement of Fossil Fuel	Citrosuco - Catanduva	52,413	In the approval process
Energy Efficiency	VM - Niquelândia**	10,245	Project approved by the UNFCC and being implemented at the plant
Heat recovery (steam recovery in flash autoclave tanks)	VM - Três Marias	21,779	Project terminated by the UNFCC without generating credits
Heat Recovery	VM - Niquelândia	54,330	Project terminated by the UNFCC without generating credits
Micro H/E - Barragem Aroeira	VM - Vazante	240	Project in final technical detailing
VCS Project (Voluntary Emissions Market) - H/E with a low deforestation rate for the reservoir	VM - Salto Pilão	168,000 VERs/ano	Project awaiting issue of VERs
Improved NG efficiency - calcination	VM - CBA	7,563.01 VERs/ano	With procurement, reviewing proposals for initiating the detailed design
Improved NG efficiency - boilers	VM - CBA	13,798.6 VERs/ano	With procurement, reviewing proposals for initiating the detailed design
Comments:	-		

ENVIRONMENTAL PERFORMANCE

Emissions, Effluents and Residues

EN20 - NOx, SOx and other significant air emissions, by type and weight	73		
	COMPLETED		
Emissions of NOx, SOx and PM (t)	2010	2011	2012
NOx Emissions	39,674	43,092	40,510
SOx Emissions	22,351	27,789	31,252
PM (Particulate Material) Emissions	7,438	10,130	12,511
Total Emissions of NOx, SOx and PM	69,463	81,011	84,272
Emissions of heavy metals (t)	2010	2011	2012
Mercury (Hg)	0.24	0.34	0.18
Cadmium (Cd)	0.07	0.15	0.64
Thallium (Tl)	0.09	0.46	0.55
Total Emissions of Heavy Metals	0.40	0.95	1.37
Other air emissions (t)	2010	2011	2012
Volatile Organic Compounds (VOC) (or THC)	587.97	609.53	439.94
Total Emissions	70,051	81,621	84,713

Comment:

1. Emissions increase was due to:
 - VM: Improvement in information management and the inclusion of Milpo plants.
 - VS: Inclusion of data for the PazDelRio plant
2. VC: The emission values, reported in 2012, have risen in absolute terms, part of which is proportional to the organic growth of the company. However, considering this growth, the amount of emissions should have been much higher. This did not occur because there were major investments in new technologies, especially related to retrofit, with lower rates of emissions.
3. Indicator does not apply to Votorantim Energia.
4. Hazardous air pollutants (HAP) and fugitive emissions were not reported because they were not significant.

EN21 - Total water disposal, by quality and destination	70		
	COMPLETED		
Discharge of water, by treatment (m³)	2010	2011	2012
Waste-water with treatment	220,829,924	141,341,353	238,263,606
Waste-water without treatment	-	99,462,087	0
Total water discharged	220,829,924	240,803,440	238,263,606
Discharge of water, by destination (m³)	2010	2011	2012
Ocean / Sea	67,955,571	68,003,010	66,037,063
Rivers	149,887,797	177,302,917	125,173
Lakes	1,401,408	207,032	155,529,945
Other	1,585,148	1,573,786	0
Total water discharged	220,829,924	247,086,745	221,692,181

Comment:

1. We included the following units:
 - VC
 - VS: PazDelRio
 - VM: Milpo
2. Indicator does not apply to Votorantim Energia.
3. Part of the discharged water is reused within Votorantim processes. However, there is no reuse of wastewater by other organizations.

ENVIRONMENTAL PERFORMANCE

Emissions, Effluents and Residues

		69		
EN22 - Total weight of waste, by type and disposal method		COMPLETED		
Total Weight of Waste (TONS)		2010	2011	2012
NON-HAZARDOUS waste disposal		1,261,359.00	1,425,359.00	3,022,271.90
Composting		45,214.00	90,503.00	87,970.13
Internal reuse / recycling		519,933.00	457,525.00	513,133.15
External reuse / recycling with value-added		61,481.00	533,334.00	613,963.61
External reuse / recycling without value-added		98,180.00	18,595.00	-
Recovery		0.00	15.00	81.33
Incineration (or use as fuel)		22.00	1,012.00	8,124.00
Co-processed / Refined		1,999.00	20,601.00	68.00
Landfill		106,055.00	5,811.00	411,500.46
Industrial landfill		420,113.00	289,455.00	1,029.00
Waste injected underground		0.00	0.00	1,216,927.00
Others - directed to specific uses		8,362.00	8,508.00	62,900.06
Unclassified disposal				106,575.16
HAZARDOUS WASTE DISPOSAL		105,478.00	94,466.00	1,248,596.87
Composting		0.00	0.00	-
Internal reuse / recycling		28,128.00	438.00	22.02
External reuse / recycling with value-added		21,052.00	13,599.00	416,271.26
External reuse / recycling without value-added		142.00	4,291.00	-
Recovery		2.00	1,655.00	0.00
Incineration (or use as fuel)		338.00	904.00	557.36
Co-processed/ Refined		19,494.00	31,396.00	37,334.27
Landfill		450.00	780.00	-
Industrial landfill		35,260.00	40,242.00	17,561.36
Waste injected underground		0.00	0.00	-
Others - directed to specific uses		612.00	1,161.00	754,269.26
Unclassified disposal				22,581.34
TOTAL WASTE DISPOSAL		1,366,837.00	1,519,825.00	4,270,868.77
Composting		45,214.00	90,503.00	87,970.13
Internal reuse / recycling		548,061.00	457,963.00	513,155.17
External reuse / recycling with value-added		82,533.00	546,933.00	1,030,234.88
External reuse / recycling without value-added		98,322.00	22,886.00	-
Recovery		2.00	1,670.00	81.33
Incineration (or use as fuel)		360.00	1,916.00	8,681.36
Co-processed / Refined		21,493.00	51,997.00	37,402.27
Landfill		106,505.00	6,591.00	411,500.46
Industrial landfill		455,373.00	329,697.00	18,590.36
Waste injected underground		0.00	0.00	1,216,927.00
Others - directed to specific uses		8,974.00	9,669.00	817,169.31
Unclassified disposal				129,156.51

Comment:

1. The increase in the quantity of waste, hazardous and non-hazardous, was due to:
 - VC: Inclusion of new plants.
 - VS: Inclusion of data for the PazDelRio plant
 - VM: Inclusion of Milpo.
2. The item ""other - intended for specific purposes"" refers to: donations, symbolic sales, among others.
3. Disposal ""not classified"" relates to the portion of VC's waste where the management criterion differs from that of VID.
4. Not including data from VE.

ENVIRONMENTAL PERFORMANCE

Products and Services

EN26 - Initiatives to mitigate negative impacts of environmental products and services and extent of impact mitigation.	68
	COMPLETED
Comment:	<p>1. VS: The steel flue dust from the Resende and Barra Mansa plants is sent to the VM Juiz de Fora plant for recycling to recover the metals present in the waste (especially zinc)</p> <p>2. Citrosuco The composting plant produced 46,130 tons of compost in 2012. The raw material of this compost is ash residue from the chimney and boiler at the Catanduva plant and activated sludge from treatment facilities at the Matão and Araras plants. The compost is used as fertilizer in the orange plantations, avoiding that this waste be sent to a landfill.</p> <p>3. VC: Votorantim developed a furnace for the large-scale production of pozzolan. The furnace can produce 1,000 tons / day. The production of pozzolan results in emissions from fuel combustion, but not emissions of limestone dust.</p>

Compliance

EN28 - Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Table of Contents		
	COMPLETED		
Period	2010	2011	2012
Number of non-monetary sanctions	18	9	8
Total monetary value of significant fines	R\$35,002.00	R\$204,627.99	14,448,313.56
Lawsuits through arbitration mechanisms	0	0	0
Comment:	<p>1. The increase in the monetary value of fines was due to:</p> <ul style="list-style-type: none"> - Implementation of the new corporate standard. - VC: The VCNA plants are now included. - VM: Milpo plants were not included. - VS: Included the PazDelRio plant. - VE: The amounts of environmental processes at company-owned and consortium plants are included In 2011, only company-owned plants were included. <p>2. This item was considered the requests received and amounts paid, including both lawsuits and administrative proceedings.</p>		

ENVIRONMENTAL PERFORMANCE

Overall			
EN30 - Total environmental protection expenditures and investments, by type	63		
	COMPLETED		
Environmental Investments and Expenditures (R\$)	2010	2011	2012
CAPEX (Investments)	166,085,736	306,699,892	255,406,314
Environmental Education	181,966	0.00	170,000.00
Environmental Management	3,836,778	16,837,030.00	16,161,771.65
Conservation, Reforestation and Biodiversity	31,705,095	877,073.00	10,538,577.24
Environmental prevention	874,945	4,812,082.00	28,396,299.25
Treatment of air emissions	9,774,705	71,971,047.00	61,224,655.76
Waste Treatment	67,252,197	121,510,762.00	112,440,905.36
Wastewater treatment	13,213,985	24,345,156.00	17,409,834.44
DHO - Environmental Area	-	-	5,097,391.25
Decommissioning / Remediation of contaminated sites (soil and water)	-	-	231,149.00
Environmental insurance	-	-	280,870.00
Other environmental expenses	39,246,065	66,346,742.00	3,454,860.08
OPEX (Expenses)	144,305,747	165,884,073	269,490,362
Environmental Education	966,653	4,284,237.00	2,835,017.57
Environmental Management	26,715,431	31,587,516.00	27,704,162.79
Conservation, Reforestation and Biodiversity	5,097	1,015,312.00	33,639,231.08
Environmental prevention	18,092,766	30,021,602.00	13,659,700.75
Treatment of air emissions	21,523,202	42,878,894.00	19,387,585.06
Waste Treatment	25,140,254	33,782,699.00	95,077,731.52
Wastewater treatment	36,647,484	3,016,477.00	44,579,639.24
DHO - Environmental Area	-	-	18,238,286.26
Decommissioning / Remediation of contaminated sites (soil and water)	-	-	7,859,308.45
Environmental insurance	-	-	48,351.16
Other environmental expenses	15,214,860	19,297,336.00	6,461,347.66
Total	310,391,483	472,583,965	524,896,676
Environmental Education	1,148,619	4,284,237.00	3,005,017.57
Environmental Management	30,552,209	48,424,546.00	43,865,934.44
Conservation, Reforestation and Biodiversity	31,710,192	1,892,385.00	44,177,808.32
Environmental prevention	18,967,711	34,833,684.00	42,056,000.00
Treatment of air emissions	31,297,907	114,849,941.00	80,612,240.82
Waste Treatment	92,392,451	155,293,461.00	207,518,636.88
Wastewater treatment	49,861,469	27,361,633.00	61,989,473.68
DHO - Environmental Area	-	-	23,335,677.51
Decommissioning / Remediation of contaminated sites (soil and water)	-	-	8,090,457.45
Environmental insurance	-	-	329,221.16
Other environmental expenses	54,460,925	85,644,078.00	9,916,207.74

Comment: 1. Changes in CAPEX and OPEX were due to a review of internal procedures in Votorantim to meet current accounting standards. In addition, there was a reduction in the amount of CAPEX due to the economic environment experienced in 2012, primarily for the mining and steel industry.
Note: The total CAPEX and OPEX in this report differs from the figure published in the Report of the Management due to:
- Updating of the value of OPEX in VC Brazil.
- Review by our auditors, PWC.

Social Performance - Labor Practices

Employment

LA1 - Total workforce by employment type, employment contract, and region	50 and 51		
	PARTIAL		
Period	2010	2011	2012
Salaried employees	22,053	24,538	28,099
Hourly-paid staff	11,670	10,628	15,835
Temporary Farm workers	82	2,332	8,872
Trainees and Summer Interns	82	85	60
Total Own Employees	33,887	37,583	52,866
Trainees and Summer Interns	526	682	847
Apprentices	360	480	590
Subtotal Trainees and Apprentices	886	1,162	1,437
Permanent Activity	24,348	26,240	32,017
Projects	11,482	10,468	43,215
Subtotal Service Providers	35,830	36,708	75,231
Total Employees + Trainees + Apprentices + Seasonal Workers	34,773	38,745	54,303
Total Service Providers	35,830	36,708	75,231
Grand Total	70,603	75,453	129,534
Employees by job category	2010	2011	2012
Own Employees			
Director/President		108	114
Manager		743	1,039
Coordinator / Consultant		2,497	2,745
Technician / Analyst / Supervisor		5,576	6,660
Trainee		85	60
Operator		26,242	33,165
Total Fixed-time Employees		35,251	43,783
Trainee		682	847
Apprentice		480	590
Temporary Farm workers		2,332	8,872
Own Employees+ Trainees +Apprentices + Seasonal Employees		38,745	54,092

Comment:

- The number of employees increased due to:
 - VM: Inclusion of Milpo
 - VS: inclusion of PazDelRio
 - VC: Inclusion of Cimpor
 - Citrosuco: Merger between Citrovita and Citrosuco.
- Data reported includes all the Group's units, not only the units shown in the organization charts of the business divisions The figures include only the number of active employees broken down by type of contract.
- The total number of employees by job category does not consider the employees of Citrosuco international.

Note: The total number of employees in this report differs from the value published in the Management Report due to:

- Revised number of employees for VCNA and Milpo.
- Use of different criteria for consolidation. The Management Report included both active and suspended employees but excluded Citrosuco's employees. Votorantim's Report considered only active employees, but including Citrosuco's employees.

LA2 - Total number and rate of employee turnover by age group, gender and region.	53		
	PARTIAL		
Period	2010	2011	2012
Employees (excluding seasonal workers)	33,805	35,251	41,157
Employees	33,887	37,583	50,043
Dismissals (excluding seasonal workers)	4,831	5,736	6,840
Dismissals	9,901	7,895	9,249
Turnover (excluding seasonal workers)	14.3%	16.3%	17%
Total Turnover	29.2%	21.0%	18.5%

Comment:

- The turnover rates, without seasonal employees, have remained constant, but the company has a goal to reduce them.
- Data reported includes all the Group's units, except for the international units of Citrosuco and Cimpor, and not only the units shown in the organization charts of the business divisions The figures do not include dismissals of apprentices / trainees.

Social Performance - Labor Practices

Employment			
LA3 - Benefits provided to full-time employees, that are not provided to temporary or part time employees, by the major operations.	55		
	COMPLETED		
Benefits Required by Law	Applicable to employees		
Sickness and accident assistance	CITROSUCO, FIBRIA, VM, CJM, EP, CH, CL, AT, VS, PDR, VC		
Periodic and laboratory medical examinations	CITROSUCO, VM, CJM, EP, CH, CL, AT, VS, ACER*, PDR, VE, VC, VCNA*		
Maternity / paternity leave	CITROSUCO, VM, CJM*, EP, CH, CL, AT, VS, PDR, VE, VC, VCNA*		
Variable remuneration (PPR)	CITROSUCO, VM, VS, ACER, PDR, VE, VC, VCNA*		
Chartered transportation	CITROSUCO, VM, EP, CL, VS, ACER, PDR, VE, VC		
Uniform	CITROSUCO, VM, CJM, EP, CL, AT, VS, PDR, VC, VCNA*		
Transportation vouchers	CITROSUCO, VM, CJM, EP, AT, VS, VE, VC		
Additional Corporate Benefits	Abrangência mo quadro de pessoal		
Dental Assistance	CITROSUCO*, FIBRIA, VM***, CJM*, ³ VS, VC, VCNA*		
Medical Assistance	CITROSUCO, FIBRIA, VM***, CJM, EP, CH, AT, ³ VS, VE, VC, VCNA*		
Pension Plan (VotorantimPrev)	FIBRIA, VM***, CJM*, VS, VE, VC, VCNA*		
Group life insurance	CITROSUCO, VM***, CJM, CH, AT, VS, VE, VC, VCNA*		
Basic Food Hamper	VC, FIBRIA, VE, VM***, VS, CITROSUCO		
Company special arrangements with pharmacies	VC, VCNA*, VM***, VS ³ , CITROSUCO		
Company special arrangements with opticians	VCNA*, CJM*, VS ³		
Assistance for children with special needs	VCNA*, CITROSUCO, FIBRIA		
Child day-care assistance	VC, FIBRIA, ³ VS, CITROSUCO		
Funeral assistance	VC, VCNA*, FIBRIA, VE, CJM*, AT, VS, CITROSUCO, VM*, CH		
Christmas toys / children's day	AGRE, CIM, VCNA**, FIBRIA, VE, AT, CL, CH, EP, VS, ACER, VM*		
School Kit	FIBRIA, AT, EP, VS, ACER		
Christmas Hamper	VC, FIBRIA, VE, VM***, CJM, AT, CL, EP, VS, ACER, CITROSUCO		
Company special arrangements with private gyms	VCNA**, CJM, ACER		
Company special arrangements with social clubs (S System - SENAI, SESI, SESC, SEST, SENAT).	VC*, VCNA*, VM***, VS ³ , PDR, CJM*		
Coverage for disability / invalidity	VC, VCNA*, VM***, CJM, AT, CH, VS, PDR, CITROSUCO, EP		
Food stamp / Food Card	VC, FIBRIA, VM***, CJM, AT, ³ VS, PDR, CITROSUCO		
Amounts Invested in Benefits	2010	2011	2012
Amounts Invested in Benefits (£ / Millions)	448.21	481.91	584.84

Comment:	1. VS: They do not include the Forestry Units
	* Benefits offered to full-time employees but not offered to temporary employees and part-time.
	** Not all plants have this benefit.
	*** The benefits offered to part-time employees, but not offered to temporary employees.
	Legend:
	- VC: VCNA: North America; AGRE: Aggregates; CIM: Cement.
	- VM: CJM: Cajamarquilla, AT: Atacocha, CL: Cerro Lindo, CH: Chapi, EL: El Povenir.
	- VS: ACER: AcerBrag, PDR: PazDelRio.

LA4 - Percentage of employees covered by collective bargaining agreements	56		
	COMPLETED		
Period	2010	2011	2012
Employees covered by union agreements (%)	95.4%	98.0%	96.4%

Comment:	1. The reduction percentage of employees covered by union agreements was due to:
	- Inclusion of international units of Milpo.
	- Improved information management process.
	2. Employees who are not part of collective bargaining are at the managerial level, where adjustments are made based only on meritocracy.
	3. VS and VC: International units were not included.

Social Performance - Labor Practices

Workplace Health and Safety

LA6 - Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise the occupational health and safety programs.	48 and 49		
	COMPLETED		
Period	2010	2011	2012
Over 75%	OK	OK	OK

Comment: 1. Does not include information for Milpo.

LA7- Rates of injury, occupational diseases, lost days, absenteeism and work-related fatalities, by region.	48 and 49		
	PARTIAL		

Own employees and permanent contractors

Period	2010	2011	2012
Fatalities	6	3	12
Man-Hours Worked (Own Employees and Third Parties)	100,329,423	134,978,764	151,014,737
No. of Total Injuries (Level 1)		1.226	1.303
No. of Total Injuries (Level 2 and 3)		549	833
No. of Total Injuries with loss time (Level 4 to 6)		150	284
Frequency rate of accidents with and without lost time	7.495	5.179	7.218
Frequency rate of accidents with lost time	1.714	1.111	1.775
Injury Rate (TL)	1.499*	1.036	1.458
Rate of Occupational Illness (TDO)	0.006*	0.000	0.038
Rate of Days Lost (TDP)	8.421*	6.994	32.548
Absenteeism Rate (Accidents at work)		15.558	258.804
Absenteeism Rate (Occupational illness)		1.458	0.000
Absenteeism Rate (Non-occupational illness)		45.602	247.439
Absenteeism Rate (Accidents outside work)		4.156	32.426
TOTAL Absenteeism Rate		66.764	538.486

Major Programs of 2012

Comment:	<p>1. The increase in the rates was due to:</p> <ul style="list-style-type: none"> - Improvement in the information management process - Implementation of the Corporate Standard of Work Safety - Inclusion of units (PazDelRio, Milpo, VC) <p>2. VID has a criterion for classification of accidents, which considers the severity of the injury and financial impact, and classifies accidents into six distinct categories. There is a "cut-off line" between accidents with lost time (levels 4, 5 and 6) and without lost time (levels 2 and 3). For the purposes of Brazilian law, and the rates reported above, accidents with lost time that resulted injury are reported (Levels 2 to 6). Accidents when traveling to/from work are not included in the rates.</p> <p>Level 1 - Includes outpatient treatment of low gravity without risk of deterioration.</p> <p>Level 2 - Includes simple injury without risk of deterioration.</p> <p>3. Votorantim manages this indicator according to NBR 14280.</p> <p>4. Votorantim does not segregate contract workers in a specific category that corresponds to "independent contract employees." As a result, the rates for this category were not reported separately.</p> <p>5. Frequency rate of accidents with or without lost time = Number of accidents with or without lost time / Man-Hours x 1,000,000; Man-hours corresponds to the sum of the hours during which workers were available in the period, including overtime; 1,000,000 is an adjustment factor for a million man-hours, to allow comparison between different organizations.</p> <p>6. The unit Chapi of VM was not considered.</p>
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Social Performance - Labor Practices

Workplace Health and Safety

LA8 - Education, training, counseling, prevention and risk control programs in place to assist workforce members, their families or community members regarding serious diseases.

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COMPLETED

The organization has training programs for employees, their families or community members regarding serious diseases?

83% have for employees and 33% have for their families

The organization has counseling programs for employees, their families or community members regarding serious diseases?

83% have for employees and 50% have for their families

The organization has programs for prevention and control of risk to employees, their families or community members regarding serious diseases?

100 % have for employees and 33% have for their families

The organization has treatment programs for employees, their families or community members regarding serious diseases?

83% have for employees and 50% have for their families

Are there workers involved in occupational activities in whom there is a high incidence or high risk for specific diseases?

VC: main risks: noise and mineral dust, besides working at heights, confined environments, vehicles of varying sizes, high voltage; **VS:** There is no recent history of a high incidence of specific diseases; Main risks: heat, noise, dust, manual work; **Citrosuco:** Sun exposure (risk of dehydration), venomous animals. **VE:** Work in confined space and submerged space, high voltage, conveyor operation, working at heights and venomous animals. **VM :** Work in confined spaces, dust. **Fibria:** Noise, exposure to sun, radioactive contamination (sensors for measuring the thickness of a sheet of cellulose and the level of input tanks), venomous animals.

Main programs in 2012

- Healthy Eating
- More Life - Health Promotion and Quality of Life
- Prevention of Cardiovascular Risks
- Prevention of Neoplasms
- Pregnant Women
- Vaccination campaigns
- PAE - Employee Support Program: provides professional service for evaluation, referral and brief counseling, in order to assist employees and their families in resolving personal problems.
- Control of risk and prevention of: nutrition, quality of life, respiratory protection, hearing conservation, ergonomics (for prevention osteo-musculo-articular diseases)
- The therapeutic approach of risk factors in the orientation and counseling for nutrition, giving up smoking and physical activity
- Daily Security Dialogue."

Comment:

1. The percentage refers to the business units that have some program for workers and their families.
2. The definition and management of programs is carried out by each business division.
3. More information about the programs is available on the Votorantim website.

Social Performance - Labor Practices

Training and Education

LA10 - Average hours of training per year per employee by employee category;	50 and 54		
	COMPLETED		
Period (Main hours of training per year per employee by employee category).	2010	2011	2012
Average Hours of Training	18.3	55.3	62.30
President/Director	8.4	21.1	9.45
Manager	23.8	37.9	68.57
Coordinator / Consultant	17.0	65.1	29.09
Technician / Analyst / Supervisor		36.3	31.61
Trainee	27.8	295.6	362.85
Operator		25.7	72.43
Trainee		5.8	11.13
Apprentice		7.0	23.53
Temporary Farm Worker		3.0	-

Comment:

1. The Academy of Excellence, went through a restructuring process in 2012.
2. The following international units were included: VCNA, Milpo and PazDelRio.
3. VS: included the Curvelo and Sitrel plants.
4. Citrosuco Due to the merger process, this information was not reported

LA12 - Percentage of employees receiving regular performance and career development reviews.	52, 55 and 56		
	COMPLETED		
Performance Assessment	2010	2011	2012
Employees with performance evaluated (%)	100%	99.87%*	98%
Career Development Evaluation	2010	2011	2012
Employees with development evaluated (%)	100%	100%	100%

Comments:

1. The reduction in the percentage of employees receiving performance reviews was due to: Citrosuco Was excluded due to the merger process.
- VS: International units were not included.

Desempenho Social - Práticas Trabalhistas

Diversity And Equal Opportunities

LA13 - Composition of governance bodies and breakdown of employees per category According to gender, age group, minority group membership and other indicators of diversity.	Table of Contents		
	PARTIAL		
Composition of Minority Groups in the Organizations	2010	2011	2012
Employees over 50 years	2,884	3,856	6,198
Female	4,115	4,005	6,012
Composition of Leadership	2010	2011	2012
Directors/President	101	108	114
Managers	722	743	1,039

Breakdown of employees per category according to gender and age

Positions	2012	Age Range (%)			Period at company	Male %	Female %
		Under 30 years	30-50 years	Over 50 years			
Director/President	114	0.00	44.74	55.26	6.24	92.98	7.02
Manager	1,039	1.25	68.82	29.93	7.93	88.93	11.07
Coordinator / Consultant	2,745	13.99	73.73	12.24	6.99	77.81	22.19
Technician / Analyst / Supervisor	6,660	24.29	62.93	12.78	7.82	76.53	23.47
Trainee	60	100.00	0.00	0.00	0.04	71.67	28.33
Operator	33,165	26.45	59.58	13.98	6.41	90.72	9.28
Subtotal Employees	43,783	24.77	61.07	14.15	6.70	87.69	12.31
Trainee	847	97.17	2.83	0.00	0.16	49.94	50.06
Apprentice	590	99.15	0.68	0.17	0.13	66.44	33.56
Temporary farm workers	8,872	33.75	51.86	14.39	-	60.13	39.87
Total Employees	45,220	27.10	59.20	13.71	0.00	0.00	0.00

Comments: 1. Data reported includes all the Group's units, (except for the international units of Citrosuco), and not only the units shown in the organization charts of the business divisions The figures include only the number of active employees broken down by functional category.

Social Performance - Human Rights

Freedom of Association and Collective Bargaining

HR4 - Total number of incidents of discrimination and actions taken	33 and 34		
	COMPLETED		
Cases of Discrimination Occurred	2010	2011	2012
Complaints received by the ombudsman	210	382	572
Cases deemed founded	81	112	194

Comments: "1. The increase in cases and complaints received by the ombudsman was due to:
- Inclusion of Milpo units
- More structured actions of communication, and training at the plants.
2. Citrosuco: due to the merger process, the indicator includes information Citrovita for the first half of 2012. (i.e. only 50% of Citrosuco).

HR5 - Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions taken to support these rights.	33 and 34		
	COMPLETED		
Period	2010	2011	2012
Operations where the right of employees to exercise as freedom is at risk	0	0	0

Comments: 1. In 2012 Votorantim did not record any process or warning by inspection agencies for occurrences concerning freedom of association and collective bargaining.

Social Performance - Human Rights

Child Labor

HR6 - Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	33 and 34
	COMPLETED
Period	2012
Number of transactions that may be at risk for cases of child or young workers exposed to hazardous work	0

Comment:	<p>1. The issues of slave and child labor are handled through the code of conduct and also through operational control audits. In the ombudsman system there is not presently any specific topic called slave or child labor. This will be inserted into the tool in 2013. However it is possible to make a complaint in these cases in other topics, such as image and reputation. Suppliers involved blacklisted IBAMA or the Ministry of labor are excluded automatically from SAP, in addition, there are specific clauses in contracts related to this issue.</p> <p>2. The Citrosuco adheres to the Abrinq certification that includes guidelines to prevent the occurrence of child labor.</p> <p>3. Annual audit plans are prepared, aiming to assess the main risks of each business unit. These plans are discussed and validated with the senior management of the business units so that they have a reasonable level of coverage according to the number of units of each business, applying also the principle of rotation of emphasis. Additionally the existence of an ombudsman, supported by a systemic tool that shows already consolidated facilitates access of employees and other stakeholders if infractions are observed.</p> <p>Supporting this process we have the Ombudsman, as a reliable system, with easy access to employees and other interested parties for reports of infractions, if these are observed.</p> <p>Internal Audit uses a risk map of the main processes of the organization for execution of its work, and for the evaluation of risks involving the use of child labor. This aspect is verified in the governance process, by evaluating the specific risk of inappropriate conduct not in accordance with the Votorantim Code of Conduct.</p>
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Forced and Compulsory Labor Core

HR7 - Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	33 and 34
	COMPLETED
Period	2012
Number of operations with the risk of forced or slave labor	0

Comment:	<p>1. The issues of slave and child labor are handled through the code of conduct and also through operational control audits. In the ombudsman system there is not presently any specific topic called slave or child labor. This will be inserted into the tool in 2013. However it is possible to make a complaint in these cases in other topics, such as image and reputation. Suppliers involved blacklisted IBAMA or the Ministry of labor are excluded automatically from SAP, in addition, there are specific clauses in contracts related to this issue.</p> <p>3. Annual audit plans are prepared, aiming to assess the main risks of each business unit. These plans are discussed and validated with the senior management of the business units so that they have a reasonable level of coverage according to the number of units of each business, applying also the principle of rotation of emphasis. Additionally the existence of an ombudsman, supported by a systemic tool that shows already consolidated facilitates access of employees and other stakeholders if infractions are observed.</p> <p>Supporting this process we have the Ombudsman, as a reliable system, with easy access to employees and other interested parties for reports of infractions, if these are observed.</p> <p>Internal Audit uses a risk map of the main processes of the organization for execution of its work, and for the evaluation of risks involving the use of child labor. This aspect is verified in the governance process, by evaluating the specific risk of inappropriate conduct not in accordance with the Votorantim Code of Conduct.</p>
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Social Performance - Society

Corruption

SO2 - Percentage and total number of business units analyzed for risks related to corruption	Table of Contents		
	COMPLETED		
Period	2010	2011	2012
Business Divisions evaluated (%)	100%	100%	100%
Number of Plants evaluated	-	89	50
Plants evaluated (%)	31%	28%	17%

Comments:	<p>1. The reduction in the percentage of evaluated plants was due to reevaluation of the audit in order to prioritize aspects of management and strategy.</p> <p>2. Citrosuco Due to the merger process, audits with a specific focus on corruption were not conducted in 2012.</p>
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SO3 - Percentage of employees trained in organization's anti-corruption policies and procedures.	Table of Contents		
	COMPLETED		
Period	2010	2011	2012
Managers Trained (%)	29.7%	22.2%	35.5%
Non-managers Trained (%)	44.2%	50.9%	27.2%
Total Employees Trained (%)	43.2%	48.6%	27.8%

Comments:	<p>1. The percentage reduction of the total number of employees trained is because the training is available only to new employees hired during the year. Furthermore, all employees sign the attached Statement of Commitment to the Code of Conduct.</p> <p>2. "Managers": We considered the employees with a job category equal or greater than consultant.</p>
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Social Performance - Society

Corruption

	33, 34 and 47		
SO4 - Measures taken in response to cases of corruption	COMPLETED		
Period	2010	2011	2012
Total number of employees punished or dismissed for corruption	38	47	48
Supplier contracts not renewed due to the occurrence of corruption	3	10	13

Comments:

1. All of the employees involved (48) were dismissed and all of the suppliers involved (13) had their contracts blocked. In some cases police investigations were initiated in order to recover amounts already paid.
2. Fibria: Of the 8 allegations of corruption, fraud and bribery investigated by internal audit, 5 were completed, of which none were considered to be founded. The remaining cases are still under review in 2013.

Public Policy

	59		
SO5 - Public policy positions and participation in public policy development and lobbying.	COMPLETED		

2012

Company Representative	Committee in which representative is participating	Name of Institution
Leonardo Genofre	Vice President	ABAF - Bahia Association of Forest-Based Enterprises
Luis Carlos Loureiro Filho	Director Primary Producer	ABAL - Brazilian Aluminum Association
Malu Natel Freire Weber	Board	ABERJE - Brazilian Association of Corporate Communication
Alan Svaiter	Board of Directors	ABESC - Brazilian Association of Concreting Services
Otávio Carneiro de Rezende	Board	ABIAPE - Brazilian Association of Investors in Company-owned Energy
Paulo Villares Musetti/Ricardo Henriques Leal	Board Member	ABM - Brazilian Association of Metallurgy
Marcelo Chamma	Director	ABRAMAT - Brazilian Association of the Industry of Construction Materials
Orivan Cássio Matiuazo/ Paulo Villares Musetti	Board Member	ABRAMAT - Brazilian Association of the Industry of Construction Materials
José Luciano Penido	Chairman of the Board	Association of Paraíba Valley Ecological Corridor
José Luciano Penido	Chairman of the Board	BRACELPA - Brazilian Association of Pulp and Paper
José Roberto Ermírio de Moraes	VP Advisory Board	BRACELPA - Brazilian Association of Pulp and Paper
Raul Calfat	Advisory Board	BRACELPA - Brazilian Association of Pulp and Paper
Marcello Castelli	Vice Chairman of the Board	BRACELPA - Brazilian Association of Pulp and Paper
David Canassa	President	CEBDS - Technical Chamber for Energy and Climate Change of the Brazilian Business Council for Sustainable Development
Boris Alessandro Wiazowski	Coordinator	CitrusBR - National Association of Exporters of Citrus
Martin Vroegh	Environment Manager	Coalition of Fair Construction Practices
Martin Vroegh	Environment Manager	DRRCC - Durham Region Roundtable on Climate Change
Luiz Alberto Castro Santos	Director of Strategic Planning	FICEM - Federation Inter-Americana led Memento
José Roberto Ermírio de Moraes	Vice President / Board	FIESP - Federation of Industries of the State of São Paulo
Albano Chagas Vieira	Chairman of the Board	IABr - Brazil Steel Institute
Jones Belther	Board	IBRAM - Brazilian Mining Institute
Francisco Martins	President	ICZ - Institute of Nonferrous Metals
José Luciano Penido	Board Member	Instituto Ethos
John Moroz	Vice Chair of de Board	OSSGA - Ontario Stone Sand and Gravel Association
Fortunato Tetzner	Board Member	SGF International - Global Sugar Fair
Ariovaldo Zani	Executive Vice President	Sindirações - National Association of Animal Feed Industry
Carlos Alberto de Oliveira Roxo	Membro do Steering Committee	TFD - The Forests Dialogue

Comments:

1. Votorantim does not assume a specific position in relation to public policy, but it takes a stance on their formulation through the entities of which it is part. Votorantim's lobbying and political positions are convergent with sustainability issues.

SO6 - Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	60		
	COMPLETED		
Period	2010	2011	2012
Total Contributions (R\$ / thousand)	*	-	5,827,500

Comments: * Information is available on the website of the TSE (<http://spce2010.tse.jus.br/spceweb.consulta.receitasdespesas2010>).
1. In 2011 there were no contributions.

Anti-Competitive Behavior

SO7 - Total number of legal actions for anti-competitive behavior, antitrust, and monopoly practices and their outcomes.	81		
	COMPLETED		
Period	2010	2011	2012
Total number of legal actions for anti-competitive behavior, anti-trust and monopoly	7	8	2
Lawsuits which are on-going for Unfair Competition, and Monopoly Practices Trust, up until 2012.			
Citrosuco	-	-	0
Votorantim Energia	-	-	0
Votorantim Cimentos	4	3	2
Votorantim Metais	-	4	0
Votorantim Siderurgia	-	1	0
Fibria	-	-	0

Comments: 1. In 2012 we implemented a new corporate standard.
2. VC: The VCNA plants are now included.
3. VM: Milpo plants were not included.
4. VS: Included the PazDelRio plant.
This includes the requests received and amounts paid, including both lawsuits and administrative proceedings.
6. The two lawsuits mentioned are on-going.

Compliance

SO8 - Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Table of Contents		
	COMPLETED		
Period	2010	2011	2012
Total value of significant fines	R\$17,935,631.46	R\$ 20,104,671.05	R\$3,583,524,754.05
Number of non-monetary sanctions	890	838	31
Lawsuits moved through arbitration mechanisms	0	0	0

Comments: In 2012 Votorantim conducted a review of internal procedures aimed at improving the management of this indicator.
1. The increase in the monetary value of fines was due to:
- Implementation of the new corporate standard.
- VC: The VCNA plants are now included.
- VM: Milpo plants were not included.
- VS: Includes the PazDelRio plant.
2. This includes the requests received and amounts paid, including both lawsuits and administrative proceedings.

Social Performance - Liability for the Product

Product and Service Labeling

PR2 - Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Table of Contents		
	COMPLETED		
Period	2010	2011	2012
	0	0	2

Comments: 1. VS: AcerBrag: The two items shown correspond to an observation indicated in a quality audit conducted by INTI - National Institute of Industrial Technology and a customer complaint. In both cases the low height of the transversal nerves in the 6mm DNA bars. The internal processes are being reassessed to prevent the final product meets the specifications.
2. VC: The VCNA plants are now included.
3. VM: Milpo plants were not included.
4. VS: Includes the PazDelRio plant.

Social Performance - Liability for the Product

Product and Service Labeling

PR3 - Type of product and service information required for labeling procedures and percentage of significant products and services subject to such information requirements.	Table of Contents		
	COMPLETED		
Period	2010	2011	2012
Percentage of products covered by the labeling procedures (%)	100%	100%	100%
The information required by the organization's procedures relating to information and labeling of products and services			
Outsourcing of parts of the product or service			40%
Content, particularly with respect to substances that may cause environmental or social impact.			40%
Safe use of the product or service			80%
Disposal of product and environmental / social impacts			60%
Other			40%

Comments:

1. The percentage refers to the business units that have requirements for labeling procedures.
2. VC: The VCNA plants are now included.
3. VM: Milpo plants were not included.
4. VS: Includes the PazDelRio plant.
5. VE: Not applicable.

PR5 - Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	80, 81, 83, 86, 94 and 95			
	COMPLETED			
Period	Periodicity	2010	2011	2012
Results for Level of Customer Satisfaction for products and services offered by Votorantim Industrial (%)				
Citrosuco	Annual	65%	-	-
VC	Bi-annual	83%	82%	87%
VM	Bi-annual	86%	80%	80%
Fíbria	Bi-annual	-	-	-
VS	Bi-annual	82%	-	-
Total	-	79%	81%	83%

Comments:

1. Every business division has its own methodology. In this table values are on a relative basis to make them comparable.
2. VE: indicator is not applicable.
3. Citrosuco The survey was not conducted due to the merger process.
4. VC: The VCNA plants were not included.
5. VM: Milpo plants were not included.
6. VS: Included the PazDelRio plant.

PR7 - Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Table of Contents		
	COMPLETED		
Period	2010	2011	2012
Cases of non-compliance with marketing regulations that resulted in a fine or penalty	-	0	0
Cases of non-compliance with marketing regulations that resulted in warning	-	0	0
Comments:			
<ol style="list-style-type: none"> 1. VE: indicator is not applicable. 2. VC: The VCNA plants are now included. 3. VM: Milpo plants were not included. 4. VS: Included the PazDelRio plant. 			

Social Performance - Liability for the Product

Compliance

PR9 - Monetary value of (significant) fines for non-compliance with laws and regulations concerning the provision and use of products and services

Table of Contents

COMPLETED

Period	2010	2011	2012
Significant fines	0	R\$ 20,313.71	R\$3,669,546.74

Comments:

- The increase in the monetary value of fines was due to:
 - Implementation of the new corporate standard.
 - VC: The VCNA plants are now included.
 - VM: Milpo plants were not included.
 - VS: Included the PazDelRio plant.
- This includes the requests received and amounts paid, including both lawsuits and administrative proceedings.

Food Sector Indicators

FP5 - Percentage of production volume certified by an independent third part according to internationally recognized food safety management system standards.

Table of Contents

COMPLETED

Period	2010	2011	2012
		100%	100%

Comments:

- Applicable only to Citrosuco.
- The Citrosuco holds certifications by Sure Global Fair - SGF in relation to security controls and quality, hygiene, authenticity, traceability, sustainability and labeling according to the rules of control AIJN Code of Practice. In addition, it has undergone audits for Kosher and Halal certification. It also has a program called SGO (Operational Management System) covering quality systems: ISO 9001; ISO 14001; ISO 22000; OHSAS 18001; and certifications for Good Manufacturing Practice - GMP, and Hazard Analysis and Critical Control Point - HACCP. Every year Citrosuco undergoes audits by certifiers applicable to each product, in order to maintain or renew certifications.

FP6 - Percentage of total sales of products lowered in fat, saturated fat and trans fat, sodium and added sugars (%)

Table of Contents

COMPLETED

Period	2012
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Reductions in saturated fat

Reductions in trans fat

Reductions in sodium

Replacement of sugar by artificial sweeteners

The product is 100% natural, i.e. the product has the natural characteristics present in the fruit. For this reason, Citrovita does not segregate products in different categories.

Comments:

- Applicable only to Citrosuco.

FP7 - Percentage of total sales volume that contain a large amount of minerals, phytochemicals and functional food additives (%)

Table of Contents

COMPLETED

Period	2012
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Fibres

Vitamins

Minerals

Phytochemicals

Additional food additives

Other

The product is 100% natural i.e. there is no segregation of our product into categories related to amount of nutritional ingredients, fiber, vitamins, among others.

Comments:

- Applicable only Citrosuco.

Mining Sector Indicators

MM1 - Amount of land disturbed by the extractive mining activity (hectares)

Table of Contents

COMPLETED

Period	2010	2011	2012
Total land changed and not yet rehabilitated, in hectares.		2698.68	2,939.00
Total amount of land recently changed during the reporting period, in hectares.		755.12	241.22
Total amount of land newly rehabilitated during the reporting period and for final agreed use, in hectares.		262.9	133.34
Total area affected and not rehabilitated.		3,190.90	3,046.88

Comments:

- Indicator reported only by VM.
- VM: Milpo plants were not included.

Mining Sector Indicators

MM2 - Number of units that have a biodiversity management plan in accordance with the law.	Table of Contents		
	COMPLETED		
Period	2010	2011	2012
Number of units that have biodiversity management	-	0	6
Percentage of units that have management on biodiversity	-	0	24%

Comments:

1. Indicators reported by VM and VC.
2. VC: Included only the units in Brazil. The units that have a Biodiversity Management Plan are: Vidal Ramos and Companhia Cimentos Ribeirão Grande.
3. VM:
 - Information on Milpo not included.

The units that have a Biodiversity Management Plan are: Morro Agudo, Vazante, Fortaleza de Minas and Niquelândia.

MM3 - Total amounts of overburden, rock, tailings, and sludges and their associated risk.	Table of Contents		
	COMPLETED		
Period	2010	2011	2012
Total quantities of overburden, tailings and sludge generated (tons)		22,794,782.11	38,278,032.88

The waste (tailings) from mining and metallurgy operations are classified, according to the Brazilian standard NBR 10.004, into the following "Classes": I - hazardous; II A - non-hazardous (reactive) or II B - non-hazardous (inert). In general VM's waste is classified as I or II A and the classification is what determines the form in which the waste is stored. Considering that VM is a metal mining and manufacturing company the main risk is the presence of residual amounts of heavy metals, which could leach out and contaminate soil or water resources, and it is for this reason that we control the projects and management of the disposal areas

Associated risks

Comments:

1. The increase in the consolidated figures refers to the inclusion of units Milpo. There are several studies ongoing aimed at identifying opportunities to achieve the zero disposal of metallurgical and mineral waste (Targets for 2020).

MM5 - Total number of operations taking place in or adjacent to Indigenous People's territories and the percentage of sites that have formal agreements with Indigenous People's Communities.	Table of Contents		
	COMPLETED		
Period	2010	2011	2012
Total units located in Indian reservations		0	0
Total units located in other traditional communities		0	0
Total area of operations in areas of traditional communities		0	0

Comments:

1. Indicator from information collected in VM.
2. VM: - Information on Milpo not included.
3. "Other traditional communities": quilombolas for example.

MM10 - Number and percentage of operations with closure plans.	Table of Contents		
	PARTIAL		
Period	2010	2011	2012
Number of company operations that have closure plans.	-	8	52
Percentage of total number of operations.	-	67%	53%

Comments:

1. The increase in the number of operations was due to the inclusion of information from VC Brazil and VCNA.
2. VM: - Information on Milpo not included.

Energy Sector Indicators

EU1 - Installed capacity broken down by primary energy source and regulatory system.	Table of Contents		
	COMPLETED		
Period	2010	2011	2012
Total installed capacity by plant, in MW			
H/E - Alecrim		72.00	72.00
H/E - Barra		40.40	40.40
Small H/E - Boa Vista		0.80	0.80
H/E - França		29.52	29.52
H/E - Fumaça		36.40	36.40
H/E - Itupararanga		55.00	55.00
Small H/E - Jurupará		7.20	7.20
H/E - Ourinhos		44.00	44.00
H/E - Paranapanema		32.10	32.10
H/E - Pedra do Cavalo		160.00	160.00
H/E - Picada		50.00	50.00
H/E - Piraju		80.00	80.00
H/E - Porto Raso		28.40	28.40
Small H/E - Rio Novo		1.28	1.28
H/E - Salto das Nuvens		Em construção	Em construção
H/E - Salto de Iporanga		36.87	36.87
H/E - Salto do Rio Verdinho		93.00	93.00
Small H/E - St. Helena		2.24	2.24
H/E - Serraria		24.00	24.00
H/E - Sobragi		60.00	60.00
H/E - Tijuco Alto		Em construção	Em construção
Small H/E - Votorantim		3.00	3.00
Total		856.21	856.21

Comments: 1. The installed capacity of each plant does not change. Overall capacity only increases when new plants are built.
2. Applicable only to VE.

Energy Sector Indicators

EU2 - Net energy output broken down by primary energy source and regulatory system.	Table of Contents		
	COMPLETED		
Period	2010	2011	2012
H/E - Alecrim	504.93	478.00	420.66
H/E - Barra	286.11	270.69	225.76
Small H/E - Boa Vista	1.40	1.20	1.35
H/E - França	193.53	178.98	139.52
H/E - Fumaça	266.53	247.75	205.95
H/E - Itupararanga	211.43	118.12	144.94
Small H/E - Jurupará	26.47	24.86	22.92
H/E - Ourinhos	225.15	212.58	172.87
H/E - Paranapanema	228.80	215.20	240.61
H/E - Pedra do Cavalo	232.82	241.46	58.99
H/E - Picada	302.21	300.60	278.66
H/E - Piraju	548.71	435.05	501.02
H/E - Porto Raso	210.16	195.67	171.45
Small H/E - Rio Novo	3.70	4.10	3.65
H/E - Salto das Nuvens	Under construction	Under construction	Under construction
H/E - Salto de Iporanga	290.00	266.17	234.41
H/E - Salto do Rio Verdinho	N/D	589.38	539.58
Small H/E - St. Helena	12.72	8.73	10.91
H/E - Serraria	193.31	181.20	153.52
H/E - Sobragi	354.29	356.32	336.01
H/E - Tijuco Alto	Under construction	Under construction	Under construction
Small H/E - Votorantim	18.62	12.79	15.66
Total Electric Power generated (GWh)	4,110.39	4,338.85	3,878.46

Comments: 1. The electric power generation for 2012 was lower, compared with 2011, due to the low inflows of water recorded.
2. All units the primary energy source is water, and the regulatory regime is ""Open market - Own-production"".
3. Applicable only to VE.

EU16 - and Policies Regarding health and safety requirements of employees and employees of contractors.	Table of Contents	
	COMPLETED	
Period	2012	
What are the policies and standards regarding the health and safety of employees and contractors?	The policies are included in the procedures for critical risks, related to working conditions, namely: heights; confined spaces; hot conditions; chemicals; poisonous animals; lifting loads; light vehicles; machinery protection; and also to risk assessment. Besides these critical risks, there are other health and safety procedures, for legal compliance, such as: standardization of EPI procedures; investigation of accidents and incidents; hiring of diving services; contracting services for land-clearing and reforestation and installation of safety signs.	

Comments: 1. Applicable only to VE.

Energy Sector Indicators

EU18 - Percentage of contractor and subcontractor employees who have undergone relevant health and safety training.	Table of Contents	
	COMPLETED	
Period	2012	
Percentage of employees of contractors that underwent training on health and safety at work	100%	
Percentage of employees of sub-contractors (of the contractors) that underwent training on health and safety at work	Our contractors are prevented contractually of performing their activities through subcontracting.	

Comments:

1. The training provided to third parties include: integrations, poisonous animals, daily security discussions. (VE's contractors provide services for: security, cleaning, land-clearing and maintenance).
2. Applicable only to VE

EU30 - Average availability factor of the plant by energy source and regulatory system.	Table of Contents		
	COMPLETED		
Period	2010	2011	2012
Average plant availability factor by type of energy			
H/E - Alecrim		99.98	98.55
H/E - Barra		99.98	99.67
Small H/E - Boa Vista		100.00	100.00
H/E - França		99.95	89.49
H/E - Fumaça		99.93	99.32
H/E - Itupararanga		91.11	99.75
Small H/E - Jurupará		100.00	92.04
H/E - Ourinhos		96.05	92.44
H/E - Paranapanema		91.97	69.92
H/E - Pedra do Cavalo		98.52	99.96
H/E - Picada		98.57	96.06
H/E - Piraju		99.55	98.62
H/E - Porto Raso		99.98	96.01
Small H/E - Rio Novo		100.00	99.36
H/E - Salto de Iporanga		99.99	100.00
H/E - Salto do Rio Verdinho		99.78	95.88
Small H/E - St. Helena		100.00	99.94
H/E - Serraria		99.95	98.43
H/E - Sobragi		98.2	94.29
Small H/E - Votorantim		98.2	99.18
Factor average plant availability by type of regulatory regime.			
H/E - Ourinhos		96.64	88.92
H/E - Pedra do Cavalo		93.16	95.15
H/E - Picada		95.65	95.53
H/E - Piraju		97.99	97.51
H/E - Salto do Rio Verdinho		94.25	94.80
H/E - Sobragi		95.16	94.90

Comments:

1. Applicable only to VE 2. For availability factor, we note that:
- All plants are in Brazil. The 14 plants of the Juquiá, Sorocaba and Santa Cruz complexes are not connected to the Brazilian National Interconnected System SIN) and are not distributed by the National Electric System Operator (ONS), since the energy generated is consumed exclusively by the Brazilian Aluminum Company (CBA), installed in the region. Therefore the availability factors of these plants are generated internally.
The remaining 6 plants in operation under the management of VE are connected to SIN, and are distributed by ONS, so the availability factors are calculated by the ONS, according to regulations.
3. In all units the primary energy source is water, and the regulatory regime is "Open market - Own-production".

DMA – DISCLOSURES ON MANAGEMENT APPROACH /FORMS OF MANAGEMENT

DMA	Dimension	Aspect	Level of	Page
EC	Economic Indicators	Economic Performance	Partial	3 Table of Contents (EC2 and EC3)
		Market Presence	-	-
	Environmental Indicators	Indirect economic impacts	Partial	Table of Contents (EC8)
		Materials	Completed	64 and 65
		Energy	Completed	65, 67 and 68
		Water	Completed	70
		Biodiversity	Completed	74 and 75
		Emissions, Effluents, and Waste	Completed	70, 71 and 73
		Products and Services	Completed	68 and 69
		In conformity	Completed	Table of Contents (EN28)
		Transport	-	-
EN	Environmental Indicators	General	Completed	63 and Table of Contents (EN30)
		Employment	Completed	50 and 55
		Relations between workers and management	Partial	56
LA	Labor Indicators	Occupational Health and Safety	Completed	48, 49 Table of Contents(LA8)
		Training and Education	Completed	50, 54 and 55
		Diversity and Equal Opportunities	Partial	53
		Management Practices and Investments	-	-
		Non-discrimination	Completed	33 and 34
HR	Human Rights Indicators	Freedom of Association	Completed	33 and 34
		Child Labor	Completed	33 and 34
		Forced / Slave Labor	Completed	33 and 34
		Safety Practices	-	-
		Rights of Indigenous Peoples	-	-
		Community	-	-
		Corruption	Completed	33 Table of Contents (SO3)
SO	Society Indicators	Public Policies	Completed	59 and 60
		Anti-competitive Behavior	Completed	81 Table of Contents (SO7)
		In conformity	Completed	Table of Contents (SO8)
		Customer health and safety	Partial	81, 84 and 92
		Labeling of Products and Services	Completed	80, 83, 86 and 92
		Marketing Communications	Partial	Table of Contents (PR7)
PR	Product Indicators	Customer Privacy	-	-
		Compliance	Completed	Table of Contents (PR9)



Financial Statements

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150. Statement of changes in equity

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Consolidated balance sheet as at December 31

All amounts in millions of Reais

	Note	2012	2011
Assets			
Current assets			
Cash and cash equivalents	9	3,280	1,380
Financial investments	10	3,744	3,398
Derivative financial instruments	6.1.1	86	241
Trade receivables	11	2,088	2,154
Inventory	12	3,894	3,507
Taxes recoverable	13	1,273	930
Dividends receivable	15	1	9
Receivables from sale of ownership interests	17 (e) (v)		2,362
Other		626	790
		14,992	14,771
Assets held for sale	14	875	189
		15,867	14,960
Non-current assets			
Long-term receivables			
Financial investments	10	79	26
Derivative financial instruments	6.1.1	14	75
Taxes recoverable	13	781	1,103
Related parties	15	1,412	1,294
Deferred income tax and social contribution	23 (b)	3,735	3,450
Call options	16	157	104
Advances to suppliers		218	223
Judicial deposits	24 (e)	497	328
Other		548	430
		7,441	7,033
Investments	17	1,712	3,361
Property, plant and equipment	18	29,086	26,269
Biological assets	19	1,129	1,117
Intangible assets	20	12,858	11,366
		52,226	49,146
Total assets		68,093	64,106

The notes are available on Votorantim's website at: www.votorantim.com/ri

	Note	2012	2011
Liabilities and equity			
Current liabilities			
Borrowing	21	1,707	2,028
Derivative financial instruments	6.1.1	131	171
Trade payables		2,867	2,576
Payables - trading	22	54	24
Salaries and payroll charges		927	731
Income tax and social contributions		128	329
Taxes payable		356	383
Dividends payable to the owners of the Company	15	58	596
Dividends payable to non-controlling interests	15	115	92
Advances from customers		230	136
Use of public assets	25	55	60
Payables for interest acquisition	17 (e) (iv)	328	
Other		768	725
		7,724	7,851
Liabilities related to assets held for sale	14	274	
		7,998	7,851
Non-current liabilities			
Borrowing	21	23,712	20,406
Related parties	15	893	610
Deferred income tax and social contributions	23 (b)	3,336	3,443
Provisions for tax, civil, labor and environmental contingencies	24	1,409	1,482
Derivative financial instruments	6.1.1	84	186
Use of public assets	25	857	780
Provision for asset decommissioning	26	870	557
Other		1,148	825
		32,309	28,289
Total liabilities		40,307	36,140
Equity	27		
Share capital		19,907	19,925
Revenue reserves		6,053	6,687
Carrying value adjustments		(1,436)	(1,630)
Total equity attributable to owners of the Company		24,524	24,982
Non-controlling interests		3,262	2,984
Total equity		27,786	27,966
Total liabilities and equity		68,093	64,106

Consolidated statement of income

Years ended December 31

All amounts in millions of Reais, except for earnings per share

	Note	2012	2011
Continuing operations			
Net revenue from products sold and services rendered	28	24,792	23,659
Cost of products sold and services rendered		(18,832)	(17,259)
Gross profit		5,960	6,400
Operating expenses			
Selling		(1,419)	(1,261)
General and administrative		(2,370)	(2,023)
Other operating income (expenses), net	29	88	(1,183)
		(3,701)	(4,467)
Operating profit before equity results and finance result		2,259	1,933
Result from equity investments			
Equity in the results of investees	17	122	356
Realization of other comprehensive income in the investment write-off		(91)	
		31	356
Finance costs		(2,118)	(2,014)
Finance income		869	672
Foreign exchange gains (losses), net		(758)	(666)
Finance result, net	30	(2,007)	(2,008)
Profit before income tax and social contribution		283	281
Income tax and social contributions	23		
Current		(631)	(510)
Deferred		435	643
Profit for the year from continuing operations		87	414
Discontinued operations			
Profit for the year from discontinued operations	35	-	868
Profit for the year		87	1,282
Profit attributable to the owners of the Company		151	1,225
Profit (loss) attributable to non-controlling interests		(64)	57
Profit for the year		87	1,282
Basic and diluted earnings per thousand shares from continuing operations (in Reais)		4,97	24,05
Basic and diluted earnings per thousand shares from discontinued operations (in Reais)			50,43
Weighted average number of shares		17,509,603,386	17,211,360,685

Consolidated statement of comprehensive income

Years ended December 31, 2011 and 2012

All amounts in millions of Reais

	2012	2011
Profit for the year	87	1,282
Other comprehensive income for the year		
Foreign exchange gains (losses) on foreign investments	914	1,410
Actuarial gains (losses) on retirement benefit obligations	(63)	(25)
Hedge accounting of net investments in foreign operations	(442)	(559)
Hedge accounting for the operations of subsidiaries	(41)	(6)
Realization of other comprehensive income in the investment realization	91	
Other effects of operations of subsidiaries and associates	(108)	(369)
Other comprehensive income for the year	351	451
Total comprehensive income for the year	438	1,733
Comprehensive income attributable to		
Owners of the Company	345	1,242
Non-controlling interests	93	491
	438	1,733

Statement of changes in equity
All amounts in millions of Reais

			Revenue reserves	
			Legal	Profit retention
	Note	Share capital		
As at December 31, 2010		19,367	464	5,289
Total comprehensive income for the year				
Profit for the year				
Components of comprehensive income for the year				
Total comprehensive income for the year				
Total contributions by and distributions to stockholders				
Capital increase		558		
Acquisition of non-controlling interests				
Allocation of profit for the year				
Legal reserve	27 (c)		61	
Dividends paid and proposed (R\$ 24.05 per share)	27 (b)			
Profit retention				873
Total contributions by and distributions to stockholders		558	61	873
As at December 31, 2011		19,925	525	6,162

Revenue reserves	Carrying value adjustments	Equity attributable to the owners of the Company	Non-controlling interests	Equity
	(1,567)	23,553	2,522	26,075
1,225		1,225	57	1,282
	17	17	434	451
1,225	17	1,242	491	1,733
		558		558
	(80)	(80)	(29)	(109)
(61)				
(291)		(291)		(291)
(873)				
(1,225)	(80)	187	(29)	158
	(1,630)	24,982	2,984	27,966

Statement of changes in equity
All amounts in millions of Reais

	Note	Share capital	Revenue reserves		Profit retention
			Tax incentives	Legal	
As at December 31, 2011		19,925		525	6,162
Total comprehensive income for the year					
Profit for the year					
Components of comprehensive income for the year					
Total comprehensive income for the year					
Total contributions by and distributions to stockholders					
Capital increase	27 (a)	402			
Capital decrease	27 (a)	(420)			
Decrease in non-controlling interests					
Merger of Votorantim Cimentos América ("VCA")					
Increase of non-controlling interests in Itacamba and VCEAA					
Effects of operations of consolidated subsidiaries					
Allocation of profit for the year					
Tax incentive reserve			5		
Legal reserve	27 (c)			8	
Dividends paid and proposed (R\$ 4.97 per share)	27 (b)				(750)
Profit retention					103
Total contributions by and distributions to stockholders		(18)	5	8	(647)
As at December 31, 2012		19,907	5	533	5,515

Retained earnings	Carrying value adjustments	Equity attributable to the owners of the Company	Non-controlling interests	Equity
	(1,630)	24,982	2,984	27,966
151		151	(64)	87
	194	194	157	351
151	194	345	93	438
		402		402
		(420)		(420)
			(62)	(62)
			(32)	(32)
			72	72
			207	207
(5)				
(8)				
(35)		(785)		(785)
(103)				
(151)		(803)	185	(618)
	(1,436)	24,524	3,262	27,786

Consolidated statement of cash flows
Years ended December 31, 2011 and 2012
All amounts in millions of Reais

	Note	2012	2011
Cash flow from operating activities			
Profit (loss) before income tax and social contributions from continuing operations		283	281
Profit from discontinued operations			868
Adjustments of items that do not represent changes in cash and cash equivalents			
Interest, monetary and foreign exchange gains (losses)		2,466	1,733
Equity in the results of investees	17 (c)	(122)	(356)
Realization of other comprehensive income on the investment realization		91	
Depreciation, amortization and depletion	18, 19 e 20	2,544	2,128
Net result from the sale of PP&E		(23)	(17)
Net results from sales of investments		6	
Gain on remeasurement of the fair value of the initial investment in Cimpor	17 (e) (i)	(267)	
Gain on remeasurement of the fair value of the initial investment in Artigas	17 (e) (iv)	(73)	
Change in the fair values of call options		(53)	347
Provision for goodwill impairment		464	
Provision for investment impairment			586
Provision for losses on assets			156
Provision for PP&E impairment		94	101
Changes in the fair values of biological assets	19	(84)	(100)
Capital gains on disposals of investments			(1,248)
Fair value adjustment of derivatives		(11)	(79)
Provisions		337	23
		5,653	4,423
Changes in assets and liabilities			
Financial investments		(371)	1,182
Derivative financial instruments		177	240
Trade receivables		81	(44)
Inventory		(175)	(700)
Taxes recoverable		21	(211)
Related parties		890	(183)
Other receivables and assets		132	205
Trade payables		240	(81)
Payables - trading		30	(371)
Payables for the acquisition of shares		0	(423)
Salaries and payroll charges		190	171
Taxes payable		(375)	9
Advances from customers		91	27
Other obligations and liabilities		(533)	883

	Note	2012	2011
Cash from operations		6,051	5,127
Interest paid	21(c)	(1,527)	(1,307)
Income tax and social contribution paid		(832)	(356)
Net cash provided by operating activities		3,691	3,464
Cash flow from investment activities			
Purchases of property, plant and equipment	18	(2,872)	(3,335)
Purchases of biological assets	19	(247)	(520)
Additions to intangible assets	20	(481)	(287)
Acquisition of investments		(58)	(109)
Related parties		(484)	183
Proceeds from disposals of investments		195	609
Proceeds from disposals of PP&E		240	523
Proceeds from the sale of interests	17 (e) (v)	2,362	
Proceeds from disposals of investments		30	
Dividends received		206	135
Net cash used in investing activities		(1,109)	(2,801)
Cash flow from financing activities			
New borrowing	21 (c)	4,835	6,138
Derivative financial instruments		(161)	(98)
Repayment of borrowing	21 (c)	(4,410)	(6,650)
Related parties		283	(509)
Payment of dividends		(1,300)	(538)
Net cash used in financing activities		(753)	(1,657)
Increase (decrease) in cash and cash equivalents		1,829	(994)
Effect of fluctuations in exchange rates		71	40
Cash and cash equivalents at the beginning of the year		1,380	2,334
Cash and cash equivalents at the end of the year		3,280	1,380

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