

REPORT 2014



The future starts here

The restructuring of
Votorantim's management
and governance model has
prepared it to face a new
business environment



Votorantim



l'express

FOR US, AT VOTORANTIM,
TO PRODUCE IS AN ART.

It is with the same passion, and carefull eyes, that we observe every detail of the production process. With the same care, we develop our skills. With the same concern, we invest in social and environmental initiatives. And with the same precision, we develop innovative ideas. All to serve our customer better.

VOTORANTIM. TO PRODUCE IS AN ART.





INTRODUCTION



This report presents the main activities and results of Votorantim Industrial (VID) in 2014, and the company's strategy for the short, medium and long terms. The report contains financial and non-financial information and has been prepared considering the principles and guidelines of the G4 version of the Global Reporting Initiative (GRI), the International Integrated Report Council (IIRC), the United Nations Global Compact (UNGC) and the Organization for Economic Cooperation and Development (OECD). The Votorantim Report 2014 also includes information on the main results and highlights of its industrial subsidiaries during the year. Additional information on the industrial subsidiaries can be found in their individual annual reports. Votorantim Industrial's financial statements and the opinion of the independent auditors are available at: www.votorantim.com.br/lir. The PDF Versions of this report can be accessed at <http://www.votorantim.com/report>.

In order to improve our reporting process and overall management processes we would be pleased to receive your feedback. Please send your opinions, suggestions and comments to: contato@vpar.com.br

We hope you find the report a good read!

Legend		Color Code
	GRI Indicators	Reference G4-XX
	IIRC Capitals	Reference XX Capital
	OECD Guidelines	Reference OCDE
	Global Compact Principles	Reference GC-XX

LIST OF CONTENTS



10

Antônio Ermírio de Moraes: a sense of purpose

13

New Votorantim management and governance structure

29

2014 a year of growth and good results

34

Energy business establishes itself as a new asset in our portfolio

43

Search for innovation extends to new markets

52

Image, reputation and our first corporate brand campaign

PERFORMANCE HIGHLIGHTS	4
MANAGEMENT STATEMENT	6
LETTER OF THE CHAIRMAN Competitiveness is a key issue.	6
LETTER OF THE CEO The future starts here	8
TRIBUTE TO ANTÔNIO ERMÍRIO DE MORAES The most important legacy of a great leader	10

VOTORANTIM INDUSTRIAL	12
COMPANY PROFILE The evolution of the holding company	13
VALUES AND BELIEFS Votorantim's corporate identity	16
CORPORATE GOVERNANCE Faster decision-making	18
STRATEGY Striding into the future	21


OUR MANAGEMENT APPROACH	24
MANAGEMENT PILLARS Guidelines define each role	25
FINANCIAL MANAGEMENT	28
PERFORMANCE A year of good results	29


VALUE CREATION	33
IN OUR BUSINESS ACTIVITIES When energy became a business	34
IN THE COMMUNITY A step ahead.	36
IN THE ENVIRONMENT A precious reserve	38
OPERATIONAL EXCELLENCE	40
SHARED SOLUTIONS Centers of Excellence increase competitiveness	41
INNOVATION Innovation, a cross-cutting theme	43

PEOPLE & ORGANIZATION	46
HUMAN CAPITAL Talented people at the core of our strategy	47
IMAGE & REPUTATION	51
OUR BRAND A long-term asset that generates value	52
THE VOTORANTIM INSTITUTE Work that focuses on local development.	54
INSTITUTIONAL RELATIONS Defending the industry	57

OUR PORTFOLIO	59
VOTORANTIM CIMENTOS Sector leader	60
VOTORANTIM METAIS Between challenges and opportunities	62
VOTORANTIM SIDERURGIA Efficiency gains	64
VOTORANTIM ENERGIA Beyond power generation	66
FIBRIA Leading player in the pulp industry	68
CITROSUCO Innovation in orange groves	70
ABOUT THE REPORT	72

PERFORMANCE HIGHLIGHTS

Consolidated Ebitda of
 **R\$ 7.1**
billion
an increase of 32%
compared to 2013 G4-EC1

Consolidated net revenues of
 **R\$ 28.1**
billion
(7% higher than in 2013)

 **1.4**
million hours
dedicated to personnel
training G4-LA9

 “To produce is an art”
1st corporate
brand campaign



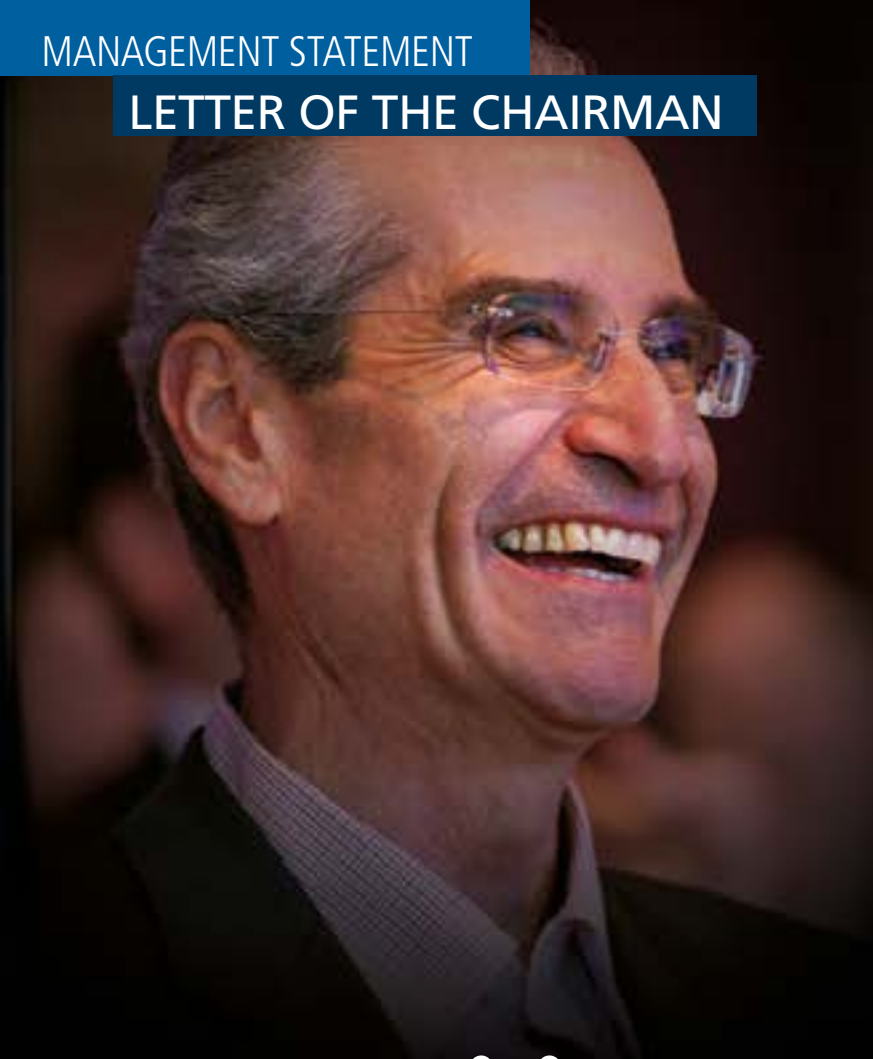
 **+2.6**
million hectares
of protected or restored
habitats G4-EN13

 **R\$ 563**
million spent
on environmental management
projects, including both investments
and operational expenses G4-EN31

13th position,
in a Brazilian corporate reputation survey,
an improvement
of 6 positions

Source: Ibope/Merco Survey

 **R\$ 76.5**
million
invested in external social and
cultural initiatives



Competitiveness is a key issue

Throughout its history, the company has contributed to the development of the Brazilian industrial sector. It has made pioneering investments in basic industries, incorporated technologies in its production processes and expanded its activities overseas, making it one of the benchmark companies in Brazilian industry.

In the process, especially in the last 15 years, the company has made great progress in developing an effective management approach. It has identified the best operational practices and institutionalized them, creating internal standards that have been applied to all its industrial

subsidiaries, resulting in the capture of synergies and greater operational efficiency. The benefits of this process have been significant, and have allowed Votorantim to grow consistently throughout its history. Its business activities have been continuously expanded both in terms of production capacity and geographical reach – the organization is currently present in 19 countries. This has also led to the adoption of a cross-cutting approach to sustainability. It has been incorporated as a fundamental factor in our operations, enabling us to generate value for both our business and society. A demonstration of this commitment was Votorantim’s

voluntary adherence to the UN Global Compact, whose principles we follow in all our business activities.

In recent years, however, Brazilian industry has faced an increasing loss of competitiveness due to factors such as exchange rate volatility, a complex and burdensome tax system, a deficient logistical infrastructure and increased real wages without equivalent gains in productivity, resulting in higher unit labor costs. These factors have adversely impacted industrial large-scale projects, which have increased production and exports, and thus reduced the drivers for growth in Brazil.

Votorantim has maintained its level of investment and, in recent years, has intensified its efforts to internationalize its business through the development of overseas production facilities. Our investments in Peru play an important role in our metals and mining activities. In the cement sector, we have grown in the Americas and, more recently, in Europe, Asia and Africa, following our asset swap with Cimpor, the Portuguese cement company. In the long steel sector, we have made investments in Colombia and Argentina. The company’s overseas assets now account for around 30% of its Ebitda.

Although macroeconomic issues have undermined the competitiveness of Brazilian domestic enterprises in general, internally, Votorantim has worked

consistently to achieve a higher level of operational efficiency. In 2014, it took an important step aimed at ensuring its long-term business continuity. After more than a decade of a centralized governance structure, in which the individual industrial companies reported to the industrial holding company, Votorantim Industrial, and to the VPAR Board, a new de-centralized corporate governance structure was implemented. Under this new structure the industrial companies have established their own Boards of Directors and Advisory Committees, giving them greater autonomy to manage their individual operations in an increasingly complex global business environment.

Thus, each industrial company began to concentrate solely on its own

business operations while the holding company assumed a new role centered on portfolio management. In this role it takes a wide-ranging look at the current portfolio of assets and at new market opportunities, and evaluates the alternatives for capital allocation.

As a result of the new structure, the organization has broadened its long-term vision and strengthened itself to meet future challenges, while ensuring the preservation of Votorantim’s management beliefs, values and culture.


Raul Calfat
Chairman of the VPAR Board of Directors

“With the implementation of the new management and governance structure, Votorantim has broadened the scope of its long-term vision and has prepared itself to meet future challenges.”

“When we look back at Votorantim’s history, we can see that the company has always been prepared for the future.”

The future starts here

Votorantim will complete 100 years of business activities in 2018. It is an appropriate moment to reflect on what brought us to where we are today. From its modest beginning as a textile factory in the interior of the state of São Paulo, the company has grown into a conglomerate with a highly diversified portfolio, a significant international presence and a reputation for excellent governance and sustainability practices. When we look back at the history of Votorantim, we can see that the company has always been prepared for the future. There are many examples throughout our long history: investment in the self-generation of energy, since the early days; equal rights for men and women employees, adopted in the 1920s; the preservation of the areas that provide

water resources for our hydroelectric plants, which began in the 1950s; and the restoration of native forests in mining areas, in the 1970s. All of these initiatives were done long before they became legal requirements or common market practice.

Over the years, Brazil has experienced periods of adverse economic situations – when many doubted the capacity of the country and its companies to recover. Votorantim was not one of the doubters: without ever losing its focus on its business, the company learned a lot in these difficult times, overcame them and continued to grow, demonstrating persistence, tenacity and ethical behavior in its way of doing business.

With its roots firmly planted in Brazil, Votorantim has always believed in the country’s development, and its own capacity to make the necessary resources available and to serve customers with products and services, in both domestic and international markets. Today Brazil is a leader in the pulp market, one of the sectors in which we operate, and where we are the largest producer. Our industrial operations, resting on a solid base in Brazil have, since 2000, expanded overseas. In all cases, we have introduced the Votorantim standard for operational excellence, and have stayed true to our culture and principles.

It was this strategy, of building a diversified portfolio, from both the geographical and business sector

perspectives, that enabled us to perform so well in 2014. Even with stagnant Brazilian economy and weak global growth, Votorantim increased net revenues by 7%, to R\$ 28.1 billion, and Ebitda by 32%, while maintaining the level of investment and reducing financial leverage.

This result has its foundations in a culture, present in Votorantim since its origins, with which all who work here can identify. It is these people who make the company what it is. They truly make a difference.

They have helped Votorantim to address some of the major issues facing humanity today regarding its future and that of the planet. We have adopted a number initiatives and

adapted processes in the search for solutions to these issues. We have made progress in the responsible use of natural resources, the generation of clean energy from renewable sources, higher energy efficiency, waste treatment, the Votorantim Institute’s social technologies and the development of products and services that provide positive outcomes for society. Some examples that stand out impermeable concrete that facilitates water drainage, aluminum applications in the automotive industry, the production of bio-fuels from eucalyptus bio-mass, techniques for pest control in our orange groves and the reuse of the wood lignite waste from pulp production in the development of carbon fiber for the aeronautics industry.

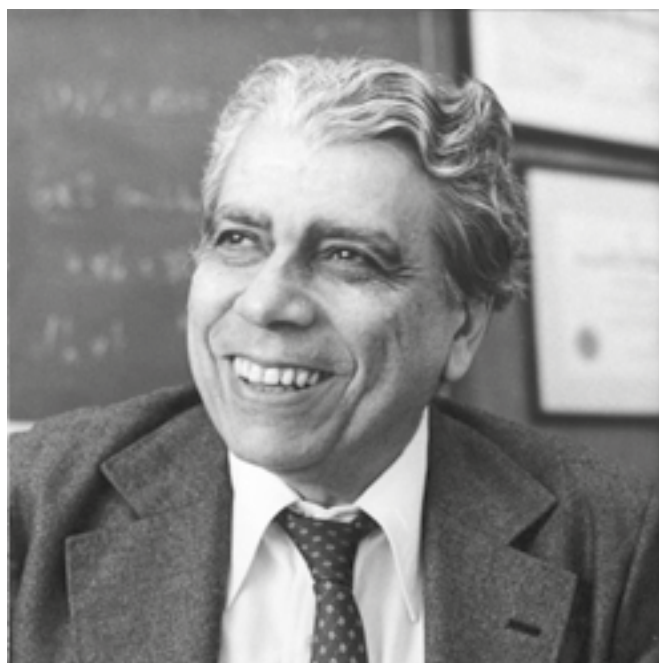
Looking into the future, and searching for ways to anticipate its trends, is an everyday concern for all of us who work at Votorantim. Here, people are continuously challenged to find answers to these big questions. This is how we intend to ensure the company’s business continuity, enabling it to make its contribution to a more just and inclusive society for the next hundred years. Or even more.

The future starts here.



João Miranda
CEO of Votorantim Industrial





The most important legacy of a great leader

Antônio Ermírio de Moraes, similar to many other great leaders throughout history, left as his legacy: a deep sense of purpose

For a long time I wondered what was it that made someone's life memorable. What were the common

characteristics of great leaders throughout history and what is the legacy that one could leave society today? These questions bring back reflections I've had since I was 16 years old, but last year they gained a deeper meaning after the death of my grandfather, Antônio Ermírio de Moraes. Much was written and talked about him in the days following his death. More than 6,800 articles were published about him in just four days.

Most of them highlighted, among other issues, something that is at the core of my reflections: a sense of purpose.

Antônio Ermírio de Moraes did not become an influential figure because of his actions or the wealth he built through hard work and considerable effort. For him, the most important thing was not "what" he did, but "why" he did it. And he did it because he was tirelessly dedicated to developing people and Brazil. He never stopped dreaming of a more just and honest country, with better access to health and education. Anyone who was close

to him knows this and assuredly has a good story to tell.

I also have my stories and they are many. It is often said that although words influence people's emotions, it is the example that inspires them to act. In this sense, my grandfather was the one who most inspired me when I was considering key decisions about my future. When we look at the story of his life, we can see that its greatest virtue went far beyond a mere personal quest for wealth or recognition. He had a strong and inspiring sense of purpose.

This reminded me of a method for ranking the most influential people in history, in a very interesting way, which was developed by the Massachusetts Institute of Technology (MIT) (<http://pantheon.media.mit.edu/>). Information is collected from various sources and analyzed from a number of different perspectives, such as, country of origin, age or profession. The list of personalities analyzed is large and varied, ranging from Jesus Christ to Adolf Hitler. Aristotle, Plato and important business leaders of the 20th century are also there. Artists, idem. Even football players.

Although each personality is very different, they share some interesting similarities. Great leaders of mankind have entered the history books for many different reasons, but two aspects are crucial in all cases: the legacy they left society and the context in which they lived. In other words, the person's impact is key, whether positive or negative, and it is for this reason that Adolf Hitler is considered the second most influential politician in history. In the business environment, Warren Buffett appeared in first place and shared a common characteristic to Bill Gates, Oskar Schindler (illustrated in a Steven Spielberg film) and John Rockefeller,

who were second, third and fourth in this category, respectively. All four donated a significant part of their wealth during their lifetimes and exerted a large positive impact on the lives of thousands of people. Sense of purpose, again, was something they had in common.

Context is the second determining factor. It was due to this factor that, up until the year 1300, the only way to have any influence was to be a politician or the founder of a religion. Food for thought. If we then look at the period from the late Middle Ages to the year 1850, this situation changes significantly. If we look only at the period from 1950 until today, with the massive expansion of access to public TV channels, the picture changes again. Actors, singers and football players have acquired previously unimaginable degrees of influence. This makes sense. Just look at the number of Twitter users that follow the Brazilian football star, Neymar. At 17 million people this is the second largest in the world. The crucial point, however, is to know whether these currently influential people will perpetuate such influence throughout history. This will depend directly on the impact they have and the legacy they leave for humanity.

Thinking about Antônio Ermírio de Moraes, I realize that his impact went well beyond the creation of thousands of jobs and opportunities that his companies contributed to Brazil's development in the 20th century. I can see that his biggest impact came precisely from his example, the way he lived according to essential values, which are often forgotten in our Brazilian culture: determination and hard work, humility and simplicity, ethical behavior and gratitude. These are the traits that we inherited from my great-grandfather, José Ermírio de Moraes. For me, the best legacy he could have left was precisely this deep sense of purpose. We have to look at the examples given by these great men, who came before us, and see them not as exceptions or unattainable ideals. We should, rather, see them as examples of what it is possible to do and achieve as human beings, when we are dedicated to a higher purpose than just ourselves. My grandfather did this for a lifetime. And he did it without saying a word. He did it by example. I am grateful to my grandfather for what I am.

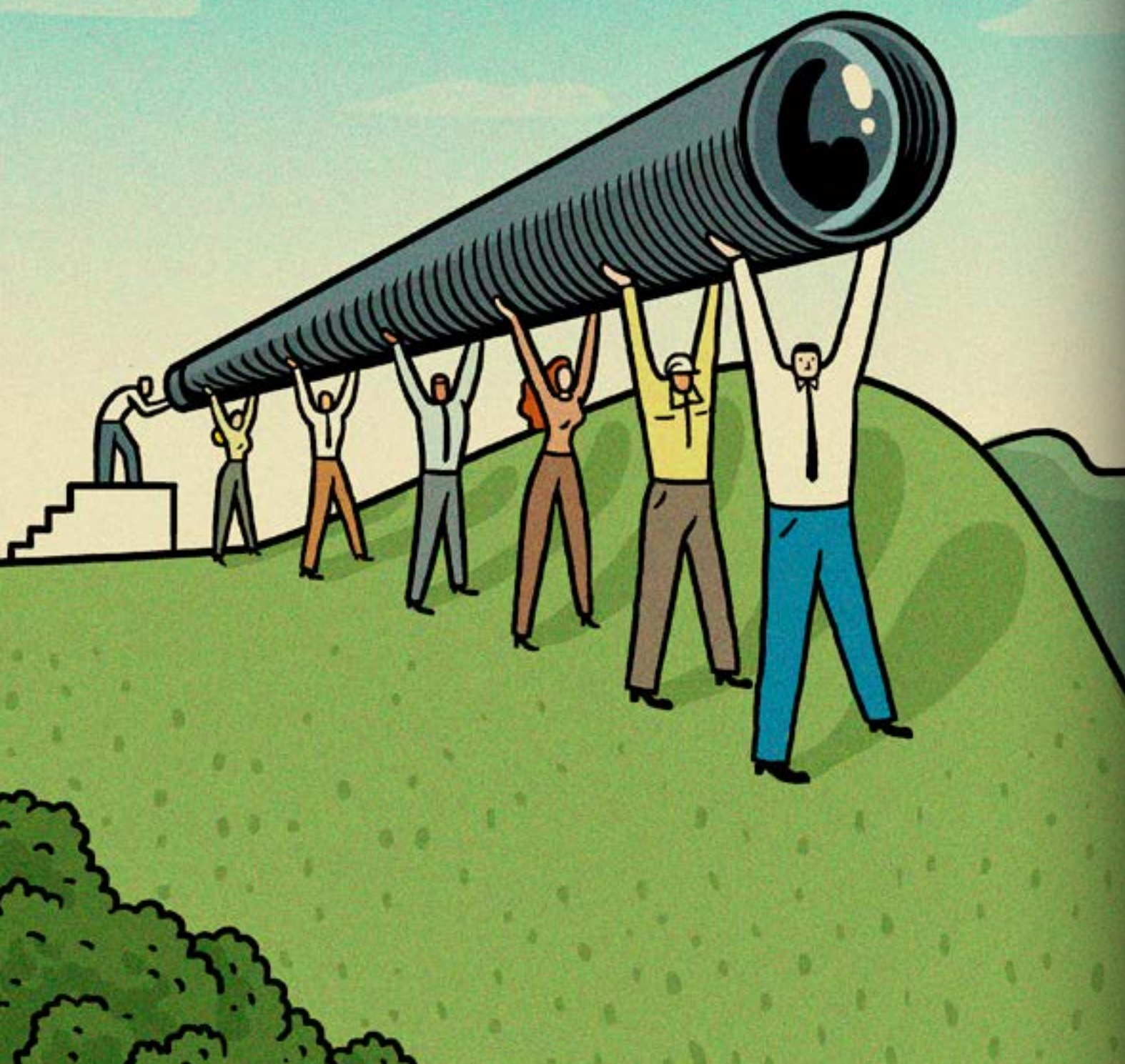


Antônio Ermírio de Moraes Neto

MANY DEEDS IN A FEW WORDS

Antônio Ermírio de Moraes (1928 – 2014) graduated as a metallurgical engineer in the United States and led Votorantim for four decades. He was responsible for the growth and consolidation of the organization as one of the largest business conglomerates in Brazil. He also dedicated himself to philanthropic activities. He was appointed President of the Beneficência Portuguesa Hospital of São Paulo in 1971, a position he held until 2008. Later he became the institution's Honorary President. Between 1960 and 1970, he was active in the Green Cross Association and chaired the Red Cross Organization. He also wrote three plays and was a candidate for Governor of the State of São Paulo in 1986, placing second in the election, with 3.6 million votes.

Votorantim Industrial



COMPANY PROFILE

The evolution of the holding company

Votorantim Industrial has delegated its operational responsibilities to its industrial subsidiaries and has taken on the more strategic role of portfolio management

Votorantim has a presence in 19 countries spread over five continents.

In its 97 years of business activities, it established itself as one of the largest business conglomerates in Brazil, with operations in a number of strategic economic sectors. Globally, the company has more than 44 thousand employees. They work in more than 650 operating units, including plants, offices, farms, power plants, distribution centers and other types of facilities in countries ranging from India to the United States and from Germany to Turkey. In Brazil, the company has an extensive logistics composed of trucks, ships and shipping terminals, as well as, 33 hydroelectric power plants capable of supplying more than 70% of the energy needs of its Brazilian production units. The company also owns the largest private reserve of Atlantic Forest in Brazil. This reserve, known as the Legado das Águas – Reserva Votorantim (Water Legacy), extends across an area of over 31 thousand hectares in the state of São Paulo.

Votorantim Industrial manages the organization's portfolio of industrial activities. Established in 2001 to coordinate and manage the business activities in the sectors of cement,



metals and mining, steel, energy, pulp and orange juice. For over ten years, it has contributed to expanding these companies and strengthening the Votorantim brand in Brazil and around the world. **G4-B**

During this period, it broadened its strategic role and opened up new market opportunities, at the same time as implementing improvements in business management. One of these initiatives was the creation of the Votorantim Management System, which brought together the best practices of the individual companies. As a result, new processes were created, with common goals and objectives for all the businesses. The capture and

dissemination of synergies contributed to bringing all the industrial companies up to the same organizational level and increased their operational efficiency. Year after year the rewards accumulated. Even under adverse external conditions, the company reported solid results.

In 2013, a new governance structure was announced, under which Votorantim Industrial would cease to be the corporate and operational center and, instead, would be responsible for portfolio management. Under the new, more decentralized, governance structure, the company took on the role of a center for influencing and monitoring the industrial businesses. Its responsibilities include the preservation



The Votorantim organization also operates in financial markets through, Banco Votorantim, which is composed of a commercial bank, a consumer finance company (BV Financeira), a leasing company (BV Leasing), an asset management company (Votorantim Asset Management) and a securities broker (Votorantim Corretora de Títulos e Valores Mobiliários). The information and results of these activities are outside the scope of this report. For information on their performance, please refer to their website at: <https://www.bancovotorantim.com.br/lr>

of the organization’s culture and values, and the maintenance of the operational centers that provide solutions for its subsidiaries in Information Technology, Shared Solutions and Real Estate. In this way, the subsidiaries have gained greater autonomy enabling them to be better prepared to meet new business challenges, which are increasingly complex and on a global scale.

The new structure was implemented in 2014. As the portfolio manager, Votorantim Industrial continues to monitor the performance of its subsidiaries, but it focuses on the big picture, taking a broader perspective of the existing assets and new

market opportunities. In this way, the organization will be able to expand its vision of the future, thus contributing to strengthening Votorantim’s long-term competitiveness.

An evolving organization

These changes were the result of an ongoing evolution of the Votorantim organization as a whole. In recent years, the industrial companies have restructured themselves, taken on new responsibilities and extended their range of activities to absorb areas previously performed by the holding company, such as, matters related to tax, legal, human resources and finance. Now they

are responsible for all their corporate activities, while the holding company repositioned to focus on portfolio management and business development.

The decentralization of corporate activities and the creation of Boards of Directors in the industrial subsidiaries have resulted in more flexibility in decision-making processes and a greater focus on the specific challenges of each business and the markets in which each company operates. Advisory Committees were also set up to support the new Boards in the areas of finance, personnel and auditing.

The year of 2014 was also marked by a new positioning of the Votorantim brand. For the first time in its history the company carried out a corporate media campaign, focusing on its strategic themes of people, sustainability and innovation. The campaign, entitled “To produce is an art,” summarized some important characteristics, such as the care, attention and precision of industrial processes.

EMPLOYEES BY REGION G4-10	2013	2014	
		Brazil	Other Countries
Paid Monthly	29,849	24,118	7,363
Paid Hourly	13,776	8,320	2,940
Trainees	48	11	8
Interns and Apprentices	1,382	1,440	122
Total	45,055	33,889	10,433

VOTORANTIM INDUSTRIAL IN A NUTSHELL G4-9

Privately held organization
100%
Brazilian-owned G4-7



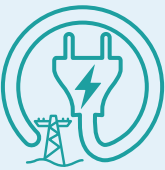
6
equity
investments G4-4

companies
operating in
basic
industry sectors



Presence in
19
countries G4-6

87%
of the energy
consumed in Brazil
comes from
self-production



33
hydroelectric
plants for power
generation

+650
operating units



+44 thousand
employees globally G4-10

Votorantim's corporate identity

Our corporate identity is expressed by our products, services and processes, by the way we interact with our stakeholders and by the environment we create around us

This identity was molded over the years, by generations of people who passed through the company and by the example of entrepreneurs, such as Antônio Ermírio de Moraes. Through trial and error, the company gradually built up a body of knowledge and experience that helped to consolidate its identity. This identity is what unites everybody who works at Votorantim, and is what differentiates the company from many others, enabling it to attract talented people who can themselves identify with these values and beliefs. **OCDE**



Values **G4-S6**

Our values determine who we are and how we do business, and are represented by the acronym SEREU:

Solidity

Pursuing sustainable growth and value creation.

Ethics

Always acting responsibly and transparently.

Respect

Respecting people and always being ready to learn.

Entrepreneurship

Growing with the courage to do, innovate and invest

Unity

The whole is stronger than the sum of the parts.

CODE OF CONDUCT **OECD**

These values are the foundation of Votorantim's Code of Conduct. The Code defines the basic principles and rules for carrying out the company's business activities and provides guidance for the day-to-day routine of its employees and business partners. The Code expresses our commitment to ethics in our relations with customers, employees, shareholders, suppliers, government, media, communities and society in general. It is a fundamental guide designed for application in our daily activities. It also serves as a guideline for the actions and decisions taken by the Ombudsman area. **G4-LA15 G4-S05**



G4-S07 G4-S010 G4-HR3 G4-HR5 G4-HR6 G4-HR11 GC-1 GC-2 GC-4 GC-5 GC-6 GC-10



Beliefs **G4-S6**

The organization's beliefs are the embodiment of our values and represent both our way of behaving and the principles that the company's leaders believe in and put into practice. These seven beliefs should be understood as being interconnected. The meaning of each one should not be viewed separately from the others:



Cultivating Talents

We believe in and trust people, so we invest time and resources cultivating their talents.

Meritocracy

We believe that people are unique and, thus, deserve to be valued fairly and in accordance with their accomplishments and deliverables.

Excellence

We believe we can do more and better, overcoming challenges with discipline, humility and simplicity.

Pragmatism

We believe that it is essential to concentrate efforts on what is relevant, in an objective manner without losing sight of the big picture and the future.

Open Dialogue

We believe that an environment of trust favors open dialogue and a forum to speak and to be heard in, where a diversity of opinions can create better solutions.

Alliance

We believe our success is a the outcome of the joint construction, strengthened by genuine relationships and win-win alliances.

Sense of Ownership

We believe those who take-on responsibilities, who work with passion, who walk the talk, celebrate achievements and turn mistakes into learning experiences.



Faster decision-making

The new corporate governance structure included the establishment of Boards of Directors in the industrial subsidiaries to give them more autonomy and responsibility.

In the process of implementing the new governance structure, many functions previously carried out by the holding company were transferred to the subsidiaries. For example, among the functions transferred were, strategic planning and part of the responsibilities for risk management, legal, financial and human resources.

The Boards of Directors of the subsidiaries are composed of members of the Board of Votorantim Participações, the executives from the holding's current management, former Votorantim executives and independent members (in the cases of Fibria, Votorantim Cimentos and Votorantim Metais). Overall, this new

organizational structure aims to give greater autonomy and responsibility to the industrial companies. This should enable them to focus on the training of their own teams, to reflect and discuss issues in greater depth at their Board and Committee meetings, to take faster decisions and actions and to perform at a higher level.

In 2014, the main changes were:

- Votorantim Metais constituted its Board of Directors and Advisory Committees for Auditing and Compensation & People;
- Votorantim Cimentos, which had already created its Board of Directors in 2013, established the Advisory Committees for Finance, Auditing and Compensation & People;
- Votorantim Energia and Votorantim Siderurgia established Boards of Directors;
- Citrosuco, in which Votorantim shares the control with the Fischer organization, established an Advisory Board to support the Board of Directors, which already existed, and an Auditing Advisory Committee.

Fibria, which is part of Votorantim's investment portfolio, is a publicly traded company, participant in the "New Market" section of the BM&FBovespa stock exchange, and has its own established corporate governance structure. Votorantim Industrial participates in Fibria's controlling group of shareholders and holds 29.42% of the total capital.

Governance principles G4-34

The organization's governance principles, and the internal regulations of the Board of Directors and its Advisory Committees, are formalized, and complemented by the statutes of each industrial company. These documents define the roles and responsibilities of each company's administrative bodies and respective

BOARD OF DIRECTORS OF VOTORANTIM PARTICIPAÇÕES (VPAR)

The VPAR Board of Directors is Votorantim's highest governance body and is responsible for defining the guidelines and strategic direction for the portfolio, including both the industrial and financial sectors. Board members are elected for a term of three years and reelection is permitted. The current Chairman of the Board is Raul Calfat, formerly President of Votorantim Industrial until December 2013.

THE VPAR BOARD IS COMPOSED OF THE FOLLOWING MEMBERS

- | | |
|---|----------------------------------|
| • Raul Calfat | • Fabio Ermírio de Moraes |
| • Luís Ermírio de Moraes | • José Ermírio de Moraes Neto |
| • Cláudio Ermírio de Moraes | • José Roberto Ermírio de Moraes |
| • Clovis Ermírio de Moraes
Scripilliti | |

For more detailed information please refer to the website at: <http://www.votorantim.com.br/en-us/grupovotorantim/governanca/pages/governanca.aspx>

representatives. They also establish a number of attributes for the proper functioning of the governance structure.

The Board of Directors is responsible for guiding the company's strategic direction, approving significant projects and investments, and monitoring its performance.

The Advisory Committees are composed of representatives of the holding company and independent members and they report to the respective Boards of Directors. The role of an Advisory Committee is to monitor, discuss and evaluate issues related to the management of the business and make recommendations to the Board. The Advisory Committees do not have a decision-making role.

Under this structure, Votorantim Industrial, as the manager of the organization's portfolio, establishes key policies and guidelines, provides support to the VPAR Board in its decision-making processes and exerts influence over the industrial subsidiaries through its participation in the formal governance bodies (Boards and Advisory Committees). G4-13

MAIN RESPONSIBILITIES

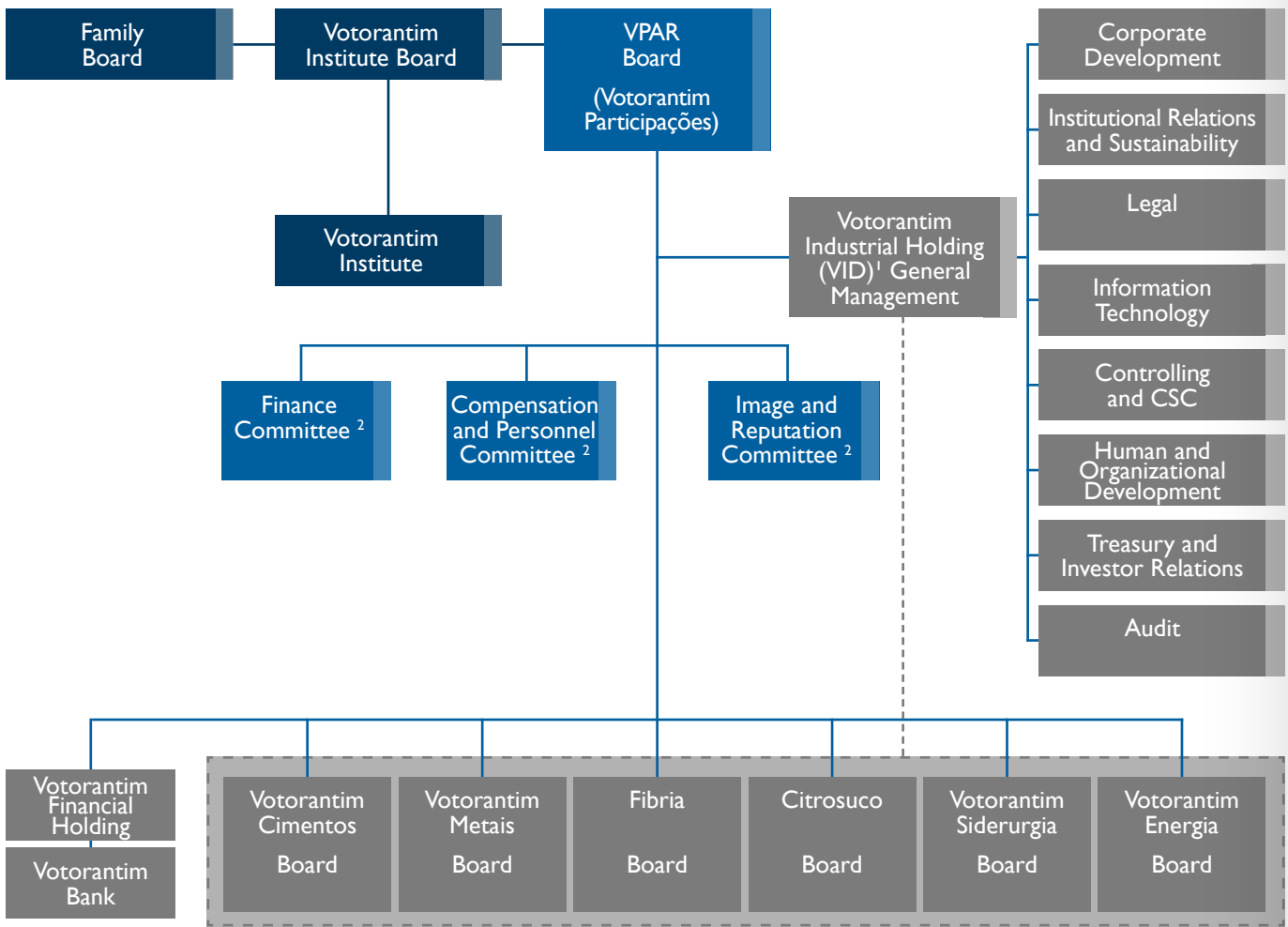
Of the industrial subsidiaries:

- + Develop strategies in line with Votorantim Industrial's overall guidelines.
- + Conduct business activities autonomously;
- + Capture synergies between the industrial subsidiaries through their own initiatives and with the support of the holding company.

Of the holding company:

- + Carry out its activities in an integrated manner with the VPAR Board;
- + Define the overall business strategy and the development of the portfolio;
- + Establish corporate guidelines for the subsidiaries at the macro level via their governance bodies;
- + Discuss institutional issues and matters related to Votorantim's corporate image and reputation;
- + Deliberate on issues relevant to the subsidiaries at their respective General Shareholder Meetings;
- + Manage Votorantim's Centers of Excellence.

ORGANOGRAMA



¹VID executives are members of the Industrial Companies' Boards and Advisory Committees.
²VPAR Board Advisory Committees



Striding into the future

The changes to portfolio management reinforce the importance of a long-term vision and seek to anticipate market trends and challenges

Over its long history, Votorantim has been through many different kinds of economic situations. It has faced crises in Brazil and globally, accompanied the profound changes in society and overcome all of these difficulties due to the diversity of its portfolio and the strength of its individual businesses. The organization has also become more resilient over time and this has enabled it to anticipate market challenges and trends, based on investments in innovation, employee commitment and its relations with society.

Votorantim's long-term competitiveness relates to its perception of a new strategic context, which encompasses

the geographical changes in the consumption of its products, the migration of Value through the industry supply chain, the price volatility of inputs, consumer behavior and increased pressure on margins.

Such a scenario requires a comprehensive view of the composition of the portfolio and all the organization's assets. Votorantim is well positioned in attractive industries, which have a balanced risk-return profile, good potential for growth and superior value creation. The organization is always monitoring market trends and constantly searching for new opportunities. This also applies to its existing assets, which have great potential for the creation of new business.

A recent example is the case of Votorantim Energia that began trading energy two years ago and has now established itself as an important asset in the portfolio. The company was initially set up to manage Votorantim's power generation assets and to develop energy efficiency projects for the industrial subsidiaries. In 2014, Votorantim Energia began to sell energy directly in the market, achieving significant results (please see page 34 for more information).

Downturn in Brazilian industry

The year 2014 was marked by a sharp downturn in Brazilian industry, with low levels of demand and consumption and an unfavorable panorama for investments. The devaluation of the R\$/US\$ exchange

VALUE DRIVERS

The main strategic actions aimed at increasing the value generation by Votorantim Industrial’s subsidiaries in the coming years are as follows:

Cement

- + Implement production capacity expansions, especially in the Northeast of Brazil and Turkey
- + Reduce operating costs

Metals and Mining

- + Reduce costs due to the new aluminum market reality in Brazil
- + Ensure the operational stability of the zinc and nickel operations, to increase production and sales volumes
- + Integrate the zinc operations of the Atacocha and El Porvenir mines in Peru

Steel

- + Implement initiatives in the sales area to maximize the value from the customer base, considering the various market segments, product mix and sales channels
- + Maintain the focus on operational excellence

Energy

- + Invest in new opportunities for power generation, especially those from renewable energy sources
- + Increase the range of services for new customers in the energy markets

Fibria

- + Prepare for new growth cycles
- + Continue to be at the forefront of technological innovations

Citrosuco

- + Reduce the unit cost of oranges by increasing the productivity of the orange groves

rate favored export-oriented businesses, such as non-ferrous metals, orange juice and pulp, but the Brazilian market situation, and the low level of GDP growth required a lot of discipline to mitigate the effects on production. Globally, the recovery of the United States economy and the deceleration of the growth rate in China also influenced market sectors where Votorantim’s companies are active. There were both positive and negative impacts from these

situations depending on the specific business (*please see page 59 for more information on the performances of the individual companies*). This overall scenario, forecasted to occur in the organization’s strategic plan, resulted in a decision to maintain its investments, to ensure the operational stability of its production processes and to focus on expanding its business in the international markets through both its assets abroad and exports from Brazil.

In addition, Votorantim continued to invest in organic expansion in the cement sector in a number of opportunities located in several regions of Brazil and in Europe. The objective is to expand Votorantim Cimentos’ geographical reach enabling it to supply the faster-growing markets such as those in the North, Northeast and Center-West regions of Brazil. To achieve this, the strategic plan includes seven expansion projects, of which five

are in Brazil and two overseas. In Brazil there are: two in the state of Ceará, in the municipalities of Pecém and Sobral (completion in 2017); one in the state of Pará, in Primavera (completion in 2015/2016); one in the state of Goiás, in Edealina (completion in 2015/2016); one in the state of Paraíba, in Caaporã (completion in 2017). The two overseas are: one in Santa Cruz de la Sierra, Bolivia (completion in 2016); and one in Sivas, Turkey (completion in 2017). In addition to expanding installed capacity, this expansion will put the company in a privileged position at a time of economic recovery in these markets.

Global presence G4-6

Currently, a significant part of Votorantim’s business comes from its international operations. These activities account for more than 30%

of consolidated Ebitda, demonstrating that the process of internationalization can be a good opportunity to accelerate the growth rate of some of its industrial companies. Votorantim Metais’ Polymetallic Division generates around half of its cash flow from operations outside Brazil, especially from its zinc production plants in Peru, which, in 2014, recorded strong results, both in volume and in sales.

Votorantim Cimentos also has a strong international presence. Today, its plants, grinding centers and aggregates units spread over 14 countries in the Americas, Europe, Africa and Asia. Our expansion in the cement segment occurred through acquisitions, in a mix of both mature and fast-growing markets. This process accelerated in 2013 with the

incorporation of assets previously owned by Cimpor, the Portuguese cement company.

Regarding exports, Votorantim Metais, Fibria and Citrosuco all have strong global customer bases and are well positioned in their respective markets. In addition to boosting out export business, the devaluation of the R\$/US\$ exchange rate also contributed to reducing the leverage of the industrial companies. They were able to significantly reduce their foreign currency debt, preparing themselves for a new growth cycle.

Operational efficiency

Another important strategic factor in 2014 was cost reduction and the ongoing search for operational efficiency. In all the industrial companies, the efforts to optimize resources achieved highly positive results, and confirmed their ability to adapt themselves in the face of adverse external situations. At Votorantim Siderurgia, for example, the implementation of a cost-reduction program generated significant savings in 2014 (*please see page 42 for more information*).

In this way, with good planning and financial discipline, Votorantim Industrial made significant progress in 2014, both in the sectors in which it operates and overall, compared to industry in general. As a result, the company ended 2014 with increased net income and Ebitda, compared to 2013, despite a volatile economic environment. The company also made consistent progress in terms of other indicators (*please see the chapter on Financial Management, beginning on page 28, for more information*). G4-34

INNOVATION ON THE AGENDA

In the corporate environment, the ability to re-create, transform and seek efficiency is increasingly linked to human capital, innovation and technology, and sustainability. In line with the holding company’s new role as portfolio manager, these three themes have gained an increased impetus and relevance for the company’s strategic actions. They are now considered to be cross-cutting themes, which have direct links to the businesses and which ensure the generation of Value in the long term.

The possibilities in this regard involve a number of aspects, from the development of new productive processes and the use of new raw materials to the creation of new consumer markets. This positioning also includes the generation of shared value, for both the organization and society. An example is the work being developed at the Legado das Águas – Reserva Votorantim (Water Legacy). This reserve, which is the largest privately-owned reserve in the Atlantic Forest biome, is located in the interior of the State of São Paulo. Agreements with research centers and universities aim to identify the potential value of the reserve’s biodiversity (*see page 38 for more information*).

Our Management Approach

MANAGEMENT PILLARS

Guidelines define each role

The management pillars are the formalization of a set of guidelines that express Votorantim's way of being and behaving. They preserve the principles and values that have defined the company's identity throughout its history.

The bodies of knowledge and best practices embedded in the company

that have been acquired throughout its history as well as its beliefs and values have been synthesized in a document known as "Votorantim's DNA". It provides guidance and explains, in a broad-brush manner, the organization's way of being and behaving, managing, and governing its companies. This document, which was prepared in 2014, was developed to guide the organization's decisions and actions and, also the relations among the holding company, its subsidiaries and their various stakeholders.

Intellectual Capital

The document consists of three main sections:

Values and Beliefs that represent our **way of being and behaving**.

- Our values: Solidity, Ethics, Respect, Entrepreneurship and Unity.
- Our beliefs: Cultivating Talents, Meritocracy, Excellence, Pragmatism, Open Dialogue, Alliance and Sense of Ownership.



Governance Principles that express **our way of governing** our companies. These principles consist of:

- Governance bodies (VPAR Board, Boards of Directors and Advisory Committees of the industrial subsidiaries, Directors of these subsidiaries and the holding company, Votorantim Industrial) and the definition of the roles and responsibilities of their members;
- Decision-making powers for these bodies and their members (formalized and complemented by the statutes of the subsidiaries and the governance principles themselves);
- A corporate agenda, which coordinates the principal management macro-processes, discussions and decisions among the subsidiaries, the VPAR Board of Directors and Votorantim Industrial.

The Management Pillars represent **our way of managing** our companies. These pillars are:

- **Financial management** – Ensures financial discipline and aims to achieve the desired risk-return profile;
- **Value creation** – Establishes a vision, identifies the potential business value and translates this into concrete plans that align and mobilize the various areas of the organization;
- **Operational excellence** – The constant search to improve processes through the sharing of best practices and the capture of synergies among the companies;
- **People and organization** – Preserves Votorantim's culture through leaders that incorporate its values and beliefs;
- **Image and reputation** – Preserve and enhance the image and reputation of Votorantim with its various stakeholder groups.

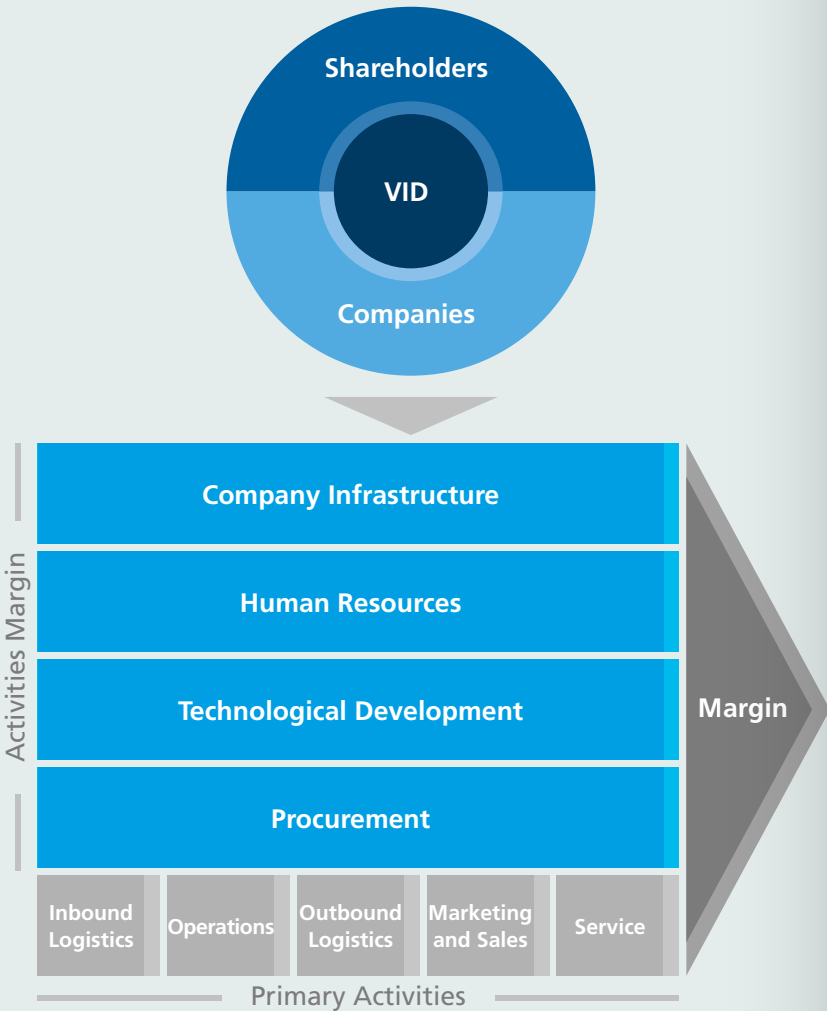


THE CHALLENGES THAT LIE AHEAD

With its strong presence in Brazil and globally, Votorantim faces numerous challenges related to both internal and external aspects. Many of these challenges relate to the nature of our activities, the inherent risks of our operations and the economic environment in which we do business. Others are a result of the recent changes to the organization’s governance structure. In this respect, some points for reflection have received special attention from managers and others in leadership positions. [OCDE](#)

+ Value chain: We have over 80 thousand suppliers, of which 3,200 became part of our value chain for the first time in 2014. All our companies have a process to approve suppliers, but they are at different stages in terms of the approval criteria for the identification and evaluation of social, environmental and labor risks. Another challenge is to increase the number of critical suppliers that have been submitted to social and environmental audits. [G4-12](#)
[G4-EN32](#) [G4-EN33](#) [G4-HR5](#) [G4-HR6](#) [G4-HR9](#) [G4-HR10](#)
[G4-HR11](#) [G4-LA14](#) [G4-LA15](#) [G4-SO9](#) [G4-SO10](#)
[Manufactured Capital](#)

Our Value Chain



+ Environmental aspects: Some of our main activities, such as the production of metals, are electrical energy intensive industries. Others, such as cement, are intensive in the consumption of non-renewable fuels. This requires considerable ongoing management efforts and investments in energy efficiency initiatives, in order to achieve a reduction in our greenhouse gas (GHG) emissions per metric ton of product. In a similar manner we have, in recent years, sought to be more efficient in water consumption by implementing closed-loop water circulation systems, maximizing the reuse of water in our operations. Another challenge has been the systematic reduction of waste generation or its transformation into new products. These are ongoing efforts in the permanent search for more efficient solutions for the production processes. [G4-EN5](#) [G4-EN18](#) [G4-EN31](#) [GC-7](#) [GC-8](#) [GC-9](#)

+ Innovation: We have a number of initiatives under development in the industrial subsidiaries that seek to promote innovation throughout the supply chain. The biggest challenge is to implement a culture of innovation. We see new market opportunities and new uses for raw materials as in the case of the Zero Waste Project, developed by Votorantim Metais, based on the concept of disruptive innovation. We are only at the beginning of this journey, but are confident that the possibilities already identified

could contribute to transforming many of the organization’s business processes and products in the near future. [Intellectual Capital](#) [Manufactured Capital](#)

+ Diversity: The integration of women into the Votorantim’s workforce is still not significant, especially in terms of leadership positions. Exceptions are the positions of Apprentice and Intern, where the percentages of women are 36% and 52%, respectively. Similarly, employees over 50 years old represent less than 10% of the employees in each functional category (except for senior management positions, in which they represent 22%). [G4-LA12](#) [Human Capital](#) [GC-3](#) [GC-6](#)

+ Ombudsman: Due to changes in governance structure, the Ombudsman function was decentralized and each company set up its own area to receive complaints from employees and external stakeholders. However, the procedures and systems for registering complaints and processing and monitoring are still the same. The responsibility for improving the system, formerly with Votorantim Industrial, now rests with the subsidiaries. In 2014, the Ombudsman received 222 complaints, of which 93 were for incidents of discrimination. Of these, 59 were considered valid. In the previous year, there had been 554 complaints in total, of which 178 were considered valid. [G4-HR3](#) [GC-1](#) [GC-2](#) [GC-4](#) [GC-10](#)

Financial Management



PERFORMANCE

A year of good results

Despite the adverse economic conditions in the Brazilian and global markets, Votorantim recorded positive results in key financial indicators

Despite the adverse economic conditions in the Brazilian and global markets, Votorantim achieved good results in all its businesses, recording increases in net revenues, Ebitda (earnings before interest, taxes, depreciation and amortization) and net income. The strength and diversity of the portfolio, the continuous improvement in operational efficiency and the discipline exercised in investments were the key factors contributing to the results obtained in the period.

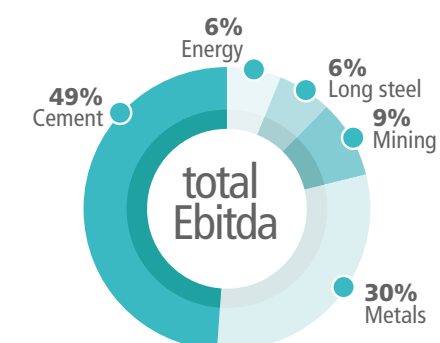
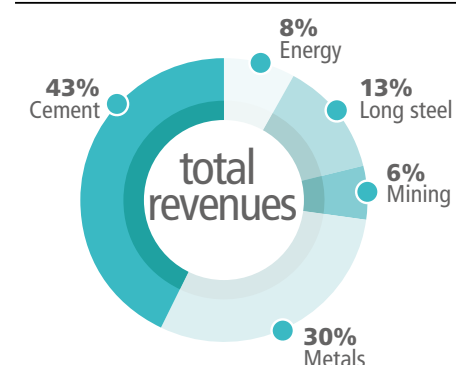
For 2014, Votorantim Industrial's consolidated net revenues totaled R\$ 28.1 billion, 7% higher than in 2013. The consolidated Ebitda totaled R\$ 7.1 billion, an increase of 32% over the previous year; and the Ebitda margin rose to 25.3%, an improvement of 4.8 percentage points. From the macroeconomic perspective, these results were due to several factors. We obtained price increases in the majority of our businesses. The main factors contributing to the increases in net revenues and Ebitda margin were: the recovery of metal commodity prices on the London Metal Exchange (LME); the positive impact of the devaluation of the R\$/US\$ exchange rate on export



revenues; improved cost control; and the sale of surplus electrical energy.

The cost of goods sold also increased during the period, to a total of R\$ 20.2 billion in 2014, up 6% compared to the previous year. Contributing to this increase were the high cost of purchasing zinc concentrate, the increase in energy consumption in our North American cement operations and the higher price of steel scrap in our long steel operations in Brazil. The improved operational stability of our plants and the constant drive to find opportunities to reduce business costs resulted in an increase of 0.9 percentage points in our gross margin, which rose to 28.0% in 2014. Selling expenses totaled R\$ 1.8 billion in the period, up 10% compared to 2013, primarily reflecting the increase in freight costs in the cement

Participation of the Votorantim companies





business in Brazil. The general and administrative expenses remained stable at R\$ 2.3 billion.

Net income totaled R\$ 1.7 billion in 2014, an increase of R\$ 1.4 billion over 2013, due to the strong operating performance in our companies, complemented by a positive equity pick-up result from our shareholding in Fibria. Investments in fixed assets totaled R\$ 2.5 billion in 2014, of which 75% were destined to maintenance, modernization, safety, health and the environment, and the remaining 25% to expansion projects. Of these projects, 74% was allocated to the expansion of cement production capacity, especially in the North, Northeast and Center-West Regions of Brazil.

Liquidity and debt

The reductions in leverage and foreign currency debt were important strategies to prepare the Votorantim companies for a new investment cycle. At the end of 2014, total debt amounted to R\$ 24.0 billion,

DVA – DISTRIBUTION OF VALUE ADDED G4-EC1

	2013	2014
Remuneration, social charges and benefits	3.604	3.770
Taxes, fees and contributions	5.032	5.597
Remuneration of third-party capital	6.098	5.937
Remuneration of own equity	238	1.681
Distribution of Value added	14.972	16.985



an increase of 2.4% compared to 2013. During the year, a number of transactions were executed to manage the organization's financial liabilities. This resulted in a net amortization of R\$ 0.8 billion of debt and reduced our exposure to the R\$/US\$ exchange rate. The devaluation of R\$/US\$ exchange rate, however, resulted in an increase in total debt of R\$ 1.3 billion.

The measures taken to manage debt and the execution of transactions in the international capital markets generated non-recurring expenses, directly impacting the net financial expenses, which totaled R\$ 2.3 billion in 2014, a 44% increase compared to 2013. On the other hand, these transactions also resulted in savings from the issuance of new debt at a lower cost, and enabled the company to achieve its goal of reducing its foreign currency exposure, with a net reduction of US\$ 755 million.

In 2014, the free cash flow before debt transactions was R\$ 1.6 billion, due to a combination of a solid operating result and financial discipline in the implementation of investments during the year. If we exclude the costs associated with the management of the financial liabilities, the free cash flow would have been R\$ 2.4 billion.

Net debt at year-end 2014 totaled



R\$ 16.5 billion, a reduction of 1.8% compared to the previous year, despite the devaluation of 13.4% in the R\$/US\$ exchange rate. Financial leverage, as measured by the ratio of Net Debt to Ebitda, maintained its downward trend and ended the year at a level of 2.32 times, a reduction of 0.80 times compared to 2013.

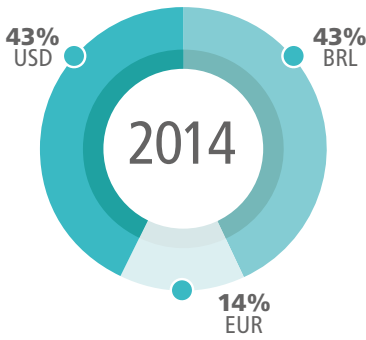
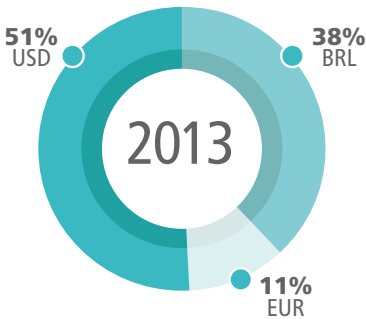
Debt management also resulted in a gradual amortization profile, with an average term to maturity of 7.3 years at year-end 2014. Only a small fraction of the company's commitments are short term and its liquidity position is sufficient to cover the commitments maturing in the next 36 months. If the availability of a revolving credit facility of US\$ 1.5 billion were taken into account, this coverage would extend to the next 48 months. We have now achieved a comfortable financial position due to the combination of a high cash position, a low level of short-term maturities and an amortization schedule of long-term maturities that does not concentrate principal payments in any single year.

Votorantim will continue to actively manage its financial liabilities in order to keep the average debt term at a level, which is appropriate for a capital intensive company, spreading its debt maturities over a number of years. In this process, the company



will constantly seek opportunities to amortize its gross debt and administer its foreign exchange exposure in order to maintain its leverage compatible with the level desired by the shareholders. Financial Capital OCDE

Debt by currency



INVESTMENT
GRADE
MAINTAINED

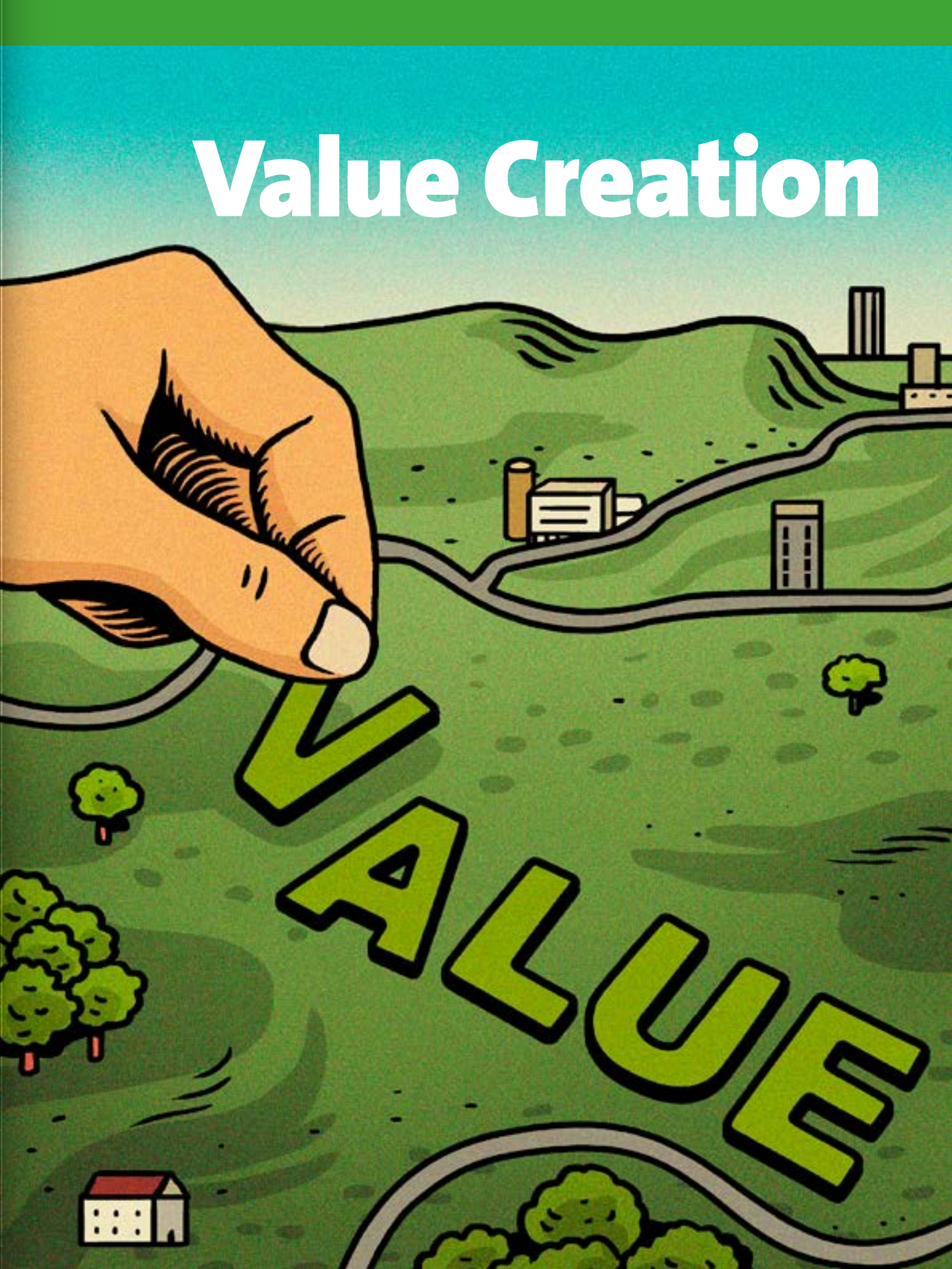
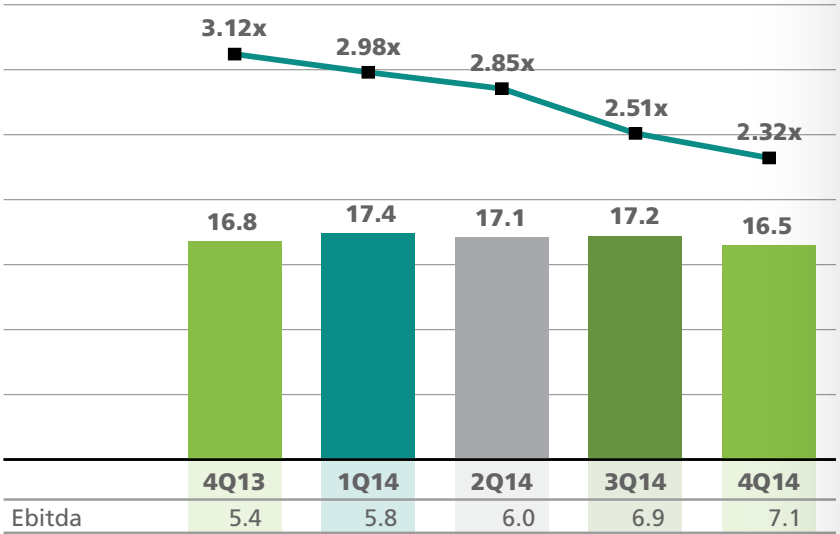
We maintained our investment grade ratings with the three major global rating agencies: BBB from Standard & Poor’s and Fitch Ratings and Baa3 from Moody’s. Even though it is a privately held family-controlled company, Votorantim adopts best practices regarding the disclosure of its results to the market. The organization is guided by the principles of transparency, balance, timeliness and comparability in the dissemination of information. This includes the certification of its financial processes according to the criteria of the Sarbanes-Oxley Act and the disclosure of quarterly financial results, as well as personal meetings with investors annually in São Paulo and New York.

In 2014, the company contributed to the preparation of the “Handbook on Best Practices in Corporate Governance for Closed-capital Companies” published by the Brazilian Institute for Corporate Governance (IBGC). It was launched at a seminar held in December in São Paulo, where a case study on the evolution of Votorantim’s corporate governance structure was presented (more information is available at: <http://www.ibgc.org.br/inter.php?id=19118>).

For the coming years, the company remains committed to its policy of maintaining credit parameters that are compatible with those required for an investment grade rating.



NET DEBT (R\$ BILLION)
AND NET DEBT/EBITDA





When energy became a business

Votorantim Energia expanded its portfolio of external customers and established a position as an increasingly important asset in the company’s portfolio.

Votorantim Energia was created in 1996 to integrate and coordinate all of Votorantim Industrial’s company-owned electric power generation operations. In almost 20

years of experience, it has established itself as one of the largest operators in the country, with 2,600 MW of installed capacity and a portfolio of 29* hydroelectric power plants, including

those that are company-owned and those held in consortia. The company has also developed its business as an energy trader, rising to be the fifth largest in Brazil. During this period,

This context has put it in a unique position to leverage its knowledge and transform what had been a strategic input into a product.

The turning point came in 2013, when the company geared up to offer energy management services and efficiency programs to other companies of all sizes and sectors. As it did so, it acquired knowledge and improved its processes for selling surplus energy on the open market. Thus, the company transformed itself from being a cost center into a business.

Its customer base has grown rapidly. At the end of 2013, it had about 24 external customers that counted on it for their energy supply. In the first half of 2014, with a more structured team and legal support to understand the industry regulatory issues, the company participated in the public auctions for marketing surplus energy, organized by the National Electrical Energy Agency (ANEEL). At these auctions, Votorantim Energia sold 327 MW of surplus energy from Votorantim Metais.

it has gained experience in a highly regulated market, and developed skills, abilities and capacities. As a result, the company has created the necessary conditions to take the next step and begin to look beyond the Votorantim companies.

In addition to acting as a generator, operator and marketer of energy, over time Votorantim Energia has come to have a deep understanding of the needs and difficulties of the industrial consumer, since it is part of a group with a number of businesses in the basic sectors of the economy.

By year-end, the customer base added up to over 90 customers, composed mainly of small and medium companies seeking greater price stability in the free market compared to the regulated market. The list included service sector companies such as shopping centers, supermarkets and retailers, as well as many different types of industries such as automotive, textile and electronics.

Wind power Manufactured Capital

The year of 2014 was also important for investments. The company invested in strategic partnerships for power generation, focusing on wind power

and small hydroelectric power plants (SHPs). The company held its first discussions with wind farm developers and specialist service providers. These latter companies carry out the technical analysis of the generation potential and provide services for the operation and maintenance of equipment, among other functions. The aim is to further strengthen these partnerships in 2015 and evaluate potential projects for new wind power parks at a more detailed level.

We opted for wind power given that it has become much more competitive in recent years. It is also a sustainable energy source and complementary to hydroelectric power generation, since the seasons of rain and wind alternate during the year in Brazil.

* In addition to the 29 hydroelectric plants administered by Votorantim Energia, Votorantim Cimentos has four small hydroelectric plants (SHPs) supplying its plants directly.

VOTORANTIM ENERGIA IN A NUTSHELL

29* hydroelectric power plants

2,604 MW of installed capacity

94 clientes at year-end 2014

R\$ 2.4 bilhões in net revenues

A step ahead

Votorantim Metais and the Votorantim Institute are investing in a project in Rondon do Pará even before knowing whether it will be possible to operate on the site



The municipality of Rondon do Pará is located 500 kilometers from Belém, the capital of the state of Pará, and within its limits, there is an area of great mineral wealth. In that region, there are two enormous plateaus that have the potential to produce 1.6 billion metric tons of bauxite, the basic raw material for aluminum production. These deposits, discovered in 1974, have been the subject of many studies in recent decades, in order to define the best way to exploit its mineral capacity.

A viable operation on this site would require an investment of about R\$ 9 billion. The bauxite would be transported to the Port of Barcarena, 500 kilometers away. Such a project would generate jobs, which would peak at around 9 thousand people during the construction phase, considering those employed directly and indirectly. Then, when the construction work has been completed, an estimated 1,600 people will be needed for ongoing operations. It has also been estimated that the population of Rondon do Pará would grow by approximately 30% within five

years, rising to around 73 thousand inhabitants.

Historically, the city grew due to the construction of major highways in the 1970s and 1980s. However, the investments made then did not translate into good socio-economic indicators. The municipal budget in 2013 was for R\$ 68 million of revenues and R\$ 70 million of expenditures. About 70% of the population earns up to two minimum salaries and 20% have no income at all. More than 1,150 households do not have toilets or adequate sanitation. A number of sectors are deficient, especially in health and education.

It was in this context that Votorantim Metais initiated the Alumina Rondon project. Its main objective was to minimize the risks and adverse impacts by supporting initiatives that aimed to anticipate the needs of society. In partnership with the Votorantim Institute, the company began in 2013 a social action project in the region, even before setting up any form of operation on the site. These initiatives were extended to various stakeholder groups, and the local government authorities and the local community were directly involved.

The initiatives developed for government entities focused on supporting public administration

using the methods developed by the Votorantim Institute. A three-year agreement, signed with the municipal government of Rondon do Pará, led to the creation of two work fronts: the modernization of public administration and the improvement of the municipality's infrastructure. With an investment of approximately R\$ 765 thousand in 2014, the company helped in a number of ways. It assisted the municipal government to apply for a R\$ 5 million loan from the Brazilian National Development Bank (BNDES) through its program for Tax Collection Improvement (PMAT). The investment was also used to arrange public hearings and to develop municipal government plans, including the Master Plan, the Basic Sanitation Plan, the Urban Mobility Plan and the Housing Plan.

The Master Plan is still under review by the municipal legislature, but the others have already been approved. These plans were passed into law and, therefore, they must be adopted by future administrations. These plans also included the preparation of detailed execution schedules for four projects: water supply, solid waste (landfill), urban drainage and the collection and treatment of sewage. Together, these projects represented a potential request for R\$ 190 million for funding by a number of federal government programs.

The reasoning for supporting the improvement of public administration also applies to education. In 2013, Votorantim Metais, in partnership with the Votorantim Institute, helped introduce the Federal Government's Pronatec program into the region. This program provides professional training courses and 112 classes have already

graduated. This corresponds to more than 2,300 students who have taken training courses to prepare themselves to work in the areas of civil engineering, production, agriculture, sales and local industrial development. Furthermore, the participants were equally divided between men and women with the clear intention of promoting diversity in the workforce. By the end of 2016, it is estimated that the project will have trained around 8,000 people in the region, which covers the municipalities of Rondon do Pará, Abel Figueiredo and Dom Eliseu, facilitating their entry into the labor market.

Environmental license

The plans to install operations in the region also depend on other factors. In 2014, an important step was made when the State Council for the Environment (Coema), in an unanimous decision, approved a preliminary environmental license for the project. The technical feasibility studies were concluded in the first half of the year, after which discussions with potential investment partners began. It is expected that the Alumina Rondon project will begin operations in 2019, with an annual production capacity of 3 million metric tons of alumina and 9 million metric tons of processed bauxite.

There are also important infrastructure issues to be resolved. To be viable the project requires improvements to the logistics systems in the region, especially in the highway and railway networks, and infrastructure at the Port of Barcarena. This has become one of the biggest challenges of the project. However, regardless of the project's implementation, the doors to the local community have been opened and the benefits for the public administration

and population in the region have already become a reality. **G4-24 G4-26**

G4-SO1 Social and Relationship Capital

ALUMINA RONDON PROJECT – FACTS AND FIGURES

1.6 billion metric tons of bauxite potential of mineral reserves in the Rondon do Pará region

3 million metric tons is the expected annual alumina production capacity of the project

9 million metric tons of bauxite processing capacity

R\$ 9 billion is the estimated investment for the Alumina Rondon project

R\$ 765 thousand were invested by Votorantim Metais in 2014, in programs to provide support to the public administration and the local community

100 training courses were held in the region

2,300 people trained in the industrial, commercial, agricultural and service areas

A precious reserve

The Legado das Águas – Reserva Votorantim (Water Legacy) is an area of Atlantic Forest which has been preserved by Votorantim for more than 50 years. The natural reserve has enormous potential to generate new business opportunities and contribute to the development of the Ribeira Valley region.

For over 50 years, Votorantim has preserved a huge area of pristine Atlantic Forest in the Ribeira Valley region of the state of São Paulo. The region comprises the municipalities of Juquiá, Miracatu and Tapiraí. The area of the Reserve is located between state parks and other protected areas. It covers 31 thousand hectares and today is one of the largest private reserves of Atlantic Forest in Brazil.

The area was officially established as a reserve in 2012 in a memorandum of understanding signed between Votorantim and the government of the state of São Paulo. It soon showed how a partnership between the private sector, the government and civil society can contribute to

environmental protection, scientific research and regional development. This vocation evolved in 2014 with the expansion of a series of initiatives carried out in partnership with universities, local municipal governments and the community in the region.

The Reserve immediately became a major subject of research by academics from the Luiz de Queiroz College of Agriculture (ESALQ), the University of São Paulo (USP), the Federal University of São Paulo (UNIFESP) and the State

University of Campinas (Unicamp). The Reserve has facilities for lectures, courses and fieldwork. The research currently being carried out includes the gathering of information on the fauna and flora, as well as studies on the preservation of biodiversity and the genetic enrichment of the forest. This research, and other studies conducted by partner institutions such as The Institute for the Conservation of Neotropical Carnivores



www.legadodasaguas.com.br
<https://www.facebook.com/legadodasaguas>
<https://instagram.com/legadodasaguas>

(Pró-Carnívoros) and the Pro-Muriqui Association, has resulted in the sightings of a number of different animal species, many of them rare in the region, such as jaguars, ocelots and spider monkeys. The latter animal is the largest non-human primate in the Americas, endemic to the Atlantic Forest. The survey of flora, carried out through fieldwork, resulted in the identification of 782 plant species.

The initiatives with the local municipal authorities also advanced in 2014. A partnership was established to develop a public administration improvement plan between the Legado das Águas, the Votorantim Institute, Votorantim Energia and the municipal authorities in the region. The first phase of the program focused on the analysis of the accounts and budgets of five cities in the region (Miracatu, Tapiraí, Juquiá, Ibiúna and Votorantim). The next phase, planned for 2015, is to develop specific projects that help municipalities access Federal Government resources, through its various incentive mechanisms (*please see page 54 for more information on the Public Management Program*). **G4-SO1 G4-24 G4-26**

In relation to education, in 2014, the first courses of the Environment School, organized by Votorantim's corporate university, the Academy of Excellence, were held at the Reserve. The courses covered the issues related to obtaining operating licenses, environmental legal aspects and best management practices. It was attended by 20 company employees.

In 2015, we intend to increase the number of Versions of the course and extend them to external audiences. We will also offer other corporate training courses for managers of companies interested in learning about Votorantim's technology, and its environmental and social management methods. **G4-A9**

New business

The work at the Reserve opens up opportunities to better exploit the economic potential of the region, such as eco-tourism, and the fostering of small businesses that contribute to local development. The Reserve itself has great potential for generating shared value and is a good example of how Votorantim's assets can generate opportunities that go far beyond the traditional sectors in which the company operates.

The approval of the Reserve's business plan in 2014 opened up a number of possibilities in this regard. In 2015, a seedling nursery will be installed to cultivate and market native Atlantic Forest species for reforestation and sustainable landscaping. The goal is to have the first seedlings available by the end of the year and be ready to enter this market in 2016. Other opportunities are under development, such as the rental of forestry offsets, the sustainable exploitation of forest assets, and numerous possibilities related to biodiversity research in the Atlantic Forest biome. **G4-EN13**

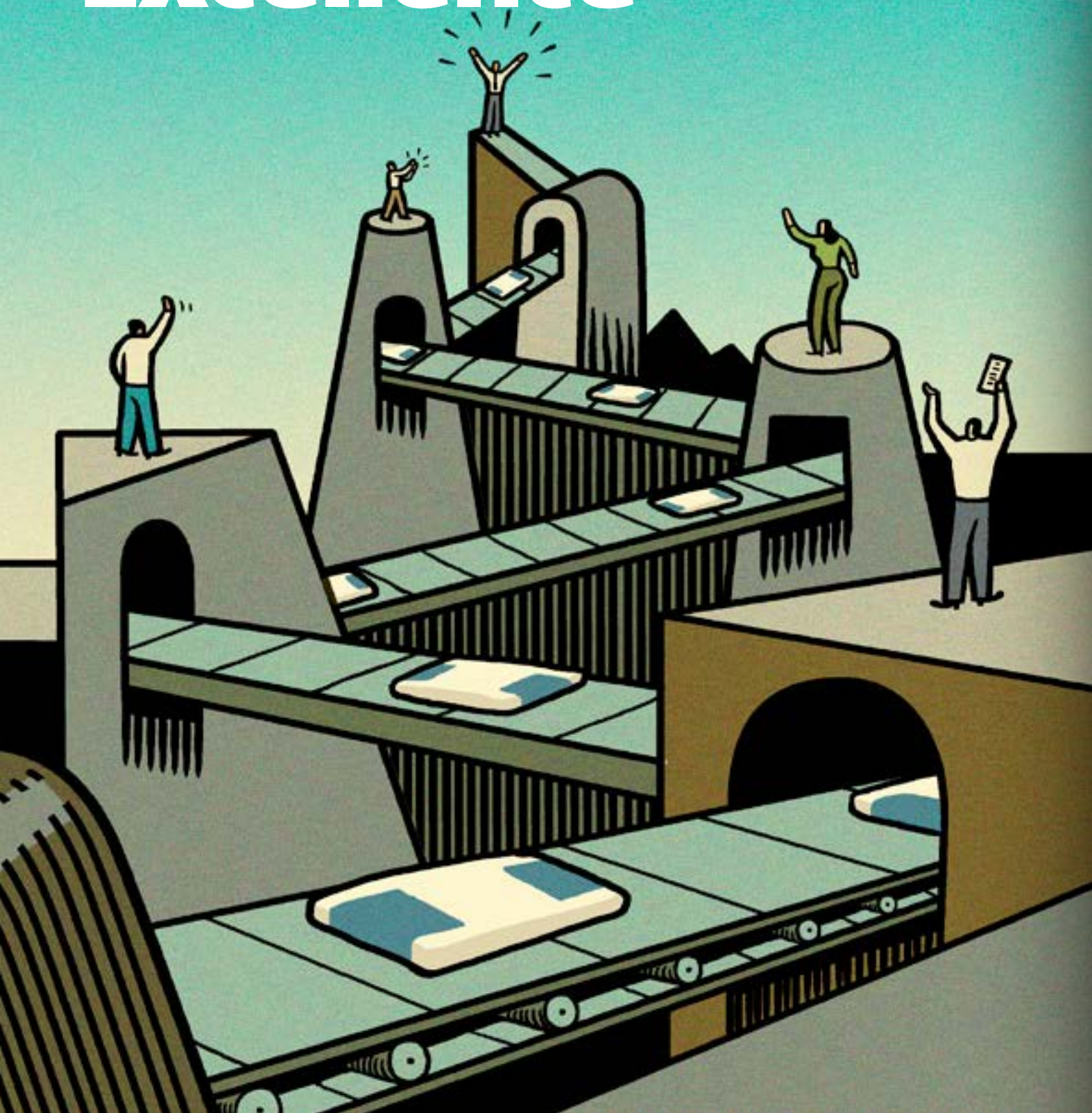
Natural Capital Social and Relationship Capital GCDE



5 INTERESTING FACTS ABOUT THE LEGADO DAS ÁGUAS

1. The area of the Reserve corresponds to 1.5% of the remaining Atlantic Forest in the state of São Paulo
2. The Reserve is ten times larger than the Tijuca Forest in Rio de Janeiro, and five times larger than the Cantareira Park, in São Paulo
3. Over R\$ 1 million was invested in the Reserve's management plan. Work on the development of the plan began in 2013 and it will be completed in 2015 **G4-EN31**
4. Research in the region indicated that 75% of the area of the Reserve is in excellent state of conservation. The remaining 25% is in intermediate stage of regeneration
5. In a pioneering initiative, with the photographer Luciano Candisani, we obtained the first recorded sighting of an albino tapir, in its natural habitat, using trip cameras installed in the Reserve

Operational Excellence



SHARED SOLUTIONS

Centers of Excellence increase competitiveness

Our efforts to improve operational stability and capture of synergies between the industrial subsidiaries contribute to optimizing processes and improving business results

The constant drive to improve operational efficiency is an intrinsic characteristic of all Votorantim's industrial companies. It is an important value driver, especially in times of rapid change in the business environment. The organization is recognized for investing in advanced production systems, in cutting-edge technology in its industrial plants, and for adopting best practices to ensure the quality of management and operations.

This contributes to building a culture focused on operational stability and increased competitiveness in order to maximize the value of its existing assets. Other important issues are the capture of synergies among the industrial companies and the use of information technology to improve management and decision-making processes.

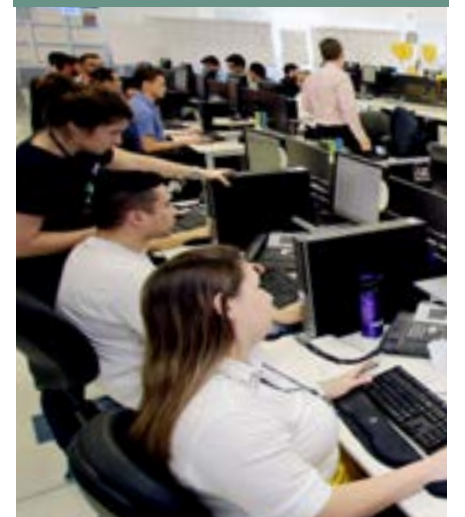
A good example of this culture being put into practice is the cooperation between the logistics and procurement areas, since some of the companies work with common inputs and services. They can be optimized through the capture of synergies and

the use of more efficient processes. This approach is supported by three centers of excellence managed by the holding company: the Center for Shared Solutions (CSC), the Information Technology Competence Center (CCTI) and the Center for Real Estate Solutions (CSI).

Located in Curitiba, the CSC was created 10 years ago to provide solutions for the industrial companies in the areas of accounting, finance, controlling, payroll and people management. Initially, it had 100 employees and mainly provided services for the operations of Votorantim Cimentos. Today, it has about 600 employees and has clients in all Votorantim's industrial companies. For the past three years, according to a study by the Institute of Engineering and Management (IEG), the CSC was considered a benchmark for the types of services it offers that are comparable to those offered by other Brazilian service centers. In 2014, with the opening of a CSC office in Peru, the center expanded its activities internationally. In Peru it provides the

7 GOALS FOR OPERATIONAL EXCELLENCE

1. Manage "from the outside in", in other words, the focus starts with the customer and then production, not vice-versa;
2. Prioritize the creation of Value and not the volume of production;
3. Ensure predictable operations that deliver the planned volumes via operational stability;
4. Be diligent in the process of approval and implementation of investment projects;
5. Be a global benchmark in health, safety and environmental management;
6. Maximize the use of information technology in management and decision-making processes;
7. Capture significant synergies from the operations of our industrial companies.



same range of services as the Brazilian operation, with a focus on serving Votorantim Metais' investments in metals and mining (please see the inset at the side for further details).

The CCTI also seeks to capture synergies in human and material resources in the area of information technology. Its mission is to contribute to the generation of Value in the industrial companies by incorporating improvements and competitive advantages in their business processes. To achieve this it seeks to apply the best practices, and internationally recognized technology standards, in IT management. The CCTI operates together with the IT departments of the industrial companies. This ensures that the work undertaken is developed in a coordinated and interdependent way, with a clear separation of the respective roles and responsibilities.

Real-estate management

In 2014 the Center for Real-Estate Solutions (CSI) was established to manage Votorantim's real-estate assets. The organization owns 797 thousand hectares of land, distributed throughout Brazil. This includes the operational and strategic areas for its plants, mines, forests, hydroelectric power plants and distribution centers. The CSI's management objectives are to reduce the risks associated with owning real estate, such as regularizing documentation, to seek fiscal incentives and to evaluate business opportunities in the real estate sector.

Good management generates savings

The search for excellence and operational stability has led to a new management approach in Votorantim Siderurgia. It was adjusted to address a sharp downturn in the long steel market. The VS+ project introduced a number of changes, including: the creation of process and project committees; the consolidation of interdepartmental forums to track the performance of activities and operations; the identification of opportunities for new business; and the optimization of resources and cost reductions. This new approach enables decisions to be made in a coordinated manner and produces faster results. It facilitates the monitoring of key company projects and prioritizes its strategic themes. It also contributes to the coordination of Various teams and areas, resulting in faster decision-making processes.

The most important projects for the company have been identified. Two examples are, firstly, the P80 project, which aims to achieve the full potential of the steel production capacity installed in the Resende (RJ) plant by improving its operational stability and, secondly, the sales area's mobility project which seeks to digitize its processes in order to increase productivity. Through these and other initiatives, such as the weekly cost control system and the systematic monitoring of targets, the VS+ project contributed positively to the results for 2014. Intellectual Capital

THE CSC – FACTS AND FIGURES

+592 employees

+5 business segments served: cement, pulp, energy, metals and mining and steel

+250 companies in 30 countries served: consolidates their financial statements in 18 different currencies

+31 thousand employees receive their monthly payroll and benefits through its processes

+300 thousand cash payments processed per month

+R\$ 60 billion in cash transactions

+13 thousand calls per month received in its Call Center

Innovation, a cross-cutting theme

Investment in research and development is the key to winning new business and consumer markets

The results of the latest Innovation Survey (Pintec) conducted by the Brazilian Institute for Geography and Statistics (IBGE) and published in early 2014, showed that 37% of the surveyed companies had launched new products or implemented new processes between 2009 and 2011. The survey also revealed that the industrial sector accounted for 90% of all innovation projects in the Brazilian business environment, including both the renovation and upgrading of existing processes and the development of new products.

These figures showed that there was still a lot of room for investments in research and development in Brazil, and that the industrial sector was in the best position to lead this movement.

In the case of Votorantim, the possibilities for R&D are innumerable. They begin with the search for energy efficiency from the use of biomass and the conversion of waste into new products. They then extend to entering the market for bio-fuels produced from eucalyptus trees and the development of new applications for by-products. This also involves addressing the theme internally, through the Academy of Excellence, which, in 2013, included innovation as one of its focuses for training. During 2014, seven courses were held, involving a total of 192 participants. Intellectual Capital

If you add up all the patents obtained by Votorantim's industrial subsidiaries, you will arrive at a total of 88 patents, 13 of which were developed in 2014. Fibria invested R\$ 48 million in research projects covering genetic improvement, forest



management, product development, and technologies that would enable it to enter into new markets.

Fibra's Technology and Innovation department, established in 2014, conducts its R&D initiatives. The new department's mission includes seeking out opportunities in its current business (pulp), and promoting innovation as a driver for generating new business in other markets – the so-called disruptive innovation process. The research so far has focused on increasing the productivity of forests, improving wood quality, increasing the efficiency of production processes, and the sustainable development of high quality products. It was in this context that an opportunity to reuse lignite was identified. Lignite, which is a substance extracted from the wood during pulp production, can be used to create carbon fibers for the aviation industry. Another area of research is the development of bio-fuels from eucalyptus trees.

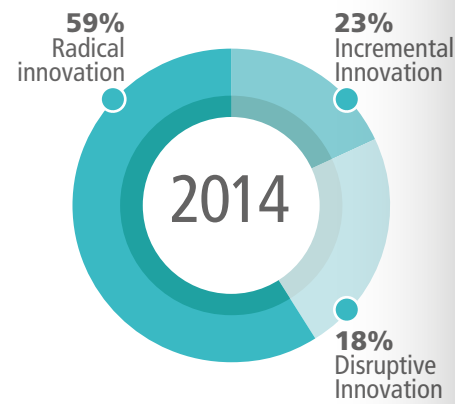
New applications for established products

Manufactured Capital GC-8 GC-9

There are many other examples of innovation in the industrial companies. Votorantim Cimentos pioneered the production of impermeable concrete, used in block form in civil construction projects in large urban centers. It facilitates the drainage of rainwater, thus helping to prevent floods. Votorantim Metais developed new applications for aluminum that could provide solutions to meet needs in the transportation, civil construction and long-life packaging sectors. One of the company's 15 innovation projects is a participation in the development of a silo truck that could reduce the total weight of the vehicle by two metric tons. This new vehicle could generate savings for logistics companies, and benefits for society and the planet. The lighter weight has a direct impact on reducing

88 patents developed by the Votorantim companies

Fibra's investments in innovation



R\$ 48 million invested in research and development by Fibria in 2014

INTELLECTUAL CAPITAL

In November 2014, a group of executives representing Votorantim's industrial companies visited the National Institute of Technology (INT), in Rio de Janeiro, to explore the possibilities for partnerships and the development of innovation projects, especially those that could be eligible for financing from the Brazilian Company for Industrial Research and Innovation (Embrapii). The aim was to encourage the industrial companies to seek innovative solutions to optimize the use of resources and to increase the rates for the reuse of water, energy and waste. The discussions at the INT also covered the legal instruments that related to encouraging innovation, the issuance of technical reports, the management of industrial property and product certification. Following the visit, a schedule of activities was prepared that included visits by INT representatives to all Votorantim's industrial companies. Two of these visits have already taken place, one to Fibria and the other to Votorantim Metais. The visit by Votorantim executives to INT was preceded by two workshops, held at Votorantim Industrial's offices, on the themes of sustainability and innovation, with presentations made by representatives of the INT and the Institute for Technological Research (IPT). In addition, during 2014, three other internal workshops were carried out on the subject of incremental innovation, addressing issues related to technology, processes and products. Intellectual Capital

fuel costs, the wear and tear of streets and highways and greenhouse gas emissions.

Another project is the installation of a new system to fire up the combustion chamber used in nickel production. It has enabled the substitution of fossil fuel oils by renewable fuels such as Eco-fire, made from the cotton plant. This process could generate annual savings in input costs of up to R\$ 10 million, a reduction of 4% compared to current expenses. The new system has been tested in pilot plants and can be adjusted for use by all units that consume fossil fuel oils. In addition, it was estimated that the new firing system will reduce current greenhouse gas (GHG) emissions by 105 thousand metric tons of CO₂eq/year. There is also an important social benefit, since the use of bio-mass will generate jobs and increased income in areas near the industrial plants. G4-EN18

REDUCED PEST INFESTATION IN ORANGE GROVES

Greening is a disease that affects 60% of the orange groves in the State of São Paulo and is one of the main factors that reduced orange production in the United States in recent years. This disease is also one of the factors that contributed to doubling the cost of citrus production in the last decade. To combat greening, Citrosuco has invested in improvements in genetic development and protection against the pests that cause it. For example, the company signed an agreement with the Brazilian Agricultural Research Institution (Embrapa) and established a partnership with institutions in the United States to study the problem in order to find short-term solutions. The company also began to monitor its groves and those in neighboring properties more rigorously to identify sources of contamination. As a result, it has managed to maintain the level of greening infestation below 1%, which is much lower than the average levels for the Brazilian and global industries. Intellectual Capital GC-7



People & Organization



HUMAN CAPITAL

Talented people at the core of our strategy

A review of the Votorantim Development System led to the adoption of a more strategic vision for people management and also resulted in a number of practical initiatives for related topics



The development of employees through internal training programs has been the best way to preserve and enhance the knowledge base accumulated in the Votorantim industrial companies and to prepare the whole organization for long-term business continuity. In recent years, an extensive review of the company's people management model involved senior management in the discussion of the main issues and led to the updating of the Votorantim Development System (SDV). The SDV is a platform that provides guidance for our efforts in human resource management and establishes priorities and processes for developing our talented people.

The starting point for these discussions were the four main issues raised by the Climate Survey, carried out in November 2013, namely: health, safety and the environment; remuneration and benefits; employee development; and transparency and direction. Based on these results, we created focus groups, involving all levels of leadership, from the CEO to managers and coordinators, as well as groups of employees and young professionals, considered to have high potential. The holding company developed a program to define the initiatives needed to improve our people management approach and transform Votorantim Industrial into a

HUMAN CAPITAL

benchmark for a high performance work environment. [Human Capital](#) [OCDE](#)

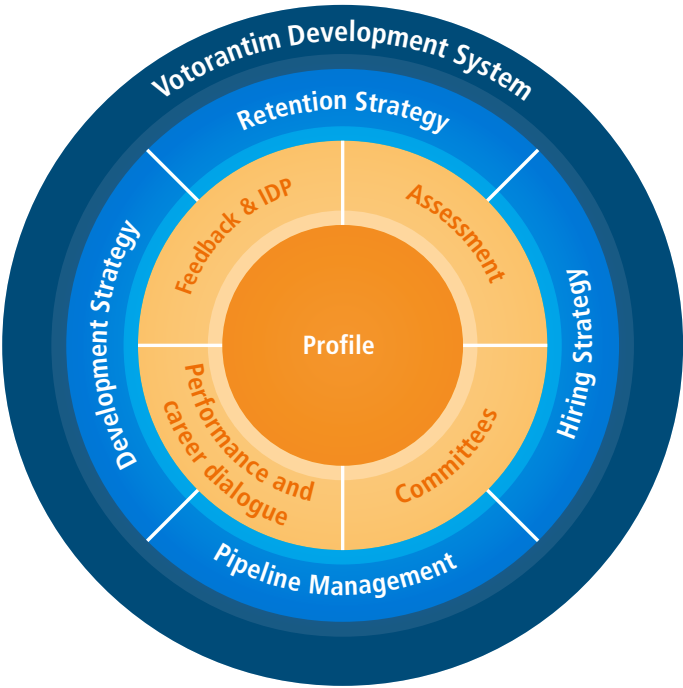
At the end of the year, these efforts culminated in the construction of an assessment model for high potential employees based on the definition of the professional profiles that were prerequisites for success in the various processes that make up the SDV. The objective was to work with four main dimensions in the annual development cycle: assessment of adherence to the desired profile; performance evaluation committees (SDV Committees); Performance and Development Discussions; and the Individual Development Plan (IDP).

In parallel to the process of defining and structuring the program, some initiatives went into effect immediately. The Training Program for General Managers and the Top Team Program, which involve the CEO and directors, helped to disseminate the high performance

culture and the details of the new people management model. The SDV Committees produced detailed and in-depth discussions on the role of managers and leaders and succession planning (please see the inset).

Other initiatives to improve the SDV also went into effect during the year. There was a wide-ranging discussion on the attraction and retention of talented people and the role of the holding company in the construction of a common high performance culture, which would then be embedded in the entire organization. The structure of the procedures for the performance evaluation and the assessment of adherence to the desired profile were defined using the method known as “Nine Box”. This is essentially a matrix that cross-references several types of objective information about the employee and assesses his/her potential for development and performance in the period.

NEW SDV MODEL



In addition, the People Forum organized the first meetings between the directors of the Human Development and Organizational (DHO) areas of the industrial companies and the holding company, in order to agree on the main points that should be disseminated in all the companies.

For 2015 the goal is to refine the analysis and implement the new employee development model, in such a way that it enables synergies to be obtained by creating a single Votorantim organization, and also ensures the training of successors for all the company’s strategic functions.

5 GOALS OF THE PEOPLE FORUM

1. Reflect on the management of the “Votorantim DNA” by sharing best practices and proposing improvements
2. Search for synergies among the industrial companies in relation to people management processes
3. Serve as a discussion forum on the optimum use of the industrial companies’ human capital and knowledge bases.
4. Act as the governing body for the Academy of Excellence (corporate university)
5. Discuss and align the decisions taken by one industrial company that could affect the others in matters related to this management pillar (synergies in recruitment processes, contracting benefits, etc.)

IN SEARCH OF EXCELLENCE

The Votorantim Academy of Excellence is a center of expertise for training the companies’ managers and employees and is one of the main instruments to support the implementation of Votorantim’s culture. The Academy was established in 2006 and, in collaboration with renowned business schools, designed courses that were specifically directed to Votorantim’s needs, and which incorporated real-life case studies from the industrial subsidiaries. Since then, the Academy has broadened its activities and undertaken initiatives in different spheres of the organization, while continuing to maintain the development of training modules and courses.

The Academy’s programs are organized in two main areas: the Leadership Center and the Technical Center. The former is dedicated to the training of current and future company managers. Some training modules are aimed at standard management practices and others have a specific focus on the demands of each stage of an employee’s career, that is, they aim to develop leaders capable of sustaining the processes that transform the organization. The latter aims to share best practices and seek improvements to Votorantim’s technical and strategic expertise. They address the issues that are

common to all the company’s experts, regardless of the individual company’s area of business activity, such as maintenance, capex, and health and safety, among other issues.

To address these two distinct fields of learning within the Academy, the Leadership and Technical Centers are structured on three common pillars:

Fundamental learning – Programs and activities for the development of fundamental management practices that are the foundation for excellence in professional performance and leadership.

Accelerated learning – A set of experiences that aim to stimulate, in an accelerated manner, the development of those professionals who have potential to assume more complex and demanding positions in the organization. The “Potenciar” Program, focused on young talented employees and trainees, is a good example of this pillar in practice.

Strategic learning – Training and practical experiences to provide support to managers to enable them to address the organization’s main strategic challenges. The objective is to encourage them to break with existing paradigms and promote organizational change. [G4-LA9](#) [OCDE](#)





THE ACADEMY – FACTS AND FIGURES FOR 2014

1,317 people trained

57 courses

6 new courses

4,328 people participated

120 groups

1,198 hours

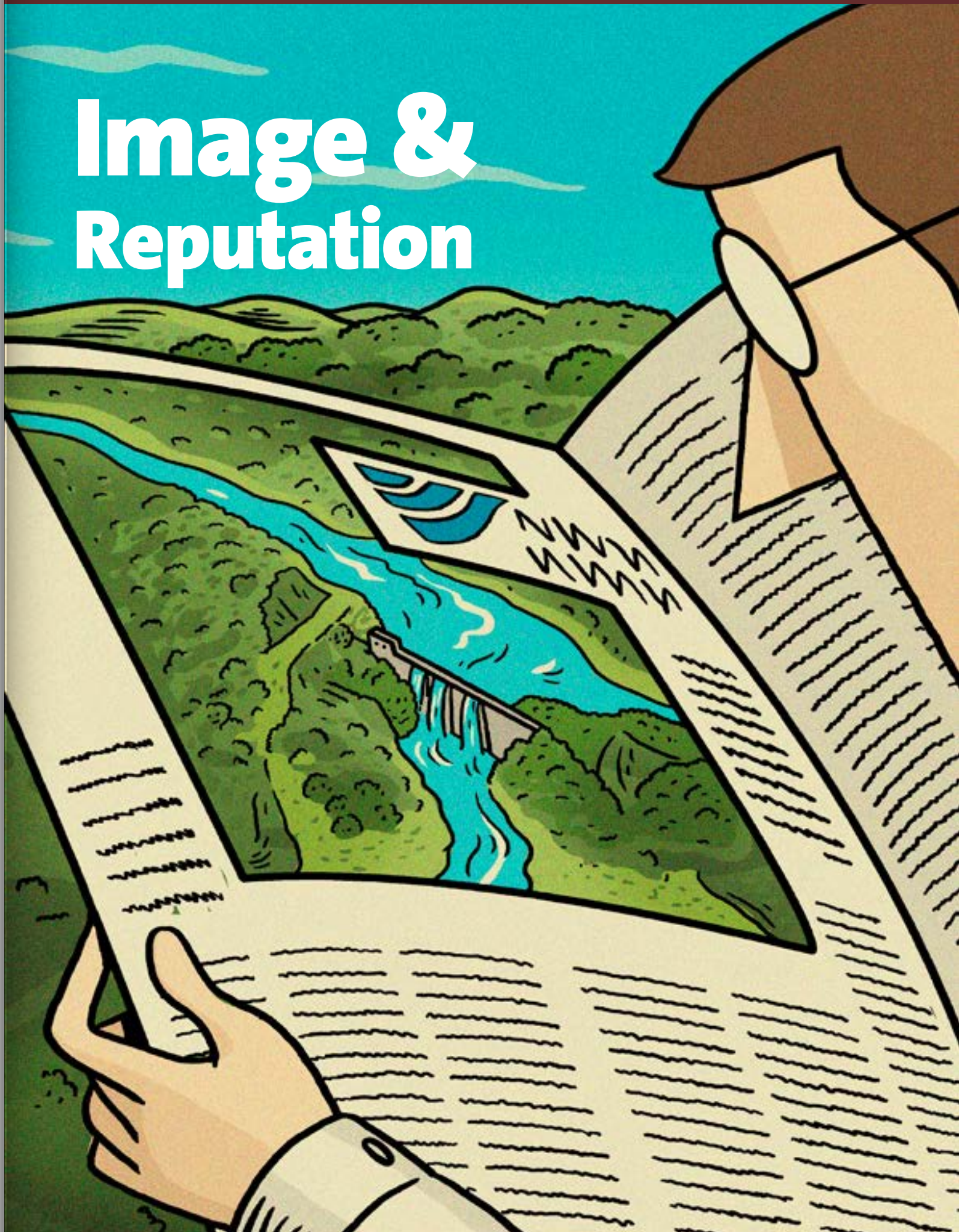
SDV Committees

The implementation of the SDV Committees in 2014 contributed to the governance structure for the issues related to people management in the holding company. These committees are made up of managers who evaluate their own teams and the teams of their peers. The committee must reach a consensus on the classification of each employee evaluated, using the “Nine Box” methodology. This results in an assessment, which weighs the opinions of professionals from other areas, as well as that of the respective manager, ensuring the impartiality of the process. For the companies’ CEOs, this role is performed by the presidents of the respective Boards of



Directors, supported by the Advisory Committees for Remuneration & People (if any), and senior managers from the companies’ human resource areas. The Chairmen of the companies’ Boards report the individual goals contracted with the CEOs and their performance evaluations to the VPAR Board, annually. It is the responsibility of the companies’ Boards to approve the succession pool of CEOs and directors.

Image & Reputation



OUR BRAND



A long-term asset that generates value

Brand management and the strengthening of relations with stakeholders are essential factors in promoting the value of Votorantim’s image and reputation in the future

Votorantim’s image and reputation as a solid and respected company are among its greatest legacies and were constructed over nearly a century of business activities. As one of the leading and more legitimate representatives of the Brazilian industrial sector, Votorantim has built a

brand that has become one of its most important, yet intangible, company assets. In the 21st century, technologies are developing at incredible speed and they have already transformed the nature of the relations between people and between them and business. Managing the company’s brand and image has become mandatory to ensure a company’s survival.

Reputation can be understood as the sum of all the perceptions about an organization held by society. A positive perception represents an important competitive advantage that can contribute significantly to ensuring an organization’s long-term business continuity. Reputation also reflects on the level of social endorsement of a company’s business activities, the

development of new business and the attraction of talented people.

The task is not easy. In the case of Votorantim, the company evolved from a textile company into a conglomerate that has operations in many different sectors of the economy. On many occasions the company anticipated macroeconomic trends and was able to translate society’s real needs into programs and activities for the community.

But today’s world is breaking away from important paradigms and discussing new ways of doing business, in which the meaning of development is understood in a new context. As a result image and reputation gain more weight in investment decisions, in labor relations and in the way society interacts with business.

Aware of these changes in society, in 2014, Votorantim launched the first corporate branding campaign in its history, with the theme “To produce is an art.” This positioning was the result of a thorough analysis carried out with the involvement of employees, market opinion leaders and representatives of external stakeholder groups with whom the company maintains close relations. This analysis, finalized in 2013, proposed a market positioning that synthesized not only the features common to the industrial sector, but especially the attributes that generate pride among the employees that work in an organization like Votorantim. The research also revealed that no other industrial company had so far adopted this type of positioning.

The campaign, which was promoted in printed and digital media, reinforced attributes such as tradition, confidence and dynamism, and valued the practices

and processes that had helped build the strength of the brand. At the same time it emphasized Votorantim’s capacity to transform, based on its strategic themes of innovation, sustainability and people.

The campaign aimed to show that underlying the work of the companies’ employees, there was a common force that united them. The slogan “To produce is an art” leaves aside any reference to Votorantim itself and, instead, projects the importance of industry to the country’s development. It is industry that meets the diverse needs of society. It is also the main driver for Brazil’s development and generates the highest

number of skilled jobs. However, industry produces different impacts on people’s lives and the environment. Therefore, a company needs to innovate and reinvent itself all the time.

Although reputation is a long-term asset, the novelty of the campaign and its positioning contributed to Votorantim rising six places (from 19th in 2013 to 13th in 2014) in the ranking of Brazilian companies with the best reputation. This ranking, published in late 2014, was prepared by the Spanish Institute Merco and was based on a survey carried out in partnership with the market research company Ibope.



THREE CROSS-CUTTING THEMES FOR VOTORANTIM

People	Sustainability	Innovation
Investment in attracting and developing talented people that will make a difference today and in the future.	Produce in an optimal way to yield the needed products and services, while meeting the legitimate demands of society.	New alternatives that create value and make a difference in people’s lives.

Work that focuses on local development



Votorantim Institute works in partnership with the industrial companies to foster local development and contribute to business competitiveness.

Votorantim has a presence in more than 300 municipalities in Brazil. Many of them are located in regions with low levels of socio-economic development, and where the provision of public services is poor and basic infrastructure is deficient. The realities of the local community directly affect the worker's quality of life and productivity, the level of municipal expenses and the performance of the industrial companies. **G4-SOI**

Changing this situation is a challenge for all stakeholders involved, from public administration to private enterprise, mainly because it requires a long-term vision backed-up by integrated and structured actions. This is Votorantim Institute's mission. The Institutes new positioning is to "be closer to the industrial companies and to support them with social actions



that promote their businesses". This reflects the challenge of connecting local development to the company's strategy.

Community development generates many benefits and they are shared by all the parties involved. Higher quality education opens up new and better opportunities for the population, preparing people with a higher potential for the labor market. Fostering entrepreneurship develops the economy, reduces the municipality's dependence on Votorantim's operations and contributes to the improvement of socio-economic indicators. An improved level of infrastructure contributes to increasing operational stability for the industrial companies and faster service for customers and employees. Our businesses become more competitive. Employees and suppliers also benefit.

This is the reason why Votorantim Institute, in partnership with the industrial companies, has directed its efforts to work together with local communities and public officials. The goal is to provide expertise in the social area and use the knowledge, accumulated over time, to promote the development of local communities and business competitiveness.

A number of programs and initiatives have been developed by the Institute over its 13 years of experience, providing strategic advice on social issues to the Votorantim industrial companies. Its innovative methods have made it a benchmark in the sector and have contributed to transforming the lives of thousands of people. The following results go far beyond the gains in image and reputation for Votorantim.

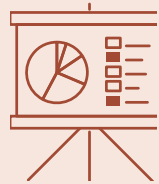
G4-24 G4-26 Social and Relationship Capital

Public management program

In partnership with the Brazilian National Development Bank (BNDES), the program works directly with local governments to modernize public administration in the administrative and tax areas, promote regional planning and improve infrastructure in areas such as sanitation, housing and transportation. The program also offers training for public administrators and supports municipalities to draw up plans and projects that are eligible for financial resources from government agencies (federal and state), and which are made available through agreements and tenders. **G4-SOI**



13 municipal plans prepared



R\$ 19 million of financing already raised by local governments



19 municipalities were supported compared to 12 in 2013

11 teams of municipal employees trained



Social Investment

In 2014, Votorantim's external social investment totaled **R\$ 69.2 million**, an increase of **12.5%** compared to the previous year. Of this total, **R\$ 60.6 million** were funded by own resources and **R\$ 8.6 million** by fiscal incentives. Including the financing provided by partners. The total invested in social projects last year was **R\$ 76.1 million**, which supported **293 initiatives** in **91 locations**, benefiting more than **400 thousand people**. **OCDE**

Inclusive business

The ReDes Program is a partnership between Votorantim Institute and BNDES and is aimed at the development of inclusive business. It focuses on income generation in cities where Votorantim has operations and which have critical social indicators. In practical terms, the program works to identify and structure small businesses, form cooperatives and train workers. In 2014, three new municipalities, Cantagalo (RJ), Vidal Ramos (SC) and Fercal (DF), were selected to participate in the program, taking the total to 28. Altogether, 48 projects are being supported. The year also marked the inauguration of a number of businesses in small-holder family farming, nut processing, fishing, baking, recycling, among others. **G4-SOI**



1,620 families benefited



R\$ 15 million invested



48 projects contracted

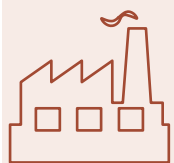


43% of the projects already generate increased income for the beneficiaries

Stakeholder engagement in day-to-day operations

The stakeholder engagement methodology developed by the Votorantim Institute provides Votorantim's industrial companies with management tools to improve their relations with their stakeholders, including the community, suppliers, partners and employees. The methodology involves identifying issues and key stakeholder groups, developing engagement plans with targets, indicators and a budget, and monitoring the implementation of these plans. In 2014, the methodology was implemented in 15 units, including the Bragado plant (Votorantim Siderurgia) in Argentina. **G4-SOI G4-25**

15 units participated



24 stakeholder engagement plans are in progress

Implementation of the program in **Argentina**



Community groups

A methodology that supports and encourages the community to identify opportunities, form networks and carry out initiatives. At the end of 2014 there were **35 groups** formed with over **400 participants** in **13 states and the Federal District** in Brazil. **G4-SOI**

Partnership for education

The Votorantim Partnership for Education (VPE) contributes to improving the education indicators in the municipalities where Votorantim operates through initiatives in social mobilization and in the strengthening of public sector and school administration. The strategy adopted is to work to engage the community and encourage its demands for quality education. The project also contributes to improving the level of education being offered by training the school system administrators and promoting the implementation of the national policies and guidelines for education. **G4-SOI**



17 municipalities participating



264 public schools involved



Evaluation of improvements at schools carried out in **100%** of the municipal schools in the cities served

More progress by Votorantim Institute in 2014

More than **4,800** places in technical training courses, in partnership with Pronatec, to provide candidates for the job opportunities in Votorantim's industrial companies. A total of approximately **R\$ 8.9 million** was invested.



Extension of the partnership with the BNDES resulted in the provision of **R\$ 40 million** for investment in projects to generate income and support public administration.



Entered into a formal **partnership** with the Ministry for Cities to train public officials in the municipalities where Votorantim is present.

More than **60 Votorantim executives** were consulted in a study to identify needs, improvements and the development of new products by the Institute.

For further information: <http://www.institutovotorantim.org.br/en/>

Defending the industry

The Advocacy Work Group addresses the themes relevant to the sectors where Votorantim operates

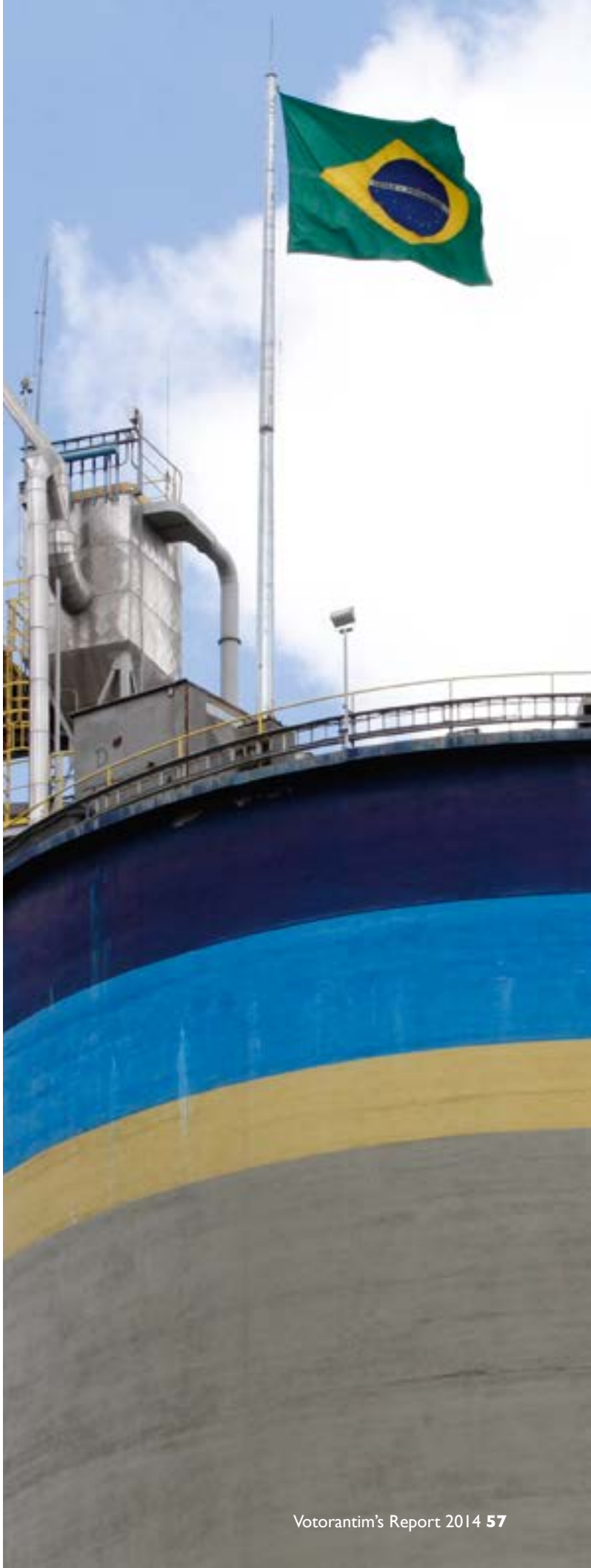
Votorantim Industrial has an area responsible for Institutional and Government Relations that acts in partnership with the trade associations that represent the sectors in which its industrial companies operate. One of the objectives is to present development proposals to public entities related to the competitiveness and legislation relevant to these industry sectors. Furthermore, the area contributes to the proposals and programs that aim to improve public administration, principally in the municipalities where Votorantim operates, under the coordination of the Votorantim Institute.

To enable it to carry out this role the Advocacy Work Group was set up, composed of representatives from the holding company and from the legal departments of the industrial subsidiaries. This forum discusses the issues for each sector and defines the strategies for raising these issues with the trade associations, and contributes with technical and operational arguments to provide a basis for discussion between these sectors and other agents of society.

The governance of the Advocacy Work Group includes regular meetings in the industrial companies on specific topics related to their operations and the public policies applicable to their sectors. Plenary meetings with the industrial companies cover cross-cutting topics, which are of interest to industry in general and not only to those sectors where Votorantim operates.

Once the Advocacy Work Group has defined the priority topics, they are forwarded through trade associations that legitimately represent the relevant industry sectors to the applicable public bodies, at the municipal, state and federal levels. Such proposals include suggestions on the country's industrial policy, with the objective of increasing the competitiveness of the Brazilian productive sector. **G4-24**

G4-26 CC-10 OCDE



INSTITUTIONAL RELATIONS



Transparency regarding electoral donations

In 2014 the area for Institutional and Governmental Relations revised the Handbook for Electoral Processes and the Corporate Policy for Electoral Donations, due to the changes in the

specific legislation and the regulations of the Anti-Corruption Law. These documents define the principles and recommendations, which regulate the donations by all Votorantim's industrial subsidiaries to political parties or candidates for public office.

With the objective of ensuring the transparency of the organization's practices by committing to them publicly, in 2014, the Corporate Policy for Election Donations was registered at the 6° Public Document Registry Office in São Paulo. **G4-S06 GC-10**

THE ANTI-CORRUPTION PROGRAM

As part of its ongoing program to combat corruption, in 2014, Votorantim Industrial carried out a survey to identify all of the organization's transactions with government bodies and public officials. The analysis of this information resulted in a map that identified the frequency of these transactions, how critical they were, how they were performed, the degree of exposure, the internal control environment and the adequacy of Votorantim's Code of Conduct and internal policies.

As a result, a work plan for 2015 was prepared with the aim of improving the company's control systems and its anti-corruption initiatives. In 2014, all Votorantim Industrial employees in management positions, above the level of technician, analyst and supervisor, received training on fighting corruption through on-line distance learning courses. In 2015, this type of training will be extended to all the holding company's employees. The main practices adopted by Votorantim are:

- + Code of Conduct, adopted from 2005
- + Anti-corruption Policy, published in 2013, and based on national and international laws, including the United States Foreign Corrupt Practices Act (FCPA) and the United Kingdom Bribery Act (2010)
- + Compliance Program implemented in 2014 **G4-S05 GC-10 OCDE**

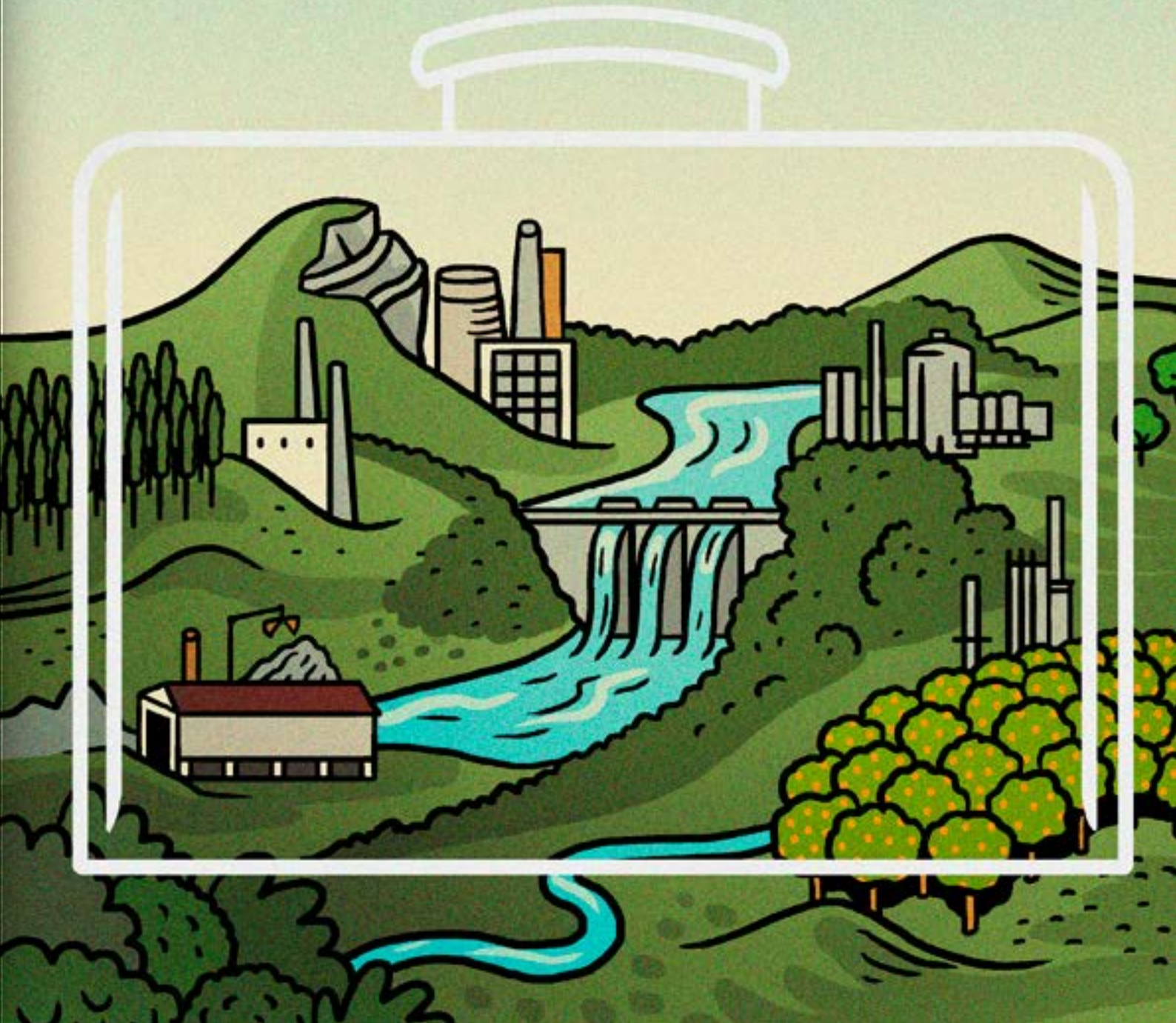
DEFENDING COMPETITION

In May 2014, the Administrative Council for Economic Defense (Cade) condemned companies in the cement sector for alleged anti-competitive practices and the formation of a cartel, imposing

sanctions and fines. Votorantim Cimentos, which was one of the companies cited, considered the penalty to be improper and without legal basis, and appealed against the Council's decision. Up until the end

of 2014, this appeal had not been judged by Cade, and so the penalty imposed by the Council has not yet gone into effect. **G4-S07 OCDE**

Our Portfolio



Sector leader

Votorantim Cimentos' performance in 2014 reflected the value of its extensive distribution capacity in Brazil, vertical integration of products and brand recognition

Votorantim Cimentos is present in all of the regions in Brazil and has operations in 13 countries overseas, located in markets which are mature or which have high growth potential. In 2014, the company accounted for the largest share of the organization's consolidated result and maintained an Ebitda margin of 27.3%, despite the downturn in the civil construction sector in Brazil. The company's good financial performance reflected the value of the company's distribution capacity, vertical integration of products and brand recognition.

The company's total cement production capacity at year-end was 54.5 million metric tons/year, of which 59% is in Brazil, its main

market. In 2014, Votorantim Cimentos concentrated 74% of its total investment in expanding its business, both domestically, in organic growth in the North, Northeast and Center-West Regions of Brazil, and in the expansion of its international presence. Overseas, the company signed agreements for the construction of new plants in Bolivia and Turkey. Furthermore, it approved expansion plans for North America, mainly in the United States, which has shown consistent signs of an economic recovery in 2014, favorably impacting the civil construction sector. Despite a severe winter, the North American operations increased sales volume and revenues, stimulated by the recovery of the United States economy. In Europe, Asia and Africa, the increased efficiency

of operations resulted in an increase of 0.9% in the Ebitda margin.

The year 2014 was also a period of great change for Votorantim Cimentos, with major advances in its management and governance structure. An internal engagement process, focusing on the adoption of best practices for employees, customers and suppliers was implemented. The company reorganized its commercial structure to reflect the segments where its customers operate: self-construction, real estate, industrial and infrastructure. The objective was to make the business strategy bolder, customer-focused and able to serve all the stages of small, medium and large construction projects.

6 HIGHLIGHTS OF VOTORANTIM CIMENTOS IN 2014

1. Expansion of the total cement production capacity to 54.5 million metric tons/year; the expansion of the Xambioá (TO) plant alone added 600 thousand metric tons/year to its capacity, increasing the total to 1.1 million metric tons/year.
2. The Product Quality Index (PQI) rose to 95%, an increase of 3% over the previous year.
3. Ongoing investments in the expansions of the plants in Edealina (GO), where the capacity will increase to 2 million metric tons/year, and in Primavera (PA), where the capacity is 1.2 million metric tons/year. Both are scheduled to start up operations in the second half of 2015.
4. Maintained our investment grade ratings, on a global scale, with the three main risk rating agencies: Standard & Poor's (Rating BBB, Stable Outlook) Moody's (Baa3, Stable Outlook) and Fitch Ratings (BBB, Negative Outlook).
5. Implementation of the global strategic plan and the development of a Strategic Sustainability Plan, including the publication of a formal document entitled "Our Sustainability Commitments 2020".
6. Expansion of the Global Health and Safety Policy

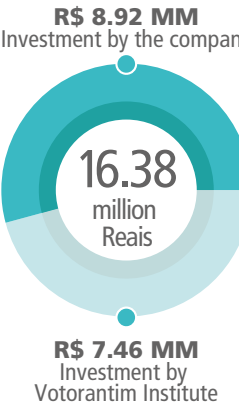
For more information on the company's performance in 2014 please refer to its website at:
<http://www.vcimentos.com.br/htms-enu/>



ENVIRONMENTAL MANAGEMENT G4-EN31



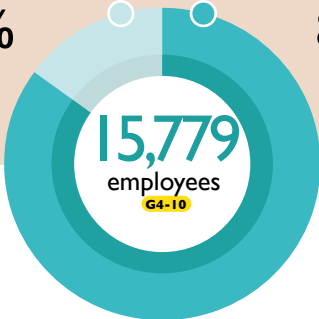
SOCIAL INVESTMENT



12.3%



87.7%



R\$ 13 billion of net revenues G4-EC1

R\$ 3.5 billion of Ebitda G4-EC1

60 thousand customers in the portfolio, of which 45 thousand are active

525 operating units



37.8 million metric tons of cement sales

11.2 million cubic meters of concrete sales

1.8 million metric tons of mortar sales

28.3 million metric tons of aggregates sales

Between challenges and opportunities

Votorantim Metais succeeds in compensating the adverse market situation in Brazil with the results of its international operations

Votorantim Metals is the largest non-ferrous metals company in Brazil. In 2014, the company reorganized its organizational structure into two business divisions: Aluminum and Polymetallics (focused on the production of zinc and nickel). The company's operations in Brazil consist of seven mining and processing complexes, three metallurgy plants, a recycling plant, and administrative offices in São Paulo and Belo Horizonte. Overseas the company operates a zinc refinery in Peru (Cajamarquilla) and five zinc metallurgical facilities (USZINC), four of which are located in the United States and one in China. Votorantim Metais, with 50.06% of the shares, is the controlling shareholder of the Milpo mining company, a publicly-listed company in Peru.

The company's organizational structure was designed to strengthen its strategy to grow in an increasingly complex and competitive business context. The structure contributes to driving growth by the capture of synergies and the dissemination of best practices among its various businesses. The Polymetallics Division focuses on global

markets, while the Aluminum Division (through the Companhia Brasileira de Alumínio (CBA) prioritizes the Brazilian market. This balance ensures greater overall competitiveness in the face of challenges in regional macroeconomic environments, such as in 2014, when the downturn in the Brazilian market was offset by the results of the international operations.

In the aluminum sector, supply and demand were approximately the same in 2014, however, inventories remained high compared to previous years. The US Dollar price of aluminum rose by 2% in the year, driven by demand from the United States market, due to decreased production, increased imports and a reinvigorated demand from the automotive industry which used a higher percentage of aluminum products in its production.

In Brazil, demand fell due to the economic slowdown, which impacted the civil construction and transportation sectors. Competition from producers in China and Middle Eastern countries reduced the commercial attractiveness of exporting from Brazil. The company concentrated

on the production of finished products, which have a higher added-value, for the Brazilian market.

In the zinc market, the deficit of global production compared to demand, and the reduction of inventories, led to a recovery of prices on the London Metal Exchange (LME), with a positive impact on the company's results for the year. In the nickel business, prices also remained at levels above those for 2013 due to a lower global supply. The company's volume of nickel sales fell by 41% compared to the previous year, due to the temporary suspension of operations at the Fortaleza de Minas (MG) plant, which occurred in 2013. Detailed information on this situation was reported on page 120 of our *Integrated Report 2013*.

One of the positive highlights for 2014 was the result of the Milpo mining operations in Peru. Milpo's net revenues increased by 15% and Ebitda by 13% compared to 2013. In 2014, for Votorantim Metais as a whole, Ebitda rose by 125% and the Ebitda margin increased to 24%. This improvement was due to the increase in the LME price in US Dollars, the devaluation of the R\$/US\$ exchange rate and the improved level of operational stability, which ensured that costs were kept under control.

For more information on the company's performance in 2014 please refer to its website at:
<http://www.vmetais.com.br/en-US/Pages/default.aspx>

LEADERSHIP IN PRODUCTION

- + Votorantim Metals is the global leader for the production of zinc oxide and the second largest for zinc powder. It has a production capacity of 739 thousand metric tons per year.
- + In primary aluminum, it is the leading producer in the Brazilian market, with a capacity of 475 thousand metric tons.
- + With a total capacity of 404 thousand metric tons per year, it is leading player in Latin America for electrolytic nickel production.
- + Through its subsidiary Metalex, it is the leading Brazilian company in the recycling of aluminum scrap sourced from industrial processes and customers, with a capacity of 50 thousand metric tons per year.

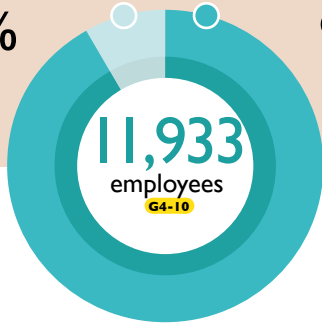
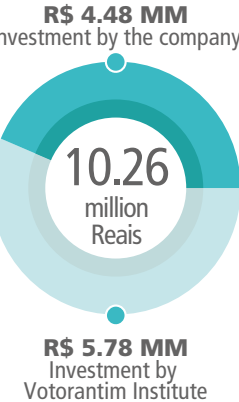
6 HIGHLIGHTS OF VOTORANTIM METAIS IN 2014

1. The safety performance has improved year on year. The accident frequency rate in 2014 was 2.74, a 5% improvement compared to 2013
2. Increases in prices, productivity and efficiency at Milpo resulted in R\$ 1.8 billion of net revenues for the year Manufactured Capital
3. The new governance structure was implemented with the establishment of a Board of Directors and two Advisory Committees – Audit and Remuneration and People
4. The Alumina Rondon Project was granted a provisional operating license by Coema
5. Changes in management processes resulted in an increase of 20% in the level of operational stability at 16 operating units
6. Votorantim Metals, in partnership with the Votorantim Institute, invested in 45 social projects in the localities where it operates, with a total investment of R\$ 10.2 million.

ENVIRONMENTAL MANAGEMENT G4-EN31



SOCIAL INVESTMENT



R\$ 9.2
billion
of net revenues
G4-EC1

R\$ 2.2
billion
of consolidated
Ebitda G4-EC1

Largest
non-ferrous
metals company
in Brazil

21
operating
units



942
thousand
metric tons of
zinc produced

366
thousand
metric tons of
aluminum
produced

20
thousand
metric tons of
nickel produced

157
thousand
metric tons of
copper produced



For more information on the company's performance in 2014 please refer to its website at:
<http://www.vsiderurgia.com.br/>

Efficiency gains

Votorantim Siderurgia focused on cost control and operational excellence to respond to the downturn in the long steel market in Brazil

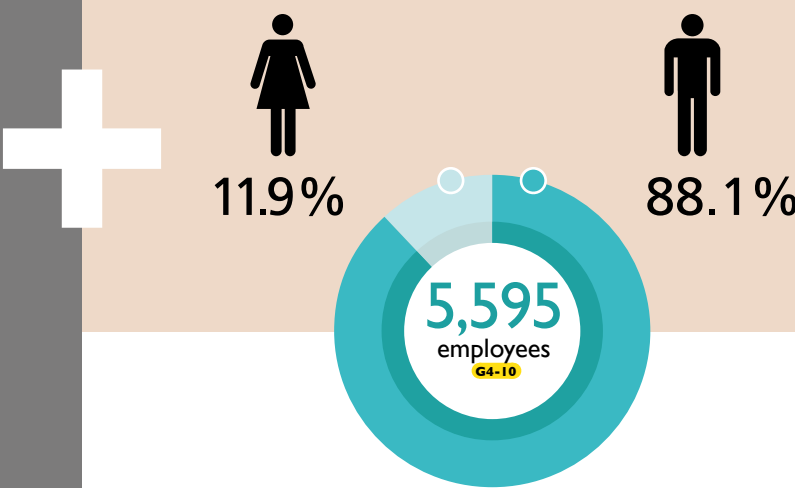
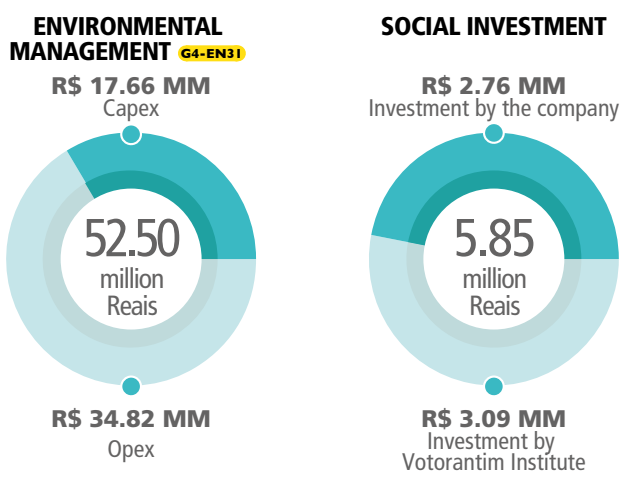
Votorantim Siderurgia produces and markets long steel products for the civil construction and structural steel segments and has operations in Brazil, Argentina and Colombia. It is a privately-held, 100% Brazilian-owned organization and the third largest producer of long steel in Brazil. It also holds a controlling stake in Paz del Río, the only integrated steel company in Colombia, and AcerBrag, the second largest producer of long steel in Argentina.

In 2014, the total production of crude steel in Brazil fell by 0.7% and the local market demand also dropped due to downturns in the real estate and civil construction sectors. In Argentina, the reduction in long steel consumption was even more pronounced, recording a decrease of 19% compared to the previous year, as a result of the country's economic difficulties. In Colombia, sales volume increased, with a positive impact on the company's consolidated results. Although the total sales volume decreased by 1% compared to 2013, net revenues increased by 5% to R\$ 4 billion. This was due to price increases in all our operations and an improved performance by our operations in Colombia.

The adverse business scenario in 2014 led to the implementation of a wide-ranging operational efficiency program to optimize the use of resources and reduce costs. A new management model was implemented and key business processes reviewed. Important changes were made in strategic areas and also in operations. The new management model, called **VS+** (please see page 42 for more information), also included the establishment of internal committees and weekly goals and inspections.

8 HIGHLIGHTS OF VOTORANTIM SIDERURGIA IN 2014

- 1. Initiatives to improve operational efficiency generated a reduction in costs of around 5% in the Brazilian operations
- 2. In Colombia, the economic context, and the particularities of the local market for long steel, enabled our operations to increase their Ebitda by 491%
- 3. The sale of excess energy, in a joint operation with Votorantim Energia, helped compensate the reduced revenues from the lower production volumes, in an amount of the order of R\$ 40 million
- 4. The total investment in environmental initiatives exceeded R\$ 50 million. Highlights were projects related to air emissions in Colombia, waste management in Brazil and fire fighting in Argentina
- 5. The plant in Resende (RJ) reached its highest rate of production since its start-up due to the success of the P80 project initiatives, which focused on operational stability
- 6. 82% of Vacant leadership positions during the year were filled by existing employees Human Capital
- 7. In partnership with the Votorantim Institute we implemented the Institute's stakeholder engagement methodology in our operations in Argentina. This was the first application of the methodology in units outside Brazil
- 8. More than 735 thousand metric tons of by-products destined for reuse or recycling



Beyond power generation

Votorantim Energia has established a position as a fast-growing, power generation and marketing company.

The company, which is present in seven Brazilian states, is responsible for operating 20 company-owned hydroelectric plants and a further nine plants, through participations in consortia*. It has also developed an organizational structure to provide services throughout the energy sector value chain, from generation to end-user sales. In 2013, the company initiated a process for providing services to external clients. This included establishing the necessary structure to enable it to offer customers its expertise, which had been accumulated over many years of providing services to Votorantim's industrial companies, with regard to energy management and energy efficiency projects. In 2014, the company became the sixth largest private sector generator of electric power in Brazil, and one of the five largest energy traders.

Currently, the transactions in the free segment of the energy market amount to about 23% of the total energy consumption in Brazil and there are good growth prospects for the coming years. In 2014, the company took advantage of a market opportunity to sell energy which was surplus to internal requirements. In April 2014, the company participated in the Auction for Existing Energy A-0 organized by the National Electrical Energy Agency (ANEEL) (please see page 34 for more information).

By the end of the year, Votorantim Energia had doubled its customer base and accounted for 6% of Votorantim's Ebitda. The self-generation of energy in hydroelectric plants, including small hydro plants (SHPs), totaled 12,071 thousand MWh, 10% higher than the previous year. Thus, Votorantim's level of energy self-sufficiency in Brazil increased from 77% to 87% during the year. Also in 2014, the company administered energy purchase and sale contracts in the amount 1,722 MW, for Votorantim industrial companies and external customers, and also contracts for 508.66 million cubic meters of natural gas for Votorantim's manufacturing operations.

For more information on the company's performance in 2014 please refer to its website at: <http://www.venergia.com.br/>

9 HIGHLIGHTS OF VOTORANTIM ENERGIA IN 2014

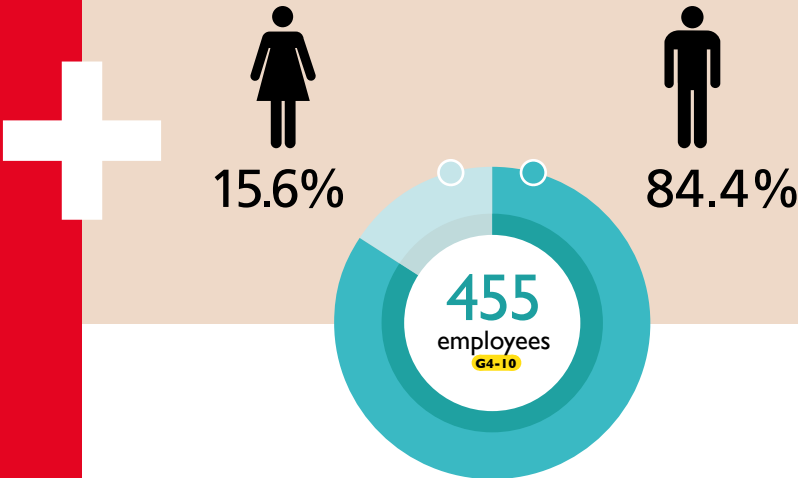
1. Power generation in company-owned hydroelectric plants, including SHPs, totaled 12,071 thousand MWh, 10% higher than the previous year
2. Ended the year with 94 customers compared to 24 at year-end 2013, a growth of 391%.
3. The availability of the power plants was maintained at high levels: 93.7% for those plants connected to the National Interconnected System (SIN) and 95.9% for the remaining plants
4. 327 MW were sold in the 13th Auction of Existing Energy, organized in April by ANEEL, in supply contracts with terms of up to 5 years
5. Advanced one position in the ranking for energy traders, to 5th position, following sales at the auction
6. Invested R\$ 40 million in the operation and maintenance of the generating plants, which is equivalent to 0.3% of the total value of the company's assets
7. Established a Board of Directors and restructured the risk management area, to take on certain corporate functions that had been formerly centralized in the holding company, Votorantim Industrial
8. Restructured the technology area in order to improve the energy efficiency of Votorantim's industrial companies. Invested in research and development projects and carried out engineering studies for new energy projects that were at an early stage.
9. R\$ 9.8 million invested in environmental compliance and 100% conformity with the conditions required by law in 18 major licensing processes.



ENVIRONMENTAL MANAGEMENT G4-EN31



SOCIAL INVESTMENT



R\$ 2.4 billion of net revenues G4-EC1

Presence in 7 Brazilian states G4-6

20 company-owned* hydroelectric plants

9 hydroelectric plants in consortia*



87% energy self-sufficiency

Over 93% in the level of plant availability

Average of 1,722 MW administered in energy contracts

2,841 GWh of electrical energy sales

* In addition to the 29 hydroelectric plants administered by Votorantim Energia, Votorantim Cimentos has four small hydroelectric plants supplying its plants directly.

Leading player in the pulp industry

Favorable market conditions in the pulp market and operational excellence contributed to Fibria's positive results in 2014 enabling the company to reduce its financial leverage

Fibria is the world's largest producer of short fiber pulp from eucalyptus trees and has a strong presence in the international markets, exporting to more than 40 countries. The company has four pulp plants in Brazil located in Jacarei (SP), Aracruz (ES), Três Lagoas (MS) and Eunápolis (BA), where it owns 50% of Veracel, a joint venture with Stora Enso. In total these plants have a pulp production capacity of 5.3 million metric tons per year. In Brazil, the company is present in more than 240 municipalities distributed in seven States and four Regions. G4-9

In 2014, the demand in the pulp industry was higher than expected and increased by 11% compared to the previous year. This increase in demand came mainly from China in the second semester,

largely due to an increase in its production capacity for toilet paper and cardboard, the high price differential between long and short fiber pulp and the closure of a significant number of obsolete pulp and paper plants. This situation allowed the year's production to be absorbed by the market, thus maintaining producers' stocks in line with the historical average.

In 2014, Fibria's pulp production of 5.3 million metric tons was similar to that of 2013, and total sales revenues registered a small increase of 2%. The results for net revenues and Ebitda were significant and substantial increases in the efficiency of operational processes were achieved. The sale of the surplus energy produced and the high level of plant operating performance resulted in an

increase of 1.3% in the production cash costs in 2014 compared to the previous year. This increase was well below the inflation of 6.41%, as measured by the official government index (IPCA), and the devaluation of 12% in the average R\$/US\$ exchange rate, for the period.

The company's strategy for the management of its financial liabilities reduced leverage and over US\$ 2 billion of gross debt was prepaid. As a result, its net debt at year-end 2014 was US\$ 2.8 billion, the lowest level (2.7 times) since the establishment of the company in 2009.

For more information on the company's performance in 2014 please refer to its website at:
<http://www.fibria.com.br/en/>

6 HIGHLIGHTS OF FIBRIA IN 2014

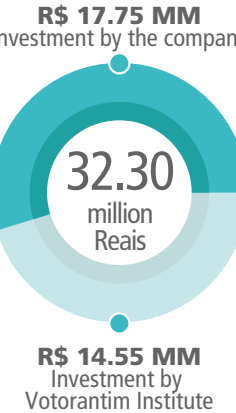
1. Net revenues, Ebitda and Ebitda margin reached record highs in the fourth quarter 2014
2. Over R\$ 1.5 billion was invested in the research and development area, the purchase of trucks for timber transport and a feasibility study related to Três Lagoas
3. Fibria produced 117% of its energy requirements for pulp production in 2014. Because it is self-sufficient in energy, it is well prepared for a potential adverse situation for the supply of electricity in Brazil in 2015
4. The minimum dividend for the year ended December 31, 2014 at R\$ 37 million.
5. The company obtained an investment grade rating of BBB- from Fitch Ratings and the outlook for its BB + rating from Standard & Poor's was raised to positive
6. Fibria also received an award for the most Sustainable Company of the Year conceded by the magazine "Guia Exame de Sustentabilidade", and was again included in the portfolio of select companies that make up the DJSI World Index, the DJSI Emerging Markets Index of the New York Stock Exchange and the Corporate Sustainability Index (ISE) of the BM&FBovespa Stock Exchange in São Paulo, Brazil.



ENVIRONMENTAL MANAGEMENT G4-EN31



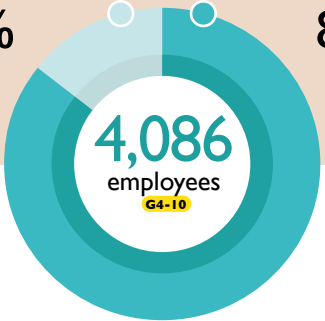
SOCIAL INVESTMENT



14.3%



85.7%



R\$ 7.1 billion of net revenues G4-EC1

R\$ 2.8 billion of Ebitda G4-EC1

more than 240 municipalities in Brazil

15 operating units



Exports to more than 40 countries G4-8

Net Debt/Ebitda of 2.7 times

29.34% shareholding in Fibria held by Votorantim Industrial

5.3 million metric tons of pulp produced

For more information on the company's performance in 2014 please refer to its website at:
<http://www.citrosuco.com.br/en/>

Innovation in orange groves

Citrosuco is one of the world's largest producers of orange juice and stands out in the industry for its control of pests in the orange groves

Citrosuco was established in 2012 from the merger of Citrosuco, of the Fischer Group, and Citrovita, of Votorantim. The company began its operations as one of the world's largest producers of orange juice with an installed capacity corresponding to about 40% of total Brazilian production – or 20% of global demand. It operates along the entire production chain, from the cultivation of orange groves to distribution to customers. It serves customers in more than 100 countries.

The 2013/2014 harvest, which ended in June 2014, was marked by a global decline in productivity, due to the

adverse impact of greening, a disease that attacked orange groves worldwide, especially in the State of Florida (USA), and unfavorable trading conditions. The market demand for orange juice has been stable, government regulations have become more stringent, production costs in Brazil have increased and the Real and many international currencies have devalued against the US Dollar.

According to CitrusBr, the Brazilian orange juice trade association that represents the exporters, the volume of production in the main areas for citrus cultivation in Brazil, comprising the northwestern region of the State of São Paulo and southern region of the State of Minas Gerais, dropped

by 26% compared to the previous harvest. Thus, for the harvest, orange juice production declined by 20% and the industry recorded the worst productivity in its history (284 boxes per metric ton of juice, compared to the historical average of 250 boxes).

In this situation, Citrosuco continued to work on improving its management and production processes, improving the use of the whole fruit and mitigating its exposure to factors that reduce productivity and juice quality. To address this adverse situation the company exercised great financial discipline, decreasing inventories and reducing foreign currency debt. Between June 2012 and June 2014, fixed costs were reduced by 5%.

5 HIGHLIGHTS OF CITROSUCO IN 2014

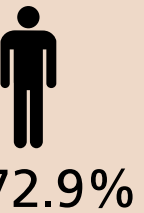
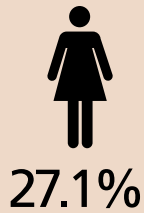
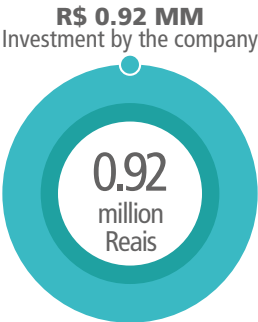
1. The capture of synergies and the optimization of internal structures and processes resulted in savings of R\$ 305 million
2. The ratio of net debt to Ebitda fell from 3 times to 0.7 times in the harvest 13/14, compared to the previous harvest
3. Our methods to control greening helped contain the level of infestation in our orange groves to below 1% Intellectual Capital
4. 39% of our industrial electricity demand, met by co-generation, and 60% of our total energy mix, were based on renewable energy sources.
5. The percentage of waste sent to landfills was less than 5%.



ENVIRONMENTAL MANAGEMENT G4-EN31



SOCIAL INVESTMENT



US\$ 1.3 billion of net revenues G4-EC1

US\$ 116 million of Ebitda G4-EC1

457 temporary farm workers employed, including 224 overseas

35 operating units



60% of energy mix from renewable sources

28% of industrial water consumption reused

170 million boxes processed (approximately)

Capacity to meet 20% of global demand

Direct to the point

Votorantim Industrial’s subsidiaries began to publish their own reports in 2015, which allows Votorantim Industrial to give more emphasis to strategic information

The Votorantim Report 2014 contains information on the holding company Votorantim Industrial (VID) and the six industrial subsidiaries that comprise the conglomerate:

Votorantim Cimentos, Votorantim Metais, Votorantim Siderurgia, Votorantim Energia, Citrosuco and Fibria. The information presented in the report is for the period between the 1st of January and the 31st of December 2014, except for Citrosuco,

where it refers to the harvest 2013/2014, ending in June 2014.

The report was prepared based on the guidelines of the G4 version of the Global Reporting Initiative (GRI), for the core “in accordance” option,

and the recommendations of the International Integrated Report Council (IIRC) for reporting financial and non-financial information. The principles of the United Nations Global Compact (UNGC) and the Organization for Economic Cooperation and Development (OECD) were also taken into consideration.

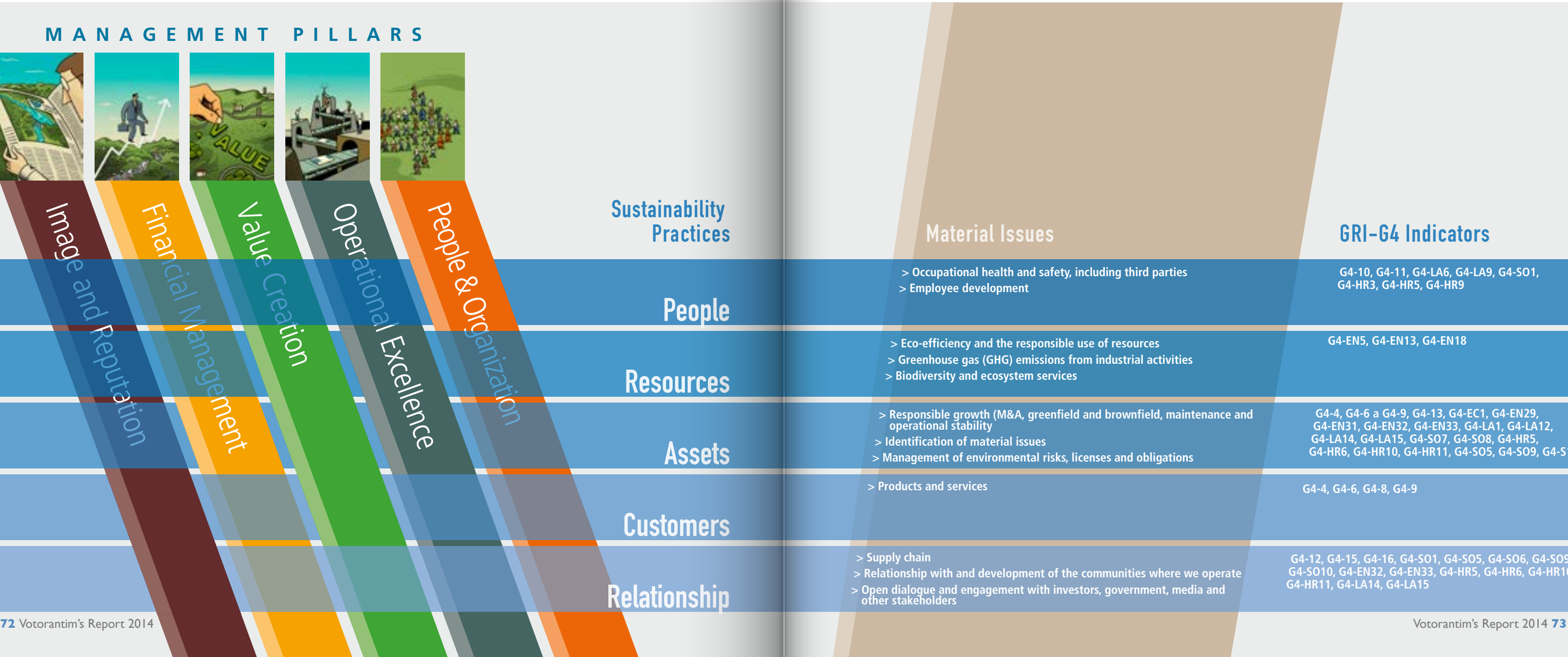
The report’s content was defined based on the Votorantim DNA document, which systematized the

organization’s practices and processes, regulated its governance principles and established five management pillars for the industrial subsidiaries. These pillars address Votorantim’s strategic themes and define macro-guidelines for conducting business activities, considering the material financial, social and environmental issues.

The completion of this document, in 2014, was the culmination of an extensive work program, over a

number of years, to revise internal processes and involved many different areas of the holding company and the industrial subsidiaries. The content of the Votorantim DNA document and the management pillars also served as a reference for the preparation of this report, so that it would reflect the company’s actual situation.

The construction of the Votorantim DNA document represented a period of considerable learning and reflection,



REPORT COVERAGE

by involving all levels of management in discussions on the organization's risks and opportunities. The document reaffirmed Votorantim's commitment to sustainability and established the principles that guide the organization's initiatives, as well as the internal governance of the theme. In this process five management practices for sustainability were defined, based on the macro issues identified as being common to all the companies having Votorantim DNA (shown in the diagram).

The information in the report also reflects the material issues that were identified in the most recent materiality process, carried out in 2012, through consultations with representatives

of a number of stakeholder groups including, institutional investors, financial markets, experts, media, NGOs, and public sector entities. In 2014, Votorantim Industrial's sustainability area carried out a study to correlate these material issues with the management practices defined in the Votorantim DNA document, in order to ensure that the issues important to our strategic stakeholders were addressed in our management approach. In the near future, Votorantim Industrial intends to undertake a new materiality process that takes into account the new governance structure.

The report has also sought to be concise and objective in the selection and presentation of information since all

the industrial subsidiaries are preparing their own reports for 2014. For this reason, more detailed information on their activities and performance has not been published in this report.

In relation to the GRI indicators, any limitations on a specific indicator's scope or boundary are mentioned in the Table of GRI Indicators, in the form of comments. The financial information in the report has been audited by PwC, the independent auditors. PwC also provided Limited Assurance for the non-financial information.

The Votorantim Report 2014 is published in Portuguese, English and Spanish. [G4-18](#) [G4-19](#) [G4-20](#) [G4-21](#) [G4-22](#) [G4-23](#) [G4-24](#) [G4-25](#) [G4-26](#) [G4-27](#)



INDEPENDENT AUDITORS

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT ON INFORMATION RELATED TO SUSTAINABILITY INCLUDED IN THE VOTORANTIM REPORT FOR 2014

(A FREE TRANSLATION OF THE ORIGINAL IN PORTUGUESE)

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

Introduction

We have been engaged by Votorantim Industrial S.A. ("Company") to present our limited assurance report on the compilation of the information related to sustainability included in the Votorantim Report for 2014 of the Company for the year ended December 31, 2014.

Responsibilities of the management of the Company

The management of the Company is responsible for the preparation and fair presentation of the information related to sustainability included in the Votorantim Report for 2014, in accordance with the guidelines of the Global Reporting Initiative (GRI-G4) and for such internal control as it determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express a conclusion on the information related to sustainability included in the Votorantim Report for 2014, 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 the 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 information related to sustainability included in the Votorantim Report for 2014, 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 entity 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 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 information related to sustainability included in the

Votorantim Report for 2014, other circumstances of the engagement and our analysis of the areas in which significant misstatements might 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 related to sustainability included in the Votorantim Report for 2014 of the Company;
- (b) understanding the calculation methodology and the procedures adopted for the compilation of indicators through interviews with the managers responsible for the preparation of the information;
- (c) interviewing the members of management responsible for the information of the following entities:
 - Matão (indicators referring to Citrosuco);
 - Corporativo Fibria São Paulo (indicators referring to Fibria);
 - Corporativo Votorantim Energia São Paulo (indicators referring to Votorantim Energia);
 - Companhia Brasileira de Alumínio, Corporativo Votorantim Metais São Paulo and São Miguel Paulista (indicators referring to Votorantim Metais);
 - Barra Mansa and Resende (indicators referring to Votorantim Siderurgia);
 - Corporativo Votorantim Cimentos São Paulo and

- Curitiba, Çorum (Turkey) and Rio Branco (indicators referring to Votorantim Cimentos); and
 - Corporativo Votorantim Industrial São Paulo (indicators referring to Votorantim Industrial).
- (d) applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the information related to sustainability included in the Votorantim Report for 2014;
- (e) obtaining evidence about the most significant GRI-G4 indicators included in the Votorantim Report for 2014 and presented in the “GRI Index”; and
- (f) comparing the financial indicators with the financial statements and/or accounting records.

The limited assurance engagement also included tests to assess compliance with the guidelines and criteria of the structure of preparation applied in the preparation of the information related to sustainability included in the Votorantim Report for 2014.

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 information related to sustainability included in the Votorantim Report for 2014. Consequently, we are not able 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 information related to sustainability included in the Votorantim Report for 2014. Accordingly, 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 information related to sustainability included in the Votorantim Report for 2014 of Votorantim Industrial S.A. has not been compiled, in all material respects, in accordance with the guidelines of the Global Reporting Initiative (GRI-G4).

São Paulo, April 30, 2015

PricewaterhouseCoopers
Contadores Públicos Ltda.
CRC 2SP000160/O-5

André Pannunzio Candido Oliveira
Contador CRC ISP-196603/O-1

ACKNOWLEDGEMENTS

Overall Report Coordination and Preparation

Sustainability General Management

MANAGER: David Canassa

COORDINATION: Frineia Rezende e Bianca Conde

TEAM: Angelino Maneskul e Marcia Feitosa Heil Paes

SUPPORT: Renato Delmanto e Juliana Jardim da Cunha

Contributors

We would like to thank all the contributors from the Votorantim Industrial corporate areas, the Votorantim Institute and the technical and business areas of the industrial subsidiaries for their support and cooperation in the preparation and analysis of the information presented in the Votorantim Report 2014.

EDITORIAL CONSULTING, REPORT WRITING AND EDITING: Beto Gomes (Miolo Editorial)

GRI CONSULTING, CONTENT AND DATA: Melissa Rizzo Battistella

Detailed information on the GRI Indicators is available in the PDF Version of the report, which can be accessed on the Votorantim website.

COVER: Daniel Caballero e Patricia Malizia

GRAPHIC DESIGN: Patrícia Malizia

LAYOUT AND INFOGRAPHICS: Pierre-Louis A. Ferrandis

AUDITING OF FINANCIAL INFORMATION AND GRI INDICATORS: PricewaterhouseCoopers (PwC)

Translation

ENGLISH: Richard Wightwick

SPANISH: Sylvia Gómez y Artigas Belhot

Illustration

Daniel Caballero

Photographs

Votorantim Image Bank, Memória

Votorantim, Ricardo Jayme, Luciano

Candisani, Paulo Barbaglia, João Athaide,

Adriano Gambarini, Target Multimídia.

Typography

Frutiger, Adrian Frutiger, 1975; Gillsans, Eric Gill, 1932; and The Sans; Luc (as) de Groot; 2000

Publication Date

April/2015

www.votorantim.com/report

Contact:

Votorantim Industrial

Rua Amauri, 255

Itaim Bibi – São Paulo – SP
CEP 01448-000

C/O: Sustainability General Management

Email: contato@vpar.com.br

GRI INDICATORS

GRI Description	Page (s)	External Assurance (P. 75)
1. Strategy and Analysis		
G4-1 Management Statement	6-9	
2. Organizational Profile		
G4-3 Name of organization	Votorantim Industrial	
G4-4 Principal brands, products and services	Votorantim Cimentos, Votorantim Metais, Votorantim Siderurgia, Fibria, Votorantim Energia and Citrosuco.	
G4-5 Location of organization's headquarters	São Paulo, SP, Brazil	
G4-6 Geographical coverage	15, 23	
G4-7 Legal nature	15; Votorantim Industrial is a privately-held, 100% Brazilian-owned organization. It is the holding company for the Votorantim Group's industrial companies and is one of the largest business conglomerates in Brazil.	
G4-8 Markets served	13	
G4-9 Size of the organization	15, 22	
G4-10 Total number of employees	14, 15	
G4-11 Percentage of total employees covered by collective bargaining agreements	81% of our own employees are covered by collective bargaining agreements.	
G4-12 Organization's supply chain	26	
G4-13 Significant changes in the organizational structure	13-14, 18-19	
3. External Initiatives		
G4-14 Precautionary principle	<p>We have a structured platform for risk management, which encompasses the risks of processes, compliance and products. In all cases the objective is to mitigate the environmental impacts caused by our activities.</p> <p>All operations follow internal protocols and the applicable legislation for environmental controls, and the controls of the licensing of our operations are held in a centralized system (GLM). New production processes or completely new operations undergo a strict protocol of risk assessment. This includes not only the evaluation of impacts and their mitigation, but also the assessment of available technologies with their levels of resource consumption and the emissions per metric ton produced.</p> <p>Moreover, we always carry out surveys and consultations with the communities surrounding our operations, to evaluate the risks and the effectiveness of the measures implemented.</p> <p>Regarding products, they are all in accordance with the established legal standards and consider best market practices. Product specifications are available on our industrial subsidiaries' websites.</p>	
G4-15 Social and environmental charters and other initiatives	<p>Signatory of the UN Global Compact, since 2011. A United Nations initiative which aims is to mobilize the business community to adopt fundamental values and internationally accepted practices in human rights, labor relations, the environment and the fight against corruption.</p> <p>In 2011 we initiated the Internal Controls Project, and at the end of that year, Votorantim Industrial was certified under Sarbanes-Oxley (SOX) by our independent auditors. This project lasted 10 months, and involved the participation of about 600 employees from many different areas of the organization and about 4 thousand hours of training.</p>	

GRI Description	Page (s)	External Assurance (P. 75)
G4-16 Membership of associations	RAUL CALFAT – Member of the Board of IBÁ (Brazilian Tree Industry) JOSÉ ROBERTO ERMÍRIO DE MORAES – Vice-president of the São Paulo Federation of Industries (Fiesp) and a member of its Strategic Development Committee. JOSÉ ERMÍRIO DE MORAES NETO – Chairman of the Board of the Antônio Prudente Foundation (Hospital AC Camargo); Member of the Governing Board of the Getulio Vargas Foundation; Member of the Board and the Executive Committee of Childhood Brazil; Member of the Board of Comunitas; Member of the Board of the Cancer Foundation. DAVID Canassa – President of the Thematic Sub-committee for Energy and Climate Change of CEBDS (Brazilian Business Council for Sustainable Development); Member of the Environmental Committee (Cosema) of São Paulo Federation of Industries (Fiesp). LUCELIO MORAES – Member of the Committee for Labor Relations of the São Paulo Federation of Commerce (Fecomercio SP); Director of the Department for Economic Research (Depecon) of the São Paulo Federation of Industries (Fiesp); Board Member of ICZ – Institute for Non-Ferrous Metals; Chairman of the Government Relations Committee of the Brazilian Advertisers Association (ABA). FRINEIA REZENDE DA SILVA – Chairwoman of the Thematic Sub-committee for Biodiversity of CEBDS (Brazilian Business Council for Sustainable Development).	
4. Material Aspects and Boundaries		
G4-17 Boundaries in relation to financial statements	72-73	
G4-18 Content and boundaries of the report	72-73	
G4-19 Material aspects	72-73	
G4-20 Material aspect boundaries – within the organization	72-73	✓
G4-21 Material aspect boundaries – outside the organization	72-73	✓
G4-22 Major restatements of information	72-73; External Assurance (p. 75)	✓
G4-23 Significant changes in Scope and Material Aspect Boundaries	72-73; Significant changes in Scope and Aspect Boundaries are indicated in the comments in the list of contents relating to the indicators associated with each Aspect.	✓
5. Stakeholder Engagement		
G4-24 Stakeholder groups	36-39; 54; 57-58; 72-73	✓
G4-25 Basis for identification and selection of stakeholders	56; 72-73	✓
G4-26 Approach to stakeholder engagement	36-39; 54; 57-58; 72-73	✓
G4-27 Key topics and concerns that have been raised through stakeholder engagement	26-27; 72-73	✓
6. Report profile		
G4-28 Reporting period	This report contains information for 2014, with the exception of Citrosuco where the information refers to the 2013/2014 harvest ended June 30th, 2014.	
G4-29 Date of most recent report	Year of 2013	
G4-30 Reporting cycle	Annual	
G4-31 Contact	76	
G4-32 Selected “in accordance” option	“Core” option and Limited Assurance Report. (Page 75)	
G4-33 External assurance policy	Since 2008, when Votorantim Industrial's Board approved the adoption of the GRI guidelines, one of the conditions set by the Board was that all externally published reports should undergo external audits, and that figures should only be reported if a management control process is in place.	
7. Governance		
G4-34 Governance structure	17, 20	
8. Ethics and Integrity		
G4-56 Values, principles, standards of behavior	16-17, 19	

ECONOMIC PERFORMANCE

DMA – ASPECT: ECONOMIC PERFORMANCE

Votorantim Industrial is a privately-held company that adopts the accounting and governance practices of listed companies. The company has a Board that establishes the company's long-term direction and preserves the company's values and management beliefs. The company has corporate policies for investments and debt that aim to maintain the company's investment grade rating. The company's long-term plans are based on macro economic scenarios, demand and availability of raw materials and energy. The strategic planning cycle encompasses all material aspects of sustainability as guiding parameters.

Budgets are made based on the “year 1” of the strategic plan and short and medium-term targets are set for all the company's executives. The other employees also have goals which are cascaded down in each operating unit. The monitoring of the budget execution process follows the IFRS accounting rules, which includes the preparation of a statement of the value added distributed (DVA). The DVA demonstrates the government taxes paid and the amounts distributed to the company's various stakeholder groups.

The strategic plan includes a risk analysis of all the material aspects, including those related to climate change. The company's management approach includes the use of insurance policies, mainly for issues directly related to the manufacturing operation and the supply of raw materials.

Aspect Indicators	Page (Supplementary Data and/or DMA)			External Assurance (page 75)
ECI – Direct economic value generated and distributed.	4, 29-32			
Composition of Value Added (R\$ million)	2011	2012	2013	2014
DIRECT ECONOMIC VALUE GENERATED				
1) Revenues				
1.1) Sales of products and services	28.100	26.943	30.927	33.192
1.2) Other net operational revenues (expenses)	-1.183	506	-140	950
1.3) Reduction (increase) in the reserve for doubtful credits	15	-14	-62	-56
1.4) Total revenues	26.932	27.435	30.725	34.086
2) Inputs acquired from third parties				
2.1) Cost of goods sold and services provided	-14.834	-15.093	-16.800	-17.832
2.2) Impairment		-558	-928	-621
3) Gross value added	12.098	11.784	12.997	15.633
3.1) Depreciation, amortization and depletion	-2.128	-2.005	-2.226	-2.291
4) Net value added produced	9.970	9.779	10.771	13.342
5) Value added received in transfers				
5.1) Equity Pick-up	356	-148	-74	258
5.2) Realization of other impacts when investment is written-down	-	-91		-
5.3) Financial revenues	672	874	4.275	3.385
Total value added received in transfers	1.028	635	4.201	3.643
6) Total value added to be distributed	10.998	10.414	14.972	16.985
7) Distribution of value added				
7.1) Salaries and social charges/benefits	1.894	3.045	3.604	3.770
7.1.1) Salaries	1.574	1.834	2.202	2.337
7.1.2) Benefits	320	352	421	454
7.1.3) Social charges	-	859	981	979
7.2) Taxes, tariffs and contributions	4.997	4.732	5.032	5.597
7.2.1) Federal	2.976	2.326	2.878	2.632
7.2.2) State	2.632	2.709	2.924	3.085
7.2.3) Municipal	32	34	37	32
7.2.4) Deferred taxes	-643	-337	-807	-152

Aspect Indicators	Page (Supplementary Data and/or DMA)			External Assurance (page 75)
ECI – Direct economic value generated and distributed.	4, 29-32			
Composition of Value Added (R\$ million)	2011	2012	2013	2014
7.3) Remuneration of third-party capital	2.825	2.620	6.098	5.937
7.3.1) Financial expenses	2.680	2.392	5.887	5.714
7.3.2) Rents	145	228	211	223
7.4) Remuneration of own equity	1.282	17	238	1.681
7.4.1) Dividends	291	-35	102	448
7.4.2) Payments to non-controlling shareholders	57	-62	-195	87
7.4.3) Retained earnings	66	114	380	1.130
7.4.4) Net income from discontinued operations.	868	-		16
7.4.5) Net loss from discontinued operations		-	-	-49
8) Added Value Distributed	10.998	10.414	14.972	16.985
Retained economic value	15.934	17.021	15.753	17.101
Operating costs	-37.930	-37.849	-45.697	-51.071

Information omitted

Indicator not reported by Citrosuco

Reasons for omission

Confidential information.

Explanation for omission

Confidential information.

COMMENTS:

- 1.VID’s information systems do not allow us to discriminate investments in each community separately, since they are included in operating costs.
- 2.The 2013 data has been restated due to changes in accounting policies and disclosures, including:
- (a) Adoption of new criteria in 2014 for the presentation of some group operations;
 - (b) Adoption of a new criterion in 2014 to improve information on impacts of exchange rate variations;
 - (c) Changes in 2014 in the methodology for calculating the impairments for the group;
 - (d) Change in the dividend presentation format.

Description of the main products produced		
Period	2014	Unit
Votorantim Metais (aluminum, nickel, zinc)	0,9	Million metric tons
Votorantim Siderurgia (long steel)	1,8	Million metric tons
Votorantim Cimentos (cement, mortar, aggregates)	68,0	Million metric tons
Fibria (pulp)	5,27	Million metric tons
Votorantim Energia (electrical energy)	2.840.941	MWh

Information omitted

Indicator not reported by Citrosuco

Reasons for omission

Confidential information

Explanation for omission

Confidential information

ENVIRONMENTAL PERFORMANCE

DMA – ASPECT: ENERGY

The energy demand for each industrial subsidiary is defined in the strategic plan. Action plans are prepared to meet this demand with medium and long-term supply contracts. For day-to-day energy management, the units have energy efficiency programs to optimize the use of inputs, and the technology and development areas research the possibilities for new processes and energy sources.The energy data (in GJ) reported in the EN5 indicator is consolidated through a corporate tool called the Energy Balance.

Aspect Indicators	Page (Supplementary Data and/or DMA)			External Assurance (page 75)	
EN5 – Energy intensity	27			✓	
Company	Main Product	Rate	Metric	Types of Energy	Scope
Fibria	Pulp	20,67	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization
Votorantim Cimentos	Cement	2,660	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization
	Aggregates	0,0301	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization
	Concrete	0,00003	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization
Votorantim Metais	Aluminum	16,63	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization
	Zinc	5,56	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization
	Nickel	93,30	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization
Votorantim Siderurgia	Steel (billet)	8,901	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization
	Steel (laminated billet)	9,657	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization

COMMENTS:

1. Citrosuco does not report this indicator because the intensity of the company’s GHG emissions are significantly influenced by the climatic conditions in its orange groves. Thus, even in a situation of stability for the consumption of raw materials the GHG emissions may vary depending on how the climatic conditions impact the productivity of the farms, and the size and brix degree of the fruit. Thus, the observed intensity of GHG emissions does not reflect the measures taken to manage them.
2. Indicator not applicable to Votorantim Energia.
3. To calculate Votorantim Industrial’s energy intensity we considered the sales of its subsidiaries’ main products in 2014, including: long steel, aluminum, zinc, nickel, pulp, cement, concrete and aggregates

DMA – ASPECT: BIODIVERSITY

All of the legal requirements for biodiversity issues in the licensing of our operations are managed in a centralized system. In addition, the industrial companies, due to their mining and forestry activities prepare reports on their impacts and dependence on biodiversity and ecosystem services. Some of the industrial companies (VM,VE,VS and Fibria) conducted pilot projects to evaluate their impacts and dependence on ecosystem services (using the Ecosystem Service Review methodology), as well as carrying out analysis and studies of their impacts on biodiversity.

Aspect Indicators	Page (Supplementary Data and/or DMA)	External Assurance (page 75)
EN13 – Habitats protected or restored	4, 38-39	✓
Company	2014	
	Total size of the area (Km²)	
	1825	
	29	
	92	
	419	
	310	
TOTAL		2674

COMMENTS:

I.The protected or restored habitats are located in Brazil, in the states of ES, GO, MG, MS, RJ, and SP, and in Colombia, in the Boyacá province.

DMA – ASPECT: EMISSIONS

All the legal parameters regarding authorizations for gaseous emissions and particulate matter comply strictly with the legal aspects and numerical values specified in their licensing processes.

Our corporate guideline is to seek to maintain or reduce emissions per metric ton of product produced. Based on this guideline, each industrial company sets specific targets, especially in relation to greenhouse gases.

Aspect Indicators	Page (Supplementary Data and/or DMA)				External Assurance (page 75)
EN18 – Greenhouse gas (GHG) emissions intensity	27.45				✓
Company	Main Product	Rate	Metric	Types of Energy	Gases included
Fibria	Pulp	0,240	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization
Votorantim Cimentos	Cement	0,653	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization
	Aggregates	0,0020	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization
	Concrete	0,00000217	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization
Votorantim Metais	Aluminum	1,16	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization
	Zinc	0,34	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization
	Nickel	7,31	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization
Votorantim Siderurgia	Billet (laminated)	0,970	ton CO eq/t	Renewable/Non-Renewable	Inside/Outside the Organization
	Finished Products	1,017	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization

COMMENTS:

- I. Citrosuco does not report this indicator because the intensity of the company's GHG emissions are significantly influenced by the climatic conditions in its orange groves. Thus, even in a situation of stability for the consumption of raw materials the GHG emissions may vary depending on how the climatic conditions impact the productivity of the farms, and the size and brix degree of the fruit. Thus, the observed intensity of GHG emissions does not reflect the measures taken to manage them.
2. Indicator not applicable to Votorantim Energia.

DMA – ASPECT: COMPLIANCE

Votorantim Industrial has a centralized management system for operating licenses, which controls the deadlines and the budget for legal issues and licensing operations.

In the event of fines, a technical analysis is undertaken, and, when appropriate, an appeal to the appropriate judicial bodies is made. In addition, the company's internal policies dictate that fines and other legal processes must be quantified and the respective amounts allocated in the balance sheet, following the IFRS accounting rules, and in accordance with the criteria for establishing whether a loss is possible/probable or remote in the case of legal action.

Aspect Indicators	Page (Supplementary Data and/or DMA)			External Assurance (page 75)
EN29 – Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations				✓
Monetary value of provision (R\$ millions)	2011	2012	2013	2014
Environmental		675	381	404

COMMENTS:

- I. The monetary value of reported cases is in line with the consolidated financial statements as of December 31st of each year, and corresponds to the value of the legal actions where the probability of a loss was assessed as possible, in which Votorantim Industrial and its subsidiaries are involved.

DMA – ASPECT: OVERALL

The budgets for environmental issues, and the related CAPEX projects, are decided during the strategic planning process of each industrial company, which defines the allocation of resources for the next five years. The next step of the management process is the preparation of the annual budget, where the investments are detailed and approved for implementation. The monitoring of the budget is performed monthly using data available in the SAP system and is discussed in internal meetings at each unit. The CAPEX projects are monitored monthly, at the Engineering department meetings, in accordance with the CAPEX Manual.

Aspect Indicators	Page (Supplementary Data and/or DMA)			External Assurance (page 75)
EN31 – Total environmental protection expenditures and investments, by type.	4, 27, 39			✓
Environmental investments and expenditures (R\$)	2011	2012	2013	2014
CAPEX (Investments)	306.699.892	255.406.314	296.511.430	231.767.260
Environmental education.	0,00	170.000,00	454.961,82	0,00
Environmental management	16.837.030,00	16.161.771,65	13.843.246,30	13.435.748,06
Conservation, reforestation and biodiversity	877.073,00	10.538.577,24	6.907.553,30	21.378.616,01
Environmental protection	4.812.082,00	28.396.299,25	52.719.100,39	57.882.614,93
Treatment of air emissions	71.971.047,00	61.224.655,76	42.023.177,92	45.916.880,03
Waste treatment	121.510.762,00	112.440.905,36	107.315.897,27	15.863.873,63
Effluent treatment	24.345.156,00	17.409.834,44	47.245.779,62	35.564.307,08
HOD – Environmental Area	-	5.097.391,25	880.425,16	447.384,00
Decommissioning/remediation of contaminated areas (soil and water)	-	231.149,00	4.445.883,12	7.009.872,36
Environmental insurance	-	280.870,00	0,00	0,00
Other environmental expenses	66.346.742,00	3.454.860,08	20.675.405,39	34.267.963,69
OPEX (Expenses)	165.884.073	269.490.362	330.124.657	331.217.067
Environmental education.	4.284.237,00	2.835.017,57	1.818.623,54	1.966.038,88
Environmental management	31.587.516,00	27.704.162,79	44.867.098,50	39.600.924,48
Conservation, reforestation and biodiversity	1.015.312,00	33.639.231,08	30.359.849,57	18.203.368,04
Environmental protection	30.021.602,00	13.659.700,75	33.452.085,87	4.224.341,54
Treatment of air emissions	42.878.894,00	19.387.585,06	36.643.914,08	84.877.528,83
Waste treatment	33.782.699,00	95.077.731,52	114.665.096,05	70.937.859,76
Effluent treatment	3.016.477,00	44.579.639,24	35.282.090,88	75.265.168,43
HOD – Environmental Area	-	18.238.286,26	12.902.500,02	13.428.302,97
Decommissioning/remediation of contaminated areas (soil and water)	-	7.859.308,45	7.544.406,53	9.516.287,49
Environmental insurance	-	48.351,16	173.763,02	61.007,00
Other environmental expenses	19.297.336,00	6.461.347,66	12.415.228,79	13.136.239,40
Total	472.583.965	524.896.676	626.636.087	562.984.327
Environmental education.	4.284.237,00	3.005.017,57	2.273.585,36	1.966.038,88
Environmental management	48.424.546,00	43.865.934,44	58.710.344,81	53.036.672,54
Conservation, reforestation and biodiversity	1.892.385,00	44.177.808,32	37.267.402,87	39.581.984,05
Environmental protection	34.833.684,00	42.056.000,00	86.171.186,26	62.106.956,47
Treatment of air emissions	114.849.941,00	80.612.240,82	78.667.092,00	130.794.408,86
Waste treatment	155.293.461,00	207.518.636,88	221.980.993,32	86.801.733,39
Effluent treatment	27.361.633,00	61.989.473,68	82.527.870,49	110.829.475,51
HOD – Environmental Area	-	23.335.677,51	13.782.925,19	13.875.686,97
Decommissioning/remediation of contaminated areas (soil and water)	-	8.090.457,45	11.990.289,65	16.526.159,85
Environmental insurance	-	329.221,16	173.763,02	61.007,00
Other environmental expenses	85.644.078,00	9.916.207,74	33.090.634,18	47.404.203,09

COMMENTS:

I. The total amounts of CAPEX and OPEX in this report differ from the values published in the Management Report (Relatório da Administração – RA) due to the updating of values after the completion of the External Assurance process.

DMA – ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT

The evaluation of suppliers regarding environmental criteria occurs in different ways in each of the industrial companies, although some procedures are standardized for all of them. In the phase of eligibility and registration, the new suppliers undergo a process to verify their certificates attesting to conformity with their obligations for federal taxes and social security payments (INSS and FGTS). The approval process includes a second phase of verification, where the applicable environmental criteria are applied. The approval process is only applied to the main suppliers or for certain categories of inputs (defined by each industrial company).

Aspect Indicators	Page (Supplementary Data and/or DMA)	External Assurance (page 75)
EN32 – Percentage of new suppliers that were screened using environmental criteria	26	✓
Number of new suppliers that were screened using environmental criteria	2013	2014
Total number of new suppliers	3.131	3.222
Total number of new suppliers that were screened using environmental criteria	994	1043
Percentage of suppliers screened using environmental criteria	31.75%	32.37%

Aspect Indicators	Page (Supplementary Data and/or DMA)	External Assurance (page 75)
EN33 – Significant actual and potential negative environmental impacts in the supply chain and actions taken	26	✓
Description	Total	
Total number of suppliers	83.184	
Number of suppliers submitted to environmental impact assessments	1.164	
Percentage of suppliers submitted to environmental impact assessments	1.4%	

COMMENTS:

I. First year of reporting this indicator.

SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

DMA – ASPECT: EMPLOYMENT

We believe that a positive working environment is a competitive advantage and helps Votorantim to retain and attract talent. In this spirit, we seek to understand the needs of our employees in order, together, to build a motivating work environment, which attributes responsibilities and empowers people to make decisions, thereby enabling them to develop and grow in the company. We seek to develop leaders who foster teamwork, encourage everyone in the search for innovative solutions and are seen as models, not only for their knowledge and experience, but above all by their behavior and attitudes. Our goal for 2020 is to have 80% of the leadership positions filled by internal promotions, which demonstrates that we practice our management beliefs of valuing the development of talented people and the promotion of meritocracy.

The online platform called “Producing Futures relationship (<http://www.produzindofuturos.com/>) provides the company with a channel for interaction and communication with potential candidates for positions in the Votorantim organization. In 2014, we launched the “Indicate” program whereby employees can refer their contacts in their social networks to find candidates for vacancies that were not filled internally.

Aspect Indicators		Page (Supplementary Data and/or DMA)			External Assurance (page 75)
LAI – Total number and rates of new employee hires and employee turnover by age group, gender and region					
2014	Gender		Age Group		
	Men	Women	Less than 30 years old	Between 30 and 50 years old	More than 50 years old
Employees hired	5.958	1.423	3.519	3.357	347
Employees	38.085	6.237	5.445	34.422	2.893
Terminations	7.320	1.500	3.139	4.377	1.036
Rate of new hires	15.6%	24.1%	62.4%	9.5%	11.5%
Turnover	19.2%	25.4%	55.7%	12.4%	34.4%

COMMENTS:

- 1. The figures do not include apprentices and interns.
- 2. We do not have information on age groups in the VS Curvelo Unit and the Forestry Units (Bom Sucesso, Riacho, Santa Cecilia and Santa Rita)

DMA – ASPECT: OCCUPATIONAL HEALTH AND SAFETY

In line with Votorantim’s sustainability principles, the health and safety of employees, customers and partners is of fundamental importance for all our industrial companies. This concern is expressed in our corporate Handbook for Health and Safety, which contains the approach and guidelines for the prevention of risks in our operations.

All of our companies have established an Internal Commission for Accident Prevention (Cipa) in each of their operating units, including those overseas, and which were constituted in accordance with the applicable legislation. The Cipas are composed of the employees in the operating units who are responsible for health and safety in the workplace. We promote a culture of prevention and safety in all our businesses, above and beyond the requirements of the legislation.

Aspect Indicators	Page (Supplementary Data and/or DMA)			External Assurance (page 75)	
LA6 – Type of injury and rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities, by region and gender				✓	
Own employees and permanent third-party workers					
Occupational Health and Safety Indicators	2012	2013		2014	
	Brazil	Overseas	Brazil	Overseas	Brazil
Fatalities	12	5	3	4	10
Man-Hours Worked (Own and Third Party)	151.014.737	163.156.670	38.798.927	150.588.175	40.359.327
Total No. of Injuries (Level 1)	1.303	1.131	313	864	179
Total No. of Injuries (Levels 2 and 3)	833	458	182	488	352
Total No. of Injuries with lost days (Levels 4 to 6)	284	145	71	211	59
Frequency rate of accidents with and without lost days	7,22	3,5246	6,5208	4,6418	10,1587
Frequency rate of accidents with lost days	1,77	0,9418	1,8299	1,4012	1,4371
Injury rate (TL)	1,46	0,705	1,304	0,928	2,032
Occupational disease rate (TDO)	0,04	0,127	0,570	0,298	0,337
Lost days rate (TDP)	32,55	8,046	26,180	9,693	18,330
Absenteeism rate (TA) (work-related accidents)	258,80	121,22	439,17	0,00030	0,00137
Absenteeism rate (TA) (occupational disease)	0,00	12,85	76,03	0,00006	0,00015
Absenteeism rate (non-occupational disease)	247,44	3.878,02	4.616,44	0,00177	0,00530
Absenteeism rate (TA) (accidents outside work)	32,43	157,16	744,65	0,00011	0,00062
TOTAL Absenteeism rate (TA)	538,49	3.259,26	5.822,63	0,00222	0,00744

Information omitted

- Breakdown by employee category
- Information on non-permanent third parties (including freelancers)

Reasons for omission

Not available

Explanation for omission

The industrial companies do not manage this information in Votorantim Industrial’s reporting format.

COMMENTS:

- 1. Citrosuco: There is no management of information on permanent third-party employees.
- 2. Fibria: Does not include its offices outside Brazil.
- 3. Votorantim Industrial: Includes information for VID Curitiba only.
- 4. Votorantim Metais: Not managed. There is no information on the number of hours lost due to absenteeism by fixed third-party employees in the categories of occupational disease, non-occupational disease and accidents outside work.
- 5. Votorantim Siderurgia: Not managed. There is no information on absenteeism by fixed third-party employees in the category of occupational disease.

DMA – ASPECT: TRAINING AND EDUCATION

In line with our values and management beliefs, we believe that the performance of our talented employees is fundamental to the evolution of our business. Therefore we have invested in the development and deployment of our talented people in an organized way. Our processes and policies for managing and developing people have been fully implemented and are part of the organization’s daily life.

The employee’s Individual Development Plan (IDP), which is prepared based on the results of the evaluation process, contains actions to enable high performance and prepare him/her for the next level of challenges.

Each industrial company develops training plans based on the specific technical and management needs of its operations. For management positions Votorantim has a corporate university (Academy of Excellence), where courses are given on leadership development and the preservation of the organization’s values and management beliefs.

The “Potenciar” program is in its third edition and has established itself as a platform for training and rapid development of talented people. The program is designed for a mix of trainees and other young professionals who have been identified, in the assessment processes, as having great potential. Over the course of 14 months, young people work on important projects for our business in multidisciplinary groups. They also receive training and interact with executives from Votorantim and the market.

In the Performance Evaluation process in 2014, our employees were evaluated in relation to their observance of the organization’s management beliefs and expected behaviors. We value not only knowledge and experience, but also how they are applied.

Aspect Indicators		Page (Supplementary Data and/or DMA)			External Assurance (page 75)
LA9 – Average hours of training per year per employee, and by employee category.		4, 39, 49			✓
Period		2011	2012	2013	2014
Employee category	Gender	Average hours of training			
President/Director	Women	21,1	9,45	3,7	26,9
	Men			10,9	21,0
Manager	Women	37,9	68,57	52,0	34,5
	Men			37,1	44,7
Coordinator/Consultant	Women	65,1	29,09	19,3	47,5
	Men			31,3	42,7
Technician/Analyst/Supervisor	Women	36,3	31,61	43,5	60,0
	Men			43,7	46,0
Trainee	Women	295,6	362,85	200,7	90,5
	Men			189,0	189,0
Operator	Women	25,7	72,43	40,1	21,1
	Men			14,6	14,7
Intern	Women	5,8	11,13	14,5	32,1
	Men			89,5	89,5
Apprentice	Women	7,0	23,53	26,6	120,2
	Men			37,2	37,2
Average hours of training without segregation by category		2011	2012	2013	2014
VCNA	Total	-	-	13,9	–
Citrosuco	Total	-	-	10,4	17,5
TOTAL	Total	55,3	62,3	24,2	63,7

COMMENTS:

- 1. Citrosuco: There is no discrimination of training rates by gender.
- 2. This indicator comprises training conducted by both the Academy of Excellence and the industrial companies.
- 3. Votorantim Siderurgia: Total hours spent in training personnel by employee category does not include the Cajamarquilla unit.
- 4. In 2014 VCNA introduced the management of training information by employee category.

DMA – ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

We believe that people are the driving force for growth and good performance. In our people management approach we seek to promote a climate of mutual respect, strengthening the foundations necessary to create value, achieve results, operate efficiently, innovate and establish partnerships.

All new Votorantim hires are based on criteria for competence and there is no distinction between genders, age groups, minorities, ethnic groups, or other forms of discrimination. Some of the industrial companies have established specific committees to address diversity seeking to broaden their understanding of the topic and expand opportunities.

Aspect Indicators	Page (Supplementary Data and/or DMA)			External Assurance (page 75)		
LA12 – Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	27					
Composition of minority groups in the organization	2011	2012	2013	2014		
Employees over 50 years old	3.856	6.198	5.141	2.890		
Women	4.005	6.012	5.914	6.200		
Composition of governance body – gender	2011	2012	2013	2014		
Men	-	106	66	89		
Women	-	8	3	5		
Composition of governance body – age group	2011	2012	2013	2014		
Under 30 years old	-	0	0	0		
Between 30 and 50 years old	-	51	33	73		
Over 50 years old	-	63	36	21		
Breakdown of employees per employee category according to gender and age group			Men	Women		
	Age group (%)					
	- below 30 years old	- between 30 and 50 years old	- over 50 years old			Length of service (years)
Employee categories				%	%	
President/Director	0,0	77,7	22,3	2,9	94,7	5,3
Manager	0,0	89,5	10,5	7,4	85,3	14,7
Coordinator/Consultant	8,8	83	8,2	6,3	77,6	22,4
Technician/Analyst/Supervisor	10,7	83,1	6,1	6,3	77,1	22,9
Trainee	42,1	57,9	0,0	0,2	68,4	31,6
Operator	14	79,4	6,6	5,7	90,4	9,6
Intern	40,9	59,1	0,0	0,3	47,2	52,8
Apprentice	54,6	45,4	0,0	0,3	63,2	36,8
TOTAL	14,0	79,5	6,5		85,9	14,1

COMMENTS:

- 1. Does not include employees of Citrosuco’s overseas units.
- 2. Does not include Citrosuco’s temporary workers (harvest workers).

DMA – ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES

The evaluation of suppliers regarding labor practices criteria occurs in different ways in each of the industrial companies, although some procedures are standardized for all of them. In the phase of eligibility and registration, the new suppliers undergo a process to verify their certificates attesting to conformity with their obligations for federal taxes and social security payments (INSS and FGTS). The approval process includes a second phase of verification, where the applicable labor practices criteria are applied. The approval process is only applied to the main suppliers or for certain categories of inputs (defined by each industrial company).

Aspect Indicators	Page (Supplementary Data and/or DMA)	External Assurance (page 75)
LA14 – Percentage of new suppliers that were screened using labor practices criteria	26	✓
Number of new suppliers that were screened using labor practices criteria	2013	2014
Total number of new suppliers	3.131	3.222
Total number of new suppliers that were screened using labor practices criteria	1.158	2.233
Percentage of new suppliers screened using labor practices criteria	36.98%	69.30%

Aspect Indicators	Page (Supplementary Data and/or DMA)	External Assurance (page 75)
LA15 – Significant actual and potential negative impacts for labor practices in the supply chain and measures taken	16, 26	
Description		Total
Total number of suppliers		83.184
Number of suppliers subjected to impact assessments regarding labor practices		1.205
Percentage of suppliers subjected to labor practices impact assessments		1.4%

COMMENTS:

I. First year of reporting this indicator.

SUB-CATEGORY: HUMAN RIGHTS

DMA – ASPECT: NON-DISCRIMINATION

Votorantim has an Ombudsman channel that is prepared to receive, analyze and resolve issues related to its Code of Conduct. This channel can be accessed by internal and external stakeholders. The Ombudsman area guarantees the confidentiality of all information, preserving the identity of those involved and working to promote a better workplace climate for everyone. Anyone can contact the Ombudsman, either to ask questions concerning the interpretation of the Code of Conduct or to report an incident that violates the Code, such as corruption or any other conduct or unethical procedure.

All complaints received by Votorantim will be treated confidentially. No retaliation will be allowed against any person who makes a report in good faith. The questions referred through the Ombudsman channel are analyzed by Conduct Committees, composed of members of Votorantim’s administration. These Committees, with integrity and objectivity, seek to find solutions to the situations presented to them. They reply to the complainants, anonymous or not, by means of a password generated at the time the complaint is reported.

Aspect Indicators	Page (Supplementary Data and/or DMA)			External Assurance (page 75)
HR3 – Total number of incidents of discrimination and the corrective actions taken.	16, 27			✓
Discrimination incidents reported			2013	2014
Harassment and abuse of power			525	34
Other incidents (discrimination)			29	14
Other incidents (discrimination and retaliation)			2	45
Total number of discrimination incidents.			556	93
Total discrimination incidents	2011	2012	2013	2014
Complaints received by the Ombudsman	382	572	556	93
Incidents considered justified *	112	194	178	59

COMMENTS:

I. The incidents of discrimination considered valid were resolved by taking appropriate measures, including guidance, warnings, transfers, relocation and dismissal.

DMA – ASPECT: CHILD LABOR

Child labor is not permitted by the organization. The issues related to these topics are addressed in the Code of Conduct and also by operational control audits. Complaints involving such incidents should be sent to the Ombudsman.

Aspect Indicators	Page (Supplementary Data and/or DMA)				External Assurance (page 75)
HR5 – Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	16, 26				✓
Number of operations and suppliers with a risk of having child labor and/ or young workers exposed to hazardous work	2011	2012	2013	2014	
VID (VC, VM, VS, VE, Citrosuco and Fibria)	0	0	0	0	

COMMENTS:

I. Citrosuco has obtained the ABRINQ Certification as a “Child Friendly Company”, which recognizes its good performance regarding the elimination of child labor.

DMA – ASPECT: FORCED OR COMPULSORY LABOR

Forced or compulsory labor are not permitted by the organization. The issues related to this topic are addressed in the Code of Conduct and also in operational control audits. Complaints involving such incidents should be sent to the Ombudsman.

Aspect Indicators	Page (Supplementary Data and/or DMA)				External Assurance (page 75)
HR6 – Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	16, 26				✓
Number of suppliers with the risk of occurrence of forced or compulsory labor	2011	2012	2013	2014	
VID (VC, VM, VS, VE, Citrosuco and Fibria)	0	0	0	0	

COMMENTS:

I. Annual audit plans are prepared, which include suppliers, in order to evaluate the main risks for each business unit. These plans are discussed and approved by the business unit’s senior management such that there is a reasonable level of coverage considering the number of units in each business area and also the rotation of emphasis. Additionally the existence of an Ombudsman area, supported by a proven complaints system, facilitates access by employees and other stakeholders if they observe violations of the Code.

DMA – ASPECT: ASSESSMENT

In Votorantim Industrial, the results of the Internal Audit are submitted in a timely manner to the Audit Committee, considering the status of of the work, according to the annual internal audit plan, the main points identified and the status of the action plans prepared by the audited areas. At these meetings a presentation is made regarding the cases received through the complaints channel, with information on its classification and its status of response/termination. The deadline for responding to the complaints received is one of the targets for the audit and ombudsman areas.

Aspect Indicators	Page (Supplementary Data and/or DMA)	External Assurance (page 75)
HR9 – Total number and percentage of operations that were subjected to human rights reviews or impact assessments	26	
Total number of operations that were subjected to human rights evaluations.	2013	2014
Country		
Brazil	36	19

COMMENTS:

- I. In addition to the audit work, the company has a Code of Conduct and channels to receive complaints. Any of the parties involved can make a complaint. The incidents are investigated and responses are sent to the complainants.
2. We do not manage this indicator in our overseas operations.

DMA – ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT

The evaluation of suppliers regarding human rights criteria occurs in different ways in each of the industrial companies, although some procedures are standardized for all of them. In the phase of eligibility and registration, the new suppliers undergo a process to verify their certificates attesting to conformity with their obligations for federal taxes and social security payments (INSS and FGTS). The approval process includes a second phase of verification, where the applicable human rights criteria are applied. The approval process is only applied to the main suppliers or for certain categories of inputs (defined by each industrial company). In Brazil, suppliers listed on the Ministry of Labor’s blacklist are automatically blocked in our system.

Aspect Indicators	Page (Supplementary Data and/or DMA)	External Assurance (page 75)
HR10 – Percentage of new suppliers that were screened using human rights criteria	26	
Number of new suppliers that were screened using human rights criteria	2013	2014
Total number of new suppliers	3.120	3.222
Total number of new suppliers that were screened using human rights criteria	411	1.172
Percentage of new suppliers screened using human rights criteria	14.00%	36.37%

COMMENTS:

- I. First year of reporting this indicator.

SUB-CATEGORY: SOCIETY

DMA – ASPECT: LOCAL COMMUNITIES

Votorantim is part of the communities in which it operates. Therefore, the social aspects are also part of the company's management system. We regularly prepare and update our strategic plan for social initiatives. The process includes: prioritization, characterization, development of strategic objectives and the investment plan. The investment plan aims to achieve the desired positive social outcomes. Prioritization is a set of criteria that channel investments to areas with higher levels of social vulnerability and impact, thereby adding more value to the locality and the organization. The development program requires a significant level of investment, strengthened institutions and cross-sector partnerships, to mobilize the local community to work together with Votorantim towards achieving social and economic progress. The program to promote relations with the community emphasizes the connections between the company and its stakeholders. Based on the company's belief in open dialogue, the objective is to achieve positive impacts for specific stakeholder groups.

The criteria adopted for the prioritization stage are divided into four groups: 1) Importance of the unit for the business, 2) The level of impacts/dependency of the unit on the locality 3) The level of impacts/dependency of the locality on the unit 4) The level of institutional and administrative capacity of the locality. All Votorantim companies are concerned about their relations with the local communities. They promote dialogue with communities, aimed at mitigating negative impacts and generating positive impacts. The classification of the programs is only an internal form of guidance to ensure that the situations that require more resources and effort are met according to the specific situation.

Aspect Indicators	Page (Supplementary Data and/or DMA)	External Assurance (page 75)
SOI – Percentage of operations with implemented community engagement, impact assessments and development programs	36-37,39, 54-56	✓
Operations/Units that have implemented community engagement programs and impact and development evaluations in the whole organization	2013	2014
Total number of operations	512	650
Total number of operations with local community engagement	70	72
Percentage of operations with local community engagement	13.7%	11.1%

DMA – ASPECT: ANTI-CORRUPTION

The company's governance structure for fighting corruption includes: the Ombudsman; Anti-corruption Policy; Policy for Transactions with Stakeholders; internal audit; internal controls; and compliance.

Training sessions on these policies are held annually for managers. All other stakeholders are informed about them through Votorantim's Code of Conduct.

Aspect Indicators		Page (Supplementary Data and/or DMA)	External Assurance (page 75)
SO5 – Confirmed incidents of corruption and actions taken.		16, 58	
Year	Total number of confirmed cases of corruption	Employees who were punished or dismissed	Termination or non-renewal of contracts with partners
2013	175	49	23
2014	5	5	4

COMMENTS:

I. In 2014 the processes and procedures that make up the Anti-Corruption Program produced significant results for the organization. We intensified our communication and awareness initiatives with all employees, as well as suppliers and customers, regarding the use of Ombudsman channel to make complaints. Votorantim Industrial, in 2014, carried out a study to identify all transactions involving government entities and public bodies. In addition, all employees above the level of technicians, analysts and supervisors underwent specific training on the issue of corruption. Even so, we registered confirmed cases, and the remedial measures taken in previous years continued to apply, in a firm manner: dismissal of employees and termination of contracts with the third-parties involved, whenever there was overwhelming evidence of their involvement, and legal action at all appropriate levels (labor, civil and criminal) against those involved.

DMA – ASPECT: PUBLIC POLICY

Votorantim has an area responsible for Institutional and Government Relations. One of their responsibilities is to present development proposals to public officials related to the companies' issues and to their respective value chains. These relations are strictly technical and involve strategic and business questions that involve the three levels of government (federal, state and municipal), as well as the public agencies and authorities that are directly or indirectly related to the company's operating sectors.

Another important action in 2014 was the revision of the Handbook for Electoral Processes and the Corporate Policy for Electoral Donations, due to the changes in the specific legislation and the regulations of the Anti-Corruption Law. These documents define the principles and recommendations which regulate the donations by all Votorantim's industrial subsidiaries to political parties or candidates for public office. With the objective of ensuring the transparency of the organization's practices by committing to them publicly, in 2014, the Corporate Policy for Election Donations was registered at the 6th Public Document Registry Office in São Paulo

Aspect Indicators	Page (Supplementary Data and/or DMA)	External Assurance (page 75)
SO6 – Total amount of political contributions by country and recipient/beneficiary.	58	✓
Year	Total monetary value of direct and indirect political contributions	
2012	R\$ 5,827,500	
2013	None	
2014	R\$ 20,080,445*	

COMMENTS:

* Information on these contributions is available on the TSE website: <http://inter01.tse.jus.br/spceweb.consulta.receitasdespesas2014>

DMA – ASPECT: ANTI-COMPETITIVE BEHAVIOR

As part of its ongoing program to combat corruption, in 2014,Votorantim Industrial carried out a survey to identify all of the organization’s transactions with government bodies and public officials.The analysis of this information resulted in a map that identified the frequency of these transactions, how critical they were, how they were performed, the degree of exposure, the internal control environment and the adequacy of Votorantim’s Code of Conduct and internal policies. As a result, a work plan for 2015 was prepared with the aim of improving the company’s control systems and its anti-corruption initiatives. In 2014, all employees above the level of technician, analyst and supervisor received training on fighting corruption through the completion of on-line distance learning courses. In 2015, this type of training will be extended to all Votorantim Industrial's employees.

Aspect Indicators	Page (Supplementary Data and/or DMA)	External Assurance (page 75)
SO7 – Total number of legal actions for anti-competitive behavior; anti-trust and monopoly practices and their outcomes	16, 58	✓
Period	2014	
Total number of legal actions for unfair competition, trust and monopolistic practices and their outcomes.	0	
Legal actions which are “Ongoing” for unfair competition, and trust and monopoly practices, up to 2014.		
Citrosuco	0	
Votorantim Energia	0	
Votorantim Cimentos	0	
Votorantim Metais	0	
Votorantim Siderurgia	0	
Fíbria	0	

COMMENTS:

I. In May 2014, the Administrative Council for Economic Defense (Cade) condemned companies in the cement sector for alleged anti-competitive practices and the formation of a cartel, imposing sanctions and fines.Votorantim Cimentos, which was one of the companies cited, considered the penalty to be improper and without legal basis, and appealed against the Council's decision. Up until the end of 2014, this appeal had not been judged by Cade, and so the penalty imposed by the Council has not yet gone into effect.

DMA – ASPECT: COMPLIANCE

The management of legal compliance is accomplished through internal processes and systems involving the consent of, and analysis by, the Legal Department. Also, we have intensified the creation of specific policies and procedures for the areas most exposed to corruption, with the implementation of ongoing training, courses, especially regarding anti-corruption and anti-trust initiatives.

Aspect Indicators	Page (Supplementary Data and/or DMA)		External Assurance (page 75)
SO8 – Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations			✓
Monetary value of provision (R\$ millions)	2012	2013	2014
Fiscal legal actions	3.245	3.564	4.130
Labor and social security legal actions	237	278	243
Civil legal actions	4.187	4.736	6.066

COMMENTS:

I.The monetary value of reported cases is in line with the consolidated financial statements as of December 31 of each year, and corresponds to the value of the legal actions where the probability of a loss was assessed as possible, and in which Votorantim Industrial and its subsidiaries are involved.

DMA – ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY

We carry out a more rigorous evaluation of suppliers that are considered strategic to the business, to avoid risks in raw material supplies, inputs and services that could compromise the final product or harm the company’s image. In this process, we analyze whether the suppliers are in compliance with local legislation and international standards such as ISO 9001, ISO 14001, OHSAS 18001, NOSA and the ILO Convention. The results of the analysis will determine the approval or not of supplier.

Aspect Indicators	Page (Supplementary Data and/or DMA)	External Assurance (page 75)
SO9 – Percentage of new suppliers that were screened using criteria for impacts on society	26	✓
Number of new suppliers that were screened using criteria for impacts on society	2013	2014
Total number of new suppliers	3.131	3.222
Total number of new suppliers that were screened using criteria for impacts on society	1.158	693
Percentage of new suppliers screened using criteria for impacts on society	36.98%	21.51%

Aspect Indicators	Page (Supplementary Data and/or DMA)	External Assurance (page 75)
SO10 – Significant actual and potential negative impacts on society in the supply chain and actions taken	10, 26	
Description	Total	
Total number of suppliers	83,184	
Number of suppliers that were screened using criteria for impacts on society	164	
Percentage of suppliers that were screened using criteria for impacts on society	0.2%	

COMMENTS:
I. First year of reporting this indicator.

OTHER COMMITMENTS

Correlations with the UN Global Compact Principles

The Global Compact consists of ten universal principles, derived from: the Universal Declaration of Human Rights; the Declaration of the International Labor Organization on the Fundamental Principles and Rights at Work; the Rio de Janeiro Declaration on the Environment and Development and the United Nations Convention Against Corruption.

The following table shows the correlations between our activities and initiatives and the UN Global Compact Principles.

It is important to stress that our commitment to the Global Compact is in line with our beliefs and our sustainability practices. As such the UN Global Compact principles for human rights, the environment, labour relations, anti-corruption, and other questions also serve as guidelines for our business activities and behavior.

Principle	Page
Human Rights	
Businesses should support and respect the protection of internationally proclaimed human rights; and make sure they are not complicit in human rights abuses.	16 16, 27
Labour	
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.	77 16 16 16, 27
Environment	
Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.	27, 45 27, 44 27, 44
Anti-Corruption	
Businesses should work against corruption in all its forms, including extortion and bribery.	16, 27, 57, 58,

CORRELATIONS WITH THE IIRC METHODOLOGY

In the preparation of this report we have followed the guidelines issued by the International Integrated Reporting Council (IIRC) for integrated reporting. We have aimed to present a concise document that contains information on Votorantim Industrial’s strategy, governance, performance and its prospects, in the context of its external environment, to create value in the short, medium and long terms.

We have analyzed how the various forms of capital (financial, manufacturing, intellectual, human, social and relationship, and natural) relate to the pillars of our management approach.

IIRC Capitals	Page
Financial	29-32
Manufactured	26-27, 35, 44
Intellectual	23, 25-27, 41-45
Human	27, 47-50
Social and Relationship	36-39, 54-56
Natural	38-39



THERE ARE PEOPLE THAT MAKE ART THAT PORTRAYS THE PAST.
WE MAKE ART THAT IMPROVES THE PRESENT.

Innovation is one of Votorantim's strategic pillars. Proof of this is how it searches for simpler and more sustainable alternatives that make a difference to people's lives. Initiatives such as: producing permeable concrete that facilitates the drainage of rainwater, pioneer in Brazil, the generation of energy from bio-mass, the use of drones to monitor the growth of forests; and the conversion of industrial waste into new products.

VOTORANTIM. TO PRODUCE IS AN ART.



WWW.VOTORANTIM.COM