


CHALLENGES AND COMMITMENTS – PROGRESS REPORT 1 to 9 1 to 10



(\*) As a result of Votorantim’s new governance structure the targets for 2014 are being reviewed to adapt them to the organization’s new configuration and to the consolidation of the specific business strategies of each Industrial Company.




OUR CHALLENGES	COMMITMENTS	STATUS	WHAT WE DID IN 2013	TARGETS FOR 2014 (*) / 2020
<b>1. Responsible growth</b>	Develop a corporate plan for engagement with strategic stakeholders		A corporate plan has been prepared that includes the following actions: <ul style="list-style-type: none"> <li>Improved and adapted project management procedures in the Capex Manual.</li> <li>Conducted a study on the Equator Principles and their implications according to the guidelines of the International Finance Corporation (IFC). Based on this study, we prepared a procedure for the Industrial Companies to support them in incorporating the Equator Principles criteria into their management models and to reinforce the concept of environmental risk management.</li> <li>Organized meetings and events aimed at engagement, such as:                             <ul style="list-style-type: none"> <li>I Votorantim Sustainability Forum which aimed to broaden the vision of the organization’s leadership team as to the impact of its business decisions, considering financial, social and environmental aspects. The forum was attended by about 90 leaders, including directors and general managers.</li> <li>II Votorantim Seminar on Biodiversity and Ecosystem Services, with presentations by renowned experts. The seminar was attended by representatives of government entities, partners, institutions, customers and suppliers.</li> <li>Reputation Surveys</li> </ul> </li> </ul> Conducted and/or participated in surveys, covering a variety of stakeholders, focusing on image and reputation. This helped us improve our knowledge about some of the organization’s key stakeholders and the quality of dialogue with them.	<b>2020:</b> To map the life cycle of our main products.
			Developed a project to evaluate technical and business product attributes versus social and environmental aspects. The project has been designed to be used by all Industrial Companies. In 2013 a pilot study was initiated in VM. As part of the project we made specific customer visits to evaluate technical and business attributes and to identify more features that customers would like to have and, thus, study how to add more value for our customers. In our aluminum business this project led to closer relations with Tetrapak.	<b>2020:</b> To complete the planned implementation of the Local Suppliers Procurement Policy in all the Industrial Companies.

 Achieved 
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<b>3. Supply chain</b>	Implement a pilot program for the development of local suppliers.		We have developed a program to make progress in those communities where previously we had no procedures to encourage the training and use of local suppliers or to prioritize local purchasing.  As a result we have improved our database and created new criteria and procedures that enable suppliers in small localities to develop to meet Votorantim standards, and also those of other companies, thereby avoiding creating dependency on Votorantim.  After the planning phase was complete we selected three sites to implement the program: the VC plants in Xambioá (Tocantins (TO)) and Sobral (Ceará (CE)), and the VM plant in Niquelândia (Goiás (GO)). We visited the plants; studied the market; mapped suppliers; associations and support structures; and also visited the municipal authorities.	<b>2020:</b> To achieve a frequency rate of accidents with lost time below one in all Industrial Companies.
			In Goiás, under the coordination of the Federation of Industries of Goiás/Euvaldo Lodi Institute (FIEG/IEL), we partnered with two other companies in the sector and created a Supplier Development Program (SDP) for the region. In December 2013 we signed a joint agreement to train suppliers in the municipalities of Barro Alto, Goianésia, Niquelândia, Crixás and Uruaçu, where the units of the three companies are located. The SDP aims to encourage competitiveness, improve management, increase the market potential and foster a socially and environmentally responsible attitude in supplier operations. Furthermore it seeks to promote professional training and strengthen the business associations. The agreement includes the organization of three business events. The first event, called the 1st Business Fair, was held in December in Niquelândia, with 80 companies invited.	<b>2020:</b> To achieve a frequency rate of accidents with lost time below one in all Industrial Companies.
<b>4. Occupational health and safety, including third parties</b>	Implement a program to increase awareness about risks and fatalities.		In some units we launched a pilot project of the system for Government License Management (GLM) – Health and Safety, covering management modules (with data storage) and the preparation of required reports to meet legal obligations on health and safety issues. Because of this we digitized the registering of various legal documents, which have defined periods to be made accessible. Over 1,500 documents were registered. We also digitized the issue of documents. The system also generates monthly reports which enable better risk management and support for awareness initiatives. We had eight fatalities in 2013, compared to 12 in 2012.	<b>2020:</b> To achieve a frequency rate of accidents with lost time below one in all Industrial Companies.
			The main effort to increase awareness was carried out at our units in Peru, since the culture was still adjusting to Votorantim’s way of being and thinking.	

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<b>5. Employee development</b>	Implement the Employee Value Proposition (EVP) Program.	■	<p>As part of the strategy for the Employee Value Proposition (EVP), and supported by the Votorantim Academy of Excellence, the content of all of the standard modules of the Academy's Center for Leadership were revised to include information on our nine material issues, thereby contributing to the incorporation of sustainability into our culture. After this revision of the module content we conducted the following training sessions: six on personnel management; six on innovation; nine on strategic management; and ten on performance management.</p> <p>For senior and middle management we also discuss the most important issues in the I Votorantim Sustainability Forum Votorantim, with specific presentations and discussions. The main thrust of these efforts was to increase the awareness of our managers in relation to sustainability concepts and practices.</p> <p>For employees in general we provided information on Votorantim's material issues through e-learning.</p>	<p><b>2020:</b> To fill 80% of leadership positions by in-house candidates.</p>
	Implement a pilot project for the long-term planning of social actions.	■	<p>To finalize the development of the Social Matrix. This is a tool for classifying social risks that we are gradually implementing in all the Industrial Companies.</p> <p>The use of this tool will enable us to better organize and prioritize social investment and local development.</p>	<p><b>2020:</b> To implement a social performance strategy aligned to the Millennium Development Goals. To have improved the quality of our relations with communities. To have contributed to the development of 100% of the communities of our operations classified as priority (**)</p>
	Improve the energy efficiency of our plants by 0.4%.	■	<p>With the support of the Environmental and Energy Thematic Teams, we continue to focus our efforts on actions which contribute to energy efficiency gains in the Industrial Companies.</p> <p>In 2013, we improved the energy efficiency of our plants by 0.001% compared with 2012.</p>	<p><b>2020:</b> To improve energy efficiency per metric ton of production by 5% (base 2010).</p>
<b>7. Eco-efficiency and the responsible use of resources</b>	Complete a feasibility analysis for waste identified as having potential for recycling.	■	<p>We continue to develop studies and projects to convert waste products into inputs for other activities. This is one of the main activities of our Environmental Thematic Team.</p> <p>VC operates five co-processing facilities, which generate energy from biomass, waste and other materials, such as alternative fuels, at its units in Vidal Ramos (Santa Catarina (SC)), Rio Branco do Sul (Paraná (PR)), Cimesa (Sergipe (SE)), and Cuiabá (Mato Grosso (MT)).</p> <p>VM reprocesses, on a daily basis, industrial limestone powder (ILP), which is a waste product of from zinc production, into agricultural lime powder (ALP), which is then marketed under the brand Zincal 200.</p> <p>Fibria has entered into a 50:50 joint-venture with Ensyn Corporation for the production of biofuels. The product is a renewable liquid fuel that will substitute petroleum products in the generation of power and heat, for example. This fuel is obtained by processing waste wood and biomass.</p> <p>Citrosuco processes solid waste (peel, seeds, fiber) to produce citrus pulp pellets that are used in animal feedstock and ant control products.</p>	<p><b>2020:</b> To reduce, by 50%, both the amount of hazardous sent to external landfills and the amount of mining-metallurgical waste stored in dams (base 2010 – metric tons of waste generated/ton of product).</p>

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<b>8. Greenhouse gas (GHG) emissions from our industrial activities</b>	Conduct a study on the criteria established by the IFC (Equator Principles), aimed at improving our social and environmental management.	■	<p>We carried out a study on the Equator Principles and their implications according to the guidelines of the International Finance Corporation (IFC). Based on this study, we prepared a procedure for the Industrial Companies to support them in incorporating the Equator Principles criteria into their management processes and to reinforce the concept of environmental risk management.</p> <p>We completed the implementation of the pilot and published the results externally.</p> <p>Votorantim was the only Brazilian company to participate in the international symposium on Biodiversity and Ecosystem Services in Impact Assessment organized by the International Association for Impact Assessment (IAIA) in the US. At the symposium, we presented the preliminary results of applying the ESR tool at four of our units: VM's unit in Rondon do Pará (Pará (PA)), VE's unit at the Juquiá Complex (SP), Fibria's unit at Aracruz (ES) and VS's unit in Resende (Rio de Janeiro (RJ)).</p>	<p><b>2020:</b> Maintain or reduce carbon emissions per metric ton produced (base 2010).</p>
	Complete the pilot project on the Ecosystem Services Review (ESR) methodology.	■	<p>In March, in São Paulo, we held the fourth and final workshop under the Business Partnership for Ecosystem Services (PESE), a partnership between business and civil society organized by the World Business Council for Sustainable Development (CEBDS), the Center for Sustainability Studies of the Getulio Vargas Foundation (GVces), and the World Resources Institute (WRI), with the support of the US Agency for International Development (USAID). At this meeting, which aimed to strengthen the capacity of its members to assess and manage ecosystem services, the participating companies presented their progress in the development and use of the ESR tool, which measures the impacts of, and level of dependence on, productive activity on ecosystem services. We contributed by presenting the results of the pilot project on the use of the tool at VM's unit in Rondon do Pará (PA).</p>	<p><b>2020:</b> To assess ecosystem impacts and value biodiversity at VID's main operating locations.</p>

(\*\*) Note: this target was changed, compared to 2011, in order to make it more objective, and thus facilitate its measurement.

■ Achieved ■ In progress ■ Under study