

New businesses

Our perspectives on the construction of seven wind farms in the state of Piauí and the opportunities for real estate development

Page 30

More dynamism

Strengthening our corporate governance model with the full operation of the Boards of Directors at each of our companies.

Page 12

On the agenda

Risk management and anti-corruption compliance program gained momentum with risk mapping and stress testing

Page 48

REPORT 2015



Long term commitment

A history marked by ethical behavior and respect, overcoming our challenges and achieving consistent results, provides the foundation for continuing an investment cycle aimed at building our future.

Page 15



Introduction

The Votorantim 2015 Report presents the main activities and results for the holding company Votorantim S.A. for the year, as well as its strategy for the short, medium and long term. The report contains financial and non-financial information, including key performance indicators, for the Votorantim investee companies.

The preparation of the report, and the information presented, took into consideration the principles and guidelines published by: the Global Reporting Initiative (GRI) - G4 version; the International Integrated Report Council (IIRC); the United Nations Global Compact (UNGC); and the Organization for Cooperation and Development (OECD).

More detailed information on the activities and performance of the companies can be found in their respective reports. The PDF versions of this report can be accessed at www.votorantim.com/report and include the financial statements and the GRI List of Contents, with all the associated indicators.

To help us improve our reporting process and management we would welcome your feedback. Please send your suggestions and comments to: contato@votorantim.com.



Interactive PDF

To navigate through the report or access the supplementary information please click the [links](#) or in the list of contents.

Legend	Symbol and Color
Global Reporting Initiative GRI Indicators	G4
IIRC Capitals	IR
OECD Guidelines	OC DE
UN Global Compact Principles	PG

Introduction1
 Highlights of the year4

MESSAGE FROM THE MANAGEMENT
 INVESTING IN THE FUTURE 6

VOTORANTIM S.A. 8

PROFILE
 A new look at the future 10

CORPORATE GOVERNANCE
 The new dynamics of decision making ... 12

STRATEGY
 Time to invest 15

OUR MANAGEMENT
 Foundations of day-to-day activities 20

FINANCIAL MANAGEMENT ...25

PERFORMANCE
 A recipe for growth 26

VALUE CREATION29

FOR THE BUSINESS
 Favorable winds 30

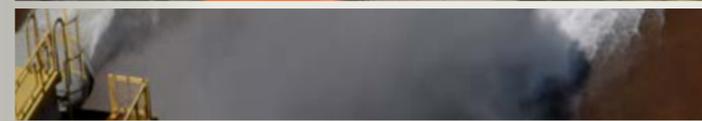
FOR THE ENVIRONMENT
 A challenge for the Legado das Águas Reserve 32

FOR THE COMMUNITY
 What is the return on the social license to operate? 34

OPERATIONAL EXCELLENCE...37

INNOVATION
 Environmental gain, financial gain 38

OPERATIONAL EFFICIENCY
 The evolution of the centers of excellence 41



PEOPLE AND ORGANIZATION . .43

HUMAN CAPITAL
 Future leaders 44

IMAGE AND REPUTATION47

RISK MANAGEMENT AND COMPLIANCE
 On the agenda 48

INVESTMENT PORTFOLIO51

VOTORANTIM CIMENTOS
 The geography of a large business 52

VOTORANTIM METAIS
 The boost from abroad 54

VOTORANTIM SIDERURGIA
 Focus on costs 56

VOTORANTIM ENERGIA
 Gaining market share 58

FIBRIA
 Record performance 60

CITROSUCO
 Increasing production 62

BANCO VOTORANTIM
 Long-term vision and value creation 64

ABOUT THE REPORT
 A description of its content 66

Independent audit 68

GRI INDICATORS 69

NET REVENUE

Votorantim achieved a new record for net revenue in 2015, of **R\$ 31.5 billion**.

EBITDA

Consolidated Ebitda for 2015 was **R\$ 7 billion**, a decrease of 2% over the previous year ([for more information please see page 26](#)).

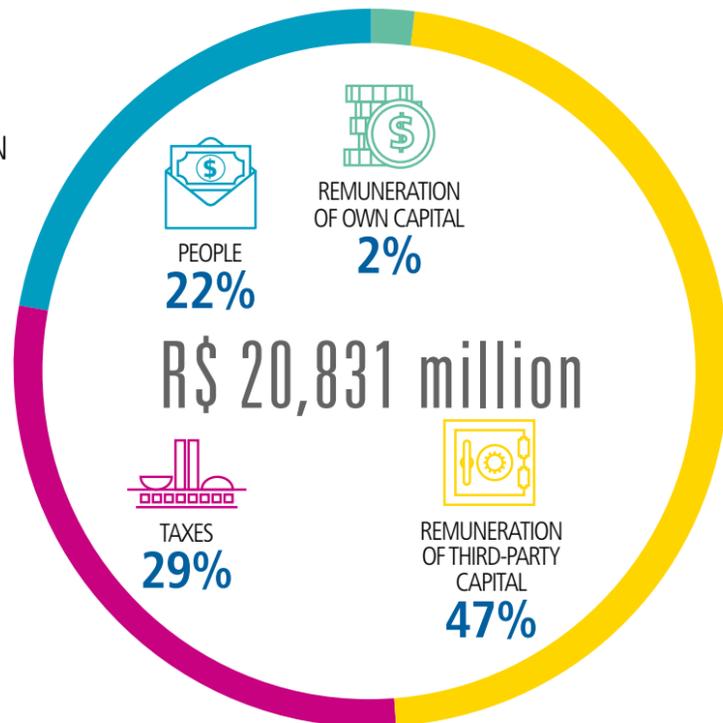
INVESTMENTS G4 EC1

Invested more than **R\$ 3.3 billion** in 2015, an increase of **32%** over the previous year.

RISK AND COMPLIANCE

Consolidation of the **Governance, Risks and Compliance Area (GRC)**, formation of working groups and the application of stress tests contributed to strengthening these themes in the holding company and the investee companies.

DVA DISTRIBUTION OF VALUE ADDED



WIND POWER

Construction of **seven wind farms** in the state of Piauí, marking Votorantim Energia's entry into this new business segment.

TRAINEE PROGRAM

The trainee program for 2015 attracted more than **20 thousand applicants**, almost twice the number for the previous year.

TRAINING COURSES G4 LA9

Around **200 classes** of employees were trained at the Votorantim Academy, the highest number since 2006. In total, more than **2,000 people** undertook training at the corporate university.

ENVIRONMENTAL MANAGEMENT G4 EN31

R\$ 628 million were invested in environmental management, of which **43.8%** in Capex and **56.2%** in Opex.

RESERVAS LTDA G4 EN13

This company was created in 2015 to **manage our environmental assets**, including the Legado das Águas Reserve, the largest private reserve of Atlantic Forest in Brazil.

ORGANIZATIONAL CLIMATE SURVEY

Votorantim achieved favorability rating **80%**.

PERFORMANCE EVALUATION

The Votorantim Development System (SDV) Committees held more than **300 meetings** during the year, with over **6,000** of employee performance evaluations being completed.

SOCIAL INVESTMENTS

A total of **R\$ 71.5 million** was invested in the social area in 2015.



The performance of the Brazilian economy in 2015 exceeded even the most pessimistic forecasts. At the beginning of the year, the forecast was for zero growth during the year, however, the reality proved to be far worse: a decline in GDP of almost 4%, inflation back in double digits, a significant devaluation of the Real against the US dollar, rising unemployment, falling demand in the domestic market and low levels of investment in a number of economic sectors.

For Votorantim, however, it was a year of overcoming challenges. The company recorded a solid performance overall in 2015. This was due to, its geographic and business sector diversification, based on a strong position in Brazil combined with significant presences in both mature and high growth potential markets; its strict financial management, principally the control of financial (despite the significant devaluation of the Real against the US dollar); and the long-term vision, that has always characterized Votorantim's business approach.

Despite this highly adverse short term macroeconomic scenario, Votorantim increased its investments in 2015. The company entered into the wind power business, with the construction of seven wind farms in the state of Piauí, which will initially require investments of R\$ 1.1 billion up to 2018.

This is a milestone in Votorantim's near century-old history. The company has always invested in power generation to meet the demand of its industrial operations, but with this project it now consolidates its presence as a key market place in the power sector.

The investments in 2015 were concentrated mainly in the cement sector, with expansions of production capacity in the United States, Europe and South America. The investments in Votorantim Cimentos accounted

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THE INVESTMENT
IN SEVEN WIND
POWER FARMS
IN PIAUÍ MARKS
VOTORANTIM'S
ENTRY INTO THE
SECTOR AND
REPRESENTS A
MILESTONE FOR
A COMPANY
WITH NEARLY
A CENTURY OF
HISTORY
”

Raul Calfat

for 80% of the total Capex in expansion projects.

Fibra initiated a project to expand the capacity of its pulp plant in Três Lagoas, in the state of Mato Grosso do Sul. The total investment, of US\$ 2.2 billion, was the largest private sector investment project initiated in Brazil in 2015.

During the year, Votorantim increased its shareholding in Milpo, Peruvian mining company, which an investment of R\$ 368 million.

Also in 2015, the company advanced further in the project to transform the Legado das Águas Reserve, the largest privately-owned area of Atlantic Forest in Brazil. The reserve was incorporated into a newly constituted company specializing in environmental assets. The reserve is located about 100 kilometers from the city of São Paulo. The area covered by the reserve encircles seven hydro-electric plants owned by Votorantim, and it



has been protected by the company for over 50 years.

The corporate governance structure, implemented in 2014, has evolved consistently with the appointment of three independent members to the company's Board of Directors, and the further development of the role of the holding company as a business portfolio manager. In the investee companies, the main decision-making bodies gained strength, which led to greater in-depth and assertive discussions in their strategic decision-making processes.

The business environment is changing rapidly, with markets becoming increasingly globalized and volatile. These trends create new challenges for business activities and relations with society. In the face of such an uncertain and ambiguous context, and based on its belief in a high-performance culture, the company looked for new

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DESPITE THE
ADVERSE
ECONOMIC
SCENARIO,
VOTORANTIM
ACHIEVED STRONG
RESULTS IN 2015,
THANKS TO THE
DIVERSIFICATION
OF ITS
INVESTMENT
PORTFOLIO BOTH
IN TERMS OF ITS
GEOGRAPHICAL
SCOPE AND
BUSINESS
ACTIVITIES
”

João Miranda

ways to develop people, in order to strengthen the skills of the current leadership and also to prepare young talented employees to seek innovative solutions that contribute to the company's long-term progress. This process includes both formal development structures, such as the multidisciplinary evaluation committees and the corporate university (Votorantim Academy of Excellence) and internal discussion forums on topics such as innovation and sustainability.

The company, which has been a signatory of the United Nations Global Compact since 2009, is aware of the private sector's role in achieving the sustainable development goals. This includes a constant concern not only in relation to product quality, but also in relation to "how" solutions are designed, developed and capable of positively impacting society.

In the midst of the uncertain outlook for international markets and the complex situation in Brazil, where public officials and private companies have had their conduct questioned, Votorantim remains firmly anchored to one of its most fundamental values, ethical behavior. This is ensured by its strong compliance policies and a thorough risk management system, which enable it to face this short-term turbulence.

Crises are a part of Brazil's history. However, the country is rich in resources and has demonstrated a strong resilience in the face of difficulties over the years. Votorantim believes in this endurance and continues to invest in Brazil, consistent with its long-term vision and commitment to build the future.

Raul Calfat, Chairman of the Board, Votorantim S.A., and
João Miranda, CEO, Votorantim S.A. – Portfolio Management. ▼



A new **look** at the **future**

The consolidation of the holding company has strengthened and prepared the company for a business environment that is increasingly complex, dynamic and globalized

After almost a century of business activities, Votorantim has achieved a leading position in the majority of the markets in which it operates, and has established itself as one of Brazil's largest business groups. Today the company has a presence in 23 countries and it has built up a portfolio of businesses that are highly diversified, both in terms of geographic distribution and market sectors. The

portfolio is focused on strategic economic sectors - cement, metals and mining, steel, energy, pulp, orange juice and banking.

Votorantim employs over 47 thousand people around the world, the majority of whom (78%), work in Brazil. Of the global total 91% are employed in the industrial area. Together, the seven main investee companies, Votorantim Cimentos, Votorantim Metais, Votorantim Sider-

urgia, Votorantim Energia, Fibria, Citrosuco and Banco Votorantim, have more than 700 operational and administrative units in five continents. They include industrial plants, offices, farms, hydro-electric plants and distribution centers, which together constitute a huge value chain, one that is responsible for producing goods and services that are essential for the development of the economy and society.

The assets in Brazil include hydro-electric plants, an Atlantic Forest reserve and an extensive logistics system. The company's 33 hydro-electric plants have the capacity to supply over 80% of the energy demanded by its industrial plants. The Legado das Águas Reserve is the largest privately-owned reserve of Atlantic Forest, covering an area of 31 thousand hectares in the interior of the state of São Paulo; 856

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Votorantim Corporate Identity

This is what unites and differentiates everybody who works at Votorantim, enabling it to attract talented people who identify with these values and beliefs

solidity To seek sustainable growth and create value

ethics To act responsibly and transparently

respect To respect people and be willing to learn

entrepreneurship To have the courage to grow, innovate and invest

unity The whole is stronger than the sum of the parts.

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thousand hectares of eucalyptus forest; and a logistics network composed of trucks, ships, warehouses and port terminals.

On January 1st, 2016, the company approved a simplification of its corporate structure with the merger of Votorantim Participações (VPAR) into Votorantim Industrial (VID), which was then renamed Votorantim S.A. As a result, Votorantim S.A. became the holding company of the interests in all the companies, including Votorantim Finanças (VFin), which controls Banco Votorantim, and Citrosuco (for more information please see the section on Corporate Governance).

This change is part of the process of implementing a new management and governance structure, which began in 2013 and was consolidated in 2015. In this process many of the responsibilities of the holding company and the companies were redefined. Votorantim S.A. is now the corporate body that orients and monitors the business activities, carefully analyzing the decision processes and investment plans of the companies.

The investee companies are now responsible for strategic planning and a number of other tasks that had previous-

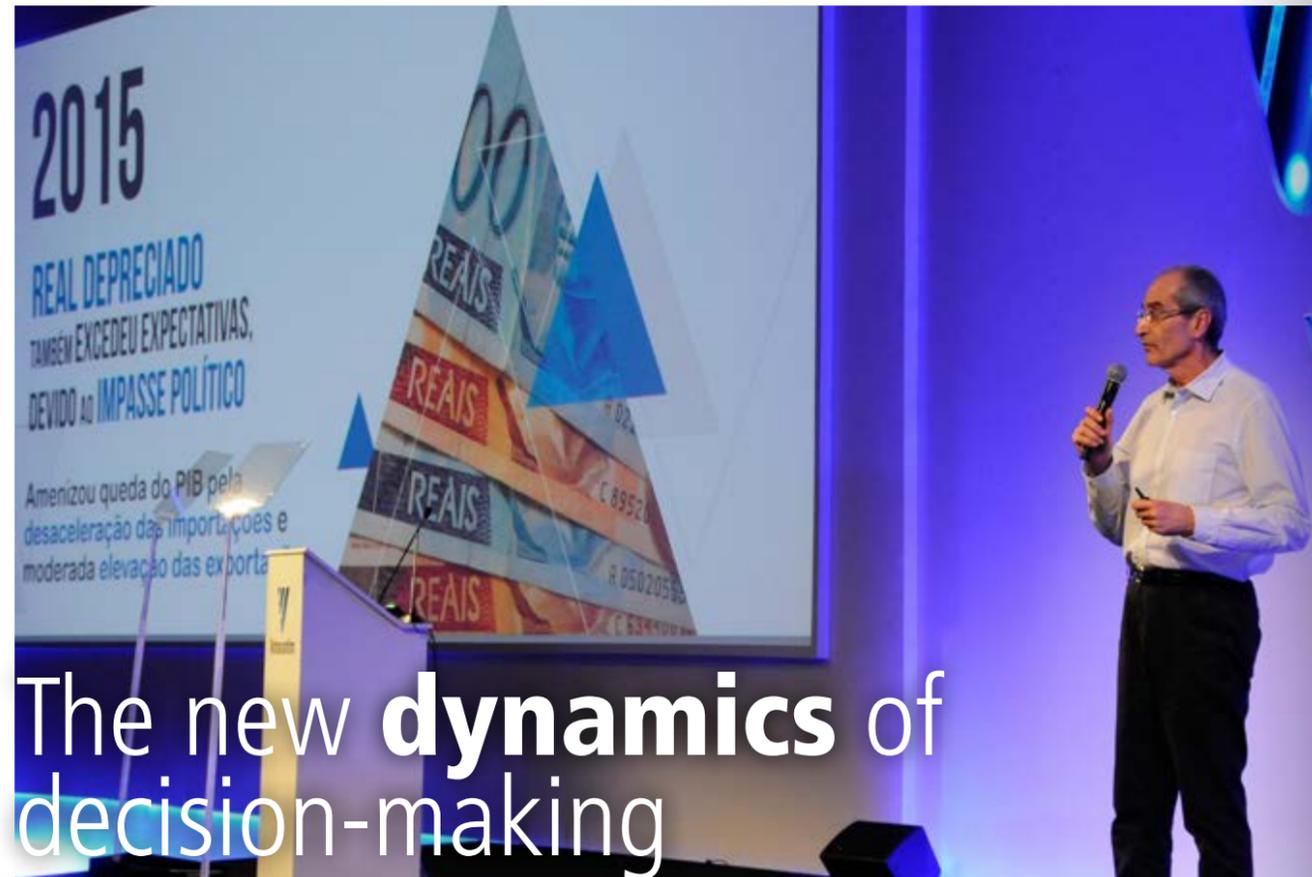
ly been the responsibility of the holding company. In recent years, all the subsidiaries gradually established their own Boards of Directors and advisory committees. They have also made changes to their internal structure, set up new areas, and gained more autonomy and flexibility in their decision-making, each with a focus on the specific challenges in their respective market sectors.

This change also aimed to prepare Votorantim for the long term, to enable

the company to continue to create value and achieve superior performance, even in a business environment that is increasingly complex, dynamic, globalized and challenging from social and environmental perspectives. Preparing for the long term has been a vocation since 1918, when Portuguese entrepreneur, Pereira Ignácio, inaugurated a weaving mill in the small city of Votorantim, in the interior of the state of São Paulo. ▼

The holding company and Banco Votorantim

One of the largest financial institutions in Brazil in terms of assets, Banco Votorantim, through Votorantim Finanças, was integrated into the holding company Votorantim S.A., following the simplification of the ownership structure that occurred in 2016. Banco Votorantim, which controls BV Financeira, BV Leasing, Votorantim Asset Management and Votorantim Corretora de Títulos e Valores Mobiliários, provides services in three of the main segments of the financial markets. In the wholesale segment, it operates in the areas of corporate banking, securities brokerage and investment banking. In terms of managing the funds of third parties, the focus is on asset management and private banking services. In the retail segment, it is one of the market leaders in consumer finance, focusing on vehicle financing, payroll-deductible loans and other related sectors, such as credit cards and insurance brokerage. It also operates in private banking. In 2009, Banco do Brasil and Votorantim Finanças S.A. announced a strategic partnership agreement, and currently Banco do Brasil holds an interest equivalent to 50% of Banco Votorantim's total share capital.



The new dynamics of decision-making

The new corporate governance structure is consolidating as the Boards of Directors of the investee companies become fully operational, leading to greater in-depth discussions on the strategic actions of each business.

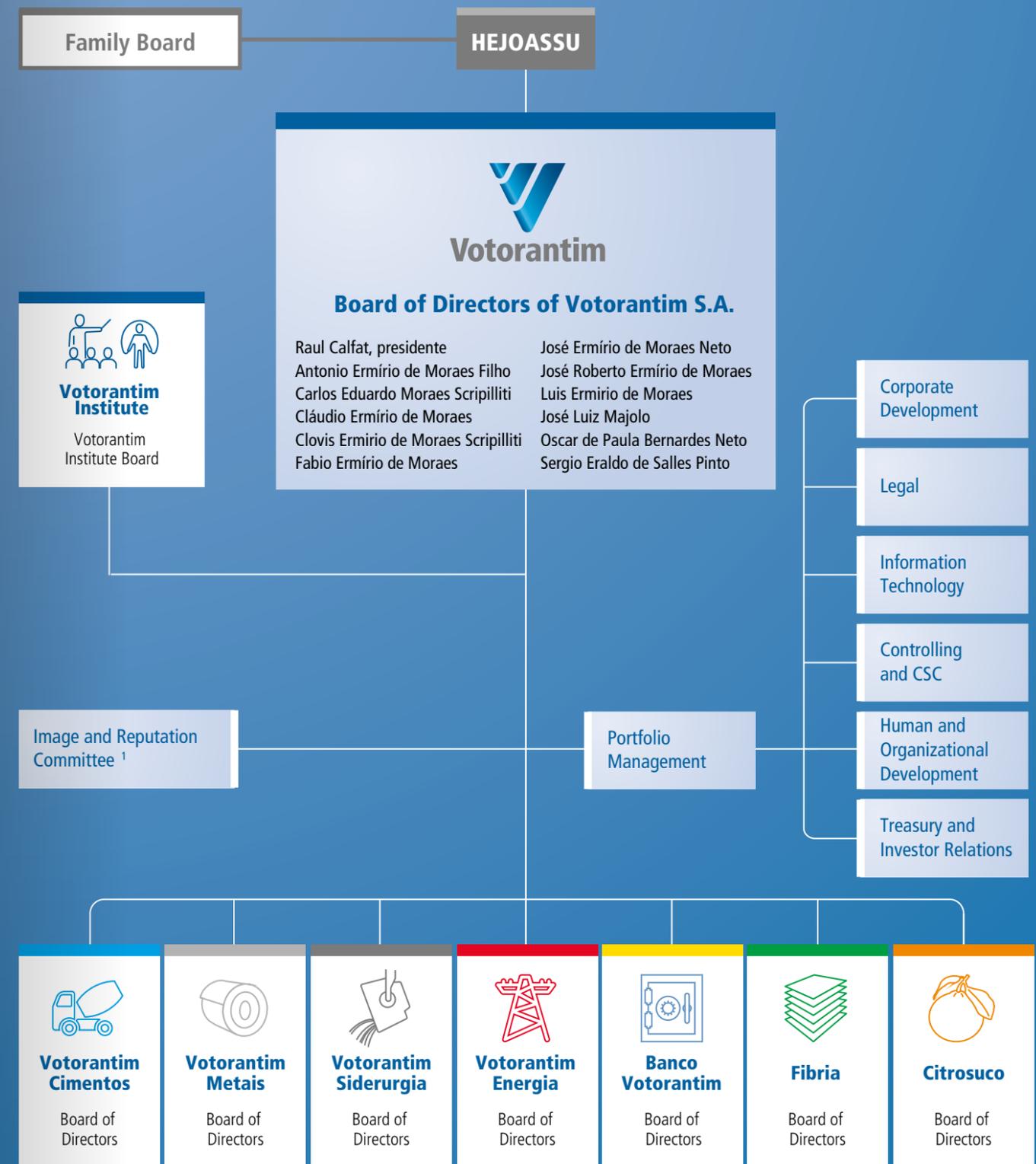
The year of 2015 marked the evolution of Votorantim's existing corporate governance structure and, as a result, brought a new level of dynamism to the company's decision-making processes. The full functioning of the Boards of Directors - three

of which were established in 2014, namely, Votorantim Metais, Votorantim Siderurgia and Votorantim Energia - and the establishment of advisory committees and the structuring of new areas (such as risk management), enabled the companies to assume new roles and responsibilities in conducting their businesses. Teams were trained, and the level of discussion regarding the business became more profound. As a result, there were advances in the agility and assertiveness of their actions and decision-making processes.

The highest body in the new

governance structure is the Board of Directors of Votorantim S.A. It is responsible for defining the company's overall guidelines and strategic direction. The Board is composed of 12 members who have a three-year term and the right to re-election. The Chairman is Raul Calfat, who took on this role in 2014, and eight of the members are from the Ermírio de Moraes family.

In 2015, three independent members were appointed to the Board as part of the evolution of the new governance structure. The independent members are Oscar Bernardes and José Luiz Majolo,



¹ Advisory Committee to the Board of Directors.

both appointed during 2015, and Sergio Eraldo Pinto, appointed in January 2016 (for more information please see the inset).

The Boards of Directors of the companies, in turn, have the mandate to validate the strategic plans of their respective businesses, approve projects and significant investments and monitor performance. They are composed of members of the Board of Directors of Votorantim S.A., executives of the holding company and independent members, in the cases of Fibria, Votorantim Cimentos and Votorantim Metais. In the case of Citrosuco, where control is shared with the Fischer Group, each company owning 50% of the shares, the Board of Directors has representatives of both shareholders. Fibria, which is a publicly-held company, listed on the New Market segment of the BM&FBovespa stock exchange, has an established and recognized corporate governance structure. Votorantim owns 29.42% of the company's total share capital. In the case of Banco Votorantim, the company has shared the control with Banco do Brasil since 2009, when the latter acquired 50% of the share capital of the bank.

The new corporate governance structure also led to a simplification of Votorantim's structure of holding companies, as from January 1st, 2016. As a result, Votorantim Participações (VPar) was merged into Voto-

The new independent members



Speaking about leadership

“ They say that Boards of Directors must look down on operations from a height of 10 thousand meters. At Votorantim S.A. we have to fly much higher than this ceiling. It is a worthy challenge. ”

Oscar de Paula Bernardes Neto He has prior experience on company boards including Gerdau, Suzano, Marcopolo, Praxair, Localiza and Dasa, among other companies. He was a senior partner at Booz Allen & Hamilton, responsible for Latin America, and CEO of Bunge International.



Speaking about risk management

“ The Group has impressed me with its advanced use of applied techniques and a deeply-rooted culture for risk management in the units, be it financial or operational. ”

José Luiz Majolo He is an entrepreneur and Chairman of the Board of Directors of the Credit Guarantee Fund (FGC). He developed his career in the financial markets, He was the President of Banco Sudameris and the Executive Vice President for Risk Management and Operations for Latin America at ABN Amro Real, a position he left in 2006 to become an entrepreneur in the area of sustainability.



Speaking about portfolio management

“ The increasingly globalized and uncertain business environment brings an additional challenge to portfolio management. Sector and geographic diversification are essential, but they may prove to be insufficient on their own to mitigate threats arising from macro- and micro-economic, regulatory and institutional variables. This explains the relevance of a more active board. ”

Sergio Eraldo de Salles Pinto He is President of Bozano Group, where he has worked since 1988, as CEO and founding partner of Bozano Investments. He is also a board member at Embraer, Azul Linhas Aéreas, Ouro Preto Óleo e Gás and Netpoints.

rantim Industrial (VID), and then renamed as Votorantim S.A. The main impacts of the new structure were:

- The investment in Citrosuco, which had previously been held by VPar will now be held by Votorantim S.A. The investment will continue to be accounted for using the equity method.
- Votorantim Finanças (VFin) became a direct subsidiary of Votorantim S.A. Banco Votorantim will continue to be accounted for under the equity method by VFin.

Furthermore, Votorantim S.A. will succeed VPar as guarantor of the financial contracts of the companies. Consequently, the financial covenants of VPar and VID, where applicable, will now be calculated based on the financial statements of Votorantim S.A.

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G4 34

HEJOASSU

Hejoassu is the holding company that controls Votorantim. It brings together the four branches of the Ermírio de Moraes family, each with a 25% stake. The objective is to perpetuate and preserve the values, principles and strategies that have permeated the company for nearly a century. In 2015, Hejoassu structured its Board of Directors, composed of 12 family members, including some from the fourth generation of the family. ▼



Despite the recessive economic conditions, Votorantim increased its investments mainly in expansion projects in wind power, cement, zinc and pulp

Votorantim, throughout its near century-old history, has demonstrated that it becomes stronger when facing the most difficult moments of economic recession. From the Great Depression, in 1929, to the global crisis that started in 2008, in the United States, Votorantim has faced the most diverse and challenging scenarios. The first

cement plants, for example, were constructed in the 1930s, shortly after the market crash on the New York Stock Exchange. Furthermore, the company's response to the crises that erupted in the following decades was to make substantial investments and open new businesses. And this has also been the case in recent years, in which Brazil has undergone one of the most delicate economic moments in its history.

The figures and indicators reflect an extremely fragile and uncertain environment, with negative records being broken every time they are measured. At the beginning of 2015 the expectation was for zero GDP growth in Brazil for the year. However, at year-end, according to the IBGE., GDP declined 3.8%. Also, by year end, the annual inflation rate had already exceeded the level of 10%. The unemployment rate also increased. Today, about 10 million people, or around 10% of the economically active population, are unemployed. In addition to these factors, the devaluation of the Real reached its highest level since 2003, with the US dollar exchange rate closing the year at around US\$/R\$4.

In this scenario, the industrial sector was one of the sectors most affected by the crisis. The low demand reduced sales volumes, impacted production and was reflected in the low level of investment by Brazilian companies. Data published by the IBGE showed that the industrial GDP decreased by 7.8% during the year, and, for

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Creating a new business

Through the holding company, Votorantim owns a real estate portfolio of 380 thousand hectares in Brazil. This portfolio has been accumulated over decades in order to ensure the strategic and operational activities of its plants, mines, forests and distribution centers. More than 60% of the total area is concentrated in the Southeast Region of Brazil. Between 2014 and 2015, a comprehensive exercise to map out these properties enabled the standardization of their legal registration, obtention of detailed information on their classification, profile and end use, and the valuation of the portfolio. This assessment also enabled the company to structure a detailed business plan, aiming to protect, monetize and

enhance these assets through the implementation of a set of strategies in the sector. The exercise also considered the various business opportunities in real estate and analyzed the long-term feasibility of projects that could be developed in the coming decades. The implementation of the approved plan has been initiated and a specific area has been set up. This will be expanded in 2016, as the projects move ahead. In the short term, the Atlas Office Park project in which Votorantim is one of the partners, will be completed in the first half of 2016. This project, consisting of four office buildings, is located in one of the new frontiers of real estate development in the city of São Paulo, an area that is close to the Villa Lobos Park and Ceagesp.



the construction sector, it fell by 8.4%. According to the National Industry Confederation (CNI) the level of employment in the sector dropped by 15% between 2011 and 2015. The capacity utilization index reached its lowest level since measurements began in 2011, reducing to 62% in December 2015. In December 2011, the index had been above 70%.

Despite the unfavorable macro-economic environment, Votorantim

recorded strong results for the year, thanks to the geographic and business sector diversification of its investment portfolio. This aspect was fundamental in ensuring the company's resilience and mitigating the effects of the current environment, even though partially. Although the competitiveness of Brazilian industry has fallen considerably over the last decade, Votorantim is well positioned in strategic sectors of the economy, with a balanced

risk-return profile and potential for growth in Brazil and abroad.

This was achieved by making a wide-ranging review of the portfolio's composition, which considered the displacement of the geographic axis of the demand for our products, the redistribution of value along the industry value chains, price volatility, consumer behavior and increased pressure on margins.

In a similar manner, it is also necessary to search for new business opportunities using the assets that the company already owns. This was the case for energy. For decades the company invested in energy generation exclusively to meet the demand by Votorantim's own companies. However, from 2014 onwards, it began to sell energy to external customers ([for more information please see page 30](#)). Another example is the portfolio of real estate assets owned by the Votorantim companies in Brazil. In total they own an area of 380 thousand hectares, equivalent to 2.5 times the area of the city of São Paulo, and there is great potential for generating new business opportunities ([for more information please see the inset](#)).

Looking back at 2015, the impacts of the economic environments in Brazil and the world on economic sectors were mixed. In some sectors in which we operate the impacts were positive. For example, the devaluation of the Real against the US dollar favored Brazilian export sectors such as our sectors of pulp, orange juice and

some metals. However, some of our business sectors were negatively impacted by the low economic activity in the domestic market, particularly those directly linked to GDP, such as cement and long steel products. Still, when compared to other sectors, we achieved results that were highly satisfactory and above the market average ([for more information please see page 26](#)).

In the short term, to adjust our industrial operations to the recessive conditions, we have reduced production levels to reflect the market realities, while maintaining the company's commitments regarding social and environmental policies. In addition, we have postponed investments in some operations, reduced working hours and dismissed employees in some plants and offices. This was an extreme measure, which was carried out considering Votorantim's values and beliefs, but it was necessary in order to avoid even larger cuts in the future.

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International markets

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Another factor contributing to offsetting the impacts of the crisis on Votorantim's operations was its presence in international markets. Currently, about 46% of the company's revenue comes from its international operations, located both in developed markets, such as the United States, Europe and Canada, and in emerging markets, especially South America, Turkey and Morocco.

The company began to invest in assets abroad in 2001, when it purchased operating units in the United States and Canada. Today these assets comprise a portfolio with a high degree of geographic diversification, with operations in 23 countries. This reduces exposure to risk and opens up new possibilities to accelerate the growth of some of its companies. This is true in the case of the cement and metals and mining sectors, which have achieved a good level of performance in their international operations.

In the case of Votorantim Cimentos (VC), the company is present in 14 countries and continues to invest in growing its operations organically. In the metals and mining sector, the company's efforts have been concentrated mainly on assets in Peru. Votorantim Metais operates important zinc mines and increased its shareholding in Milpo, its principal asset in the country during the year. Milpo has continued to exhibit a robust rate of growth in both sales and production volume.



Suspension of operations at the Niquelândia and São Miguel Paulista plants

In January 2016, Votorantim Metais announced the temporary suspension of nickel operations at its plants in Niquelândia, in the state of Goiás, and São Miguel Paulista City, in the state of São Paulo. These units are dedicated to nickel ore mining and metal processing, respectively. This decision was taken due to the continuous and significant drop in the level of nickel prices, mainly because of the slower rate of economic growth in the Chinese economy and the high level of international metal stocks. In 2015 alone, the price of nickel fell by about 30%. No date has been set for the resumption of production, however, the infrastructure necessary

for the maintenance and conservation of assets will remain in place. Also those activities which are essential for the unit to be in compliance with its legal and environmental commitments will continue to be carried out. The social investment programs at these units will be maintained and a number of initiatives, aimed at minimizing the impact on local communities, are already underway. The suspension of production will be maintained until favorable market conditions are restored. For more information, please see Votorantim Metais' report at: www.vmetais.com.br.

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Medium and long-term investments

As was the case in other times of crisis, Votorantim continued to look at the long-term prospects and make plans for the future of its activities. In 2015, the company increased its investments in organic growth and the expansion of its businesses in Brazil and abroad. The investments in fixed assets (Capex) totaled R\$ 3.3 billion for the year, representing an increase

of 32% compared to 2014. Of this amount, the portion destined to expansion projects rose from 25% of the total investments in 2014 to 47% in 2015.

This was an important factor in the company's strategy to prepare it for the next cycle of economic recovery, in the long term, and to take advantage of the current lower level of prices for purchasing products and services.

During the year, 80% of the company's total investments were

directed to a number of expansion projects in Votorantim Cimentos. In the United States, the company invested in the construction of a new cement plant in Michigan, in order to increase its production capacity by 600 thousand metric tons/year. Strategically located, the new plant, which has the capacity to serve markets in both the United States and Canada, is scheduled to start up in 2017.

New cement factories are also under construction in Turkey and

Bolivia. They will increase production capacity by 1.2 million metric tons/year, in 2017, and 900 thousand metric tons/year, in 2016, respectively, in order to meet the high and growing demand in these markets. In Brazil, the new cement plant under construction in the municipality of Primavera, in the state of Pará, will add 1.2 million metric tons/year of production capacity. In 2015, a cement plant was inaugurated in the municipality of Edealina, in the state of Goiás, with a production capacity of 1 million metric tons/year.

Another important investment during the year was the implementation of the project to extend the useful life of the Vazante mine, in the state of Minas Gerais. This was

a highly challenging project from a technical perspective and it is expected to produce significant results for Votorantim Metais over the long term. Approximately R\$ 600 million will be invested in this unit in the coming years, to enable it to access the ore reserves existing at greater depths within the current exploration area. The useful life of the mine is forecast to have been extended by more than ten years, ensuring the ongoing competitiveness of Votorantim Metais's access to zinc mineral deposits.

With a similar aim, Votorantim Metais is investing R\$ 215 million in the Extremo Norte project, also located in Vazante. The project is designed to produce an additional 470 thousand metric tons/year of raw ore, which is equivalent to about one third of the unit's current production. The project was granted a provisional environmental and installation license in 2012. Today, the activities at the Extremo Norte project are being executed under a Provisional Operating Authorization (known as APO).

Also, during the year, Votorantim Energia approved a proposal to invest R\$ 1.1 billion in a wind farm project, called Ventos do Piauí (Winds of Piauí), to be constructed over the next three years. With this investment, Votorantim Energy will increase its clean-energy generation capacity and be well-positioned in a market that is forecast to have huge growth potential ([for more information please see page 30](#)). ▼

One of the largest Brazilian investments during the year

In May 2015, Fibria's Board approved the construction of a second pulp production line at its plant located in the municipality of Três Lagoas, in the state of Mato Grosso do Sul. The start up of operations is scheduled for the last quarter of 2017 and with the increase in its production capacity the plant will be one of the largest pulp production units in the world. The project was one of the largest investments made by any Brazilian company in 2015. The details of the project are as follows:

 **US\$ 2.2 billion** of investment in the coming years

 **1.75 million metric tons/year** of pulp production capacity

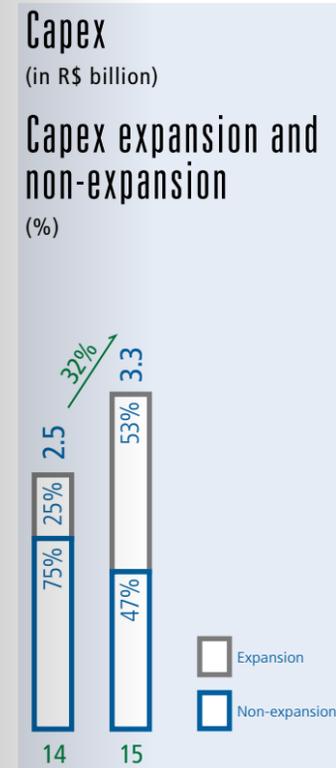
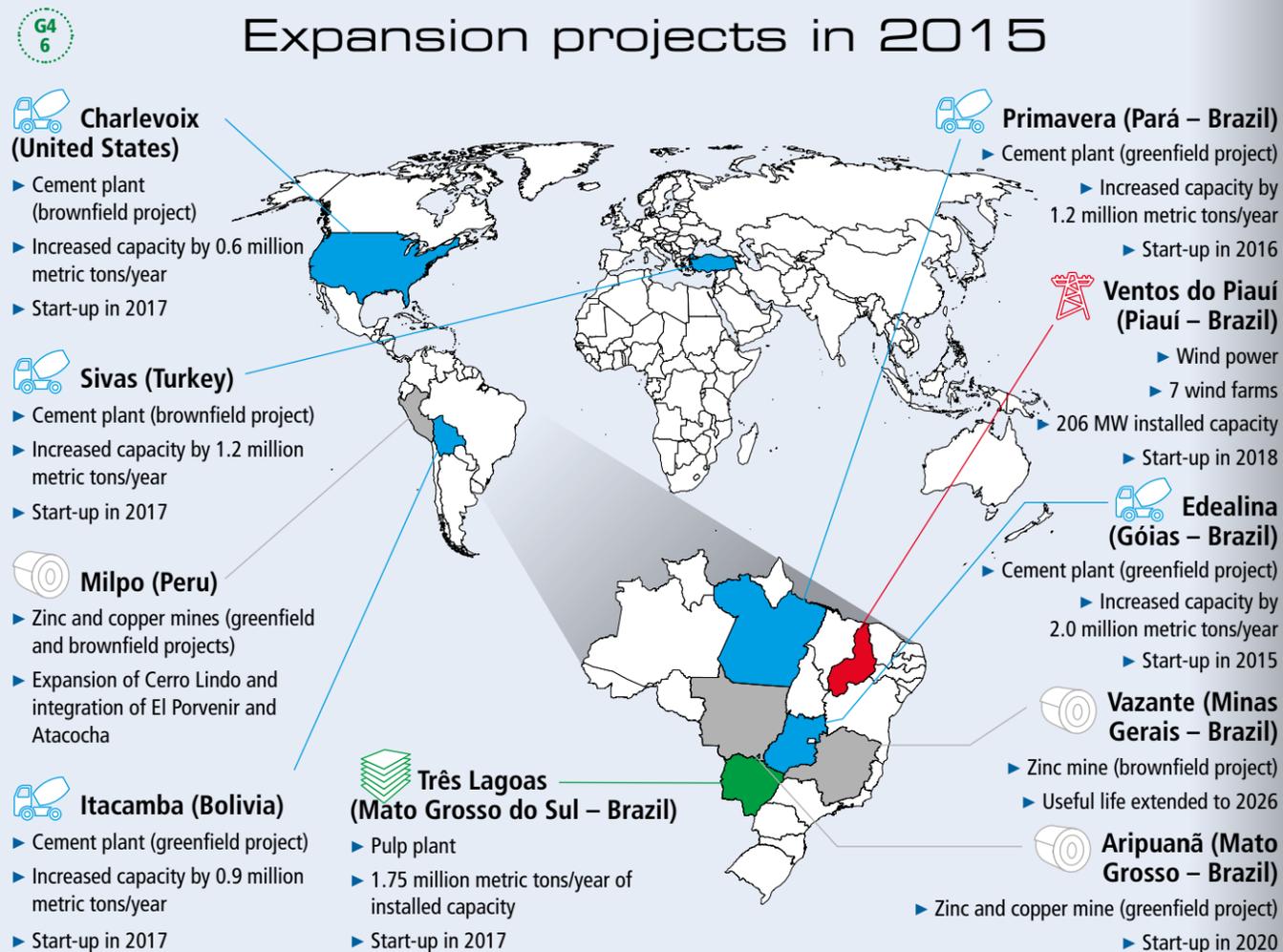
 **40 thousand jobs**, both direct and indirect, will be generated during the construction phase of the new production line

 **3 thousand jobs** will be created when the unit goes into production

 **60 local suppliers** will participate in the project

 **890 thousand hours** in the training and education of employees

Expansion projects in 2015



FOUNDATIONS OF DAY-TO-DAY ACTIVITIES

In 2014, Votorantim prepared a statement of guiding principles that was conceived to serve as the basis for guiding the actions of the holding company and the investee companies, following the implementation of the new management and corporate governance structure. This statement, entitled DNA Votorantim, is a compendium of the best practices incorporated by the company over its long history. The objective is to provide guidelines to direct the company's actions, decisions and relations with its various stakeholder groups.

The guiding principles are sub-divided into three main groups:

Values and Beliefs

They represent our way of being and acting

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

G4 34 Corporate Governance Principles

They represent our way of overseeing our companies

- Corporate governance entities (Board of Directors of Votorantim S.A, Boards of Directors and Committees of the companies, senior management teams of the companies and the holding

company Votorantim S.A.) and the roles and responsibilities of their members;

- The decision-making mandates of these entities and their members (formalized and supplemented by the articles of incorporation of the companies and their own governance principles);
- Corporate agenda, which coordinates the main macro-processes of management, discussions and decision-making among the companies, the Board of Directors of Votorantim and the holding company Votorantim S.A.

Management Pillars

They represent our way of managing our companies

- **Financial management** - Ensures the financial discipline to achieve the desired risk-return profile;
- **Value creation** - Establishes the vision, identifies the potential value of the business and translate this into concrete plans that align and mobilize the organization;
- **Operational excellence** - Seeks to constantly improve processes by implementing best practices and capturing synergies among the companies;
- **People and organization** - Preserves the Votorantim culture through leaders who practice its values and beliefs; and
- **Image and reputation** - Preserves and promotes Votorantim's image and reputation with its various stakeholder groups. ▼



VALUES AND BELIEFS, CORPORATE GOVERNANCE PRINCIPLES AND MANAGEMENT PILLARS ARE THE FOUNDATIONS UNDERLYING THE DAY-TO-DAY ACTIVITIES OF VOTORANTIM AND THE INVESTEE COMPANIES

Challenges

There are a number of challenges that are inherent to Votorantim's activities and to the many issues that arose following the implementation of the new corporate governance structure. Some of these dilemmas are being addressed by enhancements to the management approach itself, both in the holding company and the investee companies, and many others are also being handled through specific structured programs, since they are constantly on the agenda for action. This is the case, for example, of the environmental issues and the operational efficiency programs. All are receiving special attention from the company and overcoming them is the only way to enable Votorantim to achieve its aspirations. They are being addressed as follows:

Management – The recent changes in Votorantim's corporate governance structure represented a significant advance for the company as a whole. However, as would be expected, each company has a different level of preparedness in managing a given issue. Some of them established their first advisory committees in 2015, and also strengthened areas that had been previously managed centrally by the holding company, such as risk management and audit. Some, which already had more robust areas, had to align their policies to the new governance structure. In general, all made progress in 2015, but, even considering the different levels of preparedness, it should still be possible for them to take advantage of synergies more quickly and efficiently. This topic is on the agendas of the Board of Directors and the other decision-making bodies in the companies that have executives of the holding company among their members.

Operational efficiency – The Votorantim companies have always been recognized for their high level of operational efficiency. Over the years these efforts were noteworthy for the gains in competitiveness that they brought to the company. In times of economic recession, cost control and operational stability have become especially important. The culture of operational efficiency was the driving force that enabled Votorantim Siderurgia to find new ways to optimize resources ([for more information see page 56](#)). This was achieved even in the face of an increasingly difficult economic environment, especially considering that the long steel sector was one of the metal commodities that experienced an accentuated decline in prices over time. Other companies, which experienced booming sales in recent years, must now increasingly focus on improving operational efficiency in order to meet the challenges ahead. This is the case of Votorantim Cimentos. Now, after having expanded its operationsto accompany the growth of the

construction sector in the last ten years, it is facing a downturn in the Brazilian market for the first time in a decade.

Attracting and retaining talents – The People Management area has been strengthened in recent years with the redefinition of the Votorantim Development System (SDV) and a higher degree of involvement by senior management regarding the theme. As is the case for every process of change and cultural adaptation, there is still the challenge of keeping performance and career alignment issues on the agenda throughout the year, in order to ensure a high performance culture. In 2015, some significant actions in this regard were put into practice, as explained on [page 44](#). Votorantim continues to focus on enhancing the training and education of a core team of professionals, who have a long-term vision that will position Votorantim to be a company focused on the future.

Value chain – This is a topic that commands the company's constant attention. Taken as a whole the companies have over 140 thousand suppliers, of different sizes and sectors, and many of which are in sectors considered to be critical from the social and environmental perspectives, for example, the production of charcoal used in the manufacture of pig iron. All the companies have processes for selecting and approving suppliers, but it is still possible to improve supplier management, especially by incorporating social and environmental criteria in the selection process

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Innovation – This is also an ongoing challenge for Votorantim, and some of the initiatives carried out in 2015 contributed to enhancing an innovation culture in the company and the investee companies. Citrosuco established a new area dedicated to the development and application of new products. It centralized all of its research activities in order to capture synergies between the various projects. For Fibria, innovation is a strategic issue, closely related to its business competitiveness, and it has taken action on a number of fronts. One of these fronts involved a participation in Ensyn, a Canadian company that is working on the development of biodiesel, using biomass as a raw material. It also acquired Lignol, another Canadian company, that conducts research into products based on lignin, a substance found in the eucalyptus tree. Following the acquisition, Lignol was renamed as Fibria Innovations. As a result of these initiatives, Fibria today has the largest genetic bank of any company operating in the forest industry in Brazil.

Diversity – With the focus on employee development and talent attraction, diversity issues remain a challenge for the whole company. The proportions of some groups are underrepresented. This is especially the case for women in management positions. Although women represent 18% of the total number of employees, they only occupy 16.6 % of the total number of management positions. ▼

G4
EN5 and the auditing practices.

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EN13 **Environmental Aspects** – Votorantim's activities have significant impacts on the environment and the management of the related aspects is an ongoing challenge for the company. Examples of some of the most significant aspects in the environmental area are the electricity consumption in aluminum operations, the waste generation in mining and the use of fossil fuels in cement plants. In the companies, these issues are treated as priorities and addressed through structured programs that bring together multidisciplinary teams to search for solutions to minimize their impacts. In Votorantim Metais, the reuse of mining waste has resulted in the creation of new products and is enabling it to reduce the volume of this waste being deposited in tailing dams ([for more information please see page 38](#)). In Votorantim Cimentos, projects for the substitution of petroleum coke with low carbon fuels are already underway, with good prospects for further development. Other environmental aspects, such as reducing water consumption and greenhouse gas (GHG) emissions, are also being addressed by initiatives aimed at increasing the efficiency of the production processes. A good example is the increase

in the proportion of reused water due to the implementation of recirculation systems. In 2015, Votorantim Cimentos launched a road-map to guide its strategic initiatives in water management. Fibria, in turn, has improved its management of planted forests and water resources. It has adopted the mosaics concept in its forest management practices. The mosaics concept is based on the intermingling of native and planted forest areas and areas with different tree ages. Such practices contribute to the conservation of native forest fragments and to regularizing the flows of water in the river basins where its plantations are located. The company's target is to restore 40 thousand hectares of native forests by 2025.



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Beliefs

They are the embodiment of our values and represent 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 cannot be disassociated from the others:

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56

Cultivating Talents We invest time and resources in developing our talented people because we believe in them and trust them.

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

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

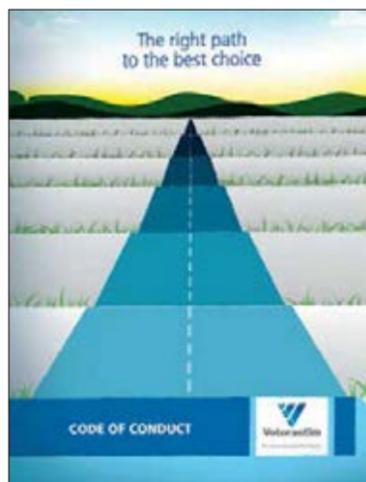
Pragmatism We believe that it is essential to devote time and energy to what is most relevant, with objectivity and without losing sight of the big picture and the future trends.

Open Dialogue We believe that an atmosphere of trust fosters open dialogue and ensures an opportunity to speak and be heard, and that a diversity of opinions leads to better solutions.

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

Sense of Ownership We believe in people that take on responsibilities, work with passion and lead by example, celebrating their achievements and using mistakes as opportunities for learning.

Code of Conduct



This document defines the fundamental principles and rules that underlie the company's business approach and guide the day-to-day activities of all its employees. Compliance with the Code of Conduct is mandatory for all Votorantim companies and expresses the commitment to ethical behavior in its relations with its various stakeholder groups, such as: customers, employees, shareholders, suppliers, government, communities, the media, and society in general. It also provides guidelines for day-to-day

actions and decision-making, and is supported by the Ombudsman system. In 2015, the code was revised and improved by a multidisciplinary team. The new text will be released in 2016.

http://www.votorantim.com.br/SiteCollectionDocuments/codigo_conduta/codigo_conduta_ptb.pdf



FINANCIAL MANAGEMENT



“

Nobody spends somebody else's money as carefully as he spends his own. So if you want efficiency and effectiveness, if you want knowledge to be properly utilized, you have to do it through the means of private property.

”

Milton Friedman, American economist, statistician and writer

A recipe for growth

The adverse economic environment notwithstanding, Votorantim's financial discipline and diversified portfolio helped ensure solid results.

Despite facing a recessive scenario in Brazil and subdued growth in its main global markets, Votorantim recorded good results in 2015, as a result of its strict financial discipline and the geographic and business sector diversification of its investment portfolio. The company's net revenue for the year increased by 11%, its leverage continued to be at a highly satisfactory level, despite the devaluation of the Real against the US dollar, and it increased investments significantly compared to 2014, thus taking another important step to maintain its

long-term competitiveness.

In 2015, net revenue rose to a record level, totaling R\$ 31.5 billion for the year. This result was due mainly to the increased metal prices in Reais and the positive impact of the devaluation of the Brazilian currency against the US dollar on the consolidation of its overseas operations, despite the downturn in the cement and long steel markets.

Ebitda totaled R\$ 7.0 billion, 2% lower compared, than in 2014. The main positive factors for the year were the good performance of the overseas operations,

and, in the fourth quarter, the receipt of an extraordinary dividend from Fibria and gains on asset sales (rural properties totaling 34 thousand hectares located in Capão Bonito in the State of São Paulo). In addition, there was a favorable impact from the sale of energy. Votorantim participated in the 13th energy auction and sold energy for delivery up to December 2019. For accounting purposes this was considered to be a firm commitment, and, consequently, as a result the results of the auction were recognized in Ebitda at fair market value on the sale date. On the other hand, the income and costs linked to the transaction will be recognized during the terms of the respective contracts.

In 2015, the cost of goods sold increased by 14% compared to 2014, due mainly to the higher costs in Reais of obligations denominated in foreign currency, higher electricity costs and the higher inflation rate in Brazil. Operating expenses remained fairly stable, increasing only 2% compared to 2014. This was due to the combined efforts of all the companies in relation to cost control and operational excellence.

Financial result and net profit

Financial income totaled R\$ 586 million in 2015, an increase of 57% compared to 2014, reflecting the higher balance of cash and cash equivalents combined with the increased interest rate on interbank deposits (CDI), which rose from 10.77% p.a. to 13.18% p.a. Financial expenses also increased, by 15% compared to the previous year, impacted by the increase in the CDI interest rate and the higher cost, in Reais, of foreign currency debt, as a result of the devaluation of the Real against the US dollar.

The expenses arising from exchange rate movements totaled R\$ 729 million, due to the sharp devaluation of the Real. It is important to note that part of the exchange variation on the foreign currency debt does not impact the financial results, due to the adoption of hedge accounting.

The company recorded a net gain of R\$ 517 million on its financial derivative transactions in 2015, due mainly to the higher volume of swaps that effectively

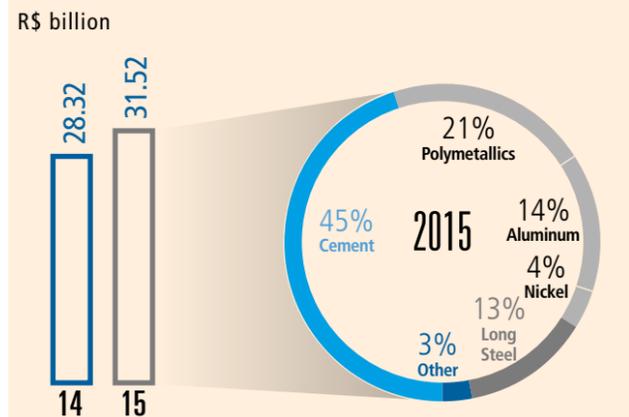
Financial results (in millions)

	2014	2015	2014 vs. 2015	
			R\$	%
Financial income	374	586	212	57%
Financial costs	-1,584	-1,814	-230	15%
Foreign exchange losses, net	-85	-729	-644	758%
Financial derivative transactions	-107	517	624	-583%
Other financial costs	-894	-572	322	-36%
Total	-2,296	-2,012	284	-12%

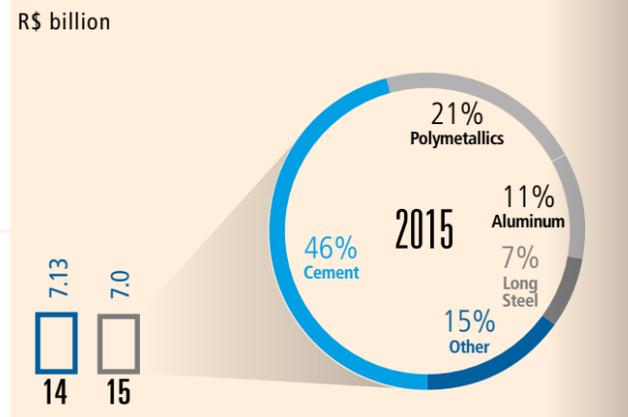
Investments

The investments in fixed assets (Capex) totaled R\$ 3.3 billion in 2015, an increase of 32% compared to 2014. Of the total, 47% were allocated to expansion projects, especially in the cement segment, which accounted for 80% of the total. Other significant investments made during the year, were destined to the wind energy and metals and mining sectors. In the case of wind energy a total of R\$ 1.1 billion will be invested over a three-year period in the Ventos de Piauí wind farm project ([for more information see page 30](#)). In the area of metals and mining, we are investing R\$ 600 million in a challenging project to extend the useful life of our mine located in Vazante, in the state of Minas Gerais.

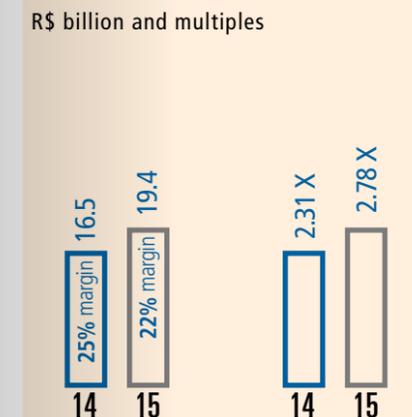
Net revenue and net revenue by business segment



Adjusted Ebitda and Ebitda by business segment



Net debt and net debt/Ebitda



Credit risk ratings

Throughout 2015, Brazil experienced a highly complex political and economic scenario and lost its investment grade rating issued by the rating agencies Standard & Poor's (S&P) and Fitch Ratings. Votorantim's credit ratings were directly impacted by the downgrading of Brazil's sovereign credit rating. The company's rating issued by S&P was downgraded from BBB to BBB- in 2015. At year-end, Votorantim's ratings were BBB- with a negative outlook, Baa3 with a stable outlook and BBB with a negative outlook, issued by the rating agencies Standard & Poor's, Moody's and Fitch Ratings, respectively.

Votorantim S.A.'s investment grade rating was reviewed by Moodys and Standard and Poor's at the beginning of 2016. Moody's lowered its rating to Ba2 and Standard and Poor's revised its rating to BB+. In March, despite Fitch Ratings lowering of the company's rating to BBB, it maintained its investment grade.

converted loans denominated in US dollars into obligations in Reais. Other financial expenses totaled R\$ 572 million, 36% lower than in 2014.

The net profit totaled R\$ 382 million, a reduction of 77% compared to 2014, due to the lower amount of deferred taxes in the nickel operations in 2015, and the effect of the energy auction result in 2014.

Liquidity and debt

At year-end 2015, the consolidated gross debt totaled R\$ 30.5 billion, an increase of 27.2% compared to 2014. The increase was due, mainly, to an increase of R\$ 6.5 billion in foreign exchange variation, resulting from the 46.7% devaluation of the Real against the US dollar during the year, and from the consolidation of the Votorantim Cimentos' operations in China (R\$ 530million).

The net debt at year-end totaled R\$ 19.4 billion, 17.7% higher than in 2014. The financial leverage, calculated as the ratio of Net Debt/Ebitda, rose to 2.78, an increase of 0.47 compared to the ratio of 2.31 at year-end 2014.

During 2015, Votorantim executed a series of liability management transactions, focused on reducing the refinancing risk in the coming years. The average debt maturity at year-end 2015 was 7.4 years.

The balance of cash and cash equivalents was R\$ 10.6 billion at year-end 2015, an increase of R\$ 3.2 billion compared to 2014. The free cash flow generated in 2015 totaled R\$ 3.54 billion, R\$ 1.92 billion higher than in 2014. The increase was due to the impacts of the exchange rate variations on the cash po-

sition, lower amount of dividends distributed and lower financial expenses for the repurchase of bonds.

The cash flow generated from operations amounted to R\$ 3.94 billion in 2015, 11% lower than in 2014, due to the higher amount of income tax paid and the increased investments in expansion projects,

partially offset by a decrease in working capital, reflecting the reduction of inventories in 2015.

During the year, the company obtained two revolving credit facilities, from 14 banks, totaling US\$ 1.2 billion and maturing in 2020. These lines replaced the previous credit line of US\$ 1.5 billion. ▼

3.54
billion
of free
cash flow



VALUE CREATION



“

Shared value is not social responsibility, philanthropy, or even sustainability, but a new way to achieve economic success. It is not on the margin of what companies do but at the center.

”

Michael Porter, professor at Harvard Business School, and author of a number of books on corporate strategy and competitiveness.

Favorable winds

An investment in the construction of seven wind farms in the state of Piauí marked the entry of Votorantim Energia into this new business segment.



Brazil is one of the ten largest producers of energy from wind power, although this source still only accounts for 5.2% of the national energy mix. It is far below the 61.5% from hydro-electric power, for example, or even the 17.5 % from fossil fuels and the 8.9% from biomass. Although in percentage terms it is small, in absolute terms the amount of electricity generated from wind power is far from negligible. There are currently 349 wind farms in operation around the country producing enough energy to supply the homes of about 24 million people, or the equivalent of the total household electricity consumption for a state the size of Rio de Janeiro.

Votorantim Energia (VE), the third largest energy trader in Brazil, acutely aware of the sector's potential, made a strong entry into this market, announcing investments of R\$ 1.13 billion over the next three years. These funds will be invested in the Ventos de Piauí project, which involves the construction of seven wind farms with an installed capacity of 206 MW.

The energy generated by this complex, which covers an area of 22 square kilometers, is 100% clean and renewable. Although it will only start up operations in January 2018, almost all of the future energy production has already been sold. The average physical guaranteed energy of the project is 109 MW, of which 93 MW were negotiated at a price of R\$ 182 MWh at a Federal Government auction held in August 2015. The contract has a term of 20 years. In other words, this energy will be delivered to the regulated market, represented by the distributors. The remaining 16 MW will be negotiated in the Free Market (ACL), in which the generating companies sign contracts directly with customers.

Guaranteed efficiency

The seven wind farms in the Ventos de Piauí project have a capacity factor of 50%, much higher than the average for the sector. This means they are highly efficient in their production of energy, compared to the global average capacity

factor, which is around 30%. In total, the farms will be equipped with 98 state-of-the-art wind turbines, supplied by a Spanish company, Gamesa, one of the leading manufacturers of such equipment in the world. Construction is planned to begin in mid-2016. The project will be located in an area which is less than seven kilometers away from an existing transmission line, which ensures that it will be even more efficient and competitive.

The project is expected to generate around 1,000 jobs during the construction of the farms. In fact, this is only the first stage of a much bigger project. The final size could be as much as three times bigger, with an installed capacity of 600 MW, and a total estimated cost of around R\$ 3 billion. However, the start date for a second phase of the project has not yet been fixed and will depend, of course, on market conditions.

The region chosen for the initial phase of the Ventos de Piauí project also has considerable potential for solar energy, another form of clean energy. VE has not ruled out the possibility of exploit-

ing this additional opportunity in the future. The current idea is to evaluate a possible entry into this market segment. In contrast to the wind power sector, the generation of electricity from photovoltaic panels is still in its infancy in Brazil. Feasibility studies will be initiated in the near future, but the decision to enter, or not, this market segment will depend, fundamentally, on how it evolves in the coming years.

A strong portfolio

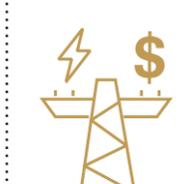
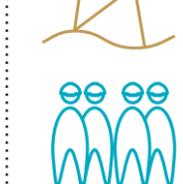
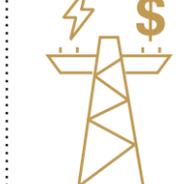
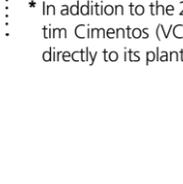
VE's decision to enter the wind power market came as a result of its search for ways of expanding its energy supply services. The company was established in 1996 to integrate and coordinate all of Votorantim's operations in the self-generation of energy. In 2013, the company began to reinvent itself and it started to offer energy management services and energy efficiency programs to third parties. In doing so, not only it acquired knowledge and practical experience, but it also improved its processes for selling its surplus energy on the open market. Its customer base grew rapidly, jumping

from 24 to 94 in a single year, between 2013 and 2014.

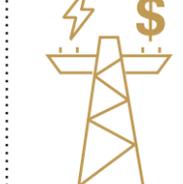
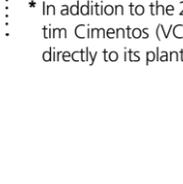
Today, VE has more than 120 customers relying on it for their energy supply. They are located mainly in the South and Southeast Regions of Brazil, and the majority is made up of small and medium-sized companies that purchase energy in the Free Market (ACL) because it is seen as a lower cost alternative compared to the regulated market. The list of customers includes auto parts manufacturers, universities, shopping centers and supermarkets, as well as a variety of industrial sectors, including chemicals, textiles and electronics.

VE's long-term target is to reach a total of 1 GW of energy contracts by 2023, excluding the self-generation of energy for Votorantim. The investments in wind power, considered to be strategic, will play an important role in the pursuit of this goal. ▼

Facts and figures of the Ventos de Piauí project

-  7 wind farms
-  98 wind turbines
-  Over 50% capacity factor
-  206 MW of installed capacity
-  109 MW average physical guarantee
-  93 MW average already contracted at auction
-  Around 1,000 jobs created during construction
-  R\$ 1.1 billion in investments

Fact and figures of Votorantim Energia

-  29 hydro-electric plants *
-  2,604 MW of installed capacity
-  350 MW average energy traded
-  More than 100 customers at year-end 2015
- R\$ 3.6 billion of net revenue



There is also an environmental benefit

Wind power is also beneficial for the environment. The Brazilian Wind Energy Association (Abeeólica) estimates that the generation of electricity from wind power currently avoids the emission of 15.6 million tons of CO₂, equivalent to the total greenhouse gases emitted by 9 million cars.

* In addition to the 29 hydro-electric plants managed by VE, Votorantim Cimentos (VC) has four small hydro-electric plants connected directly to its plants



A challenge for the Legado das Águas Reserve

The main objective for the coming years is to transform the largest privately-owned area of Atlantic Forest in Brazil, into a business that generates a positive impact for the local community and a financial return, in addition to contributing to the environmental protection of the biome.

At the end of 2015, the reserve set itself a major challenge for the coming years: transform the largest privately-owned reserve of Atlantic Forest in Brazil into a business that generates positive social and economic impacts for the local community, and a financial return for the shareholders, in addition to contributing to the environmental protection of this important area in the biome.

The reserve, which is adjacent to oth-

er protected areas, is located in the Vale do Ribeira region, in the state of São Paulo, and its area corresponds to 1.5% of the remaining virgin Atlantic Forest biome in the state. The area of the reserve includes parts of the municipalities of Juquiá, Miracatu and Tapiraí. Four of the seven power plants that provide energy to Votorantim's companies are located inside the reserve.

Preserved for more than 50 years by Votorantim, the reserve is an area of high

biodiversity value, containing animal species that are rare or endemic to the Atlantic Forest. The reserve is an environment that is propitious for carrying out ongoing studies and research into the flora and fauna, and they have produced increasingly interesting results. In addition, there is a huge potential for the development of activities in the areas of environmental education, forest offsets, biotechnology, ecological and scientific tourism, timber

and non-timber extraction and other forms of sustainably exploiting environmental assets. In this respect, significant initiatives were implemented in 2015 (*more information on this page*).

Another important step was the formation of a new company, Reservas Votorantim Ltda., to manage the organization's environmental assets and structure the reserve's development activities. During the year, the Legado das Águas Reserve Advisory Board was established. It is composed of representatives of civil society and the state and local governments, and has the task of monitoring the management of the reserve and making suggestions on its strategy. ▼



The achievements of the Legado das Águas Reserve in 2015

- ▶ Carried out the first genetic mapping of the reserve's flora under an innovative partnership with the Bio Bureau, a Brazilian biotechnology start-up company;
- ▶ Initiated relations with the traditional communities and provided support for the formalization of local associations⁽¹⁾;
- ▶ A partnership among the Legado das Águas Reserve and the local governments of the municipalities of Miracatu, Juquiá and Tapiraí enabled them to participate in the Public Management Support Program, sponsored by Votorantim Institute. The program, which is based on the Institute's acclaimed social investment methodology, aims to contribute to the modernization of public administration practices, helping municipalities to reduce expenses and increase revenues;
- ▶ Strengthening and organization of the municipalities to expand the discussions
- ▶ Carried out the first genetic mapping of the reserve's flora under an innovative partnership with the Bio Bureau, a Brazilian biotechnology start-up company;
- ▶ Realization of the first ecotourism experience in the Porto Raso reservoir;
- ▶ Establishment of partnerships for the monitoring of the area that includes the Legado das Águas Reserve and the Jurupará Park, in cooperation with the regulatory agencies;
- ▶ Completed the construction of a seedling nursery for species native to the Atlantic Forest;
- ▶ Organized the first photographic exhibition of the Legado das Águas Reserve, together with the photographer Luciano Candisani;⁽²⁾
- ▶ Publication of the Handbook on Atlantic Forest Species at the Brazilian Congress for Conservation Areas (CBUC) sponsored by the Legado das Águas Reserve.



¹ On October 5th, 2015, the Tapiraí municipal government formally recognized the community of Ribeirão da Anta as a traditional community, through the enactment of a municipal law.

² For over 15 years, he has specialized in photographing and documenting the biodiversity and traditional populations in their natural environments. He is the author of seven books, a permanent member of the International League of Conservation Photographers and, since the year 2000, he has been a photographer for the National Geographic magazine.





What is the **return** on the social license to operate?

A methodology developed by the Votorantim Institute was used to calculate the financial return on Votorantim Cimentos' social investments in the municipality of Primavera, in the state of Pará

During the construction of its new cement plant in the municipality of Primavera, located 194 km from Belém in the state of Pará, Votorantim Cimentos used a new methodology, developed by Votorantim Institute, for planning and managing social investments in a given locality. Based on an action plan developed and monitored by the company and the Votorantim Institute, in partnership with the local community, projects were carried out in the areas of education, professional training, health, sanitation and the modernization of public administration. The projects

were initiated even before the construction work began, in 2011 and the investments amounted to more than R\$ 10 million over the following five years, up until the inauguration of the new plant, in 2016.

This model for the shared management of social investments was not the only innovation involving the municipality of Primavera. A case study describing this experience was selected to participate in a pioneering initiative of the Emerging Market Multinationals (EMM) network sponsored by the German Cooperation Agency (GIZ). The initiative focuses on the development of a model to measure the financial returns generated by companies' investments in sustainability. With support from the Getúlio Vargas Foundation, the Votorantim Institute and Votorantim Cimentos were able to conclude that each R\$ 1 invested in social projects in Primavera generated a return of R\$ 4.54 for Votorantim Cimentos.

In order to calculate this result, the methodology was used to identify the value of the positive outcomes from the social investments on the project's cash flow. The final result was calculated by subtracting the investment from this value. In general, the positive outcomes for the project were classified as follows: avoided costs, savings and value added.

The avoided costs took into account those costs that had been planned for the project but, for one reason or another, never occurred. A good example is the hir-

ing of local labor. The investments in the training of the workers living in the local community contributed to raising the proportion of the number of people employed from the region itself. As a result the company avoided the costs of the compensation, relocation and mobilization of workers from other locations. Furthermore, the rate of retention of these workers was higher than the company's average for similar projects.

To calculate the savings a number of aspects were considered. The most significant one was the reduction in financing costs. Because of its social investment strategy, Votorantim Cimentos was eligible to access more attractive credit facilities from development banks.

Facts and figures



R\$ 71.5 million
This was the amount of Votorantim's external social investments in 2015, a decrease of 6 % compared to the previous year.



320 initiatives
carried out



120 municipalities
were supported



400 thousand
people were benefited

Initiatives carried out in Primavera G4 24

Examples of initiatives carried out under the Sustainable Primavera program

Education

- Rebuilding of the Municipal Library and the archaeological museum, including the purchase of equipment – R\$ 1,366,133.18
- Rebuilding of the José Pereira Gomes Municipal School – R\$ 1,219,757.37
- Renovation and expansion of the Manoel Antônio Leite Municipal School – R\$ 1,653,771.44

Infrastructure and basic sanitation

- Preparation of the Sanitation Implementation Project – R\$ 124,277.69
- Support for the development of the Municipal Master Plan – R\$ 117,686.40

Health

- Construction of a Health Center and Emergency Room – R\$ 2,306,919.71
- Acquisition of an ambulance – R\$ 48,439.14

Public administration training

- Support for the Government Master Plan Review – R\$ 151,500.00
- Modernization of Municipal Public Administration – R\$ 93,022.00

Support for local production chains

- Support for family farmers – R\$ 304,560.60

The calculation of savings also included the non-reimbursable grants raised from social investors, who viewed the Primavera project as a good option for allocating their resources. Thus, a proportion of the social actions carried out were funded by partners, resulting in a positive impact on the company's cash flow.

The calculation of value added considered the gains generated by the plant's operations. The estimates of value added focused on the reduced rate of absenteeism. The improvement of the local sanitation infrastructure, carried out with the support of Votorantim Cimentos, contributed to a lower rate of absences from work.

The lessons learned from the application of the methodology indicated that expansion projects or new operations could be more robust and promote engagement with society in conditions that were not perceived in traditional forms of investment. Allying social analysis to projects creates an opportunity to leverage the results of the operation as well as provide benefits for the community, effectively generating shared value. ▼



Votorantim Institute's programs in the municipality

Support for public administration

In partnership with the BNDES, the program, which was developed by the Votorantim Institute, involves working 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 in drawing up plans and projects that enable them to be eligible for financing by government agencies (federal and state), and which are accessed through cooperation agreements and public tenders. Over a four-year period, the Support for Public Management Program has provided assistance to 25 Brazilian municipalities where Votorantim has operations. To date, the program has helped the participating municipalities to raise funds amounting to R\$ 27 million. This figure is expected to increase in the coming years as further projects are completed.

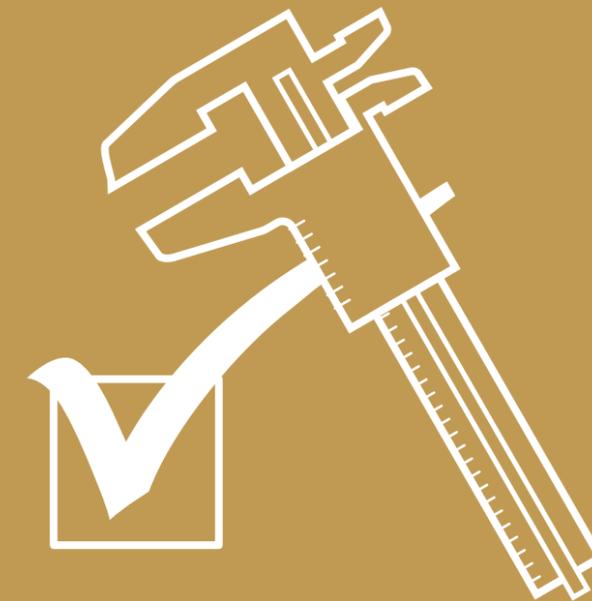
Votorantim Partnership for Education (PVE)

The Votorantim Partnership for Education (PVE) contributes to improving municipal education indicators through initiatives in social mobilization and in the strengthening of public sector and school administration. The strategy adopted is to engage with the community and encourage its demands for quality education. The project also contributes to improving the education being offered and the management and implementation of national education policies. In 2015, a total of 16 municipalities participated in the initiative and 271 schools were benefited.

For more information on these and other programs see the Votorantim Institute website at: www.institutovotorantim.org.br



OPERATIONAL EXCELLENCE



“

When the archer misses the mark, he turns and looks for the fault within himself. Failure to hit the bull's eye is never the fault of the target. To improve your aim, improve yourself.

”

Gilbert Arland

ENVIRONMENTAL GAIN, FINANCIAL GAIN

THE TRANSFORMATION OF MINING WASTE INTO AN AGRICULTURAL PRODUCT AVOIDED ITS DISPOSAL IN TAILING DAMS AND LANDFILLS AND GENERATED ANNUAL REVENUE OF R\$10 MILLION FOR VOTORANTIM METAIS

The generation of waste is one of the main adverse impacts of mining activities on the environment. This is due to the volume, and type of material resulting from the production process and its disposal in tailing dams or special landfills. In 2015 Votorantim Metais generated 38 million metric tons of waste, composed of 3.32 million metric tons of industrial waste and 34.7 million metric tons of metals and mining waste.

Waste on this scale creates a bigger challenge for the company than just ensuring that it is disposed of in an environmentally correct manner. It is essential, and possible, to find solutions for this waste that also generate value, either by seeking new applications or turning them into raw materials for other production processes. In this way, waste is viewed as a business opportunity that could lead to new sources of revenue for the company.

For over a decade, a number of areas of Votorantim Metais have been studying this topic. They include the technicians who deal directly with waste and the technology and innovation researchers who work in the company's mines and industrial plants. One of the main projects working on this challenge discovered a new application for industrial limestone powder, which is a material that is produced in the processing of zinc and is classified as hazardous waste. Since 2010, as a result of VM's research and development efforts, and the adoption

of new production processes, this industrial limestone powder has been reprocessed into a product that is used in agriculture to correct soil pH. The product, which is called agricultural limestone powder (PCA), is used to neutralize the soil's acidity and also increase its productivity, due to the zinc in its composition.

Currently, Votorantim Metais produces and sells about 521 thousand metric tons/year of PCA, generating revenue of R\$ 10 million. The new product has received the seal of approval of the Ministry of Agriculture and its quality has been attested by the Federal University of Lavras, in the state of Minas Gerais.

A further important achievement relates to the environmental aspect. The development of the agricultural lime powder product enabled the company's plant in Morro Agudo, in the state of Minas Gerais, to eliminate the generation of metals and mining industrial waste – which totaled 273,162 metric tons in 2015 – and reduce the amount deposited in tailing dams to zero. A further benefit from the production of PCA is that it avoids the need to construct a new dam every three years. This results in additional environmental and financial gains, since a project of this size costs around R\$ 20 million.

Currently, VM's engineering, technology and innovation teams are conducting research projects on other ways to reduce waste. These include initiatives such as those in Bongará, Peru and Aripuanã, in the state of Mato Gros-

Facts and figures



38 million metric tons of waste were generated by VM in 2015



273,162 metric tons of waste generated in the zinc production process at the Morro Agudo plant were transformed into agricultural limestone powder



50% is Votorantim Metais' target for the reduction of its specific waste generation by 2025, compared to 2014.



15 innovation projects are underway at VM units, focused especially on the market segments for transport equipment, construction and carton packaging



so, which foresee the substitution of tailing dams with piles of dry waste. Despite being more complex to manage, they entail fewer risks and require a shorter rehabilitation period, compared to tailing dams.

There are a number of possibilities that involve the participation of other Votorantim companies. A prime example is the use of the waste generated in the pot-rooms of the aluminum plant in São Paulo,

which can be co-processed in the cement and steel-making industrial plants. With these and other initiatives, Votorantim Metais expects to achieve its target of reprocessing or reducing its specific generation of metals and mining waste by 50%, up to 2025. The focus is the same: reduce the environmental impact of waste disposal and invest in process efficiency, the use of new technologies and the creation of economic

value. Another example is the use of red mud, the waste produced in the processing of bauxite, to produce pozzolan, which can be used as a raw material in the cement industry. This initiative, which is currently under study, is expected to considerably reduce the disposal of such waste in tailing dams, thus avoiding the need to build new ones in the future. ▼



Tailing dams

Votorantim Metais currently has 21 tailing dams in operation. They are managed using a system which meets environmental legislation requirements and is comparable to the most modern systems available worldwide, such as those adopted in countries like the United States and Canada. The data in the system is monitored and audited by an independent company that also evaluates documentation control, including the emergency plan, monitoring system, training and the planning of the useful life of

the dams. These controls are a part of the routine plant operations, and dams are treated as a priority topic in the evaluation of business risks. This topic is also on the agenda of senior management's meetings, and VM's practices are regularly reviewed, with the aims of seeking continuous improvement and compliance with the highest standards of operational safety. In November 2015, Votorantim Metais invited representatives of external stakeholder groups, including members of the local communities where it has

operations, to visit its dams and, in loco, learn about the integrated dam management system, known as Sigbar. In the same month, VM initiated a program of cross-check inspections, in which the environmental technicians from each unit inspected a different unit. Additionally, in February 2016, the company's CEO, Tito Martins, began to audit the units on a monthly basis, personally inspecting the controls and documentation for each of the company's dams.



The **evolution** of the centers of excellence

The establishment of the Shared Service Center (CSC) in Peru, and the area dedicated to the real estate market segment in São Paulo (CSI), increased both the competitiveness and prospects for new business for Votorantim and its companies

Votorantim has three centers of excellence. They are dedicated to the capture of synergies among the companies and the search for efficiency in the management of the diverse day-to-day activities. These units stand out for their successful development of advanced systems and processes, which are designed to generate economies of scale, increase productivity, maintain operational stability and improve the competitiveness of the companies.

The centers of excellence are managed by the holding company and provide services to Votorantim's investee companies. They constitute an efficient alternative for process management, due to a method that enables them to operate at a lower level of costs without any loss in delivery quality.

In practical terms, this means that these centers can eliminate redundancies and carry out the same tasks with fewer people, without the need for dismissals. The gain

in productivity varies according to the task being performed, but it ensures savings for the companies of at least 20%.

The largest center of excellence, and the first to be established, is Votorantim Curitiba. It was set up more than 10 years ago to provide services in the areas of accounting, finance, controlling, payroll administration and people management, among other services. It comprises the areas of Shared Service Center (CSC), General Accounting and the Financial Center. Today, Votorantim Curitiba has 557 employees and is responsible for managing Votorantim's cash transactions and debt obligations, among other activities. In 2015, the scope and volume of the

CSI facts and figures



32 employees



600 requests fulfilled monthly



R\$ 160 million of real estate transactions (contract payments/receipts) in 2015



R\$ 26 million paid in taxes

center's activities were expanded, and 70 new employees were hired. During the year, the CSC centralized the tax receipts for Votorantim Energia, Votorantim Siderurgia and Votorantim Cimentos. In 2016, the intention is to provide these services to Votorantim Metais.

Another important step in 2015 was the consolidation of CSC Peru. This service center initiated operations at the end of 2014 and incorporated some of the activities formerly carried out by Milpo and Cajamarquilla, two important VM operations in the country. In its first year of operation, CSC Peru quickly achieved a high level of excellence in providing services and this resulted in improved processes in a number of different areas, creating value and productivity for the company. Currently, it has 74 employ-

ees and is responsible for providing 166 types of administrative and financial processes, similar to the scope of the Curitiba center.

Solutions for real estate assets

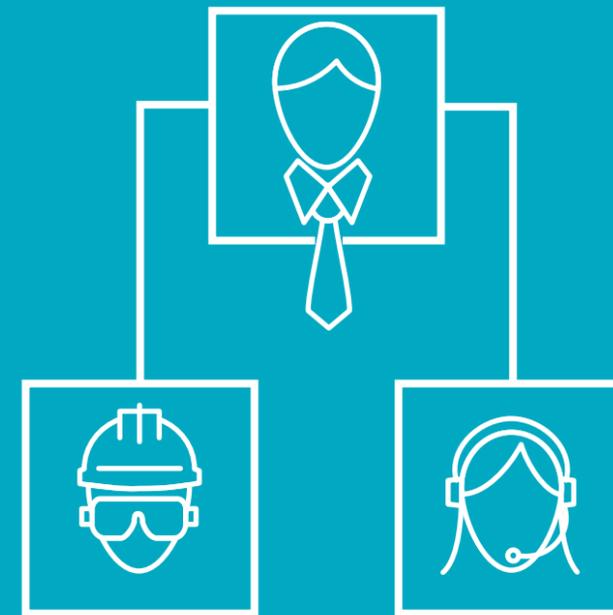
The year of 2015 was also marked by the consolidation of the Real Estate Solutions Center (CSI), which was established in 2014 to manage Votorantim's real estate assets. One of CSI's main tasks is to provide a centralized service, with standardized processes, for all the real-estate-related needs of the Votorantim companies. This center, which is subdivided into specialist areas for legal, technical and contract management matters, grew and gained momentum in 2015. It has developed indicators to measure its level of service and has organized its work priorities based on the strategy of each company. During the year, the center expanded its range of services for

Votorantim Cimentos and Votorantim Siderurgia, consolidated the activities that were already being carried out for Votorantim Metais and supported Votorantim Energia regarding the real estate matters of the new projects underway. The center also led a wide-ranging exercise to map out Votorantim's real estate assets. [For more information see page 16.](#) These initiatives contributed to the positive results obtained in the first satisfaction survey conducted among the companies. Looking ahead, the real estate business plan represents another important challenge for CSI in 2016, requiring a considerable amount of effort to develop and implement the projects. ▼

Information Technology

Votorantim has also established a Competence Center for Information Technology (CCTI), which, in a similar manner to CSC, searches for synergies among the companies. The overall objective is to provide a high standard of IT management services, in Brazil and abroad, through the adoption of best market practices and internationally recognized methods. The CCTI was the first IT service center in Latin America to obtain the ISO 20000 certification, in 2013. The certification obtained was valid for all the processes performed by the center, and the sustaining of these services, as well for its continuous improvement efforts. It is monitored and evaluated annually by an external auditing company.

PEOPLE AND ORGANIZATION



“

Develop people and they will develop the organization.

”

Idalberto Chiavenato, one of the most well-known and respected Brazilian authors in the fields of business administration and human resources.

Future leaders



The main drivers for Votorantim's approach to people management are: mobilization of leaders as the principal protagonists in promoting the company's culture; a focus on accelerating employee development; succession planning; and the attraction of young talents to the company

The new corporate governance structure and the current and future business challenges mean that people management is one of the areas that significantly influences Votorantim's operating model. The first effect was to stimulate a greater degree of involvement of senior management regarding this topic.

As part of this process, the CEO's of Votorantim S.A. and the investee companies held four meetings during the year to discuss human resources issues. They

discussed the area's drivers, such as the revision of the Votorantim Development System (SDV), the strengthening of the line of succession by the training of internal leaders, the promotion and transfer of employees among the companies and the trainee program, in addition to other important matters submitted by the teams.

In a similar manner, the senior management of the Human and Organizational Development (HOD) areas of the companies set up a group to discuss common issues,

exchange experiences and identify the priority actions for each investee company. These meetings, of which nine were held in 2015, contributed to delineating a number of initiatives during the year, culminating in the consolidation of some important practices. Especially important was the review of the SDV, which emphasized employee training, training for managers regarding performance evaluation and feedback, and the creation of evaluation committees, involving the senior management of all the areas.

Considering the holding company and the investee companies more than 300 SDV committee meetings were held during the year. In total, they reviewed the performance evaluations of more than 6 thousand employees. In line with its belief that an agile culture is based on trust and open dialogue, this process included the communication of the review results to senior management in a transparent manner and the preparation of individual development plans.

Furthermore, in relation to employee development, more than 110 human resource specialists were trained and about a thousand managers took courses at the corporate university, the Votorantim Academy of Excellence. The academy itself underwent changes to focus on promoting a high performance culture and supporting the construction of the organization's future

During the year, the academy conducted more than 200 training classes with more than 5,500 participations, the largest number since 2006. In total, 2 thousand people were trained. Other initiatives carried out focused on employee engagement, reinforcing the attractiveness of Votorantim for talented young people, and the company's participation in career fairs and events. In this regard, both the holding company and the companies received higher-education students for visits and week-long immersion experiences. They also supported initiatives like the Ambassadors Program, where Votorantim trainees visited their former universities to give presentations on the company.

Employees of the holding company, VE, VC, VM and VS participated in the Ambassadors Pro-

gram. A total of 12 presentations were made, at public and private universities in 11 Brazilian cities. As a result of these and other actions, the number of students applying for a place in the trainee program increased significantly from 10,138 in 2014 to 20,036 in 2015. Other initiatives involving external audiences, specifically for young people, were the Best Internship in the World, the VotoWeek engagement initiative, where eight students spent a week on an integration course, in the holding company and the operating units of Votorantim Cimentos and Votorantim Metais, and the award granted by the Brazil Junior organization, where Votorantim was ranked in fifth position in a survey of young entrepreneurs on their preferred company for an internship. In addition, in the ranking of dream companies to work

People management facts and figures in 2015



300 SDV committee meetings held



6 thousand people reviewed by the SDV committee meetings



200 classes trained by the Votorantim Academy of Excellence



1 thousand leaders trained by the Votorantim Academy of Excellence



2 thousand people trained by the Votorantim Academy of Excellence



80% favorability rating in the organizational climate survey for the holding company



20 thousand candidates applied for the Votorantim trainee program



11 municipalities participated in the Ambassadors Program



12 presentations made at public and private universities

for, Votorantim rose from 41st place in 2014 to 11th place in 2015.

Other practices implemented by the holding company during the year were the organization of workshops on Individual Development Plans (IDP), and the start up of a program for providing scholarships for language and university extension courses. In recent years, the return on the initiatives

executed with the engagement of employees in the work groups reflected positively on the results of the organizational climate survey held by the holding company. With the participation of 98% of its employees, the company achieved an 80% favorability rating, placing it among the top ranked companies, according to the Hay Group consulting company. ▼

Co-construction

The Votorantim Development System (SDV) is the platform that orients the actions of the holding company and the investee companies in the area of human resources. It establishes the priorities and processes for the managing and professional development of people for the whole company. In 2015, the SDV has evolved into a more collaborative model by broadening the discussions on each company's best practices and by promoting the exchange of experiences between the Human and Organizational Development teams. As a result, processes were strengthened and improved, constructed and adapted with the participation of all involved, in order to meet the requirements of each company. In practical terms, a number of initiatives were implemented or maintained. The respective facts and figures are shown in the table on this page.

Votorantim Development System

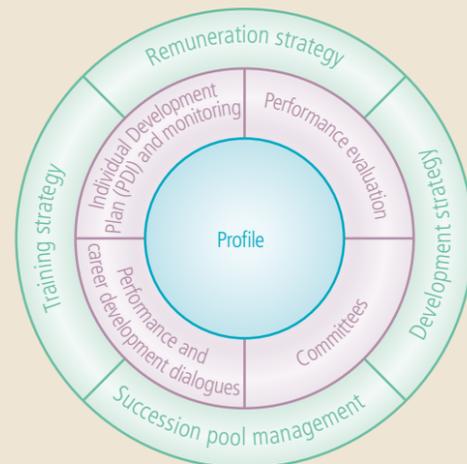
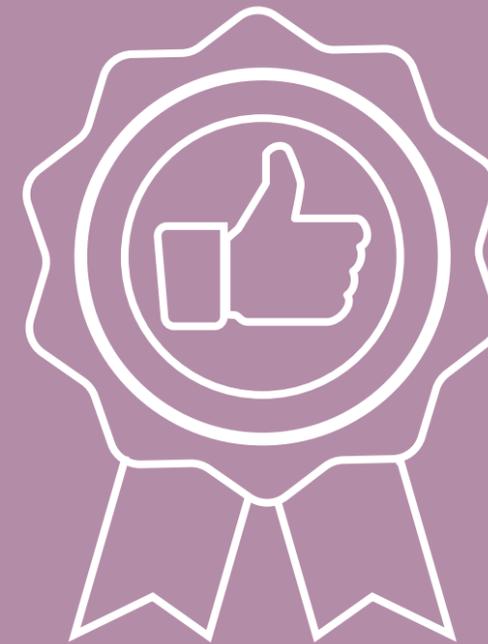


IMAGE AND REPUTATION



“

It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently.

”

Warren Buffett, American investor and philanthropist and the main shareholder, Chairman of the Board and CEO of Berkshire Hathaway.

On the agenda

The stress test applied to the risk management system and the compliance and anti-corruption program reinforced Votorantim's corporate governance

As a result of Votorantim's new corporate governance structure, the companies strengthened their risk management capabilities either by setting up new areas or reinforcing existing structures. Over the past two years, they have implemented new processes and absorbed responsibilities that were previously carried out by the holding company. Furthermore they have broadened their agendas to include the discussion of trends and strategic issues for their businesses. In general, risk management and compliance have become more important topics on the agendas of the companies' main decision-making bodies and part of day-to-day activities. These and other important initiatives contributed to the evolution of these topics in 2015.

The holding company's area for Governance, Risk Management and Compliance (GRC) helped to orient the management of the companies, in a collaborative and purposeful manner. This activity intensified with the meetings of the Risk Work Group, which brought together the most senior people from the companies' risk management areas, and representatives of Votorantim S.A. The agenda included discussions on trends, exchange of experiences and common approaches for all the companies, based on the main points expected of risk management in Votorantim, namely: the sponsorship of this topic by senior

The nine guidelines for anti-corruption compliance

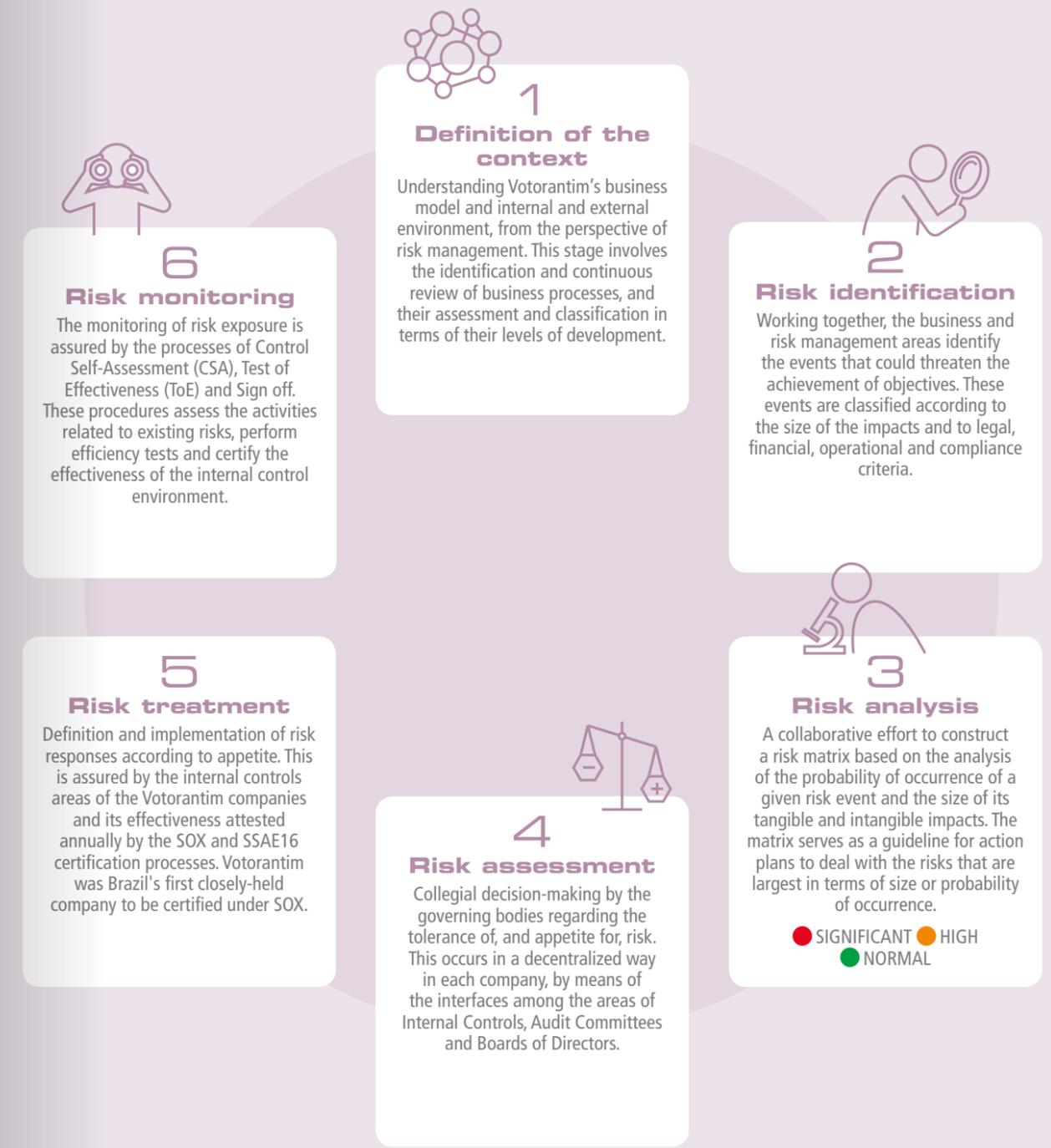
- 1 Establish a structured program covering all the aspects required by Decree 8,420;
- 2 Communicate the program in plain language, including the plants;
- 3 Make information on the program available on the intranet including the support and e-learning content;
- 4 Carry out a Risk Assessment to identify the types of corruption to which the company is exposed;
- 5 Map and document the interfaces with public entities;
- 6 Ensure the independence of the compliance area;
- 7 Adjust processes and controls to mitigate risks;
- 8 Prepare a report on the program for the Audit Committee;
- 9 Present the program's status to the Board of Directors.

management and its incorporation in the main decision-making forums, the Audit Committee as the main driving force in the risk management process, quantification of risks and regular reporting and accountability.

During the year, this process evolved in different ways in each company, according to its specific characteristics and degree of experience in the area. This implies that the same basic management model must be adjusted according to the specific needs of the companies. Their different business characteristics must be respected, since some are still in the process of setting up an auditing area, such as Votorantim Energia, or starting to structure a risk management area, such as Citrosuco. Others have progressed on important points, such as the identification and quantification of risks, management and monitoring, and reporting and decision-making, among other topics. This is the case of Votorantim Cimentos, which is already working with scenario analysis and stress testing.

Votorantim's aspirations in relation to risk management in the companies also pose some challenges that need to be worked on, starting with the activities of the internal areas and teams. In 2015, the definition of work plans for each business helped to support this activity and contributed to the evolution of the topic on their lists of priorities. In 2016, each business will make a self-assess-

Votorantim risk management model



The whole process is then subjected to an external audit. The certification under SSAE16 (Statement on Standards for Attestation Engagements No. 16) is carried out by PwC and the general process of internal controls by KPMG

* Flowchart based on the ISO 31000 standard

Inherent business risks

Areas that the companies need to be familiar with, test, and take action to minimize the risks of corruption that are inherent to Votorantim's businesses.

-  Port operations
-  Licenses and permits
-  Third-party activities with the public sector
-  Gifts, entertainment and hospitality
-  Projects in higher-risk countries
-  Relations with government at all levels
-  Relations with banks and mixed capital companies
-  Inspections
-  Tenders
-  Donations and sponsorships



ment of its practices and will also be assessed by an independent company, using a globally recognized methodology.

These assessments will cover seven aspects of risk management, as follows: Strategy and Risk Appetite; Governance; Identification and Quantification; Culture; Data and Technology; Management and Monitoring; and Reporting and Decision-making.

Compliance Management

In the area of compliance, Votorantim and its companies also made progress on the subject of anti-corruption measures, by setting up work groups on the Anti-Corruption Compliance Program in all the companies. One of the pillars of the program is the identification of the potential risks related to Votorantim's business activities. This process has been initiated in the holding company and Votoran-

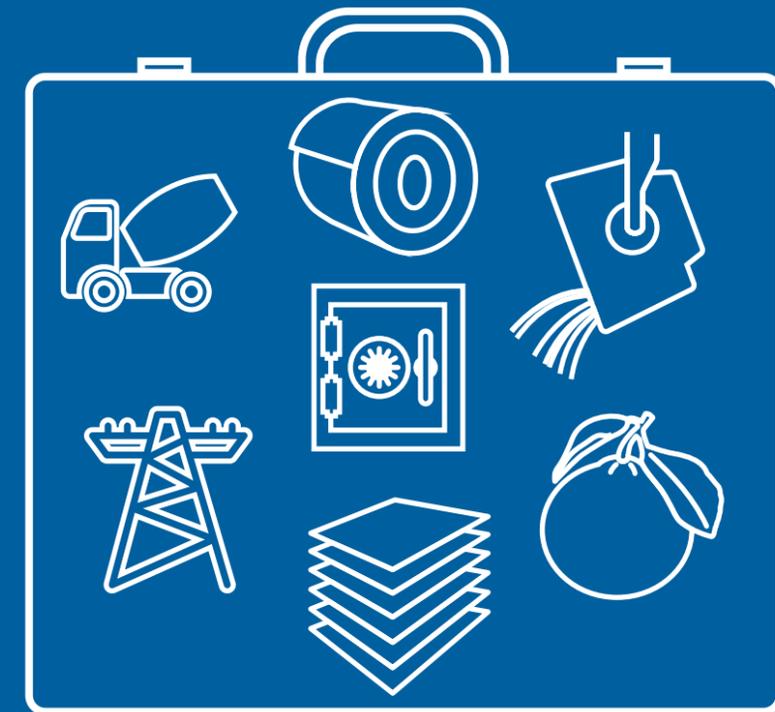
tim Cimentos. The initiative also included a survey of all the interfaces with government entities, based on the Brazilian Anti-Corruption Law mechanisms. Based on the results of the survey, an assessment was made of the critical risks inherent in the relations between employees and representatives of government agencies and authorities, both qualitatively and quantitatively.

This effort involved the Compliance, Legal and Internal Audit areas of the holding company and Votorantim Cimentos, as well as its Audit Committee, in order to define the priorities, controls and processes to be adopted. As well as defining the types of exposure, they recommended practices and mechanisms to combat corruption in every business area. Employees of VC, VM, VE and VS underwent training and they will continue to participate in activities related to the Anti-Corruption Compliance Program on an annual basis. ▼

Presentation by public prosecutors at Votorantim

The public prosecutors, Deltan Dallagnol and Carlos Fernando dos Santos Lima, participated in an event on compliance at Votorantim's head-office in São Paulo. They made a presentation on the topic to shareholders, executives and risk management specialists of the holding company and the companies. The event was attended by about 100 people. In their presentation, they described the main issues regarding the analysis of risks in the relations between business and government, the recent laws on the subject, and best practices in compliance and assessment methods.

INVESTMENT PORTFOLIO



“

The risk of a portfolio of investments is less than the weighted average risk of each asset in the portfolio.

”

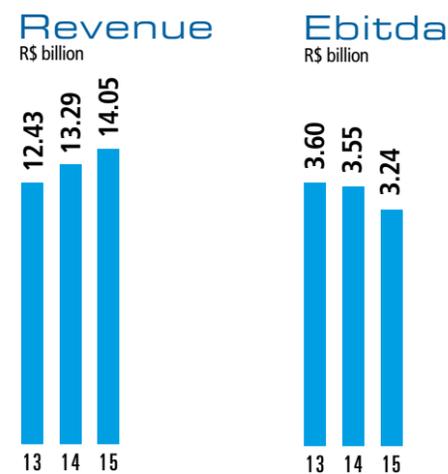
Harry Markowitz, Nobel Prize for Economic Sciences, in 1990



www.vcimentos.com.br

Highlights in 2015

- First Brazilian company to issue securities in the global capital markets in 2015 (€500 million, maturing in 2022).
- Liability management enabled it to extend its debt maturity profile, thus strengthening its liquidity position in anticipation of a deteriorating economic environment in Brazil.
- Implemented a contingency plan focused on the divestment of non-strategic assets, increased operational efficiency and cost reduction.
- Included the theme of innovation in the scope of the Strategy Committee. The name of the committee was changed to the Strategy and Innovation Committee, and a specific governance structure for innovation was established.
- The application of a methodology for evaluating social investments (Social Return on Investment (S-ROI)) at the plant under construction in Primavera, in the state of Pará, demonstrated that every R\$1 invested in social projects generated R\$ 4.54 of value for the company (*for more information see the section on Local Communities on page 34*).
- Created a new business unit, Alternative Fuels and Raw Materials (AFR), to expand the co-processing of materials.
- Obtained Government authorization for the use of alternative fuels in the Bowmanville plant in Ontario, Canada.
- Recorded a significant increase in sales in the United States and Spain, reducing the impact of the economic downturn in Brazil.



The geography of a large business

Votorantim Cimentos has investments in Brazil and abroad in order to position itself in strategic markets

Votorantim Cimentos (VC) is a construction materials company. It is the industry leader in Brazil and the seventh largest company in the world in terms of installed capacity for the production of construction materials, excluding Chinese companies. It is present in all regions of Brazil and in 13 countries abroad. It has a diversified and balanced portfolio, with operations in both developed markets and emerging markets, with high growth potential.

In 2015, the company recorded net revenue of R\$ 14 billion, an increase of 7.0% compared to the previous year. Ebitda decreased by 7.2%, to R\$ 3.2 billion. The results reflected the recessive conditions in the Brazilian economy in 2015 and the impact of lower demand in the industrial sector, especially in the construction segment, with a consequent direct reduction in sales and production volumes.

Due to this scenario, VC took measures to improve operational efficiency and process excellence. It also implemented structural adjustments, including the sale of non-strategic assets, strict cost control, shutdown of less efficient fur-

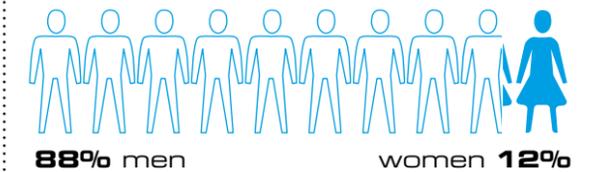
naces, reduction in the workforce and the temporary suspension of operations at its plants in Ribeirão Grande and Cubatão, in Brazil.

Despite the economic crisis and the downturn in industry in Brazil, the company continued to focus on its long-term strategy of geographic expansion and diversification. As a result, it increased the level of investment compared to the previous year, inaugurating a new plant in Edealina, in the state of Goiás. The company also continued to invest in projects to expand production capacity around the world. New plants are under construction in the United States, Turkey and Bolivia. In Brazil, a new plant, located in the municipality of Primavera, in the state of Pará, will start up operations in 2016.

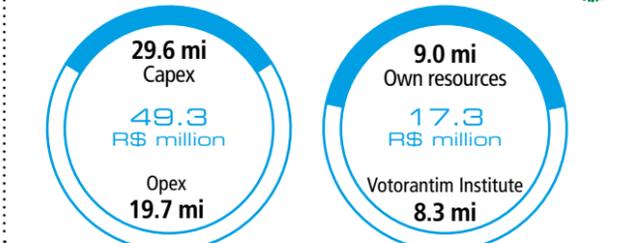
The investments in 2015 totaled R\$ 1.8 billion and represented 80% of the company's Capex in expansion projects during the year. The objective is to strengthen VC's presence in established markets that are showing signs of recovery, such as the United States, as well as expanding its operations in countries with high potential for superior returns, such as Turkey. ▼



Facts and figures



Environmental Management G4 EN31 Social Investments





www.vmetais.com.br

Highlights in 2015

- Acquisition of an additional 10% of the shares of Milpo increased Votorantim's total shareholding to 60% in 2015. In April 2016, the company acquired additional ordinary shares in this Peruvian mining company, increasing its total shareholding to 80.24%.
- Extension of the useful life of the Vazante mine, in the state of Minas Gerais, ensuring the continuity of this operation until 2026. The project will require investments of R\$ 600 million.
- The Ambrosia project is a zinc ore deposit in an area adjacent to the existing Morro Agudo mine. It will ensure the continued use of the unit's processing facilities up until 2029.
- The integration of Milpo's operations in Atacocha and El Porvenir continued to advance.
- The business strategies for the aluminum and polymetallics areas were redesigned.
- The targets for the sustainability material issues were reviewed and the new commitments were included in the strategic plan.
- The leadership development program trained more than 1,500 people. In addition, all senior managers participated in the Mentoring Program as mentors of general managers.
- In relation to social initiatives, the company defined indicators, for each location, for the plans for the development of, and relations with, the local communities. The target is to achieve an efficiency level of 90% in the implementation of these plans, by 2025.

The **boost** from abroad

The competitiveness of VM's zinc operations in Peru have provided a boost to the portfolio and mitigated the effects of the Brazilian economic recession on its results. The company now owns 80% of Milpo's capital.

Votorantim Metais (VM) is the market leader for non-ferrous metals in Brazil. The company has metals and mining activities both in Brazil and abroad, and is composed of two main business areas, Polymetallics (zinc, copper) and Aluminum. In Peru, the company has a controlling shareholding in the mining company, Milpo, and a zinc refinery, in Cajamarquilla. The company's international presence also

includes five zinc metal production plants, of which four are located in the United States and one in China. In Brazil, its operations consist of seven mining and ore processing plants, three metal production plants and a recycling plant.

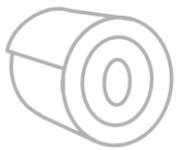
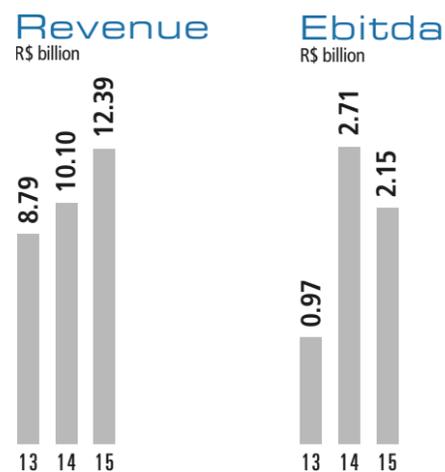
In the aluminum area, the net revenue in 2015 was R\$ 4.5 billion, an increase of 26% compared to the previous year. Ebitda decreased to R\$ 800 million, a margin of 18%. The results reflected the effects of

the company's participation in an electricity auction, which favorably impacted Ebitda by R\$ 1.3 billion, offset by the lower demand in the domestic market, especially in the construction and transport sectors. The higher prices in Reais and the improvements in operational excellence partially mitigated this effect but were insufficient to compensate the 43% decline in Ebitda.

In the polymetallics area, the overall results for the zinc business continued to be boosted by the company's operations in Peru, especially the Cajamarquilla unit, which recorded a 25% increase in revenue in 2015, rising to R\$ 2.6 billion. The consolidated performance for the polymetallics area for the year was benefited by higher metal prices in Reais, due to the effect of the devaluation of the Real against the US dollar more than offsetting the decline in LME

metal prices in the second semester. Net revenue rose to R\$ 6.7 billion, an increase of 22% compared to 2014. Ebitda for the year was R\$ 1.4 billion, a margin of 22%.

In the nickel business the sales volumes were stable but the metal prices on the LME dropped to their lowest level since 2009. The prices in Reais were lower than in 2014, adversely impacting the results. The nickel business recorded net revenue of R\$ 1.1 billion for the year, an increase of 16% compared to the previous year. However, Ebitda was negative in an amount of R\$ 86 million. Because of these adverse market conditions, in January 2016, Votorantim Metais announced the temporary suspension of its nickel operations in Brazil ([for more information see page 17](#)). ▼



Facts and figures

11.606 permanent employees G4 10

91% men women 9% G4 6

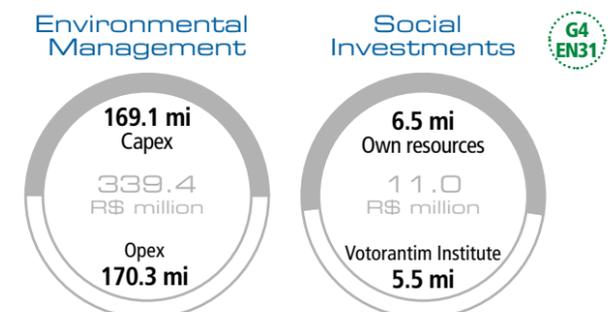
Presence in 7 countries G4 6

21 operating units G4 9

1,015,400 metric tons of zinc content produced
40,290 metric tons of copper produced

1,650,000 metric tons of bauxite ore processed
308,900 metric tons of aluminum production (primary and transformed)

18,500 metric tons of nickel content in concentrate produced
22,700 metric tons of electrolytic nickel produced

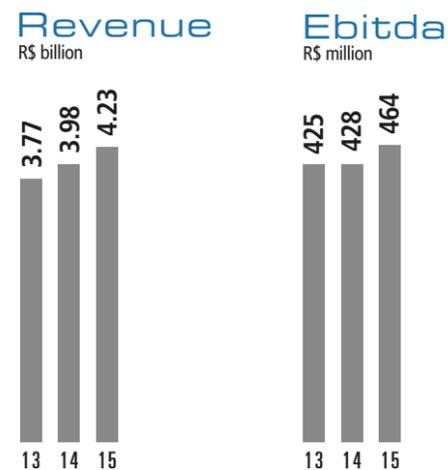




www.vsiderurgia.com.br

Highlights in 2015

- Implementation of the VS+ management model in Argentina and Colombia. This model focuses on operational stability, process efficiency and the continuous search for improvement and cost reduction opportunities.
- The plants in Barra Mansa and Resende, both in the state of Rio de Janeiro, and Sitrel, in the state of Mato Grosso do Sul, implemented the self-managing cell model, thus giving more autonomy to the production lines, reinforcing the company's belief in cultivating a sense of ownership.
- Launch of the Geração (Generation) project. This initiative established a single company-wide program for internships. It offers places to all VS units in Brazil, and also to the young people participating in the Jovens em Ação (Youth in Action) program. The aim is to accelerate the career paths of the company's young talents.
- As a result of an integrated effort among the areas (Water Efficiency Committees), the company's total water consumption was reduced by more than 15%, compared to 2014.
- The Rural Integrated Census, for the area surrounding the company's forestry operations in the state of Minas Gerais, involved the identification of the target population, research studies and the updating of the social and economic data for the region.
- In Colombia, an assessment of the company's social investment approach in relation to the surrounding communities sought to identify opportunities, initiatives and investments of other partners. An action plan will be implemented in 2016.
- Cooperfruta, is being supported by VS through the ReDes (Networks) program. It already produces and sells about 3 metric tons of fruit pulp in the Paracatu region, in the state of Minas Gerais.



Focus on costs

The deterioration of the economic scenario in Brazil and the decline in global steel metal prices adversely affected the long steel sector and led to stricter cost control by Votorantim Siderurgia

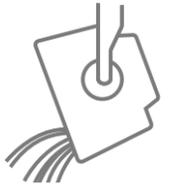
Votorantim Siderurgia (VS) is one of the three largest producers of long steel in Brazil, with a product range focused on the civil and mechanical engineering market segments. The company also has operations in Colombia and Argentina, where it holds controlling shareholdings in the Paz del Río and AcerBrag steel companies respectively. Founded in 2008, it operates in a number of activities in the steel production value chain. These include eucalyptus cultivation for the production of charcoal, production of pig iron and steel, and the cold-rolling of bars and rebar.

In 2015, the total Brazilian crude steel production decreased by 1.9% compared to the previous year, and domestic sales fell by 16%, according to the Brazilian Steel Institute. In 2015, the industry produced 33.2 million metric tons of steel and domestic sales were 18.2 million metric tons. In volume terms, this data demonstrated that the industry had returned to the levels of 2006.

In Argentina and Colombia, price increases contributed to the

recovery of margins and Votorantim Siderurgia's sales volumes were in line with expectations, with a positive impact on revenue and Ebitda. The net revenue for 2015 was R\$ 4.2 billion, an increase of 6% compared to 2014. The Ebitda was R\$ 464 million and the margin rose to 11%, an increase of 8% compared to the previous year.

To respond to the recessive conditions in the Brazilian economy, Votorantim Siderurgia maintained a strong focus on cost control and operational stability, and adjusted the inventory levels at its three production units in Brazil, to reflect the new reality of market demand. In 2015, the company implemented a number of projects, in all areas, to increase competitiveness, focusing on reducing costs and optimizing resources and, as a result, generated savings of over R\$ 50 million. ▼



Facts and figures

- 5.421 permanent employees G4 10
- 88% men women 12%
- Presence in 3 countries G4 6
- 26 operating units G4 9
- 1,853,348 metric tons of steel (billets) produced
- 436,759 m³ of charcoal produced

Environmental Management

15.4 mi Capex
48.4 R\$ million
Opex 33.0 mi

Social Investments G4 EN31

2.4 mi Own resources
3.9 R\$ million
Votorantim Institute 1.5 mi



www.venergia.com.br

Highlights in 2015

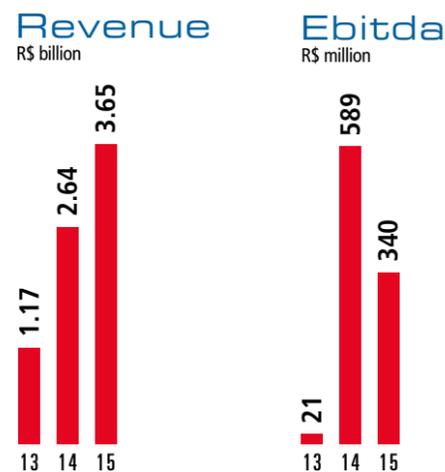
- Investment of R\$ 1.1 billion in seven wind farms in Piauí, with an installed capacity of 206 MW. The energy generated in this complex will only start to be delivered in January 2018, but practically all of the future energy production has already been sold.
- Installed capacity to generate 2,604 MW through large and small hydro-electric plants
- A customer base of more than 100 customers at year-end 2015, consolidating the company's position in both the free and regulated market segments.
- Sale of 93 MW (average) at an auction held in August in the regulated market segment.
- Hired a new CEO, Fabio Zanfelice, who has extensive experience in the sector.
- Established the Audit Committee as an advisory body for the Board of Directors, strengthening the company's corporate governance structure and internal controls.
- Initiated a project to clean up the Paraibuna River, in partnership with the municipal governments and secretariats for health, education and the environment, and the riverbank communities. In total, more than 17 thousand people, of whom 13 thousand were students, participated in the project. Around 70 thousand metric tons of waste was removed from the river, by community and other actions.



Gaining market share

After just over two years of activities, Votorantim Energia is now the third largest energy trading company in Brazil

At year-end 2015, Votorantim Energia (VE) was the third largest energy trading company in Brazil. It specializes in supplying its customers with electricity at competitive prices, as a way of ensuring supply in uncertain scenarios in the sector. The company also operates in electricity generation. It operates 20 company-owned hydro-electric plants, nine others, through consortia, and four small hydro-electric plants. The company's range of services also includes energy management and energy efficiency projects, based on the expertise that it has accumulated in almost a century of experience in the self-generation of electricity for the Votorantim industrial companies.

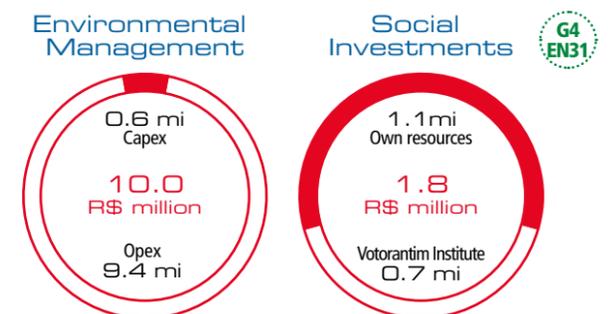


Facts and figures

- 475 permanent employees G4 10
- 83% men, women 17%
- Presence in 8 Brazilian states G4 6
- 20 company-owned hydro-electric plants G4 9
- 9 hydro-electric plants in consortia
- 4 small hydro-electric plants
- 85 % energy self-sufficiency
- 1,747 MW (average) administered in energy contracts
- 15,303 GWh of energy traded

As from 2013, VE began to offer its services to external customers and soon established itself as one of the leading companies in this sector in Brazil. Since then, it has expanded its customer base and, at year-end 2015, it had more than 100 customers of different sizes and in different sectors. Currently, the company operates in both the free and the regulated market segments, under long-term contracts. It has a total electricity generation capacity of 2,604 MW, which will increase by 206 MW following the completion of a project to construct seven wind farms, in the state of Piauí. This project will require investments of over R\$ 1.1 billion in the coming years ([for more information see page 30](#)).

The expansion of Votorantim Energia's activities in recent years was reflected in the company's operating results for 2015. The year was also marked by changes to the company's corporate governance structure, with the incorporation of functions that had previously been the responsibility of the holding company. In June, Fabio Zanfelice was appointed to the position of CEO. The new corporate governance structure and the solid customer base, which has already contracted a substantial part of its energy capacity, ensure that Votorantim Energia is well positioned to achieve its main aspiration to be the market leader in energy trading in Brazil. ▼





Highlights in 2015

- US-dollar-denominated leverage of 1.78, within the company's policy limits for indebtedness and liquidity.
- Received an investment grade rating from Moody's and confirmation of its ratings from S&P and Fitch, all with a stable outlook.
- Launched a dividend policy and distributed a dividend of R\$ 2.1 billion.
- Approved an investment of US\$ 2.2 billion to construct a second production line at the Três Lagoas plant.
- Signed a contract with Klabin for the purchase and sale of short-fiber pulp in the coming years, an innovative transaction for the global pulp market.
- In 2015, the company's Environmental Restoration Program planted more than one million trees, in a variety of species native to the Atlantic Forest and Cerrado biomes.
- Improved in all of the aspects of the Environmental Paper Company Index 2015 (EPCI). This report, published by the WWF, evaluates the performance of pulp companies in terms of aspects such as transparency, responsible use of resources, clean production, and environmental management. The company's general rating increased to 72.7% in 2015, compared to 69.6% in the previous year.
- The company's investments in social projects generated income for more than 7 thousand families. The projects focused mainly on agro-ecological family farming, the multiple uses of forest resources and support for traditional handicrafts and fishing.

Record performance

The largest global producer of short-fiber pulp, Fibria achieved its best operating result since the company was established in 2009

Fibria is the largest global producer of short-fiber pulp. It is present in 246 municipalities in Brazil and exports to more than 37 countries around the world. The company has four pulp production plants in Brazil, one of which is jointly owned with Stora Enso, located in Eunápolis, in the state of Bahia. In total it has a pulp production capacity of 5.2 million metric tons/year. Fibria also owns 856 thousand hectares of planted forests and, in partnership with

Cenibra, operates a port terminal, located in the state of Espírito Santo, which is the only one in Brazil specializing in loading pulp.

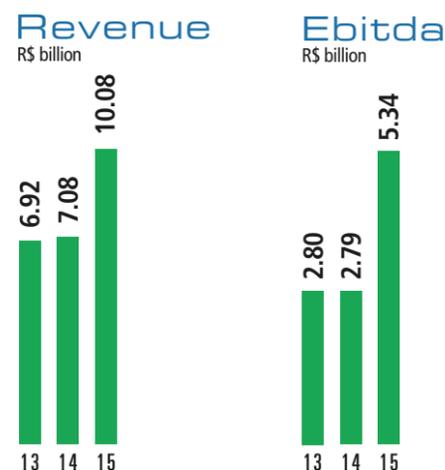
In 2015, the company reported record operating results, with net revenue of over R\$ 10 billion and Ebitda of R\$ 5.34 billion (a 53% margin). The company's US-dollar-denominated leverage at year-end, measured as the ratio of Net Debt/Ebitda, was 1.78, the lowest level since the company's creation. This good performance

was due to the 7% increase in global demand for eucalyptus pulp, increased margins and the devaluation of the Real against the US dollar, which benefited exports from Brazil. Based on these results, Fibria announced a non-recurring dividend distribution to shareholders in the amount of R\$ 2.1 billion.

During the year, the company approved the construction of a second production line at its plant in Três Lagoas, in the state of Mato Grosso do Sul. This was the largest investment by any Brazilian company in 2015, and will require the disbursement of US\$ 2.2 billion in the coming years. The project will expand the current installed capacity by 1.75 million metric tons/year and create approximately 3 thousand new jobs in the region.

Another important milestone

in 2015 was the celebration of a contract to purchase short-fiber pulp from another pulp manufacturer, Klabin, in an innovative transaction for the global pulp market. Under this agreement, Fibria has committed to purchase a minimum of 900 thousand metric tons/year of pulp over a period of six years. The pulp will be produced at Klabin's new plant, located in Ortigueira, in the state of Paraná. Fibria holds the exclusive rights to sell this pulp and the contract provides for the gradual reduction of the volume purchased during the last two years of the six-year term. The transaction is beneficial to both companies, since it combines Fibria's sales expertise and access to international markets with Klabin's recognized industrial competence. ▼



Facts and figures

- 4.005** permanent employees G4 10
- 85% men** and **15% women**
- Presence in **3 countries** and **246 Brazilian municipalities** G4 6
- 15** operating units G4 9
- 5.2 million** metric tons of installed pulp production capacity
- Exports to **37 countries**

Environmental Management

55.2 mi Capex

162.9 R\$ million Opex

107.7 mi

Social Investments

16.4 mi Own resources

27.8 R\$ million Votorantim Institute

11.4 mi

G4 EN31



www.citrosuco.com.br

Highlights in 2015

- Consolidation of the management and corporate governance models
- Construction of the revised mission and vision statements, and the revitalization of the organizational culture
- Improved business risk management and compliance
- Achieved a greening infestation rate of less than 1%, well below the local and global averages.
- Environmental and social investments of around R\$ 12 million.
- Co-generated 77,989 MWh of electricity, equivalent to 31% of industrial demand.
- Reused 2 million cubic meters of water, representing 32% of industrial consumption.
- Renewable energy sources, mainly biomass from sugarcane bagasse, accounted for 58% of the energy consumed.
- Less than 1% of the waste generated was classed as hazardous.



Increasing production

Cost reductions and improvements in efficiency, combined with stable prices and a more competitive R\$/US\$ exchange rate, contributed to the company's good performance in the 2014-2015 Season

Citrosuco is one of the largest global producers of orange juice and operates at all stages of the value chain, from the cultivation of tree seedlings and orange groves to the final distribution of its products to customers abroad. The company's annual processing volume accounts for about 40% of total Brazilian production,

which is equivalent to about 20% of the global demand for orange juice, in its various forms.

At the global level, the industry recorded a decline in product supply, impacted once again by the greening infestation in the orange groves in Florida, in the United States, and the weak conditions in the global macroeconomic scenario. The total

orange production in the Brazilian citrus belt was 311.4 million boxes (of 40.8 kg) in the season, an increase of 9.3% compared to the previous season, according to the National Association of Citrus Exporters (CitrusBR). The production of orange juice in the season rose to a level of 1.1 million metric tons.

In this favorable scenario, Citrosuco's Ebitda rose to US\$ 183 million, an increase of 69% compared to the 2013-2014 Season. The company recorded net revenue of

US\$ 1.2 billion, a decrease of 3.7%. The company's leverage, measured by the Net Debt/Ebitda ratio, decreased significantly to 1.1 the lowest level since July 2012.

This performance reflected the improvements in the parameters for the quality and yield of the fruit harvested, as well as the devaluation of the Real against the US dollar, which contributed to increasing the margins of Brazilian exporters. ▼



Facts and figures

5.656 empregados fixos G4 10

73% men women 27%

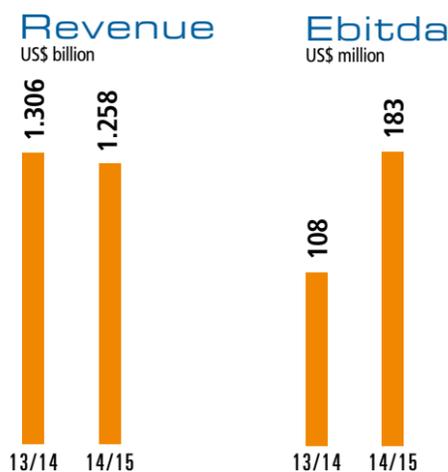
Presence in 7 countries G4 6

47 operating units (4 processing plants, 29 farms, 3 storage operations, 7 port terminals and 4 sales offices) G4 9

7,121 Seasonal employees

Exports to more than 100 countries

5 ships and 111 tanker-trucks dedicated to the transport of orange juice



G4 7

Environmental Management



Social Investments



G4 EN31



www.bancovotorantim.com.br

Highlights in 2015

- ▶ Robust net profit of R\$ 482 million, reflecting its commitment to an agenda of increasing results.
- ▶ Increase in the Basel capital adequacy ratio compared to 2014, to 15.2%, considerably above the minimum established by the Central Bank.
- ▶ Increase in the loan loss reserve coverage ratio in 2015, from 134% in 2014, as a result of increased provisions and a reduced level of overdue loans.
- ▶ Consistent level of revenue generation from services and insurance, aligned to a conservative approach to credit approvals.
- ▶ Implementation of a Sustainability and Social Responsibility Policy. This policy provides guidelines for the behavior of all the Votorantim financial companies.
- ▶ Improvement of social and environmental risk management. A materiality matrix was constructed and the material issues were incorporated in an expanded and strengthened risk analysis process for customers and suppliers. The process now includes the prior evaluation of the potential social and environmental impacts of new financial products and services.
- ▶ Organized consultations with a panel of experts to identify stakeholder expectations in relation to the bank's sustainability performance.
- ▶ Provided R\$ 21.9 million of financial support for 35 social projects, in a number of different areas, with significant results.

Total assets

in billions of Reais



Equity

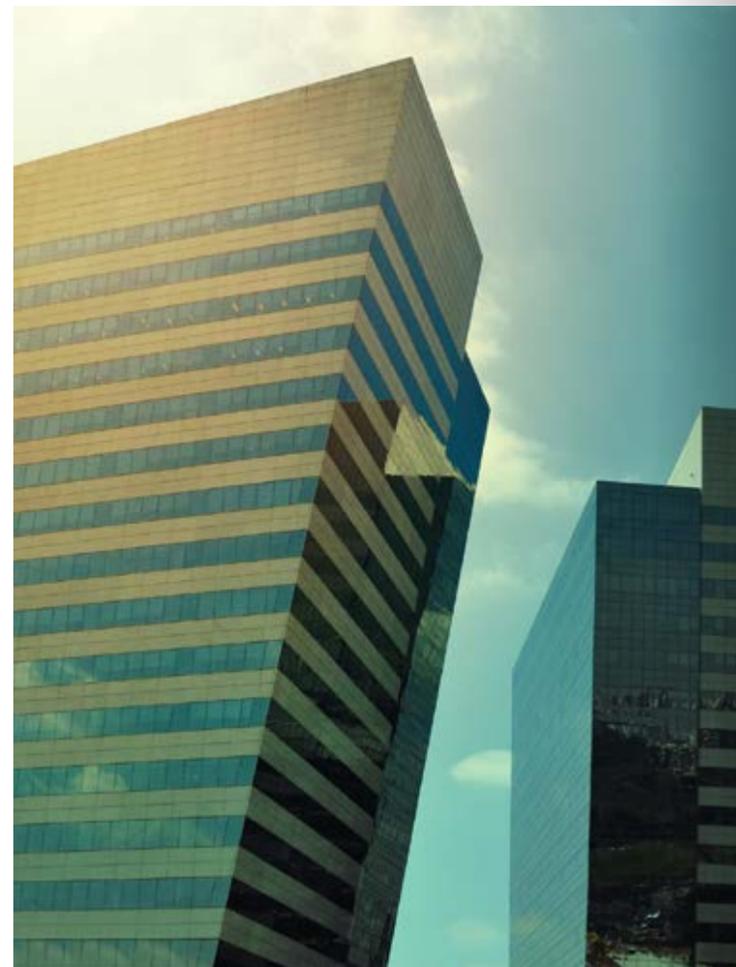
in billions of Reais



Long-term vision and value creation

The consistency of the results achieved in 2015 and an increasingly strong balance sheet have positioned the bank to overcome the challenges of 2016

Banco Votorantim is one of the largest private Brazilian banks in terms of total assets. At year-end 2015, the bank had total assets of R\$ 110.2 billion, and a net worth of R\$ 7.6 billion. Founded in 1988, as a distributor of securities, it began to operate as a closely-held multiple-service bank in 1991.



Currently, it has a diverse portfolio consisting of three main business areas: wholesale banking (large corporate and investment banking); wealth management (asset management, private bank, and real estate projects); and retail banking (consumer finance).

Operations are conducted through the bank and other controlled institutions, including BV Financeira, BV Leasing, Votorantim Corretora, and Votorantim Asset Management. The latter was ranked as the 9th largest asset manager in Brazil by Anbima.

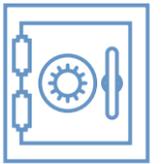
To support its operations and provide strategic geographic coverage, Banco Votorantim has its head-office in São Paulo, ten wholesale banking service points, a subsidiary and branch in Nassau (Bahamas), and brokerage companies in New York and London. In the area of asset management, the bank has expanded its partnership with Banco do Brasil in relation to the structuring, management, administration and distribution of investment funds.

In the retail area, through BV Financeira, the controlled company responsible for consumer financing business, the focus is on the used vehicle sector and associated business, such as credit cards, insurance brokerage, and payroll financing. It operates mainly through an extensive network of third-party distributors, consisting of more than 13 thousand vehicle dealers across the country and approximately 1,800 correspondent banks. It also has a

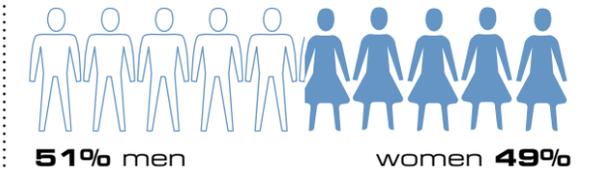
network of 65 sales points in major cities offering consumer credit.

Banco Votorantim's successful track record over the last 20 years has positioned it as one of the leading banks in Brazil. This growth was driven by its diversified business portfolio and strong ownership profile, composed of Votorantim and Banco do Brasil. Banco do Brasil acquired 50% of the share capital of the bank in 2009.

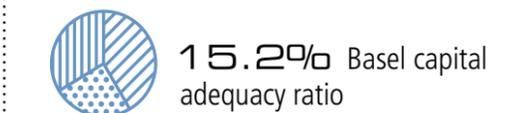
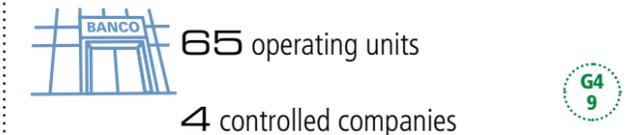
In 2015, Banco Votorantim recorded net revenue of R\$ 482 million and its Basel capital adequacy ratio exceeded 15%, considerably higher than the minimum 11% required by the Central Bank, demonstrating its solid capital base. Despite a challenging credit environment during the year, the institution continued to strengthen its balance sheet, optimize the profitability of new and existing business, increase operational efficiency, and capture synergies with Banco do Brasil, by expanding the partnership in payroll-deductible financing and direct origination. ▼



Facts and figures



* This number includes statutory directors, interns and apprentices



A description of its content

The report provides information on Votorantim S.A. and was prepared based on the principal global standards for financial and non-financial reporting.

This report provides financial and non-financial information on the performance and principal strategies and activities of Votorantim S.A. for 2015. It contains information on the holding company and consolidated information on the seven companies that are part of the Votorantim conglomerate, namely: Votorantim Cimentos, Votorantim Metais, Votorantim Siderurgia,

Votorantim Energia, Citrosuco, Fibria and Votorantim Finanças.

The report refers to the period between January 1st and December 31st, 2015, except for the information regarding Citrosuco, which refers to the 2014/2015 season, which ended in June 2015. The report was prepared based on the core "in accordance" option of the G4 version of the guidelines for sustain-

ability reporting published by the Global Reporting Initiative (GRI), and on the recommendations for integrated reporting published by the International Integrated Reporting Council (IIRC), an international organization created to define a reporting standard for 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 content was defined based on the company's statement of guiding principles, entitled DNA Votorantim, which systematized internal practices and processes, regulated corporate governance principles and established five management pillars, for the holding company and the investee companies. The management pillars address Votorantim's main strategic issues and provide high-level guidelines for conducting business, activities, with due consideration for material financial, social and environmental issues.

The content of the DNA Votorantim and the division of the management pil-

lars also served as guidelines for structuring this report. As a result, it reflects the main themes that orient the company's strategy. The above-mentioned statement reaffirms Votorantim's commitment to sustainability and sets out the principles that guide the internal governance, strategy and initiatives regarding the theme.

The information disclosed in this report has also taken into account the material issues that were identified in 2012, through a process of consultations that involved a number of stakeholders groups, including institutional investors, financial institutions, sustainability experts, the media, NGOs and government agencies. The material issues were cor-

related with the management pillars and practices defined in the DNA Votorantim, to ensure an alignment between the issues important to stakeholders and the company's management approach.

The financial data in the 2015 Votorantim Report has been audited by PwC, the company's external auditors. PwC also carried out a Limited Assurance review of the non-financial data. The report is being made available in Portuguese, English and Spanish. ▼



Sustainability Practices

People – A company is made up of people. They are the ones who carry out the tasks, maintain health and safety standards, and incorporate improvements and innovations in their activities. So we need to ensure the development of employees, keeping them engaged and motivated.

Resources – Our industrial companies are intensive consumers of energy and materials and so highly dependent on renewable and non-renewable natural resources. It is essential that we ensure the ongoing availability and security of these resources, and of the environments in which we operate, in order to continue to produce in the long term. The protection of ecosystem services is critical to ensuring long-term business continuity.

Assets – Our assets are the foundations of our business. From the conception of the project to decommissioning, we need to assess the risks and identify state-of-the-art practices in each stage of the process in order to take well-informed management decisions.

Customers – Our customers are the reason for our existence and activities. Our products and services must be designed to meet their needs, both in the short and long terms, especially regarding solutions to challenges related to sustainability issues.

Relations – In order to be able to produce we must also obtain a social license to operate. For this reason we must maintain stable and lasting relations with our principal stakeholder groups (customers, employees, suppliers government, etc.).

...and Management Pillars



FINANCIAL MANAGEMENT



VALUE CREATION



OPERATIONAL EXCELLENCE



PEOPLE AND ORGANIZATION



IMAGE AND REPUTATION

Independent auditor's limited assurance report on information related to sustainability included in the 2015 Votorantim Report

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

Introduction

We were contracted by Votorantim Industrial S.A. ("Company") to present our limited assurance report on the compilation of the information related to sustainability included in the Company's 2015 Votorantim Report for the year ended December 31, 2015.

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 2015 Votorantim Report, 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 auditor's responsibility

Our responsibility is to express a conclusion on the information related to sustainability included in the 2015 Votorantim Report, 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 Brazilian 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 2015, 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 the auditor to believe that information taken as a whole might present significant misstatements. The procedures selected were based on our understanding of the aspects related to the compilation and presentation of the sustainability information included in the 2015 Votorantim Report, 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 served as the basis to prepare the information related to sustainability included in the 2015 Votorantim Report;
- 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 managers responsible for the information of the following companies:
 - Matão (indicators referring to Citrosuco);
 - Corporativo Fibria São Paulo (indicators referring to Fibria);
 - Corporativo Votorantim Energia São Paulo (indicators referring to Votorantim Energia);

- Corporativo Votorantim Metais São Paulo (indicators referring to Votorantim Metais);
- Corporativo Votorantim Siderurgia Resende São Paulo (indicators referring to Votorantim Siderurgia);
- Corporativo Votorantim Cimentos São Paulo and Curitiba (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 following indicators disclosed in the sustainability information included in the 2015 Votorantim Report

- Citrosuco: G4-EC1, G4-EN5, G4-EN18, G4-EN29, G4-EN31, G4-EN32, G4-HR3, G4-LA6, G4-SO5, G4-SO8;
- Fibria: G4-EC1, G4-EN18, G4-EN32, G4-HR3, G4-LA6, G4-SO5;
- Votorantim Energia: G4-EC1, G4-EN13, G4-HR3, G4-LA6, G4-SO5;
- Votorantim Metais: G4-EC1, G4-EN5, G4-EN18, G4-EN29, G4-EN31, G4-EN32, G4-HR3, G4-LA6, G4-LA9, G4-SO5, G4-SO8;
- Votorantim Siderurgia: G4-EC1, G4-EN5, G4-EN18, G4-EN32, G4-HR3, G4-LA6, G4-SO5;
- Votorantim Cimentos: G4-EC1, G4-EN5, G4-EN18, G4-EN29, G4-EN31, G4-HR3, G4-LA6, G4-SO5, G4-SO7, G4-SO8;
- Votorantim Industrial: G4-10, G4-EC1, G4-EN13, G4-EN31, G4-HR3, G4-LA1, G4-LA9, G4-SO5

e) 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 applied in the preparation of the information related to sustainability included in the 2015 Votorantim Report.

We believe that the evidence we 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 sustainability information included in the 2015 Votorantim Report. Consequently, we were not able to obtain reasonable assurance that we were 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 sustainability information included in the 2015 Votorantim Report. Therefore, we do not express an opinion on this information.

Non-financial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods utilized to determine, calculate and estimate this data. Qualitative interpretations of the relevance, materiality, and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not realize any work on the data reported for prior years, nor in relation to future projections and goals.

Conclusion

Based on the procedures performed, described herein, no matter came to our attention that causes us to believe that the sustainability information included in the 2015 Votorantim Report 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 28, 2016

 **PricewaterhouseCoopers**
Contadores Públicos Ltda.
CRC 2SP023.173/O-4

André Pannunzio C. Oliveira
Contador CRC 1SP196603/O-1

GRI INDICATORS



“

All the flowers of all the tomorrows
are in the seeds of today.

”

Chinese Proverb

GRI INDICATORS

GRI Description	Page (s)	External Assurance (p. 68)
1. Strategy and Analysis		
G4-1 Statement from the most senior decision-maker of the organization	6, 7	
2. Organizational Profile		
G4-3 Name of the organization	Votorantim S.A.	1, 7
G4-4 Primary brands, products and/or services	Votorantim Cimentos, Votorantim Metais, Votorantim Siderurgia, Votorantim Energia, Votorantim Finanças, Fibria and Citrosuco	
G4-5 Location of the organization's headquarters	São Paulo, SP, Brazil	8
G4-6 Number and names of countries where the organization operates	8, 9, 17 to 19, 53, 55, 57, 59, 61, 63, 65	
G4-7 Nature of ownership and legal form	Votorantim S.A. is a closely-held, 100% Brazilian-owned organization. It comprises both Votorantim's industrial activities and Votorantim Finance (VFin), the company controlling Banco Votorantim. This list of contents does not include information on Banco Votorantim, unless otherwise indicated. 15, 63	
G4-8 Markets served	10, 16 and 17	
G4-9 Scale of the organization	9, 10, 53, 55, 57, 59, 61, 63, 65	
G4-10 Total number of employees	9, 53, 55, 57, 59, 61, 63, 65	OK
G4-11 Percentage of total employees covered by collective bargaining agreements	71% of our own employees are covered by collective bargaining agreements.	
G4-12 Organization's supply chain	22	
G4-13 Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	11, 33	

GRI Description	Page (s)	External Assurance (p. 68)
3. Commitment to External Initiatives		
G4-14 Whether and how the precautionary approach or principle is addressed by the organization	<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 our products, they are all in accordance with the established legal standards and in line with the best market practices. Product specifications are available on our companies' websites.</p>	
G4-15 Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	<p>The organization has been a signatory of the UN Global Compact, since 2011. This is an United Nations initiative which aims is to mobilize the business community to adopt fundamental values and internationally accepted practices in relation to human rights, labor relations, the environment and the fight against corruption.</p> <p>In 2011 we initiated the Internal Controls Project, and in 2014, Votorantim S.A. was certified under Sarbanes-Oxley (SOX) by our independent auditors.</p>	
G4-16 Memberships of associations (such as industry associations) and national or international advocacy organizations	<p>ANA PAULA DE MEDEIROS CARRACEDO - Vice-President of the Amcham Compliance and Risk Management Committee.</p> <p>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 the São Paulo Federation of Industries (Fiesp).</p> <p>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.</p> <p>JOSÉ ROBERTO ERMÍRIO DE MORAES - Vice-president of the São Paulo Federation of Industries (Fiesp) and a member of its Strategic Development Committee.</p> <p>RAUL CALFAT - Member of the Board of Directors of the Sírío-Libanês Hospital and member of the Advisory Board of IBÁ (class association for forestry, wood products, pulp and paper).</p>	

GRI Description	Page (s)	External Assurance (p. 68)
4. Material Aspects and Boundaries		
G4-17 Entities included in the organization's consolidated financial statements or equivalent documents	14, 66	
G4-18 Process for defining the report content and the Aspect Boundaries	66	
G4-19 Material Aspects identified in the process for defining report content	66	
G4-20 For each material Aspect, report the Aspect Boundary within the organization	66	
G4-21 For each material Aspect, report the Aspect Boundary outside the organization	66	
G4-22 Effect of any restatements of information provided in previous reports	External assurance 11, 14, 68	
G4-23 Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Significant changes in the Scope and Aspect Boundaries are indicated in the comments in the list of contents relating to the indicators associated with each Aspect. 66	
5. Stakeholder Engagement		
G4-24 List of stakeholder groups engaged by the organization	33, 35, 36	
G4-25 Basis for identification and selection of stakeholders with whom to engage	35, 36	
G4-26 Organization's approach to stakeholder engagement	33, 35, 36	
G4-27 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded	66	

GRI Description	Page (s)	External Assurance (p. 68)
6. Report Profile		
G4-28 Reporting period	This report contains information for 2015, with the exception of Citrosuco where the information refers to the 2014/2015 harvest.	66
G4-29 Date of most recent previous report	Year of 2014	
G4-30 Reporting cycle	Annual	
G4-31 Contact point for questions regarding the report or its contents	69	
G4-32 Report the 'in accordance' option the organization has chosen, the GRI Content Index for the chosen option, and the reference to the External Assurance Report	Core option and Limited Assurance Report. 66	
G4-33 Organization's policy and current practice with regard to seeking external assurance for the report	When Votorantim's Board approved the adoption of the GRI guidelines in 2008, 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 was in place.	
6. Corporate Governance		
G4-34 Governance structure of the organization	13, 14, 22	
7. Ethics and Integrity		
G4-56 Organization's values, principles, standards and norms of behavior	11, 21, 24	

ECONOMIC PERFORMANCE

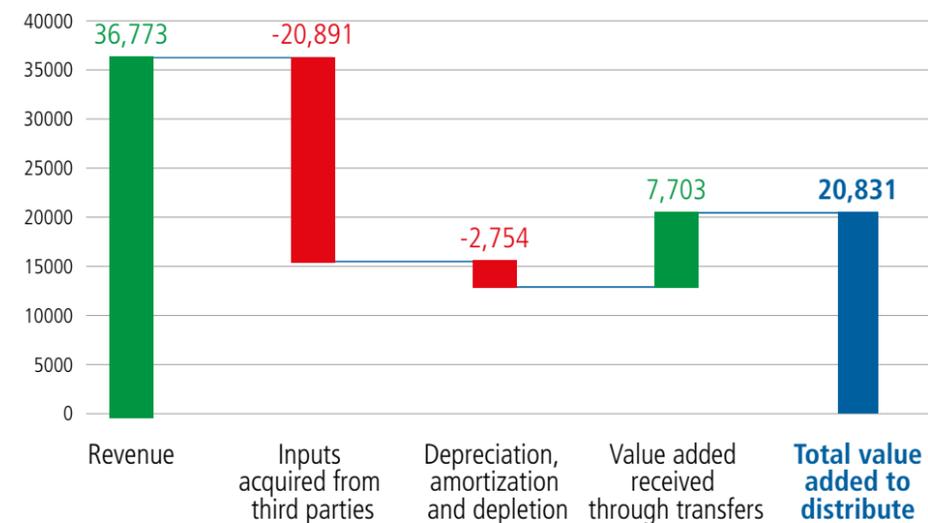
DMA* – ASPECT: ECONOMIC PERFORMANCE

Votorantim S.A. is a closely-held company that adopts the accounting and corporate governance practices of listed companies. The governance structure is overseen by the company's Board which gives overall guidance for the organization's long-term direction and ensures the preservation of its values and management beliefs. The company's policies for investments and debt are managed with the aim of maintaining an investment grade rating. The company's long-term strategic plans are based on information on macro-economic scenarios, and the supply and demand for raw materials and energy. The strategic planning cycle includes the consideration of sustainability material aspects as strategic drivers.

Aspect indicators	Page (Additional data and/or DMA)	External assurance (xx)
EC1 Direct economic value generated and distributed	4, 29 - 32	✓

Direct economic value generated – 2015

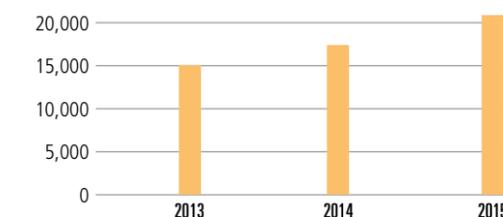
(R\$ million)



* DMA – Disclosure on Management Approach (DMA) – provides narrative information on how an organization identifies, analyses, and responds to its actual and potential material economic, environmental and social impacts.

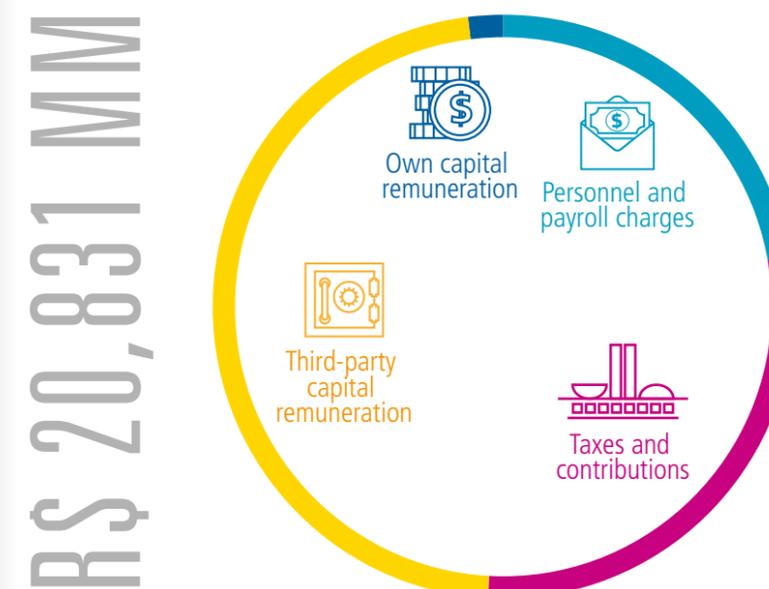
Breakdown of value added (R\$ million)	2013	2014	2015
DIRECT ECONOMIC VALUE GENERATED			
Revenue			
Sales of products and services	30,927	33,192	37,006
Other operating income (expenses), net	-140	1,013	-159
Estimated loss on doubtful accounts	-62	-56	-74
Total revenues	30,725	34,149	36,773
Inputs acquired from third parties			
Cost of goods and services sold	-16,800	-17,605	-20,233
Impairment of assets	-928	-621	-658
Gross value added	12,997	15,923	15,882
Depreciation, amortization and depletion	-2,226	-2,302	-2,754
Net value added generated by the Company	10,771	13,621	13,128
Value added received through transfers			
Equity in the results of investees	-74	258	311
Finance income and foreign exchange gains	4,275	3,464	7,392
Total value added received through transfers	4,201	3,722	7,703
Total value added to distribute	14,972	17,343	20,831

Total value added to distribute (R\$ million)



Breakdown of value added (R\$ million)	2013	2014	2015
Distribution of value added			
Personnel and payroll charges	3,604	4,087	4,644
Direct remuneration	2,202	2,579	2,939
Benefits	421	492	602
Social charges	981	1,016	1,103
Taxes and contributions	5,032	5,600	5,984
Federal	2,878	2,632	2,750
State	2,924	3,085	2,951
Municipal	37	32	25
Deferred taxes	-807	-149	258
Third-party capital remuneration	6,098	5,983	9,821
Finance costs and foreign exchange losses	5,887	5,760	9,404
Rentals	211	223	417
Own capital remuneration	238	1,673	382
Dividends	102	850	159
Non-controlling interests	-195	85	(5)
Reinvested profits	380	742	238
Loss on discontinued operations	-49	-4	-10
Value added distributed	14,972	17,343	20,831
Economic value retained	15,753	16,806	15,942

Value added distributed — 2015



Budgets are made based for the 1st year of the strategic plan, and short and medium-term goals established for all managers. The other employees also have goals which are cascaded down within 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 taxes paid and the amounts distributed to the company's various stakeholder groups.

The strategic plan includes a risk analysis of each risk category, including those related to climate change. Insurance policies are managed and controlled, especially those directly linked to aspects of the manufacturing operations and the supply of raw materials.

Omissions: Indicator not reported by Citrosuco.

Reasons for omission: Confidential information.

Explanation for omission: Confidential information.

Comments:

1. Votorantim S.A.'s information systems do not allow us to breakdown the investments for each community separately, since they are included in operating costs.
2. The data for 2014 has been restated due to changes in accounting policies and disclosures:

Description of the primary products produced		
Company (products)	2014	2015 Units
Votorantim Metais (aluminum, nickel, zinc)	0.9	1.3 Million metric tons
Votorantim Siderurgia (long steel)	1.8	1.7 Million metric tons
Votorantim Cimentos (cement, concrete, mortar, aggregates)	68.0	65.8 Million metric tons
Fibria (pulp)	5.27	5.2 Million metric tons
Votorantim Energia (electricity)	2,840	15,303 GWh

Omissions: 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 company 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 management, the units have energy efficiency programs to optimize the use of inputs, and the technology and development areas study possibilities for new processes and new 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 (Additional data and/or DMA)	External assurance (page 68)
EN5 Energy intensity	23, 31	

Company	Primary Product	2014 Ratio	2015 Ratio	Units	Types of Energy	Scope
Fibria	Pulp	20.67	21.98	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization
Votorantim Cimentos	Cement	2.660	3.41	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization
	Aggregates	0.0301	0.04	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization
	Concrete	0.00003	0.07	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization
Votorantim Metais	Aluminum	16.63	12.30	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization
	Zinc	13.21	12.63	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization
	Nickel	375.50	300.47	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization
Votorantim Siderurgia	Steel (Billet)	2.88	2.87	GJ/metric ton	Renewable/Non-Renewable	Inside/Outside the Organization
	Steel (Rolled Billet)	1.88	1.81	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 when the consumption of raw materials is stable the GHG emissions may vary depending on how the climatic conditions impact the productivity of the farms, and the size and brix level 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 the energy intensity we considered the sales of the primary products in 2015, including: long steel, aluminum, zinc, nickel, pulp, cement, concrete and aggregates
4. The data for zinc and nickel for 2014 was revised and has been restated as a result of an audit process that took place after the publication of the report for that year
5. The data for Steel (Billet) and Steel (Rolled Billet) for 2014 was revised and has been restated due to a change in the form of calculation.
6. The energy intensity rate for Fibria (pulp) was not included in the scope of the external assurance.

DMA - ASPECT: BIODIVERSITY

All the legal requirements for biodiversity issues in the licensing of our operations are managed through a centralized system. In addition, the industrial companies that have 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 analyses and studies of their impacts on biodiversity.

Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)	
EN13 Habitats protected or restored	5, 23, 33	✓	
Total Size of the Area (Km ²)			
Company	2014	2015	Partnerships with third parties to protect or restore this area
Votorantim Siderurgia	1,825	1,542.3	Yes for 280.1 km ²
Fibria	29	184.3	No
Citrosuco	92	134.8	No
Votorantim Metais	419	271.7	No
Votorantim S.A.	310	310	Yes for 310 km ²
TOTAL	2,674	2,443.1	Yes for 590.1 km²

Comments:

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

DMA - ASPECT: EMISSIONS

All the parameters regarding authorizations for the emission of gases and particulate matter comply strictly with the applicable legislation and the numerical values specified in their licensing processes.

Our corporate policy is to seek to maintain or reduce emissions per metric ton of product produced. In accordance with this policy, each company sets specific targets, especially in relation to greenhouse gases.

Aspect indicators				Page (Additional data and/or DMA)	External assurance (page 68)	
EN18	Greenhouse gas (GHG) emissions intensity			23, 31	✓	
Company	Primary Product	2014 Ratio	2015 Ratio	Units	Types of Energy	Gases included
Fibria	Pulp	0.240	0.34	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization
Votorantim Cimentos	Cement	0.653	0.63	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization
	Aggregates	0.0020	0.0018	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization
	Concrete	0.0000217	0.0053	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization
Votorantim Metais	Aluminum	1.14	0.90	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization
	Zinc	0.83	0.77	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization
	Nickel	30.24	23.27	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization
Votorantim Siderurgia	Steel (Billet)	0.970	0.91	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization
	Finished Products	1.017	0.96	ton CO ₂ eq/t	Renewable/Non-Renewable	Inside/Outside the Organization

Comments:

1. Citrusuco 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 when the consumption of raw materials is stable the GHG emissions may vary depending on how the climatic conditions impact the productivity of the farms, and the size and brix level 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. The data for zinc and nickel for 2014 was revised and has been restated as a result of an audit process that took place after the publication of the report for that year

DMA - ASPECT: COMPLIANCE

Votorantim 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 require that fines and other legal processes be quantified and the respective amounts be included in the financial statements, in accordance with the IFRS accounting rules and with the criteria for establishing whether a loss is possible/probable or remote in the case of legal action.

Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)	
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\$ million)	2013	2014	2015
Environmental fines	381	484	539

Monetary value of provision (R\$ million)

Year	Monetary value of provision (R\$ million)
2013	381
2014	484
2015	539

Comments:

1. 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 and its controlled companies are involved.

DMA - ASPECT: OVERALL

The budgets for environmental issues, and the related Capex projects, are decided during the strategic planning process of each 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 Engineering department meetings, in accordance with the Capex Manual.

Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)	
EN31 Total environmental protection expenditures and investments by type	33, 40, 53, 55, 57, 59, 61, 63,	✓	
Environmental investments and expenditures (R\$)	2013	2014	2015
Capex (Investments)	217,773,550.29	275,353,309.91	275,353,309.91
Environmental education.	0	263,223.59	263,223.59
Environmental management	13,435,748.06	8,720,601.77	8,720,601.77
Conservation, reforestation and biodiversity	7,813,079.29	1,676,676.05	1,676,676.05
Environmental protection	57,628,408.65	7,573,605.66	7,573,605.66
Treatment of air emissions	45,916,880.03	68,595,146.46	68,595,146.46
Waste treatment	12,174,795.34	96,880,820.93	96,880,820.93
Effluent treatment	35,564,307.08	67,998,524.55	67,998,524.55
HOD - Environmental Area	447,384.00	95,913.39	95,913.39
Decommissioning/remediation of contaminated areas (soil and water)	7,009,872.36	2,069,563.93	2,069,563.93
Environmental insurance	0	0	0
Other environmental expenses	37,783,075.48	21,479,233.58	21,479,233.58

Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)	
EN31 Total environmental protection expenditures and investments by type	33, 40, 53, 55, 57, 59, 61, 63,	✓	
Environmental investments and expenditures (R\$)	2013	2014	2015
Opex (Expenses)	330,124,657	345,210,776.34	353,082,230.44
Environmental education	1,818,623.54	1,515,954.65	899,404.63
Environmental management	44,867,098.50	40,051,008.71	26,350,477.82
Conservation, reforestation and biodiversity	30,359,849.57	54,468,443.68	49,192,056.07
Environmental protection	33,452,085.87	9,123,675.25	7,450,068.17
Treatment of air emissions	36,643,914.08	84,877,528.83	71,883,762.90
Waste treatment	114,665,096.05	70,937,859.76	102,880,61.39
Effluent treatment	35,282,090.88	50,017,942.58	63,204,424.66
HOD - Environmental Area	12,902,500.02	13,428,302.97	12,624,653.07
Decommissioning/remediation of contaminated areas (soil and water)	7,544,406.53	9,516,287.49	12,470,162.78
Environmental insurance	173,763.02	61,007.00	119,364.00
Other environmental expenses	12,415,228.79	11,212,765.40	6,007,241.95
Total	626,636,087	562,984,326.62	628,435,540.35
Environmental education	2,273,585.36	1,515,954.65	1,162,628.22
Environmental management	58,710,344.81	53,486,756.77	35,071,079.58
Conservation, reforestation and biodiversity	37,267,402.87	62,281,522.97	50,868,732.12
Environmental protection	86,171,186.26	66,752,083.91	15,023,673.83
Treatment of air emissions	78,667,092.00	130,794,408.86	140,478,909.36
Waste treatment	221,980,993.32	83,112,655.10	199,761,435.32
Effluent treatment	82,527,870.49	85,582,249.66	131,202,949.21
HOD - Environmental Area	13,782,925.19	13,875,686.97	12,720,566.46
Decommissioning/remediation of contaminated areas (soil and water)	11,990,289.65	16,526,159.85	14,539,726.71
Environmental insurance	173,763.02	61,007.00	119,364.00
Other environmental expenses	33,090,634.18	48,995,840.88	27,486,475.53

Comments:

- The data for 2014 was revised and has been restated as a result of an audit process that took place after the publication of the report for that year.

DMA- ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT

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

Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)
EN32 Percentage of new suppliers that were screened using environmental criteria	22	✓

Number of new suppliers that were screened using environmental criteria	2013	2014	2015
Total number of new suppliers	3,131	3,222	5,245
Total number of new suppliers that were screened using environmental criteria	994	1,043	790
Percentage of new suppliers screened	31.75%	32.37%	15.1%

New suppliers screened — 2015



Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)
EN33 Significant actual and potential negative environmental impacts in the supply chain and actions taken		

Description	2014	2015
Total number of suppliers	83,184	140,769
Number of suppliers subjected to environmental impact assessments	1,164	4,653
Percentage of suppliers subjected to environmental impact assessments	1.4%	3.3%

Suppliers subjected to environmental impact assessments— 2015



SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

DMA - ASPECT: EMPLOYMENT

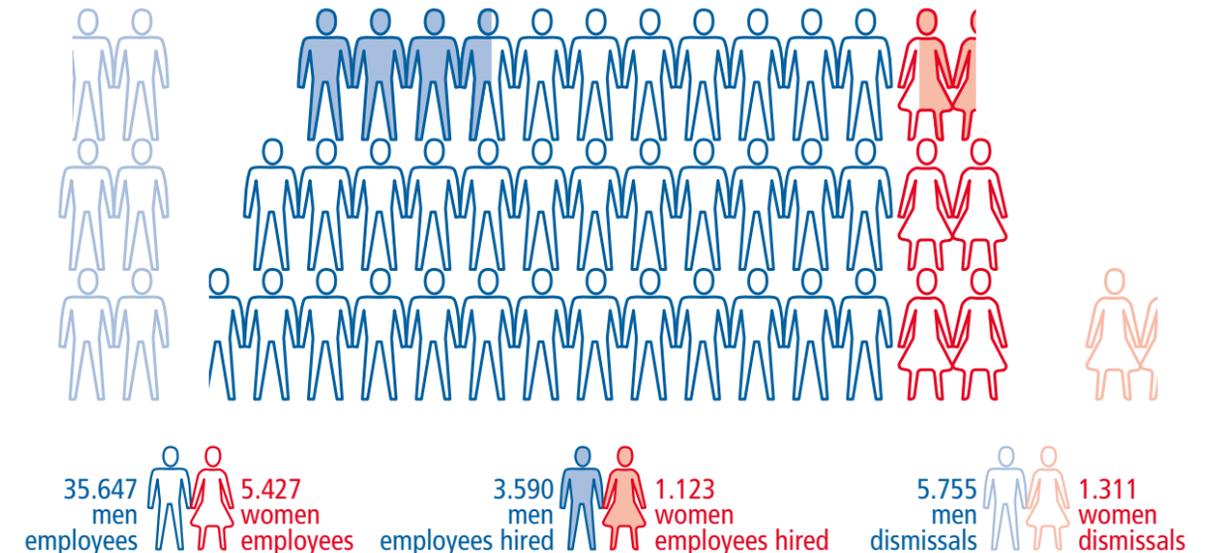
We believe that a positive working environment is a competitive advantage and contributes to Votorantim’s ability to retain and attract talent. In this spirit, we seek to understand the needs of our employees in order, together, to build a motivating work environment, which attributes responsibilities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

Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)
LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region		✓

2015	Gender		Age Group*		
	Men	Women	Under 30 years old	Between 30 and 50 years old	Over 50 years old
Employees hired	3,590	1,123	2,293	2,216	204
Employees	35,647	5,427	8,952	25,472	6,650
Dismissals	5,755	1,311	2,411	3,657	998
Rate of new hires	10.1%	20.7%	25.6%	8.7%	3.1%
Turnover	16.1%	24.2%	26.9%	14.4%	15.0%

Total number and rates of new employee hires and employee turnover — 2015

by Gender
 1.000 persons



Comments:

1. The data does not include interns and apprentices.
2. We do not have information on age groups for the VS Curvelo Unit and the Forestry Units (Bom Sucesso, Riacho, Santa Cecília and Santa Rita)

DMA - ASPECT: OCCUPATIONAL HEALTH AND SAFETY

Votorantim considers the preservation of the health and physical integrity of its employees and partners to be priority and strategic issues. In this regard, the Health and Safety Thematic Team developed a management system, for use by all our companies, based on the following four pillars: (i) leadership and responsibility; (ii) systems; (iii) behavior and performance; (iv) synergy and knowledge.

Some important initiatives in 2015 are worthy on note, as follows: the Alert Movement ("Movimento Alerta") - a safety communication tool which has been implemented in all the Votorantim companies and aimed at reducing accidents in the workplace through campaigns and training workshops; and the School of Health and Safety, at the Votorantim Academy, which runs courses that reinforce the concepts and practices of health and safety management among managers and employees.

Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)
LA6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender		✓

Own employees and permanent third-party workers						
Occupational health and safety indicators	2013		2014		2015	
	Abroad	Brazil	Abroad	Brazil	Abroad	Brazil
Fatalities	5	3	4	10	0	1
Man-hours worked	163,156,670	38,798,927	40,359,327	150,588,175	44,140,004	124,779,042
(own and third-party)	163,156,670	38,798,927	40,359,327	150,588,175	44,140,004	124,779,042
Total no. of injuries (Level 1)	1,131	313	179	864	289	756
Total no. of injuries (Levels 2 and 3)	458	182	352	488	245	312
Total no. of injuries with lost days (Levels 4 to 6)	145	71	59	211	60	100

Own employees and permanent third-party workers						
Occupational health and safety indicators	2013		2014		2015	
	Abroad	Brazil	Abroad	Brazil	Abroad	Brazil
Frequency rate of accidents with and without lost days	3.5246	6.5208	10.16	4.64	6.9098	3.30184
Frequency rate of accidents with lost days	0.9418	1.8299	1.4371	1.4371	1.3593	0.80142
Injury rate (IR)	0.705	1.304	2.0317	0.928	1.38197	0.66037
Occupational disease rate (ODR)	0.127	0.570	0.34	0.298	0.095	0.03045
Lost days rate (LDR)	8.046	26.180	18.33	9.693	18.85	7.94685
Absenteeism rate (AR) (work-related accidents)	121.22	439.17	274	59	255.120	110,11589
Absenteeism rate (AR) (occupational disease)	12.85	76.03	30	12	26.204	0,00000
Absenteeism rate (AR) (non-occupational disease)	3,878.02	4,616.44	1,061	353	946.69	503,75958
Absenteeism rate (AR) (accidents outside work)	157.16	744.65	0.00011	123.1	17.79633	18,64242
TOTAL Absenteeism rate (AR)	3,259.26	5,822.63	0.00222	1,487.7	1,245.81	632,51789

Omissions

- Breakdown by employee category
- Information on non-permanent third parties (including self-employed professionals)

Reasons for omission

Not available

Explanation for omission

Not all of the controlled companies manage this information in Votorantim S.A.'s reporting format.

Comments:

- Citrosuco: There is no management of this information for permanent third-party employees.
- Fibra: Does not include its offices outside Brazil.
- Votorantim S.A.: Includes information for the Curitiba office only.
- Votorantim Metais: Not managed. There is no information on the number of hours lost for fixed third-party employees in the categories of occupational disease, non-occupational disease and accidents outside work. Only two Votorantim Metais units reported on this indicator
- Votorantim Siderurgia: Not managed. There is no information for fixed third-party employees in the categories of absenteeism and occupational diseases.

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 a structured manner, in the development and deployment of our talented people. Our processes and policies for managing and developing people have been fully established 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 support high performance and prepare him/her for future challenges.

Each company develops training plans based on the specific technical and management needs of its operations. Votorantim has a corporate university (Votorantim Academy for Excellence) that focuses on training managers. Courses are provided on leadership development and the preservation of the organization's values and management beliefs.

Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)
LA9 Average hours of training per year, per employee broken down by gender and employee category	5, 46	✓

Período		2013	2014	2015
Categoria funcional	Gênero	Média de horas de treinamento		
President/Director	Women	3.7	26.9	27.3
	Men	10.9	21.0	31.1
Manager	Women	52.0	34.5	43.7
	Men	37.1	44.7	37.8
Coordinator/Consultant	Women	19.3	47.5	31.8
	Men	31.3	42.7	28.1
Technician/Analyst/Supervisor	Women	43.5	60.0	30.6
	Men	43.7	46.0	20.5
Trainee	Women	200.7	90.5	111.1
	Men	189.0	189.0	151.7
Operator	Women	40.1	21.1	19.2
	Men	14.6	14.7	13.7
Intern	Women	14.5	32.1	13.9
	Men	89.5	89.5	13.3
Apprentice	Women	26.6	120.2	71.1
	Men	37.2	37.2	20.8
Average hours of training without considering employee category		2013	2014	2015
VCNA	Total	13.9	-	-
Citrosuco	Total	10.4	17.5	17.2
TOTAL	Total	24.2	63.7	41.2

Comments:

1. Citrosuco: There is no breakdown of training rates by gender.
2. This indicator comprises training conducted by both the Academy of Excellence and the companies themselves.
3. Votorantim Siderurgia: does not include data for the Metalex 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 high 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.

The hiring of new employees by Votorantim is based on skills criteria and there is no distinction between genders, age groups, minorities, ethnic groups, or other factors. Some of the companies have established specific committees to address the topic of diversity seeking to broaden their understanding and expand opportunities.

Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)		
LA12 Composition of governance bodies and breakdown of employees per employee category, gender, age range, minority group membership, and other indicators of diversity	23	✓		
Breakdown of minority groups in the organization	2013	2014	2015	2015
Employees over 50 years old	5,141	2,890	6,651	6,651
Women	5,914	6,200	6,158	6,158
Breakdown of governance body - gender	2013	2014	2015	2015
Men	66	89	92	92
Women	3	5	5	5
Breakdown of governance body - age group	2013	2014	2015	2015
Under 30 years old	0	0	0	0
Between 30 and 50 years old	33	73	38	38
Over 50 years old	36	21	59	59

Breakdown of employees per employee category according to gender and age group						
Employee category	Age group (%)			Length of service (years)	MEN %	WOMEN %
	under 30 years old	Between 30 and 50 years old	over 50 years old			
President/Director	0.0	39.2	60.8	4.5	94.8	5.2
Manager	0.9	73.7	25.4	6.3	85.4	14.6
Coordinator/Consultant	11.4	75.4	13.1	6.8	77.6	22.4
Technician/Analyst/Supervisor	21.6	64.0	14.4	5.9	76.3	23.7
Trainee	100.0	0.0	0.0	0.2	63.3	36.7
Operator	23.3	60.2	16.5	5.9	90.3	9.7
Intern	97.6	2.4	0.0	0.4	48.8	51.2
Apprentice	99.1	0.7	0.1	0.1	57.3	42.7
TOTAL	24.6	59.8	15.6		85.6	14.4



Comments:

1. Does not include employees of Citrosuco's units abroad.
2. Does not include Citrosuco's temporary workers (industrial and harvest workers).

DMA - ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES

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

Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)
LA14 Percentage of new suppliers that were screened using labor practices criteria	22	

Number of new suppliers that were screened using labor practices criteria	2013	2014	2015
Total number of new suppliers	3,131	3,222	5,245
Total number of new suppliers that were screened using labor practices criteria	1,158	2,233	2,832
Percentage of new suppliers screened	36.98%	69.30%	54%

New suppliers screened — 2015



Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)
LA15 Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	22, 24	

Description	2014	2015
Total number of suppliers	83,184	140,769
Number of suppliers subjected to impact assessments regarding labor practices	1,205	11,163
Percentage of suppliers subjected to impact assessments	1.4%	7.9%

Suppliers subjected to impact assessments — 2015



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 may 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 unethical form of conduct or 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 management. These Committees, working 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 (Additional data and/or DMA)	External assurance (page 68)		
HR3 Total number of incidents of discrimination and corrective actions taken	24	✓		
Discrimination incidents	2013	2014	2015	
Harassment and abuse of power	525	34	14	
Other incidents (discrimination)	29	14	16	
Other incidents (discrimination and retaliation)	2	45	43	
Total number of discrimination incidents	556	93	73	
Total number of discrimination incidents	2013	2014	2015	
Complaints received by the Ombudsman	556	93	73	
Incidents considered valid	178	59	54	

Incidents considered valid – 2015



Comments:

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

DMA - ASPECT: CHILD LABOR

The organization does not tolerate child labor. The issues related to this topic 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 (Additional data and/or DMA)			External assurance (page 68)
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	24			
Number of operations and suppliers with a risk of having child labor and/or young workers exposed to hazardous work	2013	2014	2015	
VOTORANTIM S.A. (VC, VM, VS, VE, Citrosuco and Fibria)	0	0	0	

Comments:

1. Citrosuco has been awarded 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

The company does not tolerate forced or compulsory labor. 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 (Additional data and/or DMA)			External assurance (page 68)
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	24			
Number of operations or suppliers with the risk of occurrence of forced or compulsory labor	2013	2014	2015	
VOTORANTIM S.A. (VC, VM, VS, VE, Citrosuco and Fibria)	0	0	0	

Comments:

1. 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 to ensure 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 should they observe violations of the Code.

DMA - ASPECT: ASSESSMENT

In Votorantim S.A., the results of the Internal Audit are submitted in a timely manner to the Audit Committee, and consider the status 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 on the cases received through the complaints channel, with information on their classification and status of response/conclusion. The deadline for responding to the complaints received is one of the targets for measuring the performance of the audit and ombudsman areas.

Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)	
HR9 Total number and percentage of operations that have been subject to human rights reviews or impact assessments	22		
Total number of operations that were subjected to human rights assessments			
Country	2013	2014	2015
Brazil	36	19	32

Comments:

1. In addition to carrying out audits, the company has a Code of Conduct and channels to receive complaints. Any of the parties involved can make a complaint. All incidents are investigated and responses are sent to the complainants.
2. We do not manage this indicator in all of our operations abroad.

DMA - ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT

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

Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)	
HR10 Percentage of new suppliers that were screened using human rights criteria	22		
Number of new suppliers that were screened using human rights criteria			
	2013	2014	2015
Total number of new suppliers	3,120	3,222	5,245
Number of new suppliers that were screened using human rights criteria	411	1,172	2,096
Percentage of new suppliers screened	14.00%	36.37%	40%

Indicadores do aspecto	Página (Dados complementares e/ou DMA)	Asseguração externa (p. 68)
HR11 Significant actual and potential negative human rights impacts in the supply chain and actions taken	24	
Number of new suppliers that were screened using human rights criteria		
	2014	2015
Total number of suppliers	83,184	140,769
Number of suppliers that were subjected to impact assessments using human rights criteria	1,230	11,792
Percentage of new suppliers assessed	0.9%	8.4%

SUB-CATEGORY: SOCIETY

DMA - ASPECT: LOCAL COMMUNITIES

Votorantim considers itself to be a member 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 direct 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 concern themselves with 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 addressed according to the specific situation.

Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)		
S01 Percentage of operations with implemented local community engagement, impact assessments, and development programs	33, 36			
Operations/Units that have implemented community engagement programs and impact and development evaluations in the whole organization		2013	2014	2015
Total number of operations	512	650	728	
Total number of operations with local community engagement	70	72	111	
Percent of operations with local community engagement	13.7%	11.1%	15%	

Operations with local community engagement – 2015



DMA - ASPECT: ANTI-CORRUPTION

In 2015, the company developed an Anti-Corruption Program, which consolidated its commitment to constantly search for best practices, and to encourage the fight against corruption and the resultant adverse political, economic and social impacts. The objective is to communicate the breadth and relevance of the subject to all company employees, ensuring that the program is effective and contributes to the protection and preservation of the value of our businesses.

Votorantim encourages its employees to report any suspicions of illegal actions to the Ombudsman, a complaints channel which has been in place since 2006 and is available to all employees. The Ombudsman provides a channel for reporting complaints confidentially and anonymously. All complaints and reports made through this channel are analyzed and processed, according to internal policies and the applicable legislation.

Votorantim's programs and policies are in constantly evolving, institutionalizing best practices and adapting to new situations.

Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)		
S05 Confirmed incidents of corruption and actions taken	24, 48, 50	✓		
	2013	2014	2015	
Total number of confirmed cases of corruption	175	5	0	
Employees who were punished or dismissed	49	5	0	
Dismissals or non-renewal of contracts with partners	23	4	0	

Comentários:

- The data for 2015 has been reported according to the definition of anti-corruption in the Anti-corruption Law No. 12,846/2013, which punishes companies for acts of corruption involving the public administration..

DMA - ASPECT: PUBLIC POLICY

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

Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)		
S06 Total value of political contributions by country and recipient/beneficiary				
	2013	2014	2015	
Total monetary value of direct and indirect political contributions	None	R\$ 20,080,445	None	

DMA - ASPECT: ANTI-COMPETITIVE BEHAVIOR

Votorantim aims to preserve the continuity and sustainability of its businesses and, for this reason, has established a risk management structure to manage a broad range of risk categories, including: strategic, regulatory, social, environmental, logistical, financial, political, among others. This structure is fundamental for managing the business, for the promotion of value creation opportunities for the company in the short and long terms and for strengthening its reputation. Each company has its own risk management area and reports on its activities through the corporate governance structure. Moreover, a Governance, Risk Management and Compliance area has been established, which participates in the companies' Audit Committees, influencing and strengthening the adoption and uniform application of standard criteria.

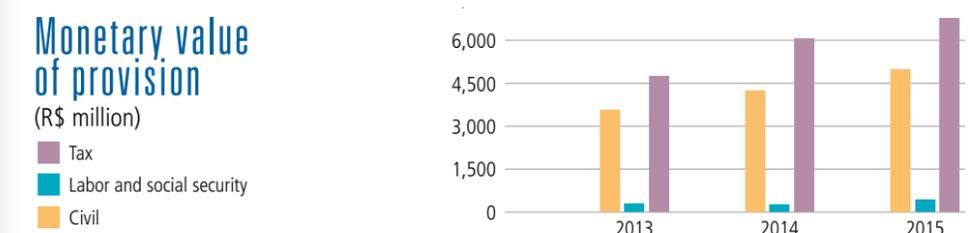
Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)
S07 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes		✓
Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2014	2015
Citrosuco	0	0
Votorantim Energia	0	0
Votorantim Cimentos	0	0
Votorantim Metais	0	0
Votorantim Siderurgia	0	0
Fibria	0	0

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. In addition, 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 (Additional data and/or DMA)	External assurance (page 68)
S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		✓

Monetary value of provision (R\$ million)	2013	2014	2015
Tax	3,564	4,230	4,983
Labor and social security	278	244	429
Civil	4,736	6,067	6,766



Comments:

1. 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 and its controlled companies were involved.

DMA – ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY

We carry out a more rigorous assessment 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 whether or not the supplier will be approved.

Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)
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S09 Percentage of new suppliers that were screened using criteria for impacts on society

Number of new suppliers that were screened using criteria for impacts on society	2013	2014	2015
Total number of new suppliers	3,131	3,222	5,245
Total number of new suppliers that were screened using criteria for impacts on society	1,158	693	795
Percentage of new suppliers screened	36.98%	21.51%	15%

New suppliers screened – 2015



Aspect indicators	Page (Additional data and/or DMA)	External assurance (page 68)
S010 Significant actual and potential negative impacts on society in the supply chain and actions taken	24	
Description	2014	2015
Total number of suppliers	83,184	140,769
Number of suppliers that were screened using criteria for impacts on society	164	3,296
Percentage of suppliers subjected to impact assessments	0.2%	2%

Suppliers subjected to impact assessments – 2015



OTHER COMMITMENTS

CORRELATIONS WITH THE UN GLOBAL COMPACT PRINCIPLES

The UN Global Compact is the world’s most important business initiative focused on sustainability issues. Since 2005, under the auspices of the United Nations, the Global Compact has brought together companies in a global alliance to observe its 10 universal principles related to human rights, labor relations, the environment and the fight against corruption.

The table below demonstrates the correlations between the United Nations Global Compact principles and the Global Reporting Initiative (GRI) indicators which were used as the parameters for the preparation of this report. This table enables the reader to locate the information in the report regarding our actions and initiatives that demonstrate the fulfillment of our commitment to the UN Global Compact.

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

The second table below shows the correlations among the OECD Guidelines for Multinational Enterprises, the table in the GRI Guidelines, and the GRI G4 indicators used as parameters for the preparation of this report.



United Nations Global Compact

UN Global Compact Principles	GRI Indicators in this report
HUMAN RIGHTS	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	HR3 - HR5 - HR6 - HR9 - HR10 - HR11 S01
Principle 2: make sure that they are not complicit in human rights abuses.	HR3 - HR5 - HR6 - HR9 - HR10 - HR11
Labor Standards	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	G4 - 11 LA1 - LA6 - LA9 - LA12 - LA14 - LA15
Principle 4: the elimination of all forms of forced and compulsory labor;	HR6
Principle 5: the effective abolition of child labor; and	HR5
Principle 6: the elimination of discrimination in respect of employment and occupation.	G4 - 10 LA1 - LA6 - LA9 - LA12 - LA14 - LA15 HR3
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	EN5 - EN13 - EN18 - EN29 - EN31 - EN32 - EN33
Principle 8: undertake initiatives to promote greater environmental responsibility; and	EN5 - EN13 - EN18 - EN29 - EN31 - EN32 - EN33
Principle 9: encourage the development and diffusion of environmentally friendly technologies	EN5 - EN13 - EN18 - EN29 - EN31 - EN32 - EN33
Anti - corruption	
Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.	S05 - S06



CORRELATIONS WITH THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES

OECD Guidelines	GRI Indicators in this report
iv. Human rights	HR3 - HR5 - HR6 - HR9 - HR10 - HR11 SO1 - SO9 - SO10
v. Employment and industrial relations	G4-11 EC1 LA1 - LA6 - LA9 - LA12 - LA14 - LA15 HR3 - HR5 - HR6 SO1
vi. Environment	EN5 - EN13 - EN18 - EN29 - EN31 - EN32 - EN33 LA6 LA9 SO1 - SO9 - SO10
vii. Combating bribery, bribe solicitation and extortion	SO5 - SO6 - SO9 - SO10
x. Competition	SO7 - SO8 - SO9 - SO10
xi. Taxation	EC1 SO7 - SO8

Comments:

1. This table includes only those OECD Guidelines that have GRI indicators in this report.

INTEGRATED REPORTING <IR>

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 how Votorantim S.A.'s strategy, governance, performance and future prospects, in the context of its external environment, will enable it to continue to create value in the short, medium and long terms.

We have analyzed how the various forms of capital (financial, manufactured, intellectual, human, social and relationship, and natural) relate to our management pillars. Thus, references to the IIRC capitals can be found in the following chapters:

IIRC Capitals	Chapter
Financial	Financial Management Votorantim S.A. – Time to invest
Manufactured	Value Creation: Favorable Winds Operational Excellence: Environmental gain, financial gain Investment Portfolio
Intellectual	People and Organization Image and Reputation Operational Excellence: The evolution of the centers of excellence
Human	People and Organization
Social and Relationship	Value Creation: What is the return on the social license to operate?
Natural	Value Creation: A challenge for the Legado das Águas Reserve

Credits

General Coordination and Production

Sustainability General Management

MANAGER RESPONSIBLE: David Canassa

COORDINATION: Renata Oliveira

REPORT PRODUCTION TEAM: Angelino Maneskul and Marcia Feitosa Heil Paes

SUPPORT TEAM: Renato Delmanto and Juliana Jardini da Cunha

Report contributors:

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External support team

EDITORIAL CONSULTING, REPORT WRITING AND EDITING: Beto Gomes, Eduardo Lima and Kátia Shimabukuro (MIOLO EDITORIAL)

MANAGEMENT, GRI CONSULTING, CONTENT AND DATA: Melissa Rizzo Battistella (Gaido Consultoria e Conhecimento)
For more information on the GRI indicators please access the PDF version of the report on the Votorantim website.

GRAPHIC DESIGN, LAYOUT AND INFOGRAPHICS: Pierre-Louis A. Ferrandis (Pierre Design Marketing)

ICONS: inspired by <https://thenounproject.com>

AUDITORS OF THE GRI INDICATORS AND FINANCIAL INFORMATION: Pricewaterhouse Coopers (PwC)

Translation

ENGLISH: Richard Wightwick

SPANISH: Sylvia Gómez y Artigas Belhot

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Contact:

Votorantim S.A.

Rua Amauri, 255

Itaim Bibi – São Paulo – SP

CEP 01448-000

Attn: Sustainability General Management

Email: contato@votorantim.com



