

INTEGRATED REPORT 2014

SUMMARY VERSION







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OUR VISION

Our head-office is in Brazil and we have operations in 13 countries in the Americas, Europe, Asia and Africa. We speak many languages, with many accents but we are united in a single voice, a single team, with a common objective: to be a construction materials company that is committed to customer success through excellence.

OUR VISION

Customer Focus

- We drive our decisions based on customer needs
- We develop innovative products & solutions in partnership with our customers
- We have all areas of the company focused on improving customer service

Empowered People

- We value and recognize leaders who lead through others – creating strong, diverse and engaged teams
- We want people who have the autonomy to take action and use the Integrated Management System (IMS) to leverage performance
- We work together to develop creative solutions and make things happen

Best in Class Operations

- We constantly monitor our performance and are obsessed with continuous improvement
- We make decisions quickly and intelligently, in a disciplined and consistent manner
- We maximize productivity in all areas

Sustainable Practices

- Safety first!
- We are trustworthy and ethical in our actions according to law and regulations
- We promote eco-efficiency through the use of innovative products, practices and solutions
- We foster local dialogue and relationships with communities to perpetuate the Votorantim legacy

BUSINESS MODEL

RESOURCES

ACTIVITIES

RESULTS

ENVIRONMENTAL

SOCIAL

ECONOMIC

- ⊕ Positive impacts
- ⊖ Negative impacts

PILLARS

RESEARCH AND PLANT CONSTRUCTION

Investment
Labor

GEOLOGICAL RESEARCH
RESEARCH AND DEVELOPMENT (R&D)
MARKET RESEARCH
PLANT CONSTRUCTION

- ⊖ Removal of vegetation
- ⊖ Noise
- ⊕ Social and environmental education
- ⊕ Archaeological and paleontological preservation
- ⊕ Rehabilitation of degraded areas

- ⊖ Overloading of local infrastructure
- ⊕ Generation of employment and income
- ⊕ Modernization of public administration

- ⊕ Generation of taxes related to contracting of services during construction

MINING

Equipment
Labor
Land
Fuel
Electrical Energy

DIGGING
DETONATING
LOADING
CRUSHING
STORING

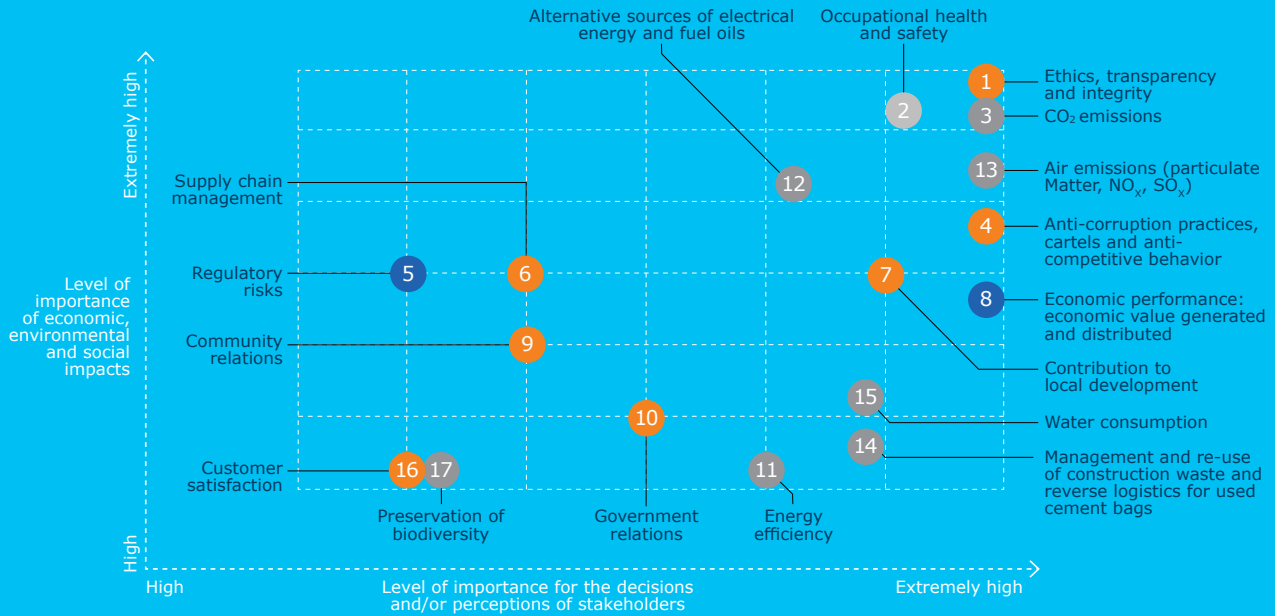
- ⊖ Impacts on the soil, biodiversity and communities
- ⊕ Rehabilitation of degraded areas and biodiversity management
- ⊖ Maintenance waste

- ⊕ Financial compensation for mineral exploration (CFEM)

clay,
limestone
(calcite and dolomite)
aggregates
(sand and gravel)

MATERIALITY

- Financial capital
- Intellectual and manufactured capital
- Human capital
- Social and relationship capital
- Natural capital



INPUTS

Investment

PURCHASE OF materials for maintenance and consumption, coal, other fossil fuels and chemical additives.

⊕ Generation of taxes from the acquisition of products and services.

INDUSTRIAL PROCESS

Equipment, labor, mineral deposits, water, electrical energy, industrial waste from other production processes, by-products such as ash, slag.

GRINDING STORAGE SILOS KILN **MILL MIXER COOLER**

⊕ Use of waste and industrial by-products as alternative sources of energy and raw materials in the production process
 ⊖ Waste, CO₂ emissions, other air emissions, effluents, impacts on the soil
 ⊕ Generation of employment and income

SALES AND LOGISTICS

Investment
Equipment
Fuel
Labor

STORAGE TRANSPORT

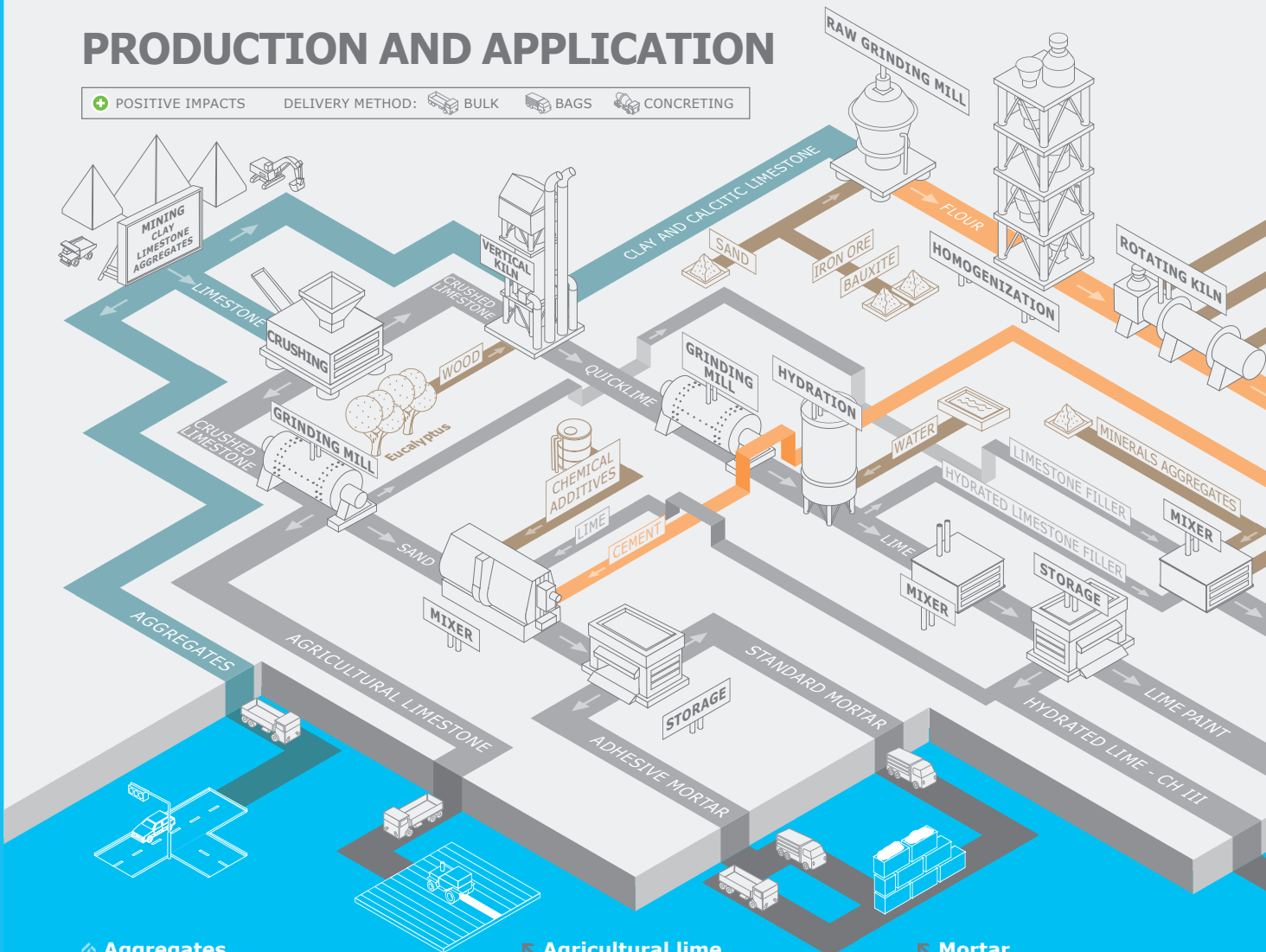
⊖ Noise and CO₂ emissions
 ⊖ Truck traffic
 ⊕ Generation of employment and income
 ⊕ Generation of taxes from the sale of products and services

CUSTOMERS

RESIDENTIAL
COMMERCIAL
INDUSTRIAL
INFRASTRUCTURE
PAVING
AGRIBUSINESS

PRODUCTION AND APPLICATION

+ POSITIVE IMPACTS DELIVERY METHOD: BULK BAGS CONCRETING



↑ Aggregates

Materials used for making concrete and mortar. They are also used in the production of asphalt and for street paving.

↖ Agricultural lime

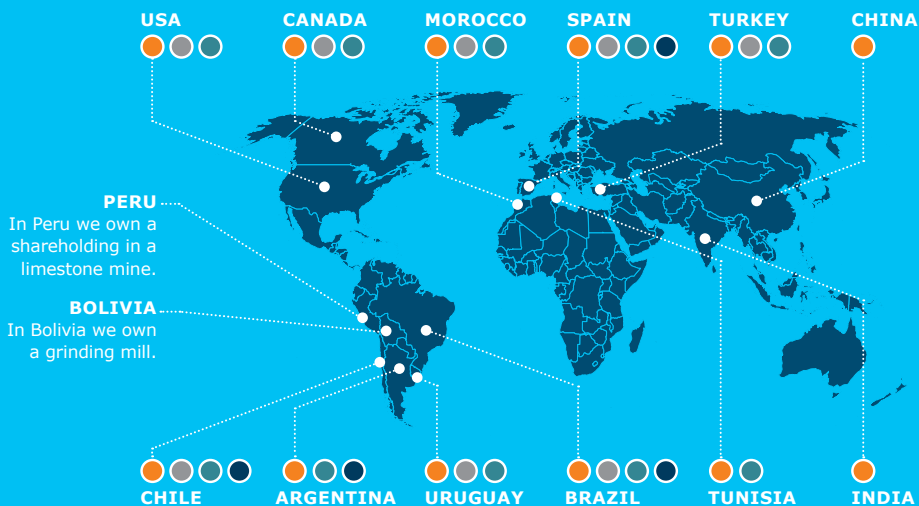
It corrects soil acidity, and is used in agriculture.

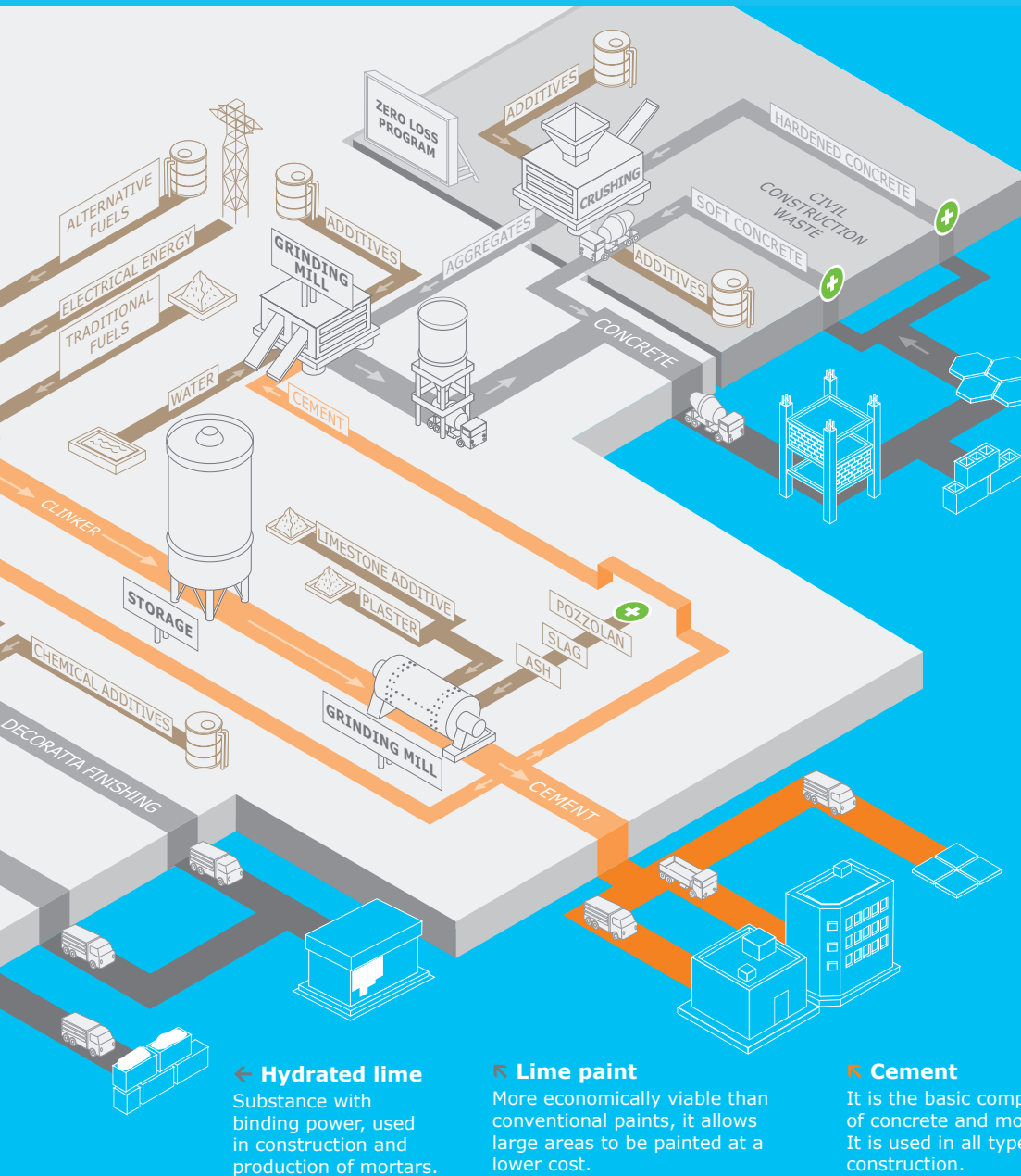
↖ Mortar

It is used principally to lay blocks or bricks and for surface finishing.

GLOBAL PRODUCT RANGE

- Cement
- Concrete
- Aggregates
- Complementary Products (mortar, lime) lime





↳ **Concrete floor**
Concrete and concrete blocks used in paving outdoors.

↳ **Concrete blocks**
They are precast and used to build load-bearing walls.

↳ **Concrete**
Composed of a mixture of cement, sand, aggregates and water, it is the most common construction material.

↳ **White cement**
It is a type of cement and is used in construction in general, for industrial, commercial and residential surfaces and floors.

↳ **Hydrated lime**
Substance with binding power, used in construction and production of mortars.

↳ **Lime paint**
More economically viable than conventional paints, it allows large areas to be painted at a lower cost.

↳ **Cement**
It is the basic component of concrete and mortars. It is used in all types of construction.

OUR SUSTAINABILITY COMMITMENTS FOR 2020

SAFETY

- To ensure the effective adoption of the Global Health and Safety Policy and the Life Saving Rules
- To implement sustainable supply chain standards
- To promote healthy working conditions and zero harms environment for all our employees. To reach zero fatalities LTI* Rate for direct employees of less than 0.4

ETHICS AND COMPLIANCE

- **Ethical Business Practices:** to ensure that all of our operations are carried out in an ethical manner and in conformity with the Votorantim's Code of Conduct

ECO-EFFICIENCY AND INNOVATION

- **Environmental Policies:** to ensure the implementation of our Global Environmental Policy and Green Rules
- **Supply chain standards:** to promote sustainable supply chain standards by way of our business units
- **Sustainable products and services:** to promote the implementation of new sustainable solutions, products, services and innovation – achieve a clinker/cement factor of 72%
- **Non-fossil fuels:** to use 30% non-fossil fuels in our cement plants
- **CO₂ emissions:** to reduce our CO₂ emissions per ton of cement by 25%

compared to 1990 levels

- **Air emissions:** to reduce dust, NO_x and SO₂ emissions per ton of clinker to 65g, 1950g and 750g / ton of clinker, respectively
- **Water and biodiversity:** to prepare and implement water management plans for all units in water-stressed regions. To ensure that all mines have closure plans. To ensure that all units in areas of high biodiversity value prepare and implement biodiversity management plans

COMMUNITY ENGAGEMENT

- To ensure the implementation of a community engagement plan in communities where we operate that have a high degree of social vulnerability

MANAGEMENT LETTER

THE BEGINNING OF A NEW JOURNEY

In 2014 Votorantim went through a period of great change and made considerable advances. In the middle of the changes going on in our production processes and business activities, our management teams around the world paid special attention to the issues which are key to the company's future. "Our Vision" and strategic drivers were widely communicated and discussed.

In 2014, we experienced a year of substantial positive transformation and positioned ourselves effectively as a company with an increasingly global reach.



We successfully implemented our new governance structure, in line with that for Votorantim Industrial as a whole. Although the new structure is more decentralized, and appropriate to conducting business in an increasingly complex and global market, it ensures that Votorantim's values and corporate identity are preserved.

As a result of the new structure, we established our own Board of Directors. The Board will be responsible for defining and monitoring the company's mission and strategy and monitoring its performance in order to ensure its long-term business continuity based on adequate financial returns and sustainable practices.

This is third report that Votorantim Cimentos has published and distributed to a wide range of stakeholders in the market and society. It provides information on our vision and strategies and our activities and results.

In 2014, we carried out a significant process of internal engagement. Our leadership teams, in the various countries where we operate, were mobilized to build, together, a company that will be even better for our employees, customers and society as a whole. We reviewed our processes, identifying the best practices in the regions where we operate and transforming them into global policies.

This was the year in which we positioned ourselves, effectively, as a

company with an increasingly global reach. With operations in North and South America, Europe, Asia and Africa, we can respond to the growth in cement consumption, both in emerging markets with growth potential, such as Turkey, Tunisia and Bolivia, and mature economies that are recovering, such as the Florida and Great Lakes regions in the United States and Canada.

We ended the year with net revenues of R\$ 12,884 million, an increase of 6.1% compared to the previous year, and a net profit of R\$ 1,141 million. We sold 37.8 million metric tons of cement, 11.2 million cubic meters of concrete, 28.3 million metric tons of aggregates and 1.8 million metric tons of mortar.

These results were achieved by hard work, supported by our strategic drivers of customer focus, empowered employees operational excellence and sustainable practices. We implemented a new sales approach, based on customer segmentation, and improved our cost controls.

We are able to leverage competitive advantages that have been constructed over a long period of time. One of those advantages is geographical diversification. We are present in all the Brazilian regions and in some of the major global markets. This strategy allows us to maximize opportunities for some regions and reduce the negative impact of markets with more moderate growth.

To make the most of these opportunities, the Board held in-depth strategy discussions and, with the support of its Advisory Committees, it was decided to prioritize, for example, investments in the faster-growing markets such as the Northeast and Center-West Regions in Brazil, Bolivia and Turkey, and markets that were recovering, such as the United States.

We moved ahead with our investment plan, which is focused on expanding production capacity, and ended 2014 with a cement capacity of 54.5 million metric tons/year, of which 59% is located in Brazil, our principal market. We will continue to invest, preparing the company for new growth cycles in the various markets in which we operate. We have entered into an agreement to construct a new cement plant in Bolivia and have approved an investment to expand our units in Brazil, Turkey and the United States.

In everything we do, we seek to incorporate sustainability principles and add value to our business and customers. This positioning goes far beyond simple compliance with the legislation. We have developed a number of initiatives, seeking, for example, new energy sources and the rational use of inputs, in a process of continuous improvement to more work more efficiently. And we want to do even more. We always include sustainability considerations in our business decisions and day-to-day activities.

Since 2011, Votorantim Industrial has been a signatory of the United Nations Global Compact principles. Our strategic plan encompasses other voluntary commitments, such as the Cement Sustainability Initiative.

In addition to our internal efforts to disseminate this culture, we have turned our gaze on the communities where we are present. We have adopted measures to minimize the impacts of our activities and maintain genuine and transparent relations with our neighboring communities.

Safety is our highest priority. Despite great advances, we deeply regret the occurrence of three fatalities among our employees and one fatality involving contract staff. In addition, there were seven fatalities of third-parties in our distribution chain. We seek to ensure that our workforce has a safe environment in which to do their jobs. In order to disseminate our Global Health and Safety Policy and “Rules for Life” safety program, we mobilized our employees to participate in the event “Global Safety Day” which from now on will be a permanent fixture in the company’s annual calendar of events.

Even though there is still room for improvement in many areas, we also have achievements to celebrate. One of our most important achievements during the year was obtaining investment grade ratings from the three major rating agencies, Standard & Poor’s, Fitch Ratings and Moody’s. This

will increase and diversify our access to local and international investors.

We have established our goals for 2015 and the years to come. We seek to continue to generate positive results and grow in the regions where we operate even in the challenging situation that lies ahead. We will continue with our current investment plans, and will search for new opportunities to expand our global production capacity. We will also seek to introduce innovations in our range of products and services and continuously improve our sales and marketing approaches.

The opening of the company’s capital is still on the agenda and we are prepared to make the move, waiting only for the right moment in the capital markets.

We will continue working towards realizing our vision, paying special attention to safety and employee development, to ensure that our people are always motivated, focused, and proud to work at Votorantim Cimentos.

We would like to thank all our business partners who have contributed to getting us here and would also reiterate our invitation to go forward together, to create a solid foundation for a future which is increasingly promising for all of us.

Walter Dissinger
CEO of Votorantim Cimentos



PERFORMANCE HIGHLIGHTS FOR 2014

- Annual cement **production capacity** at year-end was 54.5 million metric tons, 0.6 million metric tons higher than 2013, due to the expansion of the Xambioá (TO) plant.
- Net revenues for the year totaled R\$ 12,884 million, an increase of 6.1% compared to 2013.
- **Adjusted EBITDA** was R\$ 3,493 million, practically unchanged (-0.6%) compared to 2013.
- Net profit was R\$ 1,141 million, a reduction of 17.9% compared to 2013, due to increased financial expenses (premium paid for bond repurchase and higher interest rates in Brazil (CDI)) and a lower operational result.
- **Quality Index of Products (IQP)** increased to 95%, an increase of 3% over the previous year.
- Continued to invest in new cement plants, in **Edealina (GO)**, with an annual capacity of 2 million metric tons, and in **Primavera (PA)**, with an annual capacity of 1.2 million metric tons. These plants are scheduled to start up operations in the second semester of 2015.
- In 2014, the Board approved the following investments: (i) a brown-field project to expand the annual capacity of our plant in Turkey by 1.2 million metric tons, as from 2017; (ii) an integrated plant in Sobral (CE) with an annual production capacity of 1 million metric tons, as from 2017; (iii) a grinding mill in Pecém (CE) with an annual capacity of 0.5 million metric tons, as from 2017; and (iv) expansion of the annual capacity of the North American operations by 0.6 million metric tons in Charlevoix, as from 2017. In September 2014 we signed agreements with Cementos Molins (Spain) and COCECA (Bolivia) and initiated the construction of a new cement factory in the region of Yacuces, Bolivia, with an additional annual production capacity of 0.9 million metric tons, and start-up planned for 2016.
- Obtained **investment grade ratings** on a global scale, from the three main rating agencies: Standard & Poor's (BBB, stable outlook), Moody's (Baa3, stable outlook) and Fitch Ratings (BBB, stable outlook).
- Implemented our **global strategic plan** and established an **integrated financial model** that will strengthen the investments being made in the regions, as well as a new **sales approach** in Brazil where the previous product focus has been replaced by a customer focus, enabling us to give our total attention to the needs of each segment and each customer.
- Developed our **Strategic Sustainability Plan** and approved a formal document containing **Our Sustainability Commitments for 2020**.
- Expanded our **Global Health and Safety Policy**.
- Invested **R\$ 67.8 million in environmental projects**.
- Invested **R\$ 16.38 million in long-term social projects and initiatives** (almost 35% more than in 2013), which generated economic and social value for the communities in which we operate.

WHO WE ARE

We are the market leader in cement in Brazil and the eighth largest global producer in terms of installed capacity.

COMPANY AND BUSINESS PROFILE

Votorantim Cimentos (VC) is a company of the Votorantim Group, one of the largest and most traditional Brazilian business organizations. We are an industrial company that produces cement, concrete, aggregates and complementary products such as mortar and lime. Our operations are vertically integrated and we have a diverse and wide range of products and services.

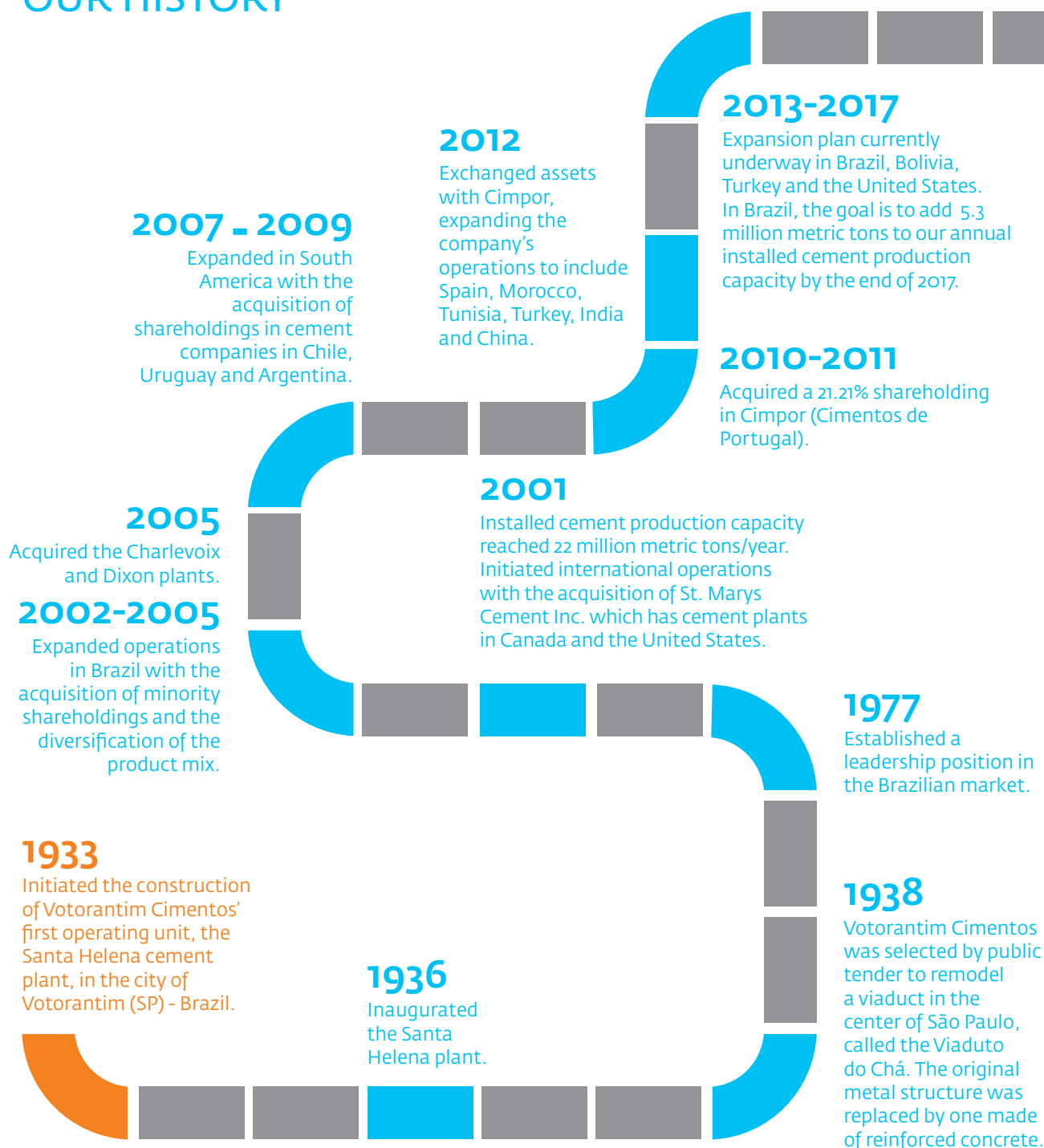
We are a 100% Brazilian-owned company. We started our business activities in 1933 in the city of Votorantim, in the interior of the State of São Paulo, with the initiation of the construction of the Santa Helena cement plant.

We are the market leader in cement in Brazil and the eighth largest global producer in terms of installed capacity, according to data published in the Global Cement Report 2013, and excluding Chinese companies.

In addition to Brazil, we operate in South America, North America, Europe, Asia and Africa, through shareholdings and partnerships. Our head-office is in São Paulo (SP). Our international activities are carried out with the support of two holding companies: Votorantim Cimentos North America (VCNA), in the United States and Canada, and Votorantim Cimentos Europe, Asia and Africa (VCEAA), in Spain, Turkey, Tunisia, Morocco, India and China. In South America, we operate through partnerships with local and/or international companies in Bolivia, Uruguay, Argentina, Chile, and Peru.

At year-end 2014 we had 15,779 employees, including interns and apprentices.

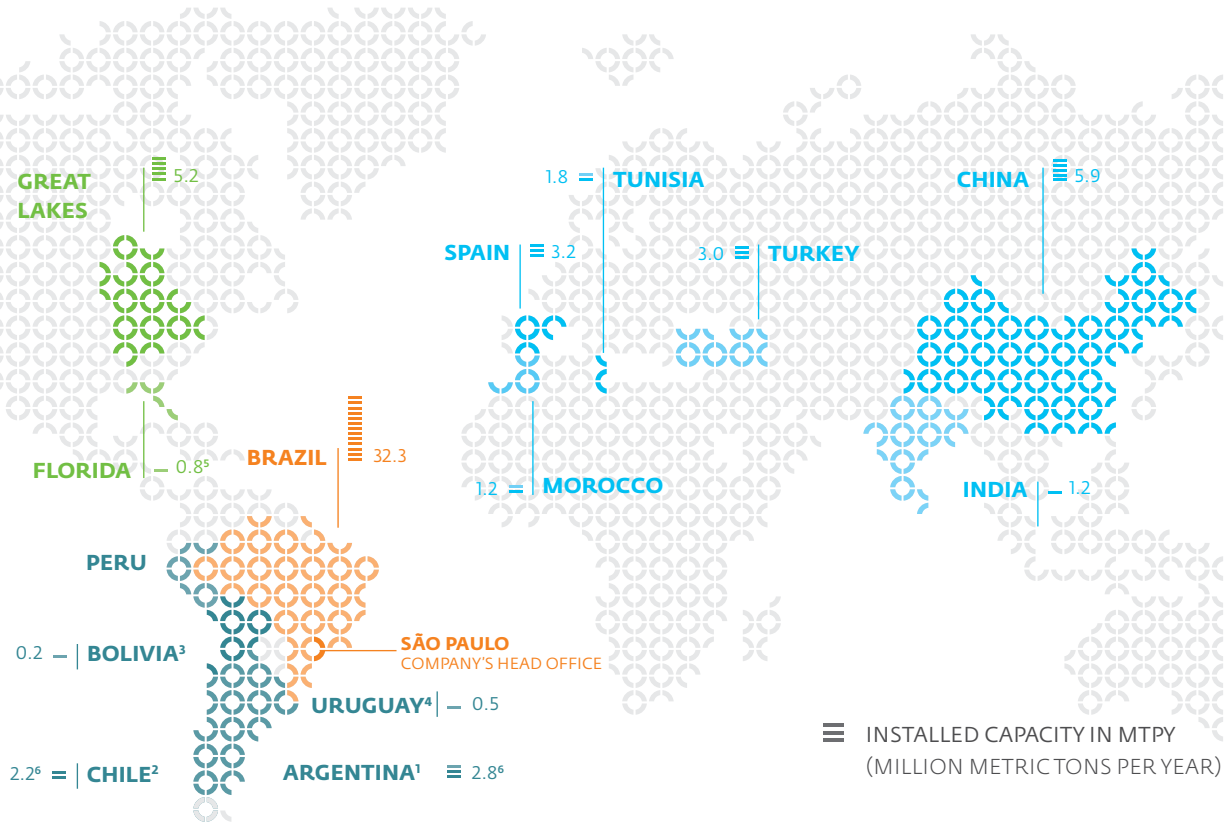
OUR HISTORY



*Acquisition of a 4% shareholding in 2010 and the completion of an asset exchange with Lafarge in 2011 resulted in a total shareholding of 21.21%.

GLOBAL NETWORK

THE DIAGRAM BELOW SHOWS OUR CEMENT PRODUCTION CAPACITY BY COUNTRY OR REGION



VCBR

- 16 CEMENT PLANTS
- 10 GRINDING MILLS
- 103 CONCRETE CENTERS
- 20 AGGREGATES PLANTS
- 8 MORTAR PLANTS
- 1 LIME PLANT
- 45 DISTRIBUTION CENTERS

SOUTH AMERICA⁷

- 5 CEMENT PLANTS
- 3 GRINDING MILLS
- 51 CONCRETE CENTERS
- 18 AGGREGATES PLANTS
- 2 MORTAR PLANTS
- 1 CLINKER PLANT
- 4 LIME PLANTS
- 1 LIMESTONE MINE

VCEAA

- 14 CEMENT PLANTS
- 8 GRINDING MILLS
- 99 CONCRETE CENTERS
- 21 AGGREGATES PLANTS
- 1 MORTAR PLANT

VCNA

- 4 CEMENT PLANTS
- 2 GRINDING MILLS
- 110 CONCRETE CENTERS
- 44 AGGREGATES PLANTS

1 49% shareholding in Avellaneda, Argentina. 2 16.7% shareholding in Bío Bío, Chile. 3 67% shareholding in the Itacamba plant, Bolivia. 4 51% shareholding in Artigas, Uruguay. 5 Includes 100% of annual installed capacity of Suwannee, which was not consolidated in December 2013. 6 Includes 100% of annual installed capacity of Bío Bío and Avellaneda, which were not consolidated in December 2013. 7 Includes minority shareholdings.

VOLUNTARY COMMITMENTS

We are signatories of voluntary global and national pacts and initiatives, such as:

1) United Nations Global Compact (UNGC)

– The UNGC is an United Nations initiative to encourage companies to respect human rights, support decent work, protect the environment and fight corruption.

2) Cement Sustainability Initiative (CSI)

– The CSI is an international cement industry protocol, signed by the 24 largest producers of construction materials in the world, to promote the adoption of best practices in the cement sector.

3) Business Pact – “Na Mão Certa” Project

– By signing this compact the signatories committed to combat the sexual exploitation of children and adolescents on Brazilian highways.

4) SBE-VC-RBMA Technical Cooperation Agreement

– This is a partnership between Votorantim Cimentos, the Brazilian Society for Speleology (SBE), and the Atlantic Forest Biosphere Reserve (RBMA) to develop social and environmental practices that contribute to the protection of caves and the Atlantic Forest biome.

MAJOR HONORS AND AWARDS

In 2014, we received the following major honors and awards:

AWARDS	FOCUS/CATEGORY (S)	COUNTRY
Best and Biggest – Exame Magazine	Construction Industry	Brazil
Best Companies in Brazil – Época 360º Magazine	Construction and Decoration Materials	Brazil
1,000 Largest Companies in Brazil - Valor Newspaper	Largest Company for Construction and Decoration Materials	Brazil
The von Martius Prize for Sustainability - German-Brazilian Chamber of Commerce	Sustainability	Brazil
Sustainable Innovation Award - FINEP	Sustainable Innovation	Brazil
Occupational Health and Safety Performance Award	Cement Industry Employer's Union	Turkey
Ontario Concrete Awards	<ul style="list-style-type: none"> ■ Material Development and Innovation ■ Structural Material Innovation ■ Sustainable Concrete Construction ■ Institutional Building 	Canada
Indiana Mineral and Aggregates Association – Environmental Stewardship Council	<ul style="list-style-type: none"> ■ Safety Excellence Award ■ Excellence in Mining 	United States
National Stone Sand Gravel Association	<ul style="list-style-type: none"> ■ Environmental Excellence Award ■ Safety Excellence Award 	United States
Illinois Association of Aggregate Producers	Rock Solid Safety Award Gold Safety Award	United States
Anamaco Awards - National Association for Building Material Retailers (ANAMACO)	Leadership in the construction sector	Brazil
16ª Edition of Awards for Excellence in the Brazilian Metals and Mining Industry – Brazilian Mining Institute (IBRAM)	Excellence and Innovation	Brazil

VOTORANTIM CIMENTOS IS HERE, THERE AND EVERYWHERE

See the “what” and the “where” of our products

CEMENT

what: it's a material that hardens when water is added and is the basic ingredient of concrete and mortar. It is used in all types of infrastructure from the simplest to the more complex.

where: it is used all types of urban construction, blocks, floors, foundations, roofs, large dams, sanitation systems, roads, buildings, ports, bridges, concrete structures, and even works of art.

PORT

CONCRETE

what: it is composed of a mixture of cement, sand, gravel and water. It is the most used material in civil construction, the second most used material in the world after water and one of the most versatile due to its having applications in many different types of activity.

where: building projects such as houses, residential and industrial buildings, infrastructure projects (subways, roads, dams, bridges) and special construction projects (monuments, historic buildings, museums, churches).

UNDERWATER FOUNDATIONS

SANITATION SYSTEMS

PRE-MOLDED PAVING

MORTAR

what: a mix of materials with binding and hardening properties. It is used mainly to bind together blocks or bricks and for applying finishings to surfaces.

where: used in adhesive materials to lay and grout floors, internal and external walls, porcelain and ceramic slabs, decorative stone-work, among other uses.

WHITE CEMENT FLOORING

SWIMMING POOLS

LIME PAINT

INTERNAL AND EXTERNAL WALLS

WHITE CEMENT

what: a type of cement with a white color.

where: used in all kinds of construction for finishings, patinas, industrial, commercial and residential floorings, among other uses.

LIME PAINT

what: it is a paint in powdered form which gives an extremely white finish, and has the lowest cost of all types of paint. It helps to prevent the growth of fungi or moulds due to the lime in its composition.

where: painting many different types of surfaces, including those which are porous, rough or irregular.

RIGID PAVEMENT

what?: a rigid pavement is made up of concrete slabs from Portland cement, which may be reinforced or not. The concrete pavement is considered to be "green" due to its sustainability characteristics, and its natural resources' conservation. This technology has been employed in Brazil since the 1920's.

where?: it is used to pave public transport surfaces (roads, avenues, bus lanes), highways, plane taxiing areas at airports, harbor areas, container storage areas, industrial areas, products storage areas and external areas subject to intense heavy goods vehicle traffic flows.

CONCRETE ROAD SURFACES

FOUNDATIONS AND PILING

REINFORCED CONCRETE

LARGE-SCALE CONSTRUCTION

HIGHWAY SURFACE AND SUB-BASE

CONCRETE BLOCKS

HYDRATED LIME IN MORTAR

HYDRATED LIME

what?: the ideal complement for cement in the composition of mortars for plastering and laying. This is because it provides a number of attributes to the mortar: gives plasticity to the mixture, prevents cracking and fracturing, provides adherence and strength, inhibits fungi and moulds and for these reasons ensures the durability of the work done.

where?: it is mixed with the mortar used for plastering walls and laying bricks and blocks.

GRAVEL AND SAND

what?: crushed stone used to make concrete and mortar.

where?: used in making concrete-asphalt mixtures, concrete in general, highway sub-base for heavy traffic, road surfaces, mortars and drainage systems.

AGRICULTURAL LIME

AGRICULTURAL LIME

what?: used in agriculture to enhance the effects of fertilizers and nutrients, thus increasing the soil's productive capacity.

where?: used in agriculture to enhance the effects of fertilizers and nutrients, thus increasing the land's productive capacity.

MARKET CONTEXT

In 2014, the global economy experienced a year of important adjustments and expectations.

A DIVERSE GLOBAL ECONOMIC PANORAMA

According to the Global Cement Report, global cement consumption in 2012 was 3.7 billion metric tons and the market was expected to grow strongly to reach 4.14 billion metric tons in 2014. In terms of countries, China stood out with a consumption of 2.16 billion metric tons in 2012, representing 58% of the global total. The United States and Brazil were the third and fourth largest markets, respectively.

BRAZIL

According to the Global Cement Report, Brazil was the country with the fourth largest cement consumption in 2012. The cement consumed in Brazil is primarily produced domestically. In 2012 there were approximately 82 cement manufacturers in Brazil, distributed throughout the country, and with a combined annual production capacity of 82 million metric tons.

NORTH AMERICA

The United States economy has recovered and become a strong factor in promoting global economic recovery. Its recovery was in part driven by the ample supply of energy at competitive prices. This impacted several economic sectors and led to a gradual improvement in employment, investment growth and the average level of business confidence.

EUROPE, ASIA AND AFRICA

Our operations in Europe, Asia and Africa recorded another year of consistent results, mainly due to the impacts of the turn-around process, which started in 2013. The results were driven by the good results of the operations of Turkey and Tunisia, and were partially offset by declines in Spain, Morocco and India.

SOUTH AMERICA

The cement industry in Bolivia has grown significantly in recent years and, in 2014, cement consumption reached 3.4 million metric tons, an increase of 8.7%.

The cement industry in Uruguay has grown consistently as a result of the strong growth of the overall economy.

BUSINESS OVERVIEW

88%

of Votorantim Cimentos' employees are committed to our strategic vision and 76% believe that the vision will be positive for the company (Climate Survey 2014).

MANAGEMENT APPROACH

In 2014, we worked hard to ensure that our processes and our culture were consistent with our geographic presence, seeking to generate value for the company in the short, medium and long terms, in the different markets in which we operate.

We mobilized our employees around the world to develop a concept that we call "**One Team, One Company**". The objective is to align our strategies and our people's efforts around a single vision: *To be a construction materials company that is committed to customer success through excellence.*

In this process, we learned a lot and identified synergies and best practices. Based on these results, we defined policies to position our business around the world. At the core of all we do are the strategic drivers that support our vision: Customer Focus; Empowered People; Operational Excellence; and Sustainable Practices.

We disseminated our strategy to our employees in Europe, Asia, Africa, the United States, Canada, and Brazil and the other countries in South America. We implemented a governance structure that will enable us to play an even more prominent role in the international markets in the years to come.

At the same time, we began to develop an integrated manage-

ment system that consolidated, in a single platform, our processes, management methods and key performance indicators.

With this in place, we can ensure that strategies are understood and deployed in all countries, at all levels from senior management to operators. This will strengthen our capacity to generate, in an integrated manner, positive economic, social and environmental outcomes.

The strategic value generated in 2014

- We developed a corporate governance structure for our **global operations and incorporated** the governance of sustainability at the company's highest decision-making level.
- We implemented the **global strategic plan** and an **integrated financial model**, to leverage the investments made in the regions.
- We also developed a **Strategic Sustainability Plan** and prepared a formal document that defined **Our Sustainability Commitments for 2020**. This process involved discussions among representatives from all the regions where we operate. The plan includes goals for community engagement, safety, ethics and compliance, eco-efficiency and innovation.

BUSINESS OVERVIEW

Our goal: achieve an improvement of up to 15% in operating efficiency, including the targets for Our Sustainability Commitments for 2020.

■ We continued with our investment program and expanded production capacity, both in existing projects in Brazil and new projects, approved for Bolivia, Turkey and United States.

■ We defined our **long-term guidelines, to be applied globally**, related to each of the strategic drivers that comprise our vision.

■ In Brazil, we implemented a new **sales approach**, totally focused on the needs of each segment and each client.

Global Performance Program

In this program, we will analyze information on technical performance, costs, sustainability and safety, for the past five years, in more than 50 production facilities in: Brazil (VCBR); South America and North America (VCNA); and Europe, Asia and Africa (VCEAA). The project was developed in 2014 and will be put into practice in the first quarter 2015.

As a result, a database will be generated which will enable us to carry out internal and external benchmarking studies to identify opportunities for improving operational excel-

lence. Based on this information, a three-year plan for each plant will be developed, with specific actions and priorities, in accordance with the characteristics of each region.

Integrated Management System

In 2014 we developed the Integrated Management System (IMS), which is a set of practices, processes, methods and data (KPIs) that applies to all business units in all regions and countries, including manufacturing and administrative units. It provides guidance as to how people should work on a day-to-day basis to meet targets and solve problems in order to achieve the company's annual budget and realize its medium and long-term strategy.

The IMS aims to promote a high performance organizational culture and covers three elements that collectively guide the company's efforts to effectively realize its strategy and targets:

■ **Performance Management System** promotes operational stability and the continuous improvement of results, and provides the necessary resources to enable constant progress.

■ **Employee integration** through communication and training, our employees will be encouraged to learn how they can contribute individually to achieving the company's strategic and financial objectives.

■ **Excellence Assessment Program** ensures efficient management practices, recognizing and rewarding the best-performing teams for their achievements.

The IMS provides a common language that facilitates communication between the different levels of the company, enabling faster decision-making and promoting rapid cultural change in operations. It also increases career opportunities within the company, encouraging greater internal mobility.

The first phase of the system will be implemented in 2015, in the cement business, in VCBR, VCEAA and VCNA. In the near future, it will be extended to the company's other business areas (Aggregates, Concrete and Complementary Products) and functional areas.

SUSTAINABILITY FOR US

Throughout our long history, we have promoted the social and environmental development of the communities where we operate and have made important contributions to initiatives that promote sustainability in the cement sector.

For us, sustainability means achieving our growth ambitions, in the following way: taking the present and future needs of society into account; offering eco-efficient and innovative building materials, and services, to our cus-

tomers; acting in an ethical, transparent manner and in accordance with the laws and regulations; providing a motivating, healthy and safe work environment for our employees, contract staff and third-parties; supporting our local communities and encouraging their progress.

To speed up the achievement of these goals, in 2014, we revised our **Strategic Sustainability Plan** with the participation of teams of employees from all the regions. This plan represents the company's medium and long-term positioning on sus-

tainability and was approved by the Global Executive Team (GET) and the Board of Directors.

At the end of the year, we formalized our position in the document called **Our Sustainability Commitments for 2020** with goals that go far beyond legal and regulatory compliance. Indeed, we want these goals to inspire us to continue to operate in harmony with society and to create value for the company and our stakeholders over time.

➔ WHAT WE ACHIEVED IN 2014

We set ourselves ambitious goals in key areas for sustainability in our industry, making it clear which issues would be prioritized and where we wanted to be by 2020.

➔ HOW THE STRATEGY WAS DEVELOPED

- 1 Our Vision (strategic direction).
- 2 We conducted a process to identify the material issues for our stakeholders. This included collecting information through specific opinion surveys with customers, employees and communities and our established communication channels for relations with stakeholders.
- 3 Swot Analysis (strengths, weaknesses, opportunities and threats).
- 4 Internal (regions) and external benchmarking studies.
- 5 Current industry and market standards.
- 6 Major trends in sustainability.

➔ HOW WE INTEND TO GET THERE

- We defined the global and regional targets at the end of last year and the performance indicators to monitor them.
- In 2015, these targets will be cascaded down, year by year, up to 2020.
- For each target, an action plan has been defined.
- Sustainability targets are part of our managers' performance evaluation, accounting for between 20% and 80% of a manager's remuneration, from the highest level to the starting level.

Health and Safety

Safety is Votorantim Cimentos' most important value, and is placed ahead of everything we do. It is one of the pillars of our Strategic Sustainability Plan, and has a clearly defined goal: **zero accidents**.

Our initiatives to promote health and safety are governed by the **Global Health and Safety Policy** which, as from 2014, began to be used to guide our operations globally. The **Rules for Life** are a set of norms that aim to ensure an accident-free work

environment and they have also been implemented globally. Furthermore, we began to implement critical safety protocols, based on best practices for health and safety, in order to prevent fatalities.



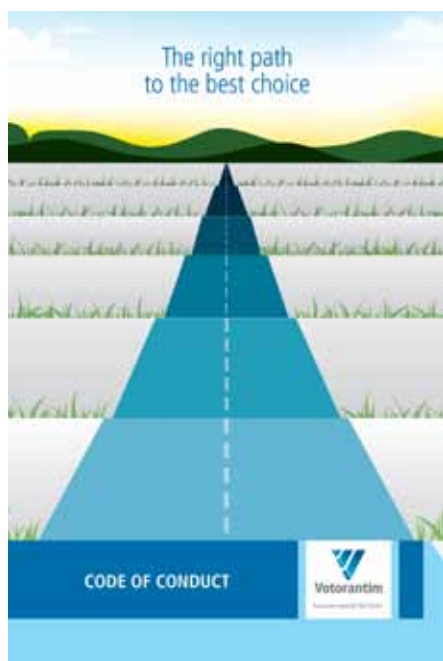
Every day we care about the most important thing: your life. Safety is in your hands, in every moment and in every gesture. Be sure you are aware of our **Life Saving Rules** and the **Global Safety & Health Policy**, and know how to follow them. **You are doing it for you and your loved ones.**



GLOBAL SAFETY DAY

In order to disseminate the Global Health Policy and Safety and Rules for Life, we mobilized our employees to participate in Global Safety Day, on June 27th 2014. This will now be a permanent fixture in the company's annual calendar of events. In this first edition of Global Safety Day the activities began with a message from the president to all managers,

in which he highlighted the managers' responsibilities for health and safety. The message was relayed to our 25 thousand employees and contractors worldwide, through videos that emphasized the role of each person in the promotion of safety and the elimination of accidents, as well as participating in the events in each location.



Our Code of Conduct provides guidelines for our business activities and our relations with stakeholders.

Ethics and Compliance

We revised our new **Global Compliance Program** in 2014. The program was developed based on Votorantim's Code of Conduct, Values and Management Beliefs, and has the following main objectives:

- **Guide** the company in terms of **compliance, and conformity with laws and regulations and commitments undertaken in signed contracts and agreements.**
- Ensure conformity with the conditions required to **obtain the licenses, permits and certifications necessary for our operations.**
- Ensure conformity with our commitment to the defense of competition and the prevention of fraud and corruption.

Additionally, we have carried out a series of training courses and initiatives to disseminate the culture of

combating corruption and complying with fair competition laws at all levels and geographical regions of the company. Making employees conscious of compliance issues and the dissemination of the respective policies are company priorities. Therefore, in order to inform, provide guidance, educate and engage all of the company's employees and business partners, the Global Policy for Anti-Corruption and Compliance with Fair Competition was dated and divulged in 2014.

As part of the company's practice of continuously improving its controls and reinforcing its culture, it carries out regular risk assessments focused on conformity with its anti-corruption and fair competition policies.

Ombudsman

The Ombudsman service is available in Brazil and overseas, in 8 languages and can be accessed by employees, customers, suppliers and other

stakeholders. Users may ask questions or report complaints regarding alleged violations of the Code of Conduct. Among the complaints the most prominent relate to issues such as harassment, discrimination, abuse of power, corruption or other forms of unethical behavior.

Contact the Ombudsman

Brasil: 0800-8911729
 United States and Canada:
 1-866-340-6689
 For countries in Europe, Asia and Africa: please see the phone numbers on the website at:
<https://secure.ethicspoint.com/domain/media/pt/gui/27543/index.html>

ECO-EFFICIENCY AND INNOVATION

Based on contributions from specialists in the regions, we reformulated our **Environmental Policy** and **Green Rules**. The Green Rules are a set of 10 norms that describe the behaviors expected of employees in relation to environmental issues. The revised version, in addition to informing the requirements regarding compliance with laws and regulations, includes norms and guidelines to promote eco-efficiency and reduce environmental impacts.

A BENCHMARK FOR ENERGY EFFICIENCY IN NORTH AMERICA

Our plant in Bowmanville, Ontario, Canada, was the first industrial complex in North America to be certified for energy management under ISO 50001, in 2011. Since then, the plant has continued to improve its efficiency, achieving a reduction in consumption of 10.3 million kilowatt-hours, equivalent to savings of US \$ 1 million per year, from 2012 to 2014.

OUR TARGETS FOR 2020

TARGETS FOR 2020	ACHIEVEMENTS IN 2014
Ensure implementation of the Global Environmental Policy and Green Rules.	We developed a new Global Environmental Policy and revised the Green Rules, introducing and emphasizing the concept of eco-efficiency.
Achieve a clinker/cement factor of 72%.	We reduced the clinker/cement factor by 1.9%, down to 74.7%.
Use 30% of non-fossil fuels in our cement plants.	We increased the use of these fuels by 14.2% , reaching a substitution factor of 7.6%.
Reduce our CO ₂ emissions per metric ton of cementitious material by 25% compared to the base year (1990).	We reduced our emissions by 15.8% compared to the base year (1990).
Reduce emissions of particulate matter, NO _x and SO ₂ per ton of clinker, by 65, 1,950 and 750 grams, respectively.	We reduced emissions of particulate matter by 5.2% (108 g/ton clinker), NO _x by 12.1% (1,977 g/ton clinker) and SO ₂ by 28.4% (683 g/ton clinker) compared to the previous year.
Implement water management plans in all business units that are in water-stressed areas.	We completed a risk analysis study on water-stressed areas in Brazil and began to implement the Global Water Tool methodology in other countries.
Develop Biodiversity Management Plans for 100% of the units that overlap with areas of high biodiversity value.	We developed a Biodiversity Management Plan for the Ribeirão Grande (SP) plant.

AWARD-WINNING PRACTICE: USE OF POZZOLAN IN THE PORTO VELHO AND NOBRES PLANTS

By investing, in partnership with suppliers, to develop furnaces that activate clays by calcination, our plants in Porto Velho (RO) and Nobres (MT) have succeeded in producing high-performance artificial pozzolan. The material presents advantages compared to

using clinker, resulting in cement that has greater strength and durability.

As a result of using this material, these units decreased the use of clinker by 35% by the end of 2014. Other benefits were: the produc-

tion of artificial pozzolan reduces CO₂ emissions by 50%, fuel consumption by 25% and water usage by 40%, compared to the conventional clinker production process. The project was awarded the FINEP Award in the category Sustainable Innovation.

ENERGY AND WATER CONSERVATION COMMITTEE

Composed of volunteers from all areas of the Rio Branco do Sul (PR) unit, the Committee has focused its activities on promoting the efficient use, and reduction of wastage, of water and energy. The

Committee set up teams dedicated to the themes of education, fighting wastage and efficiency projects.

Among the initiatives undertaken in the area during 2014 were

projects related to improving the energy efficiency of industrial equipment and the small hydroelectric power plant in Environmental Square. They were also active in social projects in the community.

REDUCTION OF NO_x AT THE VIDAL RAMOS PLANT

Inaugurated in 2011, the Vidal Ramos (SC) plant has installed the first vertical mill for cement grinding in the company. In 2012, we initiated an optimization project at the unit, in order to substantially reduce urea consumption and NO_x emissions.

To achieve this, we invested in a selective non-catalytic reduction system, (SNCR) which uses urea diluted to 40%, associated with co-processing. For two years, we conducted a series of adjustments to processes and operations as well

as modifying equipment. Finally, we achieved decreases of 35% in the chimney emissions and of more than 50% in the consumption of urea, during 2013 and 2014.

OUR GLOBAL ENVIRONMENTAL POLICY



- 1** Always comply with the legal requirements, standards and regulations applicable to the organization and the voluntary commitments it has subscribed to.
- 2** Implement and maintain an Environmental Management System, appropriate to our nature, scale and the environmental impacts of our activities, products and services, to ensure compliance with our commitments, focusing on continuous improvement and pollution prevention.
- 3** Ensure the eco-efficient and responsible use of natural resources to reduce the consumption of fossil fuels, raw materials, water, energy and other inputs.
- 4** Address the challenges of climate change by developing a strategy for reducing greenhouse gas emissions. Focus on the use of low-carbon, alternative fuels, and the responsible use of fuels and raw materials.
- 5** Define and implement environmental standards to assess and monitor atmospheric emissions and set reduction targets.
- 6** Minimize the generation of waste. Reduce consumption, reuse and recycle materials when possible and dispose of waste appropriately and responsibly.
- 7** Assess, control and reduce the environmental impacts of our activities, focusing on continuous improvement and best industry practices. Invest in environmental innovation in our processes, products and services throughout the life-cycle, seeking to reduce our environmental impacts.
- 8** Develop rehabilitation and closure plans for all our active mining operations, considering stakeholders' expectations. Continuous monitoring and reporting of our biodiversity performance, focusing on conservation and increasing awareness.
- 9** Promote ethical and transparent relations with our stakeholders, by providing environmental information about our operations and products on a regular basis and maintaining a process of open dialogue.





**GREEN
RULES**

The Green Rules were developed based on our Environmental Policy principles to facilitate the understanding and dissemination of the policy to all employees.

With this and other environmental education initiatives we are contributing to achieving Target 1 of Strategic Goal A of the Convention on Biological Diversity. This target aims to promote awareness of the value of biodiversity and the measures that can be taken to conserve and use biodiversity in a sustainable manner.

- 1  Protect and respect the natural environment – air, land and water
- 2  Protect Biodiversity – flora and fauna
- 3  Minimize the generation of waste – reuse, recycling and responsible waste disposal
- 4  Maximize energy efficiency and reduce greenhouse gas emissions (in production, transportation and support operations)
- 5  Continuously monitor environmental impacts and develop a plan to define reduction targets
- 6  Commit to using the highest level of pollution control technology whenever possible
- 7  Respect caves and cultural, geological, historical, archeological and paleontological sites
- 8  Maintain a process of open dialogue. Respect neighbors and stakeholders
- 9  Reduce the use of virgin raw materials whenever possible. Maximize the efficient and responsible use of resources
- 10  Rehabilitate company sites – during operations and post-closure

Water Resources

Our objective is to implement the Water Management Plan, composed of six main initiatives, for all the units in water-stressed areas. The six initiatives are as follows:

1 - Measurement and monitoring:

This consists of analyzing and understanding the unit's water footprint, measuring the amount of water used in production, identifying the operational limits and locations for the withdrawal and discharge of water.

2 - Reduction in consumption:

This will be achieved through a variety of measures including water recycling and reuse. It will also require changes in production processes to make them more efficient and reduce losses.

3 - Protection of water resources:

We seek to protect the springs and headwater areas that contribute to restoring groundwater levels.

4 - Promoting best practices:

We encourage our partners, suppliers and buyers to adopt sustainable measures, and respect Votorantim Cimentos' Green Rules.

5 - Innovation that protects the environment:

This consists of the development and implementation of more efficient technologies for water treatment and for reducing consumption.

6 - Partnerships for a better future:

We enter into partnerships with municipalities, NGOs, and the scientific community, to provide encouragement and contribute to developing new technologies that stimulate water conservation and improve management systems.

WATER: WE ECONOMIZE, WE TRANSFORM

HOW VOTORANTIM CIMENTOS IMPACTS AND IS IMPACTED BY WATER RESOURCES.

We consume electrical energy which is generated in hydro-electric plants that need dams and reservoirs to store water in order to operate.

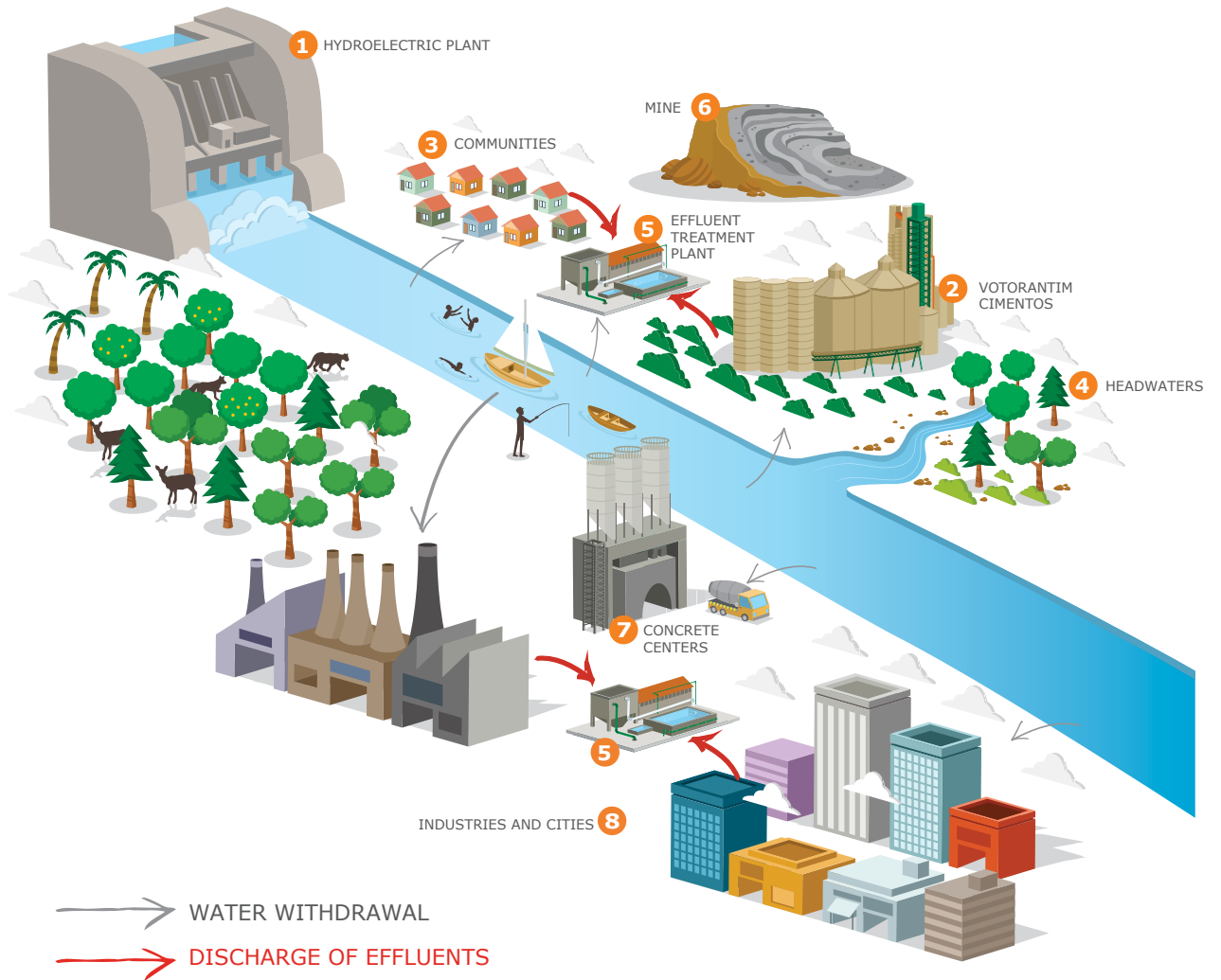
Votorantim Cimentos' units and their local communities use water directly for operations and residential use respectively. The water is withdrawn from surface sources, such as rivers, and from underground sources, through boreholes. The discharge of effluents into water bodies may impair their quality. Because of this, we regularly measure the quality of our effluents and the local water bodies and, when necessary, we send the effluents to an effluent treatment plant

before discharging them back into the water bodies.

The protection of springs and headwater areas that feed into and maintain groundwater levels contributes positively to improving the quality of water bodies and the increase in flow rate.

Our concrete centers also consume large volumes of water since it is incorporated in the final product and embedded in the construction of houses, buildings, and other structures. The operations and activities in construction sites also consume water and are part of, directly or indirectly, the company's construction value chain.

WATER CONSUMPTION CYCLE



RAIN WATER USED TO SUPPRESS PARTICULATE MATTER

The cement plants in Turkey have a high degree of dependence on groundwater, and this form of withdrawal requires deep boreholes. To reduce the risks to the business from the impact of new regulations, our team has developed a solution

that is unique in the country's cement industry.

Instead of filing for authorization to use rainwater runoff a project was set up to collect and reuse rainwater for the suppression of

particulate matter. The initiative is already responsible for 28.5% of the water needed for the suppression of particulate matter in the plants in Yozgat, Çorum and Sivas. The consumption of groundwater was reduced by 21 thousand m³ per year.

PRIVATE NATURAL HERITAGE RESERVE (RPPN) IN THE NOBRES UNIT

In December 2014, the area known as the Tombador Waterfall Nature Reserve, close to the Nobres (MT) plant in Brazil, was officially designated as a Private Natural Heritage Reserve (RPPN), by the environmental agency of the State of Mato Grosso (Brazil).

In 2015, we will initiate the development of a management plan that will establish the zoning of the area and the norms that

should guide and regulate the use of the area. The Reserve is a legacy for all, but especially for the local population.

This preserved area of 296 hectares has been recognized to be of high biodiversity value. It plays a very important role in the preservation of the Cerrado and Amazon transition biomes, since it forms part of an ecological corridor, together with another protected

area of more than 77 thousand hectares, the Environmental Protection Area of the Paraguay River Headwaters (APA).

With this, and its initiatives for other protected areas, the company is contributing to achieving Aichi Target 11, regarding conservation areas, of the Convention on Biological Diversity.

AQUACULTURE PROJECT IN THE ABERFOYLE UNIT

The Aberfoyle unit in Canada carried out a project to prepare a mining area that had been deactivated for a new use in the future. This area, which was considered to have potential for fish production, needed a few improvements to enable the large-scale production of fish. The technical solution

implemented was composed of rectangular basins or channels made of concrete and equipment with one input and one output, taking advantage of the structure of the mine. The flow of water is continuous and is maintained at the desired level of water quality, which allows breeding in higher

densities in the trough. Moreover, it is a closed-loop system, since the organic waste from the final process may be used for soil treatment and as fertilizer.

ORANGES IN THE MINES OF CORTIJO NUEVO

In Spain, our plant in La Rinconada, Seville, produces between 300 and 400 thousand tons of aggregates per year. Today, alongside the open-cast mining, there are orange trees growing. This was made possible by a land rehabilitation project that runs in parallel with the mining activities.

The mining operations began in 1994 and are only expected to be

closed down in 2035. Even so, 10 hectares have already been rehabilitated and planted with orange trees. In addition an area is being prepared to plant a further three hectares. Thus, by the time the mining operations in Cortijo Nuevo are closed down, virtually all of the area will have been restored to its original condition and replanted with orange trees.

ORGANIC FARMING IN PETERBOROUGH

In North America, we had the challenge of developing a decommissioning plan for a limestone mine owned by our aggregates plant in Peterborough, Ontario in Canada.

In partnership with local farmers, and with the help of consultants, we established the goal of restoring the soil quality to a level that would not only allow agricultural produc-

tion in the former mining area, but also contribute to raising the quality of the adjacent agricultural areas, which had not had mining activities.

The project began in 2012 and the first two years were dedicated to evaluating the effectiveness of a variety of techniques for fertilization, seed mixes and crop rotations,

in an area of 937 m². In 2015, the area will be expanded, promoting organic agriculture and increasing productivity.

PERMEABLE CONCRETE

Another focus of the R & D area is to find alternatives to substitute the materials traditionally used in construction.

A number of innovations have been incorporated into our product range. Two examples are self-com-

pacting concrete which, among other advantages, increases the speed of construction and reduces the noise during its application, and permeable concrete, which helps improve drainage, contributing to flood prevention flooding and rainwater reuse.

WHAT THE COMMUNITY IS SAYING

In 2014, we carried out a second **Favorability Survey**. The objective was to calculate a Favorability Index to measure the institutional, social, economic and environmental impacts of our plants on the local communities. The survey was conducted in the communities close to our plants in Cantagalo (RJ), Imbituba (SC), Itaú de Minas

(MG), Laranjeiras (SE), Muribeca (SE), Rio Branco do Sul (PR), Sobradinho (DF), Sobral (CE) and Xambioá (TO).

More than 400 interviews were conducted with a representative sample of our stakeholders. The main results were as follows:

- Does Votorantim Cimentos contribute to the development of the municipality or region? - 91%
- Is the company socially responsible? - 95%
- Overall Favorability Index - 85%
- Would you like to work in the company? - 70%

Research and development

In Brazil we have restructured the Research & Development and Quality area, merging the departments that had previously worked separately in each business (cement, concrete, aggregates and complementary products).

The R & D team, which reports to the Technical Directorate, works closely with the Sales area to develop new eco-efficient products and services aimed at meeting consumer demands.

We are researching new sources of cementitious materials. We are already producing a new type of cement in our Salto de Pirapora (SP) plant by the addition of slag. In addition to providing an appropriate and creative disposal method for this waste the performance of the final product was improved.

Large projects

Our research into improving the quality and reactivity of our products has enabled the company to be considered as an excellent supplier for certain large hydro-electric plants under construction in Brazil. We have signed long-term contracts to supply cement for the construction of the dams of the hydro-electric plants in the Madeira River complex (Santo Antônio and Jirau), in Teles Pires, Mato Grosso, and in Belo Monte, Pará, in which we will supply more than 1 million metric tons of products.

Quality Indicators

In 2014, our Quality Index of Products (IQP) increased to 95%, an increase of 3% over the previous year.

Our contracts contain specific product performance characteristics, with requirements that go far beyond technical standards.

COMMUNITY ENGAGEMENT

A structured program of activities with the local communities in the locations where we are present is a strategic element for the future of our operations. By promoting the development of communities, we create value for society and our business, strengthening our values and our reputation. It also improves the work atmosphere in our operating units contributing to a higher level of motivation and increased competitiveness.

In 2014, in partnership with the Votorantim Institute, we sponsored 94 social projects in 31 locations in Brazil, in four areas: human capital (education, culture, sports, work, rights of children and adolescents); institutional capital (strengthening NGOs and public administration); social capital (stakeholder engagement, community councils); and economic growth (generation of jobs and income and development of local suppliers).

The social investment for the year of R\$ 16.38 million was almost 35% higher than for 2013. This increase was due to the expansion of the social responsibility initiatives in our operations. Our social investment decisions are guided by medium and long-term strategic goals, which have been defined considering the social characteristics of the communities and prioritized to help us to identify in which locations we will act more decisively.

The locations were prioritized according to: representativeness, the degree to which our operations impacted the community and the community impacted our operations. We have

35%

The increase in the amount of social investment in 2014, compared to the previous year.

“There was a big change in Votorantim Cimentos’ level of customer service. In our case, we were having difficulty in producing a certain type of roofing. The team at Votorantim Cimentos came up with a solution that added value to our product.”

Marco Daroz, Managing Director of Infibra, a manufacturer of fiber-cement corrugated sheets and a customer of Votorantim Cimentos since 1970.

prioritized 36 of our 53 cement plants in Brazil, and for 31 of these we have developed long-term plans (5 to 10 years).

Some examples of projects that focused on our relations with communities, which were carried in 2014 in Brazil, are as follows:

■ ReDes (“Networks”) Program

This program is a partnership between Votorantim Cimentos, the Votorantim Institute, and the National Bank for Economic and Social Development (BNDES). The program promotes inclusive business, and focuses on structuring production chains in municipalities with critical social indicators.

We have a total of 11 ongoing projects in the communities near our plants in Xambioá (TO), Sobradinho (DF), Cantagalo (RJ), Laranjeiras (SE), Rio Branco do Sul (PR), Vidal Ramos (SC), Várzea Grande (MT) and Nobres (MT).

A good example of the program’s potential is “XambiArt”, a handicraft business set up by 19 women in Xambioá (TO). They received technical training and support in management, manufacturing and marketing for the production of bio-jewelry and handicrafts, using materials such as mud, clay, coconut and straw.

Overall, in 2014, more than 1,600 families in these communities benefited from the ReDes program.

■ Public administration support program

In 2014, we contributed to strengthening public administration in six municipalities: Xambioá (TO), Cantagalo (RJ), Rio Branco do Sul (PR), primavera (PA), Vidal Ramos (SC) and Edealina (GO).

This program offers technical support and training to municipalities for the development of projects aimed at modernizing management in tax, administration, education and health, as well as the development/revision of the Municipal Plan for Basic Sanitation or the Participative Master Plan. Our actions followed the guidelines of Law 10.257, (“Estatuto das Cidades”), and other applicable legislation.

The preparation of detailed plans and projects enables municipalities to raise funds to improve basic infrastructure through federal government programs. The program is present in six municipalities. Due to the program the municipality of Cantagalo (RJ), obtained a loan of R\$ 14.9 million from the National Health Foundation, for a project to collect and treat sewage. According to the newspaper Valor Econômico around 70% of muni-

cipalities fail to obtain federal funds for sanitation projects, for lack of a plan.

■ Training of the local workforce

Our training programs provide opportunities for young people in socially vulnerable situations to improve their level of qualifications and access to the labor market. We offer training courses in technical professions and also in the general preparation for entry into the labor market. They are carried out with highly respected institutions such as the National Industrial Apprenticeship Service (SENAI), the Federal Center of Technological Education (Cefet), the National Rural Training Service (SENAR) and ESPRO, which prepares young people to be apprentices. Another initiative is the Evolve program which provides technical training in maintenance (mechanical, electrical and mining).

■ Infrastructure support

In order to stimulate social and economic development, we have contributed to the improvement of infrastructure in the locations where we operate or plan to operate. We help meet the communities’ demands by establishing partnerships and technical cooperation agreements, identifying infrastructure needs and assisting

“With the new system of customer service, we are establishing a much more mature relationship in which each side has the opportunity to explain its needs so that together we can find solutions. This proximity has enabled a substantial increase in contracts. We were able to acquire industrial materials, which we had previously produced ourselves on site, with gains in quality and process reliability.”

Yorki Estefan, Director of Engineering at Conx Construtora e Incorporadora a Votorantim Cement customer for the last 23 years.

in contacts with the relevant instances of government.

One example is a program in the municipality of Primavera, in Pará, where we plan to construct a new plant. Even before starting to construct the plant we signed a **Technical Cooperation Agreement with the municipal government, in partnership with the Votorantim Institute**. The agreement focuses on long-term initiatives in six areas: infrastructure and basic sanitation, education, health, social action, training for public administration and the promotion of productive and cultural chains.

Engagement with stakeholders

Throughout the year, we developed engagement plans with stakeholders in 10 locations. We identified strategic groups and material issues and established action plans to improve our relations with our local communities.

Community Councils

Another important engagement initiative was the establishment of Community Councils. This serves as a communication channel with the community, and aims to arrive at balanced solutions in responding to the demands of the various local stakeholder groups.

RELATIONS WITH SHAREHOLDERS AND INVESTORS

The establishment of an **Investor Relations area in 2014** brought Votorantim Cimentos in closer contact with international investors, rating agencies and lenders in Brazil. Up until 2013, under the previous governance structure, this role was performed centrally by the industrial holding company, Votorantim Industrial.

Following the creation of the new area, the objective is to improve the company's relations with the financial markets, enabling the company to have a constant and diversified access to sources of funding in order to finance our expansion plans in Brazil and overseas. The main challenge is to continue to evolve in terms of transparency and communication channels, with a schedule for the regular disclosure of information.

For this reason, we have reinstated the website for relations with investors and have begun to establish a schedule for press conferences, visits to investors and participations in national and international industry events.

CUSTOMER RELATIONS

In 2014, we transformed the way that we manage our relations with customers. One of the company's strategic drivers, Customer Focus, inspired a significant change: the company **began to focus on customer needs, and not only on its own products**.

Customer relations and satisfaction

In 2014, in addition to the new sales approach, we invested in developing closer relations with the **professionals working in the construction sector**. We launched a campaign to recognize and value the work of bricklayers and construction site foremen, who have important roles in this market. We provide trained for bricklayers and also demonstrate our products and technologies to engineers and consultants.

CORPORATE COMMUNICATION AND BRAND IMAGE

We started working on a **reputation platform** with initiatives to promote closer **relations with stakeholders** and to define rules for the use of the **Votorantim Cimentos institutional brand**, globally.

RESULTS OF GOOD MANAGEMENT

In 2014, we achieved positive and consistent results in our global operations.

RESULTS OF GOOD MANAGEMENT

Our geographical diversification, wide range of products and services, strict cost management, commercial and operational efficiency and adequate pricing were some of the factors that enabled us to generate good global results in 2014.

■ The consolidated net income was R\$ 12,884 million, an increase of 6.1% over 2013, due to higher cement prices in almost all of our regions, and the positive effects of exchange rate movements on the consolidated results, partially offset by reduced volumes in Europe, Asia and Africa. EBITDA was R \$ 3,493 million, a decrease of 0.6% compared to the previous year. This was impacted mainly by the lower performance of operations in North America and Brazil, partially offset by the operations in Europe, Asia and Africa and South America.

■ The consolidated net profit was R\$ 1,141 million, a decrease of 17.9% compared to 2013, due mainly to the premium paid for the repurchase of bonds (R\$ 175 million), increased Brazilian interest rates (CDI) on loans and financing (R\$ 176 million) and lower operating results (R\$ 80 million). If we excluded the effect of the premium on the bond repurchase, in the amount of R \$ 175 million, and maintained the effective rate for the period, net profit would have been R\$ 1,256 million in 2014, an increase of 10.1% compared to the previous year.

FUTURE TRENDS AND PROSPECTS

PREPARED TO GROW

We know that we will have to face two more difficult years, especially in Brazil, where a large proportion of Votorantim Cimentos' business is concentrated.

Assuming a context of low GDP growth, the prospects for our markets are to maintain sales volumes. We expect to see cost pressures, especially for important inputs such as electrical energy, fossil fuels and

Even in the face of a challenging economic situation, our objective is to continue to grow.

water. Even in this weak demand situation we anticipate that new competitors will enter the market, impacting our business, especially in the South, Southeast and Northeast regions.

Despite this, our goal is to continue to grow. We have the advantages of a broad and diverse geographical reach, a wide range of products and services, a new customer service approach and an aggressive investment program.

Several factors give us confidence that we can achieve our goals. We are well positioned in Brazil, in those regions that will continue to grow, especially the Northeast, North and Center-West. We will maintain the pace of our investments in Brazil and overseas.

The prospects are also good in several countries where our Europe, Asia and Africa subsidiary operates. In addition to building a new plant in Turkey, we are looking at an expansion project in Morocco and a power generation project to supply our operations in Tunisia. We remain on the look-out for good opportunities for acquisitions outside of Brazil.

As a company that takes a long-term view, we have invested and will con-

tinue to invest for the medium and the long terms. We seek to anticipate trends and position the company to capitalize on future growth cycles. In 2015, we will review our long-term strategy and we intend to announce the next steps in our global investment plan.

Given the likelihood of a challenging short-term situation, we will strengthen our cost control and our focus on our four strategic drivers: customer focus, empowered employees, operational excellence, and sustainable practices. One of our priorities is to work hard to improve safety, ensuring a healthy workplace environment, with zero accidents.

The new governance structure has had very positive impacts on the company, and its effects will continue to be felt for some time. The company still intends to open its capital. However the timing is conditioned on the market conditions being appropriate.

In short, Votorantim Cimentos will continue to make every effort to be recognized by the market and society as a strong and durable company that has quality products, exemplary management and sustainable practices, and one which aspires to create a better world for future generations.

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