



OUR SUSTAINABILITY COMMITMENTS FOR 2020







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SUSTAINABILITY FOR US

"FOR US SUSTAINABILITY MEANS MEETING OUR GROWTH AMBITIONS WHILE CONSIDERING THE CURRENT AND FUTURE NEEDS OF SOCIETY, BY OFFERING ECO-EFFICIENT AND INNOVATIVE BUILDING MATERIALS AND SERVICES TO OUR CUSTOMERS, ACTING ETHICALLY AND TRANSPARENTLY IN ACCORDANCE WITH THE LAW AND REGULATIONS, PROVIDING AN INSPIRATIONAL, HEALTHY AND SAFE WORKING ENVIRONMENT FOR OUR EMPLOYEES AND SUPPORTING OUR COMMUNITIES, SO THEY CAN THRIVE."



A MESSAGE FROM THE CEO



In 2050, the world population will have grown to around nine billion people, 70% of whom will live in cities. This future transformation represents vast opportunities in the building materials sector as the global challenges of urban growth scarcity and environmental change become the key strategy drivers for business in the coming decade.

Nine billion people living well and respecting the critical limits of the planet will demand a huge amount of infrastructure, such as homes, schools, hospitals, roads. For this reason, we believe that sustainability means meeting our growth ambitions within the current and future needs of society, by offering eco-efficient and innovative building materials and services to our customers, acting ethically and transparently in accordance with the law and regulations and providing an inspirational, healthy and safe working environment for our employees and support so our communities can thrive. By operating in line with these commitments, we will continue to create value for our stakeholders.

To operate in line with these beliefs and to meet its sustainability concepts, Votorantim Cimentos has set ambitious goals in several areas. Our sustainability strategy is based on four main strategic drivers (Safety, Ethics and Compliance, Eco-Efficiency and Innovation, and Community Engagement).

It is simply not possible to achieve robust and sustainable growth without taking consistent actions to further sustainable development. Our 2020 Commitments, therefore, clearly show the objectives we have set for meeting the needs of society.

Walter Herbert Dissinger.

CEO, Votorantim Cimentos



Yozgat Plant/ Turkey



COMPANY PROFILE

Votoratim Cimentos has been in the construction materials business (cement, concrete, aggregates and complementary products) since 1933. With headquarters in São Paulo, it is one of the largest companies in the sector, with an annual production capacity of 53.9 million metric tons.

The company has a global network of operations, with units strategically located close to the most important and growing consumer markets. In addition to Brazil, it has a presence in 13 countries: Argentina, Bolivia, Canada, Chile, China, Spain, the United States, India, Morocco, Peru, Tunisia, Turkey and Uruguay.

Votorantim Cimentos is constantly working to improve its position as a major global player. The company is currently implementing the largest investment plan in its history. Since 1999 it has been a signatory of the Cement Sustainability Initiative (CSI) and is one of the pioneering companies to publish its financial, environmental, social and governance information in the form of an integrated report, in line with the IIRC Framework.



OUR VISION

STRATEGIC DRIVERS

Customer focus

- We take our decisions based on the customers' needs
- We have specific business models to serve customers with different aims and needs
- We work to ensure that the actions of all the company's areas converge to deliver the result that the customer needs

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 Management System to leverage performance
- We work together to develop creative solutions and make things happen

Best-in-class operations

- We track our performance and are obsessed with continuous improvement
- We make decisions quickly, with discipline and consistency
- We strive to maximize productivity in all areas

Sustainable practices

- Safety first!
- We always act in an ethical manner, and in accordance with local laws and regulations
- We strive to improve eco-efficiency and seek to develop innovative products and processes
- We encourage dialogue and close relations with our local communities to perpetuate the Votorantim legacy



VOTORANTIM CIMENTOS' COMMITMENTS FOR 2020

Rio Branco do Sul Plant/Brazil

Sustainability is a driver for Votorantim Cimentos' business. The company has a long history of actions to promote the social and environmental development of the communities where it operates, and is an active participant in international forums to foster sustainability in the cement sector.

As Brazil's leading building materials manufacturer and one of the most important global players in the sector, the company seeks to grow, increase operational efficiency, innovate and enhance its reputation through the adoption of the most advanced technologies to lower emissions, improve energy efficiency, safeguard its employees' safety and health promoting zero harm, reduce its environmental footprint, and promote the local development of the communities where it operates.

The company has developed a Strategic Sustainability Plan, based on the most significant sustainability trends, its vision and its stakeholders' expectations. As one element of the Strategic Sustainability Plan, Votorantim Cimentos has established a number of Sustainability Commitments for the year 2020, which are aligned to the company's four strategic drivers:

THE COMPANY'S STRATEGIC SUSTAINABILITY PLAN IS
BASED ON FOUR STRATEGIC DRIVERS



SAFETY

Safety First!



ETHICS AND COMPLIANCE

We are trustworthy and ethical in our actions,
in accordance with the law and regulations.



ECO-EFFICIENCY AND INNOVATION

We promote eco-efficiency through the use
of innovative products and practices.



COMMUNITY ENGAGEMENT

We foster local dialogue and relationships with communities
in order to perpetuate the Votorantim legacy.

SAFETY

SAFETY FIRST!

More on the strategic driver

There can be no excellence, or competitive performance without considering health and safety, therefore, these are our top priorities. Votorantim Cimentos has established ambitious goals to promote zero harms environment for our employees and eliminate fatalities and, they are being diligently pursued. The foundations for our corporate actions are established in the Global Safety & Health Policy, and the Life Saving Rules (Figure 1).

Goals

- To ensure the effective adoption of the Global Health and Safety Policy and the Life Saving Rules;
- To implement sustainable supply chain standards.
- 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.

* Loss Time Injury

Case Study

Votorantim Cimentos' leaders recognize the importance of implementing the Global Safety & Health Policy and Life Saving Rules globally, and are personally

Figure 1: Life Saving Rules



Make sure to follow all lockout / tagout procedures regarding area access and isolation.



Do not work under the influence of intoxicants, such as alcohol or illegal drugs. Carrying firearms or weapons is prohibited inside the premises of the company.



Prior to performing a task always assess the risks associated with it.



Do not disable or remove safety devices from equipment, machines or process



Refuse to work under unsafe conditions and behaviors. Report it



It's mandatory to use the specific and recommended personal protection equipment (ppe) to perform your job



Don't drive or operate any vehicles / equipment without training / authorization / license.

While driving, if permitted by local regulations, cell phones may only be used with hands free. Texting is prohibited. Always use seat belt.



committed to the “Zero Accident” goal. This is a major challenge, since the company has more than 16,000 employees, speaking eight different languages, and working in 9 countries.

To deal with the challenge, Votorantim Cimentos’ leadership has established the annual Global Safety Day, to promote the importance of the role of employees in adopting safe attitudes and the required changes in behavior (“Safety begins with me!”), and launched the Global Safety & Health Policy and the Life Saving Rules, which facilitate the achievement of the Zero Accident goal. With the commitment of the whole team, Votorantim Cimentos expects to achieve its main objective: to be one of the safest and healthiest companies to work.

GLOBAL **SAFETY** DAY

The first edition of the Global Safety Day started with a clear message from the CEO to all leaders, where he presented the company’s commitments to health and safety.





ETHICS & COMPLIANCE

*WE ARE TRUSTWORTHY AND ETHICAL IN OUR ACTIONS,
IN ACCORDANCE WITH THE LAW AND REGULATIONS.*

More on the strategic driver

Votorantim Cimentos has a strong commitment to operate ethically and in accordance with laws, norms and regulations. The company's guidelines for ethical behavior are contained in the Votorantim Group's Code of Conduct, which is inspired by its values and beliefs and expresses the principles that support positive relationships among stakeholders. To guarantee that all of Votorantim Cimentos' employees respect the complex legal and normative framework

of the countries where it operates, a "Compliance Program Guidance" containing guidelines on compliance was developed; anti-corruption and anti-trust policies were implemented; and a growing proportion of legal agreements, contracts, licenses, and other items are being monitored. Communication campaigns, training programs and corporate structures and tools are supporting these guiding documents, allowing VotorantimCimentos's team to quickly identify inappropriate behavior and

infractions, and take the appropriate actions to remedy them.

The VC Compliance Program is divided into pillars that demonstrate our commitment to:

- Reinforce Votorantim Cimentos's control environment and promote continuous compliance management;
- Ensure compliance with laws and regulations through the implementation of the compliance program;
- Ensure conformity in our commitments in contracts and agreements;
- Provide orientation through the licensing and certification processes necessary for our operations;
- Ensure the high quality of all external reporting;
- Demonstrate our commitment regarding antitrust, anticorruption and fraud prevention;
- Maintain a workplace environment which has high ethical standards, encourages discussions regarding Votorantim's Code of Conduct, explains the importance of following all their guidelines, and provides answers to all the concerns raised by staff.

Goals

- 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.



Case Study

Dissemination of values and beliefs through education and communication

To guarantee that all employees are aware of the Group's values and beliefs, a Code of Conduct was developed, to which all employees must commit.

In addition, Votorantim Cimentos has further developed the process of employee awareness and commitment to the Group's values and beliefs, by establishing a "Compliance Guidance Program", which is presented and regularly communicating to all employees, who must follow and adhere to its guidelines. Votorantim Cimentos believes that the best way to create full commitment to the Group's values and beliefs and our guidelines is through education, hence, they are constantly reinforced through continuous communication and training programs. The company expects its employees to understand the benefits of working under these guiding principles, strengthening their commitment and disseminating them through the stakeholder network, improving Votorantim's impact on the economy and society.

ECO-EFFICIENCY & INNOVATION

WE PROMOTE ECO-EFFICIENCY THROUGH THE DEVELOPMENT OF INNOVATIVE PRODUCTS AND PRACTICES.

More on the strategic driver

We believe that cement production must use clean technologies that constantly improve natural resource allocation, reduce emissions and waste. The company invests in R&D to develop new technologies and improve existing ones to promote eco-efficiency in its processes and products. Moreover, we are committed to protecting water sources and biodiversity, through the management of protected areas in the vicinity of our units. Our goals are in line with the Global Environmental Policy and Green Rules (Figure 2), and our commitments under the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD)..

Goals

- 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

Figure 2: Green Rules



GREEN RULES

- 1 Preserving & Respecting the Natural Environment - Air, Land & Water
- 2 Protecting native species - Biodiversity of flora and fauna
- 3 Minimizing waste - Responsible waste disposal, reuse & recycling
- 4 Maximize energy efficiency & reduce greenhouse gas emissions (production, transportation and support operations)
- 5 Continuously monitor environmental impacts and develop a plan to set reduction targets
- 6 Commit to the highest levels of pollution control technology wherever possible
- 7 Respecting cultural, historical, paleontological & archaeological sites.
- 8 Open & honest dialogue with, and respect for, neighbors & stakeholders
- 9 Reduce use of virgin raw materials wherever possible/maximize efficient + responsible use
- 10 Rehabilitate sites - during production and post-closure

- 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, NOx and SO₂ emissions per ton of clinker to 65g, 1950g and 750g / ton of clinker, respectively.
 - Water and biodiversity: to implement water management plans for scarcity areas in our business units. To ensure that all of our quarries have rehabilitation and biodiversity management plans for local and sensitive biodiversity regions.

* The clinker/cement factor, describes the ratio between total clinker consumption and total production of cement or cementitious product.

Case Study

Rio Branco do Sul Unit - Brazilian Co-processing Pioneer

Today, co-processing is an established practice in the cement sector. It has spread around the world due to its multiple benefits: cost reduction, diminished use of fossil fuel and subsequent emissions avoidance, and a secure destination for waste - especially hazardous waste.

Rio Branco do Sul, one of Votorantim Cimentos' unit in Paraná, was a pioneer in the Brazilian cement sector, starting

its co-processing activities in 1991. Since then, the unit has continuously increased the quantity of used waste, and expanded the types of waste being co-processed.

In 2001 the unit started to co-process tires. Besides all the aforementioned benefits, this had a positive impact on public health. Tires disposed incorrectly can accumulate rainwater and become the perfect environment for the *aedes aegypti* mosquito to reproduce. This mosquito spreads the dengue virus, which is now an endemic disease in Brazil. In this sense, solutions that avoid the incorrect disposal of tires generate social benefits.

Rio Branco do Sul unit has already co-processed 26 million tires, 3 million in 2013 alone.

Case Study

Innovation: Porto Velho Case Study (Pozolanic Cement Unit)

The reduction of the clinker/cement factor is a key element in Votorantim Cimentos' commitment to reduce its CO₂ emissions. In the pursuit of substitute materials for clinker, the pozzolanic clay is one of the most advantageous, and has become a major raw material for producing cement in the Porto Velho (RO) and Nobres (MT) plants, reducing the clinker consumption by 35%.

The implementation of the process in these operational units was possible due to the corporate knowledge gained

from the Pozzolan Research Project, which developed a pozzolan kiln.

Pozzolan cement has a high level of resistance and durability. Furthermore, its production generates 50% less CO₂ emissions, consumes 25% and 40% less electricity and water respectively.

The Porto Velho (RO) and Nobres (MT) plants supply a vast market, in one of Brazil's less developed regions, with an eco-friendly, high performance and competitive product. The experience in Porto Velho was recognized by FINEP – a government fund for financing innovation and Research - as one of the best examples of corporate sustainable innovation in Brazil.

Case Study

Land Reclamation: Agriculture

CBM Aggregates, a division of St. Marys Cement, a subsidiary of Votorantim Cimentos in North America, needed to develop a decommissioning plan for a deactivated mine in Peterborough – USA. CBM had already aimed to become a leader in community relations and environmental stewardship, and so it used this project to elaborate and test procedures to rehabilitate land affected by mining activities, and to develop solutions, which maximized socio-environmental returns.

CBM, in partnership with local rural producers and consultants, set a goal of

recovering the area's soil quality to a level that, not only enabled farming production, but was also higher quality than the adjacent areas with farming production, without previous mining activities. The group elaborated a Rehabilitation Plan, studies and pioneering research to support the project.

In 2012 rehabilitation activities started in an area of 937.13m². The field was divided into sections to allow a comparison of different rehabilitation methods. The first two years were dedicated to evaluating the effectiveness of different fertilization methods, seed mixtures, and crop rotation to improve the organic matter content and adjust the pH level, leading to an improvement in agricultural productivity.

CBM expected to generate many benefits with the initiative, including establishing relations with local stakeholders; strengthened social license to operate; and risk management development.

Case Study

Votorantim Cimentos in Turkey:

Storm water Management

In Turkey, many activities, especially in rural locations, are heavily dependent on groundwater. This has resulted in a drop in the level of the water table in the country, and the Ministry of Water is now planning to introduce quotas and taxes for the use of underground water resources.



Suwanee Plant/USA

All of Votorantim Cimentos's facilities in Turkey are heavily dependent on groundwater. Being aware of the growing scarcity of water, its management decided to eliminate the discharge of storm water, and is now collecting this water and re-using it in the Yozgat, Çorum and Sivas units.

In order to achieve this, the plant's infrastructure was modified, i.e. new collection channels were installed, to divert the water to lower levels, where concrete tanks were built, with a capacity to accumulate 24h of rainfall. The water collected is reused for dust suppression.

The total cost to adapt the three units was € 235,000. This resulted in a reduction of almost 21,000 m³ in annual groundwater consumption. This rep-

resented 28,5% of the water required to suppress dust in Yozgat, Çorum and Sivas. In addition, Votorantim Turkey reaped other benefits, such as

- improved air quality;
- avoidance of obligations and costs of storm water discharge licenses;
- reduction of risk exposition to facilities flood, and to increased expenses for taxes and quotas on groundwater consumption.

The initiative also contributed to society, as it set an example to the Turkish industry and Ministry of Environment; proved the viability of storm water collection and reuse projects; eliminated the potential downstream contamination of water bodies; and reduced the pressure on groundwater use.



Crescer Project
Rio Branco do Sul/Brazil

COMMUNITY ENGAGEMENT

WE FOSTER LOCAL DIALOGUE AND RELATIONS WITH COMMUNITIES IN ORDER TO PERPETUATE THE VOTORANTIM LEGACY.

More on this strategic driver

Votorantim Cimentos is part of the communities where it operates. Therefore, it is constantly working to improve its dialogue with stakeholders and promoting quality of life, which also results in a better and more transparent environment for business.

The company, together with its stakeholders, works on projects and programs that have strengthening human, social and institutional capital and fostering economic dynamism as their strategic axes:

- Value and encourage the work of local entrepreneurs, fostering initiatives that generate income and reduce inequality and economic dependence;

- Contribute to training citizens, encouraging new opportunities and prospects. Support projects in the areas of education, job qualification, culture, sports and protecting the rights of children and adolescents;
- Train and develop networks and alliances, encouraging social dialogue and greater engagement with the communities;
- Encourage the strengthening of the public administration and of social organizations, helping make them more effective and efficient

In order to create mutual value, Votorantim Cimentos prioritizes its investment through an institutional process which considers 3 perspectives:

1. Votorantim Cimentos' impacts and local assessment;
2. Importance of the locality to the expansion plan of its business; and
3. Capacity and skills of communities to manage the social investment.

The result is a medium and long-term strategic social plan for each community, aligned with the Corporate Social Investment Policy and priorities,

All the investments and cases are communicated through the company's reports and website. The continuous improvement of this social investment process helps the business to grow, since prosperous societies support healthy businesses and high standards reduce both operational and reputational risk.

Goals

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

Case Study

Development of local suppliers

Votorantim Cimentos operates in all Brazilian regions, and has units in many small and underdeveloped cities. In order to foster local development the company established a program to develop local suppliers. The main goal is to encourage the local entrepreneurs and Votorantim Cimentos's suppliers to structure their com-

mercial relations. The program also aims to support other local companies to comply market practices and legal requirements, becoming them potential Votorantim Cimentos or other corporations suppliers.

The Program is structured in 4 stages:

1. Identification of local strengths and potential;
2. Evaluation of local companies' products/ services and their capacity to become a Votorantim Cimentos's suppliers.
3. Organization of meetings with current and potential suppliers; and
4. Establishment of Commercial Associations and offering of consultancy services to prepare local suppliers to do business with large companies.

The program can contribute to increase the self-esteem of the population and the entrepreneurs, leading to better prospects for these cities, the program's benefits go beyond the company's walls, since it is preparing its suppliers to grow their businesses and prospect other clients. Furthermore, it creates new professional opportunities, promotes economic development and diversification, attracts investments, improves socio-economic standards, and increases income and taxes in the municipalities. With this program Votorantim Cimentos aims to improve the quality of the products and services being purchased, thus contributing positively to its performance

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