



1 to 10



1 to 9

In 2009, based on this knowledge and our discussions with experts and various internal audiences, we defined a set of eight possible material issues. To evaluate these issues, we hired the Brazilian Foundation for Sustainable Development (FBDS) to undertake a benchmark analysis and it suggested an additional topic. As a result of this process, we added a further issue to the list and, thus, defined VID's nine material issues.

OUR NINE MATERIAL ISSUES ARE

1 Eco-efficiency and the responsible use of resources

This aims to ensure the long-term availability and proper use of productive resources.

2 Reduction of Greenhouse Gas (GHG) emissions generated by the industrial activities

As major emitters of GHG, we must be aligned to the international practices and agreements on climate change and must constantly seek to reduce emissions.

3 Supply chain management

As supply chain leaders, we should encourage suppliers to implement sustainability practices that are in line with those used by Votorantim (compliance and best practices), thus reducing risks in the chain.

4 Mapping biodiversity in regions where the company operates

As owners and users of large areas in regions of significant biodiversity, we must be aligned to international protection agreements in order to guarantee our access to natural resources in the long run.

5 Occupational health and safety management, including third parties

Ensuring the welfare, health and safety of our employees and third parties is a basic premise of our operations, which, by their nature, involve inherent risks

6 Employee development

Our employees are the base of the organization's value creation and are essential to VID's future growth. By developing our employees' talents, we can contribute to building a fairer, more inclusive society.

7 Development of the communities where we operate















We are an integral part of the communities where we operate and can contribute to the development of both people and the environment, creating value for all.











8 Sustainable use of our products











With a diverse product portfolio, we can promote sustainability values in the supply chain and encourage conscientious consumption.

9 Governance for growth and sustainable development

Structured governance is essential to ensuring Votorantim's vision will be attained.

OUR CHALLENGES	COMMITMENTS ANNOUNCED	STATUS IN 2011	WHAT WAS DONE IN 2011	GOALS FOR 2012 / 2020
<p> 1</p> <p>Eco-efficiency and responsible use of resources</p>	<p>Disseminate the program in other Units, with annual targets for improving energy consumption per ton produced.</p>		<p>Four new Energy Balances were prepared, for a total of 38. Energy consumption per ton produced was stable. Most notably, the Bowmanville plant, in Canada, obtained the ISO 50001 certification for energy efficiency.</p>	<p>2012: Keep consumption per ton produced stable.</p>
	<p>Prepared draft plans to increase both the use of renewable fuels and energy flexibility.</p>		<p>An "Energy Flexibility Monitoring Panel" was created and is used regularly to assess efficiency opportunities at plants fitted with flex equipment. A new biomass application simulator was also developed to study feasibility of these fuels in our operations.</p>	<p>2020: Improve energy efficiency per ton produced by 5% (2010 base).</p>
	<p>Undertake studies with the aim of transforming waste into products or inputs.</p>		<p>Working groups were formed to record practices, develop studies and identify opportunities. At VM, 17% of the waste examined had its form of disposal or characterization changed, thus generating revenue as recycled material or by being transformed into products.</p>	<p>2012: Complete a full waste mapping and opportunity analysis</p>
	<p>Maintain or increase the use of recycled and alternative materials as production inputs.</p>		<p>We have increased the use of scrap for long steel production to 80%. The scrap collection strategy is still being improved with the use of steel sales centers as scrap pickup points. A furnace was also leased to produce pig iron using wood coming from our eucalyptus plantations. In cement, we increased the use of recycled materials used as inputs by 1.61%, reaching a substitution rate of 8.9%. In concrete, a pilot project was developed for the reuse of residual concrete from concrete-mixer trucks as aggregate.</p>	<p> 7, 8 and 9</p> <p>2020: Reduce hazardous waste disposal in landfills by 50% and cut the use of dams to store metal mining waste by half (2010 base – and relative to waste generated/ton of product).</p>
<p> 2</p> <p>Reduce the emissions of the greenhouse gases (GHGs) generated by the industrial activity.</p>	<p>In 2011, fine-tune the investment guidelines for the choice of options that drive greenhouse gas emission reductions.</p>		<p>A tool to analyze investment opportunities with regard to total emissions has been adopted. The tool was not used in 2011, but it will be part of VID's CAPEX evaluation process from 2012.</p>	<p>2012: Apply carbon analyses in Votorantim Industrial's major projects.</p>
	<p>In 2011, encourage the use of inventories among key suppliers and internal discussions seeking to stabilize or reduce specific carbon emissions in all our businesses.</p>		<p>An agreement was signed with CEBDS to provide training to suppliers, together with other companies in the Technical Chamber for Energy and Climate Change. The first training sessions were held in March and April/2012.</p>	<p> 9</p> <p>2020: Maintain or reduce carbon emissions per ton produced (2010 base).</p>
<p> 3</p> <p>Supplier chain management</p>	<p>Increase the mapping and monitoring of the supply chain for human rights-related issues (including forced labor or labor equivalent to slavery) in 2011.</p>		<p>An automatic blocking system for suppliers and customers who are blacklisted by the Ministry of Labor is under development (deployment in SAP is expected for 2012).</p>	<p>2012: Prepare and publish a corporate policy for hiring local suppliers.</p>
	<p>In 2011, expand the use of the SA 8000 Charter for suppliers of all our businesses.</p>		<p>In the steel business, the Charter is already being applied for 86% of suppliers. A study to assess the inclusion of the Charter's criteria in the contracts of all of our businesses was initiated. Several criteria have been included in our Standard Contract Drafts based on this discussion.</p>	<p>2020: Meet the plan for the policy of hiring local suppliers in all VID business.</p>
	<p>Initiate studies to develop a policy to expand purchases of inputs from local suppliers in 2011.</p>		<p>Carry out benchmark studies aimed at developing the policy, and approve the development plan.</p>	

OUR CHALLENGES	COMMITMENTS ANNOUNCED	STATUS IN 2011	WHAT WAS DONE IN 2011	GOALS FOR 2012 / 2020
 <p>4</p> <p>Mapping biodiversity in regions where the Company operates</p>	<p>Within five years, develop common practices, and assess and monitor the biodiversity present in areas where VID operates.</p>		<p>An agreement was signed with CEBDS to study methodologies to assess the impacts on ecosystem services and environmental valuation. Two methodologies were evaluated and a database has been developed containing the maps of the biomes existing in our major areas of operation, together with the list of the flora and fauna species. For 2012, two further methodologies will be assessed and an application test carried out.</p>	<p>2012: Define a model to assess impacts on ecosystem services to be applied at VID.</p> <p>2020: Evaluate ecosystem impacts and enhance biodiversity in VID's key areas of operation.</p>
 <p>5</p> <p>Occupational health and safety management, including third parties</p>	<p>Continue the Third-Party Management project and enhance the monitoring of the existing occupational hazards in 2011.</p> <hr/> <p>Reduce the annual frequency of lost-time accidents among workers and contractors.</p>	 	<p>VID's management guidelines for third parties and its Safety and Health Guide were revised. The Third-Party Management project is still under development.</p> <hr/> <p>Seven critical risk protocol audits were carried out at VID's main operations. A critical risks protocol applicable to the agro-forestry area was created. A seminar on good practices was held and the audit results shared. The Votorantim Academy held 23 classes under the safety course. Accident prevention campaigns (Alert Movement) (were carried out.</p>	<p>2012: Standardize the handling of critical risks at all VID Businesses (accessibility, signing, and investments in equipment in critical risk conditions).</p> <p>2020: Reach a frequency rate with lost-time accidents below 1 in all of our businesses.</p>
 <p>6</p> <p>People development</p>	<p>From 2011, we will boost actions designed to make the company more attractive and management more democratic.</p> <hr/> <p>Improve the general level of satisfaction in the Organizational Climate Survey.</p> <hr/> <p>Improve the training program in order to attract and prepare young professionals to join our staff.</p> <hr/> <p>Decrease the turnover in supervisory and coordination positions in the industrial areas.</p> <hr/> <p>Further expand the Academy of Excellence in North America and South America.</p>	   	<p>Management: The Management Beliefs were disseminated to all VID employees. Meetings were held between VID's CEO and the employees and between the principal business executives and the employees. Employee Recruitment/Retention: Creation of the General Corporate Management Area for Talent Recruitment, whose mission is to support recruitment strategies and strengthen Votorantim's image as a unique company to work for. Actions designed to strengthen the Company's image and reputation got underway. The strategy included holding lectures at schools and taking part in trade fairs and events, etc.</p> <hr/> <p>New Organizational Climate Survey carried out. The General Satisfaction Index reached 66%. In 2009, this rate was 59%.</p> <hr/> <p>A survey was carried out among trainees to pinpoint needs for improvements in the recruitment and hiring process.</p> <hr/> <p>The DHO Functional Committees were reactivated to discuss movements, transfers, skills and careers. Representatives of all businesses took part in this process.</p> <hr/> <p>The expansion process was continued; the Academy of Excellence now includes North America and Peru (Milpo).</p>	<p>2012: Criteria and process for consolidating the internal recruitment data from all Business (filling vacancies with in-house candidates).</p> <p>2020: Have 80% of the leadership positions filled by in-house candidates.</p>

OUR CHALLENGES	COMMITMENTS ANNOUNCED	STATUS IN 2011	WHAT WAS DONE IN 2011	GOALS FOR 2012 / 2020
<p>7</p> <p>Development of the communities where we have operations</p>	<p>Initiate studies, in 2011, to map the social impacts in the vicinity of our operations.</p>		<p>Discussions were held on current practices in the various VID operations and a survey was conducted to compare the company's practices to those of the market. Guidelines were developed and implemented to manage the socioeconomic impacts of projects in the licensing phase (greenfield and brownfield sites).</p>	<p>2012: Establish criteria for prioritizing locations for the deployment of socioeconomic development programs.</p> <p>2020: Contribute to effective, qualified socioeconomic development at the locations where we have production operations.</p>
	<p>In 2011, implement the Engagement Guide practices at four more municipalities, and start five more Community Boards.</p>		<p>Actions completed: Engagement Guide for five more municipalities and creation of Community Boards at five locations.</p>	
	<p>In 2011, start implementing a program in partnership with the National Development Bank (BNDES) to develop productive chains and income generation in 27 municipalities and the partnership with Banco do Brasil for joint sustainable regional development opportunities in 10 municipalities.</p>		<p>Program in partnership with BNDES: Evaluation completed and a study initiated for the deployment of possible projects. The partnership with Banco do Brasil is in progress; however, it has not progressed as desired. Actions have been agreed between the parties to revitalize the partnership.</p>	
	<p>Improve, in 2011, the tools to measure both the results and the impact of the investments made in the communities.</p>		<p>A new process was initiated to monitor the implementation of enterprises and expansion projects, and studies were set into motion to assess the impacts of the investments made on municipal socio-economic indicators.</p>	
<p>8</p> <p>Sustainable use of our products</p>	<p>Encourage cooperation between the Sales and Engineering areas to optimize products and studies on our products' life-cycles.</p>		<p>Defined the plans to prepare studies on the products' life-cycles with each business.</p>	<p>2012: Incorporate the results obtained from consultations with stakeholders into the strategic planning process.</p> <p>2020: Embed sustainability issues in strategic planning, systems, controls and target management in all VID businesses.</p>
<p>9</p> <p>Governance for growth and sustainable development</p>	<p>Establish, in 2011, corporate policies and guidelines for VID and all Business Units.</p>		<p>The Strategic Planning for Sustainability process was developed and plans were drawn up under it for the next five years with regard to material topics and risks.</p>	<p>2012: Incorporate the results obtained from consultations with stakeholders into the strategic planning process.</p> <p>2020: Embed sustainability issues in strategic planning, systems, controls and target management in all VID businesses.</p>
	<p>Formally Define the governance structure for sustainability in all Businesses.</p>		<p>All Businesses have defined their governance structures.</p>	
	<p>Prepare sector studies for the businesses, focused on identifying challenges and opportunities to support the strategic planning and decision-making process.</p>		<p>Sector studies carried out for all businesses in order to guide the development of their sustainability strategies.</p>	
	<p>Make progress in setting integrated targets for the senior leadership and management levels, ensuring that economic, environmental, and social aspects are taken into account.</p>		<p>Sustainability targets were defined for all levels of the organization based on the Strategic Sustainability Plan.</p>	
	<p>Consult external stakeholders, as from 2011, to help define the challenges and commitments.</p>		<p>The scope of the work and choice of the service-provider for the first stakeholder consultations at the corporate level have been defined. Consultations will be carried out in the first half of 2012.</p>	