



# COM PLIANCE

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**Dear All,**

Long before the word became popular, the concept of Compliance was already practiced at Votorantim Cimentos, through very solid ethical principles, which are part of our organizational culture. For us, being in Compliance means identifying, understanding and applying the laws, rules, regulations and external or internal business-related commitments.

Therefore, it was natural to our company, the formalization, in 2013, of our Compliance Program. We understand that being compliant means doing the right things even when no one is looking. Compliance leads us to choose the right path, even if it is the longest and most difficult. And for us at VC, the correct path is the only acceptable one.

As a practice that has advanced worldwide, Compliance today represents even more than an important competitive differential. It has consolidated itself as a prerequisite for business sustainability, as people are increasingly aware of sustainable and ethical consumption and, therefore, require from companies, attitudes and behaviors aligned with these values.

This pressure for changes in the way business is conducted creates a favorable environment for those who have never failed to do the right thing. Votorantim DNA dictates the way of being, act and manage the business. This attitude forces us to rethink actions, processes or decisions and, also, gives us the opportunity to be agents of change for the business environment we want.

At VC, we believe that good business is done when we comply with the laws and regulations applicable to our activities and ensure that all of our licenses and authorizations are up to date and well managed. We also understand that consistent results are achieved when we maintain a competitively healthy and respectful relationship with our competitors, suppliers and customers; and also when we adopt controls and measures that prevent losses to the organization. Ethical conduct, supported by compliance processes, is the basis that guides our business.

For us, each employee, regardless of their hierarchical position or the location in which they operate, is responsible for defending our values and preventing any non-compliant and risky conduct for the business.

I count on you in this daily and continuous journey.

Warm regards,

**Oswaldo Ayres**  
**Global CEO**



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Regardless of changes in the market, portfolio or organizational structure, we seek to maintain the continuity of our principles and values. In this way, we maintain the commitment to conduct our business in an ethical manner and in compliance with the rules applicable to each of our activities. We understand that a structured Compliance system is fundamental to enable a healthy relationship between the company and society, ensuring transparency, integrity and sustainability for the entire company.

We are aware that maintaining this commitment is a daily and continuous journey, built by many hands. For this reason, we demand that our employees and business partners are equally committed, being vigilant and firm in rejecting any actions that are not in accordance with our values and beliefs.

It is very important that everyone knows that we do not tolerate deviations in conduct and non-compliance with legal obligations or internal rules. We understand that misconduct, whether by action or omission, is harmful not only to the Company, but to the whole society.

Remember that our Code of Conduct, inspired by Our VC Way , must be respected in all its day-to-day actions and decisions, and is also a reference for our partners.



**We at VC, are committed to conduct our business with integrity based on the highest ethical standards.**

## **What does Compliance means?**

The word Compliance comes from the English “to comply” which means “to act in accordance”. As we do not have a word in Portuguese that translates well the meaning that the term has gained in recent years, we decided to adopt it because it is widely used and understood by companies and governments in different countries.

When we talk about Compliance, we mean complying with laws, rules, regulations, policies and standards established for our business and our company activities.

Compliance is basically doing what is right, according to Our VC Way and Code of Conduct, regardless of who is watching.



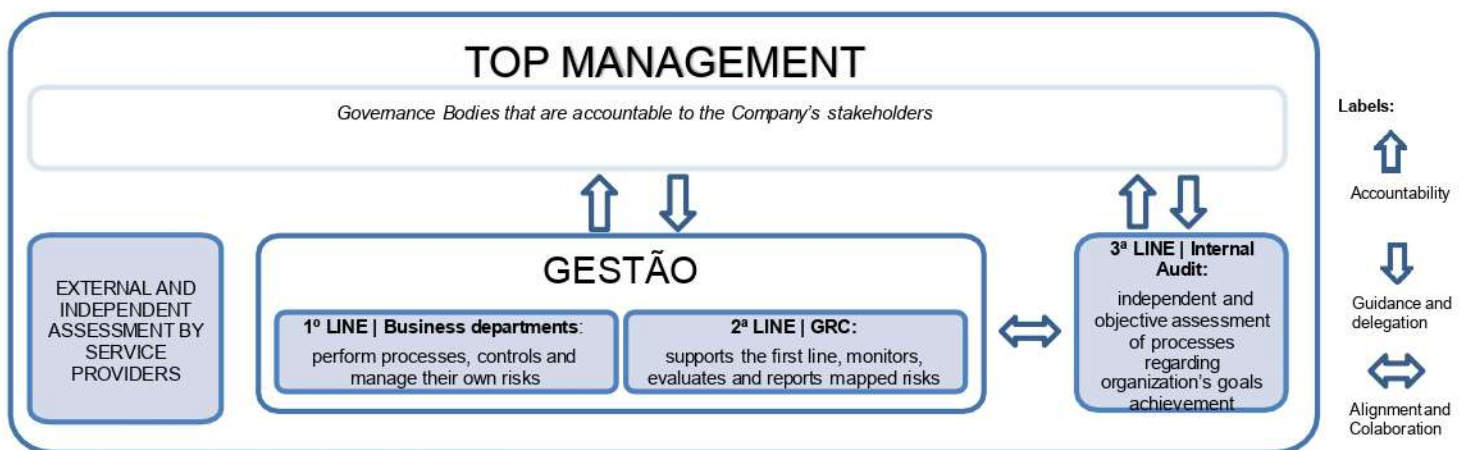
# COMPLIANCE

## Our Compliance Program

In our Compliance Program, we have as a principle the commitment and responsibility of the entire company, according to the responsibility, from the Board of Directors and the Executive Board to the other employees.

We have a Global and Integrated Board of Governance, Risks, Compliance and Internal Audit (GRC & AI) that reports directly to the Board of Directors through of the Audit Committee, being the responsibility of the Compliance area to supervise the effectiveness of the Compliance Program. It is up to this area to provide the necessary support business areas, so that all employees know their individual obligations and conduct expected by the company and can carry out their activities efficiently and accordingly.

In order to meet the highest standards of Corporate Governance, we operate within the Three Lines Model<sup>1</sup>. It establishes responsibilities for decision-making and risk management; provides Independence; and enables the supervision of Management activities in order to ensure the achievement of organization's and its stakeholders' goals. Each department has its role in this model, as shown in the diagram below:



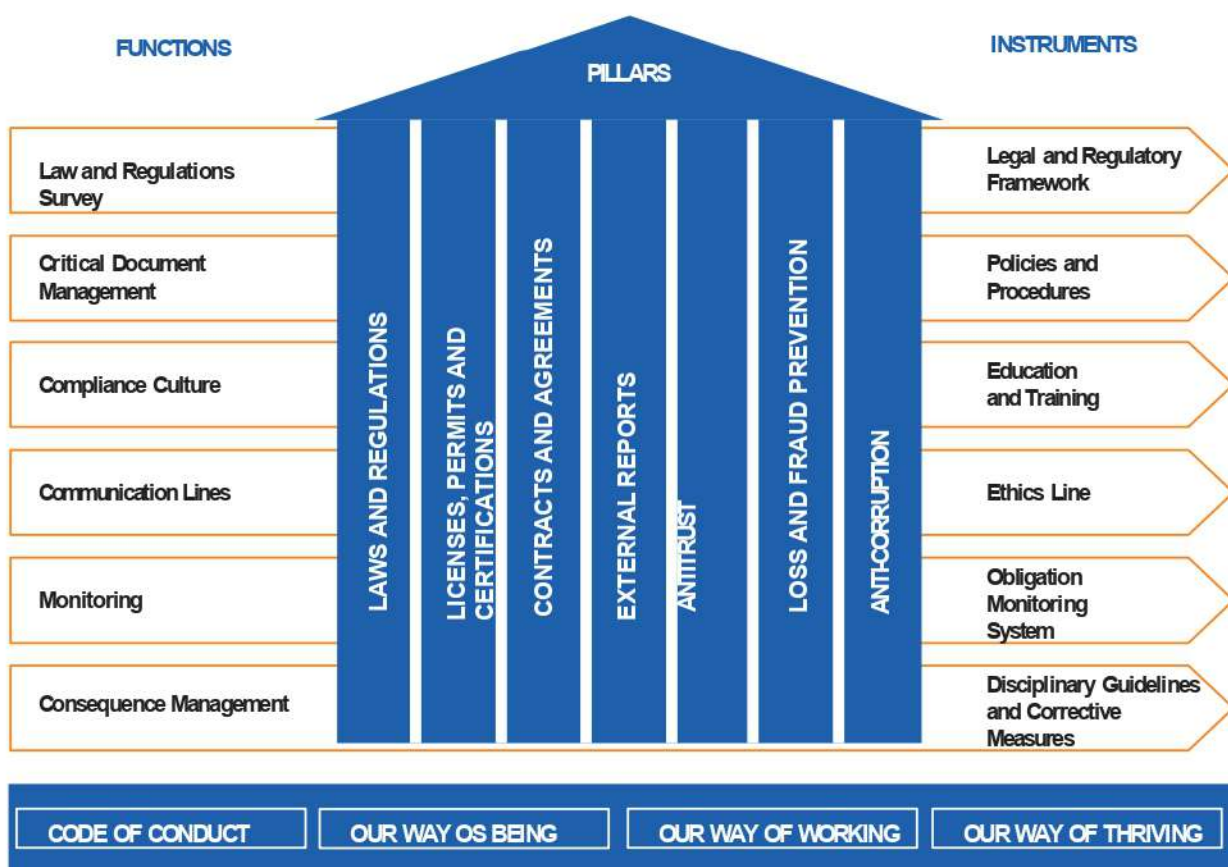
<sup>1</sup>INSTITUTE OF INTERNAL AUDITORS

### And what is VC Compliance Program?

The Compliance Program is based on Our VC Way and Votorantim Cimentos Code of Conduct, on which are established Pillars, Functions and Instruments that constitute the structure and model for the company's performance in compliance.

The Program's actions are carried out by the business areas, with support and supervision of the Compliance area, which works closely with Legal, Risk Management, Internal Controls, People & Management, Internal Audit and Ethics Line.

## OUR COMPLIANCE PROGRAM STRUCTURE



**The Pillars of the Compliance Program represent important topics that receive special attention from everyone in the development of their activities and in ensuring compliance:**

- In our day-to-day life, continuous vigilance is required to ensure compliance with the most diverse **laws and regulations** applicable to our business;
- All VC activities must be carried out ensuring that we previously have **Licenses, Authorizations and Certifications**. These must always be up to date and with their obligations fulfilled and monitored;
- We must ensure that we have signed **Contracts and Agreements** and that commitments made to any interested parties are fulfilled;
- Ensure the quality, truthfulness and accuracy of all information disclosed through our **External Reports**;
- To base all our relations on competitively healthy practices, ensuring compliance with the **Antitrust** and Anti-Competition practices;
- Our work must always be preventive in identifying vulnerabilities and failures that may result in **Losses and Fraud** to the organization;
- In all of our activities, it is essential to fight, not tolerate misconduct and act for the **Prevention of Corruption** in any of its forms.

The Compliance Program, with its functions and instruments, must be used as a model by the business areas to ensure the compliance of the topics covered by our pillars. Functions are the activities by which the objectives of the Program are fulfilled, while the instruments are the way in which the functions will be performed.

### How does the Compliance Program work in practice?

The environmental license management activities carried out by the Environment area, for example, illustrate how Compliance functions can be performed by the business areas.



#### LAWS AND REGULATIONS SURVEY

The Environment area monitors updates in environmental legislation through a specialized system, analyzes their applicability to VC activities and incorporate them on a daily basis, disseminating them to the necessary public. Thus, we have, in a consolidated manner, **a legal and regulatory framework** on environmental issues.



#### CRITICAL DOCUMENT MANAGEMENT

**Policies and procedures** are created or adapted to guide employees on environmental guidelines and the appropriate use of an automated management system for environmental licenses.



#### COMPLIANCE CULTURE

The employees involved in the process undergo **training** on the content and the rules stated in the documents. Communications are also made to disseminate the guidelines in VC.



#### COMMUNICATION LINES

In case of identification of deviations and non-conformities, employees raise their concerns to the Managers, who are responsible for ensuring compliance with all the requirements and obligations of business compliance. Other managers or responsible areas, such as People, Legal or Compliance, can also be contacted. If the employees don't feel comfortable, they can also report through **the Ethics Line**, which will continue with the due investigation.



#### MONITORING

Environmental licenses, which are essential for operations, are monitored by the Environment teams, through a **system for monitoring obligations**. Any pending issues are periodically reported by the focal points to the responsible areas and the Executive Board.



#### CONSEQUENCE MANAGEMENT

Conduct deviations and violations of the identified policies and procedures are analyzed and, together with the People area, **disciplinary guidelines are given, and specific corrective measures are taken**.

Consequence management is applied in proportion to the deviation and applies to all employees, regardless of job title and function.





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What is expected from each one of us?

## INDIVIDUAL RESPONSIBILITY OF EMPLOYEES



Each employee is responsible for ensuring **compliance with all obligations associated with the activities of their job position**, including the identification, management and reporting of any compliance violations.



Everyone must know and obey **the internal and external rules, standards and regulations** applicable to VC. Ignorance of an obligation is no defense against the possible consequences of misconduct.



All employees must be an **example of good conduct** and, additionally, take measures to ensure that others conduct their activities in an ethical manner and in accordance with legal and regulatory requirements.



It is the duty of every employee to **know the Code of Conduct in full**, participating in all education and training activities provided by the competent areas.

## LEADERSHIP RESPONSABILITIES

**Leaders are responsible for ensuring the fulfillment of all legal obligations related with the activities of their position. This includes identifying, reporting and managing all compliance violations.**

**To clarify, see below some important actions that should be taken by VC leadership:**

- Be responsible for ensuring and reporting, to the entire team, the implementation and adherence to Compliance guidelines;
- Ensure that company rules and applicable legislation are followed, promoting an environment of compliance and control management;
- Encourage discussion on the Code of Conduct and explain the importance of complying with all guidelines. It is important to create an environment of open dialogue, where employees' doubts and concerns are duly answered and addressed;
- Protect team members from any retaliation if they report, in good faith, actions that they believe to be in violation of the laws or internal regulations;
- Raising employees' awareness and commitment to compliance, with the assistance of People, Management and Compliance areas;
- Make sure that deviations and violations identified are properly addressed and reported, when necessary. Omission and complacency also violate Compliance rules;
- Ensure that the fulfillment of obligations is an important factor of analysis in the team's performance management processes;
- Ensure that the team is aware, in addition of being properly trained and communicated, in regard to the compliance obligations relevant to the area.



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## Communication Channels

When observing behavior that you consider inappropriate or that violates the Code of Conduct, laws, regulations, policies and internal procedures, report it as soon as possible!

From your report, it will be possible to focus on the correct efforts and act quickly to solve problems that may be unknown to the appropriate instances, thus minimizing potential impacts and avoiding the recurrence of similar situations.

Express your concerns with your manager, leader of your manager or responsible areas, such as People, Legal or Compliance, depending on the topic.

If it is not possible or if you do not feel comfortable to address the issue this way, you can always count on the Ethics Line!

**The Ethics Line is a secure and confidential channel made available to everyone!**

Both our employees, as well as our third parties, business partners, investors or anyone else can contact the Ethics Line to clarify doubts about the Code of Conduct or report irregular conduct observed in our operations, such as acts of corruption, fraud, harassment and discrimination.

Rest assured that, here, retaliation against those who, in good faith, report legitimate concerns, is not tolerated! Any reprisals must be immediately reported, through the Ethics Line, so that appropriate measures are taken promptly.



USA: 1-800-913-0598

CANADA (English): 1-800-901-0115

CANADA (French): 1-800-913-0598



[www.votorantimcimentos.com/ethicsline](http://www.votorantimcimentos.com/ethicsline)

**Our Way VC** is part of our DNA and makes up our essence. They are the principles that guide and guide our day-to-day behavior and that help us build an even more promising future.

# OUR VC WAY



## OUR WAY OF BEING

Ethical and respectful.



#safetyandhealth



#ethicsanddiversity



#opendialogue.

## OUR WAY OF WORKING

Together, with excellence.



#thefocusofourcustomers



#trustandsimplicity



#actwithownership

## OUR WAY OF THRIVING

With courage to transform.



#learnandenvolve



#lastingresults



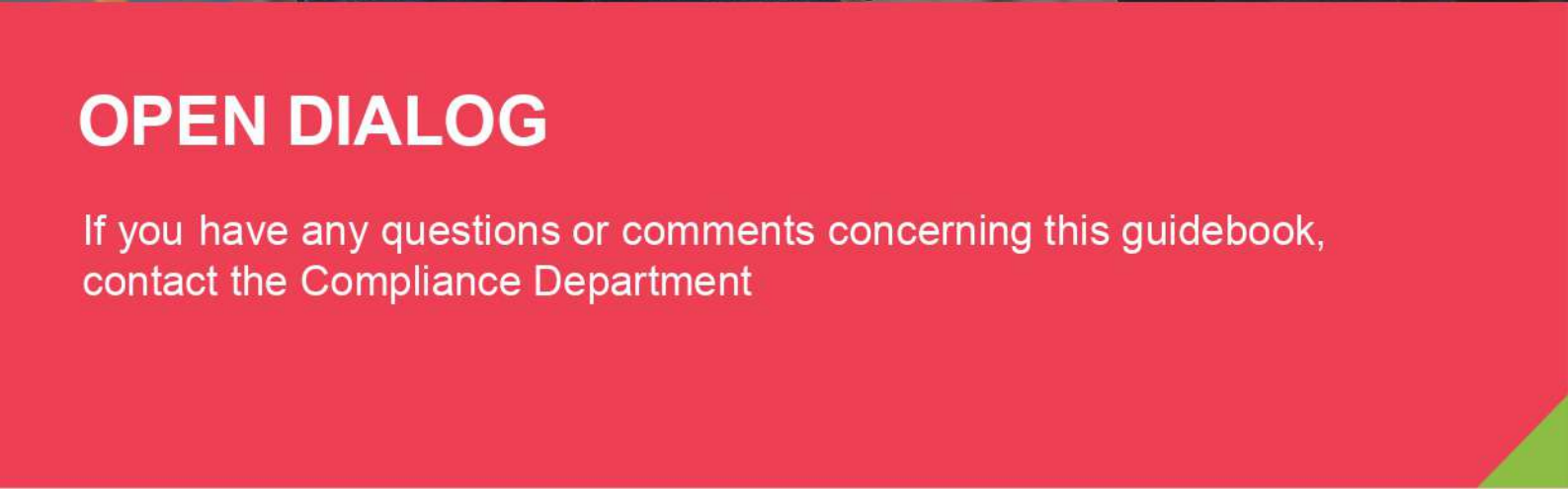
#sustainablelegacy



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## OPEN DIALOG

If you have any questions or comments concerning this guidebook, contact the Compliance Department





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