
The IMD-Lombard Odier Darier Hentsch Distinguished Family Business Award

Press Release

September 15, 2005

Brazilian Company Votorantim Honoured as Top Family Business in the World

LAUSANNE, Switzerland – September 15, 2005 – IMD, a world leader in executive development, and Lombard Odier Darier Hentsch, the oldest firm of private bankers in Geneva, announced the Votorantim Group of Brazil as the winner of the 10th annual IMD - Lombard Odier Darier Hentsch Distinguished Family Business Award, generously donated and crafted by Chopard. Joining a distinguished global fraternity of past winners, including Barilla, Hermès and Lego, Votorantim is an internationally active, leading Latin American diversified family business. The Award was formally announced on Thursday, September 15, by IMD Professor Joachim Schwass and Thierry Lombard, Senior Partner of Lombard Odier Darier Hentsch, at the 16th Annual Family Business Network Summit in Brussels.

About the Award

The Award was created to recognize an outstanding multi-generational company, operating internationally, that excels in achieving family and business goals. Emphasizing the important global economic contribution made by family-owned businesses, the Award recognizes best practices and innovative solutions that can benefit other family firms.

Award winners must have reached at least the 3rd generation of family ownership and management with a solid record of financial performance and stability. In addition, only those companies that have demonstrated good corporate citizenship by making social contributions to the communities in which they operate may qualify. Award winners must have also manifested a successful synthesis of innovation and tradition.

This year's Award winner was selected by the nine previous years Award winners (Lego, Hermès, Puig, Henkel, Zegna, Murugappa, Johnson Family Enterprises, Bonnier and Barilla), following a world-wide call for submissions and an in-depth evaluation.

According to IMD Professor **Joachim Schwass**, "The Votorantim Group is an outstanding example for responsible ownership, where the family understands the need to adjust its own role in order to serve the business in a truly sustainable way".

"Because it is based on the financial, strategic and ethical aspects of a business, this Award effectively reveals the people behind the business: how they operate and which values they choose to grow. We are proud to have been associated with the Award for nine years running and congratulate the Votorantim Group on its achievement", said **Thierry Lombard**, Senior Partner of Lombard Odier Darier Hentsch.

About the Winner: the Votorantim Group

The Votorantim Group, headquartered in São Paulo, is amongst the largest business groups in Latin America with total revenues exceeding US\$ 6 billion. Its companies are leaders or have large shares in all the markets in which they participate, such as in cement production, cellulose, paper, aluminium, zinc, nickel, long steel, chemical specialities and orange juice. It also has an important share in the financial sector through Banco Votorantim. The Group has an active participation in the energy sector, both in self-generation destined to supply its productive units, as well as in the public sector for which it distributes and markets electricity.

Votorantim operates nine different business sectors, employs 30,000 professionals and has three production units abroad (USA, Canada and Peru).

Early history

Votorantim was founded by Antonio Pereira Ignacio, who emigrated with his father in 1884 from Portugal to Brazil. He started a factory for edible oils in 1905, and in 1918 he purchased a small textile factory. His son-in-law, José Ermírio de Moraes, joined him and working together, they took their small textile firm to new heights. They had a vision for Brazil, believing their country was at the edge of impending industrialization, when significant investments in infrastructure would be undertaken. The first strategic move was entry into the cement industry. During WWII, Votorantim expanded its cement and metals business. In 1951, Antonio Pereira Ignacio died and José Ermírio assumed the presidency of the Group. By the 1950s, in tandem with the rise of the second generation of the family into the management of Votorantim, the Group began producing aluminium and hydroelectric power as well as refining sugar.

Next generation

In 1960, José Ermírio transferred control of the company to his three sons and his son-in-law, Clóvis Scripilliti. José Ermírio's successors began a strategy of both related and unrelated diversification for the Group by expanding into new lines of business, as well as other regions of Brazil. In the 1970s and 80s, the Group entered into zinc and nickel mining and smelting, as well as plastics and film wrapping. The 1980s also marked the arrival of the third generation of family managers.

In 1990, Brazilian President Collor introduced major market reforms, eliminating or significantly reducing almost all import tariffs overnight. Suddenly, Votorantim had to compete with the best and most efficient producers on its own home turf. Votorantim as a Group took the decision to focus on businesses in which it could leverage the richness of Brazil's natural resources to compete effectively in international markets. The Group shed operations in industries in which it had ceased to have a competitive advantage, such as textiles, rayon and sugar refining - businesses that had large emotional value because of their history within the Group.

Evolution

For most of its history, the Votorantim Group was structured around independent business units, each of which was run by a different family member. However, it became apparent that with the transition to the cousin generation a considerably larger number of family members would arrive and a new corporate governance structure would be needed.

Thus, in 2001 the 23 members of Votorantim's third generation broke with eight decades of tradition in response to changing circumstances. In total, 13 cousins who worked throughout the Group removed themselves from direct management positions. Their places were taken by non-family managers. A family board was created to oversee family matters and social investment, and it actively incorporates the family's beliefs and values throughout the Group's strategy and operations. An executive board has oversight over the day-to-day business operations of the companies under Votorantim Participações SA.

About the Award Partners

IMD

An independent, not-for-profit foundation located in Lausanne, Switzerland, IMD is a world leader in the provision of management education for senior executives. The Institute has over 50 years' experience in developing the leadership capabilities of international business executives at every stage of their careers and offers innovative learning solutions either open to all or designed for the unique needs of individual companies. At present, around 150 global companies are actively involved in the IMD Learning Network. Recognized for its excellence, IMD's "Real World, Real Learning" approach helps executives and companies to sustain and increase their competitiveness at the global level. IMD has unique international experience in the field of management education for family businesses. Its flagship seminar "Leading the Family Business" has featured in the prospectus since 1988, and managers from more than 500 family businesses throughout the world have visited Lausanne to complete the program.

IMD also offers families with businesses company-specific, tailored programs in which senior executives and members of the Board of Directors are often involved. Lausanne is considered the world capital of management education for family businesses and is home to the head office of The Family Business Network (FBN), the only international association for family businesses. IMD has a dedicated Family Business Team and is also home to the IMD – Lombard Odier Darier Hentsch Family Business Research Center.

Lombard Odier Darier Hentsch

Founded in 1796, Lombard Odier Darier Hentsch is one of the leading firms of private bankers in Switzerland and Europe. It is a family business which has been passed down from one generation to the next for more than two centuries and which today can draw on a long tradition of investment advisory as it has remained true to its original vocation - preserving, growing, and helping to hand down to future generations the assets entrusted to it.

Private bankers for seven generations, the Partners are deeply attached to their independence, which has ensured their freedom of judgment and ability to develop long-term strategies in the best interests of their clients.

It is the company's mission to satisfy the specific requirements of a private and entrepreneurial client base. Its tailor-made solutions, solid institutional values, and unstinting quest for excellence in strategic analysis, financial research, and portfolio management have all served to cement the company's reputation. With 20 offices in 15 countries, the Group today has over 1,700 employees. In addition to their involvement in the presentation of this Award, the Partners of Lombard Odier Darier Hentsch also contributed to the development and financing of the IMD – Lombard Odier Darier Hentsch Family Business Center.

Chopard

Known in the luxury goods industry for its watch and jewelry collections as well as its Haute Joaillerie creations, Chopard & Cie is a family business in the true sense of the word. Karl Scheufele and his wife Karin handle the presidency, while their children Karl-Friedrich and Caroline serve as co-presidents. One of the only family businesses operating in its industry, Chopard currently employs a total of 1,300 people world-wide spread across three production-sites, along with 11 distribution subsidiaries from New York to Singapore and 87 stores world-wide. Chopard pursues vertical integration in the watch and jewelry businesses so as to maintain control over the entire process and ensure total independence. As a result, its workforce includes representatives of 45 separate professions, all playing their role at a specific stage of production, such as design, research and development, gold casting, case and bracelet manufacturing, gem-setting, etc. This characteristic makes Chopard a rare phenomenon in the watch and jewelry world. Given the wealth of know-how within the company, it is naturally concerned with the lasting survival of these artistic professions. Chopard therefore runs its own training center to ensure that today's apprentices will become the artisans who will perpetuate the traditions of tomorrow.

Contacts

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