

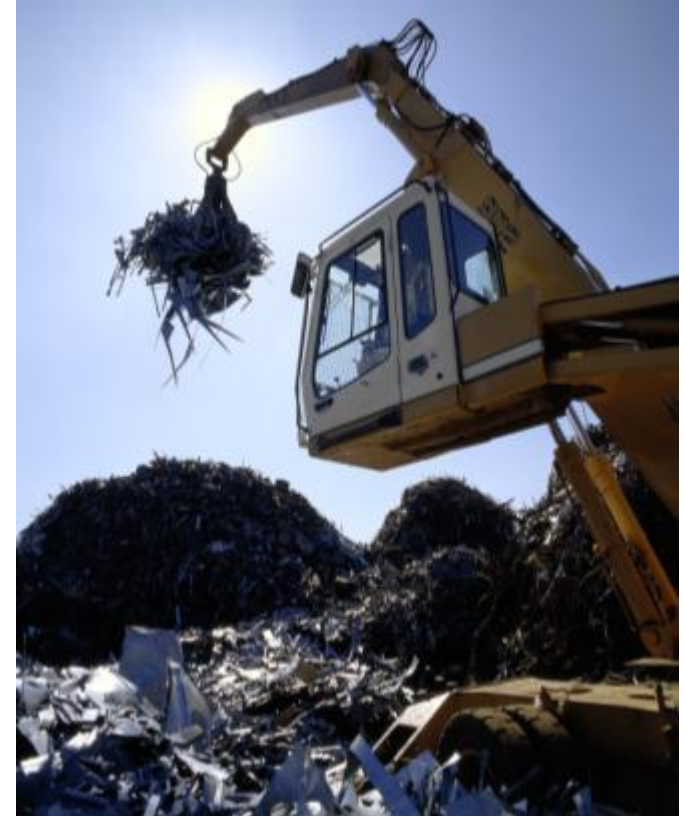
Inclusive Recycling

Integrating the Informal sector at the steel value chain of Gerdau



Gerdau

- ✓ Leading producer of long steel in the Americas and one of the largest suppliers of special steel in the world;
- ✓ Over 45,000 employees;
- ✓ 14 countries - in the Americas, Europe and Asia;
- ✓ With a broad product line sold on the five continents, Gerdau meets the needs of the civil construction, industrial, and agribusiness sectors. It is also a global leader in supplying special long steel for the automotive industry;
- ✓ Largest recycler in Latin America and around the world it transforms, each year, millions of metric tons of scrap into steel.



Aliança Empreendedora - NGO



- ✓ Non-profit, socially focused organization that supports organizations, NGO's, and governments nation-wide;
- ✓ Test and implement inclusive business models and projects that stimulate and support entrepreneurship for low-income communities;
- ✓ 48 successful projects;
- ✓ More than 11,400 micro-entrepreneurs directly supported;
- ✓ 26 NGOs in 15 states equipped with Aliança Empreendedora's methodologies.

Context



- Inclusive Businesses are economic initiatives that generate a positive social and environmental impact to low income populations.
- The problem of poverty must force us to innovate.
- Building self-esteem and entrepreneurial drive at the BOP is probably the most enduring contribution that the private sector can make.
- Charity might feel good, but it rarely solves the problem in a scalable and sustainable fashion.
- It is possible to experiment in different ways to achieve our goal.

Gerdau's Context

Scrap Suppliers

Bioredutores Providers

Logistics Suppliers

Small and Medium
Business Suppliers

Customers and Small
Business from
Distribution Channels

Final Clients

- **Direct relationship between the social impact and the competitiveness development**
- **Focus on business need and local strategy:** projects must add value to Gerdau and its chain
- **Projects run by the Business areas**, with support from the CSR process.
- **Alliances with recognized organizations:** technical and financial partnerships to support the initiatives.

Integrating strategy and society: **create shared value**

Scrap Market Context

Business Context

- ✓ Brazilian policy on solid waste
- ✓ Chain with a high number of informal businesses
- ✓ Existence of middlemen in the process

Common Context

- ✓ In emerging economies and developing countries, it is mostly the informal sector that provides scrap metal, paper, plastic and other recyclable wastes and intermediates who provide to the industry .

Social Context

- ✓ The waste pickers work independently without any labor protection or social security and many times under precarious working conditions.
- ✓ Given their lack of recognition and inability to provide an invoice, it is very difficult for the collectors to establish a direct commercial relationship with the formal market.
- ✓ They remain excluded from participation in economic and social life.

Overall Goals of the Partnership

- ✓ Increase the amount of scrap purchase from this suppliers;
- ✓ Professionalize informal sector actors;
- ✓ Identify and encourage the creation of networks;
- ✓ Develop and implement a monitoring system (KPIs) for the entire value chain;
- ✓ Creating an internal policy for purchasing scrap from this suppliers.

General Results

- ✓ From 09 small business, 08 are selling direct to Gerdau with full necessary documentation.
- ✓ Over than 5.000 hours of training
- ✓ Increased over 100% in the amount of scrap purchase.
- ✓ Increased by over 20% in the average income of each wastepickers only in the year 2012.



Future Outlook

With the results obtained in the project and market research, we believe that the best way to get a greater impact on scrap small suppliers is through commercial network between wastepickers, increasing the number of beneficiaries and amount of scrap purchase.

**Small Suppliers
working on
network**



Thanks.

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GERDAU

