



**SUSTAINABILITY
AT KLABIN**

2015





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Message from the
Administration



THE YEAR 2015 WAS FUNDAMENTAL FOR KLABIN TO MATERIALIZE A GREAT DREAM. WE ADVANCED WITH THE BUILDING OF THE NEW PUMA UNIT, IN ORTIGUEIRA, PARANÁ, ON TIME AND ACCORDING TO THE PACE AND INVESTMENTS PLANED, THE LARGEST IN OUR HISTORY. WE REACHED THE END OF 2015 WITH 95% OF THE PULP PLANT CONCLUDED AND 77% OF THE FINANCIAL DISBURSEMENT REALIZED. THANKS TO THIS PERFORMANCE AND THE WORK OF ALL OUR EMPLOYEES DIRECTLY AND INDIRECTLY INVOLVED WITH THE PROJECT, WE BEGAN OPERATION IN MARCH 2016, PRODUCING THE FIRST BALE OF PULP WITHIN BOTH THE DEADLINE AND THE BUDGET.

EXCELLENCE, INNOVATION AND VISION FOR THE FUTURE HAVE BEEN CONSTANT ATTRIBUTES THROUGHOUT KLABIN'S HISTORY OF 117 YEARS. JUST AS IMPORTANT IS ATTENTION TO SUSTAINABILITY AS A FUNDAMENTAL ASPECT TO OUR EXISTENCE



The Puma Unit is a milestone in our growth cycle. In full operation, it adds 1.5 million tons of pulp per year to our production capacity, distributed between hardwood pulp (from eucalyptus), softwood pulp (from pine), and fluff pulp, input used in diapers and sanitary napkins.

While we directed our efforts toward realizing the dream of building a new plant that will allow us to double in size and enter markets where we have not yet operated, we also managed to work in an adverse scenario and maintain good business performance throughout the year.

With the quality of our products and efficiency in processes, we expanded our global presence as paper and cardboard exporters. Thus, we closed the year with significant growth in the foreign market, and continued an uninterrupted positive course of operating cash flow, which at the end of 2015 recorded 18 consecutive quarters of growth.

We increased exported volumes by 15%, which accounted for 34% of total sales for the year – a growth of three percentage points over 2014. Our operating cash flow (adjusted Ebitda) reached BRL 1,975 million in 2015 – the best result in company history, 15% higher than the previous year.

EXCELLENCE and **VISION FOR THE FUTURE**, expressed in the advances mentioned above, are constant attributes throughout Klabin's history of 117 years. Just as important is attention to **SUSTAINABILITY** as a fundamental aspect to our existence. contained in the social and environmental commitments proposed by the renowned institutions to which we adhere voluntarily. One of these is the Global Compact, an international corporate mobilization seeking a more sustainable and inclusive economy, supported by the United Nations (UN).

The past year gave us the satisfaction of seeing our sustainability and environmental preservation improvement initiatives recognized in several ways.

We were also chosen by the Valor 1000 yearbook of the Valor Econômico journal, as the 2015 Company of Value, recognition for criteria including corporate governance, social involvement, respect for consumers, and the environment. Our performance was confirmed through a study carried out by the financial information company Economática, which ranked Klabin as the member company of Bovespa with the highest growth in market cap in 2015.

It is the attention we give to research, development, and **INNOVATION** – other Klabin attribute throughout history – that endorses our achievements, the continuity of our business, and our market leadership. We are certain that substantial, continuous investment in promising technology, innovative production processes, advanced management models, and personnel training is necessary in order to promote the company's sustainable growth.

IN 2015...



WE WERE APPOINTED BY THE
CARBON DISCLOSURE PROJECT (CDP)
LATIN AMERICA AS THE COMPANY
WITH THE BEST PRACTICES IN
NATURAL CAPITAL MANAGEMENT



WE COMPOSED, FOR
THE THIRD TIME,
BM&FBOVESPA'S
**CORPORATE SUSTAINABILITY
INDEX PORTFOLIO**



We are aware that none of our plans would materialize if we did not know how to attract, train, and take care of the right people, those who help us reach our goals. To us, a sustainable organization is also that which is based on people motivated and challenged to do their best. We seek to offer our staff the support and stimulation they need, so that they may build their careers with us.

We owe all of our employees, clients, shareholders, investors, business partners, and suppliers our sincere gratitude for their trust and the work they developed with us in 2015. The beginning of operations of the Puma Unit and the expanded investments and efforts made in recent years now offer, for the near future, new opportunities for growth and common achievements, despite the challenges presented by the current economic scenario. In the coming years, we plan to double in size, enter additional markets, make new investments, and strengthen our research front. We hope to be able to count on everyone during this journey toward building a more innovative and sustainable company.

The Administration



About this
Publication



IN THIS ABRIDGED VERSION OF THE 17TH SUSTAINABILITY REPORT PUBLISHED ANNUALLY BY KLABIN, WE PRESENT OUR AUDIENCES — BUSINESS PARTNERS, CLIENTS, EMPLOYEES, SUPPLIERS, COMMUNITY, SHAREHOLDERS AND OTHER STAKEHOLDERS — THE MOST RELEVANT INFORMATION ON THE PERFORMANCE OF THE COMPANY IN 2015. IN SOME CASES, HIGHLIGHTS OF THE BEGINNING OF 2016 ARE REPORTED BECAUSE THEY ARE CONSIDERED STRATEGICALLY IMPORTANT TO THE COMPANY. THE FULL ONLINE VERSION, WITH GRI INDICATORS, IS AVAILABLE AT [HTTP://RS.KLABIN.COM.BR/ENG/](http://rs.klabin.com.br/eng/).

IN EACH SECTION, MATTERS RELATING TO THE NINE MATERIAL ASPECTS ADDRESSED IN THE MATERIALITY MATRIX ARE ALSO HIGHLIGHTED. THEY ARE CONSIDERED THE MOST RELEVANT ASPECTS OF KLABIN'S ACTIVITIES, DETERMINED THROUGH CONSULTATION WITH THE COMPANY'S MAIN STAKEHOLDERS. FINANCIAL INDICATORS LISTED REFER TO ALL OF KLABIN'S OPERATING UNITS IN BRAZIL AND ARGENTINA. SOCIAL AND ENVIRONMENTAL INFORMATION INCLUDES ONLY THE OPERATIONS ON BRAZILIAN TERRITORY.



MATERIAL ASPECTS



COMPETITIVENESS AND
ECONOMIC RESULTS



ENVIRONMENT



WOOD SUPPLY



PROMOTION OF
LOCAL DEVELOPMENT
AND COMMUNITY
RELATIONS



BUSINESS
EXPANSION



HEALTH AND SAFETY OF
DIRECT AND INDIRECT
EMPLOYEES



RESEARCH,
DEVELOPMENT, AND
INNOVATION



CERTIFICATIONS



CLIENT SATISFACTION
AND PRODUCT QUALITY




THE MATERIALITY IDENTIFIES THE RELEVANT ASPECTS TO THE COMPANY'S SUSTAINABILITY MANAGEMENT IN THE SHORT, MEDIUM, AND LONG TERM

OVER 1,000 RESPONSES AND/OR INTERACTIONS

The current Materiality, with these aspects identified as relevant to the company's sustainability management in the short, medium, and long term, was developed in 2014 through consultation with several of our audiences. In order to define Materiality, over 1,000 responses and/or interactions were recorded:

- company directors and external specialists were consulted in face-to-face, digital, or telephone interviews;
- employees, clients, suppliers, investors, and other audiences were consulted through online questionnaires;
- community leaders, beekeepers, partner producers, and representatives from local government were also consulted on field visits to the company's units in Paraná, Santa Catarina, and Pernambuco.



WE ARE A CORPORATION THAT OFFERS THE MARKETS IN BRAZIL AND AROUND THE WORLD A BROAD PORTFOLIO OF PRODUCTS, INCLUDING WOOD LOGS, PULP, PAPER AND CARDBOARD FOR PACKAGING, CORRUGATED BOXES, AND INDUSTRIAL BAGS. OUR SUPPLY CHAINS ARE INTEGRATED: WE PLANT PINE AND EUCALYPTUS FORESTS THAT PROVIDE WOOD TO PRODUCE THE PULP THAT IS USED TO MANUFACTURE OUR PAPER AND PACKAGING OR SOLD TO CLIENTS ABROAD. ATTENTION TO OUR PRODUCTION AREAS EXTENDS TO THE NATIVE FORESTS, AND OVER 40% OF OUR FOREST AREA IS AIMED TOWARD PRESERVING THEIR UNIQUE WILDLIFE AND FLORA AND CONSERVING WATER RESOURCES.

IN 2016, SINCE WE BEGAN OPERATING THE PUMA UNIT, WE BEGAN MARKETING HARDWOOD PULP, SOFTWOOD PULP, AND FLUFF PULP.

THE ROAD BETWEEN A DREAM AND ITS MATERIALIZATION IS BUILT WITH COURAGE AND HARD WORK. HERE, AT KLABIN, WE BELIEVE IN THIS ADAGE AND APPLY IT EVERY DAY, THROUGHOUT OUR GROWTH PLAN, SUPPORTED BY FOUR PILLARS: **EXCELLENCE, SUSTAINABILITY, INNOVATION, AND VISION FOR THE FUTURE.**



Klabin

*Company profile and
its operations*

OUR BUSINESS UNITS



FORESTRY BUSINESS UNIT

Responsible for managing forests planted by Klabin, which includes planning, planting, and harvesting in order to supply raw material to our paper and pulp plants.



PULP BUSINESS UNIT

Produces hardwood pulp (eucalyptus), softwood pulp (pine), and fluff pulp (manufactured for the first time in Brazil from softwood, fluff pulp in large scale, it is an important input for producing disposable diapers and sanitary napkins, as well as other products).



PAPER BUSINESS UNIT

Produces cardstock for liquids and for the food, hygiene, cleaning, and electronics industries, among others. Manufactures kraft paper used in corrugated boxes, industrial bags, and produces recycled paper.



CONVERSION BUSINESS UNIT

Converts kraftliner and sack kraft paper into corrugated cardboard and industrial bags, used by the food, beverage, fresh produce, health, personal care, electronics, and civil construction sectors.

OUR CLIENTS

THE FOLLOWING INDUSTRIES:

- Food (milk, refrigerated meat, and fruit)
- Health and personal care
- Hygiene and cleaning
- Civil construction
- Electronics

OUR OPERATION

KLABIN IS A LEADER IN BRAZIL IN THE FOLLOWING MARKETS:



PAPER AND
CARDBOARD FOR
PACKAGING



CORRUGATED
BOXES



INDUSTRIAL
BAGS



WOOD IN LOGS FOR
SAWMILLS AND
PLYWOOD PLANTS

- THE ONLY SUPPLIER OF CARDBOARD FOR LIQUIDS IN LATIN AMERICA
- THE ONLY PRODUCER OF LARGE SCALE FLUFF PULP IN BRAZIL
- THE ONLY COMPANY IN THE COUNTRY TO SIMULTANEOUSLY SUPPLY SOFTWOOD PULP, HARDWOOD PULP, AND FLUFF PULP FROM A PLANT DESIGNED FOR THIS PURPOSE: THE PUMA UNIT.
- EXPORTS ITS PRODUCTS TO OVER 60 COUNTRIES ON ALL CONTINENTS.



NEARLY

16,000

DIRECT AND INDIRECT
EMPLOYEES

OUR LAND:

489,000

HECTARES OF OWN LAND*
(AREA IN DECEMBER 2015)

*THE 44,000 HECTARE DIFFERENCE FROM THE TOTAL SUM INCLUDES INFRASTRUCTURE AREAS (ROADS AND BETTERMENT, FOR EXAMPLE), AND AREAS WITHOUT PLANTING.



235,000 HECTARES OF
PLANTED FORESTS

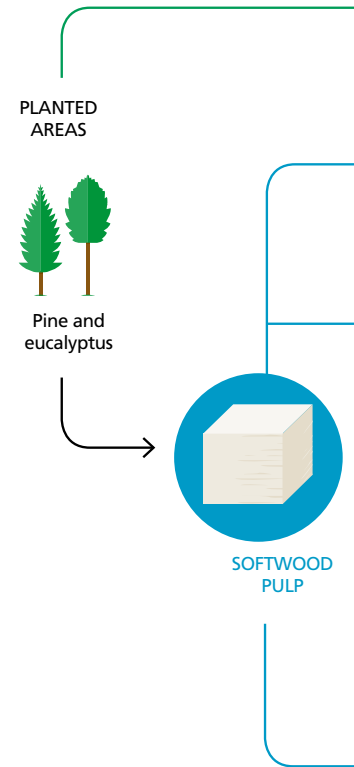
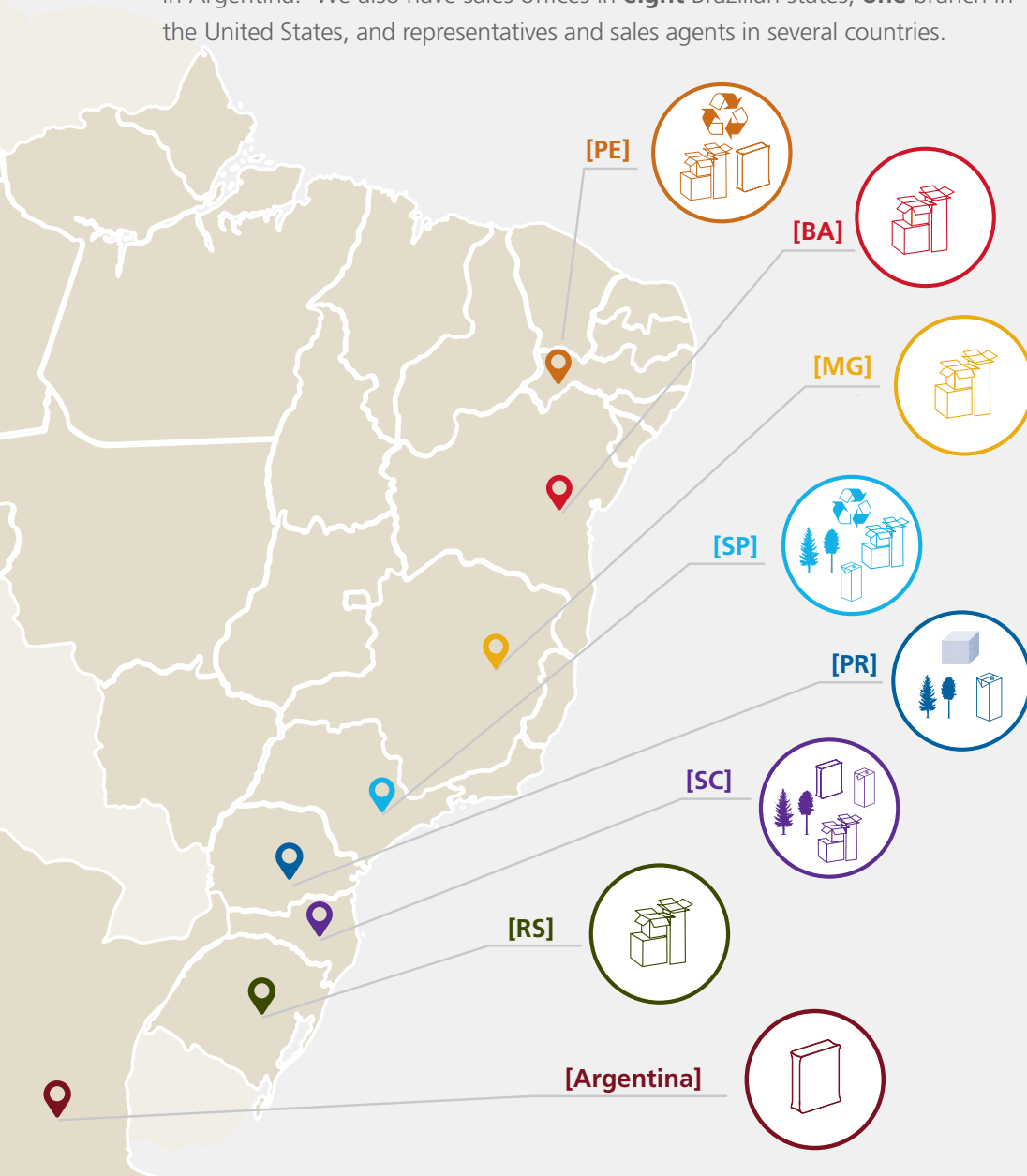


210,000 HECTARES OF
PRESERVED NATIVE
FORESTS

IN 2015, A TOTAL OF 10,000 HECTARES OF OWN AND THIRD-PARTY LANDS WERE PLANTED; THIRD-PARTY LANDS PLANTED THROUGH THE PARTNERSHIP PROGRAM.

WHERE WE ARE

Klabin has administrative headquarters in São Paulo, forests in **three** Brazilian states and **16** industrial units – **15** in Brazil, distributed over seven states, and **one** in Argentina. We also have sales offices in **eight** Brazilian states, **one** branch in the United States, and representatives and sales agents in several countries.



Forestry

- Alto Paranapanema (SP)
- Alto Vale do Itajaí (SC)
- Campos Gerais (PR)
- Planalto Catarinense (SC)
- Planalto Guarapuava (PR)
- Vale do Corisco (PR)



Hardwood pulp Softwood pulp Fluff pulp

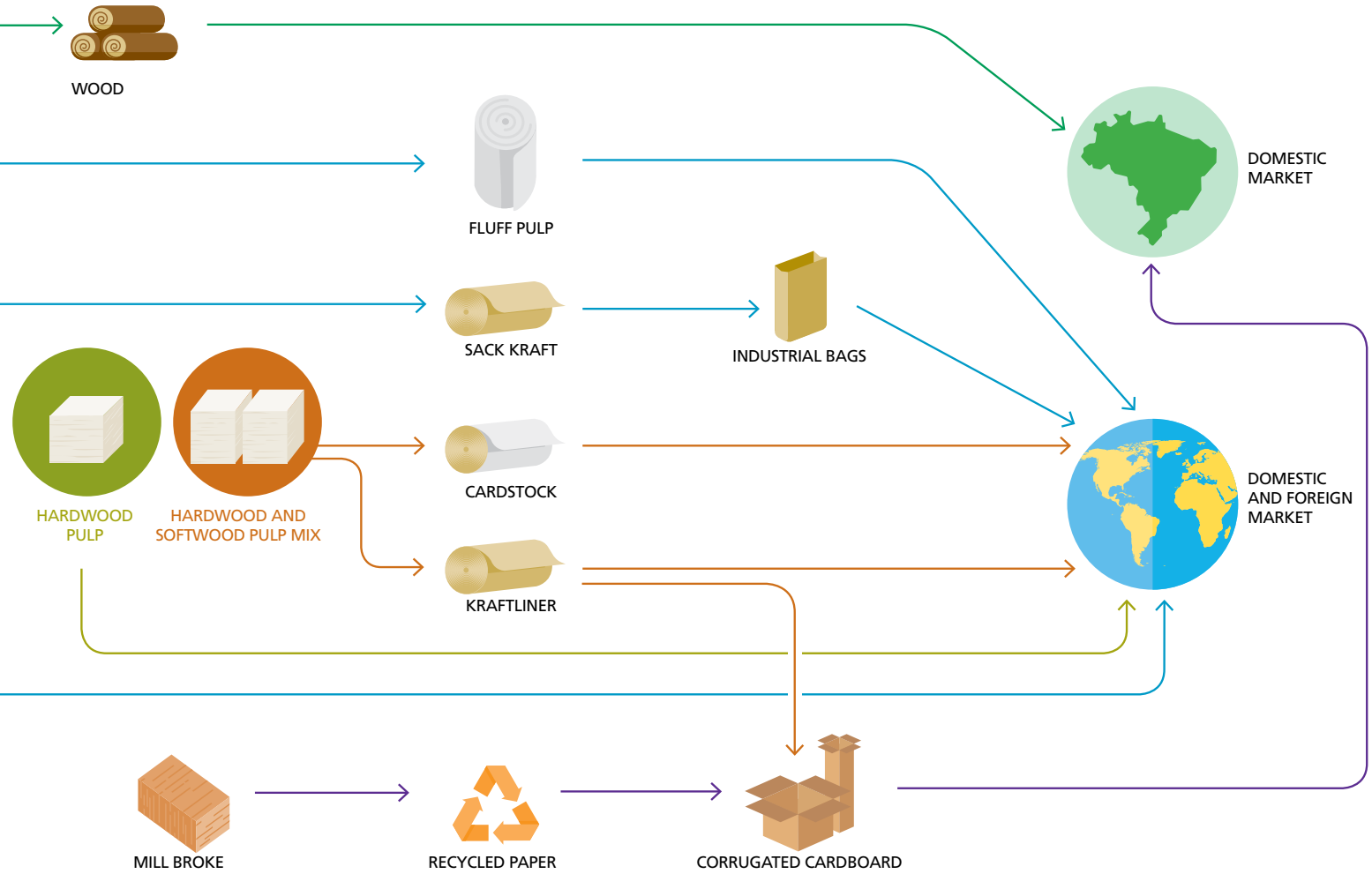
- Ortigueira (PR)



Packaging papers

- Angatuba (SP)
- Correia Pinto (SC)
- Otacílio Costa (SC)
- Telêmaco Borba (PR)

KLABIN PRODUCTION PROCESS



Recycled papers

- Goiana (PE)
- Piracicaba (SP)



Industrial bags

- Goiana (PE)
- Lages (SC)
- Pilar (Argentina)



CORRUGATED CARDBOARD PACKAGING

- Goiana (PE)
- Feira de Santana (BA)
- Betim (MG)
- Jundiá (SP)
- Piracicaba (SP)
- Itajaí (SC)
- São Leopoldo (RS)

EXECUTIVE BOARD AND BOARD OF DIRECTORS

STATUTORY BOARD

Fabio Schvartsman
General Director

Antonio Sergio Alfano
CFO and Investor Relations

Francisco César Razzolini
Director of Projects and Industrial Technology

Arthur Canhisares
Industrial Director of Papers

Cristiano Teixeira
Executive Director of Conversion

Eduardo de Toledo
Director of Supply Chain

KLABIN ARGENTINA

Douglas Dalmasi
President

Julio Alfredo Vieito
Vice President

Luis Matías Ponferrada
Director

Hernán Martín Oriolo
Alternate Director

NON-STATUTORY BOARD

Adriano Canela
Director of Business Planning

Douglas Dalmasi
Director of Industrial Bags

Edgard Avezum Junior
Commercial Director of Cardstock

Gabriella Michelucci
Director of Corrugated Cardboard

José Artêmio Totti
Director of Forestry

José Soares
Commercial Director of Pulp

Sergio Piza
Director of People & Management

Sadi Carlos de Oliveira
Industrial Director of Pulp

INVESTOR RELATIONS

Antonio Sergio Alfano
Director

Tiago Brasil Rocha
Manager

Daniel Rosolen
Coordinator

COMPOSITION OF THE BOARD OF DIRECTORS*

Effective members

Armando Klabin

Celso Lafer

Daniel Miguel Klabin

Paulo Sérgio Coutinho Galvão Filho

Israel Klabin

Roberto Klabin Martins Xavier

Luis Eduardo Pereira de Carvalho

Pedro Franco Piva

Roberto Luiz Leme Klabin

Sérgio Francisco Monteiro de
Carvalho Guimarães

Rui Manuel de Medeiros
D'Espiney Patrício

Vera Lafer

Helio Seibel

Alternate members

José Klabin

Reinaldo Poernbacher

Amanda Klabin Tkacz

Graziela Lafer Galvão

Alberto Klabin

Lilia Klabin Levine

Vivian do Valle Souza Leão Mikui

Eduardo Lafer Piva

Marcelo Bertini de Rezende Barbosa

Olavo Egidio Monteiro de
Carvalho

Joaquim Pedro Monteiro de
Carvalho Collor de Mello

Francisco Lafer Pati

Matheus Morgan Villares

** Composition of the Board of Directors effective in 2016.*

A woman wearing a wide-brimmed straw hat and an orange long-sleeved shirt is smiling and looking down at a tray of young pine saplings in a nursery. The background shows rows of similar trays stretching into the distance under bright, natural light.

Excellence

*Our commitment to
people and businesses*



MATERIAL ASPECTS



COMPETITIVENESS AND ECONOMIC RESULTS



WOOD SUPPLY



HEALTH AND SAFETY OF DIRECT AND INDIRECT EMPLOYEES



CERTIFICATIONS

COMPETITIVENESS AND ECONOMIC RESULTS

The year 2015 was challenging, and required persistence, focus, and flexibility in decision making. The reduction in domestic consumption and increased inflation reflected on the production costs of companies operating within Brazil. On the other hand, the strong depreciation of the Brazilian real and the less adverse economic conditions in international

markets favored exports. Klabin responded to this situation by increasing the sales of paper and cardstock in the foreign market, a move supported by the quality and competitiveness of our products, and especially, by the flexibility and resilience of our business model. The result was an increase in net revenue and the 18th consecutive quarter of growth in Ebitda.



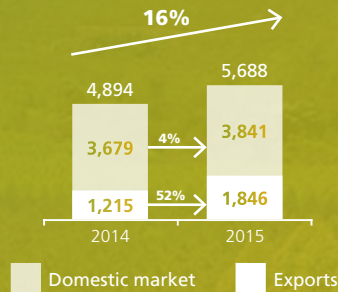
WE ARE THE FIRST COMPANY IN BRAZIL TO PRODUCE FLUFF PULP IN HIGH SCALE, WHICH OPENS THE DOMESTIC MARKET TO THE POSSIBILITY OF CEASING TO IMPORT THIS RAW MATERIAL

COMPLETE SOLUTION IN FIBERS

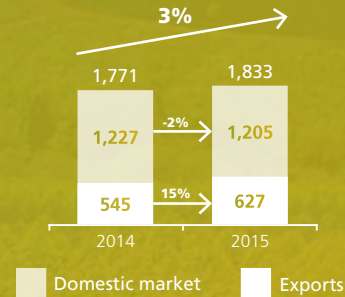
The year 2015 was the final stretch of the Puma Project, the largest investment in the history of the company, totaling approximately BRL 8.5 billion, including infrastructure, taxes, and contractual restatements. The new unit produced its first bale of pulp on March 4, 2016.

MAIN RESULTS IN 2015

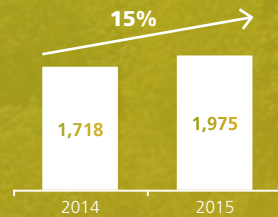
NET REVENUE R\$ million



SALES VOLUME Excluding wood – thousand t



ADJUSTED EBITDA R\$ million



VOLUME EXPORTED

15%
increase

The volume exported to foreign markets reached, **627,000 TONS** in 2015, accounting for **34%** of total sales

INVESTMENTS (BRL million)

	2015	2014
Forestry	97	102
Operational continuity	348	282
Special projects	59	74
Expansion	71	245
Puma Project	4,053	2,242
Total	4,628	2,945

WOOD SUPPLY

Our wood comes mostly from our own forests, supplemented by the production that we acquired from partner or independent suppliers. The volume of wood produced in Paraná will more than double in order to guarantee the operation of the Puma Unit, within the volume projected for the unit in full operation. In 2016, the new plant will need to be supplied with nearly 2.5 million tons of eucalyptus wood and 1.2 million tons of pine wood from planted forests at an average distance of 72 km from the new plant.

IN 2016, PUMA UNIT WILL NEED TO BE SUPPLIED BY THE FOLLOWING AMOUNT OF WOOD



2.5
MILLION

TONS OF EUCALYPTUS



1.2
MILLION

TONS OF PINE



THE FUTURE IS BUILT TODAY

In 2015, Klabin's Forestry area began discussing a vision to be realized in a few years, summarized in five points that make up our Forestry Purpose:

- 1. GREATER PRODUCTIVITY** — we want to obtain the largest productivity from forests in the global pulp and paper market. We are already among the best in the world in terms of pulp production per planted hectare. Our goal is to consolidate our leadership position, increasing the gap to our competitors.
- 2. LOWER OPERATING COSTS** — we want to produce at the lowest cost among global pulp and paper companies. The short distance between forests and plants, associated with the high productivity of the forests, gives Klabin the possibility of having the smallest cost/plant in the world.
- 3. COMMUNITY ACCEPTANCE** — we strive to be good neighbors and citizens. Beginning 2016, we will implement a program to measure the acceptance of our activities in all the municipalities in which we operate.
- 4. A BENCHMARK IN SAFETY** — we aim for world-class work safety, fostering a safety culture that allows us to achieve high levels of productivity while preserving the well-being of our employees.
- 5. SUSTAINABLE FOREST MANAGEMENT** — we work to maintain our forest management as a reference among companies in the global pulp and paper market.

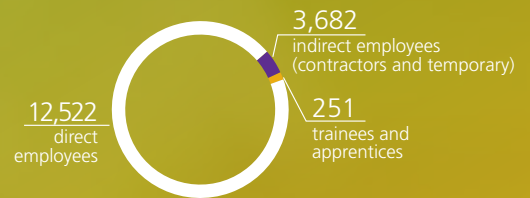




HEALTH AND SAFETY OF DIRECT AND INDIRECT EMPLOYEES

At Klabin, the culture values the development of people, their talent, and interdependence among employees. We do this on a foundation that prioritizes the health care and safety of everyone. We foster leadership, individual and collective care, and teamwork. Thus, we achieve excellence, innovation, sustainability and a vision for the future, an extraordinary Klabin.

TOTAL NUMBER OF EMPLOYEES



Total of **16,455** employees at the end of 2015

PROGRAMS FOCUSED ON HEALTH, SAFETY, AND WELL-BEING

CAMINHO CERTO (“THE RIGHT ROAD”) PROGRAM

Wood transport truck drivers attend quarterly lectures on traffic safety. They share stories, facts, and experiences, which are later published in the comic book *Boleia*, which is edited by Klabin and taken to their families.

FAMILY FORESTRY

The spouse or partner of the employee is invited to visit the work environment of his or her partner and receive guidance on safe behavior.

HEALTH AND SAFETY EVENTS

All Klabin’s industrial units offer to employees initiatives related to Health and Safety. These events are linked to the National Health Day or Internal Week for the Prevention of Accidents at Work (SIPAT) and provide measurements of outpatient monitoring rates, lectures on healthy eating, physical activity, and oral and hearing health.

ORGANIZATIONAL DEVELOPMENT

THE BUSINESS SCHOOL EXPANDS

Organized into “knowledge trails”, it offers appropriate training for each stage of their professional life. Content is available online on the ENK Portal, in workshops and classroom training. The in-person and online programs promote a combination of ways to learn about management, technical, and operational content. In addition, they represent a space that is open to collaboration, promoting the exchange of information among professionals in different platforms.

Klabin Business School:

- nearly 7,000 users have access to its content, a total of 4,500 of which accessed the portal in 2015
- Access to the portal was also expanded to other positions and, in some units in Paraná and Santa Catarina, to all levels.
- Pills of Knowledge: 60-second videos about various topics, such as presentation skills, the Portuguese language, among others.

360° PERFORMANCE ASSESSMENT CYCLE

Held every two years, in 2015 another one of these cycles was carried out: 433 leaders participated in the process, culminating in the work of 35 assessment committees, as well as the preparation of individual development plans for 2016 and in constructive dialogues for performance management.

CERTIFICATIONS, COMMITMENTS, AND RECOGNITION



KLABIN'S MAIN CERTIFICATIONS

- FSC® – FOREST STEWARDSHIP COUNCIL® (C020857)
Ensures correct forest management according to ten principles, among them the efficient use of forest products and services, the well-being of workers and communities, biodiversity conservation, a detailed management plan, monitoring, and assessment of environmental and social impact. All Klabin's business in Brazil are certified by FSC®.
- OK COMPOST
The first Brazilian company from the paper and pulp industry to have its cement bags certified by the Belgian certification OK compost, which guarantees that the paper bags decompose completely within twelve weeks without posing any risk of environmental contamination.
- FSSC 22000
One of the most advanced standards used to ensure the origin of paper for food packaging.
- ISEGA
Guarantees the quality of the paper used to produce packaging that comes into contact with food.
- ISO 14001
Defines the methodology used to implement a certified Environmental Management System. It is globally recognized as a method of improving an organization's environmental performance and controlling costs.
- ISO 9001
Contains guidelines that ensure a management model that can guarantee product uniformity.
- OHSAS 18001
Enables the control and improvement of the performance level of health and safety management.

ENVIRONMENTAL MANAGEMENT RECOGNITION

Two special recognitions attest to the care and efficiency of our environmental management in 2015:

- **Environmental Performance Report 2015 – WWF**
For the second time, Klabin participated in the Environmental Paper Company Index (EPCI) Environmental Performance Report, developed every two years by the World Wildlife Fund (WWF). The company achieved an 82% success rate in the report, a 7.5% increase in the overall index compared to the previous study, which was published in 2013.
- **Best Natural Capital Management Practices – CDP Latin America 2015**
Klabin was recognized by the Carbon Disclosure Project (CDP) as the company with the Best Natural Capital Management Practices. The CDP is an initiative that brings together Water Risk Management, Internal Carbon Pricing, and Natural Capital Management experiences from the 20 companies with best scores, according to the CDP's assessment methodology.





OUR COMMITMENTS

Klabin endorses several charters, principles, commitments, and initiatives aligned with its sustainability positioning.

CORPORATE SUSTAINABILITY INDEX (ISE) (SINCE 2013)	Created in December 2005 by BM&FBOVESPA, it evaluates the various aspects of sustainability in an integrated manner in order to act as a driver of best practices in the Brazilian business environment.
GLOBAL COMPACT (SINCE 2003)	International business mobilization supported by the United Nations (UN) which promotes ten principles that bring together core values in the areas of environment, human and labor rights, and anti-corruption. The Global Compact is a company's contribution to the search for a more sustainable and inclusive global economy.
CARBON DISCLOSURE PROJECT (CDP) (SINCE 2006)	A global initiative to facilitate the dialogue between investors and companies seeking to minimize the environmental impact of their businesses in the face of climate change.
COMPANIES FOR THE CLIMATE (EPC) (SINCE 2009)	A permanent business platform aiming to mobilize, coordinate, and raise awareness among business leaders about managing and reducing greenhouse gas emissions (GHGs), managing climate risk, and proposing public policies and positive incentives in the context of climate change.
MILLENNIUM DEVELOPMENT GOALS (SINCE 2013)	The Millennium Development Goals (MDGs) were established by the United Nations in 2000 with the support of 191 nations. They are a universal commitment to eradicate poverty and increase the planet's sustainability, translated into eight goals – the 8 Millennium Development Goals.
SUSTAINABLE DEVELOPMENT GOALS (SDGS) (SINCE 2015)	Sustainable Development Goals (SDGs) is the current initiative proposed by the Millennium Development Goals – a global agenda with 17 objectives and 169 goals set by the United Nations (UN) for governments, civil society, and the private sector.
IDLOCAL (SINCE 2013)	The Local Development and Major Enterprises Initiative (IDLocal) aims to coordinate the business sector to reflect, share experiences, and build business proposals and guidelines for local development. It promotes dialogue, study, coordination, and the co-creation of proposals, methodologies, and local management tools. In 2014, Klabin developed a local empowerment and engagement project in Paraná, which joined actions, programs, and initiatives that generated positive impacts on the land and the communities.
NATIONAL PACT FOR THE ERADICATION OF SLAVE LABOR (SINCE 2013)	Launched in 2005, this pact brings together Brazilian and multinational companies that have committed to refusing to negotiate with those who exploit slave labor.
CORPORATE PACT FOR INTEGRITY AND AGAINST CORRUPTION (SINCE 2013)	This Pact was launched in June 2006, an initiative of the Ethos Institute for Business and Social Responsibility, of UniEthos – Training and Development of Socially Responsible Management, of Patri Government Relations and Public Policy, the United Nations Development Programme (UNDP), the United Nations Office on Drugs and Crime (UNODC), and the Brazilian Committee of the Global Compact.

TO VIEW THE LIST
CONTAINING ALL
THE AWARDS,
VISIT THE WEBSITE
KLABIN.COM.BR

RECOGNITION

The following are the main awards and recognition that we received in 2015.

WATER MANAGEMENT – EXAME SUSTAINABILITY GUIDE 2015

Outstanding award for Water Management in the Exame Sustainability Guide. The company was also listed among the most sustainable companies in Brazil by the Guide.

2015 EXAME YEARBOOK OF BEST & BIGGEST AWARD

Chosen Best company of the year in agribusiness, the company was also recognized in two other categories: the Best company in the paper and pulp industry, and the Best company in the wood and pulp industry.

EMPRESAS MAIS 2015 – O ESTADO DE S. PAULO NEWSPAPER

Winner in the Paper and Pulp category of the Empresas Mais Award promoted by the O Estado de S. Paulo newspaper, which publishes the Empresas Mais Yearbook.

CFO OF THE YEAR 2015 – LATIN TRADE

Antonio Sergio Alfano, Klabin's CFO and Director of Investor Relations, was chosen Brazil CFO of the Year. The award recognizes financial executives whose conduct in finance stands out at the companies for which they work.

2015 COMPANY OF VALUE – VALOR ECONÔMICO JOURNAL

Chosen the 2015 Company of Value and the best in the pulp and paper industry, in the 15th edition of the Valor 1000 Yearbook, published by Valor Econômico journal.



MEMBERS
OF KLABIN'S
EXECUTIVE BOARD
AND BOARD OF
DIRECTORS



Sustainability
*Responsible management
of natural resources and
community relations*



MATERIAL ASPECTS



ENVIRONMENT
(MANAGEMENT OF
BIODIVERSITY, WATER USE,
AND ENERGY EFFICIENCY)



PROMOTION OF LOCAL
DEVELOPMENT AND
COMMUNITY RELATIONS



ORGANIZATIONS LIKE OURS, WHICH WERE FOUNDED IN AN EMERGING COUNTRY, SHOW THAT THEY ARE CAPABLE OF THE SAME, OR MORE ADVANCED, PRACTICES AS THOSE EXISTING IN DEVELOPED COUNTRIES

ENVIRONMENT

Below are some of Klabin's most important initiatives and achievements concerning care for the environment in 2015:

CLEANER FUEL

For several years, we have been committed to switching fossil fuel for biomass as an energy source. We reduced fuel oil consumption in our industrial processes by 94,000 tons/year and 83% of our energy comes from renewable sources. We are close to the goal of using 88% renewable energy by 2019.

Our concern with the availability of abundant and clean energy extends to the recently built Puma Unit in Ortigueira, PR. This unit will make Klabin a self-sufficient organization when it comes to generating electricity.

LESS CARBON IN THE ATMOSPHERE

When replacing fossil fuels with biomass in its energy matrix, Klabin also considerably reduces greenhouse gas emissions (GHG) since 2004, we have recorded a 57.2% drop in CO₂eq emissions caused by paper production activities, mostly due to switching fuel oil for a renewable source. Klabin transparently accounts for and discloses its results in this field with an emissions inventory developed according to the Brazilian GHG Protocol Program standard and is published in its Public Record.

LESS WATER DURING PRODUCTION

Klabin's water consumption in 2015 had a 1.18% reduction compared to the previous year. Because of the importance of this natural resource, and its rational use without wastefulness, water is an increasingly important challenge for the industry. Klabin has water flow measurement systems in its plants, in some cases broken down by production process, in order to provide more accurate control.

EFFLUENTS

Our effluents go to a Klabin Effluent Treatment Station and then are discarded in a municipal sewer network or in rivers.

WASTE

In 2015, we reduced hazardous waste generation by 5%. Of this waste, one part is sent for recycling and another large quantity is used as fuel or incinerated.

RENEWABLE MATERIALS

Among the materials used by Klabin in its production process, over 98% is from renewable sources, including wood, mill broke, and pulp. Non-renewable materials represent less than 2% of the total used by the company, totaling just over 122,000 tons.

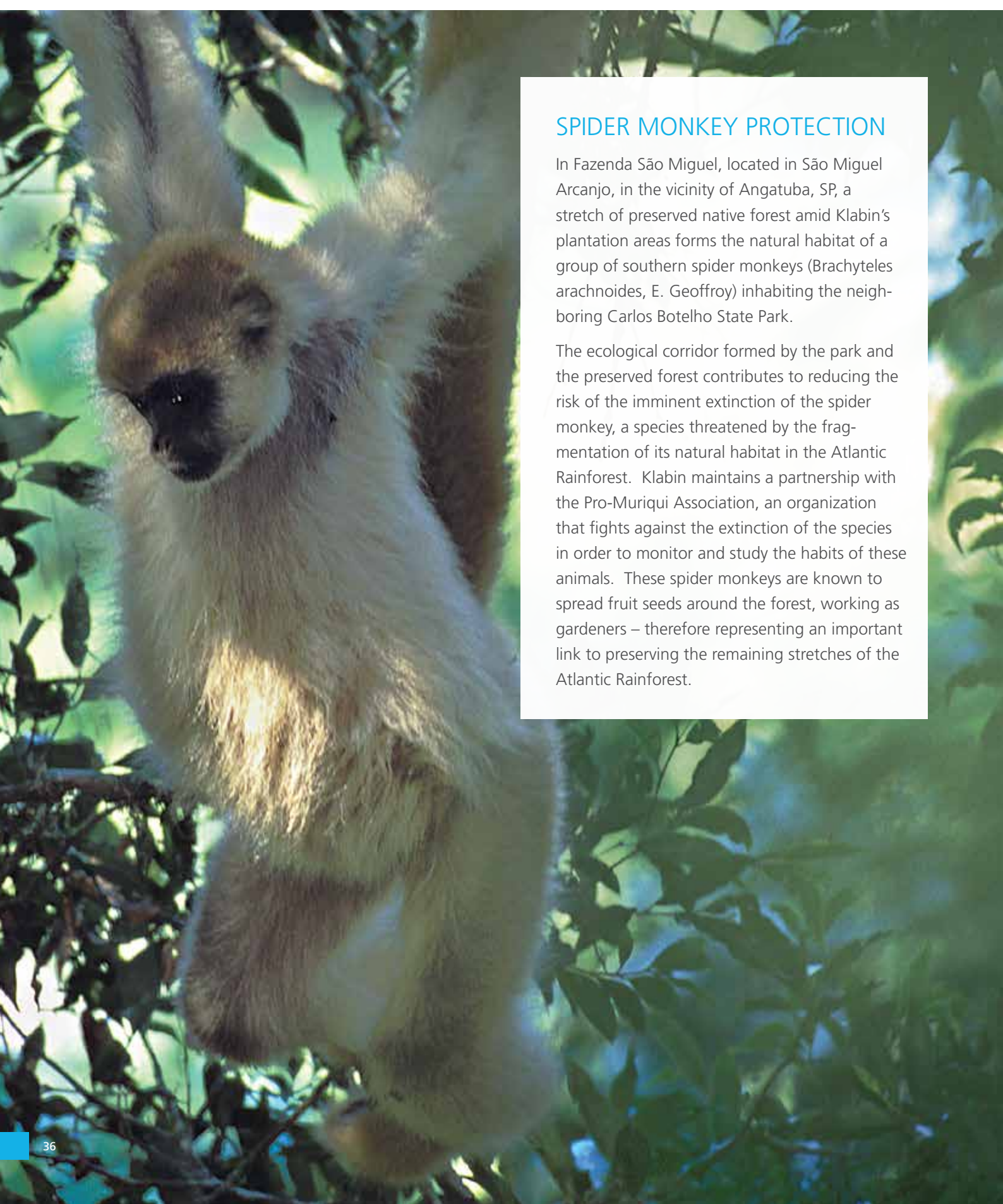
THE CLIMATE COMMITTEE

In 2015, Klabin created its Climate Committee, a multidisciplinary working group that monitors internally and externally available information about climate change and assesses the vulnerability of our business in the face of this phenomenon. With this initiative, we advanced on path taken three years ago, when we produced a Climate Change Vulnerability Study that suggested early prevention and mitigation, including reducing greenhouse gas emissions and attention to the regulatory, financial, and reputational risks arising from these changes.

BIODIVERSITY

Over 40% of Klabin's forest area is covered by native forests. The forest mosaic concept is the important foundation of the way we conserve biodiversity. In this model, the areas of pine and eucalyptus trees where we harvest the wood we use are alternated with stretches of preserved natural forest, forming ecological corridors that allow the native wildlife to move freely.

The preserved forests are remaining Atlantic Rainforest areas in which our wildlife and flora conservation program indicated the presence of several endangered species: spider monkeys, howler monkeys, pumas, and small red brocket deer have been identified. Specimens found on Klabin land are monitored and protected by our teams.



SPIDER MONKEY PROTECTION

In Fazenda São Miguel, located in São Miguel Arcanjo, in the vicinity of Angatuba, SP, a stretch of preserved native forest amid Klabin's plantation areas forms the natural habitat of a group of southern spider monkeys (*Brachyteles arachnoides*, E. Geoffroy) inhabiting the neighboring Carlos Botelho State Park.

The ecological corridor formed by the park and the preserved forest contributes to reducing the risk of the imminent extinction of the spider monkey, a species threatened by the fragmentation of its natural habitat in the Atlantic Rainforest. Klabin maintains a partnership with the Pro-Muriqui Association, an organization that fights against the extinction of the species in order to monitor and study the habits of these animals. These spider monkeys are known to spread fruit seeds around the forest, working as gardeners – therefore representing an important link to preserving the remaining stretches of the Atlantic Rainforest.



48%

OF KLABIN'S TOTAL AREA, BETWEEN OWN AND LEASED LAND, CONSISTS OF PLANTED AREAS, WHILE ...



43%

OF THE LAND ARE PROTECTED AREAS, INCLUDING PERMANENT PRESERVATION AREAS (PPP), LEGAL RESERVES (RL), AND PRIVATE NATURAL RESERVES (RPPN).

PARKS AND RESERVES

Wild animals, some of them endangered, are also part of the population in the large natural conservation areas maintained by Klabin:

ECOLOGICAL PARK OF FAZENDA MONTE ALEGRE

(TELÊMACO BORBA/PR): approximately 200 specimens of 50 species live in the scientific breeding area of the Ecological Park, where animals rescued from traffic accidents or animals at risk are housed and rehabilitated. The park has 11,000 hectares in extension, 7,000 of which are of native forests. Currently closed for renovations, the Park normally receives environmental education projects and scheduled visits.

RPPN SERRA DA FAROFA COMPLEX (SANTA CATARINA):

almost 5,000 hectares of remaining Atlantic Rainforest area, including a Brazilian pine forest and high altitude fields. Houses the headwaters of the Caveiras and Canoas rivers. It is used to carry out scientific research, manage natural resources, and maintain climate and ecological balance.

THE PRIVATE NATURAL RESERVE OF MONTE ALEGRE

(TELÊMACO BORBA/PR): is located within the Monte Alegre Farm, in an area of 3,852 hectares, and aims to conduct scientific research, protect local biodiversity and water resources, provide seeds of forest species to restore degraded areas, and protect possible archaeological, historical, cultural, or paleontological sites.

OUR FORESTS*

KLABIN'S FORESTRY OPERATIONS TAKE PLACE IN APPROXIMATELY:



344,000

HECTARES IN PARANÁ



136,000

HECTARES IN SANTA CATARINA



8,800

HECTARES IN SÃO PAULO

(*OWN AND LEASED AREAS)



PROMOTING LOCAL DEVELOPMENT AND COMMUNITY RELATIONS

Klabin maintains a longstanding open dialogue with the communities neighboring its operations. In the communities where we are present, we develop health, culture, education, sports, leisure, and environmental programs.

In 2015, the Puma Project also brought to its surroundings a significant part of Klabin's environmental initiatives. A social and environmental action plan was conducted to direct investments to improve the infrastructure of public facilities for education, health, leisure, and social services in the municipalities of Ortigueira, Telêmaco Borba, and Imbaú, in Paraná.

OUR FORESTRY AREA HAS SPECIFIC TEAMS TO MAINTAIN THE DIALOGUE AND CONTINUE ENGAGING WITH THE COMMUNITIES IN OUR FOREST REGIONS


SOME DEVELOPMENT PROGRAMS IN THE REGION OF THE PUMA UNIT

PLANNING SUSTAINABLE LANDSCAPES (SOCIAL WOODS): helps small rural producers of Ortigueira and Imbaú (PR) enter the Rural Environmental Registry and guide them with the sustainable planning of the use of their property.

PUMA FOR CHILDHOOD: in partnership with the non-governmental organization Childhood Brazil, this project strengthened the System that Guarantees the Rights of children and adolescents and engaged direct and indirect employees of the Puma Project against sexual exploitation.

ACTIONS AND PROGRAMS CARRIED OUT IN OTHER COMMUNITIES

MEL DA FLORESTA (HONEY FROM THE FOREST): taking advantage of forests to install apiaries and practice beekeeping has proven to be a quick and effective way to increase family income of small- and medium-sized farmers in the region of Ortigueira, Telêmaco Borba and other municipalities in Paraná. For over ten years, Klabin has been encouraging these activities in the region through the Beekeeping and Meliponiculture Program. The company allows families in the region to use its forests to install hives for beekeeping.



CRESCER LENDO (GROWING UP READING): in partnership with the United Way Brazil organization and the Avisa Lá Institute, this project promoted the training of early childhood education professionals and the installation of children's education libraries in municipal schools in the cities of Lages, Otacílio Costa, Correia Pinto, Itajaí, Rio Rufino, and Bocaina do Sul, SC, as well as Angatuba and Piracicaba, SP. Since its beginning in 2014, this project has trained over 380 early childhood education professionals, donated over 10,000 books, and benefited over 5,000 children under the age of six.

CAIUBI PROJECT: since 2001, teachers in Paraná and Santa Catarina have been trained in the Caiubi Program with the support of institutions and partner professionals in order to disseminate the concepts of ecological awareness and contribute to forming citizens who are aware of their responsibilities to the environment. Upon completing 15 years of activity, the program includes over 245,000 students, 9,000 teachers, and 770 schools in both states.

LEGAL WOODS PROGRAM: since 2005, the company has been collaborating with rural land owners toward the sustainable use of their land. The program, in partnership with the Association for the Preservation of the Environment and Life (Apremavi), helps improve the quality of life of the population and improve forest development.

ENVIRONMENTAL PROTECTORS: in partnership with the Environmental Police of the State of Santa Catarina, elementary school students receive theoretical and practical training about nature preservation, environmental legislation, local wildlife and flora issues, first aid, civics, morals, and ethics. A total of 290 adolescents from 11 to 14 years old have participated in the program in several of Klabin's operating regions in Santa Catarina.



Innovation

*Investment in research
and development, and
client care*



MATERIAL ASPECTS



RESEARCH,
DEVELOPMENT,
AND INNOVATION



CLIENT
SATISFACTION
AND PRODUCT
QUALITY

THE VALUE OF INNOVATION

Our strategic vision of Research, Development, and Innovation (R&D+I) is present on several links of the production chain, such as:

- improving the processes for planting and management of pine and eucalyptus forests, with a focus on increased productivity, in order to produce more fibers and with higher quality per hectare planted;
- developing new products and improving those already existing in order to meet the needs of clients and improve economic and environmental performance in our production chain;
- optimizing processes for the development, assessment and training of suppliers to provide more flexibility when purchasing inputs and services;
- creating solutions for the required physical properties of paper packaging materials, such as deterrents (water, steam, oil, pests), porosity, permeability, and roughness, as well as in cutting, creasing, gluing, closing, and printing operations involved in conversion;
- evaluating the performance of products regarding the environment, quality, productivity, health, and safety.

In 2015, we began the most concentrated investment in the company's history in this area: by 2018, we will direct BRL 70 million toward activities and infrastructure in research, development and innovation (R&D+I), which includes, among other uses, making agreements with research institutes, purchasing equipment, training and development of specialized staff. Much of this investment is focused on structuring a new technology center under construction at the Monte Alegre Unit, in Telêmaco Borba, PR, which should enter into operation in the last quarter of 2016. The center will serve, among other purposes, the need for research and development of technology created by the Puma Unit, in Ortigueira, PR, which began operation in March 2016 (*more on the Puma Unit in the Vision for the Future section*).

INNOVATION IN PARANÁ

One of the missions of Klabin Technology Center will be to investigate new uses for Klabin's forest base, opening horizons to business opportunities that are still little explored. At the same time, the Center will work toward reducing environmental impacts, seeking more efficient results for the same volume of inputs consumed. Generally, the Center will contribute to increasing the productivity of our operations and the quality of our products.

The Center will house laboratories that will conduct a series of experiments that were previously delegated to externally contracted institutions, in Brazil or other countries. We will be able to simulate, at pilot scale, for example, from the preparation of wood for cooking to obtaining bleached pulp – and, also, fiber refining applications, coatings on paper, and test biotechnology routes. We will also be able to test process optimization and variations as well as product quality adjustments, with gains in time spent and the security of the company's sensitive information.

OUR LINES OF RESEARCH



FORESTRY

BIOTECHNOLOGY
GENETICALLY
IMPROVED PLANTS
ECOPHYSIOLOGICAL
MODELING
INTEGRATED PEST
AND DISEASE
MANAGEMENT



INDUSTRIAL

PULP
WOOD QUALITY
BIOREFINERY
NANOTECHNOLOGY
BIOTECHNOLOGY
PAPERS

CLIENT SATISFACTION AND PRODUCT QUALITY

In order to provide support for major changes in progress – such as the new pulp plant beginning operation at the Puma Unit – which should result in a much larger company with an almost doubled production capacity, Klabin also invests in relations with clients and markets. A new commercial structure implemented in 2015, with pioneering work, will enable more agile and attentive service, able to respond promptly to client demands, from planting the forest and the plant production line to retailers.



MATERIAL
ASPECT



BUSINESS
EXPANSION



Vision for the Future

*Our long-term path
to growth*

BUSINESS EXPANSION

In 2021, at the close of the ten-year expansion cycle started in 2011, Klabin will be a company very different than it is today. Our vision for the future is that of a substantially larger company that is increasingly recognized for the excellence of its products and services, built on solid foundations of sustainability and innovation.

In our ability **TO DREAM** and **TO ACHIEVE**, we found the necessary strength to make the largest investment in our history – the Puma Project, which will lead us on a new growth stage, paving the way for investments toward expansion in the cardboard and packaging papers segment.

To support our plans, we have the quality of forest assets, the proximity of our plants to our forests, and trained, motivated, and committed professionals. Add to this recipe the ability to innovate, add value to our product, contemplate the complete use of wood and sustainable ways of caring for our forests, managing our processes and our production chain, promoting dialogue

with our employees and the communities close to our plants, and building partnerships with our clients and suppliers. Our history is evidence that research, development of technology, and **INNOVATION** are the path to growth.

We will expand our business by prioritizing our commitment to sustainability, excellence, and innovation, never losing sight of the ethical principles with which we operate. Since we started operations in Ortigueira, tomorrow is even closer. The plan is to double the company's cash generation, which will give us the needed strength to stimulate a new growth cycle. We ensure raw material for future expansions for paper.

Today, we are a company that exports to over 60 countries, we have units and offices in eight Brazilian states and one industrial operation in Argentina. And we want much more. Our purpose is to bring the market the possibility of creating differentiated products and services, committed to developing technology that sustains this evolution. We believe in dreams that are possible and that they may be realized with hard work and innovation.



THE PUMA UNIT

1.5 MILLION TONS
is the annual production capacity of the unit:



1.1 MILLION
TONS OF HARDWOOD
BLEACHED PULP
(eucalyptus)



400,000
TONS OF SOFTWOOD BLEACHED PULP
(pine), part of it converted to fluff pulp,
used in diapers and sanitary napkins,
offering the market the possibility of
using a domestic product instead of
importing this raw material

LyptusCel™ 100% Planted Eucalyptus

LyptusCel is Klabin's brand of hardwood pulp.
Applied to specialty papers, tissue, printing and
writing papers and packaging papers.

PineCel™ 100% Planted Pine

PineCel is the name of the softwood pulp.
Applied to specialty papers, packaging
papers and in the composition of papers for
magazines and newspapers.

PineFluff™ A genuine fluff pulp

PineFluff is the name of the fluff pulp, which
will mainly supply the domestic market that today
imports this raw material. Applied to children's and
adult diapers, sanitary napkins, mats for pets and
other applications.

1,400 direct and indirect jobs were
created

270 MW of energy will be generated by the
Unit, making it self-sufficient of
energy. Of this total:

- 120 MW will be consumed by the pulp factory
- 150 MW will be offered to the Brazilian Electricity System

BRL 700 MILLION in taxes were generated
by the Puma Project during the
investment phase

BRL 300 MILLION will be generated annually by
the Unit through its operations

23.5 KILOMETERS of railroad extension are
being constructed to connect the Puma
Unit to the Paraná Railroad Center. The
logistics structure also includes a new
highway to connect the new plant in
Ortigueira to the company's reforestation
areas and the Monte Alegre Unit in
Telêmaco Borba

75,000 TONS OF PULP per month is the volume
that Klabin expects to move through its
Paper and Pulp Logistics Unit in Paranaguá,
PR, which is part of the Puma Unit and
integrates the rail and highway modes

441 KILOMETERS is the distance between the
Puma Unit in Ortigueira and the logistics
terminal in Paranaguá, by railroad. The
logistics unit to the port in Paranaguá is a
distance of five kilometers, which will be
traveled by truck.





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