







Duratex has published its Annual and Sustainability Report since 2004, providing information and accountability to its stakeholders on its economic, social and environmental performance. In line with best market practices, this document has followed Global Reporting Initiative (GRI) guidelines since 2007. The company also follows the Abrasca Code of Self-Regulation and Best Practices of Publicly-Held Companies. **G4-30**

This year's edition of the publication meets the Core option of version G4 of the GRI, aimed at offering more concise content in relation to the Comprehensive option (used in the last edition, in relation to 2014). Moreover, this option more objectively demonstrates the creation of medium- and long-term value for all of the company's publics, according to the Integrated Reporting guidelines published by the International Integrated Reporting Council (IIRC). **G4-29 | G4-32**

The information in the report covers the period of January 1 to December 31, 2015. When pertinent, the document provides links to other company publications, aimed at supplementing the information reported. The Report was verified by independent external auditors, a practice used

by Duratex since 2011. **G4-28 | G4-33**

This year, for the first time, Duratex also published the Executive Summary of the Report, simultaneously with the release of its Financial Statements, with the main highlights of 2015. Both the Executive Summary and the full version of the Report are available on the Investor Relations and Sustainability websites, in Portuguese and English. Questions, comments and suggestions related to these documents should be sent by e-mail to investidores@duratex.com.br or sustentabilidade@duratex.com.br. **G4-31**



MESSAGE FROM THE CHAIRMAN OF THE BOARD 64-1

Duratex has made progress on its corporate governance practices and structure, with this being a major competitive edge for overcoming the challenges of the tough economic times in Brazil in 2015, which are expected to continue this year. Members of the Board of Directors are experienced and hold qualifications recognized by the market. The Board is supported by five advisory committees, which meet monthly to discuss matters directly related to the company's business, contributing to finding long-term trends and opportunities incorporated into our strategic planning.

Alignment between the Board of Directors and the Executive Board, maintaining the independence between these bodies in accordance with best governance practices, has been one of the pillars of the company's high-quality management, reflected by its clear leading position in every market in which it operates. This structured and effective management meant we were able to end 2015 with major achievements related to increased efficiency and productivity, enhanced personnel management, reduced consumption of supplies and natural resources and significant improvements in operational control processes and mechanisms.

These advances are exemplified by the Duratex Management System (Sistema de Gestão Duratex - SGD), Zero-Based Budgeting (ZBB) and the Duraseg Program, geared towards strengthening a culture of safety in industrial and forestry activities, which are a priority for upper management, with significant results in the last year. These initiatives are evidence of Duratex's commitment to sustainable development, despite the fact

that financial goals set for this period were negatively impacted by macroeconomic factors, such as a substantial drop in demand in the domestic wood panels and sanitary products markets and skyrocketing costs.

Other advances made during the year which strengthened governance and ethical action at Duratex include approval of the Anti-Corruption Policy, according to the guidelines of the Clean Company Act, and of the Fair Competition Protection Policy, in line with the Code of Ethics and Conduct. These initiatives are also aligned with our commitment to the ten principles of the UN Global Compact, which Duratex has been a signatory of since 2007.

In its 64 years, Duratex has always forecasted the various cycles of growth in Brazil and has also always contributed to the country's social and economic development; for example, the company has incorporated best forestry management practices, equipment with state-of-the-art technology and mechanisms to identify and assess economic, social and environmental impacts on its business and on its investment decisions. The company will continue to work with this purpose and, with the profound enhancement actions begun in 2015, it will be prepared to overcome new challenges and seize future opportunities.

Salo Seibel Chairman of the Board of Directors



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER 64-1

Throughout 2015, Duratex has made decisions and important investments to increase its competitiveness and respond to the challenging economic scenario and to the sluggish consumer market in Brazil with agility. In the last year, we reevaluated our strategic planning, Duratex 2020, and we have kept our commitment to the growth and expansion of business, finalizing acquisition of Corona while also making choices that will take the company to a higher level of productivity and efficiency in 2016 and the years to come.

The creation and consolidation of the Duratex Management System (SGD) - with over 600 plans of action driving the search for increased productivity in every area of the company, Zero-Based Budgeting - implemented to effectively cut costs, and projects to modernize and automate operations in the sales, logistics, delivery and inventory management areas are more than a simple advancement in how we manage our business. This signals the start of a new way of working that drives all of our employees to act with even more commitment to safety, product quality, innovation, the search for new technologies and sustainable solutions and the satisfaction of our customers.

In the last year, we have also expanded our efforts to strengthen export culture at Duratex and raising our share in international markets such as Latin America and the U.S.A. We made enhancements to our equipment and structured our sales teams. Increasing the share of foreign sales in the company's revenue was one of the Duratex 2020 guidelines and the year-over-year figure reached around 48% in relation to 2014, showing the position we have taken to achieve our long-term goals.

Our planning considers social and environmental aspects related to industrial and forestry operations integrated with financial targets. In this sense, it is important to note that in 2015, Duratex was Forest Stewardship Council® (FSC) recertified, celebrating 20 years since its first certification. In 1995, the company was the first in South America to receive this seal, which ensures that environmentally appropriate, socially beneficial and economically viable criteria and practices have been adopted in forestry management as well as in the chain of custody, guaranteeing traceability of wood from planting until the end consumer.

In the health and safety aspect, seven Duratex units were OHSAS 18001 certified in 2015, showing the continual enhancement of mechanisms to minimize risks and increase employee awareness and commitment to adopting safer behaviors to prevent accidents.

In 2015, Duratex started what should be a new cycle in its history. After a period of major acquisitions and investments to grow production capacity and stay at the front of the domestic market, we will place significant focus on actions for internal improvements, with tangible results for the company. In the last year, we have already started to see the benefits of these initiatives, benefits that will be even greater with consolidation in the coming years.

We are working to build a new organizational culture, with greater efficiency in processes, while building stronger ties with customers and stakeholders. That is how we will converge for an even better Duratex.

Antonio Joaquim de Oliveira Chief Executive Officer





KEY RESULTS FOR THE YEAR

G4-9

Volume shipped



2.5 million m³ in Wood Division

271,000 hectares of forestry area in Brazil*

20 years of certification FSC®

7 units received OHSAS 18001

3 new schools of the Formare Program

*Includes farm, conservation and improved areas

Composition of net revenue

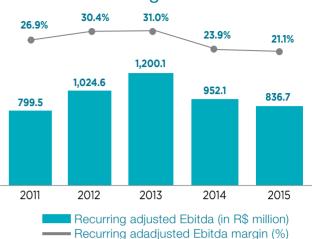


Wood (in R\$ million)

Deca (in R\$ million)

Foreign market share over net revenue (%)

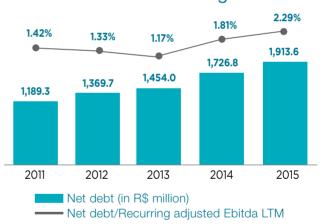
Recurring Ebitda



Recurring net earning and ROE



Financial leverage



Reduction of:

6.6% in water consumption

8.5% in direct greenhouse gas emissions

32.1% in waste sent to landfills

17.3% increase in the

use of biomass, which accounts for 50.4% of the energy mix

DURATEX PROFILE

With its 64 years of history, Duratex has two business divisions - Deca and Wood. The company is prominent in both divisions and is the leading Brazilian manufacturer in the paneling and wood market. In Brazil, there are 15 industrial units, 186,000 hectares of planted forests and around 65,000 hectares of conservation area. Tablemac, in which Duratex holds an 80.62% stake, has 4 units, approximately 6,000 hectares of planted forests and 3,000 hectares of conservation areas in Colombia. G4-3 | G4-6 | G4-7 | G4-9

Duratex has around 12,200 direct employees, in addition to 3,500 thirdparty employees. It also has commercial subsidiaries in Europe and the U.S.A. In 2015, the company acquired Corona, with an investment of BRL 116.2 million, making it the second largest electric shower company in Brazil. **G4-6 | G4-9 | G4-13**

Duratex factories in Brazil are spread throughout the South, Southeast and Northeast regions. These units are strategically located near the biggest consumer markets, which is one of the company's competitive edges, meaning fast service for customers and guaranteeing greater efficiency in logistics operations. Another advantage is the proximity of the Wood Division industrial plants to forestry areas, which are responsible for producing raw material to manufacture panels. guaranteeing shorter transport distances and lower cargo costs.

The verticalized operation covers everything from production of eucalyptus seedlings in forestry area nurseries to production of panels, strengthening competitiveness and assuring the quality of Duratex products. The company currently has a self-sufficient supply of wood and also produces 65% of the resin used as an input in manufacturing panels in Brazil at a dedicated unit.

The strategic location of its units and its verticalized operation are competitive advantages at Duratex







somos assim

G4-56

OUR MISSION

To meet our customer's requirements with excellence, by developing and offering products and services that contribute to the improvement of people's quality of life, while generating wealth in a sustainable manner.

OUR VISION

To be a reference company that is recognized by customers, employees, community, suppliers and investors as the best option, due to the quality of our products, services and relationships.

OUR VALUES

- Integrity
- Commitment
- Emphasis on People
- Exceed Expectations
- Continuous Improvement
- Innovation
- Sustainability



MAP OF OPERATIONS





The Wood Division has an annual production capacity of over 4.2 million cubic meters of wood panels, sold to furniture manufacturers and the civil construction industry. In addition, Tablemac has the capacity to produce 232,000 cubic meters annually. The Deca Division, with an annual production capacity of 37.3 million

items, serves the civil construction industries and resellers, such as home centers and construction material stores. Duratex products are sold in Brazil and exported to over 20 countries, reaching markets in Latin America, North America, Asia, Europe, Africa and Oceania. **G4-8**



hydra deca d

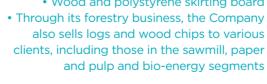
Deca Division products

- Vitreous chinaware: sinks, bases, wash tubs, lavatory bowls and bidets
- Metal bathroom fittings: taps, mixers, discharge valves, stop cocks (residential and industrial), showers and bathroom accessories
- Electric showers and taps
- Accessories: toilet paper roll holders, towel holders and soap dishes, among others

duratex durafloor durafloor

Wood Division products

• MDF panels, of medium density manufactured from wood fiber based on reforested eucalyptus and pine, offering various application and finishing possibilities. Ideal for furniture, mouldings, and coverings in general • Laminated flooring made from MDF, for residential and commercial spaces • MDP panels, of medium density, produced from wood particles from reforested eucalyptus and pine, which can be applied to the furniture industry as well as the building sector • High-density, narrow thickness fiberboard, produced from eucalyptus wood fiber • LVT (Luxury Vinyl Tile) floors, made from PVC, 100% recyclable, water resistant, permitting installation in a variety of residential and commercial environments Wood and polystyrene skirting board • Through its forestry business, the Company also sells logs and wood chips to various









G4-34
GOVERNANCE
STRUCTURE

General Shareholders Meeting

Comitees

- Audit and Risk Management
- Evaluation of Transactions with Related Parties
- Disclosure and Negociation
- Personnel, Governance and Nomination
- Sustainability

Go to the **Duratex Investor Relations website** to see the makeup of these bodies and learn about managers' experience.

Board of Directors

Executive Board

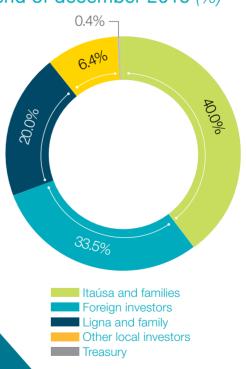
Comission

- Innovation
- Investment
- Risks

Corporate governance

Duratex is a publicly-traded company with shares listed in the Novo Mercado index, a BM&FBovespa segment grouping together the most modern companies with the strictest corporate governance practices. The solid governance structure at Duratex makes it feasible to have a long-term view of value generation for the business and for its stakeholders, providing support for execution of strategic planning and allowing mechanisms to be created to mitigate risks and to find opportunities in the market and for continual enhancement of social and environmental performance. **G4-7**

Shareholding structure as at the end of december 2015 (%)



The Duratex Board of Directors is responsible for setting the general guidelines of the business. It has 11 members, three of which are independent. None of the board members holds a position or plays an executive role at the company. The Duratex Executive Board is made up of the CEO and nine other Deca and Wood Division directors. Members of the Board of Directors and the Executive board serve one-year, re-electable terms.

The work of the Board of Directors is supported by five Committees that help management in identifying future scenarios, risks and opportunities for businesses. The Stakeholder Committee is made up solely of independent members. The Personnel and Sustainability Committee members are also independent.

The Duratex Board of Directors and Executive Board also rely on support from the Executive Commissions, which assist in identification of market demands and contribute to improving the management and synergy of businesses. The Committees, made up of board members, as well as the Commissions, made up of company directors, are permanent in nature, holding meetings and discussions during the entire year.

The performance of members of the Duratex Board of Directors and Executive Board is periodically assessed, using formal criteria and mechanisms established by the Personnel, Governance and Appointment Committee. This Committee also establishes a compensation strategy for management, comprised of a fixed payment, defined by the monthly amount paid by way of fees, and by a variable payment, with shortand long-term incentives aimed at encouraging achievement of established results. **G4-44**

In 2015, the Board of Directors held 13 meetings to discuss topics relevant to governance and to Duratex business, such as approval of the Anti-Corruption and Fair Competition Protection policies, review of the Code of Ethics and Conduct and other matters. Board members also actively monitored the development of internal projects, such as the Duratex Management System (SGD), the Duraseg Program and Integrated Personnel Management (Gestão Integrada de Pessoas - GIP) (read more on page 54).



In 2015, Duratex was selected for the eighth consecutive year for inclusion in the BM&FBovespa Corporate Sustainability Index (ISE); it was also chosen for the fourth consecutive time for inclusion in the New York Stock Exchange's Dow Jones Sustainability Emerging Markets Index portfolio. This recognition is evidence of the company's commitment to growth that respects ethical principles and integration with the sustainability aspects of the business.

In an effort to be increasingly transparent in communicating its social and environmental performance to its stakeholders, the company voluntarily answers CDP Climate Change and CDP Water questionnaires. This is a global initiative promoted by the Carbon Disclosure Project (CDP), an international organization aimed at gathering data on climate change and water use, promoting transparency of environmental impacts and of the actions of companies in different productive sectors to lower emissions and promote rational use of water resources.

Through the Brazilian GHG Protocol Program, Duratex also makes its greenhouse gas (GHG) emissions inventory available on the Public Emissions Record Platform, reported annually according to the program's guidelines. The GHG inventory, reported for the third year in a row, was classified in the Gold category, the most transparent level, achieved for fully reporting on GHG emissions with independent verification, a practice adopted by Duratex since 2011.

In 2015, the year when the Paris Climate Conference (COP 21) was held, Duratex joined We Mean Business, an international coalition joining leaders, companies and organizations from across the world that are looking to develop actions and policies aimed at combating global warming. Among the initiatives proposed by this movement, the company made a commitment to be more transparent in reporting and disclosing information on how it manages Climate Change within its business, associated risks and opportunities, its annual performance and achievement of targets to reduce GHG emissions. This action means that corporate reports can contain more complete information on this matter, adding value for shareholders and signaling a commitment by companies to confront economic risks and opportunities associated with climate change.

Ethical conduct

The work done by Duratex managers and employees is based on the company's Values, on ethics and transparency in relationships with stakeholders and on compliance with standards and laws applicable to the business. Policies and Duratex Code of Ethics and Conduct are widely distributed among internal publics and available to other stakeholders on the **Investor Relations website**, providing guidelines for operations and for the company's sustainable development, in line with strategic planning. In 2015, the Board of Directors approved the Anti-Corruption policy, in line with Law no. 12.846/2013 (Clean Company Act), as well as a Fair Competition Protection policy.

The Code of Ethics and Conduct, last revised in 2015, guides the actions of all employees so that the business is developed according to the company's Mission, Vision and Values. The Legal and Ethical Compliance area is responsible for managing the Code of Ethics, the Fair Competition Protection Program and the Integrity and Anti-Corruption Program, aimed at total alignment with related laws. It is worth noting that Duratex has never been involved in legal actions related to non-compliance with the principle of fair competition. **G4-56 | G4-S07**

Last year, the area conducted on-site training with leaders at all units, covering Clean Company Act guidelines and how aspects of compliance are related to business operations. Five hundred leaders were trained, including managers, coordinators and supervisors, working as multipliers to spread this content among their teams, reaching nearly 7,400 employees trained. The area also has a dedicated e-mail and phone number for Duratex employees to ask questions and find answers. **G4-S04**

As a result of these actions, Duratex was selected as one of the 19 member companies of the 2015 Pro-Ethics Company registry, created by Brazil's Federal Controller General and Instituto Ethos. These organizations are subject to a rigorous assessment of integrity programs, at the end of which they were recognized for their commitment to preventing and combating corruption involving government agencies.



DURATEX ANNUAL AND SUSTAINABILITY REPORT 2015

G4-57 | G4-58 Ombudsman Department communication channels

- E-mail: ouvidoria@duratex.com.br
- Internet: electronic form available on website, Ombudsman link
- Voicemail: 0800 55 75 77
- Correspondence, letters addressed to:

 Av. Paulista, 1.938 9º andar –
 A/C Ouvidoria Duratex São Paulo (SP)
 CEP 01310-942

For employees, the Ombudsman
Department also has the following
additional communication channels:

- Intranet: electronic form on Ombudsman Department link
- Suggestion boxes: available in the Company's units
- One-on-one appointments may be requested and scheduled ahead of time.

Suplliers can access the Ombudsman link on Suplliers Portal

All reports received by the Ombudsman are handled in a way that guarantees the confidentiality of information provided and the identity of the people making the reports. Cases reported are analyzed by the Ombudsman and sent to the director of the related area, to the CEO and to the Chairman of the Board of Directors. In the process of investigating reports, the Internal Auditing area may be involved and, if there is any suspicion of corruption with public agencies, the case is sent to the Legal Compliance and Ethics area. **G4-50 | G4-57 | G4-58 | G4-S05**

In 2015, the Ombudsman received 463 reports - 89% came from employees and 11% from suppliers. Of all of these, 20 were reports of misconduct in relation to the company's ethical standards and guidelines. Nine of them were verified, two were still under investigation at the close of the period, six were considered unfounded and three were inconclusive. **G4-50 | G4-58**

Among the 20 reports received in 2015, three were related to cases of corruption – one of them was verified, one was found to be without grounds and one was inconclusive. In the last year the Ombudsman also concluded investigation of two reports of corruption received in 2014, which were verified. None of these cases involved public agencies and the disciplinary measures established in internal rules were applied in all of these cases, which included termination of employees. **G4-S05**

In addition to the Ombudsman, the Audit and Risk Management Committee has a direct channel (comite.auditoria@duratex.com.br) available to all stakeholders, where non-compliance with laws or regulatory standards and fraud and errors in internal controls and in accounting and audit activities can be reported. **G4-58**

Risk management

G4-2 | G4-DMA

The Risk Management Policy, approved by the Board of Directors in 2011, establishes guidelines for handling risks, establishing responsibilities and types of actions to be taken by each body in the governance structure. The Audit and Risk Management Committee is responsible for overseeing risk management controls and processes and for reporting the results of assessments to the Board of Directors, as well as for working on actions established for mitigation. At the executive level, the Risks Commission assesses and monitors risks involved in operations and activities. recommending appropriate mechanisms for their management.

Duratex periodically reviews its
Risk Matrix, through interviews and
questionnaires given to its executives
- this process was done in 2015. Based
on the responses obtained, a report
is prepared that identifies the risks to
which the company is exposed, the
level of vulnerability and the degree
of impact, if any. Risks are grouped
into distinct categories – governance,
business model, political, economic,
financial, operational and regulatory.
Next, action plans are created in an
effort to eliminate or mitigate the main
risks identified.



Risk management structure at Duratex

Board of Directors

Definition of acceptable levels of risk exposure at Duratex

Audit and Risk Management Committee

Monitoring of risk management and reporting to the Board of Directors on the results of assessments

Risk Commission

Assessment of risks and proposal of actions for mitigation. Monitoring of the execution of action plans and reporting to the Executive Board and the Committee

Risk manager

Monitoring of risks under the manager's responsibility and support in defining action plans

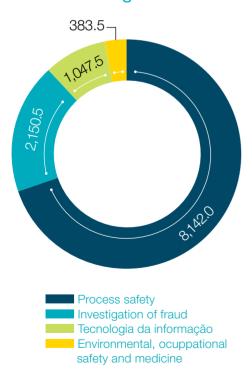
Process manager

Management of risks related to the process and implementation of action plans

For more information on management of risks at Duratex, see the **Reference Form**, items 4.1 and 5.1.

Based on these action plans, Internal Auditing proposes a process every year for audits at select units, focusing on aspects of the environment, occupational safety and medicine, information technology, investigation of fraud and process safety. The conclusions of audits are presented to managers and directors and recommendations for improvements are proposed for application at the units audited as well as at other units where the processes occur.

Hours dedicated to Internal Auditing in 2015





Within its strategy, Duratex uses different mechanisms to reduce exposure to risks, such as:

- Use of derivative financial instruments to mitigate or eliminate exchange rate risk from exposure to foreign currency;
- Contracting of General Civil Liability insurance policies to minimize property risks, in the event of claims within the industrial complex;
- Periodic review of credit limits for customers and, when necessary, adoption of additional guarantees to minimize credit risk;

• Requirement that customers contract a credit

card or that an insurance policy be taken out for sales abroad, lowering the risk of non-payment on sales in the foreign market.

Duratex also adopts strategies to minimize risks associated with environmental aspects that could impact its industrial and forestry operations, while also affecting its competitiveness and efficiency. For example, among the environmental risks identified by the company are risks related to GHG emissions. In this sense, new laws and regulations that reflect taxes and environmental tax levies on GHG emissions could be implemented; there could be changes in the rainfall pattern and

regime, interfering with the availability of natural

resources; or there could be changes in consumer behavior, with consumers giving more importance to social and environmental criteria when deciding to purchase a product.

The company manages these risks through:

- Participation in groups and representative associations;
- Monitoring of environmental laws;
- Investment in tools to monitor and control environmental indicators and in projects to efficiently use resources and replace fossil fuels with renewable sources in the energy mix;
- Execution of studies such as the Flow Tower, Sustainability Assessment of the Catchment Basins and Economic Sensitivity Study, aimed at gaining a better understanding of the balances of carbon and nutrients in forests, the conditions of the water resources where the company's industrial units are located and how environmental aspects could have a financial impact on its business (read more on page 29);
- Action in the supplier chain through Duratex Supplier Management (Gestão de Fornecedores Duratex - GFD).



BUSINESS MODEL

G4-2

In 2015, Duratex mapped the most important inputs for its operation and verified the way it creates value for its stakeholders in the medium and long terms through its activities and products. To do this, a multidisciplinary group was formed, with leaders from different administrative and operational areas, which assessed the company's value chain considering the six types of capital proposed by the Integrated Report. This initiative resulted in the Duratex business model, approved at an extraordinary meeting of the company's Sustainability Committee in late 2015. The illustration below summarizes how the Deca and Wood divisions create value in a way that is integrated with Duratex strategy, mission and values and how these concepts are shared with the company's various stakeholders

Click on the buttons to understand how Duratex shares value in each type of capital.



Competitive advantages and intangible assets

To promote generation of value in the different types of capitals in its business, in line with the Duratex 2020 growth strategy, the company is supported by its competitive advantages and intangible assets, attributes that are not accounted for on financial balance sheets and which strengthen relations with the company's many stakeholders.



BRAND

The Duratex, Deca, Hydra and Durafloor brands are recognized by the market and by customers as synonymous with quality and reliability. In communications and marketing actions, Duratex reinforces characteristics that are important to customers, such as proximity, flexibility, innovation, dynamism, design, beauty, sustainability and innovation.



ECO-EFFICIENCY

The environmental aspects of production processes at Duratex are continually and systematically monitored, with a focus on using fewer natural resources and boosting efficiency. Most wood used as a raw material comes from FSC certified planted forests. The environmental management system at most industrial units is ISO 14001-certified. At industrial plants, the company invests in equipment and programs to reduce water and energy consumption, increase reuse and recycling of waste and encourage the use of renewable resources in its energy mix, which is additionally aimed at lowering greenhouse gas emissions.



INNOVATION

Investments in research and development of new products, solutions and technologies have allowed Duratex to keep up with new technological and market trends, offering products that meet consumers' demands and needs. Innovation is fostered through the Imagine Program, launched in 2012 with the goal of engaging employees and spreading a culture of innovation.



QUALITY

The standard of quality for Duratex products is a benchmark in the Brazilian market that is assured by operational practices adopted across all units and is based on process certifications. Highly trained and qualified sales teams, nationwide technical service and service channels, such as the Customer Service Center (SAC), also convey credibility and reliability to consumers.



GEOGRAPHIC DIVERSITY

Duratex industrial plants are strategically located, allowing the company to serve the domestic market with the utmost agility and quality. On the international market, Duratex controls Tablemac, the largest panel sector company in Colombia, guaranteeing a strategic presence to serve the Latin American market



TECHNOLOGY

There is constant technological enhancement of industrial processes at Duratex, combining greater productivity with fewer environmental impacts. The industrial complex is equipped with the latest generation of machinery, software and hardware and uses robotic processes. Through its Business Continuity Plan, databases can be replicated and stored in a safe external environment. IT infrastructure uses state-of-the-art technology, based on the SAP platform.



PEOPLE

Employee engagement is a major asset at Duratex. The company trains its professionals and fosters attraction and retention of talent by managing dynamic and integrated personnel.

DURATEX ANNUAL AND SUSTAINABILITY REPORT 2015

DURATEX 2020

G4-2

Duratex 2020 is the company's strategic plan, establishing targets for business growth within the next five years and founded on three pillars. Launched in 2014, the plan is revised annually by leaders and adjusted according to the opportunities in the market and the situation in the sector in which Duratex operates.

By increasing foreign market sales, the company aims to grow revenues coming from outside of Brazil, reducing the risk of dependency on the domestic market. The Duratex strategy is supported by both export growth and geographic diversity, as exemplified by its presence in Colombia through Tablemac.

Another pillar of growth is diversification of the company's portfolio through acquisition of new businesses in sectors related to its operations. In this sense, the acquisition of Corona in 2015 is worth mentioning, which added to a movement that started in 2012, when Thermosystem (Tubarão, SC), a manufacturer of electronic showers, was incorporated.

DURATEX 2020 KEY AREAS

- Increased foreign market sales
- Organic growth through expanded production capacity
- Acquisition of new businesses, through opportunities in related sectors



In the area of organic growth, one of the biggest planned investments in Duratex 2020 is installation of a new MDP and MDF panel production unit in the "Triângulo Mineiro" region. Nevertheless, deterioration of the economic scenario has led shareholders and upper management to review planned investments, postponing those geared towards increasing production capacity.

Duratex 2020 considers the social, economic and environmental impacts of operations in relation to the company's stakeholders in a way that is integrated with the growth of the business. This integration takes place through the Sustainability Platform, which addresses this theme for the different areas of Duratex. Launched in 2013, the Platform is based on three pillars of action, which cover seven strategic themes (see chart below).

Transversal development goals are proposed for these themes. Programs are executed by Duratex areas and teams to reach these goals. All projects set for execution by 2016 have already been started and will be finalized according to

the plan established. This year, the company will start a cycle to review the Sustainability Platform, considering the longterm vision for development of business as well as its impacts and new demands of the company's publics.

Internally, Duratex began restructuring its sustainability management area, even further integrating the administrative structure into business units and providing more agility for actions focused on minimizing impacts and leveraging the environmental and social benefits of the Deca and Wood divisions and of its products.

SUSTAINABILITY PLATAFORM'S KEY AREAS AND STRATEGIC TOPICS



DIALOGUE AND RELATIONS

People

Quality of relations



ENVIRONMENTAL MANAGEMENT AND PERFORMANCE

Efficient use of resources and energy

Waste and emissions management

Conservation and biodiversity



Quality and impact of products

Inclusion of social and environmental criteria in management and reporting

These topics result in short- and medium-term transversal goals and guide development of projects and initiatives in every area at Duratex. The document containing the strategy and the Platform's performance goals is updated annually and can be found on the **company's website**.



In 2015, Brazil was once again impacted by a continued decline in macroeconomic and political conditions. Rising inflation and higher unemployment, combined with higher interest rates, had a negative impact on consumer confidence, influencing falling demand in the domestic market.

Volume shipped in the wood panel market in Brazil was down by 11.3% compared to 2014, according to a survey by the Brazilian Tree Industry (Ibá). In the segment served by Deca, the Brazilian Construction Materials Industry Association (Abramat) index, which measures sales performance for construction materials on the domestic market, was 12.6% lower in the same year-over-year comparison.

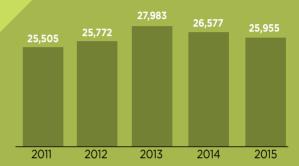
In this scenario, revenue and the Ebitda margin at Duratex have remained steady, supported by higher export volumes and by actions to cut costs and increase efficiency, which are initially having a positive effect on the bottom line and will tend to grow in the medium and long terms.

To adapt to new market conditions, Duratex made adjustments to its production capacity during 2015. At the Itapetininga (SP) unit, production of MDP and MDF was temporarily halted, with the high-gloss and coverings lines remaining active, since these products have significant market demand; forestry implementation and maintenance activities were also maintained. Production at Itapetininga will go back to normal as soon as market demand returns.

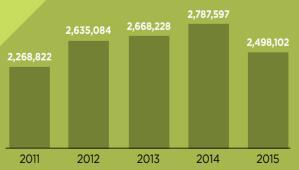
Despite these adjustments, the company ended the year with approximately 12,200 workers, 4% more than in 2014, a result of acquiring Corona.

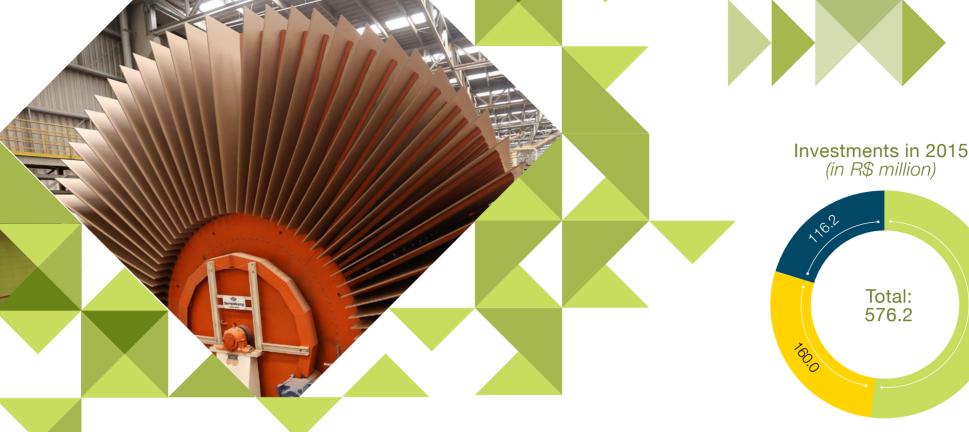


Volume shipped Deca (000' items)



Volume shipped Wood (m³)





ECONOMIC PERFORMANCE

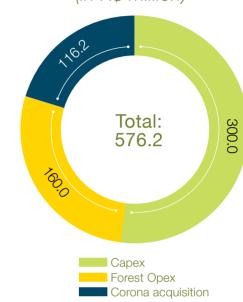
G4-DMA

In 2015, Duratex invested a total of BRL 576.2 million, covering maintenance of operations and the acquisition of Corona, making the company the second largest in the electric showers and faucets segment, with capacity share of approximately 30%.

Consolidated net revenue for the year at Duratex was 0.5% lower compared to 2014, totaling around BRL 4 billion. Performance was chiefly driven by growth in exports and foreign market revenues coming from Tablemac, a controlled company in Colombia that produces wood panels, offsetting stagnancy in the domestic market. In 2015, the company

exported 224,000 cubic meters of wood panels, achieving 48% more net export revenue than in 2014.

These numbers are a reflection of the investment Duratex has made in strengthening export culture in its business. To serve the different specifications of markets, including Latin America, the USA, Asia, the Middle East and Europe, the company has enhanced its product portfolio, logistics operations, equipment and production technology. The Wood Division industrial units are currently prepared to produce panels with different compositions and thicknesses, according to the demand of each region or country.



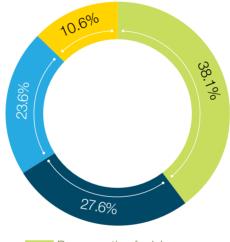


Year-to-date sales expenses totaled BRL 580.2 million, while general and administrative expenses totaled BRL 154.6 million. The cost of products sold (cash cost) totaled BRL 2.4 billion, up just 1% compared to 2014, as a result of actions taken during the year to lower costs.

Adjusted and recurring Ebitda for the period was down by approximately 17.3%, with a margin of 20.7%. Recurring net earnings in 2015 fell by around 38.2% in relation to 2014. These results were pressured by higher costs for electricity and other production inputs impacted by exchange rate variation, yet they were offset by cost-cutting actions and adjustments to production. Moreover, financial expenditures were higher due to elevated interest rates.

Economic value added at Duratex totaled BRL 1.8 million in 2015, dropping 14% year-over-year. Of this total, 11% went to the company's shareholders. **G4-EC1**





Remuneration for labour
Remuneration to government
Remuneration of financing
Remuneration to shareholders

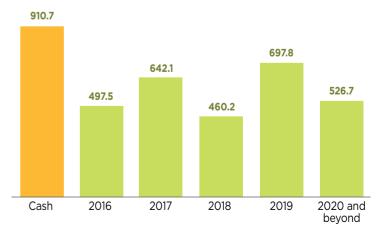
Over the year, Duratex held 151 meetings and teleconferences with capital market specialists, in addition to a public meeting with members of the Association of Capital Markets Analysts and Investment Professionals (Associação dos Analistas e Profissionais do Mercado de Capitais – Apimec), held in São Paulo with the participation of approximately 112 investors.

The market value determined for Duratex at the close of 2015 is equal to BRL 3.9 billion, showing a year-over-year decline of 26.5%. The year-end share price was BRL 5.90, compared to BRL 8.03 at the close of 2014.



With the investments made in acquiring Corona, Duratex's gross indebtedness for the period reached BRL 2.8 billion, remaining unchanged compared to 2014. The Company ended the year with around BRL 910.7 million in cash available. The net debt/Ebitda ratio at the end of the period was 2.3; however, this is within a healthy level and below the limit of 3 established by the company's internal policies.

Amortization timeline (in R\$ million)







Investments made in 2015 to achieve these goals totaled around BRL 42.6 million, aimed chiefly at enhancing the Environmental Management System (Sistema de Gestão Ambiental - SGA) and implementing improvements to reduce the environmental impacts of operations. This amount is 12.4% less than in 2014, a result of the operational adjustment made by Duratex to adapt to less demand in the consumer market. G4-EN31

Some of the improvement in environmental performance that the company reached in 2015 came from actions to enhance efficiency. implemented in production processes and verified by indicators related to each business. Nevertheless, the adverse economic scenario has also contributed to an absolute reduction in these indicators, since production was down compared to 2014.

Initiatives and projects focused on better environmental performance are in line with the goals and commitments undertaken in the Sustainability Platform, which are integrated into the company's Strategic Planning (read more on page 23).

Environmental indicators at units are monitored using the SAP system, guaranteeing that data from across the company are standardized and centralized in a single management system. One of the biggest advancements made in 2015 was the updating and restructuring of the environmental module, which monitors energy and fuel consumption, making data more reliable and providing greater agility in management of energy and GHG emissions. In 2016, Duratex will continue to improve this system. integrating management of other environmental indicators, such as water consumption, effluent treatment and waste disposal. G4-14

Management of forestry operations, which are also part of the company's efforts to enhance environmental management, is FSC certified as is the chain of custody (read more on page 40), and industrial operations holding ISO 14001 certification. In 2015, the Wood Division promoted standardization of systems and unified ISO 14001 certification for all industrial units. During the year, the Forestry area relinquished its ISO 14001 certification, since the Environmental Management System was incorporated into the scope of the FSC, which was already internalized at units. The systems adopted to meet FSC criteria and principles cover environmental management.

Duratex continued its Economic Sensitivity Analysis in 2015, aimed at assessing how the five environmental aspects (water, energy, emissions, effluents and waste) can impact the company's operations and its market value in situations where there are higher prices or a scarcity of resources, for example.

The initiative began as a pilot project for the energy aspect in 2014; in 2015 it was focused on analysis of the water aspect. One of the main benefits of this project is the convergence between environmental and financial management at Duratex, allowing for creation and assessment of complex risk scenarios for use by the company's internal management.

Materials and waste

G4-DMA

Duratex is constantly looking for solutions that allow fewer materials to be used in manufacturing its products and for less waste to be sent to landfills. To achieve these objectives, the company invests in programs that make it feasible to reuse waste in the production process or as inputs for factories in other segments.

For example, the Deca Division has a Rationalizations and Improvements area that is focused on enhancing products and industrial operations. This area has allowed fewer supplies to be used, generating less waste in the production process, making use of manpower more efficient, obtaining productivity gains and lowering financial costs. With over 110 projects in this area, the company has achieved an annual savings of 900 tons in consumption of copper alloys, reducing annual variable manufacturing costs by BRL 22 million.

Moreover, in an effort to recover inputs, the metal manufacturing division of Deca has invested in technology to recover the bronze and brass found in the dross resulting from the metal casting process. This initiative allowed 407.8 tons of metals to be recovered in 2015.

In forestry operations, the Development area works towards achieving gains in productivity and efficiency in the use of inputs and by incorporating new technologies into processes.

All Duratex sanitary ware units are equipped with crushers, equipment that allow for sanitary ware that does not pass quality criteria to be ground up and reused in the production process. In 2015, the company invested in development of solutions to increase this recovered material in the slurry used to manufacture new items. Around 7,300 tons of ceramic waste was reused. Aimed at a more in-depth analysis of the financial gains of this initiative, in

the financial gains of this initiative, in the last year Duratex has also carried out the Calculation of Gains from Good Practices project, in partnership with the sustainable finance area at Fundação Getúlio Vargas. The results of the study will be consolidated in 2016 and will allow the company to improve identification of the generated and shared value based on investments made in environmental practices.







In the Wood Division, ashes from burning biomass to generate thermal energy and sludge produced during treatment of effluents have been processed at a composting plant installed at the Agudos (SP) unit since 2013. This initiative has made it possible to produce organic compost for fertilizing forestry area soil. reducing the amount of waste sent to landfills. In 2015, this model was expanded to the Uberaba (MG) unit, with a second composting plant starting operations and with ashes from the Botucatu (SP) unit being sent to the Agudos facilities. These actions meant that Duratex spared landfills from 27,000 tons of waste, with a financial return of around BRL 2.5 million. In relation to consumption of materials, 100% of the wood used in Wood Division industrial processes comes from reforestation.

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The resin used to manufacture wood panels, a supply made basically of the urea and formaldehyde chemical substances, is made by Duratex and by its suppliers using industrial processes carried out using the most modern technologies and strictest safety conditions. **G4-PR1**

The company has its own resin factory, with the latest generation and modern equipment, allowing for a production of better performing products that consume less of this input during panel manufacturing. **G4-PR1**

This type of resin is currently the only product capable of acting efficiently and competitively as a binding agent for wood fibers and particles and guaranteeing standardized panels with the appropriate features of quality and resistance, allowing for a high level of cut recovery, high efficiency and operational performance, since the lignin, a resin naturally found in wood fibers, is not sufficient to recompose and stabilize the final products at these standards of performance.

Duratex has been continually researching the use of this resin on its products for the last 30 years and has consistently and permanently invested in manufacturing technologies to enhance techniques to reduce its use and residual emission, as well as alternatives that do not use formaldehyde as an additive. **G4-PR1**

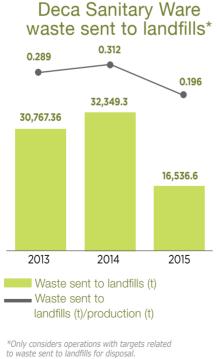
ANNUAL AND SUSTAINABILITY REPORT 2015

When waste cannot be reused, Duratex sends it for treatment and final disposal by approved waste processing companies, according to legal compliance and the guidelines established by the company. These suppliers are also continually monitored by the Duratex Supplier Management or GFD (read more on page 47).

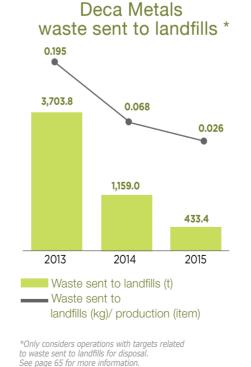
Total consumption of materials by Duratex in 2015 was 4.2 million tons, down by 3.4% (150,000 tons) compared to the previous year. Using this same year-to-year comparison, 32.1% (15,000 tons) less waste was sent to landfills and total waste disposal fell by 20% (51,000 tons). Of the 201,000 tons of waste disposed, 81.3% (164,000 tons) were recycled, reused, composted and converted into energy. **G4-EN1** | **G4-EN23**

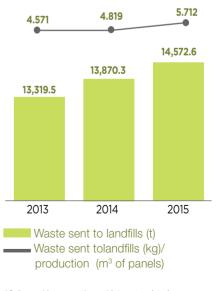
DURATEX

PERFORMANCE IN 2015	Targets for reducing waste sent to landfills	Result	
Deca Sanitary Ware	35.6%	49% reduction	
Deca Metals	33.0%	63% reduction	
Panels	15.0%	5% increase, as a result of ashes sent from the Itapetininga unit to landfills	



See page 65 for more information.





Panels

waste sent to landfills *

*Only considers operations with targets related to waste sent to landfills for disposal. See page 65 for more information.



Water and effluents

G4-DMA

Duratex actions for water resources are aimed at promoting continual reduction of water consumption and effluents discarded, while also guaranteeing the quality of discarded volume. Regarding the latter, the company is mostly focused on cutting down on organic matter, performing at better level than required by applicable laws. Investments made to achieve these objectives seek to increase reuse of water collected from industrial processes and rainwater collection while boosting the efficiency of treatment stations at units.

In 2015, the Wood Division implemented a water recovery and reuse system, used in the process of producing fiber boards at the Botucatu unit. This project was tested on one of the industrial lines and will be expanded to three other lines in 2016. In Taquari (RS), the company has initiated a project aimed at completely eliminating disposal of effluents generated at its unit starting in 2017, allowing these effluents to be reused various times in the production processes following treatment.

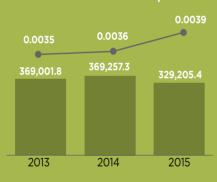
The Itapetininga, Agudos and Uberaba units, in turn, already have mechanisms to reuse water in industrial operations. Duratex has a rainwater collection system that is used for irrigation at the Lençóis Paulista (SP) nursery, where eucalyptus seedlings are produced.

At the São Leopoldo (RS) unit of the Deca Division, improvements have been made to the treatment station, making it feasible to reuse 100% of effluents in its production process. Different actions were implemented at the São Paulo Metals unit, located in the city of São Paulo, including expansion and diversification of the use of treated water coming from the electroplating process. Initiatives at this plant have resulted in a drop in consumption of more than 47.2% in the last year, with a financial return of around BRL 648,000.

In 2015, Duratex collected 5.1 million cubic meters of water (6.6% less than in 2014) and reused 49.3% of this total. Disposal of effluents remained unchanged for this same period. **G4-EN8 | G4-EN10 | G4-EN22**

PERFORMANCE IN 2015	Targets to reduce water consumption	Result
Deca Sanitary Ware	10.6%	10.9% reduction
Deca Metals	21.5%	29.9% reduction
Panels	0.2%	5.6% reduction

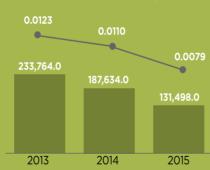
Deca Sanitary Ware water consumption*



Water consumption (m³)
Water consumption (m3)/
production (kg)

*Only considers operations with targets related to water collection. See page 63 for more information

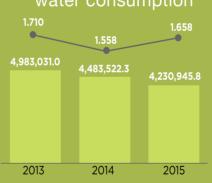
Deca Metals water consumption*



Water consumption (m³)
Water consumption (m³)/
production (item)

*Only considers operations with targets related to water collection. See page 63 for more information



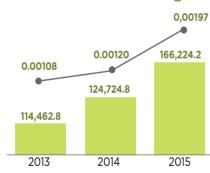


Water consumption (m³)
Water consumption (m³)/
production (m³ of panels

*Only considers operations with targets related to water collection. See page 63 for more information.

PERFORMANCE IN 2015	Targets to reduce effluent discharge	Result
Deca Sanitary Ware	20.6%	33.3% increase, since measurement at the Recife unit was enhanced
Deca Metals	21.5%	30.0% reduction
Panels	in start	reduction, as a result of a delay -up of the water reuse project on Duratree line at the Botucatu unit

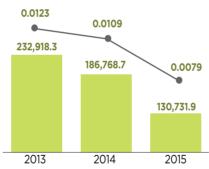
Deca Sanitary Ware effluent discharge*



Effluent discharge (m³)/
production (kg)

*Only considers operations with targets related to disposal of effluents. See page 64 for more information.

Deca Metals effluent discharge *

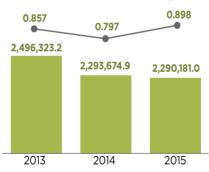


Effluent discharge (m³)/
production (item)

*Only considers operations with targets related to disposal of effluents. See page 64 for more information.

35

Panels effluent discharge *



Effluent discharge (m³)

Effluent discharge (m³)/
production (m³ of panels)

*Only considers operations with targets related to disposal of effluents. See page 64 for more information.



G4-EN9

Duratex also invests in development of studies and analyses that allow for improved management of water resources and identification of impacts and risks to its business.

Along these lines, one of the main actions is the Evaluation of Catchment Basin Sustainability Indices developed from 2013 to 2014. This study was aimed at assessing the situation of the catchment basins where Duratex industrial units are located, considering aspects related to water, the economy, society and politics.

In 2015, the company deepened this study through an evaluation of the industrial departments and their teams to understand how local factors related to water – such as changes in the rainfall regime and competition for this resource, for instance – can impact industrial operations. The results of this second stage are being consolidated and will help the company with strategic management of the theme.

In addition to this assessment, the Direct Water Footprint of MDF Study was developed in 2015. This pioneering project at Duratex sought to measure the impact of MDF panel manufacturing processes on water resources using the methodology of the Water Footprint Network. This initiative resulted in a higher level of knowledge regarding the use of this natural capital input at Duratex, contributing to water management in the company's MDF production processes at the Agudos, Botucatu and Uberaba industrial units.



Energy and emissions

G4-DMA

Duratex has also implemented actions that contribute to reducing energy consumption and GHG emissions in its industrial processes. With this goal in mind, investment have been made in replacing fuels in the energy mix and installing cost-saving systems, for examples, which provide greater efficiency of processes and less environmental impact.

The main source of direct GHG emissions at Duratex is fuel burned to generate energy needed for industrial operations. To reduce these emissions, the company tries to increase the use of renewable resources in its energy mix, especially biomass. Today, 71% of the energy mix at Duratex comes from renewable resources, with 50% made up of biomass, consumption of which increased 17% in the last year. **G4-EN3**

At the Wood Division, one of the main projects with this goal increased was replacement of residual fuel oil (an oil byproduct) with wood powder (biomass) to generate thermal energy in the MDP panel production process at the Itapetininga unit. With consolidation of the project in 2015, the company saw a 17% drop in direct GHG emissions per cubic meter of panels, equal to $2,949~{\rm tCO_2}{\rm e}$, considering the volume produced in the year at this unit. **G4-EN19**

Another focus of investments at Duratex is enhancement of equipment to increase energy efficiency. Productivity gains were achieved by the Deca Division after it adopted technologies to automatically turn off factory lights, installing LED lights in lighting systems and lowering oven temperatures in ceramic firing processes, among other initiatives. Sanitary ware operations had improved energy efficiency of 2%, while metal operations had 3% improvement, equal to savings of 31,000 GJ of consumption. In relation to GHG emissions, the indicator for emissions per ton of sanitary ware

produced was 2.5% lower, equal to prevention of 1,412 tCO_2 e, not considering variations in production volumes. Furthermore, campaigns are carried out to raise employee awareness at all industrial units, aimed at preventing wasted energy. **G4-EN6 | G4-EN19**

In 2015, total energy consumption at Duratex was 11 million GJ (2.9% higher than in 2014). Electricity consumption fell by 6.5% (203,355 GJ). The company also reduced year-over-year direct GHG emissions by 8%. Scope 1 and 2 emissions totaled 300,000 tCO_2 e for the year. **G4-EN3 | G4-EN15 | G4-EN16 | G4-EN17**





PERFORMANCE IN 2015 Deca Sanitary Ware 20.3% reduction 20.3% reduction Deca Metals 6.0% reduction 5.7% reduction, as a result of verticalization of zamak

Panels Increase of up to 5.0%

6.9% increase, as a result of the production mix

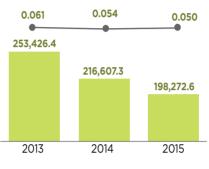
components at the Jundiai unit

G4-EN15

PERFORMANCE	IN 2015	Target	Result
Duratex			use 8% lower
	gas e	missions (GH)	3)*

^{*} Refers to Scope 1 in relation to the base year 2014.

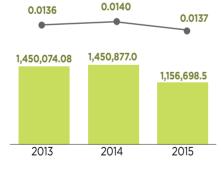
Duratex direct GHG emissions



Scope 1 emissions (tCO₂e)

Direct GHG emissions
(tCO₂e)/net revenue (in R\$ million)

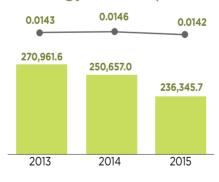
Deca Sanitary Ware energy consumption*



Energy consumption (GJ)
Energy consumption (GJ)/production (kg)

*Only considers operations with targets related to total energy consumption. See page 63 for more information.

Deca Metals energy consumption*

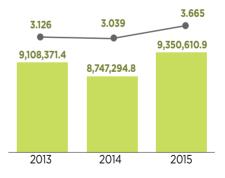


Energy consumption (GJ)

Energy consumption (GJ)/
production (item)

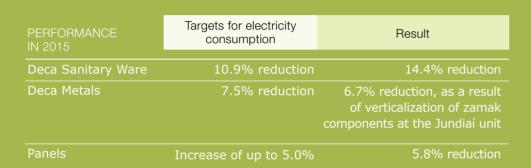
*Only considers operations with targets related to total energy consumption. See page 63 for more information.

Panels energy consumption*



Energy consumption (GJ)
Energy consumption (GJ)/
production (m³ of panels)

*Only considers operations with targets related to total energy consumption. See page 63 for more information.



Deca Sanitary Ware electricity consumption*



Electricity consumption (GJ)

production (kg)

*Only considers operations with targets related to electricity consumption See page 63 for more information.

Deca Metals electricity consumption*



Electricity consumption (GJ)

Production (item)

*Only considers operations with targets related to electricity consumption. See page 63 for more information.

Panels electricity consumption*



Electricity consumption (GJ)

Electricity consumption (GJ)/
production (m³ of panels)

*Only considers operations with targets related to electricity consumption. See page 63 for more information. Forest stewardship and management of biodiversity

G4-DMA | G4-EN13

In 1995, Duratex was the first South American company to obtain Forest Stewardship Council® (FSC) certification for forestry management areas. In 2015, the company underwent the recertification process and can now celebrate 20 years of certification, as a testament to good forestry management practices for wood production that are socially responsible and have less environmental impact. The Duratex chain of custody is also FSC-certified, which guarantees traceability of wood used in the production process. Certification is a competitive advantage at the company that benefits exports, especially to markets like Europe and the USA. G4-14

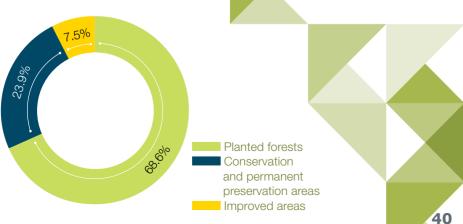
The company's operating procedures promote conservation of native old-growth forests. Actions to protect biodiversity, water resources and cultivated soil are also continually carried out in the forestry area. **G4-EN12**

Among its assets, the company holds 271,000 hectares of forests, with 24% set aside for environmental conservation. Duratex fosters development of scientific projects geared towards conservation of biodiversity and environmental education of communities in these areas through partnerships with universities and research centers. Tower project, an innovative initiative that has studied the balances of carbon. since 2008. The program's goal is to find practical recommendations that optimize production while guaranteeing sustainability of farms, enhancing forest biomass and in soil, among other topics.

The Flow Tower is located in the middle It is equipped with sensors to detect and wind speed and direction. Soil sensors reach up to 10 meters in depth and detect humidity and nutrient contents evaluated and measured, with devices being used to assess the photosynthesis occurring and sap flow in tree trunks.

In 2015, the program continued to be Agricultural Research Center (Cirad) and the Luiz de Queiroz College of Agriculture (Esalq/USP). Eight other Brazilian forestry companies are also participants.

Duratex forest areas in Brazil



One of the projects done in 2015 was a study on reintroducing the great-billed seed-finch (Sporophila maximiliani), an endangered bird in Brazil. The project, which began in 2014, relies on the participation of six other institutions, including UFSCar and the Museum of Zoology at USP. Since 2010, the company has fostered studies to recover disturbed areas at the Minas Gerais unit in partnership with researchers from Federal University of Uberlandia. Other studies done in the company's conservation areas indicate the continued presence of native species fauna and flora and the occurrence of endangered species.

SOCIAL PERFORMANCE

Continual improvement of dialog and relations with the many Duratex stakeholders, aimed at building ethical and quality relationships in the long term, is aligned with the company's strategic planning and contributes to the growth of business and generation of value for all of its stakeholders.

The company has set up mechanisms that allow for identification and assessment of its social impacts, integrating them into strategic decisions. Risks are therefore mitigated and benefits are leveraged using supplier development programs, customer relations, personnel management and investment in social, economic and environmental development initiatives in the regions where Duratex is present.



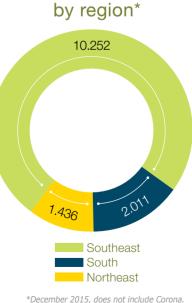
Employees G4-DMA

Around 12,200 employees work in the operational, administrative and sales areas at Duratex units in Brazil and abroad. The company promotes valuing safety, professional development and respect for human rights in managing this human capital, supported by internal policies and training and education programs.

In 2015, employee turnover at Duratex rose 4.8% compared to 2014, influenced by an operational adjustment made by the company aimed at adapting production to the drop in demand in the consumer market. In addition to this factor, employees leaving the forestry area to work in fields during the harvest season and the seasonality of the shower segment, with peak hirings at Deca units taking place in the first semester, also influence turnover. G4-LA1







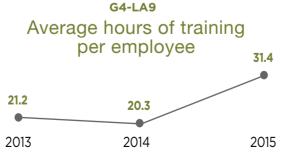
Development and career **G4-DMA**

In an effort to develop leaders in 2015, Duratex continued its program of strengthening and spreading corporate culture and its Values, as expressed in the This is Us Program. Through corporate training geared towards managers, coordinators and supervisors, the company has made progress in spreading the practice of feedback, engaging leaders in a movement towards advising and contributing to employees' professional development at work.

The corporate training platform at Duratex was developed based on three pillars: Leadership, Strategic Management and Business Knowledge. Training sessions are chosen by employees, along with their managers, according to the Individual Development Plan (Plano de Desenvolvimento Individual - PDI), which is created annually following the competency assessment process. Courses are given in the classroom or through online tools (e-learning).

In addition to corporate courses,
Duratex provides technical and
operational training, aimed at
meeting legal requirements as well
as the requirements of technical
certifications related to the needs for
employees to have continuing education
at the technical and operational level.
This training is given in the classroom
and is led by internal instructors or
outside specialists.

In 2015, Duratex invested around BRL 1.8 million in courses and training, with a total of more than 316,000 training hours. During this period, average training hours per employee rose by nearly 55%. Technical training was fully maintained, while specific training programs were also created for the new group of trainees and for supervisors. **G4-LA9**



For the second group of trainees, formed in 2015 with 17 young professionals from different areas, Duratex created a specific training platform that covers topics based on leadership, innovation, marketing and sales, sustainability, and other topics.

Training developed by Duratex also considers aspects related to respect for the company's values. This topic is included in the ethical guidelines of action established by the Code of Ethics and Conduct and is covered starting with the new employee orientation program. The This is Us Workshop was held from 2014 to 2015, reinforcing the alignment of leaders with the company's values through training involving debates, playful activities and videos. The This is Us Workshop involved a total of 734 Duratex leaders and 4,404 hours of training. **G4-HR2**

Professionals working on activities connected to property security are, in turn, periodically trained according to legal stipulations. The content of training for security guards is defined by the Ministry of Justice and covers four disciplines related to human rights, totaling 46 training hours on this topic. Duratex

DURATEX

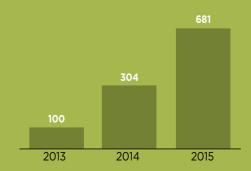
monitors these trainings, asking that the third-party companies send certificates of course completion for the professionals allocated to its units. **G4-HR7**

In addition to defending human rights, the company promotes inclusion and diversity among its employees. One of the main programs to reach this objective is the Paratodos (For all) program, for inclusion of people with disabilities at Duratex units. In 2015, the Paratodos program was strengthened through workshops with leaders and those responsible for recruitment and selection. The company also held the first course to assist in wood sheet production geared towards people with disabilities through a pioneering partnership with Senai at the Botucatu unit. There are currently 360 disabled persons on staff at Duratex, with four of these people holding leadership positions. G4-LA12

Assessment of the competencies of Duratex employees is done annually as part of the Integrated Personnel Management (GIP) process. In 2015, the process was expanded, covering not only managers and coordinators, but also supervisors (production units), trainees and senior analysts (administrative area). Last year, over 600 professionals went through the assessment process. In 2016, the company plans to expand the scope of the GIP to more job levels.

The GIP starts with an employee self-assessment process, followed by a manager assessment. At the end, the evaluator and person being evaluated have a feedback meeting, where the Individual Development Plan (PDI) is discussed, making employees the protagonists in their professional growth. **G4-LA11**





G4-LA6 2014 2013 2015 TF TG TF TG TF TG

Health and safety

G4-DMA

Another focus of management of human capital at Duratex is the promotion of employee health and safety. The Occupational Health and Safety Policy is available to all professionals on the intranet, bulletin boards and the **company website** and in procedure libraries. The company defines the guidelines and main indicators managed in its planning, such as the percentage of workers trained on the topic, the number of campaigns implemented, the number of behavioral observations made and attendance and accident severity rates.

The Duraseg Program is the focus of the company's actions in this sense, assessing risks and establishing procedures and rules for adoption by all employees while also developing actions to raise awareness about accident prevention. In 2015, a Safety Training Observation Program was held within Duraseg for leaders, putting them on the front line to observe factory operations, forestry management areas and offices and establish a constructive dialog with teams on best accident prevention practices.

6.9 1,123.4

180.4

5.4

Consolidated Duratex

144.8

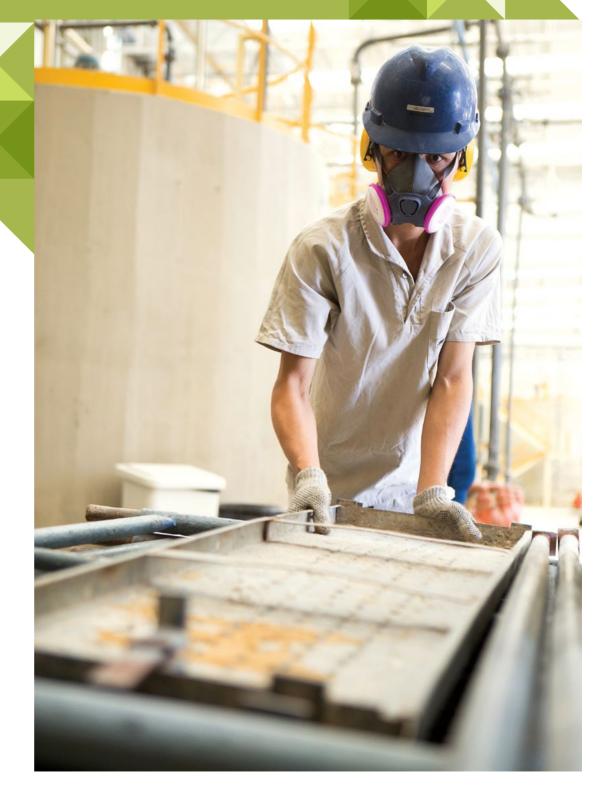
4.2

^{*}Only considers employees. Breakdown by gender could not be shown, since the process of registering accidents does not include this information. Duratex registers its health and safety-related statistics according to NBR 14280, a standard issued by the Brazilian Association of Technical Standards (ABNT). Attendance and accident severity rates are therefore obtained using the following calculations: Attendance Rate (AR) = number of accidents with and without time off/million of man-hours of risk exposure; Severity Rate (SR) = days lost + days debited/million of man-hours of risk exposure.

The Duratex structure for health and safety management relies on three types of committees, which represent 100% of employees and contribute to improving safety conditions at operations:

- **Duraseg Committee:** made up of directors, managers, coordinators and safety engineers, created in February 2012, coordinating implementation and support of OHSAS 18001 certification at units. All units are expected to be certified by 2018.
- Internal Accident Prevention Committee and Internal Accident Prevention Committee for Rural Work (Comissão Interna de Prevenção de Acidentes and Comissão Interna de Prevenção de Acidentes do Trabalho Rural - CIPA/CIPATR): established in all eligible units in accordance with laws for this type of committee, the CIPAs/CIPATRs can be made up of employees at every job level as well as by representatives of contractor companies working at the unit.
- Behavioral Program for Leaders Committees: instituted in 2015, these committees are focused on safe behavior initiatives and raising awareness among employees and third-party employees. They are made up of supervisors, coordinators and managers at each unit. **G4-LA5**

With Duraseg, the Program for leaders and awareness-raising actions carried out during the year, Duratex was given OHSAS 18001 health and safety certification in 2015 for the Louças Sul, Louças Queimados and Metais Planidil (Deca Division) units and for the Taquari and Agudos (Wood Division) units. The year-over-year number of accidents was down by 36%.



Compensation

G4-DMA

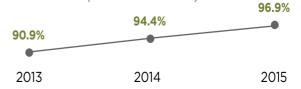
Duratex uses a meritocracy in the processes of selecting employees and in actions to retain talent, with no differentiation related to gender or age group. Compensation of employees follows best market practices and is defined based on a methodology that establishes salary levels according to hierarchical levels and country regions. The compensation package includes fixed pay and variable pay. Among executives (directors and managers), around 40% of total compensation is variable and is connected to achieving corporate, business and individual goals established according to the strategic plan. For members of the Board of Directors, 90% of pay is fixed with the remainder being supplemented by benefits (exclusively for non-independent members). G4-51

The compensation package is supplemented by a range of benefits, aimed at providing better quality of life, satisfaction and well-being for employees. Among the main benefits offered are health and dental care, food vouchers, life insurance, Pension Plan, Consigned Loans and Christmas benefits. **G4-LA2**



46







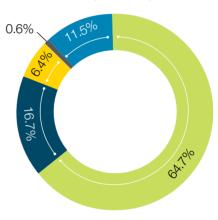
Suppliers

G4-DMA

Duratex currently develops partnerships with over 8,500 suppliers of products and services used in its industrial and forestry activities. Resources used for procurement and sourcing total around BRL 2.6 billion annually, with 40% of this amount paid to companies that are members of the Duratex Supplier Management Program (GFD). As the company's main mechanism for managing relations with this public, the GFD is aimed at sustainable development, generation of shared value and dissemination of good social and environmental management practices. In 2015, 156 suppliers were selected to take part in the program. **G4-12**

Some examples of GFD participants are manufacturers in the chemical and plastics industries, machinery and equipment suppliers, paper manufacturers, laundry and security service providers, mineral processing companies, transportation companies, waste processing companies and personal protective equipment (PPE) suppliers. **G4-12**

Geographic distribution of GFD participants





GFD participants are chosen annually, according to the following criteria:

- Suppliers which have received over BRL 4 million from Duratex the year prior;
- Suppliers considered to be critical or strategic to the continuity of operations;
- Waste processing companies that received payments (of any amount) from Duratex the year prior; G4-14
- Partners that have already participated in GFD in previous years and that have received payments from Duratex the year prior.

The GFD allows Duratex to use effective instruments to mitigate risks - such as the use of child or slave-like labor - and minimize negative social and environmental impacts in its supplier chain. Among these tools are selfassessment questionnaires, which are answered by participants and consider social, environmental and legal aspects. In addition to this survey, the company performs audits with the support of an independent company at these companies' facilities. At the end of the process, suppliers receive feedback that contains an evaluation regarding social, environmental and legal aspects, a comparison with the average for other companies in their sector of operation and indication of opportunities for improvement.

In 2015, one instance of non-compliance in the environmental aspect and another three instances in the labor aspect were identified. In 2014, there were two instances in the environmental aspect; and in 2013, there were two environmental and one labor instance. In all of these cases Duratex suggested opportunities for improvement in a formal process of feedback to suppliers.

Also under the auspices of the GFD, Duratex develops the Top 5 project, aimed at strengthening relations with five selected suppliers in order to perform studies and exchange experiences related to management practices and mitigation of risks. The five cases developed in 2014 involved industries from the metalworking, ore processing, chemical and trade segments.

G4-EN33 | G4-LA15 | G4-HR11 | G4-S010

BUPPLIER ASSESSMENTS IN ENVIRONMENTAL, LABOR, SOCIAL AND HUMAN RIGHTS IMPACTS

AND HUMAN RIGHTS IMPACTS	2013	2014	2013
Number of suppliers assessed	117	83	54
Number of suppliers identified with significant impact (real or potential)		2	3
Number of suppliers with significant impact for whom there are action plans	100%	100%	100%
Percentage of suppliers with significant impact whose contracts were terminated	0%	0%	0%

Customers

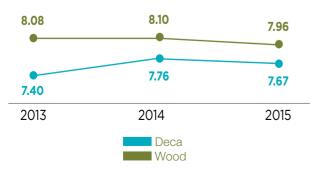
G4-DMA | G4-PR5

Duratex makes continual investments in its customer relations, through actions that guarantee product quality, a diversified and innovative portfolio of offerings and provision of excellent services by the sales team. The effectiveness of this management is proven through customer satisfaction surveys, done annually by an independent outside organization.

In addition to learning about the overall rate of satisfaction, surveys allow the company to gain support for creating strategies and actions aimed at a certain group of customers or products. Performance at Duratex is also compared with market rates developed by the company's own research institute.

At the Wood Division, the overall rate of satisfaction is above average for the market, despite falling from 8.10 to 7.96 in the year-to-year comparison. Moreover, the survey pointed to a better rate of recommendation and improved product quality assessments. The rate of satisfaction at the Deca Division grew among major customers, with the overall average holding steady compared to 2014. It is worth noting that the recommendation rate in the Deca survey is 90%. One of the biggest challenges at both divisions is improving assessments from customers with lower purchase volumes.

Rate of customer satisfaction (0 to 10)



In 2015, the Deca Division made an important advancement by setting up a specific area for order management, providing customers with more security to receive products according to the terms and conditions requested. In the last year, Deca was also awarded the "Época ReclameAQUI 2015 - The best companies for the consumer in 2015" award, in the Sanitary Ware and Metals category, garnering over 63% of votes.

Internally, one of the key efforts made by the company regards development of innovative and sustainable products with state-of-the-art technology that meet the chief demands and needs of customers and end consumers. By way of example, it is worth noting recent investments made in Wood Division units, whose equipment was adapted to agilely and quickly produce panels with different thicknesses and compositions, aimed at serving markets in Latin America, the U.S.A., Africa, Asia, the Middle East and Europe.





Local communities

G4-DMA

Duratex seeks to contribute to promoting development in its relations with the communities in the regions where its units are located. The guidelines for the company to meet these goals are outlined in the Social Responsibility Policy and by the Sustainability Platform.

The goal at Duratex for 2016 is to spread development of an engagement plan to other units, especially based on the positive results achieved in the pilot project held at the Uberaba unit of the Wood Division. The Relationship plan was started in 2014 and implemented throughout 2015; it has made it possible to define a matrix of the main local stakeholders, their respective themes of interest and the channels and strategies most recommended for building ties with these stakeholders, including community leaders, local government representatives and regional press organizations, among others, in this region. **G4-S02**

Various actions were carried out by Duratex as part of the plan, with 40% of them being driven by demands from external publics. The maturity of this model of action has contributed to generating value and mitigating the risks related to social capital and company relations, especially at units located in densely occupied regions. **G4-SO2**

Another step forward taken in the last year was review of the procedure used to assess and mitigate social impacts related to management of planted forests, enhancing the criteria and methods employed. **G4-SO2**

Last year Duratex established its Private Social Investment strategy, integrated with its strategic planning and based on three pillars of action:

- Professional Training;
- Environmental Education, Research and Knowledge;
- Water Management.

One highlight of 2015, in the Professional Training area, was an increase in the number of beneficiaries of the Formare Program, a program providing professional education courses for low-income youth ages 16 to 18. The company made an investment of around BRL 39,000 in the implementation of three new schools at the Botucatu, Itapetininga and João Pessoa (PB) units, which were added to existing schools at the Uberaba and Taquari units. Developed by Fundação lochpe in partnership with the Federal University of Technology – Paraná, the Formare Program benefits around 100 young people every year, with classes given by volunteer Duratex employees. The annual investment made in each Formare unit is around BRL 120,000. **G4-EC7**

In addition to these initiatives. Duratex invests

in social projects and actions at NGOs and civil society organizations which contribute to development of local communities in line with the Social Responsibility Policy. Among these initiatives are the Na Mão Certa (In the Right Hands) Program, managed by Childhood Brasil to combat sexual exploitation of children and adolescents on Brazilian highways, and the UN Global Compact, which promotes engagement by governments and companies with ten principles promoting human rights, defense of the environment, fighting corruption and combating child and compulsory labor. **G4-15**







Gains with the SGD and other initiatives aligned with Duratex 2020 should be expanded in the coming years



In situations where the action plans were successful and targets were reached, good practices were replicated in other areas and units where there is a possibility for synergy. For this exchange, employees were trained to act as multipliers, spreading initiatives and the culture of constant enhancement throughout Duratex.

Other projects were also developed by Duratex in 2015, in line with the Duratex 2020 growth plan and complementary to the efforts of the SGD. These include implementation of Zero-Based Budgeting as well as actions using Information Technology as a tool to effectively guide business, providing innovative solutions for performance of operational and sales activities.

This new time at the company is different from the cycle experienced from 2007 to 2014, when growth was leveraged through acquisitions in related sectors, expansion of the company's strategic geographic presence in Brazil and abroad and growth in industrial and forestry production capacity. Starting this year, in addition to generating financial and operational gains, these new internal enhancement projects mark the start of a new culture that will take Duratex to a higher level of quality and competitiveness, preparing the company to grow profitably in the face of changes in the social and economic scenario in Brazil and the world.



INNOVATION AND OPPORTUNITIES

In line with its strategy for business growth integrated with sustainable development, as defined by Duratex 2020 strategic planning, the company invests in innovation and the development of new products that meet the modern demands of society, such as the need to consume less water.

For instance, the Deca Division already provides consumers with over 350 watersaving product options, including faucets, showers and valves. Around 2.6 million of these environmentally friendly products were sold in 2015, equal to 10% of total goods shipped in the year. During this period, the ProÁgua line of metals was launched. This line was developed to meet the specifications of the most popular methodologies for environmental building certifications, such as the Leadership in Energy and Environmental Design (LEED), High Quality Environmental (AQUA, a Brazilian adaptation of France's HQE) and Building Research Establishment **Environmental Assessment Methodology** (BREEAM). These new products not only have the state-of-the-art design characteristic of the Deca brand, but also incorporate technologies that guarantee

comfort and leverage water-savings in commercial and residential buildings, ensuring less environmental impact and positive social impact. The percentage of water saved varies from product to product and depends on how the product is used by the consumer, which is why the company does not provide quantitative data related to the benefits provided by these products. **G4-EN27**

Another product launched in the last year that was aimed at meeting demand for water-savings was the Safira electric showerhead, from the Hydra brand, which has an electronic display of water consumption in liters based on bathing time. The company expects to begin sales of the Safira shower in 2016. **G4-EN27**

The Deca Division created the ProÁgua Program to cut waste and water consumption in buildings in large urban areas. A detailed diagnosis of the environment is done through this service, eliminating sources of leaks and installing products with more efficient technology. The program also features actions to raise awareness among the building's users. Through a partnership in 2015, a pilot project was carried out at the building where the Autonomous Water and Sewer Service (Serviço Autônomo de Água e Esgoto - SAAE) is headquartered, in the city of Atibaia (SP). The Art Museum of São Paulo (MASP) was a program beneficiary in 2014. Learn more about the ProÁgua Program.

At the Wood Division, one of the main innovations is MDF Fire paneling, with innovative flame-retardant technology. This product is ideal for use in coverings for corporate environments and places where large crowds gather, contributing to mitigating the risk of accidents and fires. The company also offers the Protekto line, made up of products with anti-microbial treatments, which accounted for 27% of volume sold by the Wood Division in 2015. **G4-PR1**

All Duratex products undergo testing and evaluations related to health and safety, both during the development and approval phase, and they also meet standards issued by the Brazilian Association of Technical Standards (ABNT). The company is also a member of the Brazilian Habitat Quality and Productivities Program (*Programa Brasileiro de Qualidade e Produtividades do Habitat* - PBQP-H), which assesses quality parameters as determined by the ABNT with the support of a third and independent party. **G4-PR1**

Duratex has gradually incorporated initiatives to promote the circular economy in its business model and in product development. At the Wood Division, for example, a project being carried out in the Agudos (SP) and Uberaba (MG) units to dispose of ash and sludge from the Sewage Treatment Station (STS) is in line with this theme (read more on page 31). The company is also using reverse logistics for some wooden blocks used in panel packaging,

collecting them from some customers upon delivery of the products. In 2015, Duratex reused 81,165 blocks, therefore reducing consumption of natural resources to produce new blocks.

At the Deca Division, some areas were involved in periodic meetings, as part of an action plan for 2016 to map the entire portfolio of products and technologies where the cradle-to-cradle concept can be applied. **G4-EN27**





DEFINITION OF MATERIALITY

The content of the 2015 Duratex Annual and Sustainability Report is based on the strategic themes and pillars of the company's Sustainability Platform. The process of defining the platform involved a series of stakeholder engagement panels from 2012 to 2013, in addition to interviews with executives and representatives of strategic stakeholders. In 2014, the Platform was revised to align it with Duratex 2020 strategic planning. **G4-18** | **G4-25** | **G4-26**

The stakeholder consulting process is done by the Corporate Sustainability Division of Duratex. Created in 2013 and restructured in late 2015, this area reports directly to the CEO and the Sustainability Committee (advisory body to the Board of Directors). With two coordination offices in the Deca and Wood business areas, it is responsible for strategic management of the theme, including consulting processes, analyses of risks and opportunities and consolidation of key indicators, among other duties. Through the Sustainability Platform, Duratex guarantees that this topic is incorporated into business guidelines and establishes goals and targets for management. The quality of relations with the company's stakeholders is a strategic theme. G4-37

All aspects of the Global Reporting Initiative (GRI), G4 version, guidelines were considered material because of their relationship to one or more Platform themes, with the exception of the Rights of Indigenous and Traditional People aspect. Within the company, materiality of aspects extends transversally to all units, as do the initiatives of each of the pillars of the Platform. Aspects and their respective

correlation to the material theme and to the stakeholders for whom they have significant relevance are shown on the table on the following page. Geographically, aspects are material in all regions where company units are located. Under the theme of Waste and Emissions Management, the impact is also perceived in the transport routes used, in the value chain and, at the global level, in the climate change process. Under the theme of Conservation and Biodiversity, the impact is more strongly related to Duratex forestry operations and the company's supply chain. G4-19 | G4-20 | G4-21 | G4-27

The Sustainability
Platform sets the
direction for the
Duratex materiality
matrix and guarantees
integrated management
of the theme with the
business strategy



G4-19 | G4-21 | G4-24 | G4-27

KEY AREA	STRATEGIC TOPIC	STAKEHOLDERS WITH MATERIAL INTEREST	GRI ASPECT	
	People	Top management and employees	 Market presence Environmental grievance mechanisms Employment Labor/Management relations Occupational health and safety Training and education Diversity and Equal Opportunity Equal remuneration for women and men Labor practices grievance mechanisms Investment 	 Non-discrimination Freedom of association and collective bargaining Security practices Human rights grievance mechanisms Anti-corruption
Dialogue and Relations	Quality of relations	Customers, communities, specialists and suppliers	 Indirect economic impacts Procurement practices Transport Supplier environmental assessment Environmental grievance mechanisms Supplier assessment for labor practices Investment Child labor Forced or compulsory labor Assessment Supplier human rights assessment Local communities 	 Public policy Anti-competitive behavior Compliance (social – society) Supplier assessment for impacts on society Grievance mechanisms for impacts on society Customer health and safety Marketing communications Customer privacy
	Efficient use of resources and energy	Employees, suppliers, consumers,	 Materials Energy Water	Compliance (environmental)Overall
Environmental management and performance	Waste and emissions management	communities, specialists, government and regulatory bodies	 Economic performance Emissions Effluents and waste	Compliance (environmental)TransportOverall
	Conservation and biodiversity		BiodiversityCompliance (environmental)Overall	
Transparency	Quality and impact of products	Employees, suppliers, consumers, customers, specialists, government	Products and servicesCustomer health and safetyProduct and service labelingMarketing communications	Customer privacyCompliance (social – product responsibility)
accountability in business	Inclusion of social and environmental criteria in management and reporting	and regulatory bodies	 Economic performance Market presence Indirect economic impacts	Procurement practicesCompliance (environmental)Anti-corruption

DURATEX ANNUAL AND SUSTAINABILITY REPORT 2015

ADDITIONAL DISCLOSURES INFORMATION

EMPLOYEES WITH

General standard disclosures

G4-10 e G4-11

The tables (at right) refer to the professionals working in Duratex operations in Brazil. In addition to these workers, at the end of 2015 the company had 1,190 employees at Tablemac (Colombia), 5 at the Duratex North America subsidiary office and 922 at the newly acquired Corona; the segmentations requested by the GRI were not available for these employees. Duratex does not have a large amount of work done by freelance workers. All employees in Brazil are hired according to the Consolidated Labor Laws (CLT - Decree-Law no. 5.452/1943) and are covered by collective bargaining agreements. Hiring of interns is governed by a specific law (Law no. 11.778/2008).

The company's executive board members and members of its board of directors are considered governance members. Third-party workers are categorized as continual (working permanently at units, in cleaning services or receptionists, for instance) and non-continual (referring to work with a specific duration, such as equipment maintenance). Regarding work shifts, parameters were defined for grouping employees in the full-time (150 to 220 hours per month) and part-time (up to 120 hours per month) categories, since Duratex has eight different scopes of work hours per month, depending on the employee's activity. Because the company does not have information on the gender of the third-party professionals at its operations, the workforce by region is shown in three separate tables. Learn more on page 41.

EMPLOYEES BY									
WORK CONTRACT		2015			2014			2013	
AND GENDER	Women	Men	Total	Women	Men	Total	Women	Men	Total
Set period	62	181	243	70	191	261	59	219	278
Open-ended period	1,215	8,611	9,826	1,376	9,494	10,870	1,180	9,599	10,779
Total	1.277	8.792	10.069	1.446	9.685	11.131	1.239	9.818	11.057

Total	1,215	8,611	9,826	1,376	9,494	10,870	1,180	9,599	10,779
Part-time	14	12	26	11	13	24	2	7	9
Full-time	1,201	8,599	9,800	1,365	9,481	10,846	1,178	9,592	10,770
BY JOB AND GENDER	Women	Men	Total	Women	Men	Total	Women	Men	Total
EMPLOYMENT CONTRACTS		2015			2014			2013	
OPEN-ENDED									

WORKFORCE BY EMPLOYMENT									
RELATIONSHIP		2015			2014			2013	
AND GENDER*	Women	Men	Total	Women	Men	Total	Women	Men	Total
Members of the governance	e 2	19	21	1	19	20	1	21	22
Employees	1,277	8,792	10,069	1,446	9,685	11,131	1,239	9,818	11,057
Student trainees	23	34	57	35	34	69	41	37	78
Continuous outsourced	na	na	1,682	na	na	1,460	na	na	1,749
Non-continuous outsourced	na na	na	1,870	na	na	1,777	na	na	1,270
Total	1,302	8,845	13,699	1,482	9,738	14,457	1,281	9,876	14,176

*Up to 2014, Duratex counted alternate and specialist members of its Board of Directors, who work only on specific cases that require their presence, as part of the workforce. That is why as of 2015 only full board members are considered part of the workforce. The historical record was shown again to allow for comparison.

WORKFORCE (EXCEPT									
THIRD-PARTY WORKERS)		2015			2014			2013	
BY REGION AND GENDER*	Women	Men	Total	Women	Men	Total	Women	Men	Total
Northeast	65	1,193	1,258	62	1,241	1,303	67	1,383	1,450
Southeast	971	6,529	7,500	1,057	7,321	8,378	1,132	7,626	8,758
South	266	1,123	1,389	363	1,176	1,539	82	867	949
Total	1,302	8,845	10,147	1,482	9,738	11,220	1,281	9,876	11,157

^{*}Up to 2014, Duratex counted alternate and specialist members of its Board of Directors, who work only on specific cases that require their presence, as part of the workforce. That is why as of 2015 only full board members are considered part of the workforce. The historical record was shown again to allow for comparison.

THIRD-PARTY WORKERS BY REGION	2015	2014	2013
Northeast	178	185	151
Southeast	2,752	2,690	2,541
South	622	362	327
Total	3,552	3,237	3,019

Total 1	L3,699	14,457	14,176
South	2,011	1,901	1,276
Southeast	10,252	11,068	11,299
Northeast	1,436	1,488	1,601
WORKFORCE BY REGION	2015	2014	2013



The main charters/initiatives endorsed by Duratex are: Center for Sustainability Studies at Fundação Getúlio Vargas (GVCes); Brazilian Commission on Integrated Reporting Oversight (Comissão Brasileira de Acompanhamento de Relato Integrado); Global Compact (UN); Sustainable Leadership Platform (Plataforma Lideranca Sustentável - Ideia Sustentável): Pró Ética takes part in commissions and work groups. (Instituto Ethos); Brazilian GHG Protocol Program; and In the Right Hands (Na Mão Certa) Program (Childhood Brasil). Learn more on page 50.

G4-16

Duratex participates in various organizations/ associations.

Under the auspice of its forestry activities, associations considered strategic to the company are: Association of Forestry Companies of Rio Grande do Sul (Associação Gaúcha de Empresas Florestais - Ageflor); Silviculture Association of Minas Gerais (Associação Mineira de Silvicultura - AMS); São Paulo Association of Planted Forest Producers (Associação Paulista de Produtores de Florestas Plantadas - Florestar); FSC International and FSC Brazil (Forest Stewardship Council); Brazilian Tree Industry (Ibá); Forestry Science and Research Institute (Ipef); and Forestry Investigation These occurrences are consolidated below: Society (Sociedade de Investigações Florestais -SIF). Duratex is a member of the Advisory Board at Ibá and makes additional contributions to Ipef. The company takes part in commissions and work groups at these two organizations.

Under the auspices of Deca Division activities, the company is a member of and participates in specific projects at the Brazilian Association of Building Systems Engineering (Associação Brasileira de Engenharia de Sistemas Prediais - Abrasip); the Brazilian Association for the Development of Hospital Building (Associação Brasileira para o Desenvolvimento do Edifício Hospitalar - ABDEH); and the Green Building Council Brazil (GBCB). Duratex also provides funding to the ABDEH and GBCB in addition to its basic contribution as a member.

Corporately, the company participates in the Federation of Industries of the State of São Paulo (Federação das Indústrias do Estado de São Paulo - Fiesp), the Brazilian Institute of Investor Relations (Instituto Brasileiro de Relações com Investidores - IBRI), Instituto Ethos and the Brazilian Global Compact network. Duratex actively engages as a member of the respective governance bodies at all of these organizations except for Instituto Ethos. At Instituto Ethos and IBRI in particular, the company

G4-17

GRI indicators regard Duratex operations in Brazil and do not contain quantitative data for Corona, which was acquired in 2015. The following indicators are exceptions:

- •G4-6, G4-9, G4-EC1 and G4-SO3: consider the Corona units and the share held by Duratex in Tablemac.
- •G4-EN3, G4-EN8, G4-EN13, G4-EN15, G4-EN16 and G4-EN17: cover Tablemac.

G4-22

The collection or calculation method has been altered for some of the indicators reported in 2015. Insofar as is possible, Duratex shows the recalculated historic record using the new premises, aimed at facilitating stakeholder comprehension.

- G4-54 and G4-55: calculation of total annual compensation was changed and now considers gross compensation (includes differential pay required by law, overtime and variable compensation) instead of the nominal salary. In addition, apprentices are now included in the calculation.
- G4-EN1: among Deca Division materials, sanitary ware consumed in 2015 does not include sanitary ware that was reused in the production cycle (leftovers and shards). Materials related to packaging are now reported by weight and not by item.
- G4-EN33, G4-LA15, G4-HR11 and G4-SO10: up until 2014, Duratex considered suppliers that received GFD visits as assessed. As of 2015, in addition to these suppliers, all suppliers that answered the self-assessment questionnaire, the stage prior to the visit, are also included.



- G4-EN34 and G4-SO11: criteria for classifying complaints as social or environmental were revised, causing data from 2014 to be newly shown.
- G4-LA1: hiring and turnover rates are now calculated based on the headcount as of Dec. 31 and not using the annual average.
 The historical record was shown again.
- G4-LA13: salaries are compared using the base date of Dec. 31. Up until last year, the company used the average salary for the period.
- G4-SO3: up until 2014, Duratex considered that all units subject to internal auditing had undergone assessment of risks related to corruption. As of 2015, only units that were effectively audited in the period are accounted for, even if the conclusions of the respective audits have a global impact on improvement of processes and internal controls.

G4-23

There were no significant changes in relation to the scope and material aspect boundaries.

G4-44

The Board of Directors was not given a performance assessment in 2015. The last assessment process took place in 2014, with the support of an outside consulting firm and based on the criteria established by the Personnel, Governance and Appointment Committee, considering economic, social and environmental aspects. This body's next performance assessment should occur in 2016...

G4-54 and G4-55

In 2015, the highest earning individual at Duratex (among employees on CLT contracts) had total compensation of 16.7 times the average annual total compensation of other employees. This ratio was 19.0 times in 2014 and 17.1 times in 2013. The reason for this proportion is variable compensation, which

allows executives (management level) to potentially have earnings higher than other employees; this is also due to the fact that 80% of the company's staff is made up of basic operational positions, with a downward influence on the average employee compensation.

In the year-to-year comparison, the total compensation of the highest earning individual fell by 12.7%, while the average for other employees was down by 0.4%. This negative variation is a result of staff restructuring and of lower amounts paid in 2015 regarding profit sharing on 2014 financial results.

G4-57 and G4-58

In all channels available for Ombudsman contact, the person making the contact may identify themself or remain anonymous. Secrecy and confidentiality are guaranteed. Duratex does not permit retaliation against anyone who accesses the Ombudsman or who collaborates with Ombudsman findings.

In addition to providing formal accountability to the Executive Board and Committees, the Ombudsman reports its work to the Board of Directors when necessary. Moreover, it sends a monthly report of indicators to upper management, containing the main statistics and themes covered by the channel for the period.

Of the 463 contacts received in 2015 from employees and suppliers, 377 were processed with manager areas, which accounted for 81% of the total contacts of these publics during the year. The other 86 contacts were not processed due to insufficient information, discontinuation by the person making the contact or redirecting to areas responsible for initial processing. It is also worth noting that 377 contacts resulted in 452 matters processed, since one contact can generate more than one demand and in these cases, it is accounted for in all processes to which it is related. Learn more on page 17.

CONTACTS
RECEIVED BY
THE OMBUDSMAN

Total	463	706	913
Suppliers	51	36	27
Employees	412	670	886
BY PUBLIC*	2015	2014	2013

*Moreover, the Ombudsman received 648 contacts for other stakeholders that have not yet been answered by this channel and which were directed to service channels for initial processing.

CONTACTS
RECEIVED BY
THE OMBUDSMAN

BY TYPE (%)*	2015	2014	2013
Criticism	85.6	81.8	80.7
Report (ethical misconduc	ct) 4.4	2.9	3.3
Suggestion	4.7	4.5	4.8
Query	2.0	2.3	5.8
Compliment	3.3	8.5	5.5

*Numbers calculated based on total matters processed by the Ombudsman for stakeholders formally served by this channel (employees and suppliers).

DURATEX OMBUDSMAN INDICATORS	2015	2014	2013
Requests for advising on the Code of Ethics and Conduct	1	3	5
Reports of ethical misconduct	20	21	29

DURATEX ANNUAL AND SUSTAINABILITY REPORT 2015

Specific standard disclosures

G4-EC6

In 2015, 98.8% of Duratex managers (highest hierarchical level among CLT-regime employees) came from the local community. This percentage was 96.7% in 2014 and 98.9% in 2013. An analysis of whether the location of the professional's residence prior to entering the company was in the same state as the unit where the employee works was used to determine whether the professional is from the local community. This means that all managers currently on staff are considered local. In 2015, there were only two hirings, one of which was a local professional, which explains the high rate.

G4-EC7

In addition to private social investments, Duratex earmarks funds for infrastructure and services projects for the population as part of the contracts it has executed with the Brazilian Development Bank (BNDES). Some examples of these investments are school refurbishments and construction of public squares. Learn more on page 50.

G4-EC9

In 2015, 11.7% of the amount spent on service provider contracts and procurement was related to locally sourced contracts. This percentage was 24.5% in 2014 and 31.1% in 2013. This decline is explained by a review of the sourcing process that began in 2015, which unified some services and materials procurement contracts. For these new competitions, companies contracted were not located in the same municipalities as Duratex units.

G4-EN1

Duratex consumed 4.2 million tons of materials in 2015, compared to 4.4 million and 4.6 million in 2014 and 2013, respectively. The Wood Division was responsible for 97% of this total. Materials from renewable resources accounted for 86.6%, compared to 84.5% and 85.5% for the two preceding years. Learn more on page 30.

MATERIALS CONSUMED AT THE DECA DIVISION (tons)*		2015	2014	2013
Renewable sources	Paperboard packaging	1,887.8	na	na
Non-renewable	Bronze	5,108.2	10,439.0	11,751.0
sources	Brass discs and strip	270.8	327.0	406.0
	Brass castings	1,275.0	2,726.0	3,962.0
	Vitreous chinaware	127,989.8	182,387.9	205,766.0
	Plastic	1,605.9	1,650.0	1,893.0
	Brass tube	394.0	439.0	517.0
	Rebarbs	3,505.3	3,727.0	4,569.0
	Zamac	347.0	203.0	129.0
	Wood packaging	1,529.9	na	na
	Plastic packaging	38.8	na	na
	Printed packaging	12.7	na	na
Total		143,965.4	201,898.9	228,993.0
Percentage of mate	rials from renewable resources	1.3%	na	na

*In 2015, a new accounting method was used for sanitary ware, resulting in significant year-to-year variation. Packaging began to be reported by weight (up until 2014, it was accounted for by number of items).

MATERIALS CONSUMED AT THE WOOD DIVISION (tons)		2015	2014	2013
Renewable sources	Processed wood (humid)	3,599,781.2	3,639,485.6	3,884,379.0
	Paper	14,408.0	14,809.5	13,572.0
	Sawn wood (humid)	5,764.1	4,906.5	4,964.0
	Organic compost-based fertilizer	17,048.6	14,180.0	0.0
Non-renewable	Traditional fertilizer	55,803.9	67,238.0	60,064.0
sources	Lubricants	541.2	600.7	514.0
	Resin	123,167.2	117,982.4	113,784.0
	Formaldehyde	81,768.8	101.423.4	103.524.0
	Concentrated urea formaldehyde	2,053.4	7,821.9	16,605.0
	Urea	72,107.2	85,479.2	67,618.0
	Melamine	7,280.1	7,057.2	5,551.0
	Paraffin emulsion	10,026.3	11,671.3	11,535.0
	Aluminium sulphate	2,689.3	2,063.9	2,405.0
	Ammonium sulphate	2,078.7	2,704.6	2,694.0
	Paint	1,293.8	2,146.7	1,652.0
	Methanol	52,495.8	57,653.9	43,815.0
	Other materials	9,649.2	10,411.1	1,873.0
Total		4,057,957.0	4,147,635.9	4,334,549.0
Percentage of mate	rials from renewable resources	89.6%	88.6%	90.0%





In 2015, 28.5% of materials consumed by Deca came from recycling, compared to 20.4% in 2014. Contributing to this percentage are bronze, mold brass and zamak metals (which because of the characteristics of its production chain are considered to be 100% recycled materials), 26.8% of total sanitary ware consumed (resulting from reuse in the production process) and 4.3% of plastic volume consumed. No recycled materials are consumed at the Wood Division.

G4-EN3

Duratex consumed 11.1 million GJ in 2015, compared to 10.7 million in 2014 and 11.1 million in 2013. This variation is the result of greater energy consumption during ramping up of the MDF line in Itapetininga. This energy demand was met by generating energy from biomass, which resulted in a higher portion of renewable fuels. Electricity consumption was 6% lower due to a drop in volumes produced. The Wood Division was responsible for 85% of consumption. Another 393,708.4 GJ of energy was consumed by Tablemac in 2015. Learn more on page 37.

G4-EN8

Total water collection was 5.1 million cubic meters, compared to 5.5 million in 2014 and 5.9 million in 2013. The Wood Division was responsible for 83% of total water collected. Another 201,913 cubic meters of water were collected by Tablemac. Learn more on page 33.

G4-EN9

No water sources were significantly affected by Duratex activities. Learn more on page 33.

G4-EN10

In 2015, Duratex reused 2.5 million cubic meters of water, which is 49.3% of the total collected. In Colombia, 384 cubic meters were reused, accounting for 0.2% of total water collected by Tablemac. Learn more on page 33.

G4-EN12

Most Duratex factory units are in industrial districts and urban areas, which is why they have no significant impact on habitat biodiversity. The company promotes conservation of areas of native old-growth vegetation in its forests as well as the use of areas disturbed by humans for planting of commercial forests when acquiring farms. Learn more on page 40.

ENERGY GENERATED BY			
FUEL CONSUMPTION (GJ)*	2015	2014	2013
Natural gas	1,633,825.5	1,849,568.8	1,808,399.1
Gasoline	24,997.0	27,762.1	24,752.5
Ethanol	353.0	1,511.7	4,347.9
Diesel	380,918.5	346,230.0	382,108.4
LPG	102,300.3	114,542.1	51,016.5
Biomass	5,575,326.1	4,751,740.9	5,054,215.8
BPF oil	398,156.6	505,664.5	730,942.8
Total 8	,115,877.1	7,597,020.1	8,055,783.0
Percentage of fuels from renewable resources	69%	63%	63%

*Ethanol and biomass are considered fuels from renewable resources. The percentages of diesel (biodiesel) and gasoline (anhydrous ethanol) are also used to calculate the percentage of renewable fuels, according to the parameters of Brazil's National Petroleum Agency (Agência Nacional do Petróleo - ANP)

FOTAL ENERGY CONSUMPTION (GJ)* 2015 2014 2013 Energy generated through fuel consumption 8,115,877.1 7,597,020.1 8,055,783.0 Electricity acquired 2,942,076.3 3,145,431.4 3,057,782.4 Total 11,057,953.3 10,742,451.5 11,113,565.5
Energy generated through fuel consumption 8,115,877.1 7,597,020.1 8,055,783.0
TOTAL ENERGY CONSUMPTION (GJ)* 2015 2014 2013

*The percentage of renewable energy power is considered according to the results found in the monthly monitoring bulletin issued by the Brazilian Ministry of Mines and Energy's Brazilian Electric System.

Total	5,117,220.8	5,480,422.9	5,916,752.1
Public supply or supply from specialized companies	432,901.0	376,349.6	753,546.6
Directly collected rainwater	4,032.0	11,233.0	12,345.0
Groundwater	2,226,616.3	2,485,059.8	1,749,434.0
Surface water	2,453,671.5	2,607,780.5	3,401,426.4
VOLUME OF WATER WITHDRAWN BY SOURCE (m³)*	2015	2014	2013

^{*}Duratex does not consume water that comes from other organizations' effluents.

WATER RECICLED/REUSED	2015	2014	2013
Volume (m³)	2,520,021.3	2,561,127.0	2,579,980.3
Rate of reuse over total water drawn off	49.3%	46.7%	43.6%

G4-EN13 and G4-EN14

In Brazil, Duratex had 64,700 hectares of conservation areas in 2015, compared to 64,600 in 2014 and 55,000 in 2013. In Colombia, Tablemac has 2,852 hectares set aside for conservation, equal to 30.2% of total forest areas in the country. Learn more on page 40.

DURATEX FOREST AREAS IN 2015 (hectares)	TYPE OF OWNERSHIP	PLANTED FORESTS	IMPROVED AREAS	CONSERVATION
São Paulo	Leased	15,844.6	1,101.3	5,208.9
	Owned	76,542.5	4,521.4	26,133.5
	Incentivised	1,759.0	866.4	0.0
Minas Gerais	Leased	73,118.5	3,378.0	29,023.5
	Owned	0.0	0.0	0.0
	Incentivised	887.4	437.1	0.0
Rio Grande do Sul	Leased	2,031.5	210.7	1,386.5
	Owned	3,964.0	292.2	2,974.5
,	Incentivised	11,732.6	9,599.4	0.0
Total		185,880.0	20,366.4	64,726.9

	END		RED SPE BAMA (N			ED .			IUCN RE NTERNA			
SPECIES LISTED AS	20	15	20	14	20	13	20	15	20	14	20	13
ENDANGERED*	fauna	flora	fauna	flora	fauna	flora	fauna	flora	fauna	flora	fauna	flora
Critically threatened	5	0	5	0	5	0	0	1	0	1	0	1
Endangered	5	1	3	1	3	1	3	2	3	2	3	2
Vulnerable	12	2	13	2	13	3	9	1	9	1	9	1
Almost threatened	0	0	0	0	0	0	11	0	11	0	11	0
Insufficient data	0	1	0	1	0	0	2	1	2	1	2	1
Total	22	4	21	4	21	4	25	5	25	5	25	5

^{*}The number of critically endangered, endangered and vulnerable species on the 2014 IUCN Red List was erroneously published in the 2014 Annual Sustainability Report. Data are newly shown in this table.

G4-EN15, G4-EN16 and G4-EN17

GHG emissions at Duratex totaled 453,500 tCO $_2$ e in 2015, compared to 487,500 tCO $_2$ e in 2014 and 454,400 tCO $_2$ e in 2013. The reduction in scope 1 emissions is a result of lower production volume and a gain of efficiency of 2.5% per ton of sanitary ware produced. The scope 2 result was 14% lower than the previous year, as a result of less electricity consumption and an average annual reduction of 8% in the emissions factor based on less thermoelectric plant use in Brazil in 2015. Scope 3 emissions remained unchanged in the year-to-year comparison. Closing of the Jundiaí II unit in late 2014 impacted results in all three scopes.

For the second year in a row, Tablemac carried out an inventory of scope 1 and 2 emissions, which totaled 23,286.7 tCO $_2$ e, 5.8% less than the 24,728.99 tCO $_2$ e emitted in 2014. Scope 1 emissions totaled 11,724.8 tCO $_2$ e, down by 20% in the year-to-year comparison. Scope 2 emissions were at 11,561.9 tCO $_2$ e, 15% higher than in 2014. Learn more on page 37.

GREENHOUSE	
GAS EMISSIONS	
(100)	

Total	453,539.6	487,452.5	454,440.0
Scope 3	153,330.8	152,449.0	137,992.6
Scope 2	101,936.2	118,396.2	81,021.0
Scope 1	198,272.6	216,607.3	235,426.4
(tCO ₂ e)	2015	2014	2013

G4-EN22

Duratex discarded 2.6 million cubic meters of effluents in 2015, a figure that is unchanged from 2014. The Wood Division was responsible for 88% of total volume discarded. Leran more on page 33.

EFFLUENTS
DISCARDED BY
DECTIVIATION /

Total	2,616,641.1	2,613,669.1	2,854,631.9
Fertirrigation	1,652,229.0	1,679,715.0	1,894,714.2
Septic tank	6,159.6	11,709.8	8,859.8
Local stream	502,137.4	456,603.8	432,824.5
Public system	456,115.0	465,640.5	518,233.3
DESTINATION (m³)	2015	2014	2013

EFFLUENTS DISCARDED BY TREATMENT

Total	2,616,641.1	2,613,669.1	2,854,631.9
Untreated (septic tank, irrigation field, etc.)	1,658,587.7	1,691,832.8	1,903,985.2
Physical-chemical and biological treatment	746,335.0	523,502.1	613,540.2
Biological treatment	15,792.9	3,749.7	2,717.2
Physical-chemical treatme	ent 195,925.5	394,584.5	334,389.3
METHOD (m³)	2015	2014	2013

QUALITY INDICATORS OF THE DISCARDED

EFFLUENT (mg/l)*	2015	2014	2013
Biochemical Oxygen Demand (BOD)	769	119	47
Total Suspended Solids (TSS)	81	85	45

*Data obtained from the weighted average of the BOD and TSS values for each effluent treatment station at the Duratex panel units. Year-to-year variation is due to a scope change based on inclusion of the Botucatu unit. It is important to note that data do not include the Tablemac (data will be monitored) and Deca Division operations where BOD and TSS are not significant parameters, since this effluent is inorganic. Nevertheless, the Deca Division carries out periodic analysis of the BOD and TSS of its effluents. Forestry and central office operations are also not included, since they only generate domestic effluents.

G4-EN23

In 2015, Duratex discarded 201,500 tons of waste, 20% less than in 2014. This drop can be explained by a lower production volume and, in the sanitary ware and panel operations, because of improved process efficiency. The Wood Division was responsible for 69% of this total. In segmentation by class, 3.8% of waste (7,745.5 tons) was hazardous and the other 96.2% (193,725.9 tons) is non-hazardous. Waste disposal is done by third parties, who are monitored through the Duratex Supplier Management (GFD) Program. Learn more on page 30.

WASTE DISPOSAL BY DISPOSAL

METHOD (tons)	2015	2014	2013
WETT 102 (10110)	2010	2014	2010
Recycling	54,603.7	73,308.5	61,497.3
Reuse	11,427.3	159.9	200.0
Sanitary landfill	3,228.2	22,899.0	7,163.9
Industrial landfill	29,243.5	24,927.7	40,912.3
Co-processing	3,322.7	2,268.4	1,526.2
Incineration	40.0	239.4	8.8
Composting	17,503.2	15,971.2	21,938.1
Pressure cooker	300.0	0.0	0.0
Electricity generation	80,135.6	111,427.1	97,034.6
Returns to supplier	419.4	514.9	379.8
Decontamination	226.5	2.4	238.2
Chemical treatment	1,021.2	744.9	199.7
Total	201,471.3	252,463.4	231,098.9

G4-EN29, G4-SO8 and G4-PR9

Duratex received no fines or sanctions in 2015 related to non-compliance with regulations, including environmental regulations and regulations related to the supply and use of products.



G4-EN30

The main environmental impacts resulting from the transport of products and materials by Duratex are related to fuel consumption. the risk of black smoke emissions and greenhouse gas (GHG) emissions from fossil fuel burned by trucks. The company performs preventive maintenance of its own vehicles and does black smoke emissions tests on all trucks that supply its units, including third-party trucks. In addition, suppliers are required to submit certificates and proof of environmental performance as part of the Duratex Supplier Management (GFD) Program initiatives. Transport of finished goods, of some raw material and of products moved between factories was responsible

for consuming 46.5 million liters of diesel and for 115,700 $\rm tCO_2e$ of emissions in 2015. Activities transporting people (bus for internal transportation, taxi rides and air travel by employees while working) generated 1,700 $\rm tCO_3e$ in emissions.

G4-EN31

Investments in environmental management made in 2015 totaled BRL 42.6 million, down by 12.4% from 2014. Even so, the amount of emissions treated was 73% higher, as a result of refurbishment of the exhaust system at the Botucatu (SP) panel unit; certifications costs were also up by 87%, mainly related to FSC, development of new products and quality management. Learn more on page 29.

2014

2015

INVESTMENTS IN AND EXPENDITURES ON ENVIRONMENTAL PROTECTION (BRL)*

Waste treatment and disposal	19,308,806.36	19,623,109.40
Treatment of emissions (ex.: costs from filters, agents)	323,565.67	187,423.81
Depreciation of specific equipment and costs from materials and maintenance and operation services as well as personnel expenses for this purpose	4,420,973.90	3,937,980.81
Subtotal – Costs of waste disposal, treatment of emissions and mitigation	24,053,345.93	23,748,514.02
Personnel used in education and training	85,109.01	115,625.82
External environmental management services	3,075,890.41	2,750,357.05
External certification of management systems	336,217.12	179,745.33
Personnel for general environmental management activities	es 4,890,768.06	4,198,164.97
Research and development	4,624,922.54	13,278,820.35
Other environmental management costs	5.494.680.15	4,317,294.60
Subtotal – Costs of prevention and environmental management	18,507,587.29	24,840,008.12
Total	42,560,933.22	48,588,522.14

^{*}In 2014, Duratex reclassified the investment categories in a more detailed manner, allowing for greater transparency in reporting information. This is why the data related to 2013 are not shown.

G4-EN33 and G4-LA15

In 2015, three suppliers were identified through Duratex Supplier Management (GFD) Program assessments as not having Labor Debt Clearance Certificates and one supplier was found to have changed its factory location without updating its environmental license for operation. In all cases, Duratex recommended a plan of action for these partners, who will be reassessed in the next GFD cycle. Learn more on page 47.

G4-EN34 and G4-SO11

Grievances and complaints related to environmental and social impacts are received and treated through the Duratex Ombudsman or at the units impacted, through a specific and formal procedure.

In the Deca Division, the 12 grievances filed in 2015 were related to noise pollution at the units located in São Paulo (SP) and Tubarão (SC), where there are many homes in the surrounding area. Fourteen environmental grievances were filed with the Wood Division, related to dust and noise caused by wood transport. One grievance had not yet been resolved in 2015, since it depended on the actions of other involved parties.

Corporately, Duratex received three grievances through the Ombudsman in relation to the presence of homeless people in front of its central office building in São Paulo. The company keeps in touch with related public agencies in relation to this topic.

GRIEVANCES AND COMPLAINTS RELATED		2015	2014		
TO IMPACTS*	Social	Environmental	Social	Environmental	
Received during the ye	ar 3	26	5	22	
Received and processed during the year	d 3	26	5	22	
Received, processed ar resolved during the year		25	5	22	
Received in prior periods and resolved during the year	0	0	0	0	

*Data for 2014 were shown again due to review of the criteria for classifying grievances. Information for 2015 does not include the sustentabilidade@duratex.com.br corporate channel, which only received one environmental grievance in 2014.

G4-LA1

The overall rate of turnover at Duratex was 26.9% in 2015, compared to 22.1% in 2014. Forestry and shower manufacturing activities had a significant influence. When these operations are not considered, turnover at Duratex would be 22.6% for 2015 and 20.5% for 2014. Learn more on page 41.

	2015		20	014	2013	
HIRINGS	Number	Rate	Number	Rate	Number	Rate
By gender						
Women	429	33.6%	278	19.2%	441	35.6%
Men	1,748	19.9%	1,807	18.7%	2,482	25.3%
By age group						
Up to 30 years of age	e 1,413	41.3%	1,317	32.9%	2,020	49.2%
Between 31 and 50	735	12.7%	727	11.7%	878	14.5%
Over 50 years of age	29	3.4%	41	4.4%	25	2.9%
By region						
South	547	39.6%	215	14.1%	251	26.5%
Southeast	1,383	18.6%	1,514	18.2%	2,070	23.9%
Northeast	247	19.6%	356	27.3%	602	41.5%
Total	2,177	21.6%	2,085	18.7%	2,923	26.4%

	20	15	2014		2013	
TURNOVER	Number of terminations	Turnover rate	Number of terminations	Turnover rate	Number of terminations	Turnover rate
By gender						
Women	598	40.2%	453	25.3%	326	31.0%
Men	2,643	25.0%	2,373	21.6%	1,892	22.3%
By age group						
Up to 30 years of ag	e 1,559	43.5%	1,505	35.3%	1,351	41.0%
Between 31 and 50	1,440	18.8%	1,151	15.1%	774	12.3%
Over 50 years of age	242	15.8%	170	11.3%	93	6.7%
By region						
South	695	45.0%	441	21.5%	230	25.4%
Southeast	2,255	24.5%	1,880	20.4%	1,487	20.5%
Northeast	291	21.4%	505	33.0%	501	38.0%
Total	3,241	26.9%	2,826	22.1%	2,218	23.2%

G4-LA2

Duratex offers the same benefits to all employees contracted under the CLT regime, with no difference regarding employment contract term (fixed or openended) and work shift (full-time or part-time). Learn more on page 46.

G4-LA3

MATERNITY/PATERNITY	2	2015		014	20	2013	
LEAVE*	Women	Men	Women	Men	Women	Men	
Total employees entitled to maternity/paternity leave	85	374	67	375	66	406	
Total employees that took maternity/paternity leave	85	374	67	375	66	406	
Total employees that returned to work following leave	64	374	65	371	66	405	
Total employees that remained employed one year after returning from leave	na	na	20	292	33	361	
Rate of return after maternity/paternity leave	75.3%	100.0%	97.0%	98.9%	100.0%	99.8%	
Rate of retention after maternity/paternity leave	na	na	29.9%	77.9%	50.0%	88.9%	

*Data are calculated as of the year leave is taken, which is why some information may be subject to updating when the next Annual and Sustainability Report is published. Of the 65 women who returned from leave taken in 2014, 12 were working at the close of 2015, but had not yet completed one year of work after returning (with this, the retention rate for the period could reach 49.2%). Among the 85 women who used this benefit in 2015, 21 should only return in 2016 (with this, the rate of return could reach 100%). The rate of retention for 2015 can only be presented next year.

G4-LA4

Duratex informs its employees and labor unions in advance regarding operational changes, although this procedure or a formal deadline does not represent any kind of collective bargaining agreement. The deadline for this early notice is established on a case by case basis.

G4-LA6

Duratex had no fatalities on record for 2015. Considering only employees, the absenteeism rate at Duratex was 6.4% in 2015, compared to 6.8% in 2014. Learn more on page 44.

KEY INDICATORS OF

HEALTH AND							
SAFETY	20	115		2014	2013		
BY REGION*	TF	TG	TF	TG	TF	TG	
Northeast	6.9	83.5	4.2	91.7	6.4	71.5	
Southeast	7.2	222.1	4.2	415.5	3.7	159.6	
South	2.6	206.3	7.6	1,353.5	5.5	113.1	
Total	5.4	180.4	6.9	1,123.3	4.2	144.8	

*Only considers employees. Duratex registers its health and safety-related statistics according to NBR 14280, a standard issued by the Brazilian Association of Technical Standards (ABNT). Attendance and accident severity rates are therefore obtained using the following calculations: Attendance Rate (AR) = number of accidents with and without time off/million of man-hours of risk exposure; Severity Rate (SR) = days lost + days debited/million of man-hours of risk exposure.

G4-LA9

Average training hours per employee was 31.4 in 2015, compared to 19.7 in 2014. This progress is explained by expansion of leadership training, which now includes supervisors and was intensified for coordinators. The method for calculating this average was changed in 2015 to consider the number of employees at the end of the fiscal year and not the average employees over the entire period (the historical record for 2014 was recalculated). Data for 2013 are not available at this level of detail, since different categories were used (to see the data related to this year, access the 2013 Duratex Annual and Sustainability Report, page 87). Learn more on page 42.

AVERAGE TRAINING HOURS PER EMPLOYEE, BY GENDER	2015	2014
Women	19.2	17.9
Men	33.2	20.7

AVERAGE TRAINING HOURS PER		
EMPLOYEE, BY FUNCTIONAL CATEGORY	2015	2014
Management	28.4	33.7
Coordination	56.3	40.3
Supervisor	77.5	42.0
Superior	24.8	22.4
Trainee	210.2	347.4
Administrative	8.4	14.1
Technical	31.3	32.1
Operational	33.0	17.5
Apprentices	4.3	2.9

G4-LA11

EMPLOYEES

Employees working at Duratex for at least six months are eligible to participate in the Integrated Personnel Management (GIP) program's performance assessment, which was initially only available to upper management and has been expanded to other employees. Last year, the process covered not only managers and coordinators, but also supervisors (production units) and senior analysts (administrative area). In 2015, 6.8% of all employees took part in this process, compared to 2.7% in 2014 and 0.9% in 2013. Learn more on page 42.

Total	9.1%	6.4%	3.6%	2.6%	0.6%	0.9%
Technical	0.0%	0.3%	na	na	na	na
Trainee	57.9%	46.2%	na	na	na	na
Superior	10.5%	9.0%	na	na	na	na
Supervisor	95.8%	65.0%	na	na	na	na
Coordination	92.1%	89.6%	na	na	na	na
Management	85.7%	97.4%	na	na	na	na
BY JOB LEVEL AND GENDER (%)*	20 Women	15 Men	20 Women	14 Men	20 Women	13 Men
WHO RECEIVED PERFORMANCE ASSESSMENTS						

*In addition to the GIP, Duratex has a specific performance assessment program for trainees. Furthermore, in 2015, three employees that did not fit the GIP selection criteria (superior and technical levels) underwent performance assessments, under specific conditions and at the request of their respective managers.

G4-LA12

Information related to diversity by gender and age group is shown in the tables, along with details on employees with disabilities by job level and staff by race. Learn more on page 42.

DIVERSITY AM	ONG GOVERNANCE			
MEMBERS (%)	*	2015	2014	2013
By gender	Women	9.5%	5.0%	4.5%
	Men	90.5%	95.0%	95.5%
By age	Up to 30 years of age	0.0%	0.0%	0.0%
group	Between 31 and 50	19.0%	15.0%	18.2%
	Over 50 years of age	81.0%	85.0%	81.8%

^{*}There are no minority representatives among governance members.

EMPLOYEES BY						
JOB LEVEL AND	2015		2014		2013	
GENDER (%)	Women	Men	Women	Men	Women	Men
Management	8.4%	91.6%	8.7%	91.3%	6.7%	93.3%
Coordination	16.5%	83.5%	19.5%	80.5%	19.5%	80.5%
Supervisor	7.8%	92.2%	7.1%	92.9%	4.6%	95.4%
Superior	36.6%	63.4%	37.4%	62.6%	39.9%	60.1%
Trainee	59.4%	40.6%	66.7%	33.3%	na	na
Administrative	30.0%	70.0%	32.0%	68.0%	32.5%	67.5%
Technical	6.0%	94.0%	5.8%	94.2%	9.3%	90.7%
Operational	6.4%	93.6%	6.9%	93.1%	5.9%	94.1%
Apprentices	25.5%	74.5%	26.8%	73.2%	21.2%	78.8%
Total	12.7%	87.3%	13.0%	87.0%	11.2%	88.8%

EMPLOYEES		2015			2014			2013	
BY JOB LEVEL AND AGE GROUP (%)	Up to 30 years of age	Between 31 and 50		Up to 30 years of age		Over 50 years of age	Up to 30 years of age		Over 50 years of age
Management	0.0%	65.1%	34.9%	1.1%	63.0%	35.9%	1.1%	57.3%	41.6%
Coordination	5.2%	76.5%	18.3%	7.6%	72.5%	19.8%	5.7%	70.9%	23.4%
Supervisor	12.7%	72.6%	14.7%	16.3%	67.5%	16.3%	14.6%	68.9%	16.5%
Superior	31.0%	61.0%	8.0%	33.7%	56.8%	9.5%	35.4%	56.9%	7.7%
Trainee	100.0%	0.0%	0.0%	100.0%	0.0%	0.0%	na	na	na
Administrative	47.5%	46.4%	6.1%	49.1%	45.3%	5.6%	51.3%	42.9%	5.8%
Technical	23.7%	67.4%	8.9%	26.8%	63.4%	9.8%	31.3%	61.8%	6.9%
Operational	33.3%	58.4%	8.3%	35.3%	57.0%	7.7%	36.9%	55.9%	7.2%
Apprentices	100.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Total	33.9%	57.6%	8.5%	35.9%	55.7%	8.4%	37.2%	54.9%	7.9%



DISABLED EMPLOYEES			
BY JOB LEVEL (%)*	2015	2014	2013
Coordination	0.9%	0.4%	0.4%
Supervisor	0.7%	0.9%	1.4%
Superior	1.2%	1.1%	0.9%
Administrative	3.4%	3.5%	4.1%
Technical	0.3%	0.2%	0.1%
Operational	37.8%	36.0%	63.9%
Total	3.6%	3.2%	3.1%

*There are no disabled employees at other hierarchical levels.

EMPLOYEES BY RACE (%)*	2015	2014	2013
White	69.4%	71.0%	69.8%
Mixed race	23.9%	22.7%	24.3%
Black	6.4%	6.1%	5.6%
Asian	0.2%	0.2%	0.2%

^{*}Information on race is self-declared by employees. In 2015, Duratex had three professionals who self-declared as indigenous, compared to one in 2014 and 2013.

G4-LA13

Duratex does not differentiate its salary groups by gender, but rather by the duties of each job. Variations among job groups are the result of these groups containing different positions. With technical and operational categories in particular, proportions can also be explained by basic salary differences resulting from salary increases applied over an employee's time with the company, based exclusively on meritocracy criteria. Learn more on page 46.

RATIO OF BASIC SALARY			
(WOMEN/MEN) BY JOB LEVEL	_ (%) 2015	2014	2013
Management	98.7%	95.7%	87.1%
Coordination	94.2%	91.0%	92.8%
Supervisor	103.8%	97.8%	103.3%
Superior	96.4%	92.9%	89.9%
Trainee	105.5%	107.7%	na
Administrative	102.1%	105.9%	145.4%
Technical	78.4%	80.9%	72.9%
Operational	69.7%	67.8%	69.9%
Apprentices	107.1%	113.1%	109.7%
Total	96.9%	94.4%	90.9%

G4-LA16

LABOR PRACTICES GRIEVANCES AND

COMPLAINTS*	2015	2014	2013
Received	1,019	907	833
Processed	558	477	579
Resolved	531	416	540

*Data are related to legal labor actions in which the company is involved. Grievances whose processes were opened during the period are considered as received; those that have had a hearing are classified as processed; and grievances where a definitive court ruling has been made or where the parties entered into an agreement are considered resolved. Duratex does not monitor grievances by year received.

G4-HR1

Duratex does not have specific clauses related to human rights in its investment contracts. In acquisition operations, once the new operation in incorporated into the company, the corporate guidelines on the theme, as established in the Code of Ethics and Conduct and the This is Us Program, are applicable. As part of the initiatives in its Sustainability Platform, Duratex has developed policies and procedures to consider sustainability criteria in negotiations related to new business.

G4-HR2

Duratex does not have any specific human rights training. This topic is covered in orientation training for new employees, since it is part of the company's values (This is Us). In 2015, the 2,177 professionals admitted (equal to 21.6% of the staff) were trained, totaling 1,089 hours of education on human rights. Learn more on page 42.

G4-HR3

Since implementation of the Ombudsman in 2012, Duratex has had no confirmed cases of discrimination in its activities. The company received only two reports related to this theme in 2012, which were investigated and considered without grounds.



G4-HR4, G4-HR5 and G4-HR6

Duratex has not significant risk of violating its employees' right to free association and collective bargaining, occurrence of child labor, of young workers exposed to hazardous work or of forced labor or slave-like labor, since it meets all requirements of the Consolidated Labor Laws (CLT). The company also monitors these aspects in its suppliers through the Duratex Supplier Management (GFD) Program. Among partners audited in loco by Duratex under the auspices of the GFD, no risks or occurrences of forced or slave-like labor, child labor or restriction of employees' right to free association were found.

G4-HR7

Property security activities are delegated to third-party companies, whose professionals are trained according to Brazilian legal requirements. The Duratex staff includes forestry watchmen, who work with the property security of its forests. These employees, along with the rest of the company's staff, are trained upon admission. In 2015, the two forestry watchmen admitted (equal to 2.4% of total staff with this job) were trained, totaling one hour of education on human rights. Learn more on page 42.

G4-HR8

Duratex did not find any cases of violation of indigenous people's rights.

G4-HR9 and G4-HR12

All Duratex units in Brazil are subject to assessments of impacts related to human rights through the Ombudsman. Since creating this body, no grievances have been received related to this type of impact and, therefore, no specific analyses have been promoted on this topic.

G4-SO2

Duratex has formal mechanisms for receiving demands and grievances from communities at all units in Brazil. At the Deca Division operations, units are located in urban areas – particularly the Metais São Paulo (SP), Louças Sul (RS) and Hydra (SC) units, which are located in regions with residential homes in the surrounding area. At Wood Division operations, the Uberaba (MG), Agudos (SP) and Taquari (RS) units are near populated regions, while the other are located in regions that do not have significant population density.

The main grievances from communities are related to damages to roads and dust – due to wood transportation – and noise emissions (more frequent at Deca units). The company adopts control measures to mitigate these impacts. All of these impacts are considered to be easily reversible and temporary. When a grievance is received, a process flow is started to identify causes and resolve the issue, in line with ISO 9001, ISO 14001 and FSC certifications. All grievances received by Duratex are resolved or are being processed. Learn more on page 50.

G4-SO3

Assessment of risks related to corruption is one aspect considered by internal Duratex auditors in their work. In 2015, audits were done on 23 company units, accounting for 77% of operations (this calculation includes 3 administrative units and 1 logistics unit, in addition to 19 operational units – 15 in Brazil and 4 in Colombia – and 7 forestry units, highlighted on the map on page 12). Learn more on page 19.

G4-SO4

Duratex notified all members of its governance group and staff of the approval of its Anti-Corruption Policy. This document is available to all stakeholders on the **Investor Relations website**. The launch of this policy led to training being held on this topic for 100% of governance members and 74% of employees. Learn more on page 17.

EMPLOYEES TRAINED ON ANTI-CORRUPTION POLICIES BY JOB LEVEL

AND REGION IN 2015*	NORTHEAST	SOUTHEAST	SOUTH	PERCENTAGE
Management	2	74	1	92.8%
Coordination	7	161	21	82.2%
Supervisor	28	161	40	74.6%
Superior	43	692	71	75.3%
Administrative	54	554	81	73.6%
Technical	59	421	93	74.1%
Operational	1,017	3,208	663	76.4%
Total	1,210	5,271	970	74.0%

^{*}Trainees and apprentices were not trained. The percentage of employees trained by region was 96.2% (Northeast), 70.9% (Southeast) and 70.2% (South).

G4-SO5

This table shows occurrences related to corruption investigated over the last three years. Learn more on page 17.

Total cases of corruption received	3	4	7
Cases under investigation	0	0	0
Inconclusive cases	1	0	2
Cases considered without grounds	1	2	4
Confirmed cases	1	2	1
REGISTERED CASES OF CORRUPTION*	2015	2014	2013

*Cases received and processed by the Ombudsman based on employee and supplier reporting. Each case may be related to one or more reports.

G4-SO6

In 2015, Duratex approved an internal rule prohibiting donations to government entities, political parties or politicians, aimed at complying with the provisions of Law no. 13.165/2015, which forbids corporate financing of political campaigns, among other changes.

G4-PR1

Duratex always strictly complies with laws regarding the use of formaldehyde, found in the ingredients used for panel resin. The company goes beyond this requirement, meeting the criteria stipulated by ABNT NBR 15316:2014 (for MDF panels) and NBR 14810:2013 (for MDP panels) - and fiber board has no added resin. In the labor safety aspect, Duratex meets the criteria established by the ABNT, through Regulatory Standard no. 15, for unhealthy activities and operations, with a maximum daily (8 hours) exposure limit of 1.6 ppm (parts per million) or 2.3 mg/m³. Enhancement of this standard is done by a tripartite commission, made up of the government, employers and employees, and the values of Regulatory Standard no. 15 are based on the American Conference of Governmental Industrial Hygienists (ACGIH) of 2002. Learn more on page 30.

G4-PR3

In line with legal requirements, Duratex products that contain imported parts have this information explicitly stated on their labels. Moreover, the company includes guidelines on labels for the safe use of products and their appropriate disposal. When pertinent, information on any environmental and social impacts is included, such as with Deca Division water-saving products and on Wood Division panels with antimicrobial treatment. The suitability of the labels to these guidelines is evaluated when they are created or revised, guaranteeing that 100% of products are compliant.

G4-PR6

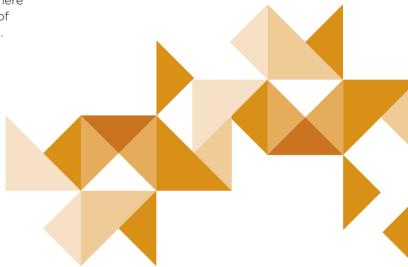
Duratex does not sell any product that is prohibited in certain markets or that is the target of questioning by its stakeholders.

G4-PR7

Duratex has never registered any incidents of noncompliance with regulations and/or voluntary codes concerning marketing communications.

G4-PR8

Duratex has explicit guidelines to guarantee the privacy of its customers' information, as expressed in internal rules and the Code of Ethics and Conduct. The areas responsible for collection, storage and analysis of data are directed to guarantee compliance with these guidelines. In the last three years, there have been no complaints related to breaches of customer privacy and losses of customer data.





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DURATEX ANNUAL AND SUSTAINABILITY REPORT 2015



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Limited assurance report issued by independent auditors

To the Board of Directors, Shareholders and Stakeholders Duratex S.A. São Paulo - SP

Introduction

We have been engaged by Duratex S.A. (Duratex or "Company") to apply limited assurance procedures on the sustainability information disclosed in Duratex's Annual Sustainability Report 2015, related to the year ended December 31st, 2015.

Responsibilities of Duratex's Management

The Management of Duratex is responsible for adequately preparing and presenting the sustainability information in the Annual Sustainability Report 2015 in accordance with the *Global Reporting Initiative (GRI)* Sustainability Reporting Guidelines (GRI-G4), as well as the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

Independent auditors' responsibility

Our responsibility is to express a conclusion about the information in the Annual Sustainability Report 2015 based on a limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council - CFC and equivalent to international standard ISAE 3000, issued by the International Federation of Accountants and applicable to Non-Financial Historical Information.

These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the Duratex's Annual Sustainability Report 2015, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of Duratex and other professionals of the Company involved in the preparation of the information disclosed in the Annual Sustainability Report 2015 and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the Annual Sustainability Report 2015 taken as a whole could present material misstatement.

The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the Annual Sustainability Report 2015, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

KPMG Financial Risk & Actuarial Services Ltda., uma sociedade simples brasileira, de responsabilidade limitada, e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Financial Risk & Actuarial Services Ltda., a Brazilian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



- (a) Engagement planning: considering the material aspects for Duratex's activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the Duratex's Annual Sustainability Report 2015. This analysis defined the indicators to be checked in details;
- (b) Understanding and analysis of disclosed information related to material aspects management;
- (c) Analysis of preparation processes of the Annual Sustainability Report 2015 and its structure and content, based on the *Principles for Defining Report Content and Quality of the Global Reporting Initiative GRI (GRI-G4);*
- (d) Evaluation of non financial indicators selected:
- Understanding of the calculation methodolody and procedures for the compilation of indicators through interviews with management responsible for data preparation;
- Application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the Annual Sustainability Report 2015;
- Analysis of evidence supporting the disclosed information;
- Visits to Duratex's operations and offices for application of these procedures, and items (b) and (c);
- (e) Analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company;
- (f) comparison of financial indicators with the financial statements and/or accounting records.

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the Annual Sustainability Report 2015.

Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.

Conclusion

Based on the procedures carried out, described earlier in this report, we have not identified any relevant information that leads us to believe that the information in Duratex's Annual Sustainability Report 2015 is not fairly stated in all material aspects in accordance with the Global Reporting Initiative - GRI (GRI- G4), as well as its source records and files.

São Paulo, March 14th, 2016

KPMG Financial Risk & Actuarial Services Ltda.

Ricardo Algis Zibas

KPMG Assessores Ltda. CRC 2SP034262/O-4 F-SP

Eduardo V. Cipullo Accountant CRC 1SP135597/O-6





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