



FIBRIA 2016 REPORT

A NEW HORIZON FOR ALL





Introduction

Our reporting process is in constant evolution. This publication briefly describes the practices, results, and challenges of the company throughout 2016.

This publication is part of an ample communication approach which, in addition to this abridged version, contains a website for in-depth information and two infographs in the form of posters; one for the general audience and one for our business partners.

Fibria is a Brazilian forestry-based company, a world leader in the production of pulp from eucalyptus. We operate in 257 municipalities across the country and export to 38 countries.

Enjoy your reading!

Visit our online report:
www.fibria.com/r2016



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Main highlights of the year

BRL 1,664
million

was the net
income

BRL 41.2
million

was Fibria's investment in
social projects

BRL 17.7
billion

is Fibria's market cap

5.02
million

tons was the total
production of pulp

BRL 3,742
million

was the
EBITDA



34.5%

of native forests*

Fibria has 1,056,000 hectares of land, of which 364,000 are intended for conservation.

*Includes 50% of Veracel.



17,000

number of own employees
and contractors



327

is the number of patents
in FIBRIA's proprietary
technology platform.

Investment Grade

- Standard & Poor's
- Fitch

Sustainability Indices

- Dow Jones Sustainability World Index (DJSI World)
- Dow Jones Sustainability Emerging Markets Index (DJSI Emerging Markets)
- BM&FBOVESPA Corporate Sustainability Index - (ISE)

Certifications

- Cerflor/Programme for the Endorsement of Forest Certification (PEFC)
- Forest Stewardship Council® (FSC®)
- ISO 9001
- ISO 14001
- SarbOx



Photo: Marcio Schimming.

Committed to Changes

Message from the Chairman of the Board of Directors, José Luciano Penido

IN TODAY'S SOCIETY, IT IS INCREASINGLY RELEVANT FOR COMPANIES TO OPERATE AS PART OF THE SOLUTION TO SOCIAL AND ENVIRONMENTAL CHALLENGES. HOW DOES FIBRIA CONTRIBUTE TO THIS?

Fibria has always positioned itself as a company dedicated to generating economic, social and environmental value from planted forests. We work with carbon sequestration and oxygen emission. Forests protect and regulate rainfall cycles, which provide greater balance to the environment, favoring biodiversity and food production. We therefore offer such a positive set of benefits that far outweigh the negative externalities that every industry has. Raw material - mineral, vegetable, or fossil - will always be necessary in the develop-

ment of products, and vegetal raw materials are the only one that are sustainable over time. Therefore, the forestry-based industry stands out as part of the solution to the adversities caused by climate change.

CONCERNING THE SOCIAL ASPECT, HOW IS THIS HANDLED BY FIBRIA?

This is an important characteristic of the company: its ability to approach parts of the population that often lack access to education and health, and that have little notion of citizenship and cooperativism. Today, we carry out projects in partnership and maintain permanent dialogues with the 257 municipalities in which we operate. This is what I call Fibria's social technology, something that we took time to build and that is very difficult to be copied.

HOW DID THE POLITICAL AND ECONOMIC TURMOIL IN BRAZIL AFFECT THE COMPANY?

Strictly speaking, we must make an observation: for the first time in our history, corruption is being addressed. Now, we don't have a scenario where everything else is bad and you are doing fine. To a certain extent, when the country is unstable, the exchange rate rises and favors exporting companies, such as ours. But this is within very narrow limits, since a situation of economic downturn, aggravated by corruption scandals, causes an enormous disaster in terms of reliability in Brazil.

AND HOW WAS PERFORMANCE OF THE BUSINESS?

For Fibria, 2016 was a year in which we reaffirmed our position as the world's largest pulp producer. At an extremely delicate time for investment in the country, we retained our investment grade and kept the Horizonte 2 Project strictly on schedule and on budget. We entered a natural phase of using our limit of indebtedness. The company has the necessary cash to honor its commitments up to 2018. We have a very competitive cost of capital, resulting from recognition of the market as a solid company, which, since its origins, has established a conservative and responsible management, supported by good governance policies, transparency, and focus on sustainability.

257

is the number of municipalities where Fibria carries out social projects and open dialogs.

“

The Role of Forests

Forests protect and regulate rainfall cycles, which provide greater balance to the environment, favoring biodiversity and food production.

”



READ MORE parts of the interview with José Luciano Penido on our online report: (www.fibria.com/r2016)



Photo: Marcio Schimming.

Lead through example

Message from the President and CEO,
Marcelo Castelli

HOW DOES FIBRIA MAKE A DIFFERENCE IN THE MARKET?

We want to make a difference by setting the best standards in our planted forests, conserving and restoring native forests, as well as pursuing greater efficiency in our industrial and logistics operations. All this, however, without neglecting our commitments to dialogue and creating value to our audiences. After all, we provide high-quality pulp, at reasonable prices, and produced sustainably. We are the world's largest producers of eucalyptus pulp, but we also want to lead by example.

IS THE "FIBRIA WAY" PERCEIVED BY THE COMMUNITIES SURROUNDING THE OPERATIONS?

One of our Long-Term Goals focuses precisely on the communities' perception of how we do things. In our last survey, the results indicated that people recognize Fibria

as a company that delivers on its promises, and that has general concern with the interest of neighboring communities. This makes us confident that we are on the right track, but we know there is much to do. Therefore, we are always building our company to be even more transparent, reliable, and ready for open dialogue. The goal determines that we must achieve 80% approval by 2025. The most recent survey, conducted in 2016, found a favorability rate of 70.6%. But we want to go beyond. "How" is just as important as "what" you do.

AND WHAT ABOUT THE CLIENTS?

Day after day, we develop relationships that go beyond the commercial aspect. We want, for example, our sustainability department to talk with the sustainability departments of our clients, our finance department to talk with their finance department. We intend to deepen our relationship with people involved

on both sides. In addition, they know that our value proposition includes the ability to deliver with quality and unwavering social and environmental commitment. We have even received visits from clients wanting to learn more, to visit our operations, and see firsthand our social investments. Our business is not just planting trees and producing pulp. Our business is about growing together with our clients through joint projects.

WHAT IS AHEAD IN TERMS OF INNOVATION?

We seek new businesses from planted forests to complement the pulp business. Part of the new products in the bio business are intended for different segments, in other words, products associated with the petrochemical industry, for example. Another part of the initiatives on innovation strengthen the pulp market, where we operate, such is the case of the Nanocellulose. It is through this portfolio that clients have approached the company in order to jointly study possible collaboration. There are still hundreds of new developments, new connections, and new markets we want to explore. It is at times like these that the company's reputation helps greatly, since the entry risk is much lower.

70.6%

is Fibria's favorability rate in the communities where it operates.

WHAT WILL FIBRIA BE LIKE 10 YEARS FROM NOW?

We have some aspirations. We want to double pulp production, through organic growth, consolidations and commercial contracts similar to the one we signed with Klabin. We are also working to offer differentiated products, with a client-centered focus. In terms of diversification, our goal is to develop a portfolio of renewable products and services, unrelated to the concept of commodity. In the institutional aspect, the goal is to shape an increasingly agile and highly reputable company, to level local and global competition in higher standards.

“

Shared project

Our business is not just planting trees and producing pulp. Our business is about growing together with our clients through joint projects.

”



READ MORE parts of the interview with José Luciano Penido on our online report:

About Fibria

We are a Brazilian company, global leader in the production of pulp from eucalyptus

WHO WE ARE

A Brazilian forestry-based company, Fibria is a world leader in the production of pulp from eucalyptus.

With 17,000 own employees and contractors, we have a production capacity of 5.3 million tons of pulp per year.

Our mills are located in Três Lagoas (Mato Grosso do Sul), Aracruz (Espírito Santo), Jacaré (São Paulo), and Eunápolis (Bahia), where Veracel, a joint operation with Stora Enso, is located. In a partnership with Cenibra, we operate Portocel, Espírito Santo, the only Brazilian port specializing in shipment of pulp.

In Canada, we have two other operating fronts that complement our business strategy. The Fibria Innovations research center is dedicated to development and applications for lignin. In 2016, Fibria insert into a strategic alliance agreement and acquisition of minority shareholding of 8.3% in CelluForce,

a Canadian company that is global leader in the commercial production of nanocrystalline cellulose (NCC). Through the agreement, Fibria has exclusive distribution rights for South America of nanocrystalline cellulose produced using CelluForce technology.

With the American company, Ensyn Corporation, in which we have 12.6% interest, we are investing in renewable fuels from biomass.

Our forestry activities, based on renewable forests, cover an area of 1,056,000 hectares, of which 363,000 are intended for environmental conservation. This total area includes wood purchased from our suppliers for complementary supply to our mills.

We export to 38 countries. We have sales offices and representatives in North America, Europe, and Asia. Our clients are the largest producers of paper in the education, hygiene, and health segments.

8.3%

shareholding interest in
CelluForce.



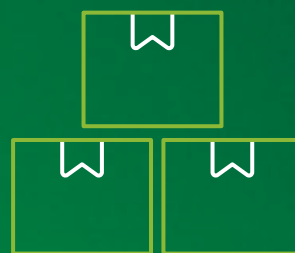
38

is the number of
countries where Fibria
exports.



5.3
million

tons is the total pulp
production capacity
per year.



1,056,000

hectares of forestry
activities.



363,000

hectares intended for
preservation.



VALUE ADDED STATEMENT	CONSOLIDATED (IN THOUSAND REAIS)
Total value added for distribution	7,114,633
Value added distribution	
People and payroll charges	752,912
Direct remuneration	563,390
Benefits	156,561
Government Severance Indemnity Fund (FGTS)	32,961
Taxes, fees and contributions	1,798,405
Federal	1,634,163
State	123,394
Municipal	40,848
Accrued interest, passive exchange variation and leases	2,899,700
Dividends	393,026
Retained profit (loss in the period)	1,261,822
Interests of noncontrolling shareholders	8,768
Value added and distributed	7,114,633

5,504
million
tons
in pulp sales

BRL 9,615
million
Net income
from sales

US\$ 3.3
net debt/
EBITDA UDM

BRL 1,664
million
net income



BRL 3,742
million
adjusted EBITDA

BRL 17.7
billion
market cap

BRL 31.89
price of shares
- FIBR3

BRL 7.1
value added distributed

ABOUT FIBRIA



MORE INFORMATION on our
Investor Relations website
(fibria.infoinvest.com.br)
and our online report:
www.fibria.com/r2016

Executive Board: Front row (from left to right): Henri Philippe Van Keer (Commercial Director), Adjarbas Guerra Neto (Director of Governance, Risk and Compliance), Luiz Fernando Torres Pinto (Director of Human and Organizational Development), Júlio César Rodrigues da Cunha (Director of Engineering), Fernando Bertolucci (Director of Technology and Innovation); Vinicius Nonino (Director of Strategy and New Businesses), Malu Pinto e Paiva (Director of Sustainability, Communications, and Corporate Relations), Eduardo de Almeida Pinto Andretto (Legal Director).
Back row (from left to right): Aires Galhardo (Director of Operations), Wellington Angelo Loureiro Giacomini (Director of the Logistics and Procurement), Marcelo Strufaldi Castelli (President and CEO), Caio Eduardo Zanardo (Forestry Director), Paulo Ricardo Pereira da Silveira (Industrial Director), Guilherme Perboyre Cavalcanti (Director of Finance and Investor Relations).

Photo: Marcio Schimming.

2016	COMMON SHARES	%
Votorantim S.A.	162,974,335	29.42
BNDESPar	161,082,681	29.08
Treasury Shares / Fibria	344,042	0.06
Board of Directors, Fiscal Council and Executive Board	64,489	0.01
Free Float	229,469,099	41.43
TOTAL	553,934,646	100.00



Board of Directors: Sitting (from left to right): Carlos Augusto Lira Aguiar, Raul Calfat, José Luciano Penido, Eduardo Rath Fingerl, Ernesto Lozardo. Standing (from left to right): João Henrique Batista de Souza Schmidt, Alexandre Gonçalves Silva, João Carvalho de Miranda and Marcos Barbosa Pinto. Photo: Marcio Schimming.

Corporate Governance

Our decision-making process

Fibria's governance is established by the CEO, the Executive Board, the Chairman and eight other members of the Board of Directors, responsible for defining the strategic guidelines and validating policies and goals; by the Fiscal Committee, whose main objective is to supervise the actions of the administration; and by five advisory committees - Statutory Audit, Finance, Innovation, People and Remuneration, and Sustainability committees.

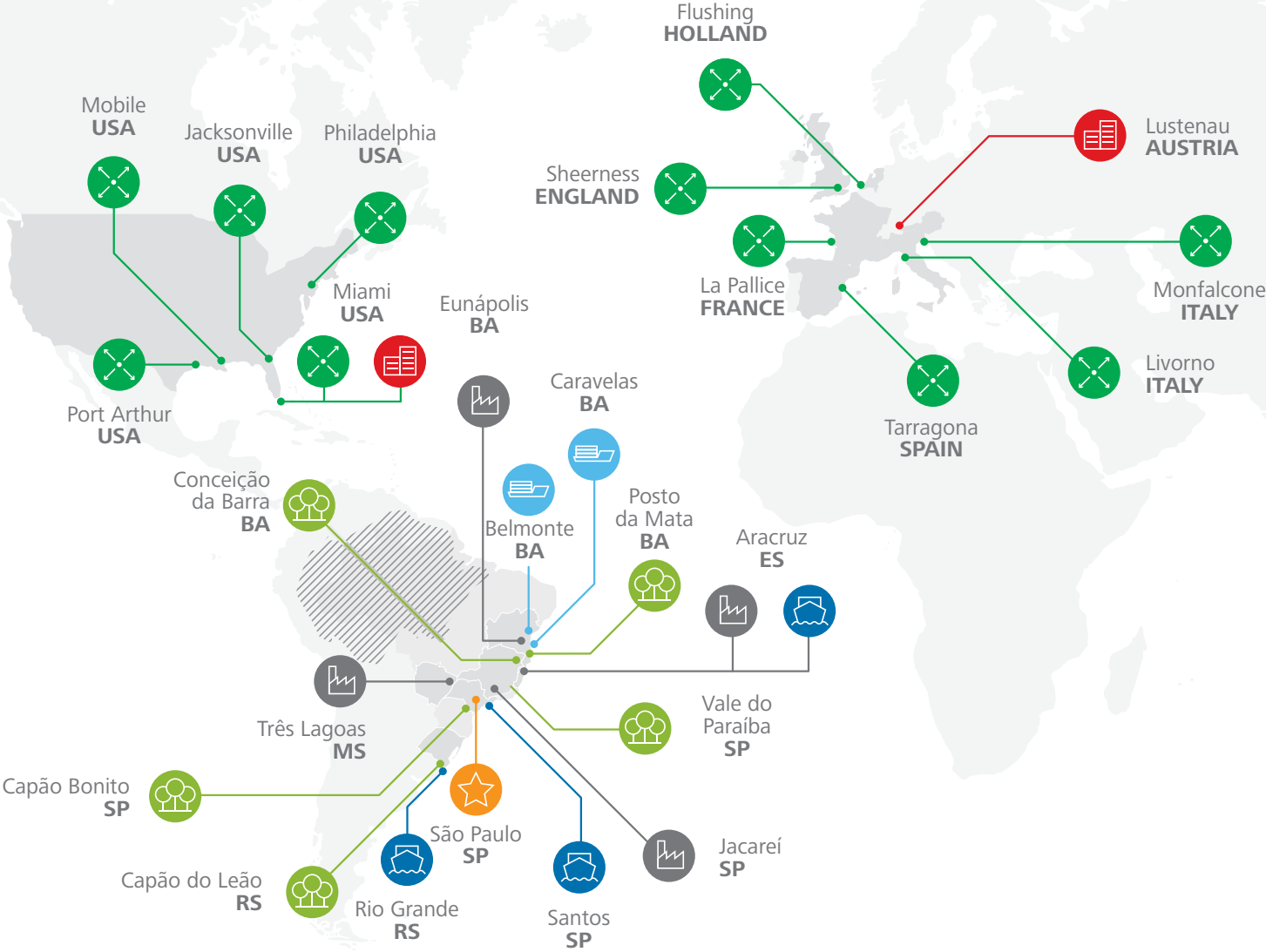
For Fibria, compliance means doing it right the first time, in other words, abiding by laws, rules, regulations, and internal and external commitments, whether or not voluntarily assumed by the organization. With this in mind, the Compliance Program - which focuses on advocating for competition, anticorruption, and prevention of losses and fraud - adopts measures that contribute to protect the company and preserve its reputation as an

intangible asset.

In 2016, an atypical year in the country's political scenario, we reviewed and improved the Anti-Corruption pillar, especially in internal processes for evaluating and approving donations, sponsorships, and partnerships. We intensified training courses associated with Anticorruption Policies and Antitrust Rights. We also launched the Manual on Relationship with Government Officials, which guides Fibria's own employees and contractors in relationships with politicians, authorities, candidates for public office, and any other government official. Leaders and multipliers were trained directly. We also communicated the guidelines to our network of suppliers.

Business partners

Fibra generates value to suppliers, clients and investors through an operation that integrates forest, industry, logistics and sales.



Sales by End Use

48%



Tissues

34%



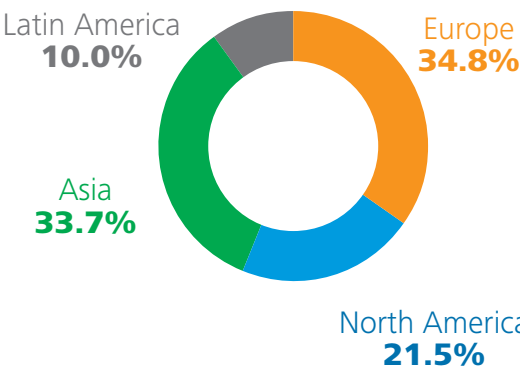
Printing and writing

18%



Specialty papers

Sales by Region





91%

of our pulp production
is exported.

KEY



Office



Distribution Center



Port



Port Terminal



Headquarters



Industry



Forests



Amazon Biome

Sales
million tons

5,504



Investment
Grade

- Standard & Poor's
- Fitch



Certifications

- Sarbox
- Forest Stewardship Council® (FSC®)
- Cerflor/Programme for the Endorsement of Forest Certification (PEFC)
- ISO 9001
- ISO 14001



Sustainability Indices

- Dow Jones Sustainability Index (DJSI World)
- Dow Jones Sustainability Emerging Markets Index (DJSI Emerging Markets)
- BM&FBOVESPA Corporate Sustainability Index - (ISE)

Our units

See some of Fibria's main indicators

Aracruz

Espírito Santo

PRODUCTION IN THOUSANDS OF TONS

2,207

EMPLOYEES

1,556

OWN

7,065

CONTRACTORS

PLANTED AREA IN HECTARES

344,273

CERTIFIED FORESTS IN HECTARES

290,189

FSC®

322,767

CERFLOR/PEFC

PERCENTAGE OF RENEWABLE ENERGY

92%



Aracruz

ACCIDENT RATE 200,000 MHW

0.20

CONSERVATION AREA IN HECTARES

124,446

PARTNERSHIP AREA IN HECTARES

48,053

Jacareí

São Paulo

PRODUCTION IN THOUSANDS OF TONS

1,028

EMPLOYEES

1,216

OWN

2,257

CONTRACTORS

PLANTED AREA IN HECTARES

157,274

CERTIFIED FORESTS IN HECTARES

157,160

FSC®

157,160

CERFLOR/PEFC

PERCENTAGE OF RENEWABLE ENERGY

85%

FSC Licenses®: FSC-C100042, FSC-C100704,
FSC-C110130, FSC-C104120 and FSC-C102372.





ACCIDENT RATE 200,000 MHW

0.39

CONSERVATION AREA IN HECTARES

60,172

PARTNERSHIP AREA IN HECTARES

9,333

Três Lagoas Mato Grosso do Sul

PRODUCTION IN THOUSANDS OF TONS

1,236

EMPLOYEES

1,212

OWN

3,666

CONTRACTORS

PLANTED AREA IN HECTARES

372,234

CERTIFIED FORESTS IN HECTARES

282,029

FSC®

282,029

CERFLOR/PEFC

PERCENTAGE OF RENEWABLE ENERGY

89%



ACCIDENT RATE 200,000 MHW

0.08

CONSERVATION AREA IN HECTARES

117,892

PARTNERSHIP AREA IN HECTARES

1,382



HORIZONTE 2 PROJECT

One of the largest private investments in Brazil, totaling nearly BRL 7.5 billion, Horizonte 2 Project will add one more production line to the Três Lagoas unit. Its implementation represents both achievements and social and environmental dilemmas that mark a project of this magnitude.

CHALLENGES

While it generates jobs, distributes income, and increases tax revenues, the project attracts thousands of workers into the region, increases the local cost of living, and puts pressure on public utilities.

Horizonte 2

The Horizonte 2 Project represents both achievements and social and environmental dilemmas of one of the largest private investments in Brazil



FORESTRY

Partners and outsourced wood producers will receive technology transfer, in addition to the economic benefit.

NURSERY

Fibra will have the world's first automated eucalyptus nursery with Dutch technology used in floriculture.

CONSTRUCTION

Hiring of workers prioritizes the local labor force, which helps foster the economy of the region.

DIALOGUES

In order to face a challenge typical of a project the size of Horizonte 2 Project, we used Fibria's ability to promote open and transparent dialogue, since the very first step. Based on these conversations, several multisector projects emerged, involving the company, other companies, associations, NGOs, academia, and different spheres of government.

PARTNERSHIPS

All partnerships have been invaluable in our joint process to share lessons learned in order to deal with the different social, economic, and environmental impacts associated with our expansion.

BRL 7.5 BILLION
one of the largest ongoing private investments in the country.

Water withdrawal (30 m³/adt¹), is a benchmark for eco-efficient projects.

85% OF THE WASTE
of the unit will be burned in boilers. The rest will be sent to landfills.

BRL 450 MILLION

in taxes is expected to be collected during the construction phase. This amount will be used to renovate schools, hospitals, day care centers, to purchase vehicles for the police, ambulances.



1 Air-dry ton

MILL

Horizonte 2 will produce and consume its own energy. The surplus of 130 MWh will be supplied to the Brazilian energy matrix.

CITY

BRL 8.1 million resulting from licensing is intended for renovation of schools, hospitals, day care centers, among others.

LOGISTICS

The Pentatrem reduces the volume of traffic, in addition to reducing fuel consumption and greenhouse gas emissions by 19%.



Photo: Marcio Schimming.

From the forest to consumers

The journey for our business starts in planted forests and extends to people's homes

Fibria has been consolidating its strategy of growth, differentiation, and diversification through a value proposition from the benefits generated by planted forests.

From the research and development centers to shipment of pulp by ship, to clients in four continents, Fibria plans forestry, industrial, logistics and marketing operations to achieve maximum efficiency - always associated with economic, social and environmental benefits.

Our way of generating and sharing wealth with our strategic shareholders can be observed in each phase of our production chain.

RESEARCH

Fibria invests in the planting of improved eucalyptus clones, by means of classic ge-

netic improvement, and in the development of new products and processes aimed at increasingly replacing fossil derivatives with renewable sources of raw material.

This journey begins through the dozens of research and technological innovation projects, geared toward the company's forestry and industrial activities, in which we invested BRL 72 million in 2016 alone.



LEARN MORE about Fibria's value chain on our online report: www.fibria.com/r2016

TECHNOLOGY CENTERS AND PARTNERSHIPS

- In Jacareí (São Paulo) and Aracruz (Espírito Santo), studies are mainly focused on the production chain for pulp, for seedling nurseries and end product;
- Fibria Innovations is located in Burnaby (Canada), and is dedicated to research on applications for lignin;
- We are partners of the North American company Ensyn Corporation in the development of bio-oil, which uses biomass as a raw material;
- We have interest stake in the Canadian company CelluForce, a global leader in the production of nanocrystalline cellulose (NCC).

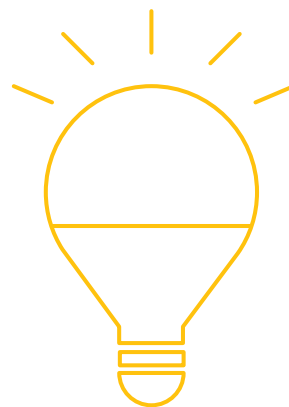
327 patents

Today, Fibria has a proprietary technology platform of 327 patents, all of them either granted or under analysis. Our database brings together patents for the pulp processes, product (pulp and paper), biotechnology and biorefinery processes and products.

BRL 72 million

was Fibria's investment in innovation in 2016

The evolution of the Intellectual Property department is another example of maturity of the company's internal processes. Identification and protection of our strategic innovations have become routine in our actions, whether in the industrial or forestry processes.



GMOs

In order to increase our competitiveness and generate more value to all our stakeholders, Fibria's teams are also engaged in aspects such as Genetically Modified Organisms (GMOs).

Learn about Fibria's policy on GM Eucalyptus visiting the link: fibria.infoinvest.com.br > Governança Corporativa > Códigos, Políticas & Regimentos > Eucalipto GM



FROM THE FOREST TO CONSUMERS

NEW BUSINESSES

Planted forests are part of the solution to problems associated with climate change and contribute to a low-carbon economy. It is part of Fibria's strategy to develop products and services with high value-added that go beyond the concept of commodity and can replace fossil fuel derivatives as a source of raw material.

- **Bio-óleo** - renewable fuel generated from biomass.
- **Nanocellulose** - lightweight resistant material obtained from pulp.
- **Lignin** - a component of wood, it is a source of alternative products for petroleum by-products.

NURSERIES

Fibria has three own nurseries- in Capão Bonito (São Paulo), Aracruz, (Espírito Santo), and Helvécia (Bahia) -, and one through a free-lease agreement, located in Três Lagoas (MS), totaling an annual production capacity of 86 million Eucalyptus seedlings.

AUTOMATED NURSERY

The nursery in Três Lagoas (MATO GROSSO DO SUL), is unable to meet the new demand resulting from the expansion of the mill. In 2017, Fibria will inaugurate an automated nursery at the site, a pioneer initiative in the forestry industry.

OWN NURSERIES

Capão Bonito

This unit supplies the demand for seedlings for silviculture in Jacareí, (São Paulo), with annual production capacity of 14 million seedlings.

Aracruz

Fibria's oldest nursery supplies the Aracruz unit. Its annual production capacity is 30 million seedlings.

Helvécia

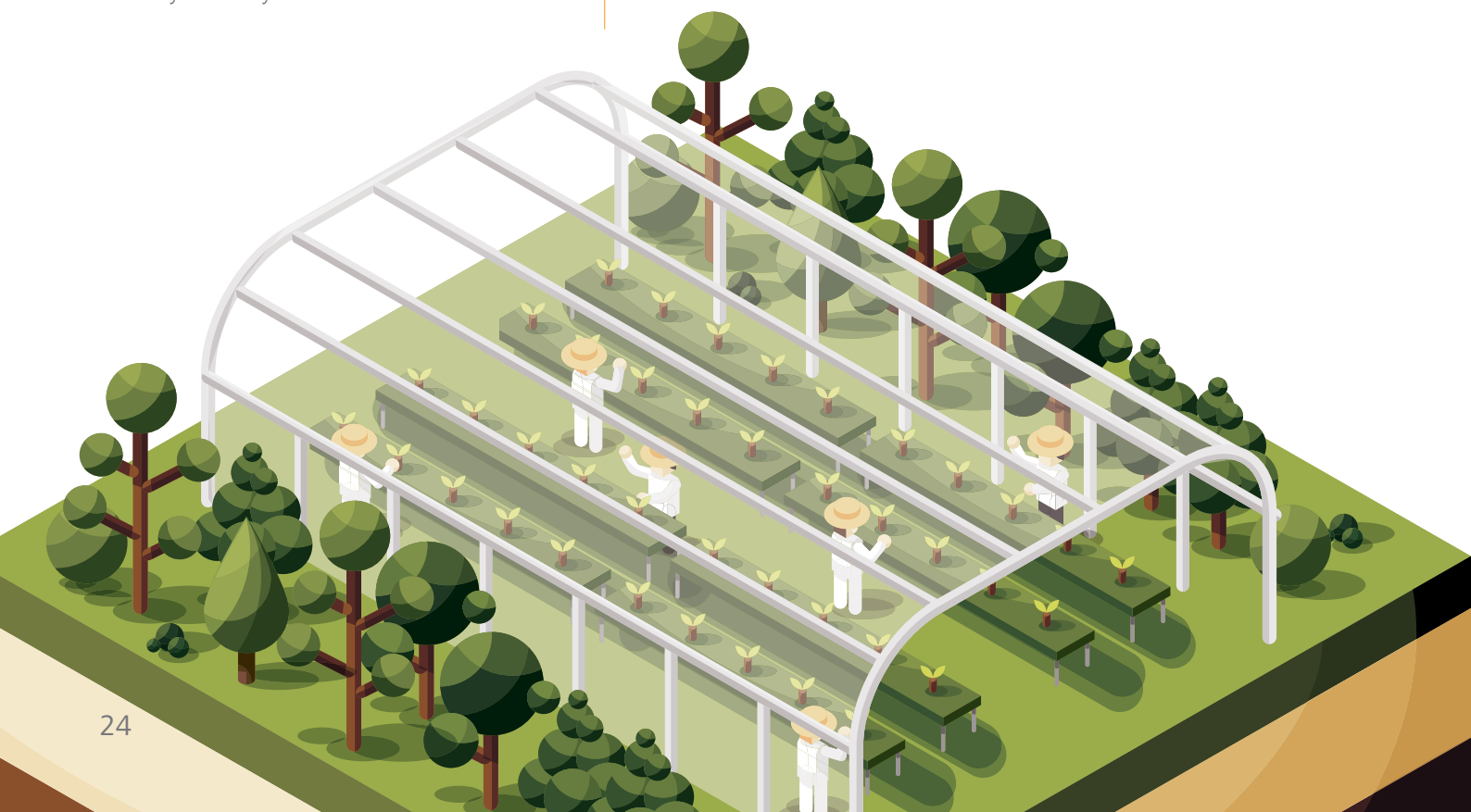
This is currently the company's most modern unit, with annual production capacity of 30 million seedlings. The idea for this nursery is to train and integrate local labor in order to provide opportunities for families in this region.

Três Lagoas

Serves the unit through a free-lease agreement and has an annual production capacity of 12 million seedlings.

COMMUNITY NURSERIES

The investment in three community nurseries located in Conceição da Barra (Espírito Santo), Ibirapuã (Bahia), and Três Lagoas (Mato Grosso do Sul) is another current example of shared value between Fibria and the population surrounding our operations. With this partnership, we purchased seedlings for our native forest restoration program and provided seeds and technical assistance to people in charge of the nurseries.



410,000 seedlings per year

Is the production capacity of community nurseries. This initiative employs 39 families and supports the supply to producers participating in the Rural Land Development Program (PDRT)



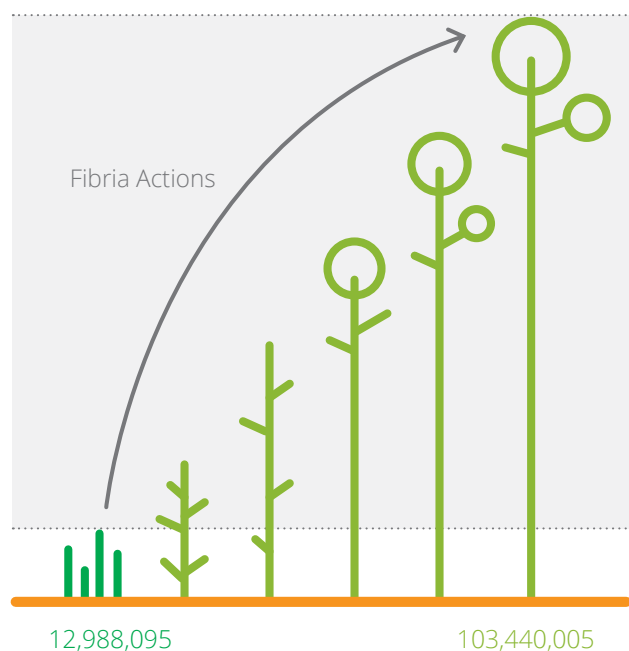
PLANTING

The benefits of proper forest management are the main values Fibria gives to society. We have 633,000 hectares of eucalyptus (in the states of Bahia, Espírito Santo, Mato Grosso do Sul, Minas Gerais, Rio de Janeiro, Rio Grande do Sul, and São Paulo), whose productivity stands out in the Brazilian and global forestry industry.

The high yield of our forests results from trees with high productive capacity and the ability to withstand the climatic variations, in addition to the correct fertilization of the soil, prevention of diseases, and, of course, constant monitoring of the water.



2016 CARBON INVENTORY (tCO₂e)



Prior land use^{1,2}

12.9 million tCO₂e

Silviculture + Conservation + Recovery

103.4 million tCO₂e

Net carbon increment

**90.4 million tCO₂e +
other ecosystem services**

1. Considering the prior use of the land as grasslands.

2. Considering the carbon inventory as 29.5 tCO₂e/ha (standard value for planted grasslands, according to the Second Brazilian Inventory of Anthropogenic Emissions and Removal of Greenhouse Gases)

RESTORATION

A total of 364,000 hectares of land intended for conservation are interspersed in a mosaic system between eucalyptus forests. These are areas in which we operate through our native vegetation restoration program, with protection for High Conservation Value Areas (HCVAs), identified through the following characteristics: diversity of species, maintenance of threatened ecosystems, environmental services, and community needs and values.

These environments rich in wildlife and flora help protect the eucalyptus, the springs and biodiversity by providing a range of ecosystem services, such as carbon sequestration and storage, soil and water protection and nutrient cycling - services provided by both eucalyptus and native forests.

ATLANTIC RAINFOREST

Fibria participates in the Sustainable Forest Mosaics project (*Mosaico Florestais Sustentáveis*), which brings together forestry and third sector organizations such as BioAtlântica Institute, Conservation International (CI), and The Nature Conservancy (TNC), as well as members of academia. The

Land deconcentration

Our commitment to social and environmental sustainability and business continuity has led us to adopt bold long-term goals in our forests. Among them is the reduction by one third in the area of land needed for pulp production. Through this strategy, we expect to reduce the land concentration and have greater land available for other uses, with increased competitiveness and financial returns.

projects initiatives are especially focused on conservation and restoration of the Atlantic Rainforest.

The partners of the Sustainable Forest Mosaics project, together with organized civil society and community groups, seek to prioritize the restoration of landscape areas that increase connectivity with existing natural areas, generating gains in biodiversity throughout the region.

TOTAL INVESTMENT AND EXPENSES FOR ENVIRONMENTAL PROTECTION, PER TYPE	ARACRUZ	JACAREÍ	TRÊS LAGOAS
TOTAL	56,522,627.43	64,878,218.28	30,654,833.30
TOTAL INVESTMENTS	29,046,626.39	33,629,408.49	4,466,851.39
Investments - waste		7,286,896	0.00
Investments - emissions	19,790,477.10	19,659,753	0.00
Investments - water resources	5,923,077.39	5,273,619	4,127,044.56
Investments - remediation of contaminated areas		0	0.00
Investments - environmental management		1,360,161	0.00
Other environmental investments	3,333,071.90	48,980	339,806.83
TOTAL FUNDING	27,476,001.04	31,248,809.79	26,187,981.91
Funding - waste (transport, destination, licenses)	6,944,969.65	21,690,572.92	7,902,580.32
Funding - emissions (effluents)	2,234,932.44	0.00	15,535,920.89
Funding - water resources (monitoring)	16,475,049.43	8,609,637.84	2,177,752.61
Funding - remediation of contaminated areas/environmental liabilities		0.00	0.00
Funding - environmental management (fixed cost)	929,578.78	434,553.85	403,827.96
Other environmental funding	891,470.74	514,045.18	167,900.13

FROM THE FOREST TO CONSUMERS

FORESTRY PARTNERSHIP

The Forestry Savings Program (*Poupança Florestal*) is one of Fibria's initiatives that best expresses the shared value between the company and its neighboring communities. Its purpose is to encourage rural producers near the mills to plant eucalyptus to supply part of the demand for wood. Over time, it became an essential link in our production chain.

HOW IT WORKS

- Fibria finances producers.
- Offers support in structuring the planting.
- Transfers technology and knowledge.
- Finances the production of its partners, whose debts are converted into wood and settled at the time of harvest.

PARTNERSHIP IN NUMBERS

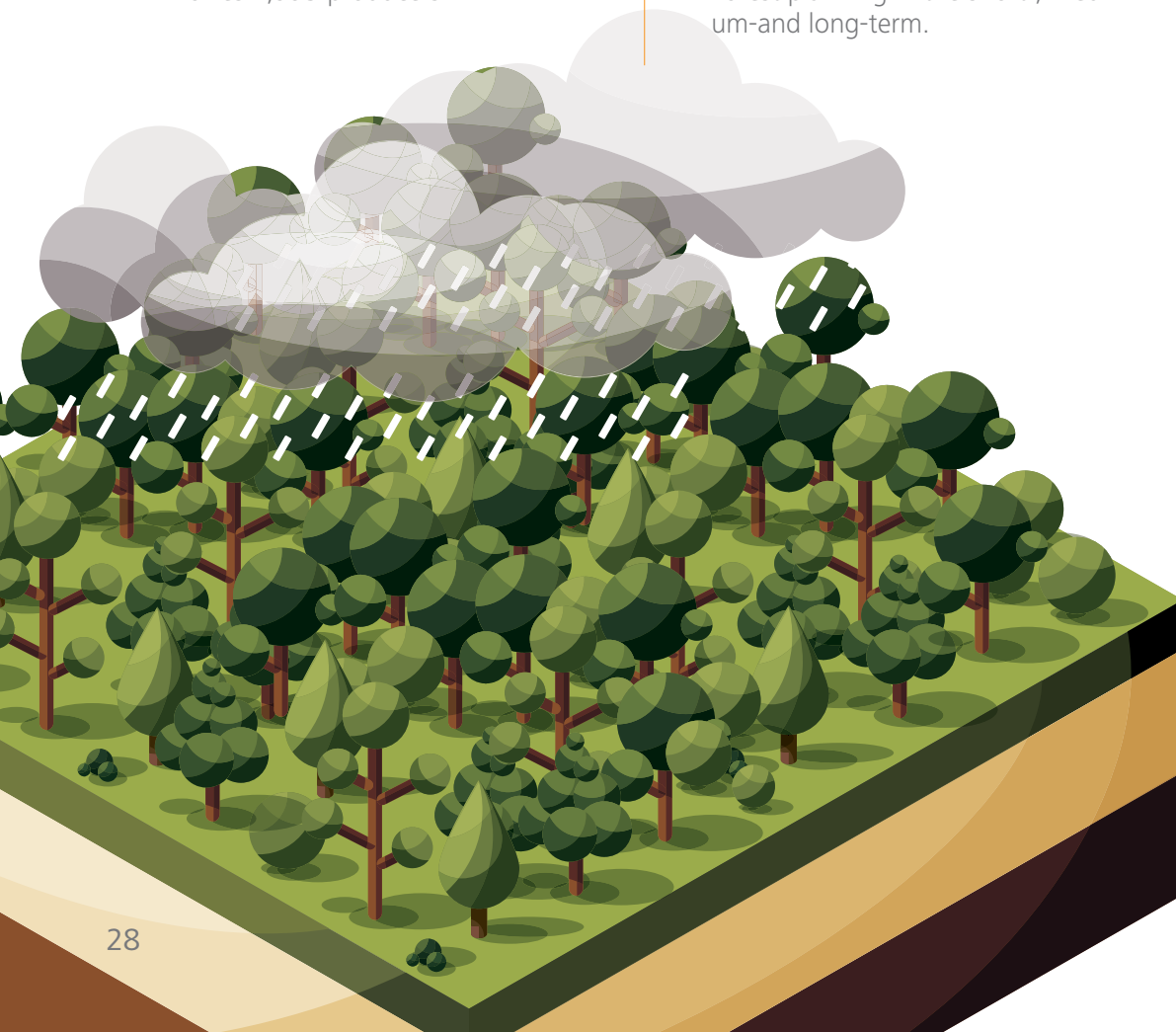
- Accounts for 28% of the supply to the mills.
- Involves 1,995 producers.

- Is present in 202 municipalities in the states of Espírito Santo, Minas Gerais, Mato Grosso do Sul and São Paulo.
- Totals 73,000 ha of planted areas.
- Farmers are also encouraged to plant up to 3.5% of native seedlings intended for forest restoration.

CLIMATE CHANGE

With the recent shortage of water resulting from extreme climatic conditions, the importance of research on forest ecophysiology has increased, encouraging Fibria to intensify its meteorological monitoring and expand its experimental network. Our main initiatives in 2016:

- Increased the number of meteorological stations from 37 to 57.
- Completed the development of an integrated landscape planning process based on the SWAT hydrological model (a Soil and Water Assessment Tool).
- Tested recommendations considering environmental criteria, aiming to support Forest planning in the short-, medium- and long-term.





HARVEST

To supply the production of the mills, harvest is constant and predominantly mechanized. Our machine operators are aided by GPS (Global Positioning System) on-board computers, which make operation management more precise and safe.

In 2016, we implemented the Electronic Record, an automated data transmission system that allows for remote monitoring of the harvest. This novelty is part of the initiatives of the SMART Forest Program, a strategy that proposes new technology solutions for Fibria's forestry operations.

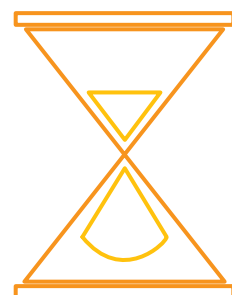
The objective is that over the next five years all technological portfolios selected will be included in the operation with the maximum possible connectivity and, thus, providing more intelligence to our forest management.

Our forestry operations have the following certifications:

- Forest Stewardship Council® (FSC®)
- Cerflor/Programme for the Endorsement of Forest Certification (PEFC)
- ISO 9001
- ISO 14001

6 years

is the average length of a production cycle for eucalyptus.





FROM THE FOREST TO CONSUMERS

FORESTRY LOGISTICS

Transportation of wood to the plants is mainly done by highways, due to the logistics model of the country.

We also adopted the use of barges between the Caravelas Terminal, in Bahia state, and Portocel, Espírito Santo state, a more sustainable means of transportation since it emits less carbon dioxide and contributes to reducing truck traffic and, consequently, risks of road accident.

In partnership areas, from Minas Gerais to Aracruz, Espírito Santo state, we use rail transportation.

The mill in Espírito Santo also receives wood transported by ship between the port of Rio Grande, Rio Grande do Sul, and Portocel, Espírito Santo, - in an operation that has provided much knowledge and opportunity for Fibria's wood logistics in the last two years.

PIFFs

In 2016, we implemented the PIFFs (Fibria Forest Implementation Project), trucks with lighter body-frames, with capacity to transport 10% more wood from the forests to our mills. The project provides important economic, and social and environmental benefits. In addition to reducing the impact caused by traffic in the communities close to Fibria (since it reduces the number of trucks necessary for operations), it also generates savings of 3,862,094 liters of diesel and avoids emission of 9,514 tCO₂e. The PIFF was developed in partnership with the Federal University of São Carlos (UFSCAR) and patented by Fibria.

OPERATIONAL DIALOGUE

We engage in the Operational Dialogue - meetings in which we present to the representatives of the communities beforehand what will happen during the harvest plan.

With each new cycle of wood transport to the mills, we detail the operation and together determine whether the frequency, timing and route are adequate. The proposal is to define ways for Fibria to avoid or mitigate negative interferences in the chosen routes, such as noise and dust.

In 2016, we held 654 dialogues with approximately 6,500 representatives from all communities impacted by silviculture, harvesting, and wood transportation operations. We also started a dialogue about logistics operations and other industrial activities.

“

The assessment of residents in communities concerning the dialogues in 2016 indicate that the satisfaction of communities in relation to the plan rose by 10% overall compared with 2015.

”

2016	NUMBER OF DIALOGUES	NUMBER OF PARTICIPANTS	EFFECTIVENESS INDEX OF THE MITIGATION ACTIONS
Aracruz	576	3,316	2.8
Jacaré ¹	121	1,542	2.8
Três Lagoas	549	3,927	2.7
Total	1,246	8,785	2.8

1. Includes Capão Bonito and Vale do Paraíba. Note: After completion of the forestry operations, the community involved assesses the process based on a questionnaire applied by the Operational Dialogue team. Each person assigns one of the following scores: good (3), fair (2), poor (1), bad (0). The final score is calculated through weighted average.



Fabio Antonio
Giacomini, drying
operator at Aracruz
(Espírito Santo) Photo:
Márcio Schimming.

Industry

Challenge is to ensure productivity
and operating stability

How to generate and share value with different audiences in increasingly demanding environments? This is a constant pursuit in all company's operations. Especially in the mills, this pursuit for value creation is present in every phase of pulp production - from the biomass boilers to transportation of baled pulp.

In 2016, three units - Aracruz (Espírito Santo), Jacaré (São Paulo), and Três Lagoas (Mato Grosso do Sul) - produced 5.02 million tons of pulp*. Our challenge is to ensure, at all stages, a systemic vision of productivity and operational stability, together with sustainability and low costs.

Our production practices consider the application of the 4Rs concept - reinvent, reduce, recycle, and reuse - in an integrated management of water, waste, and energy

efficiency. The strategic environmental aspects for the organization are monitored by the Environmental Performance Index (IDA), a tool that evaluates the quality of our processes in the industry through indicators such as pollution prevention and control and environmental management.

**Veracel, produces 1.1 million tons of pulp annually, of which 50% (550,000) belong to our company.*



886,000

tons of industrial waste
were sold

91%

is the rate of reuse of
industrial waste

WASTE

We reuse 91% of industrial waste, including ash, lime sludge, primary sludge and scraps from the process, among others. Part of this volume is not suitable for internal use, but can be donated or marketed as raw material for industries in various sectors.

In 2016, we sold 886,000 tons of industrial waste, amounting to BRL 4.2 million, and avoided the cost of BRL 31.8 million that we would have had if we sent it to landfills.

ENERGY EFFICIENCY

Synonymous with competitiveness and self-sufficiency in the forestry sector, energy has become a source of income for Fibria. The Energy Efficiency Committee is responsible for an investment portfolio in energy efficiency projects and also for sharing lessons learned and best practices between the mills.

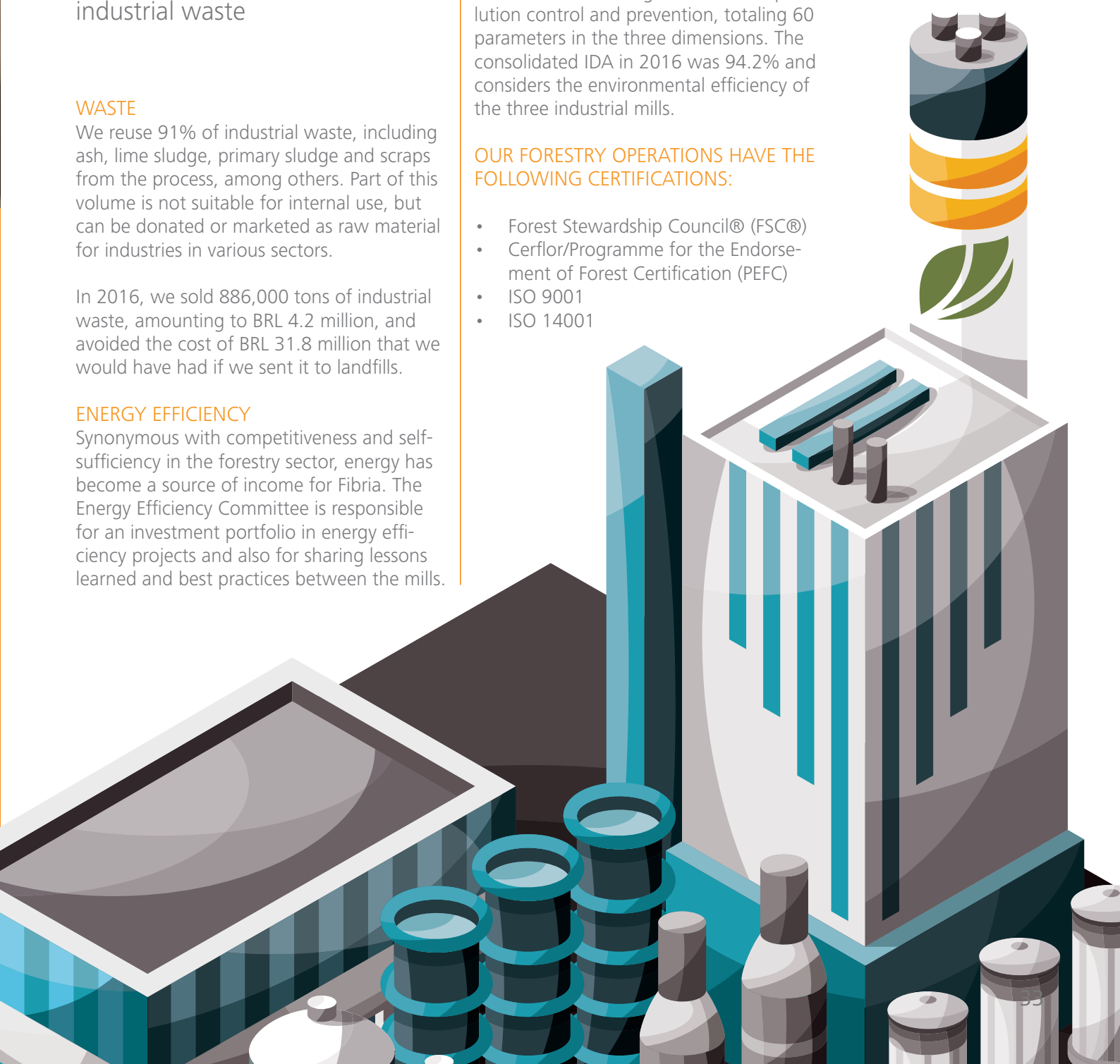
The Três Lagoas mill already burns the biological sludge in its biomass boiler. This is an innovative process, in which sludge and biomass are mixed in a 40% and 60% ratio, respectively, which allows for optimal burning. This way, we avoid disposing biological sludge in an industrial landfill and contribute to achieve Fibria's Long-Term Goal for solid waste.

ENVIRONMENTAL PERFORMANCE INDEX (IDA)

An innovative measure for environmental performance, the IDA is a tool that evaluates the quality of the product based on environmental management and on pollution control and prevention, totaling 60 parameters in the three dimensions. The consolidated IDA in 2016 was 94.2% and considers the environmental efficiency of the three industrial mills.

OUR FORESTRY OPERATIONS HAVE THE FOLLOWING CERTIFICATIONS:

- Forest Stewardship Council® (FSC®)
- Cerflor/Programme for the Endorsement of Forest Certification (PEFC)
- ISO 9001
- ISO 14001



PULP LOGISTICS

In 2016, Fibria produced 5.02 million tons of pulp, 91% of which is intended for export. Pulp produced in Três Lagoas (Mato Grosso do Sul) and Jacareí (São Paulo) is transported by rail to the Port of Santos, São Paulo. Production from the Aracruz (Espírito Santo) is taken by truck to Portocel (Espírito Santo).

PORTOCEL

Portocel is the only port terminal in Brazil specialized in receiving, handling, storing, loading of pulp, and unloading of wood, among other cargo. It is located in Barra do Riacho, in the municipality of Aracruz, on the north coast of the state of Espírito Santo, and has Fibria (51%) and Cenibra (49%) as shareholders.

The expansion planned for Portocel evolved in 2016, but at a slower pace than originally defined by Fibria. We performed hydrodynamic maneuverability studies in the port and concluded that it was necessary to

review the concept of the project. We also re-evaluated the cargo supply and demand matrix due to the country's economic crisis.

“

Portocel is the only
port terminal in Brazil
specializing in shipments
of pulp

”





Market

Client-centered focus

Long-term relationships and operational excellence are at the heart of the work carried out by Fibria's commercial area. With offices located in North America, Europe, Asia, and Brazil, the company guarantees the quality and supply of pulp to global manufacturers of tissues, paper for printing and writing, books, and specialty papers.

Fibria's value proposition is based on the continuous search for client's attention and on a clear sustainable position, increasingly recognized as a competitive differentiator by our main partners.

This strategy has allowed us to consolidate large projects. The highlights for 2016 are the marketing of Klabin's pulp, renewal of contracts with preferred clients, and definition of a logistics model that will allow us

to meet the new production volume from the expansion of the Três Lagoas unit, Mato Grosso do Sul.

CLIENTS AND EXPORTS

Being client-centered has led Fibria to develop two solutions for our strategic clients. One of them, Eucastrom, a more resistant pulp that consumes less energy in its refining. With the project, we meet demands and help reduce our clients' emissions. In 2016, we distributed 48,000 tons of product.

FROM THE FOREST TO CONSUMERS

DIFFERENTIATION

Our product differentiation occurs in production of a pulp whose bleaching results from a process called TCF (Totally Chlorine Free), in other words, made without the use of chlorine or chlorine dioxide. Clients opted for the commercial agreement with Fibria because we master the technology and have the Forest Stewardship Council® (FSC®) and Cerflor certifications.

CONTRACT WITH KLABIN

In 2016, Fibria marketed approximately 478,000 tons of Klabin pulp with the Forest Stewardship Council® (FSC®) certification. The contract, signed for a four-year period

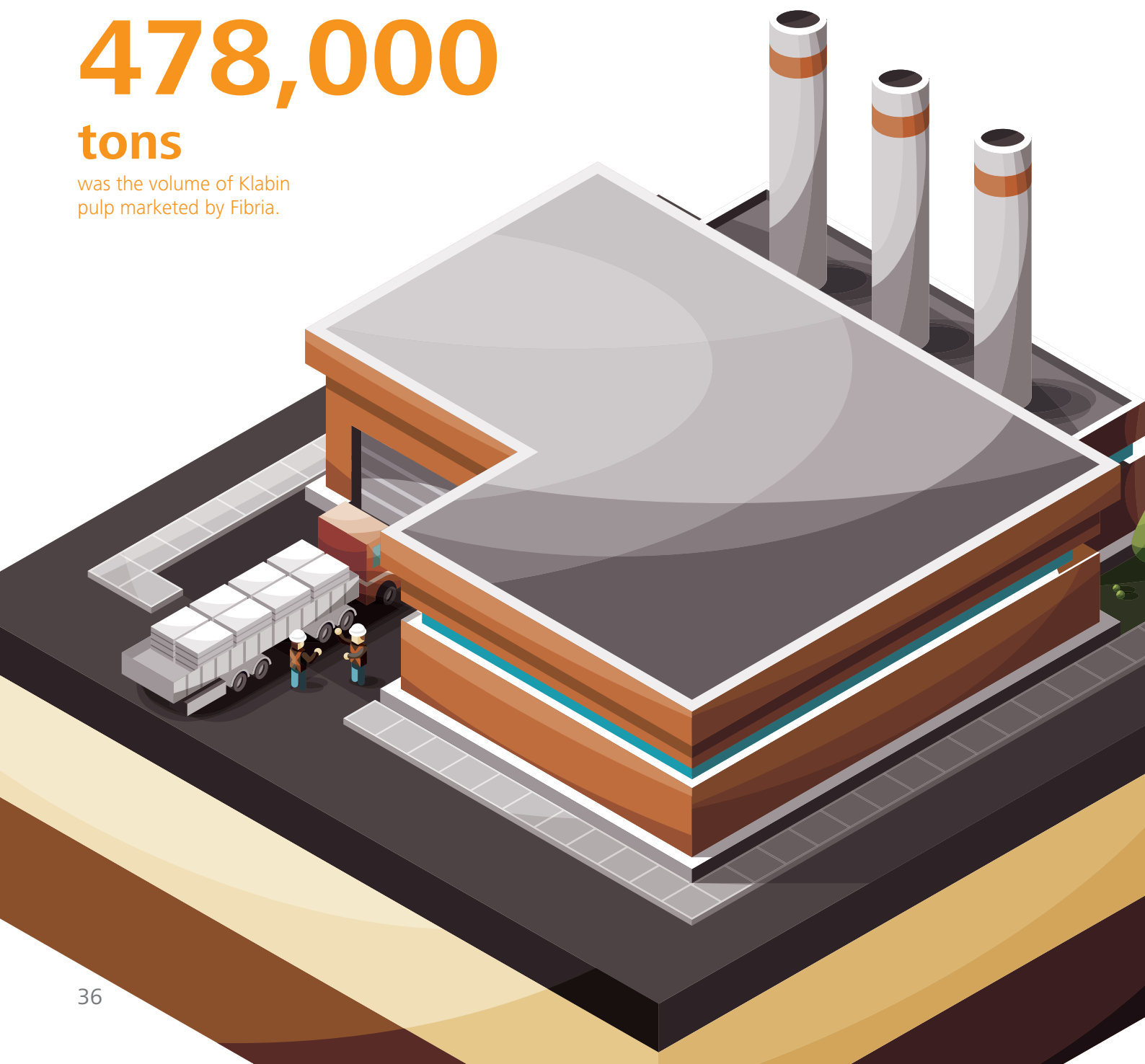
and unprecedented in the Brazilian forestry industry, can be considered an excellent example of companies with common goals for value creation.

On the one hand, we guarantee the commercial strategy, with a solid customer base and high performance in logistics. On the other, Klabin transports its pulp on ships at a competitive price, which corresponds to Fibria's global return.

The expectation for 2017 is to sell Klabin's 900,000 tons of pulp.

478,000 tons

was the volume of Klabin
pulp marketed by Fibria.



CONSUMPTION

How much does a company like Fibria participate in people's lives? As a company that operates in the B2B (business to business) segment, which produces and sells pulp to other companies, the most likely answers will be paper-related, in a generic way. The company's products and services, however, are much more present in people's daily lives than one might think. Considering this, we created an interactive and itinerant house, which in 2016 toured Brazilian cities showing how each house has Fibria products ("Our House has Fibria").

The visit to the program "*Nossa Casa tem Fibria*" (Our House has Fibria) is divided into four key aspects of the brand, presented in an interactive way. Relationship with paper comes in the form of books, wallpapers, photographic papers, packaging, handkerchiefs, and dozens of items of our daily lives. A second category of products - organic foods, honey, and handcrafted products - refer to Fibria's social strategy, which supports the development of the communities neighboring our operations through a series of income-generation programs.

The energy generated in the pulp production processes is another highlight in the visit. Currently, we are self-sufficient in energy and our surplus energy is sold through the public grid, which supplies the cities.

12,056

People visited the project called *Nossa Casa tem Fibria*.

And finally, the entire product line related to innovation initiatives that are under development in the company. For example, a toy truck displayed in the house refers to the use of biofuel, which Fibria will produce from eucalyptus wood in the near future. We complement the experience of our children audience through TVs with educational games available in the rooms, the use of tablets for interaction with virtual reality devices, and art workshops for children.

Since its launch in May 2016, a total of 12,056 people visited the project "*Nossa Casa tem Fibria*." It was set up at the Vitória Shopping Mall, Espírito Santo; at Expo-Agro Vidas, a charity event held in Aracruz, Espírito Santo; in Teixeira de Freitas, Bahia; in at the Vila Olímpia Shopping Mall, São Paulo, and in the annual ABTCP, São Paulo, trade show and congress.

“

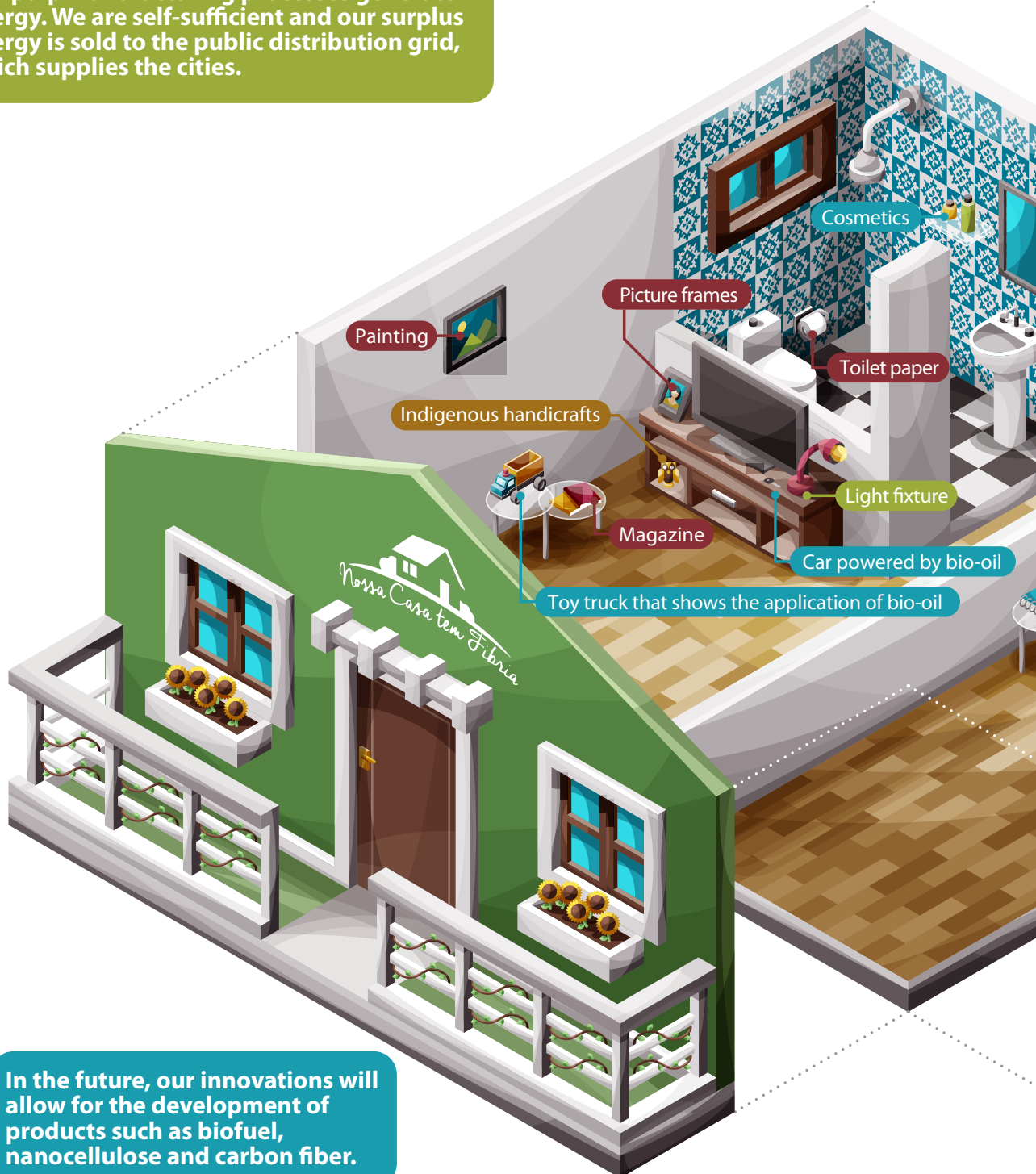
Fibria's products and services, however, are more present in people's daily lives than one might think.

”

Our House has Fibria

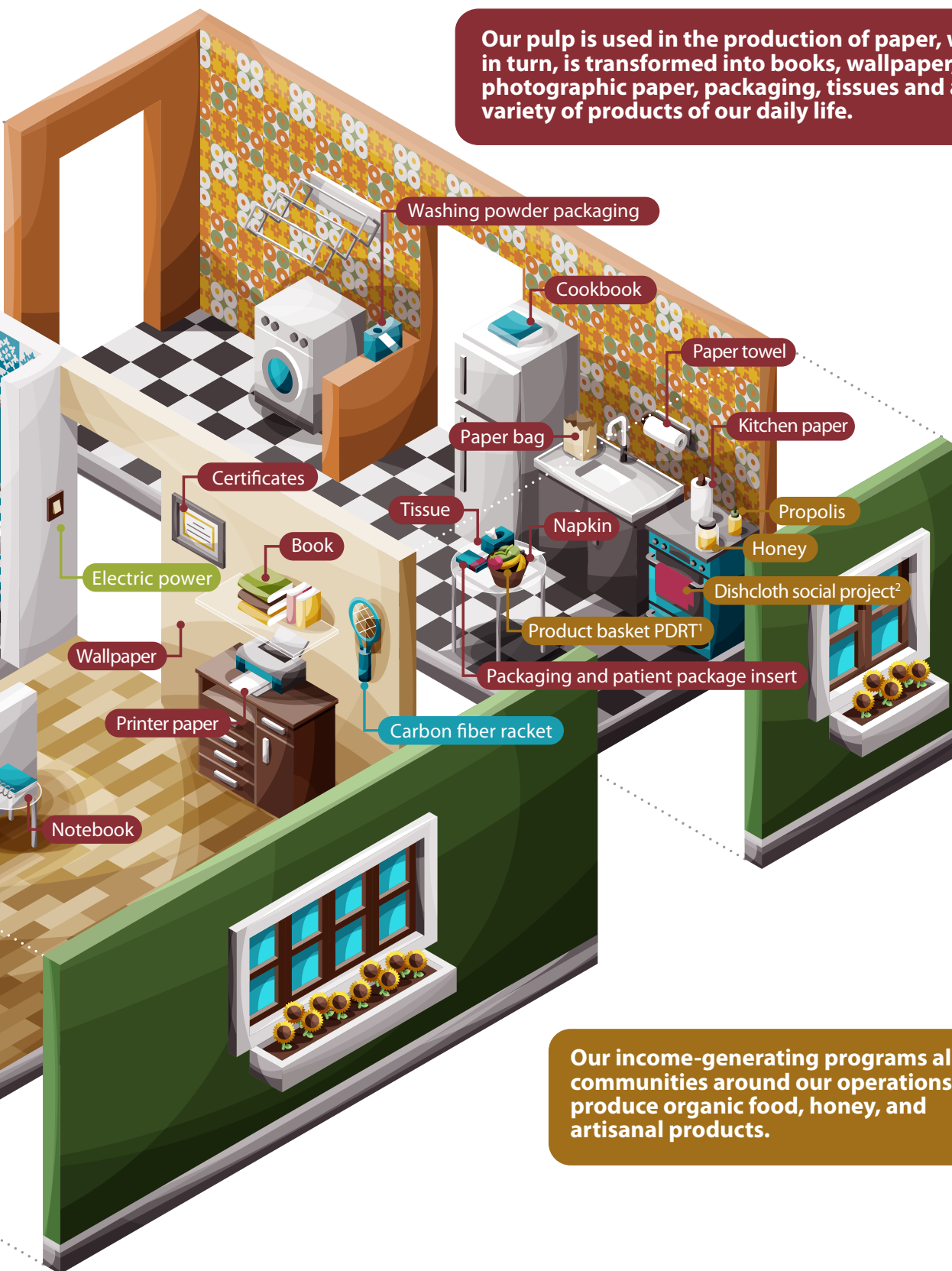
We created an interactive and itinerant house, which in 2016 toured Brazilian cities showing how much Fibria is present in our daily lives.

Our pulp manufacturing processes generate energy. We are self-sufficient and our surplus energy is sold to the public distribution grid, which supplies the cities.



In the future, our innovations will allow for the development of products such as biofuel, nanocellulose and carbon fiber.

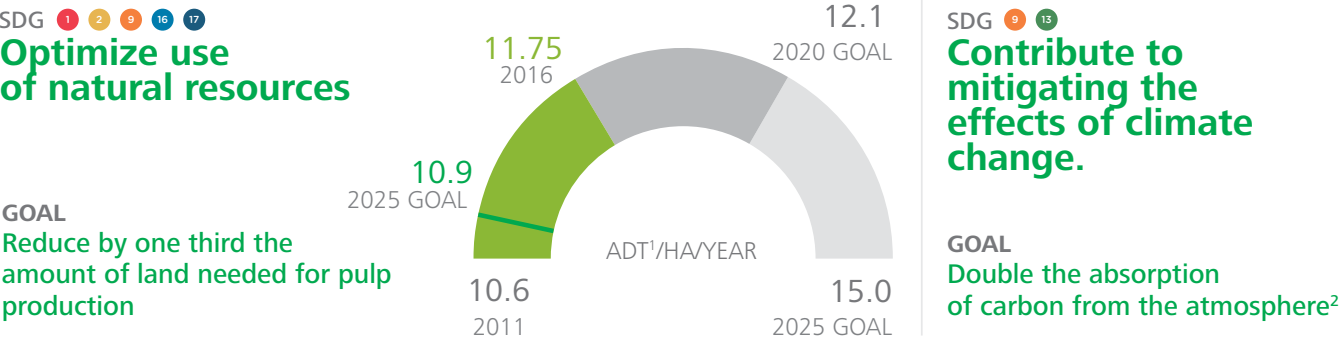
Our pulp is used in the production of paper, which, in turn, is transformed into books, wallpaper, photographic paper, packaging, tissues and a variety of products of our daily life.



Our income-generating programs allow communities around our operations to produce organic food, honey, and artisanal products.

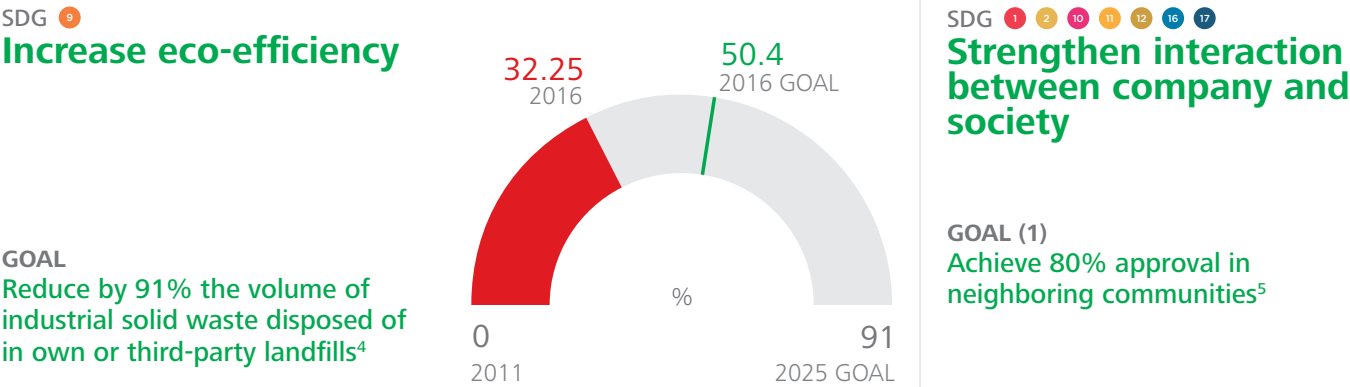
Long-term goals

To guarantee the implementation of the strategy and the sustainability of the business, Fibria established goals to be achieved by 2025.



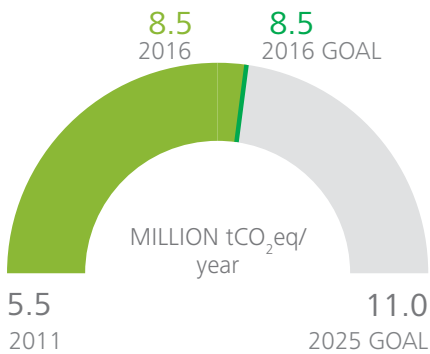
Fibria provides technical support to increase the productivity of **1,995** participants in the Forestry Savings partnership program. Present in **202** municipalities, the program covers **73,000** hectares of forests.


It is also part of Fibria's strategy to **develop products and services with high value-added** that can replace fossil fuel derivatives as a source of raw material.



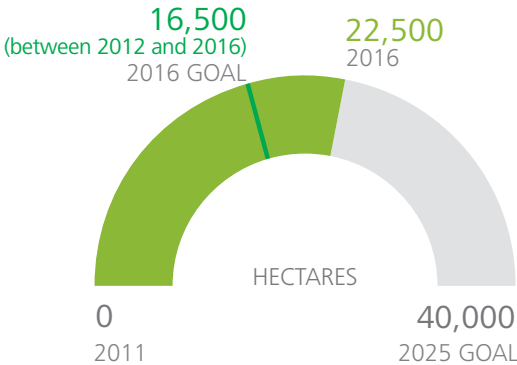
Lime sludge and boiler ash are some of the solid waste used in the production of correctives for the soil of forests. In 2016, a total of 87,000 tons were produced, **generating savings of approximately BRL 11 million.**

¹ Air-dry ton ² Net annual sequestration of carbon from the atmosphere is defined by the difference between total sequestration of planted and native forests and direct and indirect carbon emissions from forestry, industrial, and logistics operations throughout the pulp production cycle, from nursery to client. ³ This goal does not consider Fibria's support to restoration projects in third-party areas, developed through agreements with other entities.



SDG  **Protect biodiversity**

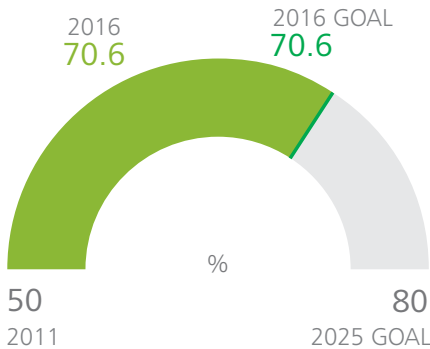
GOAL
Promote the environmental restoration of 40,000 hectares of own areas between 2012 and 2025³



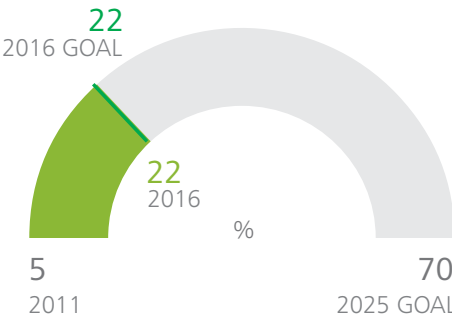
The Sustainable Forest Mosaics project prioritizes restoration of the Atlantic Rainforest, **generating gains for biodiversity**. In addition to Fibria, companies, third sector and academia participate in the project.



SDG
Fibria's long-term goals are in line with the 17 Sustainable Development Goals, an ambitious action plan by the United Nations for the well-being of people, the planet and prosperity of all. www.un.org/sustainabledevelopment/sustainable-development-goals



We are present in **257 Brazilian** municipalities. Over the years, we have learned to create a relationship with our neighbors and have made of this dialogue a major competitive advantage.



The Rural Land Development Program (PDRT) enables family farmers for agriculture and livestock. Since the beginning of the program **income has grown between 4 and 5 minimum** wages per family.

⁴ Waste generation increased between 2016 and 2017 and we had difficulty marketing it. While the results for 2016 proved unfavorable compared with the previous year, initiatives and investments made indicate a long-term reduction in disposal of waste in landfills. This implies that, in coming years, results will be balanced given the ongoing initiatives. ⁵ Approval rate measured through surveys conducted every three years.

GOALS

WATER

Significant developments have occurred in management of water resources at our mills and we have become a global benchmark in the industry. The company's main advance in 2016, however, was with regards to the forest. We identified our performance level in all watersheds in which we are present. We created a plan to improve and disseminate technical knowledge in water management among our neighbors located in critical watersheds.



Water crisis

Efforts are urgent to avoid or minimize the risks of water shortage, arising or intensified by the increase in global temperature. For Fibria, which depends directly on its planted and native forests, the work to systematize, improve and expand management of water use in the field, at the mill and in the vicinity of its operations is a constant concern. So much so that in 2016, the company established a new Long-Term Goal for water, approved by the Executive Board, the Sustainability Committee, and the Board of Directors.

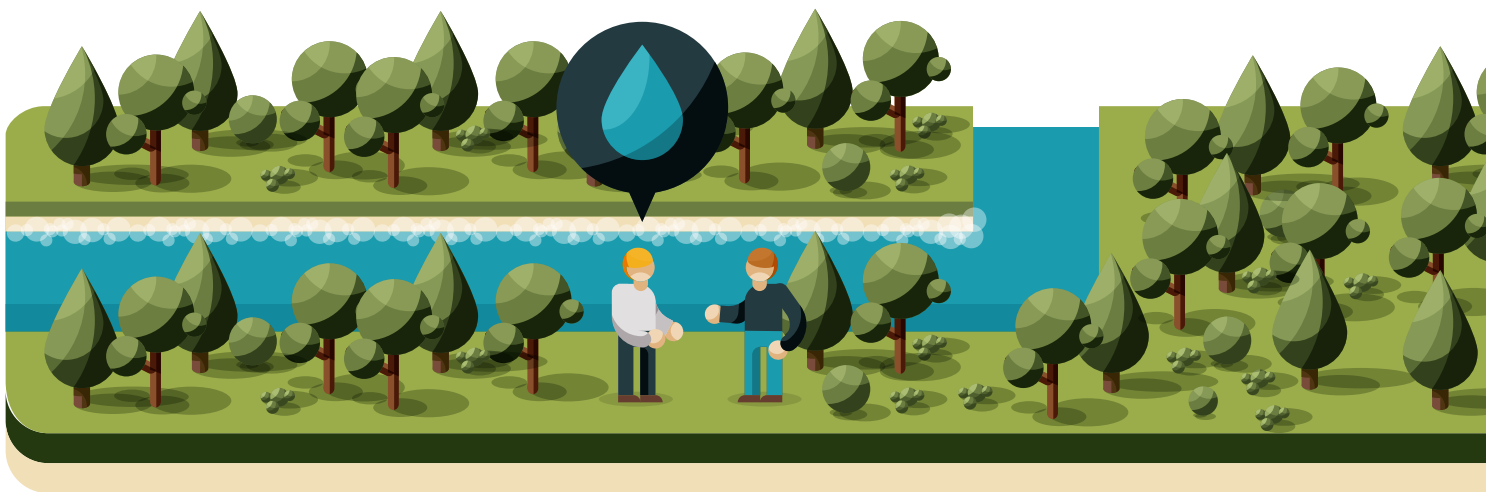
See the new goals in the following text.

SDG: 6, 12, 13, 15, 17

SDG 
NEW GOAL WATER

Optimize water management

In 2016, Fibria set a long-term goal for water.



FOREST

Fibria mapped 246 watersheds and decided to act in nine of them, since they are in regions where the company maintains forests and since they are the only ones in which the company's forest management can influence the water supply in the watershed.

One of the company's commitments is to share lessons learned with our neighbors, in order to help them avoid or minimize water shortage. This includes: analysis of the type of water withdrawal and use in their lands; tips for reducing consumption; simple and low-cost irrigation, and recycling techniques.

The objective is to strengthen the dialogue and promote integrated action in these locations. Based on detailed monitoring of water use by eucalyptus forests in the watersheds, Fibria intends to mitigate possible conflicts related to overlapping of water use, in addition to setting quantitative goals in 2019.

Adequacy of dams

In 2016, we mapped and initiated a monthly program to monitor dams and weirs in our properties. On the one hand, we avoid accidents during periods of heavy rainfall and, on the other, we guarantee water supply to our neighbors even in times of reduced availability.

Forest

Carry out water management in micro-watersheds in Fibria's forests and disseminate technical knowledge on the subject to our neighbors in critical watersheds.

Nurseries

Reduce by 17% specific water withdrawn per seedling produced.

Industry

Reduce by 17% consumption of water withdrawn per ton of pulp produced.



GOALS

INDUSTRY

Consumption of water resources is a critical aspect of our business. Considered a reference in the forestry sector in this respect, the company's industrial process reached a level of excellence in water withdrawal and consumption intended for pulp production.

According to the international guidelines of the Integrated Pollution Prevention and Control (IPPC) and of the International Finance Corporation (IFC), global best practices for water withdrawal are between 25 m³ and 50 m³ per ton of pulp. Our three mills currently operate between 25 m³ and 30 m³ per ton.

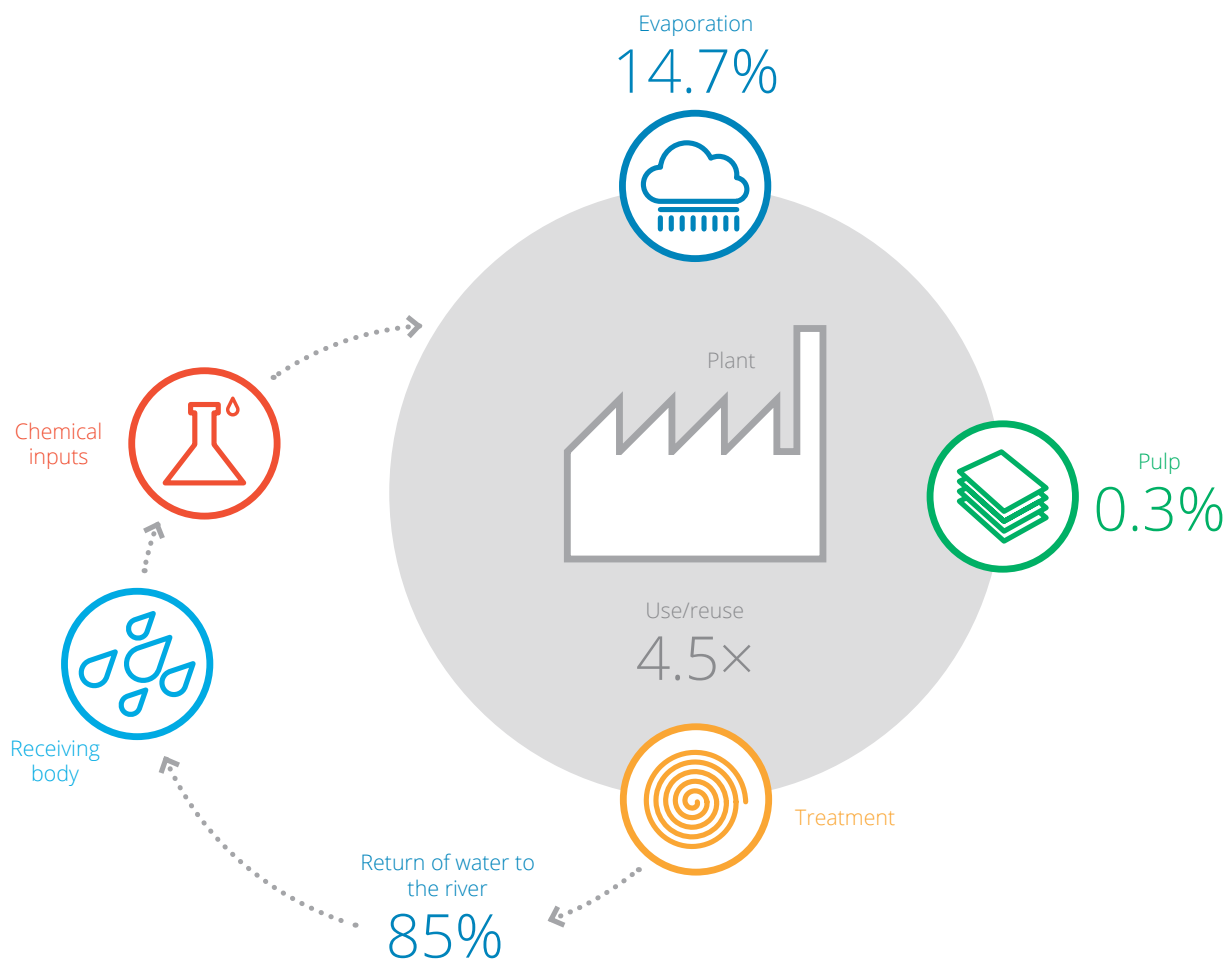
Water consumption is the difference between the volume withdrawn and the volume treated after its use and return to the river. On average, Fibria's industrial oper-

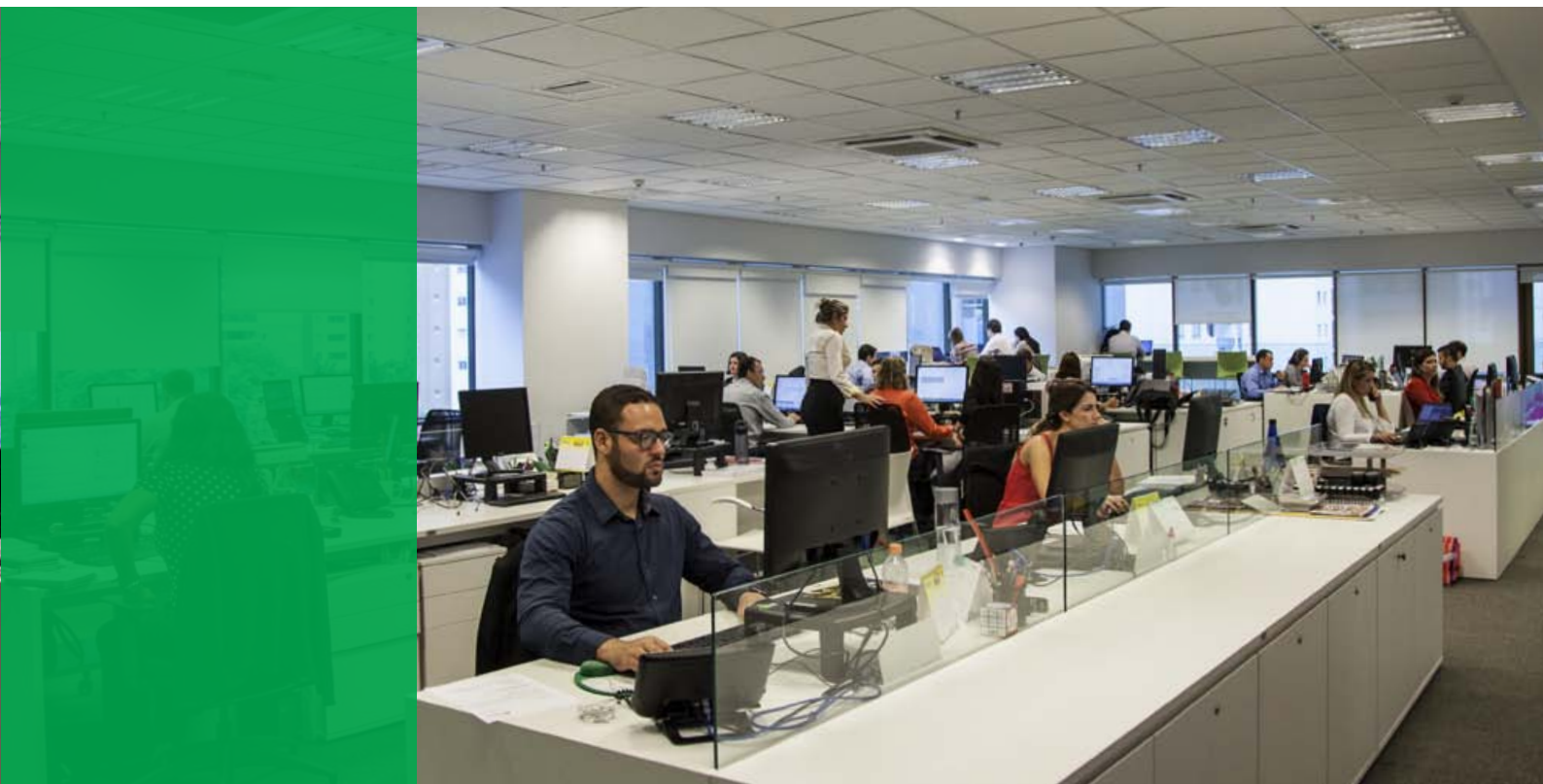
ations consume 5 m³ of water per ton of pulp produced, that is, on average, we use the same water 4.5 times and return to the source 85% of the water required to complete the process.

PAYMENT FOR THE USE OF WATER

Throughout 2016, the industrial plant of Jacareí, São Paulo, paid BRL 476,000 for the use of water from the Paraíba do Sul Watershed. Fibria is an alternate representative of the Vale do Paraíba industries in the Integration Committee of the Paraíba do Sul Watershed (CEIVAP). In Aracruz, Espírito Santo state, BRL 5.7 million were paid in the same period. The company acts in the Vice Presidency and in the Department of the Executive Board of the Doce River Watershed Committee. We are also part of the Advisory Council of Fundação Renova, responsible for recovery of the River.

WATER CYCLE IN THE PRODUCTION OF PULP





Members of Fibria's team in the São Paulo (SP) office. Photo: Márcio Schimming.

Relationship with our Stakeholders

EMPLOYEES AND CONTRACTORS

Fibria's organizational development practices and policies are permeated by a culture of high performance, protagonism, and commitment of all employees. These characteristics are expected of the 17,701 own employees and contractors who are increasingly connected to the strategies of the business.

Fibria prepares its professionals with a number of development programs, such as the program *Primeira Liderança* (First Leadership), while creating opportunities for professional growth within the company. One good example is the program *Rotas de Desenvolvimento* (Development Routes),

which has already presented results in the forestry area and will soon be replicated in the industry.

People management also involves open dialogue about performance and potential, in annual assessment cycles geared toward employees at executive level and conducted by committees and direct managers.

In our daily lives, we also incorporate the i9 and i9 Focus programs, which recognize the protagonism of employees who contribute with innovative ideas, tackling the challenges and dilemmas of the company.

RELATIONSHIP WITH OUR STAKEHOLDERS

DEVELOPMENT ROUTES

In 2015, Fibria implemented the program *Rotas de Desenvolvimento na Florestal* (Development Routes in Forests), a program that maps critical job positions in the area and selects employees with the potential to occupy them when there is a job opening. In general, they are difficult roles to be developed internally, such as supervisory positions, which require professionals better trained for decision making and relationships with various audiences. These professionals are selected by an internal committee and, as part of their current work routine, receive a development plan focused on projects and experiences related to future competencies.

FIRST LEADERSHIP

The First Leadership Program develops the company's first level leadership managers, formed by coordinators, supervisors, and technicians in management positions. It addresses the dilemmas of leadership in the daily lives of these professionals and helps them have better judgment skills for decision making. Difficulties faced by new leaders, a culture of feedback, influence and negotiation are also among the aspects covered. In the various phases of development and recycling, some 400 professionals have already attended the First Leadership program since its inception in 2013.

E-LEARNING IN THE INDUSTRY

As complementary training and a way of disseminating organizational knowledge, we developed an e-learning program whose

content was jointly created with executives from the industrial area, internally recognized as a reference. These professionals also acted as class instructors, increasing the connection of students with the proposal.

I9 PROGRAM

An internal program on entrepreneurship and innovation, the i9 encourages our employees to suggest improvements to the business and to their own work routines. It is us an opportunity to generate value in the company and to recognize and reward our professionals.

I9 FOCUS

This program is specifically geared toward the company's strategic needs year after year. Launched in 2015, under the energy efficiency aspect, it allowed for innovation to the boiler system in Jacaré, São Paulo.

DIVERSITY

One of Fibria's goals in 2016 was to focus on diversity. We prepared a diagnostics study of all company practices: what they are, how they are communicated, and where opportunities can be found. We also conducted a diagnostics study about gender, issues on race, remuneration, sexual orientation, and disabilities, among other aspects. In possession of this map, we initiated a process to raise awareness of senior management regarding this aspect. The next step was to create an internal and multidisciplinary governance to address the subject.

WORK FORCE

DIRECT JOBS	2014	2015	2016
Own employees	4,004	3,929	4,224
Permanent contractors	13,064	12,809	13,477
TOTAL	17,068	16,738	17,701

REPRESENTATIVENESS OF MINORITY GROUPS

Women	14.70%
Pardos and Blacks	29.29%
Employees over 50 years old	15.72%
People with disabilities	3.55%

“
People management
involves open dialogue
about performance and
potential, in annual
assessment cycles geared
toward employees at
executive level and
conducted by committees
and direct managers.
”

OUTSOURCING

Of Fibria's 17,000 employees, 76% are contractors and hired pursuant to labor legislation by companies that work mainly in the forestry operation, chosen by the company in rigorous selection processes.

Fibria believes that outsourcing - a global reality - is a good alternative when it does not represent precarious work and is consistent with the laws of the country. Therefore, we maintain ongoing dialogue with the Legislative and Executive powers in order to share our opinion and experience.

PERFORMANCE AND CAREER

Our Human and Organizational Development actions seek to identify opportunities and influence organizational changes in people management. These actions are designed to enable high performance of individuals and teams by promoting self-development of people and supporting leadership in building a cause that inspires and engages employees.

76%
of our workforce is
outsourced

RELATIONSHIP WITH OUR STAKEHOLDERS

EMPLOYEES THAT RECEIVE REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS (IN %)

CATEGORY	2016	
	Men	Women
Executives - general managers and managers	100.0	100.0
Supervisors/technicians	100.0	100.0
Operational¹	73.0	65.0
Management¹	79.0	87.0

1. The evaluation cycle for the Administrative and Operational levels covers two years (January 2015 to December 2016). The tools are 100% available, although service is below 100% in some categories.

INTERNAL USE INDEX

Executives, general managers and managers	76%
Supervisors / technicians	69%
Operational	41%
Administration	21%

Climate Survey

Fibria's Climate Survey adopts a methodology that assesses the level of engagement of its professionals. Relying on engaged employees means having people working with a sense of 'ownership' and motivated to seek differentiated results.

The benchmark indicates that 4.5 professionals are required to offset one actively non-engaged professional (4.5:1). From 2014 to date, there has been significant evolution: we jumped from 3.3:1 to 6.1:1 engagement ratio.

The favorability rate has also grown over the last two years, from 72% to 79%.

142,560

was the total number of training hours

BRL 4.1 million

was Fibria's investment in training

HEALTH AND SAFETY MANAGEMENT

Fibria's systemic vision of the business also applies to day-to-day activities regarding health and safety. A safe and healthy work environment results in operational excellence, and provides direct benefits to the quality of life of employees. Based on this commitment, the company has been reducing year over year the number of accidents, with and without lost time, in its operations.

In the forestry area, with nearly 11,000 own employees and contractors, two simple programs have contributed to the good results. One of them is called Programa Amigos (Friends Program). In field activities, workers operate in duos or trios and are trained to care for each other in an active rotation of this role. The other program is called Apito de Segurança (Safety Whistle), whereby supervisors, attentive to the periods of the day with greatest stress, bring their teams together for rest breaks, in which they reinforce health and safety guidelines.

In the industrial area, training related to health and safety are addressed in modules defined within the teams.

FATALITIES

Despite our advanced practices and achieve-

ments in recent years, Fibria unfortunately has not yet been able to achieve the goal of zero fatalities in its activities. In 2006, we suffered the loss of two employees: one own employee and one contractor.

All accidents at Fibria are analyzed and investigated. The company has safety procedures in place that meet best market practices and are constantly revised and improved. Our management model has reduced the number of accidents in operations year over year. Fatalities are unacceptable, and our efforts are towards eradicating these occurrences.

50.7%

Was the reduction, since 2010, in number of accidents. In 2016, we achieved the best result in Fibria's historical series of accident reduction

INJURY RATES, OCCUPATIONAL DISEASES, LOST DAYS, AND WORK-RELATED FATALITIES

No. of injuries	28
Injury rate (IR) (overall)	0.14
No. of occupational diseases	1
Occupational diseases rate (ODR)	0.01
No. of lost days	14,023
Lost day rate (LDR)	69.80
Absolute number of fatalities	2
Absolute number of fatalities (men)	2
Absolute number of fatalities (women)	0

RELATIONSHIP WITH OUR STAKEHOLDERS

SAFETY INDEX FOR THE HORIZONTE 2 PROJECT IS A GLOBAL PARAMETER

Management of health, safety and environment in the Horizonte 2 Project follows the same guidelines as Fibria. The challenge in Três Lagoas, Mato Grosso do Sul, is to guarantee, throughout all work phases, our standard to a workforce of approximately 40,000 people - considering the entire supplier chain/project developers. To this end, we have established a team of 52 professionals including safety engineers, occupational physicians, safety technicians, nurses, nursing technicians, environment technicians, and administrative staff.

The results show the effectiveness of these measures:

- The Horizonte 2 Project, until the most recent measurement in December 2016, recorded an injury frequency rate of 5.82 reportable accidents for every million Man-Hours-Worked (MHW). According to benchmarking of safety indicators conducted by OSHA-USA* for projects that associate heavy civil and electromechanical construction and involve more than 1,000 workers at the construction site, the average reportable accident frequency rate for American companies is around 7 accidents per million Man-Hours Worked (MHW), in other words, a performance inferior to that obtained by Fibria in Três Lagoas, Mato Grosso do Sul.

- If we considered only the lost time injury frequency rate for the same period, the rate for the Horizonte 2 Project would be 0.37 accidents per million Man-Hours Worked (MHW).

*OSHA-USA – Occupational Safety and Health Administration: US federal agency for safety and health management.

Source: www.bls.gov/iif/oshwc/osh/os/ostb4359.pdf

Note: Indicators calculated per 200,000 MHW.

SHAREHOLDERS

Fibria practices and values transparency in all its relationships. At events held annually with

investors and shareholders from Brazil and abroad, we reinforce our commitment to sharing the risks, challenges, and opportunities of our business. Difficult and fundamental issues for the future of the forestry-based industry, including climate change, water, and the carbon market, are increasingly gaining ground in these meetings.

Even in the face of the adverse conditions in the year, aggravated by the difficult political scenario in the country, we maintained the dialogue and transparency with our shareholders and investors in events such as the Investor Tour, in which we discussed the future of the pulp market, and on Fibria Day, held annually in New York for analysts and investors around the world.

We ended 2016 with net income of BRL 1,664 million. We have sufficient cash flow and credit lines to complete the expansion of Três Lagoas, Mato Grosso do Sul, and settle all debt amortizations by the end of 2019, without mentioning free cash flow generation. An even more favorable condition is Fibria being listed in the main sustainability indexes, such as the Dow Jones Sustainability Index and BM&FBOVESPA's ISE, positive signals for the global market. A company that respects society and the environment also respects its investors and shareholders, and is less exposed to risks.

CLIENTS

What are our client's challenges? What are the needs of our client's customers? In attempting to answer these questions, the commercial activity acquires new nuances and widens the spectrum of opportunities for both parties, favoring long-term ties.

Fibria's value proposition is based on the continuous search for client's attention and on a clear sustainable position, increasingly recognized as a competitive differentiator by our main partners.

SUPPLIERS

Our value proposition includes developing suppliers in the municipalities where we operate, generating a virtuous cycle for the local economy, , partners, society, and our company. In 2016, Fibria reached a volume of 51% of local purchases in the regions where it operates.

Tangible and intangible aspects are among the criteria for choosing a supplier. In addition to cost and quality, we analyze its human and social and environmental development practices.

We share knowledge, our challenges, and dilemmas, and we evolve together. Our most recent project, which is under development, is to implement a supply chain management strategy that includes social and environmental criteria in its various phases.

Approximately 30% of the purchase volume is with suppliers that have been working with Fibria for more than 14 years.

APPROVAL

The supplier approval processes continue to evolve at Fibria. Our assessment criteria considers aspects such as social and environmental risks, labor rights, alignment with our forest management practices, and respect for the environment. In 2016, a total of 306 suppliers were approved.

SUSTAINABLE PROCUREMENT

Social and environmental criteria are already applied in the procurement analysis across Fibria's operations; however, at different stages and standards, nevertheless without strengthening the company's systemic performance. Given this scenario, we identified the opportunity to implement a long-term sustainability strategy in our supply chain.

Thus, in 2016, we benchmarked best practices on the market and carried out a comprehensive diagnostics study of Fibria's level of commitment to sustainability in terms of supply. We also created a matrix that allocates the 38 purchase categories in operating quadrants, considering the strategic level and the social and environmental risk level.

P2P COMPANY

In order to identify opportunities and risks, we increased touch points in our customer base. Fibria understands its value chain and its role as more of a P2P business (people to people) than a B2B business (business to business). For this reason, the company invests in relationship, transparency, and interactions between people.

PORTFOLIO

Currently, Fibria has approximately 340 contracts with significant suppliers, which represent approximately BRL 4 billion. Significant suppliers are those:

- With spending of over BRL 5 million;
- That supply food, transportation, or health insurance, since they are services associated with Fibria's organizational climate;
- That supply raw and essential materials for pulp production, our end product.

RELATIONSHIP WITH OUR STAKEHOLDERS

9%

is the percentage of new suppliers that were screened using labor practices criteria

40%

is the percentage of new suppliers that have undergone approval in environmental criteria.

52%

is the percentage of new suppliers that have undergone approval in social criteria.

97%

percentage of new suppliers selected based on human rights criteria.

GOVERNMENT

Fibria understands that in a democratic society, everyone has the right, including companies, to participate in the process to develop public policies and discuss regulatory frameworks. In this way, the company seeks to contribute its point of view through direct contact with authorities and politicians and/or participation in several representative entities of the forestry and pulp and paper sectors to which it is affiliated to provide a stable political-institutional environment and clear and well-designed regulatory frameworks.

In this regard, the company is guided by a structured Governance model and by its corporate values, with special attention to the principles of ethics and transparency, and supported by clear guidelines established in its Code of Conduct and Anti-Corruption Policy, approved by the Board of Directors.

An important aspect of our business strategy is the relationship with government officials, whether in complying with legal obligations and inspection, or in participating in the development of public policies and regulatory frameworks. In 2016, we launched the Manual on Relationship with Government Officials, whose purpose is to inform, guide, and discipline the activities of the organization and its representatives when in contact with government officials in general. In addition, the Manual makes clear the company's stance in election periods. Fibria does not

make any kind of donation, whether financial or material, nor of its employees' working hours, to political parties, candidates, or campaigns of any kind.

Likewise, Fibria has no political party orientation nor does it recommend this type of expression in the entities and associations in which it participates.

It is our understanding that relationship with government officials must be institutional, that is, directly associated with the image of Fibria and maintained by duly authorized employees. We have a specialized department, Management of Corporate Relations, which is responsible for managing the non-technical institutional representation and monitoring the evolution of the legislative process and the decisions of various governmental bodies.

Support to Public Administration

The Public Administration Support Program (PAGP) is a plural, nonpartisan initiative, conducted by society in a participatory manner and whose objective is to technically support the governments of Brazilian municipalities in the creation of projects for modernization of public administration and territorial planning, coordinating partnerships transparently and with public participation.

Fibria has joined national and international institutions to sponsor the initiative in Brasília (Mato Grosso do Sul) and Três Lagoas (Mato Grosso do Sul), such as the Votorantim Institute (which has the Public Administration Support Methodology - AGP), the Inter-American Development Bank (IDB), through the CES methodology (Emerging and Sustainable Cities Program), the Brazilian National Bank for Economic and Social Development (BNDES), and the Arapyaú Institute, in addition to the governments of participating municipalities.



Social projects
from Fibria.
Photo: Marcio
Schimming.

Communities

From conflict to partnership

Our relationship with local communities, in the past, was marked by conflicts. Through dialogue and structured engagement programs, coexistence based on cooperation was established. Today, the company seeks to establish partnership in order to allow for their neighbors to become a part of its business value chain.

RURAL LAND DEVELOPMENT PROGRAM (PDRT)

Launched in 2012, the PDRT has helped Fibria generate value and strengthen ties with the rural communities in which it operates. The program enables family farmers, organized into associations and networks, to produce various crops and raise small animals.

Major accomplishments:

- Increasing the income of more than 5,000 families in the states of Bahia, Espírito Santo, Mato Grosso do Sul, and São Paulo.
- Income growth since the beginning of the program has totaled between 4 and 5 minimum wages per family.

In 2016, the PDRT began the transition to pure agroecology, with important gains in conservation of natural resources and in the economic balance of forests. It was a great step towards becoming the largest agroecological program in Brazil.

RELATIONSHIP WITH OUR STAKEHOLDERS

BEEHIVES

The objective of the project called *Colmeias* (Beehives) is to strengthen the beekeeping activity in the states of São Paulo, Mato Grosso do Sul, Espírito Santo, and Bahia, generating employment and income from the improvement of the production chain of eucalyptus honey and of native forests. From production to marketing, the Beehives project offers support in implementing new technologies and enables each beekeeper to develop their business plan.

Major accomplishments:

- Project *Colmeias* accounts for 35% of the total production in the state of São Paulo and 65% in Espírito Santo.
- 67 associations participate in the project.
- Of the 1,600 tons of honey produced, 500 tons were exported.
- In 2016, the first production of honey from native bees on a commercial scale was carried out, mainly by the Indigenous tribes in Espírito Santo.

NEIGHBORING COMMUNITIES

A total of 890 communities are located within a 3 km radius of our properties or of areas leased by the company for the production of eucalyptus. Of this total, four are traditional fishing communities and 15 are indigenous communities, in addition to dozens of Quilombola communities mainly located in the states of Espírito Santo and Southern Bahia. These are very different groups that have specific origins, needs, and vulnerabilities, which require in-depth knowledge so that we can establish joint actions.

QUILOMBOLAS

Since 2015, we have had dialogues with the National Institute for Settlement and Agrarian Reform (INCRA) and the State Coordination of the Quilombola Communities of Espírito Santo, which claim lands to the north of the state. This is a very sensitive issue and requires the involvement of all parties in the search for a solution. One of our goals in 2016 was to strengthen and advance in this relationship - following the example of the relationship we developed with the Landless Workers Movement (MST); this is a priority issue for Fibria. The political instability of the period hindered the process and we postponed our goal to 2017.

FIGHT FOR LAND MOVEMENT

One of the most difficult conflicts in Fibria's properties has become, since 2011, a reference of value creation for the company and for society. At the time, the company needed to negotiate with the National Institute for Settlement and Agrarian Reform (INCRA) and the Landless Workers Movement (MST) the eminent domain of 11,000 hectares, distributed in five farms in the municipality of Prado, in the south of Bahia. Despite the efforts, between 2015 and 2016, groups of the Landless Workers Movement (MST) settled in lands of our unit in Aracruz, Espírito Santo.

Fibria has maintained dialogues with the national and state leaderships of the Landless Workers Movement (MST) and has entered into agreements. In Bahia, where we have the Sustainable Settlements project, no new occupation or protest was recorded. The project is moving forward, with transitions from camps to settlements.

INVESTMENT IN COMMUNITIES ¹	2016
Fibria ^{1 3}	19,206,309
Fibria via the Votorantim Institute	1,063,320
Incentivized Projects	1,360,269
Investment by Votorantim Institute (own resources and funded via BNDES)	1,950,394
Responsible Network ²	17,712,618
TOTAL	41,292,911

1 The projects considered are Sustainable Settlements, in partnership with the MST, and investments by BNDES, among others. 2 In order to obtain the aggregate amount of the Responsible Network, the amount of investments by the Votorantim Institute, as well as for the incentivized projects informed, must be added. 3 The amounts for the projects conducted through Votorantim Institute's call for bid are considered in Fibria's investment.

Favorability Survey

How communities evaluate Fibria

In order to measure, through a synthesis indicator, the quality of the company's relations with neighboring communities, Fibria adopts a Favorability Survey. In 2016, we interviewed 3,200 people. The General Favorability Index remained within the 2% margin of error, reaching 70.6% compared with 72.56% in the last survey in 2013.

The executive director of WRI Brasil highlights Fibria's participation in local and global initiatives to fight climate change.



RACHEL BIDERMAN is the Executive Director of WRI Brasil. Doctorate degree in Public Administration and Government from EAESP - FGV. Masters degree in Environmental Science from USP. Researcher in the training program for Doctorate degree at JFK School of Government, Harvard. Master's degree (LL.M) in International Law, with emphasis on Environment, Washington College of Law, American University. Bachelor's degree in Law, from USP. Former Deputy coordinator and researcher of the Center for Sustainability Studies in the School of Business Administration of Fundação Getúlio Vargas (2008-2011). Professor responsible for the environmental module of the MBA course in Sustainability Management of EAESP-FGV. Coordinator of the extension course at FGV on "Management for Low Carbon." Member of the Consumer Protection Institute Committee, of the Brazilian Committee for the Development of Sustainable Construction and of the Board of the Marina Silva Institute. Former President of the Greenpeace Council in Brazil (2010-2013). Author of the book "Democracia, Cidadania e Proteção do Meio Ambiente, Ed. Annablume, 2002. Co-organizer of the publication "Guia de Compras Públicas Sustentáveis - Uso do Poder de Compra do Governo para a Promoção do Desenvolvimento Sustentável", Editora FGV, 2006.

Fibria has also stood out as a company engaged in the building of solutions for a low-carbon economy, whether through its engagement in national and international forums on the subject, whether through investment in research and development (R&D) for new relevant products for this new economy, or whether through the development of consistent measures to address the problem. Concerned with its 'carbon footprint', the company conducts its inventory using GHG Protocol, a tool to measure the emission of greenhouse gases that allows for the planning of measures to reduce these emissions.

Fibria's leadership in the climate change aspect is instrumental to drive other players in the Brazilian and world economies towards the solution to today's most challenging problem. The company has participated in debates in public venues such as the Forest Dialogue, Coalizão Brasil, Clima, Florestas e Agricultura, Pacto pela Restauração da Mata Atlântica, among others active in the work to

find solutions for Brazilian society and mankind.

In terms of new business opportunities, Fibria has developed products and services of high value-added to replace fossil by-products as a source of raw material. One such example is the investment in bio-oil, in partnership with the American company Ensyn Corporation, through which, using a pyrolysis process, biomass is submitted to thermal-chemical treatment to obtain liquid fuel, which can replace fossil fuels to generate energy or be co-refined along with petroleum.

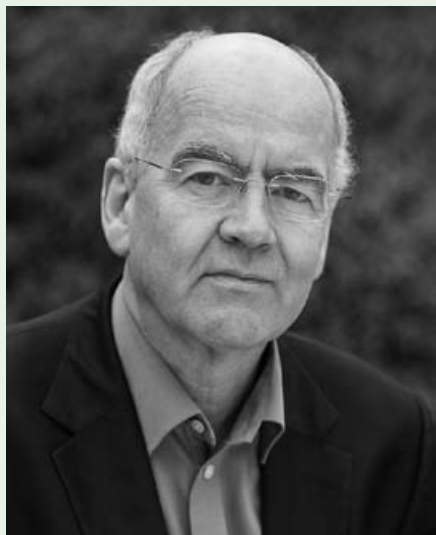
Additionally, in 2015, Fibria acquired the Canadian company, Lignol, currently Fibria Innovations, in a project to convert part of the lignin, which is usually burned to produce energy, into products with higher value-added and that replace fossil fuels.

Through its activities to restore ecosystems services, the company, in addition to helping in the fight against the causes of climate change, helps adjust to a warmer world, gener-

ating resilience to its plantations and surrounding communities. This is achieved through investments in conservation and recovery of important areas for the health of ecosystems, providing water safety, conservation of biodiversity, gene flow, in addition to other ecosystem services. Examples of these activities are the allocation of 364,000 ha of its areas to preservation. Another important example was the inclusion in its long-term goals for 2025, of the fight against adversities caused by climate change through the recovery of 40,000 ha of its areas, as well as to achieve a positive carbon balance of 11 million tons of CO₂eq between emissions and sequestration of greenhouse gases.

In summary, Fibria stands out for its investment in new businesses, environmental conservation, and fight to adapt to climate change, thereby contributing for Brazil to become a leader in the low carbon economy and well-being of the population of our country.

Coauthors of Breakthrough Business Models, the British specialists in sustainability assess the advances in Fibria's reporting process in 2016.



JOHN ELKINGTON is a writer and thought leader, a serial entrepreneur and counselor on the future'. He is President and Chief Pollinator at Volans, a certified B Corporation that creates solutions based on the market for the greatest challenges of the future.

Currently, he is a coleader in the Breakthrough project, a joint project with the UN's Global Compact, Which focuses on developing mindsets, business models and technology necessary to achieve the Sustainable Development Goals.

John is also an honorary president of SustainAbility, and participates in more than 30 boards of directors and advisory committees. He wrote 19 books, the most recent in a partnership with Jochen Zeitz, former CEO of PUMA and currently copresident, along with Sir Richard Branson, of The B Team. The book called "The Breakthrough Challenge: 10 Ways to Connect Today's Profits with Tomorrow's Bottom Line" closes the cycle initiated with John's book published in 1997 "Cannibals with Forks" through which he introduced the concept of Triple Bottom Line.

Twitter: @VolansJohn | Web: www.volans.com

AND OUTLOOK ON FIBRIA'S 2017 SUSTAINABILITY REPORT

John Elkington and Lorraine Smith

The paper and pulp industry has its share of problems; nevertheless this last cycle of Fibria's reports demonstrates how much leaders in this industry have advanced. For this reason, we were happy to provide an outlook on the company's report. One of us (Lorraine) analyzed Fibria's 2013 report, and the other (John) analyzed the company's first report, of 2009. We both noted that Fibria is becoming a global leader in sustainable development.

Despite political turmoil, the world is establishing new sustainability goals that indicate a very different agenda for businesses. It is notorious that, since 2013, both Fibria's overall strategy and its reports

have evolved in response to this agenda. This change for the better became even more noticeable after 2009. The development of integrated thinking and practice can be clearly seen in the report, and the change for online reporting has been important part of this process.

A promising advance was the introduction of the Indicator Center, facilitating access to relevant data for readers - inside and outside the company. This is a huge advance and we have expectations for future developments of these elements in the company's communications.

As such, it is not exactly clear how the scope and the intention of the (greatly appreciated) goals for 2025 were established, nor how they relate to the delivery of the Sustainable Development Goals by 2030. With the SDGs increas-

ingly perceived as instrumental for future expectations of businesses, it would be very useful to see how Fibria's goals and objectives align with these objectives, in other words, how Fibria determines that its current objectives are "sufficient."

The scope of the issues included in Fibria's report continues to grow in a way that we applaud, from pricing of carbon, to the theft of wood, from protecting the habitat of whales in maritime routes, to the inclusion of beekeeping and production of honey within its business model.

Considering the most recent events in Brazil, some readers may be interested in knowing how Fibria deals with risks arising from bribery and corruption - which are intimately and adversely associated with the sustainability agenda.



LORRAINE SMITH has been an Associate Director and collaborator with the team in the Breakthrough agenda since early 2016.

Since 2004, she has been a consultant to global companies in the segments of forestry, agriculture, food, clothing, mining, financial services, consumer goods, and manufacturing. She has held management positions at SustainAbility, where she currently collaborates as an associate, and at the Canadian Business School for Social Responsibility, where she currently is a board member. She integrates the Review Committee of Future Fit Business Benchmark, an open source code tool that quantifies how companies are contributing towards a sustainable future.

Lorraine was born in Toronto, Canada, and currently lives in New York.

In terms of additional positive aspects, we appreciate the way the focus is expanding in the business case of initiatives towards business models that create value for shareholders and stakeholders alike. This corresponds, in most part, to trends that we identified in our recent Breakthrough Business Models report for the Sustainable Development & Business Committee.

Meanwhile, the world is shifting from one model of transparency to another, from the integration of a value creation model in the various forms of capital (e.g. physical, financial, human, intellectual, social, and natural) to one of greater data integration. Once this process is completed in the next years, decision-makers will be able to track progress at the level of fields, forests, fishing, and factories, including their impact on the atmosphere, biosphere, and oceans.

With this development in mind, this latest Fibria Report can raise new issues. Some may demand to know more about land rights or health and safety, for example, while others will be more interested in the potential use of Genetically Modified Organisms or on the role of planted forests in curbing climate change. They will consider the clickable map of Fibria's value chain to be a very useful evolution when compared to the old content list, possibly generating the likelihood of multidirectional debates between company and its stakeholders, in Brazil and abroad.

The ultimate test on behavior and integration of the company occurs when its stakeholders are actively involved in certain aspects of its operations. Technology can greatly contribute to transparency and accountability, but, at the end of the day, it all about people - how they

think, what are their priorities, and how much time and effort they are willing to dedicate to ethical, social, environmental, and economic exchanges in general, with minor immediate impacts on their financial results.

Fibria Report has compelling style and content, and details and will be important not only to provide accountability to critics, but also to promote a broader and more constructive dialogue. Based on the current evidence, the company's communication efforts is progressing in the right direction - and we are certainly anticipating advances in this area.

John Elkington is President and Chief Pollinator at Volans, a company where Lorraine Smith is an Associate Director. They co-authored Breakthrough Business Models.

STATEMENT

The assurance conducted by Bureau Veritas Certification was carried out for the complete version of the report, published on the website www.fibria.com/r2016. This abridged version contains information from the complete version, but was not itself submitted to specific assurance.

INDEPENDENT ASSURANCE STATEMENT BUREAU VERITAS



INTRODUCTION

Bureau Veritas Certification Brazil ('Bureau Veritas') was engaged by Fibria Celulose S.A. ('Fibria') to conduct an independent assessment of its Sustainability Report (hereinafter referred to as the Report).

This assessment was conducted by a multidisciplinary staff with expertise in non-financial data.

SCOPE OF WORK

The scope of this verification encompassed the Guidelines and Principles¹ of the Global Reporting Initiative™ GRI G4 (2013) for Sustainability Reports, for the period from 1 January to 31 December 2016.

FIBRIA'S AND BUREAU VERITAS RESPONSIBILITIES

The collection, calculation and presentation of the data published in the report are Fibria's management sole responsibility. Bureau Veritas is responsible for providing an independent opinion to the Stakeholders, pursuant to the scope of work defined in this declaration.

METHODOLOGY

The Assurance covered the following activities:

1. Interviews with the personnel responsible for material issues and involved in the Report content;
2. Traceability of data published, searching its sources and the reliability of management systems involved;
3. Verification of performance data related to the principles that ensure the quality of the information, pursuant to the GRI G4 guidelines;
4. On-site visits to Fibria's Units at Aracruz (Espírito Santo State), Jacaré (São Paulo State), Três Lagoas (Mato Grosso do Sul State) and the Central Administration office located in the city of São Paulo;
5. Analysis of Fibria's stakeholder engagement activities; and
6. Evaluation of the method used to define material issues included in the Report, taking into account the sustainability context and the scope of the information published.

The level of verification adopted was Reasonable, according to the requirements of the ISAE 3000 Standard², which were incorporated to the internal assessment protocols of Bureau Veritas.

LIMITATIONS AND EXCLUSIONS

Excluded from the scope of this work was any assessment of information related to:

- Activities outside the defined assessment period;
- Statements of position (expressions of opinion, beliefs, goals, or future intentions) on the part of Fibria;
- Economic and financial information contained in this Report which has been taken from financial statements verified by independent financial auditors;
- Inventory of Greenhouse Gas (GHG) emissions, verified by Bureau Veritas in a different scope of work.

With regard to the verification principles of Accuracy and Reliability of Data, we clarify that our scope was limited to the data related to the thirteen most material issues as shown in the section "About the Report". The verification process has, given the Reasonable level, some limitations as to the identification of mistakes and omissions. .

¹ Materiality, Stakeholder Inclusiveness, Sustainability Context, Completeness, Balance, Comparability, Accuracy, Periodicity, Clarity, and Reliability

² International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information

TECHNICAL OPINION

- Fibria presents the Report based on material issues that reflect a new study on the material issues performed in 2016. This study encompassed interviews with the internal public and a stakeholders panel, aside from research conducted about the update of the themes. We point out the inclusion of two new material issues (Human Capital Management and Focus on the Customer), which were duly addressed in the Report. It is our understanding that the themes resulting from the study allow to present the impact of Fibria's activities in a balanced manner.
- With regard to the material issue "Innovation and Technology", we observed some progress and studies that demonstrate the strategy of the company of investing in businesses whose ground is the policy focused on the sustainable development;
- Fibria's Report comprehends a complete version in electronic media, and a summarized version in hard copy, which emphasizes the narrative and the performance data associated with the material issues. In addition to that, the Report has an online Indicators Center that contains data and more deepened details of the performance of the company. Both are available on the website that features the Report 2016 (www.fibria.com/2016). Additionally, Fibria created infographics that faithfully represent the processes of the company.
- The Report provides information about initiatives focused on the carbon reduction and pricing, a theme of environmental relevance on a global scale;
- It was verified that the presentation of data about the indicator "Significant Investments Agreements and Contracts containing human rights clauses ore that underwent human right screening – HR1" does not address the contracts of project "Horizonte 2", so that a partial result was obtained for the indicator;
- With respect to the impacts of the forest stewardship in the communities, we found little information about the measures that were taken and the methods for monitoring the impacts applied by Fibria;
- We found clear and accessible information on the activities of the water workgroup, which is considered a material issue in the Report;
- The Report updates information on the expansion project Horizonte 2. We noticed positive results regarding labor accidents in the project activities;
- Concerning the impact on human rights in the supply chain (HR11 indicator), we identified that Fibria has been developing a performance evaluation system that shall address the specific aspects of human rights more consistently;
- Regarding the initiatives of career development, we point out the program "Rotas de Desenvolvimento" [Development Routes] with the mapping of critical functions in the forestry area, making it possible to provide better qualification for the people who shall occupy these critical functions;
- We verified that Fibria, when presenting data about the selection of new suppliers based on environmental, social and labor criteria, implemented improvements as it presented accurate data about the year 2016 (SO9, EN32 and LA14 indicators);
- We observed some lack of information concerning the process of engagement with the communities in the implementation of project Horizonte 2, consistent with the SO1 indicator;
- Fibria continues to present the indicators associated with the Long Term Targets (up to 2025), providing the baseline and performance data of 2016;
- The Report provides a satisfactory account of expectations that were generated in the previous Report. The presentation of the achievements against targets published in 2016, enables the reader to analyze the evolution of Fibria in the management of the commitments made;
- We noticed that the recommendations made in our previous Statement were dealt with by Fibria.

RECOMMENDATIONS

- With regard to the impacts of forest stewardship in communities, we recommend for the next Report deepening the measures taken and the methods of monitoring these impacts;
- We recommend that Fibria includes all the significant investments agreements and contracts that contain human rights clauses or that underwent human right screening, as rendering of accounts of the HR1 indicator;
- We recommend publication in a more detailed manner of the stakeholder engagement process of project Horizonte 2, especially with regard to the use of the “operational dialogues” tool.

CONCLUSION

Based on the Assurance that was performed, the evidence we had access to, and according to the scope of work defined in this statement, in our opinion:

- The data and information disclosed in the Report adhere to the GRI-G4 quality and content principles;
- The data and information disclosed in the Report are accurate and free from material errors;
- The Report provides balanced information regarding Fibria’s economical, social and environmental performance, based on material aspects and identified significant impacts, following the GRI-G4 methodology;
- The Report meets the criteria set out for ‘In accordance’ reporting with the GRI-G4 at the Comprehensive level.

DECLARATION OF INDEPENDENCE AND IMPARTIALITY

Bureau Veritas Certification is an independent professional services firm specializing in Quality, Health, Safety, Social and Environmental Management, with more than 185 years’ experience in independent assessment.

Bureau Veritas has a quality management system that is certified by a third party, according to which policies and documented procedures are maintained for the compliance with ethic, professional and legal requirements.

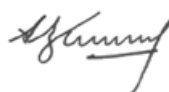
The assessment team has no links with Fibria and the assessment is performed independently.

Bureau Veritas implemented and follows a Code of Ethics throughout its business, in order to assure that its staff preserve high ethical, integrity, objectivity, confidentiality and competence/ professional attitude standards in the performance of their activities. At the end of the assessment, a detailed report was drawn up, ensuring traceability of the process. This Report is kept as a Bureau Veritas management system record.

CONTACT

Bureau Veritas Certification is available for further clarification on www.bureauveritascertification.com.br/faleconosco.asp or by telephone (55 11) 2655-9000.

São Paulo, Brazil, March 2017.



Alexander Vervuurt

Lead Auditor; Assurance
Sustainability Reports (ASR)
Bureau Veritas Certification – Brazil

Credits and corporate information

CONTACT

For any questions or suggestions,
contact us by email through
comunicacaofibra@fibria.com.br.

COORDINATION

Bianca Conde
Bruna Tomasuolo Souza
Cristiano Resende de Oliveira
Geraldo Magella

EDITORIAL COMMITTEE

Adjarbas Guerra Neto
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Report Sustentabilidade
Luana Bessa (Project Management)
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Gabriel Clemente e
Victor Netto (Consulting)
Diego Ribeiro e Fernando Rocha
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PROOFREADING

Assertiva Mindfulness
Editora e Treinamentos

ENGLISH

Gotcha! Idiomas

PHOTOGRAPHY

Márcio Schimming

INFOGRAPHICS

Cássio Bittencourt

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